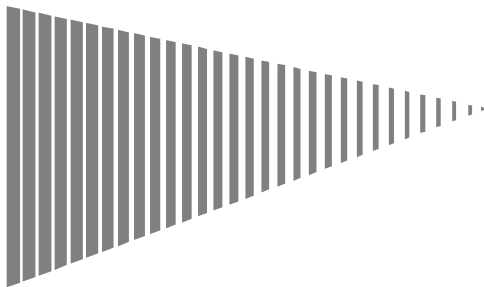


# **Companies (Amendment) Act, 2015**

## **Exemptions to Private Companies**



Building a better  
working world

# Contents

---

## 1. Key Words

## 2. Introduction

## 3. Key Amendments

- Minimum paid up share capital
- Commencement of business
- Related Party Transactions
- Exemptions from ambit of Section 185 – Loans to directors
- Disclosure of details related to frauds in Board's report
- Auditor to report of fraud committed by the Company
- Non- availability of certain resolution filed for inspection
- Punishment for contravention with provisions of deposits
- Declaration of dividend
- Common Seal

## 4. Exemptions

- Capital Instruments and Voting Rights
- Rights issue
- Matters relating to General Meetings
- Restrictions on power of the Board
- Loan to Directors
- Related Party Transactions
- Appointment and remuneration of MD, WTD and Manager
- Issue of ESOP
- Restriction on giving loan by company for purchase of its shares
- Acceptance of deposits from members
- Filing of resolutions
- Auditors' Eligibility
- Candidature of non-retiring director for directorship
- Interested director participation in Board Meeting
- Appointment of more than one director in a single resolution

# Key Words

---

Act	Companies Act, 2013
Amendment Act	Companies (Amendment) Act, 2015
AOA	Articles of Association
Auditor	Statutory Auditor
Board	Board of Directors
ESOP	Employees' Stock Option Plan
FDI	Foreign Direct Investment
MCA	Ministry of Corporate Affairs
MOA	Memorandum of Association
MD	Managing Director
ROC	Registrar of Companies
RPT	Related Party Transactions
RD	Regional Director
WTD	Whole-time Director

# Introduction

---

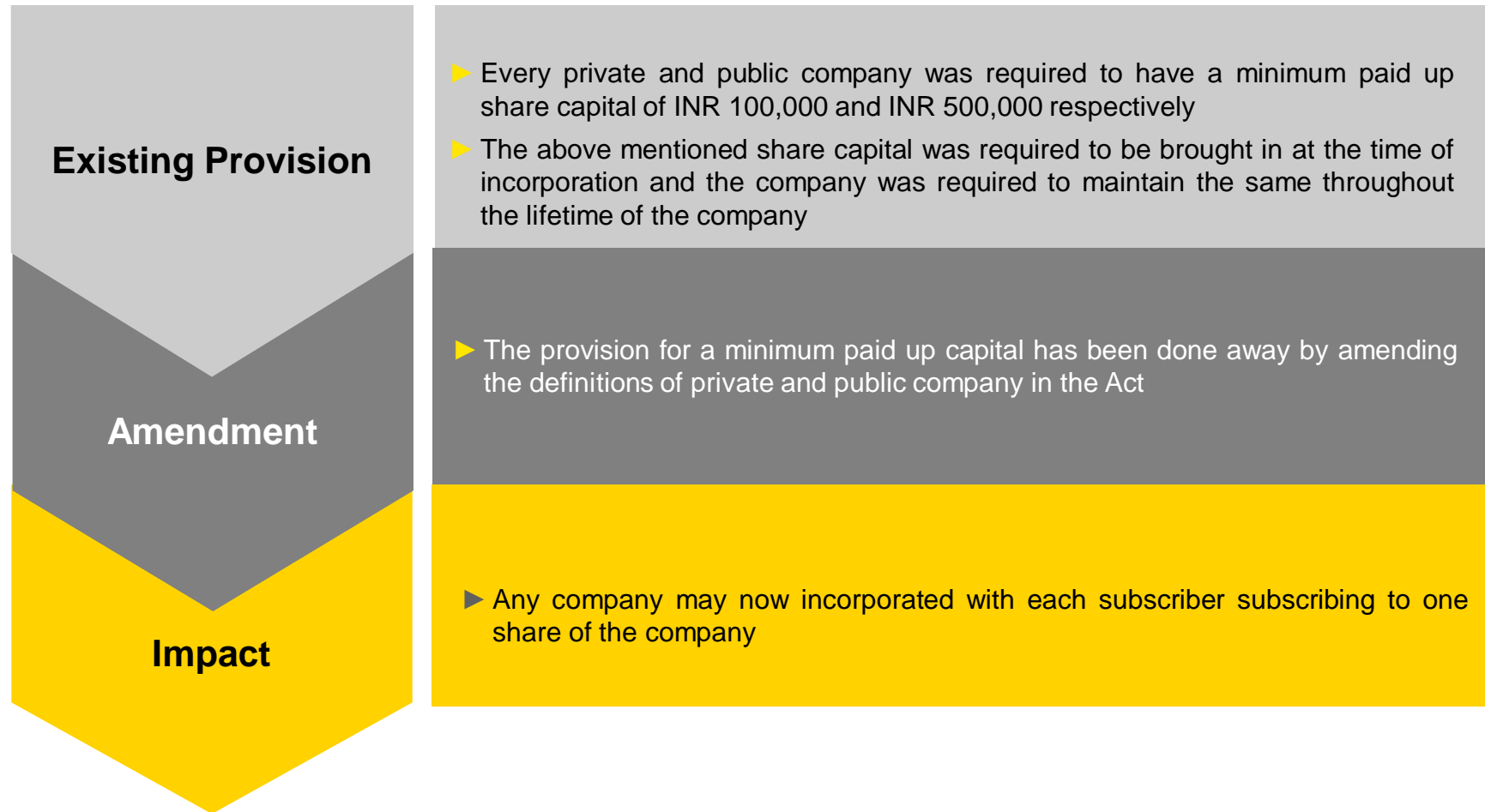
- ▶ Companies Act, 2013 and the rules notified thereunder, intended to revamp the corporate law regulations from the Companies, 1956, had blurred the distinction between private companies (not being subsidiary of public company) and public companies making them almost at par with in several respects.
- ▶ Under the Companies Act, 1956 private companies (not being subsidiary of public company) which were enjoying several privileges and concessions as compared to public companies, were subject to onerous provisions creating interpretational and implementing issues, resulting in hassles for smoother business administration
- ▶ Pursuant to various representations by the stakeholders and with a focus to ease the restrictions and promote business, the Central Government (Ministry of Corporate Affairs) has suitably amended certain provisions of the Act vide the Companies (Amendment) Act, 2015 effective from 29 May 2015 and thereafter notified exemptions to the private sector entities effective from 5 June 2015
- ▶ The slide deck summarizes the overview of the key amendments introduced and exemptions provided for the private limited companies

