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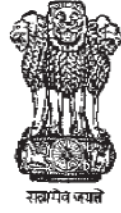
Effective Date Notified by MCA	Section of The Companies Amendment Act 2017	Section of The Companies Act 2013	Chapter Name
26th January 2018	Section 4	Section 4	Chapter ii
26th January 2018	Section 1		
9th February 2018	Section 93	Section 458	Chapter xxix
9th February 2018	Section 92	Section 447	Chapter xxix
9th February 2018	Section 91	Insertion of new section 446A.	Chapter xxviii
9th February 2018	Section 90	Section 441	Chapter xxviii
9th February 2018	Section 85	Section 412	Chapter xxvii
9th February 2018	Section 84	Section 411	Chapter xxvii
9th February 2018	Section 82	Section 409	Chapter xxvii
9th February 2018	Section 79	Section 391	Chapter xxii
9th February 2018	Section 78	Section 384	Chapter xxii
9th February 2018	Section 77	Section 379	Chapter xxii
9th February 2018	Section 74	Section 247	Chapter xvii
9th February 2018	Section 73	Section 236	Chapter xv
9th February 2018	Section 72	Section 223	Chapter xiv
9th February 2018	Section 65	Omission of section 195	Chapter xii
9th February 2018	Section 64	Omission of section 194.	Chapter xii
9th February 2018	Section 63	Section 188	Chapter xii
9th February 2018	Section 60	Section 184	Chapter xii
9th February 2018	Section 59	Section 180	Chapter xii
9th February 2018	Section 53	Section 165	Chapter xi
9th February 2018	Section 51	Section 161	Chapter xi
9th February 2018	Section 50	Section 160	Chapter xi
9th February 2018	Section 48	Section 153	Chapter xi
9th February 2018	Section 47	Section 152	Chapter xi
9th February 2018	Section 45	Section 148	Chapter x
9th February 2018	Section 44	Section 147	Chapter x
9th February 2018	Section 43	Section 143	Chapter x
9th February 2018	Section 42	Section 141	Chapter x
9th February 2018	Section 41	Section 140	Chapter x
9th February 2018	Section 38	Section 136	Chapter ix
9th February 2018	Section 35	Section 132	Chapter ix
9th February 2018	Section 34	Section 130	Chapter ix
9th February 2018	Section 32	Section 123	Chapter viii
9th February 2018	Section 29	Section 110	Chapter vii
9th February 2018	Section 28	Section 101	Chapter vii
9th February 2018	Section 27	Section 100	Chapter vii
9th February 2018	Section 17	Section 76 A	Chapter v
9th February 2018	Section 14	Section 62	Chapter iv
9th February 2018	Section 12	Section 53	Chapter iv
9th February 2018	Section 11	Section 47	Chapter iv
9th February 2018	Section 9	Section 35	Chapter iii
9th February 2018	Section 7	Section 21	Chapter ii
9th February 2018	section 3	Insertion of new section 3A.	Chapter ii
9th February 2018	Section 2 [except clause (i) and clause (xiii)]	Section 2	Chapter i

7th may 2018	<i>Section 89</i>	Section 440	Chapter xxviii
7th may 2018	<i>Section 88</i>	Section 439	Chapter xxviii
7th may 2018	<i>Section 87</i>	Section 438	Chapter xxviii
7th may 2018	<i>Section 86</i>	Section 435	Chapter xxviii
7th may 2018	<i>section 83</i>	Section 410	Chapter xxvii
7th may 2018	<i>First proviso to clause (i) of Section 80 and clause (ii) of Section 80</i>	Section 403	Chapter xxiv
7th may 2018	<i>Section 62</i>	Section 186	Chapter xii
7th may 2018	<i>Section 61</i>	Substitution of new section for section 185. Loans to directors, etc	Chapter xii
7th may 2018	<i>Section 58</i>	Section 178	Chapter xii
7th may 2018	<i>Section 57</i>	Section 177	Chapter xii
7th may 2018	<i>Section 56</i>	Section 173	Chapter xii
7th may 2018	<i>Section 55</i>	Section 168	Chapter xi
7th may 2018	<i>Sections 54</i>	Section 167	Chapter xi
7th may 2018	<i>Section 52</i>	Section 164	Chapter xi
7th may 2018	<i>Section 49</i>	Section 157	Chapter xi
7th may 2018	<i>Section 46</i>	Section 149	Chapter xi
7th may 2018	<i>Section 40</i>	Section 139	Chapter x
7th may 2018	<i>Section 39</i>	Section 137	Chapter ix
7th may 2018	<i>Section 33;</i>	Section 129	Chapter ix
7th may 2018	<i>Section 31</i>	Section 121	Chapter vii
7th may 2018	<i>Sections 30</i>	Section 117	Chapter vii
7th may 2018	<i>Clause (iii) and clause (iv) of Section 23</i>	Section 92	Chapter vii
7th may 2018	<i>Clause (i) and clause (ii) of Section 21</i>	Section 89	Chapter vii
7th may 2018	<i>section 19</i>	Section 78	Chapter vi
7th may 2018	<i>Sections 18</i>	Section 77	Chapter vi
7th may 2018	<i>Section 13</i>	section 54.	Chapter iv
7th may 2018	<i>Section 8</i>	Section 26	Chapter iii
7th may 2018	<i>Clause (i) and clause (xiii) of Section 2</i>	Section 2	Chapter i
13th June 2018	<i>Section 71</i>	Section 216	Chapter xiv
13th June 2018	<i>Section 26</i>	section 96.	Chapter vii
13th June 2018	<i>Section 25</i>	section 94.	Chapter vii
13th June 2018	<i>Section 24</i>	Omission of section 93	Chapter vii
13th June 2018	<i>Section 22</i>	Substitution of new section for section 90	Chapter vii
5th July 2018	<i>Section 20</i>	section 82	Chapter vi
27th July 2018	<i>Section 5 & 6</i>	Section 7 & 12	Chapter ii
31st July 2018	<i>Section 36</i>	Section 134	Chapter ix
7th august 2018	<i>Section 10</i>	Section 42	Chapter iv
15th August 2018	<i>Section 76</i>	Section 374	Chapter xxi
15th August 2018	<i>Section 75</i>	Section 366	Chapter xxi
15th August 2018	<i>Section 16</i>	section 74.	Chapter v
15th August 2018	<i>Section 15</i>	section 73	Chapter v
12th September 2018	<i>Section 66 to 70</i>	Section 196 to 201	Chapter xiii
19th September 2018	<i>Section 37</i>	Section 135	Chapter ix

