

MINISTRY OF CORPORATE AFFAIRS DURING THE PAST THREE YEARS

1. Implementation of Companies Act, 2013 and resolving difficulties faced by stakeholders in its implementation

- Amended made through the Companies (Amendment) Act, 2015 were aimed at, inter alia, making it easier for companies to do business. Summary is provided at **Annexure I**.
- The Companies (Amendment) Bill, 2016 has been introduced in the Parliament after an extensive consultation process carried out through the Companies Law Committee, and is aimed at easing the difficulties faced by stakeholders. The Bill is likely to be taken up in the next session, along with official amendments finalized based on recommendations on the Parliamentary Standing Committee. Key amendments proposed in the Bill are at **Annexure II**.
- Amendments in various Rules have been carried out for easing various compliance requirements and with a view to ease raising of finances by companies.
- Four sections of the Companies Act, 2013 only remain to be commenced. Remaining sections (470 minus the 40 sections omitted by the Insolvency and Bankruptcy Code, 2016 and the Companies (Amendment) Bill, 2015) have been commenced.

2. Exemptions for various classes of companies

Exemptions have been given from compliance with various provisions of the Companies Act, 2013, as allowed under section 462 of the Act, to private companies, government companies and section 8 (charitable/not-for profit) companies.

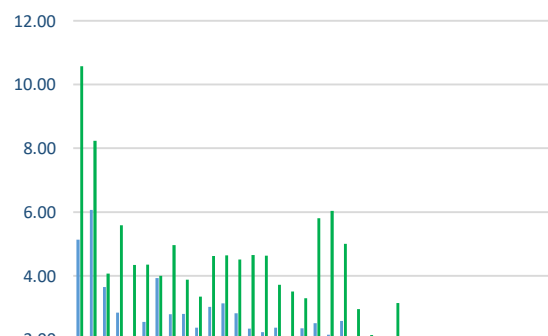
3. Incorporation of a company / Starting a Business

i. SETTING UP OF CENTRAL REGISTRATION CENTRE FOR NAME AVAILABILITY & INCORPORATION

The Ministry of Corporate Affairs (MCA) brought about a transformational change in the company name reservation and incorporation processes by undertaking Government Process Re-engineering (GPR) and setting up the Central Registration Centre (CRC) for processing of Company “Name Availability” (INC-01) eForms and “Incorporation” (INC-02/INC-32 - SPICe).

The project to transform the processing of Company Incorporation e-Forms was undertaken with one clear objective – Applications for Name reservation and Incorporation of a company

Name Reservation – Average Days

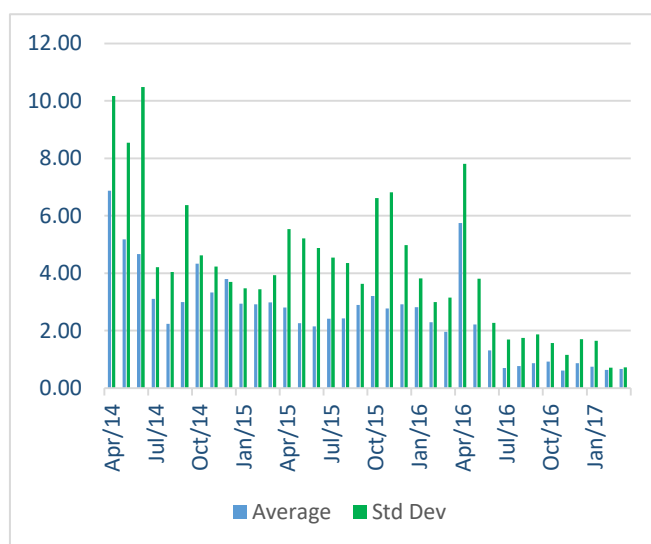


should be processed and completed within D+1 days (D=Date of Payment Confirmation) in line with Global best practices. The MCA rolled out the first phase of Central Registration Centre (CRC) on 25th January 2016 for processing Name Reservation applications and second phase of CRC for processing Incorporation applications on 28th March 2016.

The GPR exercise is in pursuance of the ministry's objective of providing greater "Ease of Doing Business" to all stakeholders and has resulted in speedier processing of incorporation related applications, uniformity in application of rules, and eradicating discretion.

