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Companies (Amendment) Act, 2020

*Ahmedabad Chapter of
WIRC of ICSI
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Broad Discussion Areas

Companies (Amendment) Act, 2020

**President Assent received on September
28, 2020**

**Will come in to force from the date of
notification. It is expected that the
provisions where powers had been
delegated to CG and require drafting of
rules may take time for notification,
while rest may be done at once**

Amit Gupta, Company Secretary, Lucknow

**Changing
Dynamics**

**Important changes
in CAA 2020**

**Delegation of
powers to CG**

**Sections where
Imprisonment
removed**

**Sections where
punishment
removed**

Decriminalisation

**Reduction in
Penalty amount**

Q & A

Changing Dynamics

We must understand the direction of changes

Convergence of criminal offence to civil

Criminal prosecution

Civil Adjudication

Compounding of Offences

MCA – Compliance Management System

MCA – V3 – Artificial Intelligence

Disqualification, KYC, ACTIVE, Strike off

Consequence of delay in filing of forms

Changing Dynamics

Decriminalisation of Offences

Under CA, 1956 all offences were Criminal



Under CA, 2013, up to 01.11.2018, 81 criminal offences



The Companies (Amendment) Ordinance, 2018 decriminalised 16 offences w.e.f. 02.11.2018



The Companies (Amendment) Act, 2020 decriminalised 26 offences, removed 5 offences and removed imprisonment in 12 cases



