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ORDINANCE NO. V OF 2020

AN

ORDINANCE

*further to amend the Companies Act, 2017*

WHEREAS it is expedient to amend the Companies Act, 2017 (XIX of 2017),  
for the purposes hereinafter appearing;

AND WHEREAS the Senate and the National Assembly are not in session  
and the President is satisfied that circumstances exist which render it necessary to  
take immediate action;

NOW, THEREFORE, in exercise of powers conferred by clause (1) of Article 89 of the Constitution of Islamic Republic of Pakistan, the President of the Islamic Republic of Pakistan is pleased to make and promulgate the following Ordinance:—

1. **Short title and commencement.**—(1) This Ordinance shall be called the Companies (Amendment) Ordinance, 2020.

(2) It shall come into force at once.

2. **Amendment of section 1, Act XIX of 2017.**—In the Companies Act, 2017 (XIX of 2017), hereinafter called as the said Act, in section 1, in sub-section (3), the expressions “, except section 456 which shall come into force on such date as the Federal Government or an authority or person authorized by it may, by notification in the official Gazette, appoint” shall be omitted.

3. **Amendment of section 2, Act XIX of 2017.**—In the said Act, in sub-section (1),—

- (a) in clause (3), the words “or this Act” shall be omitted;
- (b) in clause (4), in the proviso, in sub-clause (ii), the words “concerned Minister-in-Charge of” shall be omitted;
- (c) in clause (9), in sub-clause (c), in paragraph (ii), the words “the concerned Minister-in-Charge of” shall be omitted;
- (d) in clause (17), the words “this Act or” shall be omitted;
- (e) in clause (31), in sub-clause (c), the words “the concerned Minister-in-Charge of” shall be omitted;
- (f) clause (32) shall be omitted;
- (g) for clause (33), the following shall be substituted, namely:—

“(33) “**financial statements**” in relation to a company, shall comprise—

- (a) a statement of financial position as at the end of the period;
- (b) a statement of profit or loss and other comprehensive income or in the case of a company carrying on any activity not for profit, an income and expenditure statement for the period;

- (c) other additional statements and information required by the accounting and financial reporting framework applicable to the company; and
- (d) any other statement as may be notified;”;
- (h) in clause (40), the words “or of this Act” shall be omitted;
- (i) for clause (45), the following shall be substituted, namely:—
  - “(45) “officer” includes any director, chief executive, chief financial officer or a company secretary;”;
- (j) in clause (49), in sub-clause (a), after the words “shares” the expression “, save as otherwise provided under this Act” shall be inserted;
- (k) in clause (55), the words “the concerned Minister-in-Charge of” shall be omitted;
- (l) in clause (66), of the proviso, the following shall be substituted, namely:—
  - “Provided that—
  - (a) in case of company other than listed company where all the members entitled to attend and vote at any such meeting so agree; or
  - (b) in case of a listed company if the Commission so allows, for reasons to be recorded in writing, a resolution may be proposed and passed as a special resolution at a meeting of which less than twenty-one days notice has been given;”;
- (m) after clause (67), the following new clause shall be inserted, namely:—
  - “(67A) “startup company” means a company that—
  - (a) is in existence for not more than ten years from the date of its incorporation or such other period or periods as may be specified; and
  - (b) has a turnover for any of the financial years since incorporation that is not greater than five hundred

million rupees or such other amount or amounts as may be specified; and

- (c) is working towards the innovation, development or improvement of products or processes or services or is a scalable business model with a high potential of employment generation or wealth creation or for such other purposes as may be specified; or
- (d) such other companies or classes of companies as may be notified by the Commission:

Provided that a company formed by the splitting up or re-construction of an existing company shall not be considered as a startup company;” and

- (n) in clause (72), for the words “registered with”, the words “notified by” shall be substituted.

4. **Amendments of section 6, Act XIX of 2017.**—In the said Act, in section 6, in sub-section (2), in clause (e), after the word “documents” the words “or any category or classes of documents” shall be inserted.

