



Regulatory Alert Stay Ahead...

Relaxations for government companies under Company Law

Issue no: RA/10/2017

In this issue:

[Background](#)
[Highlights of the amendment](#)
[Conclusion](#)
[Do you know about Dbriefs?](#)
[Contacts](#)

Background

A government company under the Companies Act, 2013 (2013 Act), means any company in which not less than 51% of the paid-up share capital is held by:

- a. the central government (CG), or
- b. by any state government (SG) or governments, or
- c. partly by the CG and partly by one or more SGs,

and includes a company which is a subsidiary company of such a government company.

Ministry of Corporate Affairs (MCA) had issued a notification on 5 June 2015 (2015 notification) relaxing certain provisions of the 2013 Act for government companies.

MCA has now issued a notification dated 13 June 2017 (Amendment notification) amending the 2015 notification.

Key highlights of the changes under the Amendment notification are summarized.

Highlights of the amendments

Sr. No	Subject and section reference of 2013 Act	Earlier exemption for government companies	Revised exemption for government companies
1	Section 96(2)- Venue of holding Annual General Meeting (AGM)	AGM shall be held either at the registered office of the company or at such other place as may be approved by the CG.	AGM shall be held either at the registered office of the company or at such other place within the city, town or village in which registered office is situated or at such other place as may be approved by CG.
2	Section 152(6) and(7) - Retirement of directors by rotation	The provisions relating to compulsory retirement of directors by rotation shall not apply to government companies if: <ul style="list-style-type: none"> • entire paid up share capital is held by the CG, or by SG or Governments or by CG and one or more SGs; • wholly-owned subsidiary of the company referred above. 	The provisions relating to compulsory retirement of directors by rotation shall not apply to a government company if: <ul style="list-style-type: none"> • it is an <i>unlisted government company</i>; or • It is a subsidiary of an unlisted government company.
3	Section 230 to Section 232 - Mergers and amalgamations	There was no special provisions dealing with compromise arrangement and amalgamations for government companies.	In case of government companies, instead of the National Company Law Tribunal (NCLT), the CG is empowered to approve the compromise arrangement and amalgamations. This is in line with the provisions of the Companies Act, 1956.

All the exemptions and privileges granted to government company under the 2015 notification as well as the Amendment notification will be available only if such government company has not committed default in filing its financial statements and annual return with the Registrar of Companies (ROC).

Conclusion

The Amendment notification increases exemptions and privileges available to a government company. These benefits are available only if the government company has not defaulted in filing its financial statements and annual return with the ROC.

Regulatory landscape of mergers and amalgamations for government companies will now be regulated by approval of CG instead of NCLT.

Source: Notification No. G.S.R 463 (E) issued by MCA on 5 June 2015 read with Notification No. G.S.R 582 (E) issued by MCA on 13 June 2017.

Do you know about Dbriefs?

Dbriefs are live webcasts that give valuable insights on important developments affecting your business. To register, visit the [Dbriefs](#) page



Download the report



Contacts

Ahmedabad

19th Floor, Shapath - V
SG Highway,
Ahmedabad – 380 015.
Tel: + 91 (079) 6682 7300
Fax: + 91 (079) 6682 7400

Coimbatore

Shanmugha Manram
41, Race Course,
Coimbatore
Tamil Nadu - 641018
Tel: + 91 (0422) 439 2801
Fax: +91 (0422) 222 3615

Kolkata

Bengal Intelligent Park Building
Alpha, 1st floor, Block EP and GP
Sector V, Salt Lake Electronics
Complex,
Kolkata - 700 091.
Tel : + 91 (033) 6612 1000
Fax : + 91 (033) 6612 1001

Bangalore

Deloitte Centre, Anchorage II,
100/2, Richmond Road,
Bangalore 560 025.
Tel: +91 (080) 6627 6000
Fax: +91 (080) 6627 6010

Delhi/Gurgaon

Building 10,
Tower B, 7th Floor,
DLF Cyber City,
Gurgaon 122 002
Tel : +91 (0124) 679 2000
Fax : + 91 (0124) 679 2012

Mumbai

Indiabulls Finance Centre,
Tower 3, 28th Floor,
Elphinstone Mill Compound,
Senapati Bapat Marg, Elphinstone
(W),
Mumbai – 400013
Tel: + 91 (022) 6185 4000
Fax: + 91 (022) 6185 4101

Chennai

No.52, Venkatanarayana Road,
7th Floor, ASV N Ramana Tower,
T-Nagar,
Chennai 600 017.
Tel: +91 (044) 6688 5000
Fax: +91 (044) 6688 5050

Hyderabad

1-8-384 and 385, 3rd Floor,
Gowra Grand S.P.Road,
Begumpet,
Secunderabad – 500 003.
Tel: +91 (040) 6603 2600
Fax: +91 (040) 6603 2714

Pune

106, B-Wing, 7th Floor,
ICC Trade Tower,
Senapati Bapat Road,
Pune – 411 016.
Tel: + 91 (020) 6624 4600
Fax: +91 (020) 6624 4605



Deloitte makes an impact that matters

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. Please see www.deloitte.com/about for a more detailed description of DTTL and its member firms.

This material and the information contained herein prepared by Deloitte Touche Tohmatsu India LLP (DTTI LLP) is intended to provide general information on a particular subject or subjects and is not an exhaustive treatment of such subject(s). This material contains information sourced from third party sites (external sites). DTTL LLP is not responsible for any loss whatsoever caused due to reliance placed on information sourced from such external sites. None of DTTL LLP, Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this material, rendering professional advice or services. This information is not intended to be relied upon as the sole basis for any decision which may affect you or your business. Before making any decision or taking any action that might affect your personal finances or business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this material.

©2017 Deloitte Touche Tohmatsu India LLP. Member of Deloitte Touche Tohmatsu Limited