

Recent Amendments

in

Companies Act 2013

including

Schedule III



CA. PRAMOD JAIN

FCA, FCS, FCMA, LL.B, MIMA, DISA, IP

Shared at

Corporate Laws & Corporate Governance Committee of ICAI

2nd August 2021

BUDGET SPEECH

- ❖ **Small Co S. 2(85) definition changed w.e.f. 1.4.2021**
 - ❖ Paid up Capital from 50 L to 2 Cr
 - ❖ Turnover from 2 Cr to 20 Cr
- ❖ **OPC changes w.e.f. 1.4.2021**
 - ❖ Indian Citizen even if NR can form
 - ❖ Resident – to be in India for 120 days (earlier 182 days)
 - ❖ No limits for forced conversion
 - ❖ No limits for conversion of Pvt. Ltd. Co. into OPC
- INC 6 amended for both way conversion**

FORMS – DUE DATE

- ❖ No changes in due date of Forms
 - ❖ Relaxes additional fee for Forms CHG 1 & 9 and all Forms under Companies Act 2013 (except CHG 1, 4 & 8) and LLP Act 2008 which are to be filed between 1st April 2021 to 31st July 2021 - can be filed till 31st August 2021 with normal fee.
 - ❖ Relaxes Gap between 2 Board meetings for 1st two quarters of FY 2021-22 by 60 days i.e. gap in 1st two quarters may be of 180 days instead of 120 days.
- EGMs can be conducted through VC or OAVM etc. till 31.12.2021

FORM AGILE -PRO-S

- ❖ Rule 38A amended
- ❖ Form name changed from AGILE-PRO to AGILE-PRO-S
- ❖ Application for registration of GSTIN, ESIC, EPFO, Profession Tax Registration and Opening of Bank Account
- ❖ Facility to take shops and establishment registration at the time of incorporation has been introduced

INDEPENDENT DIRECTOR DATABASE

- ❖ Companies (Creation and Maintenance of databank of Independent Directors) Amendment Rules, 2021 amended
- ❖ “inclusion” of name added apart from renewal of name in data base.
- ❖ Sub-rule (8) inserted in Rule 3
- ❖ In case of delay for renewal or inclusion of name in data base, additional Rs. 1000/- to be charged

AMENDMENT IN IND AS

Changes due to COVID-19, Interest rate benchmark, certain terms, IFRS alignment

- 1.** Ind AS 101: First time adoption of Indian Accounting Standards
- 2.** Ind AS 102: Share Based Payment
- 3.** Ind AS 103: Business Combination
- 4.** Ind AS 104: Insurance Contracts
- 5.** Ind AS 105: Non-Current Assets Held For Sale And Discontinued Operations
- 6.** Ind AS 106: Exploration for and Evaluation of Mineral Resources
- 7.** Ind AS 107: Financial Instruments: Recognition, Presentation and Disclosure
- 8.** Ind AS 109: Financial Instruments
- 9.** Ind AS 111: Joint Arrangements

AMENDMENT IN IND AS

- 10.** Ind AS 114: Regulatory Deferral Accounts
- 11.** Ind AS 115: Revenue from Contracts with Customers
- 12.** Ind AS 116: Leases
- 13.** Ind AS 01: Presentation of Financial Statements
- 14.** Ind AS 08: Accounting Policies, Changes in Accounting Estimates and Errors
- 15.** Ind AS 12: Income Taxes
- 16.** Ind AS 16: Property, Plant and Equipment
- 17.** Ind AS 27: Separate Financial Statements
- 18.** Ind AS 28: Investments in Associates and Joint Ventures
- 19.** Ind AS 34: Interim Financial Reporting
- 20.** Ind AS 37: Provisions, Contingent Liabilities and Contingent Assets
- 21.** Ind AS 38: Intangible Assets
- 22.** Ind AS 40: Investment Property

AS

- **Companies (Accounting Standards) Rules, 2021 notified vide notification dated 23.06.2021**
- **Effective for accounting periods commencing on or after 1st April, 2021**
- **These would replace Companies (Accounting Standards) Rules, 2006**

CSR COMPLIANCE

- Co. to constitute CSR Committee & spend at least 2% of average net profits of company made during 3 immediately preceding FYs, if during immediately preceding FY:
 - Net worth of Rs. 500 Cr. or more, or
 - Turnover of Rs. 1000 Cr. or more, or
 - Net profit of rupees Rs. 5 Cr or more
- If not spent:
 - Not a ongoing project - trf to Sch. VII fund in 6 months
 - Ongoing Project – trf within 30 days to special A/c – spend within 3 years. If not trf to Sch. VII fund in 30 days

CA. Pramod Jain

Audit Trail



SCHEDULE III

- ❖ Division I
 - ❖ Companies (Accounting Standard) Rule 2006
- ❖ Division II
 - ❖ Ind AS
- ❖ Division III
 - ❖ NBFC – Ind AS

CHANGES IN DIVISION -I

- ❖ **General Instructions – 1**
- ❖ **Balance Sheet – 1**
- ❖ **General Instructions for B/s - > 25**
- ❖ **Statement of PL – 1**
- ❖ **General Instruction for S of PL - 4**

CHANGES IN DIVISION -II

- ❖ General Instructions – 1
- ❖ Balance Sheet – 2
- ❖ Statement for Changes in Equity – substituted
- ❖ General Instructions for B/s - > 28
- ❖ General Instruction for S of PL - 4

CHANGES IN DIVISION -III

- ❖ **Statement for Changes in Equity – substituted**
- ❖ **General Instructions for B/s - > 23**
- ❖ **General Instruction for S of PL - 3**

