

ANNEXURE III: SUMMARY OF PROPOSED CHANGES

PART I: RECOMMENDATIONS PROPOSING AMENDMENTS TO THE ACT

PROVISION	NATURE OF AMENDMENT
CHAPTER 1: DEFINITIONS	
Section 2(6) Associate Company	a. Explanation to Section 2(6) to read as “For the purposes of this clause, ‘significant influence’ means control of at least twenty per cent of the total voting power, or control of or participation in taking business decisions under an agreement.” b. ‘Joint venture’ to be assigned the same meaning as under Indian Accounting Standard (Ind AS) 28, as part of the Explanation to Section 2(6) itself. (Para 1.3, 1.4)
Section 2(28) Cost Accountant	Provision to be amended to define cost accountant in practice. (Para 10.19)
Section 2(30) Debenture	a. Exception to be made for instruments covered under Chapter III D of the RBI Act. b. Exception to also be made for deposits accepted by banking companies, and flexibility to be given to the Central Government, in consultation with RBI and SEBI, as applicable, to carve out other instruments from the definition, as may be required. (Para 1.7)
Section 2(41) Financial Year	To expand the first proviso to Section 2(41), to allow a company having associates and joint ventures incorporated outside India to apply for a different financial year to the Tribunal. (Para 1.9)
Section 2(46) Holding Company	To add an explanation in Section 2(46) in line with explanation (c) to Section 2(87). (Para 1.11)
Section 2(49) Interested director	To omit Section 2(49). (Para 1.12)
Section 2(51) Key managerial personnel	To allow the Boards of relevant companies to appoint any other person as KMP/whole-time KMP (Para 13.10)
Section 2(57) Net worth	To include ‘debit or credit balance of profit and loss account’ in the definition of net worth. (Para 1.15)
Section 2 (57A) Nominee director	New definition to be inserted. (Para 11.6)
Section 2(76) Related Party	a. To amend Section 2(76) (viii) to substitute the word ‘company’ with the word ‘body corporate’ and to also include investing company or the venturer of a company. b. To bring the Companies (Removal of Difficulties) Fifth and Sixth Order, 2014 into the Act. (Para 1.20)
Section 2(85)	a. To replace the words ‘last profit and loss account’ with the words ‘last

PROVISION	NATURE OF AMENDMENT
Small Company	audited profit and loss account'. b. To incorporate the Companies (Removal of Difficulties) Order, 2015 into the Act. c. Review of the thresholds to be done by the MCA, at an appropriate time. (Para 1.21)
Section 2(87) Subsidiary Company	a. To replace the words 'total share capital' with the words 'total voting power in Section 2(87) (ii), with consequential changes in the Rules to be also carried out. b. To omit the proviso in Section 2(87) dealing with restrictions on layers of subsidiaries. (Para 1.23, 1.24)
Section 2(91) Turnover	To revise the definition of 'turnover' as "the gross 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." (Para 1.25)
CHAPTER 2: INCORPORATION OF COMPANIES	
Section 4(1) (c) Memorandum	a. To amend Section 4(1)(c) to allow companies to have an option to have a more generic object clause, i.e., 'to engage in any lawful act or activity or business as per the law for the time being in force' in the MOA. b. To amend Section 4(5)(i), to reduce the period of name reservation from sixty to twenty days from the date of approval, and simultaneously, the fees for such reservation to be reduced to Rupees Five Hundred. (Para 2.1, 2.2)
Section 7(1) (c) Incorporation of companies	The requirements with respect to affidavits under Section 7(1) (c) to be replaced with self-declarations. (Para 2.3)
Section 12(1) and 12(4) Registered office of company	a. Section 12(1) to be amended to provide for a company to have its registered office within thirty days of its incorporation. b. Section 12(4) to be amended so as to increase the time limit for registering change in registered office to thirty days. (Para 2.4, 2.5)
Section 21 Authentication of documents, proceedings and contracts	Section 21 to be amended to allow 'any employee of the company duly authorised by the Board' to authenticate company's documents. (Para 2.6)
New section Effect of number of members falling below minimum required	a. To provide for consequences of number of members falling below the prescribed minimum i.e. fastening the continuing members with the liability for all the debts incurred by the company till the prescribed minimum is restored. b. Provision to be made for the maximum period of 6 months within which the default shall be made good, failing which the violation triggers. (Para 2.7)
CHAPTER 3: PROSPECTUS AND ALLOTMENT OF SECURITIES	
Section 26 Matters to be stated in prospectus	Section 26(1) to be modified to empower SEBI to prescribe the contents of a prospectus, in consultation with the MCA. MCA and SEBI to devise the minimum disclosures to be included in the prospectus to reduce the size of the prospectus. (Para 3.1)
Section 35	Provision to be amended to hold experts identified in the prospectus, liable for

PROVISION	NATURE OF AMENDMENT
Civil liability for misstatement in prospectus	statements prepared by them, and on which the directors relied upon. (Para 3.2)
Section 42 Private placement	a. Requirement under Section 42 and Rule made thereunder with regard to preparation and filing of the private placement offer letter and form PAS 4 to be discontinued. b. Disclosures mandated under Rule 13(2) (d) of the Companies (Share Capital and Debenture) Rules, 2014 to be embodied in the Private Placement Application Form. c. Important information presently provided in Form PAS-4 to be shifted as disclosure requirement under Rule 13(2) (d). In case of private placement of non-convertible debentures within the ceiling specified under Section 180(1) (c), the Board resolution under Section 179(3) (c) to provide for reasonable details about the proposed offer. d. Subject to the limit on the number of persons who could be made the offer of securities as prescribed under Section 42(2), a company to be allowed to open more than one issue of securities, at the same time, in a year, to such classes of investors as may be prescribed by Rules. e. Section 42(3) to be made explicit about the simultaneous offering of securities of different kinds, as currently prescribed in the Rules. f. To modify Section 42(7) to offer securities only to persons whose details as may be prescribed, are recorded by the company, prior to the invitation to subscribe, with no requirement to file it with the Registry. g. New Rule to be inserted to the effect that companies would initiate circulation of application form and collect monies only after the resolution (i.e. Special resolution or the Board resolution) is filed with the Registry. h. Consequential change to be made to Rule 14(3) and form PAS-5 to be omitted. i. In case of non-convertible debentures, the proviso to Rule 14(2)(a) to be amended to prescribe that the relevant board resolution under Section 179(3)(c) would be adequate in case the offer under Section 42 is for debentures up to the amount permissible for Board under Section 180(1)(c) of the Act. j. Board resolution to clearly mention (in the body of the resolution) that the offer of debentures being approved by the Board is through private placement under Section 42 and certain other minimum details to be provided in the Board resolution, as may be prescribed in the Rules. k. Private companies (who have been given exemption from Section 117(3) (g) through Section 462 notification) to be required to file board resolutions under Section 179(3) (c) or pass a special resolution. l. Section 42(1) to clearly provide that provisions of Section 42 and rules made thereunder shall also apply to offer of convertible securities referred to in Section 62(1) (c) read with Rule 13 of the Companies (Share Capital and Debentures) Rules, 2014. m. Companies to be required to file return of allotment (PAS-3) within the prescribed timeline, and to be made liable for penalties under Section 42 in case of non-compliance. n. Act/Rules to provide that companies would not be allowed to utilise the monies raised through private placement unless such return of allotment is filed.

