

Supplement for

Professional Programme

Advanced Company Law and Practice

Executive Programme

Company Law

This supplement is for both the Professional and Executive programme. The students are advised to read their Study Material along with these updates. These academic updates are to facilitate the students to acquaint themselves with the amendments in various laws and regulatory prescriptions upto December, 2017, applicable for June, 2018 Examination. The students are advised to read all the relevant regulatory amendments made and applicable upto December, 2017 along with the study material. In the event of any doubt, students may write to the Institute for clarifications at academics@icsi.edu

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AMENDMENT RULES/CIRCULARS/NOTIFICATIONS/ORDERS IN A NUTSHELL

(From 1st June,2017 to 31st December,2017)

i. DEFINITION		Chapter of Company Law (Executive Level)	Chapter of Advanced Company Law (Professional Level)
<i>Amendment Rules/Circulars/Notifications/Orders/ and Particular</i>	Description		
Companies (Restriction on number of layers)Rules, 2017 dated 20.9.2017	<p>Section 2(87) of the Companies Act, 2013 prescribe the definition of Subsidiary Company. These rules prescribe the restriction of the number of layers of Subsidiaries a company can have.</p> <p>The Proviso to the section 2(87) states as under:</p> <p><i>“Provided that such class or classes of holding companies as may be prescribed shall not have layers of subsidiaries beyond such numbers as may be prescribed.”</i></p> <p>Under the above mentioned proviso the Companies (Restriction on number of layers) Rules, 2017 provides that no company other than a company belonging to a specified class, shall have more than two layers of subsidiaries.</p> <p>This provision shall not apply to a company from acquiring a company incorporated outside India with subsidiaries beyond</p>	2	1

	<p>two layers as per the laws of such country. Further for computing the number of layers under this rule, one layer which consists of one or more wholly owned subsidiary or subsidiaries shall not be taken into account.</p> <p>Specified class as mentioned above are as under:</p> <p>(a) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);</p> <p>(b) a non-banking financial company as defined in clause (f) of Section 45-I of the Reserve Bank of India Act, 1934 (2 of 1934) which is registered with the Reserve Bank of India and considered as systematically important non-banking financial company by the Reserve Bank of India;</p> <p>(c) an insurance company being a company which carries on the business of insurance in accordance with provisions of the Insurance Act, 1938 (4 of 1938) and the Insurance Regulatory Development Authority Act, 1999 (41 of 1999);</p> <p>(d) a Government company referred to in clause (45) of section 2 of the Act.</p> <p>The provisions of this rule shall not be in derogation of the proviso to sub-section (1) of section 186 of the Act.</p> <p>Every company, other than the specified companies as mentioned above, existing on or before the commencement of these rules, which has number of layers of subsidiaries in excess of the layers specified above -</p> <p>(i) shall file, with the Registrar a return in Form CRL-1 disclosing the details specified therein, within a period of one hundred and fifty days from the date of publication of these rules in the Official Gazette;</p> <p>(ii) shall not, after the date of commencement of these rules, have any additional layer of subsidiaries over</p>		
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	<p>(iii) and above the layers existing on such date; and shall not, in case one or more layers are reduced by it subsequent to the commencement of these rules, have the number of layers beyond the number of layers it has after such reduction or maximum layers allowed in subrule(1), whichever is more</p> <p>In case of any company contravenes any provision of these rules the company and every officer of the company who is in default shall be punishable with fine which may extend to ten thousand rupees and where the contravention is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which such contravention continues.</p>		
<p>General Circular No. 09/2017 dated 5th September 2017 clarify joint venture with regard to notification number G.S.R. 839 (E) dated 5th July, 2017</p>	<p>This Ministry, vide notification number G.S.R. 839 (E) dated 5th July, 2017 issued the Companies (Appointment and Qualification of Directors) Amendment Rules, 2017 inter-alia amending rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014. The said amended Rule 4 inter-alia provides that an unlisted public company which is a joint venture, a wholly owned subsidiary or a dormant company will not be required to appoint Independent Directors. Stakeholders have sought clarifications with regard to the meaning of joint venture for the purposes of availing exemption under Rule 4 of the aforesaid Rules as such a term is not defined in the Companies Act 2013.</p> <p>The matter has been examined and it is hereby clarified that a "joint venture, would mean a joint arrangement, entered into in writing, whereby the parties that have joint control of the arrangement, have rights to the net assets of the arrangement. The usage of the term is similar to that under the Accounting</p>	2	8