Finally very few offences viz. Fraud shall only remain Criminal

Changing Dynamics

Lets Learn basics

Judicial system in
India

Cognizable & Non
Cognizable
offences

Penalty under CA
1956 Vs. Penalty
under CA 2013

Adjudication of
offence

Adjudication under
SEBI Act Vs. CA,
2013

Supreme Court on
quantum of
Penalty

Continuing offence
and repeated
offence

Officer in default

Compounding of
Offence

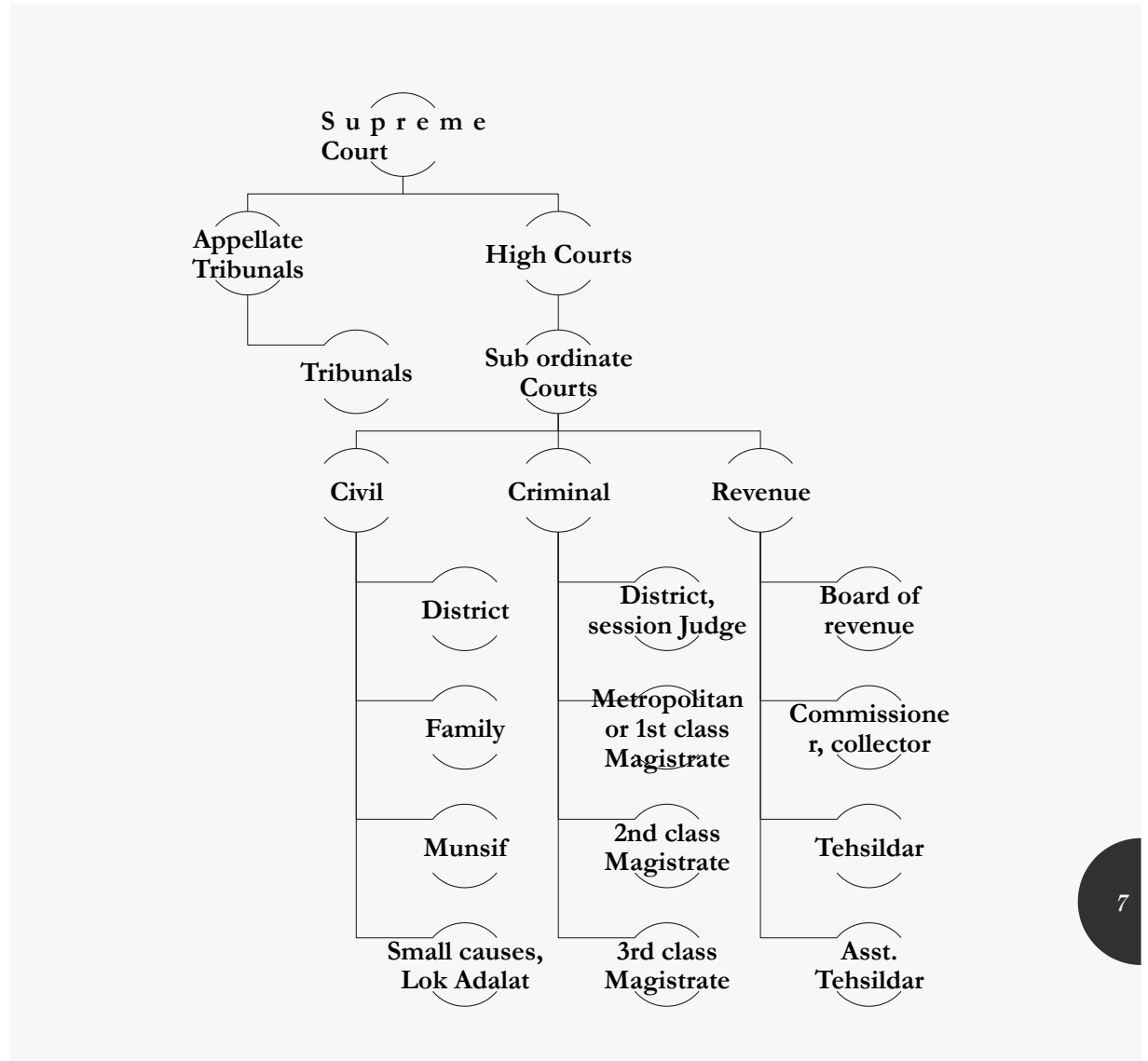
Changing Dynamics

Judicial System in India

Metropolitan Magistrate - having population of ten lakh or more

Jurisdiction - Power to pass order for imprisonment for a term not exceeding three years, or of fine not exceeding ten thousand rupees.

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Changing Dynamics

Meaning of "Court" under the Companies Act, 1956

"the Court" means

with respect to any matter relating to a company (other than any offence against this Act)

- the Court having jurisdiction under this Act with respect to that matter relating to that company, as provided in section 10

with respect to any offence against this Act

- the Court of a Magistrate of the First Class or, as the case may be, a Presidency Magistrate, having jurisdiction to try such offence

Changing Dynamics

Meaning of "Court" under the Companies Act, 2013

"the Court" means

High Court

- At the place where registered office of the company is situated

District Court

- In cases where CG has by notification, empowered any district court

Session Court

- having jurisdiction to try any offence under this Act or under any previous company law

Special Court

- established under section 435

Metropolitan Magistrate or 1st Class Judicial Magistrate

- having jurisdiction to try any offence under this Act or under any previous company law

Changing Dynamics

Special Court under the Companies Act, 2013

Notified by CG in concurrence with Chief Justice of respective High Courts

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Offence punishable with imprisonment for 2 years or more

- A single judge holding office as Session Judge or Additional Session Judge

Other offences

- Metropolitan Magistrate or a Magistrate of the First Class

Changing Dynamics

Jurisdiction of Special Court under the Companies Act, 2013

Section 435, 436, 465 of CA, 2013

Section 622 of the CA, 1956 provided for the jurisdiction to try offences

No Court inferior to that of a Presidency Magistrate or a Magistrate of the first class shall try any offence against this Act.

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All offences under the Companies Act, 2013 shall be triable only by the Special Court established for the area in which the registered office of the company in relation to which the offence is committed or where there are more Special Courts than one for such area, by such one of them as may be specified in this behalf by the High Court concerned

No other Court has Jurisdiction for any offence under the Companies Act, 2013. However the provisions for which NCLT has been specifically empowered, NCLT shall exercise jurisdiction. One more exception has been created by CAA, 2020 for offences regarding withholding of properties by Employee under section 452.

465(2)(i) any prosecution instituted under the repealed enactments and pending immediately before the commencement of this Act before any Court shall, subject to the provisions of this Act, continue to be heard and disposed of by the said Court

Changing Dynamics

Cognizable & Non Cognizable offences

Sr. No.	Cognizable offence	Non Cognizable offence
1.	Police officer can make arrest without warrant	Police officer can not make arrest without warrant
2.	Serious in nature	Non serious in nature
3.	Trigger point is FIR	Trigger point is permission of Magistrate
4	a Police Officer can investigate without the Magistrate's permission.	police officer to obtain the permission from the Magistrate before start of investigation
5.	Non bailable	Bailable

Changing Dynamics

Cognizable & Non Cognizable offences under CA, 1956 & 2013

Section 212(6) provides no person accused of any offence under those sections shall be released on bail or on his own bond unless—

- (i) the Public Prosecutor has been given an opportunity to oppose; and
- (ii) where the Public Prosecutor opposes the application, the court is satisfied that there are reasonable grounds for believing that he is not guilty of such offence and that he is not likely to commit any offence while on bail

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Sr. No.	Companies Act, 1956	Companies Act, 2013
1.	<p>624. Offences to be Non-cognizable - Notwithstanding anything in the CRPC, every offence against this Act shall be deemed to be non-cognizable within the meaning of the said Code.</p> <p>Exception - 58AAA. Default in acceptance or refund of deposits to be cognizable</p>	<p>439. (1) Notwithstanding anything in the CRPC, every offence under this Act except the offences referred to in sub-section (6) of section 212 shall be deemed to be non-cognizable within the meaning of the said Code.</p> <p>Exception – Section 212(6) – The offence covered under section 447 of this Act shall be cognizable</p>

