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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।
Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bills were introduced in Lok Sabha on 23rd December, 1999:—

BILL No. 99 OF 1999

A Bill further to amend the Constitution of India.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

1. (1) This Act may be called the Constitution (Eighty-fifth Amendment) Act, 1999.

Short title and commencement.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

2. In article 239AA of the Constitution, in clause (2), in sub-clause (b), for the words "Scheduled Castes", the words "the Scheduled Castes and the women" shall be substituted.

Amendment of article 239AA.

Insertion of new article 330A.

3. After article 330 of the Constitution, the following article shall be inserted, namely:—

Reservation of seats for women in the House of the People.

"330A. (1) Seats shall be reserved for women in the House of the People.

(2) As nearly as may be, one-third of the total number of seats reserved under clause (2) of article 330 shall be reserved for women belonging to the Scheduled Castes or the Scheduled Tribes, as the case may be:

Provided that where the seat reserved for the Scheduled Castes or the Scheduled Tribes, as the case may be, in relation to a State or Union territory is one, then, in every block comprising of three general elections to the House of the People, the seat in the first general election shall be reserved for women belonging to the Scheduled Castes or the Scheduled Tribes and no seat shall be so reserved in the other two general elections:

Provided further that where the seats reserved for the Scheduled Castes or the Scheduled Tribes, as the case may be, in relation to a State or Union territory are two, then, in every block comprising of three general elections to the House of the People,—

(a) one seat shall be reserved for women belonging to the Scheduled Castes or the Scheduled Tribes in the first two general elections in such a manner that the same constituency is not reserved for women in both the aforesaid elections; and

(b) no seat shall be reserved for women belonging to the Scheduled Castes or the Scheduled Tribes in the third general election.

(3) As nearly as may be, one-third (including the number of seats reserved for women belonging to the Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election to the House of the People in a State or Union territory shall be reserved for women and such seats may be allotted by rotation to different constituencies in that State or Union territory:

Provided that where the seat, not being a seat reserved for the Scheduled Castes or the Scheduled Tribes, in relation to a State or Union territory is one, then, in every block comprising of three general elections to the House of the People, the seat in the first general election shall be reserved for women and no seat shall be so reserved for women in the other two general elections:

Provided further that where the seats, not being seats reserved for the Scheduled Castes or the Scheduled Tribes, in relation to a State or Union territory are two, then, in every block comprising of three general elections to the House of the People,—

(a) one seat shall be reserved for women in the first two general elections in such a manner that the same constituency is not reserved for women in both the aforesaid elections; and

(b) no seat shall be reserved for women in the third general election."

Amendment of article 331.

4. In article 331 of the Constitution, the following proviso shall be inserted at the end, namely:—

"Provided that where such nominations are made, in relation to every block comprising of three general elections to the House, one seat shall be reserved for nomination of a woman of Anglo-Indian community to every House constituted after first two general elections and no seat shall be reserved for the women of that community in the House constituted after the third general election."

5. After article 332 of the Constitution, the following article shall be inserted, namely:—

Insertion of new article 332A.

"332A. (1) Seats shall be reserved for women in the Legislative Assembly of every State.

Reservation of seats for women in the Legislative Assemblies of the States.

(2) As nearly as may be, one-third of the total number of seats reserved under clause (3) of article 332 shall be reserved for women belonging to the Scheduled Castes or the Scheduled Tribes, as the case may be:

Provided that where the seat reserved for the Scheduled Castes or the Scheduled Tribes, as the case may be, in relation to a State is one, then, in every block comprising of three general elections to the Legislative Assembly of that State, the seat in the first general election shall be reserved for women belonging to the Scheduled Castes or the Scheduled Tribes, as the case may be:

Provided further that where the seats reserved for the Scheduled Castes or the Scheduled Tribes, as the case may be, in relation to a State are two, then, in every block comprising of three general elections to the Legislative Assembly of that State,—

(a) one seat shall be reserved for women belonging to the Scheduled Castes or the Scheduled Tribes in the first two general elections in such a manner that the same constituency is not reserved for women in both the aforesaid elections; and

(b) no seat shall be reserved for women belonging to the Scheduled Castes or the Scheduled Tribes in the third general election.

(3) As nearly as may be, one-third (including the number of seats reserved for women belonging to the Scheduled Castes and the Scheduled Tribes) of the total number of seats to be filled by direct election in the Legislative Assembly of every State shall be reserved for women and such seats may be allotted by rotation to different constituencies in that State."

6. In article 333 of the Constitution, the following proviso shall be inserted at the end, namely:—

Amendment of article 333.

"Provided that where such nomination is made, in relation to every block comprising of three general elections to the Assembly, the seat in the Assembly constituted after the first general election shall be reserved for nomination of a woman of the Anglo-Indian community and no seat shall be reserved for the women of that community in the Assembly constituted after the second and the third general elections."

7. After article 334 of the Constitution, the following article shall be inserted, namely:—

Insertion of new article 334A.

"334A. Notwithstanding anything in the foregoing provisions of this Part or Part VIII, the provisions of this Constitution relating to the reservation of seats for women in the House of the People, the Legislative Assembly of a State and the Legislative Assembly of the National Capital Territory of Delhi shall cease to have effect on the expiration of a period of fifteen years from the commencement of the Constitution (Eighty-fifth Amendment) Act, 1999:

Reservation of seats for women to cease after fifteen years.

Provided that nothing in this article shall affect any representation in the House of the People, the Legislative Assembly of a State or the Legislative

Assembly of the National Capital Territory of Delhi until the dissolution of the then existing House, Legislative Assembly of a State or the Legislative Assembly of the National Capital Territory of Delhi, as the case may be."

Amendments not to affect the representation in the House of the People or Legislative Assembly of a State or the Legislative Assembly of the National Capital Territory of Delhi.

8. The amendments made to the Constitution, by this Act, shall not affect any representation in the House of the People, the Legislative Assembly of a State or the Legislative Assembly of the National Capital Territory of Delhi until the dissolution of the House, the Legislative Assembly of a State or the Legislative Assembly of the National Capital Territory of Delhi, as the case may be, in existence at the commencement of this Act.

STATEMENT OF OBJECTS AND REASONS

The issue of empowerment of women has been raised in different fora in the country from time to time. Political empowerment of women is rightly perceived as a powerful and indispensable tool for upliftment of women and eliminating gender inequality and discrimination.

2. As a first step to achieve the aforesaid objective, reservation for women in Panchayats and Municipalities was provided by insertion of articles 243D and 243T in the Constitution *vide* the Constitution (Seventy-third Amendment) Act, 1992 and the Constitution (Seventy-fourth Amendment) Act, 1992, respectively. The next step towards this end was the introduction of the Constitution (Eighty-first Amendment) Bill, 1996 in the Eleventh Lok Sabha on 12th September, 1996 which sought to reserve not less than one-third of total number of seats filled by direct election in the House of the People and in the Legislative Assemblies of the States for women. The Bill was referred to the Joint Committee of Parliament which further strengthened some of the provisions of the Bill by extending the provision of reservation for women even in those cases where number of seats was less than three in a State or a Union territory. The Constitution (Eighty-first Amendment) Bill, 1996, as reported by the Joint Committee, however, lapsed with the dissolution of the Eleventh Lok Sabha. Again, the Bill was revived as the Constitution (Eighty-fourth Amendment) Bill, 1998 in the Twelfth Lok Sabha but this also lapsed on the dissolution of that House.

3. The Government has decided to reintroduce a Bill on the lines of the aforesaid Bills seeking to provide for reservation for women in the House of the People and in the Legislative Assemblies of States. This is in fulfilment of the people's mandate.

4. The Bill seeks to achieve the aforesaid objects.

NEW DELHI;

RAM JETHMALANI.

The 22nd November, 1999.

BILL No. 138 OF 1999

A Bill to amend the Electricity Regulatory Commissions Act, 1998.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

Short title.

1. This Act may be called the Electricity Regulatory Commissions (Amendment) Act, 1999.

Insertion of new Chapter IVA.

2. After Chapter IV of the Electricity Regulatory Commissions Act, 1998, the following Chapter shall be inserted, namely:—

"CHAPTER IVA

JOINT STATE REGULATORY COMMISSION

Constitution of Joint State Commission.

21A. (1) Notwithstanding anything contained in this Act, an agreement may be entered into—

(a) by two or more Governments of contiguous States,

(b) by the Central Government (in respect of one or more Union territories) and one or more Governments of States contiguous to such Union territory or Union territories,

to be in force for such period and to be subject to renewal for such further period, if any, as may be specified in the agreement to provide for the constitution of a Joint State Commission,—

(i) in a case referred to in clause (a), for all the participating States; and

(ii) in a case referred to in clause (b), for the participating Union territory or Union territories and the State or States.

(2) The Joint State Commission shall consist of not more than three Members including the Chairperson:

Provided that the Chairperson and Members shall be appointed by rotation to represent the participating States and the Union territories.

(3) An agreement under sub-section (1) shall contain provisions as to the name of the Joint State Commission, the manner in which the participating States may be associated in the selection of the Chairperson and Members of the Joint State Commission, manner of appointment of Chairperson and Members by rotation, places at which the Commission shall sit, apportionment among the participating States of the expenditure in connection with the Joint State Commission and may also contain such other supplemental, incidental and consequential provisions not inconsistent with this Act as may be deemed necessary or expedient for giving effect to the agreement.

21B. Notwithstanding anything contained in this Act, where any Joint State Commission is constituted under section 21A,—

(a) the Government of the State for which the Joint State Commission is constituted shall be competent to give any direction under this Act only in cases where such direction relates to a matter within the exclusive territorial jurisdiction of the State;

(b) the Central Government alone shall be competent to give any direction under this Act where such direction relates to a matter within the territorial jurisdiction of two or more States or pertaining to a Union territory if the participating Governments fail to reach an agreement or the participating States or majority of them request the Central Government to issue such directions."

Special
provision
relating to
giving of
directions.

STATEMENT OF OBJECTS AND REASONS

The Electricity Regulatory Commissions Act, 1998 was enacted to provide for the establishment of a Central Electricity Regulatory Commission (CERC) and State Regulatory Commissions, rationalisation of electricity tariff, transparent policies regarding subsidies, promotion of efficient and environmentally benign policies and for matters connected therewith or incidental thereto.

2. The Central Government has since established the Central Electricity Regulatory Commission under sub-section (1) of section 3 of the Electricity Regulatory Commissions Act, 1998. Sub-section (1) of section 17 of the said Act empowers the State Governments to establish State Electricity Regulatory Commission individually. Several States like Gujarat, Madhya Pradesh, Uttar Pradesh, West Bengal, Arunachal Pradesh, Punjab, Tamil Nadu and Maharashtra and the National Capital territory of Delhi have notified constitution of State Electricity Regulatory Commissions under the above provision of the said Act. Orissa has set up State Electricity Regulatory Commission in August, 1996 prior to the enactment of the Electricity Regulatory Commissions Act, 1998. States like Haryana, Andhra Pradesh and Karnataka have also set up State Electricity Regulatory Commission under their respective State Reforms Act. The Government of Rajasthan has set up a Selection Committee for recommending the names of Chairperson and Members for the State Electricity Regulatory Commission which is to be constituted.

3. Small States like Sikkim and North Eastern States have indicated problems in setting up the Commission due to factors like paucity of funds, non-availability of personnel with adequate expertise, talent, etc. Recently, the Ministry of Power received a proposal from the Government of Nagaland for the constitution of a joint North Eastern Electricity Regulatory Commission for the four States, namely, Assam, Mizoram, Manipur and Nagaland.

4. Since the Act does not have an express provision for constitution of a Joint State Electricity Regulatory Commission for two or more States, it is proposed to amend the Electricity Regulatory Commissions Act, 1998 to provide that if two or more States or one or more States and the Central Government, in the case of Union Territories enter into agreement, they can constitute a Joint Electricity Regulatory Commission. As in the case of a State Commission, a Joint Electricity Regulatory Commission will consist of not more than three Members including the Chairperson. The agreement may provide for the manner in which the participating States may be associated in the selection of the Chairperson and members, the place at which the Joint Commission will sit, apportionment among the participating States of the expenditure in connection with the Joint Commission and such other supplemental, incidental and consequential provisions, not inconsistent with the provisions of the Act, as may be deemed necessary for giving effect to the agreement.

5. The Bill seeks to achieve the above objectives.

NEW DELHI;
The 15th December, 1999

P. R. KUMARAMANGALAM

BILL No. 139 OF 1999

A Bill further to amend the Companies Act, 1956.

BE it enacted by Parliament in the Fiftieth Year of the Republic of India as follows:—

1. (1) This Act may be called the Companies (Second Amendment) Act, 1999.

Short title and commencement.

(2) The provisions of this Act, other than sections 7 and 75, shall come into force at once and sections 7 and 75 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

1 of 1956.

2. In section 2 of the Companies Act, 1956 (hereinafter referred to as the principal Act),—

Amendment of section 2.

