DIVESH GOYAL
Practicing Company Secretary
GOYAL DIVESH& ASSOCIATES
Mob: +918130757966
csdiveshgoyal@gmail.com

# IMPACT ON PENALTIES/ FINE/ IMPRISONMENT -
# THE COMPANIES (AMENDMENT) BILL, 2020

SERIES 561

## DECRIMINALIZE

1. **Section – 8(11) - Formation of Companies with Charitable Objects, etc.**

**AFTER AMENDMENT**

If a company makes any default in complying with any of the requirements laid down in this section, the company shall, without prejudice to any other action under the provisions of this section, be punishable with fine which shall not be less than ten lakh rupees but which may extend to one crore rupees 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 three years or~~ with fine which shall not be less than twenty-five thousand rupees but which may extend ~~to twenty-five lakh rupees, or with both~~ "twenty five lakh rupees":

**Provided** that when it is proved that the affairs of the company were conducted fraudulently, every officer in default shall be liable for action under section 447.

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2. **Section – 26(9)(a) – Matters to be Stated in Prospectus**

**AFTER AMENDMENT**

If a prospectus is issued in contravention of the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees 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 fifty thousand rupees but which may extend to ~~three lakh rupees, or with both~~ "three lakh rupees"

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### 3. Section – 40(5) – Securities to be Dealt with in Stock Exchanges

**AFTER AMENDMENT**

If a default is made in complying with the provisions of this section, the company shall be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and 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 fifty thousand rupees but which may extend to ~~three lakh rupees, or with both~~ "three lakh rupees"

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### 4. Section – 48(5) – Variation of Shareholders' Rights.

**BEFORE AMENDMENT**

Where any default is made in complying with the provisions of this section, the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both.

**AFTER AMENDMENT**

Omitted

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5. **Section – 56(6) – Transfer and Transmission of Securities**

**BEFORE AMENDMENT**

Where any default is made in complying with the provisions of sub-sections (1) to (5), the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than ten thousand rupees but which may extend to one lakh rupees.

**AFTER AMENDMENT**

"(*6*) Where any default is made in complying with the provisions of sub-sections (*1*) to (*5*), the company and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.".

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6. **Section 59 (5) – Rectification of Register of Members.**

**BEFORE AMENDMENT**

If any default is made in complying with the order of the Tribunal under this section, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and 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 one lakh rupees but which may extend to three lakh rupees, or with both.

**AFTER AMENDMENT**

Omitted

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7. **Section – 64(2) – Notice to be Given to Registrar for Alteration of Share Capital**

**BEFORE AMENDMENT**

Where any company fails to comply with the provisions of sub-section (1), such company and every officer who is in default shall be liable to a penalty of one thousand rupees for each day during which such default continues, or five lakh rupees whichever is less.

**AFTER AMENDMENT**

Where any company fails to comply with the provisions of sub-section (1), such company and every officer who is in default shall be liable to a penalty of ~~one thousand rupees~~ five hundred rupees for each day during which such default continues, or ~~five lakh rupees~~ ~~whichever is less~~ subject to a maximum of five lakh rupees in case of a company and one lakh rupees in case of an officer who is in default.

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8. **Section – 66(11) - Reduction of Share Capital.**

**BEFORE AMENDMENT**

If a company fails to comply with the provisions of sub-section (4), it shall be punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees.

**AFTER AMENDMENT**

Omitted

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## 9. Section-68(11) - Power of Company to Purchase its Own Securities

**AFTER AMENDMENT**

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), the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees and every officer of the company who is in default shall be punishable ~~with imprisonment for a term which may extend to three years or~~ with fine which shall not be less than one lakh rupees but which may extend to ~~three lakh rupees, or with both~~ "three lakh rupees"

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## 10. Section – 71(11) - Debentures

**BEFORE AMENDMENT**

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 three years or with fine which shall not be less than two lakh rupees but which may extend to five lakh rupees, or with both.

