



### Summary of Provisions of The Companies (Amendment) Ordinance 2018

S. No	Chapter/ Section number/ Subsection(s) in the Companies Act, 2013	Section	The Companies Act 2013	The Companies (Amendment) Ordinance 2018	Remarks
1.	Chapter I- Short Title, Commencement and Definitions	2 (41) Financial year	<p>Financial year, in relation to any company or body corporate, means the period ending on the 31<sup>st</sup> day of March every year, and where it has been incorporated on or after the 1st day of January of a year, the period ending on the 31<sup>st</sup> day of March of the following year, in respect whereof financial statement of the company or body corporate is made up:</p> <p>Provided that on an application made by 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</p>	<p>For the first proviso the following shall be substituted:</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</p>	<p>Instead of Tribunal, the application for following a different financial year is to be submitted to Central Government.</p> <p>For pending applications, disposal shall be made by the Tribunal as per the existing provisions</p>



			<p>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>Provided further that a company or body corporate, existing on the commencement of this Act, shall, within a period of two years from such commencement, align its financial year as per the provisions of this clause;</p>	<p>Companies (Amendment) Ordinance, 2018, shall be disposed of by the Tribunal in accordance with the provisions applicable to it before such commencement.";</p> <p>(b) in the second proviso, for the words "Provided further that", the words "Provided also that" shall be substituted.</p>	
<b>2.</b>	CHAPTER II Incorporation Of Company And Matters Incidental Thereeto	Insertion of new section 10(A)  (Commencement of Business etc)	New insertion	<p>After section 10 of the principal Act, the following section shall be inserted, namely:—</p> <p>(1) A company incorporated after the commencement of the Companies (Amendment) Ordinance, 2018 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</p>	<p>This Section has been inserted as a new Section after certain modifications in Section 11 which was omitted by Companies (Amendment) Act 2015.</p> <p>Declaration by the directors to ROC for payment of value of shares by the subscribers to the memorandum is required to be filed for any amount of share capital within 180 days.</p>



				<p>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>(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</p>	<p>In case declaration has not been filed and ROC has reasons to believe that no business has been transacted, the process of removal of the company u/s 248 of the Act can be initiated.</p> <p>Consequential amendment has been made u/s 248 of the Act.</p>
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				<p>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>	
<b>3.</b>	CHAPTER II Incorporation Of Company And Matters Incidental Thereeto	Insertion of new sub-section (9) after Section 12 sub section 8	New insertion	<p>In section 12 of the principal Act, after sub-section (8), the following sub-section shall be inserted, namely:—</p> <p>"(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>	<p>In case the Registrar has reasons to believe that the company is not carrying on any business, physical verification may be made to verify.</p> <p>In case of default, even removal of name of the company may be initiated.</p>



<p><b>4.</b></p>	<p>CHAPTER II Incorporation Of Company And Matters Incidental There to</p>	<p>Section 14(1) and (2) - <b>Alteration of articles</b></p>	<p>(1) Subject to the provisions of this Act and the conditions contained in its memorandum, if any, a company may, by a special resolution, alter its articles including alterations having the effect of conversion of— (a) a private company into a public company; or (b) a public company into a private company: Provided that where a company being a private company alters its articles in such a manner that they no longer include the restrictions and limitations which are required to be included in the articles of a private company under this Act, the company shall, as from the date of such alteration, cease to be a private company: Provided further that any alteration having the effect of conversion of a public company into a private company shall not take effect except with the approval of</p>	<p>(i) in sub-section (1), for the second proviso, the following proviso 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:  Provided also that any application pending before the Tribunal, as on the date of commencement of the Companies (Amendment) Ordinance, 2018, shall be disposed of by the Tribunal in accordance with the provisions applicable to it before such commencement."; (ii) in sub-section (2), for the word "Tribunal", the words "Central Government" shall be substituted.</p>	<p>Instead of Tribunal, the application for conversion of public company to private company and vice-versa is to be submitted to Central Government.  For pending applications, disposal shall be made by the Tribunal as per the existing provisions</p>



