

The Companies Bill, 2009 was introduced on August 3rd 2009. The Standing Committee presented its report on August 31st 2010. The central government withdrew this Bill in the winter session of 2011. It re-introduced the Companies Bill 2011 on December 2nd 2011.

We present four tables below to help the Standing Committee on Finance in examining this Bill.

Table 1 - Recommendations of the Standing Committee on the Companies Bill 2009 that were not incorporated in the Companies Bill, 2011

Table 2 - Some recommendations of the Standing Committee on the Companies Bill, 2009 that were partially incorporated in the Companies Bill, 2011

Table 3 – Some provisions in the Companies bill 2011 that were not present in the Companies bill 2009

Table 4: Recommendations given by the Standing Committee on the Companies Bill, 2009 that were incorporated in the Companies Bill, 2011

Table 1: Recommendations of the Standing Committee that were not incorporated in the Companies Bill, 2011

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations
Clause 2(1)(k) - Body Corporate	Definition should include Limited Liability Partnership
Fraud not defined	Definition of fraud to be included
Clause 2(1)(zzi) – Officer who is in default	Promoter should be included as a new category and persons advising the Board in a professional capacity should be excluded
Clause 2(1)(zzp) & (zsz) – Private Company	Capitalisation threshold of private company and public company should be higher as the Bill also proposes new forms like small companies and One Person companies with lower capitalisation
Clause 2(1)(zsz) – Public Company	Definition should be amended to exclude “private company, one person company or a small company”
Clause 13(1) – Alteration of Articles	Amendments to smoothen the process of conversion of one form of company to another
Clause 24(3) – Offer of invitation for subscription of securities	Time period for allotment of securities should be reduced from 70 days to 15 days in tune with the SEBI norms and there should be a provision for payment of interest on share application money remaining unpaid beyond the stipulated period
Clause 34(4) – Allotment of securities	The clause should be made applicable to both public as well as private companies
Clause 94 – Proxies	With both postal as well as electronic voting system in place, proxies may be discontinued
Clause 110(1) – Declaration of Dividend	Consent of directors present instead of consent of all directors

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations
Clause 117(1) – Financial statement	Non-applicability of this clause to banking companies should be clearly mentioned
Clause 117(5) – Exemption to unlisted companies	The ministry should re-consider exempting unlisted companies from preparing detailed consolidated financial statements of all subsidiaries
Clause 123(8) – Audit Committee	The Audit Committee shall ensure and monitor that the independence criteria has been fulfilled by the auditor of the company throughout his tenure
Clause 125 – Remuneration of Auditors	Providing safeguards on the remuneration of auditors
Clause 149 – Resignation of the Director	To clarify the time period within which the Board is to forward the resignation to the Registrar
Clause 174(4) – Those disqualified from being appointed as managerial personnel	Conviction under SEBI Act, Securities Contract (Regulation) Act, Depositories Act and for committing fraud, forgery etc may also be considered as a disqualification for persons to be appointed as Managing or whole time Directors
Appointment of Key Managerial Personnel	An individual shall not be Chairman as well as the MD or CEO of the company at the same time
Clause 195 – Action to be taken in pursuance of Inspectors Report: Disgorgement of properties of directors who have indulged in fraud	A new clause to empower the government to initiate proceedings for disgorgement of assets and properties of the directors who have taken undue advantage or benefit. The Standing Committee recommended that the words ‘undue advantage or benefit’ should be deleted as they dilute the provision.
Clause 230 - Application for revival and rehabilitation	Other stakeholders particularly other creditors could be allowed to file an application for revival and rehabilitation of a company, not just any secured creditor
Clause 281 – Meeting of creditors	Proposed adding an enabling proviso for holding a joint meeting of members and creditors
Clause 342 (1) – Documents etc. to be delivered to Registrar by foreign companies	Proposed changing the time period for delivering the documents to the Registrar to 90 days from 30 days
Clause 409 – Punishment where no specific penalty is provided	Define the term “continuing offence”

Table 2: Some recommendations of the Standing Committee that were partially incorporated in the Companies Bill, 2011

