Supplement for

Professional Programme

Advanced Company Law and Practice (N/S)

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 June, 2016, applicable for December, 2016 Examination. The students are advised to read all the relevant regulatory amendments made and applicable upto June, 2016 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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## SECTION I
### AMENDMENT RULES/CIRCULARS/NOTIFICATIONS/ORDERS IN A NUTSHELL

(From 1st January, 2016 to 30th June, 2016)

<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Description</th>
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</thead>
<tbody>
<tr>
<td><strong>I. INCORPORATION OF COMPANY AND MATTERS INCIDENTAL THERETO</strong></td>
<td></td>
</tr>
<tr>
<td>Circular No 2/2016 dated 15th January, 2016 on subject whether HUF/its Karta can become partner/Designated Partner (DP) in Limited Liability Partnership (LLP)</td>
<td>General Circular No. 13/2013 wherein, in paragraph 2, it has been clarified that as per section 5 of the LLP Act, 2008 only an individual or body corporate may be a partner in a limited liability Partnership. A HUF cannot be treated as a body corporate for the purposes of LLP Act, 2008. Therefore, a HUF or its karta cannot become partner or designated partner in LLP.</td>
</tr>
<tr>
<td>Notification No 218(E) under section 396 of Companies Act, 2013 dated 22nd January, 2016</td>
<td>Ministry has Established Central Registration Centre which has territorial jurisdiction all over India, for discharging or carrying out the function of processing and disposal of applications for reservation of names under the provisions of the Companies Act, 2013.</td>
</tr>
<tr>
<td>MCA Companies (Incorporation) Amendment Rules, 2016 dated 22nd January, 2016</td>
<td>In the Companies (Incorporation) Rules, 2014 Rule 8 has been amended. Rule 9 Companies (Incorporation) Rules, 2014 has been substituted with the following:- “9. Reservation of name - An application for the reservation of a name shall be made in Form No. INC.1 along with the fee as provided in the Companies (Registration offices and fees) Rules, 2014 which may be approved or rejected, as the case may be, by the Registrar, Central Registration Centre.” In rule 36 of Companies (Incorporation) Rules, 2014 in sub-rule(12), after sub-clause (b), the following has been inserted- ‘(ba) After the resubmission of the documents and on completion of second opportunity, if the registrar still finds that the documents are defective or incomplete, he shall give third opportunity to remove such defects or deficiencies;’</td>
</tr>
</tbody>
</table>
Provided that the total period for re-submission of documents shall not exceed a total period of thirty days.

Further in sub-clause (c), for the words ‘two opportunities’, have been substituted with the words ‘three opportunities’.

Form No. INC-1, has been substituted.

<table>
<thead>
<tr>
<th>Notification No. S.O.1211(E) for CRC phase-2 Incorporation dated 23rd March, 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>The functional jurisdiction of the Central Registration Centre of processing and disposal of e-forms and all related matters pertaining to registration of companies under section 7, 8 and 366 of the Companies Act, 2013 have been defined.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Companies (Incorporation) Second Amendment Rules, 2016, dated 23rd March, 2016</th>
</tr>
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<tbody>
<tr>
<td>Form No. INC-11 has been substituted.</td>
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### II. SHARE CAPITAL AND DEBENTURES

<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/and Particular</th>
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</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
</tr>
</tbody>
</table>

**Companies (Share Capital and Debentures) Amendment Rules, 2016 dated 10th March, 2016**

In Rule 17 of (Share Capital and Debentures) Rules, 2016 in sub-rule(1) in clause(n) after sub-clause(iii), the following proviso has been inserted, namely:-

“Provided that where the audited accounts are more than six months old, the calculations with reference to buy back shall be on the basis of un-audited accounts not older than six months from the date of offer document which are subjected to limited review by the auditors of the company.”

**MCA order No S.O.---------- (E)dated 10th March, 2016**

The powers conferred under the proviso to clause (d) of sub-section 68 of the Companies Act, 2013 (18 of 2013) (Act), the central Government hereby notify that the debt to capital and free reserves ratio shall be 6:1 for government companies within meaning of clause (45) of section 2 of the Companies Act, 2013 which carry on Non-Banking Finance Institution activities and Housing Finance activities.

**Companies (Share Capital and Debentures) In rule 17 of (Share Capital and Debentures)**
### III. ACCEPTANCE OF DEPOSITS BY COMPANIES

<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Companies (Acceptance of Deposits) Amendment Rules, 2016 dated 29th June, 2016</td>
<td>In rule 2, 3, 4 &amp; 5 of (Acceptance of Deposits) Amendment Rules, 2016 several substitutions and insertions have been made incorporated.</td>
</tr>
</tbody>
</table>

### IV. DECLARATION AND PAYMENT OF DIVIDEND

<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Notification No. S.O. 125(E) dated 13th January, 2016</td>
<td>The provisions of sub-section (5), sub-section (6) [except with respect to the manner of administration of the Investor Education and Protection Fund] and sub-section (7) of section 125 of the said Act was enforced.</td>
</tr>
</tbody>
</table>

### V. ACCOUNTS OF COMPANIES

<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Circular No 01/2016 dated 12th January, 2016 FAQ on CSR under Section 135 of the Companies Act, 2013</td>
<td>Section 135 of the Companies Act, 2013 schedule VII of the Act and Companies CSR policy Rules, 2014 read with General Circular dated 18.06.2014 provide the broad contour within which eligible companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. While complying with CSR provisions Board of the eligible companies are empowered to appraise and approve their CSR policy including CSR projects or programmes or activities to be undertaken.</td>
</tr>
<tr>
<td>Circular No.05/2016 dated 16th May, 2016 on the subject clarification with regard to the provisions of Corporate Social Responsibility</td>
<td>In Continuation to the Ministry’s General Circular 01 of 2016 dated 12.01.2016, it is clarified that Companies, while undertaking</td>
</tr>
<tr>
<td><strong>under section 135 of the Companies Act, 2013</strong></td>
<td>CSR activities shall not contravene any other prevailing laws of the land including Cigarettes and other Tobacco Products Act (COTPA), 2003.</td>
</tr>
<tr>
<td><strong>Companies (Corporate Social Responsibility Policy) Amendment Rules, 2016 dated 23rd May, 2016</strong></td>
<td>The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through (a) a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or (b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature: Provided that- if, the Board of a company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism”.</td>
</tr>
<tr>
<td><strong>Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2016 dated 4th April, 2016.</strong></td>
<td>In the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 in rule 3, for the proviso, the following proviso has been substituted.</td>
</tr>
</tbody>
</table>

### VI. AUDIT AND AUDITORS

<table>
<thead>
<tr>
<th><strong>Amendment Rules/Circulars/Notifications/Orders/ and Particular</strong></th>
<th><strong>Description</strong></th>
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<tbody>
<tr>
<td>MCA order No.S.O.1226(E) dated 29th March, 2016</td>
<td>The National Financial Reporting Authority is constituted under section 132, the Central Government may hold consultation required under this sub-section with the Committee chaired by an officer of the rank of Joint Secretary or equivalent in the Ministry of</td>
</tr>
<tr>
<td>Document Reference</td>
<td>Text</td>
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<tr>
<td>Corporate Affairs and the Committee shall have the representatives from the Institute of Chartered Accountants of India and Industry Chambers and also special invitees from the National Advisory Committee on Accounting Standards and the office of the Comptroller and Auditor-General.</td>
<td></td>
</tr>
<tr>
<td>MCA order NoS.O.1227(E) dated 29th March, 2016</td>
<td>The National Financial Reporting Authority is constituted under section 132 of the Companies Act, 2013 (18 of 2013), the Central Government may prescribe the standards of accounting or any addendum thereto, as recommended by the Institute of Chartered Accountants of India, constituted under section 3 of the Chartered Accountants Act, 1949 (38 of 1949), in consultation with and after examination of the recommendations made by National Advisory Committee on Accounting Standards constituted under section 210 A of the Companies Act, 1956”.</td>
</tr>
<tr>
<td>MCA order NoS.O.1228(E) dated 29th March, 2016</td>
<td>1. It shall apply to every company including a foreign company as defined in clause (42) of section 2 of the Act with certain exceptions. 2. Auditor’s report to contain matters specified in paragraphs 3 and 4. 3. Matters to be included in the auditor’s report. The auditor’s report on the accounts of a company to which this Order applies shall include a statement as explained in order. 4. Reasons to be stated for unfavourable or qualified answers- (1) Where, in the auditor’s report, the answer to any of the questions referred to in paragraph 3 is unfavourable or qualified, the auditor's report shall also state the basis for such unfavourable or qualified answer, as the case may be. (2) Where the auditor is unable to express any opinion on any specified matter, his report shall indicate such fact together with the reasons as to why it is not possible for him to give his opinion on the same.</td>
</tr>
<tr>
<td>MCA order No S.O....( E) dated 30th June, 2016</td>
<td>In section 139, sub-section (2), relates to appointment of auditors the following</td>
</tr>
</tbody>
</table>
proviso shall be substituted. The third proviso, of Section 139(2) shall be substituted, under:- "Provided also that every company, existing on or before the commencement of this Act which is required to comply with the provisions of this sub-section, shall comply with requirements of this sub-section within a period which shall not be later than the date of the first annual general meeting of the company held, within the period specified under sub-section (1) of section 96, after three years from the date of commencement of this Act.

### VII. APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Description</th>
</tr>
</thead>
</table>
| Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 dated 30<sup>th</sup> June, 2016. | In the Companies (Appointment and Remuneration of Managerial Personnel) Rules' 2014' 
(i) In rule 3 of (Appointment and Remuneration of Managerial Personnel) Rules, 2014 the expression "Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer (CFO)" has been omitted. 
3. in rule 5 of (Appointment and Remuneration of Managerial Personnel) Rules, 2014,-
(a) in sub-rule (1), "clauses (v), (vi), (vii) and (ix) to (xi)" has been omitted
(b) in sub-rule (2),-
(a) for the words "the name of every employee of the company, who-" the words .. the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-" has been substituted;
(b) in sub-clause (i) for the words "sixty lakh rupees", the words "one crore and two lakh rupees" has been substituted;
(c) in sub-clause (ii) for the words "five lakh rupees per month" the words "eight lakh and fifty thousand rupees per month" has been substituted; 
For Form MR-I of the principal rules, shall be |
<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
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<tbody>
<tr>
<td>MCA Notification No. S.O. 1932(E) dated 1st June, 2016</td>
<td>The Central Government constitutes the National Company Law Tribunal to exercise and discharge the powers and functions as are, or may be, conferred on it by or under Act with effect from the 1st day of June, 2016.</td>
</tr>
<tr>
<td>MCA Notification No. S.O. 1933(E) dated 1st June, 2016</td>
<td>The Central Government constitutes the National Company Law Appellate Tribunal for hearing appeals against the orders of the National Company Law Tribunal with effect from the 1st day of June, 2016.</td>
</tr>
<tr>
<td>MCA Notification No. S.O. 1936(E) dated 1st June, 2016</td>
<td>The Central Government transferred all matters or proceedings or cases pending before the Board of Company Law Administration (Company Law Board) to the National Company Law Tribunal and it shall dispose of such matters or proceedings or cases in accordance with the provisions of the Companies Act, 2013 or the Companies Act, 1956.</td>
</tr>
</tbody>
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<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Description</th>
</tr>
</thead>
</table>
| MCA Notification No. S.O. 1795 (E) dated 18th May, 2016       | The following section under Companies Act, 2013 relating to Special Court shall come into force from 18th May, 2016-  
  - Section 2(29)(iv)  
  - Sections 435 to 438 and  
  - Section 440 |