			<p>the Tribunal which shall make such order as it may deem fit.</p> <p>(2) Every alteration of the articles under this section and a copy of the order of the Tribunal approving the alteration as per sub-section (1) 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.</p>		
5.	CHAPTER IV Share Capital And Debentures	Section 53(3) - <b>Prohibition on issue of shares at discount</b>	<p>(3) 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>	<p>In section 53 of the principal Act, for sub-section (3), the following sub-section shall be substituted, namely:—</p> <p>"(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</p>	<p>Penalty has been linked with amount raised through the issue of shares at a discount or a penalty of Rs. 5 lakhs whichever is less.</p> <p>Further, in case of default, the company is required to refund the amount alongwith 12% interest per annum.</p>



				of twelve per cent. per annum from the date of issue of such shares to the persons to whom such shares have been issued."	
6.	CHAPTER IV Share Capital And Debentures	Section 64(2) <b>-Notice to be given to Registrar for alteration of share capital</b>	2) 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.	In section 64 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—  "(2) 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."	Minimum penalty has been raised to Rs 1000 for each day.
7.	CHAPTER VI Registration Of Charges	Section 77(1) <b>-Duty to register charges, etc.—</b>	—(1) It shall be the duty of every company creating a charge within or outside India, on its property or assets or any of its undertakings, whether tangible or otherwise, and situated in or outside India, to register the particulars of the charge signed by the company and the charge-holder together with the instruments, if any, creating such charge in such form, on	In section 77 of the principal Act, 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)	The Registrar may not allow to register charge after 60 days.  Earlier the Registrar may allow to register within a period of 300 days.  Further period of 60 days is allowed to register charge. Earlier there was no specific time limit.



			<p>payment of such fees and in such manner as may be prescribed, with the Registrar within thirty days of its creation:</p> <p>Provided that 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:</p> <p>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:</p>	<p>Ordinance, 2018, within a period of three hundred days of such creation; or</p> <p>(b) in case of charges created on or after the commencement of the Companies (Amendment) Ordinance, 2018, within a period of sixty days of such creation, on payment of such additional fees as may be prescribed:</p> <p>Provided further that if the registration is not made within the period specified—</p> <p>(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, 2018, on payment of such additional fees as may be prescribed and different fees may be prescribed for different classes of companies;</p> <p>(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 advalorem fees</p>	
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				as may be prescribed."		
<b>8.</b>	CHAPTER VI Registration Charges	Of	Section 86- <b>Punishment for contravention</b> New insertion of sub section (1) and (2)	If any company contravenes any provision of this Chapter, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to ten lakh rupees and every officer of the company 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 twenty-five thousand rupees but which may extend to one lakh rupees, or with both.	Section 86 of the principal Act shall be numbered as subsection (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."	New Subsection inserted to provide for wilful default.  In case of wilful default, a person shall be liable under section 447 of the Act.
<b>9.</b>	CHAPTER VI Registration Charges	Of	Section 87 - <b>Rectification by Central Government in register of charges</b>	(1) The Central Government on being satisfied that— (i) (a) the omission to file with the Registrar the particulars of any charge created by a company or any charge subject to which any property has been acquired by a company or any modification of such charge; or (b) the omission to register	For section 87 of the principal Act, the following section 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	Rectification is allowed only in case of 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.



			<p>any charge within the time required under this Chapter or the omission to give intimation to the Registrar of the payment or the satisfaction of a charge, within the time required under this Chapter; or</p> <p>(c) the omission or misstatement of any particular with respect to any such charge or modification 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; or</p> <p>(i) on any other grounds, it is just and equitable to grant relief, it may on the application of the company or any person interested and on such terms and conditions as it may seem to the Central Government just and</p>	<p>(b) the omission or misstatement of any particulars with respect to any such charge or modification 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 the Central Government 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”</p>	
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			expedient, direct that the time for the filing of the 63 particulars or for the registration of the charge or for the giving of intimation of payment or satisfaction shall be extended or, as the case may require, that the omission or mis-statement shall be rectified.		
<b>10.</b>	CHAPTER VII Management and Administration	Section 90 (9) and (10) <b>-Register of significant beneficial owners in a Company.</b>	(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.	For section 90 of the principal Act, 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 to the authority constituted under sub-section (5) of section 125, in such manner as may be prescribed;	Time period of 1 year has been provided for making application to the Tribunal for relaxation of restrictions.  Also, if no application has been filed shares shall be transferred to IEPF.  The penalty has been extended to include Imprisonment alongwith fine.