**AFTER AMENDMENT**

**Omitted**

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## 11. Section – 86(1) - Punishment for Contravention.

**BEFORE AMENDMENT**

If any company contravenes any provision of this Chapter, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to ten lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both.

**AFTER AMENDMENT**

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 five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees

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## 12. Section – 88(5) - Register of Members, etc

**BEFORE AMENDMENT**

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 and every officer of the company who is in default shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to three lakh rupees and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day, after the first during which the failure continues.

**AFTER AMENDMENT**

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 three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees."

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**13. Section – 89(5),(7)&(10) - Declaration in Respect of Beneficial Interest in any Share**

**BEFORE AMENDMENT**

(5) If any person fails, to make a declaration as required under sub-section (1) or sub-section (2) or sub-section (3), without any reasonable cause, he shall be punishable with fine which may extend to fifty thousand rupees and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the failure continues.

**AFTER AMENDMENT**

(5) 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 three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.".

**BEFORE AMENDMENT**

Mob: +918130757966
csdiveshgoyal@gmail.com

(7) If a company, required to file a return under sub-section (6), fails to do so before the expiry of the time specified [5][therein], the company and every officer of the company who is in default shall be punishable with fine which shall not be less than five hundred rupees but which may extend to one thousand rupees and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the failure continues.

**AFTER AMENDMENT**

(7) 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 liable to a penalty of one thousand rupees for each day during which such failure continues, subject to a maximum of five lakh rupees in the case of a company and two lakh rupees in case of an officer who is in default."

**BEFORE AMENDMENT**

(10) For the purposes of this section and section 90, beneficial interest in a share includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to—

(i) exercise or cause to be exercised any or all of the rights attached to such share; or

(ii) receive or participate in any dividend or other distribution in respect of such share.]

**AFTER AMENDMENT**

DIVESH GOYAL
Practicing Company Secretary
GOYAL DIVESH& ASSOCIATES
Mob: +918130757966
csdiveshgoyal@gmail.com

(10) For the purposes of this section and section 90, beneficial interest in a share includes, directly or indirectly, through any contract, arrangement or otherwise, the right or entitlement of a person alone or together with any other person to—

(i) exercise or cause to be exercised any or all of the rights attached to such share; or

(ii) receive or participate in any dividend or other distribution in respect of such share.]

"(11) 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."

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14. **Section – 90(10)&(11) - Register of significant beneficial owners in a company**

**BEFORE AMENDMENT**

10)If any person fails to make a declaration as required under sub-section (1), he shall be punishable 6[4[with imprisonment for a term which may extend to one year or]] with fine which shall not be less than one lakh rupees but which may extend to ten lakh rupees 6[4[or with both]] and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the failure continues.

**AFTER AMENDMENT**

10) If any person fails to make a declaration as required under sub-section (1), he shall be liable to a penalty of fifty thousand rupees and in case of continuing failure, with a further penalty of one thousand rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees.";

**BEFORE AMENDMENT**

(11) If a company, required to maintain register under sub-section (2) and file the information under sub-section (4)9[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 ten lakh rupees but which may extend to fifty lakh rupees and where the failure is a continuing one, with a further fine which may extend to one thousand rupees for every day after the first during which the failure continues.

**AFTER AMENDMENT**

(11) 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 shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day, after the first during which such failure continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of two hundred rupees for each day,after the first during which such failure continues, subject to a maximum of one lakh rupees.".