<table>
<thead>
<tr>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
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<tbody>
<tr>
<td>MCA Notification No. S.O. E. dated 29th April, 2016</td>
<td>The Central Government delegates the substituted.</td>
</tr>
<tr>
<td>2016</td>
<td>powers to appoint inspectors for inspection under Section 206(5) of the Companies Act, 2013 relating to Power to call for information, inspect books and conduct inquiries to the Regional Directors</td>
</tr>
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</tr>
<tr>
<td>MCA Notification No. S.O.1934 (E) dated 1st June, 2016</td>
<td>The Central Government notifies Following provisions under Companies Act, 2013 to come in to Force from 1st June, 2013 1. Sub-section (7) of section 7 [except clause (c) and (d)] 2. Second proviso to sub-section (1) of section 14 3. Sub-section (2) of section 14 4. Sub-section (3) of section 55 5. Proviso to Clause (b) of sub-section (1) of section 61 6. Sub-sections (4) to (6) of section 62 7. Sub-sections (9) to (11) of section 71 8. Section 75 9. Section 97 10. Section 98 11. Section 99 12. Sub-section (4) of section 119 13. Section 130 14. Section 131 15. Second proviso to sub-section (4) and sub-section (5) of section 140 16. Sub-section (4) of section 169 17. Section 213 18. Sub-section (2) of Section 216 19. Section 218 20. Section 221 21. Section 222 22. Sub-sections (5) of section 224 23. Sections 241, 242 [except clause (b) of sub-section (1), clause (c) &amp; (g) of sub-section (2)], 243, 244, and 245 24. Reference of word ‘Tribunal’ in sub-section (2) of section 399 25. Sections 415 to 433 (both inclusive) 26. Sub-section (1)(a) and (b) of section 434 27. Sub-section (2) of section 434 28. Section 441 29. Section 466</td>
</tr>
</tbody>
</table>
SECTION II
## INCORPORATION OF COMPANY AND MATTERS INCIDENTAL THERETO

<table>
<thead>
<tr>
<th>S.NO</th>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Impact on Lesson of Company Law</th>
<th>Impact on Lesson of ACLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2.</td>
<td>Notification No 218(E) under section 396 of Companies Act, 2013 dated 22nd January, 2016</td>
<td>Lesson -3 Promotion and Incorporation of Companies</td>
<td>Lesson-1 Company Formation and Conversion and Lesson -2 Procedure for Alteration of Memorandum and Articles</td>
</tr>
<tr>
<td>3.</td>
<td>Companies (Incorporation) Amendment Rules, 2016 dated 22nd January, 2016</td>
<td>Lesson -3 Promotion and Incorporation of Companies</td>
<td>Lesson-1 Company Formation and Conversion and Lesson -2 Procedure for Alteration of Memorandum and Articles</td>
</tr>
<tr>
<td>4.</td>
<td>Notification No. S.O. 1211(E) dated 23rd March, 2016</td>
<td>Lesson -3 Promotion and Incorporation of Companies</td>
<td>Lesson-1 Company Formation and Conversion and Lesson -2 Procedure for Alteration of Memorandum and Articles</td>
</tr>
<tr>
<td>5.</td>
<td>Companies (Incorporation) Second Amendment Rules, 2016 dated 23rd March, 2016</td>
<td>Lesson- 3 Promotion and Incorporation of Companies</td>
<td>Lesson-1 Company Formation and Conversion and Lesson -2 Procedure for Alteration of Memorandum and Articles</td>
</tr>
</tbody>
</table>
Gist of the Amendments:

**LLP**

1. It has been clarified that a HUF or its Karta cannot become partner or designated partner in LLP as per Section 5 of the LLP Act, 2008, only an individual or body corporate may be a partner in a limited liability partnership. A HUF cannot be treated as a body corporate for the purposes of LLP Act, 2008. Therefore, a HUF or its karta cannot become partner or designated partner in LLP.

**Central Registration Centre**

2. Ministry has established Central Registration Centre which has territorial jurisdiction all over India. It has been established for discharging or carrying out the function of processing and disposal of applications for reservation of names under the provisions of the Companies Act, 2013.

**Undesirable Names**

3. In the Companies (Incorporation) Rules, 2014 in rule 8, relating to undesirable names—
   (i) in sub-rule (2)—
   (a) sub-clause (ii) of clause (b) has been omitted;
   (b) sub-clause (x) of clause (b) has been omitted; and
   (c) sub-clause (xvii) of clause (b) has been omitted.
   (ii) sub-rule (3) has been omitted.
   (iii) sub-rule (4) has been omitted.
   This has been done due to establishment of CRC.

**Reservation of name**

Further, for Rule 9 the following has been substituted -
An application for the reservation of name shall be in Form No. INC1 along with the fee as provided in the Companies (Registration offices and fees) Rules, 2014 which may be approved or rejected, as the case may be, by the Registrar, Central Registration Centre.

**Integrated Process of Incorporation**

In sub-rule 12 of Rule 36 of Companies (Incorporation) Rules, 2014 relating to integrated process of incorporation, following modification have been carried out-

‘(ba) After the resubmission of the documents and on completion of second opportunity, if the registrar still finds that the documents are defective or incomplete, he shall give third opportunity to remove such defects or deficiencies;’
Provided that the total period for re-submission of documents shall not exceed a total period of thirty days.

(i) In sub-clause (c), for the words ‘two opportunities’, the words ‘three opportunities’ has been substituted.
In Case, the Registrar is of the opinion that the documents is defective or incomplete in any respect after giving such three opportunities, the E-form INC-29 of the proposed Company shall be rejected.

Central Registration Centre

4. The Central Registration Centre shall exercise functional jurisdiction of processing and disposal of e-forms and all related matters pertaining to registration of companies under section 7, 8 and 366 of the Companies Act, 2013 having territorial jurisdiction all over India.
The CRC shall process forms pertaining to registration of companies i.e. e-forms (INC-2, INC-7 and INC-29 along with linked forms INC-22, DIR-12 and URC-1.

Form No INC-11

5. In the Companies (Incorporation) Rules, 2014 Form No. INC-11, & INC-1 have been substituted.
Text of the Amendment:

General Circular No.2/2016
F.No.1/13/2012CL-V
Government of India
Ministry of Corporate Affairs

5th Floor, ‘A’ wing, Shastri Bhavan
Dr. R.P. Road, New Delhi-110001

Dated: 15th January, 2016

All the RDs,
All the ROCs/OLs
All stakeholders,

Subject: Whether Hindu Undivided Family (HUF)/ its karta can become partner/ Designated Partner (DP) in Limited Liability Partnership (LLP).

Sir,

Reference is invited to General Circular No. 13/2013 wherein, in Paragraph 2, it has been clarified that as per section 5 of the LLP Act, 2008 only an individual or body corporate may be partner in a Limited Liability Partnership. A HUF cannot be treated as a body corporate for the purpose of LLP Act, 2008. Therefore, a HUF or its Karta cannot become partner or designated partner in LLP.

2. However, the clarification inadvertently does not mention partner in the last sentence of the paragraph quoted above which has been pointed out by a stakeholder. It is hereby clarified that a HUF or its Karta cannot become a partner or designated partner in LLP.

3. This issues with the approval of the Secretary, MCA.

Yours Faithfully,

(Kamna Sharma)
Deputy Director
MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION
New Delhi, the 22nd January, 2016

S.O. 218(E).—In exercise of the powers conferred by sub-sections (1) and (2) of section 396 of the Companies Act, 2013 (18 of 2013) (herein after referred to as the Act), the Central Government hereby establishes a Central Registration Centre (CRC) having territorial jurisdiction all over India, for discharging or carrying out the function of processing and disposal of applications for reservation of names under the provisions of the said Act.

2. The CRC shall function under the administrative control of Registrar of Companies, Delhi (ROC Delhi), who shall act as the Registrar of the CRC until a separate Registrar is appointed to the CRC. The CRC shall process applications for reservation of name i.e., e-Form No. INC-1 filed along with the prescribed fee as provided in the Companies (Registration of Offices and Fees) Rules, 2014.

3. Processing and approval of name or names proposed in e-Form No. INC-29 shall continue to be done by the respective Registrar of Companies having jurisdiction over incorporation of companies under the Companies Act, 2013 as per the provisions of the Act and the rules made there under.

4. The CRC shall be located at Indian Institute of Corporate Affairs (IICA), Plot No. 6,7, 8, Sector 5, IMT Manesar, District Gurgaon (Haryana), Pin Code-122050.

5. This notification shall come into force from 26th January, 2016.

[F. No. A-42011/03/2016-Ad.II]

MANOJ KUMAR, Jt. Secy.
MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 22nd January, 2016

G.S.R. 99(E). — In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Incorporation) Rules, 2014, namely:—

1. Short title and commencement. —

(1) These rules may be called the Companies (Incorporation) Amendment Rules, 2016.

(2) They shall come into force from 26th day of January, 2016.

2. In the Companies (Incorporation) Rules, 2014 (hereinafter referred to as the principal rules), in rule 8,—

(i) in sub-rule (2)—

(a) sub-clause (ii) of clause (b) shall be omitted;

(b) sub-clause (x) of clause (b) shall be omitted; and

(c) sub-clause (xvii) of clause (b) shall be omitted.

(ii) sub-rule (3) shall be omitted.

(iii) sub-rule (4) shall be omitted.

3. In the principal rules, for Rule 9 the following shall be substituted namely:-

"9. Reservation of name - An application for the reservation of a name shall be made in Form No. INC.1 along with the fee as provided in the Companies (Registration offices and fees) Rules, 2014 which may be approved or rejected, as the case may be, by the Registrar, Central Registration Centre."

(4) In the principal rules, in rule 36, in sub-rule (12),—

(i) after sub-clause (b), the following shall be inserted.—

‘(ba) After the resubmission of the documents and on completion of second opportunity, if the registrar still finds that the documents are defective or incomplete, he shall give third opportunity to remove such defects or deficiencies;’

Provided that the total period for re-submission of documents shall not exceed a total period of thirty days.
(ii) in sub-clause (c), for the words ‘two opportunities’, the words ‘three opportunities’ shall be substituted.

(5) In the principal rules, for the existing Form No.INC-1, form no. INC-1 shall be substituted.

[F. No. 1/13/2013 CL-V-part-I]

AMARDEEP SINGH BHATIA, Jt. Secy.

Note: The principal rules were published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (i) vide number G.S.R. 250(E) dated the 31st March, 2014, amended vide number G.S.R. 349(E) dated 1st May, 2015 and lastly vide number G.S.R. 442(E). dated 29.05.2015.
MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION

New Delhi, the 23rd March, 2016

S.O. 1211(E).—In exercise of the powers conferred by sub-sections (1) and (2) of section 396 of the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the Act), the Central Registration Centre (herein after referred to CRC) established vide notification number S.O. 218(E) dated 22nd January 2016 shall also exercise functional jurisdiction of processing and disposal of e-forms and all related matters pertaining to registration of companies under section 7, 8 and 366 of the Companies Act, 2013 having territorial jurisdiction all over India.

2. The CRC shall process forms pertaining to registration of companies i.e. e-forms (INC-2, INC-7 and INC-29 along with linked forms INC-22, DIR-12 and URC-1 and any other forms as may be notified by the Central Government) filed along with the prescribed fee as provided in the Companies (Registration of Offices and Fees) Rules, 2014.

3. The jurisdiction, processing and approval of name or names proposed in e-Form number INC-29 hitherto exercised by the respective Registrar of companies having jurisdiction over incorporation of companies under the Companies Act, 2013 and the rules made there under shall forthwith be exercised by Registrar, CRC.

4. The jurisdictional Registrar of companies, other than Registrar CRC, within whose jurisdiction the registered office of the company is situated shall continue to have jurisdiction over the companies incorporated by the Registrar, CRC under the Companies Act, 2013 for all other provisions of the Act and the rules made there under, which may be relevant after incorporation.

