



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

SUPPLEMENT EXECUTIVE PROGRAMME (NEW SYLLABUS)

For

December, 2022 Examination

COMPANY LAW

MODULE 1

PAPER 2

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Lesson 2 – Share and Share Capital

1. The Companies (Share Capital and Debentures) Amendment Rules, 2022 (MCA Notification No. G.S.R. (E) dated 04th May, 2022.

The Ministry of Corporate Affairs (MCA) vide its Notification dated May 04, 2022 has notified the Companies (Share Capital and Debentures) Amendment Rules, 2022 which shall come into force on the date of its publication in the Official Gazette. According to the amendment, in the annexure to the Companies (Share Capital and Debentures) Rules, 2014, in Form No. SH-4 (Securities Transfer Form), before the enclosures, the following declaration shall be inserted, namely:-

- Transferee is not required to obtain the Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to transfer of shares; or
- Transferee is required to obtain the Government approval under the Foreign Exchange Management (Non-debt Instruments) rules, 2019 prior to transfer of shares and the same has been obtained and is enclosed herewith.”

Impact:

According to this amendment a declaration has to be made by the transferee prior to share transfer in Form No. SH-4 regarding whether he/she is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019. Earlier no such declaration was required to be made by the transferee.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mcs=z0TPPBoxhsbnobHAN7dyxw%253D%253D&type=open>

2. The Companies (Prospectus and Allotment of Securities) Amendment Rules, 2022 (MCA Notification No. G.S.R. 338(E). Dated 05th May, 2022.)

The Ministry of Corporate Affairs (MCA) vide its Notification dated May 05, 2022 has notified the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2022 which shall come into force on the date of its publication in the Official Gazette. The amendments inter alia provide following-

- (i) Insertion of new proviso to Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 stating that, no offer or invitation of any securities under rule 14 shall be made to a body corporate incorporated in, or a national of, a country which shares a land border with India, unless such body corporate or the national, as the case may be, have obtained Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and attached the same with the private placement offer cum application letter.

(ii) in Annexure, in Form PAS-4, in Part-B, after serial number (vii), the following shall be inserted, namely :-

“(viii) Tick whichever is applicable:-

- (a) The applicant is not required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares.- ;
- (b) The applicant is required to obtain Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith. ”.

Impact:

Through this amendment the MCA has inserted a new proviso in rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 stating that no offer or invitation to securities shall be made to the nationals of or entities incorporated in a country sharing border with India until and unless they have obtained Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 and attached the same with the private placement offer cum application letter and the relevant modification to be made in Form PAS-4.

For details:

<https://egazette.nic.in/WriteReadData/2022/235565.pdf>

Lesson 3 – Members and Shareholders

1. The Companies (Management and Administration) Amendment Rules, 2022 (MCA Notification No. G.S.R. 279 (E). Dated 06th April, 2022)

The Central Government notified the Companies (Management and Administration) Amendment Rules, 2022, the said amendment rules inter-alia consist provisions pertaining to inspection of registers and returns as mentioned under rule 14 of the Companies (Management and Administration) Rules, 2014 by inserting sub rule 3;

“Notwithstanding anything contained in sub-rules (1) and (2), the following particulars of the register or index or return in respect of the members of accompany shall not be made available for any inspection under sub-section (2) or for taking extracts or copies under sub-section (3) of section 94, namely-address or registered address (in case of a body corporate); e-mail ID; Unique Identification Number; PAN Number.”

Impact:

Through this amendment, MCA has inserted a new Rule 14(3) to restrict the inspection of register or index or return in respect of the members of accompany. According to the Amendment, particulars of the register or index or return in respect of the members of a Company related to Address or Registered Address (in case of a body corporate); e-mail ID; Unique Identification Number; PAN Number, shall not be made available for any inspection under sub-section (2) or for taking extracts or copies under sub-section (3) of Section 94 other Companies Act, 2013.