	Standards.		
II. INCORPORATION OF COMPANY AND MATTERS INCIDENTAL THERETO			
Companies (Incorporation) Second Amendment Rules, 2017 dated 27.07.2017	<p>Rule 28 and Rule 30 of Companies (Incorporation) Rule, 2014 were amended.</p> <p>Rule 28- Revises the provision relating to Shifting of registered office within the same State from the jurisdiction of one Registrar of Companies to the jurisdiction of another Registrar of Companies.</p> <p>(1) An application seeking confirmation from the Regional Director for shifting the registered office within the same State from the jurisdiction of one Registrar of Companies to the jurisdiction of another Registrar of Companies, shall be filed by the company with the Regional Director in Form No.INC.23 along with the fee and following documents, —</p> <p>(a) Board Resolution for shifting of registered office; (b) Special Resolution of the members of the company approving the shifting of registered office; (c) a declaration given by the Key Managerial Personnel or any two directors authorised by the Board, that the company has not defaulted in payment of dues to its workmen and has either the consent of its creditors for the proposed shifting or has made necessary provision for the payment thereof; (d) a declaration not to seek change in the jurisdiction of the Court where cases for prosecution are pending; (e) acknowledged copy of intimation to the Chief Secretary of the State as to the proposed shifting and that</p>	4	2

	<p>the employees interest is not adversely affected consequent to proposed shifting.</p> <p>Rule 30- Revises the provision relating to Shifting of Registered Office from one State or Union Territory to another State.</p> <p>An application under section 13(4), for the purpose of seeking approval for alteration of memorandum with regard to the change of place of the registered office from one State Government or Union territory to another, shall be filed with the Central Government in Form No. INC.23 along with the fee and shall be accompanied by the following documents, namely:</p> <p>—</p> <ul style="list-style-type: none"> (a) a copy of Memorandum of Association, with proposed alterations; (b) a copy of the minutes of the general meeting at which the resolution authorising such alteration was passed, giving details of the number of votes cast in favour or against the resolution; (c) a copy of Board Resolution or Power of Attorney or the executed Vakalatnama, as the case may be. <p>The revised procedure is as under:</p> <ol style="list-style-type: none"> 1) A list of creditors and debenture holders, drawn up to the latest practicable date preceding the date of filing of application by not more than one month, shall be attached to the application, setting forth the following details, namely:- <ul style="list-style-type: none"> (a) the names and address of every creditor and 		
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	<p>debenture holder of the company;</p> <p>(b) the nature and respective amounts due to them in respect of debts, claims or liabilities:</p> <p>Provided that the list of creditors and debenture holders, accompanied by declaration signed by the Company Secretary of the company, if any, and not less than two directors of the company, one of whom shall be a managing director, where there is one, stating that:-</p> <p>(i) they have made a full enquiry into the affairs of the company and, having done so, have concluded that the list of creditors are correct, and that the estimated value as given in the list of the debts or claims payable on a contingency or not ascertained are proper estimates of the values of such debts and claims and that there are no other debts of or claims against the company to their knowledge, and</p> <p>(ii) No employee shall be retrenched as a consequence of shifting of the registered office from one state to another state and also there shall be an application filed by the company to the Chief Secretary of the concerned State Government or the Union territory.</p> <p>2) A duly authenticated copy of the list of creditors shall be kept at the registered office of the company and any person desirous of inspecting the same may, at any time during the ordinary hours of business, inspect and take extracts from the same on payment of a sum not exceeding ten rupees per page to the company.</p>		
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	<p>3) A copy of the acknowledgment of service of a copy of the application with complete annexures to the Registrar and Chief Secretary of the State Government or Union territory where the registered office is situated at the time of filing the application, shall also be attached to the application</p> <p>4) The company shall, not more than thirty days before the date of filing the application in Form No. INC.23 –</p> <p>(a) advertise in the Form No. INC.26 in the vernacular newspaper in the principal vernacular language in the district and in English language in an English newspaper with the widest circulation in the state in which the registered office of the company is situated: Provided that a copy of advertisement shall be served on the Central Government immediately on its publication.</p> <p>(b) serve, by registered post with acknowledgement due, individual notice, to the effect set out in clause (a) on each debenture-holder and creditor of the company; and</p> <p>(c) Serve, by registered post with acknowledgement due, a notice together with the copy of the application to the Registrar and to the Securities and Exchange Board of India, in the case of listed companies and to the regulatory body, if the company is regulated under any special Act or law for the time being in force.</p> <p>5) There shall be attached to the application a duly authenticated copy of the advertisement and notices</p>		
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	<p>issued under sub-rule (5), a copy each of the objection received by the applicant, and tabulated details of responses along with the counter-response from the company received either in the electronic mode or in physical mode in response to the advertisements and notices issued under sub-rule (5).</p> <p>6) Where no objection has been received from any person in response to the advertisement or notice under sub-rule (5) or otherwise, the application may be put up for orders without hearing and the order either approving or rejecting the application shall be passed within fifteen days of the receipt of the application.</p> <p>7) Where an objection has been received,</p> <p>(i) the Central Government shall hold a hearing or hearings, as required and direct the company to file an affidavit to record the consensus reached at the hearing, upon executing which, the Central Government shall pass an order approving the shifting, within sixty days of filing the application.</p> <p>(ii) where no consensus is reached at the hearings the company shall file an affidavit specifying the manner in which objection is to be resolved within a definite time frame, duly reserving the original jurisdiction to the objector for pursuing its legal remedies, even after the registered office is shifted, upon execution of which the Central Government shall pass an order confirming or rejecting the alteration within sixty days of the filing of application.</p>		
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	<p>8) The order passed by the Central Government confirming the alteration may be on such terms and conditions, if any, as it thinks fit, and may include such order as to costs as it thinks proper: Provided that the shifting of registered office shall not be allowed if any inquiry, inspection or investigation has been initiated against the company or any prosecution is pending against the company under the Act.</p> <p>9) On completion of such inquiry, inspection or investigation as a consequence of which no prosecution is envisaged or no prosecution is pending, shifting of registered office shall be allowed.</p>		
III. ACCEPTANCE OF DEPOSITS BY COMPANIES			
<i>Amendment Rules/Circulars/Notifications/Orders/and Particular</i>	<i>Description</i>		
Companies (Acceptance of Deposits) Second Amendment Rules, 2017 dated 19.09.2017	<p>Rule 3, sub-rule (3) of Companies (Acceptance of Deposits) Rules, 2014 has been substituted. Accordingly, Specified IFSC Public company and a private company may accept from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account and such company shall file the details of monies so accepted to the Registrar in Form DPT-3. The Proviso states as under:</p> <p>Provided that a Specified IFSC Public company and a private company may accept from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account and such</p>	20	6