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Mob: +918130757966
csdiveshgoyal@gmail.com

## 15. Section – 92(5)&(6) - Annual Return

**BEFORE AMENDMENT**

(5) 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 fifty thousand rupees and in case of continuing failure, with further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of five lakh rupees

**AFTER AMENDMENT**

(5) 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 ~~fifty thousand rupees~~ Ten Thousand Rupees and in case of continuing failure, with further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of ~~five lakh rupees~~ two lakh rupees in case of a company and fifty thousand rupees in case of an officer who is in default

**BEFORE AMENDMENT**

(6) 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

**AFTER AMENDMENT**

(6) 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~~ liable to a penalty of two lakh rupees

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**16. Section – 105(5) - Proxies**

**BEFORE AMENDMENT**

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 wilfullyauthorises or permits their issue shall be punishable with fine which may extend to one lakh rupees:

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

**AFTER AMENDMENT**

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 willfully~~ who issues the invitation as aforesaid or authorises or permits their issue, shall be liable to a penalty of fifty thousand rupees authorises or permits their issue shall be punishable with fine which may extend to one lakh rupees:

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

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## 17. Section – 117(2) - Resolutions and Agreements to be Filed

**BEFORE AMENDMENT**

If any company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified therein, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of twenty-five lakh rupees and every officer of the company who is in default including liquidator of the company, if any, shall be liable to a penalty of fifty thousand rupees and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupee.

**AFTER AMENDMENT**

If any company fails to file the resolution or the agreement under sub-section (1) before the expiry of the period specified therein, such company shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees
and every officer of the company who is in default including liquidator of the company, if any, shall be liable to a penalty of ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of fifty thousand rupees

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## 18. Section - 117(3)(g) - Resolutions and Agreements to be Filed

**BEFORE AMENDMENT**

(g) resolutions passed in pursuance of sub-section (3) of section 179 10[Omitted];

[Provided that no person shall be entitled under section 399 to inspect or obtain copies of such resolutions; 13[Omitted]] ]

[Provided further that nothing contained in this clause shall apply to a banking company in respect of a resolution passed to grant loans, or give guarantee or provide security in respect of loans under clause (f) of sub-section (3) of section 179 in the ordinary course of its business; and

**AFTER AMENDMENT**

(g) resolutions passed in pursuance of sub-section (3) of section 179;

[Provided that no person shall be entitled under section 399 to inspect or obtain copies of such resolutions;

~~[Provided further that nothing contained in this clause shall apply to a banking company in respect of a resolution passed to grant loans, or give guarantee or provide security in respect of loans under clause (f) of sub-section (3) of section 179 in the ordinary course of its business; and~~

Provided further that nothing contained in this clause shall apply in respect of a resolution passed to grant loans, or give guarantee or provide security in respect of loans under clause (f) of sub-section (3) of section 179 in the ordinary course of its business by,—

(a) a banking company;

(b) any class of non-banking financial company registered under Chapter IIIB of the Reserve Bank of India Act, 1934, as may be prescribed in consultation with the Reserve Bank of India;

(c) any class of housing finance company registered under the National Housing Bank Act, 1987, as may be prescribed in consultation with the National Housing Bank; and

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**19. Section – 124(7) - Unpaid Dividend Account.**

**BEFORE AMENDMENT**

(7) If a company fails to comply with any of the requirements of this section, the company shall be punishable with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

**AFTER AMENDMENT**

(7) If a company fails to comply with any of the requirements of this section, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of ten lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees.

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**20. Section – 128(6) - Books of Account, etc., to be kept by Company**

**BEFORE AMENDMENT**

(6) If the managing director, the whole-time 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 managing director, whole-time director in charge of finance, Chief Financial officer or such other person of the company shall be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees or with both.

**AFTER AMENDMENT**

(*6*) If the managing director, the whole-time 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 managing director, whole-time director in charge of finance, Chief Financial officer or such other person of the company shall be punishable ~~with imprisonment for a term which may extend to one year or~~ with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees ~~or with both~~.

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## 21. Section – 134(8)- Financial Statement, Board's Report, etc.

**BEFORE AMENDMENT**

If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

**AFTER AMENDMENT**

If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees

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## 22. Section – 135(5),(7),(8) - Corporate Social Responsibility

**BEFORE AMENDMENT**

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years 7[or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years], in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount 8[and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year].

