

**NO. #1**

**CS Coaching at  
Laxmi Nagar**

**CS EXECUTIVE  
MODULE - 1**

**COMPANY LAW**

**Amendment  
July - 2020**

*By:-*

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# CONCEPT OF CAPITAL AND FINANCING OF COMPANIES

## EQUITY SHARES WITH DIFFERENTIAL VOTING RIGHTS

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>While Section 43 enables companies to issue a variety of equity shares with differential rights etc.</p> <p><b><u>Rule 4 of Companies (Share Capital and Debentures) Rules, 2014</u></b> states the following conditions regarding issue of shares with differential voting rights by co. Limited by shares;-</p> <ul style="list-style-type: none"> <li>(a) The articles of association of the company authorizes the issue of shares with differential rights;</li> <li>(b) The issue of shares is authorized by an <b>ordinary resolution</b> passed at a general meeting of the shareholders: <i>(postal ballot in case of listed co)</i>.</li> <li>(c) the shares with differential rights <b>shall not exceed twenty-six percent</b> of the total <u>post-issue paid up equity share capital</u> including equity shares with differential rights issued at any point of time;</li> <li>(d) the company having consistent track record of distributable profits for the last three years;</li> <li>(e) the company has not defaulted in filing financial statements <b>and</b> annual returns for three financial years immediately preceding the financial year in which it is decided to issue such shares;</li> <li>(f) the company has no subsisting default in the payment of a declared dividend to its shareholders or repayment of its matured deposits or redemption of its preference shares or debentures.</li> <li>(g) the company has not defaulted in</li> </ul>	<p>While Section 43 enables companies to issue a variety of equity shares with differential rights etc.</p> <p><b><u>Rule 4 of Companies (Share Capital and Debentures) Rules, 2014</u></b> states the following conditions regarding issue of shares with differential voting rights by co. Limited by shares;-</p> <ul style="list-style-type: none"> <li>(a) The articles of association of the company authorizes the issue of shares with differential rights;</li> <li>(b) The issue of shares is authorized by an <b>ordinary resolution</b> passed at a general meeting of the shareholders: <i>(postal ballot in case of listed co)</i>.</li> <li>(c) the voting power in respect of shares with differential rights of the company <b>shall not exceed seventy four per cent. of total voting power</b> including voting power in respect of equity shares with differential rights issued at any point of time <b>the company having consistent track record of distributable profits for the last three years;</b></li> <li>(d) the company has not defaulted in filing financial statements <b>and</b> annual returns for three financial years immediately preceding the financial year in which it is decided to issue such shares;</li> <li>(e) the company has no subsisting default in the payment of a declared dividend to its shareholders or repayment of its matured deposits or redemption of its</li> </ul>

<p>payment of the <b>dividend on preference shares</b> or <b>repayment of any term loan</b> from a public financial institution or State level financial institution or scheduled Bank that has become repayable or <b>interest</b> payable thereon or dues with respect to statutory payments relating to its employees to any authority or default in <b>crediting the amount in Investor Education and Protection Fund</b> to the Central Government;</p> <p>(h) the company has not been penalized by Court or Tribunal during the last three years of any offence under the RBI Act, 1934, the SEBI Act, 1992, the SCR Act, 1956, the FEMA, 1999 or any other special Act, under which such companies being regulated by sectoral regulators.</p>	<p>preference shares or debentures.</p> <p>(f) the company has not defaulted in payment of the <b>dividend on preference shares</b> or <b>repayment of any term loan</b> from a public financial institution or State level financial institution or scheduled Bank that has become repayable or <b>interest</b> payable thereon or dues with respect to statutory payments relating to its employees to any authority or default in <b>crediting the amount in Investor Education and Protection Fund</b> to the Central Government;</p> <p>(g) the company has not been penalized by Court or Tribunal during the last three years of any offence under the RBI Act, 1934, the SEBI Act, 1992, the SCR Act, 1956, the FEMA, 1999 or any other special Act, under which such companies being regulated by sectoral regulators.</p>
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# DEBENTURES

## KINDS OF DEBENTURE

<b><u>Before Amendment (Earlier)</u></b>	<b><u>After Amendment (Now)</u></b>
<p><b><u>Debentures may be of various types, namely:</u></b></p> <p><b><u>Naked or unsecured debentures:</u></b></p> <p>Debentures of this kind do not carry any charge on the assets of the company. The holders of such debentures do not therefore have the right to attach particular property by way of security as to repayment of principal or interest.</p> <p><b><u>Secured debentures:</u></b></p> <p>Debentures that are secured by a mortgage of the whole or part of the assets of the company are called mortgage debentures or secured debentures.</p> <p><u>A company shall not issue secured debentures, unless it complies with the following conditions, namely:-</u></p> <p>(a) An issue of secured debentures may be made, provided the date of its redemption shall not exceed ten years from the date of issue. However, a company engaged in the setting up of infrastructure projects may issue secured debentures for a period exceeding ten years but not exceeding thirty years;</p> <p>(b) such an issue of debentures shall be secured by the creation of a charge on the assets of the company, by way of either mortgage or hypothecation only, having a value which is sufficient for the due repayment of the amount of debentures and interest thereon;</p> <p>"Provided further that in the case of any issue of debenture by a government company which is fully secured by the guarantee given by the central government or one or more state government or by statutory body, the requirement for creation of charge shall not apply.</p> <p>Provided also that in case of any loan taken by subsidiary company from any bank or financial institution, the charge or the mortgage may also be created on the properties</p>	<p><b><u>Debentures may be of various types, namely:</u></b></p> <p><b><u>Naked or unsecured debentures:</u></b></p> <p>Debentures of this kind do not carry any charge on the assets of the company. The holders of such debentures do not therefore have the right to attach particular property by way of security as to repayment of principal or interest.</p> <p><b><u>Secured debentures:</u></b></p> <p>Debentures that are secured by a mortgage of the whole or part of the assets of the company are called mortgage debentures or secured debentures.</p> <p><b><u>RULE 18</u></b></p> <p><u>A company shall not issue secured debentures, unless it complies with the following conditions, namely:-</u></p> <p>(a) An issue of secured debentures may be made, provided the date of its redemption shall not exceed ten years from the date of issue. However, a company engaged in the setting up of infrastructure projects may issue secured debentures for a period exceeding ten years but not exceeding thirty years;</p> <p>(b) such an issue of debentures shall be secured by the creation of a charge on the assets of the company, by way of either mortgage or hypothecation only, having a value which is sufficient for the due repayment of the amount of debentures and interest thereon;</p> <p>"Provided further that in the case of any issue of debenture by a government company which is fully secured by the guarantee given by the central government or one or more state government or by statutory body, the requirement for creation of charge shall not apply.</p> <p>Provided also that in case of any loan taken by subsidiary company from any bank or financial institution, the charge or the</p>