PROVISION	NATURE OF AMENDMENT
	o. Company to be mandated to get valuation done (in respect of equity and convertible securities), but the report of the valuer not to be required to be filed/ circulated. p. Section 62(1)(c) and Rule 13(3) requiring price of securities to be decided in advance to be modified and provisions allowing pricing as per a formula (on the lines of RBI regulation/FDI Policy) to be considered. q. For equity or mandatorily convertible securities, the minimum investment size to be Rupees Twenty Thousand with no linkage to face value. For non-convertible preference shares or non-convertible debentures, the minimum investment size to be Rupees One Lakh with no linkage to face value. r. An accountable way of use of renunciation rights by shareholders to be prescribed. (Para 3.4-3.13)
CHAPTER 4: SHARE CAPITAL AND DEBENTURES	
Section 53 Prohibition of shares at discount	a. The words ‘discounted price’ to be replaced with the word ‘discount’. b. Companies to be allowed to issue shares at a discount pursuant to RBI’s Strategic Debt Restructuring Scheme. (Para 4.1)
Section 62 Further issue of share capital	a. To allow any mode of delivery that would provide irrefutable/certain proof of delivery. b. Section 62(1)(c) and Rule 13(3) to be amended to allow pricing of convertible securities at the time of conversion as per a formula (on the lines of RBI regulation/FDI Policy). (Para 4.3, 3.11)
CHAPTER 5: ACCEPTANCE OF DEPOSITS BY COMPANIES	
Section 73 Prohibition of acceptance of deposits from public	a. In Section 73(2) (c), the requirement for the amount to be deposited and kept in a scheduled bank in a financial year to be not less than 20% of amount of deposits maturing during that financial year. b. Provisions of Section 73(2) (d) along with the relevant rules providing for deposit insurance to be omitted. c. Section 73(2) (e) to be amended to enable companies which have made good the default to accept deposits after five years from the date the default was made good, with full disclosures. d. Exemptions to be provided to private companies engaged in the infrastructure sector from the upper limit. e. Limits with regard to raising of deposits from members for ‘Start-ups’ which are private companies to be removed for the first five years from their incorporation by using Section 462 of the Act. (Para 5.1-5.5)
Section 74 Repayment of deposits accepted before the commencement of this Act	To bring Rule 19 of Companies (Acceptance of Deposits) Rules, 2014 into the Act. (Para 5.6)
Section 76A Punishment for contravention of Section 73 or Section 76	Minimum fine to be modified to Rupees One Crore, or twice the amount of deposit accepted, whichever is lower, and the maximum amount to be as already provided. (Para 5.7)

PROVISION	NATURE OF AMENDMENT
CHAPTER 6: REGISTRATION OF CHARGES	
Section 77 Duty to register charges, etc.	Section 77(3) to provide for prescriptive powers, to allow certain liens or securities or pledges to be exempted from filing. (Para 6.2)
Section 82 Company to report satisfaction of charge	Time limits, as provided for under Section 77 for registration of charge to be allowed for reporting satisfaction of charges under Section 82. (Para 6.3)
CHAPTER 7: MANAGEMENT AND ADMINISTRATION	
Section 89 Declaration of beneficial interest	Definition of beneficial interest in a share, to be provided as an Explanation. (Para 7.1, 7.2)
New section Declaration of beneficial ownership etc.	a. Definition to be provided for the beneficial ownership in a company. b. Companies and individuals to be obligated to obtain information on beneficial ownership and companies to be empowered to seek information from members and in case of failure to supply the required information, apply sanctions in the form of suspension of rights against the beneficial interests, subject to adequate safeguards. c. Companies to be mandated to maintain register of beneficial owners and provide the information to the registry (MCA21). Periodic updating to also be mandated. Data privacy concerns to be addressed by making only part of the filed information available to the public. d. Companies not complying with the requirements to be liable to fine and criminal prosecution. (Para 7.2)
Section 92 Annual Return	a. The Companies (Second) (Removal of Difficulties) Order, 2014, replacing the words “<i>paid up capital and turnover</i>” with the words “<i>paid up capital or turnover</i>” to be included in the Act by way of an amendment. b. Prescriptive powers for separate Annual Return format for small companies and OPCs, with lesser detail to be included in the Section. c. The requirement of attaching extract of the annual return to the Board’s Report under Section 92(3) to be omitted. The web address/link of the Annual Return filed by the company and hosted on its website, if any, to be provided in the Board’s Report. Information with regard to shareholding pattern to be provided as part of Section 134 requirements. (Para 7.4, 7.5)
Section 93 Return to be filed with Registrar in case promoters’ stake changes	Requirement to be omitted. (Para 7.6)
Section 94 Place of keeping and inspection of registers, returns etc.	Personal information in the register of members, as may be prescribed in the Rules, not to be made available publicly. (Para 7.7)
Proviso to	The requirement of providing the Registrar with an advance copy of a

PROVISION	NATURE OF AMENDMENT
Section 94 (1) Place of keeping and inspection of registers, returns, etc.	proposed special resolution as required under Section 94(1) to be done away with. (Para 7.8)
Section 96 Annual General meeting	a. Private limited companies and wholly owned subsidiaries of unlisted companies to be allowed to convene AGMs at any place in India, provided approval of 100% shareholders is obtained in advance. b. Section 96(2) to be amended to provide for exemption to a class of companies. (Para 7.9)
Proviso to Section 101 (1) Requirement of consent	a. Requirement of consent of ninety-five percent of the votes exercisable at a general meeting at a short notice, to be applicable in the case of extraordinary general meetings only. (Para 7.10)
Section 100 and applicable rule Calling of extraordinary general meeting	a. Explanation to Rule 18(3) Companies (Management and Administration) Rules, 2014 to be deleted and an explanation to be incorporated at the end of Section 100 mandating that EGMs shall be held only in India. b. Exemptions to be provided to wholly owned subsidiaries of companies incorporated outside India. (Para 7.11)
Section 110 Postal Ballot	Section 110 to be amended, such that Rule 22(16) of the Companies (Management and Administration) Rules, 2014 would provide that if a company is required to provide for electronic voting, then the mandatory items to be transacted through postal ballot could be transacted through e-voting in the general meetings. (Para 7.12)
117 Resolutions and agreements to be filed	a. Clause (e) of Section 117(3) to be deleted. b. Exemption for banks from compliance of Section 117(3) (g) w.r.t. resolutions passed under section 179(3)(f). (Para 7.14, 7.16)
CHAPTER 8: DECLARATION AND PAYMENT OF DIVIDEND	
Section 123 Declaration of dividend	Section 123(3) be amended in such a way as to allow declaration of interim dividend from out of the profits of the current financial year, generated till the date of declaration, including brought forward surplus in the Profit & Loss Account, and the same could be declared anytime up to convening of AGM for the said financial year. (Para 8.3)
CHAPTER 9: ACCOUNTS OF COMPANIES	
Section 129(3) read with Section 136 Consolidated Financial statement	a. To provide that where a CFS was statutorily required to be prepared as per the law of the jurisdiction in which the overseas subsidiary is established and is placed on the website in the statutory format, there would be no requirement for standalone financial statements of the step down subsidiaries to be attached to the financial statement of the company. No exemption to be provided in other cases. b. The reference to 'associates' and 'joint ventures' under Section 129 to be amplified/clarified to be in accordance with the applicable Accounting Standards. (Para 9.3, 9.5)
Section 130	a. A provision to be included to enable the Court/Tribunal to give notice to any other party/person concerned in the matter, who has not been

