Companies Amendment Bill

Why in news?

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The Ministry of Corporate Affairs is making amendments to Companies (Amendment) Bill, 2016 based on standing committee report before taking up for consideration in the Parliament.

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What are the highlights of the bill?

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- The Bill amends the Companies Act, 2013 in relation to structuring, disclosure and compliance requirements for companies.
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- The 2013 Act limits the number of intermediary companies through which investments can be made in a company. It also limits the number of layers of subsidiaries a company can have. The current bill removes these limits.
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- This is in line with the Companies Law Committee's (CLC) recommendations which noted that imposing such limits would affect the company's structuring and ability to raise funds.
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- The Bill also requires a group of persons who exercise beneficial control (above 25%) in a company to disclose such interest.
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- The Act requires a separate offer letter to be issued to individuals to whom a private offer of shares has been made. The Bill removes the requirement of

such an offer letter.
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- The Act permits the appointment of members at the level of Joint Secretary to the quasi- judicial tribunal. The Bill mandates that a technical member must be at least of the level of an Additional Secretary. These provisions are in line with a 2015 Supreme Court judgment.
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- However some CLC recommendations like residence requirements for directors; and compliance requirements for dormant companies were included.
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