

HIGHLIGHTS OF THE COMPANIES ACT, 2012 (as passed in Lok Sabha on 18.12.12)

- The Act, 2012 has 470 sections as against 658 Sections in the existing Companies Act, 1956.
- The entire Act has been divided into 29 chapters.
- Many new chapters have been introduced, viz., Registered Valuers (ch.17); Government companies (ch. 23); Companies to furnish information or statistics (ch. 25); Nidhis (ch. 26); National Company Law Tribunal & Appellate Tribunal (ch. 27); Special Courts (ch. 28).
- The Act is forward looking in its approach which empowers the Central Government to make rules, etc. through delegated legislation (section 469 and others).
- The Companies Act, 2012 is the result of detailed consultative process adopted by the Government.

The salient and unique features of the Act are as under:

Classification and registration

- New definitions are introduced in the Act, some of them are accounting standards, auditing standards, associate company, CEO, CFO, control, deposit, employee stock option, financial statement, global depository receipt, Indian depository receipt, independent director, interested director, key managerial personnel, promoter, one person company, small company, turnover, voting right etc..
- Definition of private company changed – the limit on maximum number of members increased from 50 to 200.
- Private company which is a subsidiary of a public company shall be deemed to be a public company. Confusion whether such a company can retain the provisions in the articles of private company though now a public company removed-Act has allowed.

- Associate Company - A company is considered to be an associate company of the other, if the other company has **significant influence** over such company (not being a subsidiary) or is a joint venture company. Significant influence means control of at least 20 per cent. of total share capital of a company or of taking business decisions power under an agreement.
 - Dormant Company - Where a company is formed and registered under this Act for a future project or to hold an asset or intellectual property and has no significant accounting transaction, such a company or an inactive company may make an application to the Registrar for obtaining the status of a dormant company.
 - “expert” includes an engineer, a valuer, a chartered accountant, **a company secretary**, a cost accountant and any other person who has the power or authority to issue a certificate in pursuance of any law for the time being in force
 - “foreign company” means any company or body corporate incorporated outside India which,—
 - (a) has a place of business in India **whether by itself or through an agent, physically or through electronic mode; and**
 - (b) **conducts any business activity in India in any other manner**
 - **Key Managerial Personnel (KMP)**
- “Key Managerial Personnel (KMP), in relation to a company, means—
- (i) the Chief Executive Officer or the Managing Director or the Manager,
 - (ii) the Company Secretary;
 - (iii) the whole-time director;
 - (iv) the Chief Financial Officer; and
 - (v) such other officer as may be prescribed

- “officer who is in default”, means any of the following officers of a company, namely:—
 - (i) whole-time director;
 - (ii) key managerial personnel;
 - (iii) where there is no key managerial personnel, such director or directors as specified by the Board in this behalf and who has or have given his or their consent in writing to the Board to such specification, or all the directors, if no director is so specified;
 - (iv) **any person who, under the immediate authority of the Board or any key managerial personnel, is charged with any responsibility including maintenance, filing or distribution of accounts or records, authorises, actively participates in, knowingly permits, or knowingly fails to take active steps to prevent, any default;**
 - (v) any person in accordance with whose advice, directions or instructions the Board of Directors of the company is accustomed to act, other than a person who gives advice to the Board in a professional capacity;
 - (vi) every director, in respect of a contravention of any of the provisions of this Act, **who is aware of such contravention by virtue of the receipt by him of any proceedings of the Board or participation in such proceedings without objecting to the same**, or where such contravention had taken place with his consent or connivance;
 - (vii) in respect of the issue or transfer of any shares of a company, **the share transfer agents, registrars and merchant bankers to the issue or transfer;**
- Act defines the term ‘promoter’ to mean a person -
 - ❑ who has been named as such in a prospectus or is identified by the company in the annual return, or
 - ❑ who has control over the affairs of the company, directly or indirectly whether as a shareholder, director or otherwise; or
 - ❑ in accordance with whose advice, directions or instructions the Board of Directors is accustomed to act.

- Not applicable to a person who is acting in a professional capacity.
- Definition of subsidiary company in relation to any other company (that is holding company), changed to mean a company in which the holding company –
 - Controls the composition of the Board of Directors; or
 - Exercises or controls more than one half of **the total share capital** (instead of equity share capital as prescribed under the 1956 Act) **either at its own or together with one or more of its subsidiary companies**
- Such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.
- **Small company has been defined** as a company other than a public company having a paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed not exceeding Rs.5 crore or turnover of which does not exceed two crore rupees or such higher amount as may be prescribed not exceeding twenty crore rupees. [section 2(85)].
- **The number of persons in any association or partnership not to exceed such number of persons** as may be prescribed (not exceeding one hundred). The restriction not to apply to an association or partnership, constituted by professionals who are governed by special Acts.
- **Concept of One Person Company** has been introduced [section 2(62)]
- Registration process has been made faster and compatible with e-governance.
- For the first time, articles may contain provisions **for entrenchment** [section 5(3)].

- A declaration, in the prescribed form, required to be filed with the Registrar at the time of registration of a company that all the requirements of the Act in respect of registration and matters precedent or incidental thereto have been complied with, will be required to signed by both - by a person named in the articles as a director, manager or secretary of the company as well as by an advocate, a chartered accountant, cost accountant or company secretary in practice, who is engaged in the formation of the company. (section 7)

Registered office

- A company shall, on and from the 15th day of its incorporation and at all times thereafter have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it.
- Company is required to furnish to the Registrar verification of its registered office within 30 days of its incorporation in the prescribed manner.
- Where a company has changed its name(s) during the last two years, it shall paint or affix or print, along with its name, the former name or names so changed during the last two years.
- Notice of change, verified in the manner prescribed, shall be given to the Registrar, within 15 days of the change, who shall record the same.

Commencement of business

- A company having a share capital shall not commence business or exercise any borrowing powers unless a declaration is filed with Registrar by a director verified in the manner as may be prescribed that:
 - every subscriber to the memorandum has paid the value of shares agreed to be taken by him;
 - Paid-up capital is not less than Rs. five lakh/ one lakh
- the company has filed with the Registrar the verification of its registered office.