# Key Amendments



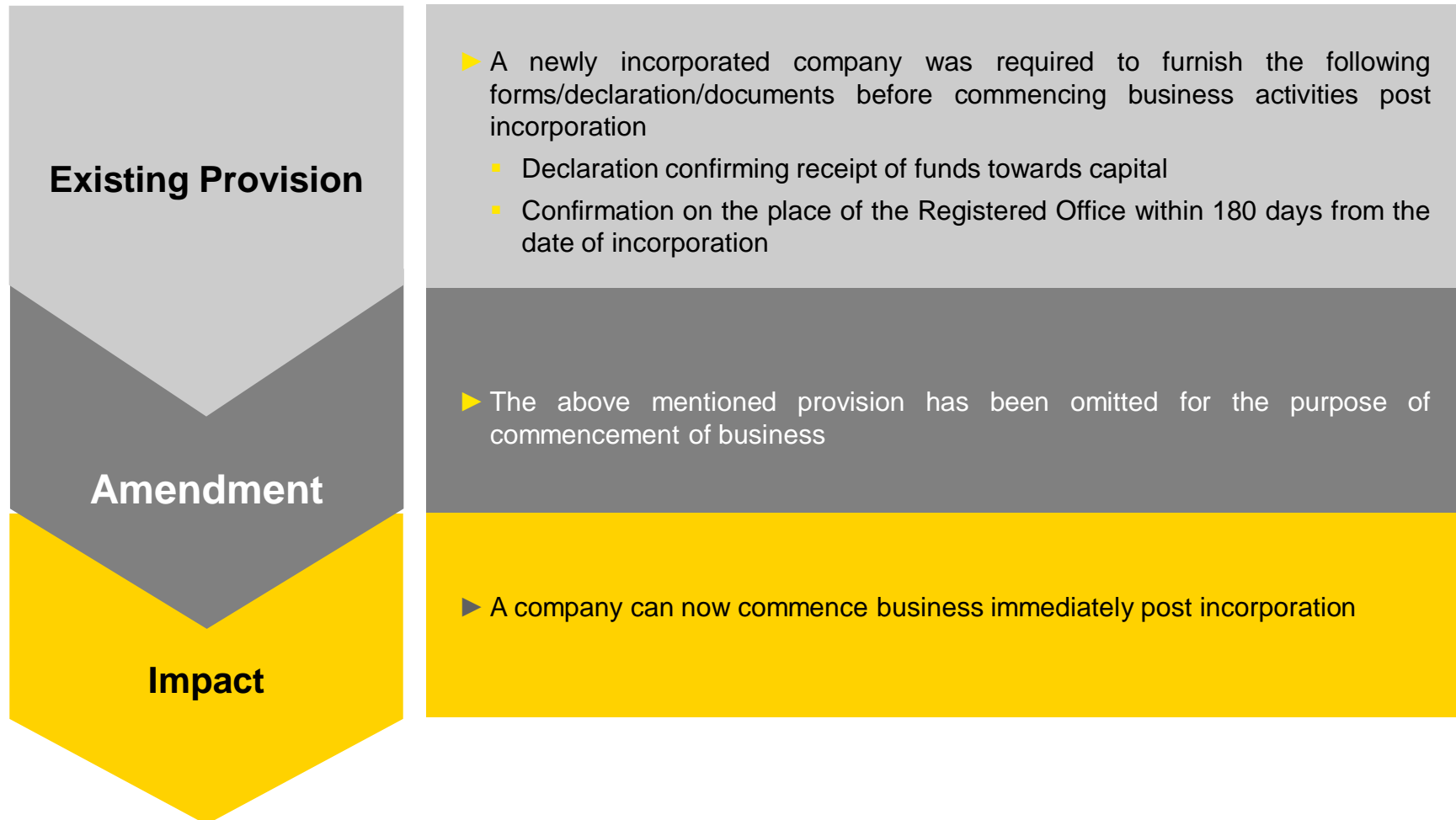
# Key amendments

## Minimum paid up share capital



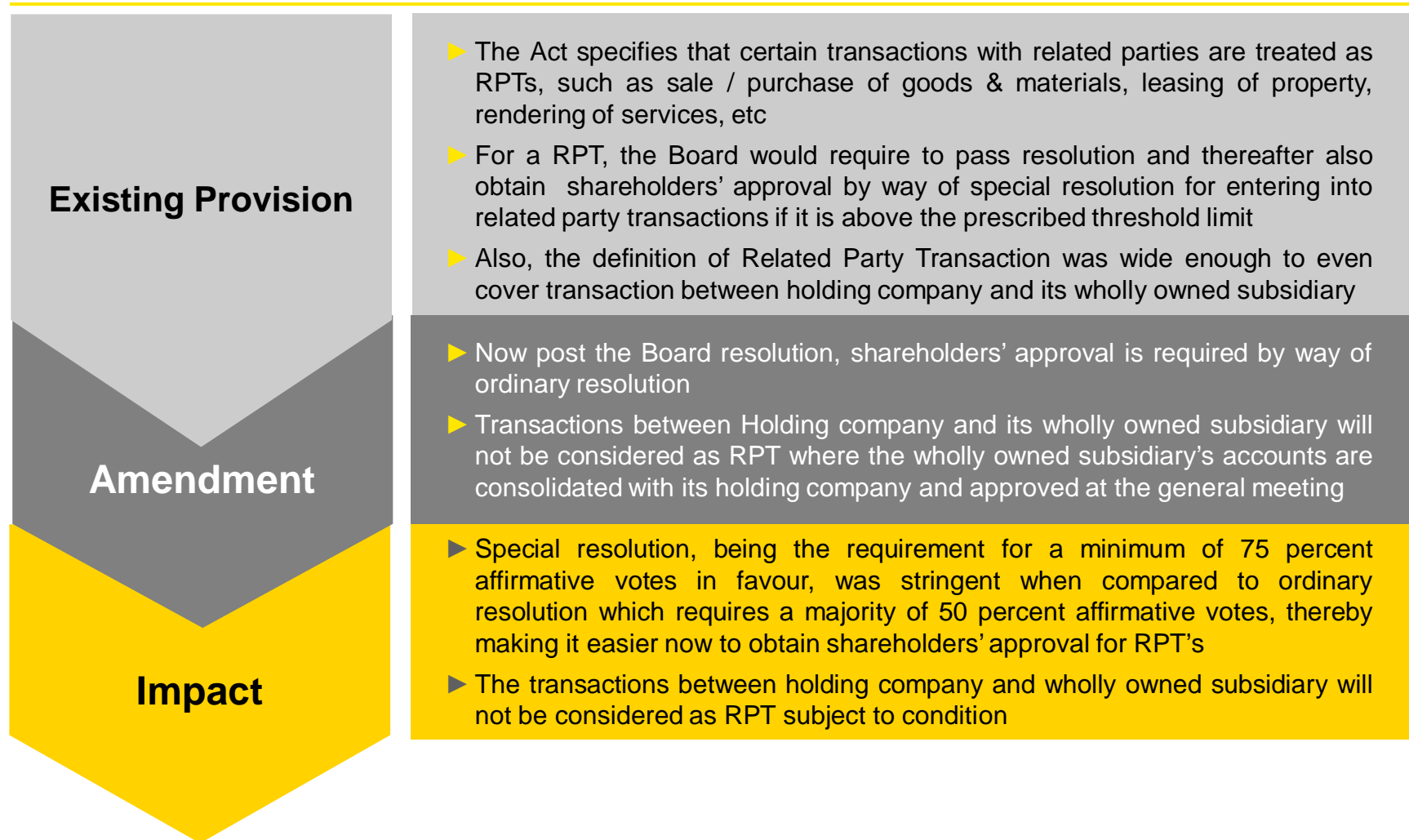
# Key amendments

## Commencement of business



# Key amendments

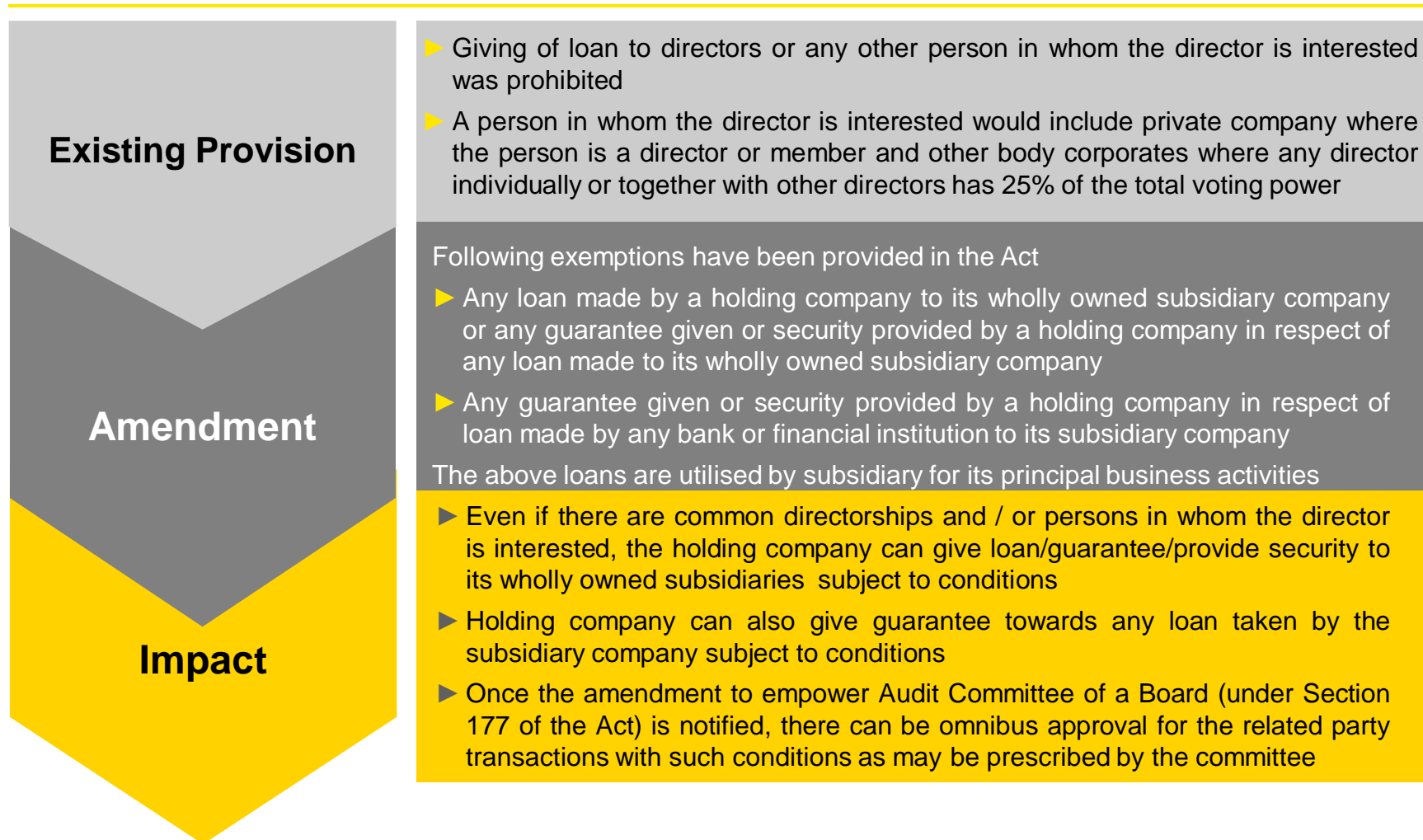
## Related Party Transactions





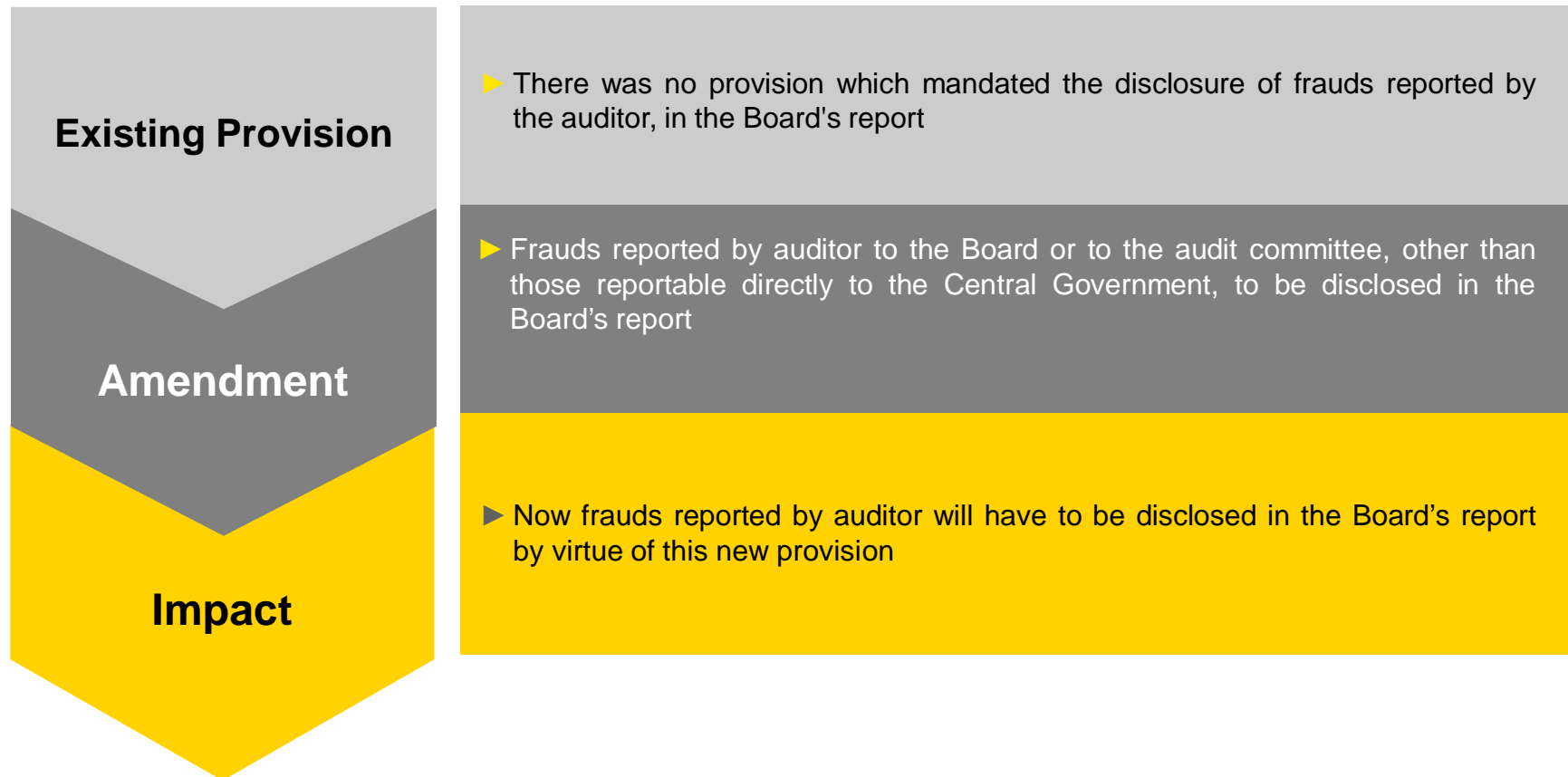
# Key amendments

## Exemptions from ambit of section 185 – Loans to directors



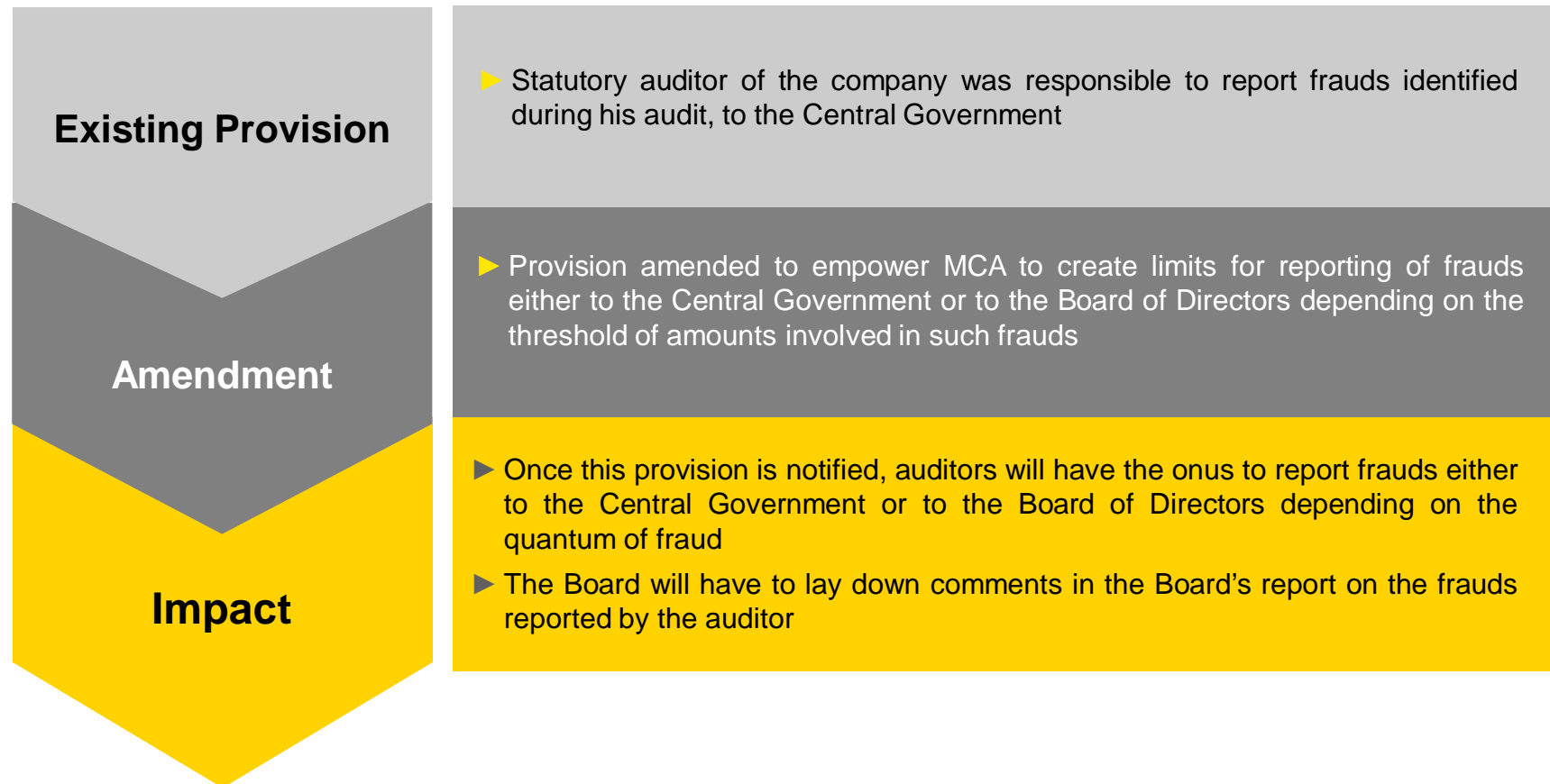
# Key amendments

## Disclosure of details related to frauds in Board's report



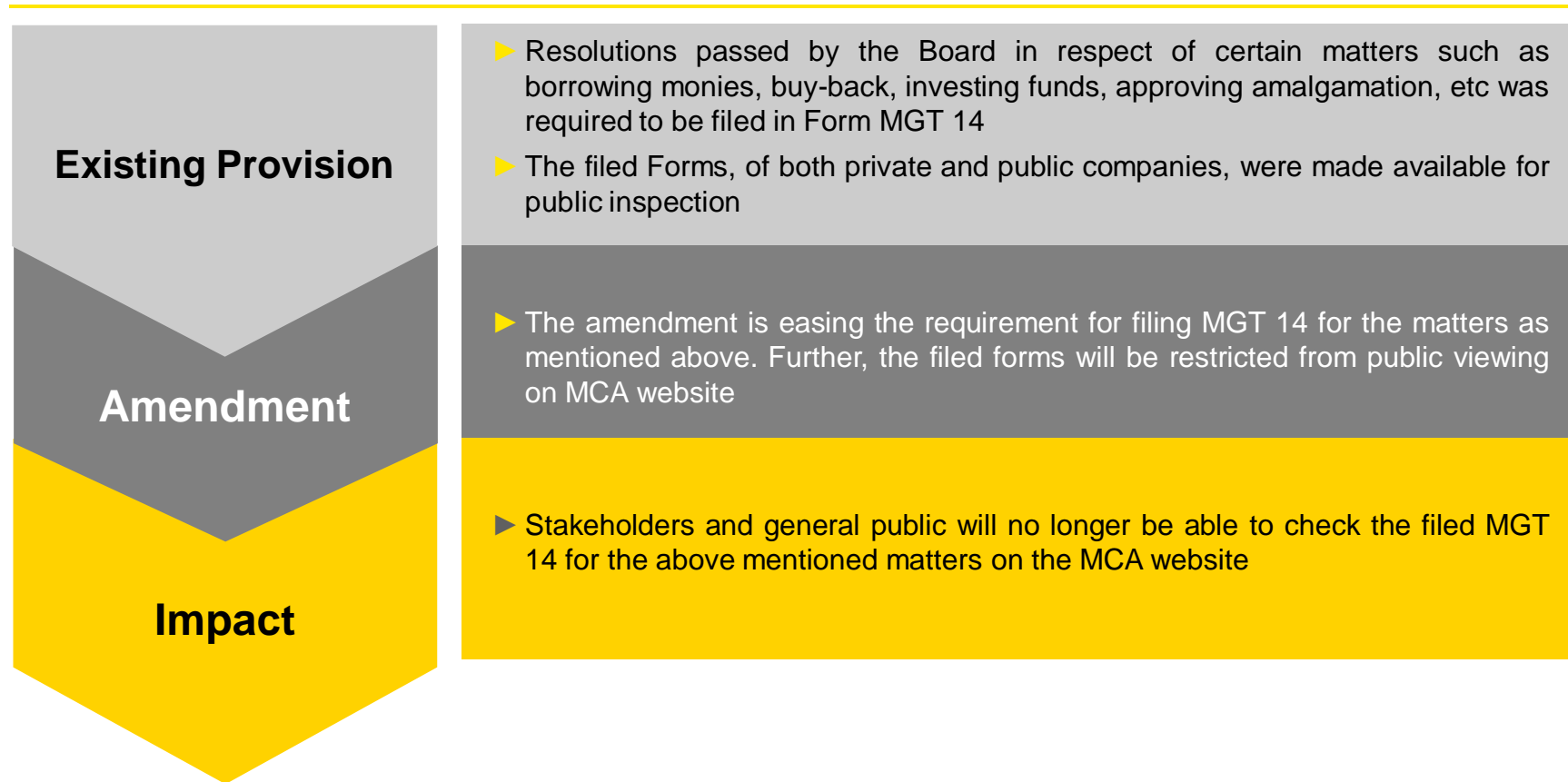