<p>or asset of the holding company.</p> <p>(c) the company shall appoint a debenture trustee before the issue of prospectus or letter of offer for subscription of its debentures; and</p> <p>(d) the company shall execute a debenture trust deed in <b>Form No. SH.12</b> or as near thereto as possible, within sixty days from the date of allotment of the debentures</p>	<p>mortgage may also be created on the properties or asset of the holding company.</p> <p>(c) the company shall appoint a debenture trustee before the issue of prospectus or letter of offer for subscription of its debentures; and</p> <p>(d) the company shall execute a debenture trust deed in <b>Form No. SH.12</b> or as near thereto as possible, within sixty days from the date of allotment of the debentures.</p>
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## **-Before Amendment (Earlier)-**

### **CREATION OF DEBENTURE REDEMPTION RESERVE (DRR)**

According to section 71, the company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures, 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 company shall create Debenture Redemption Reserve equivalent to at least **twenty five percent** of the amount raised through the debenture issue **before debenture redemption commences**.

### **INVESTMENT IN DRR**

- (a) Every company required to create Debenture Redemption Reserve shall **on or before the 30th day of April in each year**, invest or deposit, as the case may be, a sum which shall not be less than **fifteen percent**, 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 of the following methods, namely:-
  - (i) in deposits with any scheduled bank, free from any charge or lien;
  - (ii) in unencumbered securities of the Central Government or of any State Government;
  - (iii) in unencumbered securities/bonds mentioned in Indian Trusts Act, 1882;
- (b) The amount remaining invested or deposited, as the case may be, shall not at any time fall below **fifteen percent of the amount of the debentures** maturing during the year ending on the 31st day of March of that year;
- (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.

## **-After Amendment (Now)-**

### **INSPECTION OF TRUST DEED BY DEBENTURE HOLDERS**

Any member or debentureholder of the company may inspect the debenture trust deed and take the extracts thereof, during business hours being not less than two hours on every working day, without any fees.

Further, a copy of the trust deed shall be forwarded to every member or debentureholder of the company, at his request, **within 7 days** of the making of the request, on payment of such fee as may be specified in the articles of association of the company but **not exceeding rupees for each page**.

### **CREATION OF DEBENTURE REDEMPTION RESERVE (DRR)**

**the Companies (Share Capital and Debentures) Amendment Rules, 2019.**

**Rule 18(7)**

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“(7) The company shall comply with the requirements with regard to Debenture Redemption Reserve (DRR) and investment or deposit of sum in respect of debentures maturing during the year ending on the 31<sup>st</sup> day of March of next year, in accordance with the conditions given below:-

- (a) Debenture Redemption Reserve shall be created out of 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 Reserve Bank of India and Banking Companies for both public as well as privately placed debentures;
  - (ii) For other Financial Institutions within the meaning of clause (72) of section 2 of the Companies Act, 2013, Debenture Redemption Reserve shall be as applicable to Non –Banking Finance Companies registered with Reserve Bank of India.
  - (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 Reserve Bank of India 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 30<sup>th</sup> 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 31<sup>st</sup> 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 percent. of the amount of the debentures maturing during the year ending on 31<sup>st</sup> day of March of that year.
  - (vi) for the purpose of sub-clause (v), the methods of deposits or investments, as the case may be, are as follows:—
    - (A) in deposits with any scheduled bank, free from any charge or lien;
    - (B) in unencumbered securities of the Central Government or any State Government;
    - (C) in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
    - (D) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882:

**Interpretation:-**

According to section 71 and Rule 18(7) , the company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures, in accordance with the conditions given below:-

**Debenture Redemption Reserve is not required to be created:-**

Institutions	Need to comply
All India Financial Institutions (Listed / Unlisted)	Reserve Bank of India
Banking Companies(Listed / Unlisted)	Reserve Bank of India
other Financial Institutions (Listed / Unlisted)	Reserve Bank of India
Listed companies	SEBI
NBFCs(Listed / Unlisted)	Reserve Bank of India
Housing Finance Companies (Listed / Unlisted)	National housing bank

### **But they require INVESTMENT**

- (e) Every company not required to create Debenture Redemption Reserve shall **on or before the 30th day of April in each year**, invest or deposit, as the case may be, a sum which shall not be less than **fifteen percent**, 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 of the following methods, namely:-
- (A) in deposits with any scheduled bank, free from any charge or lien;
  - (B) in unencumbered securities of the Central Government or any State Government;
  - (C) in unencumbered securities mentioned in sub-clause (a) to (d) and (ee) of section 20 of the Indian Trusts Act, 1882;
  - (D) in unencumbered bonds issued by any other company which is notified under sub-clause (f) of section 20 of the Indian Trusts Act, 1882;
- (f) The amount remaining invested or deposited, as the case may be, shall not at any time fall below **fifteen percent of the amount of the debentures** maturing during the year ending on the 31st day of March of that year;

### **Debenture Redemption Reserve is required to be created as follows:-**

- (a) **for other unlisted companies**, the adequacy of Debenture Redemption Reserve shall be ten percent. of the value of the outstanding debentures;
- (b) The Debenture Redemption Reserve shall be created out of the **profits** of the company available for payment of dividend;
- (g) 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.
- (h) The amount credited to the Debenture Redemption Reserve shall not be utilised by the company except for the purpose of redemption of debentures.