(a) clauses (3) and (4) shall be omitted;

(b) for clause (14), the following clause shall be inserted, namely:—

'(14A) "dividend" includes any interim dividend;'

(c) clause (25) shall be omitted;

(d) for clause (30), the following clause shall be substituted, namely:—

'(30) "officer" includes any director, manager or secretary or any person in accordance with whose directions or instructions the Board of directors or any one or more of the directors is or are accustomed to act;'

(e) clause (44) shall be omitted.

Amendment of
section 3.

3. In section 3 of the principal Act,—

(a) in sub-section (1),—

(i) in clause (iii),—

(A) in the opening portion, for the words “means a company which, by its articles,—”, the words “means a company which has a minimum paid-up capital of one lakh rupees or such higher paid-up capital as may be prescribed, and by its articles,—” shall be substituted;

(B) after sub-clause (c), before the proviso, the following clause shall be inserted, namely:—

“(d) prohibits any invitation or acceptance of deposits from persons other than its members, directors or their relatives.”;

(ii) for clause (iv), the following clause shall be substituted, namely:—

“(iv) “public company” means a company which—

(a) is not a private company;

(b) has a minimum paid-up capital of five lakh rupees or such higher paid-up capital, as may be prescribed;

(c) is a private company which is a subsidiary of a company which is not a private company.”;

(b) after sub-section (2), the following sub-sections shall be inserted, namely:—

“(3) Every private company, existing on the commencement of the Companies (Second Amendment) Act, 1999, with a paid-up capital of less than one lakh rupees, shall, within a period of two years from such commencement, enhance its paid-up capital to one lakh rupees.

(4) Every public company, existing on the commencement of the Companies (Second Amendment) Act, 1999, with a paid-up capital of less than five lakh rupees, shall, within a period of two years from such commencement, enhance its paid-up capital to five lakh rupees.

(5) Where a private company or a public company fails to enhance its paid-up capital in the manner specified in sub-section (3) or sub-section (4), such company shall be deemed to be a defunct company within the meaning of section 560 and its name shall be struck off from the register by the Registrar.”.

Amendment of
section 4.

4. In section 4 of the principal Act, in sub-section (2), in clause (b), the words “,managing agent, secretaries and treasurers” shall be omitted.

Amendment of
section 11.

5. In section 11 of the principal Act, in sub-section (5), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.

6. In section 16 of the principal Act, in sub-section (3), the words "managing agent, secretaries and treasurers" shall be omitted. Amendment of section 16.
7. After section 17 of the principal Act, the following section shall be inserted, namely:— Insertion of new section 17A.
- "17A. No company shall change the place of its registered office from one place to another within a State unless it is confirmed by the Regional Director." Change of registered office within a State.
8. In section 22 of the principal Act, in sub-section (2), for the words "one hundred rupees", the words "one thousand rupees" shall be substituted. Amendment of section 22.
9. In section 25 of the principal Act, in sub-section (10), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted. Amendment of section 25.
10. In section 39 of the principal Act,— Amendment of section 39.
- (a) in sub-section (1), clause (c) shall be omitted;
- (b) in sub-section (2), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
11. In section 40 of the principal Act,— Amendment of section 40.
- (a) in sub-section (1), the words, brackets, letter and figures "in the agreement referred to in clause (c) of sub-section (1) of section 39 or in any other agreement" shall be omitted;
- (b) in sub-section (2), for the words "ten rupees", the words "one hundred rupees" shall be substituted.
12. In section 43A of the principal Act, after sub-section (10), the following sub-section shall be inserted, namely:— Amendment of section 43A.
- "(11) Nothing contained in this section shall apply on and after the commencement of the Companies (Second Amendment) Act, 1999."
13. In section 44 of the principal Act,— Amendment of section 44.
- (a) in sub-section (3), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted;
- (b) in sub-section (4), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.
14. In section 49 of the principal Act, in sub-section (9), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted. Amendment of section 49.
15. In section 54 of the principal Act, the words "the managing agent, the secretaries and treasurers," shall be omitted. Amendment of section 54.
16. After section 55 of the principal Act, the following section shall be inserted, namely:— Insertion of new section 55A.
- "55A. The provisions contained in sections 55 to 58, 59 to 81, 108, 109, 110, 112, 113, 116, 117, 118, 119, 120, 121, 122, 205, 205A, 206, 206A, 207, 209 and 211 shall,— Powers of Securities and Exchange Board of India.
- (a) in case of listed public companies;
- (b) in case of those public companies which purport to be listed, be administered by the Securities and Exchange Board of India; and
- (c) in any other case, be administered by the Central Government."
17. In section 56 of the principal Act, in sub-section (3), after the second proviso, for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted. Amendment of section 56.

Amendment of
section 58A.

18. In section 58A of the principal Act,—

(a) in sub-section (6), in clause (a), in sub-clause (ii),—

(i) for the words “one lakh rupees”, the words “ten lakh rupees” shall be substituted;

(ii) for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted;

(b) in sub-section (10), for the words “not less than rupees fifty”, the words “not less than rupees five hundred” shall be substituted.

Insertion of
new sections
58AA and
58AAA.
Small
depositors.

19. After section 58A of the principal Act, the following sections shall be inserted, namely:—

‘58AA. (1) Every company, which accepts deposits from small depositors, shall intimate to the Company Law Board any default made by it in repayment of any such deposits or part thereof or any interest thereupon.

(2) The intimation under sub-section (1) shall,—

(a) be given within sixty days from the date of default;

(b) include particulars in respect of the names and addresses of each small depositor, the principal sum of deposits due to them and interest accrued thereon.

(3) Where a company has made a default in repayment of any deposit or part thereof or any interest thereon to a small depositor, the Company Law Board, on receipt of intimation under sub-section (1) shall,—

(a) exercise, on its own motion, powers conferred upon it by sub-section (9) of section 58A;

(b) pass an appropriate order within a period of thirty days from the date of receipt of intimation under sub-section (1):

Provided that the Board may pass order after expiry of the period of thirty days, after giving the small depositors an opportunity of being heard:

Provided further that it shall not be necessary for a small depositor to be present at the hearing of the proceeding under this sub-section.

(4) No company shall, at any time, accept further deposits from small depositors, unless each small depositor, whose deposit has matured, had been paid the amount of the deposit and the interest accrued thereon:

Provided that nothing contained in this sub-section shall apply to—

(a) any deposit which has been renewed by the small depositor voluntarily; or

(b) any deposit, whose repayment has become impracticable due to the death of the small depositor or whose repayment has been stayed by a competent court or authority.

(5) Every company, which has on any occasion made a default in the repayment of a deposit or part thereof or any interest thereupon to a small depositor, shall state, in every future advertisement and application form inviting deposits from the public, the total number of small depositors and amount due to them in respect of which such default has been made.

(6) Where any interest accrued on deposits of the small depositors has been waived, the fact of such waiver shall be mentioned by the company in every advertisement and application form inviting deposits issued after such waiver.

(7) Where a company had accepted deposits from small depositors and subsequent to such acceptance of deposits, obtains funds by taking a loan for the purposes of its working capital from any nationalised bank, it shall first utilise the funds so obtained for the repayment of the small deposits before applying such funds to any other purpose.

(8) Every application form, issued by a company to a small depositor for accepting deposits from him, shall contain a statement to the effect that the applicant had been apprised of—

(a) every past default by the company in the repayment of deposit or interest thereon, if any, such default has occurred; and

(b) the waiver of interest under sub-section (6), if any, and reasons therefor.

(9) Whoever knowingly fails to comply with the provisions of this section or comply with any order of the Company Law Board shall be punishable with imprisonment which may extend to three years and shall also be liable to fine for not less than five hundred rupees for every day during which such non-compliance shall continue.

(10) If a company or any other person contravenes any provision of this section, every person, who at the time the contravention was committed, was a director of the company, as well as the company, shall be deemed to be guilty of the offence and shall be liable to be proceeded against and punished accordingly.

(11) The provisions of section 58A shall, as far as may be, apply to the deposits made by a small depositor under this section.

Explanation.—For the purposes of this section, “a small depositor” means a depositor who has invested in a financial year a sum not exceeding twenty thousand rupees in a company.

58AAA. Notwithstanding anything contained in sections 621 and 624, every offence connected with or arising out of acceptance of deposits under section 58A or section 58AA shall be cognizable offence under the Code of Criminal Procedure, 1973.’

Default in acceptance refund of deposits to be cognizable.

2 of 1974.

20. In section 59 of the principal Act, in sub-section (1), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.

Amendment of section 59.

21. In section 60 of the principal Act, in sub-section (5), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.

Amendment of section 60.

22. In section 63 of the principal Act, in sub-section (1), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.

Amendment of section 63.

23. In section 67 of the principal Act,—

Amendment of section 67.

(a) in sub-section (3), the following proviso shall be inserted, namely:—

“Provided that nothing contained in this sub-section shall apply in a case where the offer or invitation to subscribe for shares or debentures is made to fifty persons or more.”;

(b) after sub-section (3), the following sub-section shall be inserted, namely:—

“(3B) Notwithstanding anything contained in sub-section (3), the Securities and Exchange Board of India may, in consultation with the Reserve Bank of India, by notification in the Official Gazette, specify the guidelines in respect of offer or invitation made to the public by a public financial institution specified under section 4A or non-banking financial companies referred to in clause (f) of section 45-I of the Reserve Bank of India Act, 1934.”.

2 of 1934.

- Amendment of section 68. 24. In section 68 of the principal Act, for the words “ten thousand rupees”, the words “one lakh rupees” shall be substituted.
- Amendment of section 69. 25. In section 69 of the principal Act, in sub-section (4), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.
- Amendment of section 70. 26. In section 70 of the principal Act,—
 (a) in sub-section (4), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted;
 (b) in sub-section (5), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.
- Amendment of section 72. 27. In section 72 of the principal Act, in sub-section (3), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.
- Amendment of section 73. 28. In section 73 of the principal Act, in sub-sections (2B) and (3), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.
- Amendment of section 75. 29. In section 75 of the principal Act, in sub-section (4),—
 (a) for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted;
 (b) in the proviso, for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.
- Amendment of section 76. 30. In section 76 of the principal Act, in sub-section (5), for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted.
- Amendment of section 77. 31. In section 77 of the principal Act,—
 (a) in sub-section (2), in the proviso, in clause (c), the words “managing agents, secretaries and treasurers” shall be omitted;
 (b) in sub-section (4), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.
- Amendment of section 79. 32. In section 79 of the principal Act, in sub-section (4), for the words “fifty rupees”, the words “five hundred rupees” shall be substituted.
- Amendment of section 80. 33. In section 80 of the principal Act, in sub-section (6), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.
- Amendment of section 80A. 34. In section 80A of the principal Act, in sub-section (3), in clause (a), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.
- Amendment of section 84. 35. In section 84 of the principal Act, in sub-section (3), for the words “ten thousand rupees”, the words “one lakh rupees” shall be substituted.
- Amendment of section 89. 36. In section 89 of the principal Act,—
 (a) in sub-section (2),—
 (i) for clause (a), the following clause shall be substituted, namely:—
 “(a) any resolution relating to the appointment or reappointment of a director or to any variation in the terms of an agreement between the company and a managing or wholetime director thereof;”;

(ii) clause (c) shall be omitted;

(b) in sub-section (3), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.

37. In section 95 of the principal Act, in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 95.

38. In section 97 of the principal Act, in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 97.

39. In section 107 of the principal Act, in sub-section (5), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 107.

40. In section 108-I of the principal Act, for the words "five thousand rupees", wherever they occur, the words "fifty thousand rupees" shall be substituted. Amendment of section 108-I.

41. In section 111 of the principal Act,— Amendment of section 111.

(a) in sub-section (9),—

(i) for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted;

(ii) for the words "one hundred rupees", the words "one thousand rupees" shall be substituted;

(b) in sub-section (12), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.

42. In section 113 of the principal Act, in sub-section (2), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted. Amendment of section 113.

43. In section 115 of the principal Act, in sub-section (6), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 115.

44. In section 118 of the principal Act, in sub-section (2),— Amendment of section 118.

(a) for the words "fifty rupees", the words "five hundred rupees" shall be substituted;

(b) for the words "twenty rupees", the words "two hundred rupees" shall be substituted.

45. In section 127 of the principal Act, in sub-section (2), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted. Amendment of section 127.

46. In section 133 of the principal Act, in sub-section (2), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted. Amendment of section 133.

47. In section 137 of the principal Act, in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 137.

48. In section 142 of the principal Act,— Amendment of section 142.

(a) in sub-section (1), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted;

(b) in sub-section (2), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.

49. In section 143 of the principal Act, in sub-section (2), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted. Amendment of section 143.

50. In section 144 of the principal Act, in sub-section (3),— Amendment of section 144.

(a) for the words "fifty rupees", the words "five hundred rupees" shall be substituted;

(b) for the words "twenty rupees", the words "two hundred rupees" shall be substituted.