Changing Dynamics

Penalty under the Companies Act, 1956 Vs. Penalty under the Companies Act, 2013

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Sr. No.	The Companies Act, 1956	The Companies Act, 2013
1.	the term Penalty appeared 72 times	the term Penalty appears 38 times
2.	the terms Penalty was used as synonym of the terms "punishment" and not as synonym of the term "fine", as commonly understood	the term penalty has been used to indicate civil offence and the term fine has been used as criminal offence.
3.	all offences were punishable with fine	the offences had been categorized in to two categories – civil offence & criminal offence and punishment for civil offences is termed as Penalty and punishment for criminal offences is termed as fine
4.	all offences were criminal offences	the classification between civil and criminal offences has been made

Changing Dynamics

Adjudication of Penalties (S-454)

**Meaning – Act or process of deciding
disputes**

**Adjudication under the Companies Act,
1956 – Not existing**

**Adjudication under other laws – SEBI has
power to adjudicate in respect of offences
covered in Section 15A to 15HA of SEBI
Act, 1992**

Adjudication of penalties is provided in Section 454 read with the Companies (Adjudication of Penalties) Rules, 2014, as amended w.e.f. 19.02.2019

ROC of concerned jurisdiction is Adjudicating Authority and appeal can be filed before RD.

Adjudication can be done only for Civil offences (ie. the offences punishable with Penalty. The offences which are punishable with fine or imprisonment or with both can not be adjudicated.

There was no provision for Adjudication under the Companies Act, 1956, though Adjudication provisions existed under other laws.

Changing Dynamics

Adjudication of Penalties (S-454)

Process of E-Adjudication

Written notice (not less than 15 days and not more than 30 days) to Company/officer/others asking why Penalty should not be levied

Specified Manner - as per section 20, Email id given in KYC to be considered

Contents - Nature of default, Relevant Penal provisions, Maximum Penalty

Replied in electronic mode shall be mandatory on commencement of e-adjudication platform

Physical Appearance If AO feels necessary, issue notice within 10 days and fix date

Time period for reply may be extended by recording reasons in writing for sufficient cause by maximum 15 days

Company/officer while making reply may also request for making oral submissions

AO to pass order after giving reasonable opportunity

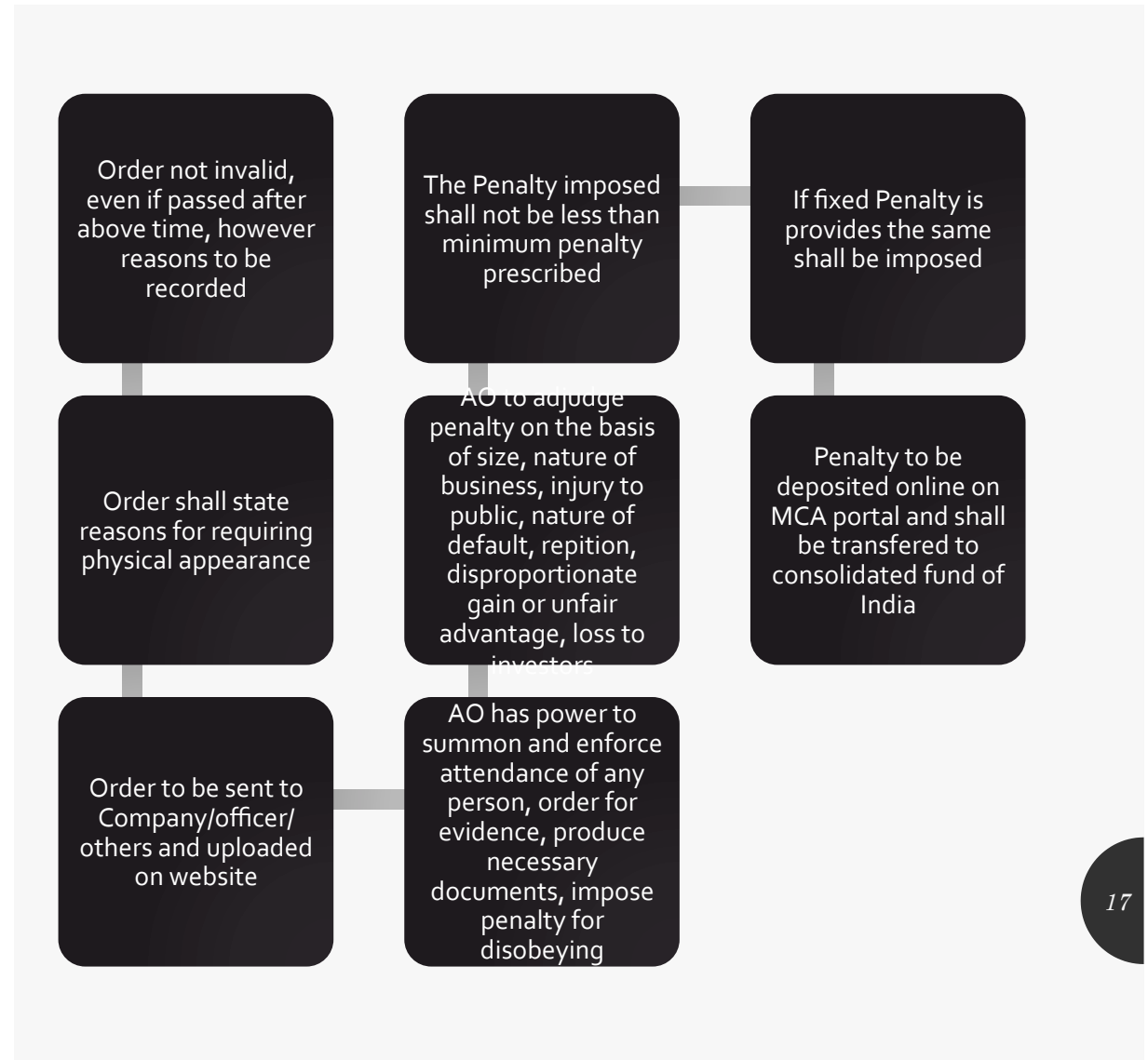
Time Limit with in 30 days - if no physical hearing with in 90 days - if physical hearing