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Remarks
Appointment and Qualification of Directors		
Clause 146 – Number of Directorships	Maximum number of companies in which one may become director should be reduced to 10 from the proposed 15 in the case of public companies, and 5 from 7 in the case of listed companies	Partially implemented. Public companies reduced to 10 but no mention of listed companies. Proviso removed – Clause 165 in the new Bill

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Remarks
Winding up		
Clause 250 – Company Liquidators and their appointments	A time frame of 15 days should be prescribed for the company liquidator to file a declaration relating to independence	A time frame of seven days has been prescribed.
Clause 265 – Power and Duties of Company Liquidator	Drafting changes in sub clause (1)(a), (e), (g), (j), (l), (m), and sub clause 3	All drafting changes made except those to sub clause (1)(a) which states that the company shall have the power to carry on the business so far as may be necessary for the beneficial winding up of the company.
Clause 276 – Arrest of person trying to quit India or abscond	Replace the words “to be arrested and kept in custody” with the words “may be detained”	Words were replaced by “to be detained”

Table 3: Some provisions in the Companies Bill, 2011 that were not present in the Companies Bill, 2009 in the Companies Bill, 2011

Key Issues and Clause No. in the Companies Bill, 2011	New provisions	Remarks
Prospectus and Allotment of Securities		
Clause 23 – Public offer and private placement	A public company may issue securities through prospectus, private placement, and rights issue or bonus issue. A private company may issue securities only through private placement. Public offer is the offer of sale of securities to the public by an existing shareholder.	
Share capital and debentures		
Clause 63 – Issue of bonus shares	A company may issue fully paid up bonus shares to its members out of its free reserves, securities premium account and capital redemption reserve account.	This was recommended by the Standing Committee.
Acceptance of Deposits by Companies		
Clause 76 – Acceptance of deposits from public by certain companies	A public company may accept deposits from persons other than its members subject to certain conditions which include obtaining a rating from a credit rating agency to inform the public at the time of invitation of deposits to ensure adequate safety. In case of secured loans a charge should be created on the assets of the company which is not less than the amount of the deposits accepted.	This was recommended by the Standing Committee.

Key Issues and Clause No. in the Companies Bill, 2011	New provisions	Remarks
Management and Administration		
Clause 93 – Return should be filed with the Registrar in case the promoters' stake changes	Every listed company shall file a return with the Registrar informing him of the change in the number of shares held by the promoters and top ten shareholders within 15 days of such change.	
Accounts of Companies		
Clause 130 – Reopening of accounts on court's or Tribunal's orders	A company shall not re-open its books of account unless an order is made by a court or Tribunal.	
Clause 131 – Voluntary revision of financial statements or Board's report	If the Directors of the company feel that the financial statement does not comply with certain provisions, they may prepare revised financial statement or report after obtaining approval of the Tribunal.	
Clause 135 – Corporate Social Responsibility	Every company which has a net worth of Rs 500 crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting three or more directors of which at least one is an independent director. The Board shall ensure that the company spends at least two per cent of the average net profits of the company made during the three immediately preceding financial years.	This was recommended by the Standing Committee.
Clause 138 – Internal Audit	Some companies as may be prescribed shall be required to have an internal auditor who shall either be a chartered accountant or a cost accountant or any such professional decided by the Board. The central government may prescribe the manner and intervals for the audit to be conducted.	This was recommended by the Standing Committee.
Audit and Auditors		
Clause 140 – Removal, resignation of auditor and giving of special notice	An auditor appointed may be removed from his office before the expiry of his term only by a special resolution of the company.	Some changes to provisions to Section 225 of the Companies Act 1956.
Appointment and Qualification of Directors		
Clause 150 – Manner of selection of independent directors and maintenance of data bank of independent directors	An independent director may be selected from a data bank containing names, addresses, and qualifications of persons who are eligible and willing to act as independent directors. The central government may prescribe the manner and procedure of selection of independent directors.	This was recommended by the Standing Committee.
Clause 151 – Appointment of Director elected by small shareholder	A listed company may have one director elected by such small shareholders in such manner and with terms and conditions as may be prescribed.	Similar to the provisions of Section 252 (1) of the Companies Act 1956.

