

COMPANY LAW – NEW SYLLABUS
(AMENDMENTS FOR JUNE 2021 EXAM)

CHAPTER – 7 – SHARE CAPITAL OF A COMPANY

PAGE NO. 100 – BUY-BACK OF SHARES AND SECURITIES [SECS. 68, 69 & 70]

Substitution of Following New Point No. 11 in place of existing Point No. 11:

11. In case of default, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees.

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CHAPTER – 8 – DEBENTURES

PAGE NO. 136 – FAILURE IN REDEMPTION OF DEBENTURES

Last Para regarding Penalty has been Omitted.

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CHAPTER – 9 – DEPOSITS

PAGE NO. 143 - DEFINITION OF DEPOSIT [RULE 2(1)(C)]

In **point no. 'q'**, the words 'five years' shall be replaced by the words "**ten years**".

PAGE NO. 144 - CEILING LIMITS FOR ACCEPTANCE OF DEPOSITS [RULE 3(3),(4)&(5)]

In Para 3 **point no. 'A'**, the words 'five years' shall be replaced by the words "**ten years**".

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CHAPTER – 10 – CHARGE

PAGE NO. 158 - CONSEQUENCES OF NON – REGISTRATION

Substitution of Following New Point (e) in place of existing Point (e):

(e) The company shall be liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees. [Sec. 86(1)]

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CHAPTER – 12 – ACCOUNTS

PAGE NO. 182 – PERSONS RESPONSIBLE FOR KEEPING THE BOOKS OF ACCOUNTS

Substitution of Following New Last Para in place of existing Last Para:

In case the aforementioned persons (i.e. MD, WTD, CFO etc.) fail to take reasonable steps to secure compliance of this section and thus, contravene such provisions, they shall in respect of each offence, be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.

PAGE NO. 189 – PENALTY

Substitution of Following New Para in place of existing Para:

If a company is in default in complying with the provisions of Section 134, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.

PAGE NO. 190 & 191 – ACTIVITIES WHICH MAY BE INCLUDED BY COMPANIES IN THEIR CORPORATE SOCIAL RESPONSIBILITY POLICIES [SCHEDULE VII OF COMPANIES ACT, 2013]

1. Substitution of Following New Point No. (vi) in place of existing Point No. (vi):

(vi) Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;

2. Substitution of Following New Point No. (ix) in place of existing Point No. (ix):

(ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of Central Government or State Government; and

(b) Contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE), Department of Biotechnology (DBT), Department of Science and Technology (DST), Department of Pharmaceuticals, Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy (AYUSH), Ministry of Electronics and Information Technology and other bodies, namely, Defence Research and Development Organisation (DRDO), Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);

PAGE NO. 193 – FILING OF FINANCIAL STATEMENT WITH THR REGISTRAR
[SECTION 137]

Substitution of Following New Last Para in place of existing Last Para:

If a company fails to comply with the requirement of submission of financial statement before Registrar, the company shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees. The managing director and CFO if any, and, in the absence of such managing director or CFO, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, in the absence of such director, all directors of the company shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of fifty thousand rupees.

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CHAPTER – 13 – AUDIT & AUDITORS

PAGE NO. 213 – RESIGNATION BY AN AUDITOR

In **Last Para**, the words ‘Rs. 5 lacs’ shall be replaced by the words “**Rs. 2 lacs**”.

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CHAPTER – 14 – REGISTERS & RETURNS

PAGE NO. 223 – REGISTER OF MEMBERS, ETC [SECTION 88]

Substitution of Following New Last Para in place of existing Last Para:

If a company does not maintain a register of members or debenture-holders or other security holders or fails to maintain them in accordance with the aforesaid provisions, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.

PAGE NO. 225 – RECTIFICATION OF REGISTER OF MEMBERS [SECTION 59]

Last Para regarding Penalty has been Omitted.

PAGE NO. 227 – ANNUAL RETURN [SECTION 92]

Substitution of Following New Second Para from the Top in place of existing Second Para from the Top:

Every Company shall place a copy of the Annual Return on the web-site of the company, if any, and the web link of such Annual Return shall be disclosed in the Directors' Report referred to in Section 134. Otherwise, the extract of the Annual Return, in Form MGT.9, shall be attached with the Directors' Report.