# Key amendments

## Auditor to report of fraud committed by the Company



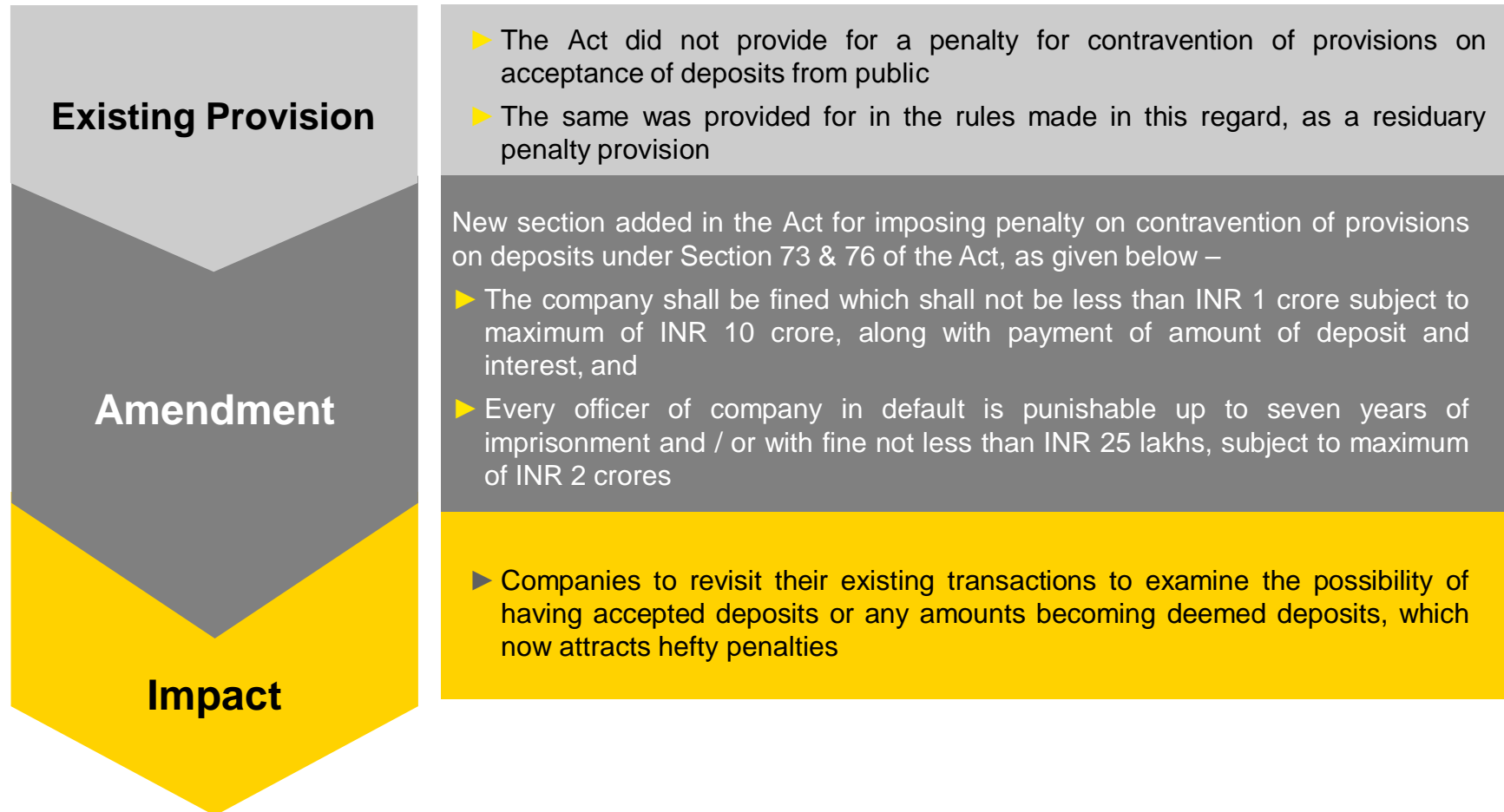
# Key amendments

## Non-availability of certain resolution filed for inspection



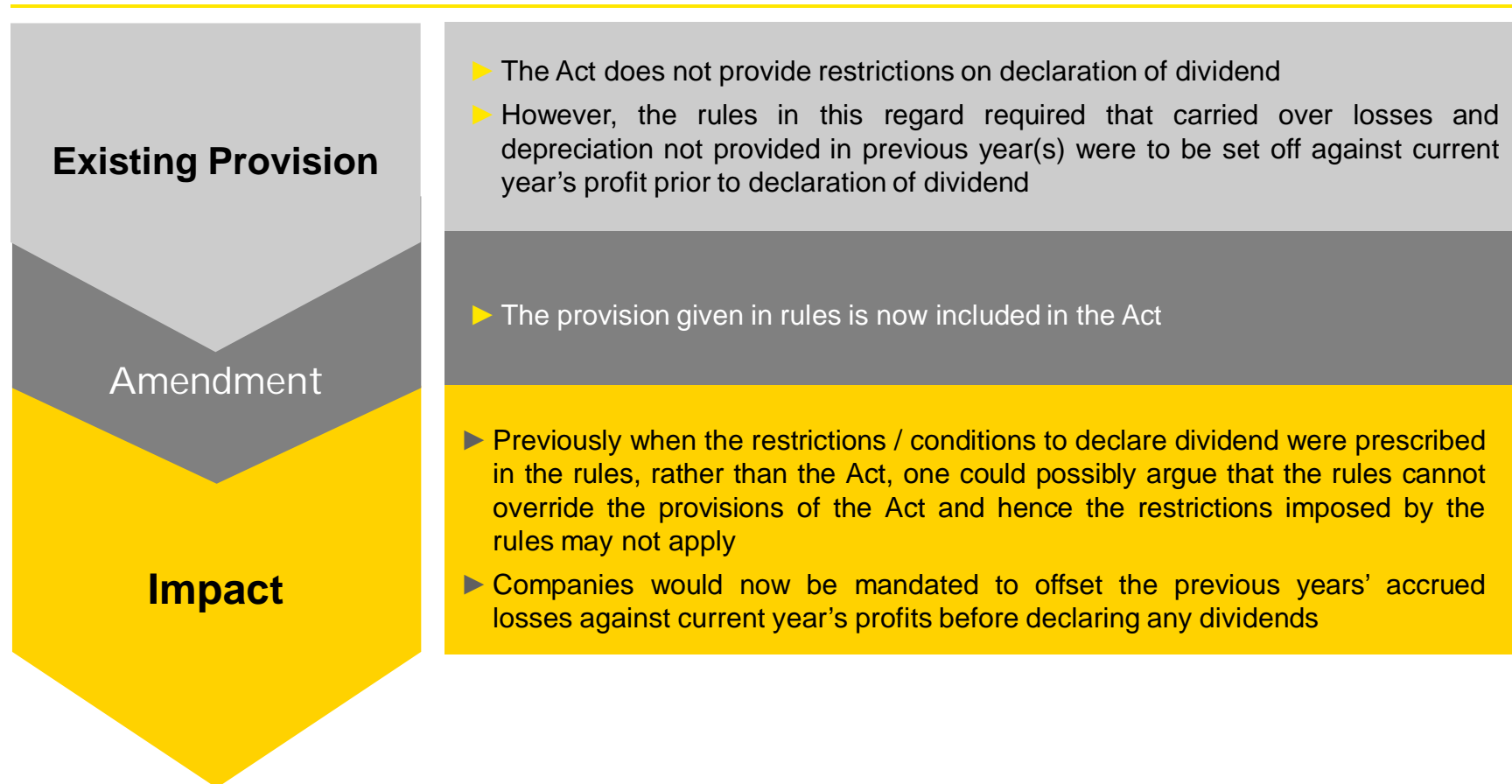
# Key amendments

## Punishment for contravention with provisions of deposits



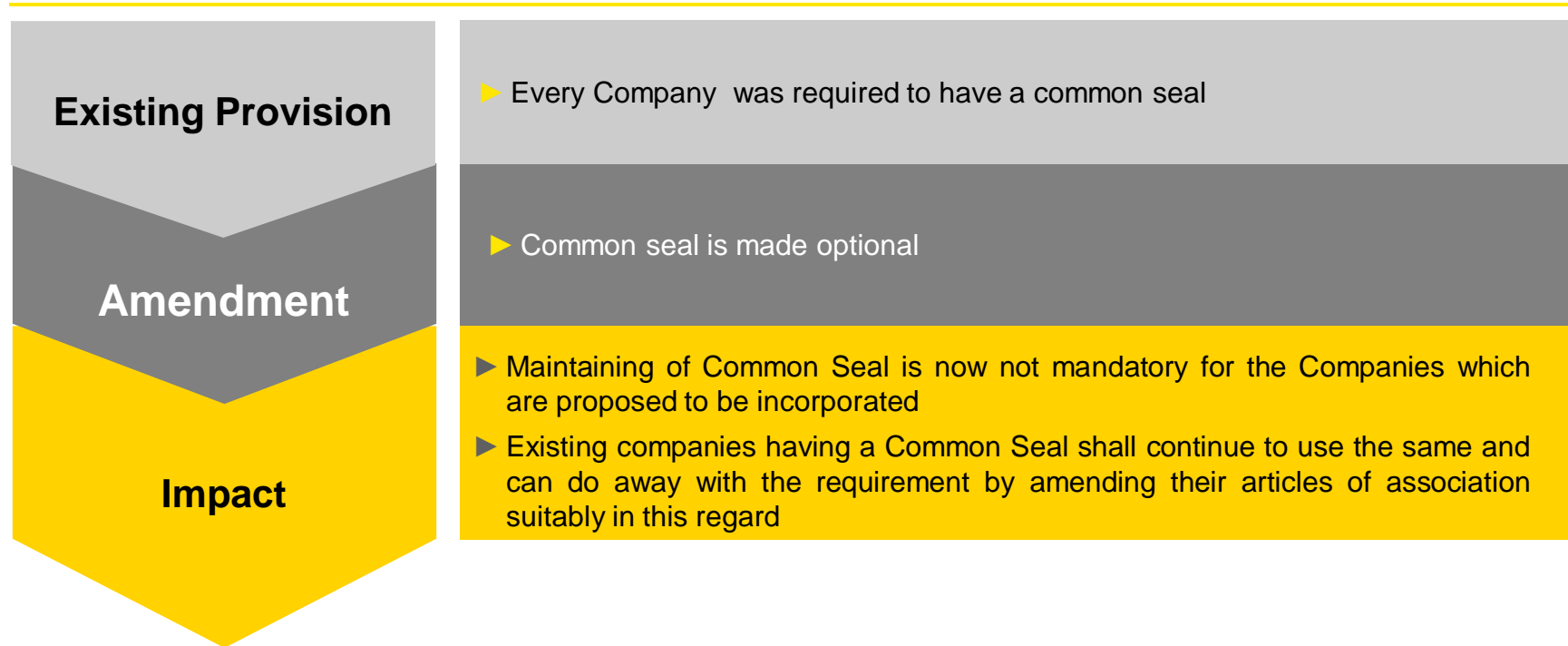
# Key amendments

## Declaration of dividend



# Key amendments

## Common Seal



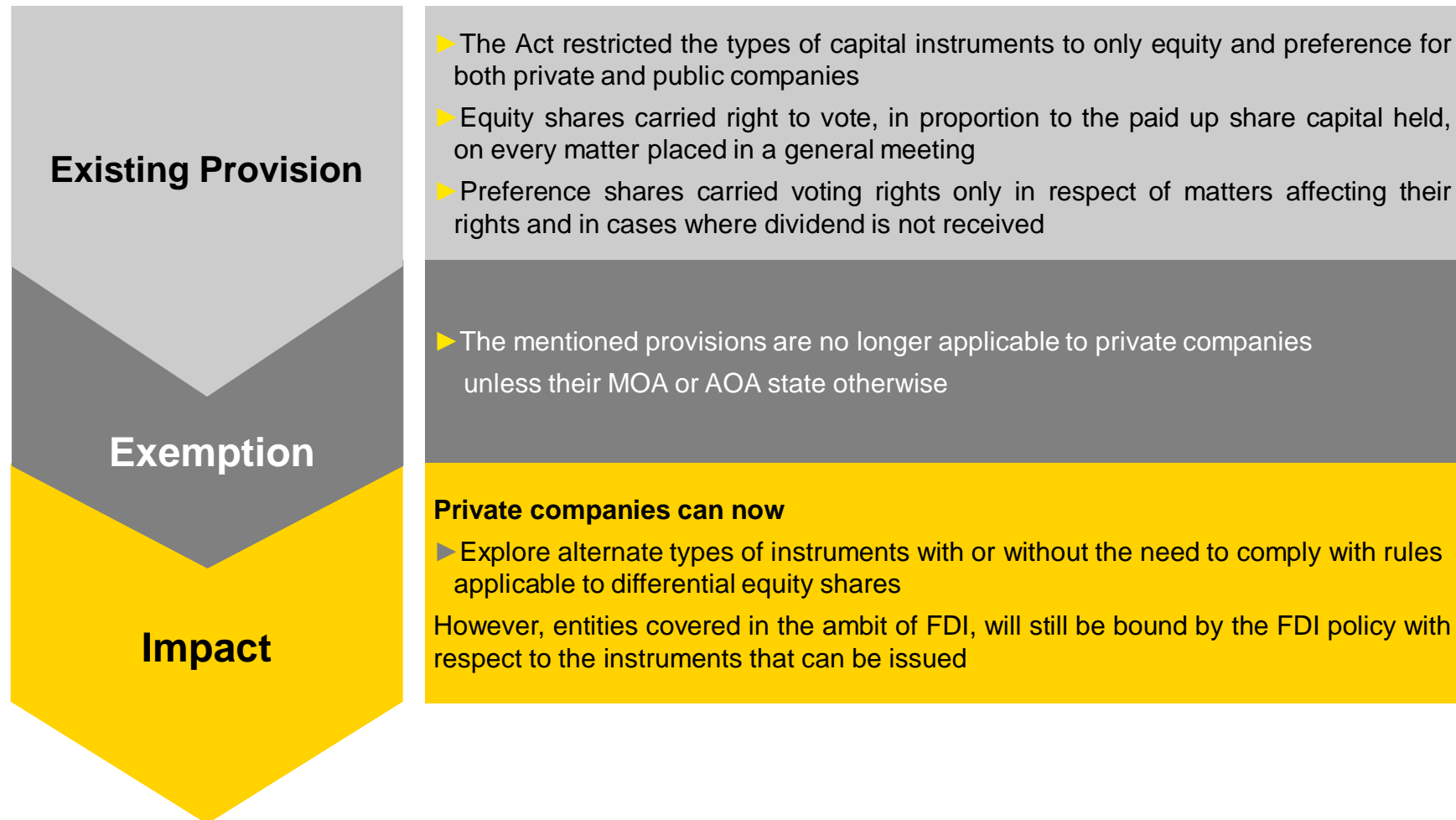
# Exemptions





# Exemptions

## Capital Instruments and voting rights



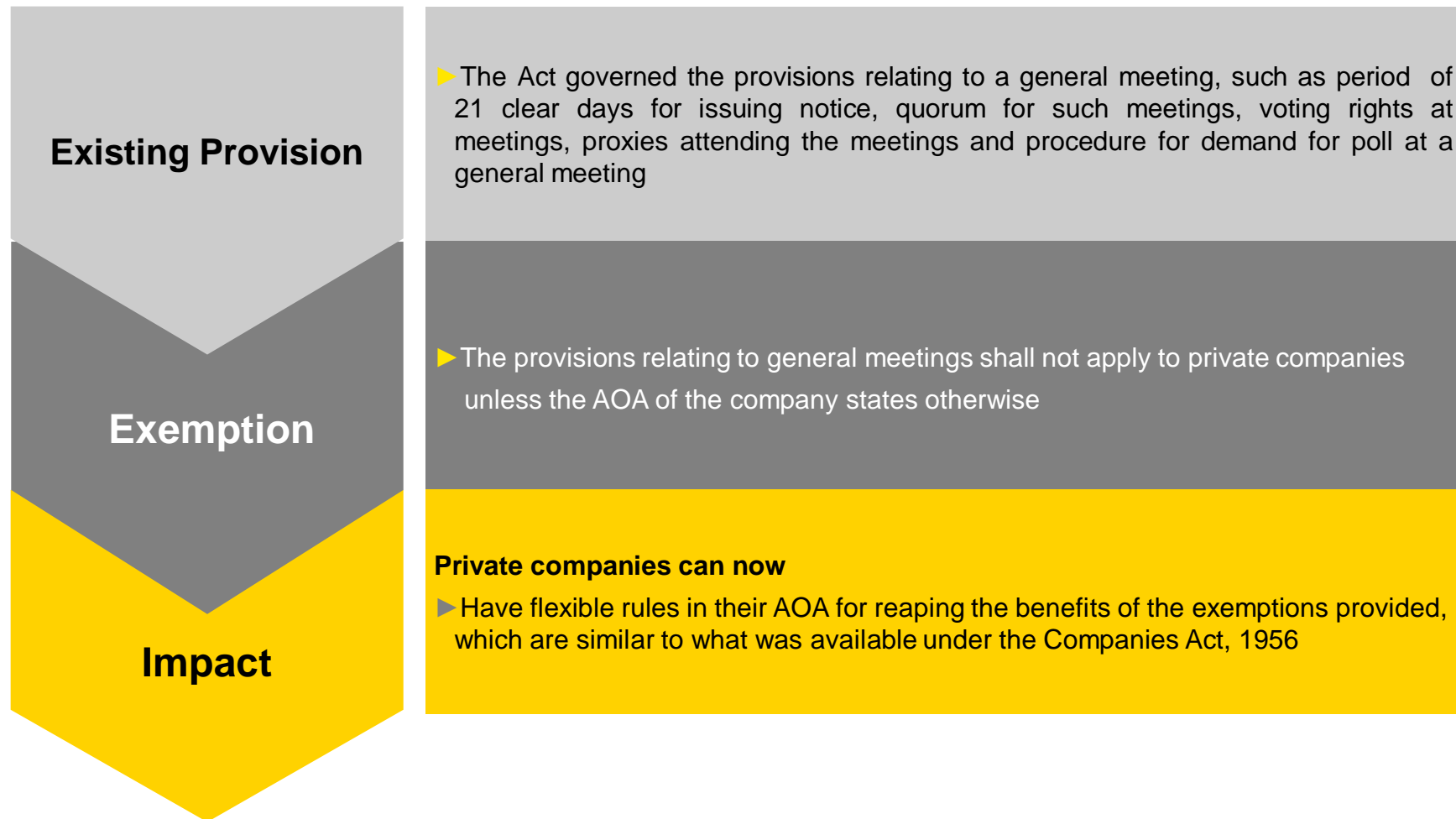