Chapter Name	Chapter Name	Section of The Companies Act 2013
Chapter i	Preliminary	Section 2
Chapter ii	Incorporation of Company and Matters Incidental thereto	Insertion of new Section 3A, Section 4,21,7,12
Chapter iii	Prospectus and Allotment of Securities	Section 26,35
Chapter iv	Share Capital and Debenture	Section 47,54,53,62,42
Chapter v	Acceptance of Deposits by Companies	section 73,74,76A
Chapter vi	Registration of Charges	section 82,77,78
Chapter vii	Management and Administration	Substitution of new section For section 90, Section 92,93, 94,96,89,100,101,110,117,121
Chapter viii	Dividend	Section 123
Chapter ix	Accounts of Company	Section 129,130,132, 136,137,134,135
Chapter x	Auditors	Section 139,140,141, 143,147,148

रजिस्ट्री सं० डी० एल०—(एन)04/0007/2003—18

REGISTERED NO. DL—(N)04/0007/2003—18



भारत का राजपत्र The Gazette of India

असाधारण

EXTRAORDINARY

भाग II — खण्ड 1

PART II — Section 1

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं० 1] नई दिल्ली, बुधवार, जनवरी 3, 2018/पौष 13, 1939 (शक)

No. 1] NEW DELHI, WEDNESDAY, JANUARY, 3, 2018/PAUSHA 13, 1939 (SAKA)

इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

MINISTRY OF LAW AND JUSTICE

(Legislative Department)

New Delhi, the 3rd January, 2018/Pausha 13, 1939 (Saka)

The following Act of Parliament received the assent of the President on the 3rd January, 2018, and is hereby published for general information:—

THE COMPANIES (AMENDMENT) ACT, 2017

No. 1 OF 2018

[3rd January, 2018.]

An Act further to amend the Companies Act, 2013.

BE it enacted by Parliament in the Sixty-eighth Year of the Republic of India as follows:—

1. (1) This Act may be called the Companies (Amendment) Act, 2017.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint and different dates may be appointed for different provisions of this Act and any reference in any provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Short title and commencement.

■ Section - 2 (6)

Associate company, in relation to another company, means a company in which that other company of the company having such influence and includes a joint venture company.

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; total voting power, or control of or participation in business decisions under an agreement ; the expression “joint venture” means a joint arrangement have rights to the net assets of the arrangements.

As per the Companies (Specification of Definitions Details) Rules, 2014 term total Share Capital, for the purposes of this clause, means the aggregate of the –

- (a) Paid-up equity share capital; and
- (b) Convertible preference share capital;

Vide Circular dated 25/06/2014 it has been clarified that the shares held by a company in another company in a fiduciary shall not be counted for the purpose of determining the relationship of associated company.

■ Section - 2 (28)

~~(28) Cost accountant means a cost accountant as defined in clause (b) of sub-section (1) of section 2 of the Cost and Work Accountant Act, 1959; “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 subsection (1) of section 6 of that Act.~~

■ Section - 2 (30)

(30) Debenture includes debenture stock, bonds or any other instrument of a company evidencing a debt, whether constituting a charge on the assets of the company or not;

“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;”

■ Section - 2 (46)

For the purpose of clause 46 of **section 2** company shall include body corporate.

■ Section - 2 (49)

Removed

■ Section - 2 (51)

(51) Key managerial personnel, in relation to a company, means –

- (i) The Chief Executive Officer or the managing director or the manager;
- (ii) The company secretary;
- (iii) The whole-time director
- (iv) The Chief Financial Officer; and
- ~~(v) such other officer as may be prescribed;~~

~~However, till now other officer has been prescribed.~~

(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.

(76) Related Party, with reference to a company, means –

(i) a director or his relative;

(ii) a key managerial personnel or his relative is a partner;

(iii) A firm, in which a director, manager or his relative is a partner;

(iv) A private company in which a director or manager or his relative is a member or director;

(v) A public company in which a director and manager is a director and holds along with his relatives, more than two per cent of its paid up share capital;

(vi) Any body corporate whose Board of Directors, managing director or manager is accustomed to act in accordance with the advice, direction or instructions of a director or manager;

(vii) Any persons on whose advice, direction or instructions a director or manager is accustomed to act:

Provided that nothing in sub-clauses (vi) and (vii) shall apply to the advice, direction or instructions given in a professional capacity;

~~(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 which it is also a subsidiary;~~

(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

(c) an investing company or the venture of the company.

