



IAS PARLIAMENT

Information is Empowering

A Shankar IAS Academy Initiative

Companies Amendment Bill

Why in news?

\n\n

The Ministry of Corporate Affairs is making amendments to Companies (Amendment) Bill, 2016 based on standing committee report before taking up for consideration in the Parliament.

\n\n

What are the highlights of the bill?

\n\n

\n

- The Bill amends the Companies Act, 2013 in relation to structuring, disclosure and compliance requirements for companies.

\n

\n\n

\n

- The 2013 Act limits the number of intermediary companies through which investments can be made in a company. It also limits the number of layers of subsidiaries a company can have. The current bill removes these limits.

\n

- This is in line with the Companies Law Committee's (CLC) recommendations which noted that imposing such limits would affect the company's structuring and ability to raise funds.

\n

\n\n

\n

- The Bill also requires a group of persons who exercise beneficial control (above 25%) in a company to disclose such interest.

\n

\n\n

\n

- The Act requires a separate offer letter to be issued to individuals to whom a private offer of shares has been made. The Bill removes the requirement of such an offer letter.

\n

\n\n

\n

- The Act permits the appointment of members at the level of Joint Secretary to the quasi-judicial tribunal. The Bill mandates that a technical member must be at least of the level of an Additional Secretary. These provisions are in line with a 2015 Supreme Court judgment.

\n

\n\n

\n

- However some CLC recommendations like residence requirements for directors; and compliance requirements for dormant companies were included.

\n

\n\n

\n



IAS PARLIAMENT
Information is Empowering
A Shankar IAS Academy Initiative