Prospectus and Allotment of Securities

- This chapter is divided into two parts. Part I relates to 'Public offer' and Part II relates to 'Private Placement'
- "Public offer" includes initial public offer or further public offer of securities to the public by a company, or an offer for sale of securities to the public by an existing shareholder, through issue of a prospectus.'
- The term 'private placement' has been defined to bring clarity. "Private placement" means any offer of securities or invitation to subscribe securities to a select group of persons by a company (other than by way of public offer) through issue of a private placement offer letter and which satisfies the conditions specified in this section.
- Detailed disclosures are provided in the Act itself. It includes disclosures about sources of promoter's contribution.
- In case of variation in the terms of contract referred to in the prospectus or objects for which the prospectus was issued, the dissenting shareholders shall be given exit opportunity by promoters or controlling shareholders.

Punishment for fraudulently inducing persons to invest money (section 36)

- Any person who, either knowingly or recklessly makes any statement, promise or forecast which is false, deceptive or misleading, or deliberately conceals any material facts, to induce another person to enter into, or to offer to enter into any agreement for, or with a view to, obtaining credit facilities from any bank or financial institution shall be liable for punishment for fraud. This provision is proposed to help in curbing a major source of corporate delinquency.

Share capital and debentures

- If a company **with intent to defraud, issues a duplicate certificate of shares**, the company shall be punishable with fine which shall not be less than five times the face value of the shares involved in the issue of the duplicate certificate but which may extend to ten times the face value of such shares or rupees ten crores whichever is higher. Stringent penalties have also been imposed for defaulting officers of the company. [section 46(5)]

- Where **any depository has transferred shares with an intention to defraud a person**, it shall be liable under section 447 i.e. provisions for punishment for fraud. [section 56(7)]
- **Security Premium Account** may also be applied for the purchase of its own shares or other securities. [section 52(2)(e)]
- A company **can not issue share at a discount**. [section (53)]
- A company limited by shares **can not issue any preference shares which are irredeemable**. However, a company limited by shares may, if so authorised by its articles, can issue preference shares which are liable to be redeemed within a period not exceeding twenty years from the date of their issue.
- A company may issue preference shares for a period exceeding twenty years for **infrastructural projects** subject to redemption of such percentage of shares as may be prescribed on an annual basis at the option of such preference shareholders. [section 55].
- Every company shall deliver **debenture certificate** within six months of allotment. [section 56(4)(d)].
- **Reduction of share capital** to be made subject to confirmation by the Tribunal. The Tribunal on receiving an application for reduction of share capital, shall give notice to the Central Government, Registrar and to the SEBI and consider the representations received in this behalf. (section 66)

Annual return [section 92]

- Apart from the existing disclosures regarding the registered office, shares, debentures, indebtedness of the company etc., the following additional information is to be given:
 - (i) principal business activities, particulars of its holding, subsidiary and associate companies;
 - (ii) its promoters, directors, key managerial personnel along with changes therein since the close of the last financial year;
 - (iii) meetings of members or a class thereof, Board and its various committees along with attendance details;
 - (iv) remuneration of directors and key managerial personnel;
 - (v) penalties imposed on the company, its directors or officers and details of compounding of offences;

- (vi) **matters related to certification of compliances, disclosures;**
- (vii) details, as may be prescribed, in respect of shares held by or on behalf of **the Foreign Institutional Investors** and
- (viii) such other matters as may be prescribed.

➤ Annual Return is required to be signed by :

- (i) **A director and the Company Secretary, or where there is no Company Secretary, by a Company Secretary in whole-time practice.**

It means that now in respect of **all the companies (except one person companies and small companies), whether private or public, listed or unlisted**, the annual return has to be signed by either a **company secretary in employment or by a company secretary in practice** i.e. where no Company Secretary is appointed by the company, the Annual Return is compulsorily required to be signed by the Company Secretary in practice.

- (ii) in addition to the above, **the annual return, filed by a listed company or by a company having such paid-up capital and turnover as may be prescribed**, shall be certified by a company secretary in practice that the annual return discloses the facts correctly and adequately and that the Company has complied with all the provisions of the Act.

It means, in case of a listed company and other prescribed companies, even if the Annual Return is signed by the Company Secretary in employment, it is further required to be certified by the Company Secretary in Whole time practice.

- (iii) In relation to a One Person Company and Small Company, the annual return is required to be signed by the Company Secretary, or where there is no Company Secretary, by one director of the company.

Penalty

- In case a Company Secretary in practice certifies the annual return otherwise than in conformity with the requirements of this section or the rules made there under, such Company Secretary shall be **punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.**

Changes in shareholding of promoters and top ten shareholders

- **A return** to be filed with the Registrar with respect to change in the number of shares held by promoters and top ten shareholders (to ensure audit trail of ownership) **by a listed company.**

Board and Governance

Number of directors:

- Minimum : Public company -3 Private -2 , OPC-1.
- Maximum : limit increased to 15 from 12 .
More directors can be added by passing of special resolution without getting the approval of Central Government as earlier required.

Woman director

At least one woman director on the Board of such class or classes of companies as may be prescribed.

Resident Director

- Every company shall have at least **one director who has stayed in India for a total period of not less than one hundred and eighty-two days in the previous calendar year.** [section 149(2)].

Independent Directors

- Concept of **independent directors** has been introduced for the first time in Company Law: [section 149(5)]
 - All listed companies shall have **at least one-third of the Board** as independent directors.
 - Such other class or classes of public companies as may be prescribed by the Central Government shall also be required to appoint independent directors.
 - The independent director has been clearly defined in the Act.
 - **Nominee director nominated by any financial institution, or in pursuance of any agreement, or appointed by any government to represent its shareholding shall not be deemed to be an independent director.**
 - An independent director shall not be entitled to any remuneration other than sitting fee, reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.
 - An Independent director shall not be entitled to any stock option.
 - Only an independent director can be appointed as alternate director to an independent director. [section 161(2)].

Participation of directors through video-conferencing

- **Participation of directors at Board Meetings has been permitted through video-conferencing or other electronic means**, provided such participation is capable of recording and recognizing. Also, the recording and storing of the proceedings of such meetings should be carried out [section 173(2)].

The Central Government may however, by notification, specify such matters which shall not be dealt with in the meeting through video-conferencing and such other electronic means as may be prescribed. [section 173(2)]

Notice of Board Meeting

- **At least seven days' notice is required to be given for a Board meeting. The notice may be sent by electronic means** to every director at his address registered with the company. [section 173(3)].

A Board Meeting may be called at **shorter notice** subject to the condition that **at least one independent director**, if any, shall be present at the meeting. However, in the absence of any independent director from such a meeting, the decisions taken at such meeting shall be final only on ratification thereof by at least one independent director. [section 173(3)].

