

The Companies Amendment Bill, 2020

(Bill No. 88 of 2020 presented on March 17, 2020)

The government has introduced the Companies Amendment Bill, 2020 in Lok Sabha on March 17, 2020 which further amends the Companies Act, 2013 and shall come into force on such date as the Central Government may, by notification in the Official Gazette.

The said Bill proposes changes in 66 sections of the Companies Act, 2013 which relate to omission of 7 compoundable offences, decrease in penalties for 6 offences, re-categorisation of 23 offences and removal of imprisonment in 11 provisions. The following are the highlights of the Companies Amendment Bill, 2020:

- To focus on decriminalising certain offences under the Companies Act, 2013.
- To exempt any class of persons from complying with the requirements of section 89 relating to declaration of beneficial interest in shares.
- To reduce timelines of rights issue, to speed up the process of rights issue under section 62 of Companies Act, 2013.
- To extend exemptions to certain classes of non-banking financial companies and housing finance companies from filing certain resolutions under section 117 of Companies Act, 2013.
- To further amend provisions relating to Corporate Social Responsibility.
- To introduce new section i.e. section 129 A for specified classes of unlisted companies to prepare and file their periodical financial results.

Further, the following table provides the difference of previous and proposed amendments:

Section No.	Section heading	Previous provisions	Proposed amendments
2(52)	Definition of "Listed company"	"Listed company" means a company which has any of its securities listed on any recognised stock exchange	Proposal has been placed to insert a proviso in the definition of the listed company as mentioned below: <i>"Provided that such class of companies, which have listed or intend to list such class of securities, as may be prescribed in consultation with the Securities and Exchange Board, shall not be considered as listed companies."</i>
8(11)	Formation of Companies with Charitable Objects, etc	If a company makes any default in complying with any of the requirements laid down in this section, then <ul style="list-style-type: none">• fine on Company shall not be less than Rs. 10 Lakhs but which may extend to Rs. 1 Crore; and• the Directors and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 3 years or with fine which shall not be less than Rs. 25000 but which may extend to Rs. 25 lakhs, or with both.	If a company makes any default in complying with any of the requirements laid down in this section, then <ul style="list-style-type: none">• fine on Company shall not be less than Rs. 10 Lakhs but which may extend to Rs. 1 Crore; and• the Directors and every officer of the company who is in default <i>shall be punishable with fine which shall not be less than Rs. 25000 but which may extend to Rs. 25 lakhs, or with both.</i>
16(1)(b)	Rectification of Name of Company	Rectification of name if a company was registered inadvertently with a registered trade mark of a proprietor, and the name is too identical or	<i>The time line has been reduced to 3 months instead of 6 months from the issuance of CG's direction.</i>

		resembles an existing trade mark, then such company has to change its name within 6 months from the issuance of CG's direction.	
16(3)	Rectification of Name of Company	<p>If a company makes default in complying with any direction given under sub-section (1), then</p> <ul style="list-style-type: none"> • fine on Company shall be Rs. 1000 for every day during which the default continues; and • every officer who is in default shall be punishable with fine which shall not be less than Rs. 5000 but which may extend to Rs. 1 Lakh. 	<p>If a company is in default in complying with any direction given under sub-section (1), <i>the CG shall allot a new name to the company in such manner as may be prescribed and the Registrar shall enter the new name in the register of companies in place of the old name and issue a fresh certificate of incorporation with the new name, which the company shall use thereafter. Provided that nothing in this subsection shall prevent a company from subsequently changing its name in accordance with the provisions of section 13.</i></p>
23	Public Offer	-	<p>Inserted after sub-section (2) and before the Explanation:</p> <p><i>Public companies, of specific classes may issue such class of securities for the purposes of listing on permitted stock exchanges in permissible foreign jurisdictions or such other jurisdictions, as may be prescribed.</i></p> <p><i>Further, the Central Government may, by notification, exempt any class or classes of public companies referred to in sub-section (3) from any of the provisions of this Chapter, Chapter IV, section 89, section 90 or section 127 and a copy of every such notification shall, as soon as may be after it is issued, be laid before both Houses of Parliament.</i></p>
26(9)	Matters to be Stated in Prospectus	<p>If a prospectus is issued in contravention of the provisions of this section, then</p> <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 50,000 but which may extend to Rs. 3 Lakhs; and • every person who is knowingly a party to the issue of such prospectus shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3 Lakhs or with both. 	<p>If a prospectus is issued in contravention of the provisions of this section, then</p> <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 50,000 but which may extend to Rs. 3 Lakhs; and • <i>every person who is knowingly a party to the issue of such prospectus shall be punishable with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3 Lakhs.</i>
40(5)	Securities to be Dealt with in Stock Exchanges	<p>If a default is made in complying with the provisions of this section, then</p> <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 5 Lakhs but which may extend to Rs.50 Lakhs; and 	<p>If a default is made in complying with the provisions of this section, then</p> <ul style="list-style-type: none"> • fine on Company: Which shall not be less than Rs. 5 Lakhs but

