

Key Highlights of Companies Bill, 2012

1. Incorporation of a One Person Company has been permitted.
2. Numbers of permissible members in private company has been raised to 200 as against existing limit of 50 members.
3. Listed companies shall have at least 1/3rd of the total number of directors as Independent Directors and the Central Government may prescribe the minimum number of Independent Directors for any class of public companies.
4. Nominee director cannot be regarded as Independent Director.
5. Maximum term of ID has been restricted to five years at once subject to a maximum of two such terms.
6. Appointment of at least one woman director on the board of prescribed classes of companies has been made mandatory.
7. Appointment of at least one director resident in India, i.e. a director who has stayed in India for at least 182 days in the previous calendar year, is made mandatory for all companies.
8. Maximum number of directors has been increased from twelve (12) to fifteen (15) directors. Further no Central Government approval is required to increase the maximum no. of directors beyond fifteen (15). Shareholders of companies may do so by passing a special resolution.
9. A person can hold directorship of up to 20 companies, of which not more than 10 can be public companies.
10. No listed companies shall appoint-
 - i. an individual as auditor for more than one term of five consecutive years, and
 - ii. an audit firm as auditor for more than two terms of five consecutive years

11. Shareholders are at liberty to decide by passing resolution that audit partner and the audit team, be rotated every year
12. CSR has been made mandatory for a company having net worth of Rs. 500 crore or more, or turnover of Rs.1,000 crore or more or net profit of Rs. 5 crore or more during any financial year.
13. Such company is required to constitute a Corporate Social Responsibility Committee of the board (CSRC) which shall consist of three or more directors , out of which at least one director shall be an independent director.
14. Such company shall spend, in every financial year, at least 2 % of the average net profits of the company made during three immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy (CSRP).
15. The provision for establishment of Serious Fraud Investigation Office (SFIO) by the Central Government is another significant feature of the bill.
16. SFIO is empowered to arrest in respect of certain offence involving fraud.
17. Changes have also been made to the grounds for winding up a company.
18. Some other features of the bill include-
 - i. Financial year will be uniform for all companies i.e. April-March.
 - ii. Restriction on buyback of shares within one year from the last buy back.
 - iii. Voting through electronic means.
 - iv. Capping director's remuneration at 5% of the net profits of the company.
 - v. The concept of Dormant Company has been introduced.
 - vi. Special courts for speedy trials.