

PAPER – 2: CORPORATE AND OTHER LAWS

**PART – I: ANNOUNCEMENTS STATING APPLICABILITY
FOR NOVEMBER, 2019 EXAMINATIONS**

Applicability for November, 2019 examinations

The Study Material (July 2017 edition) is applicable for November, 2019 examinations. This study material is updated for all amendments till 30th April, 2017. Further, all relevant amendments/ circulars/ notifications etc. in the Company law part and the Negotiable Instruments Act, 1881, for the period 1st May 2017 to 30th April, 2019 are mentioned below:

Relevant Legislative amendments from 1st May 2017 to 30th April, 2019			
The Companies Act, 2013/ Corporate Laws			
Sl. No.	Relevant Amendments	Pg no.*	Earlier Law
I	<p><u>Amendments related to - Enforcement of the Companies (Acceptance of Deposits) Amendment Rules, 2017</u> Vide Notification G.S.R. 454 (E) dated 11th May, 2017</p> <p>In the Companies (Acceptance of Deposits) Rules, 2014,</p> <p>In rule 2, in sub-rule (1), in clause (c), in sub-clause (xviii), after the words “Domestic Venture Capital Funds” the words “Infrastructure Investment Trusts” shall be inserted.</p>	5.4	- (The words have been newly inserted in the said sub-clause)
II	<p><u>Amendments related to – Exemptions to Government Companies</u> Vide Notification G.S.R. 582(E) Dated 13th June, 2017</p> <p>The Central Government amends the Notification G.S.R. 463(E), dated 5th June 2015, whereby Exceptions, Modifications and Adaptations were provided in case of Government companies. Following is the amendment:</p> <p>In sub-section (2) of section 96, for the words “such other place as the Central Government may approve in this behalf”, the words “such other place within the city, town or village in which the registered office of the company is situate or such other place as the Central Government may approve in this behalf” shall be substituted.”</p>	7.51	Such other place as the Central Government may approve in this behalf.

	<p>Insertion of Paragraph 2A in the principal notification G.S.R. 463(E), dated 5th June 2015:</p> <p>The aforesaid exceptions, modifications and adaptations (i.e. as given in Notification G.S.R. 463(E), dated 5th June 2015 and Notification G.S.R. 582(E) Dated 13th June, 2017) shall be applicable to a Government company which has not committed a default in filing of its financial statements under section 137 of the Companies Act or annual return under section 92 of the said Act with the Registrar.</p>		
III	<p>Amendments related to - Exemptions to Private Companies Vide Notification G.S.R. 583(E) Dated 13th June, 2017</p> <p>The Central Government amends the Notification G.S.R. 464(E), dated 5th June 2015 whereby Exceptions, Modifications and Adaptations were provided in case of Private companies. Following are the amendments:</p>		
	<p>(1) In Chapter I, Clause (40) of section 2.</p> <p>For the proviso, the following shall be substituted, namely:-</p> <p>Provided that the financial statement, with respect to one person company, small company, dormant company and private company (if such private company is a start-up) may not include the cash flow statement;</p> <p>Explanation. - For the purposes of this Act, the term “start-up” or “start-up company” means a private company incorporated under the Companies Act, 2013 or the Companies Act, 1956 and recognised as start-up in accordance with the notification issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry.</p>	1.9	Provided that the financial statement, with respect to One Person Company, small company and dormant company, may not include the cash flow statement
	<p>(2) In Chapter V, clauses (a) to (e) of sub-section (2) of section 73, shall not apply to a private company-</p> <p>(A) which accepts from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account; or</p> <p>(B) which is a start-up, for five years from the date of its incorporation; or</p>	5.6	<p>Clause (a) to (e) of Section 73 provides conditions for acceptance of deposits from members.</p> <p>Notification dated 5th June, 2015, provided that Clause (a) to (e) of Sub-section 2 of</p>

	<p>(C) which fulfils all of the following conditions, namely:-</p> <p>(a) which is not an associate or a subsidiary company of any other company;</p> <p>(b) if the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is lower; and</p> <p>(c) such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under this section:</p> <p>Provided that the company referred to in clauses (A), (B) or (C) shall file the details of monies accepted to the Registrar in such manner as may be specified.</p>		<p>Section 73 shall not apply to private Companies which accepts from its members monies not exceeding one hundred per cent, of aggregate of the paid up share capital and free reserves, and such company shall file the details of monies so accepted to the Registrar in such manner as may be specified.</p>
	<p>(3) In Chapter VII, clause (g) of sub-section (1) of section 92, shall apply to private companies which are small companies, namely:-</p> <p>“(g) aggregate amount of remuneration drawn by directors;”</p>	7.11	<p>clause (g) of sub-section (1) of section 92 is read as “remuneration of directors and key managerial personnel”</p>
	<p>(4) In Chapter VII, proviso to sub-section (1) of section 92,</p> <p>For the proviso, the following proviso shall be substituted, namely:-</p> <p>“Provided that in relation to One Person Company, small company and private company (if such private company is a start-up), the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.”.</p>	7.12	<p>(4) However, in relation to One Person Company and small company, the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.</p>
	<p>(5) Section 143(3)(i), shall not apply to a private company:-</p> <p>(i) which is a one person company or a small company; or</p> <p>(ii) which has turnover less than rupees fifty crores as per latest audited financial statement or# which has aggregate borrowings from banks or</p>	1024	<p>(5) Section 143(3)(i) provides- whether the company has adequate internal financial controls system in place and the operating</p>

	financial institutions or anybody corporate at any point of time during the financial year less than rupees twenty five crore."		effectiveness of such controls;
	<p>Insertion of Paragraph 2A in the principal notification G.S.R. 464(E), dated 5th June 2015:</p> <p>The aforesaid exceptions, modifications and adaptations shall be applicable to a Private company which has not committed a default in filing of its financial statements under section 137 or annual return under section 92 of the said Act with the Registrar.</p>		
#IV	<p>Amendments related to - Corrigendum vide Notification S.O. 2218(E) dated 13th July 2017 with respect to the Notification G.S.R. 583(E) Dated 13th June, 2017</p> <p>Ministry of Corporate Affairs vide corrigendum stated that for the words "statement or" to read as "statement and" under section 143(3)(i).</p>	Refer point 3 above	In Section 143(3)(i) the words "statement or" which has been replaced with the word "statement and" through this notification.
V	<p>Amendments related to - Enforcement of the Companies (Audit and Auditors) Second Amendment Rules, 2017 Vide Notification G.S.R. 621(E) dated 22nd June 2017.</p> <p>The Central Government hereby amends the Companies (Audit and Auditors) Rules, 2014.</p> <p>Through this amendment rule, in Rule 5(b), for the word "twenty", the word "fifty" shall be substituted.</p>	10.6	Earlier Rule 5(b) stated that -all private limited companies having paid up share capital of rupees 20 crore or more;
VI	<p>Amendments related to - Clarification regarding applicability of exemption given to certain private companies under section 143(3)(i) vide circular no. 08/2017 dated 25th July 2017</p> <p>Notification No. G.S.R. 583(E) dated 13th June, 2017 stated that requirements of reporting under section 143(3)(i) read Rule 10 A of the Companies (Audit and Auditors) Rules, 2014 of the Companies Act 2013 shall not apply to certain private companies. Through issue of this circular, it is hereby clarified that the exemption shall be applicable for those audit reports in respect of financial statements pertaining to financial year, commencing on or after 1st April, 2016, which are made on or after the date of the said notification.</p>	-	For the purposes of clause (i) of sub-section (3) of section 143, for the financial years commencing on or after 1st April, 2015, the report of the auditor shall state about existence of adequate internal financial controls system and its operating effectiveness:

			Provided that auditor of a company may voluntarily include the statement referred to in this rule for the financial year commencing on or after 1st April, 2014 and ending on or before 31st March, 2015.
VII	<p><u>Amendments related to</u> - Clarification regarding applicability of exemption given to certain private companies under section 143(3)(i) vide circular no. 08/2017 dated 25th July 2017</p> <p>Notification No. G.S.R. 583(E) dated 13th June, 2017 stated that requirements of reporting under section 143(3)(i) read Rule 10 A of the Companies (Audit and Auditors) Rules, 2014 of the Companies Act 2013 shall not apply to certain private companies. Through issue of this circular, it is hereby clarified that the exemption shall be applicable for those audit reports in respect of financial statements pertaining to financial year, commencing on or after 1st April, 2016, which are made on or after the date of the said notification.</p>	-	<p>For the purposes of clause (i) of sub-section (3) of section 143, for the financial years commencing on or after 1st April, 2015, the report of the auditor controls system and its operating effectiveness:</p> <p>Provided that auditor of a company may voluntarily on or after 1st April, 2014 and ending on or before 31st March, 2015.</p>
VIII	<p><u>Amendments related to</u> - Enforcement of the Companies (Acceptance of Deposits) Second Amendment Rules, 2017 Vide Notification G.S.R. 1172(E) dated 19th September, 2017.</p> <p>In the Companies (Acceptance of Deposits) Rules, 2014, in rule 3, in sub-rule (3), for the proviso, the following shall be substituted, namely:-</p> <p>“Provided that a Specified IFSC Public company and a private company may accept from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account and</p>	5.8	<p>Provided that a private company may accept from its members monies not exceeding one hundred per cent of aggregate of the paid up share capital, free reserves and securities premium account and such company shall file</p>

	<p>such company shall file the details of monies so accepted to the Registrar in Form DPT -3.</p> <p><i>Explanation.</i>—For the purpose of this rule, a Specified IFSC Public company means an unlisted public company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the Insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi services Special Economic Zone set-up under the Special Economic Zones Act, 2005 read with the Special Economic Zones Rules, 2006:</p> <p>Provided further that the maximum limit in respect of deposits to be accepted from members shall not apply to following classes of private companies, namely:—</p> <p>(i) a private company which is a start-up, for five years from the date of its incorporation;</p> <p>(ii) a private company which fulfils all of the following conditions, namely:—</p> <p>(a) which is not an associate or a subsidiary company of any other company;</p> <p>(b) the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is less; and</p> <p>(c) such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deposits under section 73:</p> <p>Provided also that all the companies accepting deposits shall file the details of monies so accepted to the Registrar in Form DPT -3.”.</p>		<p>the details of monies so accepted to the Registrar in such manner as may be specified.</p>
IX	<p>Amendments related to - Notification S.O. 3086(E) dated 20th September 2017</p> <p>The Central Government hereby appoints the 20th September, 2017 as the date on which proviso to clause (87) of section 2 of the said Act shall come into force.</p> <p>The proviso to section 2(87) shall be read as, “Provided that such class or classes of holding</p>	1.20	- (The proviso is newly notified)

	companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.”		
X	<p><u>Amendments related to - COMPANIES (AMENDMENT) ACT, 2017</u></p> <p>Following sections of the Companies Act, 2013 (hereinafter referred to as the principal Act) have been amended by the Companies (Amendment) Act, 2017 via Notification S.O. 351 (E) dated 26th January, 2018; Notification S. O. 630 (E) dated 9th February, 2018, Notifications: S.O. 1833 (E) dated 7th May, 2018; S.O. 2422(E) dated 13th June, 2018; SO. 3299(E) dated 5th July, 2018; S.O. 3300(E) dated 5th July, 2018; S.O. 3684(E) dated 27th July, 2018; S.O. 3838(E) dated 31st July, 2018; S.O. 3921(E) dated 7th August, 2018 and S.O. 4907(E) dated 19th September, 2018.</p>		
	1. In section 2 of the Companies Act, 2013 (hereinafter referred to as the principal Act)-		
	<p>(i) in clause (6), for the Explanation, the following Explanation shall be substituted, namely:—</p> <p><i>‘Explanation.—For the purpose of this clause,—</i></p> <p>(a) the expression "significant influence" means control of at least twenty per cent. of total voting power, or control of or participation in business decisions under an agreement;</p> <p>(b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;</p> <p>Enforcement Date: 7th May, 2018</p>	1.4	Explanation.— For the purposes of this clause, “significant influence” means control of at least twenty per cent of total share capital, or of business decisions under an agreement
	<p>(i) for clause (28), the following clause shall be substituted, namely:—</p> <p><i>‘(28) "Cost Accountant" means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works Accountants Act, 1959 and who holds a valid certificate of practice under sub-section (1) of section 6 of that Act;</i></p>	1.7	Cost accountant means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Works

			Accountants Act, 1959.
	(ii) in clause (30) , the following proviso shall be inserted, namely: "Provided that- (a) the instruments referred to in Chapter III-D of the Reserve Bank of India Act, 1934; and (b) such other instrument, as may be prescribed by the Central Government in consultation with the Reserve Bank of India, issued by a company, shall not be treated as debenture;";	1.8	- (The proviso is newly inserted)
	1(iii) in clause (41) , in the first proviso, after the word "subsidiary", the words "or associate company" shall be inserted;	1.9	- (The words are newly inserted) which is a holding company or a subsidiary of a company incorporated outside India
	(iv) in clause (46) , the following Explanation shall be inserted, namely:- 'Explanation.—For the purposes of this clause, the expression "company" includes any body corporate;';	1.11	- (The Explanation is newly inserted)
	(v) clause (49) shall be omitted	1.11	(49) Interested director means a director who is in any way, whether by....., entered into or to be entered into by or on behalf of a company; This definition is relevant for section 174 relating to quorum 188

¹ First proviso to section 2(41) has been fully substituted by the Companies (Amendment) Second Ordinance, 2019 (with retrospective effect from 2nd November, 2018).

			relating to related party transactions of the Companies Act, 2013.
	(vi) in clause (51),- (a) in sub-clause (iv), the word "and" shall be omitted; (b) for sub-clause (v), the following sub-clauses shall be substituted, namely:- "(v) such other officer, not more than one level below the directors who is in whole-time employment, designated as key managerial personnel by the Board; and (vi) such other officer as may be prescribed;"	1.11	(iii) the whole-time director; (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed;
	(vii) in clause (57), for the words "and securities premium account", the words ", securities premium account and debit or credit balance of profit and loss account," shall be substituted	1.12the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account , after deducting the aggregate.....
	(viii) in clause (71), in sub-clause (a), after the word "company;", the word "and" shall be inserted;	1.15	- (The word is newly inserted)
	(ix) in clause (72), in the proviso, in clause (A), after the words "State Act", the words "other than this Act or the previous company law" shall be inserted;	1.16	- (The words are newly inserted)
	(x) in clause (76), for sub-clause (viii), the following sub-clause shall be substituted, namely:— "(viii) any body corporate which is— (A) a holding, subsidiary or an associate company of such company; (B) a subsidiary of a holding company to which it is also a subsidiary; or	1.17	(viii) any company which is— (A) a holding, subsidiary or an associate company of such company; or (B) a subsidiary of a holding company to

