

Companies (Amendment) Bill, 2017 (Clause by Clause Analysis)



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Chapter 1: Definitions

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 2(6) <i>Associate Company</i>	Associate company means a company in which other company has a significant influence and includes joint venture. The term 'significant influence' means control of at least twenty per cent of the total share capital, or of business decisions under an agreement.	Meaning of the term 'significant influence' has been expanded to include 'voting power or control' instead of 'share capital' alone. Further the term 'joint venture' has been defined as 'a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement'.
Section 2(30) <i>Debenture</i>	The term 'debenture' includes any other instrument of a company evidencing a debt, which makes it very broad and included, by implication, instruments like commercial papers and other money market instruments, which were often used as an important short-term fund raising source by eligible companies.	Instruments referred to Chapter III-D of the Reserve Bank of India Act, 1934 and such other instruments as may be prescribed by Central Government in consultation with RBI excluded from the purview of debentures.
Section 2(41) <i>Financial Year</i>	National Company Law Tribunal (NCLT) has the authority to allow a company or a body corporate, which is a subsidiary or a holding company of a company incorporated outside India, to follow a different financial year, if it is required to do so, for the consolidation of its accounts outside India.	Associate companies incorporated outside India are also allowed to apply for a different financial year to NCLT.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 2(46) <i>Holding Company</i>	The definition of the ‘holding company’ means a company of which another company is a subsidiary company. However, the definition does not provide for any explanation that clarifies that the expression “company” includes a ‘body corporate’ which is currently provided as an explanation to the definition of ‘subsidiary company’. It was noted that this has brought a minor anomaly.	Clarification to the effect that the expression “company” includes a ‘body corporate’ has been included.
Section 2(49) <i>Interested Director</i>	The defined term ‘interested director’ has not been used in the Act, except in section 174(3) of the Act where a clarification has also been provided that the meaning of the term ‘interested director’ would be the same as for the purposes of Section 184(2) of the Act.	The definition of ‘interested director’ has been deleted.
Section 2(51) <i>Key Managerial Personnel</i>	Key managerial personnel means (i) the Chief Executive Officer or the managing director or the manager; (ii) the company secretary; (iii) the whole-time director; (iv) the chief financial officer; and (v) such other officer as may be prescribed.	Officers, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board, will also fall within the ambit of Key Managerial Personnel.
Section 2(57) <i>Net worth</i>	The term ‘net worth’ does not include debit and credit balance of profit and loss account.	Debit or credit balance of profit and loss account has also been included in the definition of net worth.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 2(76) <i>Related Party</i>	The term “Related Party” with reference to a company has been defined as any company which is a holding, subsidiary or an associate company of such company or a subsidiary of a holding company to which it is also a subsidiary.	Scope of related party has been expanded to include a company which is an investing company or the venturer of a company, which shall mean a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate. Further, the term ‘company’ has been replaced with the term ‘body corporate’ to expand the scope.
Section 2(85) <i>Small Company</i>	A small company is defined to mean a company, other than a public company having paid up share capital not exceeding fifty lakh rupees or such higher amount as may be prescribed which shall be not more than <i>five crore rupees</i> and turnover as per its <i>profit and loss account</i> not exceeding two crore rupees or such higher amount as may be prescribed which shall not be more than <i>twenty crore rupees</i> .	The thresholds limits have been revised as follows: 1) For the words " five crore rupees ", the words " ten crore rupees " shall be substituted. 2) For the words " twenty crore rupees ", the words " one hundred crore rupees " shall be substituted; For the words " <i>as per its last profit and loss account</i> ", the words " <i>as per profit and loss account for the immediately preceding financial year</i> " shall be substituted.
Section 2(87) <i>Subsidiary Company</i>	Subsidiary Company in relation to any other company means a company in which the holding company exercise or controls more than one-half of the <i>total share capital</i> .	The words ‘ total share capital ’ has been replaced with the words ‘ total voting power ’.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 2(87) <i>Subsidiary Company</i>	Certain classes of holding companies, as may be prescribed, are prohibited from having layers of subsidiaries beyond such numbers as may be prescribed. <i>[Not yet enforced/ notified]</i>	Earlier, this provision was proposed to be deleted vide Companies (Amendment) Bill, 2016. However, under the Companies (Amendment) Bill, 2017 it has been proposed to be restored.
Section 2(91) <i>Turnover</i>	The term ‘turnover’ is defined to mean the aggregate value of the realisation of amount made from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year.	Definition has been aligned with Accounting Standard 9 and accordingly, has been revised as “ <i>the <u>gross</u> amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by the company during a financial year.</i> ”

Chapter 2: Incorporation of a Company

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 3A</p> <p><i>Members severally liable in certain cases</i></p>	<p>----</p>	<p>In the event, the number of members of a company is reduced below the minimum number of members required for such company and such company continues to carry on business for more than 6 months, then every person who is a member after those 6 months shall be severally liable for whole of the debts of the company.</p>
<p>Section 4(1)(c)</p> <p><i>Memorandum</i></p>	<p>The MOA of a company is required to state the objects for which the company is proposed to be incorporated and any matter considered necessary in furtherance thereof.</p>	<p>Vide Companies (Amendment) Bill, 2016 it was proposed to allow the companies with an additional option to have a generic object clause, provided in case a company proposes to pursue any specific object or objects or restrict its objects, the Memorandum shall state the said object or objects for which the company is incorporated and any matter considered necessary in furtherance thereof and in such case the company shall not pursue any act or activity or business, other than specific objects stated in the Memorandum.</p> <p>However, vide Companies (Amendment) Bill, 2017 the proposed provision has been deleted.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 4(5)(i) <i>Memorandum</i>	Once a proposed name is made available by the RoC, RoC is required to reserve the same for a period of 60 days from the date of application.	In case of incorporation of a new company, the period of 60 days from the date of application has been reduced to <i>20 days from the date of approval</i> .
Section 7(1)(c) <i>Incorporation of Companies</i>	An affidavit is required to be given by directors and the first subscribers stating that they have not been convicted of any offences indicated in section 7(1)(c) of the Act.	The requirement with respect to affidavits under section 7(1)(c) has been replaced with “ <i>a declaration</i> ”.
Section 12(1) <i>Registered Office of the Company</i>	Every company is required to have its registered office within <i>fifteen days</i> of its incorporation.	The period of fifteen days has been extended to <i>thirty days</i> .
Section 12(4) <i>Registered Office of the Company</i>	Every company is required to intimate RoC about the change of its registered office address within <i>fifteen days</i> of such change.	The period of fifteen days has been extended to <i>thirty days</i> .
Section 21 <i>Authentication of documents, proceedings and contracts</i>	Contracts made by or on behalf of a company, may be signed by any KMP or an officer of the company duly authorised by the Board in this behalf.	In addition to officer, any employee of the company duly authorised by the Board has been empowered to authenticate company’s documents.