- Amendment of section 146. 51. In section 146 of the principal Act, in sub-section (4), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- Amendment of section 147. 52. In section 147 of the principal Act,—
 (a) in sub-section (2), for the words "fifty rupees", the words "five hundred rupees" shall be substituted;
 (b) in sub-section (3), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted;
 (c) in sub-section (4), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.
- Amendment of section 148. 53. In section 148 of the principal Act, in sub-section (2), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.
- Amendment of section 149. 54. In section 149 of the principal Act,—
 (a) in sub-section (2A), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted;
 (b) in sub-section (6), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.
- Amendment of section 150. 55. In section 150 of the principal Act, in sub-section (2), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- Amendment of section 151. 56. In section 151 of the principal Act, in sub-section (4), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- Amendment of section 152. 57. In section 152 of the principal Act, in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- Amendment of section 153A. 58. Section 153A of the principal Act shall be renumbered as sub-section (1) thereof and after sub-section (1) as so renumbered, the following sub-section shall be inserted, namely:—
 "(2) The provisions of this section shall not apply on and after the commencement of the Companies (Second Amendment) Act, 1999."
- Amendment of section 153B. 59. In section 153B of the principal Act, after *Explanation* to sub-section (4), the following sub-section shall be inserted, namely:—
 "(5) The provisions of this section shall not apply on and after the commencement of the Companies (Second Amendment) Act, 1999."
- Amendment of section 154. 60. In section 154 of the principal Act, in sub-section (2), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.
- Amendment of section 157. 61. In section 157 of the principal Act, in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- Amendment of section 158. 62. In section 158 of the principal Act, in sub-section (9), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- Amendment of section 159. 63. In section 159 of the principal Act, in sub-section (1), in clause (g), the words "managing agents, secretaries and treasurers," shall be omitted.
- Amendment of section 160. 64. In section 160 of the principal Act, in sub-section (1), in clause (b), the words "its managing agent, its secretaries and treasurers" shall be omitted.
- Amendment of section 162. 65. In section 162 of the principal Act, in sub-section (1), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.

- 66.** In section 163 of the principal Act, in sub-section (5), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 163.
- 67.** In section 165 of the principal Act,— Amendment of section 165.
- (a) in sub-section (3),—
- (i) in clause (d), the words "managing agent, secretaries and treasurers," shall be omitted;
- (ii) for clause (g), the following clause shall be substituted, namely:—
- "(g) the arrears, if any, due on calls from every director and from the manager; and";
- (iii) for clause (h), the following clause shall be substituted, namely:—
- "(h) the particulars of any commission or brokerage paid or to be paid in connection with the issue or sale of shares or debentures to any director or to the manager,";
- (b) in sub-section (9), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.
- 68.** In section 168 of the principal Act,— Amendment of section 168.
- (a) for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted;
- (b) for the words "two hundred and fifty rupees", the words "two thousand five hundred rupees" shall be substituted.
- 69.** In section 173 of the principal Act, in sub-section (2), the words "the managing agent, if any, the secretaries and treasurers, if any," at both the places where they occur shall be omitted. Amendment of section 173.
- 70.** In section 176 of the principal Act,— Amendment of section 176.
- (a) in sub-section (2), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted;
- (b) in sub-section (4), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.
- 71.** In section 187B of the principal Act, after sub-section (6), the following sub-section shall be inserted, namely:— Amendment of section 187B.
- "(7) The provisions of this section shall not apply on and after the commencement of the Companies (Second Amendment) Act, 1999."
- 72.** In section 187C of the principal Act, after sub-section (7), the following sub-section shall be inserted, namely:— Amendment of section 187C.
- "(8) The provisions of this section shall not apply to the trustee referred to in section 187B on and after the commencement of the Companies (Second Amendment) Act, 1999."
- 73.** In section 188 of the principal Act, in sub-section (8), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted. Amendment of section 188.
- 74.** In section 192 of the principal Act,— Amendment of section 192.
- (a) in sub-section (4), clause (d) shall be omitted;
- (b) in sub-section (5), for the words "twenty rupees", the words "two hundred rupees" shall be substituted;
- (c) in sub-section (6), for the words "ten rupees", the words "one hundred rupees" shall be substituted.

Insertion of
new section
192A.

Passing of
resolutions by
postal ballot.

75. After section 192 of the principal Act, the following section shall be inserted, namely:—

“192A. (1) Notwithstanding anything contained in the foregoing provisions of this Act, a listed public company may, and in the case of resolutions relating to such business as the Central Government may, by notification, declare to be conducted only by postal ballot, shall, get any resolution passed by means of a postal ballot, instead of transacting the business in general meeting of the company.

(2) Where a company decides to pass any resolution by resorting to postal ballot, it shall send a notice to all the shareholders, along with a draft resolution explaining the reasons therefor, and requesting them to send their assent or dissent in writing on a postal ballot within a period of thirty days from the date of posting of the letter.

(3) The notice shall be sent by registered post acknowledgment due, or by any other method as may be prescribed by the Central Government in this behalf, and shall include with the notice, a postage pre-paid envelope for facilitating the communication of the assent or dissent of the shareholder to the resolution within the said period.

(4) If a resolution is assented to by a majority of the shareholders by means of postal ballot, it shall be deemed to have been duly passed at a general meeting convened in that behalf.

(5) If a shareholder sends under sub-section (2) his assent or dissent in writing on a postal ballot and thereafter any person fraudulently defaces or destroys the ballot paper or declaration of identity of the shareholder, such person shall be punishable with imprisonment for a term which may extend to six months or with fine or with both.

(6) If a default is made in complying with sub-sections (1) to (4), the company and every officer of the company, who is in default shall be punishable with fine which may extend to fifty thousand rupees in respect of each such default.”

Amendment of
section 193.

76. In section 193 of the principal Act, in sub-section (6), for the words “fifty rupees”, the words “five hundred rupees” shall be substituted.

Amendment of
section 196.

77. In section 196 of the principal Act, in sub-section (3), for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted.

Amendment of
section 197.

78. In section 197 of the principal Act, in sub-section (2), for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted.

Amendment of
section 197A.

79. In section 197A of the principal Act, clauses (b) and (c) shall be omitted.

Amendment of
section 198.

80. In section 198 of the principal Act,—

(a) in sub-section (1),—

(i) the words “managing agent, secretaries and treasurers or” shall be omitted;

(ii) for the figures and word “,350 and 351”, the word and figures “and 350” shall be substituted;

(iii) proviso shall be omitted;

(b) in sub-section (4), in the *Explanation*, the figures “348, 352,” shall be omitted.

Amendment of
section 199.

81. In section 199 of the principal Act, in sub-section (1),—

(a) the words “,the managing agent, secretaries and treasurers” shall be omitted;

(b) for the word and figures “,350 and 351”, the word and figures “and 350” shall be substituted.

Amendment of
section 201.

82. In section 201 of the principal Act, sub-section (2) shall be omitted.

83. In section 202 of the principal Act, in sub-section (1),—
- (a) the words "managing agent, secretaries and treasurers, or" shall be omitted;
- (b) for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.
84. In section 203 of the principal Act, in sub-section (7), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.
85. In section 204 of the principal Act,—
- (a) in sub-section (1), the words "managing agent, secretaries and treasurers or" shall be omitted;
- (b) sub-section (2) shall be omitted.
86. Section 204A of the principal Act shall be omitted.
87. In section 205A of the principal Act,—
- (a) in sub-section (1), for the words "forty-two days", wherever they occur, the words "thirty days" shall be substituted;
- (b) in sub-section (8), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.
88. For section 207 of the principal Act, the following section shall be substituted, namely:—
- "207. Where a dividend has been declared by a company but has not been paid, or the warrant in respect thereof has not been posted, within thirty days from the date of declaration, to any shareholder entitled to the payment of the dividend, every director of the company shall, if he is knowingly a party to the default, be punishable with simple imprisonment for a term which may extend to three years and shall also be liable to a fine of one thousand rupees for every day during which such default continues and the company shall be liable to pay simple interest at the rate of eighteen per cent. per annum during the period for which such default continues:
- Provided that no offence shall be deemed to have been committed within the meaning of the foregoing provision in the following cases, namely:—
- (a) where the dividend could not be paid by reason of the operation of any law;
- (b) where a shareholder has given directions to the company regarding the payment of the dividend and those directions cannot be complied with;
- (c) where there is a dispute regarding the right to receive the dividend;
- (d) where the dividend has been lawfully adjusted by the company against any sum due to it from the shareholder; or
- (e) where, for any other reason, the failure to pay the dividend or to post the warrant within the period aforesaid was not due to any default on the part of the company."
89. In section 209 of the principal Act,—
- (a) in sub-section (5), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted;

Amendment of section 202.

Amendment of section 203.

Amendment of section 204.

Omission of section 204A.

Amendment of section 205A.

Substitution of new section for section 207.

Penalty for failure to distribute dividends within thirty days.

Amendment of section 209.

(b) in sub-section (6),—

(i) for clause (a), the following clause shall be substituted, namely:—

“(a) where the company has a managing director or manager, such managing director or manager and all officers and other employees of the company; and”;

(ii) clauses (b) and (c) shall be omitted;

(iii) for clause (d), the following clause shall be substituted, namely:—

“(d) where the company has neither a managing director nor manager, every director of the company.”;

(iv) clause (e) shall be omitted;

(c) in sub-section (7),—

(i) the words “managing agent, secretaries and treasurers,” shall be omitted;

(ii) for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.

Amendment of
section 209A.

90. In section 209A of the principal Act,—

(a) in sub-section (1), for clause (ii) and the proviso, the following shall be substituted, namely:—

“(ii) by such officer of the Government as may be authorised by the Central Government in this behalf;

(iii) by such officers of the Securities and Exchange Board of India as may be authorised by it:

Provided that such inspection may be made without giving any previous notice to the company or any officer thereof:

Provided further that the inspection by the Securities and Exchange Board of India shall be made in respect of matters covered under sections referred to it section 55A;”;

(b) in sub-section (6), after the words “Central Government”, the words “or the Securities and Exchange Board of India in respect of inspection made by its officers.” shall be inserted.

Amendment of
section 210.

91. In section 210 of the principal Act, in sub-sections (5) and (6), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.

Amendment of
section 211.

92. In section 211 of the principal Act,—

(a) in sub-section (7), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted;

(b) in sub-section (8),—

(i) the words “managing agent, secretaries and treasurers,” shall be omitted;

(ii) for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.

Amendment of
section 212.

93. In section 212 of the principal Act,—

(a) in sub-section (9), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted;

(b) in sub-section (10),—

(i) the words “managing agent, secretaries and treasurers,” shall be omitted;

(ii) for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.

94. In section 215 of the principal Act, in sub-section (1), in clause (ii), the words "managing agent, secretaries and treasurers," shall be omitted. Amendment of section 215.
95. In section 217 of the principal Act,— Amendment of section 217.
- (a) after *Explanation* to sub-section (2A), the following sub-section shall be inserted, namely:—
- “(2AA) The Board's report shall also include a Directors' Responsibility Statement, indicating therein,—
- (i) that in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- (ii) that the directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period;
- (iii) that the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- (iv) that the directors had prepared the annual accounts on a going concern basis.”;
- (b) in sub-sections (5) and (6), for the words “two thousand rupees”, the words “twenty thousand rupees” shall be substituted.
96. In section 218 of the principal Act, for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted. Amendment of section 218.
97. In section 219 of the principal Act, in sub-sections (3) and (4), for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted. Amendment of section 219.
98. In section 220 of the principal Act, in sub-section (1), in clause (a), the words “managing agent, secretaries and treasurers,” shall be omitted. Amendment of section 220.
99. In section 221 of the principal Act,— Amendment of section 221.
- (a) sub-section (2) shall be omitted;
- (b) in sub-section (3), the words “managing agent, secretaries and treasurers,” shall be omitted;
- (c) in sub-section (4), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.
100. In section 223 of the principal Act, in sub-section (4), for the words “fifty rupees”, the words “five hundred rupees” shall be substituted. Amendment of section 223.
101. In section 224 of the principal Act,— Amendment of section 224.
- (a) in sub-section (1B), after the third proviso, the following proviso shall be inserted, namely:—
- “Provided also that the provisions of this sub-section shall not apply, on and after the commencement of the Companies (Second Amendment) Act, 1999, to a private company.”,
- (b) in sub-section (4), for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted;
- (c) in sub-section (8), after clause (a), the following clause shall be inserted, namely:—
- “(aa) in the case of an auditor appointed under section 619 by the Comptroller and Auditor-General of India, shall be fixed by the company in general meeting or in such manner as the company in general meeting may determine.”.