For details:

<https://egazette.nic.in/WriteReadData/2022/234911.pdf>

Lesson 5 – Charges

1. The Companies (Registration of Charges) Amendment Rules, 2022 (MCA Notification No. G.S.R. (E). Dated 27th April, 2022)

The Ministry of Corporate Affairs (MCA) vide its Notification dated April 27, 2022 has notified the Companies (Registration of Charges) Amendment Rules, 2022 which shall come into force on the date of its publication in the Official Gazette.

The amendments inter-alia provide that in rule 3 pertaining to registration of creation or modification of Charge, a sub-rule (5) shall be inserted, namely: “Nothing contained in this rule shall apply to any charge required to be created or modified by a banking company under section 77 in favour of the Reserve Bank of India when any loan or advance has been made to it under sub-clause (d) of clause (4) of section 17 of the Reserve Bank of India Act, 1934.”

Impact:

MCA amended the Companies (Registration of Charges) Rules, 2014 to notify that the rule 3 shall not apply to any charge required to be created or modified by a banking company under section 77 (Duty to register charge) in favour of the Reserve Bank of India when any loan or advance made to it under section 17 (4) (d) of the RBI Act, 1934. Rule 3 of the Companies (Registration of Charges) Rules, 2014, casts a duty on the Company that the particulars of the creation or modification of the charges shall be filed with the ROC in E-form CHG-1 (for other than debentures) or Form CHG-9 (for debentures) as the case may be.

The Section 17 of the Reserve Bank of India Act, 1934 defines the manner in which the RBI can transact business. As per section 17 (4) (d) the RBI can grant loan against the security of promissory notes of any scheduled bank or State co-operative Bank, supported by documents of title to goods [such documents having been transferred], assigned, or pledged to any such bank as security for a [loan or advance made] for bona fide commercial or trade transactions, or for the purpose of financing agricultural operations or the marketing of crops.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=GigV%252BdVKmC9d16l5L5Kj5Q%253D%253D&type=open>

Lesson 7 – Corporate Social Responsibility

1. The Companies (Accounts) Amendment Rules, 2022 (MCA Notification No. G.S.R.- (E). Dated 11th February, 2022)

Central Government notified Form CSR-2 a report on Corporate Social Responsibility (CSR) and rule 12(1B) and provided that every company covered under the provisions of sub section (1) to section 135 shall furnish a report on Corporate Social Responsibility in Form CSR-2 to the Registrar for the preceding financial year (2020-2021) and onwards as an addendum to Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.

Provided that for the preceding financial year (2020-2021), Form CSR-2 shall be filed separately on or before 31st March 2022, after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.

Impact:

By means of this amendment, the MCA has introduced form CSR-2, which is required to be filed by those entities which fall under the provisions of Section 135 of the Companies Act, 2013. The MCA vide its notification dated 11th February 2022 had introduced form CSR-2 by inserting sub-rule (1B) in rule 12 of the Companies (Accounts) Rules, 2014. It was provided that for the preceding F.Y. (2020-21), form CSR-2 shall be filed on or before 31st March 2022, after filing form AOC-4. However, due to technical difficulties being faced by the stakeholders, the MCA has extended the due date by 2 months by notifying Companies (Accounts) Second Amendment Rules, 2022.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=adQPpN3U8Y7LlcmY0C8FvA%253D%253D&type=open>

Lesson 8 – Accounts, Audit and Auditors

1. The Companies (Accounts) Second Amendment Rules, 2022 (MCA Notification No. G.S.R.-(E). Dated 31st March, 2022)

MCA has notified the Companies (Accounts) Second Amendment Rules, 2022 which came into force on the date of their publication in the Official Gazette. Vide this notification, the date of applicability for the requirement relating to feature of recording audit trail in the Accounting Software has been extended from 01st April 2022 to 01st April, 2023. Further, MCA has extended the timeline for filing of Form CSR-2 for FY 2020-21 from 31st March, 2022 to 31st May, 2022.