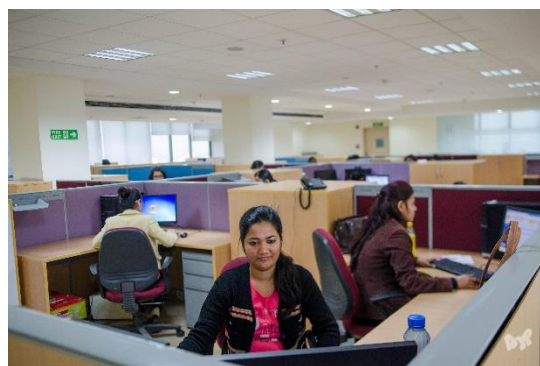
Outcome: The time taken for processing company incorporation applications being reduced drastically from between 5 to 15 working days in June 2014, to an average of 0.6 working days in March 2017. Similarly, the processing time for name availability applications has been brought down significantly from between 5 to 6 working days in June 2014, to an average of 0.4 days in March 2017.

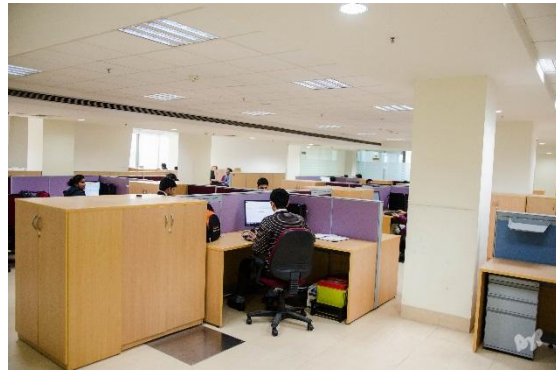
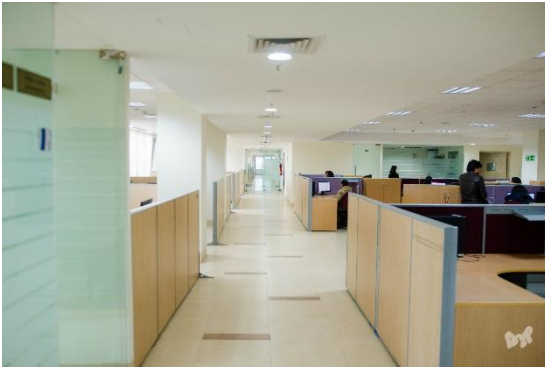
Company Incorporation – Average Days



In addition, more than 90% applications are being approved within 1 working day. This has resulted in speed, greater transparency, uniformity and eradication of discretion.

Glimpses of Central Registration Centre (CRC), Manesar





ii. SIMPLIFIED PROFORMA FOR INCORPORATING COMPANY ELECTRONICALLY (SPICe)

In the year 2016, Ministry has introduced a new e-form named INC-32 - SPICe (Simplified Proforma for Incorporating Company Electronically) in place of form INC-29, on the occasion of Gandhi Jayanti 2016, which provides more functionalities and deals with a single form for multiple services for incorporation of a company (except for Section 8 companies and Producer Companies). These are as follows: -

- SPICe is a **Simplified** and **Digital** form for Company Incorporation.
- A Standardized format of **e-Memorandum of Association** and **e-Articles of Association** as per Companies Act, 2013 has been created in linked e-form.

[Pursuant to Schedule I (see Sections 4 and 5) to the Companies Act, 2013] FORM NO. INC-34		SPICe AOA (e-Articles of Association)
AOA language: <input checked="" type="radio"/> English <input type="radio"/> Hindi		
SRN of form INC-1: <input type="text"/> <input type="button" value="Print"/>		
*Table <input type="text"/> as notified under schedule I of the companies Act, 2013 is applicable to the company		
Enter name of the company here		
Table F - ARTICLES OF ASSOCIATION OF A COMPANY LIMITED BY SHARES		
Article No.	Description	
Interpretation		
<input type="checkbox"/> 1	(1) In these regulations – (a) "the Act" means the Companies Act, 2013, (b) "the seal" means the common seal of the company. (2) Unless the context otherwise requires, words or expressions contained in these regulations shall bear the same meaning as in the Act or any statutory modification thereof in force at the date at which these regulations become binding on the company.	
Share capital and variation of rights		
<input type="checkbox"/> 1	Subject to the provisions of the Act and these Articles, the shares in the capital of the company shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par and at such time as they may from time to time think fit.	
<input type="checkbox"/> 2	(i) Every person whose name is entered as a member in the register of members shall be entitled to receive within two months after incorporation, in case of subscribers to the memorandum or after allotment or within one month after the application for the registration of transfer or transmission or within such other period as the conditions of issue shall be provided – (a) one certificate for all his shares without payment of any charges; or (b) several certificates, each for one or more of his shares, upon payment of twenty rupees for each certificate after the first. (ii) Every certificate shall be under the seal and shall specify the shares to which it relates and the amount paid-up thereon. (iii) In respect of any share or shares held jointly by several persons, the company shall not be bound to issue more than one certificate, and delivery of a certificate for a share to one of several joint holders shall be sufficient delivery to all such holders.	
<input type="checkbox"/> 3	(i) If any share certificate be worn out, defaced, mutilated or torn or if there be no further space on the back for endorsement of transfer, then upon production and surrender thereof to the company, a new certificate may be issued in lieu thereof, and if any certificate is lost or destroyed then upon proof thereof to the satisfaction of the company and on execution of such indemnity as the company deem adequate, a new certificate in lieu thereof shall be given. Every certificate under this Article shall be issued on payment of twenty rupees for each certificate. (ii) The provisions of Articles (2) and (3) shall mutatis mutandis apply to debentures of the company.	
<input type="checkbox"/> 4	Except as required by law, no person shall be recognised by the company as holding any share upon any trust, and the company shall not be bound by, or be compelled in any way to recognise (even when having notice thereof) any equitable, contingent, future or partial interest in any share, or any interest in any fractional part of a share, or (except only as by these regulations or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirety thereof in the registered holder.	
<input type="checkbox"/> 5	(i) The company may exercise the powers of paying commissions conferred by sub-section (6) of section 40, provided that the rate per cent or the amount of the commission paid or agreed to be paid shall be disclosed in the manner required by that section and rules made thereunder. (ii) The rate or amount of the commission shall not exceed the rate or amount prescribed in rules made under sub-section (6) of section 40. (iii) The commission may be satisfied by the payment of cash or the allotment of fully or partly paid shares or partly in the one way and partly in the other.	