Changing Dynamics

Adjudication of Penalties (S-454)

Process of E-Adjudication

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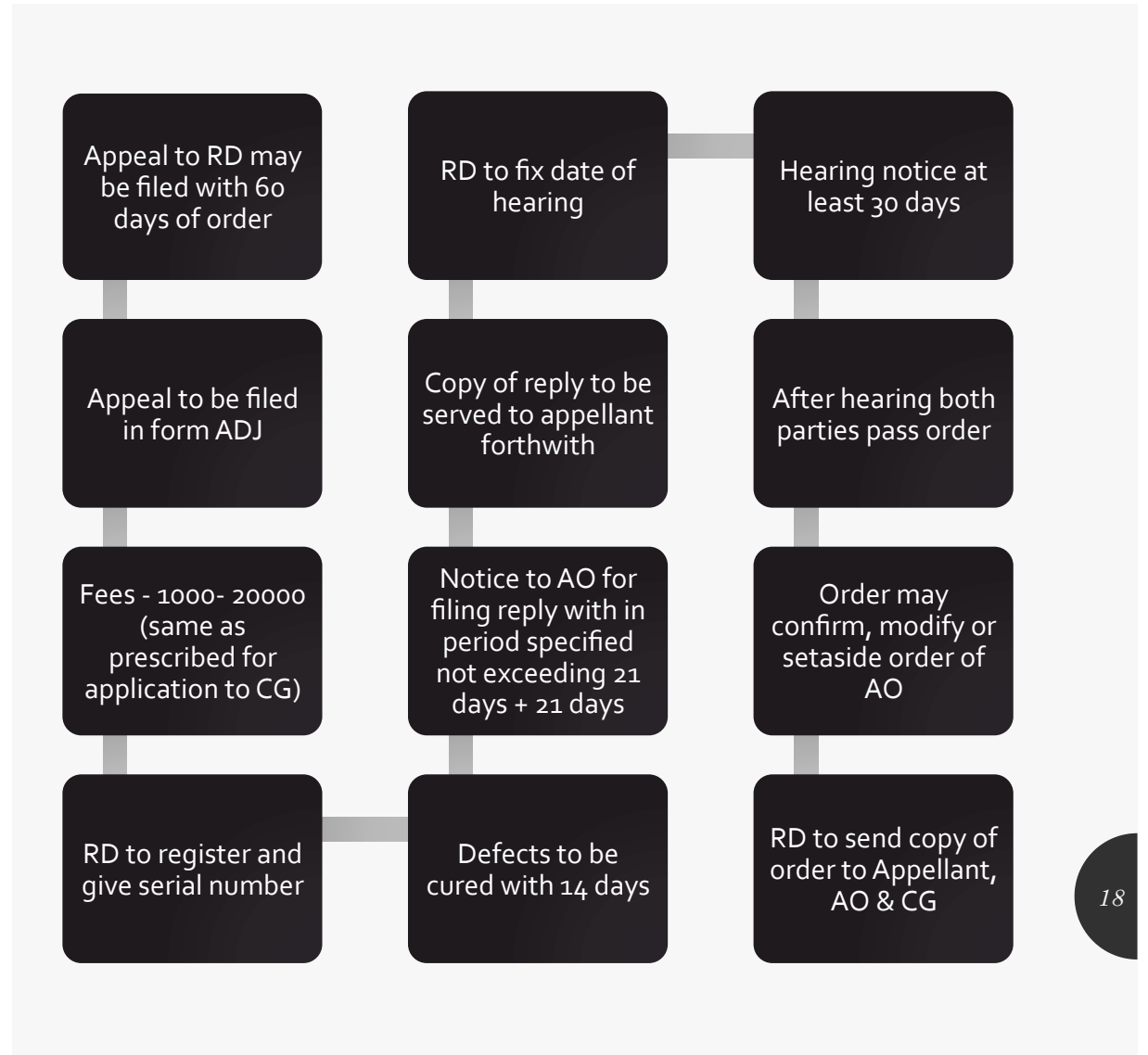


Changing Dynamics

Adjudication of Penalties (S-454)