		<ul style="list-style-type: none"> every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3 Lakhs, or with both. 	<p>which may extend to Rs.50 Lakhs; and</p> <ul style="list-style-type: none"> <i>every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 3 Lakhs.</i>
48(5)	Variation of Shareholders' Rights	<p>Where any default is made in complying with the provisions of this section, then</p> <ul style="list-style-type: none"> fine on Company which shall not be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs; and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 6 months or with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs, or with both. 	Omitted
56(6)	Transfer and Transmission of Securities	<p>Where any default is made in complying with the provisions of sub-sections (1) to (5), then</p> <ul style="list-style-type: none"> fine on Company shall not be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs; and every officer of the company who is in default shall be punishable with fine which shall not be less than Rs.10,000. 	<i>Where any default is made in complying with the provisions of subsections (1) to (5), the company and every officer of the company who is in default shall be liable to a penalty of Rs. 50,000.</i>
59(5)	Rectification of Register of Members.	<p>If any default is made in complying with the order of the Tribunal under this section, then</p> <ul style="list-style-type: none"> fine on Company shall not be less than Rs. 1 Lakh but which may extend to Rs. 5 Lakhs; and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 1 year or with fine which shall not be less than Rs. 1 Lakh but which may extend to three lakh rupees, or with both. 	Omitted
62(1)(a)(i)	Further issue of shares	As per the existing provisions, the offer letter to the existing shareholders under rights issue process shall be open for at least 15 days and for a period not more than 30 days, beyond which the offer is deemed to be declined.	<i>Proposal has been made to reduce the time limit of at least 15 days for opening of offer letter to such lesser number of days as may be prescribed.</i>
64(2)	Notice to be Given to Registrar for	Where any company fails to comply with the provisions of sub-section (1), then Company and every officer who is in default shall be liable to a penalty of Rs.	Where any company fails to comply with the provisions of sub-section (1), then <i>Company and every officer who is in default shall be liable to a penalty of Rs.</i>