PROVISION	NATURE OF AMENDMENT
Re-opening of accounts	specifically referred to in the provisions. b. Applicability of provisions of Section 130 for the re-opening of accounts to be restricted to eight years, unless a longer period is required through a specific direction issued by the Central Government, under Section 128(5). (Para 9.7, 9.8)
Section 134 Financial Statement, Board's Report, etc.	a. In case of a company not having a managing director, the Chief Executive Officer to be mandated to sign the financial statements. The words “ <i>if any</i> ”, to be inserted after the words “ <i>managing director</i> ” in Section 134(1). b. Form MGT-9 to be omitted with details regarding shareholding, etc. to be specifically prescribed under Section 134(3). c. Salient points of the CSR Policy, Remuneration Policy to be included in the Board’s Report and the detailed documents/policies to be placed on the website of the company, if any, and web address or link of these documents/policies to be provided in the Board’s report. Changes in the policies to be specifically highlighted in the salient points. d. Disclosures/ attachments with regard to loans or investments under Section 186 and particulars of contracts with related parties under Section 188 to be omitted if provided in the financial statements. Such matters to be discussed only in the main Report. Disclosure requirements under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 to be pruned. e. For small companies, separate format for the Board’s Report to be prescribed. f. Disclosures in the Director’s Report, Financial Statements and the Corporate Governance reporting requirements of SEBI to be harmonized to avoid repetition and make the Annual Report more structured. g. Board’s Report to disclose compliance with regard to maintenance of cost records, where mandated. h. Disclosures of compliance under CARO 2015 to be provided in Section 134(3). (Para 9.10, 9.11, 9.12, 9.14, 10.20)
Section 135 Corporate Social Responsibility	a. Companies not required to appoint Independent Directors to have CSR Committee with two or more directors. b. The words “ <i>any financial year</i> ” to be replaced by the words ‘preceding financial year’. c. The inconsistency between Rule 2(1) (f) of CSRP Rules, 2014 and provisions of the Act to be removed by ‘providing prescriptive powers to exclude certain income from net profit’ in Section 135(1) itself. d. Section 135 (3) (a) to be modified to refer to subjects in Schedule VII within which CSR activities could be taken up by an eligible company. e. The term “ <i>average net profit</i> ” in Section 135(5) to be replaced with the words “ <i>net profit</i> ”, to remove any ambiguity, and prescriptive powers to be introduced for specifying the manner of calculation of ‘net profits’ of a foreign company, through Rules, while referring to Section 381. (Para 9.16, 9.17, 9.18, 9.20, 9.21)
Section 136 Right of member to copies of audited financial statement	a. Financial statements to be allowed to be circulated at a shorter period as per requisite approval of shareholders. b. Requirements in item (a) of the 4th proviso to Section 136 (1) to be limited to listed companies. (Para 9.26, 9.27)

PROVISION	NATURE OF AMENDMENT
CHAPTER 10: AUDIT AND AUDITORS	
Section 139 (1) Appointment of Auditors	a. Provisions relating to ratification to be omitted. b. Provision to make it explicit that if the auditor was unwilling to continue at any stage before completion of his five-year term, it would be treated as a case of resignation, and provisions of Section 139(8) for the filling up such casual vacancy arising due to resignation would apply. (Para 10.2, 10.3)
Third proviso to Section 139 (2)- Transitional period for rotation of auditors	Rule 6 to provide clarity over the fact that the three years' transition period would be counted from AGM to AGM, and not from the commencement of the Act. (Para 10.5)
Section 141 Disqualifications of auditors	a. For the purposes of Section 141(3)(d), the term " <i>relative</i> " to be suitably modified. b. Section 141(3)(i) to be amended to provide clarity on the restriction provided therein linked to the services prohibited under Section 144. (Para 10.8, 10.9)
Section 143 Powers and duties of auditors and auditing standards	First proviso to Section 143(1) to be amended to provide the auditor of a holding company a right of access to accounts and records of an associate company and joint venture. (Para 10.10)
Section 143 (3) (i) Reporting on Internal Financial Control	a. To provide for reporting obligations for auditors on internal financial controls to be with reference to the financial statement. b. Auditor to express true and fair opinion on the consolidated financial statements and report on the relevant and significant matters concerning subsidiaries/associates requiring attention of shareholders, rather than the entire reporting requirements of section 143(3) of the Act. (Para 10.11, 10.12)
Section 143(12) Reporting of fraud by auditor	Form ADT-4, which specified the manner of reporting fraud, to be modified to allow an auditor to explain his comments. (Para 10.14)
Section 147 Punishment for contravention	a. Provisions of Rule 9 to be brought in the Act. b. Punishment under Section 147(2) and 147(3) to be aligned. (Para 10.17, 28.17 and 28.18)
Section 148 Central Government to specify audit of items of cost	The name of Institute of Cost and Works Accountants of India (ICWAI) to be corrected as Institute of Cost Accountants of India (ICAI). (Para 10.21)
CHAPTER 11: APPOINTMENT AND QUALIFICATIONS OF DIRECTORS	
Section 149 (3) Residence requirement for	Provision to provide for the residence requirements to be for the current financial year, with the requirement affected after a period of six months from incorporation. (Para 11.1)