	<p>company shall file the details of monies so accepted to the Registrar in Form DPT-3.</p> <p>Explanation.—For the purpose of this rule, a Specified IFSC Public company means an unlisted public company which is licensed to operate by the Reserve Bank of India or the Securities and Exchange Board of India or the Insurance Regulatory and Development Authority of India from the International Financial Services Centre located in an approved multi services Special Economic Zone set-up under the Special Economic Zones Act, 2005 (28 of 2005) read with the Special Economic Zones Rules, 2006:</p> <p>Provided further that the maximum limit in respect of deposits to be accepted from members shall not apply to following classes of private companies, namely:—</p> <p>(i) a private company which is a start-up, for five years from the date of its incorporation;</p> <p>(ii) a private company which fulfils all of the following conditions, namely:—</p> <p>(a) which is not an associate or a subsidiary company of any other company;</p> <p>(b) the borrowings of such a company from banks or financial institutions or anybody corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is less ; and</p> <p>(c) such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting</p>		
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	deposits under section 73.		
IV. DECLARATION AND PAYMENT OF DIVIDEND			
<i>Amendment Rules/Circulars/Notificatio ns/Orders/ and Particular</i>	<i>Description</i>		
Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2017 dated 28.10.2017	<p>In the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, in rule 6 (Manner of transfer of shares under sub-section (6) of section 124 to the Fund)& Rule 7 (Refund to claimants from Fund) has been amended.</p> <p>The Revised rule 6 may be read as under:</p> <p>6. Manner of transfer of shares under sub-section (6) of section 124 to the Fund</p> <p>(1) The shares shall be credited to DEMAT Account of the Authority to be opened by the Authority for the said purpose, within a period of thirty days of such shares becoming due to be transferred to the Fund:</p> <p>Provided that, in case the beneficial owner has encashed any dividend warrant during the last seven years, such shares shall not be required to be transferred to the Fund even though some dividend warrants may not have been encashed:</p> <p><i>Provided further that in cases where the period of seven years provided under sub-section (5) of section 124 has been completed or being completed during the period from 7th September, 2016 to 31st October, 2017, the due date of transfer of such shares shall be deemed to be 31st October, 2017.</i></p> <p><i>Provided further that transfer of shares by the companies to the fund shall be deemed to be transmission of shares and the procedure to be followed for transmission of shares shall be followed by the companies while transferring the shares to the</i></p>	22	13