6[Explanation.—For the purposes of this section "net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of section 198.]

**AFTER AMENDMENT**

(5) The Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent. of the average net profits of the company made during the three immediately preceding financial years 7[or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years], in pursuance of its Corporate Social Responsibility Policy:

Provided that the company shall give preference to the local area and areas around it where it operates, for spending the amount earmarked for Corporate Social Responsibility activities:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount 8[and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year].

"Provided also that if the company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed.";

6[Explanation.—For the purposes of this section "net profit" shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of section 198.]

**BEFORE AMENDMENT**

(7) If a company contravenes the provisions of sub-section (5) or sub-section (6), the company shall be punishable with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees and every officer of such company who is in default shall be punishable with imprisonment for a term which may extend to three years or with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees, or with both.

**AFTER AMENDMENT**

(7) If a company is in default in complying with the provisions of sub-section (5) or sub-section (6), the 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 one crore rupees, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less

**BEFORE AMENDMENT**

(8) The Central Government may give such general or special directions to a company or class of companies as it considers necessary to ensure compliance

Mob: +918130757966
csdiveshgoyal@gmail.com

of provisions of this section and such company or class of companies shall comply with such directions.]

**AFTER AMENDMENT**

(8) The Central Government may give such general or special directions to a company or class of companies as it considers necessary to ensure compliance of provisions of this section and such company or class of companies shall comply with such directions.]

NEW INSERTION "(9) Where the amount to be spent by a company under sub-section (5) does not exceed fifty lakh rupees, the requirement under sub-section (1) for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company

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**23. Section – 137(3) - Copy of Financial Statement to be Filed with Registrar**

**BEFORE AMENDMENT**

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 [5][therein], the company shall be [9][[8][[6][liable to a penalty]]] of one thousand rupees for every day during which the failure continues but which shall not be more than ten lakh rupees, 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 [9][[8][[7][shall be liable to a penalty of one lakh rupees and in case of continuing failure, with further penalty of one hundred rupees for each

DIVESH GOYAL
Practicing Company Secretary
GOYAL DIVESH& ASSOCIATES
Mob: +918130757966
csdiveshgoyal@gmail.com

day after the first during which such failure continues, subject to a maximum of five lakh rupees

**AFTER AMENDMENT**

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 [5][therein], the company shall be [9][[8][[6][liable to a penalty]]] of ~~one thousand rupees for every day during which the failure continues but which shall not be more than ten lakh rupees~~, ten thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of two lakh

rupees 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 [9][[8][[7][shall be liable to a penalty of ~~one lakh rupees~~ Ten Thousand Rupees and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of ~~five lakh rupees~~ Fifty Thousand Rupees

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## 24. Section – 140(3) - Removal, Resignation of Auditor and Giving of Special Notice

**BEFORE AMENDMENT**

(3) If the auditor does not comply with the provisions of sub-section (2), he or it shall be liable to a penalty of fifty thousand rupees or an amount equal to the

remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of five lakh rupees.

**AFTER AMENDMENT**

(3) If the auditor does not comply with the provisions of sub-section (2), he or it shall be liable to a penalty of fifty thousand rupees or an amount equal to the remuneration of the auditor, whichever is less, and in case of continuing failure, with further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of ~~five lakh rupees~~. Two Lakh Rupees.

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**25. Section – 143(15) - Powers and Duties of Auditors and Auditing Standards**

**BEFORE AMENDMENT**

(15) If any auditor, cost accountant or company secretary in practice do not comply with the provisions of sub-section (12), he shall be punishable with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees.

Mob: +918130757966
csdiveshgoyal@gmail.com

**AFTER AMENDMENT**

If any auditor, cost accountant, or company secretary in practice does not comply with the provisions of sub-section (12), he shall,—

(a) in case of a listed company, be liable to a penalty of five lakh rupees;

And (b) in case of any other company, be liable to a penalty of one lakh rupees."