Powers of board

The following powers are also required to be exercised by the board by means of resolution passed at meetings of the board:

- To approve financial statement and the board's reports
- To diversify the business of the company
- To approve amalgamation, merger or reconstruction
- To take over a company or acquire a controlling or substantial stay in another company
- Any other matter which may be prescribed

Duties of directors

- **Duties of directors have been specified in the Act.** [section 166].

Board Committees

- Besides the Audit Committee, the **constitution of Nomination and Remuneration Committee has also been made mandatory** in the case of listed companies and such other class or classes of companies as may be prescribed. [section 178(1)].

The **Audit committee** shall consist of a minimum of three directors with **independent directors** forming a majority and majority of members including its Chairperson shall be persons with ability to read and understand, the financial statement. [section 177(2)].

The Nomination and Remuneration Committee shall consist of three or more non-executive director(s) out of which not less than one half shall be independent director. [section 178(1)].

- Where the combined membership of the shareholders, debenture holders, deposit holders and any other security holders is more than one thousand at any time during the financial year, the company shall constitute a **Stakeholders Relationship Committee**. [section 178(5)].

Vigil Mechanism (Whistle blowing mechanism) (section 177)

Every listed company or such class or classes of companies, as may be prescribed, shall establish a vigil mechanism for directors and employees to report genuine concerns in such matters as may be prescribed.

Person other than retiring director

- If a person other than retiring director stands for directorship but fails to get appointed, he shall be refunded the sum deposited by him, if he gets more than twenty five per cent of total valid votes cast [section 160(1)].

Resignation of director

- A director may **resign from** his office by giving notice in writing. The Board shall, on receipt of such notice, intimate the Registrar and also place such resignation in the subsequent general meeting of the company. [section 168(1)]. The director shall also forward a copy of resignation alongwith detailed reasons for the resignation to the Registrar.

The notice shall become effective from the date on which the notice is received by the company or the date, if any, specified by the director in the notice, whichever is later. [section 168(2)].

- **If all the directors of a company resign from their office or vacate their office, the promoter or in his absence the Central Government shall appoint the required number of directors to hold office till the directors are appointed by the company in General Meeting** [section 168(3)].

Board's report

- **Board's Report** has been made more informative and includes extensive disclosures like –
 - (i) extract of annual return in the prescribed form;
 - (ii) company's policy on director's appointment and remuneration including the criteria for determining qualifications, positive attributes, independence of a director etc. ;
 - (iii) a statement of declaration by independent directors;
 - (iv) explanations or comments by the Board on every qualification, reservation or adverse remark or disclaimer made by the auditor in his report and by the company secretary in practice in his secretarial audit report;
 - (v) particulars of loans, guarantees, or investments made;
 - (vi) particulars of contracts or arrangements entered into;
 - (vii) the conservation of energy, technology absorption, foreign exchange earnings and outgo in the prescribed manner;
 - (viii) statement indicating development and implementation of a risk management policy for the company including identification therein of elements of risk, if any, which in the opinion of the Board may threaten the existence of the company;
 - (ix) the details about the policy developed and implemented by the company on corporate social responsibility initiatives taken during the year
 - (x) in case of listed companies and other prescribed class of companies, a statement indicating the manner in which formal **annual evaluation has been made by the Board of its own performance and that of committees and individual directors.**

- **The Directors' Responsibility Statement shall also include the statement that the directors had devised proper systems to ensure compliance with the provisions** of all applicable laws and that such systems were adequate and operating effectively.
- The Boards' Report is to be signed by the Chairperson of the company if he is authorized by the Board and where he is not so authorized, it shall be signed by at least two directors, one of whom shall be a managing director, or by the director where there is one director. (section 134).

Prohibition of insider trading

New section has been introduced with respect to prohibition of insider trading of securities. The definition of price sensitive information has also been included [section 195].

Prohibition on Forward dealings

- **Directors and the key managerial personnel of a company are prohibited** from forward dealings in securities of the company.(section 194).

Political contributions (section 182)

- The limit for the contributions to political parties has been raised to 7.5% from the existing 5%.

Investment Companies (section 186)

- A company can make investment through not more than two layers of investment companies, unless otherwise prescribed.
- This shall not affect
 - (i) a company from acquiring any other company incorporated in a country outside India if such other company has investment subsidiaries beyond two layers as per the laws of such country;
 - (ii) a subsidiary company from having any investment subsidiary for the purposes of meeting the requirements under any law or under any rule or regulation framed under any law for the time being in force.
- The restriction on the number of step-down subsidiary companies has been introduced to prevent the abuse of diversion of funds through many step-down subsidiaries.

Managerial Remuneration

- Ceiling on managerial remuneration proposed upto 11% of net profits. The company may pay higher managerial remuneration with the approval of the Central Government and subject to the provisions of schedule V. In case of inadequacy of profits, the payment of remuneration shall be subject to previous approval of the Central Government and the provisions of schedule V [section 197].

Premium not to be part of the remuneration

- The premium paid on any insurance taken by a company on behalf of its managing director, whole-time director, manager, Chief Executive Officer, Chief Financial Officer or **Company Secretary** for indemnifying any of them against any liability in respect of any negligence, default, misfeasance, breach of duty or breach of trust for which they may be guilty in relation to the company, **shall not be treated as part of the remuneration** payable to any such personnel. [section 197 (13)]

Appointment of whole-time Key Managerial Personnel

- Every company belonging to such class or classes of companies as may be prescribed shall have Whole-Time Key Managerial Personnel. [section 203 (1)]
- **A Company Secretary being a KMP shall be appointed by a resolution of the Board** which shall contain the terms and conditions of appointment including the remuneration. If any vacancy in the office of KMP is created, the same shall be filled up by the Board at a meeting of the Board within a period of six months from the date of such vacancy. [section 203 (2) & (4)]
- If a company does not appoint a KMP, the penalty proposed is :
On company – one lakh rupees which may extend to five lakh rupees;
On every director and KMP who is in default – 50,000 rupees for each such default and where the contravention is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the contravention continues.