Key Issues and Clause No. in the Companies Bill, 2011	New provisions	Remarks
Appointment and Remuneration of Managerial Personnel		
Clause 197 – Overall maximum managerial remuneration	The total managerial remuneration payable by a public company to its directors, including managing director and whole time director, shall not exceed 11 per cent of the net profits for a financial year.	This was recommended by the Standing Committee. Similar to the provisions of Section 198 of the Companies Act 1956.
Clause 200 – Central government or company to fix limit with regard to remuneration	In cases where the company has inadequate or no profits, the central government or the company may fix the limit for remuneration.	Similar to the provisions of Section 637 AA of the Companies Act 1956.
Clause 204 – Secretarial audit for big companies	A class of companies as may be prescribed shall give a secretarial audit report given by a company secretary in a manner that may be prescribed.	This was recommended by the Standing Committee.
Clause 205 – Functions of the Company Secretary	Some of the functions include reporting to the Board about compliance to ensure the company complies with applicable secretarial standards.	This was recommended by the Standing Committee.
Inspection, Inquiry, and Investigation		
Clause 211 – Establishment of Serious Fraud Investigations Office (SFIO)	The central government may by notification establish an SFIO to investigate frauds relating to a company. The body shall consist of a director and experts from other fields as specified.	This was recommended by the Standing Committee.
Clause 212 – Investigation into affairs of company by SFIO	The Bill states the process of investigation into frauds relating to company by the SFIO.	
Clause 218 – Protection of employees during investigation	During the pendency of any proceeding against an employee of a company the body corporate shall obtain approval of the Tribunal for the action proposed against the employee.	
Compromises, Arrangements, and Amalgamations		
Clause 230 - Compliance with Accounting Standards	While formulating compromise or arrangements, a new proviso included to ensure that an auditor's certificate is required.	This was recommended by the Standing Committee.
Winding up		
Clause 277 – Intimation to company liquidator, provisional liquidator, provisional liquidator and Registrar	When the Tribunal makes an order for appointment of provisional liquidator or for the winding up of a company, it shall within a period not exceeding seven days from the date of passing of the order cause intimation to be sent.	This was "two weeks" in the Companies Act 1956.
Clause 284 – Promoters, directors, etc to cooperate with Company Liquidator	Promoter is added to this Clause.	
Clause 287 – Advisory Committee	Committee of Inspection is changed to Advisory Committee.	

Key Issues and Clause No. in the Companies Bill, 2011	New provisions	Remarks
Companies authorized to register under this act		
Clause 366 - 374	Permits registration of companies that have been formed by an Act of Parliament or a Law passed.	This corresponds to sections 565, 574, 575, 576, 577, 578, 586, 587 and adds some obligations to it.
Winding up of unregistered companies		
Clause 375 - 378	Provides for winding up of unregistered companies	This corresponds to sections 583, 584, 589 of the Companies Act 1956.
Government Companies		
Clause 395 – Annual reports where one or more state governments are members of companies	A new clause where the central government is not a member of a government company, the state government/s which is/are members of that company shall prepare an annual report within the prescribed time frame.	This corresponds to section 620 of the Companies Act 1956.
Special Courts		
Clause 442 – Mediation and Conciliation Panel	The central government shall maintain a panel of experts having qualifications for mediation between the parties during the pendency of any proceedings before the Tribunal.	
Miscellaneous		
Clause 447 – Punishment for fraud	Any person who is found guilty 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.	
Clause 463 – Power of court to grant relief in certain matters	If in the proceeding for negligence, default etc. against the officer of a company, it appears to the court that he or she is liable in respect of the negligence but that he has acted honestly and reasonably, the court may wholly or partly relieve him of his liability on such term as it may think fit.	This corresponds to section 633 of the Companies Act 1956.
Clause 467 – Power of the central government to amend Schedules	The central government may by notification alter any of the rules, regulations, Tables, forms and other provisions contained in the Schedules to this Act.	