Form language English Hindi
Refer the instruction kit for filling the form.

- State the type of company
 - State the class of company Public Private One Person Company
 - State the category of company
 - State the sub-category of company
 - Company is Having share capital Not having share capital
- Main division of industrial activity of the company
Description of the main division
 - Whether Articles of Association is entrenched Yes No
- Correspondence address

Line I	<input type="text"/>
Line II	<input type="text"/>
City	<input type="text"/>
State/Union Territory	<input type="text"/>
Pin code	<input type="text"/>
District	<input type="text"/>
Phone (with STD code)	<input type="text"/>
Fax	<input type="text"/>
Email ID of the company	<input type="text"/>
 - Whether the address for correspondence is the address of registered office of the company Yes No
 - Name of the office of the Registrar of Companies in which the proposed company is to be registered
- Whether name is already approved by Registrar of Companies Yes No
 - Proposed or approved name
 - Number of first subscriber(s) to MOA and directors of the company

	Having valid DIN	Not having valid DIN
Total number of first subscribers (non-individual + individual)	<input type="text"/>	<input type="text"/>
Number of non-individual first subscriber(s)	<input type="text"/>	<input type="text"/>
Number of individual first subscriber(s) cum director(s)	<input type="text"/>	<input type="text"/>
Total number of directors (director(s) who is/are not subscriber(s) + subscriber(s) cum director(s) as mentioned in above Row no. 3)	<input type="text"/>	<input type="text"/>

8. Particulars of payment of stamp duty

- State or Union territory in respect of which stamp duty is paid or to be paid
- Whether stamp duty is to be paid electronically through MCA21 system Yes No Not applicable
- Details of stamp duty to be paid

Type of documents/Particulars	Form	Memorandum of association	Articles of association
Amount of stamp duty to be paid	<input type="text"/>	<input type="text"/>	<input type="text"/>

(i) Provide details of stamp duty already paid

Type of documents/Particulars	Form	Memorandum of association	Articles of association	Others
Total amount of stamp duty paid (in Rs.)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Mode of payment of stamp duty	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Name of vendor or Treasury or Authority or any other competent agency authorised to collect stamp duty or to sell stamp papers or to emboss the documents or to dispense stamp vouchers on behalf of the Government	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Serial number of embossing or stamps or stamp paper or treasury challan number	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Registration number of vendor	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Date of purchase of stamps or stamp paper or payment of stamp duty (DD/MM/YYYY)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
Place of purchase of stamps or stamp paper or payment of stamp duty	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

MOA language: English Hindi

SRN of form INC-1

Table applicable to company as notified under schedule I of the companies Act, 2013

Table A: MEMORANDUM OF ASSOCIATION OF A COMPANY LIMITED BY SHARES

- The Name of the Company is
- The Registered office of the company will be situated in the state of
- The objects to be pursued by the company on its incorporation are
 - Matters which are necessary for furtherance of the objects specified in clause 3(a) are

c) Provision to apply for Company Incorporation with a pre-approved Company Name (obtained by first filing INC-1 eform), which is not available in INC-29 eform.

d) **Mandatory DSCs** of Subscribers and Witnesses (max 7+1) in SPICE MOA and SPICE AOA instead of Ink signed signatures being done manually in documents attached with INC-29 e-form.

