



UPDATES

## news flash

February 2015



### MCA AMENDMENTS

The hurried implementation of the Companies Act, 2013 (“the Act”) and the rules relating thereto by the Ministry of Corporate Affairs (“MCA”), has led to professionals, industries, industrial bodies and investors to seek various clarifications with the MCA.

As a result of this the Central Government has vide its Notifications dated 19 January, 2015 further amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 and the Companies (Appointment and Qualification of Directors), 2014.

Highlights of the changes are summarized below:

➤ ***Companies (Corporate Social Responsibility Policy) Rules, 2014***

Prior to the aforesaid amendment, companies meeting the criterion for Corporate Social Responsibility (“CSR”) could carry out their CSR activities only through a registered trust, society or a company *within* the group or through a registered trust, society or a company having an established track record of three years carrying out CSR activities.

The MCA has now widened the modes through which CSR activities can be routed. The revised rule specifies that companies can undertake their CSR activities by establishing a registered trust, registered society or a company registered under the provisions of section 8 of the Act not only singly and with its holding, subsidiary or associate company; but also with any other company or its holding, subsidiary or associate of such other company.

Thus the amendment to the CSR Rules has paved the way for entities to carry out CSR activities with companies other than its own subsidiaries and associates thereby widening the means to carry out CSR activities and giving more flexibility.

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## ➤ *Companies (Appointment and qualification of Directors) Rules, 2014*

Prior to the amendment brought about by the rules, if a director intended to resign he/she was required to give a notice of resignation in writing to the company, forward a copy of resignation letter along with detailed reasons for resignation and file e-form DIR-11 with the Registrar of Companies with his/her digital signature affixed on the said e-form.

The MCA has amended the aforesaid rules and has now permitted a foreign director to authorize a chartered accountant or cost accountant or a company secretary in practice to sign and file e-form DIR – 11 on his/her behalf and specify the reason of resignation therein.

This is one of the examples of the government's continuous efforts of promoting ease of doing business in India.

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