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CHAPTER – 18 – OPPRESSION & MISMANAGEMENT

PAGE NO. 250 – CONSEQUENCES OF TERMINATION OR MODIFICATIONS OF CERTAIN AGREEMENTS [SECTION 243]

Substitution of Following New Last Para in place of existing Last Para:

Any person who knowingly acts as a managing director or other director or manager of a company in contravention of the aforesaid provisions, and every other director of the company who is knowingly a party to such contravention, shall be punishable with fine which may extend to five lakh rupees.

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CHAPTER – 20 – GENERAL MEETINGS

PAGE NO. 274 – CANVASSING FOR APPOINTMENT OF PROXY

Substitution of Following New Topic in place of existing Topic:

A company shall not issue any invitation at its expense to a member who is entitled to have the notice of a meeting to appoint numbers of persons specified therein as his proxy. *In the case of default, every officer of the company who issued the invitation shall be liable to a penalty of fifty thousand rupees.*

However, an officer shall not be so *liable* if the following two conditions are fulfilled :-

- (i) that officer issued a list of persons willing to act as proxies to a member at his written request; and
- (ii) that the said list is available on request in writing to every member entitled to vote at the meeting by proxy.

PAGE NO. 284 – REGISTRATION OF CERTAIN RESOLUTIONS AND AGREEMENTS [SECTION 117]

Substitution of Following New Last Para in place of existing Last Para:

If a company fails to file the resolution or the agreement *before the expiry of 30 days* from the date of passing the resolution or executing the agreement, as the case may be, the company shall be liable to a penalty of *ten thousand rupees* and in case of continuing failure, with a further penalty of *Rs. 100/-* for each day during which such failure continues, subject to a maximum of *two 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 *ten thousand rupees* and in case of continuing failure, with further penalty of *Rs. 100/-* for each day during which such failure continues, subject to a maximum of *fifty thousand rupees*.

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CHAPTER – 21 – APPOINTMENT & QUALIFICATION OF DIRECTORS

PAGE NO. 335 – NUMBER OF DIRECTORSHIPS [SECTION 165]

Substitution of Following New Sub-Topic in place of existing Sub-Topic:

Penalty

If a person accepts an appointment as a director in violation of this Section, he shall be liable to a penalty of two thousand rupees for each day after the first during which such violation continues, subject to a maximum of two lakh rupees.

PAGE NO. 336 – VACATION OF OFFICE OF DIRECTORS [SECTION 167]

Substitution of Following New Sub-Section (2) in place of existing Sub-Section (2):

(2) If a person, functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in sub-section (1), he shall be punishable with fine which shall not be less than 1 lakh rupees but which may extend to 5 lakh rupees.

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CHAPTER – 22 – MEETINGS OF BOARD AND ITS POWERS

PAGE NO. 372 – DISCLOSURE OF INTEREST BY DIRECTOR [SECTION 184]

Substitution of Following New Sub-Section (4) in place of existing Sub-Section (4):

(4) If a director of the company contravenes the provisions of sub-section (1) or sub-section (2), such director shall be liable to a penalty of one lakh rupees.

PAGE NO. 377 – INVESTMENTS OF COMPANY TO BE HELD IN ITS OWN NAME [SECTION 187]

Substitution of Following New Last Para in place of existing Last Para:

Penalty : If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.

PAGE NO. 379 – RELATED PARTY TRANSACTIONS [SECTION 188]

Substitution of Following New Sub-Section (5) in place of existing Sub-Section (5):

(5) Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall,—

- (i) in case of listed company, be liable to a penalty of twenty-five lakh rupees; and
- (ii) in case of any other company, be liable to a penalty of five lakh rupees.

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CHAPTER – 23 – APPOINTMENT & REMUNERATION OF KMP

PAGE NO. 413 – SECRETARIAL AUDIT FOR BIGGER COMPANIES [SEC. 204]

Substitution of Following New Sub-Section (4) in place of existing Sub-Section (4):

(4) If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section, the company, every officer of the company or the company secretary in practice, who is in default, shall be liable to a penalty of two lakh rupees.