S.No.	Subscriber Details				
S. NO	Name, Address, Description and Occupation	DIN/PAN/Passport Number	Place	DSC	Dated
Signed Before Me					
Name	Address, Description and Occupation	DIN/PAN/Passport Number/ Membership Number	Place	DSC	Dated

e) Standardization and machine tracking of changes to standard format made by stakeholders.

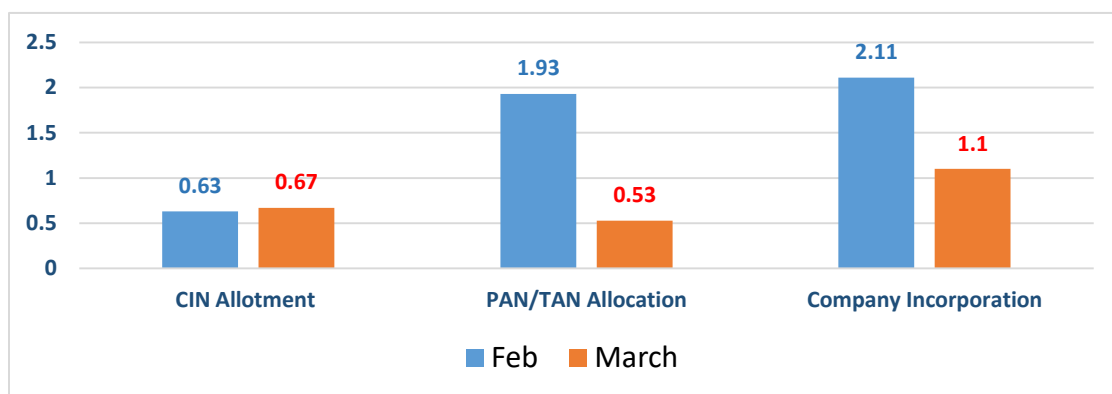
Outcome: Machine readability of forms, speed in Back Office Processing and positive identification of subscribers due to introduction of digital signatures.

iii. INTEGRATION OF MCA21 WITH CBDT FOR ISSUANCE OF PAN AND FIRST TAN

The Ministry has electronically integrated the MCA21 System with the CBDT for issue of PAN and First TAN to a company incorporated using the Simplified Proforma for Incorporating Company Electronically (SPICe). Stakeholders submit applications for PAN and TAN at the time of submitting applications for incorporation. The PAN allotted by Income Tax Department is being affixed on the Certificate of Incorporation of the company w.e.f. 01-Feb-2017.

Outcome: This has resulted in reduction in the number of processes and time taken for Starting a Business in the country.

Average Days- Company Incorporation (CIN & PAN/TAN)



IN Allotment:

Includes both Approved & Rejected incorporation SRNs (INC-7, INC-32)

PAN/TAN Allocation:

Includes only Approved SPICe SRNs for which PAN/TAN is requested

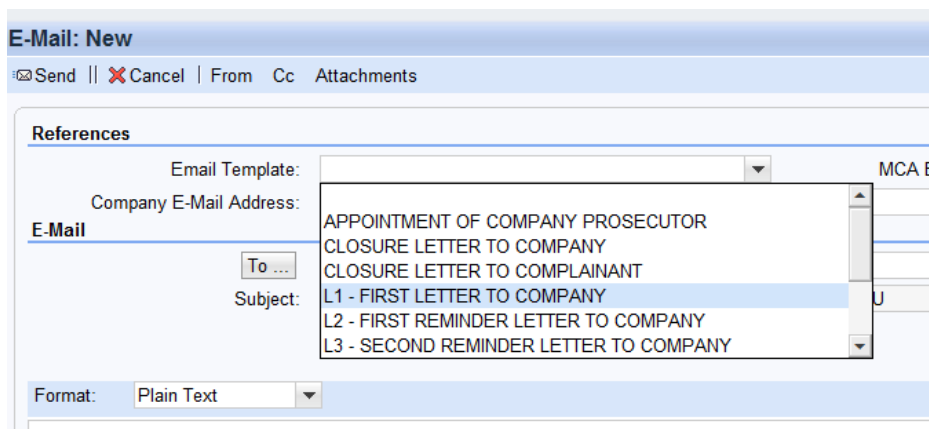
Company Incorporation:

Includes all above transactions

iv. DEPLOYMENT OF ENFORCEMENT MODULE

The Ministry has undertaken the initiative to leverage Information Technology (IT) to deploy an Enforcement Module for end to end processing of cases from receipt of complaints to Inspection and Investigation of the companies. The Enforcement Module is being used for **recording Investor Complaints, carrying out Technical Scrutiny, Inspection, Investigation, Prosecution, Enforcement and Generation of Show Cause Notices online** for Indian Companies. The module was deployed on 06-Feb-2017.

