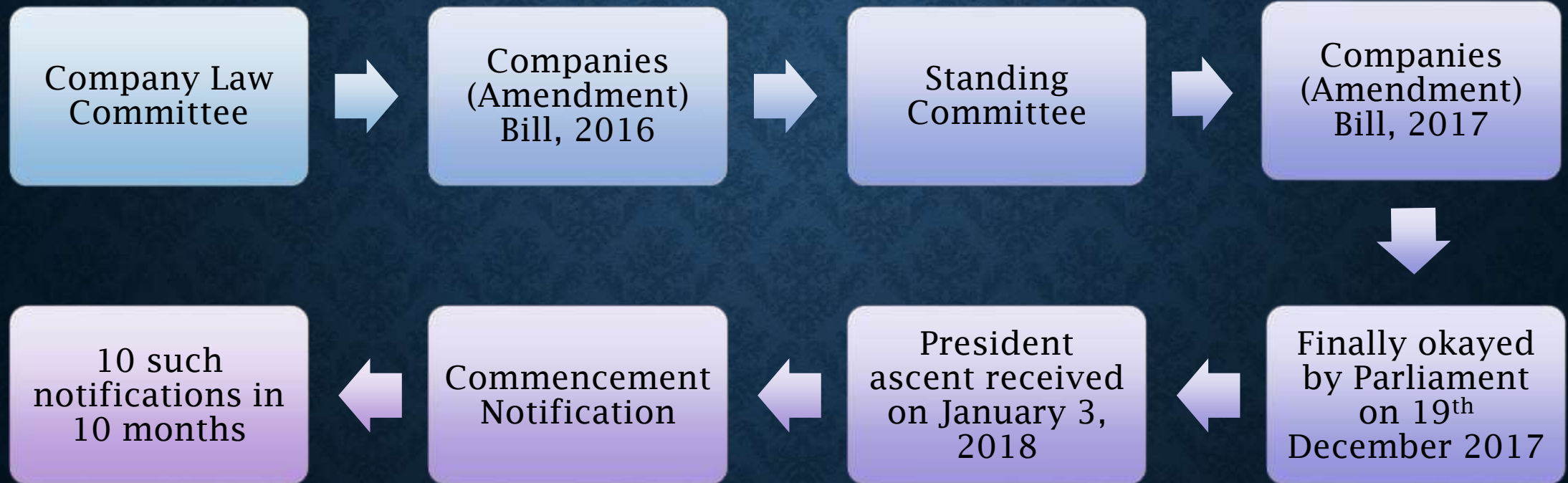


The Companies (Amendment) Act, 2017

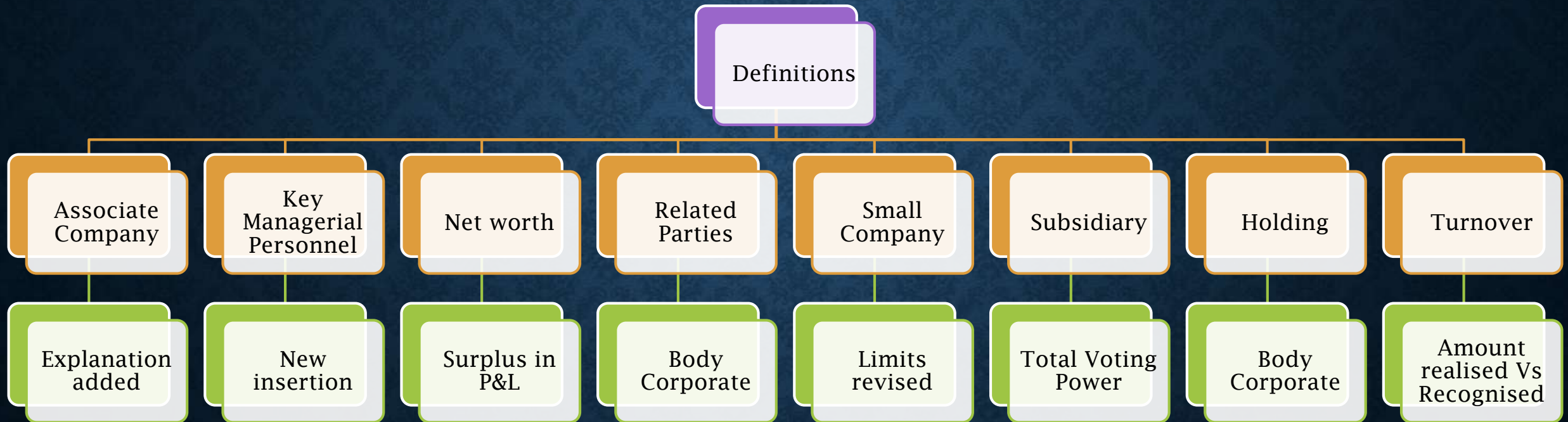
*CS Anshu Agarwal & CS Anshul Jain
Company Secretary*

Disclaimer: The views and opinions expressed in this presentation are those of the authors of this presentation and do not necessarily represent views of the any organization(s) to which they belong or belonged in past.

JOURNEY SO FAR



AMENDMENTS



HOLDING COMPANY

- Existing

"holding company", in relation to one or more other companies, means a company of which which such companies are subsidiary companies;

- Changed

"holding company", in relation to one or more other companies, means a company of which which such companies are subsidiary companies;

*'Explanation.—*For the purposes of this clause, the expression "company" includes any body body corporate.

- This was a minor anomaly, but which could lead to uncertainties in ascertaining the the status of a company, in case of a foreign holding company.

- Case Study

A is a company incorporated in Australia, A is holding more than half of the total share capital share capital with voting power of X Limited, which is incorporated in India. Whether A is is holding of X Limited or not?

SUBSIDIARY

- The word “total share capital” has been changed with the word “total voting power”
- It was noted that by virtue of the present definition, a company in which the preference share capital was greater than its equity share capital, could become a subsidiary of an entity that holds the preference shares, even though it might not have control, or any voting rights in such a company. Further, inclusion of the preference share capital in the total share capital could create confusion about ownership of the company.
- Though a minor change but impact is major.
- Restriction on more than two layer of subsidiary

ASSOCIATES

Old Explanation	New Explanation
<p>For the purposes of this clause, "significant influence" means control of at least twenty per cent of <u>total share capital</u>, or of business decisions under an agreement;</p>	<p>For the purpose of this clause,—</p> <p>(a) the expression "significant influence" means control of at least twenty per cent. of <u>total voting power</u>, or control of or <u>participation in</u> <u>in</u> business decisions under an agreement;</p> <p>(b) the expression "joint venture" means a joint arrangement whereby the whereby the parties that have joint control of the arrangement have rights have rights to the net assets of the arrangement;</p>
<p>So four conditions to decide whether a <u>company</u> is an associate associate or not?</p>	<p>As per amendment, a company (say A Ltd.) will become the Associate of Associate of the other company (say B Ltd.) if: -</p> <p>if B Ltd. holds at least 20% of total voting power of A Ltd.;</p> <p>if B Ltd. has control of business decision of A Ltd. under an agreement;</p> <p>if B Ltd. has participation in business decision of A Ltd. under an agreement;</p> <p>if A Ltd is a JV company of B Ltd with some other JV partner</p>

SMALL COMPANY

- The word “as per last profit and loss account” is to be replaced with the word “as per profit and loss account for the immediately preceding financial Year” to take care of what seemed to be an inadvertent drafting error;
- Power of MCA to prescribe maximum ceiling for small company for paid up capital has been enhanced from Rs. 5 crore to 10 crore and for turnover from Rs 20 crore to Rs.100 crores;
- So if limit is enhanced then review of small companies are to be done again;

NET WORTH

- 2(57) "net worth" means the aggregate value of the paid-up share capital and all reserves created **out of the profits** [,securities premium account and debit or credit balance of profit and loss account], after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation;
- Whether Redeemable Preference shares should be included ?
- Whether Compulsory Convertible Debentures should be included?