Process of E-Adjudication

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Changing Dynamics

Adjudication under SEBI Act,
1992 Vs. CA, 2013

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Sr. No.	SEBI Act, 1992	CA, 2013
1.	Section 15A to 15HA of the Act provides for penal consequence.	Penal provisions had been provided in respective sections viz. 92, 117, 137
2.	Power of adjudication has been provided under section 15J of the Act	Power of adjudication has been provided under section 454 of the Act
3.	15J: "While adjudging quantum of penalty under section 15-I, the adjudicating officer shall have due regard to the following factors, namely :— (a) the amount of disproportionate gain or unfair advantage, wherever quantifiable, made as a result of the default; (b) the amount of loss caused to an investor or group of investors as a result of the default; (c) the repetitive nature of the default.	Rule 3(12) provides similar provisions. However provisions - Provided that, in no case, the penalty imposed shall be less than the minimum penalty prescribed, if any, under the relevant section of the Act

Changing Dynamics

Supreme Court on Power of AO to levy lesser amount of Penalty

Adjudicating Officer vs. Bhavesh
Pabari dated 28th February, 2019

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A three member Bench of the SC recently overruled its earlier decision in Roofit Industries Ltd vs SEBI, and provided a controlled discretion to the Adjudicating Officer in fixing penalties for offences under the SEBI Act as well Securities Contract Regulation Act (SCRA) as a result of the ruling, the Adjudicating Officer **shall not be constrained by the minimum extent of penalty** laid in SEBI Act and may, **where circumstances so warrant, either waive off the penalty completely or may assign a penalty less than the so called minimum.** Thus, the adjudication of penalties may be expected to be more commensurate with the gravity of the offence, than was so far possible primarily due to the position arising out of Roofit ruling.

Changing Dynamics

Continuing Offence & Repeated Offence

State of Bihar vs. Deokaran Nenshi
& Ors

Union of India & Anr vs. Tarsem
Singh

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A continuing offence is a one which is of continuous nature and continues till the rule or requirement is obeyed or complied with.

Continuing Offence - single wrongful act which causes continuing injury.

Recurring or successive wrong are those which occurs periodically with each wrong giving rise to separate cause of action.

The distinction between the two types of offences is that in case of continuing offence the factor of continuance of offence takes places, however, repeated offence constitutes an act or omission which continues but constitutes as a fresh offence every time or occasion where in occurs.

Changing Dynamics

Officer in Default (S-2(60))

(i) whole-time director;

(ii) key managerial personnel;

(iii) where no key managerial personnel - Directors who had consented or All directors

(iv) Other Persons charged with Responsibility

(v) Deeming Directors on whose directors Board is accustomed to act

(vi) every director who is aware of such contravention by virtue of the receipt of minutes or has participated or consented

(vii) RTA, Merchant Banker

Changing Dynamics

Compounding of Offence (S-421)

Only Criminal Offences can be compounded. This means offence punishable with fine, imprisonment or both can be compounded.

Civil offences can be adjudicated. This means offences punishable with Penalty can not be Compounded.

In case of Compounding of Offences RD/NCLT has power to levy cost lesser than fine prescribed in the Act. However in case of Rule 3(13) and proviso to Rule 3(12) does not provide such discretion.

Further Compounding can be suo-moto where as in case of Adjudication no provision for suo-moto filing of an application for adjudication

Companies (Amendment) Act, 2020

Changes at a Glance

Total 74 changes



Important Changes – CAA 2020

Section 16(1)(b)

**Reduction of time provided for
rectification of name on order of
RD from six months to three
months**

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Section 16 empowers RD to pass order for change of name of the Company, if the name is identical with or too nearly resembles to a registered trade mark of such proprietor under the Trade Marks Act, 1999 and application is made to RD within three years of incorporation/ registration or change of name.

The company is obliged to change its name/ new name after adopting an ordinary resolution for the purpose.

Prior to CAA, 2020 this time limit was six months from the date of order.

Now this time has been reduced to three months.

Important Changes – CAA 2020

Section 23(3) & (4) Inserted

MCA empowered to allow certain classes of public companies to list classes of securities in foreign jurisdictions.

Based on SEBI Expert Committee Report (2018)

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MCA has been empowered to determine class of Public companies which shall be permitted to list in foreign. Both Listed and unlisted public Companies eligible. Even a Company can directly list its securities without raising the capital.

MCA has also been empowered to prescribe the permissible foreign jurisdictions for listing of securities by Indian Companies. Simultaneous listing on exchanges in different jurisdiction may also be possible.

Likely permitted jurisdictions may include jurisdictions where masala bonds are permitted to be issued or Jurisdictions where depository receipts are permitted for issuance by SEBI.