5. This notification shall come into force from 28th March, 2016.

[F. No. A-42011/03/2016-Ad.II]

MANOJ KUMAR, Jt. Secy.
MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION

New Delhi, the 23rd March, 2016

G.S.R. 336(E).—In exercise of the powers conferred by sub-sections (1) and (2) of Section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies(Incorporation) Rules, 2014, namely:—

1. (1) These rules may be called the Companies (Incorporation) Second Amendment Rules, 2016.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Incorporation) Rules, 2014, in the Annexure, for Form No. INC-11, the form shall be substituted.

[F.No. 01/13/2013 CL-V (Pt-I)]

AMARDEEP SINGH BHATIA, Jt. Secy.

Note: The principal notification was published in the Gazette of India, Part II, Section 3, Sub-section (i) vide number G.S.R. 250(E) dated 31st March, 2014 and subsequently amended vide the following notifications:-

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<thead>
<tr>
<th>Sl. Number</th>
<th>Notification Number</th>
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<tbody>
<tr>
<td>1.</td>
<td>G.S.R. 349 (E)</td>
<td>01-05-2015</td>
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<tr>
<td>2.</td>
<td>G.S.R. 442 (E)</td>
<td>29-05-2015</td>
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<tr>
<td>3.</td>
<td>G.S.R. 99 (E)</td>
<td>22-01-2016</td>
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### II. SHARE CAPITAL AND DEBENTURES

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<th>S.NO</th>
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<th>Impact on Lesson of Company</th>
<th>Impact on Lesson of ACLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Companies (Share Capital and Debentures) Amendment Rules, 2016 dated 10th March, 2016</td>
<td>Lesson- 7 Alteration of share capital</td>
<td>Lesson -3 Issue and Allotment of Securities</td>
</tr>
<tr>
<td>2.</td>
<td>Order No S.O........... (E) dated 10th March, 2016</td>
<td>Lesson -9 Debt Capital</td>
<td>Lesson -3 Issue and Allotment of Securities</td>
</tr>
<tr>
<td>3.</td>
<td>Companies (Share Capital and Debentures) 2nd Amendment Rules, dated 29th March, 2016</td>
<td>Lesson- 7 Alteration of share capital</td>
<td>Lesson -3 Issue and Allotment of Securities</td>
</tr>
</tbody>
</table>

**Gist of the Amendments:**

**Calculation reference for the Buy-Back**

1. In Rule 17of Companies (Shares Capital and Debentures) Rules, 2016 relating to Buy-Back of securities in sub-rule(1) in clause(n) after sub-clause(iii), the following proviso has been inserted by amendment dated 10th March, 2016 namely:-

   "Provided that where the audited accounts are more than six months old, the calculations with reference to buy back shall be on the basis of un-audited accounts not older than six months from the date of offer document which are subjected to limited review by the auditors of the company."

Hence when the audited accounts are more than six months old the calculations with reference to buy back shall be on the basis of un-audited accounts not older than six months from the date of offer document.

**Debt to capital and free reserves**

2. The powers conferred under the proviso to clause (d) of sub-section 68 of the Act the Central Government has notifies that the debt to capital and free reserves ratio shall be 6:1 for government companies which carry on Non-Banking Finance Institution activities and Housing Finance Activities.

**Duration for opening of Buy –Back**

3. Vide 2nd Amendment in the Rules; In Rule 17 after sub -rule 5 the following has been inserted:

   Where all members of a company agree, the offer for buy-back may remain open for a period less than fifteen days.
MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION
New Delhi, the 10th March, 2016

G.S.R. 290(E).— In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Share Capital and Debentures) Rules, 2014, namely:

(1) These rules may be called the Companies (Share Capital and Debentures) Amendment Rules, 2016.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Share Capital and Debentures) Rules, 2014, in rule 17, in sub-rule (1), in clause (n), after sub-clause (iii), the following proviso shall be inserted, namely:

“Provided that where the audited accounts are more than six months old, the calculations with reference to buy back shall be on the basis of un-audited accounts not older than six months from the date of offer document which are subjected to limited review by the auditors of the company.”.

AMARDEEP SINGH BHATIA, Jt. Secy.

Note:- The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, subsection(i) vide number G.S.R. 265(E), dated 31st March, 2014 and subsequently amended vide notifications as detailed below:-

<table>
<thead>
<tr>
<th>Sl. No.</th>
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<th>Date</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>G.S.R. 413 (E)</td>
<td>18.06.2014</td>
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<tr>
<td>2.</td>
<td>G.S.R. 210 (E)</td>
<td>18.03.2015</td>
</tr>
<tr>
<td>3.</td>
<td>G.S.R. 439 (E)</td>
<td>29.05.2015</td>
</tr>
<tr>
<td>4.</td>
<td>G.S.R. 841 (E)</td>
<td>06.11.2015</td>
</tr>
</tbody>
</table>
Government of India

Ministry of Corporate Affairs

Order

New Delhi, 10th March, 2016

S.O..............(E).-In exercise of the powers conferred under the proviso to clause (d) of sub-section(2) of section 68 of the companies Act,2013 (18 of 2013), the Central Government hereby notifies that the debt to capital and free reserves ration shall be 6:1 for government companies within the meaning to clause(45) of section 2 of the Companies Act, 2013 which carry on Non-Banking Finance Institution activities and Housing Finance activities.

[F.No.01/04/2013 CL-V(Pt-II)]

(Amardeep Singh Bhatia)

Joint Secretary to the Government of India
MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 29th March, 2016

G.S.R. 358(E).—In exercise of the powers conferred by sub-sections (1) and (2) of Section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Share Capital and Debentures) Rules, 2014, namely:

1. (1) These rules may be called the Companies (Share Capital and Debentures) Second Amendment Rules, 2016.

   (2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Share Capital and Debentures) Rules, 2014, in rule 17, after sub-rule (5), the following proviso shall be inserted, namely:-

   “Provided that where all members of a company agree, the offer for buy-back may remain open for a period less than fifteen days.”

   [F. No. 01/04/2013 CL-V (part-II)]

AMARDEEP SINGH BHATIA, J t. Secy.

Note: The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 265(E), dated 31st March, 2014 and subsequently amended vide notifications as detailed below:-

<table>
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<tr>
<th>Sl. No.</th>
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<tbody>
<tr>
<td>1.</td>
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<td>18.06.2014</td>
</tr>
<tr>
<td>2.</td>
<td>G.S.R. 210 (E)</td>
<td>18.03.2015</td>
</tr>
<tr>
<td>3.</td>
<td>G.S.R. 439 (E)</td>
<td>29.05.2015</td>
</tr>
<tr>
<td>4.</td>
<td>G.S.R. 841 (E)</td>
<td>06.11.2015</td>
</tr>
<tr>
<td>5.</td>
<td>G.S.R. 290 (E)</td>
<td>10.03.2016</td>
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</table>
III. ACCEPTANCE OF DEPOSITS BY COMPANIES

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<tr>
<th>S.NO</th>
<th>Amendment Rules/Circulars/Notifications/Orders/and Particular</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Companies (Acceptance of Deposits) Amendment Rules, 2016 dated 29th June,2016</td>
<td>Lesson -20 Deposits</td>
<td>Lesson -6 Acceptance of Deposits by Companies</td>
</tr>
</tbody>
</table>

**Gist of the Amendments:**

**Definition of Deposit**

In the Companies (Acceptance of Deposits) Rules, 2014 (hereinafter referred to as the principal rules), in rule 2 in sub rule (1), in clause (c) relating to-

(i) in sub-clause (ix), for the words, five years, the words, ten years, has been substituted. Amended sub-clause shall be read as under-

Any amount raised by the issue of bonds or debentures secured by a first charge or a charge ranking pari passu with the first charge on any assets referred to in Schedule III of the Act excluding intangible assets of the company or bonds or debentures compulsorily convertible into shares of the company within ten years:

Provided that if such bonds or debentures are secured by the charge of any assets referred to in Schedule III of the Act, excluding intangible assets, the amount of such bonds or debentures shall not exceed the market value of such assets as assessed by a registered valuer;

(ii) after sub-clause (ix), (ixa) has been inserted which is as under-(ixa) any amount raised by issue of non-convertible debenture not constituting a charge on the assets of the company and listed on a recognised stock exchange as per applicable regulations made by Securities and Exchange Board of India.

(iii) for sub-clause (xi), the following sub clause has been substituted as under-(xi) any non-interest bearing amount received and held in trust;

(iv) in sub-clause (xii),-

(A) After item (d) and before the proviso, (e),(f) and (g) has been inserted which are as under-
"(e) as an advance towards consideration for providing future services in the form of a warranty or maintenance contract as per written agreement or arrangement, if the period for providing such services does not exceed the period prevalent as per common business practice or five years, from the date of acceptance of such service whichever is less;
(f) as an advance received and as allowed by any sectoral regulator or in accordance with directions of Central or State Government;
(g) as an advance for subscription towards publication, whether in point or in electronic to be adjusted against receipt of such publications; ".

(B) in the Explanation, the words “referred to in the proviso” has been omitted. The amended explanation is as under-

(iv) In the Explanation, after sub-clause (xiv), for the words "shall be treated as deposits", the words "shall be considered as deposits unless specifically excluded under this clause" have been substituted;

The amended explanation is as under-
Explanation.- For the purposes of this clause, any amount.-
(a) received by the company, whether in the form of instalments or otherwise, from a person with promise or offer to give returns, in cash or in kind, on completion of the period specified in the promise or offer, or earlier, accounted for in any manner whatsoever, or
(b) any additional contributions, over and above the amount under item (a) above, made by the company as part of such promise or offer, shall be considered as a deposit unless specifically excluded under this clause.

(v) after sub-clause (xiv), the following sub-clauses(xv),(xvi)(xvii) have been inserted.
(xv) any amount received by way of subscription in respect of a chit under the Chit Fund Act, 1982 .
(xvi) any amount received by the company under any collective investment scheme in compliance with regulations framed by the Securities and Exchange Board of India.
(xvii) an amount of twenty five lakh rupees or more received by a start-up company, by way of a convertible note (convertible into equity shares or repayable within a period not exceeding five years from the date of issue) in a single tranche, from a person.

In Rule 3 Principal rules relating to terms and conditions of acceptance of deposits by Companies,-
(i) in sub-rule (3),-
(a) for the words "twenty five per cent., the words, thirty five per cent., has been substituted. The amended sub-rule is as under:

(3) No company referred to in sub-section (2) of section 73 shall accept or renew any deposit from its members, if the amount of such deposits together with the amount of other deposits outstanding as on the date of acceptance or renewal
of such deposits exceeds thirty five per cent. of the aggregate of the paid-up share capital and free reserves of the company.

(b) the proviso has been inserted in Sub-rule 3 as under-
Provided that 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 such manner as may be specified.

(ii) For sub-rule (8), the sub-rule has been substituted as under-
"(8).- (a) Every eligible company shall obtain at least once in a year, credit rating for deposits accepted by it and a copy of the rating shall be sent to the Registrar of Companies along with the return of deposits in Form DPT-3,
(b) The credit rating referred to in clause (a) shall not be below the minimum investment grade rating or other specified credit rating for fixed deposits, from any one of the approved credit rating agencies as specified for Non-Banking Financial Companies in the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 199g, issued by the Reserve Bank of India, as amended from time to time.

In rule 4 of the principal rules relating to form and particulars of advertisements or circulars, in sub-rule (2), the following sub-rule has been substituted -
(2) Every eligible company intending to invite deposits shall issue a circular in the form of an advertisement in form DPT-1 for the purpose in English language in an English newspaper having country wide circulation and in vernacular language in a vernacular newspaper having wide circulation in the State in which the registered office of the company is situated, and shall also place such circular on the website of the company, if any

In rule 5 of the principal rules, in sub-rule (1), for the proviso, the proviso has been substituted as under-
Provided that the companies may accept deposits without deposit insurance till the 31st March, 2017 or till the availability of a deposit insurance contract product, whichever is earlier.