Secretarial Standards

- For the first time, **the concept of Secretarial Standards has been introduced. Every company is required to observe such Secretarial Standards as may be prescribed with respect to General and Board Meetings.** [section 118 (10)].
- **Secretarial standards** means Secretarial Standards issued by **the ICSI and approved by the Central Government**

Secretarial Audit

- **Secretarial audit by a Company Secretary in practice mandated** for every listed company and a company belonging to other class of companies as may be prescribed.
- **Duty of the company** to give all assistance and facilities to the Company Secretary in Practice for auditing the secretarial and related records of the company.
- **Directors' report shall explain** in full any qualification or observation or other remarks made by the Company Secretary in practice in his report.
- If a company or any officer of the company or the Company Secretary in Practice contravenes the provisions of this section, the company, every officer of the company or the company secretary in practice, who is in default, shall be punishable **with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.**

Functions of Company Secretary

- The functions of the company secretary shall include-
 - **to report to the Board about compliance** with the provisions of this Act, the rules made there under and other laws applicable to the company;
 - to ensure that the company **complies with the applicable secretarial standards;**
 - to discharge such other duties as may be prescribed.

General Meetings

- To encourage wider participation of shareholders at General Meetings, **the Central Government may prescribe the class or classes of companies in which a member may exercise their vote at meetings by electronic means** [section 108].
- One person companies have been given the option to dispense with the requirement of holding an AGM. [section 96(1)].

Report on annual general meeting

- Every listed company shall prepare a **Report on each Annual General Meeting including confirmation to the effect that the meeting was convened, held and conducted as per the provisions of the Act and the Rules made there under.** The

report shall be prepared in the manner to be prescribed. A copy of the report shall be filed with the Registrar **within 30 days of the conclusion of the AGM**. Non-filing of the report has been made a punishable offence. [section 121].

Quorum

- The quorum for public company will now depend upon the number of members as on the date of the meeting i.e
 - (i) five members personally present – if number of members not more than one thousand;
 - (ii) fifteen members personally present – if number of members more than one thousand but up to five thousand;
 - (iii) thirty members personally present – if number of members exceeds five thousand.

Investor Protection Measures

- **Issue and transfer** of securities and non-payment of dividend by listed companies, shall be administered by SEBI by making regulations.(section 24)
- An **act of fraudulent inducement** of persons to invest money is **punishable with imprisonment** for a term which may extend to ten years and with fine which shall not be less than three times the amount involved in fraud.(section 36)
- **A suit may be filed by a person who is affected by any misleading statement** or the inclusion or omission of any matter in the Prospectus or who has invested money by fraudulent inducement. (section 37).

Deposits

- A company may, subject to the passing of a resolution in general meeting and subject to the prescribed rules, accept deposits from its members subject to fulfillment of the following specified conditions (section 73):

- i. passing of resolution in a general meeting.
 - ii. issue of circular to members including therein a statement showing the financial position of the company, the credit ratings obtained, the total number of depositors and the amount due towards deposits in respect of any previous deposits accepted by the company and such other particulars in such form and in such manner as may be prescribed.
 - iii. filing a copy of the circular along with such statement with the registrar within 30 days before the date of issue of the circular.
 - iv. Providing deposit insurance.
 - v. Certification by the company that it has not defaulted in the repayment of deposits.
 - vi. Provision of security in respect of deposit and interest and creation of charge on company's properties and assets. An amount of not less than 15% of the deposits maturing during a financial year shall be deposited in **deposit repayment** reserve account.
- **A public company having prescribed net worth or turnover may accept deposits from persons other than its members** subject to compliance of rules as may be prescribed by Central Government in consultation by Reserve Bank of India. (section 76).
 - **The penalty for failure to repay deposit** has been made extremely stringent. Where a company fails to repay the deposit and it is proved that the deposits had been accepted with intent to defraud the depositors or for any fraudulent purpose, every officer of the company who was responsible for the acceptance of such deposit shall, without prejudice to liability under section 447 i.e. punishment for fraud), be personally responsible, without any limitation of liability, for all or any of the losses or damages that may have been incurred by the depositors (section 75).
 - Stringent punishment is proposed for failure to distribute dividend within thirty days of its declaration. (section 127)

Corporate Social responsibility (section 135)

- Every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board

- consisting of three or more directors, out of which at least one director shall be an independent director. The CSR Committee shall formulate and recommend Corporate Social Responsibility Policy which shall indicate the activity or activities to be undertaken by the company as specified in schedule VII and shall also recommend the amount of expenditure to be incurred on the CSR activities.
- The Board of every company shall ensure that the company spends in every financial year atleast 2% of the average net profits of the company made during the three immediately preceding financial years in pursuance of its CSR policy.
 - Where the company fails to spend such amount, the Board shall in its report specify the reasons for not spending the amount. The approach is to 'comply or explain'.
 - The company shall give preference to local areas where it operates, for spending amount earmarked for Corporate Social Responsibility (CSR) activities.

National Financial Reporting Authority (NFRA) (section 132)

- The Central Government may by notification constitute a National Financial Reporting Authority to provide for matters related to accounting and auditing standards.
- Notwithstanding anything contained in any other law for the time being in force, the National Financial Reporting Authority shall—
 - (a) make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be;
 - (b) monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed;
 - (c) oversee the quality of service of the professions associated with ensuring compliance with such standards, and suggest measures required for improvement in quality of services and such other related matters as may be prescribed; and
 - (d) perform such other functions relating to sub-sections (a), (b) and (c) as may be prescribed.

- Notwithstanding anything contained in any other law for the time being in force, the National Financial Reporting Authority shall—

(a) have the power to investigate, either *suo moto* or on a reference made to it by the Central Government, for such class of bodies corporate or persons, in such manner as may be prescribed into the matters of professional or other misconduct committed by any member or firm of chartered accountants, registered under the Chartered Accountants Act, 1949:

Provided that no other institute or body shall initiate or continue any proceedings in such matters of misconduct where the National Financial Reporting Authority has initiated an investigation under this section;

(b) have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit.

(c) where professional or other misconduct is proved, have the power to make order for—

(A) imposing penalty of -

(I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and

(II) not less than ten lakh rupees, but which may extend to ten times of the fees received, in case of firms;

(B) debarring the member or the firm from engaging himself or itself from practice as member of the institute for a minimum period of six months or for such higher period not exceeding ten years as may be decided by the National Financial Reporting Authority.

- Any person aggrieved by any order of the National Financial Reporting Authority, may prefer an appeal before the Appellate Authority constituted by the Central Government.