Impact:

The Ministry of Corporate Affairs vide notification dated 31st March, 2022 has issued the Companies (Accounts) Second Amendment Rules, 2022. The amendment has extended the date of applicability for the requirement relating to Audit Trail feature in the Accounting Software from 01/04/2022 to 01/04/2023.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=3kjEo3H12bPQqpt2k18OTw%253D%253D&type=open>

2. The Companies (Indian Accounting Standards) Amendment Rules, 2022 (MCA Notification No. G.S.R 255(E). Dated 23rd March, 2022)

MCA has issued the Companies (Indian Accounting Standards) Amendment Rules, 2022 in consultation with the National Financial Reporting Authority (NFRA) to provide clarifications regarding Annual Improvements to Ind AS (2021). An entity shall apply Annual Improvements to IND AS (2021), to financial liabilities that are modified or exchanged on or after the beginning of the annual reporting period in which the entity first applies the amendment. An entity shall apply that amendment for annual reporting periods beginning on or after 1st April 2022. The notification has brought a few additions and substitutions in following Indian Accounting Standards (Ind AS):

- Ind AS 16- Property, Plant and Equipment;
- Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets;
- Ind AS 41- Agriculture.
- Ind AS 101- First-time Adoption of Indian Accounting Standards;
- Ind AS 103- Business Combinations;
- Ind AS 109- Financial Instruments;

Impact:

MCA notifies Companies (Indian Accounting Standards) Amendment Rules, 2022 dated 23rd March, 2022 and further amended the Companies (Indian Accounting Standards) Rules, 2015. The notification has brought a following additions and substitutions in the below mentioned Indian Accounting Standards (Ind AS):

- **Ind AS 16- Property, Plant and Equipment:** The amendment has clarified the accounting treatment for “excess of net sale proceeds of items produced over the cost of testing”. The excess of net sale proceeds of items produced over the cost of testing, if any, should not be recognized in the statement of profit and loss account but deducted from the directly attributable costs considered as part of cost of an item of PPE. The amendment shall be effective for annual reporting periods beginning on or after 1st April, 2022.
- **Ind AS 37- Provisions, Contingent Liabilities and Contingent Assets:** The amendment states that the types of costs a company can include as the ‘cost of fulfilling a contract’ while assessing whether a contract is onerous as under:
 - The incremental costs of fulfilling that contract like direct labour and materials, etc.
 - An allocation of other costs that relate directly to fulfilling contracts- like an allocation of depreciation charge for an item of PPE used in fulfilling that contract.

The amendment apply for annual reporting periods beginning on or after 1st April, 2022 to contracts existing at the date when amendments are first applied.

- **Ind AS 41- Agriculture:** This Ind AS requires biological assets to be measured on initial recognition and at the end of each reporting period at its fair value less costs to sell. Through this amendment the requirement to exclude cash flows for taxation when measuring fair value was removed.
- **Ind AS 101- First-time Adoption of Indian Accounting Standards:** This amendment aims at simplifying the application of Ind AS 101 for subsidiary that becomes a first time adopter of the Indian Accounting Standards later than its parent. The amendment states that if a subsidiary, joint venture of associate adopts Ind AS later than its parent and applies para D16(a) then the subsidiary may elect to measure cumulative translation differences for all foreign operations at amounts included in the consolidated financial statements of the parent, based on parent’s date of transition to Ind AS.
- **Ind AS 103- Business Combinations:** The amendment have substituted the reference to the Framework for preparation and Presentation of Financial Statements with Indian Accounting Standards with reference to the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Conceptual Framework), without changing the accounting requirements for business combinations. The amendment would be applicable to those business combinations for which the acquisition date is on or after 1st April, 2022.
- **Ind AS 109- Financial Instruments:** As per this accounting standard, a financial liability is derecognized when it is extinguished, which may inter alia happen when there is an exchange between an existing borrower and lender of debt instruments with substantially different terms or a substantial modification of the terms of an existing debt instrument (modification of terms).
The amendment clarifies that for the purpose of performing the 10% test for derecognition of financial liabilities, in determining fees paid, the borrower includes amounts paid by the borrower to or on behalf of the lender, and fees received include amounts paid by the lender to or on behalf of the borrower. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment.