Explanation – For the purpose of this clause, “the investing company or the venture 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.

This Clause (viii) shall not apply with respect to section 188 to a private company vide Notification No. G.S.R. 464(E) dated 5th June, 2015

(ix) Such other person as may be prescribed;

As per Rule 3 given in the Companies (Specification of Definitions Details) Rules, 2014, for the purpose of sub-clause (ix) of clause (76) of section 2 of the Act, a director (other than an independent director) or key managerial personnel of the holding company or his relative with reference to a company, shall be deemed to be a related party.

■ Section - 2 (85)

(85) Small company means a company, other than a public company,-

(i) 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 ten crore rupees: and

(ii) turnover of which as per its last profit and loss account for immediately preceding financial year does not exceed two crore rupees or such higher amount as may be prescribed which shall not be more than hundred crore rupees:

Provided that nothing in this clause shall apply to –

(a) A holding company or a subsidiary company;

(b) A company registered under section 8; or

(c) A company or body corporate government by any special Act;

Example: P Ltd. Is a company registered under the company Act, 2013 with paid up capital of Rs. 10 Lakh and turn over 2 crore. According to **section 2(85)** a small company is a company other than a public company with the paid up of capital not exceeding fifty lakh rupees and turnover not exceeding two crore rupees. Since the P Ltd. Is a public company though complying with other requirenests, it cannot avail the status of a small company;

■ Section - 2 (91)

Turnover means the aggregate value of the realization of amount made from the sale, supply or distribution of goods or on account of service 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 the Companies (Amendment) Bill, 2016.

"turnover" means the gross amount of revenue recognised in the profit and loss account from the sale, supply, or distribution of goods or on account of services rendered, or both, by a company during a financial year;'

■ Section - 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."

■ Section - 4

Upon receipt of an application under sub-section (4), the Registrar may, on the basis of 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.

■ Section - 7

Instead of affidavit deceleration will be substituted.

■ Section - 12

In terms of **section 12 (1)** a company shall, within 30 day of its incorporation and at all times thereafter, have a registered office capable of receiving and acknowledging all communications and notices as may be addressed to it.

■ Section - 21

Officer Or Employee

■ Section - 26

SECTION 26 : MATTERS TO BE STATED IN PROSPECTUS

(1) According to **Section 26 (1)** every prospectus issued by or on behalf of a public company either with reference to its formation to its formation or subsequently, or by or no behalf of any persons who is or has been engaged or interested in the formatting of a public company, shall be dated and signed.

(i) "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.";

(ii) clauses (a), (b) and (d) shall be omitted.

■ Section - 35C

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.

■ Section - 42

PRIVATE PLACEMENT / PREFERENTIAL ALLOTMENT

Offer of invitation for subscription of securities on private placement

(1) A company may, subject to the provisions of this section, make a private placement of securities.

(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.

(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:

Provided that the private placement offer and application shall not carry any right of renunciation.

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 offercum- application, which satisfies the conditions specified in this section.

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.

Explanation III.—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.

(4) Every identified person willing to subscribe to the private placement issue shall apply in the private placement and application issued to such person along with subscription money paid either by cheque or demand draft or other banking channel and not by cash:

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).

(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:

Provided that, subject to the maximum number of identified persons under sub-section (2), a company may, at any time, make more than one issue of securities to such class of identified persons as may be prescribed.

(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:

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—

(a) for adjustment against allotment of securities; or

(b) for the repayment of monies where the company is unable to allot securities.

(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.

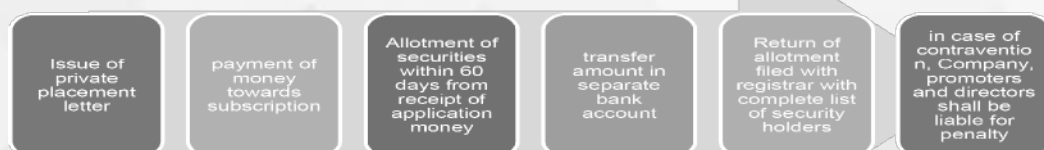
(8) A company making any allotment of securities under this section, shall file with the Registrar a return of allotment within fifteen days from the date of the allotment in such manner as may be prescribed, including a complete list of all allottees, with their full names, addresses, number of securities allotted and such other relevant information as may be prescribed.

(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 during which such default continues but not exceeding twenty-five lakh rupees.

(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.

(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.'