NET WORTH

- A company is having following figures in its balance sheet: -

Particulars	Amount in Rs. In crore
Aggregate Value of paid up share capital (Equity Share Capital and Preference Share Capital)	10,000
Capital Redemption Reserve created out of profits of the Company	2,000
Securities Premium Account	2,000
Retained Earnings	4,000
Total	18,000

- As per old definition, the net worth would have been Rs.14,000 crore
- Review of calculation

COST ACCOUNTANT

An anomaly with regard to definition is removed;

No much impact only clarity is provided;

TURNOVER

- The term has been used in the Act, mainly in the provisions giving prescriptive power on the basis of the criteria of a company's turnover.
- Old:
 - Turnover means the aggregate value of the **realisation of amount made** from the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year;
- New:
 - Turnover means 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 a company during a financial year;
- Impact:
 - **Confusion is removed**

DEBENTURE

- A proviso added:
- "debenture" includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not;

Provided that:

(a) the instruments referred to in Chapter III-D of the Reserve Bank of India Act, 1934; and

(b) such other instrument, as may be prescribed by the Central Government in consultation with the Reserve Bank of India, issued by a company, shall not be treated as debenture.

RELATED PARTY

Sub-clause (VIII) is amended;

any **body corporate** which is:

(A) a holding, subsidiary or an associate company of such company;

(B) a subsidiary of a holding company to which it is also a subsidiary; or

(C) an investing company or the venturer of the company;

Explanation.—For the purpose of this clause, “the investing company or the venturer of a company” means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.

Impact:

1. Company v/s Body Corporate;
2. Investing company also covered

KEY MANAGERIAL PERSONNEL

- CLC said that the current provisions limit the officers who can be designated as key managerial personnel, flexibility would be desirable for companies to designate other whole time officers of the company as key managerial personnel. The Committee further recommended that the Board can be empowered to designate other whole time officers of the company as key managerial personnel and that the definition of key managerial personnel in Section 2(51) may also be accordingly modified.
- Amendment made by giving powers to the Board to designate other person as KMP - **such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board.**
- **Impact:**
 - Officer, Officer in default, related party, authentication of documents, section 67, MGT-7, Explanatory statement, Independent Directors, DIR-12, ROD, NRC, 189(2), 209, 224 and many more....

MEMBERS SEVERALLY LIABLE IN CERTAIN CASES (SECTION 3A)

- If at any time the number of members of a company is reduced, in the case of a public company, below seven, in the case of a private company, below two, and the company carries on business for more than six months while the number of members is so reduced, **every person who is a member of the company during the time that it so carries on business after those six months and is cognisant of the fact** that it is carrying on business with less than seven members or two members, as the case may be, **shall be severally liable for the payment of the whole debts of the company contracted during that time, and may be severally sued therefor**

NAME RESERVATION PERIOD

For
incorporation
cases

**Twenty
days**

For change in
name cases

**Sixty
days**

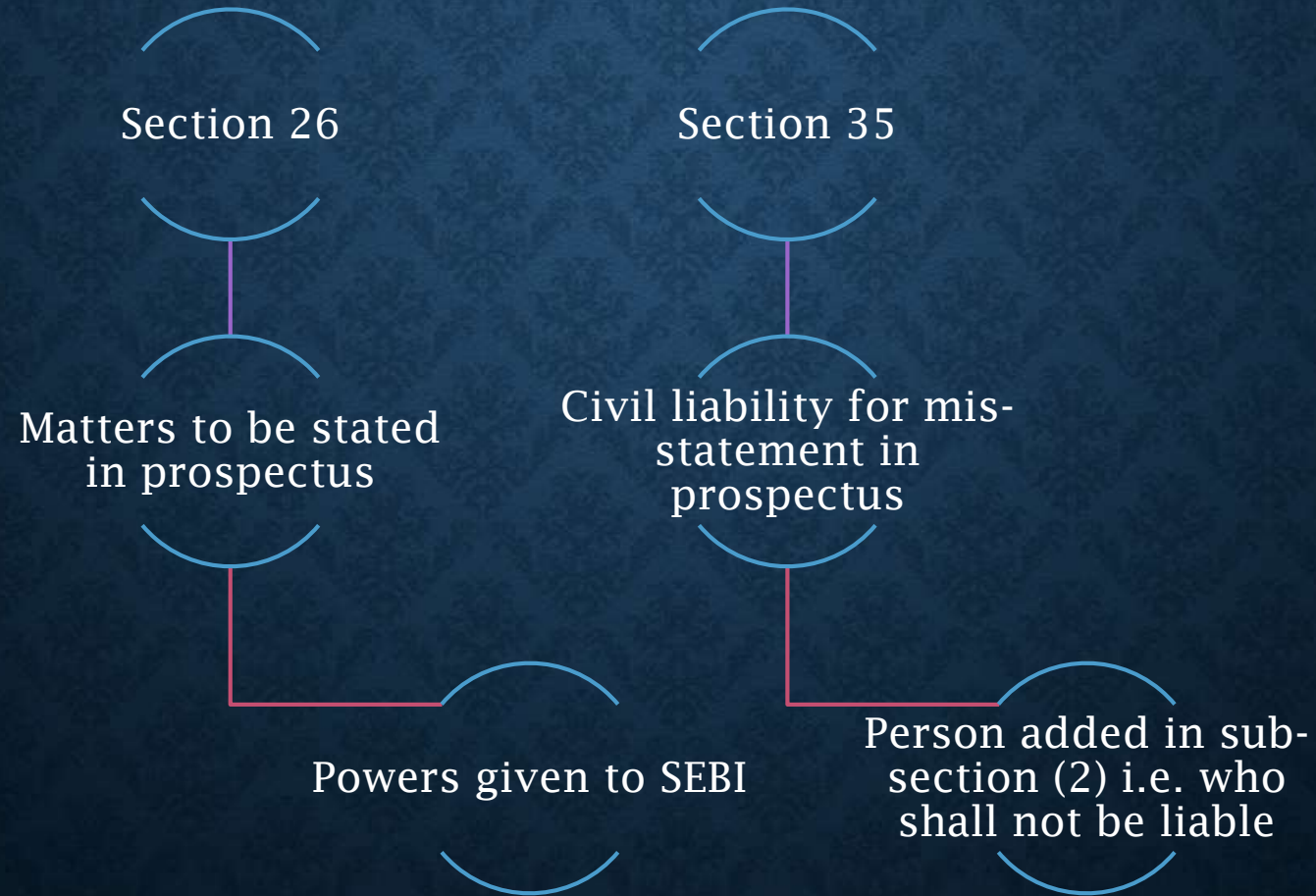
OTHER AMENDMENTS IN CHAPTER II

Declaration instead of Affidavit from each of the subscriber u/s 7(1)(c)

Timeline to have registered office is increased to thirty days instead of fifteen days u/s 12(1)

Authentication of documents can be done by employees also (section 21)

CHAPTER III – PART A



CHAPTER III – PART B – SECTION 42

Entirely new provision has been introduced

Heading the word “shares” is used, though applicable on securities

Major differences

Identification of group of persons by the Board
Form PAS -4 and PAS-5 not required to be filed with MCA

No shareholders approval for NCD issue if within borrowing limit

Offer document cannot be circulated before filing of board and shareholders resolution with MCA

Return of Allotment to be filed in 15 days from allotment (as compared to 30 days earlier) and money not to be utilised until return is filed

promoters and directors shall be liable to a penalty for each day of default of filing of Return of allotment and any offer not in compliance will be deemed to be public offer

CHAPTER IV

Section 53

Harmonisation in sub-sections (1) & (2) is made (discounted price)

Issue at discount is possible for debt restructuring as per RBI Guidelines

Section 54

One year condition for sweat equity is relaxed

Section 62

Sub-section (1)(c) is providing more clarity now for section 42 also to be complied

