

- 11) Appointment of valuers is proposed to be made by audit committee or in its absence by the Board of Directors for enabling fair valuations in companies for various purposes.
- 12) Consolidation of financial statements of subsidiaries with those of holding companies is proposed to be made mandatory with recognition of both accounting and auditing standards. The role, rights and duties of the auditors defined so as to maintain integrity and independence of the audit process.
- 13) A revised framework for regulation of insolvency, including rehabilitation, liquidation and winding up of companies and the process to be completed in a time bound manner.
- 14) 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.
- 15) Easy transition of companies operating under the Companies Act, 1956, to the new framework as also from one type of company to another. Freedom with regard to the numbers and layers of subsidiary companies that a company may have, subject to disclosures in respect of their relationship and transactions or dealings between them.
- 16) Articulation of shareholders democracy with protection of the rights of minority stakeholders, responsible self-regulation with adequate disclosures and accountability. Reduction of Government control over internal corporate processes;
- 17) Replacement of Rehabilitation and Revival Fund proposed in the Companies (Second Amendment) Act, 2002 by Rehabilitation and Insolvency Fund with voluntary contributions linked to entitlements to draw money in a situation of insolvency; consolidation of for dealing with rehabilitation of companies, their liquidation and winding up in the single forum of National Company Law Tribunal with appeal to National Company Law Appellate Tribunal with suitable transitional provisions.
- 18) More effective regime for inspections and investigations of companies while laying down the maximum as well as minimum quantum of penalty for each offence with suitable deterrence for repeated defaults. Company is identified as a separate entity for imposition of monetary penalties from the officers in default. In case of fraudulent activities, provisions for recovery and disgorgement have been included;
- 19) Defaults of procedural nature such as late filing of statutory documents, to be enabled through rules to be penalised by levy of monetary penalties by levy of additional fee by the adjudicating officers not below the level of Registrars. The appeals against orders of adjudicating officers to lie with suitably designated higher authorities;
- 20) Special Courts to deal with offences under the Bill. Company matters such as mergers and amalgamations, reduction of capital, insolvency including rehabilitation, liquidations and winding up are proposed to be dealt with by the National Company Law Tribunal.

1.3 Concluding observations

The Companies Bill, 2009 is intended to modernize the structure for corporate regulation in India and represents a major reform statement by the Government to promote the development of the Indian corporate sector through enlightened regulation. Indian companies have expanded and grown into global entities, continuously entering into and bringing new activities into the fold of the Indian economy. In doing so, they are emerging internationally as efficient providers of a wide range of goods and services while increasing employment opportunities at home. At the same time, there is a requirement to enable