CHANGES – B/S

- ❖ Rounding-Off – Turnover to Total Income
- ❖ Heading of PPE corrected
 - II. ASSETS
 - Non-current assets
 - (1) (a) Property, Plant & Equipment and Intangible assets
 - (i) ~~Tangible assets~~ Property, Plant & Equipment
- ❖ Promoters' shareholding & changes during the year
- ❖ “Current Maturities of Long term borrowings” reclassified as Short Term Borrowings instead of Current Liabilities

CHANGES – B/S

- ❖ Security Deposits reclassified as Other Non-current assets instead of Long-Term Loans & advances
- ❖ Trade Payables Ageing – MSME / Disputed
- ❖ Trade Receivable Ageing – Disputed / Doubtful / Unbilled Dues
- ❖ CWIP / Intangible Asset under Development ageing – In Progress / temporarily suspended - overdue or has exceeded its cost compared to its original plan CWIP separately (ageing of to be completed)
- ❖ In PPE / Intangible Asset Reco. - amt of change due to revaluation (if change is 10% or more in aggregate of net carrying value of each class of PPE) added

CHANGES – B/S

- ❖ Title deeds of Immovable Property not held in name of the Company – Includes ...if held in name of promoter, director or relative of promoter / director or employee of promoter / director – **CARO – Cl. – 1(c)**
- ❖ In case of revaluation of PPE – valuation by a registered valuer – **CARO – Cl. – 1(d)**
- ❖ Loans or Advances in nature of loans **granted** to promoters, directors, KMPs & related parties (Companies Act) either severally or jointly - repayable on demand or without specifying any terms / period of repayment... along with % to total advances – AS 18, S. 186(4) – **CARO – Cl. – 3(f)**

CHANGES – B/S

- ❖ Where company has not used borrowings from banks & FIs for specific purpose for which it was taken at B/S date - Details of where used – **CARO – Cl. – 9(c)**
– **For TL only**
- ❖ Benami Property – to be given only where any proceedings have been initiated or pending against the company – **CARO – Cl. – 1 (e)**
- ❖ Where the Company has borrowings from banks or FIs against current assets - Quarterly returns filed are in agreement with books of accounts - if not, summary of reconciliation & reasons of material discrepancies – **CARO – Cl. 2(b) – 5 Cr**

CHANGES – B/S

✦ Ratios along with numerator & denominator -
explanation if variation > 25% - **CARO – cl. (19)**

1. Current Ratio
2. Debt-Equity Ratio
3. Debt Service Coverage Ratio
4. Return on Equity Ratio
5. Inventory turnover ratio
6. Trade Receivables turnover ratio
7. Trade payables turnover ratio
8. Net capital turnover ratio,
9. Net profit ratio,
10. Return on Capital employed
11. Return on investment.

CHANGES – B/S

- ❖ Details where a company is a declared wilful defaulter by any bank / FI / other – CARO – Cl. - 9(b)
- ❖ Details of utilisation of Borrowed funds and share premium – CARO – Cl. 9(e) & 9(f)
 - ❖ Where company has advanced.. to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding (whether recorded in writing or otherwise) that the Intermediary shall:
 - ❖ directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
 - ❖ provide any guarantee, security or the like to or on behalf of Ultimate Beneficiaries
- ❖ Similar – where company has borrowed....

CHANGES – B/S

- ❖ Relationship with struck-off Company – Investment, Drs, Crs, Shareholders, Others
- ❖ Any charges or satisfaction yet to be registered with Registrar of Companies beyond the statutory period, details and reasons thereof.
- ❖ Compliance with number of layers of companies
- ❖ Compliance with approved Scheme(s) of Arrangements – accounting in books of account 'in accordance with the Scheme' and 'in accordance with accounting standards' and deviation, if any

CHANGES – PL

- ❖ Total Revenue – Total Income
- ❖ Revenue from operations to include - Grants or donations received (relevant in case of s. 8 co. only)
- ❖ Undisclosed income - not recorded in books of a/cs which are surrendered or disclosed as income during the year under Income Tax, unless immunity under scheme - also whether previously unrecorded income & related assets have been properly recorded in books of a/c during the year. – **CARO – Cl. (8)**
- ❖ Details where the Company has traded or invested in Crypto currency or Virtual Currency

CHANGES – PL

✦ Corporate Social Responsibility (CSR) – CARO – Cl. 20

1. Amount required to be spent during the year,
2. Amount of expenditure incurred,
3. Shortfall at the end of the year,
4. Total of previous years shortfall,
5. Reason for shortfall,
6. Nature of CSR activities,
7. Details of related party transactions
8. Where a provision is made with respect to a liability incurred by entering into a contractual obligation, the movements in the provision during the year should be shown separately.

CHANGES – DIV II & III

- ❖ Mostly same as Division I
- ❖ In Financial Liabilities – addition of Lease Liabilities
- ❖ Statement for Changes in Equity substituted – additional disclosure in changes in equity due to prior period errors and restated balance at the beginning of the reporting year – also disclose the same for the previous reporting period. Also details of other equity for prior reporting period.
- ❖ Fair Value of Investment Property, Revaluations by RV only – **CARO – Cl.- 1**

CHANGES – III

- Ratios for NBFCs :
 1. Capital to risk-weighted assets ratio (CRAR)
 2. Tier I CRAR
 3. Tier II CRAR
 4. Liquidity Coverage Ratio

THANKS



STAY SAFE AND STAY POSITIVE

CA. Pramod Jain

pramodjain@lunawat.com

+91 9811073867



© 2021 CA. Pramod Jain, Lunawat & Co.