Chapter 3: Prospectus and Allotment of Securities

Section No.	Existing Provision	Companies (Amendment) Bill, 2016
Section 26(1) <i>Power of SEBI</i>	SEBI is only empowered to prescribe contents of the prospectus issued to the public for inviting them to subscribe to the securities. Further, clause (a) of Section 26(1) provides expressly the information that shall be included in a prospectus, clause (b) provides for reports that shall be set out for purposes of financial information and clause (d) requires to state such other matters and set out such other reports as may be prescribed.	The contents of the prospectus should be prescribed by SEBI in consultation with MCA with the common objective of reducing the size of the prospectus. Clause (a), (b) and (d) of Section 26(1) has been omitted.
Sec. 35 <i>Civil liability for mis-statement in prospectus</i>	There is no defence available to a director as regards an untrue statement made by an expert of which a correct and fair representation is being made in the prospectus.	The experts, identified in the prospectus, shall be held liable for any untrue statement prepared by them and on which directors have relied upon.
Section 42 <i>Restriction pertaining to fresh preferential issue</i>	A company is prohibited to make fresh offer or invitation for the subscription of securities, when there are allotments pending for an earlier offer or invitation is pending.	Subject to the limit on the number of persons who could be made the offer of securities as prescribed under section 42(2) of the Act, a company should be allowed to open more than one issue of securities at the same time in a year.

Section No.	Existing Provision	Companies (Amendment) Bill, 2016
Sec. 42 <i>Private Placement</i>	A detailed private placement offer letter in Form PAS-4 is required to be circulated to certain identified investors and filed with RoC.	A company making private placement shall now issue a private placement offer and application in such form and manner in a format as may be prescribed by the Central Government to identified investors, whose names and addresses shall be recorded by the company.
Sec. 42 <i>Private Placement</i>	Whenever a company makes any allotment (private placement), it is required to file the return of allotment with the RoC within prescribed time period. There is no prohibition on utilisation of monies after the allotment but prior to filing of return of allotment (Form PAS-3) with RoC.	A company cannot utilise the money raised by private placement unless allotment has been made and its return has been filed with the RoC within 15 days of the allotment.
Sec. 42 <i>Private Placement</i>	There is no specific penalty under the Act for non-compliance with filing of return of allotment with the RoC.	In case of non-compliance with filing of return of allotment, a company, its promoters and directors shall now be liable to a penalty for each default of one thousand rupees for each day during which such default continues but not exceeding twenty-five lakh rupees.
Section 47 <i>Voting Rights</i>	The voting rights of equity shares are subject to the provisions of Section 43 (kinds of share capital) and Section 50(2) (acceptance of calls in advance).	The voting rights of equity shares have been additionally made subject to the provisions of Section 188(1) (dealing with related party transaction).

Chapter 4: Share Capital and Debentures

Section No.	Existing Provision	Companies (Amendment) Bill, 2016
Sec. 53(2) <i>Prohibition on issue of shares at discount</i>	Issuance of shares by a company at ‘discounted price’ are treated as void. There was some interpretation issues with respect to the words ‘discounted price’ as could be interpreted to mean a price lower than the market value of shares, and not lower than its nominal value, as intended in section 53(1) of the Act.	In order to avoid interpretation issues with the word ‘discounted price’, it is now substituted with the word ‘discount’.
Sec. 53 <i>Prohibition on issue of shares at discount</i>	Issuance of shares at a discount is prohibited except issuance of sweat equity shares under section 54 of the Act read with rule 8 of the Companies (Share Capital and Debentures) Rules, 2014.	In addition to issue of sweat equity shares at a discount, it is recommended to also allow companies to issue shares at a discount pursuant to RBI’s Strategic Debt Restructuring Scheme.
Section 54 <i>Sweat Equity Shares</i>	A company is ineligible to issue sweat equity shares if it has not completed one year from the date on which it has commenced business on the date of issuance of sweat equity shares	The eligibility requirement of minimum 1 year of business operations have been deleted.

Chapter 5: Acceptance of Deposits by Companies

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 73(2)(c) and Section 73 (5) <i>Deposit Repayment Reserve Account</i>	A company accepting deposits from public are required to maintain an amount of not less than fifteen percent of the amount of its deposits maturing during a financial year, in a scheduled bank in a separate bank account to be called as deposit repayment reserve account.	The amount of deposit repayment reserve account has been increased to twenty percent of the amount of deposits maturing during that financial year and the same should be deposited on or before the 30th day of April each year.
Section 73(2)(d) <i>Deposit Linked Insurance Policy</i>	A company accepting deposits are required to obtain a deposit linked insurance policy to protect the interest of the depositors.	The requirement of deposit linked insurance policy has been deleted.
Section 73(2)(e) <i>Prohibition on acceptance of deposits from public</i>	In the event of default by a company with regard to repayment of deposits, whether accepted either before or after the commencement of the Act, or the payment of interest on such deposits, then, such company is prohibited from raising fresh proceeds from deposits.	Cooling off period of five years from the date the company repaid the earlier defaulting amounts with full disclosures has been inserted so as to allow the company to accept further deposits.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 74 read with rule 19 of Companies (Acceptance of deposits) Rules, 2014</p>	<p>It provides that deposits accepted under the Companies Act, 1956 to be repaid as per the original terms and conditions.</p>	<p>Deposits accepted before the commencement of this Act and interest thereon remains unpaid on such commencement or becomes due thereafter are now required to be repaid within 3 years from such commencement or on or before expiry of the period for which the deposits were accepted, whichever is earlier, provided renewal needs to be done in accordance with Companies Act, 2013</p>
<p>Section 76A <i>Punishment for contravention of section 73 or 76</i></p>	<p>At present, a company defaulting with the provisions of section 73 and 76 of 2013 Act, in addition to repayment of deposits and interest due, shall be punishable with a fine not less than one crore rupees, but which could extend to ten crore rupees.</p> <p>Further, every officer who is in default is punishable with maximum imprisonment of seven years <i>or</i> with fine or both.</p>	<p>The minimum amount of fine has been modified to one crore rupees or twice the amount of deposit accepted by a company, whichever is lower.</p> <p>Every officer who is in default shall be punishable with maximum imprisonment of seven years <i>and</i> with fine.</p>

Chapter 6: Registration of Charges

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<i>Section 77- Duty to register charges</i>	Companies are required to register the charges with the relevant Registrar of Companies within a period of 30 days from the day of its creation, unless extended in accordance with the provisions of the Companies Act, 2013.	The requirement of registering the charges shall not apply to such charges as may be prescribed in in consultation with the Reserve Bank of India.
<i>Section 78 Application for registration of charge</i>	An application can be made by a person in whose favour charge is to be created to Registrar for registration of charge upon failure by a company to register the charge within the period specified in section 77.	The person in whose favour charge is to be created may apply to Registrar for registration of charge upon failure by a company to register the charge within the period of thirty days referred to in section 77(1) .