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MISCELLANEOUS TOPICS

COMPANIES FRESH START SCHEME, 2020 [CFSS-2020]

Introduction

In order to give an opportunity to the defaulting companies and to enable them to file the belated documents in the MCA-21 registry, the Central Government has introduced a Scheme, namely, “**Companies Fresh Start Scheme, 2020 (CFSS-2020)**”, condoning the delay in filing the various documents with the Registrar of Companies (ROC), insofar as it relates to charging of additional fees and granting of immunity from launching of prosecution or proceedings for imposing penalty on account of delay associated with certain filings.

Important Provisions

The Scheme has come into force on 1st April, 2020 and remained in force till 31st Dec., 2020.

Any “**Defaulting Company**” is permitted to file belated documents which were due for filing on any given date in accordance with the provisions of this Scheme. “**Defaulting Company**” means a company which has made a default in filing of any of the documents, statement, returns, etc. including annual statutory documents in the MCA-21 registry.

Every defaulting company shall be required to pay normal fees only as prescribed under the Companies (Registration Offices and Fees) Rules, 2014 on the date of filing of each belated document and no additional fees shall be payable.

It may be noted that immunity from the launch of prosecution or proceedings for imposing penalty shall be provided only to the extent such prosecution or the proceedings for imposing penalty under the Companies Act, 2013 pertain to any delay associated with the filing of belated documents. Any other consequential proceedings, including any proceedings involving interests of any shareholder or any other person qua the company or its directors or KMP would not be covered by such immunity.

Non-Applicability of the Scheme

CFSS-2020 shall not apply:-

- a) To companies against which action for final notice for striking off the name u/s 248 of the Companies Act, 2013 has already been initiated by the Designated Authority;
- b) Where any application has already been filed by the company for action of striking off the name of the company from the Register of Companies;
- c) To companies which have amalgamated under a scheme of Arrangement or Compromise;
- d) Where applications have already been filed for obtaining Dormant Status u/s 455;
- e) To Vanishing Companies; and
- f) Where any increase in Authorised Capital is involved (Form SH-7) and also Charge related documents (CHG-1, CHG-4, CHG-8, CHG-9).

SCHEME FOR RELAXATION OF TIME FOR FILING CHARGE RELATED DOCUMENTS

Introduction

Central Government has introduced a Scheme, namely, "**Scheme for relaxation of time for filing forms related to creation or modification of charges under the Companies Act, 2013**" for the purpose of condoning the delay in filing certain forms related to creation/ modification of charges.

Applicability

The scheme shall be applicable in respect of filing of Form No. CHG-1 and Form No. CHG-9 (both referred as 'form' or 'forms') by a company or a charge holder, where the date of creation / modification of charge:

- (a) is before 01.03.2020, but the timeline for filing such form had not expired under section 77 of the Act as on 01.03.2020; or
- (b) falls on any date between 01.03.2020 to 31.12.2020 (both dates inclusive).

Relaxation of Time

(i) In case a form is filed in respect of a **situation covered under para (a) above**, the period beginning from 01.03.2020 and ending on 31.12.2020 shall not be reckoned for the purpose of counting the number of days under section 77 or section 78 of the Act. In case, the form is not filed within such period, the first day after 29.02.2020 shall be reckoned as 01.01.2021 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the Act.

(ii) In case a form is filed in respect of a **situation covered para (b) above**, the period beginning from the date of creation/ modification of charge to 31.12.2020 shall not be reckoned for the purpose of counting of days under section 77 or section 78 of the Act. In case, the form is not filed within such period, the first day after the date of creation / modification of charge shall be reckoned as 01.01.2021 for the purpose of counting the number of days within which the form is required to be filed under section 77 or section 78 of the Act.

Applicable Fees

(a) In regard to **para (i) above**, if the form is filed on or before 31.12.2020, the fees payable as on 29.02.2020 under the Fees Rules for the said form shall be charged. If the form is filed thereafter, the applicable fees shall be charged under the Fees Rules after adding the number of days beginning from 01.01.2021 and ending on the date of filing plus the time period lapsed from the date of the creation of charge till 29.02.2020.

(b) In regard to **para (ii) above**, if the form is filed before 31.12.2020, normal fees shall be payable under the Fees Rules. If the form is filed thereafter, the first day after the date of creation/modification of charge shall be reckoned as 01.01.2021 and the number of days till the date of filing of the form shall be counted accordingly for the purposes of payment of fees under the Fees Rules.