After rule 16 of the principal rules, the rule 16Ah has been inserted as under-
16A. Disclosures in the financial statement.- (1) Every company, other than a private company, shall disclose in its financial statement, by way of notes, about the money received from the director.
(2) Every private company shall disclose in its financial statement, by way of notes, about the money received from the directors, or relatives of directors.
In the principal rules in the Annexure, in Form DPT-I, the following para has been inserted -

6. DISCLAIMER.- It is to be distinctly understood that filing of circular or circular in the Form of advertisement with the Registrar should not in any way be deemed or construed that the same has been cleared or approved by the Registrar or Central Government. The Registrar or Central Government does not take any responsibility either for the financial soundness of any deposit scheme for which the deposit is being accepted or invited or for the correctness of the statements made or opinions expressed in the circular or circular in the Form of advertisement. The depositors should exercise due diligence before investing in the deposits schemes.
Text of the Amendment:

Government of India
Ministry of Corporate Affairs
Notification
New Delhi, dated, the 29th June, 2016

G.S.R. _ (E). - In exercise of the powers conferred by sections 73 and 76 read with sub-section (1) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Acceptance of Deposits) Rules, 2014, namely:-

(1) These rules may be called the Companies (Acceptance of Deposits) Amendment Rules, 2016.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Acceptance of Deposits) Rules, 2014 (hereinafter referred to as the principal rules), in rule 2 in sub-rule (1), in clause (c),

(i) in sub-clause (ix), for the words “five years” the words “ten years” shall be substituted;

(ii) after sub-clause (ix), the following sub-clause shall be inserted, namely:

"(ixa) any amount raised by issue of non-convertible debenture not constituting a charge on the assets of the company and listed on a recognised stock exchange as per applicable regulations made by Securities and Exchange Board of India;"

(iii) for sub-clause (xi), the following sub-clause shall be substituted, namely:

"(xi) any non-interest bearing amount received and held in trust;"

(iv) in sub-clause (xii),

(A) after item (d) and before the proviso, the following items shall be inserted, namely:

"(e) as an advance towards consideration for providing future services in the form of a warranty or maintenance contract as per written agreement or arrangement, if the period for providing such services does not exceed the period prevalent as per common business practice or five years, from the date of acceptance of such service whichever is less;

(f) as an advance received and as allowed by any sectoral regulator or in accordance with directions of Central or State Government;

(g) as an advance for subscription towards publication, whether in print or in electronic to be adjusted against receipt of such publications; ".


(B) in the Explanation, the words "referred to in the proviso" shall be omitted;

(v) in the Explanation, after sub-clause (xiv), for the words "shall be treated as deposits", the words "shall be considered as deposits unless specifically excluded under this clause" shall be substituted;

(vi) after sub-clause (xiv), the following sub-clauses shall be inserted, namely:-

(xv) any amount received by way of subscription in respect of a chit under the Chit Fund Act, 1982 (40 of "1982);

(xvi) any amount received by the company under any collective investment scheme in compliance with regulations framed by the Securities and Exchange Board of India,

(xvii) an amount of twenty five lakh rupees or more received by a start-up company, by way of a convertible note (convertible into equity shares or repayable within a period not exceeding five years from the date of issue) in a single tranche, from a person.

Explanation.- For the purposes of this sub clause',-

L "Start-up Company" means a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognised as such in accordance with notification number C.S.R. 180(E) dated 17'h February, 2016 issued by the Department of Industrial Policy and Promotion, Ministry of Commerce and Industry;

II. "convertible note' means an instrument evidencing receipt of money initially as a debt, which is repayable at the option of the holder, or which is convertible into such number of equity shares of the start-up company upon occurrence of specified events and as per the other terms and conditions agreed to and indicated in the instrument.

(xviii) any amount received by a company from Alternate Investment Funds, Domestic Venture Capital Funds and Mutual Funds registered with the Securities and Exchange Board of India in accordance with regulations made by it.

3. In Rule 3 of the Principal rules,-

(i) in sub-rule (3),-

(a) for the words "twenty five percent’ the words, “thirty five percent” shall be substituted;

(b) the following proviso shall be inserted namely:

"Provided that 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 such manner as may be specified.".
(ii) for sub-rule (8), the following sub-rule shall be substituted, namely:

"(8).- (a) Every eligible company shall obtain at least once in a year, credit rating for deposits accepted by it and a copy of the rating shall be sent to the Registrar of Companies along with the return of deposits in Form DpT-3,

(b) The credit rating referred to in clause (a) shall not be below the minimum investment grade rating or other specified credit rating for fixed deposits, from any one of the approved credit rating agencies as specified for Non-Banking Financial Companies in the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998, issued by the Reserve Bank of India, as amended from time to time."

4. in rule 4 of the principal rules, for sub-rule (2), the following sub-rule shall be substituted, namely:-

"(2) Every eligible company intending to invite deposits shall issue a circular in the form of an advertisement in form DPT-1 for the purpose in English language in an English newspaper having country wide circulation and in vernacular language in a vernacular newspaper having wide circulation in the State in which the registered office of the company is situated, and shall also place such circular on the website of the company, if any."

5. in rule 5 of the principal rules, in sub-rule (1), for the proviso, the following proviso shall be substituted, namely:-

"Provided that the companies may accept deposits without deposit insurance contract till the 31st March, 2017 or till the availability of a deposit insurance product, whichever is earlier."

6. after rule 16 of the principal rules, the following rule shall be inserted, namely:-

"16A. Disclosures in the financial statement.- (1) Every company, other than a private company, shall disclose in its financial statement, by way of notes, about the money received from the director.

(2) Every private company shall disclose in its financial statement, by way of notes, about the money received from the directors, or relatives of directors."

7. in the principal rules in the Annexure, in Form DPT-I, the following para shall be inserted, namely:-

"6. DISCLAIMER.- It is to be distinctly understood that filing of circular or circular in the Form of advertisement with the Registrar should not in any way be deemed or construed that the same has been cleared or approved by the Registrar or Central Government. The Registrar or Central Government does not take any responsibility either for the financial soundness of any deposit scheme for which the deposit is being accepted or invited or for the correctness of the statements made or opinions expressed in the circular or circular in the Form of
advertisement. The depositors should exercise due diligence before investing in the deposits schemes.”.

[File No 1/8/2013-CL-V]

(Amardeep Singh Bhatia)

Joint Secretary to the Government of India

### IV. DECLARATION AND PAYMENT OF DIVIDEND

<table>
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<td>Lesson -22 Divisible Profits and Dividends</td>
<td>Lesson -13 Distribution of Profits</td>
</tr>
</tbody>
</table>

**Gist of the Amendments:**

**IEPF**

The provisions of sub-section (5), sub-section (6) [except with respect to the manner of administration of the Investor Education and Protection Fund] and sub-section (7) of section 125 have been made effective from 13<sup>th</sup> January, 2015. These sub sections relate to Investor Education and Protection Fund.
MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 13th January, 2016

S.O. 125(E).—In exercise of the powers conferred by sub-section (3) of Section 1 of the Companies Act, 2013 (18 of 2013), the Central Government hereby appoints the 13th day of January, 2016 as the date on which the provisions of sub-section (5), sub-section (6) [except with respect to the manner of administration of the Investor Education and Protection Fund] and sub-section (7) of section 125 of the said Act shall come into force.

[F. No. 5/27/2013-IEPF (Part)]

AMARDEEP SINGH BHATIA, Jt. Secy.
### V. ACCOUNTS OF COMPANIES

<table>
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<tr>
<th>S.NO</th>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Impact on Lesson of Company Law</th>
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<tr>
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<td>Lesson- 21 Accounts and Audit</td>
<td>Lesson- 12 Preparation and Presentation of Reports</td>
</tr>
<tr>
<td>2.</td>
<td>Circular No.05/2016 dated 16th May, 2016</td>
<td>Lesson- 16 Board and its powers</td>
<td>Lesson- 12 Preparation and Presentation of Reports</td>
</tr>
<tr>
<td>3.</td>
<td>Companies (Corporate Social Responsibility Policy) Amendment Rules, 2016 dated 23rd May, 2016</td>
<td>Lesson- 21 Accounts and Audit</td>
<td>Lesson- 12 Preparation and Presentation of Reports</td>
</tr>
</tbody>
</table>

**Gist of the Amendments:**

**Corporate Social Responsibility**

1. Section 135, schedule VII of the Act and Companies CSR policy Rules, 2014 read with General Circular dated 18.06.2014 issued by Ministry of Corporate Affairs, provide the broad contour within which eligible companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. While complying with the Corporate Social Responsibility (CSR) provisions of the Act, Board of the eligible companies are empowered to appraise and approve their CSR policy including CSR projects or programmes or activities to be undertaken. FAQ’s along with responses has been issued by Ministry w.r.t CSR.

2. In continuation to this Ministry’s General Circular 01 of 2016 dated 12.01.2016, it is clarified that Companies, while undertaking Corporate Social Responsibility activities
of the Act, 2013 shall not contravene any other prevailing laws of the land including Cigarettes and other Tobacco Products Act (COTPA), 2003.

3. Vide amendment dated 23rd May, 2016 in Sub-rule 2 of Rule 4 following has been substituted -

The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through
(a) a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or
(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature:
Provided that if, the Board of a company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism”.

Now a Board of a Company may also carry out its CSR activities through registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature apart from a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company.

4. In the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015, relating to Filing of financial statement with Registrar in rule 3, the following proviso has been substituted.

Provided that the companies in banking, insurance, power sector, non-banking financial companies and housing finance companies need not file financial statements under this rule.
To,
All Regional Director,
All Register of Companies,
All Stakeholders

Subject-Frequently Asked Questions (FAQs) with regards to Corporate Social Responsibility under section 135 of the Companies Act, 2013.

Sir,

Section 135 of the Companies Act, 2013, Schedule VII of the Act and Companies CSR Policy Rules, 2014 read with General Circular dated 18.06.2014 issued by the Ministry of Corporate Affairs, provide the broad contour within which eligible Companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. While complying with the Corporate Social Responsibility (CSR) provisions of the Act, Board of the eligible companies are empowered to appraise and approve their CSR policy including CSR projects or programmes or activities to be undertaken. In this connection, Ministry has been receiving several queries and references seeking further clarifications on various issues relating to CSR provisions of the Act.