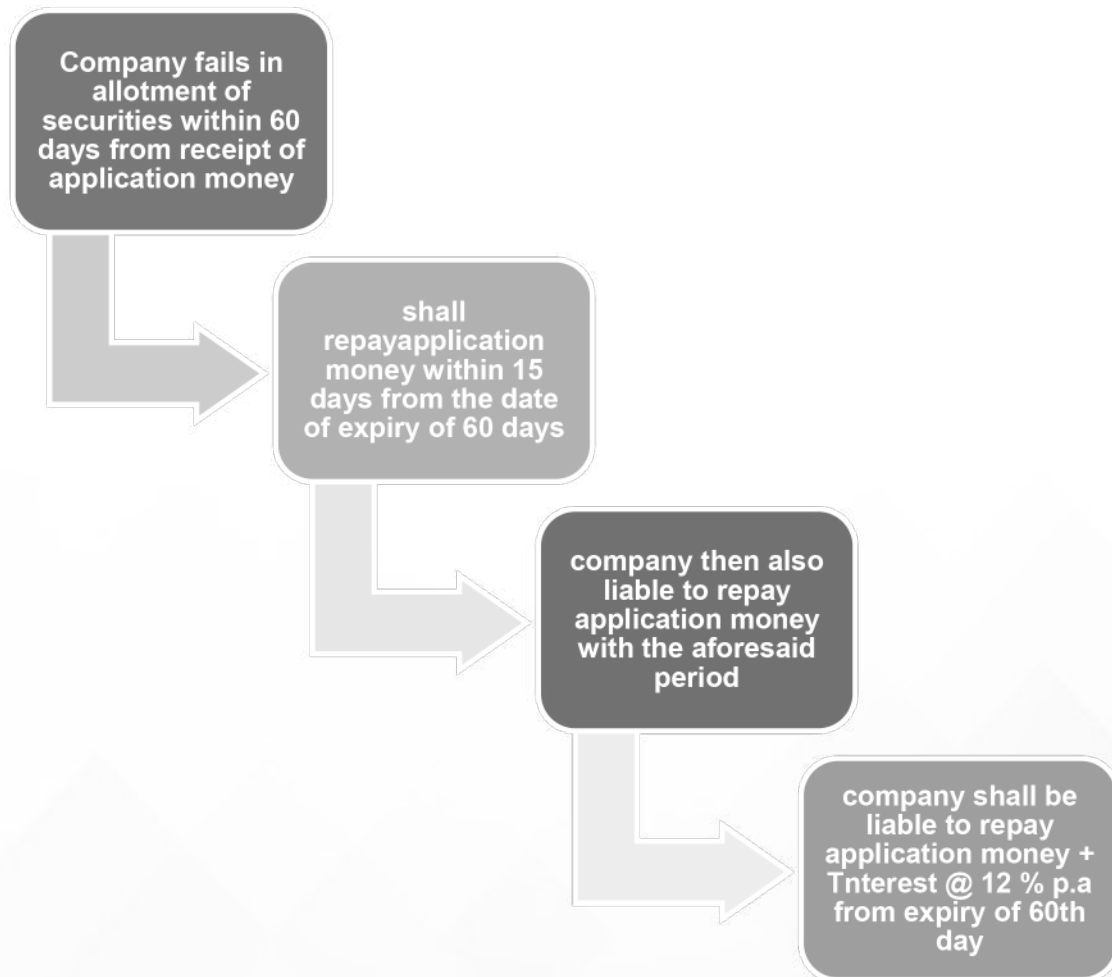
PROCEDURE IN CASE OF SECURITIES THROUGH PRIVATE PLACEMENT



Provided that nothing in this clause shall apply to –

- (a) A holding company or a subsidiary company;
- (b) A company registered under section 8; or
- (c) A company or body corporate governed by any special Act;

■ PROCEDURE IN CASE OF FAILURE OF ALLOTMENT OF SECURITIES THROUGH PRIVATE PLACEMENT



■ Section - 53

Notwithstanding anything contained in sub-sections (1) and (2), a company may issue 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.

Section - 54 (1) (c)

■ Omitted

Startup Definition (As defined by DIPP)

Startup means an entity, incorporated or registered in India :

- **Not prior to seven years, however for Biotechnology Startups not prior to ten years,**
- **With annual turnover not exceeding INR 25 crore in any preceding financial year, and**
- **Working towards innovation, development or improvement of products or processes or services, or if it is a scalable business model with a high potential of employment generation or wealth creation**
Provided that such entity is not formed by splitting up, or reconstruction, of a business already in existence. Provided also that an entity shall cease to be a Startup if its turnover for the previous financial years has exceeded INR 25 crore or it has completed 7 years and for biotechnology startups 10 years from the date of incorporation/ registration. Provided further that a Startup shall be eligible for tax benefits only after it has obtained certification from the Inter-Ministerial Board, setup for such purpose.

■ Section - 73 (2) (c)

Ommitted

~~(c) depositing such sum which shall not be less than fifteen percent 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; 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.~~

certifying that the company has not committed any default in the repayment of deposits accepted either before or after the commencement of this Act or payment of interest on **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;**

(d) Ommited

■ Section - 74 (1) (b)

Instead of 1 year its 3 years

■ Section - 76A

Instead of ₹1 cr it will be ₹ 1 cr or 2 times of deposit which ever is lower but may extend to ₹10 cr.

■ Section - 77

Provided also that this section shall not apply to such charges as may be prescribed in consultation with the Reserve Bank of India.

■ Section - 78

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.

■ Section - 82

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, as far as may be, apply to an intimation given under this section" shall be omitted;

(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."

■ Section - 90

Section 90 Investigation of beneficial ownership of shares in certain cases: ~~The section simply enables the Central Government to appoint one or more competent persons to investigate and report as to the beneficial ownership with regard to any share or class of shares. This section is to be read with section 216, as if such investigation, were investigation ordered under the section. (Not Applicable on Govt Co)~~

(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:

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.