MCA empowered to exempt any class or classes of public companies opting for foreign listing from any of the provisions of this Chapter, Chapter IV, section 89, section 90 or section 127

Challenges ahead: Compliances of laws of different jurisdictions, listing requirements, shareholders rights, price manipulations, SEBI's extra territorial jurisdiction

Important Changes – CAA 2020

Second Proviso to Section 117(3)

(g)

Exemption from filing of form MGT-14

Section 117 requires for filing of certain resolutions/agreements with the Registrar of Companies in form MGT 14

Accordingly in terms of the provisions of Section 117(3)(g), the resolution passed under section 179(3) are also required to be filed.

Second proviso to Section 117(3)(g) provides exemption to banking companies in respect of a resolution passed to grant loans, or give guarantee or provide security in respect of loans under clause (f) of sub-section (3) of section 179 in the ordinary course of its business

CAA has extended this exemption to NBFC's, Housing finance Companies in addition to present exemption to Banking Companies by way of replacement of Second Proviso.

Important Changes – CAA 2020

Section 129A inserted

**Class of unlisted companies
mandated to prepare and file
financial results with limited
review by Auditors**

New Section 129A inserted to provide for preparation, limited review and filing of financial results by class of unlisted companies

MCA empowered to prescribe class of Companies.

Classification may be on the basis of Capital, turnover, borrowings etc.

Filing is required to be done within 30 days from completion of prescribed period

Issues – Government need to rethink time lines to align with time lines provided in SEBI (LODR) regulations, 2015, as these details shall be price sensitive and disclosures by unlisted subsidiaries may violate SEBI (PIT) Regulations.

Important Changes – CAA 2020

**Third proviso of Section 135(5)
inserted**

**Setoff of excess amount spent in
CSR in succeeding years**

Section 135(9) inserted

**Exemption from constitution of
CSR Committee**

Amit Gupta, Company Secretary, Lucknow

New Provision inserted as proviso of section 135(5) to provide for setoff of excess amount spent in succeeding years

MCA empowered to prescribe the manner of setoff in succeeding years.

If amount to be spent under section 135(5) does not exceed fifty lakh rupees, no need for constitution of the CSR Committee.

Board shall discharge functions of CSR committee in such cases.

Important Changes – CAA 2020

**New proviso of Section 149(9)
inserted**

**Payment of remuneration to
Independent Directors as per
schedule V in case of Inadequacy
of profits or losses**

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Provided that if a company has no profits or its profits are inadequate, an independent director may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197, in accordance with the provisions of Schedule V.

Corresponding change has also been made in Section 197(3) has also been made.

It is expected necessary change would be made in Schedule V also.

Important Changes – CAA 2020

Section 197(3) amended

Payment of remuneration to Independent Directors as per schedule V in case of Inadequacy of profits or losses

Section 197(1) provides for overall limits as well as individual limits for the total managerial remuneration payable by a public company, to its directors, including managing director and whole-time director, and its manager

Section 197(3) enables payment of remuneration to its directors, including any managing or whole-time director or manager in accordance with the provisions of Schedule V in case of losses or inadequacy

CAA has inserted "or any other non-executive director, including an independent director" to bring clarity regarding the payment of remuneration to NED's and ID's V in case of losses or inadequacy

Similar changes had been done by way of insertion of a proviso to section 149(9).

It is expected that a necessary change would be made in Schedule V also.

Important Changes – CAA 2020

Section 348(6) amended

Punishment for contraventions by Liquidator aligned with IBC

Section 348(6) provides that If a Company Liquidator contravenes the provisions of this section, the Company Liquidator shall be punishable with fine which may extend to five thousand rupees for every day during which the failure continues.

Where a Company Liquidator, who is an insolvency professional registered under the Insolvency and Bankruptcy Code, 2016 is in default in complying with the provisions of this section, then such default shall be deemed to be a contravention of the provisions of the said Code, and the rules and regulations made thereunder for the purposes of proceedings under Chapter VI of Part IV of that Code

Important Changes – CAA 2020

**New Chapter XXIA – Section 378A
to 378ZU inserted**

**Provisions regarding the Producer
Companies inserted on lines of
Part IXA**

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The provisions regarding Producer Companies inserted by way of section 378A to 378ZU in new Chapter XXIA in line with Part IXA of the Companies Act, 1956;

When CA, 2013 was enacted, it was proposed that separate enactment shall be made for dealing with the Producer Companies and accordingly Section 465 provided for survival of the provisions of Part IXA of the CA, 1956

Now it has been made part of CA, 2013 to avoid obvious confusions.

Important Changes – CAA 2020

Section 410 Amended

**Maximum limit of 11 members in
NCLAT removed**

**Typo mistake rectified regarding
hearing appeals arising from the
orders of Competition Commission**

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In section 410 of the principal Act,—

- (i) in the opening portion, the words "not exceeding eleven" shall be omitted;
- (ii) in clause (b), for the word, figures and letter "section 53N", the word, figures and letter "section 53A" shall be substituted

This is to enable constitution of more benches

Important Changes – CAA 2020

Section 418A Inserted

New Insertion to facilitate benches of NCLAT

MCA empowered to notify

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"418A. (1) The powers of the Appellate Tribunal may be exercised by the Benches thereof to be constituted by the Chairperson:

Provided that a Bench of the Appellate Tribunal shall have at least one Judicial Member and one Technical Member.