	<p><i>fund.</i></p> <p>(2) For the purposes of effecting transfer of such shares, the Board shall authorise the Company Secretary or any other person to sign the necessary documents.</p> <p>(3) The company shall follow the following procedure while transferring the shares, namely:-</p> <p>(a) The company shall inform, at the latest available address, the shareholder concerned regarding transfer of shares three months before the due date of transfer of shares and also simultaneously publish a notice in the leading newspaper in English and regional language having wide circulation informing the concerned that the names of such shareholders and their folio number or DP ID - Client ID are available on their website duly mentioning the website address.</p> <p>(b) In case, where there is a specific order of Court or Tribunal or statutory Authority restraining any transfer of such shares and payment of dividend or where such shares are pledged or hypothecated under the provisions of the Depositories Act, 1996 or shares already been transferred under sub-rule (1) above, the company shall not transfer such shares to the Fund: Provided that the company shall furnish details of such shares and unpaid dividend to the Authority in Form No. IEPF 3 within thirty days from the end of financial year.</p> <p>(c) For the purposes of effecting the transfer, where the shares are dealt with in a depository-</p> <p>(i) the Company shall inform the depository by way of corporate action, where the shareholders have their accounts for transfer in favour of the Authority.</p> <p>(ii) on receipt of such intimation, the depository shall effect the transfer of shares in favour of DEMAT account of the Authority.</p>		
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	<p><i>(d) For the purposes of effecting the transfer shares held in physical form-</i></p> <p><i>(i) the Company Secretary or the person authorised by the Board shall make an application, on behalf of the concerned shareholder, to the company, for issue of a new share certificate;</i></p> <p><i>(ii) on receipt of the application under clause (a), a new share certificate for each such shareholder shall be issued and it shall be stated on the face of the certificate that</i> <i>“Issued in lieu of share certificate No..... for the purpose of transfer to IEPF” and the same be recorded in the register maintained for the purpose;</i></p> <p><i>(iii) particulars of every share certificate shall be in Form No. SH-1 as specified in the Companies (Share Capital and Debentures) Rules, 2014;</i></p> <p><i>(iv) after issue of a new share certificate, the company shall inform the depository by way of corporate action to convert the share certificates into DEMAT form and transfer in favour of the Authority."</i></p> <p>(4) The company shall make such transfers through corporate action and shall preserve copies for its records.</p> <p>(5) While effecting such transfer, the company shall send a statement to the Authority in Form No. IEPF 4 containing details of such transfer.</p> <p>(6) The voting rights on shares transferred to the Fund shall remain frozen until the rightful owner claims the shares: Provided that for the purpose of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, the shares which have been transferred to the Authority shall not be excluded while calculating the total voting rights.</p> <p>(7) The company shall maintain the details of shareholding of</p>		
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	<p>each individual shareholders whose shares have been credited to the DEMAT account of the Authority.</p> <p>(8) All benefits accruing on such shares e.g., bonus shares, split, consolidation, fraction shares etc., except right issue shall also be credited to such DEMAT account.</p> <p>(9) The shares held in such DEMAT account shall not be transferred or dealt with in any manner whatsoever except for the purposes of transferring the shares back to the claimant as and when he approaches the Authority or in accordance with sub-rule (10) and (11).</p> <p>(10) If the company is getting delisted, the Authority shall surrender shares on behalf of the shareholders in accordance with the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and the proceeds realised shall be credited to the Fund and a separate ledger account shall be maintained for such proceeds.</p> <p>(11) In case the company whose shares or securities are held by the Authority is being wound up, the Authority may surrender the securities to receive the amount entitled on behalf of the security holder and credit the amount to the Fund and a separate ledger account shall be maintained for such proceeds.</p> <p>(12) Any further dividend received on such shares shall be credited to the Fund and a separate ledger account shall be maintained for such proceeds”.</p> <p><i>(13) Any amount required to be credited by the companies to the Fund as provided under sub-rules (10), (11) and sub-rule (12) shall be remitted into the specified account of the IEPF Authority maintained in the Punjab National Bank.</i></p> <p><i>(14) Authority shall furnish its report to the Central Government as and when noncompliance of the rules by companies came to its knowledge.</i></p>		
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	<p>The Revised Rule 7 may be read as under:</p> <p>7. Refund to claimants from Fund.-</p> <p>(1) Any person whose shares, unclaimed dividend, matured deposits, matured debentures, application money due for refund, or interest thereon, sale proceeds of fractional shares, redemption proceeds of preference shares etc., has been transferred to the Fund, may claim the shares under proviso to sub-section (6) of section 124 or apply for refund under clause (a) of sub-section (3) of section 125 or under proviso to sub-section (3) of section 125, as the case may be, to the Authority by submitting an online application in Form IEPF-5 available on the website www.iepf.gov.in along with fee specified by the Authority from time to time in consultation with the Central Government.</p> <p>(2) The claimant shall after making an application in Form IEPF-5 under rule (1), send the same duly signed by him along with, requisite documents as enumerated in Form IEPF-5 to the concerned company at its registered office for verification of his claim.</p> <p><i>(2A) Every company which has deposited the amount to the Fund shall nominate a Nodal Officer for the purpose of coordination with IEPF Authority and communicate the contact details of the Nodal Officer duly indicating his or her designation, postal address, telephone and mobile number and company authorized e-mail ID to the IEPF Authority, within fifteen days from the date of publication of these rules and the company shall display the name of Nodal Officer and his e-mail ID on its website.</i></p> <p>(3) The company shall, within fifteen days from the date of receipt of claim, send a verification report to the Authority in the format specified by the Authority along with all the</p>		
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	<p>documents submitted by the claimant.</p> <p><i>Provided that in case of non receipt of documents by the Authority after the expiry of ninety days from the date of filing of Form IEPF-5, the Authority may reject Form IEPF-5, after giving an opportunity to the claimant to furnish response within a period of thirty days.</i></p> <p>(4) After verification of the entitlement of the claimant-</p> <p>(a) to the amount claimed, the Authority and then Drawing and Disbursement Officer of the Authority shall present a bill to the Pay and Accounts Office for e- payment as per the guidelines,</p> <p>(b) to the shares claimed, the Authority shall issue a refund sanction order with the approval of the Competent Authority and shall credit the shares to the DEMAT account of the claimant to the extent of the claimant's entitlement.</p> <p>(5) The Authority shall, in its records, cause a note to be made of all the payments made under sub-rule (4).</p> <p>(6) An application received for refund of any claim under this rule duly verified by the concerned company shall be disposed off by the Authority within sixty days from the date of receipt of the verification report from the company, complete in all respects and any delay beyond sixty days shall be recorded in writing specifying the reasons for the delay and the same shall be communicated to the claimant in writing or by electronic means.</p> <p>(7) In cases, where the application is incomplete or not approved, a communication shall be sent to the claimant and the concerned company by the Authority detailing deficiencies of the application.</p> <p><i>Provided that in case of non receipt of rectified documents by the Authority after the expiry of ninety days from the date of such communication, the Authority may reject Form IEPF-5,</i></p>		
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	<p><i>after giving an opportunity to the claimant to furnish response within a period of thirty days.</i></p> <p>(8) In case, claimant is a legal heir or successor or administrator or nominee of the registered share holder, he has to ensure that the transmission process is completed by the company before filing any claim with the Authority.</p> <p>(9) In case, claimant is a legal heir or successor or administrator or nominee of any other registered security or in cases where request of transfer or transmission of shares is received after the transfer of shares by company to the Authority, the company shall verify all requisite documents required for registering transfer or transmission and shall issue letter to the claimant indicating his entitlement to the said security and furnish a copy of the same to the Authority while verifying the claim of such claimant.</p> <p>(10) The claimant shall file only one consolidated claim in respect of a company in a financial year.</p> <p>(11) The company shall be liable under all circumstances whatsoever to indemnify the Authority in case of any dispute or lawsuit that may be initiated due to any incongruity or inconsistency or disparity in the verification report or otherwise and the Authority shall not be liable to indemnify the security holder or Company for any liability arising out of any discrepancy in verification report submitted etc., leading to any litigation or complaint arising thereof.”.</p>		
<p>General circular no. 07/2017 dated 05.06.2017 in respect of Clarification regarding transmission of securities by operation of law</p>	<p>MCA clarified that since transfer of shares to IEPF under section 124(6) of the Companies Act, 2013 read with Rule 6 (3) (d) of the IEPF Authority (Accounting, Audit, Transfer and Refund) Rule 2016, is on account of operation of law, the procedure followed during transmission of shares may be followed in such cases and duplicate shares need not to be</p>	<p>22</p>	<p>13</p>