Outcome: The measure is expected to result in efficient and effective Enforcement of Law leading to Inspections and Investigations, and provides a platform for real time monitoring of complaints and cases.



4. Establishment of IEPF Authority

The Authority started functioning w.e.f. 02.05.2016. The refund process was notified on 05.09.2016. With this, Investors can now claim refund of unclaimed dividends and other amounts deposited by companies to the Authority.

5. Establishment of NCLT and NCLAT

NCLT and NCLAT was notified on, and started functioning from 1st June, 2016. NCLT Benches have been established at 10 locations. In a phased manner, all matters under the Companies Act, 2013 have been transferred to NCLT. Matters under the Insolvency & Bankruptcy Code, 2016 (Code) have also been assigned to NCLT and NCLAT. In addition, on commencement of the Code, BIFR/AIFR have been abolished.

6. Transfer of cases from BIFR/AIFR/High Court

The Central Government has w.e.f 01.12.2016 notified Insolvency and Bankruptcy Code, 2016 and SICA Repeal Act, 2003. With this, the Board of Industrial and Financial Reconstruction (BIFR) and Appellate Authority for Industrial and Financial Reconstruction have been dissolved and Benches of NCLT have been designated to exercise the jurisdiction, powers and authority of Adjudicating Authority conferred by or under part II of the Insolvency and Bankruptcy Code, 2016. Vide notification No. G.S.R 119 (E) dated 07.12.2016 Central Government has notified provision for transfer of proceeding relating to arbitration, compromise, arrangements and reconstruction to the benches of NCLT. The applications pending before the high Court on winding up shall continue to be dealt by the respective High Courts and fresh applications are required to be filed before NCLT.

7. Exemptions for GIFT City International Financial Service Centre

A comprehensive new set of exemptions from and modifications to the Companies Act, 2013 were allowed specifically for companies incorporated for operations in the International Financial Service Centre (IFSC), especially the Gujarat International Finance Tec-City Co. Ltd. (Gift City) IFSC to make the regulatory framework at par with other IFSCs in the world. These have come into force from 04.01.2017.

8. Indian Accounting Standards (IndAS)

Indian Accounting standards, converged with global standards, namely, International Financial Reporting Standards (IFRS) were framed in consultation with the Institute of Chartered Accountants of India and National Advisory Committee on Accounting Standards. These thirty nine standards, have been rolled out in a phased manner, with the first mandatory phase for large companies from 1st April, 2016. In addition to large companies, IndAS will also be applicable to banks, NBFCs and insurance

companies. These accounting standards are significantly congruent with the global standards, with minimum carve-outs and are expected to boost investor confidence.

9. Start Ups

Specific relaxations have been provided with a view to create a positive environment for start-ups. These recommendations relate to excluding convertible notes raised by start-ups from the definition of deposits, allowing start-ups to issue ESOPs to promoters working as employees, and increasing the limits with regard to sweat equity that can be issued by a company from 25% of paid up capital to 50%.

Specific relaxations have also been proposed through notification under section 462 of the Companies Act, 2013 allowing start-ups to raise deposits for its initial five years without any upper limits. The notification is likely to be issued after completion of the mandatory requirement of laying the draft in the Parliament is completed in April.

10. Insolvency and Bankruptcy Code, 2016

- With a view to provide a modern, efficient framework for revival and rehabilitation/ exit of companies, the provisions relating to corporate insolvency resolution process of the Insolvency and Bankruptcy Code, 2016 (the Code) were commenced during December 2016.
- A modern Insolvency regulator under the nomenclature Insolvency and Bankruptcy Board of India (IBBI) was established.
- A modern framework for a regulated set of insolvency professionals (IPs) was established and approximately 1000 insolvency professionals registered. The IPs will perform the important task of ensuring smooth resolution/revival or liquidation of a company/LLP.
- Framework for modern Information Utilities (IUs) was established. The Information Utilities will provide full information on debt and its default, as well as other financial information to the creditors, corporate debtors, and the NCLT to enable timely and informed decision making in the resolution process.

11. Corporate Social Responsibility

The provisions of Corporate Social Responsibility (CSR) under Section 135 of the Companies Act, 2013 and CSR Rules made thereunder came into force from 01.04.2014. The CSR provisions are applicable to every company crossing thresholds of Net Worth of Rs. 500 Crore or more, Turnover of Rs. 1000 crore or more, or Net Profit of Rs. 5 Crore or more. Activities that can be undertaken by CSR companies have been specified in Schedule VII of the Companies Act, 2013. Section 135 of the Act, Companies (CSR Policy) Rules, 2014, Schedule VII read with General Circular dated 18.06.2014 and 12.01.2016 provide the basic frame work within which the Board of the eligible companies are empowered to undertake their CSR activities, approve their CSR Policies and disclose the same in their Board's reports in the prescribed format.