(2) The Benches of the Appellate Tribunal shall ordinarily sit at New Delhi or such other places as the Central Government may, in consultation with the Chairperson, notify:

Provided that the Central Government may, by notification, after consultation with the Chairperson, establish such number of Benches of the Appellate Tribunal, as it may consider necessary, to hear appeals against any direction, decision or order referred to in section 53A of the Competition Act, 2002 and under section 61 of the Insolvency and Bankruptcy Code, 2016."

Important Changes – CAA 2020

Section 435 amended

**Special courts shall not have
jurisdiction regarding trial of
offence regarding withholding of
property**

Amit Gupta, Company Secretary, Lucknow

In section 435 of the principal Act, in sub-section (1), for the words "offences under this Act, by notification", the words and figures "offences under this Act, except under section 452, by notification" shall be substituted

This is in alignment with the position in the CA, 1956

Important Changes – CAA 2020

Section 446B amended

**Punishment for non compliances
regarding filing of annual return,
financial statements and
resolutions by OPC or small
companies**

Amit Gupta, Company Secretary, Lucknow

Section 446 provides that the court imposing any fine under this Act may direct that the whole or any part thereof shall be applied in or towards payment of the costs of the proceedings, or in or towards the payment of a reward to the person on whose information the proceedings were instituted.

Section 446A provides that the court or the Special Court, while deciding the amount of fine or imprisonment under this Act, shall have due regard to the following factors, namely:—(a) size of the company; (b) nature of business carried on by the company;(c) injury to public interest; (d) nature of the default; and (e) repetition of the default

Section 446B provides for 50% of penalty for non compliance regarding section 92(5) 117(2) and 137(3) by One Person Company and a small company

Change: Benefit of 50% of penalty extended to all offences under the act and to start up and producer companies in addition to OPC and small companies. Further maximum penalty for companies capped at Rs. 2 lacs and for officers at Rs. 1 lacs

Important Changes – CAA 2020

Section 454(3) amended

Quantum of penalty to be levied in case of Adjudication

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New proviso added to provide that no penalty shall be imposed for default under section 92 & 137. If such default has been rectified prior to or within 30 days of issue of notice by adjudicating officer.

In section 454 of the principal Act, in sub-section (3), the following proviso shall be inserted, namely:—

"Provided that in case the default relates to non-compliance of sub-section (4) of section 92 or sub-section (1) or sub-section (2) of section 137 and such default has been rectified either prior to, or within thirty days of, the issue of the notice by the adjudicating officer, no penalty shall be imposed in this regard and all proceedings under this section in respect of such default shall be deemed to be concluded

Important Changes – CAA 2020

Section 465 amended

Quantum of penalty to be levied in case of Adjudication

Amit Gupta, Company Secretary, Lucknow

Proviso providing for separate enactment for producer companies removed as the same has been included by way of Chapter XXIA of the Companies Act, 2013

Grammatical corrections had been made in subsequent provisos.

In section 465 of the principal Act, in sub-section (1),—

- (a) the first proviso shall be omitted;
- (b) in the second proviso, for the words "Provided further that", the words "Provided that" shall be substituted;
- (c) in the third proviso, for the words "Provided also that", the words "Provided further that" shall be substituted

Important Changes – CAA 2020

Section 465 amended

Quantum of penalty to be levied in case of Adjudication

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CAA 2020

Summary of Changes regarding delegation of power to MCA

It is expected these provisions shall require drafting of rules and may take time for notification, while rest may be done at once

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Prescribe class of companies in consultation with SEBI for exemption from category of listed company as defined in Section 2(52);

Prescribe - class of public Companies, class of securities, Jurisdictions where such securities may be listed & exemptions from applicability of provisions of Chapter III, IV, Section 89, 90 or 127, under section 23;

Prescribe lesser no of days for offer period for Right issue under section 62(1)(a)(i);

Give relaxation from making declaration for beneficial interest for class of Companies under section 89(11);

Prescribe class of unlisted companies for preparation, limited review and filing of financial results, as per section 129A;

Make rules for providing setoff of excess amount spent in succeeding years in terms of proviso to section 135(5);

Exempt class of foreign Companies from compliances under section 393A (newly inserted, previously was provided in proviso to section 379(1), which is now deleted);

Prescribe higher additional fees for default on two or more occasion in terms of third proviso section 403(1) (replaced);

Establish benches of NCLAT in terms of section 418A (newly inserted)

CAA 2020

**Punishment by way of
Imprisonment removed, though
offence remain criminal (12)**

Default by Section 8 Company under section 8(11);

Issue of prospectus in contravention under section 26(9);

Default in compliances regarding listing under section 40(5);

Non compliance regarding Buyback provisions under section 68(11);

Default in maintenance or allowing inspection of books of accounts under section 128(6);

Non compliance of provisions relating to Audit & Auditors under section 147(1) & (2);

Default under section 167(2) by continuance as director after vacation under 167(1);

Alteration in MOA/AOA in contravention to order passed by NCLT in Oppression & Mismanagement cases under section 242(8);

Acting as MD in contravention under section 243(2)'

Disposal of Books against the orders of NCLT or as provided in rules, under section 347(4);

Non compliances by foreign companies under section 392;

Non compliance of order of compounding authority under section 441(5).