PROVISION	NATURE OF AMENDMENT
Directors	
Section 149 (6) Independent Directors	a. To introduce the test of materiality, for the purpose of determining whether pecuniary relationships could impact the independence of an individual for becoming an independent director. b. In Section 149(6)(d), the scope of the restriction on “<i>pecuniary relationship or transaction</i>” entered into by a relative to be made more specific by clearly categorizing the types of transactions as provided under Section 141(3)(d). c. In Section 149(6)(e)(i), the scope of the restriction to be modified. For the preceding years, the restriction is to be for relatives holding Board or KMP/one level below Board position similar to that contained in Section 141(3)(f). This scope of restriction after appointment is to be retained as provided. (Para 11.2-11.5)
Definition Clause Nominee Director	Definition of ‘nominee director’ to be specifically included in the definition clause. (Para 11.6)
Section 160 Rights of persons other than retiring directors to stand for directorships	In case of appointment of Independent Directors and Directors recommended by the Nomination and Remuneration Committee, requirements of Section 160 to be dispensed with. (Para 11.7, 11.8)
Section 161 (2) Appointment of additional, alternate and nominee directors	Section to prohibit appointment of a director of a company as an alternate director in the same company. (Para 11.9)
Section 161 (4) Casual vacancy	Right to fill a casual vacancy to be made available to the Boards of private companies as well. (Para 11.10)
Section 165 Number of directorships	Directorship in a dormant company to be excluded for reckoning the limit of directorships specified. (Para 11.12)
Section 167 (1) (a) Disqualifications from appointment as, and vacation of office of director	Scope of Section 167(1) (a) to be limited to only disqualifications under Section 164(1). (Para 11.13)
Section 164 Disqualifications for appointment of director	a. Inconsistency between proviso to sub-section (3) of Section 164 and Section 167(1)(f) to be corrected and in case of requirement for vacation of office of a Director, it would not take effect until the appeals are disposed off, while in case of disqualification, provisions for pendency of appeal not to be provided. b. Disqualification under Section 164(2) to be only applicable to a person

PROVISION	NATURE OF AMENDMENT
	who was a director at the time of the non-compliance, and in case of a continuing non-compliance, a period of six months is to be allowed for a new Director to make the company compliant. (Para 11.14, 11.15)
Section 168 Resignation of director	a. In the proviso to Section 168(1), director to be given an option for filing his resignation, instead of making it mandatory. b. Necessary flexibility to be provided in the Act to do away with the requirement of DIN or provide an option to shift to AADHAAR or any other universally accepted identification number at a future date. (Para 11.17, 11.18)
CHAPTER 12: MEETINGS OF BOARD AND ITS POWERS	
Section 173 (2) Participation through video-conferencing	Flexibility to be provided to allow participation of Directors through video conferencing, subject to such participation not being counted for the purpose of quorum, but considered for the purpose of sitting fees. (Para 12.1)
Section 174 (3) Interested directors: exemptions from Section 174(3) to private companies	Exemption to be provided under Section 174(3) to enable participating interested Directors for the purposes of quorum, using Section 462 of the Act. (Para 12.2)
Section 177 (4) Audit Committee	a. For transactions not covered under Section 188, the Audit Committee to give its recommendation to the Board in case it is not approving a particular transaction. b. Subject to safeguards, Audit Committee to allow ratification subject to an upper threshold of Rupees One Crore on such transactions. c. Section 177 to be amended to provide that related party transactions between a holding company and its wholly owned subsidiaries not requiring Board approval under Section 188 need not require the approval of the Audit Committee. d. A clarification to be issued, stating that dormant companies are exempt from the requirement to constitute Audit Committee. (Para 12.3, 12.4, 12.5, 12.6)
Section 178 (4) Nomination and Remuneration Committee	a. Amendment of Schedule IV, to enable the NRC to prescribe 'a methodology for the evaluation of performance of individual Directors, Committee(s) of the Board and the Board as a whole', and the Board to carry out the performance evaluation as per the methodology approved by the Board. b. Companies to be allowed place the remuneration policy on its website, if any, and to disclose only the salient features of the policy, along with the web-link in the Board's report. (Para 12.7, 12.8)
Section 177 and 178 Audit Committee	With respect to private companies which have debt securities listed in a stock exchange, review to be done of existing thresholds, or exemptions under Section 462 to be given, if required. (Para 12.9)
Section 180 (1) (c)	To include securities premium for calculation of aggregate of paid up capital and free reserves. (Para 12.11)

PROVISION	NATURE OF AMENDMENT
Restriction on Board Power	
Section 184 (5) Disclosure of interest by directors	To include body corporate (foreign company) in this provision, to align it to Section 184(2), where the words 'body corporate' have been used to evaluate the interest of a director. (Para 12.13)
Section 185 Loans to Directors, etc.	a. Companies to be allowed to advance loans to any other person in whom the director is interested, subject to the prior approval of the company by a special resolution. b. Loans extended to persons, including subsidiaries, falling within the restrictive purview of Section 185 to be used by the subsidiary for its principal business activity only, and not for further investment or grant of loan. c. Interest rate prescribed in the proviso to be aligned with the rate provided under Section 186(7). (Para 12.14, 12.15)
Section 186 (1) Loan and Investment by company	a. To remove restrictions on layering. b. 'Principal business' of an investment company to be clarified in the explanation below sub-section (13) of Section 186 on the lines of RBI's stipulations. (Para 12.16)
Section 186 (2) Loan and Investment by company	a. Provisions of Rule 13(1) of the Companies (Meetings of Board and its Powers) Rules, 2013 relating to aggregation of loans and investments for the purpose of calculating the limits under Section 186(2) to be provided in the Act. b. An 'explanation' to be inserted to clarify the exclusion of employees from the requirement of the sub-section/clause. (Para 12.17, 12.18)
Section 186 (7) Loan and Investment by company	The loan given to foreign entity should be at the effective yield which should not be less than the rate provided under Section 186 (7). (Para 12.20)
Section 186 (11) Loan and Investment by company	a. The Removal of Difficulty Order for Section 186(11) with regard to Insurance and Housing Finance Companies, etc. issued in January 2015, subject to legal clarification, to be included in the sub-section itself through an amendment. (Para 12.21)
Second proviso to Section 188 (1) Related Party Transactions	a. MCA circular no. 30/2014 in relation to Section 188 (1) to be withdrawn. b. Related parties in case of joint ventures and closely held public companies where they are not allowed to vote, to be specifically excluded from the requirements of the second proviso. (Para 12.22)

