The Companies (Amendment) Bill 2019- Highlights

1. Bill seeks to amend section 2(41) of the Act to enable the relevant companies to follow different financial year with the approval of the CG instead of taking approval of the Tribunal.

2. Insert a new section 10A to provide that a company shall not commence business or exercise any borrowing powers unless a declaration is filed with Registrar that every subscriber to the memorandum has paid the value of shares and the company has filed with the Registrar the verification of its registered office.

3. Effect of conversion of a public company into a private company shall not be valid unless it is approved by CG instead earlier this approval was obtained from the Tribunal.

4. Amend section 29(1) & (1A) therein to provide for the requirement of issuance, holding or transferring of securities in dematerialised form for any class of **un**listed companies, as may be prescribed by the CG.

5. Substitution of section 87 to empower the CG to extend time or allow rectification, if it is satisfied that omission to give intimation to the Registrar of the payment or satisfaction of a charge.

6. Amendment to section 132 to provide NFRA to perform its functions through such divisions as may be prescribed by the CG. The clause also seeks to amend section 132(4)(c)(B) with respect to the extent of debarring of the member or firm by NFRA in case professional or other misconduct is proved.

7. Amendment to section 135 (5) and insert sub-sections (6), (7) and (8) in the said section to provide, inter alia for (a) carrying forward the unspent amounts, to a special account to be spent within three financial years and transfer thereafter to the Fund specified in Schedule VII, in case of an ongoing project; and (b) transferring the unspent amounts to the Fund specified under Schedule VII, in other cases.

8. Amendment to sub-section (3) of section 140 of the Act to provide for payment of monetary penalty of fifty thousand rupees or an amount equal to the remuneration of the auditor whichever is less and further penalty for continuous failure, if the auditor does not comply with sub-section (2) of the said section.

9. Insertion of clause (i) in sub-section (1) of section 164 of the Act to provide disqualification to become a director if an individual has not complied with the provisions of section 165 (1) of the Act.

10. Amendment to section 243 to provide that person who is not a fit and proper person pursuant to section 242 shall not hold the office of a director or any other office connected with the conduct and management of the affairs of any company for a period of five years from the date of the relevant decision of the Tribunal. The clause also seeks to provide that the person so removed from the office of a director or any other office connected with the conduct and management of the affairs of the company shall not be entitled to, or be paid, any compensation for the loss or termination of office.

11. Amendment to section 272(3) to allow the Registrar to present a petition of winding up on the ground that it is just and equitable to do so under of section 271(e).

12. Amendment to section 441(1)(b) of the Act to increase the threshold of maximum amount of fine that does not exceed 25 lakh rupees for compounding by the RD.

13. Amendment to section 446B of the Act to provide for payment of reduced amount of monetary penalty in case of default by One Person Companies or small companies.

14. Amendment to section 447 to enhance the amount of fine from “20 lakh rupees” to “50 lakh rupees”.

15. Further prescribe monetary penalties under various section of the act.