				(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.	
<b>11.</b>	CHAPTER VII Management and Administration	Section 92(5) - <b>Annual return.</b>	(5) If a company fails to file its annual return under sub-section (4), before the expiry of the period specified therein, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakhs rupees and every officer of the company 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 fifty thousand rupees but which may extend to five lakh rupees, or with both.	For section 92 of the principal Act, the following 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."	For non filing of Annual Return in time, monetary penalty has been levied.  Imprisonment has been withdrawn.  Penalty for continuing default has been inserted.
<b>12.</b>	CHAPTER VII Management and Administration	Section 102 (5) - <b>Statement to be annexed to</b>	(5) If any default is made in complying with the provisions of this section, every	13. In section 102 of the principal Act, for sub-section (5), the following sub-section shall be	Minimum Penalty has been fixed to Rs 50000.



		<b>notice.</b>	promoter, director, manager or other key managerial personnel who is in default shall be punishable with fine which may extend to 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 more.	substituted, namely:—  "(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."	
<b>13.</b>	CHAPTER VII Management and Administration	Section 105 (3) - <b>Proxies</b>	(3) If default is made in complying with sub-section (2), every officer of the company who is in default shall be punishable with fine which may extend to five thousand rupees.	In section 105 of the principal Act, 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	Penalty has been fixed to Rs 5000.
<b>14.</b>	CHAPTER VII Management and Administration	Section 117 (2) - <b>Resolutions and agreements to be filed</b>	(2) If a company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified therein, the company shall be punishable with fine which shall not be	15. In section 117 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—  "(2) If any company fails to file the resolution or the agreement	Penalty has been made harsher.  In case of default, per day penalty has been introduced.



			less than one lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default, including liquidator of the company, if any, shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.	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.".	Penalty for continuing default has been inserted.
<b>15.</b>	CHAPTER VII Management and Administration	Section 121 (3) - <b>Report on annual general meeting</b>	(3) If the company fails to file the report under sub-section (2) before the expiry of the period specified therein, 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 of the company who is in default shall be punishable	In section 121 of the principal Act, for sub-section (3), Amendment of the following sub-section shall be substituted, namely:— section 121.  "(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	In case of default, per day penalty has been introduced.  Penalty for continuing default has been inserted.  <b>For Company</b>  Minimum- Rs 1 lakh



			with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees	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."	Further Penalty Per Day – Rs 500 Subject to Rs 5 lakh <b>For Officer</b> Minimum- Rs 0.25 lakh Further Penalty Per Day – Rs 500 Subject to Rs 1 lakh
<b>16.</b>	CHAPTER IX Account of Companies	Section 137 (3) - <b>Copy of financial statement to be filed with Registrar</b>	(3) If a company fails to file the copy of the financial statements under sub-section (1) or sub-section (2), as the case may be, before the expiry of the period specified therein, the company shall be punishable with fine of one thousand rupees for every day during which the failure continues but which shall not be more than ten lakh rupees, and the managing director and the Chief Financial Officer of the	In section 137 of the principal Act, in sub-section (3),— Amendment of section 137.  (a) for the words "punishable with fine", the words "liable to a penalty" shall be substituted; (b) for the words "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", the words "shall be liable to a penalty of	For non filing of Financial Statements in time, monetary penalty has been levied. Penalty for continuing default has been inserted.  In case of default, per day penalty has been introduced.  Imprisonment punishment has been withdrawn.



			company, if any, and, in the absence of the managing director and the Chief Financial Officer, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, and, in the absence of any such director, all the directors of the company, 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.	one lakh rupees and in case of continuing failure, with 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.	
<b>17.</b>	CHAPTER X Audit And Auditors	Section 140 (3) <b>Removal, resignation of auditor and giving of special notice.</b>	(3) If the auditor does not comply with sub-section (2), he or it shall be punishable with fine which shall not be less than fifty thousand rupees or the remuneration of the auditor, whichever is less, but which may extend to five lakh rupees.	In section 140 of the principal Act, for sub-section (3), the following sub-section shall be substituted, namely:— "(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	For non compliance by the auditor of the provisions of removal, resignation, penalty for continuing default has been inserted.



				rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees”	
<b>18.</b>	CHAPTER XI Appointment And Qualifications Of Directors	Section 157 (2) - <b>Company to inform Director Identification Number to Registrar</b>	(2) If a company fails to furnish Director Identification Number under sub-section (1), the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees	In section 157 of the principal Act, for sub-section (2), the following sub-section shall be substituted, namely:—  "(2) If any company fails to furnish the Director Identification Number under sub-section (1), such company shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees, and every officer of the company who is in default shall be liable to a penalty of not less than twenty-five thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of one lakh rupees."	Penalty for continuing default has been inserted.  In case of default, per day penalty has been introduced.
<b>19.</b>	CHAPTER XI Appointment And	Section 159	<b>Punishment contravention.—</b>	for For section 159 of the principal Act, the following section shall be	Imprisonment punishment has been