PROVISION	NATURE OF AMENDMENT
Section 194 and 195 Prohibition on forward trading and insider trading of securities	To be deleted. (Para 12.23)
CHAPTER 13: APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL	
Section 197 Managerial remuneration	The requirement for government approval to be omitted altogether, and necessary safeguards in the form of additional disclosures, audit, higher penalties, etc. may be prescribed instead. (Para 13.5)
Section 198 (4) Calculation of profits	a. Amendment of Section 198(4)(l), to include brought forward losses of the years subsequent to the Companies (Amendment) Act, 1960. b. Specific provisions for investment companies, whose principal business is sale and purchase of investments, to be incorporated in the Act. (Para 13.8, 13.9)
Section 203 read with Schedule V Appointment of key managerial personnel	a. Board to be empowered to designate other whole time officers of the company as key managerial personnel and the definition of key managerial personnel in Section 2(51) to be accordingly modified. b. A whole time key managerial personnel, holding necessary qualifications, to be allowed to hold more than one position in the same company at the same time. c. Companies to file information (similar to that for auditors) on the resignation of any of the KMPs in the Registry. d. The requirement under Schedule V for a foreign national to have stayed in India for a year in order to be a Managing Director/ Whole time director to be done away with. (Para 13.10,13.11, 13.12, 13.14)
CHAPTER 14: INSPECTION, ENQUIRY AND INVESTIGATION	
Section 223 Inspection, Inquiry and Investigation	Reports to be made available to the members of the company and other body corporate, and also to any other person, whose interests as a creditor of the company and other body corporate appear to the Central Government to be affected. (Para 14.1)
CHAPTER 15: COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS	
Section 236 Purchase of Minority Shareholders	References to the phrase ‘transferor company’ in Section 236, to be modified to a ‘company whose shares are being transferred’ or alternatively, an explanation to be provided in the provision clarifying that Section 236 only applies to the acquisition of shares. (Para 15.1)
CHAPTER 16: PREVENTION OF OPPRESSION AND MISMANAGEMENT	
No amendments recommended.	
CHAPTER 17: REGISTERED VALUERS	
Section 247 (2) (d) Registered Valuers	a. Government to decide on framework after taking into account views of all stakeholders. b. Valuer to be disqualified for valuing any asset, if he had any interest in such an asset, at any time during three years prior to his appointment, and three years after his cessation as a valuer. (Para 17.1, 17.2)

PROVISION	NATURE OF AMENDMENT
CHAPTER 18: REMOVAL OF NAMES OF COMPANIES FROM THE REGISTER OF COMPANIES	
No amendments recommended.	
CHAPTER 19: COMPANIES AUTHORISED TO REGISTER UNDER THIS ACT	
Section 366 (2) Companies authorized to register under this Act.	a. Provision to be amended to allow for conversions to companies from partnership firms, etc. with ‘two or more members’, provided that in case of less than seven members, the conversion would be to a private company. b. Changes in the Rules to be made to allow registration of partnership firms as companies. (Para 19.1, 19.2)
CHAPTER 20: COMPANIES INCORPORATED OUTSIDE INDIA	
Section 379 Application of Act to Foreign Companies	Clarity to be provided in respect of applicability of relevant provisions of Chapter XXII to foreign companies in which the Indian citizens/bodies corporate do not hold 51% or more shareholding, on the lines of Section 591(1) of the Companies Act, 1956. Amendment in Section 379 with respect to the threshold of transactions etc. conducted by such companies, to be prescribed in the relevant Rules. (Para 20.2)
Section 384 Debentures, annual return, registration of charges, books of account and their inspection	Provision to be amended to incorporate the provisions of Rule 3 of the CSR Policy Rules, 2014. (Para 9.19)
CHAPTER 21: GOVERNMENT COMPANIES	
No amendments recommended.	
CHAPTER 22: REGISTRATION OFFICES AND FEES	
Section 403 (1) Fee for filing etc.	a. Necessary changes to be made in the Act to bring clarity that the requirement of filing with additional fee for 270 days under first proviso to Section 403 is applicable only to the six sections. b. Additional fees to be enhanced substantially (by up to ten times of the current prescribed amount) to deter non-compliance, and if a company files a document within the original period, not including the period allowed with additional fees. A separate requirement for additional fees for other than six sections to also be prescribed. c. Rules to clarify that, irrespective of the delay, obtaining condonation of delay is not a pre-requisite to filing a document. (Para 22.2, 22.3)
CHAPTER 23: COMPANIES TO FURNISH INFORMATION OR STATISTICS	
No amendments recommended.	
CHAPTER 24: NIDHIS	
Section 406 Nidhi	Nidhis to be regulated at a central level in the Ministry, or through one or more Regional Directors. (Para 24.1)
CHAPTER 25: NATIONAL COMPANY LAW TRIBUNAL AND NATIONAL COMPANY LAW APPELLATE TRIBUNAL	
Section 409, 411, 412 NCLT and	Sections 409(3)(a) & (e), 411(3) and 412(2), as directed by the Honourable Supreme Court, to be included in the Act. (Para 25.1)

PROVISION	NATURE OF AMENDMENT
NCLAT	
CHAPTER 26: SPECIAL COURTS	
Section 435 Establishment of Special Courts	Early establishment/designation of the Special Courts to be done. Special Courts at the subordinate level to also be established, in addition to the Sessions Judge or Additional Sessions Judge. (Para 26.1)
Section 439 (2) Establishment of Special Court	The word ' <i>shareholder</i> ' to be replaced by the words ' <i>shareholder or member</i> '. (Para 26.2)
Section 441 Compounding of Offences	a. Under sub-section (1), the Tribunal to have the power to compound offences punishable with fine as well as offences punishable with imprisonment or fine or both. b. Consequential change in Section 441(6) to be made to refer to Special Courts, as well as other courts with whose permission the compounding may be allowed. (Para 26.3)
CHAPTER 27: MISCELLANEOUS	
No amendments recommended.	
CHAPTER 28: PENALTIES	
Section 92 and 137 Annual Returns and Financial Statements	Fines under sections 92(5) and 137(3) to be reduced to half for a prescribed class of companies. (Para 28.6)
Section 403 Fee for filing	a. Clarification to be issued under Note 3 of Table B, that on a combined reading of the second proviso of sub-section (1) of Section 403 along with Table B, documents are permitted to be submitted, filed, registered or recorded under the provisions of the Act even after a delay of two hundred and seventy days from the date on which it should have been filed, on a payment of additional fee as prescribed. b. The fees prescribed in Table A pursuant to Rule 12 of the Companies (Registration of Offices and Fees) Rules, 2014 to be halved for small companies and OPCs. c. Fees for timely filing may be reduced to zero and additional fees may be increased to up to 10 times of the current additional fees with steep slabs after the first slab. Non-compliance should result in deprivation of moratorium from prosecution as specified and levy of higher level of additional fees.. (Para 28.8, 28.9, 28.10)
Section 177, 178 Audit Committee and Nomination & Remuneration Committee and Stakeholders Relationship Committee	Punishment provided for officer in default under Section 178(8) to be aligned with the punishment provided under Section 292A (11) of the Companies Act, 1956. (Para 28.11)
Section 184	Deletion of the minimum fine of Rupees Fifty Thousand. (Para 28.12)