# Exemptions

## Rights Issue



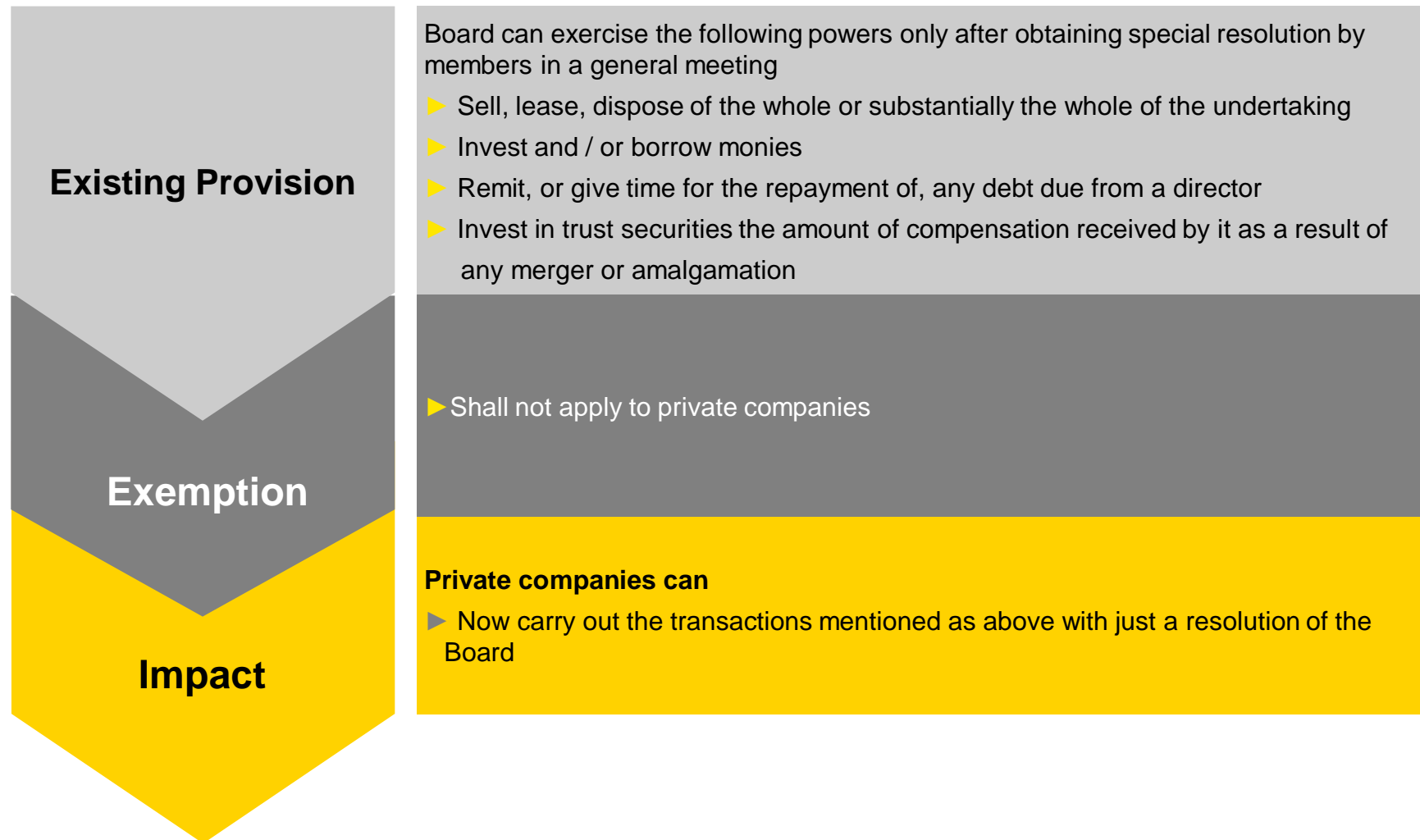
# Exemptions

## Matters relating to General Meetings



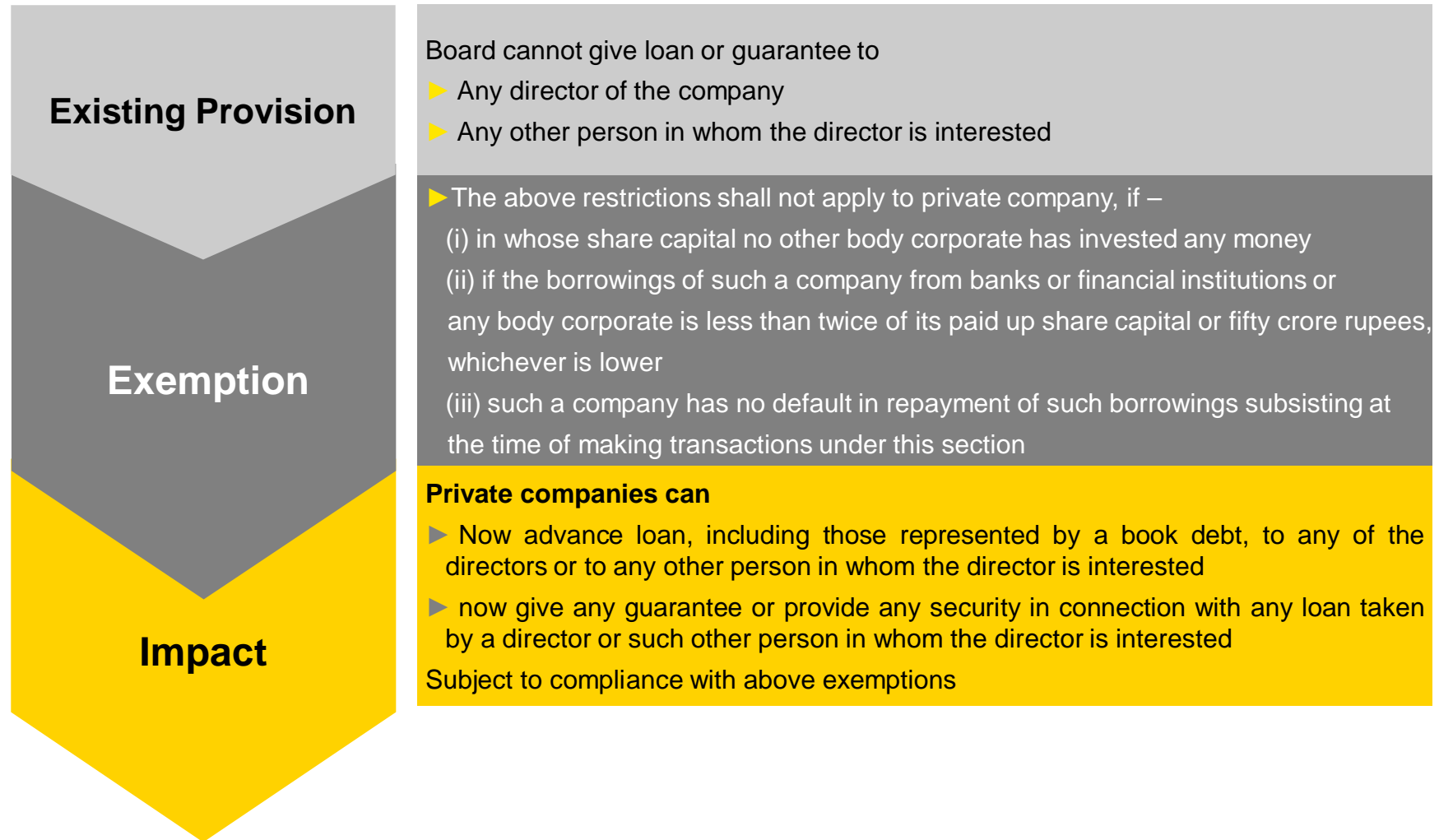
# Exemptions

## Restrictions on powers of the Board



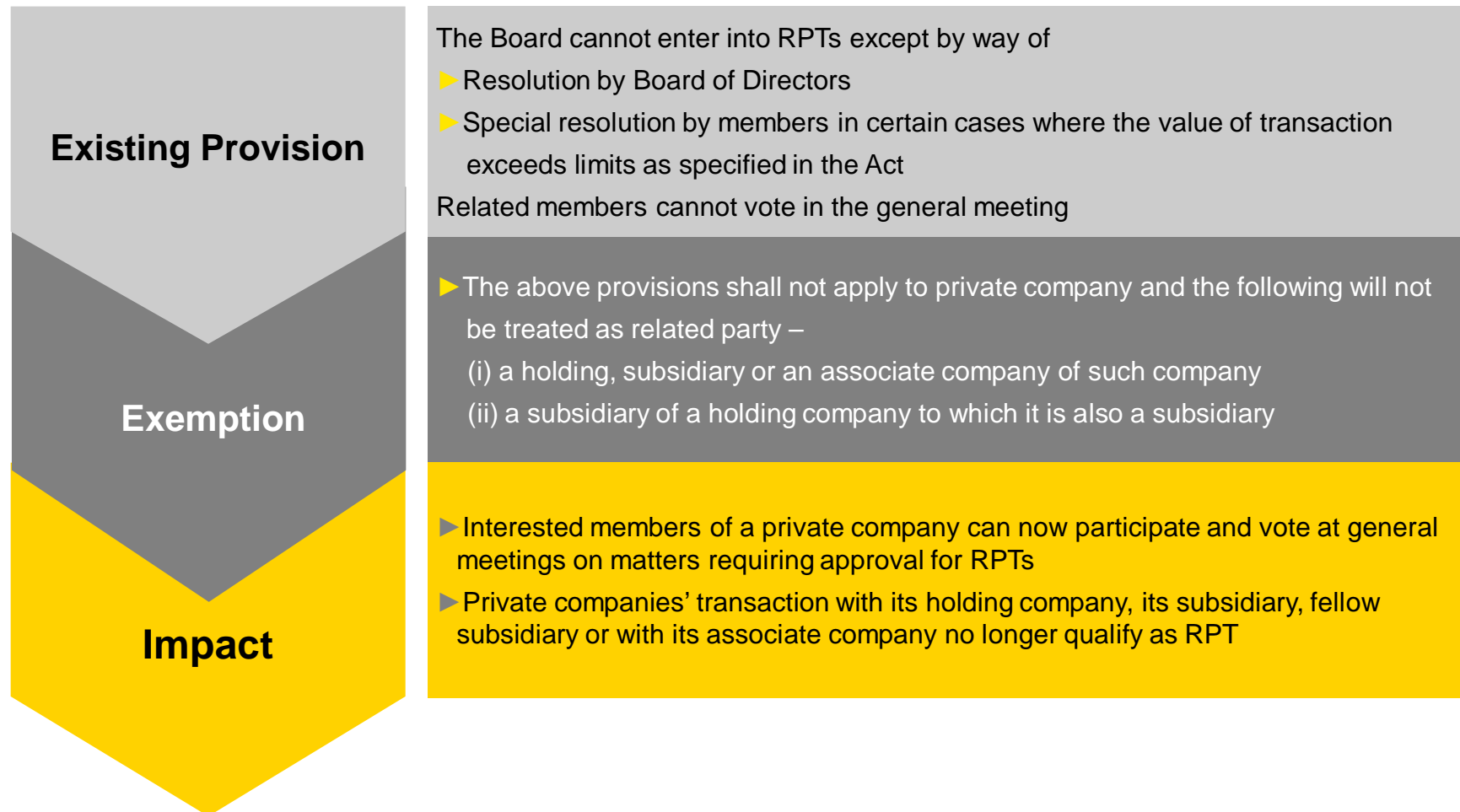
# Exemptions

## Loans to directors



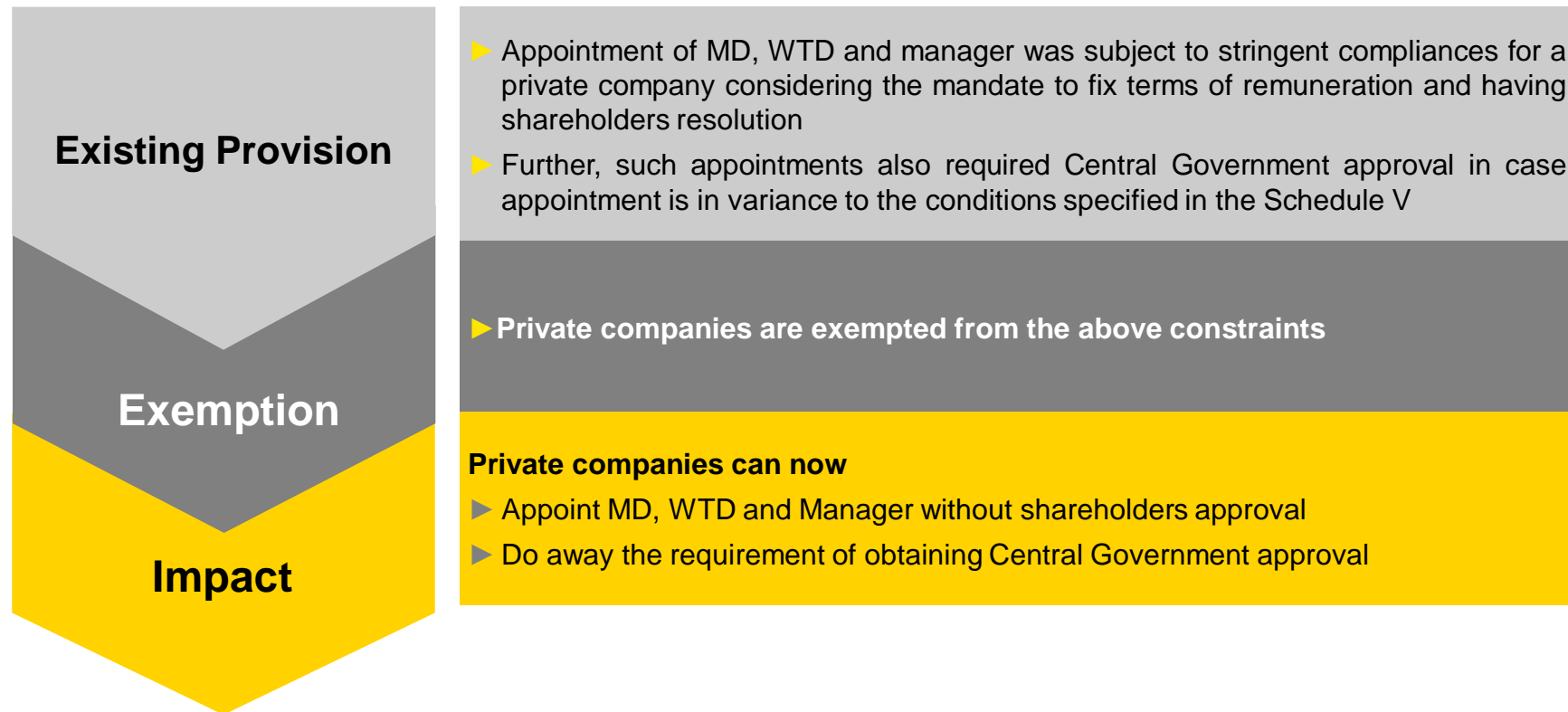
# Exemptions

## Related party transactions



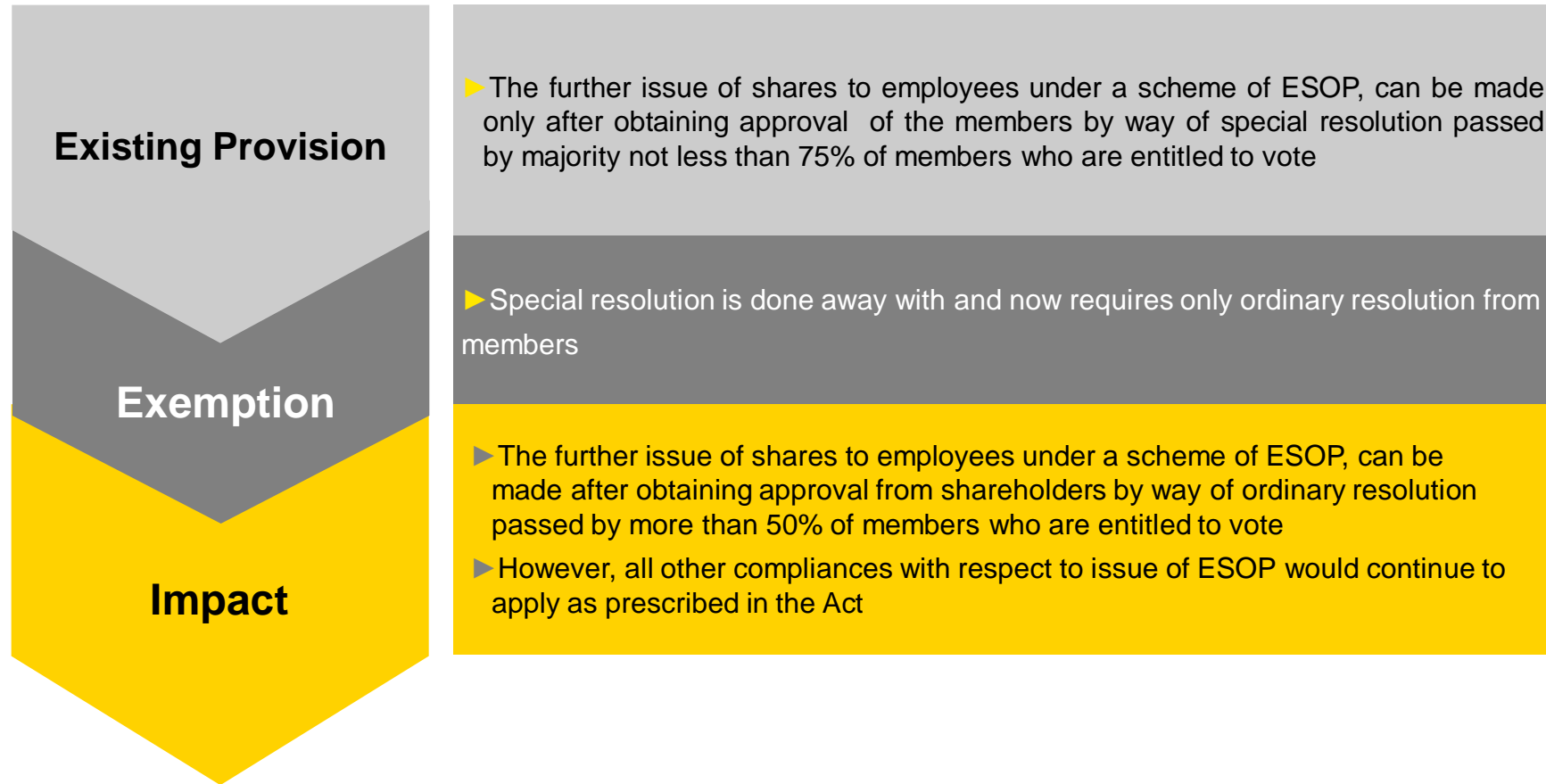
# Exemptions

## Appointment and remuneration of MD, WTD and Manager



# Exemptions

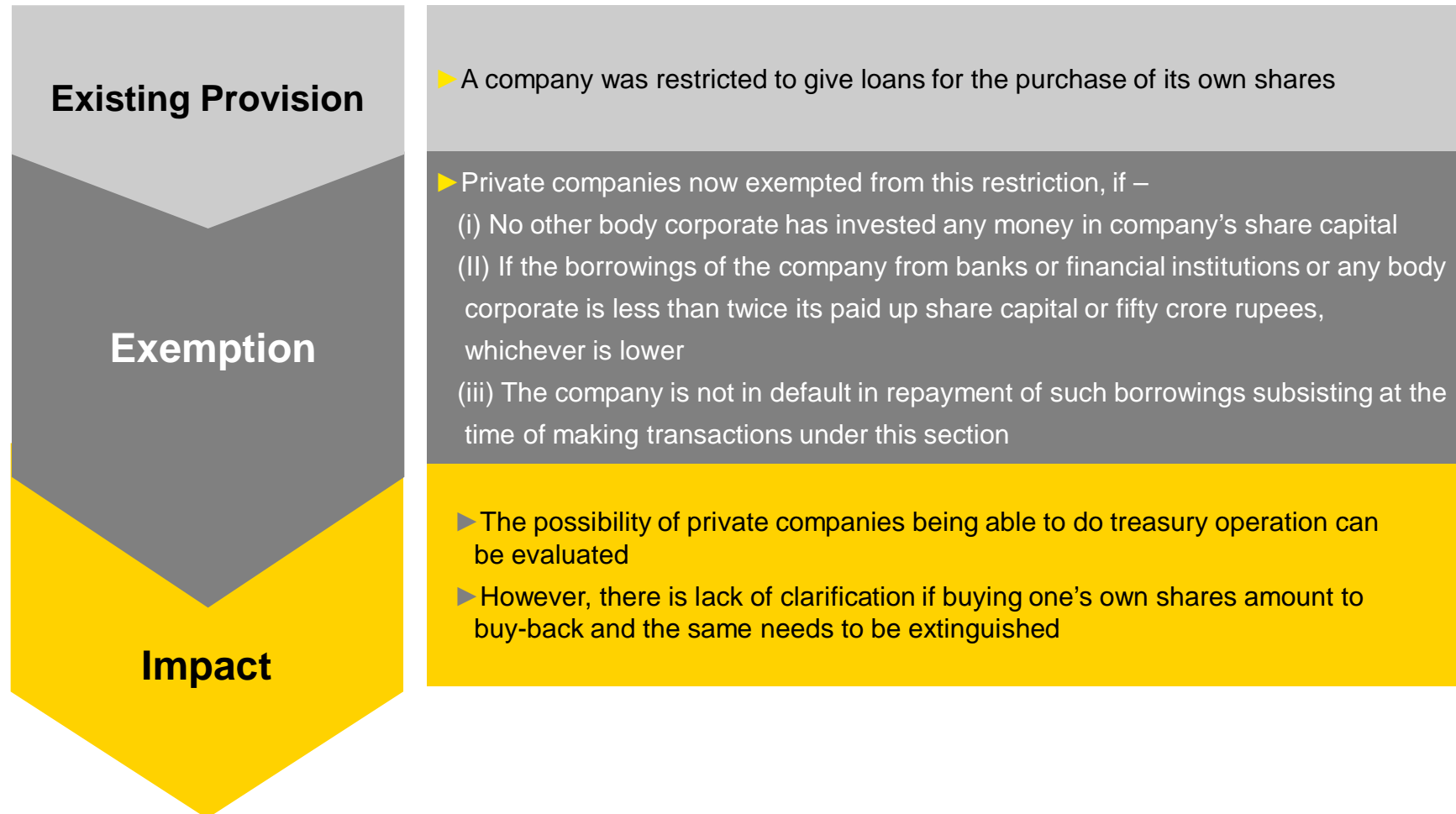