In case of right issue mode of sending letter of offer is relaxed

CHAPTER V – DEPOSITS

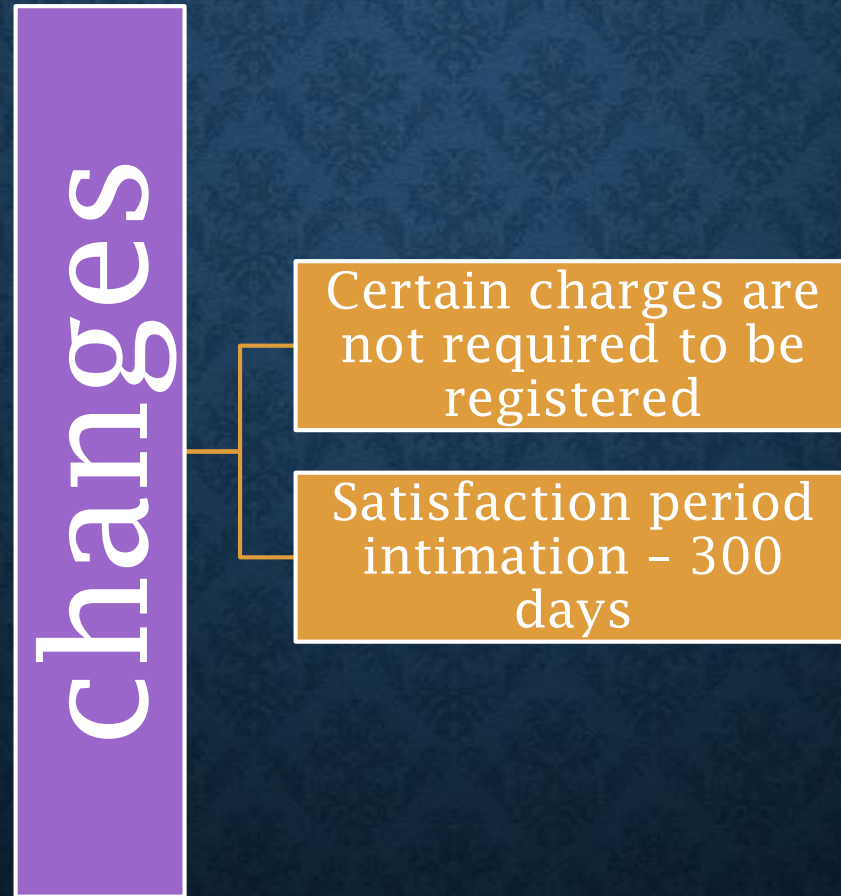
Original Provisions	Amended provision
<p>depositing such sum which shall not be less than fifteen per cent of the amount of its deposits maturing during a financial year and the financial year next following, and kept in a scheduled bank in a separate bank account to be called as deposit repayment reserve account</p> <p>Currently - 15% (FY) + 15% (NFY)= 30%</p>	<p>depositing, on or before the thirtieth day of April each year, such sum which shall not be less than twenty per cent. of the amount of its deposits maturing during the following financial year and kept in a scheduled bank in a separate bank account to be called deposit repayment reserve account</p> <p>Revised - 20% (only NFY)</p>
<p>providing such deposit insurance in such manner and to such extent as may be prescribed</p>	<p>Deposit Insurance deleted</p>
<p>certifying that the company has not committed any default in the repayment of deposits accepted either before or after the commencement of this Act or payment of interest on such deposits</p>	<p>where a default had occurred, the company made good the default and a period of five years had lapsed since the date of making good the default</p> <p>So lifetime ban is lifted</p>

CHAPTER V – SECTION 76A

Penal provisions
changed

Fine of One Crore or twice
the amount of deposit
accepted by the company,
whichever is lower;
Seven years and fine

CHAPTER VI - CHARGES



BENEFICIAL INTEREST DEFINED

beneficial interest in a share includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to

exercise or cause to be exercised any or all of the rights attached to such share;

receive or participate in any dividend or other distribution in respect of such share

NEW SECTION 90 – COMPLIANCE

Register of significant beneficial owners in a company

25% or such other percentage as may be prescribed (10%), in shares of a company or the right to exercise, or the actual exercising of significant influence or control

Return of significant beneficial owners of the company and changes therein with the Registrar

ANNUAL RETURN

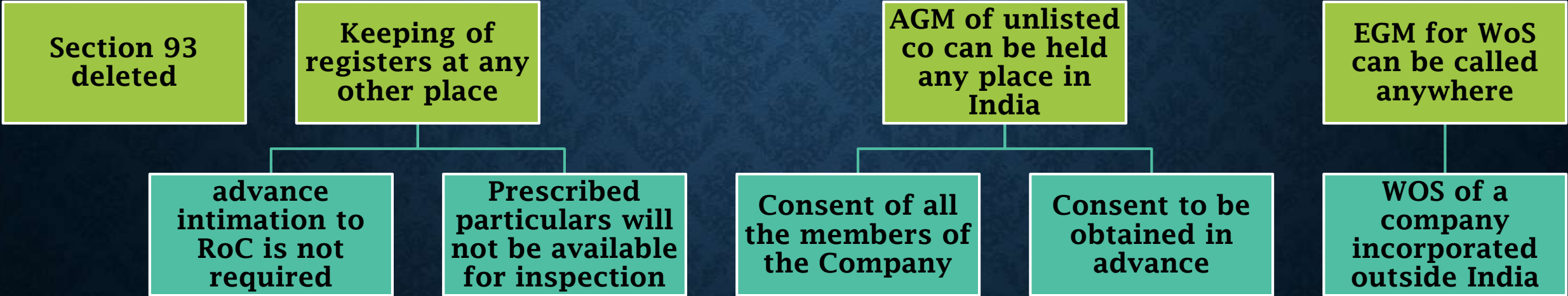
No disclosure for indebtedness and diluted disclosure for FII

Separate format of Annual Return for OPC, Small Company and Other prescribed companies

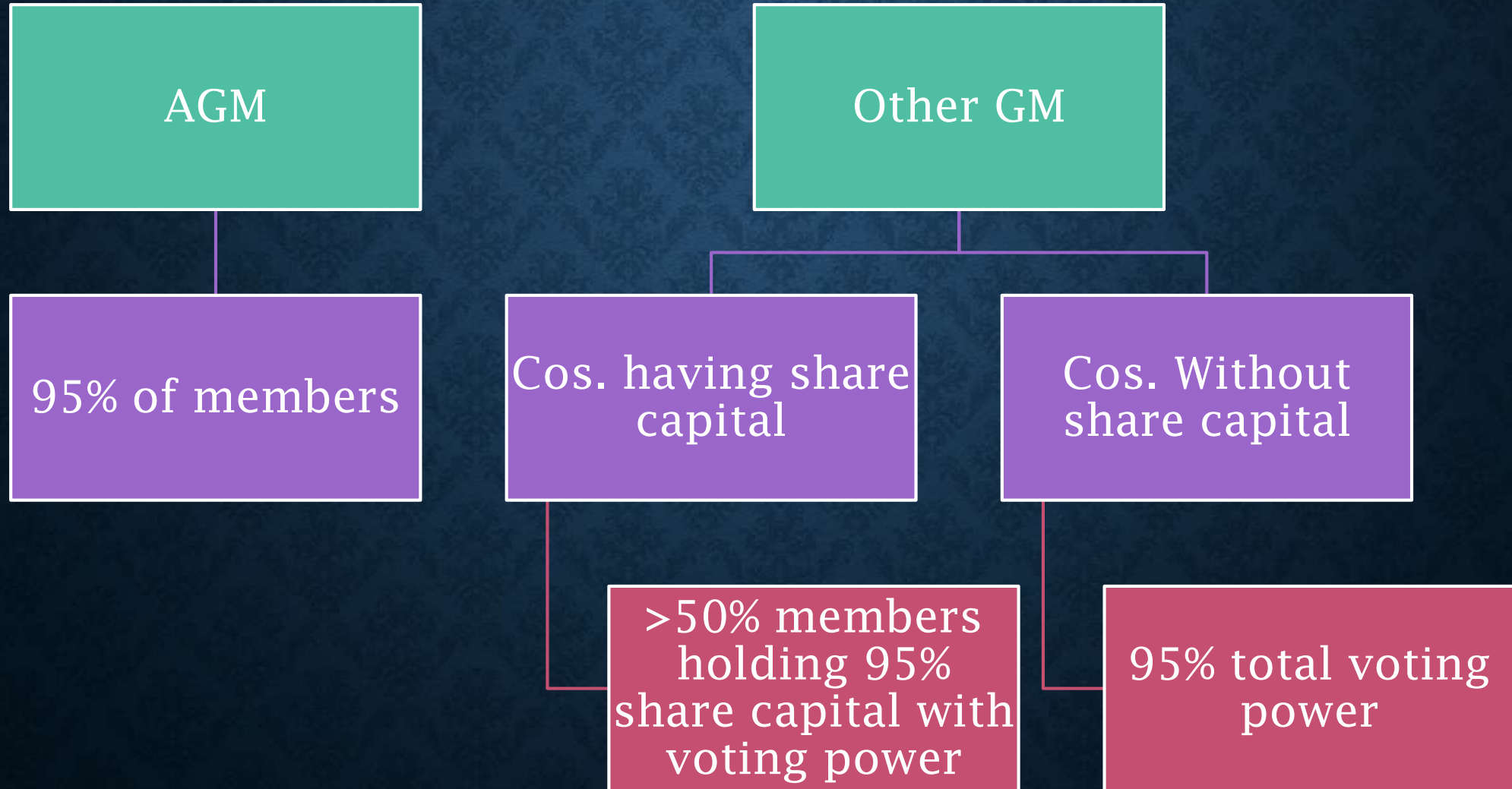
Extract in MGT-9 is to be deleted (but not yet notified)