	(C) an investing company or the venturer of the company,"; <i>Explanation.</i> —For the purpose of this clause, "the investing company or the venturer of a company" means a body corporate whose investment in the company would result in the company becoming an associate company of the body corporate.		which it is also a subsidiary;
	(xi) in clause (85)- (a) in sub-clause (i), for the words "five crore rupees", the words "ten crore rupees" shall be substituted;	1.20	For (a) paid-up share capital of which does not exceed fifty lakh rupees or such higher amount as may be prescribed which shall not be more than five crore rupees ; or
	(b) in sub-clause (ii),- (A) for the words "as per its last profit and loss account", the words "as per profit and loss account for the immediately preceding financial year" shall be substituted; (B) for the words "twenty crore rupees", the words "one hundred crore rupees" shall be substituted;		For (b) turnover of which as per its last profit and loss account does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than twenty crore rupees :
	(ii) in clause (87) , in sub-clause (ii), for the words "total share capital", the words "total voting power" shall be substituted; Enforcement Date: 7th May, 2018	1.20	(ii) exercises or controls more than one-half of the total share capital either at its own or together with one or more of its subsidiary companies:
	(xii) for clause (91) , the following clause shall be substituted, namely:- '(91) "turnover" means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or	1.21	(91) Turnover means the aggregate value of the realisation of amount made from

	on account of services rendered, or both, by a company during a financial year;'		the sale, supply or distribution of goods or on account of services rendered, or both, by the company during a financial year; Note: There is in ambiguity in definition. So, there is a need for amendment in this definition. Further, the change in definition is pending in the Companies (Amendment) Bill, 2016.
	<p>2. After section 3 of the principal Act, the following section shall be inserted, namely:-</p> <p>"3A. If at any time the number of members of a company is reduced, in the case of a public company, below seven, in the case of a private company, below two, and the company carries on business for more than six months while the number of members is so reduced, every person who is a member of the company during the time that it so carries on business after those six months and is cognisant of the fact that it is carrying on business with less than seven members or two members, as the case may be, shall be severally liable for the payment of the whole debts of the company contracted during that time, and may be severally sued therefor."</p> <p>Enforcement Date: 9th February, 2018</p>	2.4	- (The section is newly inserted)
	<p>3. In section 4 of the principal Act, in sub-section (5), for clause (i), the following shall be substituted, namely:-</p> <p>"(i) Upon receipt of an application under sub-section (4), the Registrar may, on the basis of</p>	2.11	Upon receipt of an application, the Registrar may, on the basis of information and

	information and documents furnished along with the application, reserve the name for a period of twenty days from the date of approval or such other period as may be prescribed: Provided that in case of an application for reservation of name or for change of its name by an existing company, the Registrar may reserve the name for a period of sixty days from the date of approval." Enforcement Date: 26th January, 2018		documents furnished along with the application, reserve the name for a period of sixty days from the date of the application.
	4. In section 7 of the principal Act, in sub-section (1), in item (c), for the words "an affidavit", the words "a declaration" shall be substituted. Enforcement Date: 27th July, 2018	2.18	an affidavit from each of the subscribers to the memorandum and from persons named as the first directors, if any, in the articles stating that
	5. In section 12 of the principal Act,— (i) in sub-section (1) , for the words "on and from the fifteenth day of its incorporation", the words "within thirty days of its incorporation" shall be substituted; Enforcement Date: 27th July, 2018	2.22	(1) Registered office: From the 15th day of its incorporation and at all times thereafter a company shallbe addressed to it.
	5. In section 12 of the principal Act,— (ii) in sub-section (4) , for the words "within fifteen days", the words "within thirty days" shall be substituted. Enforcement Date: 27th July, 2018	2.23	(6) Notice of change to registrar: Notice of every change Registrar within 15 days of the change, who shall record the same.
	6. In section 21 of the principal Act, for the words "an officer of the company", the words "an officer or employee of the company" shall be substituted Enforcement Date: 9th February, 2018	2.35	(ii) an officer of the company duly authorised by the Board in this behalf.
	7. In section 26 of the principal Act, in sub-section (1),— (i) after the words "signed and shall", the following shall be inserted, namely:—	3.7	- (The words have been newly inserted)

	<p>"state such information and set out such reports on financial information as may be specified by the Securities and Exchange Board in consultation with the Central Government: Provided that until the Securities and Exchange Board specifies the information and reports on financial information under this sub-section, the regulations made by the Securities and Exchange Board under the Securities and Exchange Board of India Act, 1992, in respect of such financial information or reports on financial information shall apply.";</p> <p>Enforcement Date: 7th May, 2018</p>		
	<p>7. In section 26 of the principal Act, in sub-section (1),-</p> <p>(ii) clauses (a), (b) and (d) shall be omitted.</p> <p>Enforcement Date: 7th May, 2018</p>	3.7, 3.8, 3.9	<p>(a) Firstly, under the general information, the prospectus shall contain the following information, namely—</p> <p>(i) names and addresses of theof promoter's contribution;</p> <p>(b) Secondly, under the Financial informations, applied directly or indirectly;</p> <p>(d) state such other matters and set out such other reports, as may be prescribed.</p>
	<p>8. In section 35 of the principal Act, in sub-section (2), after clause (b), the following clause shall be inserted, namely:-</p>	3.22	- (The clause is newly inserted)

	<p>"(c) that, as regards every misleading statement purported to be made by an expert or contained in what purports to be a copy of or an extract from a report or valuation of an expert, it was a correct and fair representation of the statement, or a correct copy of, or a correct and fair extract from, the report or valuation; and he had reasonable ground to believe and did up to the time of the issue of the prospectus believe, that the person making the statement was competent to make it and that the said person had given the consent required by sub-section (5) of section 26 to the issue of the prospectus and had not withdrawn that consent before delivery of a copy of the prospectus for registration or, to the defendant's knowledge, before allotment thereunder."</p> <p>Enforcement Date: 9th February, 2018</p>		<p>To be inserted in Point (2) after point (b)</p>
	<p>9. For section 42 of the principal Act, the following section shall be substituted, namely:—</p> <p>'42. (1) A company may, subject to the provisions of this section, make a private placement of securities.</p> <p>(2) A private placement shall be made only to a select group of persons who have been identified by the Board (herein referred to as "identified persons"), whose number shall not exceed fifty or such higher number as may be prescribed [excluding the qualified institutional buyers and employees of the company being offered securities under a scheme of employees stock option in terms of provisions of clause (b) of sub-section (1) of section 62], in a financial year subject to such conditions as may be prescribed.</p> <p>(3) A company making private placement shall issue private placement offer and application in such form and manner as may be prescribed to identified persons, whose names and addresses are recorded by the company in such manner as may be prescribed:</p> <p>Provided that the private placement offer and application shall not carry any right of renunciation.</p>	<p>3.28 to 3.32</p>	<p>The content related to section 42 is to be deleted</p>

	<p>Explanation I.—"private placement" means any offer or invitation to subscribe or issue of securities to a select group of persons by a company (other than by way of public offer) through private placement offer-cum-application, which satisfies the conditions specified in this section.</p> <p>Explanation II.—"qualified institutional buyer" means the qualified institutional buyer as defined in the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended from time to time, made under the Securities and Exchange Board of India Act, 1992.</p> <p><i>Explanation III.</i>—If a company, listed or unlisted, makes an offer to allot or invites subscription, or allots, or enters into an agreement to allot, securities to more than the prescribed number of persons, whether the payment for the securities has been received or not or whether the company intends to list its securities or not on any recognised stock exchange in or outside India, the same shall be deemed to be an offer to the public and shall accordingly be governed by the provisions of Part I of this Chapter.</p> <p>(4) Every identified person willing to subscribe to the private placement issue shall apply in the private placement and application issued to such person alongwith subscription money paid either by cheque or demand draft or other banking channel and not by cash:</p> <p>Provided that a company shall not utilise monies raised through private placement unless allotment is made and the return of allotment is filed with the Registrar in accordance with sub-section (8).</p> <p>(5) No fresh offer or invitation under this section shall be made unless the allotments with respect to any offer or invitation made earlier have been completed or that offer or invitation has been withdrawn or abandoned by the company:</p> <p>Provided that, subject to the maximum number of identified persons under sub-section (2), a</p>		
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	<p>company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed.</p> <p>(6) A company making an offer or invitation under this section shall allot its securities within sixty days from the date of receipt of the application money for such securities and if the company is not able to allot the securities within that period, it shall repay the application money to the subscribers within fifteen days from the expiry of sixty days and if the company fails to repay the application money within the aforesaid period, it shall be liable to repay that money with interest at the rate of twelve per cent. per annum from the expiry of the sixtieth day.</p> <p>Provided that monies received on application under this section shall be kept in a separate bank account in a scheduled bank and shall not be utilised for any purpose other than—</p> <p>(a) for adjustment against allotment of securities; or</p> <p>(b) for the repayment of monies where the company is unable to allot securities.</p> <p>(7) No company issuing securities under this section shall release any public advertisements or utilise any media, marketing or distribution channels or agents to inform the public at large about such an issue.</p> <p>(8) A company making any allotment of securities under this section, shall file with the Registrar a return of allotment within fifteen days from the date of the allotment in such manner as may be prescribed, including a complete list of all allottees, with their full names, addresses, number of securities allotted and such other relevant information as may be prescribed.</p> <p>(9) If a company defaults in filing the return of allotment within the period prescribed under sub-section (8), the company, its promoters and directors shall be liable to a penalty for each default of one thousand rupees for each day</p>		
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	<p>during which such default continues but not exceeding twenty-five lakh rupees.</p> <p>(10) Subject to sub-section (11), if a company makes an offer or accepts monies in contravention of this section, the company, its promoters and directors shall be liable for a penalty which may extend to the amount raised through the private placement or two crore rupees, whichever is lower, and the company shall also refund all monies with interest as specified in sub-section (6) to subscribers within a period of thirty days of the order imposing the penalty.</p> <p>(11) Notwithstanding anything contained in sub-section (9) and sub-section (10), any private placement issue not made in compliance of the provisions of sub-section (2) shall be deemed to be a public offer and all the provisions of this Act and the Securities Contracts (Regulation) Act, 1956 and the Securities and Exchange Board of India Act, 1992 shall be applicable.’</p> <p>Enforcement Date: 7th August, 2018</p>		
	<p>10. In section 47, in sub-section (1), for the words, figures and brackets "provisions of section 43 and sub-section (2) of section 50", the words, figures and brackets "provisions of section 43, sub-section (2) of section 50 and sub-section (1) of section 188" shall be substituted.</p> <p>Enforcement Date: 9th February, 2018</p>	4.6	<p>In Point (i), the following may be added,</p> <p>“Subject to the provisions of section 43, sub-section (2) of section 50 and sub-section (1) of section 188,”</p>
	<p>11. In section 53 of the principal Act,-</p> <p>(i) in sub-section (2), for the words "discounted price", the word "discount" shall be substituted;</p> <p>Enforcement Date: 9th February, 2018</p>	4.10	<p>For (i)</p> <p>Any share issued by a company at a discounted price shall be void.</p>
	<p>11. In section 53 of the principal Act,-</p> <p>(ii) after sub-section (2), the following sub-section shall be inserted, namely:-</p> <p>"(2A) Notwithstanding anything contained in sub-sections (1) and (2), a company may issue</p>	4.10	<p>For (ii): -</p> <p>(The sub-section is newly inserted)</p>

	shares at a discount to its creditors when its debt is converted into shares in pursuance of any statutory resolution plan or debt restructuring scheme in accordance with any guidelines or directions or regulations specified by the Reserve Bank of India under the Reserve Bank of India Act, 1934 or the Banking (Regulation) Act, 1949." Enforcement Date: 9th February, 2018		
	12. In section 54 , in sub-section (1), clause (c) shall be omitted. Enforcement Date: 7th May, 2018	4.11	(c) not less than one year has, at the date of such issue, elapsed since the date on which the company had commenced business; and
	13. In section 62 of the principal Act,- (i) in sub-section (1), in clause (c), for the words "of a registered valuer subject to such conditions as may be prescribed", the words and figures "of a registered valuer, subject to the compliance with the applicable provisions of Chapter III and any other conditions as may be prescribed" shall be substituted; Enforcement Date: 9th February, 2018	4.22	For (i) (c) to any persons, if it is authorised by a special resolution, is determined by the valuation report of a registered valuer subject to such conditions as prescribed
	13. In section 62 of the principal Act,- (ii) for sub-section (2), the following sub-section shall be substituted, namely:- "(2) The notice referred to in sub-clause (i) of clause (a) of sub-section (1) shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue." Enforcement Date: 9th February, 2018	4.22	For (ii) The notice of offer of shares shall be despatched through registered post or speed post or through electronic mode to all the existing shareholders at least three days before the opening of the issue.

	<p>14. In section 73 of the principal Act, in sub-section (2),— (i) for clause (c), the following clause shall be substituted, namely:— "(c) depositing, on or before the thirtieth day of April each year, such sum which shall not be less than twenty per cent. of the amount of its deposits maturing during the following financial year and kept in a scheduled bank in a separate bank account to be called deposit repayment reserve account;"</p> <p>Enforcement Date: 15th August, 2018</p>	5.6	<p>(c) depositing such sum which shall not be less than fifteen per cent. of the amount of its deposits maturing during a financial year and the financial year next following, and kept in a scheduled bank in a separate bank account to be called as deposit repayment reserve account</p>
	<p>14. In section 73 of the principal Act, in sub-section (2),— (ii) clause (d) shall be omitted;</p> <p>Enforcement Date: 15th August, 2018</p>	5.6	<p>(d) providing such deposit insurance in such manner and to such extent as may be prescribed</p>
	<p>14. In section 73 of the principal Act, in sub-section (2),— (iii) in clause (e), for the words "such deposits;", the following shall be substituted, namely:— "such deposits and where a default had occurred, the company made good the default and a period of five years had lapsed since the date of making good the default;"</p> <p>Enforcement Date: 15th August, 2018</p>	5.6	<p>(e) certifying that the Act or payment of interest on such deposits</p>
	<p>15. In section 74, in sub-section (1), for clause (b), the following clause shall be substituted, namely:— "(b) repay within three years from such commencement or on or before expiry of the period for which the deposits were accepted, whichever is earlier: Provided that renewal of any such deposits shall be done in accordance with the provisions of Chapter V and the rules made thereunder."</p>	5.13	<p>repay within one year from such commencement or from the date on which such payments are due, whichever is earlier</p>

	Enforcement Date: 15th August, 2018		
	16. In section 76A of the principal Act,- (a) in clause (a), for the words, "one crore rupees", the words "one crore rupees or twice the amount of deposit accepted by the company, whichever is lower" shall be substituted; Enforcement Date: 9th February, 2018	(a) 5.14	For (a) the companyshall not be less than one crore rupees but which may extend to ten crore rupees; and
	16. In section 76A of the principal Act,- (b) in clause (b),- (i) for the words "seven years or with fine", the words "seven years and with fine" shall be substituted; (ii) the words "or with both" shall be omitted Enforcement Date: 9th February, 2018	5.15	For (b) every officerwith imprisonment which may extend to seven years or with fine which shall not be less than twenty-five lakh rupees but which may extend to two crore rupees, or with both
	17. In section 77 of the principal Act, in sub-section (1), after the third proviso, the following proviso shall be inserted, namely:— "Provided also that this section shall not apply to such charges as may be prescribed in consultation with the Reserve Bank of India." Enforcement Date: 7th May, 2018	6.3	- (The proviso is newly inserted)
	18. In section 78 of the principal Act, for the words and figures "register the charge within the period specified in section 77", the words, brackets and figures "register the charge within the period of thirty days referred to in sub-section (1) of section 77" shall be substituted. Enforcement Date: 7th May, 2018	6.4	As per section 78 to register the charge within the period 30 days , the person in whose favour the charge is created may apply
	19. In section 82 of the principal Act, in sub-section (1),— (i) the words, brackets and figures "and the provisions of sub-section (1) of section 77 shall,	6.7	According to section 82 of the Companies Act, 2013, from the date of such payment or

	as far as may be, apply to an intimation given under this section" shall be omitted; Enforcement Date: 5th July, 2018		satisfaction and the provisions of section 77(1) shall, as far as may be, apply to an intimation given under this section.
	19. In section 82 of the principal Act, in sub-section (1),— (ii) the following proviso shall be inserted, namely:— "Provided that the Registrar may, on an application by the company or the charge holder, allow such intimation of payment or satisfaction to be made within a period of three hundred days of such payment or satisfaction on payment of such additional fees as may be prescribed." Enforcement Date: 5th July, 2018	6.8	- (The proviso is newly inserted)
	20. In section 89 of the principal Act,— (i) in sub-section (6) , the words and figures, "within the time specified under section 403" shall be omitted; Enforcement Date: 7th May, 2018	7.9	For (i), the said words are omitted. (however, the study material does not contain reference of section 403)
	20. In section 89 of the principal Act,— (ii) in sub-section (7) , for the words and figures, "under the first proviso to sub-section (1) of section 403", the word "therein", shall be substituted; Enforcement Date: 7th May, 2018	7.9	the said words have been substituted (however, the study material does not contain reference of section 403)
	20. In section 89 of the principal Act,— (iii) after sub-section (9), the following sub-section shall be inserted, namely:— "(10) For the purposes of this section and section 90, beneficial interest in a share includes, directly or indirectly, through any contract, arrangement or	7.9	The sub- section is newly inserted.