Ministry has issued clarificatory circular and Frequently Asked Questions (FAQs) dated 18.06.2014 and 12.01.2016 respectively to facilitate effective implementation of CSR(<http://www.mca.gov.in>). In addition sensitization workshops have been organised by the Offices of Regional Directorate under Ministry of Corporate Affairs to ensure effective compliance of CSR provisions by companies. Further on the recommendation of the High Level Committee on CSR, Ministry of Corporate Affairs has instituted an Annual National CSR Awards.

The year 2014-15 was the first year of Implementation of Corporate Social Responsibility (CSR) by companies under the companies Act, 2013. The CSR expenditure of the companies for the years 2014-15 and 2015-16 for which data has been compiled is as under :-

CSR Expenditure during 2014-15 and 2015-16

Sl. No.	Company Type	Financial Year 2014-15		Financial Year 2015-16	
		No. of companies for which data has been compiled	Actual CSR expenditure (in Rs. Crore)	No. of companies for which data has been compiled	Actual CSR expenditure (in Rs. Crore)
1.	PSUs	226	2497	172	3360
2.	Private Sector Companies	7108	6306	4925	6462
	Total	7334	8803	5097	9822

The States/UTs-wise CSR expenditure and development sector wise CSR spend are at **Annexure III and Annexure IV** respectively.

12. Corporate Data Management (CDM)

The 'Corporate Data Management (CDM)' is a Central Sector Scheme initiated by the Ministry of Corporate Affairs in the Financial Year 2015-16. It envisages to create an in-house data mining and analytics facility with the objective of disseminating corporate sector data in a structured manner. It provides a forward linkage to MCA-21 data repository by transforming transactional system into a data warehouse system. The objectives of CDM include (a) disseminate shareable information, in unit-level format and tabular forms, (b) sharing of customized information for policy making & regulatory purposes of MCA as well as other government departments, and (c) enhance and institutionalize Ministry's in-house capabilities for corporate Data Mining and Information Management to support decision making.

2. Till date, the following broad activities have been completed in the current CDM scheme:

- a) Selection of Implementing Agency, procurement of IT infrastructure, and engagement of trained professionals (TSG).
- b) Engagement of IICA for capacity building programmes for MCA officials .several capacity building programmes for MCA officials have been conducted.
- c) Proof of Concept (PoC) of CDM data warehouse & business intelligence system has been developed on randomly selected 4000 companies.
- d) Extract, Transfer and Load (ETL) of annual statutory filings (annual report & annual return) made by companies since year 2006 till March 2016 from MCA21 V1 system to CDM system has been completed.
- e) CDM system is ready for generating reports on Key Performance Indicators (KPIs) of companies, both in time series and cross section format. The system is capable of generating panel data also.
- f) CDM system is ready for generating reports on non-financial indicators of companies such as master data information, director's details, auditor's details, shareholding pattern, subsidiary details, indebtedness, etc.
- g) PoC of compliance monitoring system for facilitating administration & regulation of companies by MCA officials has also been developed.
- h) CDM in-house data centre has been established at CDM project office.

13. Recent changes made in combinations

As part of the Govt. of India's commitment to provide greater Ease of doing Business in the country, the Ministry took a significant step towards easing the Mergers and Acquisitions (M&As) climate in India by issuing Notification No. S.O. 988 (E) on 27.3.2017 with the objective to provide:-

- a) Broader interpretation of combinations such as acquisitions, merger and amalgamations and the applicability of the threshold limits to all forms of combinations.
- b) After the issue of the notification, combinations falling within the threshold limits would not be required to file before the Competition Commission of India.
- c) With this reform measure, the Government intends to promise ease of Doing business in the country and enable industry have greater freedom in taking legitimate business decisions which will accelerate economic growth.

14. Swachch Bharat Mission

The Ministry also observed thematic cleanliness drive on the theme of "Corporate volunteering by private organizations and corporate entities "from 16th June to 30th June 2016 under Swachch Bharat Mission in collaboration with the Institute of Company Secretariat of India (ICSI), Institute of Cost Accountants of India (ICAOI), Indian Institute of Chartered Accountants of India (ICAI), National Foundation for Corporate Governance (NFCG), Confederation of Indian Industries (CII), Associated Chamber of Commerce and Industries of India (ASSOCAM), Federation of Indian Chamber of Commerce and Industry (FICCI and Indian Institute of Corporate Affairs (IICA). The following activities were taken by the Corporate during the Pakhwada:-

- Swachch Bharat Pledge taken electronically by more than 20 lakh stakeholders
- Neighborhood cleanliness drive by corporates

- Adoption of Government/Municipal schools by corporate entities for cleanliness
- Drive for education on safe disposal of e-waste
- On each day during the fortnight, one thematic activity adopted on cleanliness/environment conservation.

