General Circular No. 09 /2017

No. 1/22/2013- CL-V
Government of India
Ministry of Corporate Affairs
5th Floor, 'A' Wing, Shastri Bhawan,
Dr. R. P. Road, New Delhi
Dated: 5th September, 2017

To

All Regional Directors,
All Registrar of Companies,
All Stakeholders.

Subject: Exemptions given to certain unlisted public companies under the Companies (Appointment and Qualification of Directors) Rules, 2014 from the appointment of independent directors - reg.

Sir,

This Ministry, vide notification number G.S.R. 839(E) dated 5th July, 2017 issued the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 *inter-alia* amending rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014. The said amended Rule 4 *inter-alia* provides that an unlisted public company which is a joint venture, a wholly owned subsidiary or a dormant company will not be required to appoint Independent Directors. Stakeholders have sought clarifications with regard to the meaning of joint venture for the purposes of availing exemption under Rule 4 of the aforesaid Rules as such a term is not defined in the Companies Act, 2013.

2. The matter has been examined and it is hereby clarified that a "joint venture" would mean a joint arrangement, entered into in writing, whereby the parties that have joint control of the arrangement, have rights to the net assets of the arrangement. The usage of the term is similar to that under the Accounting Standards.

3. This issues with the approval of Competent Authority.

Yours faithfully,

(K.M.S Narayanan)
Assistant Director
Tel: 23387263

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(1) File No. 7/10/2017-CL-I
(2) Guard File.