5. **Amendments of section 8, Act XIX of 2017.**—In the said Act, in sub-section (1), the words “the concerned Minister-in-Charge of”, wherever occurring, shall be omitted.

6. **Amendment of section 17, Act XIX of 2017.**—In the said Act,—

- (a) for sub-section (2), the following shall be substituted, namely:—

“(2) All moneys payable by a subscriber in pursuance of his undertaking in the memorandum of association against the shares subscribed shall be a debt due from him and be payable in such time, manner and condition as may be notified by the Commission.”; and

- (b) sub-section (3) shall be omitted;
- (c) in sub-section (4), after the word “section” the words “direction given by the registrar” shall be inserted.

7. **Amendment of section 18, Act XIX of 2017.**—In the said Act, in section 18, in clause (b), for the expression “company, having perpetual succession and a common seal” the words “company and having perpetual succession” shall be substituted.

8. **Amendment of section 19, Act XIX of 2017.**—In the said Act.—

(a) in sub-section (1) for the Explanation under clause (e), the following shall be substituted, namely:—

*“Explanation:—* **“minimum subscription”** means the amount, if any, fixed by the memorandum or articles of association as minimum subscription upon which the directors may proceed to allotment or if no amount is so fixed and stated the whole amount of the share capital other than that issued or agreed to be issued as paid up otherwise than in cash.”; and

(b) for sub-section (2), the following shall be substituted, namely:—

**“(2) The registrar shall, on filing of a duly verified declaration in accordance with the provisions of sub-section (1) and after making such enquiries as he may deem fit to satisfy himself that all the requirements of this Act have been complied with in respect of the commencement of business and matters precedent and incidental thereto, accept and register all the relevant documents and issue a certificate of commencement of business and that certificate shall be conclusive evidence that the company is entitled to commence business.”.**

9. **Omission of section 23, Act XIX of 2017.**—In the said Act, section 23 shall be omitted.

10. **Amendment of section 26, Act XIX of 2017.**—In the said Act, in sub-section (1), in the proviso, in clause (i), for the words “always commensurate” the words “not be inconsistent or contradictory” shall be substituted.

11. **Amendment of section 31, Act XIX of 2017.**—In the said Act, in section 31, in clause (c), for the expression “and father’s name or, in the case of a married woman or widow, her husband’s or deceased husband’s name in full, his nationality and his” the expression “, nationality,” shall be substituted.

12. **Amendment of section 32, Act XIX of 2017.**—In the said Act, in section 32, in sub-section (1), for clause (a), the following shall be substituted, namely:—

**“(a) change the place of its registered office from one place to another place;**

*Explanation.*—For the purpose of this clause the expression “place” means a Province, Islamabad Capital Territory or a part of Pakistan not forming part of a Province;”.

13. **Amendment of section 37, Act XIX of 2017.**—In the said Act, in section 37, in clause (c), for the expressions “and father’s name or, in the case of a married woman or widow, her husbands or deceased husband’s name in full, his nationality and his” the expression “, nationality,” shall be substituted.

14. **Amendment of section 38, Act XIX of 2017.**—In the said Act, in section 38, in sub-section ( ) for the word “thirty” the word “fifteen” shall be substituted.

15. **Amendment of section 42, Act XIX of 2017.**—In the said Act, in section 42, in sub-section (4), the words “under this section” shall be omitted.

16. **Amendment of section 43, Act XIX of 2017.**—In the said Act, in section 43, in sub-section (1), in clause (c), for the expression “company licenced under section 42, preferably having similar or identical objects to those of the company,” the expression “not for profit entity registered under any law for the time being in force” shall be substituted.

17. **Amendment of section 48, Act XIX of 2017.**—In the said Act, in section 48, after sub-section (3), the following new sub-section 3A shall be inserted, namely:—

“(3A) A copy of the memorandum and articles of association as altered pursuant to the order under sub-section (2) shall, within fifteen days from the date of the order, be filed by the company with the registrar who shall register the same and thenceforth the memorandum and articles so filed shall be the memorandum and articles of the newly converted company.”.

