



Part Name	Heading	Para No.	Suggestion
Part I – Recommendations proposing amendments to the Act	Definitions	1.11	<p>MCA may either relook the proposed amendment in context of ease of doing business or give the shelter as provided in section 4(7) of the Companies Act, 1956.</p> <p>Justification: By adding explanation, a private company subsidiary of Foreign body corporate would become subsidiary of Public Company and with the amendment, compliances and complexes would increase.</p>
Part I – Recommendations proposing amendments to the Act	Definitions	1.24	<p>MCA may relook the recommendation with regard to omitting the proviso to Section 2(87) dealing with restrictions on number of layers of subsidiaries.</p> <p>This power may be retained by the Ministry which may be exercised in the times to come. As of now, MCA has not prescribed any restriction on limits of subsidiary.</p>
Part I – Recommendations proposing amendments to the Act	Incorporation of Companies	2.1	<p>The recommendation for more liberal operation regime for companies by providing amendment in section 4(1)(c) to allow companies to engage in any lawful activity may be misused by corporate. Accordingly, suitable safeguards may also be ensured. ROCs ask for approval of the concerned regulators like RBI for setting up of NBFC Companies or IRDA for Insurance Companies or similarly for telecom companies. General object clause as proposed will not keep a tap as to what activity the company is going to have or in future it will have. The section dealing with</p>



			<p>amendment of objects clause will also get redundant whereas it seems that nothing is discussed by the committee seeking amendment in the relevant section.</p> <p>In the proposed amendment in the section itself or section dealing with alteration of object clause, may provide a provision similar to section 149(2A) of the Companies Act, 1956 i.e. Restriction on commencement of business may also be provided to ensure that at the time of commencement of any other business, the company has approved commencement of such business by a special resolution and a return in this regard is filed with MCA.</p>
Part I – Recommendations proposing amendments to the Act	Incorporation of Companies	2.2	<p>The recommendation for reducing the period of name reservation from 60 days to 20 days from the date of approval should not be considered.</p> <p>Justification: Practical difficulty due to:</p> <ul style="list-style-type: none">- requirement of Apostille and notarise in case of foreign directors;- Requirement of 21 days notice for EGM in case of name change- Requirement of getting approvals from regulators
Part I – Recommendations proposing amendments to the Act	Prospectus and Allotment of Securities	3.9	<p>The recommendation may not be accepted with regard to not allowing companies to utilise the monies raised through private placement unless such return of allotment is filed.</p> <p>Justification:</p>



			<ul style="list-style-type: none">- ease of doing business;- Filing of allotment should not be linked with usage of money.- Provisions of Companies Act provides 30 days period for filing of allotment.
Part I – Recommendations proposing amendments to the Act	Share Capital and Debentures	4.1	A clarification/explanation in regard to situations wherein company should be allowed to issue share at fair value which is less than the face value.
Part I – Recommendations proposing amendments to the Act	Acceptance of Deposits by Companies	5.7	Since the intent of the modification is to relax the punishment, minimum fine should be based on the twice the deposit outstanding and not twice the amount accepted.
Part I – Recommendations proposing amendments to the Act	Management and Administration	7.10	The recommendation for requirement of 95% of the votes exercisable at such meeting may not be restricted to EGMs only and it should be extended to AGM also. Justification: obtaining approval of 100% of votes exercisable at such meeting could be difficult.
Part I – Recommendations proposing amendments to the Act	Management and Administration	7.11	Exemption for holding EGM only in India may also be extended to companies owned by 100% foreign nationals. Justification: ease of doing business



Part I – Recommendations proposing amendments to the Act	Accounts of Companies	9.7	Re-filing of AOC-4 be allowed to be filed to remove technical mistakes. Justification: Ease of doing business. Corporate and professional face difficulties due to this.
Part I – Recommendations proposing amendments to the Act	Accounts of Companies	9.17	The recommendation for replacing the words "any financial year" with 'preceding financial year' may not be agreed. Justification: For the requirement of falling in the criteria of provisions of CSR, it should be based on average of three preceding financial years (as clarified by MCA vide General Circular no. 21/2014).
Part I – Recommendations proposing amendments to the Act	Accounts of Companies	9.21	The recommendation for replacing the words 'average net profit' with 'net profit' in section 135(1) may not be agreed. Justification: As the CSR activities are undertaken on project basis.
Part I – Recommendations proposing amendments to the Act	Appointment and Qualifications of Directors	11.4	MCA may clarify the following with regard to appointment of Independent Director. There are two views amongst the corporate: 1 st view: While appointment of ID in board meeting and then regularize him at the AGM, then one term from such Board Meeting to AGM (this is very short period)