## Issue of ESOP





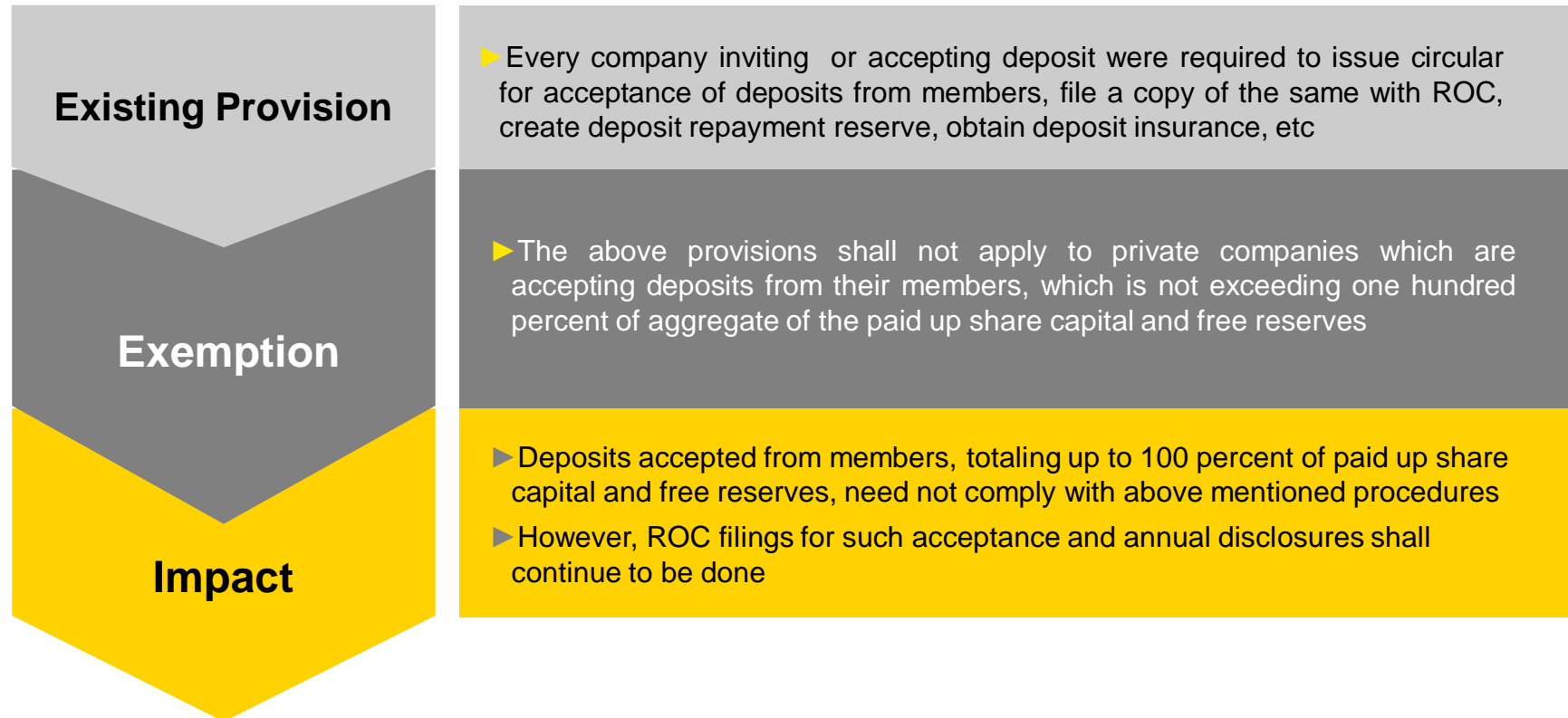
# Exemptions

## Restriction on giving loan by company for purchase of its shares



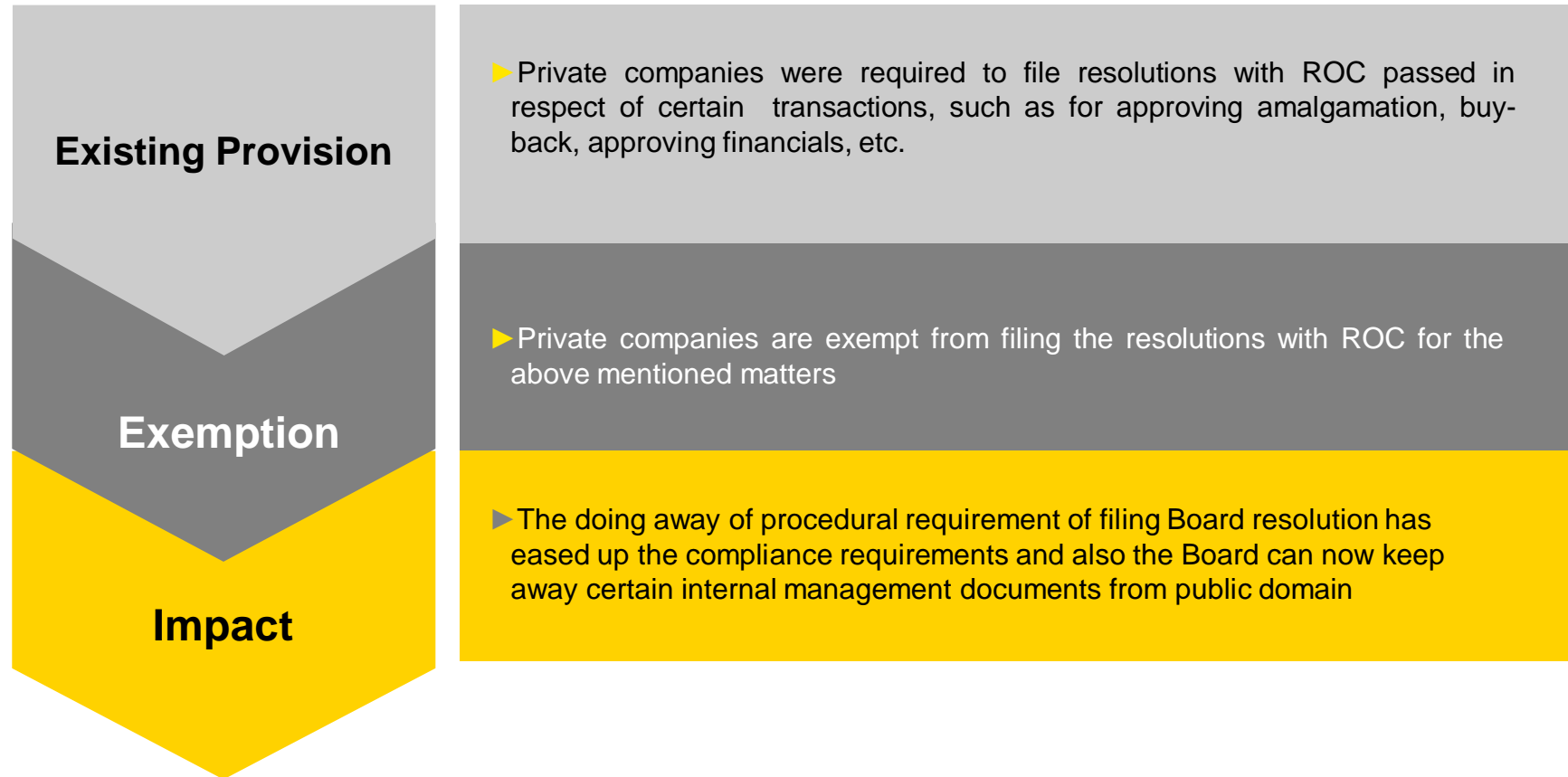
# Exemptions

## Acceptance of Deposits from members



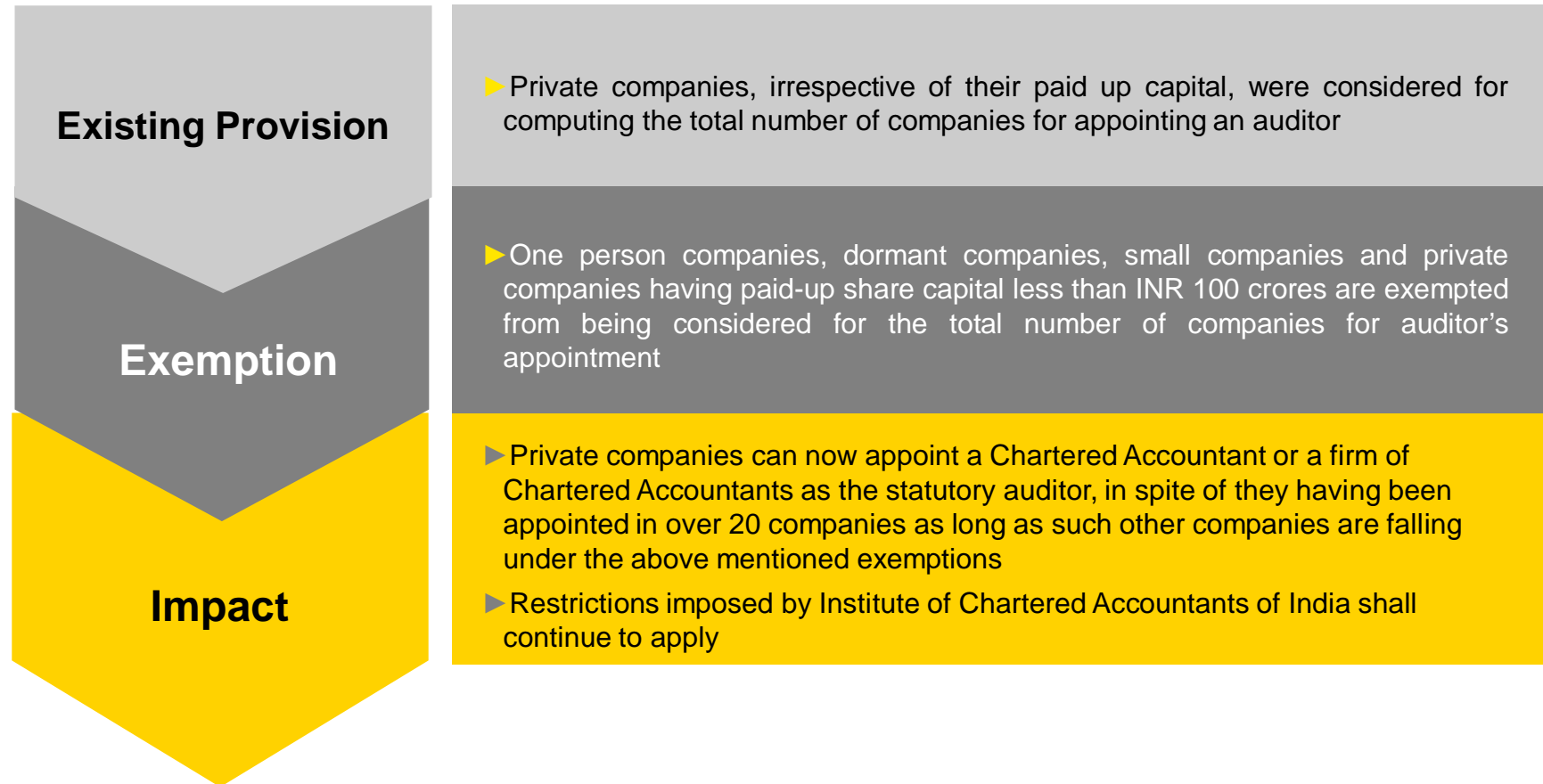
# Exemptions

## Filing of resolutions



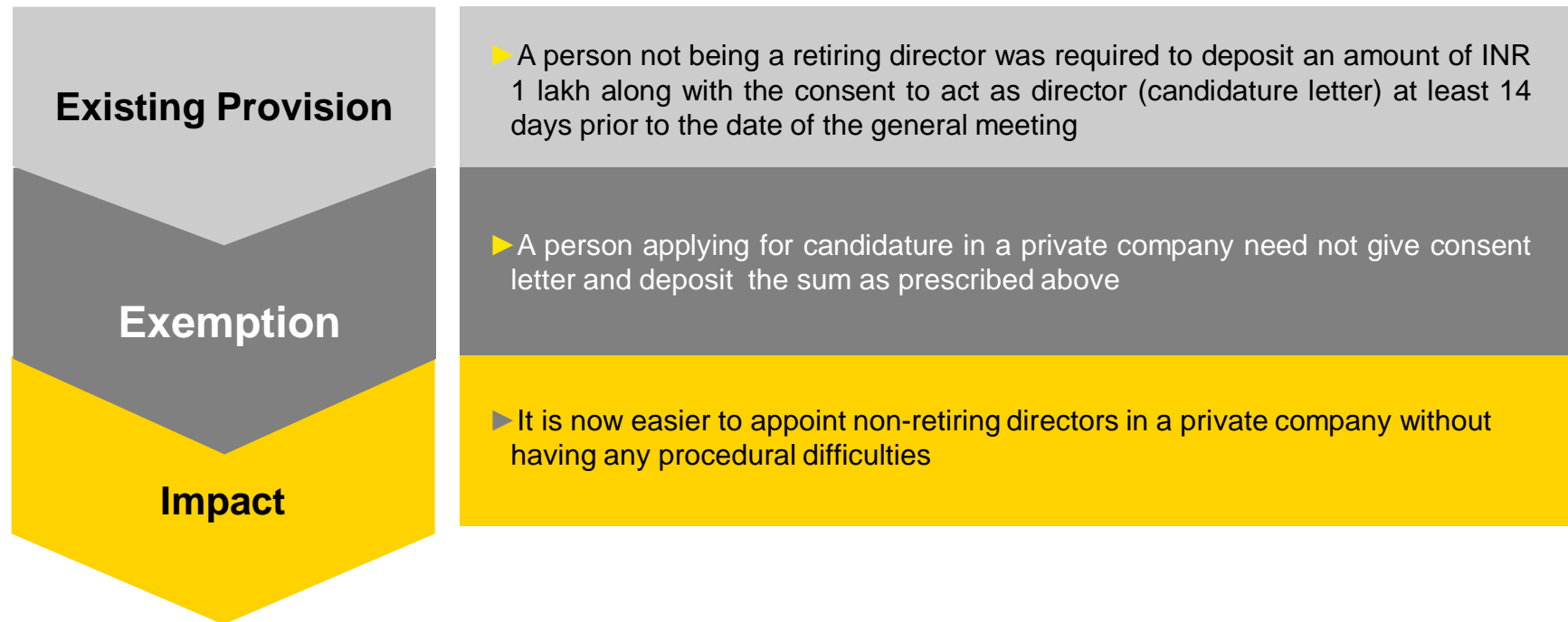
# Exemptions

## Auditor's eligibility



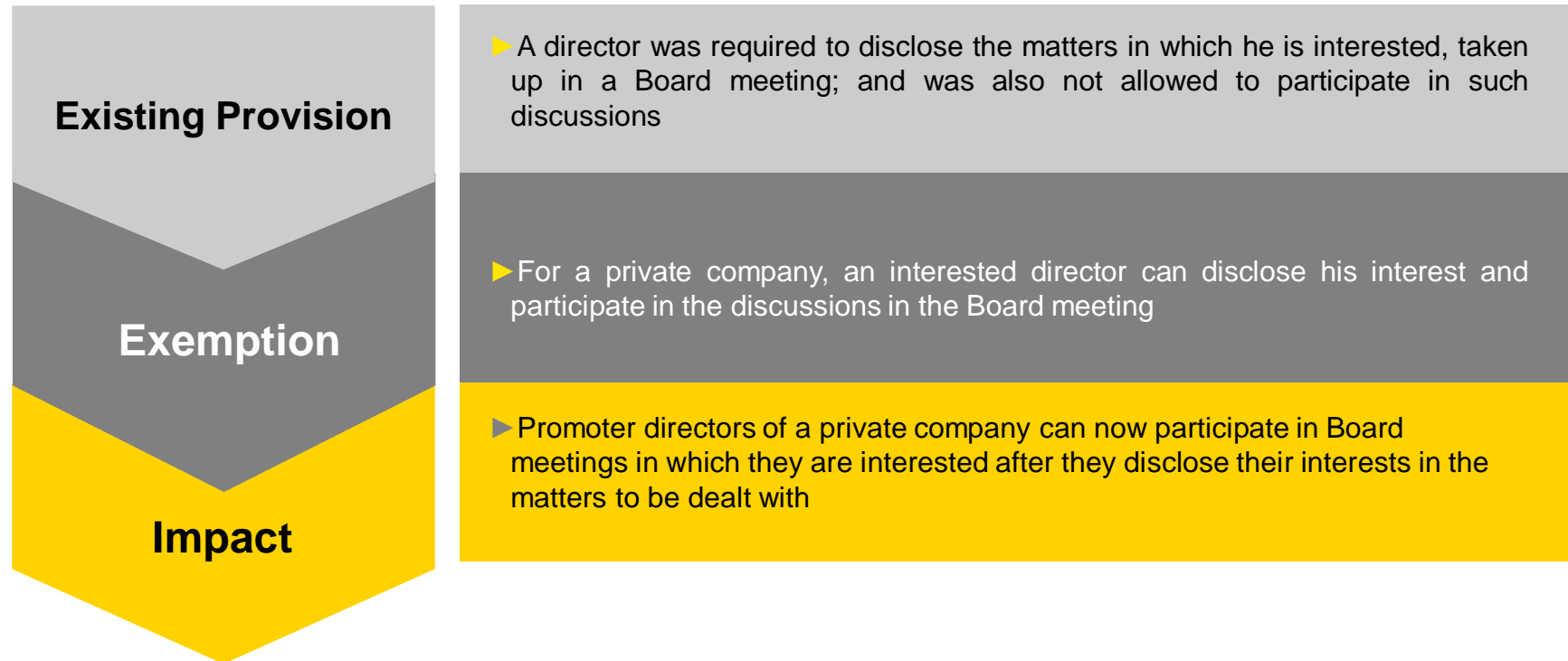
# Exemptions

## Candidature of non-retiring director for directorship



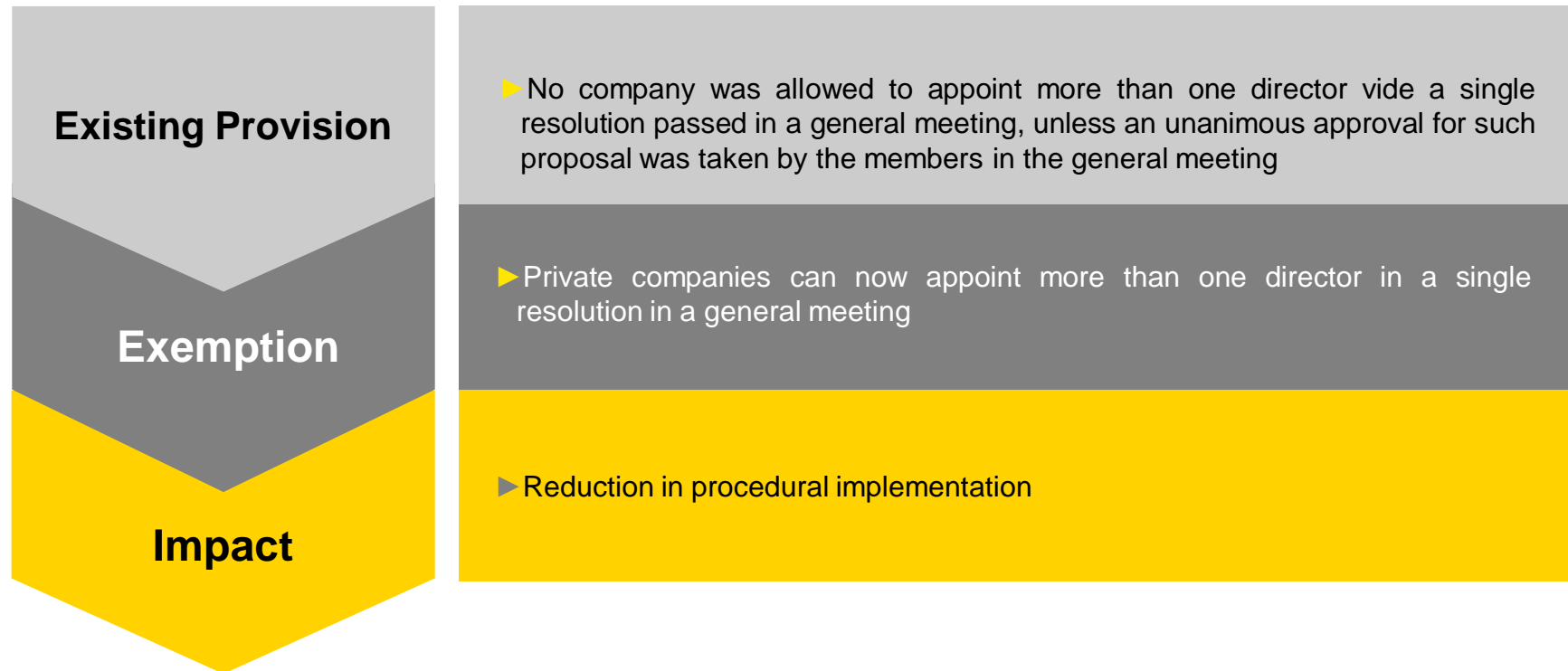
