

Corrigendum to answers related to modification of charge and notice of meeting given in the
Practice Manual of Paper No. 2, Business Laws, Ethics and Communication

1. Students are advised to read the following answer given hereunder in place of answer to the question no. 52 given on the page no. 6.133 of the Practice Manual:-

Answer to question no. 52 (page no. 6.133) - Section 135 of the Companies Act, 1956 provides that "whenever the terms or conditions or the extent or operation of any charge registered under this part are or is modified, it shall be the duty of the company to send to the Registrar the particulars of such modifications and the provisions of this part as to registration of a charge shall apply to modification of the charge."

Here the term modification includes variation of any terms of the agreement including variation of rate of interest (other than bank rate), which may be by mutual agreement or by operation of law. In the given problem, the term as to change of rate of interest has been fixed at a specified percentage above the bank rate as notified by the Reserve Bank, so a change in the rate of the interest arising out of variation of the Bank rate would not amount to a change in a term of the charge under section 135 and hence no return of modification of charges is required to be filed with the registrar and no registrar of companies can insist on filing a return for modification of charges.

In the light of the above, the change in the rate of interest does not constitute modification. Therefore the stand of the company not to file a return, is correct.

2. While reading the answer to question no. 26 given on page no. 6.151 of the Practice Manual, students are advised to take the following corrections into consideration while going to the answer :-

Answer to question no. 26 (page no. 6.151) - According to Section 171(1) of the Companies Act, 1956 a general meeting of a company may be called by giving not less than 21 days notice in writing. Here, 21 days means 21 clear days i.e. excluding both the date on which the notice was served and the date of the meeting, and where the notice of the general meeting is sent by post, excluding further 2 days (48 hours of posting). Thus accordingly in the answer, the notice will short by two days.