(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.

(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.

(4) Every company shall file a return of significant beneficial owners of the company and changes there in 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.

(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—

(a) to be a significant beneficial owner of the company;

(b) to be having knowledge of the identity of a significant beneficial owner or another person likely to have such knowledge; or

(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, and who is not registered as a significant beneficial owner with the company as required under this section.

(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.

(7) The company shall,—

(a) where that person fails to give the company the information required by the notice within the time specified therein; or

(b) where the information given is not satisfactory, 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.

(8) On any application made under **sub-section (7)**, the Tribunal may, after giving an opportunity 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.

(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)**.

(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.

(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.

(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**.'.

■ Section - 92

'Provided further that the Central Government may prescribe abridged form of annual return for "One Person Company, small company and such other class or classes of companies as may be prescribed" Every company shall place a copy of the annual return on the website of the company, if any, and the weblink of such annual return shall be disclosed in the Board's report."

■ MGT - 9

Removed

■ Section - 93

Removed

■ Section - 94

Copy of Proposed SR removed

■ Section - 96

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.

■ Section - 100

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.

■ Section - 101

Refer Chart in Class

■ Section - 110

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.

■ Section - 117

(i) in sub-section (1), the words and figures "within the time specified under section 403" shall be omitted;

(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;

(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."

■ Section - 121

(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.

32. 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";

(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;

(b) for sub-section (3), the following sub-section shall be substituted, namely:—

"(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:

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."

■Section - 129

"(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):

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:

Provided further that the Central Government may provide for the consolidation of accounts of companies in such manner as may be prescribed."

■Section - 131

In section 130 of the principal Act,—

(i) in sub-section (1), in the proviso,—

(a) after the words "regulatory body or authorities concerned", the words "or any other person concerned" shall be inserted;

(b) after the words "the body or authority concerned", the words "or the other person concerned" shall be inserted;

(ii) after sub-section (2), the following sub-section shall be inserted, namely:— "(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."

■Section - 132

(i) in sub-section (4), in clause (c), in sub-clause (A), in item (II), for the words "ten lakh rupees", the words "five lakh rupees" shall be substituted;

(ii) in sub-section (5), for the words, brackets and figure "the Appellate Authority constituted under sub-section (6) in such manner as may be prescribed", the words "the Appellate Tribunal in such manner and on payment of such fee as may be prescribed" shall be substituted;

(iii) sub-sections (6), (7), (8) and (9) shall be omitted.

■Section - 134

(a) for sub-section (1), the following sub-section shall be substituted, namely:—

"(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."

(b) in sub-section (3),—

(i) for clause (a), the following clause shall be substituted, namely:—

"(a) the web address, if any, where annual return referred to in sub-section (3) of section 92 has been placed;"

(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 and of individual directors has been made" shall be substituted;

(iii) after clause (q), the following provisos shall be inserted, namely:—

"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:

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.";

(c) after sub-section (3), the following sub-section shall be inserted, namely:—

"(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."

■ Section - 135

(i) in sub-section (1),—

(a) for the words "any financial year", the words "the immediately preceding financial year" shall be substituted;

(b) the following proviso shall be inserted, namely:—

"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.";

(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;

(iii) in sub-section (5), for the Explanation, the following Explanation shall be substituted, namely:—
'Explanation.—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.'

■ Section - 136

(i) in sub-section (1),—

(a) the words and figures "Without prejudice to the provisions of section 101," shall be omitted;

(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

(b) having, if the company has no share capital, not less than ninetyfive per cent. of the total voting power exercisable at the meeting: Provided further that";

(c) in the second proviso, for the words "Provided further", the words, "Provided also" shall be substituted;

(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.'

(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."

■ Section - 137

(i) in sub-section (1),—

(a) the words and figures "within the time specified under section 403" shall be omitted;

(b) in the second proviso, the words and figures "within the time specified under section 403" shall be omitted;

(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.'

(ii) in sub-section (2), the words and figures "within the time specified, under section 403" shall be omitted;

(iii) in sub-section (3), for the words and figures "in section 403", the word "therein" shall be substituted.

■ Section - 139

In section 139 of the principal Act, in sub-section (1), the first proviso shall be omitted.

■Section - 140

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.

■Section - 141

'(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.

Explanation.—For the purposes of this clause, the term "directly or indirectly" shall have the meaning assigned to it in the Explanation to section 144.'

■Section - 143

(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;

(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;

(iii) in sub-section (14), in clause (a), for the words "cost accountant in practice", the words "cost accountant" shall be substituted.

■Section - 147

(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;

(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 twenty-five lakh rupees or eight times the remuneration of the auditor, whichever is less" shall be substituted;

(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;

(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."

■Section - 148

(i) in sub-section (3),—

(a) for the words "Cost Accountant in practice", the words "cost accountant" shall be substituted;

(b) in the Explanation, for the words "Institute of Cost and Works Accountants of India", the words "Institute of Cost Accountants of India" shall be substituted;

(ii) in sub-section (5), in the proviso, for the words "cost accountant in practice", the words "cost accountant" shall be substituted.