2. In continuation to this Ministry’s General Circular dated 18th June, 2014 and 17th September, 2014 a set of FAQs along with response of Ministry is provided for facilitating effective implementation of CSR.
# FREQUENTLY ASKED QUESTIONS ON CORPORATE SOCIAL RESPONSIBILITIES

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>FAQs</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Whether CSR provisions of the Companies Act, 2013 is applicable to all companies?</td>
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<td></td>
<td>CSR provisions of the Companies Act, 2013 is applicable to every company registered under the Companies Act, 2013 and any other previous Companies law having</td>
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<td>• Net worth of rupees five hundred crore or more, or</td>
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<td></td>
<td>• Turnover of rupees one thousand crore or more, or</td>
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<tr>
<td></td>
<td>• A net profit of rupees five crore or more</td>
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<td>during any financial year</td>
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<td>2.</td>
<td>What is meaning of <code>any financial year</code> mentioned above?</td>
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<td></td>
<td>“Any Financial year” referred under Sub-section (1) of Section 135 of the Act read with Rule 3(2) of Companies CSR Rule, 2014 implies any of the three preceding financial years (refer General Circular No. 21/2014, dated : 18.06.2014)</td>
</tr>
<tr>
<td>3.</td>
<td>Whether CSR expenditure of a company can be claimed as a business expenditure?</td>
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<td></td>
<td>The amount spent by a company towards CSR cannot be claimed as a business expenditure. The Finance Act, 2014 provides that any expenditure incurred by an assessee on the activities relating to Corporate Social Responsibility referred to in section 135 of the Companies Act, 2013 shall not be deemed to be an expenditure incurred by the assessee for the purposes of the business or profession.</td>
</tr>
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<td>4.</td>
<td>Whether the ‘average net profit’ criteria for section 135(5) is Net profit before tax or Net profit after tax?</td>
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<td>Computation of net profit for section 135 is as per section 198 of the Companies Act, 2013 which is primarily PROFIT BEFORE TAX (BT).</td>
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<tr>
<td>5.</td>
<td>Can the CSR expenditure be spent on the activities beyond Schedule VII?</td>
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<td></td>
<td>General Circular No. 21/2014 dated June 18, 2014 of MCA has clarified that the statutory provision and provisions of CSR Rules, 2014, is to ensure that activities undertaken in pursuance of the CSR policy must be relatable to Schedule VII of the Companies Act, 2013. The entries in the said Schedule VII must be interpreted liberally so as to capture the essence of the subjects enumerated in the said Schedule. The items enlisted in the Schedule VII of the Act, are broad-based and are intended to cover a wide range of activities. The General Circular also provides an illustrative list of activities that can be covered under CSR. In a similar way many more can be covered. It is for the Board of the company to take a call on this.</td>
</tr>
<tr>
<td>6.</td>
<td>What tax benefit can be availed under CSR?</td>
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</table>
| | No Specific Tax Exemptions Have Been Extended To CSR Expenditure Per Se. The Finance Act, 2014 Also Clarifies That Expenditure On CSR does not form part of business expenditure. While no specific tax exemption has been extended to expenditure incurred on CSR, spending on several activities like contributions to Prime Minister’s Relief Fund, scientific research, rural development projects, skill
development projects, agricultural extension projects, etc., which find place in Schedule VII, already enjoy exemptions under different sections of the Income Tax Act, 1961.

7. Which activities would not qualify as CSR?

- The CSR projects or programs or activities that benefit only the employees of the company and their families.
- One-off events such as marathons/awards/charitable contribution/advertisement/ sponsorships of TV programmes etc.
- Expenses incurred by companies for the fulfillment of any other Act/Statute of regulations (such as Labour Laws, Land Acquisition Act, 2013, Apprentice Act, 1961 etc.)
- Contribution of any amount directly or indirectly to any political party.
- Activities undertaken by the company in pursuance of its normal course of business.
- The project or programmes or activities undertaken outside India.

8. Whether a holding or subsidiary of a company which fulfils the criteria under section 135(1) has to comply with section 135, even if the holding and subsidiary itself does not fulfill the criteria.

Holding or subsidiary of a company does not have to comply with section 135(1) unless the holding or subsidiary itself fulfills the criteria.

9. Whether provisions of CSR are applicable on Section 8 company, if it fulfills the criteria of section 135(1) of the Act.

Section 135 of the Act reads “Every company……”, i.e. no specific exemption is given to section 8 companies with regard to applicability of section 135, hence section 8 companies are required to follow CSR provisions.

10. Can contribution of money to a trust/Society/Section 8 Companies by a company be treated as CSR expenditure of the company?

General Circular No. 21/2014 Of MCA Dated June 18, 2014 Clarifies That Contribution To Corpus Of A Trust/Society/Section 8 Companies Etc. Will Qualify As CSR Expenditure As Long As:

(a) The Trust/Society/Section 8 company etc. is created exclusively for undertaking CSR activities or
(b) Where the corpus is created exclusively for a purpose directly relatable to a subject covered in Schedule VII of the Act.

11. Whether display of CSR policy of a company on website of the company is mandatory or not?

As per section 135(4) the Board of Directors of the company shall, after taking into account the recommendations of CSR Committee, approves the CSR policy for the company and disclose contents of such policy in its report and the same shall be
<table>
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<tr>
<th></th>
<th>Question</th>
<th>Answer</th>
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<tbody>
<tr>
<td>12.</td>
<td>Whether reporting of CSR is mandatory in Board’s Report?</td>
<td>The Board’s Report of a company qualifying under section 135(1) pertaining to a financial year commencing on or after the 1st day of April, 2014 shall include an annual report on CSR containing particulars specified in Annexure. (refer Rule 9 of CSR Policy, Rules 2014).</td>
</tr>
<tr>
<td>13.</td>
<td>Whether it is mandatory for Foreign Company to give report on CSR activity?</td>
<td>In case of a foreign company, the balance sheet filed under sub-clause (b) of subsection (1) of section 381 shall contain an Annexure regarding report on CSR.</td>
</tr>
<tr>
<td>14.</td>
<td>Whether contribution towards disaster relief qualifies as CSR or not?</td>
<td>(May please refer point no. 7 to the annexure to General Circular dated 16.06.2014 issued by Ministry of Corporate Affairs).</td>
</tr>
<tr>
<td>15.</td>
<td>Whether contribution in kind can be monetized to be shown as CSR expenditure?</td>
<td>Section 135 prescribes “…shall ensure that company spends …..”. The company has to spend the amount.</td>
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<tr>
<td>16.</td>
<td>If a company spends in excess of 2% of its average net profit of three preceding years on CSR in a particular year, can the excess amount spent be carried forward to the next year and be offset against the required 2% CSR expenditure of the next year?</td>
<td>Any excess amount spent (i.e., more than 2% as specified in Section 135) cannot be carried forward to the subsequent years and adjusted against that year’s CSR expenditure.</td>
</tr>
<tr>
<td>17.</td>
<td>Can the unspent amount from out of the minimum required CSR expenditure be carried forward to the next year?</td>
<td>The Board is free to decide whether any unspent amount from out of the minimum required CSR expenditure is to be carried forward to the next year. However, the carried forward amount should be over and above the next year’s CSR allocation equivalent to at least 2% of the average net profit of the company of the immediately preceding three years.</td>
</tr>
<tr>
<td>18.</td>
<td>What is the role of Government in monitoring implementation of CSR by companies under the provision of the Companies Act, 2013?</td>
<td>The main thrust and spirit of the law is not to monitor but to generate conducive environment for enabling the corporates to conduct themselves in a socially responsible manner, while contributing towards human development goals of the country. The existing legal provisions like mandatory disclosures, accountability of the CSR Committee and the Board, provisions for audit of the accounts of the company etc.,</td>
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</table>
provide sufficient safeguards in this regard. Government has no role to play in monitoring implementation of CSR by companies.

19. **Whether government is proposing to establish any mechanism for third parties to monitor the quality and efficacy of CSR expenditure as well as to have an impact assessment of CSR by Companies?**

Government has no role to play in engaging external experts for monitoring the quality and efficacy of CSR expenditure of companies. Boards/CSR Committees are fully competent to engage third parties to have an impact assessment of its CSR programme to validate compliance of the CSR provisions of the law.

20. **Can CSR funds be utilized to fund Government Scheme?**

The objective of this provision is indeed to involve the corporates in discharging their social responsibility with their innovative ideas and management skills and with greater efficiency and better outcomes. Therefore, CSR should not be interpreted as a source of financing the resource gaps in Government Scheme. Use of corporate innovations and management skills in the delivery of ‘public goods’ is at the core of CSR implementation by the companies. In-principle, CSR fund of companies should not be used as a source of funding Government Schemes. CSR projects should have a larger multiplier effect than that under the Government schemes.

However, under CSR provision of the Act and rules made there under, the Board of the eligible company is competent to take decision on supplementing any Government Scheme provided the scheme permits corporates participation and all provisions of Section 135 of the Act and rules there under are complied by the company.

21. **Who is the appropriate authority for approving and implementation of the CSR programmes/projects of a Company? What is Government’s role in this regard?**

Government has no role to play in this regard. Section 135 of the Act, Schedule VII and Companies CSR Policy Rules, 2014 read with General Circular dated 18.06.2014 issued by the Ministry of Corporate Affairs, provide the broad contour with which eligible companies are required to formulate their CSR policies including activities to be undertaken and implement the same in the right earnest. Therefore, all CSR programmes/projects should be approved by the Boards on the recommendations of their CSR Committees. Changes, if any, in the programme/project should also be undertaken only with the approval of the committee/Board.

22. **How can companies with small CSR funds take up CSR activities in a project/programme mode?**

A well designed CSR project or programme can be managed with even small fund. Further, there is a provision in the CSR Policy Rules, 2014 that such companies can combine their CSR programs with other similar companies by way of pooling their CSR resources. *(Refer Rule 4 in Companies (CSR Policy) Rules, 2014).*

23. **Whether involvement of employees of the company in CSR project/programmes of a company can be monetized and accounted for under the head of ‘CSR expenditure’?**
Contribution and involvement of employees in CSR activities of the company will no doubt generate interest/pride in CSR work and promote transformation from Corporate Social Responsibility (CSR) as an obligation to Socially Responsible Corporates (SRC) in all aspects of their functioning. Companies therefore, should be encouraged to involve their employees in CSR activities. However, monetization of pro bono services of employees would not be counted towards CSR expenditure.

3. This issue with the approval of Competent Authority.

Yours Faithfully,

(Seema Rath)

Dy. Director-CSR-Cell

Tell-01123384657
General Circular No.05/2016

No.05/01/2014-CSR

Government of India

Ministry of Corporate Affairs

5th Floor, ’A’ Wing,

Shastri Bhawan, Dr. R.P. Marg

New Delhi-110001

Dated: 16th May, 2016

To,

All Regional Director,

All Register of Companies,

All Stakeholders

Subject: Clarification with regard to provisions of Corporate Social Responsibility under Section 135 of the Companies Act, 2013.

In continuation to this Ministry General Circular 01 of 2016 dated 12.01.2016, it is clarified that companies, while undertaking Corporate Social Responsibility activities under provisions of the Companies Act, 2013, shall not contravene any other prevailing laws of the land including Cigarettes and other tobacco Products Act (COTPA), 2003.

2. The issues with the approval of Competent Authority.

Yours Faithfully,

(Seema Rath)

Dy. Director-CSR-Cell

Tell-01123384657
G.S.R. 540(E).—In exercise of the powers conferred under section 135 and sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Corporate Social Responsibility Policy) Rules, 2014, namely:—

1. Short title and commencement. - (1) These rules may be called the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2016.
(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Corporate Social Responsibility Policy) Rules, 2014, in rule 4, for sub-rule (2), the following sub-rule shall be substituted, namely:—
“(2) The Board of a company may decide to undertake its CSR activities approved by the CSR Committee, through
(a) a company established under section 8 of the Act or a registered trust or a registered society, established by the company, either singly or along with any other company, or
(b) a company established under section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government or any entity established under an Act of Parliament or a State legislature:
Provided that- if, the Board of a company decides to undertake its CSR activities through a company established under section 8 of the Act or a registered trust or a registered society, other than those specified in this sub-rule, such company or trust or society shall have an established track record of three years in undertaking similar programs or projects; and the company has specified the projects or programs to be undertaken, the modalities of utilisation of funds of such projects and programs and the monitoring and reporting mechanism”.

[F. No. 05/12/2016-CSR-Cell]
AMARDEEP SINGH BHATIA, Joint Secy.

Note.—The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3,Sub-section (i), vide number G.S.R. 129(E), dated the 27th February, 2014 and were subsequently amended by notification number G.S.R. 644(E), dated the 12th September, 2014 and notification number G.S.R. 43(E), dated the 19th January, 2015.
G.S.R (E) - In exercise of the powers conferred by sub-sections (1) and (2) of section 469 read with section 398 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015, namely:-

1. Short title and Commencement- (1) These rules may be called the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2016.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015, in rule 3, for the proviso, the following proviso shall be substituted, namely:-

"Provided that the companies in banking, insurance, power sector, non-banking financial companies and housing finance companies need not file financial statements under this rule."