Table 4: Recommendations given by the Standing Committee that were incorporated in the Companies Bill, 2011

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Applicability		
Clause 1(4)(b) - Applicability of the Bill	The Clause should be clarified. The provisions of the Bill should only be applicable in respect of matters where any Special Act is silent. If both Acts are silent, then it should be covered by the Companies Bill. Any ambiguity between the different provisions of the Bill and other Special Act should be completely removed.	Clause 1(4)(e)
Definitions		
Clause 2(1)(a) - Abridged Prospectus	Clause should be amended to specify that salient features should be as may be specified by SEBI.	Clause 2(1)
Clause 2(1)(z) - Contributory	Amendment to exclude a fully paid up shareholder from the liabilities of contributory.	Clause 2(26)
Clause 2(1)(za) - Control or Controlling interest	Definition of controlling interest to be replaced by control.	Clause 2(27)
Clause 2(1)(ze) - Deemed Director	Remove the definition since it is covered under the definition of 'officer in default'.	Implemented
Clause 2(1)(zo) - Financial Institution	Financial Institution should be defined in an inclusive manner so as to include all financial institutions including scheduled banks and NBFCs.	Clause 2(39)
Clause 2(1)(zq) - Financial Year	Provisions may be made for empowering the Tribunal to grant exemption to class of companies.	Clause 2(41); exemption granted to companies implemented outside India
Clause 2(1)(zza) - KMP	Whole-time Directors should also be recognised as KMPs.	Not expressly included, but the Clause provides that KMP includes definition of 'any other officer as may be prescribed'
Clause 2(1)(Zzd) - Managing Director	The need for having more than one MD in a company should be suitably reflected in the definition.	Clause 2 (54); The provision now stipulates "a director occupying the position of managing director, by whatever name called." - Clause 2(54)
Clause 2(1)(zzi) - Paid up Share Capital	The definition should include the amount capitalised on issue of bonus shares, shares issued against consideration other than cash and other arrangements.	Clause 2(64): The definition includes "any amount of money credited as paid-up in respect of shares of the company". -

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Clause 2(1)(zzy) - Related Party	Director and Key Managerial Personnel should be included in the definition of 'related party'.	Clause 2(76)
Clause 2(1)(zzz) - Relative	A broader definition should be formulated instead of listing out all the relatives in the statute	Clause 2(77)
2(1)(zzi) - Subsidiary Company	The definition should be amended to include a company in which the holding company holds voting power through two or more subsidiary companies as well as a company which shall deem to control the Board of Directors of another company.	Clause 2(87)
Incorporation of Companies		
Clause 3(1) -Formation of a Company	Necessary modifications should be made in the clause providing that in the event of the death of a member of the one person company, a person who has given his written consent shall become the member of the one person company.	Clause 3(1)
Clause 6(5) - Articles	Necessary modifications may be made by adding the words "in such form as may be prescribed" after the words 'of such provisions'.	Clause 5(5)
Clause 7(1)(b) - Incorporation of a company	Certificate of compliance should be given by both the professional as well as the Director/Manager/Secretary of the Company.	Implemented - Clause 7(1)(b)
Clause 9 – Effect of Memorandum and Articles	The clause should be modified to ensure that the Bill has an overriding effect over the memorandum or articles of association of the company or provisions of any agreement executed by the Company or any resolution passed by the Company.	Clause 6
Clause 19 (1) - Service of Documents	The clause may be brought in conformity with the corresponding provision in the Civil Procedure Code by including it in the Clause.	Clause 20(1)
Prospectus and Allotment of Securities		
Clause 22 - Power of SEBI to regulate issue and transfer of securities	The Committee recommended that an offer of sale to the public should be deemed to be a prospectus issued by the Company.	Clause 28(2)
	There should be harmony between the different regulators and therefore the existing jurisdiction of SEBI as a sectoral regulator should be preserved.	Clause 24(2)

