



Inside this edition

- Removal of Difficulties Seventh Order, 2014
- Amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014

& more...



Removal of Difficulties Seventh Order, 2014



To remove difficulties that have arisen in implementation of the provisions of Section 143(5) with respect to the appointment of an auditor by the Comptroller and Auditor-General of India in Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central government and partly by one or more State Governments, MCA vide the said Notification has amended the provisions of Section 143 (5). MCA vide Notification No. 2226 (E) dated September 4 2014, issued the Companies (Removal of Difficulties) Seventh Order, 2014

Amendment: Thus now Section 143 (5) shall read as follows:

"In the case of Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, the Comptroller and Auditor-General of India shall appoint the auditor under sub-section (5) or sub-section (7) of section 139 and direct such auditor the manner in which the accounts of the Company are required to be audited and thereupon the auditor so appointed shall submit a copy of the audit report to the Comptroller and Auditor-General of India which, among other things, include the directions, if any, issued by the Comptroller and Auditor-General of India, the action taken

thereon and its impact on the accounts and financial statement of the Company.

Thus now, the Comptroller and Auditor-General of India has the power to appoint an auditor in Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central government and partly by one or more State Governments.

Amendment to the Companies (Appointment and Qualification of Directors) Rules, 2014

Key Highlights

- Anybody, institute or association (hereinafter to be referred as "the agency"), which has been authorized by the Central Government, for creation and maintenance of databank of persons willing and eligible to be appointed as Independent Director shall create and maintain a databank as per the provisions stated in Rule 6, such databank shall be placed on the website of MCAs or on any other website as may be approved or notified by the Central Government.
- Details with respect to Income -tax PAN and details of mothers name and spouse's name (if married) of the person eligible and willing to be appointed as Independent Director is not required to be maintained in such databank maintained by the agency as was earlier required.

- As per the extant provisions, any person who desires to get his name included in the data bank of Independent Directors was required to make an application to the agency in Form DIR-1. The words letters and figure "In Form DIR-1" has now been omitted MCA vide the said draft notification.
- MCA vide the said draft notification has substituted the words "therein and sign the form", with the words "therein, verify and sign the form". Amended Rule 9(3)(a) read as follows:



The applicant shall download Form DIR-3 from the portal, fill in the required particulars sought therein verify and sign the form and after attaching copies of the following documents, scan and file the entire set of documents electronically.

- As per MCA draft notification, now, an applicant need not make verification for allotment of DIN in Form DIR-4.
- The following Rule 10A has been inserted in the Companies (Appointment and Qualification of Directors) Rules, 2014 after Rule 10:
Every director, functioning as a director in one or more companies on or before the 30th June, 2007 and who has not yet intimated his DIN to such company or companies shall, within one month of the receipt of Director Identification Number from the Central Government, intimate his Director Identification Number to the

company or all companies wherein he is a director as per Form DIR-3B.

VERENDRA KALRA & CO

CHARTERED ACCOUNTANTS

CONTACT DETAILS:

Head Office

75/7 Rajpur Road, Dehradun

T +91.135.2743283, 2747084, 2742026

F +91.135.2740186

E info@vkalra.com

W www.vkalra.com

Branch Office

80/28 Malviya Nagar, New Delhi

E info@vkalra.com

W www.vkalra.com

For any further assistance contact our team at

kmt@vkalra.com

© 2014 Verendra Kalra & Co. All rights reserved.

This publication contains information in summary form and is therefore intended for general guidance only. It is not a substitute for detailed research or the exercise of professional judgment. Neither VKC nor any member can accept any responsibility for loss occasioned to any person acting or refraining from actions as a result of any material in this publication. On any specific matter, reference should be made to the appropriate advisor.