	<p>otherwise, the right or entitlement of a person alone or together with any other person to—</p> <p>(i) exercise or cause to be exercised any or all of the rights attached to such share; or</p> <p>(ii) receive or participate in any dividend or other distribution in respect of such share."</p> <p>Enforcement Date: 13th June, 2018</p>		
	<p>21. For section 90 of the principal Act, the following section shall be substituted, namely:—</p> <p>'REGISTER OF SIGNIFICANT BENEFICIAL OWNERS IN A COMPANY</p> <p>(1) Every individual, who acting alone or together, or through one or more persons or trust, including a trust and persons resident outside India, holds beneficial interests, of not less than twenty-five per cent. or such other percentage as may be prescribed, in shares of a company or the right to exercise, or the actual exercising of significant influence or control as defined in clause (27) of section 2, over the company (herein referred to as "significant beneficial owner"), shall make a declaration to the company, specifying the nature of his interest and other particulars, in such manner and within such period of acquisition of the beneficial interest or rights and any change thereof, as may be prescribed:</p> <p>Provided that the Central Government may prescribe a class or classes of persons who shall not be required to make declaration under this sub-section.</p> <p>(2) Every company shall maintain a register of the interest declared by individuals under sub-section (1) and changes therein which shall include the name of individual, his date of birth, address, details of ownership in the company and such other details as may be prescribed.</p> <p>(3) The register maintained under sub-section (2) shall be open to inspection by any member of the company on payment of such fees as may be prescribed.</p>	7.10	<p>INVESTIGATION OF BENEFICIAL OWNERSHIP OF SHARES IN CERTAIN CASES The section simply enables the Central investigation ordered under that section.</p>

	<p>(4) Every company shall file a return of significant beneficial owners of the company and changes therein with the Registrar containing names, addresses and other details as may be prescribed within such time, in such form and manner as may be prescribed.</p> <p>(5) A company shall give notice, in the prescribed manner, to any person (whether or not a member of the company) whom the company knows or has reasonable cause to believe—</p> <p>(a) to be a significant beneficial owner of the company;</p> <p>(b) to be having knowledge of the identity of a significant beneficial owner or another person likely to have such knowledge; or</p> <p>(c) to have been a significant beneficial owner of the company at any time during the three years immediately preceding the date on which the notice is issued,</p> <p>and who is not registered as a significant beneficial owner with the company as required under this section.</p> <p>(6) The information required by the notice under sub-section (5) shall be given by the concerned person within a period not exceeding thirty days of the date of the notice.</p> <p>(7) The company shall,—</p> <p>(a) where that person fails to give the company the information required by the notice within the time specified therein; or</p> <p>(b) where the information given is not satisfactory,</p> <p>apply to the Tribunal within a period of fifteen days of the expiry of the period specified in the notice, for an order directing that the shares in question be subject to restrictions with regard to transfer of interest, suspension of all rights attached to the shares and such other matters as may be prescribed.</p> <p>(8) On any application made under sub-section (7), the Tribunal may, after giving an opportunity</p>		
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	<p>of being heard to the parties concerned, make such order restricting the rights attached with the shares within a period of sixty days of receipt of application or such other period as may be prescribed.</p> <p>(9) The company or the person aggrieved by the order of the Tribunal may make an application to the Tribunal for relaxation or lifting of the restrictions placed under sub-section (8).</p> <p>(10) If any person fails to make a declaration as required under sub-section (1), he shall be punishable with fine which shall not be less than one lakh rupees but which may extend to ten lakh rupees and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the failure continues.</p> <p>(11) If a company, required to maintain register under sub-section (2) and file the information under sub-section (4), fails to do so or denies inspection as provided therein, the company and every officer of the company who is in default shall be punishable with fine which shall not be less than ten lakh rupees but which may extend to fifty lakh rupees and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the failure continues.</p> <p>(12) If any person wilfully furnishes any false or incorrect information or suppresses any material information of which he is aware in the declaration made under this section, he shall be liable to action under section 447.'</p> <p>Enforcement Date: 13th June, 2018</p>		
	<p>22. In section 92 of the principal Act,—</p> <p>(i) in sub-section (4), the words and figures, "within the time as specified, under section 403" shall be omitted;</p> <p>Enforcement Date: 7th May, 2018</p>	7.12	A copy of annual return shall be file with the RoC within 60 days holding the AGM within the time specified under section 403

	<p>22. In section 92 of the principal Act,—</p> <p>²(ii) in sub-section (5), for the words and figures, "under section 403 with additional fees" the word "therein" shall be substituted.</p> <p>Enforcement Date: 7th May, 2018</p>	7.12	the said words have been substituted (however, the study material does not contain reference of section 403)
	<p>23. Section 93 of the principal Act shall be omitted.</p> <p>Enforcement Date: 13th June, 2018</p>	7.13	SECTION 93 – RETURN company in each case
	<p>24. In section 94 of the principal Act,—</p> <p>(i) in sub-section (1), in the first proviso, the words "and the Registrar has been given a copy of the proposed special resolution in advance" shall be omitted;</p> <p>Enforcement Date: 13th June, 2018</p>	7.14	the change has to be made in the diagram given on page 7.14
	<p>24. In section 94 of the principal Act,—</p> <p>(ii) in sub-section (3), the following proviso shall be inserted, namely:—</p> <p>"Provided that such particulars of the register or index or return as may be prescribed shall not be available for inspection under sub-section (2) or for taking extracts or copies under this sub-section."</p> <p>Enforcement Date: 13th June, 2018</p>	7.14	- (The proviso is newly inserted)
	<p>25. In section 96 of the principal Act, in sub-section (2), in the proviso, for the words "Provided that", the following shall be substituted, namely:—</p> <p>"Provided that annual general meeting of an unlisted company may be held at any place in India if consent is given in writing or by electronic mode by all the members in advance: Provided further that".</p> <p>Enforcement Date: 13th June, 2018</p>	7.51	- (The proviso is newly inserted)

² Sub-section 5 of section 92 has been fully substituted by the Companies (Amendment) Second Ordinance, 2019 (w.r.e.f. 2.11.2018)

	<p>26. In section 100 of the principal Act, in sub-section (1), the following proviso shall be inserted, namely:- "Provided that an extraordinary general meeting of the company, other than of the wholly owned subsidiary of a company incorporated outside India, shall be held at a place within India."</p> <p>Enforcement Date: 9th February, 2018</p>	7.52	- (The proviso is newly inserted)
	<p>27. In section 101 of the principal Act, in sub-section (1), for the proviso, the following proviso shall be substituted, namely:-</p> <p>"Provided that a general meeting may be called after giving shorter notice than that specified in this sub-section if consent, in writing or by electronic mode, is accorded thereto-</p> <p>(i) in the case of an annual general meeting, by not less than ninety-five per cent. of the members entitled to vote thereat; and</p> <p>(ii) in the case of any other general meeting, by members of the company-</p> <p>(a) holding, if the company has a share capital, majority in number of members entitled to vote and who represent not less than ninety-five per cent. of such part of the paid-up share capital of the company as gives a right to vote at the meeting; or</p> <p>(b) having, if the company has no share capital, not less than ninety-five per cent. of the total voting power exercisable at that meeting:</p> <p>Provided further that where any member of a company is entitled to vote only on some resolution or resolutions to be moved at a meeting and not on the others, those members shall be taken into account for the purposes of this sub-section in respect of the former resolution or resolutions and not in respect of the latter."</p> <p>Enforcement Date: 9th February, 2018</p>	7.19	<p>The proviso to section 101(1) also states that a shorter notice may also be given with the consent of 95 per cent of the members entitled to vote. Generally meetings need to be called by giving a notice of 21 clear days. However, they can be called on a shorter notice if, 95 per cent of the members entitled to vote in that meeting give their consent in writing or by electronic mode.</p> <p>It is also important to note that only the requirement as regards the length of the notice being 21 days, is dispensed with by such consent of not less than 95 per cent of the members entitled to vote at such meeting and not the</p>

			necessity to call and hold such meeting.
	<p>28. In section 110 of the principal Act, in sub-section (1), the following proviso shall be inserted, namely:- "Provided that any item of business required to be transacted by means of postal ballot under clause (a), may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section." Enforcement Date: 9th February, 2018</p>	7.34	- (The proviso is newly inserted)
	<p>29. In section 117 of the principal Act,— (i) in sub-section (1), the words and figures "within the time specified under section 403" shall be omitted; Enforcement Date: 7th May, 2018</p>	7.45	the said words have been omitted (however, the study material does not contain reference of section 403)
	<p>29. In section 117 of the principal Act,— ³(ii) in sub-section (2),— (a) for the words and figures "under section 403 with additional fees", the word "therein" shall be substituted; (b) for the words "not be less than five lakh rupees", the words "not be less than one lakh rupees" shall be substituted; (c) for the words "one lakh rupees", the words "fifty thousand rupees" shall be substituted; Enforcement Date: 7th May, 2018</p>	7.46	Section 117(2) sets out to the specified time under section 403 and which shall not be less than ₹ 5,00,000 but which may extend to ₹ 25,00,000 and every officer with fine which shall not be less than ₹ 1,00,000 but which may extend to ₹ 5,00,000

³ Sub-section 2 of section 117 has been fully substituted by the Companies (Amendment) Second Ordinance, 2019 (w.r.e.f. 2.11.2018)

	<p>29. In section 117 of the principal Act,— (iii) in sub-section (3),— (a) clause (e) shall be omitted; (b) in clause (g), in the proviso, the word “and” shall be omitted and the following proviso shall be inserted, namely:— “Provided further that nothing contained in this clause shall apply to a banking company in respect of a resolution passed to grant loans, or give guarantee or provide security in respect of loans under clause (f) of sub-section (3) of section 179 in the ordinary course of its business; and.”. Enforcement Date: 7th May, 2018</p>	7.45	<p>For (a) resolutions passed by a of any of the powers under ... (1)(c)</p> <p>For (b)- (The proviso is newly inserted)</p>
	<p>30. In section 121 of the principal Act,— (i) in sub-section (2), the words and figures “within the time as specified, under section 403” shall be omitted; (ii) in sub-section (3), for the words and figures “under section 403 with additional fees”, the word “therein” shall be substituted. Enforcement Date: 7th May, 2018</p>	7.52	<p>the said words have been omitted/ substituted (however, the study material does not contain reference of section 403)</p>
	<p>31. In section 123 of the principal Act,- (a) in sub-section (1)- (i) in clause (a),- (A) for the words “both; or”, the word “both:” shall be substituted; (B) the following proviso shall be inserted, namely:- “Provided that in computing profits any amount representing unrealised gains, notional gains or revaluation of assets and any change in carrying amount of an asset or of a liability on measurement of the asset or the liability at fair value shall be excluded; or”; Enforcement Date: 9th February, 2018</p>	8.4	<p>(i) For point (A) (c) out of both (a) and (b); or</p> <p>For point (B): - (The proviso is newly inserted)</p>

⁴ Sub-section 3 of section 121 has been fully substituted by the Companies (Amendment) Second Ordinance, 2019 (w.r.e.f. 2.11.2018)

	<p>31. In section 123 of the principal Act,-</p> <p>(a) in sub-section (1)-</p> <p>(ii) in the second proviso, for the words "transferred by the company to the reserves", the words "transferred by the company to the free reserves" shall be substituted;</p> <p>Enforcement Date: 9th February, 2018</p>	8.4	<p>For (ii)</p> <p>Where a company, it in previous years and transferred by the company to the reserves, such declaration of dividend with prescribed rules. [Second Proviso to section 123(1)]</p>
	<p>31. In section 123 of the principal Act,-</p> <p>(b) for sub-section (3), the following sub-section shall be substituted, namely:-</p> <p>"(3) The Board of Directors of a company may declare interim dividend during any financial year or at any time during the period from closure of financial year till holding of the annual general meeting out of the surplus in the profit and loss account or out of profits of the financial year for which such interim dividend is sought to be declared or out of profits generated in the financial year till the quarter preceding the date of declaration of the interim dividend:</p> <p>Provided that in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends declared by the company during immediately preceding three financial years."</p> <p>Enforcement Date: 9th February, 2018</p>	8.6	<p>According to section 123(3), the Board of Directors of a company may declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared.</p> <p>However, in case the company has incurred loss during the current financial year up to the end of the quarter immediately preceding the date of declaration of interim dividend, such interim dividend shall not be declared at a rate higher than the average dividends</p>

			declared by the company during immediately preceding three financial years.
	<p>32. In section 129 of the principal Act, for sub-section (3), the following sub-section shall be substituted, namely:—</p> <p>"(3) Where a company has one or more subsidiaries or associate companies, it shall, in addition to financial statements provided under sub-section (2), prepare a consolidated financial statement of the company and of all the subsidiaries and associate companies in the same form and manner as that of its own and in accordance with applicable accounting standards, which shall also be laid before the annual general meeting of the company along with the laying of its financial statement under sub-section (2):</p> <p>Provided that the company shall also attach along with its financial statement, a separate statement containing the salient features of the financial statement of its subsidiary or subsidiaries and associate company or companies in such form as may be prescribed:</p> <p>Provided further that the Central Government may provide for the consolidation of accounts of companies in such manner as may be prescribed.</p> <p>Enforcement Date: 7th May, 2018</p>	9.8 and 9.9	<p>(1) Where a company has one or more subsidiaries,.....</p> <p>Rule 6 of the Companies (Accounts) Rules, 2014.</p> <p>Explanation—For the purposes of this sub-section, the word “subsidiary” shall include associate company and joint venture.</p>
	<p>33. In section 130 of the principal Act,-</p> <p>(i) in sub-section (1), in the proviso,-</p> <p>(a) after the words "regulatory body or authorities concerned", the words "or any other person concerned" shall be inserted;</p> <p>(b) after the words "the body or authority concerned", the words "or the other person concerned" shall be inserted;</p> <p>Enforcement Date: 9th February, 2018</p>	9.13	For (i) - (The words are newly inserted)
	<p>33. In section 130 of the principal Act,-</p> <p>(ii) after sub-section (2), the following sub-section shall be inserted, namely:-</p>	9.13	For (ii) –

