

**COMPANY LAW – NEW SYLLABUS  
(AMENDMENTS FOR JUNE 2020 EXAM)**

**CHAPTER – 3 – PROMOTION AND FORMATION OF COMPANY**

**PAGE NO. 33-34 - ACTIVE COMPANY TAGGING IDENTITIES AND VERIFICATION [RULE 25A]**

**Substitution of Following New Point No. (iii) in place of existing Point No. (iii):**

**(iii) DIR-12 (changes in Director except in case of:**

- (a) cessation of any director; or
- (b) appointment of directors in such company where the total number of directors are less than the minimum number provided in clause (a) of sub-section (1) of section 149 on account of disqualification of all or any of the director under section 164; or
- (c) appointment of any director in such company where DINs of all or any its director(s) have been deactivated; or
- (d) appointment of director(s) for implementation of the order passed by the Court or NCLT or NCLAT under the provisions of this Act or under the Insolvency Code, 2016;

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**CHAPTER – 4 – MEMORANDUM & ARTICLES OF ASSOCIATION**

**PAGE NO. 46 – SHIFTING OF R.O. – 3<sup>RD</sup> CASE**

**In place of 30 days – 15 days**

**In place of 60 days – 30 days**

The confirmation of Regional Director shall be communicated within a period of **15 days** from the date of receipt of application and the company shall file the confirmation with the Registrar within a period of **30 days** of the date of confirmation who shall register the same and certify the registration within a period of 30 days from the date of filing of such confirmation.

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**CHAPTER – 6 – PROSPECTUS & ALLOTMENT OF SECURITIES**

**PAGE NO. -74 & 75 - REGISTRATION OF PROSPECTUS [SECTION 26]**

**Changes in heading and on Page Nos. 74 & 75**

Entire Amended Topic is as follows:

**Filing of Prospectus with ROC [Section 26]**

A copy of prospectus must be filed with the Registrar on or before its publication. The copy sent for filing must be signed by every person who is named in the prospectus as a director or a proposed director of the company or by his duly authorized agent.

The following documents must be attached to the copy of prospectus filed with the ROC :-

- (i) the consent of the expert mentioned in the prospectus, if his report is included in the prospectus;
- (ii) the consent in writing of the persons, if any, named in the prospectus as the auditor, legal advisor, attorney etc. to the issuer or broker of the company to act in that capacity; and
- (iii) a copy of the underwriting agreement, if any.

The prospectus must contain a statement that a copy has been filed with the ROC, also indicating the requisite documents (giving names) delivered with it.

The prospectus must be issued within 90 days of filing of a copy of the same to the ROC, either by newspaper advertisement or otherwise.

**PAGE NO. 75 - WHEN REGISTRAR MUST REFUSE REGISTRATION OF PROSPECTUS**

**Omitted**

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**CHAPTER – 7 – SHARE CAPITAL OF A COMPANY**

**PAGE NO. 88 – EQUITY SHARES WITH DIFFERENTIAL RIGHTS**

- (i) **Point No. 2 Omitted.**
- (ii) **Substitution of Following New Point No. 3 in place of existing Point No. 4:**
  - 3) The voting power in respect of shares with differential rights of the company shall not exceed seventy four percent of total voting power including voting power in respect of equity shares with differential rights issued at any point of time;

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**CHAPTER – 8 – DEBENTURES**

**PAGE NO. 124 – DEBENTURE REDEMPTION RESERVE (DRR)**

**Entire Existing Topic to be substituted by the Following New Provision:**

The company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures and invest or deposit sum in respect of debentures maturing during the year ending on the 31st day of March of next year, in accordance with the conditions given below—

- (a) The Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;
- (b) The limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits, as the case may be, shall be as under:-
  - (i) Debenture Redemption Reserve is not required for debentures issued by All India Financial Institutions regulated by RBI and Banking Companies for both public as well as privately placed debentures;
  - (ii) For other Financial Institutions within the meaning of Section 2(72) of Companies Act, 2013, Debenture Redemption Reserve shall be as applicable to Non-Banking Finance Companies registered with RBI;
  - (iii) For listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required in the following cases -
    - (A) in case of public issue of debentures -
      - A. for NBFCs registered with RBI under section 45- IA of the RBI Act, 1934 and for Housing Finance Companies registered with National Housing Bank;
      - B. for other listed companies;
    - (B) in case of privately placed debentures, for companies specified in sub items A and B.
  - (iv) for unlisted companies, (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)) -
    - (A) for NBFCs registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934 and for Housing Finance Companies registered with National Housing Bank, Debenture Redemption Reserve is not required in case of privately placed debentures.