	Alteration of Share Capital	1000 for each day during which such default continues, or Rs. 5 Lakhs whichever is less.	<i>500 for each day during which such default continues, subject to a maximum penalty of Rs. 5 Lakhs in case of company and Rs. 1 Lakh in case of an officer who is in default.</i>
66(11)	Reduction of Share Capital.	If a company fails to comply with the provisions of sub-section (4), fine on Company shall not be less than Rs. 5 Lakhs but which may extend to Rs. 25 Lakhs.	Omitted
68(11)	Power of Company to Purchase its Own Securities	If a company makes any default in complying with the provisions of this section or any regulation made by the Securities and Exchange Board, for the purposes of clause (f) of sub-section (2), then <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 1 Lakh but which may extend to Rs. 3 Lakhs; and • every officer of the company who is in default shall be punishable imprisonment for a term which may extend to 3 years or with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 3 Lakhs, or with both. 	If a company makes any default in complying with the provisions of this section or any regulation made by the Securities and Exchange Board, for the purposes of clause (f) of sub-section (2), then <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 1 Lakh but which may extend to Rs. 3 Lakhs; and • <i>every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 3 Lakhs.</i>
71(11)	Debentures	If any default is made in complying with the order of the Tribunal under this section, every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 3 years or with fine which shall not be less than Rs. 2 Lakhs but which may extend to Rs. 5 Lakhs, or with both.	Omitted
86(1)	Punishment for Contravention	If any company contravenes any provision of this Chapter, then <ul style="list-style-type: none"> • fine on Company which shall not be less than Rs. 1 Lakh but which may extend to Rs. 10 Lakhs; and • every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 6 months or with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lakh, or with both. 	<i>If any company is in default in complying with any of the provisions of this Chapter, the company shall be liable to a penalty of Rs. 5 Lakhs and every officer of the company who is in default shall be liable to a penalty of Rs. 50,000.</i>
88(5)	Register of Members, etc.	If a company does not maintain a register of members or debenture holders or other security holders or fails to maintain them in accordance with the provisions of sub-section (1) or sub-section (2), fine on Company and every officer of the company who is in default shall not be	<i>If a company does not maintain a register of members or debenture holders or other security holders or fails to maintain them in accordance with the provisions of sub-section (1) or sub-section (2), the company shall be liable to a penalty of Rs. 3 Lakhs and every officer of the company</i>

		less than Rs. 50,000 but may extend to Rs. 3 Lakhs and where the failure is a continuing one, with a further fine which may extend to Rs. 1000 for every day, after the first during which the failure continues.	<i>who is in default shall be liable to a penalty of Rs. 50,000.</i>
89(5)	Declaration in Respect of Beneficial Interest in any Share	If any person fails, to make a declaration as required under sub-section (1) or sub-section (2) or subsection (3), without any reasonable cause, he shall be punishable with fine which may extend to Rs. 50,000 and where the failure is a continuing one, with a further fine which may extend to Rs. 1000 for every day after the first during which the failure continues.	If any person fails to make a declaration as required under subsection (1) or sub-section (2) or subsection (3), <i>he shall be liable to a penalty of Rs. 50,000 and in case of continuing failure, with a further penalty of Rs. 200 for each day after the first during which such failure continues, subject to a maximum of Rs. 5 Lakhs.</i>
89(7)	Declaration in Respect of Beneficial Interest in any Share	If a company, required to file a return under sub-section (6), fails to do so before the expiry of the time specified therein, the company and every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 500 but which may extend to Rs. 1000 and where the failure is a continuing one, with a further fine which may extend to Rs. 1000 for every day after the first during which the failure continues.	If a company, required to file a return under sub-section (6), fails to do so before the expiry of the time specified therein, <i>then the company and every officer of the company who is in default shall be liable to a penalty of Rs. 1000 for each day during which such failure continues, subject to a maximum of Rs. 5 Lakhs in the case of a company and Rs. 2 Lakhs in case of an officer who is in default.</i>
89(11)		-	The following new sub-section shall be inserted, namely: <i>The Central Government may by notification, exempt any class or classes of persons from complying with any of the requirements of this section, except sub-section (10), if it is considered necessary to grant such exemption in the public interest and any such exemption may be granted either unconditionally or subject to such conditions as may be specified in the notification.</i>
90(10)	Register of significant beneficial owners in a company	If any person fails to make a declaration as required under subsection (1), he shall be punishable with imprisonment for a term which may extend to 1 year or with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 10 Lakhs or with both and where the failure is a continuing one, with a further fine which may extend to Rs. 1000 for every day after the first during which the failure continues.	If any person fails to make a declaration as required under subsection (1), <i>he shall be liable to a penalty of Rs. 50,000 and in case of continuing failure, with a further penalty of Rs. 1000 for each day after the first during which such failure continues, subject to a maximum of Rs. 2 Lakhs.</i>
90(11)	Register of significant beneficial owners in a company	If a company, required to maintain register under sub-section (2) and file the information under subsection (4) or required to take necessary steps under sub-section (4A), fails to do so or denies	If a company, required to maintain register under sub-section (2) and file the information under sub-section (4) or required to take necessary steps under sub-section (4A), fails to do so or denies