- Amendment of section 226.** **102.** In section 226 of the principal Act, in sub-section (3), for clauses (e) and (f), the following clause shall be substituted, namely:—
“(e) a person holding any security of that company after a period of one year from the date of commencement of the Companies (Second Amendment) Act, 1999.”.
- Amendment of section 227.** **103.** In section 227 of the principal Act, in sub-section (3), after clause (d), the following clauses shall be inserted, namely:—
“(e) in thick type or in italics the observations or comments of the auditors which have any adverse effect on the functioning of the company;
(f) whether any director is disqualified from being appointed as director under clause (g) of sub-section (1) of section 274.”.
- Amendment of section 232.** **104.** In section 232 of the principal Act, for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted.
- Amendment of section 233.** **105.** In section 233 of the principal Act, for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.
- Amendment of section 233A.** **106.** In section 233A of the principal Act, in sub-section (5), for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted.
- Amendment of section 233B.** **107.** In section 233B of the principal Act, in sub-section (11), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.
- Amendment of section 234.** **108.** In section 234 of the principal Act, in sub-section (4), in clause (a),—
(a) for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted;
(b) for the words “fifty rupees”, the words “five hundred rupees” shall be substituted.
- Amendment of section 234A.** **109.** In section 234A of the principal Act,—
(a) in sub-section (1),—
(i) the words “any managing agent or secretaries and treasurers or” shall be omitted;
(ii) the words “or any associate of such managing agent or secretaries and treasurers,” shall be omitted;
(b) in sub-section (3), the words “the managing agent or the secretaries and treasurers or the associate of such managing agent or secretaries and treasurers or” shall be omitted.
- Amendment of section 239.** **110.** In section 239 of the principal Act, in sub-section (1),—
(a) for clause (b), the following clause shall be substituted, namely:—
“(b) any other body corporate which is, or has at any relevant time been managed by any person as managing director or as manager, who is, or was, at the relevant time, the managing director or the manager of the company;” or ;
(b) for clause (d), the following clause shall be substituted, namely:—
“(d) any person who is or has at any relevant time been the company’s managing director or manager;”;
(c) for the portion beginning with the words “the inspector shall, subject to the provisions of sub-section (2)” and ending with the words “affairs of the first-mentioned company”, the following shall be substituted, namely:—
“the inspector shall, subject to the provisions of sub-section (2), have power so to do and shall report on the affairs of the other body corporate or of the managing director or manager, so far as he thinks that the results of his investigation thereof are relevant to the investigation of the affairs of the first-mentioned company.”.
- Amendment of section 240.** **111.** In section 240 of the principal Act,—
(a) for sub-section (1), the following sub-section shall be substituted, namely:—

“(1) It shall be the duty of all officers and other employees and agents of the company, and where the affairs of any other body corporate are investigated by virtue of section 239, of all officers and other employees and agents of such body corporate—

(a) to preserve and to produce to an inspector or any person authorised by him in this behalf with the previous approval of the Central Government, all books and papers of, or relating to, the company or, as the case may be, of or relating to the other body corporate, which are in their custody or power; and

(b) otherwise to give to the inspector all assistance in connection with the investigation which they are reasonably able to give.”;

(b) in sub-section (2), for the words “other body corporate, managing agent, secretaries and treasurers or associate,” the words “or other body corporate” shall be substituted;

(c) in sub-section (3),—

(i) for the words “two thousand rupees”, the words “twenty thousand rupees” shall be substituted;

(ii) for the words “two hundred rupees”, the words “two thousand rupees” shall be substituted.

112. In section 240A of the principal Act,—

Amendment of section 240A.

(a) in sub-section (1),—

(i) the words “any managing agent or secretaries and treasurers or” shall be omitted;

(ii) the words “or any associate of such managing agent or secretaries and treasurers” shall be omitted;

(b) in sub-section (3), the words “the managing agent, or the secretaries and treasurers or the associate of such managing agent or secretaries and treasurers or” shall be omitted.

113. In section 241 of the principal Act, in sub-section (2),—

Amendment of section 241.

(a) in clause (a), the words “,managing agent, secretaries and treasurers or associate” shall be omitted;

(b) in clause (b),—

(i) for sub-clause (i), the following sub-clause shall be substituted, namely:—

“(i) who is a member of the company or other body corporate dealt with in the report by virtue of section 239; or”;

(ii) sub-clause (ii) shall be omitted;

(iii) in sub-clause (iii), the words “,managing agent, secretaries and treasurers or associate” shall be omitted.

114. In section 242 of the principal Act, in sub-section (1),—

Amendment of section 242.

(a) the words “managing agent, secretaries and treasurers, or associate of a managing agent or secretaries and treasurers,” shall be omitted;

(b) for the words “agents of the company, body corporate, managing agent, secretaries and treasurers, or associate”, the words “agents of the company or body corporate,” shall be substituted.

Amendment of section 243.

115. In section 243 of the principal Act,—

(a) the words “or any such managing agent, secretaries and treasurers or associate being a body corporate.” shall be omitted;

(b) for the words “the company, body corporate, managing agent, secretaries and treasurers or associate,” at both the places where they occur, the words “the company or body corporate.” shall be substituted.

Amendment of section 245.

116. In section 245 of the principal Act, the words “managing agent, secretaries and treasurers, associate,” wherever they occur, shall be omitted.

Amendment of section 247.

117. In section 247 of the principal Act,—

(a) sub-section (4) shall be omitted;

(b) in sub-section (5),—

(i) the words “or of any managing agent, secretaries and treasurers, or associate” shall be omitted;

(ii) the words “managing agent, secretaries and treasurers, or associate” at both the places where they occur shall be omitted.

(iii) the words “or of the managing agent, secretaries, treasurers or associate” shall be omitted.

Omission of sections 248 and 249.

118. Sections 248 and 249 of the principal Act shall be omitted.

Amendment of section 250.

119. In section 250 of the principal Act,—

(a) in sub-section (1), the figures and word “248 or 249” shall be omitted;

(b) in sub-sections (9) and (10), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.

Amendment of section 250A.

120. In section 250A of the principal Act, for the figures and word “247, 248 or 249” the word and figures “or 247” shall be substituted.

Amendment of section 251.

121. In section 251 of the principal Act,—

(a) in the opening portion, for the figures and word “234 to 250”, the words and figures “234 to 247 and 250” shall be substituted;

(b) in clause (b), the words “managing agent, secretaries and treasurers” at both the places where they occur, shall be omitted.

Amendment of section 252.

122. In section 252 of the principal Act, in sub-section (1), the following shall be inserted, namely:—

‘Provided that a public company having,—

(a) a paid-up capital of five crore rupees or more;

(b) one thousand or more small shareholders,

shall have at least one director elected by such small shareholders in the manner as may be prescribed.

Explanation.—For the purposes of this sub-section “small shareholders” means a shareholder holding shares of nominal value of twenty thousand rupees or less in a public company to which this section applies.’

Omission of section 261.

123. Section 261 of the principal Act shall be omitted.

Amendment of section 269.

124. In section 269 of the principal Act,—

(a) in sub-section (6), for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted;

(b) in sub-section (10),—

(i) in clause (a), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted;

(ii) in clauses (b) and (c), for the words "ten thousand rupees", the words "one lakh rupees" shall be substituted.

(c) in sub-section (11), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.

125. In section 272 of the principal Act, for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 272.

126. In section 274 of the principal Act, in sub-section (1), after clause (f), the following clause shall be inserted, namely:— Amendment of section 274.

"(g) such company is a public company which,—

(a) has not filed the annual accounts and annual returns for any continuous three financial years commencing on and after the first day of April, 1999; or

(b) has failed to repay its deposit or interest thereon on due date or redeem its debentures on due date or pay dividend and such failure continues for one year or more;

Provided that a person shall not be eligible to be appointed as a director of a public company for a period of five years from the date on which such public company failed to file annual accounts and annual returns under sub-clause (a) or has failed to repay its deposit or interest or redeem its debentures on due date or pay dividend referred to in clause (b)."

127. In section 275 of the principal Act, for the words "twenty companies", the words "fifteen companies" shall be substituted. Amendment of section 275.

128. In section 276 of the principal Act,—

(a) for the word "twenty" wherever it occurs, the word "fifteen" shall be substituted;

(b) for the words "this Act" at both the places where they occur, the words "the Companies (Second Amendment) Act, 1999" shall be substituted.

129. In section 277 of the principal Act,—

(a) in sub-section (1),—

(i) for the words "twenty companies", the words "fifteen companies" shall be substituted;

(ii) for the words "this Act", the words "the Companies (Second Amendment) Act, 1999" shall be substituted;

(b) in sub-section (2),—

(i) for the words "nineteen companies", the words "fourteen companies" shall be substituted;

(ii) for the words "this Act", the words "the Companies (Second Amendment) Act, 1999" shall be substituted;

(iii) for the word "twenty" at both the places where it occurs, the word "fifteen" shall be substituted.

130. In section 279 of the principal Act,—

(a) for the words "twenty companies", the words "fifteen companies" shall be substituted;

(b) for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.

Amendment of section 279

Amendment of
section 283.

131. In section 283 of the principal Act,—

(a) in sub-section (1), in clause (1),—

(i) the words "or as a nominee of the managing agent of the company," shall be omitted;

(ii) the words "or, as the case may be, the managing agency comes to an end" shall be omitted;

(b) in sub-section (2A), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.

Amendment of
section 286

132. In section 286 of the principal Act, in sub-section (2), for the words "one hundred rupees", the words "one thousand rupees" shall be substituted.

Amendment of
section 292

133. In section 292 of the principal Act, in sub-section (1), in the first proviso, the words "the managing agent, secretaries and treasurers," shall be omitted.

Insertion of
new section
292A.

134. After section 292 of the principal Act, the following section shall be inserted, namely:—

Audit
Committee

'292A. (1) Every public company having paid-up capital of not less than five crores of rupees shall constitute a committee of the Board known as "Audit Committee" which shall consist of not less than three directors and such number of other directors as the Board may determine of which two-thirds of the total number of members shall be directors, other than managing or whole-time directors.

(2) Every Audit Committee constituted under sub-section (1) shall act in accordance with terms of reference to be specified in writing by the Board.

(3) The members of the Audit Committee shall elect a chairman from amongst themselves.

(4) The annual report of the company shall disclose the composition of the Audit Committee.

(5) The auditors, the internal auditor, if any, and the director-in-charge of finance shall attend and participate at meetings of the Audit Committee but shall not have the right to vote.

(6) The Audit Committee should have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.

(7) The Audit Committee shall have authority to investigate into any matter in relation to the items specified in this section or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the company and external professional advice, if necessary.

(8) The recommendations of the Audit Committee on any matter relating to financial management, including the audit report, shall be binding on the Board.

(9) The chairman of the Audit Committee shall attend the annual general meetings of the company to provide any clarification on matters relating to audit.

(10) If a default is made in complying with the provisions of this section, the company, and every officer who is in default, shall be punishable with imprisonment for a term which may extend to one year, or with fine which may extend to fifty thousand rupees, or with both.'

Amendment of
section 294.

135. In section 294 of the principal Act,—

(a) sub-section (4) shall be omitted;

(b) in sub-section (8).—

(a) for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted;

(b) for the words "fifty rupees", the words "five hundred rupees" shall be substituted.

136. In section 295 of the principal Act,—

Amendment of section 295.

(a) in sub-section (1), in clause (e), the words "managing agent, secretaries and treasurers," shall be omitted;

(b) in sub-section (2).—

(i) for clause (b), the following clause shall be substituted, namely:—

"(b) any loan made by a holding company to its subsidiary company:";

(ii) for clause (c), the following clause shall be substituted, namely:—

"(c) any guarantee given or security provided by a holding company in respect of any loan made to its subsidiary company.";

(c) in sub-section (4) for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.

137. Section 298 of the principal Act shall be omitted;

Omission of section 298.
Amendment of section 299.

138. In section 299 of the principal Act, in sub-section (4), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.

139. In section 300 of the principal Act, in sub-section (4), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.

Amendment of section 300.

140. In section 301 of the principal Act, in sub-section (4), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.

Amendment of section 301.

141. In section 302 of the principal Act.—

Amendment of section 302.

(a) sub-section (3) shall be omitted;

(b) in sub-section (5), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.

(c) in sub-section (6), the words "managing agent or secretaries and treasurers," shall be omitted.

142. In section 303 of the principal Act,—

Amendment of section 303.

(a) the words "managing agent, secretaries and treasurers", wherever they occur, shall be omitted;

(b) in sub-section (1), in clause (a), the words "managing agent" shall be omitted;

(c) in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.

143. In section 304 of the principal Act, in sub-section (2), in clause (a), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.

Amendment of section 304.

144. In section 305 of the principal Act, in sub-section (1).—

Amendment of section 305.

(a) the words "managing agent, secretaries and treasurers," at both the places where they occur shall be omitted;

(b) for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.

Amendment of section 307.

145. In section 307 of the principal Act,—

(a) in sub-section (7), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted;

(b) in sub-section (8),—

(i) for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted;

(ii) for the words "twenty rupees", the words "two hundred rupees" shall be substituted;

(c) sub-section (11) shall be omitted.

Amendment of section 308.

146. In section 308 of the principal Act, in sub-section (3), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.

Amendment of section 309.

147. In section 309 of the principal Act, in sub-section (4), in the first proviso, in clause (i), the words "a managing agent or secretaries and treasurers," shall be omitted;

Amendment of section 314.

148. In section 314 of the principal Act, in sub-section (2), in clause (a), the words "managing agent, secretaries and treasurers" shall be omitted;

Amendment of section 318.

149. In section 318 of the principal Act, in sub-section (3), in clause (a), the words "managing agent;" shall be omitted.

Amendment of section 320.

150. In section 320 of the principal Act, in sub-section (3), for the words "two hundred and fifty rupees", the words "two thousand five hundred rupees" shall be substituted.

