

COMPANIES ORDINANCE 2018

The Union Cabinet has approved an Ordinance to amend the Companies Act, 2013. Now, the Ordinance shall be sent for the Presidential Assent. The amendments are largely in line with recommendations of a panel headed by Corporate Affairs Secretary Injeti Srinivas.

A government-appointed panel suggested various changes to the Act, including restructuring of corporate offences under the Company law (around 80 offences) and an in-house adjudication mechanism to ensure that NCLT and Special Court get more time to deal with serious violations.

Details about the proposed amendments could not be immediately ascertained. Indications are that the ordinance may cover following provisions

1.	Financial Year [Sec.2(41)]	Change in Financial Year- Powers shall be transferred to the Regional Director
2.	Commencement of business [Sec.11]	Reintroducing the concept of the Commencement of business and certificate thereon
3.	Registered office [Sec.12]	Non-maintenance of Registered office will be a ground for striking of Registered office of the Company.
4.	Conversion of public co to private co. [Sec.14]	Conversion of Public Co. to Private Co. can be done with the approval of Central Government who can delegate it to ROC/RD. The nod of NCLT shall be required only in case of bigger companies.
5.	Reporting of Exempted deposits [Sec. 73 to 76 & Deposit Rules]	An e-form to be introduced for reporting transactions of acceptance of exempted deposits.
6.	Timeline of Charge [Sec. 77, 78 & 87]	<ul style="list-style-type: none"> ▪ Maximum time period for registration/modification of charges to be 30 days + additional 30 days. ▪ Further condonation to be done in 60 days. ▪ After total of 120 days Charge Cannot be Registered.
7.	Independent directors [Sec.149(6)]	<ul style="list-style-type: none"> ▪ Provide for Cap on Independent Director's remuneration ▪ Steps to improve the independence of the Independent directors
8.	Ceiling of directorship [Sec.165]	Breach in Maximum no of Directorships to be a Ground for Disqualification.
9.	Striking off the name of the company [Sec. 248]	Non-obtaining of Certificate of Commencement of Business and Non maintenance of Registered Office to be a Ground for Striking off by ROC.
10	Compounding of Offence [Sec. 441]	<ul style="list-style-type: none"> ▪ Compounding Threshold for going to NCLT to be revised to 25 lakhs from 5 lakh. ▪ Prior permission of Special Court not required for Compounding of offences punishable with imprisonment or fine or with both by NCLT. ▪ Minimum Compounding fee shall be as minimum fine mentioned in the section.