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 82</p> <p><i>Company to report satisfaction of charge</i></p>	<p>Section 77 of the Act provides that a charge is to be registered with ROC within thirty days of its creation, further on company's application to ROC it may be registered within three hundred days of its creation on payment of additional fees. If charge is not registered within three hundred days of its creation, an extension may be sought under section 87 of the Act, which provides for rectification by Central Government in register of charges.</p> <p>However, section 82 of the Act provides that upon satisfaction or payment of the charge, it shall be intimated to the ROC within thirty days from date of such payment or satisfaction. Further, provisions of section 77(1) of the Act, shall, as far as may be, apply to an intimation given under section 82 of the Act.</p>	<p>The provisions of section 77(1) does not apply in the case of satisfaction of charge.</p> <p>Also, allows the company upon an application to Registrar that an intimation of payment or satisfaction of charge can be made within a period of 300 days of such payment or satisfaction on payment of such additional fees as may be prescribed.</p> <p>Whereas, no extension has been provided beyond the period of 300 days.</p>

Chapter 7: Management and Administration

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 89: <i>Declaration of beneficial interest and beneficial ownership</i>	<p>Section 89 deals with the concept of beneficial interest in a share which obligates every person acquiring/holding beneficial interest in a share as well as the legal owner to make a declaration to the company in respect of such beneficial interest. The existing provision does not provide for the definition of Beneficial Interest.</p>	<p>Definition of ‘beneficial interest’ in a share has been provided, as to include, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to: (i) exercise or cause to be exercised any or all of the rights attached to such share; or (ii) receive or participate in any dividend or other distribution in respect of such share.</p>
Section 90: <i>Investigation of beneficial ownership of shares in certain cases</i>	<p>The Central Government may appoint one or more competent persons to investigate and report as to beneficial ownership with regard to any share or class of shares and the provisions of investigation of ownership of the company shall as far as maybe apply to such investigation as if the investigation was ordered under that section.</p>	<p>The said power given to the Central Government has been deleted and a new section has been added - Register of significant beneficial owners in a company wherein:</p> <ul style="list-style-type: none"> • Every individual, acting alone or together or through one or more persons or trust, including a trust and persons resident outside India, holding beneficial interest of not less than 25% (or as prescribed) in the shares or right to exercise significant influence or control, to make a declaration to the company specifying such interest. • Every company shall maintain a register of interest declared by the individuals and such register may be open for inspection by any member of the company.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 90:</p> <p><i>Investigation of beneficial ownership of shares in certain cases</i></p>	<p>Same as above</p>	<ul style="list-style-type: none"> • Every company shall file a return of significant beneficial owners and changes therein with the Registrar. • A company shall give notice to any person (whether a member of the company or not) whom the company knows or has reasonable cause to believe to be a significant beneficial owner, knowledge of the identity of the significant beneficial owner at any time during the preceding 3 years from the date of notice, who is not registered as a beneficial owner. The concerned person shall provide the information with 30 days from the date of issue of notice. • If such person fails to give the information or the information is not satisfactory, the Company shall apply to the Tribunal within a period of 15 days of the expiry of the period in the notice, for an order directing that the shares in question be subjected to restrictions with regard to transfer of interested, suspension of all rights attached to the said shares. • Upon giving an opportunity to be heard, Tribunal may pass such order restricting the rights within a period of 60 days of the application being made. The person affected can make an application for relaxation or lifting of the restrictions.
<p>Section 92</p> <p><i>Annual Return</i></p>	<p>Every company shall prepare a return in the prescribed form containing the particulars as they stood on the close of the financial year regarding their indebtedness, details in respect of the shares foreign institutional investors indicating their names, address, countries of incorporation, registration and percentage of shareholding held by them etc.</p>	<p>The Bill has deleted certain information to be given in the annual report i.e. the details of indebtedness and certain details in respect of the shares foreign institutional investors such as indicating their names, address, countries of incorporation, registration and percentage of shareholding held by them.</p> <p>Another proviso has been added in sub-section (1) which would state that the Central Government may prescribe abridged form of annual return for One Person Company, small company and such other class of companies as may be prescribed.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 92 <i>Annual return</i>	Section 92(3) mandates the filing of an extract of the annual return in Form MGT-9 as a part of the Board's report.	The requirement of filing of an extract of the annual return in form MGT-9 as a part of the Board's report has been dispensed with and the same has been substituted with the requirement of placing a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report.
Section 93 <i>Return to be filed with Registrar in case change in promoters' stake</i>	Requirement of filing of a return by a listed company with the RoC, in Form MGT-10 with respect to changes in the number of shares held by promoters and top ten shareholders. The aforesaid information is also required to be filed with Stock Exchanges/SEBI resulting in duplication of reporting.	To avoid any duplication of reporting, this provision has been deleted.
Section 94 <i>Place of keeping and inspection of registers and returns etc.</i>	Register of members required to be maintained by the company contain personal details of shareholders. Registers, returns etc. can be kept and inspected at any place in India other than the registered office of a company if approved by a special resolution and a copy of the proposed resolution is provided to the RoC in advance.	Central government has been empowered to prescribed the particulars of the register which shall not be made available for inspection or for taking extracts or copies. Further, the requirement of filing an advance copy of special resolution has been deleted.
Section 96 <i>Annual general meeting</i>	Annual general meeting to be held at the registered office of the company or at some place within the city, town, village in which the registered office of the company is situated.	For ease of doing business, unlisted companies has been allowed to convene annual general meeting at any place in India provided approval of 100% shareholders is obtained in advance.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 100 <i>Calling of extraordinary general meeting</i>	Extraordinary general meeting shall be held only in India as per Secretarial Standard on General Meeting.	Extraordinary general meeting of a company, other than of the wholly owned subsidiary of a company incorporated outside India, shall be held at a place within India.
Section 101(1) <i>Notice of meeting</i>	A general meeting may be called after giving a shorter notice if consent is given in writing or by electronic mode by not less than ninety five per cent of the members entitled to vote.	A general meeting may be called after giving shorter notice than that specified in Section 101(1) if consent, in writing or by electronic mode, is accorded thereto— (i) in the case of an annual general meeting, by not less than ninety-five per cent. of the members entitled to vote thereat; and (ii) in the case of any other general meeting, by members of the company— (a) holding, if the company has a share capital, majority in number of members entitled to vote and who represent not less than ninety-five per cent. of such part of the paid-up share capital of the company as gives a right to vote at the meeting; or (b) having, if the company has no share capital, not less than ninety-five per cent. of the total voting power exercisable at that meeting; Provided further that where any member of a company is entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purposes of this sub-section in respect of the former resolution or resolutions and not in respect of the latter.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 110 <i>Postal Ballot</i>	<p>Voting on certain matters are mandatorily required to be done through postal ballot. Further, if a resolution is assented to by the requisite majority of the shareholders by means of postal ballot including voting by electronic means, it shall be deemed to have been passed at a general meeting convened in that behalf.</p>	<p>If a company is required to provide for electronic voting, then the items which are mandatorily required to be passed through postal ballot can be passed in the general meetings as well.</p>
Section 117 <i>Resolutions and Agreements to be filed</i>	<p>Section 117 mandates the companies to file resolutions with respect to several matters which involves disclosing of confidential and commercially sensitive information.</p> <p>Section 117(3)(e) imposes obligations to file resolutions as passed under section 180(1)(a) and (c) of the Act (restrictions on the powers of the Board).</p> <p>Section 117(1) requires every resolution which alters the AOA of a company to be embodied or annexed to the AOA.</p>	<p>Section 117(3)(e) has been deleted.</p> <p>Further, nothing shall apply to a banking company in respect of a resolution passed to grant loans, or give guarantee or provide security in respect of loans under section 179(3)(f) in the ordinary course of its business.</p>