For details:

<https://egazette.nic.in/WriteReadData/2022/234814.pdf>

3. The Companies (Accounts) Third Amendment Rules, 2022 (MCA Notification No. G.S.R. 407(E).—Dated 31st May, 2022

The Ministry of Corporate Affairs (MCA) vide its notification dated May 31, 2022 has notified the Companies (Accounts) Third Amendment Rules, 2022, which shall come into force on the date of its publication in the Official Gazette. According to the amendment under rule 12 of the Companies (Accounts) Rules 2014 below changes are mentioned:

- For financial year (2020-2021), Form CSR-2 shall be filed separately on or before 30 June 2022 after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.
- For the financial year (2021-2022), Form CSR-2 shall be filed separately on or before 31st March, 2023 after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be".

Impact:

Though thus notification, MCA has extended the date of filing of report on Corporate Social Responsibility in Form CSR-2 till 30th June, 2022 for the Financial Year 2020-21 and 31st March, 2023 for the Financial Year 2021-22.

For details:

<https://egazette.nic.in/WriteReadData/2022/236165.pdf>

Lesson 10 – An Overview of Inter-Corporate Loans, Investments, Guarantees and Security, RPT

Clarification on applicability of regulation 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to Related Party Transactions (SEBI Circular No. - SEBI/HO/CFD/CMD1/CIR/P/2022/40 dated 30th March, 2022)

Impact of clarification:

SEBI vide this circular has clarified that for an Related Party Transaction (RPT) that has been approved by the audit committee and shareholders prior to April 01, 2022, there shall be no requirement to seek fresh approval from the shareholders. The RPT that has been approved by the audit committee prior to April 01, 2022 which continues beyond such date and becomes material as per the revised materiality threshold shall be placed before the shareholders in the first General Meeting held after April 01, 2022.

Further, provided that the explanatory statement contained in the notice sent to the shareholders for seeking approval for an RPT shall provide relevant information so as to enable the shareholders to take a view whether the terms and conditions of the proposed RPT are not unfavourable to the listed entity, compared to the terms and conditions, had similar transaction been entered into between two unrelated parties.

For details:

https://www.sebi.gov.in/legal/circulars/mar-2022/clarification-on-applicability-of-regulation-23-of-sebi-listing-obligations-and-disclosure-requirements-regulations-2015-in-relation-to-related-party-transactions_57398.html

Lesson 12 – An Overview of Corporate Reorganization

1. The Companies (Registration Offices and Fees) Amendment Rules, 2022 (MCA Notification No. G.S.R. 12(E).—Dated 11th January, 2022)

The Central Government has notified the Companies (Registration Offices and Fees) Amendment Rules, 2022 further to amend the Companies (Registration Offices and Fees) Rules, 2014. The said notified rules shall come into force with effect from 1st July, 2022.

In the Companies (Registration Offices and Fees) Rules, 2014, in the Annexure, in item I (Fee for filing under section 403 of the Companies Act, 2013), sub-item B, has been substituted.

Impact:

As per rule 12 of the Companies (Registration Offices and Fees) Rules, 2014, fees or additional fees is payable for filing, submission, registration or recording of the document. Item I, sub item A, in the Annexure to rule 12 covers the fees payable, whereas, sub-item B in the Annexure to rule 12 covers the additional fees payable for delay in filing of forms. The Companies (Registration Offices and Fees) Amendment Rules, 2022 substitute sub-item B in the Annexure.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mids=T%252F%252B384mFkSrHFxIliwRTnQ%253D%253D&type=open>

2. MCA Notifications No. S.O. 147(E) dated January 11, 2022

The Central Government appoints the 1st July, 2022, as the date on which the provisions of second and third proviso to clause (i) of section 80 of the Companies (Amendment) Act, 2017 shall come into force.

