

CORPORATE AND OTHER LAWS (COMPANIES ACT, 2013)
(CONSOLIDATED AMENDMENTS FOR NOVEMBER 2021 EXAM)

CHAPTER – 1 – PRELIMINARY

PAGE NO. 17 – NOMINATION BY THE SUBSCRIBER OR MEMBER OF ONE PERSON COMPANY

Last two Paras shall be substituted by the Following two Paras:

It may be noted that only a natural person who is an Indian citizen *whether resident in India or otherwise* —

- shall be eligible to incorporate a One Person Company;
- shall be a nominee for the sole member of a One Person Company.

Here, the term "resident in India" means a person who has stayed in India for a period of not less than *one hundred and twenty days* during the immediately preceding financial year.

PAGE NO. 19 – DEFINITION AND MEANING OF SMALL COMPANY

First Para shall be substituted by the Following Para:

The term 'small company' has been defined under **Section 2(85) of Companies Act, 2013.**

As per this, small company means a company, **other than a public company,**—

- (i) paid-up share capital of which does not exceed **two crore rupees** or such higher amount as may be prescribed which shall not be more than **ten crore rupees; and**
- (ii) turnover of which, as per profit and loss account for the immediately preceding financial year, does not exceed **twenty crore rupees** or such higher amount as may be prescribed which shall not be more than **one hundred crore rupees:**

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CHAPTER – 2 – INCORPORATION OF COMPANY

PAGE NO. 3 – RESERVATION OF NAME

In both the paragraphs, Form RUN (Reserve Unique Name) shall be replaced by the following form:

SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: INC-32)

PAGE NO. 4 – FILING OF DOCUMENTS WITH THE REGISTRAR OF COMPANIES

In the **FIRST** paragraph, Form No. INC.32 (SPICe) shall be replaced by the following form:

SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: INC-32)

PAGE NO. 6 – SIMPLIFIED PROFORMA FOR INCORPORATING COMPANY ELECTRONICALLY (SPICe) [RULE 38]

Changes in heading and other Changes

Entire Amended Topic is as follows:

SIMPLIFIED PROFORMA FOR INCORPORATING COMPANY ELECTRONICALLY PLUS (SPICe+) [RULE 38]

Under Simplified Integrated Process for incorporation of a Company Electronically Plus (SPICe+), the application for allotment of Director Identification Number upto three Directors, reservation of a name, incorporation of company and particulars of appointment of maximum three Directors of the proposed company shall be filed in Integrated **Form No. SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: INC-32), for One Person Company, Private Company, Public Company and Section 8 Company**, with the **Registrar of Companies**, within whose jurisdiction the registered office of the company is proposed to be situated, along with the fee of rupees five hundred in addition to the registration fee as specified in Companies (Registration of Offices and Fees) Rules, 2014.

It may be noted that in case of companies incorporated, with effect from **26/01/2018**, with a nominal capital of less than or equal to fifteen (15) lacs or in respect of companies not having a share capital whose number of members as stated in the Articles of Association does not exceed twenty (20), fees on **SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: INC-32)** shall not be applicable.

The promoter or applicant of the proposed company shall propose only one name in **SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: INC-32)**. However, where an applicant has applied for reservation of a name and which has been approved therein, he may fill the reserved name as proposed name of the company.

In this method, the promoter or applicant of the proposed company shall prepare e-

Memorandum of Association as per **Form No. INC-33** and e-Articles of Association as per **Form No. INC-34**. However in the case of a Section 8 Company, Memorandum of Association shall be as per **Form No. INC-13** and Articles of Association shall be as per **Form No. INC-31**.

It may be noted that the facility to file application under Simplified Integrated Process for Incorporating Company Electronically Plus (SPICe+) in Form INC-32 is available as an option to the process for separate applications for allotment of Director Identification Number, reservation of name and Incorporation of a company.

PAGE NO. 6 - APPLICATION FOR REGISTRATION OF GOODS AND SERVICE TAX IDENTIFICATION NUMBER (GSTIN), EMPLOYEES' PROVIDENT FUND ORGANIZATION (EPFO) REGISTRATION AND EMPLOYEES' STATE INSURANCE CORPORATION (ESIC) REGISTRATION [RULE 38A]

Changes in heading and other Changes

Entire Amended Topic is as follows:

APPLICATION FOR REGISTRATION OF GOODS AND SERVICE TAX IDENTIFICATION NUMBER (GSTIN), EMPLOYEES' PROVIDENT FUND ORGANIZATION (EPFO) REGISTRATION, EMPLOYEES' STATE INSURANCE CORPORATION (ESIC) REGISTRATION AND PROFESSIONAL TAX REGISTRATION AND OPENING OF BANK ACCOUNT [RULE 38A]

The application for incorporation of a company under Rule 38 shall be accompanied by **e-form AGILE-PRO (INC-35)**, containing an application for registration of the following numbers, namely:

- (a) GOODS AND SERVICE TAX IDENTIFICATION NUMBER (GSTIN);
- (b) EMPLOYEES' PROVIDENT FUND ORGANIZATION (EPFO);
- (c) EMPLOYEES' STATE INSURANCE CORPORATION (ESIC);
- (d) PROFESSIONAL TAX REGISTRATION;
- (e) OPENING OF BANK ACCOUNT.