	<p>"(3) No order shall be made under sub-section (1) in respect of re-opening of books of account relating to a period earlier than eight financial years immediately preceding the current financial year: Provided that where a direction has been issued by the Central Government under the proviso to sub-section (5) of section 128 for keeping of books of account for a period longer than eight years, the books of account may be ordered to be re-opened within such longer period."</p> <p>Enforcement Date: 9th February, 2018</p>		(This sub-section is newly inserted)
	<p>34. In section 134 of the principal Act,—</p> <p>(a) for sub-section (1), the following sub-section shall be substituted, namely:—</p> <p>"(1) The financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director, if any, and the Chief Executive Officer, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of One Person Company, only by one director, for submission to the auditor for his report thereon.";</p> <p>Enforcement Date: 31st July, 2018</p>	9.16	<p>The financial statements, including consolidated financial statement, for submission to the auditor for his report thereon.</p>
	<p>34. In section 134 of the principal Act,—</p> <p>(b) in sub-section (3),—</p> <p>(i) for clause (a), the following clause shall be substituted, namely:—</p> <p>"(a) the web address, if any, where annual return referred to in sub-section (3) of section 92 has been placed;"</p> <p>(ii) in clause (p), for the words "annual evaluation has been made by the Board of its own performance and that of its committees and individual directors", the words "annual evaluation of the performance of the Board, its Committees</p>	9.17	<p>For (i) Extract of annual return (in the diagram)</p> <p>For (ii) Listed /other public statement of annual evaluation of performances of Board,</p>

	<p>and of individual directors has been made" shall be substituted;</p> <p>(iii) after clause (g), the following provisos shall be inserted, namely:—</p> <p>"Provided that where disclosures referred to in this sub-section have been included in the financial statements, such disclosures shall be referred to instead of being repeated in the Board's report:</p> <p>Provided further that where the policy referred to in clause (e) or clause (o) is made available on company's website, if any, it shall be sufficient compliance of the requirements under such clauses if the salient features of the policy and any change therein are specified in brief in the Board's report and the web-address is indicated therein at which the complete policy is available.";</p> <p>Enforcement Date: 31st July, 2018</p>		<p>committees and individual directors.</p> <p>(in the diagram)</p> <p>For (iii)</p> <p>The proviso is newly inserted (in the diagram)</p>
	<p>34. In section 134 of the principal Act,—</p> <p>(c) after sub-section (3), the following sub-section shall be inserted, namely:—</p> <p>"(3A) The Central Government may prescribe an abridged Board's report, for the purpose of compliance with this section by One Person Company or small company.".</p> <p>Enforcement Date: 31st July, 2018</p>	-	-
	<p>35. In section 135 of the principal Act,—</p> <p>(i) in sub-section (1),—</p> <p>(a) for the words "any financial year", the words "the immediately preceding financial year" shall be substituted;</p> <p>(b) the following proviso shall be inserted, namely:—</p> <p>"Provided that where a company is not required to appoint an independent director under sub-section (4) of section 149, it shall have in its Corporate Social Responsibility Committee two or more directors.";</p> <p>Enforcement Date: 19th September, 2018</p>	9.23	<p>For (a)</p> <p>during any financial year shall constitute a Corporate Social Responsibility Committee of the Board.</p> <p>For (b)-</p> <p>(The proviso has been newly inserted)</p>

	<p>35. In section 135 of the principal Act,— (ii) in sub-section (3), in clause (a), for the words and figures "as specified in Schedule VII", the words and figures "in areas or subject, specified in Schedule VII" shall be substituted;</p> <p>Enforcement Date: 19th September, 2018</p>	9.24	<p>formulate and recommend which shall indicate the activities to be undertaken by the company as specified in Schedule VI;</p>
	<p>35. In section 135 of the principal Act,— (iii) in sub-section (5), for the <i>Explanation</i>, the following <i>Explanation</i> shall be substituted, namely:— <i>'Explanation.—</i>For the purposes of this section "net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of section 198.' Enforcement Date: 19th September, 2018</p>	9.26	<p>Here, "average net profit" shall be calculated in accordance with the provisions of section 198</p>
	<p>36. In section 136 of the principal Act,— (i) in sub-section (1),- (a) the words and figures "Without prejudice to the provisions of section 101," shall be omitted; Enforcement Date: 9th February, 2018</p>	9.30	<p>As per the amendment the word "Without prejudice to the provisions of section 101," shall be omitted</p>
	<p>36. In section 136 of the principal Act,- (i) in sub-section (1),- (b) in the first proviso, for the words "Provided that", the following shall be substituted, namely:- "Provided that if the copies of the documents are sent less than twenty-one days before the date of the meeting, they shall, notwithstanding that fact, be deemed to have been duly sent if it is so agreed by members- (a) holding, if the company has a share capital, majority in number entitled to vote and who represent not less than ninety-five per cent. of such part of the paid-up share capital of the company as gives a right to vote at the meeting; or</p>	9.31	<p>- (The proviso is newly inserted)</p>

	<p>(b) having, if the company has no share capital, not less than ninety five per cent. of the total voting power exercisable at the meeting: Provided further that"; Enforcement Date: 9th February, 2018</p>		
	<p>36. In section 136 of the principal Act,- (i) in sub-section (1),- (c) in the second proviso, for the words "Provided further", the words, "Provided also" shall be substituted; Enforcement Date: 9th February, 2018</p>	9.31	Related to point (ii) on Page 9.31
	<p>36. In section 136 of the principal Act,- (i) in sub-section (1),- (d) for the fourth proviso, the following provisos shall be substituted, namely:— 'Provided also that every listed company having a subsidiary or subsidiaries shall place separate audited accounts in respect of each of subsidiary on its website, if any. Provided also that a listed company which has a subsidiary incorporated outside India (herein referred to as "foreign subsidiary")- (a) where such foreign subsidiary is statutorily required to prepare consolidated financial statement under any law of the country of its incorporation, the requirement of this proviso shall be met if consolidated financial statement of such foreign subsidiary is placed on the website of the listed company; (b) where such foreign subsidiary is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the holding Indian listed company may place such unaudited financial statement on its website and where such financial statement is in a language other than English, a translated copy of the financial statement in English shall also be placed on the website.'; Enforcement Date: 9th February, 2018</p>	9.31	<p>(iii) Subsidiary Companies: Every company having a subsidiary or subsidiaries shall,— (1) place separate audited accounts in respect of each of its subsidiary on its website, if any; (2) provide a copy of separate audited financial statements in respect of each of its subsidiary, to any shareholder of the company who asks for it.</p>

	<p>36. In section 136 of the principal Act,-</p> <p>(ii) in sub-section (2), the following proviso shall be inserted, namely:- "Provided that every company having a subsidiary or subsidiaries shall provide a copy of separate audited or unaudited financial statements, as the case may be, as prepared in respect of each of its subsidiary to any member of the company who asks for it."</p> <p>Enforcement Date: 9th February, 2018</p>	9.32	<p>-</p> <p>(The proviso is newly inserted) Add the proviso in point (iv)</p>
	<p>37. In section 137 of the principal Act,—</p> <p>(i) in sub-section (1),—</p> <p>(a) the words and figures "within the time specified under section 403" shall be omitted;</p> <p>(b) in the second proviso, the words and figures "within the time specified under section 403" shall be omitted;</p> <p>(c) after the fourth proviso, the following proviso shall be inserted, namely:— 'Provided also that in the case of a subsidiary which has been incorporated outside India (herein referred to as "foreign subsidiary"), which is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the requirements of the fourth proviso shall be met if the holding Indian company files such unaudited financial statement along with a declaration to this effect and where such financial statement is in a language other than English, along with a translated copy of the financial statement in English.'</p> <p>Enforcement Date: 7th May, 2018</p>	9.34	<p>For (a)</p> <p>(i) Filing of financial statements [Section 137(1)]: A copy of the financial fees as may be prescribed within the time specified under section 403</p> <p>For (b)</p> <p>(c) If the financial statements are adopted such additional fees as may be prescribed within the time specified under section 403.</p> <p>For (c) – (The proviso is newly inserted)</p>
	<p>37. In section 137 of the principal Act,—</p> <p>(ii) in sub-section (2), the words and figures "within the time specified, under section 403" shall be omitted;</p>	9.35	<p>(v) Annual General meeting not held [Section 137(2)] : Where the annual general</p>

	Enforcement Date: 7th May, 2018		additional fees as may be prescribed within the time specified, under section 403.
	37. In section 137 of the principal Act,— (iii) in sub-section (3) , for the words and figures “in section 403”, the word “therein” shall be substituted. Enforcement Date: 7th May, 2018	9.35	the said words have been substituted (however, the study material does not contain reference of section 403)
	38. In section 139 of the principal Act, in sub-section (1), the first proviso shall be omitted. Enforcement Date: 7th May, 2018	10.5	The company shall place the matter relating to such appointment for ratification by members at every AGM.
	39. In section 140 of the principal Act, in sub-section (3), for the words “fifty thousand rupees”, the words “fifty thousand rupees or the remuneration of the auditor, whichever is less,” shall be substituted. Enforcement Date: 9th February, 2018	10.15	(d) If the auditor does not with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 5 Lacs.
	40. In section 141 of the principal Act, in sub-section (3), for clause (i), the following clause shall be substituted, namely:- ‘(i) a person who, directly or indirectly, renders any service referred to in section 144 to the company or its holding company or its subsidiary company. <i>Explanation.</i> —For the purposes of this clause, the term “directly or indirectly” shall have the meaning assigned to it in the Explanation to section 144.’. Enforcement Date: 9th February, 2018	10.22	(9) any person whose subsidiary or associate company or any other form of entity, is engaged as on the date of appointment in consulting and specialised services as

⁵ Sub-section 3 of section 140 has been fully substituted by the Companies (Amendment) Second Ordinance, 2019 (w.r.e.f. 2.11.2018)

			provided in section 144
	<p>41. In section 143 of the principal Act,- (i) in sub-section (1), in the proviso, for the words "its subsidiaries", at both the places, the words "its subsidiaries and associate companies" shall be substituted;</p> <p>Enforcement Date: 9th February, 2018</p>	1023	(c) Access to record of all its subsidiaries: The auditor of a the records of all its subsidiaries in so far as it relates to the consolidation of its financial statements with that of its subsidiaries .
	<p>41. In section 143 of the principal Act,- (ii) in sub-section (3), in clause (i), for the words "internal financial controls system", the words "internal financial controls with reference to financial statements" shall be substituted;</p> <p>Enforcement Date: 9th February, 2018</p>	1024	(9) whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls;
	<p>41. In section 143 of the principal Act,- (iii) in sub-section (14), in clause (a), for the words "cost accountant in practice", the words "cost accountant" shall be substituted</p> <p>Enforcement Date: 9th February, 2018</p>	1036	The provisions of section 143 shall mutatis mutandis apply to the cost accountant in practice conducting cost audit under section 148.
	<p>42. In section 147 of the principal Act,- (i) in sub-section (2),- (a) after the words "five lakh rupees", the words "or four times the remuneration of the auditor, whichever is less" shall be inserted;</p> <p>Enforcement Date: 9th February, 2018</p>	1033	- The words shall be inserted in point (iii) (a)
	<p>42. In section 147 of the principal Act,- (i) in sub-section (2),- (b) in the proviso, for the words "and with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees", the words "and with fine which shall not be less than fifty thousand rupees but which may extend to</p>	1033	(2) Fine which shall not be less than ₹ 1 lac but which may extend to ₹ 25 Lacs

	twenty-five lakh rupees or eight times the remuneration of the auditor, whichever is less" shall be substituted; Enforcement Date: 9th February, 2018		
	42. In section 147 of the principal Act,- (ii) in sub-section (3), in clause (ii), for the words "or to any other persons", the words "or to members or creditors of the company" shall be substituted; Enforcement Date: 9th February, 2018	10.33	(2) pay for damages to the company, statutory bodies or authorities or to any other persons for loss arising out of incorrect audit report.
	42. In section 147 of the principal Act,- (iii) in sub-section (5), the following proviso shall be inserted, namely:- "Provided that in case of criminal liability of an audit firm, in respect of liability other than fine, the concerned partner or partners, who acted in a fraudulent manner or abetted or, as the case may be, colluded in any fraud shall only be liable." Enforcement Date: 9th February, 2018	10.33	- (The proviso is newly inserted)
	43. In section 148 of the principal Act,- (i) in sub-section (3),- (a) for the words "Cost Accountant in practice", the words "cost accountant" shall be substituted; Enforcement Date: 9th February, 2018	10.34	(iv) The cost audit shall be conducted by a Cost Accountant in practice who shall be by the members in such manner as may be prescribed.
	43. In section 148 of the principal Act,- (i) in sub-section (3),- (b) in the <i>Explanation</i> , for the words "Institute of Cost and Works Accountants of India", the words "Institute of Cost Accountants of India" shall be substituted; Enforcement Date: 9th February, 2018	10.35	Here, the expression "cost auditing standards" mean such standards as are issued by the Institute of Cost and Works Accountants of India , constituted under the Cost and

			Works Accountants Act, 1959, with the approval of the Central Government.
	43. In section 148 of the principal Act,- (ii) in sub-section (5), in the proviso, for the words "cost accountant in practice", the words "cost accountant" shall be substituted Enforcement Date: 9th February, 2018	10.35	(x) The report on the audit of cost records shall be submitted by the cost accountant in practice to the Board of Directors (BoD) of the company.
	44. In section 447 of the principal Act,- (a) after the words "guilty of fraud", the words "involving an amount of at least ten lakh rupees or one per cent. of the turnover of the company, whichever is lower" shall be inserted. Enforcement Date: 9th February, 2018	3.25	The words are newly inserted
	44. In section 447 of the principal Act,- (b) after the proviso, the following proviso shall be inserted, namely:—"Provided further that where the fraud involves an amount less than ten lakh rupees or one per cent. of the turnover of the company, whichever is lower, and does not involve public interest, any person guilty of such fraud shall be punishable with imprisonment for a term which may extend to five years or with fine which may extend to ⁶ twenty lakh rupees or with both." Enforcement Date: 9th February, 2018	3.26	In earlier law the proviso was not there. The proviso is newly inserted
XI	Amendments related to - Amendment in the notification number G.S.R. 463(E) dated the 5th June, 2015 vide Notification no. S.O. 802(E) dated 23 rd February, 2018 In exercise of the powers conferred by clauses (a) and (b) of sub-section (1) and subsection (2) of	9.7	Replace the footnote 'Section 129 shall not apply to the Government companies to the extent of

⁶ The amount of "twenty lakh rupees" has been replaced with "fifty lakh rupees" as per the Companies (Amendment) Second Ordinance, 2019.