		inspection as provided therein, the company and every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 10 Lakhs but which may extend to Rs. 50 Lakhs and where the failure is a continuing one, with a further fine which may extend to Rs. 1000 for every day after the first during which the failure continues.	inspection as provided therein, <i>the company shall be liable to a penalty of Rs. 1 Lakhs and in case of continuing failure, with a further penalty of Rs. 500 for each day, after the first during which such failure continues, subject to a maximum of Rs. 5 Lakhs and every officer of the company who is in default shall be liable to a penalty of Rs. 25,000 and in case of continuing failure, with a further penalty of Rs. 200 for each day, after the first during which such failure continues, subject to a maximum of Rs. 1 Lakh.</i>
92(5)	Annual Return	If any company fails to file its annual return under sub-section (4), before the expiry of the period specified therein, such company and its every officer who is in default shall be liable to a penalty of Rs. 50,000 and in case of continuing failure, with further penalty of Rs. 100 for each day during which such failure continues, subject to a maximum of Rs. 5 Lakhs.	If any company fails to file its annual return under sub-section (4), before the expiry of the period specified therein, <i>such company and its every officer who is in default shall be liable to a penalty of Rs. 10,000 and in case of continuing failure, with further penalty of Rs. 100 for each day during which such failure continues, subject to a maximum of Rs. 2 Lakhs in case of a company and Rs. 50,000 in case of an officer who is in default.</i>
92(6)	Annual Return	If a company secretary in practice certifies the annual return otherwise than in conformity with the requirements of this section or the rules made thereunder, he shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.	If a company secretary in practice certifies the annual return otherwise than in conformity with the requirements of this section or the rules made thereunder, <i>he shall be "liable to a penalty of two lakh rupees".</i>
105(5)	Proxies	If for the purpose of any meeting of a company, invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the company's expense to any member entitled to have a notice of the meeting sent to him and to vote thereat by proxy, every officer of the company who knowingly issues the invitations as aforesaid or wilfully authorises or permits their issue shall be punishable with fine which may extend to Rs. 1 Lakh: Provided that an officer shall not be punishable under this sub-section by reason only of the issue to a member at his request in writing of a form of appointment naming the proxy, or of a list of persons willing to act as proxies, if the form or list is available on request in writing to every member entitled to vote at the meeting by proxy.	If for the purpose of any meeting of a company, invitations to appoint as proxy a person or one of a number of persons specified in the invitations are issued at the company's expense to any member entitled to have a notice of the meeting sent to him and to vote thereat by proxy, every officer of the company <i>who issues the invitation as aforesaid or authorises or permits their issue, shall be liable to a penalty of Rs. 50,000.</i> Further, in the proviso, for the word "punishable", the word "liable" shall be substituted as mentioned below: <i>Provided that an officer shall not be liable under this sub-section by reason only of the issue to a member at his request in writing of a form of appointment naming the proxy, or of a list of persons willing to act as proxies, if the form or list is available on request in writing to every</i>