[F. No. 1/19l2013-CL-V]

(Amardeep Singh Bhatia)

Joint Secretary

Note.- The principal rules were notified vide notification number GSR 692(E) dated 09.09.2015.
### VI. AUDIT AND AUDITORS

<table>
<thead>
<tr>
<th>S.NO</th>
<th>Amendment Rules/Circulars/Notifications/Orders/and Particular</th>
<th>Impact on Lesson of Company Law</th>
<th>Impact on Lesson of ACLP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Order NoS.O.1226(E) dated 29th March, 2016</td>
<td>Lesson- 21 Accounts and Audit</td>
<td>Lesson-11 Auditors and Lesson-12 Preparation and Presentation of Reports</td>
</tr>
<tr>
<td>2.</td>
<td>Order NoS.O.1227(E) dated 29th March, 2016</td>
<td>Lesson- 21 Accounts and Audit</td>
<td>Lesson-11 Auditors and Lesson-12 Preparation and Presentation of Reports</td>
</tr>
<tr>
<td>3.</td>
<td>Order NoS.O.1228(E) dated 29th March, 2016</td>
<td>Lesson- 21 Accounts and Audit</td>
<td>Lesson-11 Auditors</td>
</tr>
<tr>
<td>4.</td>
<td>Order No S.O....(E) dated 30th June, 2016</td>
<td>Lesson- 21 Accounts and Audit</td>
<td>Lesson-11 Auditors</td>
</tr>
</tbody>
</table>

**Gist of the Amendments:**

**National Financial Reporting Authority**

1. The National Financial Reporting Authority is constituted under section 132, the Central Government may hold consultation required under this sub-section with the Committee chaired by an officer of the rank of Joint Secretary or equivalent in the Ministry of Corporate Affairs and the Committee shall have the representatives from the Institute of Chartered Accountants of India and Industry Chambers and also special invitees from the National Advisory Committee on Accounting Standards and the office of the Comptroller and Auditor-General.

2. The National Financial Reporting Authority is constituted under section 132 of the Companies Act, 2013 (18 of 2013), the Central Government may prescribe the standards of accounting or any addendum thereto, as recommended by the Institute of Chartered Accountants of India, constituted under section 3 of the Chartered Accountants Act, 1949 (38 of 1949), in consultation with and after examination of the recommendations made by National Advisory Committee on Accounting Standards constituted under section 210 A of the Companies Act, 1956".
3. 1. It shall apply to every company including a foreign company as defined in clause (42) of section 2 of the Companies Act, 2013 (18 of 2013) [hereinafter referred to as the Companies Act], except—

(i) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
(ii) an insurance company as defined under the Insurance Act,1938 (4 of 1938);
(iii) a company licensed to operate under section 8 of the Companies Act;
(iv) a One Person Company as defined under clause (62) of section 2 of the Companies Act and a small company as defined under clause (85) of section 2 of the Companies Act; and
(v) a private limited company, not being a subsidiary or holding company of a public company, having a paid up capital and reserves and surplus not more than rupees one crore as on the balance sheet date and which does not have total borrowings exceeding rupees one crore from any bank or financial institution at any point of time during the financial year and which does not have a total revenue as disclosed in Scheduled III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding rupees ten crore during the financial year as per the financial statements.

2. Auditor's report to contain matters specified in paragraphs 3 and 4. - Every report made by the auditor under section 143 of the Companies Act, 2013 on the accounts of every company audited by him, to which this Order applies, for the financial years commencing on or after 1st April, 2015, shall in addition, contain the matters specified in paragraphs 3 and 4, as may be applicable:

Provided the Order shall not apply to the auditor’s report on consolidated financial statements.

3. Matters to be included in the auditor's report. - The auditor's report on the accounts of a company to which this Order applies shall include a statement on the following matters, namely:-

(i) (a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
(b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;
(c) whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof;
(ii) whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account;

(iii) whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so,

(a) whether the terms and conditions of the grant of such loans are not prejudicial to the company’s interest;

(b) whether the schedule of repayment of principal and payment of interest has been stipulated and whether the repayments or receipts are regular;

(c) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;

(iv) in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof. (v) in case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated;

If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?

(vi) whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.

(vii) (a) whether the company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;

(b) where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute).

(viii) whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).
(ix) whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;

(x) whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;

(xi) whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;

(xii) whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability and whether the Nidhi Company is maintaining ten per cent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;

(xiii) whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;

(xiv) whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;

(xv) whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;

(xvi) whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and if so, whether the registration has been obtained.

4. Reasons to be stated for unfavourable or qualified answers.- (1) Where, in the auditor's report, the answer to any of the questions referred to in paragraph 3 is unfavourable or qualified, the auditor's report shall also state the basis for such unfavourable or qualified answer, as the case may be.

(2) Where the auditor is unable to express any opinion on any specified matter, his report shall indicate such fact together with the reasons as to why it is not possible for him to give his opinion on the same.
4. In section 139, sub-section (2), relates to appointment of auditors the following proviso shall be substituted. The third proviso, of Section 139(2) shall be substituted, under:-

"Provided also that every company, existing on or before the commencement of this Act which is required to comply with the provisions of this sub-section, shall comply with requirements of this sub-section within a period which shall not be later than the date of the first annual general meeting of the company held, within the period specified under sub-section (1) of section 96, after three years from the date of commencement of this Act."
Text of the Amendment:

MINISTRY OF CORPORATE AFFAIRS
ORDER
New Delhi, the 29th March, 2016

S.O.1226(E).—Whereas the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the said Act) received the assent of the President on 29th August, 2013 and section 1 thereof came into force on the same date;

And, whereas, the provisions contained in section 143 of the said Act which provides for powers and duties of auditors and auditing standards has come into force on the 1st April, 2014;

And, whereas, sub-section (11) of section 143 of the said Act provides that the Central Government may, in consultation with the National Financial Reporting Authority, by general or special order, direct, in respect of such class or description of companies, as may be specified in the order, that the auditor’s report shall also include a statement on such matters as may be specified therein;

And, whereas, section 132 of the said Act, which provides for constitution, functions etc., of the National Financial Reporting Authority and the National Financial Reporting Appellate Authority, has not been brought into force and it may take some time to bring said section into force;

And, whereas, the National Advisory Committee on Accounting Standards, constituted under section 210A of the Companies Act, 1956 (1 of 1956) provides for advising the Central Government on the formulation and laying down of accounting policies and accounting standards for adoption by companies or class of companies;

And, whereas, sub-section (4A) of section 227 of the Companies Act, 1956 (1 of 1956), which corresponds to sub-section (11) of section 143 of the Companies Act, 2013, (18 of 2013) provides that the Central Government may consult the Institute of Chartered Accountants of India constituted under the Chartered Accountants Act, 1949 (38 of1949), while issuing order directing that in case of specified class or description of companies the auditor's report shall include a statement on additional matters as specified in the order;

And, whereas, the Central Government constituted a Committee chaired by the Joint Secretary or Regional Director, Ministry of Corporate Affairs and representatives from the Institute of Chartered Accountants of India and Industry Chambers and National Advisory Committee on Accounting Standards, Chairman and representative from the Office of the Comptroller and Auditor-General, as special invitees to hold consultation required under sub-section (11) of section 143 of the Companies Act, 2013;

And, whereas, the Central Government, on the basis of recommendations of the said Committee, has issued the Companies (Auditor’s Report) Order, 2015 on 10th April, 2015 for financial year 2015-16 vide notification number S.O.990 (E) dated the 10th April, 2015 published in the Gazette of India, Extraordinary, Part-II, Section 3, Sub-section (ii) and proposes to issue similar Order to be applicable from the financial year 2015-16 onwards;

And, whereas, difficulties have arisen regarding compliance with the provisions of sub-section (11) of section 143, in so far as they relate to consultation with National Financial Reporting Authority till the period it is duly constituted under section 132 of the Companies Act, 2013;
Now, therefore, in exercise of the powers conferred by sub-section (1) of section 470 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following Order to remove the above said difficulties, namely:

1. Short title and commencement. - (1) This Order may be called the Companies (Removal of Difficulties) Order, 2016.
   (2) It shall be deemed to have come into force from the 10th April, 2015.

2. In the Companies Act, 2013, in section 143, in sub-section (ii), the following proviso shall be inserted, namely:
   “Provided that until the National Financial Reporting Authority is constituted under section 132, the Central Government may hold consultation required under this sub-section with the Committee chaired by an officer of the rank of Joint Secretary or equivalent in the Ministry of Corporate Affairs and the Committee shall have the representatives from the Institute of Chartered Accountants of India and Industry Chambers and also special invitees from the National Advisory Committee on Accounting Standards and the office of the Comptroller and Auditor-General”.

[F. No. 17/45/2015-CL-V]
AMARDEEP SINGH BHATIA, Jt. Secy.
S.O. 1227(E). – Whereas, the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the said Act) received the assent of the President on 29th August, 2013 and section 1 thereof came into force on the same date; And, whereas, section 133 provides that the Central Government may prescribe the standards of accounting or any addendum thereto, as recommended by the Institute of Chartered Accountants of India, constituted under section 3 of the Chartered Accountants Act, 1949 (38 of 1949), in consultation with and after examination of the recommendations made by the National Financial Reporting Authority;

And, whereas, section 133 of the said Act, has come into force with effect from 12th September, 2013;

And, whereas, section 132 of the said Act, which provides for constitution, functions etc. of the National Financial Reporting Authority and National Financial Reporting Appellate Authority, has not been brought into force and it may take some time to bring said section into force;

And, whereas, the National Advisory Committee on Accounting Standards, constituted under section 210A of the Companies Act, 1956 provides for advising the Central Government on the formulation and laying down of accounting policies and accounting standards for adoption by companies or class of companies;

And, whereas, sub-section (3C) of section 211 of the Companies Act, 1956 (1 of 1956) which corresponds to section 133 of the Companies Act, 2013 (18 of 2013) provides that the expression “accounting standards” means the standards of accounting recommended by the Institute of Chartered Accountants of India constituted under the Chartered Accountants Act, 1949 (38 of 1949), as may be prescribed by the Central Government in consultation with the National Advisory Committee on Accounting Standards established under sub-section (1) of section 210A; And, whereas, difficulties have arisen regarding compliance with the provisions of section 133 in so far as they relate to consultation with National Financial Reporting Authority till the period it is duly constituted under section 132 of the said Act;

And, whereas, on the basis of the recommendations of the National Advisory Committee on Accounting Standards, the Central Government issued the Companies (Indian Accounting Standards) Rules, 2015 with effect from 1st April, 2015 vide notification number G.S.R. 111(E) dated the 16th February, 2015 published in the Gazette in India, Extraordinary, Part-II, Section 3, Sub-section (i) dated the 19th February, 2015;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 470 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following Order to remove the above said difficulties, namely:-

1. Short title and commencement.- (1) This Order may be called the Companies (Removal of Difficulties) Second Order, 2016.
(2) It shall be deemed to have come into force from the 1st April, 2015.
2. In section 133 of the Companies Act, 2013 (herein after referred to as the said Act), the following proviso shall be inserted, namely:-

“Provided that until the National Financial Reporting Authority is constituted under section 132 of the Companies Act, 2013 (18 of 2013), the Central Government may prescribe the
standards of accounting or any addendum thereto, as recommended by the Institute of Chartered Accountants of India, constituted under section 3 of the Chartered Accountants Act, 1949 (38 of 1949), in consultation with and after examination of the recommendations made by National Advisory Committee on Accounting Standards constituted under section 210 A of the Companies Act, 1956”.

