

Cabinet clears ordinance to amend Companies Act

FE BUREAU

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THE UNION CABINET on Thursday gave its approval for promulgation of an ordinance to bring amendments to the Companies Act 2013. The amendments are largely in line with recommendations of a panel headed by corporate affairs secretary Injeti Srinivas, according to sources.

The ordinance will now be sent for Presidential assent.

In August, a 10-member committee, headed by secretary ministry of corporate affairs Injeti Srinivas, submitted the report to finance and corporate

affairs minister Arun Jaitley.

The government-appointed panel had recommended decriminalisation of over 80 minor offences in the existing Act and had also suggested restructuring of corporate offences and an in-house adjudication mechanism so that courts get more time to deal with serious violations.

The panel had also suggested disqualification of directors in case they have directorships beyond permissible limits and a cap on the remuneration of independent directors 'in terms of percentage of income' in order to pre-



vent any material pecuniary relationship.

Apart from restructuring of corporate offences to relieve special courts from adjudicating routine offences, the panel had recommended re-categori-

sation of 16 out of 81 compoundable offences under the Act. This would be done by shifting them from the jurisdiction of special courts to an 'in-house e-adjudication framework wherein defaults would be subject to levy of penalty by the authorised adjudicating officer (registrar of companies),' it had said. Taking into account their potential misuse, the panel had suggested that the remaining 65 compoundable offences should continue to be under the jurisdiction of special courts.

A status quo had been recommended for all non-compoundable offences relating to serious violations, instituting

a transparent online platform for e-adjudication and e-publication of orders.

In order to de-clog the NCLT, the panel had suggested expanding the jurisdiction of the regional director with enhanced pecuniary limits for compounding of offences under Section 441 of the Companies Act 2013 (the Act).

It had also recommended vesting in the central government the power to approve the alteration in the financial year of a company under Section 2(41); and conversion of public companies into private companies under Section 14 of the Act.