	<p>section 462 of the Companies Act, 2013, the Central Government, in the interest of public amends the notification of the Government of India in the Ministry of Corporate Affairs number G.S.R. 463(E) dated the 5th June, 2015 namely:—</p> <p>In the said notification, in the Table, for serial number 8 and entries relating thereto, the following serial number and entries shall be respectively substituted, namely:-</p> <p>“In Chapter IX, Section 129- Shall not apply to the companies engaged in defence production to the extent of application of relevant Accounting Standard on segment reporting”.</p>		<p>application of Accounting Standard 17 (Segment Reporting) to the companies engaged in defence production.</p>
XII	<p>Amendments related to - Notification G.S.R. 284(E) dated 23rd March, 2018</p> <p>Rule 9: Reservation of name</p> <p>An application for reservation of name shall be made through the web service available at www.mca.gov.in by using [form RUN](Reserve Unique Name) along with fee as provided in the Companies (Registration offices and fees) Rules, 2014, which may either be approved or rejected, as the case may be, by the Registrar, Central Registration Centre after allowing re--submission of such application within fifteen days for rectification of the defects, if any.</p>	2.11	- (This Rule may be read with respect to point (iv) Requirement for reservation of the name of the company)
XIII	<p>Amendments related to - Notification G.S.R. 433(E) dated 7th May, 2018</p> <p>The Central Government has amended the Companies (Specification of Definitions Details) Rules, 2014, by the Companies (Specification of Definitions Details) Amendment Rules, 2018. It shall come into force on 7th May, 2018.</p> <p>In the Companies (Specification of Definitions Details) Rules, 2014, in rule 2, in sub-rule (1), clause (r) shall be omitted.</p> <p>Please note: The said clause (r) deals with ‘Total Share Capital’</p>	1.4 & 1.21	As per the Companies (Specification of Definitions Details) Rules, 2014, “Total Share Capital”, (b) convertible preference share capital

XIV	<p>Amendments related to - Notification G.S.R. 434(E) dated 7th May, 2018</p> <p>The Central Government has amended the Companies (Share Capital and Debentures) Rules, 2014, by the Companies (Share Capital and Debentures) Second Amendment Rules, 2018. It shall come into force on 7th May, 2018.</p> <p>In the Companies (Share Capital and Debentures) Rules, 2014, in the principal rules, in rule 8, in sub-rule (1), in the Explanation, in clause (i) in sub-clause (a), the words "for at least last one year" shall be omitted.</p>	4.12	<p>"Employee" means-</p> <p>(a) a permanent employee of the company who has been working in India or outside India, for at least last one year; or</p>
XV	<p>Amendments related to - Notification G.S.R. 560(E) dated 13th June, 2018</p> <p>The Ministry of Corporate Affairs vide G.S.R. 560 (E) dated 13th June, 2018, has amended the Companies (Management and Administration) Rules, 2014 through the Companies (Management and Administration) Second Amendment Rules, 2018.</p> <p>Accordingly, in the Companies (Management and Administration) Rules, 2014,</p> <ol style="list-style-type: none"> 1. rule 13 shall be omitted 2. the "Form No.MGT-10" shall be omitted. 3. in rule 15, the sub-rule(6), shall be omitted 4. in rule 18, in sub-rule (3), Explanation after clause (ix), shall be omitted 5. in rule 22, in sub-rule(16) for the proviso, the following shall be substituted, namely:- "Provided that any aforesaid items of business under this sub-rule, required to be transacted by means of postal ballot, may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section: Provided further that One Person Companies and other companies having members upto two hundred are not required to transact any business through postal ballot" 	<p>1.- 7.13 2.- 7.13 3.- 7.15 4.- 7.30 5.- 7.37</p>	<p>1. Rule 13 dealt with Return of Changes in Shareholding Position of Promoters and Top Ten Shareholders.</p> <p>2. MGT- 10</p> <p>3. Copy of proposed Special Resolution field with ROC:at least one day before the date of general meeting of the company in Form MGT – 14.</p> <p>4. In Diagram ignore the words, and Explanation under Rule 18(3)</p> <p>5. Provided that One Person Company and other companies having members upto 200 are not required to transact any business through postal ballot.</p>

XVI	<p>Amendments related to - Notification G.S.R. 612 (E) dated 5th July, 2018</p> <p>The Central Government has amended the Companies (Acceptance of Deposits) Rules, 2014, by the Companies (Acceptance of Deposits) Amendment Rules, 2018. It shall come into force on 15th August, 2018.</p> <p>In the Companies (Acceptance of Deposits) Rules, 2014 in rule 14, in sub-rule (1), clause (k) shall be omitted;</p>	5.11	(k) details of deposit insurance including extent of deposit insurance;
XVII	<p>Amendments related to - Notification G.S.R. 708(E) dated 27th July, 2018</p> <p>The Central Government has amended the Companies (Incorporation) Rules, 2014, by the Companies (Incorporation) Third Amendment Rules, 2018. It shall come into force on 27th July, 2018.</p> <p>In the Companies (Incorporation) Rules, 2014.</p> <p>(a) in rule 3, for Explanation to sub-rule (1), the following shall be substituted, namely:-</p> <p>“Explanation I. - For the purposes of this rule, the term "resident in India" means a person who has stayed in India for a period of not less than one hundred and eighty two days during the immediately preceding financial year.</p> <p>Explanation II.- For the purposes of this rule, while counting the number of days of stay of a director in India for the financial year 2018-2019, any period of stay between 01.01.2018 till the date of notification of this rule shall also be counted”;</p>	2.4	(person who has stayed in India for a period of not less than 182 days during the immediately preceding one calendar year)
XVIII	<p>Amendments related to - Enforcement of the Companies (Audit and Auditors) Amendment Rules, 2018 vide Notification G.S.R. 432 (E) dated 7th May 2018</p> <p>The Central Government makes the Companies (Audit and Auditors) Second Amendment Rules, 2018 to amend the Companies (Audit and Auditors) Rules, 2014.</p> <p>1. In the Companies (Audit and Auditors) Rules, 2014, in rule 3 which deals with the Manner and</p>	10.5	According to the Companies (Audit and Auditors) Rules, 2014, by way of passing of an ordinary resolution. If the appointment is not

	<p>Procedure of selection and appointment of auditors:</p> <p>(a) Explanation shall be omitted.</p> <p>(b) proviso to sub-rule (7) shall be omitted.</p>		procedure laid down in this behalf under the Act.
	<p>2. In the principal rules, in rule 10A i.e., related to Internal Financial controls system, for the words "adequate internal financial controls system", the words "internal financial controls with reference to financial statements" shall be substituted.</p>	10.24	<p>As per the rule 10A inserted by the Companies (Audit and Auditors) about existence of adequate internal financial controls system and its operating effectiveness.</p>
	<p>3. In the principal rules, in rule 14 which deals with the remuneration of the cost auditor, following are the changes-</p> <p>(a) in clause (a), in sub-clause (i), for the words, "who is a cost accountant in practice", the words "who is a cost accountant" shall be substituted;</p>	10.34	<p>(A) the Board shall appoint an individual, who is a cost accountant in practice, or a firm of</p>
	<p>3. In the principal rules, in rule 14 which deals with the remuneration of the cost auditor, following are the changes-</p> <p>(b) in clause (b) for the words "who is a cost accountant in practice", the words "who is a cost accountant" shall be substituted.</p>	10.34	<p>(2) in the case of other companies which are not required....., shall appoint an individual who is a cost accountant in practice or a firm of</p>
XIX	<p>Amendments related to - Enforcement of the Companies (Accounts) Amendment Rules, 2018 vide Notification G.S.R. 725(E) dated 31st July, 2018</p> <p>The Central Government makes the Companies (Accounts) Amendment Rules, 2018 to amend the Companies (Accounts) Rules, 2014.</p> <p>1. In the Companies (Accounts) Rules, 2014, In sub-rule (5) of Rule 8 which deals with the Matters to be included in Board's report, after clause (viii) the following clauses shall be inserted, namely:-</p>	9.20	<p>- [Clause (ix) and (x) is newly inserted]</p>

	<p>“(ix) a disclosure, as to whether maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013, is required by the Company and accordingly such accounts and records are made and maintained,</p> <p>(x) a statement that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013,”</p>		
	<p>2. In the Companies (Accounts) Rules, 2014, after sub-rule (5), the following Sub Rule (6), rule shall be inserted, namely:-</p> <p>“(6) This rule shall not apply to One Person Company or Small Company”.</p>	9.20	- (Sub- rule 6 is newly inserted)
XX	<p>Amendments related to - Enforcement of the <u>Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018</u> vide Notification G.S.R. 865 (E) dated 19th September, 2018</p> <p>The Central Government makes the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018 to amend the Companies (Corporate Social Responsibility Policy) Rules, 2014.</p> <p>1. In Companies (Corporate Social Responsibility Policy) Rules, 2014, in rule 2 which deals with the definitions, -</p> <p>(a) in sub-rule (1), in sub-clause (i) of clause (c) which defines “Corporate Social Responsibility (CSR)”, after the words “relating to activities”, the words “, areas or subjects” shall be inserted;</p> <p>(b) in sub-rule (1), in sub-clause (ii) of clause (c), for the words “cover subjects enumerated”, the words “include activities, areas or subjects specified” shall be substituted;</p>	9.22	<p>(i) Projects or programs relating to activities areas or subjects specified in Schedule VII to the Act; or</p> <p>(ii) Projects or programs relating to subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.</p>
	<p>2. In Companies (Corporate Social Responsibility Policy) Rules, 2014, in rule 5 which deals with the “CSR Committees”, in clause (i) of sub rule (1), for the words “an unlisted public company or a private</p>	9.23	(b) An unlisted public company or a private company which is not required

	company”, the words “a company” shall be substituted.		to appoint an independent
	3. In Companies (Corporate Social Responsibility Policy) Rules, 2014, In rule 6 which states of CSR Policy, following are the changes- (a) in sub-rule (1), in clause (a), for the words “falling within the purview of” the words “areas or subjects specified in” shall be substituted;	9.24	(a) List of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII
	3. In Companies (Corporate Social Responsibility Policy) Rules, 2014, in rule 6 which states of CSR Policy, following are the changes- (b) in sub-rule (1), in second proviso to clause (b), for the words, “activities included in Schedule VII” the words “areas or subjects specified in Schedule VII” shall be substituted.	9.24	For point (b)- (d) The Board of Directors shall CSR Policy are related to the activities included in Schedule VII of the Act.
XXI	<u>Amendments related to - Constitution of National Financial Reporting Authority</u> The Central Government appointed 1 st October, 2018 (Notification S.O. 5099(E) dated 1 st October, 2018) as the date of constitution Of National Financial Reporting Authority. Section 132 shall now be read as under: Constitution of National Financial Reporting Authority, have also been notified. 132. *(1) The Central Government may, by notification, constitute a National Financial Reporting Authority to provide for matters relating to accounting and auditing standards under this Act. **(2) Notwithstanding anything contained in any other law for the time being in force, the National Financial Reporting Authority shall— (a) make recommendations to the Central Government on the formulation and laying down of accounting and auditing policies and standards for adoption by companies or class of companies or their auditors, as the case may be;	9.14	-

<p>(b) monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed;</p> <p>(c) oversee the quality of service of the professions associated with ensuring compliance with such standards, and suggest measures required for improvement in quality of service and such other related matters as may be prescribed; and</p> <p>(d) perform such other functions relating to clauses (a), (b) and (c) as may be prescribed.</p> <p>(3) The National Financial Reporting Authority shall consist of a chairperson, who shall be a person of eminence and having expertise in accountancy, auditing, finance or law to be appointed by the Central Government and such other members not exceeding fifteen consisting of part-time and full-time members as may be prescribed:</p> <p>Provided that the terms and conditions and the manner of appointment of the chairperson and members shall be such as may be prescribed:</p> <p>Provided further that the chairperson and members shall make a declaration to the Central Government in the prescribed form regarding no conflict of interest or lack of independence in respect of his or their appointment:</p> <p>Provided also that the chairperson and members, who are in full-time employment with National Financial Reporting Authority shall not be associated with any audit firm (including related consultancy firms) during the course of their appointment and two years after ceasing to hold such appointment.</p> <p>** (4) Notwithstanding anything contained in any other law for the time being in force, the National Financial Reporting Authority shall—</p> <p>(a) have the power to investigate, either <i>suo moto</i> or on a reference made to it by the Central Government, for such class of bodies corporate or</p>	
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	<p>persons, in such manner as may be prescribed into the matters of professional or other misconduct committed by any member or firm of chartered accountants, registered under the Chartered Accountants Act, 1949:</p> <p>Provided that no other institute or body shall initiate or continue any proceedings in such matters of misconduct where the National Financial Reporting Authority has initiated an investigation under this section;</p> <p>(b) have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908, while trying a suit, in respect of the following matters, namely:—</p> <p>(i) discovery and production of books of account and other documents, at such place and at such time as may be specified by the National Financial Reporting Authority;</p> <p>(ii) summoning and enforcing the attendance of persons and examining them on oath;</p> <p>(iii) inspection of any books, registers and other documents of any person referred to in clause (b) at any place;</p> <p>(iv) issuing commissions for examination of witnesses or documents;</p> <p>(c) where professional or other misconduct is proved, have the power to make order for—</p> <p>(A) imposing penalty of—</p> <p>(I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and</p> <p>(II) not less than five lakh rupees, but which may extend to ten times of the fees received, in case of firms;</p> <p>(B) debarring the member or the firm from engaging himself or itself from practice as member of the Institute of Chartered Accountant of India</p>		
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	<p>referred to in clause (e) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 for a minimum period of six months or for such higher period not exceeding ten years as may be decided by the National Financial Reporting Authority.</p> <p><i>Explanation.</i>—For the purposes of his sub-section, the expression "professional or other misconduct" shall have the same meaning assigned to it under section 22 of the Chartered Accountants Act, 1949.</p> <p>**(5) Any person aggrieved by any order of the National Financial Reporting Authority issued under clause (c) of sub-section (4), may prefer an appeal before the Appellate Tribunal in such manner and on payment of such fee as may be prescribed.</p> <p>**(10) The National Financial Reporting Authority shall meet at such times and places and shall observe such rules of procedure in regard to the transaction of business at its meetings in such manner as may be prescribed.</p> <p>(11) The Central Government may appoint a secretary and such other employees as it may consider necessary for the efficient performance of functions by the National Financial Reporting Authority under this Act and the terms and conditions of service of the secretary and employees shall be such as may be prescribed.</p> <p>*(12) The head office of the National Financial Reporting Authority shall be at New Delhi and the National Financial Reporting Authority may, meet at such other places in India as it deems fit.</p> <p>**(13) The National Financial Reporting Authority shall cause to be maintained such books of account and other books in relation to its accounts in such form and in such manner as the Central Government may, in consultation with the</p>		
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	<p>Comptroller and Auditor-General of India prescribe.</p> <p>** (14) The accounts of the National Financial Reporting Authority shall be audited by the Comptroller and Auditor-General of India at such intervals as may be specified by him and such accounts as certified by the Comptroller and Auditor-General of India together with the audit report thereon shall be forwarded annually to the Central Government by the National Financial Reporting Authority.</p> <p>** (15) The National Financial Reporting Authority shall prepare in such form and at such time for each financial year as may be prescribed its annual report giving a full account of its activities during the financial year and forward a copy thereof to the Central Government and the Central Government shall cause the annual report and the audit report given by the Comptroller and Auditor-General of India to be laid before each House of Parliament.</p> <p>Please note: (i) Sub Section (3) and (11) have been notified on 21st March 2018. [Notification No. S.O. 1316(E)]</p> <p>(ii) Sub Section (6), (7), (8) and (9) have been omitted [with effect from 9th February, 2018]</p> <p>(iii) *Sub- section (1) and (12) notified on 1st October, 2018 [Notification S.O. 5098(E) dated 1st October, 2018]</p> <p>(iv) **Sub- Section (2),(4),(5),(10),(13),(14) and (15) have been notified on 24th October 2018 [Notification S.O. 5385(E) dated 24th October, 2018]</p>		
XXII	<p><u>Amendments related to - COMPANIES (AMENDMENT) SECOND ORDINANCE, 2019</u></p> <p>Following sections of the Companies Act, 2013 (hereinafter referred to as the principal Act) have been amended by the Companies (Amendment) Second Ordinance, 2019 dated 21st February,</p>	1.9	Provided that on an application made by a company or body corporate, which is a holding company or a subsidiary or