18. **Amendment of section 62, Act XIX of 2017.**—In the said Act, in section 62, in sub-section (1), for the expression “common seal of the company or under official seal, which must be facsimile of the company’s common seal,” the expression “signature of authorized officer of the company as may be specified” shall be substituted.

19. **Amendment of section 70, Act XIX of 2017.**—In the said Act, in section 70, in sub-section (1),—

- (a) for the words “forty-five days” the words “thirty days” shall be substituted; and
- (b) in clause (b),—
  - (i) for the words “report from its auditor” the words “declaration from its chief executive” shall be substituted; and

- (ii) for the full colon at the end, a semi colon shall be substituted and thereafter the proviso shall be omitted.

20. **Amendment of section 76, Act XIX of 2017.**—In the said Act, in section 76,—

- (a) in sub-section (5), for the full stop at the end a colon, shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the member selling shares to any other person shall ensure that as a result of such sale, the limit of maximum number of members for a private company is not exceeded.”; and

- (b) sub-section (6) shall be omitted.

21. **Amendment of section 79, Act XIX of 2017.**—In the said Act, in section 79, in sub-section (3), for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:-

“Provided that in the absence of any of the relatives the shareholder shall be entitled to nominate any other person.”.

22. **Amendment of section 83, Act XIX of 2017.**—In the said Act, in section 83,—

- (a) in sub-section (1),—

- (i) for the words “further share capital” the words “further shares” shall be substituted;

- (ii) in clause (a),—

- (I) after the words “shares held by” the words “such members through” shall be inserted; and

- (II) in sub-clause (iv), for the colon at the end a semi colon shall be substituted and thereafter the proviso shall be omitted;

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

“(b) in case of public company and subject to approval of the Commission, to any person on the basis of a special resolution either for cash or for consideration other than cash:

Provided that the value of any non-cash asset, net worth of undertaking, service, benefit or intellectual property shall be determined by a valuer”;

(iv) after clause (b), substituted as aforesaid, the following new clause shall be added, namely:—

“(c) in case of a private company and subject to its articles and special resolution, to any person, either for cash or for consideration other than cash on such conditions and requirements as may be notified.”;

(b) in sub-section (2),—

(i) after the expression “sub-section (1)” the words “shall be” shall be inserted; and

(ii) for the words “shall be” the word “and” shall be substituted;

(c) for sub-section (3), the following shall be substituted, namely:-

“(3) The letter of offer, referred to in sub-section (2), shall be accompanied by a circular duly signed by all directors or an officer of the company authorised by them in this behalf on such form as may be specified containing material information about the affairs of the company, latest statement of the accounts and the necessity for issue of further capital :

Provided that a copy of such circular shall also be filed with the registrar simultaneously at the time it is dispatched to the shareholders.” ; and

(d) in sub-section (4),—

(i) for the words “loan has”, the expressions “any loan or finances have” shall be substituted;

(ii) after the words “loan or”, the expressions “finances or” shall be inserted; and

(iii) for the words “does”, the expression “or finances” shall be substituted; and



(d) in sub-section (5), after the words "rate of interest" the words "or profit" shall be inserted.

23. **Insertion of new section 83A, Act XIX of 2017.**—In the said Act, after section 83, amended as aforesaid, the following new section shall be inserted, namely:—

"83A. **Employees' stock options.**— Notwithstanding anything contained in section 83 or any other provision of this Act, a company may, under the authority of special resolution, issue shares in accordance with its articles under employees' stock option in accordance with such procedure and subject to such conditions as may be specified."

24. **Amendment of section 86, Act XIX of 2017.**—In the said Act, in section 86, sub-section (1) shall be omitted.

25. **Amendment of section 88, Act XIX of 2017.**—In the said Act, in section 88,—

(a) in sub-section (1), the word "listed" shall be omitted;

(b) in sub-section (2), for the full stop at the end, a colon shall be substituted and thereafter the following provisos shall be added, namely:—

"Provided that shares purchased by an unlisted public company or a private company shall be cancelled and not be held as treasury shares:

Provided further that cancellation of shares under this section shall not be deemed to be a reduction of share capital within the meaning of section 89 and such shares shall be cancelled in such form and manner as may be specified."; and

(c) in sub-section (9), the words "either through a tender offer or" shall be omitted.