[F. No. 17/45/2015-CL-V]
AMARDEEP SINGH BHATIA, Jt. Secy.
MINISTRY OF CORPORATE AFFAIRS
ORDER
New Delhi, the 29th March, 2016

S.O. 1228(E).—In exercise of the powers conferred by sub-section (11) of section 143 of the Companies Act, 2013 (18 of 2013) and in supersession of the Companies (Auditor’s Report) Order, 2015 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (ii), vide number S.O. 990 (E), dated the 10th April, 2015, except as respects things done or omitted to be done before such supersession, the Central Government, after consultation with the, committee constituted under proviso to sub-section (11) of section 143 of the Companies Act, 2013 hereby makes the following Order, namely:—

1. Short title, application and commencement.— (1) This Order may be called the Companies (Auditor’s Report) Order, 2016.
   (2) It shall apply to every company including a foreign company as defined in clause (42) of section 2 of the Companies Act, 2013 (18 of 2013) [hereinafter referred to as the Companies Act], except—
   (i) a banking company as defined in clause (c) of section 5 of the Banking Regulation Act, 1949 (10 of 1949);
   (ii) an insurance company as defined under the Insurance Act, 1938 (4 of 1938);
   (iii) a company licensed to operate under section 8 of the Companies Act;
   (iv) a One Person Company as defined under clause (62) of section 2 of the Companies Act and a small company as defined under clause (85) of section 2 of the Companies Act; and
   (v) a private limited company, not being a subsidiary or holding company of a public company, having a paid up capital and reserves and surplus not more than rupees one crore as on the balance sheet date and which does not have total borrowings exceeding rupees one crore from any bank or financial institution at any point of time during the financial year and which does not have a total revenue as disclosed in Scheduled III to the Companies Act, 2013 (including revenue from discontinuing operations) exceeding rupees ten crore during the financial year as per the financial statements.

2. Auditor’s report to contain matters specified in paragraphs 3 and 4. - Every report made by the auditor under section 143 of the Companies Act, 2013 on the accounts of every company audited by him, to which this Order applies, for the financial years commencing on or after 1st April, 2015, shall in addition, contain the matters specified in paragraphs 3 and 4, as may be applicable:
   Provided the Order shall not apply to the auditor’s report on consolidated financial statements.

3. Matters to be included in the auditor’s report. - The auditor's report on the accounts of a company to which this Order applies shall include a statement on the following matters, namely:-
   (i) (a) whether the company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
   (b) whether these fixed assets have been physically verified by the management at reasonable intervals; whether any material discrepancies were noticed on such verification and if so, whether the same have been properly dealt with in the books of account;
   (c) whether the title deeds of immovable properties are held in the name of the company. If not, provide the details thereof;
(ii) whether physical verification of inventory has been conducted at reasonable intervals by the management and whether any material discrepancies were noticed and if so, whether they have been properly dealt with in the books of account;
(iii) whether the company has granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. If so,
(a) whether the terms and conditions of the grant of such loans are not prejudicial to the company's interest;
(b) whether the schedule of repayment of principal and payment of interest has been stipulated and whether there payments or receipts are regular;
(c) if the amount is overdue, state the total amount overdue for more than ninety days, and whether reasonable steps have been taken by the company for recovery of the principal and interest;
(iv) in respect of loans, investments, guarantees, and security whether provisions of section 185 and 186 of the Companies Act, 2013 have been complied with. If not, provide the details thereof.
(v) in case, the company has accepted deposits, whether the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder, where applicable, have been complied with? If not, the nature of such contraventions be stated; If an order has been passed by Company Law Board or National Company Law Tribunal or Reserve Bank of India or any court or any other tribunal, whether the same has been complied with or not?
(vi) Whether maintenance of cost records has been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013 and whether such accounts and records have been so made and maintained.
(vii) (a) whether the company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues to the appropriate authorities and if not, the extent of the arrears of outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable, shall be indicated;
(b) where dues of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax have not been deposited on account of any dispute, then the amounts involved and the forum where dispute is pending shall be mentioned. (A mere representation to the concerned Department shall not be treated as a dispute).
(viii) Whether the company has defaulted in repayment of loans or borrowing to a financial institution, bank, Government or dues to debenture holders? If yes, the period and the amount of default to be reported (in case of defaults to banks, financial institutions, and Government, lender wise details to be provided).
(ix) Whether moneys raised by way of initial public offer or further public offer (including debt instruments) and term loans were applied for the purposes for which those are raised. If not, the details together with delays or default and subsequent rectification, if any, as may be applicable, be reported;
(x) whether any fraud by the company or any fraud on the Company by its officers or employees has been noticed or reported during the year; If yes, the nature and the amount involved is to be indicated;
(xi) Whether managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act? If not, state the amount involved and steps taken by the company for securing refund of the same;
(xii) whether the Nidhi Company has complied with the Net Owned Funds to Deposits in the ratio of 1:20 to meet out the liability and whether the Nidhi Company is maintaining ten percent unencumbered term deposits as specified in the Nidhi Rules, 2014 to meet out the liability;
(xiii) Whether all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards;
(xiv) whether the company has made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and if so, as to whether the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised. If not, provide the details in respect of the amount involved and nature of non-compliance;
(xv) Whether the company has entered into any non-cash transactions with directors or persons connected with him and if so, whether the provisions of section 192 of Companies Act, 2013 have been complied with;
(xvi) Whether the company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934and if so, whether the registration has been obtained.
4. Reasons to be stated for unfavourable or qualified answers.- (1) Where, in the auditor’s report, the answer to any of the questions referred to in paragraph 3 is unfavourable or qualified, the auditor’s report shall also state the basis for such unfavourable or qualified answer, as the case may be.
(2) Where the auditor is unable to express any opinion on any specified matter, his report shall indicate such fact together with the reasons as to why it is not possible for him to give his opinion on the same.

[F. No. 17/45/2015-CL-V]
AMARDEEP SINGH BHATIA, Jt. Secy.
S.O. _ (E). - Whereas, the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the said Act) received the assent of the President on 29th August, 2013 and section 1 thereof came into force on the same date;
And, whereas, the provisions contained in section 139, which provides for appointment of auditors has come into force on the 1st April, 2014;
And, whereas, sub-section (2) of section 139 of the said Act provides that no listed company and the prescribed class of companies shall appoint or re-appoint-
(a) an individual as auditor for more than one term of five consecutive years; and
(b) an audit firm as auditor for more than two terms of five consecutive years;
And, whereas, first proviso to sub-section (2) provides for period for which the individual auditor or audit firm who or which have completed term provided under such sub-section shall not be eligible for re-appointment as auditor in the same company;
And, whereas, the third proviso to sub-section (2) provides that every company, existing on or before the commencement of this Act which is required to comply with provisions of sub-section (2) shall comply with the requirements of such sub-section within three years from the date of commencement of the said Act;
And, whereas, as per provisions of sub-section (1) of section 139, the companies are required to appoint auditor at the annual general meeting who shall hold office from the conclusion of that meeting till the conclusion of sixth annual general meeting;
And, whereas, difficulties have arisen regarding compliance with the provisions of third proviso to sub-section (2) of section 139 in so far as they relate to the period within which companies would comply with provisions of sub-section (2) of section 139 of the said Act;
Now, therefore, in exercise of the powers conferred by sub-section (1) of section 470 of the companies Act, 2013 (18 of 2013), the central Government hereby makes the following Order to remove the above said difficulties, namely:-

1. Short title and commencement.- (1) This Order may be called the Companies (Removal of Difficulties) Third Order, 2016.
(2) It shall be deemed to have come into force from 1st April, 2014.
2. In the Companies Act, 2013, in section '139, in sub-section (2), for the third proviso, the following proviso shall be substituted, namely:-
"Provided also that every company, existing on or before the commencement of this Act which is required to comply with the provisions of this sub-section, shall comply with requirements of this sub-section within a period which shall not be later than the date of the first annual general meeting of the company held, within the period specified under sub-section (1) of section 96, after three years from the date of commencement of this Act."

[F. No. 1/33/2013-CL-V]

(Amardeep Singh Bhatia)
Joint Secretary to the Government of India
### VII. APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL

<table>
<thead>
<tr>
<th>S.NO</th>
<th>Amendment Rules/Circulars/Notifications/Orders/and Particular</th>
<th>Impact on Lesson of Company Law</th>
<th>Impact on Lesson of ACLP</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016 dated 30 June, 2016</td>
<td>Lesson -17 Appointment and Remuneration of Key Managerial Personnel</td>
<td>Lesson- 8 Key Managerial Personnel</td>
</tr>
</tbody>
</table>

**Gist of the Amendments:**

**Key Managerial Personnel**

In the Companies (Appointment and Remuneration of Managerial Personnel) Rules' 2014'

In rule 3, the expression "Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer (CFO)" has been omitted.

The amended rule shall be read as under-
A company shall file a return of appointment a Managing Director, Whole time Director, or Manager within sixty days of the appointment, with the Registrar in Form no. MR-1.

In rule 5 of the principal rules,-

(a) in sub-rule (l), "clauses (v), (vi), (vii) and (ix) to (xi)" has been omitted'.

1) Every listed company shall disclose in the Board’s report-

   i) The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

   ii) The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year;

   iii) The percentage increase in the median remuneration of employees in the financial year;

   iv) The number of permanent employees on the rolls of company;

   viii) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration;
(x) The key parameters for any variable component of remuneration availed by the directors;
(xii) Affirmation that the remuneration is as per the remuneration policy of the company.

Explanation.- For the purposes of this rule.-
(i) the expression “median” means the numerical value separating the higher half of a population from the lower half and the median of a finite list of numbers may be found by arranging all the observations from lowest value to highest value and picking the middle one;
(ii) If there is an even number of observations, the median shall be the average of the two middle values.
(b) In sub-rule (2),-

(a) For the words "the name of every employee of the company, who-" the words the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-" has been substituted.
The amended rule shall be read as under-
The board’s report shall include a statement showing the names of the top ten employees in terms of remuneration drawn and the name of every employee.

(b) In sub-clause (i) for the words "sixty lakh rupees", the words "one crore and two lakh rupees" has been substituted.
The amended rule shall be read as under-
if employed throughout the financial year, was in receipt of remuneration for that year which, in the aggregate, was not less than one crore and two lakh rupees;

(c) In sub-clause (ii) for the words "five lakh rupees per month" the words "eight lakh and fifty thousand rupees per month" has been substituted.
The amended rule shall be read as under-
if employed for a part of the financial year, was in receipt of remuneration for any part of that year, at a rate which, in the aggregate, was not less than eight lakh and fifty thousand rupees per month";

For Form MR-1 of the principal rules, has been substituted.
Text of the Amendment:

Government of India
Ministry of Corporate Affairs

NOTIFICATION

New Delhi, 30 June, 2016

G.S.R. - In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the central Government hereby makes the following rules further to amend the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, namely:-

1. (1) These rules may be called the Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016'

(2) They shall come into force from the date of their publication in the Official Gazette

2. In the Companies (Appointment and Remuneration of Managerial Personnel) Rules' 2014' (hereinafter referred to as the principal rules),-

(i) in rule 3, the expression "Chief Executive Officer (CEO), Company Secretary and Chief Financial Officer (CFO)" shall be omitted.

3. in rule 5 of the principal rules,-

(a) in sub-rule (1), "clauses (v), (vi), (vii) and (ix) to (xi)" shall be omitted' 

(b) in sub-rule (2),-

(a) for the words "the name of every employee of the company, who-"" the words .. the names of the top ten employees in terms of remuneration drawn and the name of every employee, who-"" shall be substituted;

(b) in sub-clause (i) for the words "sixty lakh rupees", the words "one crore and two lakh rupees" shall be substituted;

(c) in sub-clause (ii) for the words "five lakh rupees per month" the words "eight lakh and fifty thousand rupees per month" shall be substituted;

4. For Form MR-I of the principal rules, the following form shall be substituted.

[F. No.1/5/2013 CL-V]

AMARDEEP SINGH BHATIA, Jt. Secy.