	<p>2019. [It shall be deemed to have come into force on 2nd November, 2018.]</p> <p>1. In clause (41) of section 2,</p> <p>(a) for the first proviso, the following provisos shall be substituted namely:</p> <p>“Provided that where a company or body corporate, which is a holding company or a subsidiary or associate company of a company incorporated outside India and is required to follow a different financial year for consolidation of its accounts outside India, the Central Government may, on an application made by that company or body corporate in such form and manner as may be prescribed, allow any period as its financial year, whether or not that period is a year:</p> <p>Provided further that any application pending before the Tribunal as on the date of commencement of the Companies (Amendment) Ordinance, 2019, shall be disposed of by the Tribunal in accordance with the provisions applicable to it before such commencement.”</p> <p>(b) for the second proviso, the for the words “Provided further that”, the words “Provided also that” shall be substituted.</p>		<p>associate company of a company incorporated outside India and is required to follow a different financial year for consolidation of its accounts outside India, the Tribunal may, if it is satisfied, allow any period as its financial year, whether or not that period is a year:</p>
	<p>2. After section 10, the following section shall be inserted, namely:</p> <p>“10A. Commencement of business etc.</p> <p>(1) A company incorporated after the commencement of the Companies (Amendment) Ordinance, 2019 and having a share capital shall not commence any business or exercise any borrowing powers unless—</p> <p>(a) a declaration is filed by a director within a period of one hundred and eighty days of the date of incorporation of the company in such form and verified in such manner as may be prescribed, with the Registrar that every subscriber to the memorandum has paid the value of the shares agreed to be taken by him on the date of making of such declaration; and</p>	-	<p>The section is newly inserted</p>

	<p>(b) The company has filed with the Registrar a verification of its registered office as provided in sub-section (2) of section 12.</p> <p>(2) If any default is made in complying with the requirements of this section, the company shall be liable to a penalty of fifty thousand rupees and every officer who is in default shall be liable to a penalty of one thousand rupees for each day during which such default continues but not exceeding an amount of one lakh rupees.</p> <p>(3) Where no declaration has been filed with the Registrar under clause (a) of sub-section (1) within a period of one hundred and eighty days of the date of incorporation of the company and the Registrar has reasonable cause to believe that the company is not carrying on any business or operations, he may, without prejudice to the provisions of sub-section (2), initiate action for the removal of the name of the company from the register of companies under Chapter XVIII.”</p>		
	<p>3. In section 12, after sub- section (8), the following sub- section shall be inserted, namely: “(9) If the Registrar has reasonable cause to believe that the company is not carrying on any business or operations, he may cause a physical verification of the registered office of the company in such manner as may be prescribed and if any default is found to be made in complying with the requirements of sub-section (1), he may without prejudice to the provisions of sub-section (8), initiate action for the removal of the name of the company from the register of companies under Chapter XVIII.”</p>	2.24	The sub- section is newly inserted
	<p>4. In section 14, (i) in Sub- section (1), for the second proviso, the following provisos shall be substituted namely: “Provided further that any alteration having the effect of conversion of a public company into a private company shall not be valid unless it is approved by an order of the Central Government on an application made in such form and manner as may be prescribed:</p>	2.31	However, any such alteration having the effect of conversion of a public company into a private company shall not take effect except with the approval of

	Provided also that any application pending before the Tribunal, as on the date of commencement of the Companies (Amendment) Ordinance, 2019, shall be disposed of by the Tribunal in accordance with the provisions applicable to it before such commencement.”		the Tribunal which shall make such order as it may deem fit.
	4. In section 14, (ii) in sub- section (2), for the word “Tribunal”, the words “Central Government” shall be substituted.	2.31	Every alteration of the articles and a copy of the order of the Tribunal approving the alteration, shall be filed with the Registrar, together with a printed copy of the altered articles, within a period of fifteen days in such manner as may be prescribed, who shall register the same.
	5. In section 53, for sub – section (3), the following sub- section shall be substituted, namely: “(3) Where any company fails to comply with the provisions of this section, such company and every officer who is in default shall be liable to a penalty which may extend to an amount equal to the amount raised through the issue of shares at a discount or five lakh rupees, whichever is less, and the company shall also be liable to refund all monies received with interest at the rate of twelve per cent. per annum from the date of issue of such shares to the persons to whom such shares have been issued.”	4.10	Where a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and every officer who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five

			lakh rupees, or with both.
	<p>6. In section 64, for sub- section (2), the following sub- section shall be substituted, namely: Where any company fails to comply with the provisions of sub-section (1), such company and every officer who is in default shall be liable to a penalty of one thousand rupees for each day during which such default continues, or five lakh rupees whichever is less.”</p>	4.24	If a company and any officer of the company who is in default contravenes the provisions of sub-section(1), it or he shall be punishable with fine which may extend to one thousand rupees for each day during which such default continues, or five lakh rupees, whichever is less.
	<p>7. In section 77, in sub- section (1), for the first and second provisos, the following provisos shall be substituted, namely: “Provided that the Registrar may, on an application by the company, allow such registration to be made- (a) in case of charges created before the commencement of the Companies (Amendment) Ordinance, 2019, within a period of three hundred days of such creation; or (b) in case of charges created on or after the commencement of the Companies (Amendment) Ordinance, 2019, within a period of sixty days of such creation, on payment of such additional fees as may be prescribed: Provided further that if the registration is not made within the period specified- (a) in clause (a) to the first proviso, the registration of the charge shall be made within six months from the date of commencement of the Companies (Amendment) Ordinance, 2019, on payment of such additional fees as may be prescribed and different fees may be prescribed for different classes of companies;</p>	6.3	The Registrar may, on an application by the company, allow such registration to be made within a period of three hundred days of such creation on payment of such additional fees as may be prescribed: Provided further that if registration is not made within a period of three hundred days of such creation, the company shall seek extension of time in accordance with section 87:

	(b) in clause (b) to the first proviso, the Registrar may, on an application, allow such registration to be made within a further period of sixty days after payment of such <i>advalorem</i> fees as may be prescribed.”		
	8. Section 86 of the Companies Act, 2013, shall be numbered as sub- section (1) thereof and after sub- section (1) as so numbered, the following sub- section shall be inserted, namely: “(2) If any person wilfully furnishes any false or incorrect information or knowingly suppresses any material information, required to be registered in accordance with the provisions of section 77, he shall be liable for action under section 447.”	6.10	The sub- section is newly inserted
	9. For section 87 , the following sections shall be substituted, namely: “87. The Central Government on being satisfied that — (a) the omission to give intimation to the Registrar of the payment or satisfaction of a charge, within the time required under this Chapter; or (b) the omission or misstatement of any particulars, in any filing previously made to the Registrar with respect to any such charge or modification thereof or with respect to any memorandum of satisfaction or other entry made in pursuance of section 82 or section 83, was accidental or due to inadvertence or some other sufficient cause or it is not of a nature to prejudice the position of creditors or shareholders of the company, it may, on the application of the company or any person interested and on such terms and conditions as it deems just and expedient, direct that the time for the giving of intimation of payment or satisfaction shall be extended or, as the case may require, that the omission or misstatement shall be rectified.”	6.10	(1) The Central Government on being satisfied that— before the charge is actually registered.

	<p>10. In section 90, (i) for sub- section (9), the following sub- section shall be substituted, namely: “(9) The company or the person aggrieved by the order of the Tribunal may make an application to the Tribunal for relaxation or lifting of the restrictions placed under sub-section (8), within a period of one year from the date of such order: Provided that if no such application has been filed within a period of one year from the date of the order under sub-section (8), such shares shall be transferred, without any restrictions, to the authority constituted under sub-section (5) of section 125, in such manner as may be prescribed.”</p>	-	⁷ The company or the person aggrieved by the order of the Tribunal may make an application to the Tribunal for relaxation or lifting of the restrictions placed under sub-section (8).
	<p>10. In section 90, (ii) in sub- section (10),- (a) after the word “punishable”, the words “with imprisonment for a term which may extend to one year or” shall be inserted; (b) after the words “ten lakh rupees”, the words “or with both” shall be inserted.</p>	-	⁸ (The words are newly inserted)
	<p>11. In section 92, for sub- section (5), the following sub- section shall be substituted, namely: “(5) If any company fails to file its annual return under sub-section (4), before the expiry of the period specified therein, such company and its every officer who is in default shall be liable to a penalty of fifty thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of five lakh rupees.”</p>	7.12	Section 92(5) of the Act specifies that if the company defaults in filing the annual return within the time as specified in this section, the company shall be punishable with fine which shall not be less than ₹ 50,000 but which

⁷ Section 90 (Investigation of Beneficial Ownership of Shares in Certain cases) has been replaced with section 90 (Register of Significant Beneficial Owners in a Company) via Companies (Amendment) Act, 2017 [w.e.f. 13th June, 2018].

⁸ Same as footnote 7

			may extend to ₹ 5,00,000 or imprisonment up to 6 months or with both.
	<p>12. In section 102, for sub- section (5), the following sub- section shall be substituted, namely:</p> <p>“(5) Without prejudice to the provisions of sub- section (4), if any default is made in complying with the provisions of this section, every promoter, director, manager or other key managerial personnel of the company who is in default shall be liable to a penalty of fifty thousand rupees or five times the amount of benefit accruing to the promoter, director, manager or other key managerial personnel or any of his relatives, whichever is higher.”</p>	7.22	<p>If any default is made in complying with the provisions of this section, then every promoter, director, manager, or other key managerial personnel who is in default shall be punishable with fine which may extend to ₹ 50,000 or 5 times the amount of benefit accruing to the promoter, director, manager or other key managerial personnel or any of his relatives, whichever is more.</p>
	<p>13. In section 105, in sub- section (3), for the words “punishable with fine which may extend to five thousand rupees”, the words “liable to a penalty of five thousand rupees” shall be substituted.</p>	7.25	<p>Failure to state in notice of meeting that a member is entitled to appoint proxy who need not be a member every officer of the company who is in default shall be punishable with fine which may extend to ₹ 5,000.</p>
	<p>14. In section 117, for sub- section (2), the following sub- section shall be substituted, namely:</p>	7.46	<p>Section 117(2) sets out the penalty in case of failure to intimate RoC about</p>

	<p>“(2) If any company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified therein, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of twenty-five lakh rupees and every officer of the company who is in default including liquidator of the company, if any, shall be liable to a penalty of fifty thousand rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees.”</p>		<p>the resolutions and agreements that are required to be filed within the specified time under section 403 and states that the company shall be punishable with fine which shall not be less than ₹ 5,00,000 but which may extend to ₹ 25,00,000 and every officer of the company who is in default, including the liquidator, if any, shall be punishable with fine which shall not be less than ₹ 1,00,000 but which may extend to ₹ 5,00,000.</p>
	<p>15. In section 121, for sub- section (3), the following sub- section shall be substituted, namely: “(3) If the company fails to file the report under sub-section (2) before the expiry of the period specified therein, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty which shall not be less than twenty-five thousand rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees.”</p>	7.52	<p>if it fails to file such report then company shall be punishable with fine which shall not be less than ₹ 1,00,000 but which may extend to ₹ 5,00,000 and every officer of the company, who is in default, shall be punishable with fine which shall not be less than ₹ 25,000 but which may extend to ₹ 1,00,000.</p>

	<p>16. In section 137, in sub- section (3), (a) for the words “punishable with fine”, the words “liable to a penalty” shall be substitute;</p>	9.35	<p>The company shall be punishable with fine of ₹1,000 for every day during which the failure continues</p>
	<p>16. In section 137, in sub- section (3), (b) for the portion beginning with “punishable with imprisonment”, and ending with “five lakh rupees or with both”, the words “shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees” shall be substituted.</p>	9.35	<p>any such director, all the directors of the company, shall be punishable with: (1) Imprisonment for a term which may extend to 6 months or (2) Fine which shall not be less than ₹ 1 lac but which may extend to ₹5 Lacs, or (3) Both with imprisonment and fine.</p>
	<p>17. In section 140, for the sub- section (3), the following sub- section shall be substitute, namely: ⁹“(3) If the auditor does not comply with the provisions of sub-section (2), he or it shall be liable to a penalty of fifty thousand rupees or an amount equal to the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees.”</p>	10.15	<p>If the auditor does not comply with aforesaid provision, he or it shall be punishable with fine which shall not be less than ₹ 50,000 but which may extend to ₹ 5 Lacs.</p>
	<p>18. In section 447, in the second proviso, for the words “twenty lakh rupees”, the words “fifty lakh rupees” shall be substituted.</p>	3.26	<p>The amount of “twenty lakh rupees” has been replaced with “fifty lakh rupees” as per the</p>

⁹ Sub-section 3 of section 140 has been fully substituted by the Companies (Amendment) Ordinance, 2019 w.r.e.f. 2.11.2018.