26. **Amendment of section 102, Act XIX of 2017.**—In the said Act, in section 102, in sub-section (2), for the word "prescribed" the words "specified in the seventh schedule" shall be substituted.

27. **Amendment of section 117, Act XIX of 2017.**—In the said Act, in section 117, in sub-section (1), in the proviso, for the word "specified" the expression prescribed in the Companies Court Rules 1997" shall be substituted.

28. **Amendment of section 130, Act XIX of 2017.**—In the said Act, in section 130, sub-section (5) shall be omitted.

29. **Amendment of section 132, Act XIX of 2017.**—In the said Act, in section 132, sub-section (2),—

- (a) the words “or in a nearest city” shall be omitted; and
- (b) in the proviso, for the full stop at the end, a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided further that the Commission may, for reason to be recorded in writing, on the application of such company, allow the company to hold a particular meeting at any other place.”.

30. **Amendment of section 133, Act XIX of 2017.**—In the said Act, in section 133, in sub-section (8),—

- (a) for the expression “section 55” the expression “section 132” shall be substituted; and
- (b) in the proviso, for the full stop at the end a colon shall be substituted and thereafter the following new provisos shall be added, namely:—

“Provided further that in case of an emergency affecting the business of a listed company, the Commission may for reasons to be the recorded in writing on the application of the company authorize such meeting to be held at such shorter notice as may be allowed by it:

Provided also that in case of a listed company, such notice shall be sent to the Commission, in addition to its being dispatched in the normal course to members and the notice shall also be published in English and Urdu languages at least in one issue each of a daily newspaper of respective language having nationwide circulation.”.

31. **Amendment of section 135, Act XIX of 2017.**—In the said Act, in section 135, in sub-section (1), for the proviso, the following shall be substituted, namely:—

“Provided that if within half an hour from the time appointed for the meeting a quorum is not present the meeting if called upon

the requisition of members shall be dissolved and in any other case, it shall stand adjourned to the same day in the next week at the same time and place and, if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the members present personally or through video-link being not less than two shall be a quorum, unless the articles provide otherwise.”

32. **Amendment of section 137, Act XIX of 2017.**—In the said Act, in section 137, in sub-section (3), in clause (b), the words “be under its seal or” shall be omitted.

33. **Substitution of section 139, Act XIX of 2017.**—In the said Act, for section 139, the following shall be substituted, namely:—

“139. **Representation of the Government at meetings of companies.**—

(1) Where the Government is a member of a company, such Government may appoint such individual as it thinks fit to act as its representative at any meeting of the company or at any meeting of any class of members of the company.

(2) An individual appointed to act as aforesaid shall, for the purpose of this Act, be deemed to be a member of such a company and shall be entitled to exercise the same rights and powers, including the right to appoint proxy, as the Government may exercise as a member of the company.”

34. **Amendment of section 140, Act XIX of 2017.**—In the said Act, in section 140, in sub-section (2), for the word “ten”, occurring first, the word “five” shall be substituted.

35. **Amendment of section 149, Act XIX of 2017.**—In the said Act, in section 149, for sub-section (1), the following shall be substituted, namely:-

“(1) Except for the businesses specified under sub-section (2) of section 134 to be conducted in the annual general meeting, the members of a private company or a public unlisted company may pass a resolution, ordinary or special, by circulation approved in writing by all the members for the time being entitled to receive notice of a meeting.”

36. **Amendment of section 153, Act XIX of 2017.**—In the said Act, in section 153, for clause (k), the following shall be substituted, namely:—

“(k) is engaged in the business of brokerage pertaining to securities market as defined in the Securities Act, 2015 (III of 2015) or futures market as defined in Futures Market Act, 2016 (XIV of 2016), or is a spouse of such person or is a sponsor, director or officer of such brokerage house:

Provided that clauses (j) and (k) shall be applicable only in case of listed companies:

Provided further that clause (h) shall not be applicable on a foreign national who is not required to hold National Tax Number under the provisions of the Income Tax Ordinance, 2001 (XLIX of 2001).”.

