KEY HIGHLIGHTS OF
COMPANIES AMENDMENT BILL, 2020

Presented in Lok Sabha on 17th March, 2020

Basic Objective of Government to introduce this bill was:

- To decriminalize more provisions of the Companies Act, 2013.
- To provide further ease of living for corporates in the country.

Significant changes covered:

- Disclosures to Stakeholders.
- Accountability of Directors, Auditors & KMP.
- Investor protection.
- Corporate governance.
- In-house adjudication mechanism to adjudicate civil lapses without involving criminal courts.

The CAB, 2020, *inter alia*, provides for the following:

- To setup benches of NCLAT.
- To exempt certain class of companies from complying with the requirements of u/s 89.
- to reduce timelines for applying for rights issues so as to speed up such issues u/s 62.
- To exempt certain NBFC's & Housing Finance companies from filing certain resolution u/s 117.
- to empower the Central Government to exclude, in consultation with the Securities and Exchange Board, certain class of companies from the definition of "listed company", mainly for listing of debt securities.
- to decriminalize certain offences under the Act in case of defaults which can be determined objectively and which otherwise lack any element of fraud or do not involve larger public interest
- to incorporate a new Chapter XXIA in the Act relating to Producer Companies, which was earlier part of the Companies Act, 1956.
- Relaxation to companies which has CSR obligation of upto Rs. 50 lakhs to constitute CSR committee.

A. The Sections where amendments are made in provisions excluding decriminalization & Penal provisions:

Section	Particulars	Existing Provision	Amendment Proposed
2	Definition of 'Listed company'	**Sec 2(52)**:Means a company which has any of its securities listed on any recognized stock exchange	To **exclude the companies which intend to list such class of securities** as may be prescribed in consultation with SEBI
16	Rectification of name of company	**Sec 16(1)(b):** Proprietor of registered trademark makes application to CG for name of any company identical or nearly resembles, CG may direct such company to change name. Company shall change the name within **6 months** of such direction	The timeline of 6 months provided u/s 16(1)(b) has been changed to **3 months**
62	Further Issue of Share Capital	**Sec 62(1)(a)(i):** the offer period of not less than 15 days and not exceeding 30 days from the date of offer, if not accepted, shall be deemed to have been declined	It is proposed to **reduce the time line of 15 days** to such lesser no. of days as may be prescribed
117	Resolutions & agreements to be filed	**Sec 117(3)(g):** Banking companies were exempted from filing resolutions/ agreements under Form MGT-14	It proposed to include **NBFC's** and **Housing Finance Companies** along with Banking companies
129	Financial Statement	**Sec 129A**: New section inserted	**The CG may, require such class or classes of unlisted companies, as may be prescribed-** • **To prepare financial results for such period in such form as may be prescribed** • **To obtain approval of BOD & complete audit or limited review** • **File copy with ROC within 30 days**
135	Corporate Social Responsibility	**Sec 135(5):** 2% of ANP of 3 preceding FY to spent as CSR **Sec 135(9):** New Sub Section inserted	**New Proviso under s/s 5** • **Amount spent in excess of requirement, can be set off against requirements of such no. of**

			succeeding years in such manner as may be prescribed • **Not required to form CSR committee if amount to be spent is upto Rs. 50 lakhs, BOD shall discharge such functions**
149	Company to have Board of Directors	**149(9)**: Independent Director shall not receive any stock option but can receive remuneration u/s 197(5)	**New Proviso under s/s 5** **If a company have no/ inadequate profits an ID may receive remuneration exclusive of any fees u/s 197(5), in accordance with the provisions of Schedule V**
197	Overall maximum remuneration & managerial remuneration in case of absence or inadequacy of profits	**Sec 197(3)**: No remuneration shall be payable to Directors/ MD/WTD/Manager in case of no profits or inadequate profits excluding sitting fees	It is proposed to include **Non-Executive Director & Independent Directors**

B. The Sections where amendments are proposed for decriminalization of offences and reducing Penal provisions:

Section	Particulars
	Sections from where imprisonment & fine both applicable but completely omitted
48(5)	Variation of Shareholder's Rights
59(5)	Rectification of register of members
71(11)	Debentures
284	Promoters, Directors, etc. to co-operate with Company Liquidator
302	Dissolution of company
342(6)	Prosecution of delinquent officers and members of company
348 (7)	Information as to pending liquidation
	Sections from where imprisonment completely removed
8(11)	Formation of companies with charitable objects etc.
26(9)	Matters to be stated in prospectus
40(5)	Securities to be dealt with in stock exchanges
68(11)	Power of Company to Purchase its Own Securities
86(1)	Punishment for contravention (Charges)
90(10)	Register of significant beneficial owners in a company
128(6)	Books of Account etc. to be kept by company
134(8)	Financial Statements, Boards' Report, etc.
135(7)	Corporate Social Responsibility
147(1)	Punishment for Contravention (Sec 139 to 146)
167(2)	Vacation of Office of Director
178(8)	Nomination and Remuneration Committee and Stakeholders Relationship Committee
184(4)	Disclosure of Interest by Director
187(4)	Investments of Company to be Held in its Own Name
188(5)	Related Party Transactions
232(8)	Merger and Amalgamation of Companies
242(8)	Powers of Tribunal
243(2)	Consequence of termination or modification of certain agreements
347(4)	Disposal of books & papers of the company
392	Punishment for contravention (Foreign Companies)
441	Compounding of certain offences
	Sections where only fine was applicable but now completely removed
16(3)	Rectification of Name of company
66(11)	Reduction of Share capital
356	Powers of Tribunal to declare dissolution of company void
	Sections where only fine was applicable but now reduced/maximum cap given
56(6)	Transfer & Transmission of securities
64(2)	Notice to be Given to Registrar for Alteration of Share Capital

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88(5)	Register of Members etc.
89(5) &(6)	Declaration in Respect of Beneficial Interest in any Share
90(11)	Register of significant beneficial owners in a company
92(5) & (6)	Annual Return
105(5)	Proxies
117(2)	Resolutions & agreements to be filed
124(7)	Unpaid Dividend Account
137(3)	Copy of Financial Statement to be Filed with Registrar
140(3)	Removal, Resignation of Auditor and Giving of Special Notice
143(15)	Powers and Duties of Auditors and Auditing Standards
165(6)	Number of Directorships
172	Punishment (Chapter XII- Meetings of Board & Its Powers)
204(4)	Secretarial Audit for Bigger Companies
247(3)	Valuation by Registered Valuers
403	Fees for Filing Etc.