			Companies (Amendment) Second Ordinance, 2019
XXIII	<p>Amendments related to - Notification G.S.R. 1219(E) dated 18th December, 2018</p> <p>The Central Government has amended the Companies (Incorporation) Rules, 2014, by the Companies (Incorporation) Fourth Amendment Rules, 2018. It shall come into force on 18th December, 2018.</p> <p>In the Companies (Incorporation) Rules, 2014 (hereinafter referred to as the said rules), after rule 23, the following rule shall be inserted, namely:-</p> <p>“23A. Declaration at the time of commencement of business.-The declaration under section 10A by a director shall be in Form No.INC-20A and shall be filed as provided in the Companies (Registration Offices and Fees) Rules, 2014 and the contents of the said form shall be verified by a Company Secretary or a Chartered Accountant or a Cost Accountant, in practice:</p> <p>Provided that in the case of a company pursuing objects requiring registration or approval from any sectoral regulators such as the Reserve Bank of India, Securities and Exchange Board of India, etc., the registration or approval, as the case may be from such regulator shall also be obtained and attached with the declaration.”.</p>	2.41	- The Rule is newly inserted
XXIV	<p>Amendments related to - Notification G.S.R. 42(E) dated 22nd January, 2019</p> <p>The Central Government has amended the Companies (Acceptance of Deposits) Rules, 2014, by the Companies (Acceptance of Deposits) Amendment Rules, 2019. It shall come into force on 22nd January, 2019.</p> <p>In the Companies (Acceptance of Deposits) Rules, 2014 (hereinafter referred to as the said rules):</p> <p>1. In rule 2, in sub-rule (1), in clause (c), in sub-clause(xviii), after the words “Infrastructure</p>	1.5.4 2. 5.11 3. 5.11	

	<p>Investment Trusts,” the words “Real Estate Investment Trusts” shall be inserted.</p> <p>2. In the said rules, in rule 16, the following Explanation shall be inserted, namely:- “Explanation.- It is hereby clarified that Form DPT-3 shall be used for filing return of deposit or particulars of transaction not considered as deposit or both by every company other than Government company.”.</p> <p>3. In rule 16(A), after sub-rule (2), the following sub-rule shall be inserted, namely:- “(3) Every company other than Government company shall file a onetime return of outstanding receipt of money or loan by a company but not considered as deposits, in terms of clause (c) of sub-rule 1 of rule 2 from the 01st April, 2014 to *[the date of publication of this notification in the Official Gazette], as specified in Form DPT-3 within **[ninety days from the date of said publication of this notification] along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014.”.</p>		
XXV	<p><u>Amendments related to - Notification G.S.R. 341(E) dated 30th April, 2019</u></p> <p>The Central Government has amended the Companies (Acceptance of Deposits) Rules, 2014, by the Companies (Acceptance of Deposits) Second Amendment Rules, 2019. It shall come into force on 22nd January, 2019.</p> <p>In the Companies (Acceptance of Deposits) Rules, 2014, in rule 16A, in sub-rule (3), -</p> <p>*(a) for the words “the date of publication of this notification in the Official Gazette”, the figures, letters and word “31st March, 2019” shall be substituted;</p> <p>** (b) for the words “ninety days from the date of said publication of this notification”, the words, figures and letters “ninety days from 31st March, 2019” shall be substituted.</p>	5.11	Read in reference to XXIV above

XXVI	<p>Amendments related to - Notification dated 30th April, 2019</p> <p>The Central Government has amended the Companies (Registration of Charges) Rules, 2014, by the Companies (Registration of Charges) Amendment Rules, 2019.</p> <p>In the Companies (Registration of Charges) Rules, 2014:</p> <p>1. In Rule 4, the following rules shall be substituted, namely:</p> <p>“4. Application to Registrar</p> <p>(1) For the purposes of the first proviso and clause (b) of the second proviso to sub-section (1) of section 77, the Registrar may, on being satisfied that the company had sufficient cause for not filing the particulars and instrument of charge, if any, within a period of thirty days of the date of creation of the charge including modification thereto, allow the registration of the same after thirty days but within the period as specified in the said provisos, on payment of fee, additional fee or advalorem fee, as may be applicable, as prescribed in the Companies (Registration Offices and Fees) Rules, 2014.</p> <p>(2) The application under sub-rule (1) shall be made in Form No. CHG-I and Form No. CHG-9 supported by a declaration from the company signed by its company secretary or a director that such belated filing shall not adversely affect the rights of any other intervening creditors of the company.”</p>	6.3	(a) The Registrar may, on being satisfied Intervening creditors of the company.
	<p>In the Companies (Registration of Charges) Rules, 2014:</p> <p>2. For Rule 12, the following rule shall be substituted, namely:</p> <p>“12. Rectification in register of charges on account of omission or misstatement of particulars in charge previously recorded and extension of time in filing of satisfaction of charge.-</p>	6.11	II. Condonation of delay and rectification of register of charges. According to Rule 12 in the said order.

	<p>The Central Government may on an application filed in Form No. CHG-8 in accordance with section 87-</p> <p>(a) direct rectification of the omission or misstatement of any particulars, in any filing, previously recorded with the Registrar with respect to any charge or modification thereof, or with respect to any memorandum of satisfaction or other entry made in pursuance of section 82 or section 83,</p> <p>(b) direct extension of time for satisfaction of charge, if such filing is not made within a period of three hundred days from the date of such payment or satisfaction."</p>		
The Negotiable Instruments Act, 1881			
I.	<p><u>Amendments related to – THE NEGOTIABLE INSTRUMENTS (AMENDMENT) ACT, 2018</u></p> <p>The Ministry of Law and Justice has made amendments to the Negotiable Instruments Act, 1881 through the Negotiable Instruments (Amendment) Act, 2018. This Amendment Act received the assent of the President and published in the Official Gazette on 2nd August, 2018.</p>		
	<p>In the Negotiable Instruments Act, 1881 (hereinafter referred to as the principal Act), after section 143, the following section shall be inserted, namely:—</p> <p>“143A. Power to direct interim compensation.</p> <p>(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, the Court trying an offence under section 138 may order the drawer of the cheque to pay interim compensation to the complainant—</p> <p>(a) in a summary trial or a summons case, where he pleads not guilty to the accusation made in the complaint; and</p> <p>(b) in any other case, upon framing of charge.</p> <p>(2) The interim compensation under sub-section (1) shall not exceed twenty per cent. of the amount of the cheque.</p>		<p>- (The section is newly inserted)</p>

	<p>(3) The interim compensation shall be paid within sixty days from the date of the order under subsection (1), or within such further period not exceeding thirty days as may be directed by the Court on sufficient cause being shown by the drawer of the cheque.</p> <p>(4) If the drawer of the cheque is acquitted, the Court shall direct the complainant to repay to the drawer the amount of interim compensation, with interest at the bank rate as published by the Reserve Bank of India, prevalent at the beginning of the relevant financial year, within sixty days from the date of the order, or within such further period not exceeding thirty days as may be directed by the Court on sufficient cause being shown by the complainant.</p> <p>(5) The interim compensation payable under this section may be recovered as if it were a fine under section 421 of the Code of Criminal Procedure, 1973.</p> <p>(6) The amount of fine imposed under section 138 or the amount of compensation awarded under section 357 of the Code of Criminal Procedure, 1973, shall be reduced by the amount paid or recovered as interim compensation under this section.”.</p>		
	<p>(2) In the principal Act, after section 147, the following section shall be inserted, namely:—</p> <p>“148. Power of Appellate Court to order payment pending appeal against conviction.</p> <p>(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, in an appeal by the drawer against conviction under section 138, the Appellate Court may order the appellant to deposit such sum which shall be a minimum of twenty per cent. of the fine or compensation awarded by the trial Court:</p> <p>Provided that the amount payable under this subsection shall be in addition to any interim compensation paid by the appellant under section 143A.</p>		<p>- (The section is newly inserted)</p>

	<p>(2) The amount referred to in sub-section (1) shall be deposited within sixty days from the date of the order, or within such further period not exceeding thirty days as may be directed by the Court on sufficient cause being shown by the appellant.</p> <p>(3) The Appellate Court may direct the release of the amount deposited by the appellant to the complainant at any time during the pendency of the appeal:</p> <p>Provided that if the appellant is acquitted, the Court shall direct the complainant to repay to the appellant the amount so released, with interest at the bank rate as published by the Reserve Bank of India, prevalent at the beginning of the relevant financial year, within sixty days from the date of the order, or within such further period not exceeding thirty days as may be directed by the Court on sufficient cause being shown by the complainant.”</p>		
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Page number of the Study material (SM) with reference of relevant provisions

Please note: The Ministry of Corporate Affairs has replaced Rule 14 of the Companies (Prospectus and Allotment of Securities) Rule, 2014 through Companies (Prospectus and Allotment of Securities) Second Rule, 2018. Hence, students are advised not to read the content related to Rule 14(2) of the Companies (Prospectus and Allotment of Securities) Rule, 2014 as contained on pages 3.31 and Page 3.32 of Study Material. [For November 2019 examinations the said amended rule has not been made applicable for the students.]

PART – II : QUESTIONS AND ANSWERS

QUESTIONS

DIVISION A - MULTIPLE CHOICE QUESTIONS

1. Ezech Machines Limited owns a plot of land which was mortgaged to Urbane Commercial Bank Limited for raising term loan of ₹ 2.00 crore. The mortgage was duly registered with the Central Registry. First loan installment of ₹ 50.00 lacs was released immediately after sanction of term loan with the condition that subsequent three installments of ₹50.00 lacs shall be released as soon as the earlier released installment is utilized satisfactorily. Is it necessary either for the company or the bank to register the charge on plot with the

concerned Registrar of Companies (ROC) when the mortgage is registered with the Central Registry?

- (a) It is not necessary either for the bank or the company to register the charge on plot of land with the concerned Registrar of Companies (ROC) when the mortgage is registered with the Central Registry.
 - (b) It is necessary to get the charge on plot on land registered with the concerned Registrar of Companies (ROC) irrespective of the fact that mortgage is registered with the Central Registry.
 - (c) The charge on plot needs to be registered with the concerned Registrar of Companies (ROC) only when the actual liability of the company with the Bank exceeds ₹ 1.00 crore.
 - (d) The charge on plot needs to be registered with the concerned Registrar of Companies (ROC) only when the term loan sanctioned by the bank to the company exceeds ₹ 2.00 crores.
2. With a view to augment its production, Surya Techno-Products Limited availed a loan of ₹ 50.00 lacs from Shrilaxmi First Bank Limited for purchase of a new machinery by offering its factory worth ₹ 2.25 crores as security. However, the company did not initiate any steps to get the charge on factory registered in favour of lending banker within the specified time. As soon as the charge-holder bank came to know about the non-registration of charge with the ROC, it applied to the Registrar for registration of charge along with the instrument creating the charge and paid the requisite fees when demanded. Advise the bank whether it can recover the fees so paid for registration of charge from Surya Techno-Products.
- (a) Yes, the bank can recover the fees paid by it for registration of charge.
 - (b) No, the bank cannot recover the fees paid by it for registration of charge because the bank is equally responsible for getting the charge registered.
 - (c) Only when it obtains recovery orders from Regional Director (RD), the bank can recover the fees paid by it for registration of charge from the company.
 - (d) Only when it obtains recovery orders from National Company Law Tribunal (NCLT), the bank can recover the fees paid by it for registration of charge from the company.
3. A charge was created by Cygnus Softwares Limited on its office premises to secure a term loan of ₹ 1.00 crore availed from Next_Gen Commercial Bank Limited through an instrument of charge executed by both the parties on 16th February, 2019. Inadvertently, the company could not get the charge registered with the concerned Registrar of Companies (ROC) within the first statutory period permitted by law and the default was made known to it by the lending banker with a stern warning to take immediate steps for rectification. Advise the company regarding the latest date within which it must register the charge with the ROC so that it is not required to pay a specific type of fees for charge registration.

- (a) With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 27th April, 2019.
- (b) With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 17th April, 2019.
- (c) With a view to avoid paying a specific type of fees for charge registration, the company must get the charge registered latest by 2nd May, 2019.
- (d) The company cannot now get the charge register as the time prescribed by Law has expired.
4. Cyplish Games and Toys Limited was sanctioned a term loan of ₹ 60.00 lacs by Zawnn Industrial Bank Limited on 21st November, 2018. As a security, the company offered its office premises situated at Bandra, Mumbai and an instrument of charge was executed. However, the company failed to get the charge registered with the concerned Registrar within the first as well as second statutory period available as per law. This was adversely commented by the internal auditors of the bank and therefore, after a strict advisory received from Shahji, the senior manager of the bank, the company was prompted to take steps for registration of charge. Name the specific type of fees which the company is now required to pay for registration of charge.
- (a) Special Fees.
- (b) Ad-valorem Fees.
- (c) A Late Registration Fees.
- (d) Ad-valorem Duty.
5. Sumitra Healthcare and Hospitality Limited had issued 9% non-convertible debentures which matured four years back. However, 1000 such debentures of ₹ 100 each are still remaining unclaimed and unpaid even after the maturity. State the period after which the company needs to transfer them to Investor Education and Protection Fund (IEPF) if they remain unclaimed and unpaid.
- (a) After the expiry of five years from the maturity date.
- (b) After the expiry of six years from the maturity date
- (c) After the expiry of seven years from the maturity date
- (d) After the expiry of eight years from the maturity date.
6. Delight Sports Garments Limited is contemplating to raise funds through issue of prospectus in which, according to the directors, a sum of ₹ 50 crores should be stated as the minimum amount that needs to be subscribed by the prospective subscribers. The funds shall be raised in four instalments consisting of application, allotment, first call and second & final call. Advise the company by which instalment it should receive the minimum subscription stated in the prospectus.

- (a) Along with amount subscribed as application money.
 - (b) Along with amount subscribed as final call money.
 - (c) Along with amount subscribed as first call money.
 - (d) Along with amount subscribed as second and final call money.
7. All the 40 members of Taxila Traders Limited have valid voting rights. Due to some urgency, its directors are desirous of convening Annual General Meeting (AGM) at a shorter notice than statutorily required. Is it possible for them to do so?
- (a) Taxila Traders Limited cannot convene AGM at shorter notice than statutorily required.
 - (b) Taxila Traders Limited can convene AGM at shorter notice than statutorily required, if consent in writing or by electronic mode is accorded by all the forty members who are entitled to vote at the AGM.
 - (c) Taxila Traders Limited can convene AGM at shorter notice than statutorily required if consent in writing or by electronic mode is accorded by at least 38 members who are entitled to vote at the AGM.
 - (d) Taxila Traders Limited can convene AGM at shorter notice than statutorily required if consent in writing or by electronic mode is accorded by at least 36 members who are entitled to vote at the AGM.
8. A draws a bill on B for ₹ 500 payable to the order of A. B accepts the bill, but subsequently dishonours it by non-payment. A sues B on the bill. B proves that it was accepted for value as to ₹ 400, and as an accommodation to the plaintiff as to the residue. Thus, as per the provisions of the Negotiable Instruments Act, 1881, A can only recover the following amount:
- (a) ₹ 900
 - (b) ₹ 500
 - (c) ₹ 400
 - (d) ₹ 100

DIVISION B - DETAILED QUESTIONS

COMPANY LAW

The Companies Act, 2013

1. S Ltd. is a company in which H Ltd. is holding 60% of its paid up share capital. One of the shareholder of H Ltd. made a charitable trust and donated his 10% shares in H Ltd. and ₹50 crores to the trust. He appoints S Ltd. as the trustee. All the assets of the trust are held in the name of S Ltd. Can a subsidiary hold shares in its holding company in this way?