# ACCOUNTS

## FILING OF FINANCIAL STATEMENT WITH REGISTRAR



<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p><b>SECTION 137</b> Section 137 requires every company shall file the financial statements with Registrar together with <b>Form AOC-4</b> and the consolidated financial statement, if any, with Form <b>AOC-4 CFS</b> within <b>30 days from the day on which the annual general meeting held and adopted</b> the financial statements.</p> <p>The <b>one Person company</b> shall file the copy of financial statements duly adopted by its member within a period of <u>one hundred and eighty days</u> from the closure of financial year.</p> <p>If the financial statements are not adopted at the annual general meeting or adjourned annual general meeting, such unadopted financial statements along with the required documents shall be filed with the Registrar within thirty days of the date of annual general meeting. The Registrar shall take them in his record as provisional, until the adoption of accounts at annual general meeting.</p> <p>If annual general meeting has not been held, the financial statement duly signed along with the statement of facts and reasons for not holding the annual general meeting shall be filed with the Registrar within 30 days of the last day before which the annual general meeting should have been held.</p> <p><b><u>Filing in respect of foreign subsidiary</u></b></p> <p>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</p>	<p><b>SECTION 137</b> Section 137 requires every company shall file the financial statements with Registrar together with <b>Form AOC-4</b> and the consolidated financial statement, if any, with Form <b>AOC-4 CFS</b> within <b>30 days from the day on which the annual general meeting held and adopted</b> the financial statements.</p> <p>The <b>one Person company</b> shall file the copy of financial statements duly adopted by its member within a period of <u>one hundred and eighty days</u> from the closure of financial year.</p> <p>If the financial statements are not adopted at the annual general meeting or adjourned annual general meeting, such unadopted financial statements along with the required documents shall be filed with the Registrar within thirty days of the date of annual general meeting. The Registrar shall take them in his record as provisional, until the adoption of accounts at annual general meeting.</p> <p>If annual general meeting has not been held, the financial statement duly signed along with the statement of facts and reasons for not holding the annual general meeting shall be filed with the Registrar within 30 days of the last day before which the annual general meeting should have been held.</p> <p><b><u>Filing in respect of foreign subsidiary</u></b></p> <p>In the case of a subsidiary which has been incorporated outside India (herein referred to as "foreign subsidiary"), which is not required to get its financial statement audited under any law of the country of its incorporation and which does not get such financial statement audited, the requirements of the fourth proviso shall be met if the holding Indian company files such unaudited financial statement along with a declaration to this effect and where such financial statement is in a language other than English, along with a translated copy of the financial statement in English.'</p>

translated copy of the financial statement in English.'	<p>Companies (Accounts) Amendment Rules, 2020</p> <p>Rule 1A</p> <p>Every Non-Banking Financial Company (NBFC) that is required to comply with Indian Accounting Standards (Ind AS) shall file the financial statements with Registrar together with Form AOC-4 NBFC (Ind AS) and the consolidated financial statement, if any, with Form AOC-4 CFS NBFC (Ind AS).l.</p>
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# DISTRIBUTION OF PROFITS

## INVESTOR EDUCATION & PROTECTION FUND (IEPF)

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p><b>SECTION 125</b></p> <div style="text-align: center; border: 1px solid black; border-radius: 10px; padding: 10px; margin: 10px auto; width: 150px;">  </div> <p>The Central Government has established a Fund known as 'Investor Education &amp; Protection Fund' under Section 125 of the Companies Act, 2013.</p> <p><b><u>INVESTOR EDUCATION AND PROVIDENT FUND (ACCOUNTING, AUDIT, TRANSFER AND REFUND) RULES, 2016</u></b></p> <p><b>Investor Education and Protection Fund Authority (“Authority”)</b> shall administer the IEPF. The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal with power to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.”</p> <p><b><u>Following amounts shall be credited to IEPF :-</u></b></p> <ul style="list-style-type: none"> <li>(a) Unpaid Dividend;</li> <li>(b) Unpaid application money received by companies for allotment of securities and due for refund;</li> <li>(c) Unpaid matured deposits;</li> <li>(d) Unpaid matured debentures;</li> <li>(e) Interest accrued on (a) to (d) above;</li> <li>(f) Grants and donations given to IEPF by the C/G, S/Gs, companies or any other institutions for the purposes of IEPF;</li> <li>(g) Interest or other income received out of the investments made from the IEPF;</li> </ul> <p>sale proceeds of fractional shares arising out of issuance of bonus shares, merger and amalgamation</p>	<p><b>SECTION 125</b></p> <div style="text-align: center; border: 1px solid black; border-radius: 10px; padding: 10px; margin: 10px auto; width: 150px;">  </div> <p>The Central Government has established a Fund known as 'Investor Education &amp; Protection Fund' under Section 125 of the Companies Act, 2013.</p> <div style="background-color: yellow; padding: 5px; margin-top: 10px;"> <p><b><u>Following amounts shall be credited to IEPF :-</u></b></p> <p><b><u>Section 125 (2)</u></b></p> </div> <ul style="list-style-type: none"> <li>(a) the amount given by the Central Government by way of grants after due appropriation made by Parliament by law in this behalf for being utilised for the purposes of the Fund;</li> <li>(b) donations given to the Fund by the Central Government, State Governments, companies or any other institution for the purposes of the Fund;</li> <li>(c) the amount in the Unpaid Dividend Account of companies transferred to the Fund under sub-section (5) of section 124;</li> <li>(d) the amount in the general revenue account of the Central Government which had been transferred to that account under sub-section (5) of section 205A of the</li> </ul>