Every company shall place a copy of the annual return on the website of the company, if any, and the web-link of such annual return shall be disclosed in the Board's report

CHAPTER VII



SHORTER NOTICE



POSTAL BALLOT

any item of business required to be transacted by means of postal ballot may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section

FILING OF MGT-14

Minimum fine is reduced from Rs 5 lac to Rs. 1 Lac

No MGT 14 for clause (e) (already covered u/s 180)

Not applicable to banking companies for loan, guarantee and securities

DIVIDEND

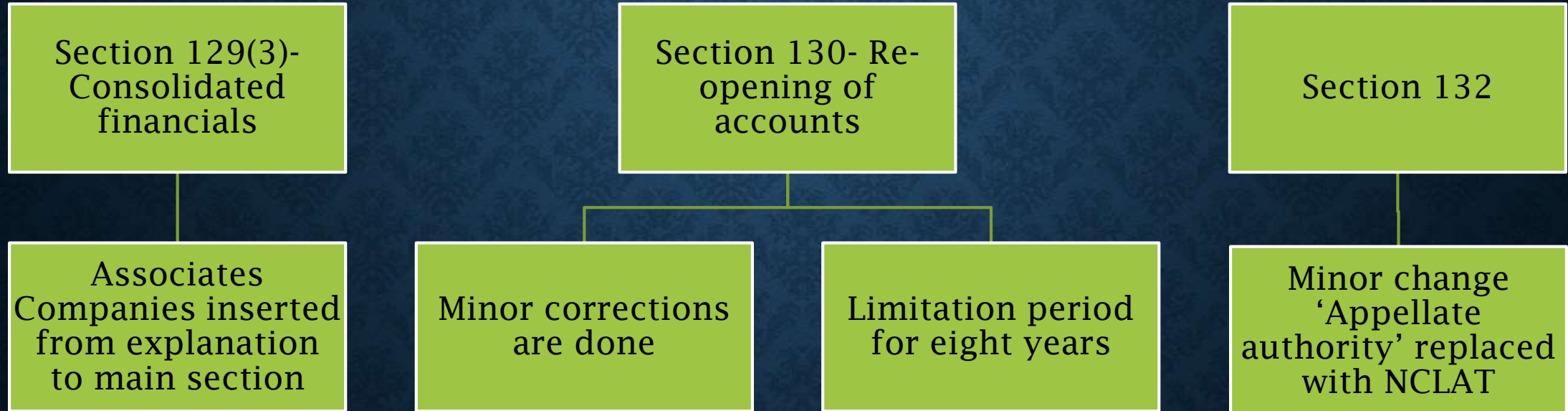
While computing profits any amount representing unrealized gains, notional gains or revaluation of assets and any changes in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair values shall be excluded

Voluntary transfer to Free Reserve

Section 123(3) 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 quarter preceding the date of declaration, including brought forward surplus in the Profit & Loss Account, and the same could be declared anytime up to holding of AGM for the said financial year

in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during immediately preceding three financial years

CHAPTER IX



SECTION 134 – BOARD’S REPORT

Signing

- By MD, if any
- By CEO (if appointed)

Extract in line with section 92

Change in disclosure for Performance Evaluation clause

Reference to financial statement for disclosure u/s 134 if made there

salient features of the policy and the web-address is indicated

CORPORATE SOCIAL RESPONSIBILITY

any financial year >>>> the immediately preceding financial year

"net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of section 198.

If company is not required to appoint an independent director, it shall have in its Corporate Social Responsibility Committee two or more such directors

formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the company as specified in Schedule VII in areas or subject, specified in Schedule VII

SECTION 136 -137

With consent of members even the financial statement can be circulated for less than 21 days time



every listed company having a subsidiary or subsidiaries shall place separate audited accounts in respect of each of subsidiary on its website, if any



If foreign company is statutorily required to prepare consolidate FS, then consolidated FS of such foreign subsidiary can be uploaded on web-site



If foreign company is not required to get its financial statement audited then unaudited FS and if not in English then translated copy also required

AUDITORS

Ratification has been dispensed with

Right to access the books of associates also given in given in section 143

IFC reporting obligations of auditor is with reference to the financial statements only

Fine of auditors for non-compliance has been reduced

In case of criminal liability of audit firm, concerned partner(s) only would be liable.