ANNEXURE 1

Companies (Amendment) Bill, 2015

SUMMARY OF AMENDMENTS AND THE OFFICIAL AMENDMENTS

1. Omitting requirement for minimum paid up share capital, and consequential changes. (For ease of doing business) -[section 2(68)/2(71) of the Companies Act, 2013 (Act)].
2. Making common seal optional, and consequential changes for authorization for execution of documents. (For ease of doing business) -[sections 9, 12, 22, 46 and 223 of the Act].
3. Doing away with the requirement for filing a declaration by a company before commencement of business or exercising its borrowing powers. (For ease of doing business) -[Omission of section 11 of the Act and consequential change in section 248]
4. Prescribing specific punishment for deposits accepted under the new Act. To deal with defaults in repayment of depositor. (For protection of depositors' interests) – [New Section 76A of the Act]
5. Prohibiting public inspection of Board resolutions filed in the Registry. (To provide for confidentiality of commercial interests discussed in resolutions) -[section 117(3) of the Act].
6. Including provision for setting off past losses/depreciation before declaring dividend for the year- (Standard prudential clause).[section 123(1) of the Act]
7. Rectifying the requirement of transferring equity shares for which unclaimed/unpaid dividend has been transferred to the Investor Education and Protection Fund (IEPF) even though subsequent dividend(s) has been claimed -[section 124(6) of the Act].
8. Enabling provisions to prescribe thresholds beyond which fraud shall be reported to the Central Government (below the threshold, it will be reported to the Audit Committee/ Board). Disclosures for the latter category also to be made in the Board's Report. [section 143(12) and 134(3) of the Act].
9. Empowering Audit Committee to give omnibus approvals for related party transactions on annual basis. (Align with SEBI policy and increase ease of doing business)– [section 177(4) of the Act].

10. Exemption u/s 185 (Loans to Directors) provided for loans to wholly owned subsidiaries and guarantees/securities on loans taken from banks by subsidiaries. (This was provided under the Rules but being included in the Act as a matter of abundant caution). [section 185(1) of the Act].
11. Replacing 'special resolution' with 'resolution' for approval of related party transactions by non-related shareholders. (Balance the process for majority supported genuine commercial decisions) -[section 188(1) of the Act].
12. Related party transactions between holding companies and wholly owned subsidiaries exempted from the requirement of approval of non-related shareholders. - [section 188(1) of the Act].
13. Bail restrictions to apply only for offences relating to fraud u/s 447. [section 212(6) of the Act].
14. Winding up cases to be heard by 2-member Bench instead of a 3-member Bench. - [section 419 of the Act].
15. Special Courts to try only those offences carrying imprisonment of two years or more. (Rationalization of jurisdiction, to let magistrates try minor violations, with the objective of speeding up disposal).[section 435 and 436 of the Act].
16. Rationalizing the procedure for laying draft notifications granting exemptions to various classes of companies or modifying provisions of the Act in Parliament, in order to ensure speedier issue of final notifications. (For a faster process of giving exemptions to classes of companies). [section 462 of the Act].

ANNEXURE II

Key amendments in the Companies Act, 2013 proposed through the Companies (Amendment) Bill, 2016 (including official amendments)

- a) Simplification of the private placement process, doing away with separate offer letter, details/record of applicants to be kept by company and to be filed as part of return of allotment only, and reducing number of filings to Registrar [section 42].
- b) Incorporation process to be made easier: self-declarations to replace affidavits from subscribers to memorandum and first directors [sections 4 and 7].
- c) Provisions relating to forward dealing and insider trading to be omitted from Companies Act as these are covered under SEBI regulations [sections 194 and 195].

- d) Requirement of approval of Central Government for managerial remuneration above prescribed limits to be replaced by approval through special resolution by shareholders in general meeting [sections 196 and 197].
- e) Companies may give loans to legal entities in which directors are interested after passing special resolution and adhering to disclosure requirement [section 185].
- f) Amendment of definitions of associate company and subsidiary company to ensure that 'equity share capital' is the basis for deciding holding-subsidiary relationship rather than "both equity and preference share capital" [section 2].
- g) Restriction on layers of subsidiaries and investment companies to be removed [sections 2(87) and 186(1)].
- h) Rationalization of penal provisions with reduced liability for procedural and technical defaults. Penal provisions for small companies and One Person Companies to be reduced [various sections].
- i) Auditor reporting on internal financial controls to be restricted with regard to financial statements [section 143].
- j) Frauds involving an amount less than Rupees 10 Lakh to be compoundable offences. [section 447].
- k) Reducing requirement for maintaining deposit repayment reserve account from 15% each for two years to 20% during the maturing year [section 73].
- l) Foreign companies having insignificant/incidental transactions through electronic mode to be exempted from registering and compliance regime under the Act [section 379].
- m) Prescription for companies to have Audit Committee and Nomination and Remuneration Committee aligned with that of Independent Directors (IDs) [sections 149, 177 and 178].
- n) Test of materiality to be introduced for pecuniary interest for testing independence of IDs [section 149].
- o) Disclosures in the prospectus required under the Act and SEBI Regulations to be aligned, with a view to make these simpler, by allowing prescriptions to be made by SEBI in consultation with Central Government [section 26].
- p) Provisions with regard to attachment of standalone accounts of foreign subsidiaries to be relaxed in certain cases [sections 129 and 136].
- q) Re-opening of accounts to be limited to 8 years [section 130].