			<p>– other term is from AGM to next five years.</p> <p>It should be clarified that his continuance from the position as additional director to regular director should be considered as one term and his period of acting as additional director be counted while calculating the period of one term of five years.</p> <p>2nd view:</p> <p>1st term from First AGM to next five years (which means that he is not ID from Board meeting to AGM)</p>
Part I – Recommendations proposing amendments to the Act	Appointment and Qualifications of Directors	11.10	<p>The suggestion with regard to giving the right for filling casual vacancy at Board meeting of private companies may be accepted subject to the provision that casual vacancy should be confirmed at the next General Meeting.</p> <p>Justification:</p> <p>Since concept of rotation of directors is not applicable to these companies. So, virtually directors appointed through casual vacancy would hold directorship for lifetime through this provision.</p>
Part I – Recommendations proposing amendments to the Act	Appointment and Qualifications of Directors	11.18	<p>The recommendation to do away with requirement of DIN and shift to AADHAAR may not be accepted.</p> <p>Justification</p> <p>- DIN may be taken by person belonging to by nation whereas AADHAR can only be taken by Indian national.</p>



			<ul style="list-style-type: none">- MCA has evolved DIN system to overcome the difficulty in establishing Identity of Directors of Certain Companies, such as Vanishing Companies. Now robust system has been created and DIN is generated instantly.- DIN also facilitates control on number of Directorship.
Part I – Recommendations proposing amendments to the Act	Meetings of Board and Its Powers	12.3	Provision similar to section 188 (3) with regard to Post facto approval within 3 months on happening of event may be provided for in section 177 with respect to approval relating to related party transaction in the Audit Committee.
Part I – Recommendations proposing amendments to the Act	Meetings of Board and Its Powers	12.7	<p>MCA may clarify the role of Nomination and Remuneration Committee with regard to appointment / termination of senior management and employees as referred to in sections 178(2) and 178 (3).</p> <p>It is suggested to either restrict its role to senior management or give the power to delegate for the recommendations relating to officers.</p>
Part-I Loan and investment by Company	Meeting of Board and Its Power	12.20	Instead of using the words rate of interest, the language of the section should also suggest prescribed yield rate and not rate of interest.
Part I – Recommendations proposing amendments	Appointment and Remuneration of Managerial	13.10	On the Committee’s recommendation that the Board can be empowered to designate whole time officers of the company as KMP and accordingly the definition under section



to the Act	Personnel		<p>2(51)(v) may be modified,</p> <p>This is suggested that Broader guidelines for the Board while designating whole time officers as KMP may be given.</p> <p>Justification: Each KMP has specific assigned role to be performed under the Act and responsibilities are onerous</p>
Part I – Recommendations proposing amendments to the Act	Appointment and Remuneration of Managerial Personnel	13.12	<p>A provision similar to proviso to section 168(1) and as referred to in para 11.17 of part I of this report) be incorporated giving the KMP an option to submit their resignation.</p> <p>Justification:</p> <p>Company Secretaries are facing problem because of mis-use of power given to companies to file their resignation. Companies don't file the resignation of Company Secretaries and without their being involved in the activities of the companies, they are held responsible under the provision of the Companies Act.</p> <p>Also they are not able to join any other company unless their resignation is filed from first company.</p>
Part I - Recommendations proposing amendments to the Act	Registered Valuers	17.1	<p>Company Secretary shall also be identified as Registered Valuer.</p>
Part II- Recommendations	Companies(Incorporation)	2.13	<p>The registration of trade mark should not be sole criteria as under the Trade Mark Act,</p>



ons proposing amendments to the Rules	Rules, 2014		even the prior usage of any trademark is relevant and Registration of Trade Mark is not mandatory. Even if someone registers the trademark later, but if someone is using its brand prior to it, the later one will survive. Moreover, Holding company should not be required for the availability of the name of it's wholly owned subsidiary, if it is using the name of its subsidiary. It may be unnecessary time consuming exercise to incorporate a SPV.
Part I- Recommendations proposing amendments to the Act	Acceptance of Deposit by Companies	5.3	The cooling period of five years after the default is rectified, the period of five years seems too long in this ever evolving economy
Part II- Recommendations proposing amendments to the Rules	Companies(Share Capital and Debenture) Rules, 2014	4.1	The cooling period of five years after the default is rectified, the period of five years seems too long in this ever evolving economy.