<p>for seven or more years;</p> <p><b>(h)</b> redemption amount of preference shares remaining unpaid or unclaimed for seven or more years; and</p> <p><b>(i)</b> such other amount as may be prescribed:</p> <p>It may be noted that amounts mentioned in clauses (a) to (d) shall be transferred to IEPF only after they have remained unpaid and unclaimed for a period of 7 years from the date they become due for payment</p>	Companies Act, 1956, as it stood immediately before the commencement of the
	Companies (Amendment) Act, 1999, and remaining unpaid or unclaimed on the
	commencement of this Act;
	<i>(e)</i> the amount lying in the Investor Education and Protection Fund under section
	205C of the Companies Act, 1956;
	<i>(f)</i> the interest or other income received out of investments made from the Fund;
	<i>(g)</i> the amount received under sub-section (4) of section 38;
	<i>(h)</i> the application money received by companies for allotment of any securities and due for refund;
	<i>(i)</i> matured deposits with companies other than banking companies;
	<i>(j)</i> matured debentures with companies;
	<i>(k)</i> interest accrued on the amounts referred to in clauses <i>(h)</i> to <i>(j)</i> ;
	<i>(l)</i> sale proceeds of fractional shares arising out of issuance of bonus shares,
	merger and amalgamation for seven or more years;
	<i>(m)</i> redemption amount of preference shares remaining unpaid or unclaimed for seven or more years; and
<i>(n)</i> such other amount as may be prescribed	

**INVESTOR EDUCATION AND PROVIDENT FUND (ACCOUNTING, AUDIT, TRANSFER AND REFUND) RULES, 2016**

**Investor Education and Protection Fund Authority (“Authority”)** shall administer the IEPF. The Authority shall be a body corporate by the name aforesaid having perpetual succession and a common seal with power to acquire, hold and dispose of property, both movable and immovable, and to contract and shall, by the said name, sue or be sued.”

**RULE 1**

Any amount required to be credited by the companies to the Fund as provided under clauses (a) to (n) of sub-section (2) of section 125 of the Act shall be remitted online along with a Statement in Form No. IEPF 1 containing details of such transfer to the Authority within a period of thirty days of such amounts becoming due to be credited to the Fund.”

**RULE 8**

Every company shall within a period of sixty days after the holding of Annual General Meeting or the date on which it should have been held as per the provisions of section 96 of the Act, whichever is earlier and every year thereafter till completion of the seven years period, identify the unclaimed amounts, as referred in sub-section (2) of section 125 of the Act, as on the date of closure of financial year the account of which are to be adopted in the Annual General Meeting as per sub-section (1) of section 137 of the Act, separately furnish and upload on its own website and also on website of Authority or any other website as may be specified by the Government, a statement or information of unclaimed and unpaid amounts separately for each of the previous seven financial

	years through Form No. IEPF-2, containing following information, namely:-
	(a) the names and last known addresses of the persons entitled to receive the sum; (b) the nature of amount;
	(c) the amount to which each person is entitled;
	(d) the due date for transfer into the Investor Education and Protection Fund; and
	(e) such other information as may be considered necessary”.

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# CORPORATE SOCIAL RESPONSIBILITY (CSR)

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p><b><u>CSR CONTRIBUTION</u></b>  <b><u>AREAS/ACTIVITIES</u></b>  <b>SCHEDULE VII</b>                      Activities which may be included by companies in their Corporate Social Responsibility Policiesactivities relating to:—</p> <ul style="list-style-type: none"> <li>(a) eradicating extreme hunger and poverty;</li> <li>(b) promotion of education;</li> <li>(c) promoting gender equality and empowering women;</li> <li>(d) ensuring environmental sustainability;</li> <li>(e) social business projects;</li> <li>(f) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development.</li> <li>(g) Ensuring sustainability</li> <li>(h) Protecting heritage</li> <li>(i) Working for the benefits of the country's armed forces</li> <li>(j) Fostering and training for sports activities</li> </ul>	<p><b><u>CSR CONTRIBUTION</u></b>  <b><u>AREAS/ACTIVITIES</u></b>  <b>SCHEDULE VII</b>                      Activities which may be included by companies in their Corporate Social Responsibility Policiesactivities relating to:—</p> <ul style="list-style-type: none"> <li>(a) eradicating extreme hunger and poverty;</li> <li>(b) promotion of education;</li> <li>(c) promoting gender equality and empowering women;</li> <li>(d) ensuring environmental sustainability;</li> <li>(e) social business projects;</li> <li>(f) contribution to the Prime Minister's National Relief Fund or any other fund set up by the Central Government or the State Governments for socio-economic development.</li> <li>(g) Ensuring sustainability</li> <li>(h) Protecting heritage</li> <li>(i) Working for the benefits of the country's armed forces</li> <li>(j) Fostering and training for sports activities</li> <li>(k) Slum area development</li> <li>(l) Disaster Management</li> </ul>

# REGISTERS AND RECORDS

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p><b>SECTIONS 59</b></p> <p><u>Any person may apply to the NCLT for rectification of the register; -</u></p> <p>(a) where the name of a person is without sufficient cause, entered in the register of members of a company;</p> <p>(b) where his name, having been entered, is removed without sufficient cause; or</p> <p>(c) where default is made or unnecessary delay takes place in entering in the register of members the fact of any person having become, or ceased to be, a member of company.</p> <p>The NCLT has full powers to decide any question relating to the title of any person entered or omitted from the register of members.</p> <p>If default is made in complying with the order of the NCLT, the company shall be punishable with fine which shall not be less than <b>one lakh rupees but which may extend to five lakh rupees</b> and <u>every officer of the company who is in default</u> shall be punishable with imprisonment for a term which may extend to <b>one year</b> or with fine which shall not be less than <b>one lakh rupees but which may extend to three lakh rupees, or with</b></p>	<p><b>RECTIFICATION OF REGISTER OF MEMBERS</b></p> <p><b>SECTIONS 59</b></p> <p><u>Any person may apply to the NCLT for rectification of the register; -</u></p> <p>(a) where the name of a person is without sufficient cause, entered in the register of members of a company;</p> <p>(b) where his name, having been entered, is removed without sufficient cause; or</p> <p>(c) where default is made or unnecessary delay takes place in entering in the register of members the fact of any person having become, or ceased to be, a member of company.</p> <p>The NCLT has full powers to decide any question relating to the title of any person entered or omitted from the register of members.</p> <p>If default is made in complying with the order of the NCLT, the company shall be punishable with fine which shall not be less than <b>one lakh rupees but which may extend to five lakh rupees</b> and <u>every officer of the company who is in default</u> shall be punishable with imprisonment for a term which may extend to <b>one year</b> or with fine which shall not be less than <b>one lakh rupees but which may extend to three lakh rupees, or with</b></p>
<p><b>REGISTER OF SIGNIFICANT BENEFICIAL OWNERS IN A COMPANY</b></p> <p><b>SECTION 90</b></p> <p>(1) Every individual, who acting alone or together, or through one or more persons or trust, including a trust and persons resident outside India, holds beneficial interests, of not less than twenty-five per cent. or such other percentage as may be prescribed, in shares of a company or the right to exercise, or the actual exercising of significant influence or control as defined in clause (27) of section 2, over the company (herein referred to as</p>	<p><b>REGISTER OF SIGNIFICANT BENEFICIAL OWNERS IN A COMPANY</b></p> <p><b>SECTION 90</b></p> <p>Companies (Significant Beneficial Owners) Amendment Rules, 2019</p> <p><b>DEFINITIONS</b></p> <p><b>1. REPORTING COMPANY</b> Rule 2(f)</p> <p>‘Reporting company’ means a company as defined in clause (20) of section 2 of the Act, required to comply with the requirements of</p>



