

COMPANIES ACT & COMPLIANCE

Companies Act & IPO Readiness

Governance, Compliance & Capital Markets

May 22, 2026

Key Companies Act sections scrutinized before IPO filing

Board & Governance

Sec 149 – Board Composition

Independent Directors & Woman Director requirement

Sec 152 – Director Appointment

Proper procedures, disclosures & DIN compliance

Sec 173 – Board Meetings

Meeting frequency, quorum & notice requirements

Sec 177 – Audit Committee

Oversight of financials, auditors & internal controls

Sec 178 – NRC & Stakeholders

Nomination, remuneration & grievance committees

*Ensures strong governance
before listing*

Capital Structure & Securities

Sec 42 – Private Placement

All pre-IPO funding rounds must be fully compliant

Sec 62 – Further Issue of Capital

Rights issues, ESOPs & preferential allotments

Sec 67 & 68 – Financial Assist. / Buyback

Restrictions on buybacks & financial assistance

Sec 53 & 54 – Discount / Sweat Equity

Historical issuances scrutinised in due diligence

Sec 186 – Loans & Investments

Limits on corporate loans, guarantees & investments

*Capital history is heavily
scrutinized in IPO*

Critical compliance areas — gaps here can delay or derail an IPO

Sec 185

Loans to Directors

All director loans must be cleaned up — fully resolved before DRHP filing. A major red flag for investors.

Sec 188

Related Party Transactions

RPTs must be at arm's length with proper Board & shareholder approval. Extensively disclosed in DRHP.

Sec 134

Board Report Disclosures

Accurate board reports covering financials, governance framework & audit observations for all prior years.

Sec 92

Annual Return Filings

Complete and timely MCA filings required. Gaps or errors in filings are a red flag in due diligence.

Sec 118

Minutes & Secretarial Std

Proper minutes of all Board & General meetings per SS-1 & SS-2. Scrutinised in secretarial audit.

Sec 186

Loans, Guar. & Investments

Company-level investments, guarantees & loans to subsidiaries must comply with prescribed limits.

Section 203 – Appointment of KMP; CS acts as Compliance Officer post-listing



Governance & Due Diligence

- Lead Companies Act & secretarial due diligence
- Validate corporate history & capital structure
- Ensure statutory registers & filings are in order
- Review historical RPTs and board resolutions



IPO Execution & Approvals

- Coordinate Board & Shareholder approvals for IPO
- Work closely with merchant bankers & legal counsels
- Support DRHP preparation and disclosure drafting
- Manage regulatory submissions and timelines



Compliance Framework Setup

- Establish insider trading & governance policies
- Set up Board committees per listing obligations
- Implement investor grievance mechanisms
- Prepare compliance calendar for listed entity

Post-IPO: stock exchange filings & continuous disclosures | Investor grievance redressal | Corporate governance reporting | ongoing listing compliance

✓ Key Takeaways



Companies Act is the Foundation

Compliance with all key sections is non-negotiable before DRHP filing



Governance & Capital History Are Key

Board setup, committee compliance & full capital issuance history are scrutinized



Clean Records Are Critical

RPTs, director loans, annual returns & minutes must all be in order



CS is the IPO Compliance Backbone

Leads due diligence, coordinates advisors & transitions to Compliance Officer post-listing