

¹[(1) On and after commencement of [Nidhi](#) (Amendment) Rules, 2022, public company desirous to be declared as a [Nidhi](#) shall apply, in [Form NDH-4](#), within a period of one hundred twenty days of its incorporation for declaration as [Nidhi](#), if it fulfils the following conditions, namely:-

(I) it has not less than two hundred members; and

(II) it has Net Owned Funds of twenty lakh rupees or more.

(2) The company shall also attach, alongwith [Form NDH-4](#), the declaration with regard to fulfilment of fit and proper person criteria, as per this sub-rule, by all the promoters and directors of the company.

(3) For the purpose of determining as to whether any promoter or director is a 'fit and proper person', the following shall be taken into account, namely:-

(a) integrity, honesty, ethical behaviour, reputation, fairness and character of the person; and

(b) the person not incurring any of the following disqualifications, namely:-

(i) criminal complaint or information under section 154 of the Code of Criminal Procedure, 1973 (2 of 1974) has been filed by a person authorised by the Central Government against such person and which is pending;

(ii) charge sheet has been filed against such person by any enforcement agency in matters concerning economic offences which is pending;

(iii) an order of restraint, prohibition or debarment has been passed against such person by any regulatory authority or enforcement agency in any matter concerning company law, securities laws or financial markets which is in force;

(iv) an order of conviction has been passed against such person by a court for any offence involving moral turpitude;

(v) such person has been declared insolvent and not been discharged;

(vi) such person has been found to be of unsound mind by a court of competent jurisdiction and the finding is in force;

(vii) such person has been categorised as a willful defaulter;

(viii) such person has been declared a fugitive economic offender;

(ix) such person is a director in five or more companies incorporated or declared as [Nidhi](#), or is a promoter of three or more companies incorporated or declared as [Nidhi](#).

(4) The Central Government, shall examine the application filed in [Form NDH-4](#) and convey its decision within a period of forty five days to the company:

Provided that in case a decision on an application filed in [form NDH-4](#) is not taken by the Central Government within the aforesaid period of receipt of such application, the same shall be deemed as approved.

(5) On being satisfied that the company meets the requirements under sub- rules (2) and (3), the Central Government, shall notify in the Official Gazette, declaring it as a [Nidhi](#) or Mutual Benefit Society, as the case may be:

Provided that the decision of the Central Government approving the application, shall be filed by the company with the Registrar alongwith [Form 20A](#) required under section 10A of the Act:

Provided further that such company shall commence its business only once the decision of the Central Government approving its application is obtained from the Central Government pursuant to the declaration given under rule 12 of the Companies (Incorporation) Rules, 2014.

(6) In case a company does not comply with the requirements of sub- rule (1) of this rule, it shall not be allowed to file [Form No. SH-7](#) (Notice to Registrar of any alteration of share capital) and [Form PAS-3](#) (Return of allotment).

(7) The provisions of this rule shall not be applicable to a public company incorporated under the Act before the date of commencement of the [Nidhi](#) (Amendment) Rules, 2022.]