Amendment of section 322.

151. In section 322 of the principal Act,—

(a) in sub-section (1), the words "or of the managing agent, secretaries and treasurers" shall be omitted;

(b) in sub-section (2),—

(i) the words "managing agent, secretaries and treasurers" at both the places where they occur, shall be omitted;

(ii) the words "the managing agent, secretaries and treasurers" shall be omitted;

(iii) the words "its managing agent, secretaries and treasurers," shall be omitted;

(c) in sub-section (3),—

(i) the words "managing agent, secretaries and treasurers" at both the places where they occur, shall be omitted;

(ii) for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.

Amendment of section 323.

152. In section 323 of the principal Act, in sub-section (1), the words "or of its managing agent, secretaries and treasurers" shall be omitted.

Omission of sections 324, 324A, 325, 325A, 326 to 348

153. Sections 324, 324A, 325, 325A, 326 to 348 of the principal Act shall be omitted.

Amendment of section 349.

154. In section 349 of the principal Act,—

(a) in sub-section (1), the words and figures "for the purpose of section 348, shall be omitted;

(b) in sub-section (5), clause (a) shall be omitted.

- 155.** In section 350 of the principal Act, for the words "the amount calculated with reference to the written-down value of the assets", the words "the amount of depreciation assets" shall be substituted. Amendment of section 350.
- 156.** Sections 351 to 354 of the principal Act shall be omitted. Omission of sections 351 to 354.
- 157.** In section 355 of the principal Act, for the figures and word "348 to 354" the figures and word "349 and 350" shall be substituted. Amendment of section 355.
- 158.** Sections 356 to 369 of the principal Act shall be omitted. Omission of sections 356 to 369.
- 159.** In section 370A of the principal Act,—
 (a) the words and figures "section 369 or" shall be omitted;
 (b) in the proviso, clause (a) shall be omitted. Amendment of section 370A.
- 160.** In section 371 of the principal Act, in sub-section (1),—
 (a) the words and figures "section 369 or" shall be omitted;
 (b) for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted. Amendment of section 371.
- 161.** In section 374 of the principal Act, for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted. Amendment of section 374.
- 162.** Section 375 of the principal Act shall be omitted. Omission of section 375.
- 163.** For section 376 of the principal Act, the following section shall be substituted, namely:—
 "376. Where any provision in the memorandum or articles of a company, or in any resolution passed in general meeting by, or by the Board of Directors of, the company, or in an agreement between the company and any other person, whether made before or after the commencement of this Act, prohibits the reconstruction of the company or its amalgamation with any body corporate or bodies corporate, either absolutely or except on the condition that the managing director or manager of the company is appointed or reappointed as managing director or manager of the reconstituted company or of the body resulting from amalgamation, as the case may be, shall become void with effect from the commencement of this Act, or be void, as the case may be."
Substitution of new section for section 376. Conditions prohibiting reconstruction or amalgamation of company.
- 164.** Sections 377 to 383 of the principal Act shall be omitted. Omission of sections 377 to 383.
- 165.** In section 383A of the principal Act,—
 (a) in sub-section (1), the following proviso shall be inserted, namely:—
 "Provided that every company not required to employ a whole-time secretary under sub-section (1) and having a paid-up share capital of ten lakh rupees or more shall file with the Registrar a certificate from a secretary in whole-time practice in such form and within such time and subject to such conditions as may be prescribed, as to whether the company has complied with all provisions of this Act or not."; Amendment of section 383A.
 (b) in sub-section (1A), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- 166.** In section 387 of the principal Act, for the figures and word "350 and 351" the word and figures "and 350" shall be substituted. Amendment of section 387.
- 167.** In section 388E of the principal Act,—
 (a) in sub-section (1), the proviso shall be omitted;
 (b) sub-section (2) shall be omitted. Amendment of section 388E.
- 168.** In section 391 of the principal Act, in sub-section (5), for the words "ten rupees", the words "one hundred rupees" shall be substituted. Amendment of section 391.

Amendment of
section 393.

169. In section 393 of the principal Act,—

(a) in sub-section (1), in clause (a), the words “managing agent, secretaries and treasurers” shall be omitted;

(b) in sub-section (4),—

(i) for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted;

(ii) the words “managing agent, secretaries and treasurers,” shall be omitted.

(c) in sub-section (5),—

(i) the words “managing agent, secretaries and treasurers,” shall be omitted.

(ii) for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted.

Amendment of
section 394.

170. In section 394 of the principal Act, in sub-section (3), for the words “fifty rupees”, the words “five hundred rupees” shall be substituted.

Amendment of
section 395.

171. In section 395 of the principal Act, in sub-section (4A), in clause (b), for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted.

Amendment of
section 398.

172. In section 398 of the principal Act, in sub-section (1), in clause (b),—

(i) the words “or of its managing agent or secretaries and treasurers” shall be omitted;

(ii) the words “or in the constitution or control of the firm or body corporate acting as its managing agent or secretaries and treasurers,” shall be omitted.

Amendment of
section 402.

173. In section 402 of the principal Act, in clause (d), sub-clauses (iii) and (iv) shall be omitted.

Amendment of
section 404.

174. In section 404 of the principal Act, in sub-section (4), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.

Amendment of
section 405.

175. In section 405 of the principal Act, the words “the managing agent, secretaries and treasurers” shall be omitted.

Amendment of
section 407.

176. In section 407 of the principal Act,—

(a) in sub-section (1), in clause (b),—

(i) the words “managing agent, secretaries and treasurers,” at both the places where they occur, shall be omitted;

(ii) the words “managing agent or secretaries and treasurers” shall be omitted.

(b) in sub-section (2),—

(A) in clause (a), the words “managing agent, secretaries and treasurers” shall be omitted;

(B) clause (b) shall be omitted;

(C) in clause (c), for the words “five thousand rupees”, the words “fifty thousand rupees” shall be substituted.

Amendment of
section 409.

177. In section 409 of the principal Act, in sub-section (1), the words “the managing agent, the secretaries and treasurers” shall be omitted.

Amendment of
section 416.

178. In section 416 of the principal Act,—

(a) in sub-section (1), the words “managing agent, secretaries and treasurers” shall be omitted;

(b) in sub-section (3), in clause (b), for the words “two hundred rupees”, the words “two thousand rupees” shall be substituted.

Amendment of
section 420.

179. In section 420 of the principal Act, for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted.

Amendment of
section 423.

180. In section 423 of the principal Act, for the words “two hundred rupees”, the words “two thousand rupees” shall be substituted.

181. In section 427 of the principal Act, the words "managing agent, secretaries and treasurers", wherever they occur, shall be omitted. Amendment of section 427.
182. In section 445 of the principal Act, in sub-section (1), for the words "one hundred rupees", the words "one thousand rupees" shall be substituted. Amendment of section 445.
183. In section 454 of the principal Act, in sub-section (5), for the words "one hundred rupees", the words "one thousand rupees" shall be substituted. Amendment of section 454.
184. In section 469 of the principal Act, in sub-section (2), in clause (b), the words "managing agent, secretaries and treasurers" shall be omitted. Amendment of section 469.
185. In section 481 of the principal Act, in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 481.
186. In section 485 of the principal Act, in sub-section (2), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 485.
187. In section 488 of the principal Act, in sub-section (3), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted. Amendment of section 488.
188. In section 491 of the principal Act, the words "managing agent, secretaries and treasurers," shall be omitted. Amendment of section 491.
189. In section 493 of the principal Act, in sub-section (3), for the words "one hundred rupees", the words "one thousand rupees" shall be substituted. Amendment of section 493.
190. In section 495 of the principal Act, in sub-section (2), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted. Amendment of section 495.
191. In section 496 of the principal Act, in sub-section (2), for the words "one hundred rupees", the words "one thousand rupees" shall be substituted. Amendment of section 496.
192. In section 497 of the principal Act,— Amendment of section 497.
- (a) in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted;
- (b) in sub-section (7), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.
193. In section 500 of the principal Act, in sub-section (6), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted. Amendment of section 500.
194. In section 501 of the principal Act, in sub-section (2), for the words "fifty rupees", the words "five hundred rupees" shall be substituted. Amendment of section 501.
195. In section 508 of the principal Act, in sub-section (2), for the words "one hundred rupees", the words "one thousand rupees" shall be substituted. Amendment of section 508.
196. In section 509 of the principal Act,— Amendment of section 509.
- (a) in sub-section (3), for the words "fifty rupees", the words "five hundred rupees" shall be substituted;
- (b) in sub-section (7), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.
197. In section 513 of the principal Act, in sub-section (3),— Amendment of section 513.
- (a) the words "the managing agent or secretaries and treasurers," shall be omitted;
- (b) for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.
198. In section 514 of the principal Act, for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted. Amendment of section 514.

- Amendment of section 516. **199.** In section 516 of the principal Act, in sub-section (2), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- Amendment of section 542. **200.** In section 542 of the principal Act, in sub-section (3), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.
- Amendment of section 543. **201.** In section 543 of the principal Act, in sub-section (1), for the words "managing agent, secretaries and treasurers," at both the places where they occur, shall be omitted.
- Amendment of section 547. **202.** In section 547 of the principal Act, in sub-section (2), for the words "five hundred rupees", the words "five thousand rupees" shall be substituted.
- Amendment of section 550. **203.** In section 550 of the principal Act, in sub-section (4), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.
- Amendment of section 551. **204.** In section 551 of the principal Act, in sub-section (5),—
 (a) for the words "five hundred rupees", the words "five thousand rupees" shall be substituted;
 (b) in the proviso, for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.
- Amendment of section 559. **205.** In section 559 of the principal Act, in sub-section (2), for the words "fifty rupees", the words "five hundred rupees" shall be substituted.
- Amendment of section 560. **206.** In section 560 of the principal Act, the words "managing agent, secretaries and treasurers," wherever they occur, shall be omitted.
- Amendment of section 568. **207.** In section 568 of the principal Act, in clause (a), the words "the managing agent, if any, the secretaries and treasurers, if any," shall be omitted.
- Amendment of section 583. **208.** In section 583 of the principal Act, in sub-section (5), in clauses (a) and (b), the words "managing agent, secretaries and treasurers," shall be omitted.
- Amendment of section 598. **209.** In section 598 of the principal Act,—
 (a) for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.
 (b) for the words "one hundred rupees", the words "one thousand rupees" shall be substituted.
- Amendment of section 606. **210.** In section 606 of the principal Act, for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.
- Amendment of section 615. **211.** In section 615 of the principal Act, in sub-section (6), for the words "one thousand rupees", the words "ten thousand rupees" shall be substituted.
- Omission of section 618. **212.** Section 618 of the principal Act shall be omitted.
- Amendment of section 619. **213.** In section 619 of the principal Act, in sub-section (2), the words "the Central Government on the advice of" shall be omitted.
- Amendment of section 621. **214.** In section 621 of the principal Act, in sub-section (1), for the word "Registrar," the words "Registrar, or the Securities and Exchange Board of India," shall be substituted.
- Amendment of section 621A. **215.** In section 621A of the principal Act, in sub-sections (1) and (6), for the words "five thousand rupees", the words "fifty thousand rupees" shall be substituted.
- Amendment of section 627. **216.** In section 627 of the principal Act, in sub-section (1), in clause (ii), the words "managing agent, secretaries and treasurers or" shall be omitted.

- 217.** In section 629A of the principal Act,—
- (a) for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted;
- (b) for the words “fifty rupees”, the words “five hundred rupees” shall be substituted.
- 218.** In section 630 of the principal Act, in sub-section (1), for the words “one thousand rupees”, the words “ten thousand rupees” shall be substituted. Amendment of section 630.
- 219.** In section 631 of the principal Act, for the words “fifty rupees”, the words “five hundred rupees” shall be substituted. Amendment of section 631.
- 220.** In section 635AA of the principal Act, in clause (a), for the figures and word “247, 248 or 249” the word and figures “or 247” shall be substituted. Amendment of section 635AA.
- 221.** In section 635B of the principal Act, in sub-section (1), in clause (a), the words and figures “section 248 or section 249” shall be omitted. Amendment of section 635B.
- 222.** In section 637 of the principal Act, in sub-section (2), the figures and brackets “248, 249, 324, 326, 328, 329, 332, 343, 345, 346, 347(2), 352, 369” shall be omitted. Amendment of section 637.
- 223.** In section 640B of the principal Act,—
- (a) in sub-section (1), for the and word figures “311, 326, 328, 329, 332, 343, 345, 346 or 352”, the word and figures “or 311” shall be substituted; Amendment of section 640B.
- (b) in sub-section (2), clause (d) shall be omitted.
- 224.** In section 642 of the principal Act, in sub-section (2),—
- (a) for the words “five hundred rupees”, the words “five thousand rupees” shall be substituted; Amendment of section 642.
- (b) for the words “fifty rupees”, the words “five hundred rupees” shall be substituted.