**37. Amendment of section 154, Act XIX of 2017.**—In the said Act, in section 154,—

(a) in sub-section (1), in clause (d), for the colon at the end a full stop shall be substituted and thereafter the proviso shall be omitted; and

(b) after sub-section (2), the following new sub-section (3) shall be added, namely:—

“(3) A public interest company shall be required to have female representation on its board in such manner and subject to such terms and conditions as may be specified.”.

**38. Amendment of section 155, Act XIX of 2017.**—In the said Act, in section 155,—

(a) in sub-section (1),—

(i) after the word “number” the words “and such class” shall be inserted; and

(ii) for the colon at the end, a full stop shall be substituted and thereafter the proviso shall be omitted; and

(b) for sub-section (2), the following shall be substituted, namely:—

“(2) A person holding the position of director in specified number of companies and specified class of companies shall ensure the compliance of this section within such time period as may be notified.”.

39. **Amendment of section 158, Act XIX of 2017.**—In the said Act, in section 158, sub-section (4) shall be omitted.

40. **Amendment of section 161, Act XIX of 2017.**—In the said Act, in section 161, in sub-section (1), for the proviso the following shall be substituted, namely:—

“Provided that the term of office of directors of a trade organization may be a period of less than three years as provided in the Trade Organizations Act, 2013 (II of 2013).”.

41. **Amendment of section 166, Act XIX of 2017.**—In the said Act, in section 166,—

(a) in sub-section (2), in the proviso, in clause (h), after the expression “164 and 165” the words “except where the director is nominated by the Government” shall be inserted; and

(b) for sub-section (3), the following shall be substituted, namely:—

“(3) The independent director of a company shall be elected in the same manner as other directors are elected in terms of section 159 and the statement of material facts annexed to the notice of the general meeting called for the purpose shall indicate the justification for selecting the individual as a candidate for election as independent director.”.

42. **Amendment of section 167, Act XIX of 2017.**—In the said Act, in section 167, for sub-section (2), the following shall be substituted, namely:—

“(2) The consent given to the company under sub-section (1) shall be annexed to the relevant form reporting the appointment of director or the chief executive, as the case may be.”.

43. **Amendment of section 172, Act XIX of 2017.**—In the said Act, in section 172, in sub-section (2),—

(a) clause (f) shall be omitted;

(b) in clause (j) for the words “of the sovereignty and”, the expression, “, sovereignty or” shall be substituted; and

(c) clauses (m) and (o) shall be omitted and in clause (n), for the semi colon a full stop shall be substituted.

44. **Amendment of section 179, Act XIX of 2017.**—In the said Act, in section 179,—

- (a) in sub-section (1), for the words “in writing signed by all the directors”, the words “approved by all the directors in writing” shall be substituted; and
- (b) in sub-section (4), for the word “signified” the words “approved” shall be substituted.

45. **Amendment of section 180, Act XIX of 2017.**—In the said Act, in section 180, in clause (b), in the proviso, for the figure “493” the figure “492” shall be substituted.

46. **Omission of section 181, Act XIX of 2017.**—In the said Act, section 181 shall be omitted.

47. **Amendment of section 182, Act XIX of 2017.**—In the said Act, in section 182, in sub-section (1),—

- (a) in clause (b), for the semi colon a colon shall be substituted; and
- (b) for the words “unless the transaction has been approved by a resolution of the members of the company” the following proviso shall be substituted, namely:-

“Provided that nothing in this section shall apply to the loan provided to the chief executive or the whole time director subject to the condition that the loan is granted under a scheme approved by the members of the company.”;

- (c) in the existing proviso, after the word “Provided”, the word “further” shall be inserted.