	issued in such cases. Issue of duplicate shares under rule. It has been stated that.		
v. ACCOUNTS OF COMPANIES			
<i>Amendment Rules/Circulars/Notifications/Orders/and Particular</i>	<i>Description</i>		
Companies (Cost records and audit) Amendment Rules, 2017 dated 07.12.2017	<p>After Rule 2(f), rule (fa) of the Companies (Cost records and audit) Rules, 2014, has been inserted to introduce the definition of Indian Accounting Standards.</p> <p>(fa) "Indian Accounting Standards" means Indian Accounting Standards as referred to in Companies (Indian Accounting Standards) Rules, 2015.</p>	21	
Companies (Cost records and audit) second Amendment Rules, 2017 dated 20.12.2017	<p>Rule 2(aa) of the Companies (Cost records and audit) Rules, 2014 has been substituted thereby replacing the definition of Central Excise Tariff Act Heading with Customs Tariff Act Heading. In rule 3, for the words "Central Excise Tariff Act Heading", occurring at both the places, the words "Customs Tariff Act Heading" has been substituted. Similar replacement has been made in other Rule 3 and Form CRA-2, Form CRA-3 and Form.CRA-4</p> <ol style="list-style-type: none"> 1. (aa) "Customs Tariff Act Heading" means the heading as referred to in the Additional Notes in the First Schedule to the Customs Tariff Act, 1975 (51 of 1975). 2. In the principal rules, in rule 3, for the words "Central Excise Tariff Act Heading", occurring at both the places, the words "Customs Tariff Act Heading" shall be substituted and shall be deemed to have been substituted 	21	