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## 26. Section – 147(1)&(2) - Punishment for Contravention

**BEFORE AMENDMENT**

(1) If any of the provisions of sections 139 to 146 (both inclusive) is contravened, the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees and 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 ten thousand rupees but which may extend to one lakh rupees, or with both.

**AFTER AMENDMENT**

(1) If any of the provisions of sections 139 to 146 (both inclusive) is contravened, the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees and 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 ten thousand rupees but which may extend to ~~one lakh rupees, or with both~~ one lakh rupees

DIVESH GOYAL
Practicing Company Secretary
GOYAL DIVESH& ASSOCIATES
Mob: +918130757966
csdiveshgoyal@gmail.com

**BEFORE AMENDMENT**

(2) 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 twenty-five thousand rupees but which may extend to five lakh rupees 1[or four times the remuneration of the auditor, whichever is less]

Provided that if an auditor has contravened such provisions knowingly or wilfully with the intention to deceive the company or its shareholders or creditors or tax authorities, he shall be punishable with imprisonment for a term which may extend to one year and 2[with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees or eight times the remuneration of the auditor, whichever is less]

**AFTER AMENDMENT**

(2) 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 twenty-five thousand rupees but which may extend to five lakh rupees 1[or four times the remuneration of the auditor, whichever is less]

Provided that if an auditor has contravened such provisions knowingly or wilfully with the intention to deceive the company or its shareholders or creditors or tax authorities, he shall be punishable with imprisonment for a term which may extend to one year and 2[with fine which shall not be less than fifty thousand rupees but which may extend to twenty-five lakh rupees or eight times the remuneration of the auditor, whichever is less]

## 27. Section – 165(6) - Number of Directorships

**BEFORE AMENDMENT**

(6) If a person accepts an appointment as a director in contravention of sub-section (1), he shall be 5[4[3[liable to a penalty of five thousand rupees for each day after the first during which such contravention continues]]]

**AFTER AMENDMENT**

"(6) If a person accepts an appointment as a director in violation of this section, he shall be liable to a penalty of two thousand rupees for each day after the first during which such violation continues, subject to a maximum of two lakh rupees.

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## 28. Section – 167(2) - Vacation of Office of Director

**BEFORE AMENDMENT**

(2) 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 one year or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, or with both.

**AFTER AMENDMENT**

(2) 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

Mob: +918130757966
csdiveshgoyal@gmail.com

~~imprisonment for a term which may extend to one year~~ or with fine which shall not be less than one lakh rupees but which may extend to ~~five lakh rupees, or with both.~~ Five Lakh Rupees

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**29. Section – 172 - PUNISHMENT**

**BEFORE AMENDMENT**

If a company contravenes any of the provisions of this Chapter and for which no specific punishment is 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 fifty thousand rupees but which may extend to five lakh rupees.

**AFTER AMENDMENT**

If a company is in default in complying with any of the provisions of this Chapter and for which no specific penalty or punishment is provided therein, the company and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees, and in case of continuing failure, with a further penalty of five hundred rupees for each day during which such failure continues, subject to a maximum of three lakh rupees in case of a company and one lakh rupees in case of an officer who is in default.".

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**30. Section – 178(8) - Nomination and Remuneration Committee and Stakeholders Relationship Committee**

**BEFORE AMENDMENT**

8) In case of any contravention of the provisions of section 177 and this section, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and 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

DIVESH GOYAL
Practicing Company Secretary
GOYAL DIVESH& ASSOCIATES
Mob: +918130757966
csdiveshgoyal@gmail.com

twenty-five thousand rupees but which may extend to one lakh rupees, or with both:

Provided that 7[inability to resolve or consider any grievance] by the Stakeholders Relationship Committee in good faith shall not constitute a contravention of this section.

Explanation.—The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.]

