

Private Companies in India may get certain exemptions under Companies Act 2013

Ministry of Corporate Affairs (MCA) has placed a draft before both the Houses of Parliament to provide certain privileges and exemptions to private companies under Companies Act 2013 ("Act"). MCA's Draft seeks the following exemptions for private companies:

- Section 43 and Section 47 of the Act which are about 'Kinds of Share Capital' and 'Voting Rights' respectively shall not apply to private companies.

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Clarifications regarding Corporate Social Responsibility

Various stockholders have raised questions and sought clarifications on Corporate Social Responsibility (CSR) related provisions under Companies Act 2013 ("Act"), namely Section 135, Schedule VII ("Schedule") and Companies (Corporate Social Responsibility Policy) Rules, 2014 ("Rules"). Ministry of Corporate Affairs (MCA) vide a circular has issued the following clarifications:

- The statutory provision and Rules are to ensure that while activities undertaken in pursuance of the CSR policy must be relatable to Schedule, the entries in the Schedule must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the amended Schedule, are broad-based and are intended to cover a wide range of activities as illustratively mentioned hereunder (Illustrations)

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MCA's clarifications regarding Incorporation of Company and Resident Director

Recently Ministry of Corporate Affairs has issued some important clarifications regarding (a) status of subsidiaries incorporated/ to be incorporate by companies incorporated outside India; and (b) requirement of resident director.

On the queries regarding the status of subsidiaries incorporated/ to be incorporate by companies incorporated outside India MCA has examined related provisions

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under Companies Act 2013 and clarified that there is no bar under Companies Act 2013 for companies incorporated outside India to incorporate a subsidiary as a public company or private company. Also, an existing company, being a subsidiary of a company incorporated outside India, registered under the Companies Act, 1956, either as private company or a public company by virtue of section 4(7) of that Act, will continue as a private company or public company as the case may be, without any change in the incorporation status of such company. [Read more](#)

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