	<p>with effect from the 1st day of July, 2017.</p> <p>3. In the principal rules, in the Annexure, in Form CRA-2, Form CRA-3 and Form.CRA-4, for the words“CETA Heading”, wherever it occurs, the words "CTA Heading" shall be substituted and shall be deemed to have been substituted with effect from the 1st day of July, 2017.</p>		
<p>Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 dated 9.11.2017</p>	<p>The applicability of e-form AOC-4 XBRL on classes of companies has been amended.</p> <p>Filing of financial statements with Registrar.- The following class of companies shall file their financial statements and other documents under section 137 of the Act with the Registrar in e-form AOC-4 XBRL as per Annexure-I:-</p> <p>(i) companies listed with stock exchanges in India and their Indian subsidiaries;</p> <p>(ii) companies having paid up capital of five crore rupees or above;</p> <p>(iii) companies having turnover of one hundred crore rupees or above;</p> <p>(iv) all companies which are required to prepare their financial statements in accordance with Companies (Indian Accounting Standards) Rules, 2015:</p> <p>Provided that the companies preparing their financial statements under the Companies (Accounting Standards) Rules, 2006 shall file the statements using the Taxonomy provided in Annexure-II and companies preparing their financial statements under Companies (Indian Accounting Standards) Rules, 2015, shall file the statements using the Taxonomy provided in Annexure-II A:</p>	21	16

	Provided further that non-banking financial companies, housing finance companies and companies engaged in the business of banking and insurance sector are exempted from filing of financial statements under these rules.		
VI. AUDIT AND AUDITORS			
<i>Amendment Rules/Circulars/Notifications/Orders/and Particular</i>	<i>Description</i>		
Companies (Audit and Auditors) Second Amendment Rules, 2017 dated 22.06.2017	<p>Rule 5 has been amended w.r.t. applicability of mandatory appointment of auditor in private companies.</p> <p>Revised Rule is as under:</p> <p>For the purposes of sub-section (2) of section 139, the class of companies shall mean the following classes of companies excluding one person companies and small companies:-</p> <p>(a) all unlisted public companies having paid up share capital of rupees ten crore or more;</p> <p>(b) all private limited companies having paid up share capital of rupees <i>fifty</i> crore or more;</p> <p>(c) all companies having paid up share capital of below threshold limit mentioned in (a) and (b) above, but having public borrowings from financial institutions, banks or public deposits of rupees fifty crores or more.</p>	21	11
VII. APPOINTMENT AND QUALIFICATION OF DIRECTORS			
Companies (Appointment and Qualification of Directors) Amendment	Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 relating to appointment of independent directors, has been amended.	14	8