(B) for other unlisted companies, the adequacy of Debenture Redemption Reserve shall be ten percent of the value of the outstanding debentures;

(v) In case a company is covered in item (A) or item (B) of sub-clause (iii) of clause (b) or item (B) of sub-clause (iv) of clause (b), it shall on or before the 30th day of April in each year, in respect of debentures issued by a company covered in item (A) or item (B) of sub-clause (iii) of clause (b) or item (B) of sub-clause (iv) of clause (b), invest or deposit, as the case may be, a sum which shall not be less than fifteen per cent, of the amount of its debentures maturing during the year, ending on the 31st day of March of the next year in any one or more methods of investments or deposits as provided in sub-clause (vi):

Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen per cent of the amount of the debentures maturing during the year ending on 31st day of March of that year.

(vi) for the purpose of sub-clause (v), the investments, as the case may be, are as follows:

(A) in deposits with any scheduled bank, free from charge or lien;

(B) in unencumbered securities of the Central Government or any State Government;

(C) in unencumbered securities mentioned in Section 20 of the Indian Trusts Act, 1882;

(D) in unencumbered bonds issued by any other company which is notified under Section 20 of the Indian Trusts Act, 1882 :

Provided that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

(c) In case of partly convertible debentures, Debenture Redemption Reserve shall be created in respect of non-convertible portion of debenture issue in accordance with this sub-rule.

(d) The amount credited to the Debenture Redemption Reserve shall not be utilised by the company except for the purpose of redemption of debentures.

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**CHAPTER – 12 – ACCOUNTS**

**PAGE NO. 173– NFRA - Introduction**

**Following Para Added in between existing Para 1 and Para 2:**

The National Financial Reporting Authority shall perform its functions **through such divisions as may be prescribed.**

**PAGE NO. 173 – NFRA – Composition of NFRA**

**Following Two Paras Added in between existing Para 1 and Para 2:**

Each **division** of the National Financial Reporting Authority shall be presided over by the Chairperson or a full-time Member authorised by the Chairperson.

There shall be an executive body of the National Financial Reporting Authority consisting of the Chairperson and full-time Members of such Authority for efficient discharge of its functions.

**PAGE NO. 178 - ACTIVITIES WHICH MAY BE INCLUDED BY COMPANIES IN THEIR CORPORATE SOCIAL RESPONSIBILITY POLICIES [SCHEDULE VII OF COMPANIES ACT, 2013]**

**Existing Point No. (ix) shall be substituted by the Following Point No. (ix):**

(ix) Contribution to incubators funded by Central Govt. or State Govt. or any agency or Public Sector Undertaking of Central Govt. or State Govt., and contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and Autonomous Bodies (established under the auspices of Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR), Council of Scientific and Industrial Research (CSIR), Department of Atomic Energy (DAE), Defence Research and Development Organisation (DRDO), Department of Biotechnology (DBT), Department of Science and Technology (DST), Ministry of Electronics and Information Technology) engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs).

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**CHAPTER – 18 – OPPRESSION AND MISMANAGEMENT**

**PAGE NO. 236 – FOLLOWING NEW TOPIC ADDED**

**Enquiry whether a person is a ‘Fit and Proper Person’ to hold the Office of a Director**

Where in the opinion of the Central Government, there exist circumstances suggesting that—

- a) any person concerned in the conduct and management of the affairs of a company is or has been in connection therewith guilty of fraud, misfeasance, persistent negligence or default in carrying out his obligations and functions under the law or of breach of trust;
- b) the business of a company is not or has not been conducted and managed by such person in accordance with sound business principles or prudent commercial practices;
- c) a company is or has been conducted and managed by such person in a manner which is likely to cause, or has caused, serious injury or damage to the interest of the trade, industry or business to which such company pertains; or
- d) the business of a company is or has been conducted and managed by such person with intent to defraud its creditors, members or any other person or otherwise for a fraudulent or unlawful purpose or in a manner prejudicial to public interest,

the Central Government may initiate a case against such person and refer the same to the National Company Law Tribunal (NCLT or Tribunal) with a request that the Tribunal may inquire into the case and record a decision as to **whether or not such person is a fit and proper person to hold the office of director or any other office connected with the conduct and management of any company.**