SECTION 149

Resident director for not less than 182 days

requirement in during the year and not in previous calendar year

For newly incorporated company

Calculation is to be done proportionately

Independent directors

pecuniary relationship other than

Relative

Restriction on employee

remuneration as such director

having transaction not exceeding ten per cent. of his total income or prescribed

Security interest of more than 50 lacs or 2% in last 2 preceding FY and CY

In-debtedness of more than 50 lacs

Guarantee of more than 50 lacs

Pecuniary interest - 2% or more of gross turnover or total income

CHAPTER XI

Section 153

DIN and Other Number

Section 160

Deposit of Rs. 1 Lac not needed in certain cases

Section 161

Director of the company cannot be alternate in the same company

Scope of casual vacancy is extended to other companies

CHAPTER XI

Section 164

Loop is ended

Disqualification to apply even if appeal is made

Section 165

Dormant companies to be excluded from number of directorship

Section 167

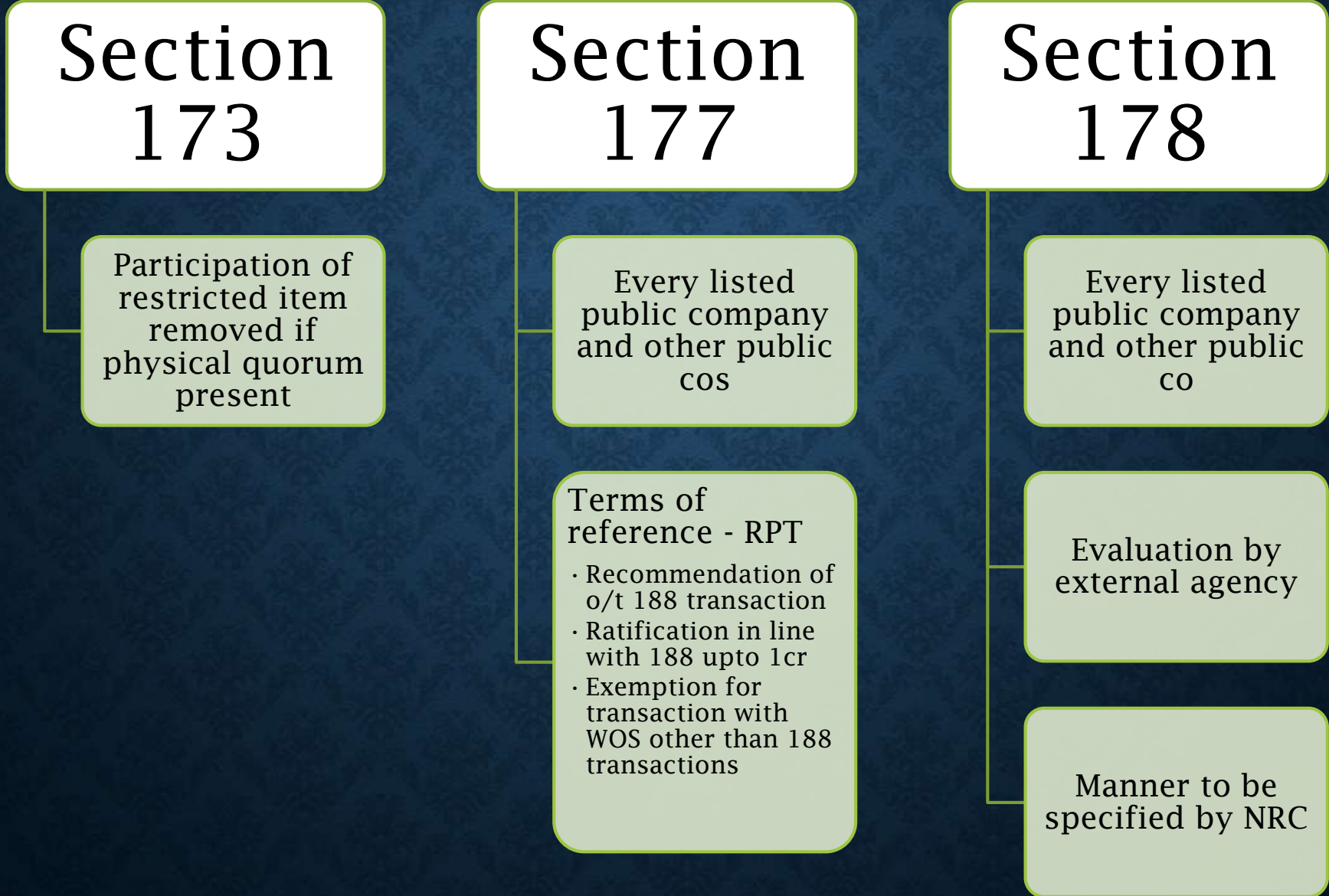
Clarity is provided in s/s1(a)

Calculation of time if appeal is filed

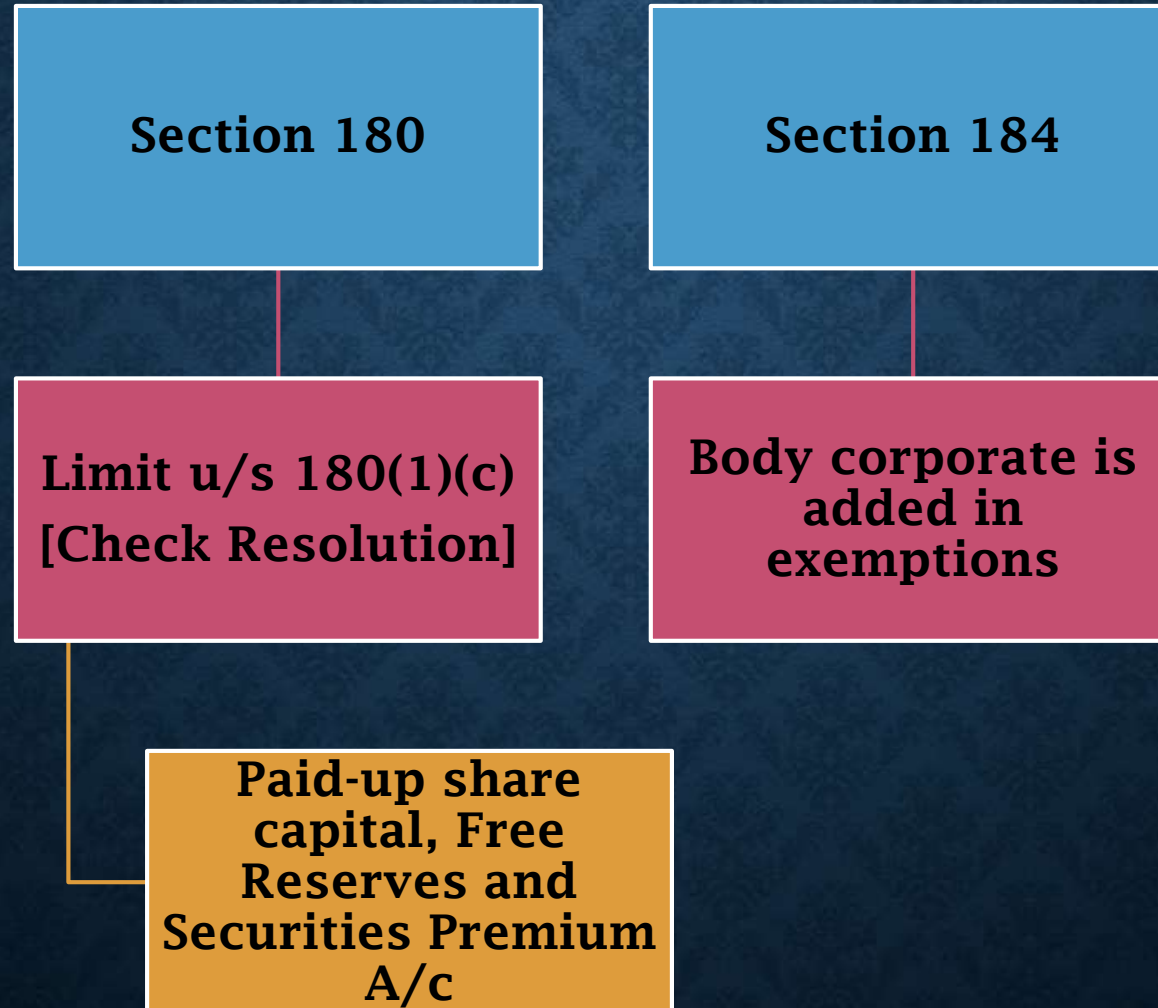
Section 168

DIR - 11 made voluntary

CHAPTER XII



CHAPTER XII



SECTION 185

Prohibited

any director, director of its holding company, any partner, Relative of such director, Firm in which Director or Relative is partner

Restricted

Person in whom director is interested

- Private Company - Director/Member
- Body Corporate - 25% voting power
- Accustomed to act

By passing special resolution, Explanatory statement and Utilisation for Principal Business Activities

Allowed

MD/WTD in certain situation, Ordinary course of business, Loan to WoS, Guarantee/Security to WoS - Principal Business Activities

WHAT CANNOT BE DONE

No company shall, directly or indirectly, advance any loan, including any loan represented by a book debt to, or give any guarantee or provide any security in connection with any loan taken by, —

(a) any director of company, or of a company which is its holding company or any partner or relative of any such director; or

(b) any firm in which any such director or relative is a partner.

WHAT CAN BE DONE WITH RIDER

A company may advance any loan including any loan represented by a book debt, or give any guarantee or provide any security in connection with any loan taken by **any person in whom any of the director of the company is interested**, subject to the condition that—

(a) a special resolution is passed by the company in general meeting:

Provided that the explanatory statement to the notice for the relevant general meeting shall disclose the full particulars of the loans given, or guarantee given or security provided and the purpose for which the loan or guarantee or security is proposed to be utilised by the recipient of the loan or guarantee or security and any other relevant fact; and

(b) the loans are utilised by the borrowing company for its principal business activities.

ANY PERSON IN WHOM ANY OF THE DIRECTOR OF THE COMPANY IS INTERESTED

- (a) any private company of which any such director is a director or member;
- (b) any body corporate at a general meeting of which not less than twenty-five per cent. of the total voting power may be exercised or controlled by any such director, or by two or more such directors, together; or
- (c) any body corporate, the Board of directors, managing director or manager, whereof is accustomed to act in accordance with the directions or instructions of the Board, or of any director or directors, of the lending company.