**AFTER AMENDMENT**

8) In case of any contravention of the provisions of section 177 and this section, the company shall be ~~punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees and 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 twenty-five thousand rupees but which may extend to one lakh rupees, or with both~~ "liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of one lakh rupees":

Provided that 7[inability to resolve or consider any grievance] by the Stakeholders Relationship Committee in good faith shall not constitute a contravention of this section.

Explanation.—The expression "senior management" means personnel of the company who are members of its core management team excluding Board of Directors comprising all members of management one level below the executive directors, including the functional heads.]

## 31. Section – 184(4) - Disclosure of Interest by Director

**BEFORE AMENDMENT**

(4) If a director of the company contravenes the provisions of sub-section (1) or subsection (2), such director shall be punishable with imprisonment for a term which may extend to one year or with fine which [4][Omitted] may extend to one lakh rupees, or with both.

**AFTER AMENDMENT**

(4) If a director of the company contravenes the provisions of sub-section (1) or subsection (2), such director shall be ~~punishable with imprisonment for a term which may extend to one year or with fine which [4][Omitted] may extend to one lakh rupees, or with both.~~ "liable to a penalty of one lakh rupees"

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## 32. Section – 187(4) - Investments of Company to be Held in its Own Name

**BEFORE AMENDMENT**

(4) If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both.

**AFTER AMENDMENT**

(4) If a company contravenes the provisions of this section, the company shall be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both.

(5) If a company is in default in complying with the provisions of this section, the company shall be liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees

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**33. Section – 188(5) - Related Party Transactions**

**BEFORE AMENDMENT**

(5) 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,—

(i) in case of listed company, be punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both; and

(ii) In case of any other company, be punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.

Mob: +918130757966
csdiveshgoyal@gmail.com

**AFTER AMENDMENT**

5) 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,—

(i) in case of listed company, be ~~punishable with imprisonment for a term which may extend to one year or with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees, or with both~~; "liable to a penalty of twenty-five lakh rupees"and

(ii) In case of any other company, be ~~punishable with fine which shall not be less than twenty-five thousand rupees but which may extend to five lakh rupees.~~ "liable to a penalty of five lakh rupees"

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**34. Section – 204(4) - Secretarial Audit for Bigger Companies**

**BEFORE AMENDMENT**

(4) If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section, the company, every officer of the comapny or the company secretary in practice, who is in default, shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees

**AFTER AMENDMENT**

(4) If a company or any officer of the company or the company secretary in practice, contravenes the provisions of this section, the company, every officer of the comapny or the company secretary in practice, who is in default, shall be ~~punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees~~ "liable to a penalty of two lakh rupees"

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Mob: +918130757966
csdiveshgoyal@gmail.com

## 35. Section – 232(8) - Merger and Amalgamation of Companies.

**BEFORE AMENDMENT**

(8) If a transferor company or a transferee company contravenes the provisions of this section, the transferor company or the transferee company, as the case may be, shall be punishable with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees 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 one year or with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees, or with both.
Explanation.—For the purposes of this section,—
(i) in a scheme involving a merger, where under the scheme the undertaking, property and liabilities of one or more companies, including the company in respect of which the compromise or arrangement is proposed, are to be transferred to another existing company, it is a merger by absorption, or where the undertaking, property and liabilities of two or more companies, including the company in respect of which the compromise or arrangement is proposed, are to be transferred to a new company, whether or not a public company, it is a merger by formation of a new company;
(ii)references to merging companies are in relation to a merger by absorption, to the transferor and transferee companies, and, in relation to a merger by formation of a new company, to the transferor companies;
(iii) a scheme involves a division, where under the scheme the undertaking, property and liabilities of the company in respect of which the compromise or arrangement is proposed are to be divided among and transferred to two or more companies each of which is either an existing company or a new company; and
(iv) property includes assets, rights and interests of every description and liabilities include debts and obligations of every description.