It may be noted that the person, against whom a case is referred to the Tribunal as aforesaid, shall be joined as a **respondent to the application.**

At the conclusion of the hearing of the case, the Tribunal shall record its decision stating therein specifically as to **whether or not the respondent is a fit and proper person** to hold the office of director or any other office connected with the conduct and management of any company.

The person who is not a fit and proper person, as per the aforesaid findings of NCLT, **shall not hold the office of a director or any other office connected with the conduct and management of the affairs of any company for a period of five years** from the date of the said decision. However the Central Government may, with the leave of the Tribunal, permit such person to hold any such office before the expiry of the said period of five years.

Notwithstanding anything contained in any other provision of this Act, or any other law for the time being in force, or any contract, memorandum or articles, on the removal of a person from the office of a director or any other office connected with the conduct and management of the affairs of the company, **that person shall not be entitled to, or be paid, any compensation for the loss or termination of office.**



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**CHAPTER – 19 – WINDING UP**

**PAGE NO. 242 – AMENDMENT IN THE FOLLOWING TOPIC**

**Who may Petition for the Winding Up [Section 272]**

Existing Point (d) shall be replaced by the following Point (d):

(d) The Registrar of Companies on any of the grounds specified in clauses (b) to (e) of Sec. 271.

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**CHAPTER – 21 – APPOINTMENT & QUALIFICATION OF DIRECTORS**

**PAGE NO. 316 – DIRECTORS KYC – RULE 12A**

**Entire Existing Topic to be substituted by the Following New Provision:**

Every individual who holds a Director Identification Number (DIN) as on 31st March of a financial year as per these Rules shall, submit **e-form DIR-3-KYC** for the said financial year to the Central Government, **on or before 30<sup>th</sup> September** of immediate next financial year, **without any fees.**

It may be noted that where an individual, who has already submitted e-form DIR-3 KYC in relation to any previous financial year, submits web-form **DIR-3 KYC-WEB** through the web service in relation to any subsequent financial year, it shall be deemed to be compliance of the provisions of this rule for the said financial year. However, in case an individual desires to update his personal mobile number or the e-mail address, as the case may be, he shall update the same by submitting e-form DIR-3 KYC only.

The Central Government or **RD (North)** shall **deactivate the DIN** of an individual who does not submit the aforesaid e-form DIR-3-KYC or DIR-3-KYC-WEB, as the case may be, to the Central Government within the time stipulated under Rule 12A. The de-activated DIN shall be re-activated only after e-form DIR-3-KYC or DIR-3-KYC-WEB, as the case may be, is filed along with the **late/delayed fees of Rs. 5,000/-.**

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**CHAPTER – 22 – MEETINGS OF BOARD & ITS POWERS**

**PAGE NO. 361-362 – WHEN PRIOR APPROVAL OF COMPANY BY RESOLUTION  
REQUIRED FOR RELATED PARTY TRANSACTIONS [RULE 15 OF COMPANIES  
(MEETING OF BOARD AND ITS POWERS) RULES, 2014]**

**Entire Existing Topic to be substituted by the Following New Provision:**

For the purposes of first proviso to sub-section (1) of section 188, except with the prior approval of the company by a resolution, a company shall not enter into a transaction or transactions, where the transaction or transactions to be entered into—

- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 with criteria, as mentioned below—
  - (i) sale, purchase or supply of any goods or materials directly or through appointment of agents amounting to 10% or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
  - (ii) selling or otherwise disposing of, or buying, property of any kind directly or through appointment of agents amounting to 10% or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
  - (iii) leasing of property of any kind amounting to 10% or more of the turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
  - (iv) availing or rendering of any services directly or through appointment of agents amounting to 10% or more of the turnover of the company, as mentioned in clause (d) and clause (e) of sub-section (1) of section 188;

***Explanation : It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be entered into individually or taken together with the previous transactions during a Financial Year.***

(b) is for appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188; or

(c) is for remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.