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SECTION 132. CONSTITUTION OF NATIONAL FINANCIAL REPORTING AUTHORITY

[Sub section (3) and (11) notified w.e.f. 21st march, 2018, sub section (1) and (12) notified w.e.f. 1st October, 2018, remaining sub-sections notified w.e.f. 24th October, 2018]

(1) The Central Government may, by notification, constitute a National Financial Reporting Authority [\[9\]](#) 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;

(b) monitor and enforce the compliance with accounting standards and auditing standards in such manner as may be prescribed;

(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 services and such other related matters as may be prescribed; and

(d) perform such other functions relating to clauses (a), (b) and (c) as may be prescribed.

(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:

Provided that the terms and conditions and the manner of appointment of the chairperson and members shall be such as may be prescribed:

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:

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.

(4) Notwithstanding anything contained in any other law for the time being in force, the National Financial Reporting Authority shall—

(a) have the power to investigate, either *suo moto* or on a reference made to it by the Central Government, for such class of bodies corporate or 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 (38 of 1949):

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;

(b) have the same powers as are vested in a civil court under the Code of Civil Procedure, 1908 (5 of 1908), while trying a suit, in respect of the following matters, namely:—

(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;

(ii) summoning and enforcing the attendance of persons and examining them on oath;

(iii) inspection of any books, registers and other documents of any person referred to in clause (b) at any place;

(iv) issuing commissions for examination of witnesses or documents;

(c) where professional or other misconduct is proved, have the power to make order for—

(A) imposing penalty of—

(I) not less than one lakh rupees, but which may extend to five times of the fees received, in case of individuals; and

(II) not less than [five lakh rupees] [\[11\]](#), but which may extend to ten times of the fees received, in case of firms;

(B) debaring the member or the firm from engaging himself or itself from practice as member of the Institute of Chartered Accountants of India referred to in clause (e) of sub-section (1) of section 2 of the Chartered Accountants Act, 1949 (38 of 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.

Explanation.—For the purposes of this 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 (38 of 1949).

(5) Any person aggrieved by any order of the National Financial Reporting Authority issued under clause (c) of subsection (4), may prefer an appeal before [the Appellate Tribunal in such manner and on payment of such fee as may be prescribed.] [\[2\]](#)

[***] [\[3\]](#)

[***] [\[4\]](#)

[***] [\[5\]](#)

[***] [\[6\]](#)

(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.

(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.

(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.

(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 Comptroller and Auditor-General of India prescribe.

(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.

(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.

[\[7\]](#)**[Applicable Rules**

The National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairman and Members) Rules, 2018

[Effective from 21st March, 2018]

Rule 2. Definitions.— (1) In these rules, unless the context otherwise requires,— (a) “Act” means the Companies Act, 2013 (18 of 2013);

(b) “Authority” means the National Financial Reporting Authority constituted under subsection (1) of section 132 of the Act.

(2) Words and expressions used in these rules and not defined, but defined in the Act shall have the meanings respectively assigned to them in the Act.

Rule 3. Composition of Authority.- (1) The Authority shall consist of the following persons to be appointed by the Central Government, namely:-

(a) a chairperson;

(b) three full time members; and

(c) nine part time members.

(2) The chairperson shall be a person of eminence, ability, integrity and standing and having expertise and experience of not less than twenty-five years in the field of accountancy, auditing, finance or law.

(3) A full-time member shall be a person of ability, integrity and standing and having expertise and experience of not less than twenty years in the field of accountancy, auditing, finance or law.

(4) The chairperson and all members, before being appointed, shall submit a declaration to the Central Government confirming that they have no conflict of interest or lack of independence in respect of such appointment as chairperson or members in Form I annexed to these rules, failing which their appointment shall not be considered.

(5) The chairperson and full-time members, 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.

(6) A part-time member shall be a person who shall not, have any such financial or other interest as is likely to affect prejudicially his functions as a part-time member.

Rule 4. Manner of appointment.- (1) The Central Government shall appoint the chairperson and a full time member referred to in rule 3 on the recommendation of a search-cum-selection committee consisting of —

(a) Cabinet Secretary – Chairperson;

(b) Additional Principal Secretary to the Prime Minister — Member;

(c) Secretary — Ministry of Corporate Affairs— Member;

(d) Chairperson, National Financial Reporting Authority (for selection of full-time members) — Member;

(e) three experts of repute from a panel of experts in the field of accountancy, auditing, finance, law (to be nominated by the Central Government) – Members

(2) The Secretary, Ministry of Corporate Affairs shall be the convener of the search-cum-selection committee.

(3) The search-cum-selection committee shall determine its procedure for making its recommendation.

(4) No appointment of chairperson or a full time member shall be invalid merely by reason of any vacancy or absence in the search-cum-selection committee.

(5) The search-cum-selection committee shall make its recommendations in regard to appointment of chairperson or the members, as the case may be, to the Central Government within a period not exceeding one hundred and twenty days from the date of reference made to it by the Central Government.

(6) The following persons shall be appointed as part time members of the Authority namely:-

(i) one member to represent the Ministry of Corporate Affairs, who shall be an officer not below the rank of Joint Secretary, ex-officio;

(ii) one member to represent the Comptroller and Auditor General of India, who shall be an officer not below the rank of Accountant General or Principal Director, ex-officio;

(iii) one member to represent the Reserve Bank of India, who shall be an officer not below the rank of Executive Director, ex-officio;

(iv) one member to represent the Securities and Exchange Board of India, who shall be an officer not below the rank of Executive Director, ex-officio;

(v) President, Institute of Chartered Accountants of India, ex-officio;

(vi) Chairperson, Accounting Standards Board, Institute of Chartered Accountants of India, ex-officio;

(vii) Chairperson, Auditing and Assurance Standards Board, Institute of Chartered Accountants of India, ex-officio; and

(viii) two experts from the field of accountancy, auditing, finance or law.