PROVISION	NATURE OF AMENDMENT
Disclosure of interest by director	
Schedule V Conditions to be fulfilled for the appointment of certain directors	Revision of the disqualifying fine in Part I of Schedule V to Rupees Fifty Thousand in respect of conviction of offences under the Act to be done. (Para 28.13)
Section 447 Punishment for fraud	Provision to be amended to provide that frauds, which involve at least an amount of Rupees Ten Lakh or one percent of the turnover of the company, whichever is lower, (and non-compoundable). Frauds involving amounts below such limits which do not involve public interest to be given a differential treatment and to be made compoundable. (Para 28.15)
Section 441 Compounding of offences	Under sub-section (1), the Tribunal to have the power to compound offences punishable with fine as well as offences punishable with imprisonment or fine or both. (Para 28.16)
Section 147 Punishment for contravention by auditors	a. The term 'any other persons' in sub-section (3) to be replaced with the phrase 'shareholder or creditor'. b. Under sub-section (2), minimum fine as specified to be retained and maximum fine to extend to Rupees Five Lakh or four times the audit fees, whichever is less, and under the proviso to sub-section (2), the minimum fine to be Rupees Fifty Thousand, and which may extend to Rupees Twenty-Five Lakh or eight times the audit fees, whichever is less. (Para 28.18)
Section 132 National Financial Reporting Authority	The minimum fine on the firm to be rationalised to Rupees Five Lakh. (Para 28.19)
Section 140 Removal, resignation of auditor and giving of special notice	In Section 140(3), the minimum fine is to be reduced to Rupees Fifty Thousand or the audit fees, whichever is lesser. (Para 28.20)
Section 42 Offer or invitation for subscription of securities on private placement	a. Contravention of sub-section (7) and (9) of Section 42 to be subject to a penalty (adjudicated under Section 454) of Rupees One Thousand per day of default, not exceeding Rupees Twenty Lakh, commencing from the expiry of the time period within which the filings have to be made under the said sub-sections. Section 403 not to be applicable to such contraventions. b. Other contraventions under Section 42 to result in the company, its promoters and directors being punishable with penalty which is to extend to the amount involved in the offer or invitation, or Rupees Two Crore, whichever is lower. Refund of all monies, as prescribed, to continue in both

PROVISION	NATURE OF AMENDMENT
	the sub-sections. (Para 28.22)
Section 117 Resolutions and agreements to be filed	The minimum fine for both company and officer in default to be reduced to Rupees One Lakh and Rupees Fifty Thousand respectively, and a proviso to be inserted in sub-section (2) of Section 117, wherein the punishment prescribed for OPCs and small companies is to be halved to that under sub-section (2). (Para 28.23)
Section 185 and 186 Inter-corporate loans and investments	Punishments under Section 185 and 186 to be reduced. (Para 28.25, 28.26)
CHAPTER 29: REVIVAL AND REHABILITATION AND WINDING UP	
Chapter XIX and XX Revival and Rehabilitation and Winding Up	Appropriate amendments to the Act to be carried out at the time of enactment of the Bankruptcy Code or soon thereafter. (Para 29.2)

PART II: RECOMMENDATIONS PROPOSING AMENDMENTS TO THE RULES

PROVISION	NATURE OF AMENDMENT
CHAPTER 1: COMPANIES (SPECIFICATIONS OF DEFINITIONS DETAILS) RULES, 2014	
Rule 2(1)(r)	To be omitted. (Para 1.1)
Total share capital	
CHAPTER 2: COMPANIES (INCORPORATION) RULES, 2014	
Form INC-29	a. Option to use the integrated incorporation E-Form INC-29 in case name approval is separately obtained using INC-1 to be allowed. b. Option of giving more than one name as alternatives to be permitted. c. The number of allowed re-submissions to be increased from two to three times. d. In point no. 6(e) of INC-29, wherein registration number of a company incorporated outside India is required to be specified, alpha-numeric registration numbers to be accepted. e. In point no. 6(e) of INC-29, wherein the particulars of the authorized person of the company incorporated outside India are required to be specified, PAN or Passport number of the authorized person to be accepted. Also, the form to be enabled to accept the foreign address of the said authorized person in the field 'present address of the authorized person'. f. The facility for PAN, TAN and ESIC is to be enabled as part of the integrated application form, and incorporation form INC-7, available on the MCA21 portal. (Para 2.1, 2.2)
Rule 16 Removal of references to the word 'partnership firm'.	References to the word 'partnership firm' in Rule no.16(2)(g) to be removed. (Para 2.4)
Removal of duplication of information in forms	a. Changes in the MCA21 system/E-Forms to be made to ensure that in case of a person holding DIN, the form requiring such information has to be prefilled and additional documentation would not be required. b. Rule 16(1)(q) to be omitted along with Form INC-10. (Para 2.6, 2.7)
Rule 3(2) Formation of one person company	To be suitably rephrased, to bring clarity. (Para 2.8)
Rule 25 Registered office of company	To be amended to make companies that have a website, for conducting online business or otherwise, to require to provide the registered office and other details as required in Section 12(3) on the landing/home page of the website(s). Similar changes to also be carried out for foreign companies in Rule 6 of Companies (Registration of Foreign Companies) Rules, 2014. (Para 2.9)
Rule 29 Alteration of memorandum	Change in memorandum to be allowed after defaults are made good. (Para 2.10)
Rule 28 and 30 Shifting of registered office	a. Explanatory note to be provided in both rules to the effect that 'on completion of such inquiry, inspection or investigation as a consequence of which no prosecution is envisaged or no prosecution is pending, shifting of registered office shall be allowed'. In case of a pending prosecution, on submission of an undertaking that the company would not seek any change in jurisdiction on account of shift in office, such shifting is to be allowed.