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Clause 23(1)(a)(xi) - Matters to be stated in prospectus	Committee recommended that the statement to be made in the prospectus regarding management perception of risk factors should be specific and not overstated. It should not be ambiguous. The clause should be modified to provide that the prospectus should contain information on the source of promoter's contribution and the main objects of the public offer.	Clause 26(1)(ix)&(xiv)
Clause 23(1)(b) - Financial Information in the Prospectus	Necessary modifications should be made to allow companies which have been in existence for less than five years to make a public issue.	Proviso to Clause 26(1)(b)(ii)
Clause 23(1)(b)(iii) - Auditor's Report	The disclosure in the prospectus regarding the auditor reports on the financial position of the company should be more relevant.	Implemented with certain modifications - proviso Clause 26 (1)(b)(iii)
23(1)(c) - Statement on Compliance in the Prospectus	A new Clause be inserted restricting a company from varying the terms of the contracts or objects mentioned in the Prospectus without the prior approval of the shareholders.	Clause 27(1)
Share Capital and Debentures		
Clause 37 - Kinds of share capital	The Committee recommended that the Ministry may re-examine its position with respect to shares with differential voting rights. The Bill removed shares with differential voting rights as a category and provided only preference shares and equity shares as share capital.	Clause 43(ii)
Clause 42(2) - Variation of Shareholder's rights	Suitable modifications should be made on the lines of the existing 1956 Act. That provides for a time period of 21 days within which an application may be dissenting shareholder.	Proviso to Clause 48(2)
Clause 49(2) - Issue and redemption of preference shares	The Ministry had proposed to amend the clause to provide that the premium, if any, payable on redemption shall be provided out of the profits of the Company".	Implemented
Clause 50(7) - Transfer and transmission of securities	The Bill should be amended to reflect the changes suggested by SEBI. SEBI had suggested that as the clause relates to rectification, it needs to be inserted in the provisions relating to rectification.	Clause 59(4)
Clause 56 (1) - Further issue of share capital	The Committee recommended that a suggestion to include a specific enabling provision allowing companies to issue bonus shares may be considered.	Clause 62 and Clause 63(1)

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Clause 59(3) - Reduction of share capital	Include a proviso suggested by it to the Clause for ensuring adherence to the accounting standards.	Proviso to Clause 66(3)
Clause 63 - Prohibition of buyback in certain circumstances	Buy back should be permitted if the default mentioned in clause 63(c) is remedied and certain period (three years) has lapsed after the such default has ceased to subsist.	Proviso to clause 70(1)(c)
Clause 64(1) - Debentures	A special resolution should be passed at a general meeting for converting the debentures into shares.	Proviso to clause 71(1)
	All public companies should be permitted to issue secured debentures.	Clause 71(3)
Acceptance of Deposits by Companies		
Clause 68 - Damages for fraud with respect to public deposits	The Committee had recommended that the new clause suggested by the Ministry which allowed companies having a net worth of more than 500 crores and a turnover of not less than 1000 crores to accept public deposits may be implemented. It also recommended that deposits should be secured by creation of a charge on the company's assets and that penal interest should be a deterrent for the defaulting companies. The requirement should be to obtain a high credit rating and not the highest credit rating.	Implemented - Clause 76(1). The net worth requirement will be prescribed.
Registration of Charges		
Clause 69 - Duty to register charges	The Committee recommended that a creditor may be allowed to inspect the company's register of charges without any payment of fees.	Clause 81(2)
Management and Administration		
Clause 82 – Annual return	Disclosure of holdings by FII should be mandated.	Clause 92 and Clause 93
Declaration and Payment of Dividend		
Clause 110(3) - Interim dividend	Interim dividend should be permitted to be declared out of the surplus in the P&L account as well as profits of the financial year in which such interim dividend is sought.	Clause 123 (3)