			<i>member entitled to vote at the meeting by proxy.</i>
117(2)	Resolutions and Agreements to be Filed	<p>If any company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified therein, then</p> <ul style="list-style-type: none"> • Penalty on Company shall be Rs. 1 Lakh and in case of continuing failure, with further penalty of Rs. 500 for each day after the first during which such failure continues, subject to a maximum of Rs. 25 Lakhs; and • every officer of the company who is in default including liquidator of the company, if any, shall be liable to a penalty of Rs. 50,000 and in case of continuing failure, with further penalty of Rs. 500 for each day after the first during which such failure continues, subject to a maximum of Rs. 5 Lakhs. 	<p>If any company fails to file the resolution or the agreement under subsection (1) before the expiry of the period specified therein, <i>penalty on Company shall be Rs. 10,000 and in case of continuing failure, with further penalty of Rs. 100 for each day after the first during which such failure continues, subject to a maximum of Rs. 2 Lakhs. Every officer of the company who is in default including liquidator of the company, if any, shall be liable to a penalty of Rs. 10,000 and in case of continuing failure, with further penalty of Rs. 100 for each day after the first during which such failure continues, subject to a maximum of Rs. 50,000.</i></p>
117(3)(g) (second proviso)	Resolutions and agreements to be filed	Banking companies which are providing loan, guarantee, security in connection with loan in its ordinary course of business are exempted from filing the resolution in e-Form MGT- 14.	<i>It has been now proposed to extend such exemption to registered Non-Banking Financial Companies and Housing Finance Companies.</i>
124(7)	Unpaid Dividend Account.	<p>If a company fails to comply with any of the requirements of this section, then</p> <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 5 Lakhs but which may extend to Rs. 25 Lakhs; and • every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 5 Lakhs. 	<p>If a company fails to comply with any of the requirements of this section, then</p> <ul style="list-style-type: none"> • penalty on Company shall Rs. 1 Lakh and in case of continuing failure, with a further penalty of Rs. 500 for each day after the first during which such failure continues, subject to a maximum of Rs. 10 Lakhs; and • every officer of the company who is in default shall be liable to a penalty of Rs. 25,000 and in case of continuing failure, with a further penalty of Rs. 100 for each day after the first during which such failure continues, subject to a maximum of Rs. 2 Lakhs.
128(6)	Books of Account, etc., to be kept by Company	If the managing director, the wholetime director in charge of finance, the Chief Financial Officer or any other person of a company charged by the Board with the duty of complying with the provisions of this section, contravenes such provisions, such MD, WTD in charge of finance, CFO or such other person of the company shall be punishable with	If the managing director, the wholetime director in charge of finance, the Chief Financial Officer or any other person of a company charged by the Board with the duty of complying with the provisions of this section, contravenes such provisions, such MD, WTD in charge of finance, CFO or such other person of the company <i>shall be punishable with fine</i>

		imprisonment for a term which may extend to 1 year or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 5 Lakhs or with both.	<i>which shall not be less than Rs. 50,000 but which may extend to Rs. 5 Lakhs.</i>
129A (New Section)	Periodical financial result	-	<p><i>The CG shall require such class or classes of unlisted companies:</i></p> <ul style="list-style-type: none"> <i>• to prepare periodical financial results and in such form as may be prescribed</i> <i>• to obtain approval of the Board of Directors</i> <i>• to Complete limited review of such periodical financial results</i> <i>• file a copy with the ROC within 30 days of completion of the relevant period.</i>
134(8)	Financial Statement, Board's Report, etc.	<p>If a company contravenes the provisions of this section, then</p> <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 50,000 but which may extend to Rs. 25 Lakhs; and • every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 3 years or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 5 Lakhs, or with both. 	<p>If a company is in default in complying with the provisions of this section, then</p> <ul style="list-style-type: none"> • <i>Penalty on Company shall be of Rs. 3 Lakhs; and</i> • <i>every officer of the company who is in default shall be liable to a penalty of Rs. 50,000.</i>
135(5)	Corporate Social Responsibility	-	<p>Inserted in sub-section (5), after the second proviso:</p> <p><i>The amount spent in excess of the requirements provided, such company may set- off such excess amount against the requirement, for such number of succeeding financial years as may be prescribed.</i></p>
135(7)	Corporate Social Responsibility	<p>If a company contravenes the provisions of sub-section (5) or subsection (6), then</p> <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 50,000 but which may extend to Rs. 25 Lakhs; and • every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 3 years or with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 5 Lakhs, or with both. 	<p>If a company contravenes the provisions of sub-section (5) or subsection (6), then</p> <ul style="list-style-type: none"> • <i>company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or Rs. 1 Crore, whichever is less; and</i> • <i>every officer of the company who is in default shall be liable to a penalty of 1/10th of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility</i>

