

News Alert

May 29, 2015

MCA UPDATE



The Companies (Amendment) Act, 2015 has been notified in official gazette on May 26, 2015.

Highlights of Companies (Amendment) Act, 2015 are as follows:

1. Requirement of minimum paid up share capital i.e. in case of private companies INR 1 Lac and in case of public companies INR 5 Lacs has been omitted;
2. Requirement of filing of declaration by a company before commencement of business as provided in section 11 of the Companies Act, 2013 (CA 2013) has been omitted;
3. The provisions with regard to common seal has been made optional;
4. Specific punishment for violation of provision regarding acceptance/invitation of deposits has been stipulated by inserting section 76A to the CA 2013. As per the said section, minimum penalty is INR 1 Crore and maximum penalty is INR 10 Crore;
5. Public inspection of board resolutions filed with the Registrar of Companies is now prohibited;
6. Dividend not to be given unless previous year losses or depreciation are set off from current year profits;
7. Rectification made under section 124(6) of the CA 2013, transfer of shares to the Investor Education Protection Fund would be in case where the dividend remains unpaid or unclaimed for a continuous period of seven years;
8. Auditor to report fraud/ offence involving prescribed amount to the Central Government. If the amount is below the prescribed limit, reporting is to be done to the audit committee/ Board and disclosure is also required to be made in Board Report;
9. Concept of omnibus approval for Related Party Transactions by audit committee inserted in section 177 of the CA 2013;
10. Exemption given under rules of section 185 of the CA 2013 regarding giving loans to wholly owned subsidiary and subsidiaries has been incorporated in the section itself;
11. Only ordinary resolution will be required for related party transactions under section 188 of the CA 2013;
12. No shareholder approval required in case of related party transactions between holding companies and wholly owned subsidiaries if accounts of subsidiary companies are consolidated with holding companies;
13. Bail restrictions to be applied only for offences relating to frauds under section 447 of the CA 2013;
14. Winding up cases to be heard by 2 members Bench instead of 3 Members Bench;
15. Under section 436 of the CA 2013, Special Courts to try only offence carrying imprisonments of 2 years or more; and
16. Rationalizing the procedure for laying draft notification before each House of Parliament (while in session) granting exemption to various classes of companies.

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