Auditors

- A company shall appoint an individual or a firm as an auditor at annual general meeting who shall hold office till the conclusion of **sixth annual general meeting**.
 - However, the company shall place the matter relating to such appointment **for ratification by members at every annual general meeting**.
 - **No listed company or a company belonging to such class or classes of companies as may be prescribed**, shall appoint or re-appoint—
 - (a) an individual as auditor for more than **one term** of five consecutive years; and
 - (b) an audit firm as auditor for more than **two terms** of five consecutive years:
- Provided that—
- (i) an individual auditor who has completed his term under section (a) shall not be eligible for re-appointment as auditor in the same company for five years from the completion of his term;
 - (ii) an audit firm which has completed its term under clause (b), shall not be eligible for re-appointment as auditor in the same company for five years from the completion of such term:
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- **Members of a company may resolve** to provide that in the audit firm appointed by it, the auditing partner and his team shall be rotated at such intervals as may be resolved by members .
 - The limit in respect of maximum number of companies in which a person may be appointed as auditor has been proposed **as twenty companies**. (section 141)
 - Auditor **cannot render any of the following services, directly or indirectly to the company or its holding company or subsidiary company**:
 - Accounting and book-keeping service
 - Internal audit
 - Design and implementation of any financial information system
 - Actuarial services

- Investment advisory services
- Investment banking services
- Rendering of outsourced financial services
- Management services
- Other prescribed services

Internal Audit

- **Internal audit** may be made mandatory for prescribed companies (section 138)

Cost Audit (section 148)

- The Central Government after consultation with regulatory body may direct class of companies engaged in production of such goods or providing such services as may be prescribed to include in the books of accounts particulars relating to utilisation of material or labour or to such other items of cost.
- If the Central Government is of the opinion, that it is necessary to do so, it may, direct that the audit of cost records of class of companies, which are required to maintain cost records and which have a net worth of such amount as may be prescribed or a turnover of such amount as may be prescribed, shall be conducted in the manner specified in the order.
- **'cost auditing standards'** have been mandated.

Financial Statement

- For the first time, the term **'financial statement'** has been **defined to include:-**
 - (i) a balance sheet as at the end of the financial year;
 - (ii) a profit and loss account, or in the case of a company carrying on any activity not for profit, an income and expenditure account for the financial year;

- (iii) cash flow statement for the financial year;
 - (iv) **a statement of changes in equity, if applicable**; and
 - (v) any explanatory note annexed to, or forming part of, any document referred to in sub-clause (i) to sub-clause (iv):
- the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement;

Signing of financial statement

The financial statement, including consolidated financial statement, if any, shall be approved by the Board of directors before they are signed on behalf of the Board **at least by the Chairperson of the company authorised by the Board or by two directors out of which one shall be managing director and the Chief Executive Officer, if he is a director in the company, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of a One Person Company, only by one director**, for submission to the auditor for his report thereon.

Related Party Transactions

- Every contract or arrangement entered into with a related party, shall be referred to in the Board's Report along with the justification for entering into such contract or arrangement. [section 188(2)].
- **No member shall vote on such resolution to approve any contract or arrangement which may be entered into by the company, if such member is a related party.** (section 188)

Restriction on non-cash transactions

- Any arrangement between a company and its directors in respect of acquisition of assets for consideration other than cash shall require prior approval by a resolution in general meeting and if the director or connected person is a director of its holding company, approval is required to be obtained by passing a resolution in general meeting of the holding company. [section 192].

Contract by one person company

- Where a one person company limited by shares or by guarantee enters into a contract with the sole member of the company who is also its director, the company shall, unless the contract is in writing, ensure that the terms of the contract or offer are contained in a memorandum or are recorded in the minutes of the first Board meeting held after entering into the contract.
- The company shall inform the Registrar about every contract entered into by the company and recorded in the minutes (section 193).

Inspection, enquiry and investigation

- A new section has been added to provide that where in connection with enquiry or investigation into the affairs of the company or reference by the Central Government, or on complaint by any person that the transfer or disposal of funds, properties or assets is likely to take place which is prejudicial to the interest of the company, then the Tribunal may order for **the freezing of such transfer, removal or disposal of assets for a period of three years**. [section 221]
- Another new section seeks to provide that the provisions of inspection or investigation applicable to Indian companies shall also **apply *mutatis-mutandis* to inspection or investigation of foreign companies**. (section 228).

Class action suits

- A provision has been made for class action suits. It is provided that specified number of member(s), depositor(s) or any class of them, may, if they are of the opinion that the management or control of the affairs of the company are being conducted in a manner prejudicial to the interests of the company or its members or depositors, file an application before the Tribunal on behalf of the members or depositors.

- Where the members or depositors seek any damages or compensation or demand any other suitable action from or against an audit firm, the liability shall be of the firm as well as of each partner who was involved in making any improper or misleading statement of particulars in the audit report or who acted in a fraudulent, unlawful or wrongful manner.
- The order passed by the Tribunal shall be binding on the company and all its members, depositors and auditors including audit firm or expert or consultant or advisor or any other person associated with the company. (section 245)

Serious Fraud Investigation Office (section 211)

- The Central Government shall establish an office to be **called Serious Fraud Investigation Office to investigate frauds related to a company.**

Fraud defined (section 447)

- The term "Fraud" has for the first time been defined in the Act. Any person who is found to be guilty of fraud, shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud.
- Where the fraud in question involves public interest, the term of imprisonment shall not be less than three years.

Restructuring and Liquidation

- The entire rehabilitation and liquidation process has been made **time bound.**
- Winding up is to be resorted to only when revival is not feasible. (section 258).
- **The Tribunal may appoint an interim administrator or a company administrator from the panel of Company Secretaries, CAs, CWAs, etc. maintained by the Central Government.** [section 259(1)].

- The Company Administrator shall prepare a scheme of revival and rehabilitation. [section 261(1)].
- If revival scheme is not approved by the creditors, the Tribunal shall order for winding up of the company. (section 258).
- No civil court shall have jurisdiction in respect of any matter on which Tribunal or Appellate Tribunal is empowered. (section 268).

Company Liquidators (section 275)

The Tribunal may appoint Provisional Liquidator or the Company Liquidator from a panel maintained by the Central Government consisting of Company Secretaries, Chartered Accountants, Advocates and Cost Accountants.

On an appointment as provisional liquidator or Company Liquidator, such liquidator is required to file a declaration in the prescribed form disclosing conflict of interest or lack of independence in respect of his appointment, if any, with the Tribunal.

Professional assistance to Company Liquidator (section 291)

The Company Liquidator may, with the sanction of the Tribunal, appoint **one or more professionals including Company Secretaries** to assist him in the performance of his duties and functions under the Act.