			<i>Account, as the case may be, or Rs. 2 Lakhs, whichever is less.</i>
135(9)	Corporate Social Responsibility	-	Proposal to insert a new sub-section as mentioned below: <i>No requirement of a CSR Committee where the amount required to be spent is less than Rs. 50 lakhs and the Board of Directors shall discharge the functions of that CSR Committee.</i>
137(3)	Copy of Financial Statement to be filed with Registrar	<p>If a company fails to file the copy of the financial statements under sub-section (1) or sub-section (2), as the case may be, before the expiry of the period specified therein,</p> <ul style="list-style-type: none"> the company shall be liable to a penalty of Rs. 1000 for every day during which the failure continues but which shall not be more than Rs. 10 Lakhs; and the managing director and the Chief Financial Officer of the company, if any, and, in the absence of the managing director and the Chief Financial Officer, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, and, in the absence of any such director, all the directors of the company, shall be liable to a penalty of Rs. 1 Lakh and in case of continuing failure, with further penalty of Rs. 100 for each day after the first during which such failure continues, subject to a maximum of Rs. 5 Lakhs. 	<p>If a company fails to file the copy of the financial statements under subsection (1) or sub-section (2), as the case may be, before the expiry of the period specified therein,</p> <ul style="list-style-type: none"> <i>the company shall be liable to a penalty of Rs. 10,000 and in case of continuing failure, with a further penalty of Rs. 100 for each day during which such failure continues, subject to a maximum of Rs. 2 Lakhs; and</i> <i>the managing director and the Chief Financial Officer of the company, if any, and, in the absence of the managing director and the Chief Financial Officer, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, and, in the absence of any such director, all the directors of the company, shall be liable to a penalty of Rs. 10,000 and in case of continuing failure, with further penalty of Rs. 100 for each day after the first during which such failure continues, subject to a maximum of Rs. 50,000.</i>
140(3)	Removal, Resignation of Auditor and Giving of Special Notice	<p>If the auditor does not comply with the provisions of sub-section (2),</p> <ul style="list-style-type: none"> he or it shall be liable to a penalty of Rs. 50,000 or an amount equal to the remuneration of the auditor, whichever is less; and in case of continuing failure, with further penalty of Rs. 500 for each day after the first during which such failure continues, subject to a maximum of Rs. 5 Lakhs. 	<p>If the auditor does not comply with the provisions of sub-section (2),</p> <ul style="list-style-type: none"> <i>he or it shall be liable to a penalty of Rs. 50,000 or an amount equal to the remuneration of the auditor, whichever is less; and</i> <i>in case of continuing failure, with further penalty of Rs. 500 for each day after the first during which such failure continues, subject to a maximum of Rs. 2 Lakhs.</i>
143(15)	Powers and Duties of Auditors and	If any auditor, cost accountant or company secretary in practice do not comply with the provisions of subsection (12), he shall be punishable with fine	If any auditor, cost accountant, or company secretary in practice does not comply with the provisions of subsection (12), he shall,

	Auditing Standards	which shall not be less than Rs. 1 Lakh but which may extend to Rs. 25 Lakhs.	<ul style="list-style-type: none"> • <i>in case of a listed company, be liable to a penalty of Rs. 5 Lakhs; and</i> • <i>in case of any other company, be liable to a penalty of Rs. 1 Lakh.</i>
147(1)		<p>If any of the provisions of sections 139 to 146 (both inclusive) is contravened, then</p> <ul style="list-style-type: none"> • fine on Company shall not be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs; and • every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 1 year or with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1 Lakh, or with both. 	<p>If any of the provisions of sections 139 to 146 (both inclusive) is contravened, then</p> <ul style="list-style-type: none"> • <i>fine on Company: Which shall not be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs; and</i> • <i>every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 10,000 but which may extend to Rs. 1 Lakh.</i>
147(2)	Punishment for Contravention	If an auditor of a company contravenes any of the provisions of section 139, section 143, section 144 or section 145, the auditor shall be punishable with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs or four times the remuneration of the auditor, whichever is less.	<i>If an auditor of a company contravenes any of the provisions of section 139, section 144 or section 145, the auditor shall be punishable with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs or four times the remuneration of the auditor, whichever is less.</i>
149(9)	Company to have Board of Directors (Independent Directors)	-	<p>Inserted proviso in sub-section (9) as mentioned below:</p> <p><i>Provided that if a company has no profits or its profits are inadequate, an independent director may receive remuneration, exclusive of any fees payable under sub-section (5) of section 197, in accordance with the provisions of Schedule V.</i></p>
165(6)	Number of Directorships	If a person accepts an appointment as a director in contravention of subsection (1), he shall be liable to a penalty of Rs. 5000 for each day after the first during which such contravention continues.	<i>If a person accepts an appointment as a director in violation of this section, he shall be liable to a penalty of Rs. 2000 for each day after the first during which such violation continues, subject to a maximum of Rs. 2 Lakhs.</i>
167(2)	Vacation of Office of Director	If a person, functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in subsection (1), he shall be punishable with imprisonment for a term which may extend to 1 year or with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 5 Lakhs, or with both.	<i>If a person, functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in subsection (1), he shall be punishable with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 5 Lakhs.</i>
172	Punishment	If a company contravenes any of the provisions of this Chapter and for which no specific punishment is provided	If a company is in default in complying with any of the provisions of this Chapter and for which no specific <i>penalty</i> or