Impact:

MCA has notified section 80 of Companies (Amendment) Act, 2017 w.e.f. 1st July, 2022 which relates to amendment in Section 403 of Companies Act, 2013. Section 403 of Companies Act, 2013 deals with Fee for Filing, etc. It states that where any documents, fact or information required to be submitted, filed, registered or recorded within the period provided in respective sections it may be submitted, filed, registered or recorded, as the case may be, after expiry of the period so provided in those sections, on payment of such additional fee as may be prescribed, which shall not be less than one hundred rupees per day and different amounts may be prescribed for different classes of companies and where there is default on two or more occasions in submitting, filing, registering or recording of the document, fact or information, it may, without prejudice to any other legal action or liability under this Act, be submitted, filed, registered or recorded, as the case may be, on payment of a higher additional fee, as may be prescribed

and which shall not be lesser than twice the additional fee as provided in the provisions of the Act.

It also states that where a company fails or commits any default to submit, file, register or record any document, fact or information before the expiry of the period specified in the relevant section, the company and the officers of the company who are in default, shall, without prejudice to the liability for the payment of fee and additional fee, be liable for the penalty or punishment provided under this Act for such failure or default.”.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mids=VrIKR5%252BwlgL7%252BmN7eJV%252BIg%253D%253D&type=open>

3. MCA Notifications No. S.O. 148(E) dated January 11, 2022

The Central Government appoints the 1st July, 2022, as the date on which the provisions of section 56 of the Companies (Amendment) Act, 2020 shall come into force.

Impact:

The Ministry of Corporate Affairs vide its notification dated 11th January 2022, appoints 1st July 2022 as the date on which the provisions of section 56 of the Companies (Amendment) Act 2020 shall come into force.

Section 56 of the Companies (Amendment) Act revises section 403(1) of Companies Act, 2013 which deals with the fee required to be paid by companies in case they fail to submit, file, register or record any document with the Registrar of Companies.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mids=iT%252FontW9dKI4nmHzMDRmVA%253D%253D&type=open>

Lesson 13 – An Introduction to MCA21 and Filing in XBRL

1. The Companies (Incorporation) Amendment Rules, 2022 (MCA Notification No. G.S.R. 291 (E).—Dated 8th April, 2022)

The Central Government notified the Companies (Incorporation) Rules, 2022, the said amendment rules inserted the proviso to Rule 12 (Application for Incorporation of Companies) as mentioned below:

“Provided further that in case of a Company being incorporated as a Nidhi, the declaration by the Central Government under section 406 of the Act shall be obtained by the Nidhi before commencing the business and a declaration in this behalf shall be submitted at the stage of incorporation by the company.”

Further, the amendment rules substituted the Form INC-20A and inserted a declaration under Part B of Form INC-32 (SPICE+) pertaining to, all necessary approvals have been obtained before commencing business of Nidhi, the said forms are specified under the annexure to the Companies (Incorporation) Rules, 2014.

Impact:

The Ministry of Corporate Affairs (“MCA”) notified the Companies (Incorporation) Amendment Rules, 2022 to further amend the Companies (Incorporation) Rules, 2014 vide notification no. G.S.R. 291(E) dated April 8, 2022. Through this amendment, MCA has inserted a proviso to Rule 12 wherein a company being incorporated as Nidhi will require a declaration by the Central Government under section 406 of the Companies Act, 2013 before commencement of business and a declaration in this behalf shall be submitted at the stage of incorporation by the company. Further, INC-20A and Part B of Form INC-32 (SPICE+) has also been revised to capture the aforesaid declaration by a Nidhi Company.