Chapter 8: Declaration and Payment of Dividend

Section No	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 123(1) <i>Declaration of Dividend</i>	<p>Dividends can be declared out of the profits for that year arrived at after providing depreciation or out of the profits for any previous financial years arrived at after providing for depreciation.</p> <p>Where, owing to inadequacy or absence of profits in any financial year, any company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by it to the reserves, such declaration of dividend shall not be made except in accordance with Rule 3 of Companies (Declaration and Payment of Dividend) Rules, 2014.</p>	<p>It has been provided that while computing profits, any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded.</p> <p>Further, owing to inadequacy or absence of profits in any financial year, if any company proposes to declare dividend out of the accumulated profits earned by it in previous years and transferred by it to the free reserves, such declaration of dividend shall not be made except in accordance with Rule 3 of Companies (Declaration and Payment of Dividend) Rules, 2014.</p>
Section 123(3) <i>Declaration of Interim Dividend</i>	<p>Interim dividend can be declared, during any financial year, by the Board of Directors, out of the surplus in the profit and loss account and out of the profits of the financial year in which such dividend is sought to be declared.</p>	<p>It has now been provided that the Board of Directors of a company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend.</p>

Chapter 9: Accounts of Companies

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 129(3) read with the 4th proviso to section 136(1)</p> <p><i>Consolidated Financial statement</i></p>	<p>A company which has one or more subsidiaries, shall prepare a consolidated financial statement of the company and all of its subsidiaries in the same form and manner as of its own and shall lay it down before the annual general meeting along with laying of its own financial statement.</p> <p>For the purposes of this sub-section 129(3), i.e. regarding consolidation of accounts, the word '<i>subsidiary</i>' shall include associate company and joint venture.</p>	<p>The accounts of joint venture companies has now been exempted from the requirement of consolidated.</p> <p>Now, under sub-section 129(3), a company is required to prepare a consolidated financial statement of the company and all of its subsidiaries and associate companies in the same form and manner as of its own and shall lay it down before the annual general meeting along with laying of its own financial statement.</p>
<p>Section 130</p> <p><i>Re-opening of accounts</i></p>	<p>In case of re-opening of accounts, the court/tribunal are required to give notice to the Central Government, the Income-tax authorities, SEBI or any other statutory regulatory body or authority concerned.</p>	<p>The court/ tribunal has been enabled to give notice to any other party/ person concerned in the matter.</p>
<p>Section 130</p> <p><i>Re-opening of accounts</i></p>	<p>Absence of any specific provision pertaining to the period up to which the accounts could be re-opened.</p>	<p>The applicability of section 130 could be restricted to 8 years, unless a longer period is required under section 128(5), to keep the same in line with the provisions of section 128.</p>
<p>Section 134(3)</p> <p><i>Financial Statement, Board's Report, etc.</i></p>	<p>An extract of annual return needs to be provided in the Board's report.</p>	<p>Extract of annual return is not required to be provided in the Board's report if the same has been placed on the company's website.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 134(1) <i>Financial Statement, Board's Report, etc.</i>	The financial statements are required to be signed by CEO if he is a director of the company. Further, in case where the financial statements are signed by two directors, one should be a managing director.	In case, a company does not have a managing director, the chief executive officer, irrespective of whether he is a director or not, has been mandated to sign the financial statements. The words “if any”, has been inserted after the words “managing director” as it is not mandatory for every company to have a managing director.
Section 134 <i>Board's Report</i>	There are no relaxation for the small company or one person company with respect to the disclosures to be made in the Board's report.	The Central Government has been allowed to prescribe an abridged Board's report for small company or one person company.
Section 134 <i>Board's Report</i>	Particulars of loans, guarantees or investments under section 186 and particulars of contracts or arrangements with related parties, to be provided in the Board's Report.	Disclosures with regard to loans or investments under section 186 and particulars of contracts with related parties under section 188, if provided in the financial statements, should be only referred, and salient points discussed, in the board's report. Form AOC-2 should be omitted, if disclosures made in financial statements.
Section 134 <i>Board's Report</i>	Details of remuneration policy, CSR policy developed and implemented by the company should be disclosed in Board's report.	Details of CSR Policy and Remuneration policy is not required to be provided in the Board's report if the same has been placed on the company's website.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 135 <i>Corporate Social Responsibility</i>	Every company having a net worth of Rs. 500 crore or more; or a turnover of Rs. 1000 crore or more; or a net profit of Rs. 5 crore or more, during <u>any financial year</u> , to constitute a Corporate Social Responsibility (“CSR”) Committee.	The words ‘any financial year’ in section 135(1) has been replaced with the words ‘preceding financial year’.
Rule 5(1) of Companies (CSR Policy) Rules, 2014	Unlisted public companies and private companies which are not required to appoint independent directors are allowed to have CSR Committee without such director.	The composition of CSR Committee for companies not required to appoint independent directors under the Act has been prescribed as ‘having two or more directors’. The same has been added by adding a proviso to section 135(1).
Rule 2(1)(f) of Companies (CSR Policy) Rules, 2014	Dividend income, etc. to be excluded while calculating the net profit for the purpose of CSR spending.	Prescriptive powers has been provided to the Central Government to exclude certain sums from net profit in section 135(1) itself.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 135 <i>Corporate Responsibility</i> <i>Social</i>	For the purpose of section 135(5), the ‘average net profit’ shall be calculated in accordance with section 198.	The term “average net profit” has been replaced with the words “net profit”, to remove any ambiguity.
Rule 3 of the CSR Policy Rules, 2014	Foreign companies are also required to comply with the provisions of CSR.	Requirement for foreign companies to comply with the provisions of CSR has been included in section 384 of the Act.
Section 136 <i>Right of member to copies of audited financial statement</i>	Shorter notice period as provided under section 101 would also apply to the circulation of annual accounts.	A provision allowing financial statements to be circulated at a shorter period in accordance with the provision for shorter notice meeting under section 101 has been provided in section 136.
Section 136 <i>Right of member to copies of audited financial statement</i>	Every company having a subsidiary or subsidiaries, shall place separate audited accounts in respect of each of its subsidiaries on its website, if any.	The requirement has been limited to listed companies in view of their dispersed shareholding and the need for greater regulatory oversight as compared to unlisted companies.