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Clause 110(6) – Non declaration of dividend	A company shall not declare any dividend on its equity shares so long as the failure to declare the dividend continues (on grounds of both prohibition on acceptance of deposits from public and repayment of those Implemented before commencement of the Act).	Clause 123 (6)
Clause 112 – Investor Education Protection Fund (IEPF)	Fund should be utilized for refund of unclaimed mature dividends, unclaimed application money on any security etc.	Clause 125 (3)
Clause 113 – Amount lying in previous funds to become part of IEPF	To include unclaimed mature debentures etc. and to delete this section as it is mentioned earlier.	Clause 125 (e) Proviso
Accounts of Companies		
Clause 117(1) – Financial statement	Altering the language and adding a Proviso that the items contained in the financial statement be contained in the definition of such items contained in the accounting standards.	Clause 129 (1)
Clause 118 – National Advisory Committee on Accounting and Auditing Standards (NACAAS)	The NACAAS should not only be a body for setting accounting standards but also be a quasi regulatory body and should have a clear role and responsibilities.	Clause 132 (4)
Clause 120(1) – Financial statement, Board's report	The CEO should be authorised to sign the financial statement only if he is a member of the Board.	Clause 134 (1)
Clause 120- Financial statement, Board's report	Matters affecting the financial state of the company be included as is in the existing Companies Act (1956).	Clause 134
Clause 120 -Financial statement, Board's report	Insertion of Corporate Social Responsibility (CSR)	Clause 135
Clause 121 – Right of a member to copies of the audit balance sheet	Enable listed companies to send copies of financial statements be included within the Clause.	Clause 136 (1) Proviso
Clause 122 – Copy of Financial Statement to be filed with the Registrar	Penalty should be looked into to differentiate between procedural mistakes and fraudulent acts.	Clause 137 (3) Upper limit remains the same – 10 lakh. The lower limit altered.
Audit and Auditors		
Clause 123 – Rotation of the Auditor	The rotation shall be brought under the statute.	Clause 139 (3) (a), although the central government may prescribe rules for companies to rotate the auditors
Clause 123(5) – Casual vacancy	Amendments with regard to time limit within which casual vacancy arising out of resignation of an auditor should be filled.	Clause 139 (8) and (9)-It has to be filed within 30 days

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Clause 126 – Auditors reports and accounting standards	To clearly state the information sought and obtained (or not obtained) from the company and the effect of that to the financial statement of the company.	Clause 143 (3)
Clause 127 – Auditor not to render certain services	Non-rendering of certain services to ensure independency – to include subsidiaries as well.	Clause 144 (ii)
Clause 130 - Punishment for contravention	Stringent proposals stipulating joint and individual liability of the audit firm.	Clause 147 (2) and (3)
Appointment and Qualification of Directors		
Clause 132 (3) – Director - Ordinarily resident in India	Replace these terms with 'resident in India'.	Clause 149 (2)
Clause 133(6) – Retirement of Directors	To be clarified – the number of directors who shall be liable to retire at the AGM and otherwise in general.	Clause 153 (6)
Clause 141 – Right of persons other than retiring directors to stand for Directorship	Alter the clause to add "25% of the total votes cast either by the show of hands or on poll".	Clause 160 (1)
Clause 150 – Removal of a Director	Minimum number of shareholders with a minimum level of share capital specified to move the motion to remove a director, no deposit should be collected.	Clause 169 (1) and (2)
Clause 151 – Register of Directors and key managerial personnel and their shareholding	Particulars of directors should include details of securities held by them.	Clause 170 (1)
Meeting of boards and its Powers		
Clause 154 (2) – Meetings of the Board	Modifications to provisions to eliminate possibilities of misuse of the option of video conferencing.	Clause 173 (2)
Clause 161 – Prohibitions and Restrictions regarding Political contributions	Increase the limit from 5% to 7.5% of the average net profits.	Clause 182 (1) proviso
Clause 163 – loan to Director	Explanation of the term 'or to any other person in whom he is interest'.	Clause 185 (1)
Clause 165 – Investments of Company to be held in its own name	Inclusion of proposals related to investment of a company in its own name.	Clause 187 (2)
Clause 167(1) – Register of contracts or arrangements in which directors are interested	Signature of the Register by all directors to be retained from the existing Act.	Clause 189 (1)
Clause 173 – Prohibition of Insider Trading	Definition of insider trading to be included.	Clause 195(1)