<p>"significant beneficial owner"), shall make a declaration to the company, (BEN-1) specifying the nature of his interest and other particulars, in such manner and within such period of acquisition of the beneficial interest or rights and any change thereof, as may be prescribed:</p> <p>Provided that the Central Government may prescribe a class or classes of persons who shall not be required to make declaration under this sub-section.</p>	<p>section 90 of the Act;</p> <p><b>2. "SIGNIFICANT BENEFICIAL OWNER" Rule 2(h)</b></p> <p>"significant beneficial owner" in relation to a reporting company means an individual referred to in section 90, who acting alone or together, or through one or more persons or trust, possesses one or more of the following rights or entitlements in such reporting company, namely:-</p>
<p>(2) Every company shall maintain a register of the interest declared by individuals (BEN-3) under sub-section (1) and changes therein which shall include the name of individual, his date of birth, address, details of ownership in the company and such other details as may be prescribed.</p>	<p>(i) holds indirectly, or together with any direct holdings, <b>not less than ten per cent.</b> of the shares;</p>
<p>(3) The register maintained under sub-section (2) shall be open to inspection by any member of the company on payment of such fees as may be prescribed.</p>	<p>(ii) holds indirectly, or together with any direct holdings, <b>not less than ten per cent.</b> of the voting rights in the shares;</p>
<p>(4) Every company shall file a return of significant beneficial owners of the company and changes therein with the Registrar containing names, addresses and other details as may be prescribed within such time, in such form (BEN-2) and manner as may be prescribed.</p>	<p>(iii) has right to receive or participate in <b>not less than ten per cent.</b> of the total distributable dividend, or any other distribution, in a financial year through indirect holdings alone, or together with any direct holdings;</p>
<p>(5) A company shall give notice, in the prescribed manner (BEN-4), to any person (whether or not a member of the company) whom the company knows or has reasonable cause to believe—</p>	<p>(iv) has right to exercise, or actually exercises, <b>significant influence or control</b>, in any manner</p>
<p>(a) to be a significant beneficial owner of the company;</p>	<p><b>2A. Duty of the reporting company.-</b></p>
<p>(b) to be having knowledge of the identity of a significant beneficial owner or another person likely to have such knowledge; or</p>	<p>(1) Every reporting company shall <b>take necessary steps to find out</b> if there is any individual who is a significant beneficial owner, as defined in clause (h) of rule 2, in relation to that reporting company, and if so, identify him and cause such individual to make a declaration in <b>Form No. BEN-1.</b></p>
<p>(c) to have been a significant beneficial owner of the company at any time during the three years immediately preceding the date on which the notice is issued, 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</p>	<p>(2) Without prejudice to the generality of the steps stated in sub-rule (1), every reporting company shall in all cases where its member (<i>other than an individual</i>), holds not less than ten per cent. of its:-</p>
	<p>(a) shares, or</p>
	<p>(b) voting rights, or</p>
	<p>(c) right to receive or participate in the dividend or any other distribution payable in a financial year,</p>
	<p><b>give notice to such member, seeking</b></p>

<p>not exceeding thirty days of the date of the notice.</p>	<p>information in accordance with sub-section (5) of section 90, in <b>Form No. BEN-4</b>.</p> <p><b>3. Declaration of significant beneficial ownership under section 90.-</b>  <b>Every individual, who subsequently becomes a significant beneficial owner, or where his significant beneficial ownership undergoes any change shall file a declaration in Form No. BEN-1 to the reporting company, within thirty days of acquiring such significant beneficial ownership or any change therein.</b></p> <p><b>4. Return of significant beneficial owners in shares.-</b>  <b>Upon receipt of declaration under rule 3, the reporting company shall file a return in Form No. BEN-2 with the Registrar in respect of such declaration, within a period of thirty days from the date of receipt of such declaration by it.</b></p> <p><b>7. Application to the Tribunal.-</b>  The reporting company shall apply to the Tribunal, -</p> <p>(i) where any <b>person fails to give the information</b> required by the notice in Form No. BEN-4, within the time specified therein; or</p> <p>(ii) where the information given is <b>not satisfactory,</b></p> <p><b>for order directing</b> that the shares in question be subject to restrictions, including -</p> <p>(a) restrictions on the <b>transfer</b> of interest attached to the shares in question;</p> <p>(b) <b>suspension</b> of the right to receive dividend or any other distribution in relation to the shares in question;</p> <p>(c) suspension of <b>voting rights</b> in relation to the shares in question;</p> <p>(d) <b>any other restriction</b> on all or any of the rights attached with the shares in question</p> <p><b>8. Non-Applicability.-</b>These rules shall not be</p>
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	made applicable to the extent the <b>share of the reporting company is held by,-</b>
	<b>(a)</b> the authority constituted under section 125 of the Act;
	<b>(b)</b> its holding reporting company;
	<b>(c)</b> the Central Government, State Government or any local Authority;
	<b>(d)</b> (i) a reporting company, or (ii) a body corporate, or (iii) an entity,
	controlled by the Central Government or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments;
	<b>(e)</b> Securities and Exchange Board of India registered Investment Vehicles such as mutual funds, alternative investment funds (AIF), Real Estate Investment Trusts (REITs), Infrastructure Investment Trust (InVITs) regulated by the Securities and Exchange Board of India,
	<b>(f)</b> Investment Vehicles regulated by Reserve Bank of India, or Insurance Regulatory and Development Authority of India, or Pension Fund Regulatory and Development Authority.