Chapter 10: Audit and Auditors

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 139 <i>Appointment of Auditors</i>	The shareholders shall appoint an auditor at the annual general meeting, for a consecutive period of five years, and the matter relating to such appointment, shall be placed for ratification by the members in each AGM. Company shall place the matter relating to such appointment for ratification by members at every AGM.	The requirement to place the matter relating to such appointment for ratification by members at every AGM has been deleted.
Section 141(3)(d) <i>Disqualifications of auditors</i>	A person shall not be eligible for appointment as an auditor of a company, if he, or his relative, or partner, holds any security, or gives a guarantee, or is indebted to the company for specified amounts, etc. The term 'relative' is defined under Section 2(77) of the Companies Act, 2013.	The definition of "Relative" was proposed to mean the spouse of a person, parent, sibling or child of such person or of the spouse, financially dependent on such person, or who consults such person in taking decisions in relation to his investments, <i>vide</i> Companies (Amendment) Bill, 2016. However, as per Companies (Amendment) Bill, 2017, the aforesaid definition has been deleted.
Section 141(3)(i) <i>Disqualifications of auditors</i>	A person whose subsidiary or associate company or any other form of entity, is engaged as on the date of appointment in consulting and specialised services as provided in section 144 is not eligible for being appointed as an auditor of a company.	A person who, directly or indirectly, renders any services referred to in section 144 to the company, its holding company or its subsidiary company shall not be eligible for the appointment as an auditor of a company. For the said purposes, 'directly or indirectly' shall have the meaning assigned to it in the explanation to section 144.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 143(1) <i>Powers and duties of auditors and auditing standards</i>	The auditor of a holding company shall have the right to access the books of accounts of subsidiary companies, in connection to the consolidation of accounts.	The auditor of a holding company has been given a right to access the books of accounts of subsidiary companies and associate companies, in connection to the consolidation of accounts
Section 143(3)(i) <i>Powers and duties of auditors and auditing standards</i>	Auditor are required to state in his report whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.	Auditor has a requirement to state in his report, that, whether the company has an adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

Chapter 11: Appointment and Qualifications of Directors

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 149(3) <i>Residence requirement for directors.</i>	Every company shall have at least one director who must have stayed in India for a total period of not less than one hundred and eighty-two days in the previous calendar year.	Every company shall have at least one director who stays in India for a total period of not less than one hundred and eighty-two days during the financial year: Provided that in case of a newly incorporated company the requirement under this subsection shall apply proportionately at the end of the financial year in which it is incorporated.";
Section 149(6)(c) <i>Independent Directors</i>	An independent director should not have or had any pecuniary relationship, during the current financial year or immediately two preceding financial years, with the company, its holding, subsidiary or associate company, or their promoters or directors.	Words "pecuniary relationship" has been substituted with " pecuniary relationship other than remuneration as such director or having transaction not exceeding ten per cent of his total income or such amount as may be prescribed ".
Section 149(6)(d) <i>Independent Directors</i>	An independent director's relatives should not have or had pecuniary relationship or transaction, during the current financial year or immediately two preceding financial years, with the company, its holding, subsidiary or associate company, or their promoters or directors, which amounts to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower.	The Clause (d) has been substituted as under: "(d) none of whose relatives— (i) is holding any security of or interest in the company, its holding, subsidiary or associate company during the two immediately preceding financial years or during the current financial year: Provided that the relative may hold security or interest in the company of face value not exceeding fifty lakh rupees or two percent. of the paid-up capital of the company, its holding, subsidiary or associate company or such higher sum as may be prescribed;