48. **Amendment of section 183, Act XIX of 2017.**—In the said Act, in section 183,—

- (a) in sub-section (3), for the expression "except with the consent of the general meeting either specifically or by way of an authorization, do any of the following things" the words "do any of the following except under the authority of special resolution" shall be substituted; and
- (b) in sub-section (4), the words "without there being a viable alternate business plan duly authenticated by the board" shall be omitted.

49. **Omission of section 186, Act XIX of 2017.**—In the said Act, in section 186, sub-section (4) shall be omitted.

50. **Omission of section 187, Act XIX of 2017.**—In the said Act, in section 187, sub-section (4) shall be omitted.

51. **Amendment of section 194, Act XIX of 2017.**—In the said Act, for section 194, the following shall be substituted, namely:—

"194. **Public company required to have secretary.**—A public company shall have a company secretary, possessing such qualification and shall be subject to such restrictions and limitations as may be specified."

52. **Amendment of section 197, Act XIX of 2017.**—In the said Act, in section 197, in sub-section (7), for the word "and" the word "an" shall be substituted.

53. **Amendment of section 199, Act XIX of 2017.**—In the said Act, in section 199, in sub-section (2), the expression ", failing which the directors shall be personally liable to make the payment" shall be omitted.

54. **Amendment of section 201, Act XIX of 2017.**—In the said Act, in section 201, in sub-section (1), in clause (a), the words " and may affix common seal of the company" shall be omitted.

55. **Amendment of section 203, Act XIX of 2017.**—In the said Act, in section 203,—

- (a) in sub-section (1), the words "that has a common seal" shall be omitted;

- (b) in sub-section (2), for the words “must be facsimile of the company’s common seal, with the addition on its face of,” the words “must add on the face of it” shall be substituted;
- (c) sub-section (3) shall be omitted;
- (d) in sub-section (4), the expression “ , by writing under its common seal,” shall be omitted; and
- (e) in sub-section (7), the expression “as if it had been sealed with the common seal of the company” shall be omitted.

56. **Amendment of section 211, Act XIX of 2017.**—In the said Act, in section 211, in sub-section (2), the word “registered” shall be omitted.

57. **Omission of section 215, Act XIX of 2017.**—In the said Act, section 215 shall be omitted.

58. **Amendment of section 223, Act XIX of 2017.**—In the said Act, in section 223,—

- (a) in sub-section (5), in the proviso, after the word “company” the words “not being a public interest company or a subsidiary or holding company of a public company and” shall be inserted; and
- (b) in sub-section (9), after the expression “sub-section”, the expression “(4) and” shall be inserted.

59. **Amendment of section 225, Act XIX of 2017.**—In the said Act, in section 225,—

- (a) in sub-section (1),—
  - (i) after the words “reporting standards” the words “ and such other standards as may be” shall be inserted;
  - (ii) first proviso shall be omitted; and
  - (iii) in the second proviso, the word “further” shall be omitted; and
- (b) for sub-section (5), the following shall be substituted, namely:—



“(5) Any contravention or default in complying with the requirements of this section shall be an offence liable –

- (a) in case of a listed company or its associated companies, to a penalty of level 3 on standard scale; and
- (b) in case of any other company, to a penalty of level 2 on the standard scale:

Provided that in case of continuing default, the provisions of sub-section (6) of section 220 shall apply to any person who is a party to the default in complying with any of the provisions of this section.

*Explanation.*—For the purpose of this section, continuing default means default in complying with the same requirement of this section for two consecutive years or more.”