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# WINDING UP – AN OVERVIEW

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>												
MODES OF WINDING UP													
<p>A company registered under the Companies Act, 2013 may be wound up in any of the following modes:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #cccccc;"> <th style="width: 30%;">Mode of winding up</th> <th>Applicable laws</th> </tr> </thead> <tbody> <tr> <td>1. <b>Compulsory Winding Up</b> Or Winding Up by the NCLT</td> <td>Chapter XX of Companies Act, 2013</td> </tr> <tr> <td>2. <b>Voluntary winding up</b></td> <td>Chapter V of Part II of Insolvency and Bankruptcy Code, 2016</td> </tr> </tbody> </table>	Mode of winding up	Applicable laws	1. <b>Compulsory Winding Up</b> Or Winding Up by the NCLT	Chapter XX of Companies Act, 2013	2. <b>Voluntary winding up</b>	Chapter V of Part II of Insolvency and Bankruptcy Code, 2016	<p>A company registered under the Companies Act, 2013 may be wound up in any of the following modes:-</p> <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr style="background-color: #cccccc;"> <th style="width: 30%;">Mode of winding up</th> <th>Applicable laws</th> </tr> </thead> <tbody> <tr> <td>1. <b>Compulsory Winding Up</b> Or Winding Up by the NCLT</td> <td style="background-color: yellow;">Chapter XX of Companies Act, 2013 Read with the Companies (Winding Up) Rules, 2020</td> </tr> <tr> <td>2. <b>Voluntary winding up</b></td> <td>Chapter V of Part II of Insolvency and Bankruptcy Code, 2016</td> </tr> </tbody> </table>	Mode of winding up	Applicable laws	1. <b>Compulsory Winding Up</b> Or Winding Up by the NCLT	Chapter XX of Companies Act, 2013 Read with the Companies (Winding Up) Rules, 2020	2. <b>Voluntary winding up</b>	Chapter V of Part II of Insolvency and Bankruptcy Code, 2016
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## WHO MAY PETITION FOR THE WINDING UP

### SECTION 272

An application for the winding up of a company has to be made by way of petition to the Tribunal. A petition may be presented under Section 272 by any of the following persons:-

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p><b><u>(a) The Company.</u></b> Here the directors shall make a petition in the name of the company with the sanction of general meeting by way of special resolution.</p> <p><b><u>(b) Any contributory or contributories.</u></b> A contributory is entitled to present a winding up petition, if the shares in respect of <u>which he is a contributory or some of them</u> :</p> <ul style="list-style-type: none"> <li>(i) were originally allotted to him; or</li> <li>(ii) have been held by him and registered in his name for at least 6 months during the 18 months immediately before the commencement of winding up; or</li> <li>(iii) have devolved upon him through the death</li> </ul>	<p><b><u>(a) The Company.</u></b> Here the directors shall make a petition in the name of the company with the sanction of general meeting by way of special resolution.</p> <p><b><u>(b) Any contributory or contributories.</u></b> A contributory is entitled to present a winding up petition, if the shares in respect of <u>which he is a contributory or some of them</u> :</p> <ul style="list-style-type: none"> <li>(iii) were originally allotted to him; or</li> <li>(iv) have been held by him and registered in his name for at least 6 months during the 18 months immediately before the commencement of winding up; or</li> <li>(iii) have devolved upon him through the death</li> </ul>

of a former holder.

A transfer of shares had been executed, stamped and dated in June, 1967. The company did not register it until October, 1968. The shareholder presented a petition for the winding up of the company in December, 1968. It was held that the petition did not lie, as the petitioner did not hold her shares for 6 months in her name. **[Re, Gattapardo Ltd.]**

The legal representative of a deceased shareholder is a contributory for the purpose of this section. He can also file a petition for winding up though his name is not there in the register of members.

**(c) All or any of the persons specified above in clauses (a) and (b).**

**(d) The Registrar of Companies.**

Registrar of Companies is entitled to present a petition for winding up of a company on any one or more of the grounds specified in clauses (b) to (d) of Section 271. It is obligatory on the part of the Registrar to obtain prior sanction of the Central Government before presentation of the petition. Before granting the permission, the Central Government shall give a reasonable opportunity of making representations to the Company.

**(e) Any person authorized by the Central Government for making the petition for winding up.**

**(f) In a case falling under Section 271(b), by the Central Government or a State Government.**

A copy of the petition made under this section shall also be filed with the Registrar and the Registrar shall submit his views to the Tribunal within sixty days of receipt of such petition.

Petition **presented by the company** for winding up before the Tribunal shall be admitted only if accompanied by a **Statement of Affairs** in such form and in such manner as may be prescribed.

In **Mumbai Labour Union v. Indo French Time Industries**, it was held that a trade union cannot file winding up petition for unpaid wages of workmen/employees. They are

of a former holder.

A transfer of shares had been executed, stamped and dated in June, 1967. The company did not register it until October, 1968. The shareholder presented a petition for the winding up of the company in December, 1968. It was held that the petition did not lie, as the petitioner did not hold her shares for 6 months in her name. **[Re, Gattapardo Ltd.]**

The legal representative of a deceased shareholder is a contributory for the purpose of this section. He can also file a petition for winding up though his name is not there in the register of members.

**(c) All or any of the persons specified above in clauses (a) and (b).**

**(d) The Registrar of Companies.**

Registrar of Companies is entitled to present a petition for winding up of a **company except ground specified in clauses (a) of Section 271.**

It is obligatory on the part of the Registrar to obtain prior sanction of the Central Government before presentation of the petition. Before granting the permission, the Central Government shall give a reasonable opportunity of making representations to the Company.

