

1.2 The main objectives of the Companies Bill 2009 are as follows:

- (a) To revise and modify the Companies Act, 1956 in consonance with the changes in the national and international economy;
- (b) To bring about compactness by deleting the provisions that had become redundant over time and by regrouping the scattered provisions relating to specific subjects;
- (c) To re-write various provisions of the Act to enable easy interpretation
- (d) To delink the procedural aspects from the substantive law and provide greater flexibility in rule making to enable adaptation to the changing economic and technical environment.

1.3 Highlights the Companies Bill 2009

- 1) A single, comprehensive, legal framework for all aspects of internal governance of corporate entities and a framework for their regulation, irrespective of their area of operation, from incorporation to liquidation and winding up to be administered by the Central Government.
- 2) Articulation of shareholders democracy with protection of the rights of minority stakeholders, responsible self-regulation with adequate disclosures and accountability.
- 3) One Person Company (OPC) to encourage individuals with entrepreneurial capabilities to operate in corporate form, the Bill introduces the concept of one Person Company' (OPC) as a legal entity that would be separate and distinct from the promoter of the company. Retention of the concept of Producer Companies, while providing a more stringent regime for companies with charitable objects to check misuse.
- 4) Application of the successful e-Governance initiative of the Ministry of Corporate Affairs (MCA-21) to all the processes involved in meeting compliance obligations. Company processes may also be carried out through electronic mode.
- 5) Director Identification number (DIN) a unique Identification number to acquire by every company director. Process of incorporation has been made faster and compatible with e-Governance. Detailed declarations and disclosures about the promoters, directors, etc. are required to be filed with the Registrar for incorporation.
- 6) Relaxation of restrictions limiting the number of partners in entities such as partnership firms, banking companies etc., to a maximum 100, with no ceiling as to professional associations regulated by Special Acts.
- 7) Appointment of independent directors; to listed public companies is a minimum of one-third of the total number of directors, least one director resident in India. For other public companies, the requirement and number may be prescribed through rules.
- 8) Statutory recognition to audit, remuneration and stakeholders relationship committees of the Board. The Chief Executive Officer (CEO), the Chief Financial Officer (CFO) and the Company Secretary to be as Key Managerial Personnel (KMP) and prohibited insider trading by KMP and declares it as an offence with criminal liability.
- 9) Companies not to be allowed to raise deposits from the public except on the basis of permission available to them through other Special Acts.
- 10) A single forum for approval of mergers and acquisitions along with a shorter merger process for holding and wholly owned subsidiary companies or between two or more small companies as well as recognition of cross border mergers.