WHAT CAN BE DONE FREELY

(a) the giving of any loan to a managing or whole-time director—

(i) as a part of the conditions of service extended by the company to all its employees; or

(ii) pursuant to any scheme approved by the members by a special resolution; or

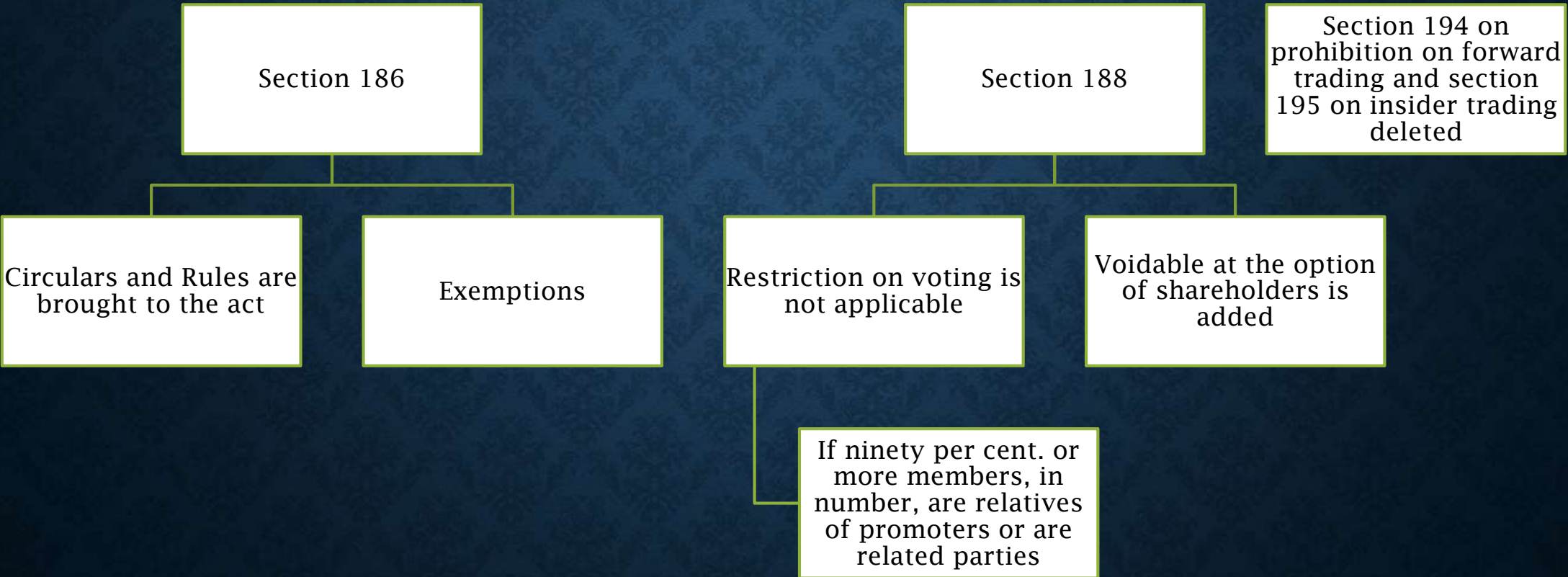
(b) a company which in the ordinary course of **its** business provides loans or gives guarantees or securities for the due repayment of any loan and in respect of such loans an interest is charged at a rate not less than the rate of prevailing yield of one year, three year, five year or ten year Government security closest to the tenor of the loan; or

(c) any loan made by a holding company to its wholly owned subsidiary company or any guarantee given or security provided by a holding company in respect of any loan made to its wholly owned subsidiary company; or

(d) any guarantee given or security provided by a holding company in respect of loan made by any bank or financial institution to its subsidiary company:

Provided that the loans made under clauses (c) and (d) are utilised by the subsidiary company for its principal business activities.

CHAPTER XII



SECITON 186

- Explanation is added to exclude the employees: -
 - For the purposes of this sub-section, the word "person" does not include any individual who is in the employment of the company.
- Sub-section (3) is amended to cover the existing loans, etc.
 - Where the aggregate of the loans and investment so far made, the amount for which guarantee or security so far provided to or in all other bodies corporate along with the investment, loan, guarantee or security proposed to be made or given by the Board, exceed the limits specified under sub-section (2).....
- Further it is added in sub-section that where a loan or guarantee is given or where a security has been provided by a company to its wholly owned subsidiary company or a joint venture company, or acquisition is made by a holding company, by way of subscription, purchase or otherwise of, the securities of its wholly owned subsidiary company, the requirement of this sub-section shall not apply: **Provided further that the company shall disclose the details of such loans or guarantee or security or acquisition in the financial statement.**

SECITON 186

- No loan shall be given at **a rate of interest** lower than prevailing yield on 1 year, 3 year, 5 year or 10 year Govt. Security closest to the tenor of the loan.
- The company shall disclose to the members in the financial statement the **full particulars** of the loans given, investment made or guarantee given or security provided and the **purpose** for which the loan or guarantee or security is **proposed to be utilized by the recipient** of the loan or guarantee or security.

MAJOR AMENDMENT IN EXEMPTIONS

Old	New
to a loan made, guarantee given or security provided by a banking company or an insurance company or a housing finance company in the ordinary course of its business or a company engaged in the business of financing of companies or of providing infrastructural facilities	to any loan made, any guarantee given or any security provided <u>or any investment made</u> by a banking company, or an insurance company, or a housing finance company in the ordinary course of its business, or a company established with the object of and engaged in the business of financing industrial enterprises, or of providing infrastructural facilities
to any acquisition — (i) made by a non-banking financial company registered under Chapter IIIB of the Reserve Bank of India Act, 1934 (2 of 1934) and whose principal business is acquisition of securities: Provided that exemption to non-banking financial company shall be in respect of its investment and lending activities; (ii) made by a company whose principal business is the acquisition of securities; (iii) of shares allotted in pursuance of clause (a) of sub-section (1) of section 62.	to any investment— (i) made by an investment company; (ii) made in shares allotted in pursuance of clause (a) of sub-section (1) of section 62 or in shares allotted in pursuance of rights issues made by a body corporate; (iii) made, in respect of investment or lending activities, by a non-banking financial company registered under Chapter III-B of the Reserve Bank of India Act, 1934 and whose principal business is acquisition of securities

EXPLANATION IS AMENDED

- the expression “investment company” means a company whose principal business is the acquisition of shares, debentures or other securities
- a company will be **deemed** to be principally engaged in the business of acquisition of shares, debentures or other securities,
 - if its assets in the form of investment in shares, debentures or other securities constitute not less than fifty per cent. of its total assets, **or**
 - if its income derived from investment business constitutes not less than fifty per cent. as a proportion of its gross income.
- **Impact:**
 - a company shall unless otherwise prescribed, make investment through not more than two layers of investment companies [section186(1)]
 - **Should also not have not more than 2 layers of Subsidiaries except one layer of WOS**

MAJOR CHALLENGE STILL EXIST

- If a company contravenes the provisions of this section, the company shall be punishable with **fine** which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to two years **and** with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees.
- Making section 186 is non-compoundable in totality.
- Section 441 as amended: - Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), any offence punishable under this Act (whether committed by a company or any officer thereof) **not being an offence punishable with imprisonment only, or punishable with imprisonment and also with fine** may, either before or after the institution of any prosecution, be compounded by.....!