For details:

<https://egazette.nic.in/WriteReadData/2022/234994.pdf>

2. The Companies (Incorporation) Second Amendment Rules, 2022 (MCA Notification No. G.S.R. ____ (E).—Dated 20th May, 2022)

The Ministry of Corporate Affairs (MCA) vide its Notification dated May 20, 2022 has notified the Companies (Incorporation) Second Amendment Rules, 2022 which shall come into force with effect from June 01, 2022. As per the amendment, Form No. INC-9 (Declaration by Subscribers and First Directors) has been substituted. The substituted Form *inter-alia* consist declaration in respect of compliance with Government approval under FEMA by inserting checkboxes;

- I am required to obtain the Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares and the same has been obtained, and is enclosed herewith; or

- I am not required to obtain the Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 prior to subscription of shares.

Further, the Ministry has inserted new declaration in Form No. INC 32 (SPICe+), in part B, in declaration, the following shall be inserted at the end, namely:

“I, on behalf of proposed directors, hereby declare that person seeking appointment is a national of a country which shares a land border with India, necessary security clearance from Ministry of Home Affairs, Government of India shall be attached with the consent.

Yes No. (if yes is opted, a copy of the security clearance is to be attached).”

Impact:

The Ministry of Corporate Affairs (“MCA”) notified the Companies Second (Incorporation) Amendment Rules, 2022 to further amend the Companies (Incorporation) Rules, 2014 dated May 20, 2022. As per the amendment, Form No. INC-9 (Declaration by Subscribers and First Directors) has been substituted to include declaration with respect to whether Government approval under the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 is required to be obtained or not.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=QJAZ8U7iIBs%252FRWVx91HwmQ%253D%253D&type=open>

Miscellaneous

1. The Nidhi (Amendment) Rules, 2022 (MCA Notification No. G.S.R. 301 (E).—Dated 19th April, 2022)

The Ministry of Corporate Affairs (MCA) vide its Notification dated April 19, 2022 has notified the Nidhi (Amendment) Rules, 2022 which shall come into force on the date of its publication in the Official Gazette. The said amendments inter-alia provide that:

- No company, which has not complied rule 3A pertaining to Declaration of Nidhis, shall raise any deposit from its members or provide any loan to its members under the provisions of these rules from the date of such non-compliance, or from the date of the commencement of the above said rules, or the date of rejection of the application in Form NDH-4, whichever is later. Further, if any deposit raised by a company after the date of noncompliance, the said deposit shall be deemed to have been raised in pursuance of Acceptance of Deposits by Companies (Chapter V). **(Insertion: Fourth and Fifth Proviso to Rule 3A)**
- Public company desirous to be declared as a Nidhi shall apply, in Form NDH-4, within a period of one hundred twenty days of its incorporation for declaration as Nidhi, if it fulfils the following conditions, namely:-
 - (I) it has not less than two hundred members; and
 - (II) it has Net Owned Funds of twenty lakh rupees or more etc. **(Insertion: Rule 3B)**

The company shall attach a declaration with regard to the fulfilment of fit and proper person by all of its directors and promoters with the Form NDH-4. To determine that any promoter or director is a fit and proper person, the following criteria should be looked upon:

- a) Integrity, honesty, ethical behaviour, fairness, reputation and character
- b) Not incurring any of the following disqualifications:
 - i. Any complaint or information under section 154 of CrPC has been filed or is pending against him
 - ii. Chargesheet filed against him in the matter of economic offences
 - iii. Restraining, prohibition or department order has been passed against him in any matter related to company law, securities law or financial market in force
 - iv. Conviction order passed against him involving moral turpitude
 - v. Declared involvement and not been discharged
 - vi. Unsound mind
 - vii. Wilful defaulter
 - viii. Fugitive economic offender
 - ix. Director of five or more companies
 - x. Such person is the director in five or more than five; or promoter in three or more than three Nidi Companies.
- A Nidhi shall be a public company and shall have a minimum paid up equity share capital of ten lakh rupees and shall comply with this requirement within a period of eighteen months of commencement of amendment rules. **[Substitution: Rule 4(1)]**
- Rule 5 is about the minimum number of members, Net owned fund, etc., and in the amendment, it has been mentioned that it will not be applicable for the companies