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Appointment and Remuneration of Managerial Personnel		
Clause 175 - Ceiling on Managerial Remuneration	An overall outer ceiling on managerial remuneration should be prescribed. A formula maybe evolved keeping in view the growth in corporate profits and other related factors.	Clause 197 and Clause 198
Clause 178(3) - KMP shall not hold office in more than one company at the same time. A KMP can be a Director in any company with the permission of the company	The words permission of the company should be clarified.	Proviso Clause 203(3)
Inspection, Inquiry and Investigation		
Clause 183 - Investigation into the affairs of a company	SFIO should be strengthened and be made a part of the statute rather than prescribe it in rules.	Clauses 210, 211 & 212
188(4), 188(7), 189, 191(1) - Procedure, Power etc. of Inspectors, Strengthening inspection/investigation process, protection of employees during investigation, freezing of assets of a company	Ministry made the required proposals to the Committee which were agreed to by the Standing Committee.	Implemented - Clause 217(4), (5), (9), (11), (12), 218 & 221
Clause 191(1) - Freezing of Assets of a company	In order to discourage frivolous or vexatious complaints the Tribunal should only entertain complaints from such person who is either a shareholder with prescribed shareholding or creditor.	Clause 221(1)
Clause 194 - No suit or proceeding till submission of final report	Clause may be reconsidered on the grounds on legal tenability.	Implemented - Clause deleted
Clause 200 - Penalty for furnishing false statements, mutilation, destruction of documents during course of inspection, inquiry or investigation	The scope of offence and of penalties should be increased.	Clause 229(a). It now includes tampering or unauthorized removal of documents.
Compromises, Arrangements and Amalgamations		
Clause 201(3) - Advertisement for calling meeting of creditors	Notices should be sent individually to creditors rather than by advertisements.	Clause 230(3)
Clause 201(4) - Voting for adoption of the compromise or arrangement	Postal ballot and proxies should be permitted.	Clause 230(4)
Clause 201(5) - Authorities to whom notice should be sent for compromise or arrangement	The words "sectoral regulators" should be added.	Clause 230(5)
Clause 203(2)(c) - Report on impact of compromise on each class of shareholders	Addition of non promoter shareholders in the impact report.	Implemented

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Clause 203(3) - Accounting Standards for compromise or arrangement	In addition to the accounting standards, the Committee recommended opt out mechanisms for investors at the time of merger in line of regulations made by SEBI.	Clause 232(h), proviso of (j)
Clause 205(2) - Amalgamation of a Company with a foreign company	The term foreign company should be clarified. A foreign company may or may not have a place of business in India. Prior approval of RBI needed for merger and amalgamation under this Clause.	Clause 234(1), (2)
Prevention of Oppression and Mismanagement		
213(2)(d) - Power of Tribunal to issue orders	The orders of the Tribunal should also cover "allotment of shares" and "restriction on the transfer of the shares of the Company".	Clause 242(2)(d)
	Consent should be required only in cases of agreements which do not involve MD, Director or Manager of a Company.	Implemented - Clause 242(2)(f)
Registered Valuers		
Clause 218 - Valuation of Registered Voters	Recommended that the words "any other asset" and "liabilities" be incorporated in the scope of valuation.	Clause 247(1)
Revival and Rehabilitation of Sick Companies		
Clause 229 – Determination of sickness	Reconsider provisions with regard to the concerns expressed by law firms. These included making the right to seek a stay order available only after determination of the company as a sick company.	Clause 257: Two concerns have been addressed - (1) References by the government and public financial institutions to the Tribunal have been allowed. (2) The tribunal has been empowered to permit a company to function without interference if it believes that the company can recover by itself and repay its debts.
Clause 238 – scheme to be binding	Proposed inclusion of binding effect of scheme on employees of the company.	Clause 263
Clause 240 – Winding up of company on report of company administrator	Proposed inclusion of the words "within 15 days" in order to stipulate the time frame.	Clause 265
Winding Up		
Clause 247 – Petition for winding up	Substitute incorrectly drawn reference to 246(1)(d) in Clause 247(1)(g) with 246(1)(c). Restrict the power of the Registrar to file winding up petition to circumstances enumerated under Clause 246(1) (a), (c) and (f) only.	Clause 247 (1)(c)- Incorrect reference has been substituted. Power of registrar has been restricted to circumstances under Clause 271(1) (a) (c), (e) and (f)