RELATED PARTY TRANSACTIONS

- ToR for Audit Committee: approval or any subsequent modification of transactions of the company with related parties;
- It is mandatory for Audit Committee **to make recommendation** (for other than 188 transaction) if not approving the RPT; Impact on Disclosure in Board's Report
- RPT upto Rs. One Crore if entered into by a director or officer of the company without obtaining the approval of the Audit Committee and it is not ratified by the Audit Committee within three months from the date of the transaction, such transaction shall be voidable at the option of the Audit Committee and if the transaction is with the related party to any director or is authorised by any other director, the director concerned shall indemnify the company against any loss incurred by it;
- the provisions of this clause shall not apply to a transaction, other than a transaction referred to in section 188, **between a holding company and its wholly owned subsidiary company;**

RELATED PARTY TRANSACTIONS

Section 188: -

- nothing contained in the second proviso shall apply to a company in which ninety per cent. or more members, in number, are relatives of promoters or are related parties (voting by related parties);
- This is a relief specifically in those cases where all the parties to the transactions are the related parties and also shareholders;

CHAPTER XIII- MANAGERIAL REMUNERATION

Section 196

- Age restriction - if SR is not passed - OR+CG approval
- S/s (4) approval of CG only if Part I Schedule V is not met

Section 197

- CG approval is not required in any case except Part I Schedule V
- Consent - if default and if no consent - appointment cannot be made
- Time limit for excess refund - two years
- Auditor to report on remuneration

Transitional provisions- existing application shall abate and compliance with revised framework within 1 year

CHAPTER XIII- MANAGERIAL REMUNERATION SECTION 197(16)

Auditor to report: whether the remuneration paid by the company to its directors is in accordance with the provisions of this section, whether remuneration paid to any director is in excess of the limit laid down under this section and give such other details as may be prescribed.

Applicable for FY 2018-19 onwards
Other details are yet to be prescribed

AMENDMENT IN SECTION 198

- Profit calculated u/s 198 of the Act, is used for CSR provisions and for computation of Managerial Remuneration u/s 197 of the Act.
- To arrive at the profit of the Company which is purely in the course of business and thereby eliminating the extra ordinary items
- By adjustment of entries which are not of routine nature / not incurred in the course of routine business activities of the Company

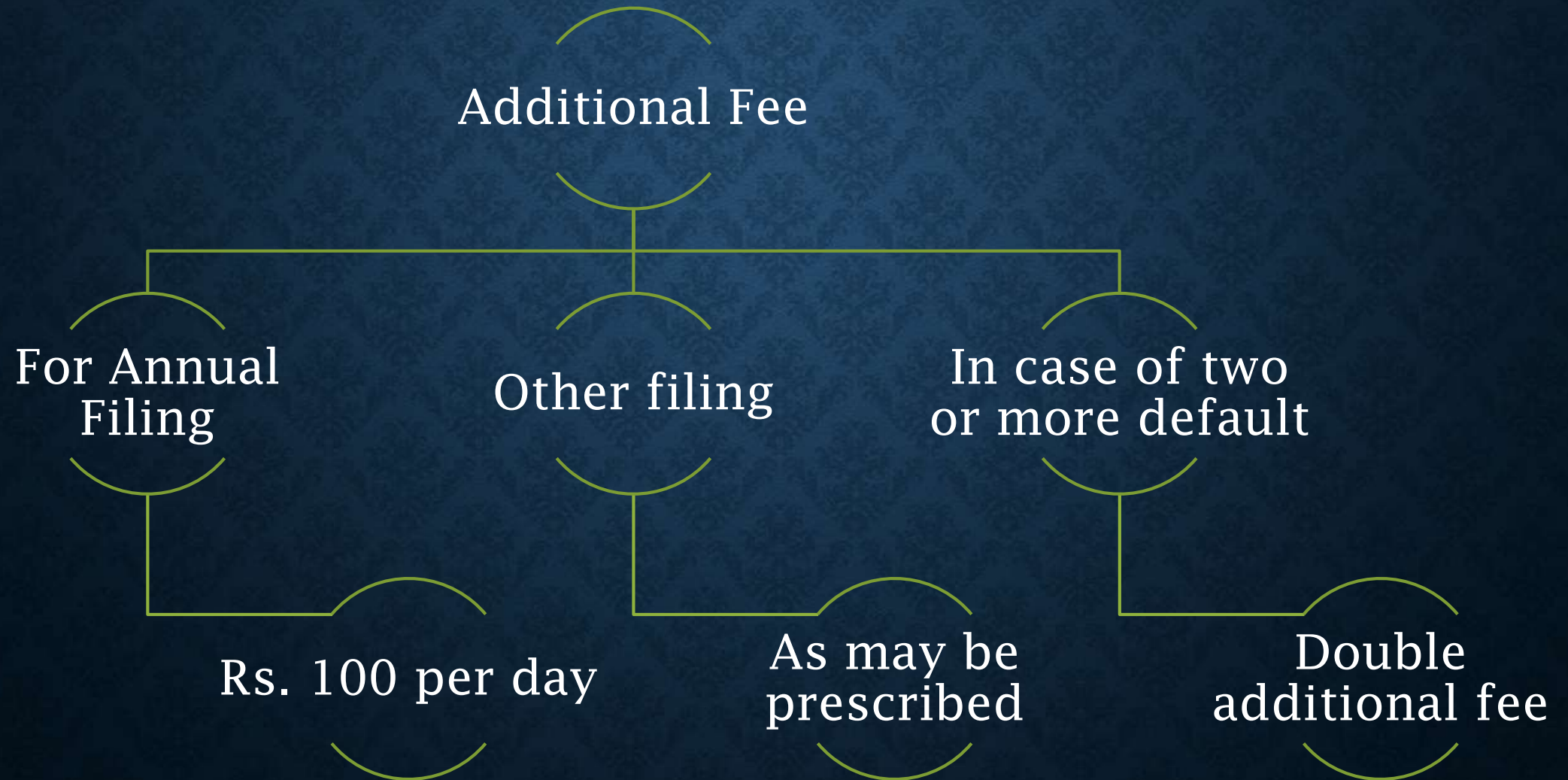
AMENDMENT IN SECTION 198

Changes brought in by Companies (Amendment) Act, 2017

Credit shall not be given while calculating profit for following items:

- Profits, by way of premium on shares or debentures of the company, which are issued or sold by the company, unless the company is an investment company as referred to in clause (a) of the explanation to section 186.
- any amount representing unrealised gains, notional gains or revaluation of assets

AMENDMENT TO SECTION 403



AMENDMENT TO SECTION 403

Additional 270 days time not available for filing of FS/ Annual Return

Applicable for filing of current year FS/AR as well as for prior years

Under the old provisions, Companies and its officers in default were not subject to penalty or punishment for delay filing upto 270 days delay but now even for 1 day of delay beyond 30 for FS/60 days for AR, in addition to fee and additional fee would also be liable for penalty or punishment provided under the Act for such failure or default.

PENALTY FOR DELAY IN FILING OF FINANCIAL STATEMENTS

Section 137 (3)

- If a company fails to file the copy of the financial statements, before the expiry of the period specified, the company shall be punishable with fine of one thousand rupees for every day during which the failure continues but which shall not be more than ten lakh rupees, and the managing director and the Chief Financial Officer of the company, if any, and, in the absence of the managing director and the Chief Financial Officer, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, and, in the absence of any such director, all the directors of the company, shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both.

PENALTY FOR DELAY IN FILING OF ANNUAL RETURN

Section - 92 (5)

- If a company fails to file its annual return under sub-section (4), before the expiry of the period specified therein, the company shall be punishable with **fine which shall not be less than fifty thousand rupees** but which may extend to five lakhs rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

CONSEQUENCES OF DELAY FILING ON PRIVATE COMPANIES

The various exemptions given to Private Companies vide June 5, 2015 and June 13, 2017 is subject to such Private Company not committed any default in filing of its financial statement or Annual Return.

If default is committed then such exemptions would stand withdrawn from that date.