	Qualifications Of Directors	<b>Substitution of new section for section 159. Penalty for default of certain provisions</b>	If any individual or director of a company, contravenes any of the provisions of section 152, section 155 and section 156, such individual or director of the company shall be punishable with imprisonment for a term which may extend to six months or with fine which may extend to fifty thousand rupees and where the contravention is a continuing one, with a further fine which may extend to five hundred rupees for every day after the first during which the contravention continues	substituted, namely:—  "159. If any individual or director of a company makes any default in complying with any of the provisions of section 152, section 155 and section 156, such individual or director of the company shall be liable to a penalty which may extend to fifty thousand rupees and where the default is a continuing one, with a further penalty which may extend to five hundred rupees for each day after the first during which such default continues."	withdrawn.
<b>20.</b>	CHAPTER XI Appointment And Qualifications Of Directors	Section 164(1) - <b>Disqualifications for appointment of director</b>	(1) A person shall not be eligible for appointment as a director of a company, if (a) he is of unsound mind and stands so declared by a competent court; (b) he is an undischarged insolvent; (c) he has applied to be adjudicated as an insolvent and his application is pending; (d) he has been convicted by a court of any offence,	In section 164 of the principal Act, in sub-section (1), after clause (h), the following clause shall be inserted, namely:—  "(i) he has not complied with the provisions of sub-section (1) of section 165."	A director is disqualified if he is holding directorship in more than 20 companies including alternate directorship.



			<p>whether involving moral turpitude or otherwise, and sentenced in respect thereof to imprisonment for not less than six months and a period of five years has not elapsed from the date of expiry of the sentence:</p> <p>Provided that if a person has been convicted of any offence and sentenced in respect thereof to imprisonment for a period of seven years or more, he shall not be eligible to be appointed as a director in any company;</p> <p>(e) an order disqualifying him for appointment as a director has been passed by a court or Tribunal and the order is in force;</p> <p>(f) he has not paid any calls in respect of any shares of the company held by him, whether alone or jointly with others, and six months have elapsed from the last day fixed for the payment of the call;</p>		
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			(g) he has been convicted of the offence dealing with related party transactions under section 188 at any time during the last preceding five years; or (h) he has not complied with sub-section (3) of section 152.		
<b>21.</b>	CHAPTER XI Appointment And Qualifications Of Directors	Section 165 (6) - <b>Number of directorships</b>	(6) If a person accepts an appointment as a director in contravention of sub-section (1), he shall be punishable with fine which shall not be less than five thousand rupees but which may extend to twenty-five thousand rupees for every day after the first during which the contravention continues.	In section 165 of the principal Act, in sub-section (6), for the portion beginning with "punishable with fine" and ending with "contravention continues", the words "liable to a penalty of five thousand rupees for each day after the first during which such contravention continues" shall be substituted.	Maximum capping for penalty has been removed.
<b>22.</b>	CHAPTER XII Meeting of Board and its Powers	Section 191 (5) - <b>Payment to director for loss of office, etc., in connection with transfer of undertaking, property or shares.</b>	(5) If a director of the company contravenes the provisions of this section, such director shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees.	In section 191 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely: "(5) If a director of the company makes any default in complying with the provisions of this section, such director shall be liable to a penalty of one lakh rupees."	In case of default, director shall be liable for a penalty of Rs 1 lakh.  Penalty has been fixed.