2. Vintage security equipments limited is a manufacturer of CCTV cameras. It has raised ₹ 100 crores through public issue of its equity shares for starting one more unit of CCTV camera manufacturing. It has utilized 10 crores rupees and then it realized that its existing business has no potential for expansion because government has reduced customs duty on import of CCTV camera hence imported cameras from china are cheaper than its own manufacturing. Now it wants to utilize remaining amount in mobile app development business by adding a new object in its memorandum of association.
Does the Companies Act, 2013 allow such change of object. If not then what advise will you give to company. If yes, then give steps to be followed.
3. What are the powers of Registrar to make entries of satisfaction and release of charges in the absence of any intimation from the company. Discuss this matter in the light of provisions of the Companies Act, 2013.
4. Neemrana Infotech Ltd. was incorporated on 1.4.2017. No General Meeting of the company has been held so far. Explain the provisions of the Companies Act, 2013 regarding the time limit for holding the first annual general meeting of the Company and the power of the Registrar to grant extension of time for the First Annual General Meeting.
5. Mr. Pink held 100 partly paid up shares of Red Limited. The company asked him to pay the final call money on the shares. Due to some unavoidable circumstances he was unable to pay the amount of call money to the company. At a general meeting of the shareholders, the chairman disallowed him to cast his vote on the ground that the articles do not permit a shareholder to vote if he has not paid the calls on the shares held by him. Mr. Pink contested the decision of the Chairman. Referring to the provisions of the Companies Act, 2013 decide whether the contention of Mr. Pink is valid.
6. Red Limited was incorporated on 1st April, 2014 is facing severe effects of depression of the economy. Owing to its bad financial status most of the members have started withdrawing their holding from the company. The company had 250 members on 10th January, 2019. By 15th January, 2019, 244 members had withdrawn their holding. No new member has invested in the company after 15th February till date. Now, Mr. A, an existing member has approached you to advise him regarding his liabilities in such a situation.
7. Rijwan Limited, a listed company, is in the business of garment manufacturing and has its registered office at 123, N Tower, Commercial Beta Complex, Biwadi, Rajasthan. The company has called its 6th Annual General Meeting at 3 PM on 22nd August, 2019 at Ansal Plaza, Bhiwadi. Some of the members of the company have opposed to calling of the meeting at Ansal Plaza. The company has approached you to advise them in this regard.
Suppose, Rijwan Limited is an unlisted company and wants to call their 6th AGM at Jaipur, will your answer differ.
8. Yellow limited has prepared its financial statements for the year 2018-19. Mr. Prateek, the Managing director the company is declining to sign these financial statements on the grounds that it is only the duty of the Board of the directors to sign the financial statements

as approved by the Board and he is not liable to sign the same. Now, Mr. Prateek has approached you advise him regarding his responsibility for signing the financial statement. Advise Mr. Prateek regarding his responsibility for signing the financial statements as per the provisions of the Companies Act, 2013.

Mr. Prateek has also provided to you the following more informations:

1. The Board as a policy does not authorise the chairperson of the company to sign the financial statements
2. The company has appointed Ms. Sunanina as its Company Secretary

OTHER LAWS

The Indian Contract Act, 1872

9. Mr. Chintu was appointed as Site Manager of ABC Constructions Company on a two years contract at a monthly salary of ₹ 50,000. Mr. Ganesh gave a surety in respect of Mr. Chintu's conduct. After six months the company was not in position to pay ₹ 50,000 to Mr. Chintu because of financial constraints. Chintu agreed for a lower salary of ₹ 30,000 from the company. This was not communicated to Mr. Ganesh. Three months afterwards it was discovered that Chintu had been doing fraud since the time of his appointment. What is the liability of Mr. Ganesh during the whole duration of Chintu's Appointment.

The Negotiable Instruments Act, 1881

10. Mr. Madhavan drew a cheque payable to Mr. Vikas or order. Mr. Vikas lost the cheque and was not aware of the loss of the cheque. The person who found the cheque forged the signature of Mr. Vyas and endorsed it to Mr. Pawan as the consideration for goods bought by him from Mr. Pawan. Mr. Pawan encashed the cheque, on the very same day from the drawee bank. Mr. Vikas intimated the drawee bank about the theft of the cheque after three days. Examine the liability of the drawee bank.

Give your answer in reference to the Provisions of Negotiable Instruments Act, 1881.

The General Clauses Act, 1897

11. Vyas owned a land with fifty tamarind trees. He sold his land and the timber (obtained after cutting the fifty trees) to Yash. Vyas wants to know whether the sale of timber tantamounts to sale of immovable property. Advise him with reference to provisions of "General Clauses Act, 1897".

Interpretation of Statutes

12. Explain whether Foreign Decisions be used for construing Indian Acts.

SUGGESTED ANSWERS/HINTS

DIVISION A - ANSWER TO MULTIPLE CHOICE QUESTIONS

Question No.	1	2	3	4	5	6	7	8
Correct Option	(b)	(a)	(b)	(b)	(c)	(a)	(c)	(c)

DIVISION B - ANSWER TO DETAILED QUESTIONS

1. According to section 19 of the Companies Act, 2013 a company shall not hold any shares in its holding company either by itself or through its nominees. Also, holding company shall not allot or transfer its shares to any of its subsidiary companies and any such allotment or transfer of shares of a company to its subsidiary company shall be void.

Following are the exceptions to the above rule—

- (a) where the subsidiary company holds such shares as the legal representative of a deceased member of the holding company; or
- (b) where the subsidiary company holds such shares as a trustee; or
- (c) where the subsidiary company is a shareholder even before it became a subsidiary company of the holding company but in this case it will not have a right to vote in the meeting of holding company.

In the given case one of the shareholders of holding company has transferred his shares in the holding company to a trust where the shares will be held by subsidiary company. It means now subsidiary will hold shares in the holding company. But it will hold shares in the capacity of a trustee. Therefore, we can conclude that in the given situation S Ltd. can hold shares in H Ltd.

2. According to section 13 of the Companies Act, 2013 a company, which has raised money from public through prospectus and still has any unutilised amount out of the money so raised, shall not change its objects for which it raised the money through prospectus unless a special resolution is passed by the company and—
- (i) the details in respect of such resolution shall also be published in the newspapers (one in English and one in vernacular language) which is in circulation at the place where the registered office of the company is situated and shall also be placed on the website of the company, if any, indicating therein the justification for such change;
 - (ii) the dissenting shareholders shall be given an opportunity to exit by the promoters and shareholders having control in accordance with SEBI regulations.

Company will have to file copy of special resolution with ROC and he will certify the registration within a period of thirty days. Alteration will be effective only after this certificate by ROC.

Looking at the above provision we can say that company can add the object of mobile app development in its memorandum and divert public money into that business. But for that it will have to comply with above requirements.

3. Section 83 of the Act of 2013 empowers the Registrar to make entries with respect to the satisfaction and release of charges even if no intimation has been received by him from the company.

Accordingly, with respect to any registered charge if an evidence is shown to the satisfaction of Registrar that the debt secured by charge has been paid or satisfied in whole or in part or that the part of the property or undertaking charged has been released from the charge or has ceased to form part of the company's property or undertaking, then he may enter in the register of charges a memorandum of satisfaction that:

- the debt has been satisfied in whole or in part; or
- the part of the property or undertaking has been released from the charge or has ceased to form part of the company's property or undertaking.

This power can be exercised by the Registrar despite the fact that no intimation has been received by him from the company.

Information to affected parties: The Registrar shall inform the affected parties within 30 days of making the entry in the register of charges.

Issue of Certificate: As per Rule 8 (2), in case the Registrar enters a memorandum of satisfaction of charge in full, he shall issue a certificate of registration of satisfaction of charge.

4. According to Section 96 of the Companies Act, 2013, every company shall be required to hold its first annual general meeting within a period of 9 months from the closing of its first financial year.

Also, if a company holds its first annual general meeting as aforesaid, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation:

It also provide that the Registrar may, for any special reason, extend the time within which any annual general meeting, other than the first annual general meeting, shall be held, by a period not exceeding three months.

In the given case, taking the first financial year of Neemrana Infotech Ltd is for the period 1st April 2017 to 31st March 2018, the first annual general meeting of the company should be held on or before 31st December, 2018.

According to section 99, if any default is made in holding a meeting of the company in accordance with section 96, the company and every officer of the company who is in default shall be punishable with fine which may extend to one lakh rupees and in the case

of a continuing default, with a further fine which may extend to five thousand rupees for every day during which such default continues.

Even though the Registrar of Companies is empowered to grant extension of time for a period not exceeding 3 months for holding the annual general meetings, such power does not apply in the case of the first annual general meeting. Thus, the company and its directors will be liable under section 99 of the Companies Act, 2013 for the default if the annual general meeting was held after 31st December, 2018.

5. Section 106 (1) of the Companies Act, 2013 states that the articles of a company may provide that no member shall exercise any voting right in respect of any shares registered in his name on which any calls or other sums presently payable by him have not been paid, or in regard to which the company has exercised any right of lien.

In the present case the articles of the company do not permit a shareholder to vote if he has not paid the calls on the shares held by him. Therefore, the chairman at the meeting is well within its right to refuse him the right to vote at the meeting and Mr. Pink's contention is not valid.

6. According to section 3A of the Companies Act, 2013, If at any time the number of members of a company is reduced, in the case of a public company, below seven, in the case of a private company, below two, and the company carries on business for more than six months while the number of members is so reduced, every person who is a member of the company during the time that it so carries on business after those six months and is cognisant of the fact that it is carrying on business with less than seven members or two members, as the case may be, shall be severally liable for the payment of the whole debts of the company contracted during that time, and may be severally sued therefor.

Hence, in the given situation, the number of member in the said public company have fallen below 7 [250-244=6] and these members have continued beyond the specified limit of 6 months, the reduced members of the company during the period of 1 month shall be severally liable for the payment of the whole debts of the company contracted during that time, and may be severally sued therefor.

7. According to section 96(2) of the Companies Act, 2013, every annual general meeting shall be called during business hours, that is, between 9 a.m. and 6 p.m. on any day that is not a National Holiday and shall be held either at the registered office of the company or at some other place within the city, town or village in which the registered office of the company is situate.

Provided that annual general meeting of an unlisted company may be held at any place in India if consent is given in writing or by electronic mode by all the members in advance.

Thus, in the first case, the company is rightful in calling the Annual General meeting at Ansal Plaza.

In the second scenario, in case of an unlisted company, annual general meeting may be held at any place in India if consent is given in writing or by electronic mode by all the

members in advance. Hence, if consent is given in writing or by electronic mode by all the members in advance, the AGM can be called at Jaipur, otherwise not.

8. According to section 134(1) of the Companies Act, 2013, the financial statement, including consolidated financial statement, if any, shall be approved by the Board of Directors before they are signed on behalf of the Board by the chairperson of the company where he is authorised by the Board or by two directors out of which one shall be managing director, if any, and the Chief Executive Officer, the Chief Financial Officer and the company secretary of the company, wherever they are appointed, or in the case of One Person Company, only by one director, for submission to the auditor for his report thereon.

As per the facts of the question, the Board has not authorised the chairperson of the company to sign the financial statements. Hence, the financial statement shall be signed by two directors out of which one shall be managing director [i.e. Mr. Prateek].

9. As per the provisions of Section 133 of the Indian Contract Act, 1872, if the creditor makes any variance (i.e. change in terms) without the consent of the surety, then surety is discharged as to the transactions subsequent to the change.

In the instant case, Mr. Ganesh is liable as a surety for the loss suffered by ABC Constructions company due to misappropriation of cash by Mr. Chintu during the first six months but not for misappropriations committed after the reduction in salary.

Hence, Mr. Ganesh, will be liable as a surety for the act of Mr. Chintu before the change in the terms of the contract i.e., during the first six months. Variation in the terms of the contract (as to the reduction of salary) without consent of Mr. Ganesh, will discharge Mr. Ganesh from all the liabilities towards the act of the Mr. Chintu after such variation.

10. Cheque payable to order

According to Section 85 of the Negotiable Instruments Act, 1881.

- (1) Where a cheque payable to order purports to be indorsed by or on behalf of the payee, the drawee is discharged by payment in due course.
- (2) Where a cheque is originally expressed to be payable to bearer, the drawee is discharged by payment in due course to the bearer thereof, notwithstanding any indorsement whether in full or in blank appearing thereon, and notwithstanding that any such indorsement purports to restrict or exclude further negotiation.

As per the given facts, cheque is drawn payable to "Mr. Vikas or order". It was lost and Mr. Vikas was not aware of the same. The person found the cheque and forged and endorsed it to Mr. Pawan, who encashed the cheque from the drawee bank. After few days, Mr. Vikas intimated about the theft of the cheque, to the drawee bank, by which time, the drawee bank had already made the payment.

According to above stated section 85, the drawee banker is discharged when it has made a payment against the cheque payable to order when it is purported to be endorsed by or on behalf of the payee. Even though the signature of Mr. Vikas is forged, the banker is

protected and is discharged. The true owner, Mr. Vikas, cannot recover the money from the drawee bank in this situation.

11. “Immovable Property” [Section 3(26) of the General Clauses Act, 1897]: ‘Immovable Property’ shall include:

- (i) Land,
- (ii) Benefits to arise out of land, and
- (iii) Things attached to the earth, or
- (iv) Permanently fastened to anything attached to the earth.

It is an inclusive definition. It contains four elements: land, benefits to arise out of land, things attached to the earth and things permanently fastened to anything attached to the earth. Where, in any enactment, the definition of immovable property is in the negative and not exhaustive, the definition as given in the General Clauses Act will apply to the expression given in that enactment.

In the instant case, Vyas sold Land along with timber (obtained after cutting trees) of fifty tamarind trees of his land. According to the above definition, Land is immovable property; however, timber cannot be immovable property since the same are not attached to the earth.

12. The normal function of a proviso is to except something out of the enactment or to qualify something stated in the enactment which would be within its purview if the proviso were not there. The effect of the proviso is to qualify the preceding enactment which is expressed in terms which are too general. As a general rule, a proviso is added to an enactment to qualify or create an exception to what is in the enactment ordinarily a proviso is not interpreted as it stating a general rule.

It is a cardinal rule of interpretation that a proviso to a particular provision of a statute only embraces the field which is covered by the main provision. It carves out an exception to the provision to which it has been enacted as a proviso and not to the other. (*Ram Narain Sons Ltd. Vs. Assistant Commissioner of Sales Tax. A.I.R, 1995 SC 765*)