



The Companies (Amendment) Bill, 2014

The Hon'ble members of Rajya Sabha have passed the Companies (Amendment) Bill, 2014 on 13th May, 2015. The said bill was earlier passed by the Hon'ble members of Lok Sabha on 17th December, 2014. Some of the key highlights of this amendment bill are herein below:

1. Omitting requirement for minimum paid up share capital, and consequential changes (For ease of doing business);
2. Making common seal optional, and consequential changes for authorization for execution of documents (For ease of doing business);
3. Insertion of new section 76A specifying penalty from Rs. 1 Crore to Rs. 10 Crore and rigorous punishment (imprisonment/fine/both) for contravention of provisions of Public Deposit norms under the Act;
4. Prohibition of public inspection of Board resolutions filed in the Registry;
5. Provisions for writing off past losses/depreciation before declaring dividend for the year;
6. In case any dividend is paid or claimed for any year during the period of seven consecutive years, the share shall not be transferred to Investor Education and Protection Fund;
7. To amend sub-section (3) of section 134 and sub-section (12) of section 143 of the said Act to incorporate enabling provisions to prescribe thresholds beyond which fraud shall be reported to the Central Government (below the

threshold, it will be reported to the Audit Committee). Disclosures for the latter category also to be made in the Board's Report;

8. Empowering Audit Committee to give omnibus approvals for related party transactions on annual basis;
9. Exemption u/s 185 (Loans to Directors) provided for loans to wholly owned subsidiaries and guarantees/securities on loans taken from banks by subsidiaries. (This was provided under the Rules but being included in the Act as a matter of abundant caution);
10. Replacing 'special resolution' with 'resolution' for approval of related party transactions by non-related shareholders;
11. Exemption to related party transactions between holding companies and wholly owned subsidiaries (WOS) from the requirement of approval of non-related shareholders;

We at **RNM** have an expert dedicated team of Chartered Accountants & Company Secretaries which offer advisory services and give effect to the various changes, amendments required in the Articles of Association and maintenance of Fixed Assets Register (FAR) pursuant to the Companies Act 2013.