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Clause 249 – Directions for filing statement of affairs	The Tribunal should be allowed to grant additional 30 days to a company to file its objections on cases of winding up in situations of contingency or special circumstances.	Proviso Clause 274(1)
Clause 250 – Company liquidators and their appointments	A time frame of 15 days should be prescribed for the company liquidator to file a declaration relating to independence.	Clause 275(6)- A time frame of seven days has been prescribed
Clause 262 – Committee of inspection	Proposed that the “Committee of Inspection” be renamed as “Advisory Committee”.	Clause 287
Clause 265 – Power and duties of Company Liquidator	Committee recommended drafting changes in sub-clause (1)(a), (e), (g), (j), (l), (m) and sub-clause 3.	Clause 290: All drafting changes except those to sub-clause (1)(a) have been Implemented -
Clause 274 – Power to summon persons suspected of having property of company etc.	Suggested consideration of drafting changes to 274(2) and 274(5)(b).	Clause 299
Clause 275 – Power to order examination of promoters, directors etc.	Suggested drafting changes to 275(1) and 275(7).	Clause 300
Clause 284 – Effect of voluntary winding up	Proviso should be added for continued corporate state and corporate powers of the company till its dissolution.	Clause 309
Clause 285 – Appointment of company liquidator	The declaration should be filed within a week.	Clause 310
Clause 337(1) – Sale of assets and recovery of debts due to company	The words “whether movable or immovable” should be added.	Clause 362
Clause 338 – Settlement of claims of creditors by official liquidator	The 30-day time period for the official liquidator to call upon the creditors should commence from the date of his appointment.	Clause 363
Companies Incorporated Outside India		
Clause 347 – Fee for registration of documents	“and with additional fee” should be deleted.	Clause 385
Clause 349 – Dating of prospectus and particulars to be contained therein	“can be inspected” should be added.	Clause 387

Key Issues and Clause No. in the Companies Bill, 2009	Standing Committee Recommendations	Clause No. in the Companies Bill 2011
Nidhis		
Clause 367 – Power to modify act in its application to nidhis	The Committee expressed its desire that clause 367 be reviewed to clearly lay out the role of the central government in regulating Nidhis. It also emphasized that the regulatory mechanism applicable to Nidhis in terms of notifications issued by the Ministry should be firmed up on the basis of RBI's advice.	Clause 406 stipulates that Nidhis have to comply with rules as prescribed by the central government for their regulation.
National Company Law Tribunal and Appellate Tribunal		
Clause 370, 373, 374 & 378	Committee expressed the need for changes to these provisions as indicated by the Ministry in order to constitute and operationalize the NCLT and its appellate tribunal.	Clause 407-434
Miscellaneous		
Clause 410 – Punishment in case of repeated default	Committee recommended the redrafting of the clause keeping in mind the suggestion of the ICSI. The ICSI suggested that punishment for repeated default (twice the fine for such default and imprisonment if any) should be imposed if the offence is repeated within a period of three years. After three years, another default should be treated as a first time offence.	Clause 451- Repeating an offence within a period of three years is punishable with twice the fine for such an offence and imprisonment if any.
Clause 411 – Punishment for wrongful withholding of property	Committee recommended empowering a Member of a company to complain against wrongful possession of property and/or cash. It also recommended that the refund of property or cash should not be restricted only to the property or cash amount but should also include the benefits derived from such property or cash.	Clause 452
Clause 421 – Power to modify certain provisions of act in their application to private company, one person company and small company	The Committee recommended that exemptions available to different forms of companies specified in the bill should be provided for and clearly stated in the respective provisions and not to be notified later.	Clause 462
Clause 422 – Prohibition of association or partnership of persons exceeding certain number	The Committee recommended the retention of Clause 422 with some clarification regarding the formation of LLPs.	Clause 464, but there is no clarification regarding formation of LLPs.