**(e) Any person authorized by the Central Government for making the petition for winding up.**

**(f) In a case falling under Section 271(b), by the Central Government or a State Government.**

A copy of the petition made under this section shall also be filed with the Registrar and the Registrar shall submit his views to the Tribunal within sixty days of receipt of such petition.

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In **Mumbai Labour Union v. Indo French Time Industries**, it was held that a trade union cannot file winding up petition for unpaid wages of workmen/employees. They are disentitled as other legitimate and efficacious

<p>disentitled as other legitimate and efficacious remedy under labour laws is available. In such case, filing winding up petition is abuse of law. Though the workers have no right to present a winding up petition, the workers may still be entitled to appear and be heard in support of or in opposition to the winding up petition. That would depend upon whether their interest is likely to be affected by any order, which may be made on the winding up petition. <u>(National Textile Workers' Union v. P. R. Ramakrishnan)</u></p>	<p>remedy under labour laws is available. In such case, filing winding up petition is abuse of law. Though the workers have no right to present a winding up petition, the workers may still be entitled to appear and be heard in support of or in opposition to the winding up petition. That would depend upon whether their interest is likely to be affected by any order, which may be made on the winding up petition. <u>(National Textile Workers' Union v. P. R. Ramakrishnan)</u></p>
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# DIRECTORS

## QUALIFICATION OF INDEPENDENT DIRECTOR

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>Rule 5 of Companies (Appointment and qualification of directors) Rules, 2014 provides that an independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.</p>	<p>Rule 5 of Companies (Appointment and qualification of directors) Rules, 2014 provides that an independent director shall possess appropriate skills, experience and knowledge in one or more fields of finance, law, management, sales, marketing, administration, research, corporate governance, technical operations or other disciplines related to the company's business.</p> <p><b><u>COMPANIES (APPOINTMENT AND QUALIFICATION OF DIRECTORS) FIFTH AMENDMENT RULES, 2019</u></b></p> <p><b><u>RULE 6</u></b></p> <p><b><u>Compliances required by a person eligible and willing to be appointed as an independent director.—</u></b></p> <p><b>(1) Every individual –</b></p> <p><b>who intends to get appointed as an independent director in a company shall before such appointment,</b></p> <p><b>apply online to the institute for inclusion of his name in the data bank for a period of one year or five years or for his life-time, and from time to time take steps as specified in sub-rule</b></p> <p><b>till he continues to hold the office of an independent director in any company:</b></p> <p><b>Provided that any individual, including an individual not having DIN, may voluntarily apply to the institute for inclusion of his name</b></p>



in the data bank.

(2) Every individual whose name has been so included in the data bank shall file an application for **renewal** for a further period of **one year or five years** or for **his life-time**, within a period of **thirty days from the date of expiry of the period** upto which the name of the individual was applied for inclusion in the data bank, failing which, the name of such individual shall stand removed from the data bank of the institute:

Provided that **no** application for renewal shall be filed by an individual who has paid **life-time fees for inclusion** of his name in the data bank.

(4) Every individual whose name is so included in the data bank shall **pass an online proficiency self-assessment test** conducted by the institute **within a period of one year from the date of inclusion of his name** in the data bank, **failing** which, his name shall stand removed from the databank of the institute:

“Provided that an individual **shall not be required to pass** the online proficiency self-assessment test, when he has served as a **director or key managerial personnel, for a total period of not less than ten years**, as on the date of inclusion of his name in the databank, in one or more of the following, namely:-

(a) listed public company; or

(b) unlisted public company having a paid-up share capital of rupees ten crore or more; or

(c) body corporate listed on a recognized stock exchange:

**COMPANIES (CREATION AND MAINTENANCE OF DATABANK OF**

	<p><b>INDEPENDENT DIRECTORS) RULES, 2019.</b></p> <p><b>“Institute”</b> means the ‘Indian Institute of Corporate Affairs’ notified under <b>Section 150</b> of the Companies Act, 2013.</p> <p><b>Creation and maintenance of data bank.—</b></p> <p>The institute shall create and maintain a <b>databank of persons willing and eligible to be appointed as independent directors</b>, and such databank shall be an <b>online databank</b> which shall be placed on the <b>website of the institute.</b></p>
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## **MANNER OF SELECTION OF AN INDEPENDENT DIRECTOR**

### **SECTION 150**

<b><u>Before Amendment (Earlier)</u></b>	<b><u>After Amendment (Now)</u></b>
<p>According to <b>Section 150</b>, independent directors may be selected from a <b>data bank of eligible and willing persons maintained by the agency</b> (Any body, institute or association as may be authorized by Central government). Such agency shall put data bank of independent directors on the website of ministry of corporate affairs or any notified website. Company must exercise due diligence before selecting a person from the data bank referred to above, as an independent director.</p> <p>This section further stipulates that the appointment of independent directors has to be approved by members in a <b>General meeting</b>.</p> <p>Any person who desires to get his name included in the data bank of independent directors shall make an application to the agency in <b>Form DIR-1</b> Application for inclusion of name in the databank of Independent Directors which includes the personal, educational, professional, work experience, other Board details of the appointment.</p> <p><i>However, Section 150 shall not apply to Section 8 companies.</i></p>	<p>According to <b>Section 150</b>, independent directors may be selected from a <b>data bank of eligible and willing persons maintained by the agency</b> (Any body, institute or association as may be authorized by Central government). Such agency shall put data bank of independent directors on the website of ministry of corporate affairs or any notified website. Company must exercise due diligence before selecting a person from the data bank referred to above, as an independent director.</p> <p>This section further stipulates that the appointment of independent directors has to be approved by members in a <b>General meeting</b>.</p> <p><i>However, Section 150 shall not apply to Section 8 companies.</i></p>