<p><b>23.</b></p>	<p>CHAPTER XIII Appointment And Remuneration Of Managerial Personnel</p>	<p>Section 197 (7) and (15) <b>-Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits.</b></p>	<p>(7) Notwithstanding anything contained in any other provision of this Act but subject to the provisions of this section, an independent director shall not be entitled to any stock option and may receive remuneration by way of fees provided under sub-section (5), reimbursement of expenses for participation in the Board and other meetings and profit related commission as may be approved by the members.</p> <p>(15) If any person contravenes the provisions of this section, he shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.</p>	<p>In section 197 of the principal Act,— (a) sub-section (7) shall be omitted; (b) for sub-section (15), the following sub-section shall be substituted, namely:— "(15) If any person makes any default in complying with the provisions of this section, he shall be liable to a penalty of one lakh rupees and where any default has been made by a company, the company shall be liable to a penalty of five lakh rupees."</p>	<p>Sub Section (7) prohibited an Independent Director to take Stock Option.</p> <p>With the omission of the said sub-section, an independent director shall be entitled to any stock option.</p> <p>Further, an independent director is entitled to receive remuneration by way of fees, reimbursement of expenses for participation in the Board and other meetings and profit related commission without approval by the members.</p> <p>Penalty has been fixed.</p> <p>In case of default, director shall be liable for a penalty of Rs 1 lakh.</p> <p>In case of default, company shall be liable for a penalty of Rs 5</p>
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					lakh.
<b>24.</b>	CHAPTER XIII Appointment And Remuneration Of Managerial Personnel	Section 203 (5) - <b>Appointment of key managerial personnel</b>	(5) If 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 director and key managerial personnel of the company who is in default shall be punishable with fine which may 128 extend to fifty thousand rupees and where the contravention is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the contravention continues.	In section 203 of the principal Act, for sub-section (5), the following sub-section shall be substituted, namely:— "(5) If any company makes any default in complying with the provisions of this section, such company shall be liable to a penalty of five lakh rupees and every director and key managerial personnel of the company who is in default shall be liable to a penalty of fifty thousand rupees and where the default is a continuing one, with a further penalty of one thousand rupees for each day after the first during which such default continues but not exceeding five lakh rupees."	Penalty has been fixed.  In case of default, director shall be liable for a penalty of Rs 1 lakh.  In case of default, company shall be liable for a penalty of Rs 5 lakh.
<b>25.</b>	CHAPTER XV Compromises, Arrangements And Amalgamations	Section 238 (3) - <b>Registration of offer of schemes involving transfer of shares</b>	(3) The director who issues a circular which has not been presented for registration and registered under clause (c) of sub-section (1), shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.	In section 238 of the principal Act, in sub-section (3), for the words "punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees", the words "liable to a penalty of one lakh rupees" shall be substituted.	Penalty has been fixed.  In case of default, director shall be liable for a penalty of Rs 1 lakh.



<p><b>26.</b></p>	<p>CHAPTER XVIII Removal Of Names Of Companies From The Register Of Companies</p>	<p>Section 248 (1) - <b>Power of Registrar to remove name of company from register of companies</b></p>	<p>(1) Where the Registrar has reasonable cause to believe that— (a) a company has failed to commence its business within one year of its incorporation; 1[or] (b)* * * * * (c) a company is not carrying on any business or operation for a period of two immediately preceding financial years and has not made any application within such period for obtaining the status of a dormant company under section 455, he shall send a notice to the company and all the directors of the company, of his intention to remove the name of the company from the register of companies and requesting them to send their representations along with copies of the relevant documents, if any, within a period of thirty days from the date of the notice.</p>	<p>In section 248 of the principal Act, in sub-section (1), (a) in clause (c), for the word and figures "section 455,", the words and figures "section 455; or" shall be substituted;  (b) after clause (c) and before the long line, the following clauses shall be inserted, namely:— "(d) the subscribers to the memorandum have not paid the subscription which they had undertaken to pay at the time of incorporation of a company and a declaration to this effect has not been filed within one hundred and eighty days of its incorporation under sub-section (1) of section 10A; or</p>	<p>Effect of insertion of Section 10A  Name of the company may be removed in case subscribers to the memorandum have not paid the subscription which they had undertaken to pay at the time of incorporation of a company and a declaration to this effect has not been filed within one hundred and eighty days of its incorporation.</p>
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<p><b>27.</b></p>	<p>CHAPTER XXVIII Special Courts</p>	<p>Section 441 (1) and (6) - <b>Compounding of certain offences</b></p>	<p>(1) Notwithstanding anything contained in the Code of Criminal Procedure, 1973 (2 of 1974), any offence punishable under this Act (whether committed by a company or any officer thereof) not being an offence punishable with imprisonment only, or punishable with imprisonment and also with fine, may, either before or after the institution of any prosecution, be compounded by— (a) the Tribunal; or (b) where the maximum amount of fine which may be imposed for such offence does not exceed five lakh rupees, by the Regional Director or any officer authorised by the Central Government, on payment or credit, by the company or, as the case may be, the officer, to the Central Government of such sum as that Tribunal or the Regional Director or any officer authorised by the Central Government, as the</p>	<p>In section 441 of the principal Act,— (a) in sub-section (1), in clause (b), for the words "does not exceed five lakh rupees", the words "does not exceed twenty-five lakh rupees" shall be substituted; (b) for sub-section (6), the following sub-section shall be substituted, namely:— "(6) Notwithstanding anything contained in the Code of Criminal Procedure, 1973, any offence which is punishable under this Act with imprisonment only or with imprisonment and also with fine shall not be compoundable."</p>	<p>Penalty has been made harsher, raised from Rs 5 lakh to Rs 25 lakh.</p> <p>Any offence which is punishable under this Act with imprisonment only or with imprisonment and also with fine shall not be compoundable.</p> <p>Earlier the same could in certain cases.</p>
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			case may be, may specify:		
<b>28.</b>	CHAPTER XXVIII Special Courts	Section 446 B <b>- Lesser penalties for One Person Companies or small companies.</b>	Notwithstanding anything contained in this Act, if a One Person Company or a small company fails to comply with the provisions of sub-section (5) of section 92, sub-section (2) of section 117 or sub-section (3) of section 137, such company and officer in default of such company shall be punishable with fine or imprisonment or fine and imprisonment, as the case may be, which shall not be more than one-half of the fine or imprisonment or fine and imprisonment, as the case may be, of the minimum or maximum fine or imprisonment or fine and imprisonment, as the case may be, specified in such sections."	In section 446B of the principal Act, for the portion beginning with "punishable with fine" and ending with "specified in such sections", the words "liable to a penalty which shall not be more than one half of the penalty specified in such sections" shall be substituted.	Penalties for One Person Companies and Small companies have been linked with the respective section.
<b>29.</b>	CHAPTER XXIX Miscellaneous	Section 447 (3) <b>- Punishment for fraud</b>	Without prejudice to any liability including repayment of any debt under this Act or any other law for the time being in force, any person who is found to be guilty of fraud, involving an amount of	In section 447 of the principal Act, in the second proviso, for the words "twenty lakh rupees", the words "fifty lakh rupees" shall be substituted	Penalty for Fraud has been raised from Rs 25 lakh to Rs 50 lakh.