Rule 5. Medical fitness.—No person shall be appointed as the chairperson or full time member unless he is declared medically fit by an authority specified by the Central Government in this behalf.

Rule 6. Resignation.— The chairperson or a member may, by writing under his hand addressed to the Central Government, resign from his office at any time:

Provided that the chairperson or member shall, unless he is permitted by the Central Government to relinquish office sooner, continue to hold office until the expiry of three months from the date of receipt of such notice or until a person duly appointed as a successor enters upon his office or until the expiry of his term of office, whichever is the earliest.

Rule 7. Removal from office.— (1) The Central Government may, on the recommendation of a Committee referred to in sub-rule (1) of rule 4, remove from office the chairperson or a member, who—

(a) has been adjudged as an insolvent; or

(b) has been convicted of an offence which, in the opinion of the Central Government, involves moral turpitude; or

(c) has become physically or mentally incapable of acting as the chairperson or member; or

(d) has acquired such financial or other interest as is likely to affect prejudicially his functions as the chairperson or member; or

(e) has so abused his position as to render his continuance in office prejudicial to the public interest:

Provided that the chairperson or the interested member shall not be the member of such Committee, where the subject matter of the cause is against him.

(2) No member shall be removed under clauses (b) to (e) of sub-rule (1) unless he has been given a reasonable opportunity of being heard in the matter.

Rule 8. Procedure for inquiry of misbehavior or incapacity of the chairperson or a member.— (1) If a written complaint is received by the Central Government, alleging any definite charge of misbehavior or incapacity to perform the functions of the office in respect of the chairperson or a full time member, the Ministry of Corporate Affairs shall make a preliminary scrutiny of such complaint.

(2) If on preliminary scrutiny, the Ministry of Corporate Affairs, is of the opinion that there are reasonable grounds for making an inquiry into the truth of any such misbehavior or incapacity of the chairperson or full time member, it shall make a reference to the Committee constituted under sub-rule (1) of rule 4 to conduct the inquiry:

Provided that the chairperson or the interested member shall not be the member of such committee, where the subject matter of the cause is against him.

(3) The Committee shall complete the inquiry within one hundred and twenty days time or such further time as may be extended by the Central Government on the request of the committee in this behalf.

(4) After the conclusion of the inquiry, the Committee shall submit its report to the Central Government stating therein its findings and the reasons thereof on each of the charges separately with such observations on the whole case as it may think fit.

(5) The Committee shall not be bound by the procedure laid down by the Code of Civil Procedure, 1908 (5 of 1908) but shall be guided by the principles of natural justice and shall have power to regulate its own procedure, including the fixing of date, place and time of its inquiry.

Rule 9. Term of Office.— (1) The term of office of the chairperson and a full time member shall be three years from the date on which he enters upon his office or till he attains the age of sixty-five years, whichever is earlier, and he shall be eligible for re-appointment for one more term.

(2) A part -time member shall hold office for a period, not exceeding three years, as may be specified in the order of his appointment or the period for which he holds the substantive post by virtue of which he has been appointed as the part-time member, whichever is earlier, but shall be eligible for re-appointment.

Rule 10. Vacancy.— In case of a vacancy in the office of the chairperson or a full-time member, the Central Government shall have the power to appoint the senior most fulltime member or in his absence any other full time member to officiate as chairperson.

Rule 11. Salary and allowances.—(1) The chairperson shall be paid a salary of two lakhs fifty thousand rupees (fixed) and other allowances and benefits as are admissible to a Central Government officer holding posts carrying the same pay.

(2) A full time member shall be paid a salary of two lakhs twenty-five thousand rupees and other allowances and benefits as are admissible to a Central Government Officer holding a Group 'A' post carrying the same pay.

(3) In case the person appointed as the chairperson or full time member is in receipt of any pension, the pay of such person shall be reduced by the gross amount of pension drawn by him.

Rule 12. Pension, Gratuity and Provident Fund.— (1) The chairperson or a full time member shall be governed by the provisions of the Contributory Provident Fund (India) Rules, 1962 and the Contribution Pension System.

(2) Additional pension and gratuity shall not be admissible for service rendered in the Authority.

Rule 13. Leave.— (1) The chairperson and a full time member shall be entitled to following leave, namely -

(a)earned leave at the rate of thirty days for every completed calendar year of service;

(b)casual leave, not exceeding eight days in a calendar year.

(2)The payment of leave salary during leave shall be governed by rule 40 of the Central Civil Services (Leave) Rules, 1972.

(3)The chairperson or a full time member shall be entitled to encashment of leave in respect of the earned Leave standing to his credit, subject to the condition that maximum leave encashment, including the amount received at the time of retirement from previous service shall not in any case exceed the prescribed limit under the Central Civil Service (Leave) Rules, 1972.

Rule 14. Leave and Foreign Travel Sanctioning Authority. — (1) The leave sanctioning authority,—

(a)for a full-time member, shall be the chairperson and in case of absence of chairperson, the Central Government; and

(b)for the chairperson, shall be the Central Government.