PROVISION	NATURE OF AMENDMENT
	b. Requirement of serving a copy of the notice to SEBI in Rule 30(6)(c) to be dispensed with. (Para 2.11, 2.12)
Rule 8 Undesirable names	Requirement in Rule 8(2) (a) (ii) to be changed and rule to be modified to read as ‘it includes the name of a <u>‘trade mark registered or a trade mark which is subject of an application for registration under the Trade Marks Act, 1999 and the rules framed thereunder’</u> , unless the consent of the owner or applicant for registration, of the trade mark, as the case may be, has been obtained and produced by the promoters. (Para 2.13)
Rule 13 Signing of Memorandum and Articles	a. Rule to be suitably modified to allow typewritten subscriber sheets. Similar modifications to be carried out in Rule 13(2) with respect to entering of particulars of an illiterate subscriber electronically. b. Rule 13(4) to be redrafted keeping in view that an LLP can also be a subscriber to the MOA. (Para 2.16, 2.17)
CHAPTER 3: COMPANIES (PROSPECTUS AND ALLOTMENT OF SECURITIES) RULES, 2014	
Rule 3(6) Disclosures of Sources of Promoters’ Contribution	Section 26 to be modified to allow prescription powers to SEBI, consequential changes resulting from the same to result in omission/modification of the Rules and these requirements. (Para 3.1)
Rule 14 Private placement of securities	a. The private placement requirements to be changed in the Act. Consequential changes to Rules to be addressed in these Rules. b. Exemption, as in the case of NBFCs, from the Rule 14 to be extended to PFIs. (Para 3.3, Para 3.4)
CHAPTER 4: COMPANIES (SHARE CAPITAL AND DEBENTURE) RULES, 2014	
Rule 4(1)(g) Shares with Differential voting Rights	A cooling off period of five years to be prescribed from the end of the financial year in which the default was made good for a company to be eligible to issue such shares again. (Para 4.1)
Form PAS-3 Issue of bonus shares	Clause 5(e) of Form PAS-3 to be modified to replace the words ‘special resolution’ with the word ‘resolution’. (Para 4.2)
Form PAS-3 Conversion of Loans into equity	Form PAS-3 to be appropriately modified so that genuine debt (including External Commercial Borrowings) converted into shares can be treated as allotment for cash. (Para 4.3)
Rule 15 Change in number of members of a Guarantee company	Appropriate modification in Rule 15 to be carried out to mandate notifying the increase in number of members of a guarantee company as part of an increase/alteration of capital. (Para 4.4)
Rule 18(7) (b) Creation of Debenture Redemption Reserve	a. Rule to be modified to explicitly mention that companies be allowed to set aside DRR on a step down basis with reference to the redemption schedule for the next one year. b. Proviso to be inserted that companies be allowed to appropriate any amount in excess of the DRR required for immediate redemption. (Para 4.6)
Rule 18(1)	a. Rule 18(1)(b) to be amended so as to enable issue of debentures secured by charge on the properties or assets of the company or entities that form part of

PROVISION	NATURE OF AMENDMENT
Creation of Security for Debentures	consolidated balance sheet of the company or any other collateral security. b. Rule 18(1)(d) to also enable creation of security for debentures in favour of the debenture trustee of movable property which could either be of the company or entities that form part of the consolidated balance sheet or any other collateral security. (Para 4.8)
New Rule Perpetual Debentures	Enabling provision for the issue of perpetual debentures to be provided. (Para 4.9)
Rule 8(4) Issue of sweat equity shares	Start-ups to be permitted to issue sweat equity shares beyond twenty-five percent and up to fifty percent of the paid up equity share capital. (Para 4.10)
Rule 12 Issue of employee stock options (ESOPs)	Rule to be relaxed to enable issuance of ESOPs to promoters who may be working as employees or employee directors or whole time directors. (Para 4.11)
Rule 13 Preferential Allotments	a. Rule 13(2)(h) to be amended, to consider providing for convertible instruments to be valued at the time of conversion. Formulation used in the FDI policy to be adopted. b. Rule 13(2)(c) to be amended to allow preferential allotment of partly paid-up shares. (Para 4.12)
CHAPTER 5: COMPANIES (ACCEPTANCE OF DEPOSIT) RULES, 2014	
Rule 2(1)(c) Definition of Deposits - exclusions	a. In Rule 2(1)(c)(xii) a), relaxation to be given for outstanding advances, such that they are not treated as deposits even after 365 days, if they are received in the ordinary course of business, as evidenced by a written contract and during normal business cycle, subject to disclosure of details of such outstanding amounts in the financial statements, and regulatory concerns. b. Debentures compulsorily convertible into shares of the company within ten years to be excluded from the definition of deposit under Rule 2(1)(c)(ix). c. Amounts directly received by a company from Alternate Investment Funds, Domestic Venture Capital Funds and Mutual Funds registered with SEBI, to be excluded from the definition of deposits. d. To consider excluding unsecured debentures listed as per SEBI Regulations from the definition of deposits. e. Convertible Notes, convertible into equity or repayable within 5 years from the date of issue, if issued to a person with a minimum investment size of Rs.25 lakh brought in a single tranche, not to be treated as deposits. Safeguards to prevent misuse to be finalised in consultation with RBI. (Para 5.1-5.5)
Issues relating to Section 462 exemption vis-à-vis Deposits Rules	Exemptions given under Section 462 of the Act to override the Deposit Rules. Deposit Rules to be amended to align with exemptions/modifications for private companies. (Para 5.7)
Rule 4(1) Advertisement/ Circular in the form of advertisement	Rule to be amended to provide that individual circulars to members of the company under Rule 4(1) not to be sent if an advertisement has been issued by a company for acceptance of deposits from public and also when the same is placed on the website of the company. (Para 5.8)
CHAPTER 6: COMPANIES (REGISTRATION OF CHARGES) RULES, 2014	
Filings of charge creation/modification by recognized	MCA21 system to be modified to allow filings of charge creation/modification by recognized ARCs on the assets of dormant companies. (Para 6.1)

PROVISION	NATURE OF AMENDMENT
ARCs	
CHAPTER 7: COMPANIES (MANAGEMENT AND ADMINISTRATION) RULES, 2014	
Rule 3 Register of members, etc.	a. For the companies incorporated prior to 1 April 2014, the members' particulars as available under the Companies Act, 1956 to be transferred to the Register of Members, and particulars as are required to be captured in Form MGT-1 in respect of all persons becoming members after 1 April 2014. b. Incorporation of additional fields in the transfer form SH-4. (Para 7.1)
Rule 9(1) Declaration in respect of beneficial interest in any share	Requirement of filing of Form MGT-4 and Form MGT-5 in duplicate to be done away and only scanned copies to be attached to Form MGT-6. (Para 7.4)
Rule 11(1) Annual Return	a. Annual Return to be further simplified by avoiding asking for repetitive information which may be available in other documents filed with ROC b. A simpler Annual Return form for OPCs and small companies to be prescribed. (Para 7.5)
Rule 11(2) Annual Return	Company Secretaries in employment to be allowed to certify annual returns. (Para 7.6)
Rule 12	Form MGT-9 to be omitted after including pertinent information as a disclosure requirement under Section 134. (Para 7.7)
Rule 13 Return to be filed with Registrar in case promoters' stake changes	Section 93 to be omitted and consequential changes in the Rules to be affected. (Para 7.8)
Rule 17(2) Calling of extraordinary general meeting	Explanation to Rule 17(2) to be modified to allow holding of EGMs by requisition on a day which is not a national holiday. (Para 7.9)
Rule 22 Postal Ballot	a. Repeated provision from Rule 22(7) to be deleted. b. Rule 22(14), which provides that the resolution shall be deemed to be passed on the date of a meeting, convened in that behalf, to be omitted from the rules. (Para 7.10)
Rule 25	Rule 25(1) (e) to be made consistent with Section 119, to enable the minutes book for general meetings to be maintained only at the registered office. (Para 7.11)
CHAPTER 8: THE COMPANIES (DECLARATION AND PAYMENT OF DIVIDEND) RULES, 2014	
Section 123(1) and Rule 3 Declaration of dividend	a. The requirements of the Rule and the Section to be harmonized appropriately. b. Rules to be amended to align Rule 3 with the provisions of the Act, to make it clear that in case a company declares dividend out of surplus i.e. accumulated credit balance of Profit and Loss account which has not been transferred to reserves, the provisions of the Act and Rule 3 would not be applicable. (Para 8.1, 8.2)
CHAPTER 9: THE COMPANIES (ACCOUNTS) RULES, 2014 AND COMPANIES (CORPORATE SOCIAL RESPONSIBILITY POLICY) RULES, 2014	
Rule 3(5) Location of servers	While the proviso with regard to maintenance of local servers to be retained, in case where free data access to all regulatory agencies of the country are allowed under a bilateral or multi-lateral treaty, data servers may be allowed to be kept in the specific countries with which such treaties have been entered into. (Para 9.1)