<p>Rules, 2017 dated 5.07.2017</p>	<p>Sub rule (ii) has been inserted in the rule to exclude few companies from appointing independent director.</p> <p>Revised Rule The following classes of unlisted public company shall not be covered under Rule 4 sub rule (1) of the Companies (Appointment and Qualification of Directors) Rules, 2014</p> <ul style="list-style-type: none"> (a) a joint venture; (b) a wholly owned subsidiary; and (c) a dormant company as defined under section 455 of the Act. <p>(Hence these companies are not required to appoint IDs)</p>		
<p>VIII. MEETINGS OF BOARD AND ITS POWERS</p>			
<p>Companies (Meetings of Board and its Powers) Second Amendment Rules, 2017 dated 13.07.2017</p>	<p>(i) In the Companies (Meetings of Board and its Powers) Rules, 2014 (hereinafter referred to as principal rules), in rule 3 (Meetings of BoDs, through video conferencing), sub-rule (3)(e), has been substituted.</p> <p>The Revised rule shall be read as under:</p> <p>(3) (a) The notice of the meeting shall be sent to all the directors in accordance with the provisions of sub-section (3) of section 173 of the Act.</p> <p>(b) The notice of the meeting shall inform the directors regarding the option available to them to participate through video conferencing mode or other audio visual means, and shall provide all the necessary information to enable the directors to participate through video conferencing mode or other audio visual means.</p> <p>(c) A director intending to participate through video conferencing or audio visual means shall communicate his intention to the Chairperson or the company secretary of the</p>	<p>16</p>	<p>10</p>

	<p>company.</p> <p>(d) If the director intends to participate through video conferencing or other audio visual means, he shall give prior intimation to that effect sufficiently in advance so that company is able to make suitable arrangements in this behalf.</p> <p><i>(e) Any director who intends to participate in the meeting through electronic mode may intimate about such participation at the beginning of the calendar year and such declaration shall be valid for one year :</i></p> <p><i>Provided that such declaration shall not debar him from participation in the meeting in person in which case he shall intimate the company sufficiently in advance of his intention to participate in person."</i></p> <p>(ii) Sub rule 11 has been amended. The Revised rules may be read as under:</p> <p>(a) At the end of discussion on each agenda item, the Chairperson of the meeting shall announce the summary of the decision taken on such item along with names of the directors, if any, who dissented from the decision taken by majority and the draft minutes so recorded shall be preserved by the company till the confirmation of the draft minutes in accordance with sub-rule (12).</p> <p>In the principal rules, for rule 6, the following rule shall be substituted, namely:-</p> <p>(iii) Rule 6 has also been amended in line with Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014</p>		
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	<p>Revised Rule 6 is may be read as under:</p> <p>Committees of the Board. - The Board of directors of every listed company and a company covered under rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 shall constitute an ‘Audit Committee’ and a ‘Nomination and Remuneration Committee of the Board.</p> <p>Class of companies define in Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014</p> <ul style="list-style-type: none"> (i) the Public Companies having paid up share capital of ten crore rupees or more; or (ii) the Public Companies having turnover of one hundred crore rupees or more; or (iii) the Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding fifty crore rupees <p>The following classes of unlisted public company shall not be covered under above rule, namely:-</p> <ul style="list-style-type: none"> (a) a joint venture; (b) a wholly owned subsidiary; and (c) a dormant company as defined under section 455 of the Act.” 		
Schedule IV CODE FOR INDEPENDENT DIRECTORS			
Through notification dated 5 th July 2017 with respect to Amendments to Schedule IV of Companies	(i) in paragraph III, in sub-para (12), for the words "acting within his authority", the words "act within their authority" shall be substituted;	14, 15	8

Act, 2013	<p>(ii) in paragraph VI, sub-para (2), for the words " a period of not more than one hundred and eighty days", the words "three months" shall be substituted;</p> <p>(iii) in paragraph VII, in sub-para (1), for the words "in a year", the words "in a financial year" shall be substituted; and</p> <p>(iv) after paragraph VIII, the following note shall be inserted, namely:'</p> <p>Note: The provisions of sub-paragraph (2) and (7) of paragraph II' paragraph IV, paragraph V' clauses (a) and (b) of sub-paragraph (3) of paragraph VII and paragraph VIII shall not apply in the case of a Government company as defined under clause(45) of section 2 of the Companies Act, 2013 (18 of 2013), if the requirements in respect of matters specified in these paragraphs are specified by the concerned Ministries or Departments of the Central Government or as the case may be' the State Government and such requirements are complied with by the Government companies.</p>		
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Exemption to Private Companies	
Financial statement 2(40)	<p>Private company – a start up, has been exempted from Cash flow statement requirement.</p> <p><i>The proviso so inserted is as under:</i></p> <p><i>Provided that the financial statement, with respect to one person company, small company, dormant company and private company (if such private company is a start-up) may not include the cash flow statement;</i></p>