Registered valuers

- A new chapter has been inserted in relation to registered valuers.
- **Valuation in respect of any property, stock, shares, debentures, securities, goodwill, networth or assets of a company shall be valued by a person registered as a valuer.** (section 247).
- The Central Government shall maintain a register of valuers. [section 247(1)].
- The valuer shall be a person having such qualification and experience and registered as a valuer in such manner and on such terms and conditions as may be prescribed.

Qualifications of President and Members of Tribunal (section 409)

Amongst others, **a Company Secretary in practice is eligible to become a Technical Member of National Company law Tribunal and Appellate Tribunal, if he is or has been in practice for at least fifteen years.**

Special Courts

- For the speedy trial of offences, the Central Government has been empowered to establish special courts in consultation with the Chief Justice of the High Court within whose jurisdiction the judge is to be appointed. (section 435).
- All offences under this Act shall be triable by the Special Court established for the area in which the registered office of the company in relation to which the offence is committed or where there are more special courts than one for such area, by such one of them as may be specified in this behalf by the High Court concerned. (section 436)
- The Special Court would have the liberty to try summary proceedings for offences punishable with imprisonment for a term not exceeding three years, although it may order for the regular trial. (section 436).

Mediation and conciliation panel

- The Central government shall maintain a panel of experts to be called **Mediation and Conciliation Panel for mediation between the parties during the pendency of any proceedings before the Central Government or the Tribunal or the Appellate Tribunal under this Act.** (section 442)

Cross – border mergers (section 234)

- The Act has allowed cross border mergers with any foreign company;
- The cross border merger may be made between companies registered under this Act and companies incorporated under jurisdiction of such countries as may be notified by the Central Government.

Power to exempt class or classes of companies from provisions of this Act (section 462)

- The Central Government may in the public interest, by notification direct that any provisions of this Act:
 1. shall not apply to such class or classes of companies; or
 2. shall apply to class or classes of companies with such exceptions, modifications and adaptations as may be specified in the notification.
- The notification in draft to be laid in both the Houses of Parliament for a period of 30 days.
- Houses may disapprove or modify.

Disclaimer: This document has been prepared on the basis of Companies Bill, 2012 as passed in the Lok Sabha on 18th December, 2012. The Institute of Company Secretaries of India does not own the responsibility of any error or omission. The users and readers are advised to cross check with the original bill before acting upon this document.

**TABLE 1
TABLE SHOWING CLAUSES OF COMPANIES BILL, 2012
[AS PASSED BY LOK SABHA]
AND CORRESPONDING SECTIONS OF COMPANIES ACT, 1956**

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
1.	Short title, commencement and application	1	Short title, commencement and extent
2.	Definitions	2	Definitions
3.	Formation of company	12	Mode of forming incorporated company
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5.	Articles	26 27	Articles prescribing regulations Regulations required in case of unlimited company, company limited by guarantee or private company limited by

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
		28	shares
		29	Adoption and application of Table A in the case of companies limited by shares Form of articles in the case of other companies
6.	Act to override memorandum, articles, etc	9	Act to override memorandum, articles, etc.
7.	Incorporation of company	33	Registration of memorandum and articles
8.	Formation of companies with charitable objects, etc.	25	Power to dispense with 'Limited' in name of charitable or other company.
9.	Effect of Registration	34	Effect of Registration
10.	Effect of memorandum and articles	36	Effect of memorandum and articles
11.	Commencement of business, etc.	149	Restrictions on commencement of business
12.	Registered office of company	146 147	Registered office of company Publication of name by company
13.	Alteration of memorandum	16	Alteration of memorandum
14.	Alteration of articles	31	Alteration of articles by special resolution
15.	Alteration of memorandum or articles to be noted in every copy	40	Alteration of memorandum or articles, etc, to be noted in every copy
16.	Rectification of name of company	22	Rectification of name of company
17.	Copies of memorandum, articles, etc, to be given to members	39	Copies of memorandum and articles, etc, to be given to members
18.	Conversion of companies already registered	32	Registration of unlimited company as limited, etc
19.	Subsidiary company not to hold shares in its holding company	42	Membership of holding company
20.	Service of documents	51 52 53	Service of documents on company Service of documents on Registrar Service of documents on members by company
21.	Authentication of documents, proceedings and contracts	54	Authentication of documents and proceedings
22.	Execution of bills of exchange, etc.	47	Bills of exchange and promissory notes
23.	Public offer and private placement	--	--
24.	Power of Securities and	55A	Powers of Securities and Exchange

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
	Exchange Board to regulate issue and transfer of securities etc.		Board of India
25.	Document containing offer of securities for sale to be deemed prospectus	64	Document containing offer of shares or debentures for sale to be deemed prospectus
26.	Matters to be stated in prospectus	56 Schedule II	Matters to be stated and reports to be set out in prospectus Matters to be specified in prospectus and reports to be set out therein
27.	Variation in terms of contract or objects in prospectus	61	Terms of contract mentioned in prospectus or statement in lieu of prospectus, not to be varied
28.	Offer of sale of shares by certain members of a company	--	--
29.	Public offer of securities to be in dematerialised form	68B	Initial offer of securities to be in dematerialised form in certain cases
30.	Advertisement of prospectus	66	Newspaper advertisements of prospectus
31.	Shelf prospectus	60A	Shelf prospectus
32.	Red herring prospectus	60B	Information memorandum
33.	Issue of application forms for securities	56(3)	Matters to be stated and reports to be set out in prospectus
34.	Criminal liability for misstatements in prospectus	63	Criminal liability for misstatements in prospectus
35.	Civil liability for mis-statements in prospectus	62	Civil liability for mis-statements in prospectus
36.	Punishment for fraudulently inducing persons to invest money	68	Penalty for fraudulently inducing persons to invest money
37.	Action by affected persons	--	--
38.	Punishment for personation for acquisition, etc., of securities	68A	Personation for acquisition, etc. of shares
39.	Allotment of securities by company	69	Prohibition of allotment unless minimum subscription received.
40.	Securities to be dealt within stock exchanges	73	Allotment of shares and debentures to be dealt in on stock exchange
41.	Global Depository Receipt	--	--
42.	Offer or invitation for subscription of securities on private placement	67	Construction of references to offering shares or debentures to the public, etc.
43.	Kinds of share capital	85	Two kinds of share capital
44.	Nature of shares or	82	Nature of shares or debentures