**AFTER AMENDMENT**

If a company fails to comply with sub-section (5), the company and every officer of the company who is in default shall be liable to a penalty of twenty thousand rupees, and where the failure is a continuing one, with a further penalty of one thousand rupees for each day after the first during which such failure continues, subject to a maximum of three lakh rupees.".

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**36. Section – 242(8) - Powers of Tribunal**

**BEFORE AMENDMENT**

(8) If a company contravenes the provisions of sub-section (5), the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable with imprisonment for a term which may extend to six months or with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees, or with both.

**AFTER AMENDMENT**

(8) If a company contravenes the provisions of sub-section (5), the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to twenty-five lakh rupees and every officer of the company who is in default shall be punishable ~~with imprisonment for a term which may extend to six months or~~ with fine which shall not be less than twenty-five thousand rupees but which may extend to ~~one lakh rupees, or with both~~ "five lakh rupees"

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DIVESH GOYAL
Practicing Company Secretary
GOYAL DIVESH& ASSOCIATES
Mob: +918130757966
csdiveshgoyal@gmail.com

## 37. Section – 243(2) - Consequence of Termination or Modification of Certain Agreements

**BEFORE AMENDMENT**

(2) Any person who knowingly acts as a managing director or other director or manager of a company in contravention of clause (b) of sub-section (1) [2][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 six months or with fine which may extend to five lakh rupees, or with both.

**AFTER AMENDMENT**

2) Any person who knowingly acts as a managing director or other director or manager of a company in contravention of clause (b) of sub-section (1) [2][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 six months or~~ with fine which may extend ~~to five lakh rupees, or with both.~~ five lakh rupees

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## 38. Section – 247(3) - Valuation by Registered Valuers.

**BEFORE AMENDMENT**

(3) 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 twenty-five thousand rupees but which may extend to one lakh rupees:

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 one year and with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees.

**AFTER AMENDMENT**

(3) 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 twenty-five thousand rupees but which may extend to one lakh rupees:

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 one year and with fine which shall not be less than one lakh rupees~~ "liable to a penalty of fifty thousand rupees but which may extend to five lakh rupees.

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## 39. Section – 302(3)&(4) - Dissolution of Company by Tribunal.

**BEFORE AMENDMENT**

(3) A copy of the order shall, within thirty days from the date thereof, be forwarded by the Company Liquidator to the Registrar who shall record in the register relating to the company a minute of the dissolution of the company.

**AFTER AMENDMENT**

("(3) The Tribunal shall, within a period of thirty days from the date of the order,— (a) forward a copy of the order to the Registrar who shall record in the register relating to the company a minute of the dissolution of the company; and (b) direct the Company Liquidator to forward a copy of the order to the Registrar who shall record in the register relating to the company a minute of the dissolution of the company.";

**BEFORE AMENDMENT**

(4) If the Company Liquidator makes a default in forwarding a copy of the order within the period specified in sub-section (3), the Company Liquidator shall be punishable with fine which may extend to five thousand rupees for every day during which the default continues.

**AFTER AMENDMENT**

Omitted

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## 40. Section – 342(3)&(4) - Prosecution of Delinquent Officers and Members of Company

**BEFORE AMENDMENT**

(6) 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 twenty-five thousand rupees but which may extend to one lakh rupees.

**AFTER AMENDMENT**

Omitted

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## 41. Section – 347(4) - Disposal of Books and Papers of Company.

**BEFORE AMENDMENT**

(4) 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 six months or with fine which may extend to fifty thousand rupees, or with both.

DIVESH GOYAL
Practicing Company Secretary
GOYAL DIVESH& ASSOCIATES
Mob: +918130757966
csdiveshgoyal@gmail.com

**AFTER AMENDMENT**

(4) 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 six months or~~ with fine which may extend to ~~fifty thousand rupees, or with both~~ Fifty Thousand Rupees

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(Author – CS Divesh Goyal, GOYAL DIVESH & ASSOCIATES Company Secretary in Practice from Delhi and can be contacted at csdiveshgoyal@gmail.com).