# Exemptions

## Interested director's participation in Board meeting



# Exemptions

## Appointment of more than one director in a single resolution



# Summary

---

The amendments and exemptions are a welcome change to the corporates in India. The Amendment Act is primarily aimed at easing the compliance requirement for setting up and continuance of business in India. The notification providing exemptions is of particular relevance to Indian subsidiaries of foreign companies which are constituted as private companies, targeted at reducing the procedural hardships

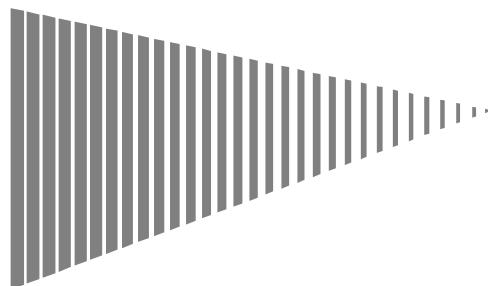
Given the post amendment / exemption regulatory scenario, this should be an opportunity for the corporates to revisit their organization structures and transactions to tune it in line with eased compliances. Also, corporates can explore the possibility to amend their charter documents, Memorandum and Articles of Association, to suitably reap the benefits made available under these notifications.



# Thank You!

*The purpose of this presentation is to make the reader aware of the regulatory changes brought about by the MCA. The compilation is neither intended to be exhaustive nor a substitute for detailed research or exercise of professional judgment*

*It may be noted that for the sake of brevity, a very brief description of relevant provision is provided in this document. Readers are requested to refer to the full text of the provisions and relevant rules for comprehensive understanding*



ERNST & YOUNG LLP  
© 2015 Ernst & Young. All Rights Reserved.  
Ernst & Young is a registered trademark.

[www.ey.com/India](http://www.ey.com/India)