STATEMENT OF OBJECTS AND REASONS

The Government introduced a comprehensive Companies Bill, 1997 in Rajya Sabha on 14.8.1997 and the same was referred to Standing Committee of Parliament for examination and report thereon. The process of examination, however, is not yet over and is still to take some more time. The passing of this Bill is thus likely to be delayed further. It is however considered desirable by the Government that some more important changes in the Companies Act, 1956 are brought out in order to provide immediately certain measures for good corporate governance and for protection of investors. These measures are as follows:—

(i) to provide a minimum paid-up capital of Rs. 1 lakh for private companies and Rs. 5 lakh for public companies;

(ii) to delete provisions relating to deemed public companies;

(iii) to reduce the period for disbursing dividend/interim dividend to shareholders from 42 days to 30 days;

(iv) to request the companies to inform Company Law Board within sixty days if the company fails to make repayment of deposits on maturity to small deposit holders and the Company Law Board would be enabled to consider these defaults reported by companies and make an order within thirty days which the company shall be bound to comply with. A company which fails to report or comply with the order of the Company Law Board shall be punishable for imprisonment which may extend to three years and shall also be liable to fine or a fine of not less than Rs. 500 per day during which such default continues;

(v) to provide that the Securities and Exchange Board of India be entrusted with powers with regard to all matters relating to public issues and transfers including power to prosecute defaulting companies and their directors;

(vi) to include a Directors' Responsibility Statement in the Board's report to highlight the accountability of directors in good corporate governance;

(vii) to provide that public listed companies with paid-up capital of Rs. 5 crores or more shall be required to set up an Audit Committee of the Board of Directors as a measure for better corporate governance;

(viii) to require companies with paid-up capital of Rs. 10 lakh or more and which do not have whole-time Secretary in their employment to submit a Secretarial Compliance Certificate from Company Secretary in whole-time practice;

(ix) to delete the provisions for appointment of public trustee by Central Government with a view to enabling the Trust to directly exercise the voting power;

(x) to provide that any offer of shares or debentures to more than 50 persons shall be treated as public issue with suitable modification in the case of public financial institutions and non-banking financial companies;

(xi) to prescribe voting through postal ballot in case of only important items with effect from such date as may be notified by the Government to ensure good corporate governance;

(xii) to empower Regional Director to allow change of registered office of companies from jurisdiction of one Registrar of Companies to another Registrar of Companies within the same State;

(xiii) to empower the Comptroller and Auditor-General of India to appoint the auditors in respect of Government Companies and also to provide that shareholders of such companies will fix their remuneration in annual general meeting;

(xiv) To provide that in case of a public company which does not file annual accounts and annual returns continuously for three years, the directors of such company will be debarred from becoming the director of other public companies for five years. Similarly, in case of any public company which fails to repay its depositors on maturity of deposit amount/debentures, dividend and interest on deposits/debentures on due dates, the whole-time directors of defaulting companies as on such date will be debarred from becoming a director of any other public company for a period of five years ;

(xv) to provide that for purpose of managerial remuneration, the amount of depreciation will be the same as provided in Profit and Loss Account of the Company;

(xvi) to provide that no person can hold office of director in more than fifteen companies at a time;

(xvii) to provide for appointment of one director as a nominee of small shareholders who constitute a minimum of 1000 in number and having shares of not more than Rs. 20,000 with effect from the date to be specified and subject to such other conditions as may be prescribed by the Central Government ;

(xviii) to provide penal provisions for increased fine for offences under the Act ;

(xix) to provide that a shareholder of the company be disqualified for appointment as auditor of the company ;

(xx) to delete the provisions relating to managing agents, secretaries and treasurers as they have become redundant after abolition of the system of managing agent, secretaries and treasurers;

(xxi) to provide that private limited companies shall be excluded in reckoning the number of companies which an auditor can audit.

2. It is expected that the above amendments in a short Bill will ensure better corporate governance, transparency in working of companies and also ensure more effective enforcement by enhancing the penalty/punishment for contravention so as to ensure better compliance of the provisions of the Companies Act, 1956.

3. Notes on clauses explaining in detail the provisions of the Bill.

RAM JETHMALANI.

NEW DELHI;

The 16th December, 1999

Notes on clauses

Clause 2 inter alia, seeks to amend section 2 of the Companies Act, 1956. It is proposed to omit sub-clauses (3), (4), (25), (30) and (44) as they have become redundant after the abolition of the system of managing agent, secretaries and treasurers by Act 17 of 1969 and to insert a new sub-clause (14A) relating to "interim dividend".

Clause 3 of the Bill seeks to amend section 3 of the Act so as to provide for a minimum paid-up capital of one lakh rupees for private company and a minimum paid-up capital of five lakhs rupees for public company or such higher paid-up capital as may be prescribed and also to provide that no private company shall invite or accept deposits from persons other than its members, directors or their relatives.

Clause 4 seeks to omit the expression "managing agent, secretaries and treasurers" in clause (b) of sub-section (2) of section 4 of the Act which is of consequential nature.

Clause 5 seeks to enhance the fine specified in sub-section (5) of section 11 of the Act from one thousand rupees to ten thousand rupees.

Clause 6 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (3) of section 16 of the Act which is of consequential nature.

Clause 7 seeks to insert new section 17A to provide that permission of the Regional Director shall be required for changing registered office of a company within the same State.

Clause 8 seeks to enhance the fine specified in sub-section (2) of section 22 of the Act from one hundred rupees to one thousand rupees.

Clause 9 seeks to enhance the fine specified in sub-section (10) of section 25 of the Act from five hundred rupees to five thousand rupees.

Clause 10 seeks to omit clause (c) in sub-section (1) of section 39 of the Act relating to managing agent, secretaries and treasurers and also seeks to enhance the fine specified in sub-section (2) of that section from fifty rupees to five hundred rupees.

Clause 11, inter alia, seeks to enhance the fine specified in sub-section (2) of section 40 of the Act from ten rupees to one hundred rupees.

Clause 12 seeks to insert new sub-section (11) so as to provide that the provisions of section 43A of the Act will not be applicable after enactment of the Bill.

Clause 13 seeks to enhance the fine specified in sub-section (3) from five hundred rupees to five thousand rupees and in sub-section (4) from five thousand rupees to fifty thousand rupees of section 44 of the Act.

Clause 14 seeks to enhance the fine specified in sub-section (9) of section 49 of the Act from five thousand rupees to fifty thousand rupees.

Clause 15 seeks to omit the expression "managing agent, secretaries and treasurers" in section 54 of the Act which is of consequential nature.

Clause 16 seeks to insert new section 35A so as to provide that certain provisions of the Act specified in that clause relating to listed companies will be administered by the Securities and Exchange Board of India.

Clause 17 seeks to enhance the fine specified in sub-section (3) of section 56 of the Act from five thousand rupees to fifty thousand rupees.

Clause 18 seeks to enhance the fine specified in sub-section (6) from one lakh rupees to ten lakh rupees and from five thousand rupees to fifty thousand rupees.

Clause 19 seeks to insert new section 58AA relating to small depositors and section 58AAA relating to default in refund acceptance or of deposits to be cognizable.

Clause 20 seeks to enhance the fine specified in sub-section (1) of section 59 of the Act from five thousand rupees to fifty thousand rupees.

Clause 21 seeks to enhance the fine specified in sub-section (5) of section 60 of the Act from five thousand rupees to fifty thousand rupees.

Clause 22 seeks to enhance the fine specified in sub-section (1) of section 63 of the Act from five thousand rupees to fifty thousand rupees.

Clause 23, inter alia, seeks to amend section 67 of the Act to provide that offer of securities to more than fifty persons in a financial year will be treated as public offer.

Clause 24 seeks to enhance the fine specified in section 68 of the Act from ten thousand rupees to one lakh rupees.

Clause 25 seeks to enhance the fine specified in sub-section (4) of section 69 of the Act from five thousand rupees to fifty thousand rupees.

Clause 26 seeks to enhance the fine specified in sub-section (4) from one thousand rupees to ten thousand rupees and in sub-section (5) from five thousand rupees to fifty thousand rupees of section 70 of the Act.

Clause 27 seeks to enhance the fine specified in sub-section (3) of section 72 of the Act from five thousand rupees to fifty thousand rupees.

Clause 28 seeks to enhance the fine specified in sub-sections, (2B) and (3) of section 73 of the Act from five thousand rupees to fifty thousand rupees.

Clause 29 seeks to enhance the fine specified in sub-section (4) from five hundred rupees to five thousand rupees and in the proviso to that sub-section from five thousand rupees to fifty thousand rupees of section 75 of the Act.

Clause 30 seeks to enhance the fine specified in sub-section (5) of section 76 of the Act from five hundred rupees to five thousand rupees.

Clause 31 seeks to omit the expression "managing agent, secretaries and treasurers" specified in clause (c) of the proviso to sub-section (2) of section 77 of the Act which is of consequential nature and to enhance the fine specified in sub-section (4) of that section from one thousand rupees to ten thousand rupees.

Clause 32 seeks to enhance the fine specified in sub-section (4) of section 79 of the Act from fifty rupees to five hundred rupees.

Clause 33 seeks to enhance the fine specified in sub-section (6) of section 80 of the Act from one thousand rupees to ten thousand rupees.

Clause 34 seeks to enhance the fine specified in clause (a) of sub-section (3) of section 80A of the Act from one thousand rupees to ten thousand rupees.

Clause 35 seeks to enhance the fine specified in sub-section (3) of section 84 of the Act from ten thousand rupees to one lakh rupees.

Clause 36 seeks to amend clause (a) of sub-section (2) of section 89 so as to omit the expression "managing agent, secretaries and treasurers" which is of consequential nature and to enhance the fine specified in sub-section (3) of that section from one thousand rupees to ten thousand rupees.

Clause 37 seeks to enhance the fine specified in sub-section (3) of section 95 of the Act from fifty rupees to five hundred rupees.

Clause 38 seeks to enhance the fine specified in sub-section (3) of section 97 of the Act from fifty rupees to five hundred rupees.

Clause 39 seeks to enhance the fine specified in sub-section (5) of section 107 of the Act from fifty rupees to five hundred rupees.

Clause 40 seeks to enhance the fine specified in section 108-I of the Act from five thousand rupees to fifty thousand rupees.

Clause 41 seeks to enhance the fine specified in sub-section (9) from one thousand to ten thousand and one hundred rupees to one thousand rupees and in sub-section, (12) from fifty rupees to five hundred rupees of section 111 of the Act.

Clause 42 seeks to enhance the fine specified in sub-section (2) of section 113 of the Act from five hundred rupees to five thousand rupees.

Clause 43 seeks to enhance the fine specified in sub-section (6) of section 115 of the Act from fifty rupees to five hundred rupees.

Clause 44 seeks to enhance the fine specified in sub-section (2) of section 118 of the Act from fifty rupees to five hundred rupees and twenty rupees to two hundred rupees.

Clause 45 seeks to enhance the fine specified in sub-section (2) of section 127 of the Act from five hundred rupees to five thousand rupees.

Clause 46 seeks to enhance the fine specified in sub-section (2) of section 133 of the Act from one thousand rupees to ten thousand rupees.

Clause 47 seeks to enhance the fine specified in sub-section (3) of section 137 of the Act from fifty rupees to five hundred rupees.

Clause 48 seeks to enhance the fine specified in sub-section (1) from five hundred rupees to five thousand rupees and in sub-section (2) from one thousand rupees to ten thousand rupees of section 142 of the Act.

Clause 49 seeks to enhance the fine specified in sub-section (2) of section 143 of the Act from five hundred rupees to five thousand rupees.

Clause 50 seeks to enhance the fine specified in sub-section (3) of section 144 of the Act from fifty rupees to five hundred rupees and twenty rupees to two hundred rupees.

Clause 51 seeks to enhance the fine specified in sub-section (4) of section 146 of the Act from fifty rupees to five hundred rupees.

Clause 52 seeks to enhance the fine specified in sub-section (2) from fifty rupees to five hundred rupees and in sub-sections (3) and (4) from five hundred rupees to five thousand rupees of section 147 of the Act.

Clause 53 seeks to enhance the fine specified in sub-section (2) of section 148 of the Act from one thousand rupees to ten thousand rupees.

Clause 54 seeks to enhance the fine specified in sub-sections (2A) and (6) of section 149 of the Act from five hundred rupees to five thousand rupees.

Clause 55 seeks to enhance the fine specified in sub-section (2) of section 150 of the Act from fifty rupees to five hundred rupees.

Clause 56 seeks to enhance the fine specified in sub-section (4) of section 151 of the Act from fifty rupees to five hundred rupees.

Clause 57 seeks to enhance the fine specified in sub-section (3) of section 152 of the Act from fifty rupees to five hundred rupees.

Clause 58 seeks to insert sub-section (2) in section 153A so as to provide that the provisions of section 153A of the Act will not be applicable after enactment of the Bill.

Clause 59 seeks to insert sub-section (5) in section 153B so as to provide that the provisions of section 153B of the Act will not be applicable after enactment of the Bill.

Clause 60 seeks to enhance the fine specified in sub-section (2) of section 154 of the Act from five hundred rupees to five thousand rupees.

Clause 61 seeks to enhance the fine specified in sub-section (3) of section 157 of the Act from fifty rupees to five hundred rupees.