			<p>at least ten lakh rupees or one per cent of the turnover of the company, whichever is lower shall be punishable with imprisonment for a term which shall not be less than six months but which may extend to ten years and shall also be liable to fine which shall not be less than the amount involved in the fraud, but which may extend to three times the amount involved in the fraud:</p> <p>Provided that where the fraud in question involves public interest, the term of imprisonment shall not be less than three years. "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</p>		
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			extend to twenty lakh rupees or with both."		
<b>30.</b>	CHAPTER XXIX Miscellaneous	Section 454 (3) - <b>Adjudication of penalties</b>	(3) The adjudicating officer may, by an order impose the penalty on the company and the officer who is in default stating any non-compliance or default under the relevant provision of the Act.	31. In section 454 of the principal Act, — (i) for sub-section (3), the following sub-section shall be substituted, namely: — "(3) The adjudicating officer may, by an order— (a) impose the penalty on the company, the officer who is in default, or any other person, as the case may be, stating therein any non-compliance or default under the relevant provisions of this Act; and (b) direct such company, or officer who is in default, or any other person, as the case may be, to rectify the default, wherever he considers fit."  (ii) in sub-section (8), — (a) in clause (i), for the words "does not pay the penalty imposed by the adjudicating officer or the Regional Director", the words, brackets and figures. fails to comply with the order made under sub-section (3) or sub-section (7), as the case may	Rectification of default has been introduced.  Subsection 8 rephrased by including non compliance with the Order.



				be," shall be substituted;  (b) in clause (ii), for the words "does not pay the penalty", the words, brackets and figures "fails to comply with the order made under sub-section (3) or sub-section (7), as the case may be," shall be substituted.	
<b>31.</b>	CHAPTER XXIX Miscellaneous	Insertion of a new section 454A. Penalty for repeated default.	New Insertion	After section 454 of the principal Act, the following section shall be inserted, namely:—  "454A. Where a company or an officer of a company or any other person having already been subjected to penalty for default under any provisions of this Act, again commits such default within a period of three years from the date of order imposing such penalty passed by the adjudicating officer or the Regional Director, as the case may be, it or he shall be liable for the second or subsequent defaults for an amount equal to twice the amount of penalty provided for such default under the relevant provisions of this Act."	New Section inserted for Repeated defaults.  In case of repeated default an amount equal to twice the amount of penalty provided for such default under the relevant provisions of this Act.