incorporated as Nidhi Company on or after the enforcement of Nidhi Company New Rules 2022. So, the requirement of filling of application in Form NDH 1 within 90 days from the incorporation of the company shall not be applicable to the companies incorporated on or after the enforcement of Nidhi (Amendment) Rules, 2022. **[As per rule 5(5)]**

- Under General Restrictions and Prohibitions- no Nidhi shall acquire or purchase securities of any other company or control the composition of the Board of Directors of any other company in any manner whatsoever or enter into any arrangement for the change of its management. **[Substitution: Rule 6(d)]**
- A member shall not transfer more than fifty percent of his shareholding (as on the date of availing of loan or making of deposit) during the existence of such loan or deposit, as the case may be, provided that the member shall retain the minimum number of 10 equity shares equivalent to Rs. 100 at all times. **[New sub- rule 8(4)]**
- Every Nidhi shall maintain Net Owned Funds of not less than twenty lakh rupees or such higher amount as the Central Government may specify from time to time and shall comply with this requirement within a period of eighteen months of commencement of amendment rules. **(Substitution: Rule 9)**
- A Nidhi company may not close a branch unless the proposal to close the branch, along with a plan for paying existing deposits and recovering existing loans, has been approved by the Board of Directors in a meeting and has received the prior approval of the Regional Director. Within 30 days of receiving the application, the regional director must issue an approval order. After receiving approval from the Regional Director, the Nidhi Company must publish in the local newspaper **(in Form NDH-5)** at its place of business prior to 30 days of closure, as well as post a copy of the closure notice on the Nidhi Company's notice board for thirty days from the date of publication, and notify the Registrar within 30 days of closure.
Furthermore, any location that is not a registered office or branch where a Nidhi Company conducts business must be closed within six months after the enforcement of the Nidhi Company New Rules 2022 and must be reported to the Registrar in **Form NDH-2. [Rule 10]**
- The word silver shall be added next to the word gold where ever it is stated, so from now Nidhi Company will able to grant loans to its members for silver jewellery. **[Under Rule 12 and Rule 20]**
- In the case of joint shareholders loan Nidhi Company will be able to it only to the member whose name appears first in the register of members. **[Rule 15]**
- A Nidhi company shall not declare dividends exceeding 25% in a financial year **[Rule 18 by substituting old Rule 18].**
- If a company does not comply with the requirements or fails to comply with any of the requirements on or after the date of enforcement of these Rules or if the central government has rejected the application, then it shall not raise the deposit from its members or provide any loan to its member under the provisions of these rules from the

date of non-compliance or the date of enforcement of the Nidhi (Amendment) Rules, 2022 or the rejection of the application, whichever is later. And, also that the deposit raised by a company after the date of non-compliance or date of enforcement of the Nidhi (Amendment) Rules, 2022 or the date of rejection of the application, whichever is later, shall be deemed to have been raised in pursuance of Chapter V of the Companies Act and shall be subject to all the requirement of that chapter or any other provisions of the said Act. No fee shall be charged for filing an application under this rule if it is filed within 9 months from the enforcement of the new rules; however, earlier, it was 6 months. [**Rule 23A**]

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mids=LTZyclKMNKOLX6JwM%252BaPeA%253D%253D&type=open>

2. Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Amendment) Regulations, 2022 (Vide Notification F. No. IBBI/2022-23/GN/REG.081 dated 05th April, 2022)

In exercise of the powers conferred by section 196(1)(t) read with section 240 of the Insolvency and Bankruptcy Code, 2016, the Insolvency and Bankruptcy Board of India amended the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) Regulations, 2017.

Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Amendment) Regulations, 2022 inter-alia provides that the liquidator shall endeavour to complete the liquidation process of the corporate person and submit the Final Report under regulation 38 within :

- (a) two hundred and seventy days from the liquidation commencement date where the creditors have approved the resolution under section 59(3)(c) or regulation 3(1)(c) and
- (b) ninety days from the liquidation commencement date in all other cases

Further, the liquidator shall submit the Final Report and the compliance certificate in Form-H along with the application under section 59(7) to the Adjudicating Authority.

Impact:

As per this amendment, the Liquidator is required to complete the liquidation process of the corporate person and submit the Final Report under regulation 38 within:

- a. 270 days from the liquidation commencement date where the creditors have approved the resolution under section 59(3)(c) or regulation 3(1)(c).
- b. 90 days from the liquidation commencement date in all other cases.

Compliance certificate to be submitted in Form-H.

For details:

<https://www.ibbi.gov.in/uploads/legalframework/08722b75c35b6fbbd5a38299a2284e6a.pdf>

3. Special court notification for the State of Jharkhand (Ministry of Corporate Affairs Notification No. S.O.-2099(E)-dated May 05, 2022)

In exercise of the powers conferred by section 435 of the Companies Act, 2013, the Central Government, with the concurrence of the Chief Justice of the High Court of Jharkhand, designated the Court of Additional Judicial Commissioner, Ranchi in the State of Jharkhand as Special Court for the purposes of providing speedy trial of offences punishable with imprisonment of two years or more as per clause (a) of sub-section (2) of section 435 of the said Act.

Impact:

Through this notification the Central Government has exercised its powers to establish/designate Special Court for the purpose of providing speedy trial of offence punishable with imprisonment of two years or more and designated the Court of Additional Judicial Commissioner, Ranchi in the State of Jharkhand as Special Court.

For details:

<https://egazette.nic.in/WriteReadData/2022/235573.pdf>

4. The Chartered Accountants, the Cost Accountants and the Company Secretaries (Amendment) Act, 2022 (Ministry of Corporate Affairs Notification No.-S.O. 2184(E)-dated May 10, 2022)

In exercise of the powers conferred by section 1(2) of the Chartered Accountants, the Cost and Works Accountants and the Company Secretaries (Amendment) Act, 2022, the Central Government appointed the May 10, 2022, as the date on which the following provisions of the said Act shall come into force, namely:

S.No.	Provisions	S.No.	Provisions
1.	Sections 1 to 15 (both inclusive)	9.	Section 51 [except clause (i)]
2.	Section 16 [except clause (i)]	10.	Sections 52 to 54 (both inclusive)
3.	Sections 17 to 19 (both inclusive)	11.	Sections 59
4.	Section 24	12.	Sections 63 to 71 (both inclusive)
5.	Sections 28 to 35 (both inclusive)	13.	Sections 74 to 83 (both inclusive)
6.	Section 36 [except clause (i)]	14.	Section 84 [except clause (i)]
7.	Section 37 [except clause (i) & (ii)]	15.	Sections 85 to 87 (both inclusive)
8.	Sections 38 to 50 (both inclusive)	16.	Sections 92, Section 96 to 104 (both inclusive)

Major Changes/Impact:

- Sections 1 to 15 generally speaks about preliminary section and amendments brought into The Chartered Accountants Act, 1949.
- A new section 9A is inserted which states about constitution of Coordination Committee consisting of the President, Vice-President and the Secretary of the Council of each of the Institutes for the development and harmonization of all the three professions. The meeting shall be chaired by the Secretary, MCA which will be held once in every quarter of a year.
- A new section 15B has been introduced to include the functions of the Institute.

For details: <https://egazette.nic.in/WriteReadData/2022/235713.pdf>

Note: Students appearing in December, 2022 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Orders etc. issued by MCA, SEBI, ICSI & or other authority till 31st May, 2022.