Clause 62 seeks to enhance the fine specified in sub-section (9) of section 158 of the Act from fifty rupees to five hundred rupees.

Clause 63 seeks to omit the expression "managing agent, secretaries and treasurers" in clause (g) of sub-section (1) of section 159 of the Act which is of consequential nature.

Clause 64 seeks to omit the expression "managing agent, secretaries and treasurers" in clause (b) of sub-section (1) of section 160 of the Act which is of consequential nature.

Clause 65 seeks to enhance the fine specified in sub-section (1) of section 162 of the Act from fifty rupees to five hundred rupees.

Clause 66 seeks to enhance the fine specified in sub-section (5) of section 163 of the Act from fifty rupees to five hundred rupees.

Clause 67 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (3) and consequential changes in clauses (g) and (h) and also seeks to enhance the fine specified in sub-section (9) of section 165 of the Act from five hundred rupees to five thousand rupees.

Clause 68 seeks to enhance the fine specified in section 168 of the Act from five thousand rupees to fifty thousand rupees and two hundred fifty rupees to two thousand five hundred rupees.

Clause 69 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (2) of section 173 of the Act which is of consequential nature.

Clause 70 seeks to enhance the fine specified in sub-section (2) from five hundred rupees to five thousand rupees and in sub-section (4) from one thousand rupees to ten thousand rupees of section 176 of the Act.

Clause 71 seeks to insert sub-section (7) in section 187B so as to provide that the provisions of section 187B of the Act will not be applicable after enactment of the Bill.

Clause 72 seeks to insert sub-section (8) in section 187C so as to provide that the provisions of section 187C of the Act will not be applicable to the trustees referred to in section 187B of the Act after enactment of the Bill.

Clause 73 seeks to enhance the fine specified in sub-section (8) of section 188 of the Act from five thousand rupees to fifty thousand rupees.

Clause 74 seeks to omit clause (d) of sub-section (4) relating to "managing agent, secretaries and treasurers" and seeks to enhance the fine specified in sub-section (5) from twenty rupees to two hundred rupees and in sub-section (6) from ten rupees to one hundred rupees of section 192 of the Act.

Clause 75 seeks to insert new section 192A in the Act containing provisions for passing of resolutions by postal ballot.

Clause 76 seeks to enhance the fine specified in sub-section (6) of section 193 of the Act from fifty rupees to five hundred rupees.

Clause 77 seeks to enhance the fine specified in sub-section (3) of section 196 of the Act from five hundred rupees to five thousand rupees.

Clause 78 seeks to enhance the fine specified in sub-section (2) of section 197 of the Act from five hundred rupees to five thousand rupees.

Clause 79 seeks to omit the expression "managing agent, secretaries and treasurers" in clauses (b) and (c) of section 197A of the Act which is of consequential nature.

Clause 80 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) and the figures "348, 352" in the *Explanation* to sub-section (4) of section 198 of the Act which are of consequential nature.

Clause 81 seeks to omit the expression "managing agent, secretaries and treasurers" and the figures "351" in sub-section (1) of section 199 of the Act which are of consequential nature.

Clause 82 seeks to omit sub-section (2) of section 201 of the Act relating to managing agent, secretaries and treasurers.

Clause 83 seeks to omit the expression "managing agent, secretaries and treasurers" in clause (a) of sub-section (1) which is of consequential nature and to enhance the fine specified in clause (b) of that sub-section from five thousand rupees to fifty thousand rupees in section 202 of the Act.

Clause 84 seeks to enhance the fine specified in sub-section (7) of section 203 of the Act from five thousand rupees to fifty thousand rupees.

Clause 85 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) which is of consequential nature and sub-section (2) of section 204 of the Act relating to managing agent, secretaries and treasurers.

Clause 86 seeks to omit section 204A of the Act relating to managing agent, secretaries and treasurers.

Clause 87 seeks to provide that the dividend will be paid within thirty days instead of forty-two days and to enhance the fine specified in sub-section (8) of section 205A of the Act from five hundred rupees to five thousand rupees.

Clause 88 seeks to substitute the words "thirty days" instead of "forty-two days" and to omit the expression "managing agent, secretaries and treasurers" which is of consequential nature and to enhance the imprisonment from seven days to three years and to specify the fine of one thousand rupees for every day during which the default continues in section 207 of the Act.

Clause 89 seeks to enhance the fine specified in sub-sections (5) and (7) of section 209 of the Act from one thousand rupees to ten thousand rupees and to amend sub-sections (6) and (7) to omit the expression "managing agent, secretaries and treasurers" which is of consequential nature.

Clause 90 seeks to empower the officers of the Securities and Exchange Board of India to conduct inspection of books of account of Companies substitute clause (ii) and proviso to sub-section (1).

Clause 91 seeks to enhance the fine specified in sub-sections (5) and (6) of section 210 of the Act from one thousand rupees to ten thousand rupees.

Clause 92 seeks to enhance the fine specified in sub-sections (7) and (8) of section 211 of the Act from one thousand rupees to ten thousand rupees and to omit the expression "managing agent, secretaries and treasurers" which is of consequential nature in sub-section (8) of that section.

Clause 93 seeks to enhance the fine specified in sub-sections (9) and (10) of section 212 of the Act from one thousand rupees to ten thousand rupees and to omit the expression "managing agent, secretaries and treasurers" which is of consequential nature in sub-section (10) of that section.

Clause 94 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) of section 215 of the Act which is of consequential nature.

Clause 95 seeks to insert a new sub-section (2AA) in section 217A to provide that the Board's report will also include a Director's Responsibility Statement and to enhance the fine specified in sub-sections (5) and (6) from two thousand rupees to twenty thousand rupees in that section of the Act.

Clause 96 seeks to enhance the fine specified in clause (b) of section 218 of the Act from five hundred rupees to five thousand rupees.

Clause 97 seeks to enhance the fine specified in sub-sections (3) and (4) of section 219 of the Act from five hundred rupees to five thousand rupees.

Clause 98 seeks to omit the expression "managing agent, secretaries and treasurers" in clause (a) of sub-section (1) of section 220 of the Act which is of consequential nature.

Clause 99 seeks to omit sub-section (2) relating to managing agent, secretaries and treasurers and the expression "managing agent, secretaries and treasurers" in sub-section (3) which is of consequential nature and enhance the fine specified in sub-section (4) of section 221 of the Act from five thousand rupees to fifty thousand rupees.

Clause 100 seeks to enhance the fine specified in sub-section (4) of section 223 of the Act from fifty rupees to five hundred rupees.

Clause 101 seeks to provide that provisions of sub-section (1B) will not apply to private companies and to enhance the fine specified in sub-section (4) from five hundred rupees to five thousand rupees and insert sub-clause (aa) in sub-section (8) of section 224 of the Act to provide that remuneration of auditors of Government companies appointed by the Comptroller and Auditor-General of India shall be fixed by the company in general meeting.

Clause 102 seeks to substitute sub-clause (e) in sub-section (3) of section 226 of the Act to provide that securities holders of a company will not be eligible for appointment as auditor of the company.

Clause 103 seeks to amend section 227 of the Act so as to provide that the auditors report shall also state—"in thick type or in italics the observations or comments of the auditors which have any adverse effect on the functioning of the company" and "whether any director is disqualified from being appointed as director under clause (g) of sub-section (1) of section 274 "

Clause 104 seeks to enhance the fine specified in section 232 of the Act from five hundred rupees to five thousand rupees.

Clause 105 seeks to enhance the fine specified in section 233 of the Act from one thousand rupees to ten thousand rupees.

Clause 106 seeks to enhance the fine specified in sub-section (5) of section 233A of the Act from five hundred rupees to five thousand rupees.

Clause 107 seeks to enhance the fine specified in sub-section (11) of section 233B of the Act from five thousand rupees to fifty thousand rupees.

Clause 108 seeks to enhance the fine specified in sub-section (4) of section 234 of the Act from five hundred rupees to five thousand rupees and fifty rupees to five hundred rupees.

Clause 109 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) of section 234A of the Act which is of consequential nature.

Clause 110 seeks to omit the expression "managing agent, secretaries and treasurers" and amend section 239 of the Act which is of consequential nature.

Clause 111 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-sections (1) and (2) and also to enhance the fine specified in sub-section (3) (i) and (ii) from two thousand rupees to twenty thousand rupees and two hundred rupees to two thousand rupees of section 240 of the Act.

Clause 112 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-sections (1) and (3) and also the words "or any associate of such managing agents, secretaries and treasurers" in section 240A of the Act which are of consequential nature.

Clause 113 seeks to omit the expression "managing agent, secretaries and treasurers" in clauses (a) and (b) of section 241 of the Act which are of consequential nature.

Clause 114 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) of section 242 of the Act which is of consequential nature.

Clause 115 seeks to omit the expression "managing agent, secretaries and treasurers" in section 243 of the Act which is of consequential nature.

Clause 116 seeks to omit the expression "managing agent, secretaries and treasurers" in section 245 of the Act which is of consequential nature.

Clause 117 seeks to omit sub-section (4) relating to managing agent, secretaries and treasurers and the expression "managing agent, secretaries and treasurers" in sub-section (5) of section 247 which is of consequential nature.

Clause 118 seeks to omit sections 248 and 249 of the Act relating to managing agent, secretaries and treasurers.

Clause 119 seeks, *inter alia*, to omit the figures and word "248 or 249" and enhance the fine specified in sub-sections (9) and (10) of section 250 of the Act from five thousand rupees to fifty thousand rupees.

Clause 120 seeks to omit the figures and word "248 or 249" of section 250A of the Act.

Clause 121, *inter alia*, seeks to omit the expression "managing agent, secretaries and treasurers" in section 251 of the Act which is of consequential nature.

Clause 122 seeks to insert a proviso in sub-section (1) of section 252 of the Act to provide that the small shareholders will have a right to elect at least one director in public companies.

Clause 123 seeks to omit section 261 of the Act.

Clause 124 seeks to enhance the fine specified in sub-section (6) from five hundred rupees to five thousand rupees, in clause (a) of sub-section (10) from five thousand rupees to fifty thousand rupees, in clauses (b) and (c) of that sub-section from ten thousand rupees to one lakh rupees and in sub-section (11) from fifty rupees to five hundred rupees of section 269 of the Act.

Clause 125 seeks to enhance the fine specified in section 272 of the Act from fifty rupees to five hundred rupees.

Clause 126 seeks to insert clause (g) in sub-section (1) of section 274 of the Act to provide that a director of a public company which fails to file the annual accounts and returns for any continuous three financial years or repay the deposits will not be eligible to be a director in a public company for five years.

Clause 127 seeks to substitute the words "fifteen companies" instead of "twenty companies" in section 275 of the Act regarding number of companies in which a person can be a director.

Clause 128 seeks to substitute the words "fifteen companies" instead of "twenty companies" in section 276 of the Act regarding number of companies in which a person can be a director.

Clause 129 seeks to amend the provisions of the section 277 of the Act as number of companies in which a person can be director has been reduced from twenty to fifteen.

Clause 130 seeks to amend the provisions of section 279 of the Act as number of companies in which a person can be a director has been reduced from twenty to fifteen and to enhance the fine specified in that section from five thousand rupees to fifty thousand rupees.

Clause 131 seeks to omit the expression "managing agent, secretaries and treasurers" in clause (1) of sub-section (1) and also to enhance the fine specified in sub-section (2A) from five hundred rupees to five thousand rupees of section 283 of the Act.

Clause 132 seeks to enhance the fine specified in sub-section (2) of section 286 of the Act from one hundred rupees to one thousand rupees.

Clause 133 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) of section 292 of the Act which is of consequential nature.

Clause 134 seeks to insert a new section 292A of the Act to provide that every public company having a paid-up capital of not less than five crores of rupees shall constitute a committee of the Board of Directors known as "Audit Committee".

Clause 135 seeks to omit sub-section (4) relating to managing agent, secretaries and treasurers and to enhance the fine specified in sub-section (8) of section 294 of the Act from five thousand rupees to fifty thousand rupees and fifty rupees to five hundred rupees.

Clause 136 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-sections (1) and (2) and also to enhance the fine specified in sub-section (4) from five thousand rupees to fifty thousand rupees of section 295 of the Act.

Clause 137 seeks to omit section 298 of the Act.

Clause 138 seeks to enhance the fine specified in sub-section (4) of section 299 of the Act from five thousand rupees to fifty thousand rupees.

Clause 139 seeks to enhance the fine specified in sub-section (4) of section 300 of the Act from five thousand rupees to fifty thousand rupees.

Clause 140 seeks to enhance the fine specified in sub-section (4) of section 301 of the Act from five hundred rupees to five thousand rupees.

Clause 141 seeks to omit sub-section (3) relating to managing agent, secretaries and treasurers and to enhance the fine specified in sub-section (5) from one thousand rupees to ten thousand rupees of section 302 of the Act.

Clause 142 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) and also to enhance the fine specified in sub-section (3) from fifty rupees to five hundred rupees of section 303 of the Act.

Clause 143 seeks to enhance the fine specified in sub-section (2) of section 304 of the Act from fifty rupees to five hundred rupees.