- r) Mandatory requirement of taking up some items only through postal ballot to be relaxed in case of a company that is required to provide electronic voting at its General Meetings [section 110].
- s) Requirement for annual ratification of appointment/continuance of auditor by members to be removed [section 139].
- t) Provisions relating to Corporate Social Responsibility to be amended to bring greater clarity [section 135].
- u) Provisions included to prescribe abridged/simplified form of annual return for OPCs, small companies and other specified classes of companies.
- v) Clarity provided on provisions relating to conversion of Limited liability partnerships into companies.
- w) Recognition of the concept of significant beneficial owner of a company proposed in the Act. Register of significant beneficial owners to be maintained by a company, and filed with the Registrar. [New section]
- x) Clarity to provide that amounts representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset/liability on fair value measurement shall not be available for distribution as dividend.
- y) Appeals from orders of National Financial Reporting Authority (NFRA) to lie before National Company Law Appellate Tribunal.
- z) Persons above 70 years of age may become managing director, whole-time director or manager subject to fulfilment of certain conditions.
- aa) Provisions on late filing of documents rationalized. Non-filing of annual financial statements and annual returns to attract per day additional fees. Non-compliance in filing of all documents on two or more occasions to attract higher additional fees.

STATE/UT-WISE CSR EXPENDITURE DURING FY 2014-15 and FY 2015-16

CSR Expenditure (In Rs. Crores)			
Sl. No.	State/ UT	2014-15	2015-16
1	Maharashtra	1102	1138
2	Karnataka	363	408
3	Andhra Pradesh	168	379
4	Gujarat	292	338
5	Uttar Pradesh	123	322
6	Rajasthan	252	285
7	Tamil Nadu	447	261
8	Delhi	140	237
9	Odisha	214	231
10	Madhya Pradesh	176	215
11	West Bengal	243	170
12	Haryana	108	169
13	Chhattisgarh	275	168
14	Jharkhand	87	128
15	Telangana	89	105
16	Kerala	57	84
17	Bihar	15	78
18	Assam	107	52
19	Uttarakhand	25	50
20	Punjab	24	42
21	Jammu & Kashmir	75	37
22	Arunachal Pradesh	10	20
23	Himachal Pradesh	5	10
24	Dadar & Nagar Haveli	2	8
25	Goa	24	6
26	Meghalaya	2	3
27	Manipur	1	2
28	Pondicherry	1	2
29	Daman & Diu	20	1
30	Chandigarh	1	1
31	Tripura	0	0
32	Lakshadweep	1	0
33	Sikkim	0	0
34	Nagaland	0	0
35	Andaman & Nicobar Islands	1	0
36	All India*	4353	4871
	Total (in Rs. Crore)	8803	9822
	Number of Companies for which data compiled	7334	5097

* Companies either did not specify the names of States or indicated more than

one State where projects were undertaken

ANNEXURE-IV

DEVELOPMENT SECTOR WISE CSR EXPENDITURE FOR FY 2014-15 AND FY 2015-16

CSR Expenditure (In Rs. Crores)		
Sectors	2014-15	2015-16
Health/ Eradicating Hunger/ Poverty and malnutrition/ Safe drinking water / Sanitation	2246	3117
Education/ Differently Abled/ Livelihood	2728	3073
Rural development	1017	1051
Environment/ Animal Welfare/ Conservation of resources	1213	923
Swachh Bharat Kosh	121	355
Any other Fund	36	262
Gender equality / Women empowerment / Old age homes / Reducing inequalities	326	213
Prime Minister's National Relief Fund	192	136
Encouraging Sports	160	95
Heritage Art and Culture	157	90
Slum area development	123	9
Clean Ganga Fund	19	3
Other Sectors (Technology Incubator and benefits to armed forces, admin overheads and others*)	465	497
Total (In Rs. Crore)	8803	9822
Number of Companies for which data compiled	7334	5097

* not specified