CONSEQUENCES OF DELAY FILING ON PRIVATE COMPANIES

Key exemptions of June 5, 2015 and June 13, 2017 which would stand withdrawn:

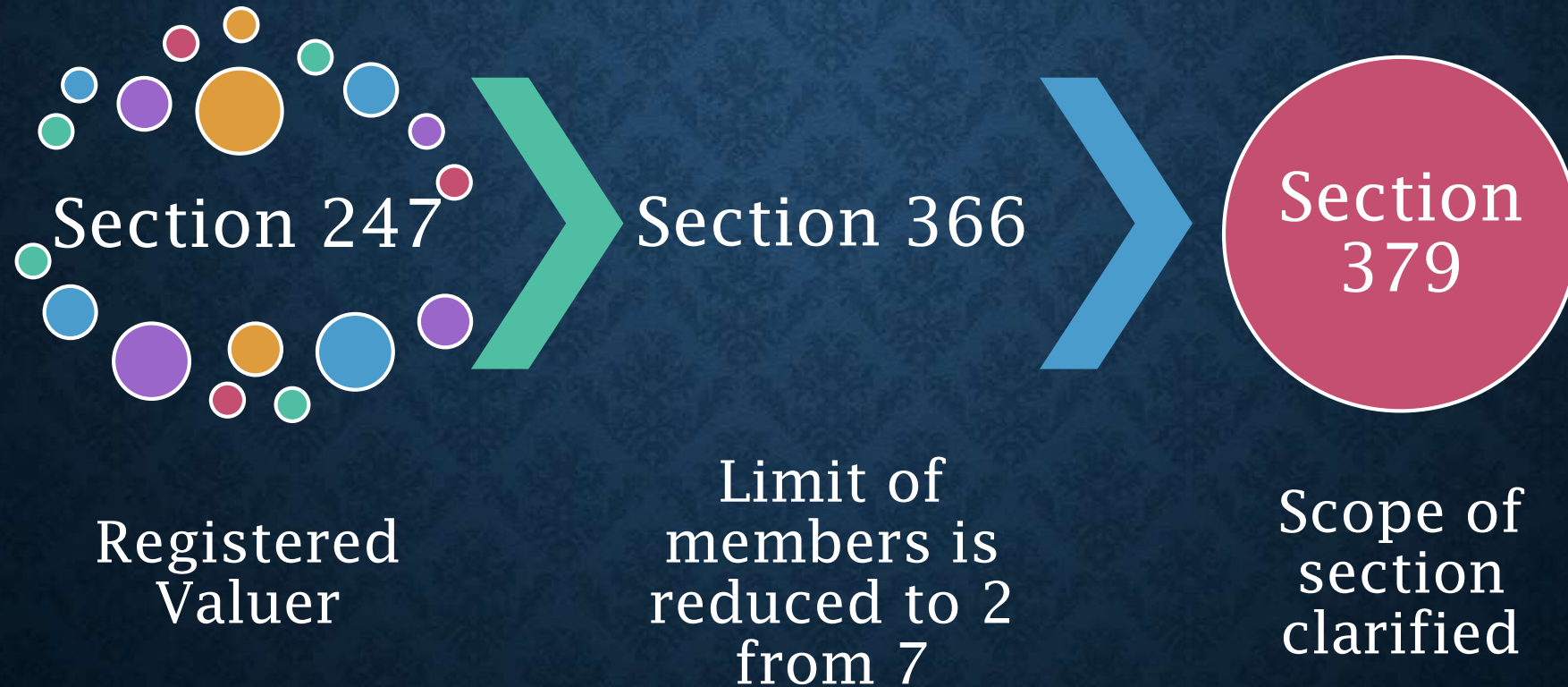
- Holding co/ subsidiary co/ fellow subsidiary not considered as related party
- Section 43 (kind of share capital) and 47 (issue of shares with diff voting rights) do not apply
- Section 101 to 107 and 109 (Poll) relating to provisions of general meeting
- Filing of MGT-14 with MCA for various Board resolutions u/s 117(3)(g)
- Exemption limit of 20 companies for appointment as statutory auditor 141(3)(g)

CONSEQUENCES OF DELAY FILING ON PRIVATE COMPANIES

Key exemptions of June 5, 2015 and June 13, 2017 which would stand withdrawn:

- Requirement of taking shareholders approval for borrowing limit, sell or lease of undertaking of the Company etc u/s 180
- Exemption that Interest director can participate in Board meeting
- Exemption under section 185 for loan to Directors/ related parties
- Exemptions from provisions relating to appointment of Managerial personnel

OTHER IMPORTANT CHANGES



OTHER IMPORTANT CHANGES

Special Court for less than two years offences

Compounding made relaxed

Criterion for imposing fine

Lesser punishment for OPC and small companies

Annual Compliances



Annual Compliances



Annual General Meeting



It is mandatory on every company to hold an annual general meeting in every calendar year.



A newly incorporated Company is required to hold its First Annual General Meeting within a period of nine months from the date of closing of the first financial year of the company and subsequent meeting within six months

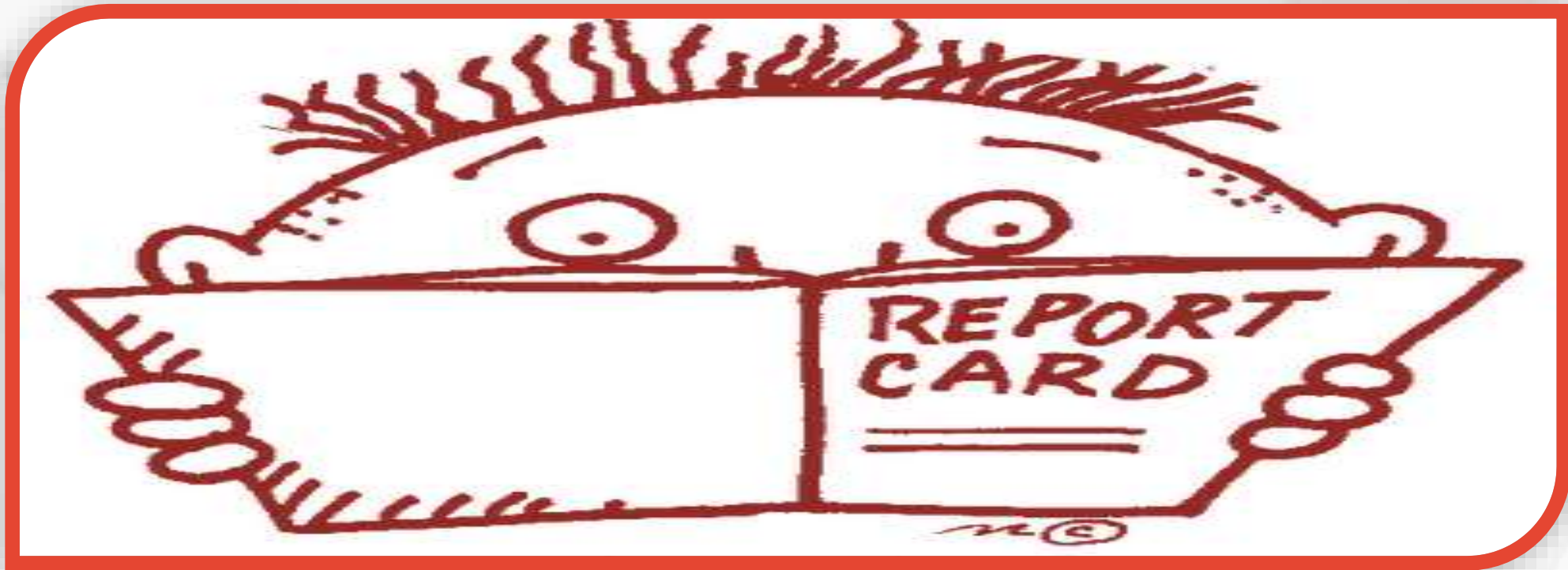


If a company holds its first annual general meeting as aforesaid, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation

Approval of Draft Board's Report



Board's Report shall be attached to the financial statement laid before the company in general meeting



Corporate Social Responsibility



Approval of Annual Report on Corporate Social Responsibility to be enclosed with Board's Report



Approval of Annual Budget of Corporate Social Responsibility and other matters like modalities, etc.

Corporate
Social
Responsibility



Various Other Matters



Annual Performance Evaluation of the Board



Meeting of Independent Director



Review of Related Parties, Approval of Omnibus RPT etc.



Filing of Various Forms like AOC-4, MGT-7, MGT-8, MGT-14, MGT-15



Annual Listing Fee and Annual Custodial fees to NSDL/CDSL



Secretarial Audit MR-3



Updating website



Review of criterion based provisions every year

A presentation by:
CS Anshu Agarwal & CS Anshul Jain
Company Secretary

Thank you



anshu



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