		therein, the company and every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 50,000 but which may extend to Rs. 5 Lakhs.	punishment is provided therein, <i>the company and every officer of the company who is in default shall be liable to a penalty of Rs. 50,000, and in case of continuing failure, with a further penalty of Rs. 500 for each day during which such failure continues, subject to a maximum of Rs. 3 Lakhs in case of a company and Rs. 1 Lakh in case of an officer who is in default.</i>
178(8)	Nomination and Remuneration Committee and Stakeholders Relationship Committee	In case of any contravention of the provisions of section 177 and this section, then <ul style="list-style-type: none"> the company shall be punishable with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 5 Lakhs; and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 1 year or with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lakh, or with both. 	In case of any contravention of the provisions of section 177 and this section, <i>the company shall be liable to a penalty of Rs. 5 Lakhs and every officer of the company who is in default shall be liable to a penalty of Rs. 1 Lakh.</i>
184(4)	Disclosure of Interest by Director	If a director of the company contravenes the provisions of subsection (1) or subsection (2), such director shall be punishable with imprisonment for a term which may extend to 1 year or with fine which may extend to Rs. 1 Lakh, or with both.	If a director of the company contravenes the provisions of subsection (1) or subsection (2), <i>such director shall be liable to a penalty of Rs. 1 Lakh.</i>
187(4)	Investments of Company to be Held in its Own Nam	If a company contravenes the provisions of this section, then <ul style="list-style-type: none"> the company shall be punishable with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 25 Lakhs; and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 6 months or with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lakh, or with both. 	If a company is in default in complying with the provisions of this section, <i>the company shall be liable to a penalty of Rs 5 Lakhs and every officer of the company who is in default shall be liable to a penalty of Rs. 50,000.</i>
188(5)	Related Party Transactions	Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall- <ul style="list-style-type: none"> in case of listed company, be punishable with imprisonment for a term which may extend to 1 year or with fine which shall not 	Any director or any other employee of a company, who had entered into or authorised the contract or arrangement in violation of the provisions of this section shall- <ul style="list-style-type: none"> <i>in case of listed company, be liable to a penalty Rs. 25 Lakhs; and</i>