CAA 2020

Punishment removed for offence (5)

Non rectification of name as per directions of Regional Director on application of trademark owner under section 16(3);

Default in variation in shareholders rights under section 48(5);

Default in complying with order of Tribunal regarding rectification of Register of members under section 59(5);

Default in publication of order of NCLT regarding reduction of capital under section 66(11);

Default in compliance of order of NCLT regarding Debentures redemption under section 71(11).

CAA 2020

Decriminalization (26)

Punishment for non compliances regarding transfer/transmission of shares under section 56(6);

Punishment for non compliances regarding creation, modification or satisfaction of charges under section 86(1);

Punishment for non maintenance of register of member under section 88(5);

Punishment for non declaration of beneficial interest by the registered holder or beneficiary under section 89(5);

Punishment for non filing of beneficial interest by the Company under section 89(7);

Punishment for non compliance regarding SBO under section 90(11) & (12);

Punishment for wrong certification by PCS under section 92(6);

Punishment for sending invitations for appointment of proxies at Company's expense under section 105(5);

CAA 2020

Decriminalization (26)

Punishment for non compliance regarding unpaid dividend or transfer of shares under section 124(7);

Punishment for non compliance regarding signing of financial statement and content & signing of board report under section 134(8);

Punishment for non compliance regarding CSR under section 135(7) & (8);

Punishment for any non compliance in Chapter XI under section 172;

Punishment for non compliance in relation to Audit Committee or NRC under section 178(8);

Punishment for non compliance regarding disclosure of interest or participation in agenda items in which he is interested under section 184(4);

Punishment for non compliance regarding requirement of making investments in own name under section 187(4);

Punishment for non compliance regarding transaction with related parties under S 188(5)

CAA 2020

Decriminalization (26)

Punishment for non compliance regarding Secretarial Audit under section 204(4);

Punishment for non compliance of provisions regarding restructuring under S- 232(8);

Punishment for contraventions by Valuer under section 247(3);

Punishment for non cooperation with Liquidator under section 284(2);

Directions regarding forwarding of dissolution order under section 302(3) & (4);

Prosecution of Delinquent Officers and Members of Company under section 342(6);

Directions regarding forwarding of the order under section 356(2);

Punishment for non furnishing of Information or Statistics to Central Government under section 405(4);

Punishment for offences for which no specific penalty has been provided in the Act under section 450;

Punishment for wrongful withholding of property under section 452(2)

CAA 2020

Reduction in amount of Penalty (7)

Non compliance regarding alteration in capital under section 64(2)

- Per day Penalty reduced from Rs. 1000/- to Rs. 500 per day and maximum capping of Rs. 5 lacs reduced to Rs. 1 lacs

Non compliance in filing of Annual Return under section 92(5)

- Penalty for non filing of Annual return reduced from Rs. 50K to Rs. 10K. No change in Penalty of Rs. 100 per day in case of continuing offence, however maximum penalty reduced from Rs. 5 lacs to RS. 2 lacs in case of Company and Rs. 50K for officers.

CAA 2020

Reduction in amount of Penalty (7)

Non compliance regarding filing of resolutions / agreements under section 117

- Penalty reduced from Rs. 1 lacs to Rs. 10K, Penalty for continuing offence reduced from Rs. 500 to Rs. 100 per day, Maximum capping reduced from Rs. 25 lacs to Rs. 2 lacs & Penalty for officers reduced from Rs. 50 K to Rs. 10K, Penalty for continuing offence reduced from Rs. 500 to Rs. 100 per day & Maximum capping reduced from Rs. 5 lacs to Rs. 50K

Punishment for non filing of financial statement under section 137(3)

- Penalty for non filing of Financial statement reduced to Rs. 10K, Penalty for continuing offence Rs. 100 per day subject to Max of Rs. 2 lacs, Penalty for MD & CFO or director or all directors Rs. 10K & Penalty for continuing offence Rs. 100 per day subject to Max of Rs. 50K

CAA 2020

Reduction in amount of Penalty (7)

Punishment for non filing of resignation by Auditor to the Registrar under section 140(3)

- Penalty amount reduced from Rs. 5 lacs to Rs. 2 lacs

Punishment for failure to discharge duties by Auditors under section 143(3)

- Higher Penalty of Rs. 5 lacs provided for default relating to listed Companies

Punishment for acceptance of directorship exceeding prescribed limits under section 165(6)

- Penalty amount reduced from Rs. 5K to Rs. 2K per day. Further maximum capping of Rs. 2 lacs provided.

Q&A

Amit Gupta, Company Secretary, Lucknow






A presentation by:

CS Amit Gupta
Practising Company
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Thank you



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