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 149(6)(d) <i>Independent Directors</i></p>	<p>An independent director's relatives should not have or had pecuniary relationship or transaction, during the current financial year or immediately two preceding financial years, with the company, its holding, subsidiary or associate company, or their promoters or directors, which amounts to two percent or more of its gross turnover or total income or fifty lakh rupees or such higher amount as may be prescribed, whichever is lower.</p>	<p>(ii) is indebted to the company, its holding, subsidiary or associate company or their promoters, or directors, in excess of such amount as may be prescribed during the two immediately preceding financial years or during the current financial year;</p> <p>(iii) has given a guarantee or provided any security in connection with the indebtedness of any third person to the company, its holding, subsidiary or associate company or their promoters, or directors of such holding company, for such amount as may be prescribed during the two immediately preceding financial years or during the current financial year; or</p> <p>(iv) has any other pecuniary transaction or relationship with the company, or its subsidiary, or its holding or associate company amounting to two per cent. or more of its gross turnover or total income singly or in combination with the transactions referred to in sub-clause (i), (ii) or (iii);</p>
<p>Section 149(6)(e)(i) <i>Independent Directors</i></p>	<p>An individual should not be appointed as an independent director if he himself or through his relatives hold or has held the position of a key managerial personnel (KMP) or is or has been employee of the company or its holding, subsidiary or associate company in any of the three financial years immediately preceding the financial year in which he is proposed to be appointed.</p>	<p>The proviso has been added for a relative which is given hereunder: "Provided that in case of a relative who is an employee, the restriction under this clause shall not apply for his employment during preceding three financial years."</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 152(3) <i>Appointment of Directors</i>	No person shall be appointed as a director of a company unless he has been allotted the Director Identification Number.	For a person to be appointed as a director, it is mandatory for him/her to have a Director Identification Number or any other number as envisaged under section 153.
Section 152(4) <i>Appointment of Directors</i>	Every person proposed to be appointed as a director by the company in a general meeting or otherwise shall furnish his Director Identification Number and a declaration that he is not disqualified to become a director under the Act.	Every person who is appointed as a director has to furnish DIN or such other number as prescribed under section 153.
Section 153 <i>Application for allotment of Director Identification Number</i>	Every individual intending to be appointed as director of a company shall make an application for allotment of Director Identification Number to the Central Government in such form and manner as may be prescribed.	The proviso has been added stated as under: "Provided that the Central Government may prescribe any identification number which shall be treated as Director Identification Number for the purposes of this Act and in case any individual holds or acquires such identification number, the requirement of this section shall not apply or apply in such manner as may be prescribed."
Section 149(10) and 160	An independent director is eligible to be appointed for a term of five consecutive years.	Proviso has been added stated as under: Provided that requirements of deposit of amount shall not apply in case of appointment of an independent director or a director recommended by the Nomination and Remuneration Committee, if any, constituted under sub-section (1) of section 178 or a director recommended by the Board of Directors of the Company, in case of a company not required to constitute Nomination and Remuneration Committee.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 161(2) <i>Appointment of additional, alternate and nominee director</i>	Only a person holding any alternate directorship for any other director in the company is prohibited from being appointed as alternate director.	In addition to existing provision, a person holding directorship in the same company is also prohibited from being appointed as alternate director.
Section 161(4) <i>Appointment of additional, alternate and nominee director</i>	In case of a public company, if the office of any director appointed by the company in general meeting is vacated before his term of office expires in the normal course, the resulting casual vacancy may, in default of and subject to any regulations in the articles of the company, be filled by the board of directors at a meeting of the board.	The board of any company can fill a vacancy caused by vacation of office of any director before the expiry of his terms, however subject to the AoA of a company and such appointment done at the meeting of the board shall be subsequently approved by members in the immediate next general meeting.
Section 164 (2) <i>Disqualification for appointment of directors</i>	A director of a company which has not filed financial statements or annual returns for any continuous period of three financial years or has failed to repay the deposits accepted by it or pay interest thereon or to redeem any debentures on the due date or pay interest due thereon or pay any dividend declared and such failure to pay or redeem continues for one year or more will be disqualified to be reappointed as director of that company or appointed in other company for a period of five years from the date on which the said company fails to do so.	Proviso has been inserted as stated under: Provided that where a person is appointed as a director of a company which is in default of clause (a) or clause (b), he shall not incur the disqualification for a period of six months from the date of his appointment.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 164(3) Proviso</p> <p><i>Disqualification for appointment of directors</i></p>	<p>The proviso states that the disqualifications referred to in clauses (d), (e) and (g) of sub-section (1) of section 164 shall not take effect:</p> <p>(i) For thirty days from the date of conviction or order of disqualification;</p> <p>(ii) Where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(iii) Where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed of.</p>	<p>For the earlier proviso, following proviso shall be substituted:</p> <p>"Provided that the disqualifications referred to in clauses (d), (e) and (g) of sub-section (1) shall continue to apply even if the appeal or petition has been filed against the order of conviction or disqualification."</p>
<p>Section 165</p> <p><i>Number of Directorships</i></p>	<p>An individual cannot hold office as a director, including any alternate directorship, in more than 20 companies out of which a person cannot be a director in more than 10 public companies.</p>	<p>For reckoning the limit of directorships of twenty companies, the directorship in the dormant company shall not be included.</p>
<p>Section 167(1)(a)</p> <p><i>Vacation of office of directors</i></p>	<p>Sub-clause provides that a director will be vacated automatically from his office if he incurs any disqualification in his personal capacity under section 164(1) or if he incurs any disqualification related to a company under section 164(2).</p>	<p>Proviso has been inserted as stated under:</p> <p>"Provided that where he incurs disqualification under sub-section (2) of section 164, the office of the director shall become vacant in all the companies, other than the company which is in default under that sub-section."</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Proviso to section 167(1)(f)</p> <p><i>Disqualifications from appointment as, and vacation of office of director</i></p>	<p>There is an inconsistency between provisions of section 164(3) and section 167(1)(f) as it provides that in the event an appeal has been filed by a director towards his disqualification then he will not be disqualified for appointment as director, however, section 167 provides that irrespective the person has filed an appeal his office as director will be automatically stands vacated.</p>	<p>The proviso as given under section 167(1)(f) shall be substituted with the following proviso:</p> <p>"Provided that the office shall not be vacated by the director in case of orders referred to in clauses (e) and (f)—</p> <p>(i) for thirty days from the date of conviction or order of disqualification;</p> <p>(ii) where an appeal or petition is preferred within thirty days as aforesaid against the conviction resulting in sentence or order, until expiry of seven days from the date on which such appeal or petition is disposed of; or</p> <p>(iii) where any further appeal or petition is preferred against order or sentence within seven days, until such further appeal or petition is disposed of."</p>
<p>Proviso to section 168(1) and rule 16 of Companies (Appointment and Qualification of Directors) Rules, 2014</p>	<p>The proviso requires a resigning director to file a copy of his resignation along with the reasons for his resignation with the registrar in the form DR-11, within thirty days.</p>	<p>The resigning director now has an option to forward his resignation along with the reasons for his resignation to the registrar, within 30 days.</p>

Chapter 12: Meetings of Board and its Powers

Section No.	Companies Act, 2013	Companies Amendment Bill, 2017
<p>Section 173(2) and rule 4 of the Companies (Meetings of Board and its Powers) Rules, 2014</p> <p><i>Participation through video-conferencing</i></p>	<p>Board meeting through video conferencing is not allowed for the following items as listed in Rule 4:</p> <ol style="list-style-type: none"> the approval of the annual financial statements the approval of the Board's report the approval of the prospectus the Audit Committee meetings for consideration of accounts and the approval of the matters relating to amalgamation, merger, demerger, acquisition and takeover. 	<p>The following proviso has been inserted:</p> <p>"Provided further that where there is quorum in a meeting through physical presence of directors, any other director may participate through video conferencing or other audio visual means in such meeting on any matter specified under the first proviso."</p>
<p>Section 177(1)</p> <p><i>Audit Committee</i></p>	<p>Every listed company and other classes of companies as prescribed are required to constitute an audit committee.</p>	<p>Every listed public company and other classes of companies are required to constitute an audit committee.</p>