	<p><i>Explanation. - For the purposes of this Act, the term 'start-up' or "start-up company" means a private company incorporated under the Companies Act, 2013 (18 of 20'13) or the Companies Act, 1956 ('l of 1956) and recognised as start-up in accordance with the notification issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry."</i></p>
<p>Chapter V, clauses (a) to (e) of sub-section (2) of section 73 (Prohibition on acceptance of deposits from public)</p>	<p>Shall not apply to a private company (A) which accepts from its members monies not exceeding one hundred per cent. of aggregate of the paid up share capital, free reserves and securities premium account; or (B) which is a start-up, for five years from the date of its incorporation; or (C) which fulfils all of the following conditions, namely: (a) which is not an associate or a subsidiary company of any other company; (b) if the borrowings of such a company from banks or financial institutions or any body corporate is less than twice of its paid up share capital or fifty crore rupees, whichever is lower; and (c) such a company has not defaulted in the repayment of such borrowings subsisting at the time of accepting deosits under this section: Provided that the company referred to in clauses (A), (B) or (C) shall file the details of monies accepted to the Registrar in such manner as may be specified</p>
<p>Chapter VII, clause (g) of sub section (1) of section 92 (Annual return)</p>	<p>Shall apply to private companies which are small companies, namely :- "(g) aggregate amount of remuneration drawn by directors;".</p>
<p>Chapter VII, proviso to sub- section (1) of section 92 (Annual Return)</p>	<p>For the proviso, the following proviso shall be substituted, namely:- Provided that in relation to One Person Company, small company and private company (if such private company is a start-up), the annual return shall be signed by the company secretary, or where there is no company secretary, by the director of the company.</p>
<p>Chapter X, clause (i) of sub-section (3) of section 143 (relating to</p>	<p>Shall not apply to a private company:- (i) which is a one person company or a small company; or (ii) which has turnover less than rupees fifty crores as per latest audited financial statement and which has aggregate borrowings from banks or financial institutions or any body corporate at any point of time during the financial year less than rupees twenty five crore."</p>

auditor report)	
Chapter XII, sub-section (5) of section 173 (Meetings of the Board w.r.t OPC, Dormant company, small company)	For sub-section (5), the following sub-section shall be substituted, namely:- (5) A One Person Company, small company, dormant company and a private company (if such private company is a start-up) shall be deemed to have complied with the provisions of this section if at least one meeting of the Board of Directors has been conducted in each half of a calendar year and the gap between the two meetings is not less than ninety days: Provided that nothing contained in this sub_section and in section 174 shall apply to One person Company in which there is only one director on its Board of Directors
Chapter XII, sub-section (3) of section 174(Quorum of the board meetings)	Shall apply with the exception that the interested director may also be counted towards quorum in such meeting after disclosure of his interest pursuant to section 184.

Exemption to Government Company	
Chapter VII, subsection (2) of section 96(AGM)	In sub-section (2), for the words "such other place as the Central Government may approve in this behalf", the words "such other place within the city, town or village in which the registered office of the company is situate or such other place as the Central Government may approve in this behalf" shall be substituted
Chapter XI, subsections (6) and (7) of section 152(Appointment of director elected by small shareholders)	Shall not apply to – (a) a Government company, which is not a listed company, in which not less than fifty-one per cent. Ofpaid up share capital is held- by- the Central Government, or by any State Government or Governments or by the Central Government and one or more State Governments; (b) a subsidiary of a Government company, referred to in (a) above."
Chapter XV(Compromise,	For the word "Tribunal" the word "Central Government" shall be substituted.

Arrangements and Amalgamations, sections 230 to 232	
Exemption to Section 8 Company	
Clause (b) and first proviso to sub-section (1) of section 149(BoDs)	Shall not apply.
Sub-section (7) of section 186(Loan and Investment by Company)	In sub-section (7), the following proviso shall be inserted, namely:- Provided that nothing contained in this sub-section shall apply to a company in which twenty-six per cent. or more of the paid-up share capital is held by the Central Government or one or more State Governments or both, in respect of loans provided by such company for funding Industrial Research and Development projects in furtherance objects as stated in its memorandum of association."