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
	debentures		
45.	Numbering of shares	83	Numbering of shares
46.	Certificate of shares	84	Certificate of shares
47.	Voting rights	87	Voting rights
48.	Variation of shareholders' rights	106 107	Alteration of rights of holders of special classes of shares Rights of dissentient shareholders.
49.	Calls on shares of same class to be made on uniform basis	91	Calls on shares of same class to be made on uniform basis
50.	Company to accept unpaid share capita, although not called up	92	Power of company to accept unpaid share capital, although not called up
51.	Payment of dividend in proportion to amount paid-up	93	Payment of dividend in proportion to amount paid-up
52.	Application of premiums received on issue of shares	78	Application of premiums received on issue of shares
53.	Prohibition on issue of shares at discount	79	Power to issue shares at a discount
54.	Issue of sweat equity shares	79A	Issue of sweat equity shares
55.	Issue and redemption of preference shares	80 80A	Power to issue redeemable preference shares Redemption of irredeemable preference shares etc.
56.	Transfer and transmission of securities	108 109B 110	Transfer not to be registered except an production of instrument of transfer Transmission of shares Application for transfer
57.	Punishment for personation of shareholder	116	Penalty for personation of shareholder
58.	Refusal of registration and appeal against refusal	111(1) and (2)	Power to refuse registration and appeal against refusal
59.	Rectification of register of members	111A	Rectification of register on transfer
60.	Publication of authorised, subscribed and paid-up capital	148	Publication of authorised as well as subscribed and paid-up capital
61.	Power of limited company to alter its share capital	94	Power of limited company to alter its share capital
62.	Further issue of share capital	81	Further issue of capital
63.	Issue of bonus shares	--	--
64.	Notice to be given to Registrar for alteration of	95	Notice to Registrar of consolidation of share capital, conversion of shares into

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
	share capital	97	stock, etc. Notice of increase of share capital or of members
65.	Unlimited company to provide for reserve share capital on conversion into limited company	32	Registration of unlimited company as limited, etc.
66.	Reduction of share capital	100 101 102 103 104 105	Special resolution for reduction of share capital Application to Tribunal for confirming order, objections by creditors and settlement of list of objecting creditors. Order confirming reduction and powers of Tribunal on making such order Registration of order and minute of reduction Liability of members in respect of reduced shares Penalty for concealing name of creditor, etc.
67.	Restrictions on purchase by company or giving of loans by it for purchase of its shares	77	Restrictions on purchase by company or loans by company for purchase, of its own or its holding company's shares
68.	Power of company to purchase its own securities	77A	Power of company to purchase its own securities
69.	Transfer of certain sums to capital redemption reserve account	77AA	Transfer of certain sums to capital redemption reserve account
70.	Prohibition of buy-back in certain circumstances	77B	Prohibition of buy-back in certain circumstances
71.	Debentures	117 117A 117B 117C	Debentures with voting rights and to be issued hereafter Debenture trust deed Appointment of debenture trustees and duties of debenture trustees Liability of company to create security and debenture redemption reserve.

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
72.	Power to nominate	109A	Nomination of shares
73.	Prohibition on acceptance of deposits from public	58A	Deposits not to be invited without issuing an advertisement
74.	Repayment of deposits, etc. accepted before commencement of this Act	--	--
75.	Damages for fraud	--	--
76.	Acceptance of deposits from public by certain companies		
77.	Duty to register charges, etc.	125	Certain charges to be void against liquidator or creditors unless registered
78.	Application for registration of charge	134	Duty of company as regards registration and right of interested party.
79.	Section 77 to apply in certain matters	127 135	Registration of charges on properties acquired subject to charge Provisions of part to apply to modification of charges.
80.	Date of notice of charge	126	Date of notice of charge
81.	Register of charges to be kept by Registrar	130	Register of charges to be kept by Registrar
82.	Company to report satisfaction of charge	138	Company to report satisfaction and procedure thereafter
83.	Power of Registrar to make entries of satisfaction and release in absence of intimation from company	-	--
84.	Intimation of appointment of receiver or manager	137	Entry in register of charges of appointment of receiver or manager
85.	Company's register of charges	143	Company's register of charges
86.	Punishment for contravention	142	Penalties
87.	Rectification by Central Government in register of charges	141	Rectification by Central Government of register of charges
88.	Register of members, etc	150 151 152 152A	Register of members Index of members Register and index of debenture holders' Register and index of beneficial owners
89.	Declaration in respect of	187C	Declaration by persons not holding

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
	beneficial interest in any share		beneficial interest in any share
90.	Investigation of beneficial ownership of shares in certain cases	187D	Investigation of beneficial ownership of shares in certain cases
91.	Power to close register of members or debentures or other security holders	154	Power to close register of members or debentures
92.	Annual return	159 161 162	Annual return to be made by company having a share capital Further provisions regarding annual return and certificate to be annexed thereto Penalty and interpretation
93.	Return to be filed with Registrar in case promoters' stake changes	--	--
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95.	Registers, etc., to be evidence	164	Registers, etc., to be evidence
96.	Annual general meeting	166	Annual general meeting
97.	Power of Tribunal to call annual general meeting	167	Power of Central Government to call annual general meeting
98.	Power of Tribunal to call meetings of members, etc.	186	Power of Tribunal to order meeting to be called
99.	Punishment for default in complying with provisions of sections 96 to 98	168	Penalty for default in complying with section 166 or 167
100.	Calling of extraordinary general meeting	169	Calling of extraordinary general meeting on requisition
101.	Notice of meeting	171 172	Length of notice for calling meeting Contents and manner of service of notice and persons on whom it is to be served
102.	Statement to be annexed to notice	173	Explanatory statement to be annexed to notice
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104.	Chairman of meetings	175	Chairman of meeting
105.	Proxies	176	Proxies
106.	Restriction on voting rights	181	Restriction on exercise of voting right of