Note: - The principal rules were published in the Gazette of India, Extraordinary, part-II, Section 3, sub-section (i), vide number G.S.R. 249(E), dated the 31st March 2014 and, subsequently amended vide notification number G.S.R.390 (E) dated 09.06.2014.
## VIII. NATIONAL COMPANY LAW TRIBUNAL AND APPELLATE TRIBUNAL

<table>
<thead>
<tr>
<th>S.NO</th>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
<th>Impact on Lesson of Company Law</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Notification No. S.O. 1932(E) dated 1st June, 2016</td>
<td>Lesson-27 Merger, De-Merger, Amalgamation, Compromise and Arrangements – An Overview</td>
<td>-</td>
</tr>
<tr>
<td>2.</td>
<td>Notification No. S.O. 1933(E) dated 1st June, 2016</td>
<td>Lesson -27 Merger, De-Merger, Amalgamation, Compromise and Arrangements – An Overview</td>
<td>-</td>
</tr>
</tbody>
</table>

**Gist of the Amendments:**

**Constitution of NCLT**

1. The Central Government constitutes the National Company Law Tribunal to exercise and discharge the powers and functions as are, or may be, conferred on it by or under Act with effect from the 1st day of June, 2016.
2. The Central Government constitutes the National Company Law Appellate Tribunal for hearing appeals against the orders of the National Company Law Tribunal with effect from the 1st day of June, 2016.
3. The Central Government transferred all matters or proceedings or cases pending before the Board of Company Law Administration (Company Law Board) to the National Company Law Tribunal and it shall dispose of such matters or proceedings or cases in accordance with the provisions of the Companies Act, 2013 or the Companies Act, 1956.
Text of the Amendment:

MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION
New Delhi, the 1st June, 2016

S.O. 1932(E).—In exercise of the powers conferred by section 408 of the Companies Act, 2013 (18 of 2013), the Central Government hereby constitutes the National Company Law Tribunal to exercise and discharge the powers and functions as are, or may be, conferred on it by or under the said Act with effect from the 1st day of June, 2016.

[F. No. A-45011/14/2016-Ad. IV]
PRITAM SINGH, Addl. Secy.

NOTIFICATION
New Delhi, the 1st June, 2016

S.O. 1933(E).—In exercise of the powers conferred by section 410 of the Companies Act, 2013 (18 of 2013), the Central Government hereby constitutes the National Company Law Appellate Tribunal for hearing appeals against the orders of the National Company Law Tribunal with effect from the 1st day of June, 2016.

[F. No. A-45011/14/2016-Ad. IV]
PRITAM SINGH, Addl. Secy.

MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION
New Delhi, the 1st June, 2016

S.O. 1936(E).—In exercise of the powers conferred by clause (a) of sub-section (1) of section 434 of the Companies Act, 2013 (18 of 2013), the Central Government hereby appoints the 01st day of June, 2016, on which all matters or proceedings or cases pending before the Board of Company Law Administration (Company Law Board) shall stand transferred to the National Company Law Tribunal and it shall dispose of such matters or proceedings or cases in accordance with the provisions of the Companies Act, 2013 or the Companies Act, 1956.

[F. No. 1/30/CLB/2013/CL-V]
PRITAM SINGH, Addl. Secy.
### IX. SPECIAL COURTS

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<tr>
<th>S.NO</th>
<th>Amendment Rules/Circulars/Notifications/Orders/ and Particular</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Notification No. S.O.1795 (E) dated 18th May, 2016</td>
<td>Lesson -31 Offences, Penalties and their Compounding</td>
<td></td>
</tr>
</tbody>
</table>

**Gist of the Amendments:**

**Special Court**

The following section under Companies Act, 2013 relating to Special Court have come into force from 18th May, 2016:

- Section 2(29)(iv)
- Sections 435 to 438 and
- Section 440
Text of the Amendment:

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, the 18th May, 2016

S.O.1795 (E).—In exercise of the powers conferred by sub-section (3) of section 1 of the Companies Act, 2013 (18 of 2013), the Central Government hereby appoints the 18th day of May, 2016 as the date on which the provisions of clause (iv) of sub-section (29) of section 2, sections 435 to 438 (both sections inclusive) and section 440 of the said Act shall come into force.

[F.No. 01/12/2009-CL-I (Vol.IV)]

AMARDEEP SINGH BHATIA, Jt. Secy.
### X. REGISTRATION OFFICES AND FEES

<table>
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<tr>
<th>S.NO</th>
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<th>Impact on Lesson of ACLP</th>
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</thead>
</table>

**Gist of the Amendments:**

**E-Form No. GNL-1 and E-Form No. GNL-4**

1. E-Form No. GNL-1 and E-Form No. GNL-4 have been substituted.
Text of the Amendment:

Government of India
MINISTRY OF CORPORATE AFFAIRS
Notification

New Delhi, 06th May, 2016

G.S.R. ......(E).-In exercise of the powers conferred by section 399 read with subsections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Registration Offices and Fees) Rules, 2014, namely:

1. (1) These rules may be called the Companies (Registration Offices and Fees) Amendment Rules, 2016.
   (2) They shall come into force from the date of their publication in the Official Gazette.

2. In the Companies (Registration Offices and Fees) Rules, 2014,
   (i) For Form No. GNL-1 and Form No. GNL-4, following forms shall respectively be substituted.

   [F.No. 01/16/2013 CL-V(Pt-I)]
   Amardeep Singh Bhatia
   Joint Secretary.

Note: The principal notification was published in the Gazette of India, Part II, Section 3, Sub-section (i) vide number G.S.R 268(E), dated 31st March, 2014 and subsequently amended by:-

<table>
<thead>
<tr>
<th>Serial Number</th>
<th>Notification Number</th>
<th>Notification Date</th>
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<tbody>
<tr>
<td>1.</td>
<td>G.S.R.297(E)</td>
<td>28-04-2014</td>
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<td>2.</td>
<td>G.S.R. 122(E)</td>
<td>24-02-2015</td>
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</table>
XI. MISCELLANEOUS

<table>
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<tr>
<th>S.NO</th>
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<tbody>
<tr>
<td>2.</td>
<td>Notification No. S.O.1934 (E) dated 1st June, 2016</td>
<td>Miscellaneous</td>
<td>Lesson- 1 Company Formation and Conversion , Lesson- 4 Alteration of Share Capital , Lesson- 5 Issue and Redemption of Debentures and Bonds and Lesson - 12 Preparation and Presentation of Reports</td>
</tr>
</tbody>
</table>

Gist of the Amendments:

1. The Central Government delegated the powers of appointing inspectors for inspection under Section 206(5) of the Companies Act, 2013 to the Regional Directors. Section 206(5) relates to power to call for information, inspect books and conduct inquiries.

2. The Central Government notified the following provisions under Companies Act, 2013 which have come into force from 1st June, 2016-

   1. Sub-section (7) of section 7 [except clause (c) and (d)]
   2. Second proviso to sub-section (1) of section 14
   3. Sub-section (2) of section 14
4. Sub-section (3) of section 55
5. Proviso to Clause (b) of sub-section (1) of section 61
6. Sub-sections (4) to (6) of section 62
7. Sub-sections (9) to (11) of section 71
8. Section 75
9. Section 97
10. Section 98
11. Section 99
12. Sub-section (4) of section 119
13. Section 130
14. Section 131
15. Second proviso to sub-section (4) and sub-section (5) of section 140
16. Sub-section (4) of section 169
17. Section 213
18. Sub-section (2) of Section 216
19. Section 218
20. Section 221
21. Section 222
22. Sub-sections (5) of section 224
23. Sections 241, 242 [except clause (b) of sub-section (1), clause (c) & (g) of sub-section (2)], 243, 244, and 245
24. Reference of word ‘Tribunal’ in sub-section (2) of section 399
25. Sections 415 to 433 (both inclusive)
26. Sub-section (1)(a) and (b) of section 434
27. Sub-section (2) of section 434
28. Section 441
29. Section 466
Text of the Amendment:

MINISTRY OF CORPORATE AFFAIRS
Notification
New Delhi, the 29/4/2016

S.O. E. In exercise of the powers conferred by sub-section (1) of section 458 of the Companies Act (18 of 2013), the Central Government being satisfied that circumstances warrant, hereby delegates the powers to appoint inspectors for inspection of books and papers of a company under sub-section (5) of section 206, as ordered by Central Government, to the Regional Directors.

F. No.3/516/2015-CL.II
Amardeep Singh Bhatia, Joint Secretary

MINISTRY OF CORPORATE AFFAIRS
NOTIFICATION
New Delhi, the 01st June, 2016

S.O. 1934(E).—In exercise of the powers conferred by sub-section (3) of section 1 of the Companies Act, 2013 (18 of 2013), the Central Government hereby appoints the 01st day of June, 2016 as the date on which the following provisions of the said Act shall come into force, namely :—

<table>
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<th>Sl. No.</th>
<th>Section</th>
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<td>1.</td>
<td>Sub-section (7) of section 7 [except clause (c) and (d)]</td>
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<tr>
<td>2.</td>
<td>Second proviso to sub-section (1) of section 14</td>
</tr>
<tr>
<td>3.</td>
<td>Sub-section (2) of section 14</td>
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<tr>
<td>4.</td>
<td>Sub-section (3) of section 55</td>
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<tr>
<td>5.</td>
<td>Proviso to Clause (b) of sub-section (1) of section 61</td>
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<td>6.</td>
<td>Sub-sections (4) to (6) of section 62</td>
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<tr>
<td>7.</td>
<td>Sub-sections (9) to (11) of section 71</td>
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<td>8.</td>
<td>Section 75</td>
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<td>9.</td>
<td>Section 97</td>
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<tr>
<td>10.</td>
<td>Section 98</td>
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<td>11.</td>
<td>Section 99</td>
</tr>
<tr>
<td>12.</td>
<td>Sub-section (4) of section 119</td>
</tr>
<tr>
<td>13.</td>
<td>Section 130</td>
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<td>14.</td>
<td>Section 131</td>
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<tr>
<td>15.</td>
<td>Second proviso to sub-section (4) and sub-section (5) of section 140</td>
</tr>
<tr>
<td>16.</td>
<td>Sub-section (4) of section 169</td>
</tr>
<tr>
<td>17.</td>
<td>Section 213</td>
</tr>
<tr>
<td>18.</td>
<td>Sub-section (2) of Section 216</td>
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<td>19.</td>
<td>Section 218</td>
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<td>20.</td>
<td>Section 221</td>
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<td>21.</td>
<td>Section 222</td>
</tr>
<tr>
<td>22.</td>
<td>Sub-sections (5) of section 224</td>
</tr>
<tr>
<td>23.</td>
<td>Sections 241, 242 [except clause (b) of sub-section (1), clause (c) &amp; (g) of sub-section (2)], 243, 244, and 245</td>
</tr>
<tr>
<td>24.</td>
<td>Reference of word ‘Tribunal’ in sub-section (2) of section 399</td>
</tr>
<tr>
<td>25.</td>
<td>Sections 415 to 433 (both inclusive)</td>
</tr>
<tr>
<td>26.</td>
<td>Sub-section (1)(a) and (b) of section 434</td>
</tr>
<tr>
<td>27.</td>
<td>Sub-section (2) of section 434</td>
</tr>
<tr>
<td>28.</td>
<td>Section 441</td>
</tr>
<tr>
<td>29.</td>
<td>Section 466</td>
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</tbody>
</table>

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