Clause 144 seeks to omit the expression "managing agent, secretaries and treasurers" which is of consequential nature and also to enhance the fine specified in sub-section (1) from five hundred rupees to five thousand rupees of section 305 of the Act.

Clause 145 seeks to enhance the fine specified in sub-section (7) from five hundred rupees to five thousand rupees and from five thousand rupees to fifty thousand rupees and twenty rupees to two hundred rupees specified in sub-section (8) and to omit sub-section (11) of the Act relating to managing agent, secretaries and treasurers, of section 307 of the Act.

Clause 146 seeks to enhance the fine specified in sub-section (3) of section 308 of the Act from five thousand rupees to fifty thousand rupees.

Clause 147 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (4) of section 309 of the Act which is of consequential nature.

Clause 148 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (2) of section 314 of the Act which is of consequential nature.

Clause 149 seeks to omit the expression "managing agent", in clause (a) of sub-section (3) of section 318 of the Act which is of consequential nature.

Clause 150 seeks to enhance the fine specified in sub-section (3) of section 320 of the Act from two hundred and fifty rupees to two thousand five hundred rupees.

Clause 151 seeks to omit the expression “managing agent, secretaries and treasurers” in sub-sections (1), (2) and (3) which is of consequential nature and to enhance the fine specified in sub-section (3) from one thousand rupees to ten thousand rupees of section 322 of the Act.

Clause 152 seeks to omit the expression “managing agent, secretaries and treasurers” in sub-section (1) of section 323 of the Act.

Clause 153 seeks to omit sections 324, 324A, 325, 325A, 326 to 348 of the Act relating to managing agent, secretaries and treasurers.

Clause 154 seeks to omit clause (a) of sub-section (5) of section 349 of the Act relating to managing agent, secretaries and treasurers and make other consequential amendments.

Clause 155 seeks to amend section 350 of the Act to provide that depreciation shall be calculated as per books of account maintained by the company.

Clause 156 seeks to omit sections 351 to 354 of the Act relating to managing agent, secretaries and treasurers.

Clause 157 seeks to amend section 355 of the Act which are of consequential nature.

Clause 158 seeks to omit sections 356 to 369 of the Act relating to managing agent, secretaries and treasurers.

Clause 159 seeks to amend section 370A of the Act which is of consequential nature.

Clause 160 seeks to enhance the fine specified in sub-section (1) of section 371 of the Act from five thousand rupees to fifty thousand rupees.

Clause 161 seeks to enhance the fine specified in section 374 of the Act from five thousand rupees to fifty thousand rupees.

Clause 162 seeks to omit section 375 of the Act relating to managing agents not engaged in business competing business of managed company.

Clause 163 seeks to substitute section 376 of the Act relating to condition prohibiting reconstruction of amalgamation of company except on continuance of managing agents, etc., be void. The new section proposed to be substituted omits the expression “managing agents, secretaries, treasurers” in the section.

Clause 164 seeks to omit sections 377 to 383 of the Act relating to managing agent, secretaries and treasurers.

Clause 165 seeks to insert a proviso in sub-section (1) to provide for secretarial compliance certificate from a secretary in whole-time practice and to enhance the fine specified in sub-section (1A) from fifty rupees to five hundred rupees in section 383A of the Act.

Clause 166 seeks to amend section 387 of the Act which is of consequential nature.

Clause 167 seeks to amend section 388E of the Act so as to omit proviso in sub-section (1) and sub-section (2) of that section.

Clause 168 seeks to enhance the fine specified in sub-section (5) of section 391 of the Act from ten rupees to one hundred rupees.

Clause 169 seeks to omit the expression “managing agent, secretaries and treasurers” in sub-sections (1) and (5) which is of consequential nature and to enhance the fine specified in sub-section (4) from five thousand rupees to fifty thousand rupees and in sub-section (5) from five hundred rupees to five thousand rupees specified of section 393 of the Act.

Clause 170 seeks to enhance the fine specified in sub-section (3) of section 394 of the Act from fifty rupees to five hundred rupees.

Clause 171 seeks to enhance the fine specified in clause (b) of sub-section (4A) of section 395 of the Act from five hundred rupees to five thousand rupees.

Clause 172 seeks to omit the expression "managing agent or secretaries and treasurers" and other related expressions in section 398 of the Act which are of consequential nature.

Clause 173 seeks to omit sub-clauses (iii) and (iv) in clause (d) of section 402 of the Act relating to managing agent, secretaries and treasurers which are of consequential nature.

Clause 174 seeks to enhance the fine specified of sub-section (4) of section 404 of the Act from five thousand rupees to fifty thousand rupees.

Clause 175 seeks to omit the expression "managing agent, secretaries and treasurers" in section 405 of the Act which is of consequential nature.

Clause 176 inter alia, seeks to omit the expression "managing agent, secretaries and treasurers" and to enhance the fine specified in sub-section (2) from five thousand rupees to fifty thousand rupees of section 407 of the Act.

Clause 177 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) of section 409 of the Act which is of consequential nature.

Clause 178 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) of section 416 of the Act which is of consequential nature and to enhance the fine specified in sub-section (3) of that section from two hundred rupees to two thousand rupees.

Clause 179 seeks to enhance the fine specified in section 420 of the Act from one thousand rupees to ten thousand rupees.

Clause 180 seeks to enhance the fine specified in section 423 of the Act from two hundred rupees to two thousand rupees.

Clause 181 seeks to omit the expression "managing agent, secretaries and treasurers" in section 427 of the Act which is of consequential nature.

Clause 182 seeks to enhance the fine specified in sub-section (1) of section 445 of the Act from one hundred rupees to one thousand rupees.

Clause 183 seeks to enhance the fine specified in sub-section (5) of section 454 of the Act from one hundred rupees to one thousand rupees.

Clause 184 seeks to omit the expression "managing agent, secretaries and treasurers" in clause (b) of sub-section (2) of section 469 of the Act which is of consequential nature.

Clause 185 seeks to enhance the fine specified in sub-section (3) of section 481 of the Act from fifty rupees to five hundred rupees.

Clause 186 seeks to enhance the fine specified in sub-section (2) of section 485 of the Act from fifty rupees to five hundred rupees.

Clause 187 seeks to enhance the fine specified in sub-section (3) of section 488 of the Act from five thousand rupees to fifty thousand rupees.

Clause 188 seeks to omit the expression "managing agent, secretaries and treasurers" in section 491 of the Act which is of consequential nature.

Clause 189 seeks to enhance the fine specified in sub-section (3) of section 493 of the Act from one hundred rupees to one thousand rupees.

Clause 190 seeks to enhance the fine specified in sub-section (2) of section 495 of the Act from five hundred rupees to five thousand rupees.

Clause 191 seeks to enhance the fine specified in sub-section (2) of section 496 of the Act from one hundred rupees to one thousand rupees.

Clause 192 seeks to enhance the fine specified in sub-sections (3) and (7) of section 497 of the Act from fifty rupees to five hundred rupees and five hundred rupees to five thousand rupees, respectively.

Clause 193 seeks to enhance the fine specified in sub-section (6) of section 500 of the Act from one thousand rupees to ten thousand rupees.

Clause 194 seeks to enhance the fine specified in sub-section (2) of section 501 of the Act from fifty rupees to five hundred rupees.

Clause 195 seeks to enhance the fine specified in sub-section (2) of section 508 of the Act from one hundred rupees to one thousand rupees.

Clause 196 seeks to enhance the fine specified in sub-sections (3) and (7) of section 509 of the Act from fifty rupees to five hundred rupees and five hundred rupees to five thousand rupees, respectively.

Clause 197 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (3) of section 513 of the Act which is of consequential nature and also seeks to enhance the fine specified in that section from one thousand rupees to ten thousand rupees.

Clause 198 seeks to enhance the fine specified in section 514 of the Act from one thousand rupees to ten thousand rupees.

Clause 199 seeks to enhance the fine specified in sub-section (2) of section 516 of the Act from fifty rupees to five hundred rupees.

Clause 200 seeks to enhance the fine specified in sub-section (3) of section 542 of the Act from five thousand rupees to fifty thousand rupees.

Clause 201 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) of section 543 of the Act which is of consequential nature.

Clause 202 seeks to enhance the fine specified in sub-section (2) of section 547 of the Act from five hundred rupees to five thousand rupees.

Clause 203 seeks to enhance the fine specified in sub-section (4) of section 550 of the Act from five thousand rupees to fifty thousand rupees.

Clause 204 seeks to enhance the fine specified in sub-section (5) of section 551 of the Act from five hundred rupees to five thousand rupees and in the proviso from one thousand rupees to ten thousand rupees.

Clause 205 seeks to enhance the fine specified in sub-section (2) of section 559 of the Act from fifty rupees to five hundred rupees.

Clause 206 seeks to omit the expression "managing agent, secretaries and treasurers" in section 560 of the Act which is of consequential nature.

Clause 207 seeks to omit the expression "managing agent, secretaries and treasurers" in clause (a) of section 568 of the Act which is of consequential nature.

Clause 208 seeks to omit the expression "managing agent, secretaries and treasurers" in clauses (A) and (B) in sub-section (5) of section 583 of the Act which is of consequential nature.

Clause 209 seeks to enhance the fine specified in section 598 of the Act from one thousand rupees to ten thousand rupees and one hundred rupees to one thousand rupees.

Clause 210 seeks to enhance the fine specified in section 606 of the Act from five thousand rupees to fifty thousand rupees.

Clause 211 seeks to enhance the fine specified in sub-section (6) of section 615 of the Act from one thousand rupees to ten thousand rupees.

Clause 212 seeks to omit section 618 of the Act relating to managing agent, secretaries and treasurers.

Clause 213 seeks to amend sub-section (2) of section 619 of the Act by omitting the words "Central Government on the advice of".

Clause 214 seeks to amend section 621 of the Act relating to offences against the Act to be cognizable only on complaint by Registrar, shareholder or Government. It is proposed to authorise the Securities and Exchange Board of India to file complaints for offences referred to in section 55A proposed to be inserted by clause 16 of this Bill.

Clause 215 seeks to enhance the fine specified in sub-sections (1) and (6) of section 621A of the Act from five thousand rupees to fifty thousand rupees.

Clause 216 seeks to omit the expression "managing agent, secretaries and treasurers" in sub-section (1) of section 627 of the Act which is of consequential nature.

Clause 217 seeks to enhance the fine specified in section 629A of the Act from five hundred rupees to five thousand rupees and fifty rupees to five hundred rupees per day.

Clause 218 seeks to enhance the fine specified in sub-section (1) of section 630 of the Act from one thousand rupees to ten thousand rupees.

Clause 219 seeks to enhance the fine specified in section 631 of the Act from fifty rupees to five hundred rupees.

Clause 220 seeks to omit the figures and word "248 or 249" in clause (a) of section 635AA of the Act which is of consequential in nature.

Clause 221 seeks to omit the words and figures section "248 or 249" in clause (a) of sub-section (1) of section 635B of the Act which is of consequential in nature.

Clause 222 seeks to omit certain numbers in sub-section (2) of section 637 of the Act relating to managing agent, secretaries and treasurers, etc.

Clause 223 seeks to omit managing agent, secretaries and treasurers, etc. and the words and figures "326, 328, 329, 332, 343, 345, 346 or 352" in section 640B of the Act.

Clause 224 seeks to enhance the fine specified in sub-section (2) of section 642 of the Act from five hundred rupees to five thousand rupees and from fifty rupees to five hundred rupees.

1. Sub-clause (a) of clause 3 of the Bill proposes to amend section 3 of the Companies Act, 1956. This clause proposes to empower the Central Government to prescribe higher paid-up capital than one lakh rupees in case of private companies and five lakhs rupees for public companies.

2. Clause 75 proposes to insert a new section 192 A in the Companies Act, 1956 relating to passing of resolutions by postal ballot. It is proposed to confer powers upon the Central Government to prescribe the method by which the notice shall be sent to the shareholders for casting their votes.

3. Clause 121 of the Bill proposes to amend section 252 of the Companies Act, 1956 relating to minimum number of directors. It is proposed that public company having a paid-up capital of five crores rupees or more and one thousand and more small shareholders shall have at least one director elected by such shareholders. It is proposed to empower the Central Government to prescribe the manner in which such one director shall be elected by the shareholders.

4. Clause 163 of the Bill proposes to amend section 383A of the Companies Act, 1956 relating to certain companies to have secretaries. It is proposed to provide that every company not required to employ a whole-time secretary and having a paid-up capital of ten lakh rupees or more shall file with the Registrar a certificate from a secretary in whole-time practice. It is proposed to empower the Central Government to prescribe the form of the certificate and the time within which such certificate shall be furnished and conditions which shall be complied by such company.

5. Sub-section (3) of section 642 of the Companies Act, 1956 requires that every rule made by the Central Government shall be laid as soon as may be after it is made before each House of Parliament in the manner specified in that sub-section.

6. The matters in respect of which the aforesaid rules may be made are matters of procedure and administrative detail and it is not practicable to provide for them in the Bill itself. The delegation of legislative power is, therefore, of a normal character.

G. C. MALHOTRA,
Secretary-General.