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
		182	members who have not paid calls, etc. Restrictions on exercise of voting right in other cases to be void
		183	Right of member to use his votes differently
107.	Voting by show of hands	177 178	Voting to be by show of hands in first instance Chairman's declaration of result of voting by show of hands to be conclusive
108.	Voting through electronic means	--	-
109.	Demand for poll	179 180 184 185	Demand for poll Time of taking poll Scrutineers at poll Manner of taking poll and result thereof
110.	Postal ballot	192A	Passing of resolutions by postal ballot.
111.	Circulation of members'	188	Circulation of members' resolutions
112.	Representation of President and Governors in meetings	187A	Representation of President and Governors in meetings of companies of which they are members
113.	Representation of Corporations at meeting of companies and of creditors		Representation of Corporations at meeting of companies and of creditors
114.	Ordinary and special resolutions	189	Ordinary and special resolutions
115.	Resolutions requiring special notice	190	Resolutions requiring special notice
116.	Resolutions passed at adjourned meeting	191	Resolutions passed at adjourned meeting
117.	Resolutions and agreements to be filed	192	Registration of certain resolutions and agreements
118.	Minutes of proceedings of general meeting, meeting of Board of Directors and other meeting and resolutions passed by postal ballot	193 194 195	Minutes of proceedings of general meetings and of Board and other meetings. Minutes to be evidence Presumptions to be drawn where

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
		197	minutes duly drawn and signed Publication of reports of proceedings of general meetings
119.	Inspection of minute-books of general meeting	196	Inspection of minute books of general meetings
120.	Maintenance and inspection of documents in electronic form	--	--
121.	Report on general meeting	--	--
122.	Applicability of this Chapter to One Person company	--	--
123.	Declaration of dividend	205	Dividend to be paid only out of profits
124.	Unpaid dividend account	205A	Unpaid dividend to be transferred to special dividend account
125.	Investor Education and protection fund	205C	Establishment of Investor Education and Protection fund
126.	Right to dividend, rights shares and bonus shares to be held in abeyance pending registration of transfer of shares	206A	Right to dividend, rights shares and bonus shares to be held in abeyance pending registration of transfer of shares
127.	Punishment for failure to distribute dividends	207	Penalty for failure to distribute dividends within thirty days
128.	Books of account, etc., to be kept by company	209	Books of account to be kept by company
129.	Financial statement	211	Form and contents of balance sheet and profit and loss account
130.	Re-opening of accounts on Court's or Tribunal's orders	--	--
131.	Voluntary revision of financial statements or Board's report	--	--
132.	Constitution of National Financial Reporting Authority	210A	Constitution of National Advisory Committee on Accounting Standards
133.	Central Government to prescribe accounting standards	211(3C)	Form and contents of balance sheet and profit and loss account
134.	Financial Statement, Board's report, etc.	215 216 217	Authentication of balance sheet and profit and loss account Profit and loss account to be annexed and auditors' report to be attached to balance sheet. Board's report
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Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
	Responsibility		
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137.	Copy of financial statement to be filed with Registrar	220	Three copies of balance sheet, etc. to be filed with Registrar
138.	Internal Audit		
139.	Appointment of auditors	224	Appointment and remuneration of auditors
140.	Removal, resignation of auditor and giving of special notice	225	Provisions as to resolutions for appointing or removing auditors
141.	Eligibility, qualifications and disqualifications of auditors	224(1B) 226	Appointment and remuneration of auditors Qualifications and disqualifications of auditors
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143.	Powers and duties of auditors and auditing standards	227	Powers and duties of auditors
144.	Auditor not to render certain services	--	--
145.	Auditors to sign audit reports, etc.	229	Signature of audit report, etc.
146.	Auditors to attend general meeting	231	Right of auditor to attend general meeting
147.	Punishment for contravention	232 233	Penalty for non-compliance with sections 225 to 231 Penalty for non-compliance by auditor with sections 227 and 229
148.	Central Government to specify auditor of items of cost in respect of certain companies	233B	Audit of cost accounts in certain cases
149.	Company to have Board of Directors	252 253 259	Minimum number of directors Only individuals to be directors. Increase in number of directors to require Government sanction
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151.	Appointment of director	252(1)	Minimum number of directors

Clauses of Companies Bill, 2012		Corresponding Sections of Companies Act, 1956	
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154.	Allotment of Director Identification Number	266B	Allotment of Director Identification Number
155.	Prohibition to obtain more than one Director Identification Number	266C	Prohibition to obtain more than one Director Identification Number
156.	Director to intimate Director Identification Number	266D	Obligation of director to intimate Director Identification Number to concerned company or companies
157.	Company to inform Director Identification Number to Registrar	266E	Obligation of company to inform Director Identification Number to Registrar
158.	Obligation to indicate Director Identification Number	266F	Obligation to indicate Director Identification Number
159.	Punishment for contravention	266G	Penalty for contravention of provisions of section 266A or section 266C or section 266D or section 266E
160.	Right of persons other than retiring directors to stand for directorship	257	Right of persons other than retiring directors to stand for directorship
161.	Appointment of additional director, alternate director and nominee director	260 262 313	Additional directors Filing of causal vacancies among directors Appointment and terms of office of alternate directors
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164.	Disqualifications for	274	Disqualifications of directors

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167.	Vacation of office of director	283	Vacation of office by directors
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169.	Removal of directors	284	Removal of directors
170.	Register of directors and key managerial personnel and their shareholding	303	Register of directors, etc.
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171.	Members' right to inspect	304	Inspection of the register
172.	Punishment	--	--
173.	Meetings of Board	285	Board to meet at least once in every three calendar months
		286	Notice of meetings
174.	Quorum for meetings of Board	287	Quorum for meetings
		288	Procedure where meeting adjourned for want of quorum
175.	Passing of resolution by circulation	289	Passing of resolutions by circulation
176.	Defects in appointment of directors not to invalidate actions taken	290	Validity of acts of directors
177.	Audit Committee	292A	Audit Committee
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179.	Powers of Board	291	General powers of Board
		292	Certain powers to be exercised by Board only at meeting
180.	Restrictions on powers of Board	293	Restrictions on powers of Board
181.	Company to contribute to bonafide and charitable funds, etc.	293(1)(e)	Restrictions on powers of Board
182.	Prohibitions and restrictions regarding political contributions	293A	Prohibitions and restrictions regarding political contributions
183.	Power of Board and other persons to make contributions to National Defence Fund, etc.	293B	Power of Board and other persons to make contributions to National Defence Fund, etc.
184.	Disclosure of interest by	299	Disclosure of interest by director

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187.	Investments of company to be held in its own name	39	Investments of company to be held in its own name
188.	Related party transactions	297	Board's sanction to be required for certain contracts in which particular directors are interested
189.	Register of contracts of arrangements in which directors are interested.	301	Register of contracts of arrangements in which directors are interested.
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194.	Prohibition on forward dealings in securities of company by director or key managerial personnel	--	--
195.	Prohibition on insider trading of securities	--	--
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