		<p>be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs, or with both; and</p> <ul style="list-style-type: none"> • In case of any other company, be punishable with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 5 Lakhs. 	<ul style="list-style-type: none"> • <i>In case of any other company, be liable to a penalty of Rs. 5 Lakhs.</i>
197(3)	Overall Maximum Managerial Remuneration and Managerial Remuneration in Case of Absence or Inadequacy of Profits	If, in any financial year, a company has no profits or its profits are inadequate, the company shall not pay to its directors, including any managing or wholetime director or manager, by way of remuneration any sum exclusive of any fees payable to directors under sub-section (5) hereunder except in accordance with the provisions of Schedule V.	<i>Section 197(3) has been aligned with Section 149(9) to include Non-Executive directors and Independent directors within the ambit of remuneration payable as per Schedule V, in case of no profits or inadequate profits.</i>
204(4)	Secretarial Audit for Bigger Companies	If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section, the company and every officer of the company or the company secretary in practice, who is in default, shall be punishable with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 5 Lakhs.	If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section, the company, <i>every officer of the company or the company secretary in practice, who is in default, shall be liable to a penalty of Rs. 2 Lakhs.</i>
232(8)	Merger and Amalgamation of Companies.	<p>If a transferor company or a transferee company contravenes the provisions of this section, then</p> <ul style="list-style-type: none"> • the transferor company or the transferee company, as the case may be, shall be punishable with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 25 Lakhs; and • every officer of such transferor or transferee company who is in default, shall be punishable with imprisonment for a term which may extend to 1 year or with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 3 Lakhs, or with both. 	<i>If a company fails to comply with subsection (5), the company and every officer of the company who is in default shall be liable to a penalty of Rs. 20,000, and where the failure is a continuing one, with a further penalty of Rs. 1000 for each day after the first during which such failure continues, subject to a maximum of Rs. 3 Lakhs.</i>
242(8)	Powers of Tribunal	<p>If a company contravenes the provisions of sub-section (5), then</p> <ul style="list-style-type: none"> • the company shall be punishable with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 25 Lakhs; and • every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to 6 months or with fine which shall not be less than Rs. 25,000 but 	<p>If a company contravenes the provisions of sub-section (5), then</p> <ul style="list-style-type: none"> • <i>the company shall be punishable with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 25 Lakhs; and</i> • <i>every officer of the company who is in default shall be punishable with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lakh.</i>

		which may extend to Rs. 1 Lakh, or with both.	
243(2)	Consequence of Termination or Modification of Certain Agreements	Any person who knowingly acts as a managing director or other director or manager of a company in contravention of clause (b) of subsection (1) or sub-section (1A), and every other director of the company who is knowingly a party to such contravention, shall be punishable with imprisonment for a term which may extend to 6 months or with fine which may extend to Rs. 5 Lakhs, or with both.	Any person who knowingly acts as a managing director or other director or manager of a company in contravention of clause (b) of subsection (1) or sub-section (1A), and <i>every other director of the company who is knowingly a party to such contravention, shall be punishable with fine which may extend to Rs. 5 Lakhs</i>
247(3)	Valuation by Registered Valuers	<p>If a valuer contravenes the provisions of this section or the rules made thereunder, the valuer shall be punishable with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lakh.</p> <p>Provided that if the valuer has contravened such provisions with the intention to defraud the company or its members, he shall be punishable with imprisonment for a term which may extend to 1 year and with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 5 Lakhs.</p>	<p>If a valuer contravenes the provisions of this section or the rules made thereunder, the valuer shall be punishable with fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lakh <i>shall be liable to a penalty of Rs. 50,000.</i></p> <p>Provided that if the valuer has contravened such provisions with the intention to defraud the company or its members, he shall be punishable with imprisonment for a term which may extend to 1 year and with fine which shall not be less than Rs. 1 Lakh but which may extend to Rs. 5 Lakhs.</p>
342(6)	Prosecution of Delinquent Officers and Members of Company	If a person fails or neglects to give assistance required by sub-section (5), he shall be liable to pay fine which shall not be less than Rs. 25,000 but which may extend to Rs. 1 Lakh.	Omitted
347(4)	Disposal of Books and Papers of Company	If any person acts in contravention of any rule framed or an order made under sub-section (3), he shall be punishable with imprisonment for a term which may extend to 6 months or with fine which may extend to Rs. 50,000, or with both.	If any person acts in contravention of any rule framed or an order made under sub-section (3), <i>he shall be punishable with fine which may extend to Rs. 50,000.</i>
348(7)	Information as to Pending Liquidations.	If a Company Liquidator makes wilful default in causing the statement referred to in sub-section (1) audited by a person who is not qualified to act as an auditor of the company, the Company Liquidator shall be punishable with imprisonment for a term which may extend to 6 months or with fine which may extend to Rs. 1 Lakh, or with both.	Omitted

In light of the proposed amendments as aforementioned, we believe that Ministry of Corporate Affairs has come up with a nice initiative by relaxing the penal provisions and removal of imprisonment under the various provisions of the Companies Act, 2013 committing to its goal of “ease of doing business and operations” within the purview of the applicable laws.