Section No.	Companies Act, 2013	Companies Amendment Bill, 2017
<p>Section 177(4)(iv) <i>Audit Committee</i></p>	<p>Audit committee shall approve the related party transactions.</p>	<p>Proviso has been added, as stated under:</p> <p>"Provided further that in case of transaction, other than transactions referred to in section 188, and where Audit Committee does not approve the transaction, it shall make its recommendations to the Board:</p> <p>Provided also that in case any transaction involving any amount not exceeding one crore rupees is entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorized by any other director, the director concerned shall indemnify the company against any loss incurred by it:</p> <p>Provided also that the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, between a holding company and its wholly owned subsidiary company."</p>
<p>Section 178(1) <i>Nomination and Remuneration Committee & Stakeholders Relationship Committee</i></p>	<p>Every listed company and other classes of companies as prescribed are required to constitute nomination and remuneration committee.</p>	<p>The words "every listed company" are substituted with the words "every listed public company" for the constitution of nomination and remuneration committee.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Proviso to Section 178(4)(c)</p> <p><i>Nomination and Remuneration Committee</i></p>	<p>It provides that the remuneration policy as formulated by NRC should be disclosed in the report of the Board.</p>	<p>Now, such policy shall be placed on the website of the company, if any, and the salient features of the policy and changes therein, if any, along with the web address of the policy, if any, shall be disclosed in the Board's report.</p>
<p>Section 134(3)(p), Section 178(2) and Schedule IV</p>	<p>Section 134(3)(p) requires a listed company and every other public company having such paid-up share capital as may be prescribed, to have a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors in its Board of Directors' report.</p> <p>In terms of section 178(2), Nomination & Remuneration Committee (NRC) is required to carry out evaluation of every director's performance and Schedule IV provides that independent directors are required to carry out review of performance of non-independent directors and the Board as a whole separately.</p>	<p>Now, NRC shall, instead of carrying out evaluation of every director's performance, the committee, specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 180(1)(c) <i>Restriction on Board Power</i></p>	<p>The sub-clause provides that the Board of directors of a company shall exercise the power to borrow money, when the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital and free reserves, apart from temporary loans obtained from the company's bankers in the ordinary course of business, only with the consent of the company by a special resolution.</p>	<p>The Board now has a power to borrow money, when the money to be borrowed, together with the money already borrowed by the company will exceed aggregate of its paid-up share capital, free reserves and securities premium apart from temporary loans.</p>
<p>Section 184(5) <i>Disclosure of interest by directors</i></p>	<p>Section 184 deals with disclosure of interest by directors. Sub-section 5 provides that nothing in the said section shall be taken to prejudice the operation of any rule of law restricting a director of a company from having any concern or interest in any contract or arrangement with the company; or shall apply to any contract or arrangement entered into or to be entered into between two companies where any of the directors of the one company or two or more of them together holds or hold not more than two per cent of the paid-up share capital in the other company.</p>	<p>The provisions of the given section shall not apply to any contract or arrangement which is entered into or to be entered into between two companies or between one or more companies and one or more bodies corporate where any of the directors of the one company or body corporate or two or more of them together holds or hold not more than two per cent of the paid-up share capital in the other company or the body corporate.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 185</p> <p><i>Loans to Directors, etc.</i></p>	<p>It provides that subject to certain exceptions, no company shall, directly or indirectly, advance any loan, including any loan represented by a book debt, to any of its directors or to any other person in whom the director is interested or give any guarantee or provide any security in connection with any loan taken by him or such other person.</p> <p>Proviso provides that a company which in the ordinary course of its business provides loans or gives guarantees or securities, then in respect of such loans an interest should be charged at a rate not less than the bank rate declared by the Reserve Bank of India.</p>	<p>Now the entire section has been substituted with the following section:</p> <p>'185. (1) No company shall, directly or indirectly, advance any loan, including any loan represented by a book debt to, or give any guarantee or provide any security in connection with any loan taken by,—</p> <p>(a) any director of company, or of a company which is its holding company or any partner or relative of any such director; or\</p> <p>(b) any firm in which any such director or relative is a partner.</p> <p>(2) A company may advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by any person in whom any of the director of the company is interested, subject to the condition that—</p> <p>(a) a special resolution is passed by the company in general meeting:</p> <p>Provided that the explanatory statement to the notice for the relevant general meeting shall disclose the full particulars of the loans given, or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security and any other relevant fact; and</p> <p>(b) the loans are utilised by the borrowing company for its principal business activities.</p> <p style="text-align: right;"><i>....contd</i></p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 185</p> <p><i>Loans to Directors, etc.</i></p>	<p>Same as above</p>	<p>Explanation.—For the purposes of this sub-section, the expression "any person in whom any of the director of the company is interested" means—</p> <p>(a) any private company of which any such director is a director or member;</p> <p>(b) any body corporate at a general meeting of which not less than twenty-five per cent. of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or</p> <p>(c) any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.</p> <p>(3) Nothing contained in sub-sections (1) and (2) shall apply to—</p> <p>(a) the giving of any loan to a managing or whole-time director—</p> <p>(i) as a part of the conditions of service extended by the company to all its employees; or</p> <p>(ii) pursuant to any scheme approved by the members by a special resolution; or</p> <p>(b) a company which in the ordinary course of its business provides loans or gives guarantees or securities for the due repayment of any loan and in respect of such loans an interest is charged at a rate not less than the rate of prevailing yield of one year, three year, five year or ten year Government security closest to the tenor of the loan; or</p> <p>(c) any loan made by a holding company to its wholly owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary company; or</p> <p style="text-align: right;"><i>(Contd...)</i></p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 185</p> <p><i>Loans to Directors, etc.</i></p>	<p>Same as above</p>	<p>(d) any guarantee given or security provided by a holding company in respect of loan made by any bank or financial institution to its subsidiary company:</p> <p>Provided that the loans made under clauses (c) and (d) are utilised by the subsidiary company for its principal business activities.</p> <p>(4) If any loan is advanced or a guarantee or security is given or provided or utilised in contravention of the provisions of this section, (i) the company shall be punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees, (ii) every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than five lakh rupees but which may extend to twenty five lakh rupees; and (iii) the director or the other person to whom any loan is advanced or guarantee or security is given or provided in connection with any loan taken by him or the other person, shall be punishable with imprisonment which may extend to six months or with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees, or with both.'</p>
<p>Section 186(1)</p> <p><i>Loan and Investment by company</i></p>	<p>Section provides that a company shall unless otherwise prescribed, should not make investment through more than two layers of investment companies.</p>	<p>It was proposed to delete this sub-section <i>vide</i> Companies (Amendment) Bill, 2016 however, <i>vide</i> Companies (Amendment) Bill, 2017, the provision remains intact.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 186(2)</p> <p><i>Loan and Investment by company</i></p>	<p>No company shall directly or indirectly give any loan to any person or other body corporate; give any guarantee or provide security in connection with a loan to any other body corporate or person; and acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding certain limits as prescribed therein.</p>	<p>An Explanation has been inserted:</p> <p>For the purposes of this sub-section, the word "person" does not include any individual who is in the employment of the company.';</p>
<p>Section 186(3)</p> <p><i>Loan and Investment by company</i></p>	<p>Section provides that no company shall directly or indirectly exceeding 60% of its paid-up share capital, free reserves and securities premium account or 100% of its free reserves and securities premium account, whichever is more for giving (a) any loan to any person or other body corporate; (b) any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquiring by way of subscription, purchase or otherwise, the securities of any other body corporate, without the prior approval of shareholders by way of special resolution.</p>	<p>Sub-section 3 has been substituted with the following:</p> <p>'(3) Where the aggregate of the loans and investment so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceed the limits specified under sub-section (2), no investment or loan shall be made or guarantee shall be given or security shall be provided unless previously authorised by a special resolution passed in a general meeting:</p> <p>Provided that where a loan or guarantee is given or where a security has been provided by a company to its wholly owned subsidiary company or a joint venture company, or acquisition is made by a holding company, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company, the requirement of this sub-section shall not apply</p> <p>Provided further that the company shall disclose the details of such loans or guarantee or security or acquisition in the financial statement as provided under sub-section (4).</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Section 186 (11)</p> <p><i>Loan investment company and by</i></p>	<p>It provides exemptions from the compliance of section 186 to certain companies.</p>	<p>New sub-section shall be substituted which is given as under:</p> <p>"(11) Nothing contained in this section shall apply—</p> <p>(a) to any loan made, any guarantee given or any security provided or any investment made by a banking company, or an insurance company, or a housing finance company in the ordinary course of its business, or a company established with the object of and engaged in the business of financing industrial enterprises, or of providing infrastructural facilities;</p> <p>(b) to any investment—</p> <p>(i) made by an investment company;</p> <p>(ii) made in shares allotted in pursuance of clause (a) of sub-section (1) of section 62 or in shares allotted in pursuance of rights issues made by a body corporate;</p> <p>(iii) made in respect of investment or lending activities, by a non-banking financial company registered under Chapter III-B of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities.";</p>
<p>Section 194 and 195</p> <p><i>Prohibition on forward trading and insider trading of securities</i></p>	<p>Section 194 deals with prohibition on forward dealings in securities of company by director or key managerial personnel and section 195 deals with prohibition on insider trading of securities.</p>	<p>Section 194 and 195 have been deleted.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
<p>Second proviso to section 188(1) and circular no. 30/2014 issued by the MCA</p> <p><i>Related Party Transactions</i></p>	<p>The circular was issued with the intent of clarifying requirements of second proviso to section 188(1).</p> <p>Second proviso to section 188(1) provides that no member of the company shall vote on special resolution, (for authorizing a contract or arrangement, in the case of a company having a paid-up share capital of not less than such amount, or transactions not exceeding such sums, as may be prescribed), to approve any contract or arrangement which may be entered into by the company, if such member is a related party.</p>	<p>Following proviso is inserted after second proviso of sub-section (1) of section 188:</p> <p>"Provided also that nothing contained in the second proviso shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties:"</p>
<p>Section 188(3)</p> <p><i>Related Party Transactions</i></p>	<p>It provides that contract or arrangement which is entered without obtaining consent of the board or members and if not ratified by the board, as the case may be, or members within 3 months, it shall be voidable at the option of the Board.</p>	<p>For the words "shall be voidable at the option of the Board", the words "shall be voidable at the option of the Board or, as the case may be, of the shareholders" shall be substituted.</p>

