

Corporate Law & Other Related Laws

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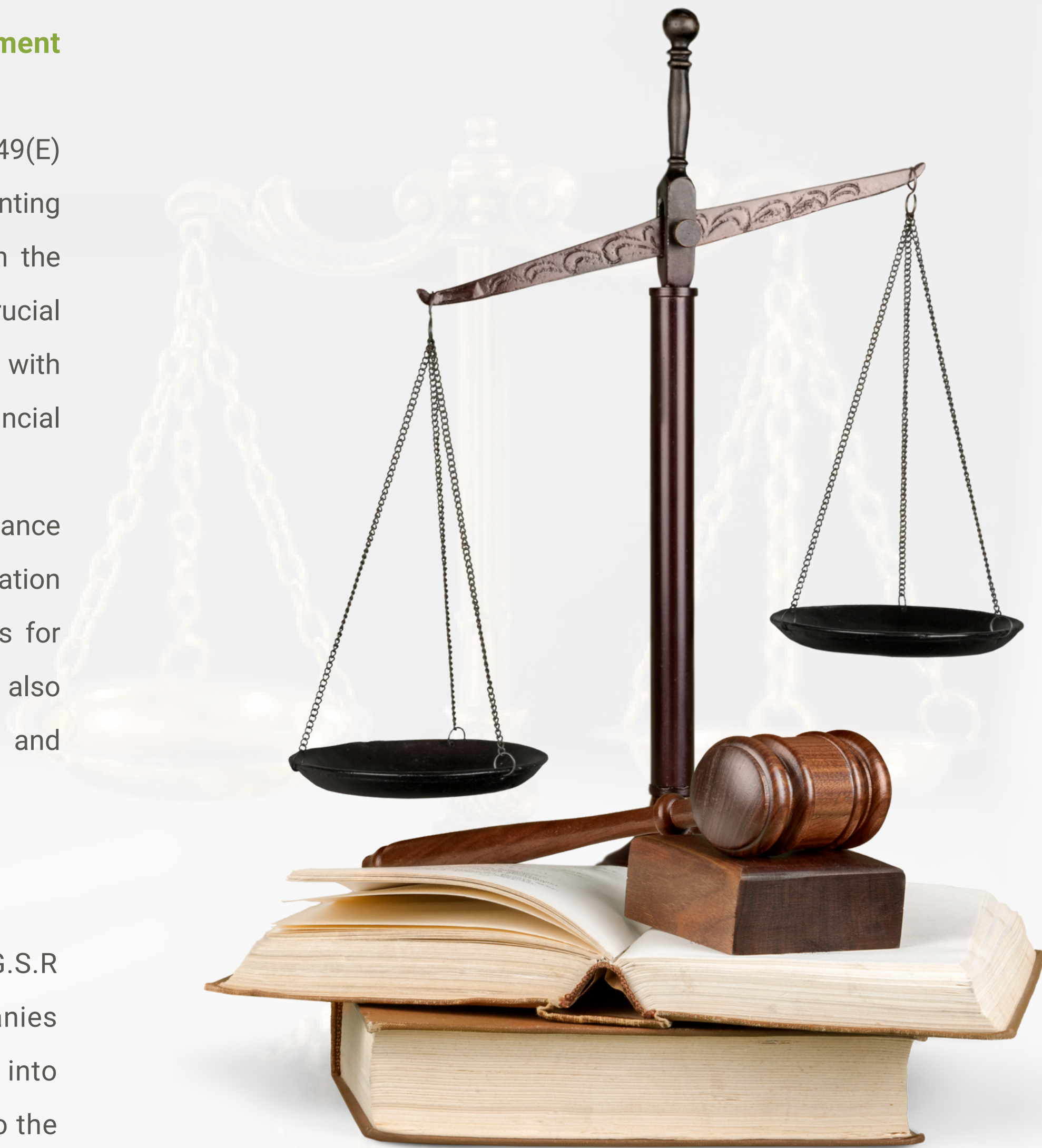
The Companies (Indian Accounting Standards) Second Amendment Rules, 2025

The Ministry of Corporate Affairs (MCA) vide its notification G.S.R 549(E) dated August 13, 2025, has notified “the Companies (Indian Accounting Standards) Amendment Rules, 2025” which shall come into force on the date of their publication in the Official Gazette. MCA introduces crucial updates to multiple Indian Accounting Standards (Ind AS) to align with global practices, enhance transparency, and provide clarity in financial reporting.

Key changes include new disclosure requirements for supplier finance arrangements (Ind AS 7 & 107), clarified guidance on liability classification under specific covenants (Ind AS 1), and updates to align references for revenue (Ind AS 116) with international standards. The amendments also incorporate an exemption for Pillar Two income taxes under Ind AS and correct various technical inconsistencies across other Ind AS.

The Companies (Incorporation) second Amendment Rules, 2025

The Ministry of Corporate Affairs (MCA) vide its notification G.S.R 579(E) dated August 26, 2025, has notified “the Companies (Incorporation) second Amendment Rules, 2025” which shall come into force with effect from the 15th day of September 2025. According to the amendment Form No. RD-1 is substituted with a Updated Version.