60. Amendment of section 227, Act XIX of 2017.—In the said Act, in section 227,—

(a) in sub-section (2),—

- (i) in clause (k), after the word “adequacy” the word “of ” shall be inserted; and
- (ii) in clause (l), the word “and” at the end shall be omitted and thereafter, the following new clause shall be inserted, namely:—

“(la) disclosure with respect to remuneration package of each of the directors and chief executive including but not limited to salary, benefits, bonuses, stock options, pension and other incentives; and”;

(b) in sub-section (3),—

- (i) in clause (c), the word “and” at the end shall be omitted;
- (ii) in clause (d), for the full stop, the expression “; and” shall be substituted and thereafter the following new clause (e) shall be inserted, namely:—

“(e) the legitimate reasons for not declaring dividend under section 240 despite earning profits and future prospects of dividend, if any.”; and

(c) for sub-section (6), the following shall be substituted, namely:—

“(6) Whoever contravenes any of the provisions of this section shall—

(a) in respect of a listed company, be punishable with a penalty of level 2 on the standard scale; and

(b) in respect of any other company, be punishable with a penalty of level 1 on the standard scale.”.

61. **Amendment of section 228, Act XIX of 2017.**—In the said Act,—

(a) in sub-section (1), after the proviso, the following explanation shall be inserted, namely:—

“*Explanation.*—The requirements of this section shall be applicable to a company that,—

(a) has subsidiary or subsidiaries as defined in clause (68) of sub-section (1) of section 2; or

(b) is required to prepare consolidated financial statements as per applicable accounting and financial reporting framework.”; and

(b) in sub-section (6),—

(i) for the expression “sections 223, 233, 234, 235 and 236” the expression “sections 223, 233, 235, 236 and 237” shall be substituted; and

(ii) for the full stop at the end a colon shall be substituted and thereafter the following proviso shall be added, namely:—

“Provided that the requirement of first proviso to clause (b) of sub-section (1) of section 237 shall not apply to such holding company.”.

62. **Amendment of section 232, Act XIX of 2017.**—In the said Act, in section 232, in sub-section (2), in the first proviso, for the colon a full stop shall be substituted and thereafter the second proviso shall be omitted.

63. **Amendment of section 233, Act XIX of 2017.**—In the said Act, in section 233, for sub-section (3), the following shall be substituted, namely:—

“(3) Nothing in this section shall apply to a private company not being a public interest company or a subsidiary or holding company of a public company and having the paid up capital not exceeding ten million rupees or such higher amount of paid up capital as may be notified by the Commission.”.

64. **Omission of section 234, Act XIX of 2017.**—In the said Act, section 234 shall be omitted.

65. **Amendment of section 237, Act XIX of 2017.**—In the said Act, in section 237, for sub-section (2),—

- (a) the word “electronically” shall be omitted; and
- (b) after the words “securities exchange and” the word “filed” shall be inserted.

66. **Amendment of section 243, Act XIX of 2017.**—In the said Act, in section 243, in sub-section (2), for the expression “forty-five days” the words “fifteen working days” shall be substituted.

67. **Substitution of section 244, Act XIX of 2017.**—In the said Act, for section 244, the following shall be substituted, namely:—

“244. **Unpaid dividend account.**—(1) Notwithstanding anything to the contrary contained in this Act or any other law for the time being in force, where a dividend has been declared by a company but has not been paid or claimed, within a time period specified under section 242, to any shareholder entitled to the payment of the dividend, the company shall, within fifteen days from the date of expiry of the said period, transfer the total amount of dividend which remains unpaid or un-claimed to a separate profit bearing account to be called the unpaid dividend account opened by the company for this purpose in any scheduled bank. The deposits in the unpaid dividend account shall only be used for payment to a claimant as given in sub-section 4.

*Explanation.*—Dividend for the purpose of this section means the dividend payable in cash.