Chapter 13: Appointment and Remuneration of Managerial Personnel

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 196(3)(a)	NIL	<p>Proviso shall be inserted as stated below:</p> <p>“Provided further that where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.”</p>
Section 197(9) <i>Managerial Remuneration</i>	If any director draws or receives, directly or indirectly, by way of remuneration any such sums in excess of the limit prescribed by this section or without the prior sanction of the CG approval, where it is required, he shall refund such sums to the company, and until such sum is refunded, hold it in trust for the company.	Such refund shall be made within two years <i>or</i> such lesser period as may be allowed by the company, and until such sum is refunded, hold it in trust for the company.
Section 197(10) <i>Managerial Remuneration</i>	Waiver of recovery of any sum refundable as above shall be allowed only after permission of Central Government.	<p>a) Such waiver can be made after approval by the company by special resolution within two years from the date the sum becomes refundable.</p> <p>a) Also, in case of any term loan of any bank or PFI is subsisting or the company has defaulted in payment of dues to non-convertible debenture holders or any other secured creditor, the prior approval of the bank or PFI concerned or the NCD holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining the special resolution in the general meeting.</p>

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 197(3) and Schedule V <i>Managerial Remuneration</i>	If a company has no profit or inadequate profits, the company shall not pay remuneration (excluding any sitting fees or other fees decided by the Board, to a prescribed limit) to its directors except in accordance with Schedule V, and in case it is not able to comply with the requirements, prior approval of the Central Government is required.	Only the provision with regard to central government approval has been done away with.
Section 197(1) and Schedule V <i>Managerial Remuneration</i>	a) Central Government approval is required to pay remuneration exceeding 11% of net profits. b) Various limits of remuneration to be paid to MD, WTD or Manager shall be approved in general meeting.	a) CG approval shall not be required for paying remuneration exceeding 11% of net profits, subject to compliance of Schedule V. b) Specifically mentioned to approve such limits by way of a special resolution in general meeting. c) Also, where the company has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holders or any other secured creditors, the prior approval of the bank or PFI concerned or the NCD holders or other secured creditor, as the case may be, shall be obtained by the company before obtaining the approval in the general meeting.
Section 196(4) <i>Appointment of managing director, whole-time director or manager</i>	Approval of Central Government along with shareholder approval is required in case where appointment of MD, WTD or Manager varies from the conditions specified in Schedule V.	Approval of Central Government along with the shareholder approval is required in case where appointment of MD, WTD or Manager varies from the conditions specified in Part I of Schedule V.

Section No.	Companies Act, 2013	Companies (Amendment) Bill, 2017
Section 197(11) <i>Managerial Remuneration</i>	In cases of inadequate profits or no profits, any provision for increasing director's remuneration under MOA or AOA or agreement or resolution in general meeting or board shall have no effect unless conditions of Schedule V are not complied and in case of such non-compliance, CG approval to be obtained.	The requirement of CG approval is not required if the company has complied with the provisions of Schedule V.
New sub-sections 16 of section 197 <i>Managerial Remuneration</i>	Nil	The auditor's report shall contain a statement as to whether the remuneration paid by the company to its directors is in accordance with the provisions of this section, whether remuneration paid to any director is in excess of the limit laid down under this section and give such other details as may be prescribed.
New sub-sections 17 of section 197 <i>Managerial Remuneration</i>	Nil	The application pending as on the date of commencement of Companies (Amendment) Act, 2016, before the Central Government shall abate and the company shall, within one year of such commencement, obtain the approval in accordance with the provisions of Section 197, as so amended.
Section 198(3)(a) <i>Calculation of profits</i>	Profits, by way of premium on shares or debentures of the company, which are issued or sold by the company.	Profits, by way of premium on shares or debentures of the company, which are issued or sold by the company unless the company is an investment company as referred to in clause (a) of the Explanation to section 186.
Section 198 (3)(f)	NIL	Clause (f) to be inserted: "any amount representing unrealised gains, notional gains or revaluation of assets".

Section No./ Rule No.	Companies Act, 2013	Companies (Amendment) Bill, 2016
<i>Section 374(d)</i>	NIL	<p>Proviso has been inserted as given under:</p> <p>Provided that upon registration as a company under this Part a limited liability partnership incorporated under the Limited Liability Partnership Act, 2008 shall be deemed to have been dissolved under the Act without any further act or deed.</p>
<i>Section 391(2)</i>	The provisions of Chapter XX shall apply <i>mutatis mutandis</i> for closure of the place of business of a foreign company in India as if it were a company incorporated in India.	<p>The aforesaid clause has been substituted by:</p> <p>“subject to the provisions of section 376, the provisions of Chapter XX shall apply <i>mutatis mutandis</i> for closure of the place of business of a foreign company in India as if it were a company incorporated in India in case such foreign company has raised monies through offer or issue of securities under this Chapter which have not been repaid or redeemed”</p>

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