# POWERS OF THE BOARD OF DIRECTORS

## WHEN PRIOR APPROVAL OF COMPANY BY RESOLUTION REQUIRED FOR RELATED PARTY TRANSACTION

### [Rule 15 of companies (Meeting of Board and its Powers) Rules, 2014]:-

“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 –

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of <b>Section 188</b>;</p>	<p>(i) sale, purchase or supply of any goods or materials, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company <del>or rupees one hundred crore, whichever is lower,</del> as mentioned in clause (a) and clause (e) respectively of sub-section (1) of <b>Section 188</b>;</p>
<p>(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent. of net worth of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of <b>Section 188</b>;</p>	<p>(ii) selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, exceeding ten per cent. of net worth of the company <del>or rupees one hundred crore, whichever is lower,</del> as mentioned in clause (b) and clause (e) respectively of sub-section (1) of <b>Section 188</b>;</p>
<p>(iii) leasing of property of any kind exceeding ten per cent. of the net worth of the company or ten per cent. of turnover of the company or rupees one hundred crore, whichever is lower, as mentioned in clause (c) of sub-section (1) of <b>Section 188</b>;</p>	<p>(iii) leasing of property of any kind <del>exceeding ten per cent. of the net worth of the company or ten per cent. of turnover of the company or rupees one hundred crore, whichever is lower,</del> “amounting to ten per cent or more of the turnover of the company” as mentioned in clause (c) of sub-section (1) of <b>Section 188</b>;</p>
<p>(iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company or rupees fifty crore, whichever is lower, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of <b>Section 188</b>;</p> <p>Explanation.—It is hereby clarified that the limits specified in sub-clauses (i) to (iv) shall apply for transaction or transactions to be</p>	<p>(iv) availing or rendering of any services, directly or through appointment of agent, exceeding ten per cent. of the turnover of the company <del>or rupees fifty crore, whichever is lower,</del> as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:</p> <p>Explanation.—It is hereby clarified that the</p>

entered into either 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 subsection (1) of **Section 188**; or
- (c) is for remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one per cent. of the net worth as mentioned in clause (g) of sub-section (1) of **Section 188**.

Explanation.-

- (1) The Turnover or Net Worth referred in the above sub-rules shall be computed on the basis of the Audited Financial Statement of the preceding Financial year.
- (2) In case of a wholly owned subsidiary, the special resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and the holding company.
- (3) The explanatory statement to be annexed to the notice of a general meeting convened pursuant to **Section 101** shall contain the **following particulars, namely:—**
- (a) name of the related party ;
- (b) name of the director or key managerial personnel who is related, if any;
- (c) nature of relationship;
- (d) nature, material terms, monetary value and particulars of the contract or arrangement;
- (e) any other information relevant or important for the members to take a decision on the proposed resolution.”

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- (e) any other information relevant or important for the members to take a decision on the proposed resolution.”

# TRANSPARENCY AND DISCLOSURES

## DISCLOSURES UNDER VARIOUS RULES MADE UNDER THE COMPANIES ACT

### I. Matters to be included in Board's report [Rule 8 of Companies (Accounts) Rules 2014].-

As per Rule 8 of Companies(Accounts)Rules 2014 following matters to be disclose in the Board's Report:-

<u>Before Amendment (Earlier)</u>	<u>After Amendment (Now)</u>
<p>(1) The Board's Report shall be prepared based on the stand alone financial statements of the company and the report shall contain a separate section wherein a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented.</p>	<p>(1) The Board's Report shall be prepared based on the stand alone financial statements of the company and the report shall contain a separate section wherein a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented.</p>
<p>(2) The Report of the Board shall contain the particulars of contracts or arrangements with related parties referred to in sub-section (1) of section 188 in the Form AOC-2.</p>	<p>(2) The Report of the Board shall contain the particulars of contracts or arrangements with related parties referred to in sub-Section (1) of Section 188 in the Form AOC-2.</p>
<p>(3) The report of the Board shall contain the following information and details, namely:-</p>	<p>(3) The report of the Board shall contain the following information and details, namely:-</p>
<p>(A) <i>Conservation of energy-</i></p>	<p>(A) <i>Conservation of energy-</i></p>
<p>(B) <i>Technology absorption-</i></p>	<p>(B) <i>Technology absorption-</i></p>
<p>(C) <i>Foreign exchange earnings and Outgo-</i></p>	<p>(C) <i>Foreign exchange earnings and Outgo-</i></p>
<p>(4) Every listed company and every other public company having a paid up share capital of twenty five crore rupees or more in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.</p>	<p>(4) Every listed company and every other public company having a paid up share capital of <b>twenty five crore rupees</b> or more in the report by its Board of directors, a statement indicating the manner in which formal annual evaluation has been made by the Board of its own performance and that of its committees and individual directors.</p>
<p>(5) In addition to the information and details specified in sub-rule (4), the report of the <u>Board shall also contain –</u></p>	<p>(5) In addition to the information and details specified in sub-rule (4), the report of the <u>Board shall also contain –</u></p>

<ul style="list-style-type: none"> <li>(i) the financial summary or highlights;</li> <li>(ii) the change in the nature of business, if any;</li> <li>(iii) the details of directors or key managerial personnel who were appointed or have resigned during the year;</li> <li>(iv) the names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year;</li> <li>(v) the details relating to deposits.</li> <li>(vi) the details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;</li> <li>(vii) the details in respect of adequacy of internal financial controls with reference to the Financial Statements.</li> </ul>	<ul style="list-style-type: none"> <li>(i) the financial summary or highlights;</li> <li>(ii) the change in the nature of business, if any;</li> <li>(iii) the details of directors or key managerial personnel who were appointed or have resigned during the year;</li> <li><b>(iii)a statement regarding opinion of the Board with regard to integrity, expertise and experience (including the proficiency) of the independent directors appointed during the year”.</b></li> <li>(iv) the names of companies which have become or ceased to be its Subsidiaries, joint ventures or associate companies during the year;</li> <li>(v) the details relating to deposits.</li> <li>(vi) the details of significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and company's operations in future;</li> <li>(vii)the details in respect of adequacy of internal financial controls with reference to the Financial Statements.</li> </ul>
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