- (2) The company shall, within a period of ninety days of making any deposit of the amount under sub-section (1) to the unpaid dividend account, prepare a statement containing the names, the last known addresses, number of shares held, the amount of unpaid dividend to be paid to each shareholder and such other particulars as may be specified and place it on the website of the company required under any law, rules, regulations or directions to maintain a website and also on any other website as may be specified.
- (3) Any change in the information to be maintained on the website under sub-section (2) shall be effected by the company in such manner and within such time as may be specified.
- (4) Any person claiming to be entitled to any money transferred under sub-section (1) to the unpaid dividend account of the company may apply to the company for payment of the money claimed.
- (5) The company shall make payment to the *bonafide* claimant within a period of thirty days from the date of submission of claim with the company. No claimant shall be entitled to any amount except his un-claimed dividend amount.
- (6) The amount of profit generated from the account maintained by the company under this section shall be used by the company for its corporate social responsibility initiatives and specified purposes.
- (7) Where there is any dispute, embargo or restriction on payment of un-claimed dividend or where an adjudication is pending before the competent authority or court, the company shall process the claim after settlement of dispute, removal of embargo or restriction.
- (8) The company shall make appropriate disclosures in its financial statements and in respect of unpaid dividend account providing therein details of amounts transferred into such account, claims received and settled, profits generated from such account and utilization of such profits during a financial year and such other information as may be specified.
- (9) If a company fails to comply with any of the requirements of this section, the company and every officer of the company shall be liable to a penalty of level 3 on the standard scale.”

68. **Omission of section 245, Act XIX of 2017.**—In the said Act, section 245 shall be omitted.

69. **Amendment of section 246, Act XIX of 2017.**—In the said Act, in section 246,—

- (a) in sub-section (3), for the words “retiring auditors and” the expression “retiring auditors and in case of listed company,” shall be substituted; and
- (b) in sub-section (9), after the word “company”, the words “which has appointed an auditor” shall be inserted.

70. **Amendment of section 247, Act XIX of 2017.**—In the said Act, in section 247, in sub-section (1), in clause (a), for the words “three million rupees or more” the words “more than ten million rupees” shall be substituted.

71. **Amendment of section 254, Act XIX of 2017.**—In the said Act, in section 254,—

- (a) in sub-section (3), for the words “or explanation” wherever occurring, the expression “or explanation or documents” shall be substituted;
- (b) in sub-section (4), after the words “such information” the words “or explanation or documents” shall be inserted; and
- (c) in sub-section (5), for the words “or explanation” the expression “or explanation or documents” shall be substituted.

72. **Amendment of section 255, Act XIX of 2017.**—In the said Act, in section 255, in sub-section (3), for the words “thirty day”, occurring for the first time, the words “thirty days” shall be substituted.

73. **Amendments of section 258, Act XIX of 2017.**—In the said Act, in section 258, in section (4), the words “the concerned Minister-in-Charge of”, wherever occurring shall be omitted;

74. **Omission of section 276, Act XIX of 2017.**—In the said Act, section 276 shall be omitted.

75. **Amendment of section 279, Act XIX of 2017.**—In the said Act, in section 279,—

- (a) in sub-sections (1), (2) and (3), for the word "Commission", wherever occurring, the word "Court" shall be substituted; and
- (b) in sub-section (5), for the words "the Commission" the word "it" shall be substituted.

**76. Amendment of section 280, Act XIX of 2017.**—In the said Act, in section 280,—

- (a) in the marginal heading, for the word "Commission" the word "Court" shall be substituted;
- (b) in sub-section (1), for the word "Commission", the word "Court" shall be substituted;

(c) for sub-section (2), the following shall be substituted, namely:—

"(2) If the Court is satisfied that a compromise or arrangement sanctioned under section 279 cannot be worked satisfactorily with or without modification, it may, either of its own motion or on the application of the registrar or any person interested in the affairs of the company, make an order to wind up the company and such an order shall be deemed to be an order made under section 30."; and

(d) after sub-section (2), substituted as aforesaid, the following new sub-section (3) shall be inserted, namely:—

"(3) The provision of this section shall, so far as may be relevant, also apply to a company in respect of which an order sanctioning a compromise or an arrangement has been made before the commencement of the Companies (Amendment) Act, 2020."

**77. Amendment of section 281, Act XIX of 2017.**—In the said Act, in section 281, in sub-section (4), in the proviso, after the words "shall not" the words "held responsible" shall be inserted.

**78. Amendment of section 282, Act XIX of 2017.**—In the said Act, in section 282,—

- (a) for the marginal heading, "Powers of Commission to facilitate reconstruction or amalgamation of companies", the marginal heading "Provisions for facilitating reconstruction and amalgamation of companies" shall be substituted;