(2) The Central Government shall be the sanctioning authority for foreign travel of the chairperson or a full-time member.

Rule 15. House rent allowance.—The chairperson or a full time Member shall be entitled to the house rent allowance at the same rate as are admissible to a Central Government officer holding a Group 'A' post carrying the same pay:

Provided that the chairperson or a full-time member shall not be eligible for house rent allowance in case he is declared eligible for general pool residential accommodation and occupies Government accommodation allotted to him.

Rule 16. Transport allowance.—The chairperson or a full time member shall be entitled to the facility of staff car for journeys for official and private purposes in accordance with the facilities as are admissible to a Central Government officer holding a Group 'A' post carrying the same pay as per the provisions of applicable staff car rules.

Rule 17. Declaration of Financial and other Interests.—The chairperson or a full time member shall, before entering upon his office, declare his assets, liabilities and financial and other interests.

Rule 18. Other conditions of service.—(1) The terms and conditions of service of a chairperson or a full time member with respect to which no express provision has been made in these rules, shall be such as are admissible to a Central Government officer holding a Group 'A' post carrying the same pay.

(2) The chairperson or a full time member shall not practise before the Authority after retirement or resignation or removal from the service of the Authority.

(3) The chairperson or a full time member shall not undertake any arbitration work while functioning in the Authority.

(4) The chairperson or a full time member shall not, for a period of two years from the date on which he ceases to hold office, accept any employment in, or connected with the management or administration of, any person who has been a party to a proceeding before the Authority:

Provided that nothing contained in this rule shall apply to any employment under the Central Government or a State Government or a local authority or in any statutory authority or any corporation established by or under any Central, State or Provincial Act or a Government company as defined in clause (45) of section 2 of the Companies Act, 2013 (18 of 2013).

Rule 19. Oath of office and secrecy.—Every person appointed to be the chairperson or a full time member shall, before entering upon his office, make and subscribe an oath of office and secrecy in Form II and Form III annexed to these rules.

Rule 20. Sitting fee and allowances of Part-time Members. — (1) A part-time member other than those holding the position on ex-officio basis, shall be entitled to receive remuneration by way of a sitting fee of rupees six thousand only for each meeting of the Authority attended by him.

(2) A part-time member while on tour (including the journey undertaken to attend a meeting of the Authority) shall also be entitled to travelling allowance and daily allowances at the same rates and scale as are applicable to a Group A officer in Senior Administrative Grade in the Central Government.

Rule 21. Power to Relax.— Where the Central Government is of the opinion that it is necessary or expedient so to do, it may, by order for reasons to be recorded in writing relax any of the provisions of these rules with respect to any class or category of persons.

Rule 22. Interpretation.—If any question arises relating to the interpretation of these rules, the decision of the Central Government thereon shall be final.

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Amendment in Rules

1	ESOP	7 th May 2018	Employee's definition atleast 1 yr shall be omitted	
2	Resident in india	27 th July 2018	Means a Person who has stayed in India for atleast 182 days in immediately preceding FY. For purposes of this rule , no of days of stay for FY. 18-19 any period of stay between 1.1.2018 till date of notification of this rule (27.7.18) shall also be committed	
3	Enforcement of the Companies (Accounts) Amendment	The Central Government makes the Companies (Accounts) Amendment Rules, 2018 to amend	9.20	[Clause (ix) and (x) is newly inserted]
	Rules, 2018 vide Notification G.S.R. 725(E) dated 31st July, 2018	the Companies (Accounts) Rules, 2014. 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:- “(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, (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,”		
		2. In the Companies (Accounts) Rules, 2014, after sub-rule (5), the following Sub Rule (6), rule shall be inserted, namely:- “(6) This rule shall not apply to One Person Company or Small Company”.	9.20	(Sub- rule 6 is newly inserted)

Enforcement of the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018	The Central Government makes the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2018 to amend the Companies (Corporate Social Responsibility Policy) Rules, 2014. 1. In Companies (Corporate Social Responsibility Policy) Rules, 2014,	9.22	(i) Projects or programs relating to activities areas or subjects specified in Schedule VII to the Act; or
vide Notification G.S.R. 865 (E) dated 19th September, 2018	in rule 2 which deals with the definitions, - (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; (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;		(ii) Projects or programs relating to subject to the condition that such policy will cover subjects enumerated in Schedule VII of the Act.
	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 company", the words "a company" shall be substituted.	9.23	(b) An unlisted public company or a private company which is not required 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; (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 (a)- (a) List of CSR projects or programs which a company plans to undertake falling within the purview of the Schedule VII For point (b)- (d) The Board of Directors shall CSR Policy are related to the activities included in Schedule VII of the Act.

Amendment in NI Act

Amendments to the Negotiable Instruments Act, 1881	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.		
	In the Negotiable Instruments Act, 1881 (hereinafter referred to as the principal Act), after section 143, the following section shall be inserted, namely:— "143A. Power to direct interim compensation. (1) Notwithstanding anything contained in the Code		(The section is newly inserted)

		<p>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>(3) The interim compensation shall be paid within sixty days from the date of the order under sub-section (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><u>“148. Power of Appellate Court to order payment pending appeal against conviction.</u></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 sub-section shall be in addition to any interim compensation paid by the appellant under section 143A.</p>		(The section is newly inserted)

		<p>(2) The amount referred to in subsection (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: 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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