PROVISION	NATURE OF AMENDMENT
for keeping backup of books and papers	
Rule 8(1) Disclosures in the Director's Report	Reporting requirements under Rule 8(1) to be reduced and to be captured to the extent feasible in the statement under Rule 5. (Para 9.4)
Rule 8(2) Disclosure of Related Party Transactions (RPTs)	To omit Form AOC-2 and instead the Board's Report to specifically discuss and refer to relevant disclosures. Consequential changes in the Rules to be made in order to give effect to these recommendations. (Para 9.6)
Rule 13 Companies required to appoint internal auditor	The words "a firm" to be replaced by "an entity". (Para 9.7)
Form MGT-9 and Rule 12 Disclosure of remuneration of directors and KMP	MGT-9 requirements to be omitted and the threshold of Rupees Sixty Lakhs to be increased to Rupees 102 Lakhs per annum. Requirements under different Rules to be harmonized. (Para 9.8)
Rule 3(2) Corporate Social Responsibility	A company which ceases to be covered under Section 135 (1) of the Act for a financial year not be required to spend on CSR for that particular year. (Para 9.11)
Rule 4(6) CSR Activities	Expenditure on building CSR capacities in one financial year to be increased from 5% to 10%. (Para 9.12)
Differentiated treatment for implementing CSR policy	Differentiated treatment for implementing CSR policy to be allowed depending on the available funds for CSR expenditure to a company. (Para 9.13)
CHAPTER 10: THE COMPANIES (AUDIT AND AUDITORS) RULES, 2014	
Rule 3(7) Manner and procedure of selection and appointment of auditors	Removal of the requirement to ratify the appointment of an auditor. (Para 10.1)
CHAPTER 11: THE COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS) RULES, 2014	
Rule 4 and Schedule IV Number of Independent Directors	a. Joint venture companies, wholly-owned subsidiaries, and dormant companies that fall within the purview of Section 455 of the Companies Act, 2013 to be excluded from the requirement of appointing an independent director. b. Schedule IV of the Act to be amended to provide for filling up an intermittent vacancy of an Independent Director within three months in line with Rule 4 and SEBI Listing regulation. (Para 11.1, 11.2)
Schedule IV	Requirement for Independent Director to hold at least one meeting in a year without

PROVISION	NATURE OF AMENDMENT
Code for Independent Directors	the presence of non-independent directors to be linked to the financial year. (Para 11.4)
Form DIR-11 and DIR-12 Resignation of directors	a. Professional can file DIR-11 on behalf of a foreign director. b. Form DIR-11 is only an information by resigning director. The change in status in Register of directors to get triggered only on filing DIR-12. (Para 11.9)
CHAPTER 12: THE COMPANIES (MEETINGS OF BOARD AND ITS POWERS) RULES, 2014	
Rule 3(12)(b) Meetings of Board held through video conferencing	a. Video recording to be preserved only until the minutes of the meeting are irrefutably confirmed by each of the directors as required under Rule 3(12)(b) and signed by the chairman. b. Recording requirement of the meetings to be limited only to the summary of decisions taken at the meeting in line with the MCA circular dated 20 May 2011. (Para 12.1)
Rule 6 Committees of the Board	Prescribed thresholds for the setting up Audit Committee and Nomination and Remuneration Committee to be reviewed keeping in view the suggestions already made by SEBI. (Para 12.3)
CHAPTER 13: THE COMPANIES (APPOINTMENT AND REMUNERATION OF DIRECTORS) RULES, 2014	
Form DIR-12 Particulars of appointment of directors and the key managerial personnel and the changes among them	Form to be amended to restrict filing requirement pertaining to the return of appointment for managerial personnel. (Para 13.1)
Rule 5 Disclosure in Board's Report	a. The specific part of Rule 5(1)(vii) related to unlisted companies to be deleted. b. Ruled 5 to be pruned to exclude information prescribed under Rule 5(1) except Rule 5(1)(i) and Rule 5(1)(iv). c. The reporting requirement threshold of Rupees 60 Lakhs per annum for reporting of details of employees to be changed to the top ten employees in terms of remuneration and employees receiving remuneration beyond the threshold of Rupees 102 Lakhs per annum. (Para 13.2, 13.3)
CHAPTER 14: THE COMPANIES (AUTHORIZED TO REGISTERED) RULES, 2014	
New Rules Conversion into companies	a. Necessary rules to be prescribed to facilitate easy conversion of forms of businesses other than LLPs into companies. b. The process for conversion of an LLP into a company to be made simpler by doing away with requirement for filing some documents, etc. (Para 14.1, 14.2)
CHAPTER 15: THE COMPANIES (REGISTRATION OF FOREIGN COMPANIES) RULES, 2014	
Companies incorporated outside India without a physical place of business in India	a. Rules to prescribe reporting of principal place of business from where the management/administration of business in India is being carried out. (Para 15.1) b. Clarity to be provided that provisions with respect to charges will apply only on funds raised in India (Para 15.3)
New Rule and Form	New Rule and Form along the lines of Form-52 of the Companies Act 1956 for the purpose of filing application for closure of liaison office/branch office/project office to be prescribed. (Para 15.2)

PROVISION	NATURE OF AMENDMENT
Form FC-4	Disclosures needed to be made under Form FC-4 to be reviewed. (Para 15.4)
Annual Return of a Foreign Company	
CHAPTER 16: THE COMPANIES (REGISTRATION OFFICES AND FEES) RULES, 2014	
No amendments recommended.	
CHAPTER 17: NIDHI RULES, 2014	
No amendments recommended.	
CHAPTER 18: THE COMPANIES (MISCELLANEOUS) RULES, 2014	
E-form for condonation of delay under Section 460 of the Act	A pro-forma application form to be designed for condonation of delay under Section 460. Consequent changes in Rules to be affected. (Para 18.2)