Adjudication of Penalty under Section 454 of the Companies Act, 2013 (The Act) for violation of section 137(3) of The Companies Act

Brief Facts

Ministry of Corporate Affairs vide its Gazette Notification number S.O.831(E) dated 24/03/2015 appointed undersigned as Adjudicating Officer in exercise of the powers conferred by section 454 of the Companies Act, 2013 Rules 2014 for adjudging penalties under the provision of this Act.

If a company fails to file the copy of the financial statements under sub-section(1) or sub section (2), as the case may be , before the expiry of the period specified therein, the company shall be liable to a penalty of ten thousand rupees and in case of continuing failure ,with a further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of two lakh rupees, and the managing director and the chief financial officer of the company, if any and, in the absence of the managing director and the chief financial officer , any other director who is charged by the Board with the responsibility of complying with the provision of this section, and in case of continuing failure, with further penalty of one hundred rupees for each day after the first during continues ,subject to a maximum of fifty thousand rupees. Adjudication under Section 454 for violation of Section 137(1) by M/s Trident Agrocom Exports Ltd, following are the facts, proceedings and findings:

- The company's Board approved the audited financial statements for FY 2022–23 on 06.09.2023, and members adopted them at the AGM held on 30.09.2023. The company filed Form AOC-4 XBRL (SRN F97090963) with ROC, Mumbai on 31.07.2024.
- However, the XBRL copy filed contained erroneous figures/notes not matching the statements adopted at the AGM.
- The company, on its own, submitted an adjudication application (17.03.2025) admitting the inadvertent error and requested permission to file a fresh AOC-4 XBRL.
- ROC sought clarification on the exact provision violated; the company confirmed violation of Section 137(1) of the Act.
- A show cause notice was issued under Section 454 read with Section 137(3), and an e-hearing was scheduled on 08.05.2025.
- The company's PCS representative admitted the default and accepted liability of Filing of incorrect/erroneous financials amounts to violation of Section 137(1).
- As per Section 2(60), where a company has Key Managerial Personnel, only the KMP is treated as officer in default. Accordingly, Mr. Harry Vasant Ashar (Managing Director) was held liable, while Mr. Asutosh Sharma (Director) was not considered in default.
- The company and its Managing Director are each liable to a penalty of ₹10,000 under Section 137(3) for one-time default. The period of default was reckoned from 31.07.2024 (date of filing erroneous AOC-4 XBRL).



Section 164 and 167 of the Companies Act, 2013 are reasonable restrictions to the fundamental right guaranteed under Article 19(1)(g) of the Constitution of India- M/s Vihaan Direct Selling (India) Private Limited.

Brief Facts

The petitioners claim to be the directors of M/s Vihaan Direct Selling (India) Private Limited (hereinafter referred to as “M/s Vihaan”) who were appointed as directors in the year 2016. When the company attempted to file its annual returns and statutory filings for the year 2017-18 and 2018-19, a pop-up dialogue box on the official web portal of Respondent No.1- Ministry of Corporate Affairs displayed the message “the Directors disqualified under the provisions”. On 07.06.2019, a petition was filed by the Registrar of Companies for the winding up of the company before the National Company Law Tribunal. It is from those documents that the petitioners came to know about their disqualification from all companies as directors. Petitioners submitted that even if there is a power for disqualification and exercising such power if any order is passed, the said order can only be enforced for a period of five years. In the present case, the order having been passed in the year 2018, the period of five years has expired in the year 2023, and as on today, there cannot be any embargo on the petitioners exercising their directorship in any company, including M/s Vihaan. The respondents opposed the plea and submitted that there have been serious allegations which have been made against M/s Vihaan

and its directors, and necessary action has been taken. There are violations which have been alleged against the directors, in view of the dubious conduct of the company as also on account of various complaints which have been received alleging Ponzi scheme to have been conducted by the company, which has resulted in losses to several thousand depositors. It is in that background that action was taken against the directors who have violated the various applicable provisions of the Companies Act.

Judgements

The Hon’ble Court considered the facts and circumstances and observed that in the present case, the disqualification which is alleged against the petitioners is under Subsection (2) of Section 164, on account of the directors having failed to repay the deposit accepted by the company or to pay interest thereon etc. In terms of proviso to Clause (a) of Subsection (1) of Section 167, it is categorically stated that where a director incurs a disqualification under Sub-section (2) of Section 164, the office of the director shall become vacant in all the companies other than the company which is in default under that Sub-section. Therefore, the Court held that, a director can only be disqualified in the company in default and not in a company in which he is not in default, cannot be sustained. Further considering, Sub-section (2) of Section 164 does not provide for extension of the period of 5 years, the restriction can only be for a period of 5 years. The Court held that there is no power with the concerned authorities to extend a period of disqualification beyond a period of five years. The petition was dismissed.

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