PAGE NO. 7 - ACTIVE COMPANY TAGGING IDENTITIES AND VERIFICATION [RULE 25A]

**Substitution of Following New Point No. (iii) in place of existing Point No. (iii):
(iii) DIR-12 (changes in Director except in case of:**

- (a) cessation of any director; or
- (b) appointment of directors in such company where the total number of directors are less than the minimum number provided in clause (a) of sub-section (1) of section 149 on account of disqualification of all or any of the director under section 164; or
- (c) appointment of any director in such company where DINs of all or any its director(s) have been deactivated; or
- (d) appointment of director(s) for implementation of the order passed by the Court or NCLT or NCLAT under the provisions of this Act or under the Insolvency and Bankruptcy Code, 2016;

PAGE NO. 18 – CHANGE OF NAME [SECTION 13]

The following words shall be added in the last of the last para:

and application shall be made **in the form RUN (Reserve Unique Name)**, rather than the Form SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus:INC-32), which is used at the time of incorporation of the company.

PAGE NO. 20 – SHIFTING OF R.O. – 3RD CASE

The Second Para shall be substituted by the following Para:

The confirmation of Regional Director shall be communicated within a period of **15 days** from the date of receipt of application and the company shall file the confirmation with the Registrar within a period of **30 days** of the date of confirmation who shall register the same and certify the registration within a period of 30 days from the date of filing of such confirmation.

PAGE NO. 25 – COMPULSORY CONVERSION OF ONE PERSON COMPANY INTO A PUBLIC COMPANY OR A PRIVATE COMPANY

Entire Topic shall be substituted by the following Topic:

Conversion of One Person Company into a Public Company or a Private Company

The One Person Company (OPC) shall alter its memorandum and articles by passing a resolution in accordance with sub-section (3) of section 122 of the Act to give effect to the conversion and to make necessary changes incidental thereto.

A One Person company may be converted into a Private or Public Company, other than a company registered under section 8 of the Act, after increasing the minimum number of members and directors to two or seven members and two or three directors, as the case may be, and maintaining the minimum paid-up capital as per the requirements of the Act for such class of company and by making due compliance of section 18 of the Act for conversion.

The company shall file an application in **e-Form No. INC-6** for its conversion into Private or Public Company, other than under section 8 of the Act, along with fees as provided in the Companies (Registration offices and fees) Rules, 2014 by attaching documents, namely:-

- (a) Altered MOA and AOA;
- (b) copy of resolution;
- (c) the list of proposed members and its directors along with consent;
- (d) list of creditors; and
- (e) the latest audited balance sheet and profit and loss account.

On being satisfied that the requirements stated herein have been complied with, the Registrar shall approve the form and issue the Certificate.

PAGE NO. 26 - VOLUNTARY CONVERSION OF OPC INTO A PUBLIC COMPANY OR A PRIVATE COMPANY

This Topic has been Omitted.

PAGE NO. 26 - CONVERSION OF PRIVATE COMPANY INTO ONE PERSON COMPANY (OPC)

Entire Topic shall be substituted by the following Topic:

Conversion of Private Company into One Person Company (OPC)

A private company, other than a company registered under section 8 (non-profit company) of the Act, may convert itself into one person company by passing a special resolution in the general meeting.

Before passing such resolution, the company shall obtain No objection in writing from members and creditors.

The private company shall file copy of the special resolution with the Registrar of Companies within thirty days from the date of passing such resolution in **Form No. MGT. 14**.

The company shall file an application in **Form No. INC.6** for its conversion into One Person Company along with fees as provided in the Companies (Registration offices and fees) Rules, 2014, by attaching the following documents, namely:—

- The directors of the company shall give a declaration by way of affidavit duly sworn in confirming that all members and creditors of the company have given their consent for conversion;
- the list of members and list of creditors;
- the latest Audited Balance Sheet and the Profit and Loss Account; and
- the copy of No Objection letter of secured creditors.

On being satisfied and complied with requirements stated herein the Registrar shall issue the Revised Certificate of Incorporation, mentioning that now it has become a One Person Company.

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CHAPTER – 3 – PROSPECTUS & ALLOTMENT OF SECURITIES

PAGE NO. -2 & 3 - REGISTRATION OF PROSPECTUS [SECTION 26]

Changes in heading and on Page Nos. 2 & 3

Entire Amended Topic is as follows:

Filing of Prospectus with ROC [Section 26]

A copy of prospectus must be filed with the Registrar on or before its publication. The copy sent for filing must be signed by every person who is named in the prospectus as a director or a proposed director of the company or by his duly authorized agent.

The following documents must be attached to the copy of prospectus filed with the ROC :-

- (i) the consent of the expert mentioned in the prospectus, if his report is included in the prospectus;
- (ii) the consent in writing of the persons, if any, named in the prospectus as the auditor, legal advisor, attorney etc. to the issue or broker of the company to act in that capacity; and
- (iii) a copy of the underwriting agreement, if any.

The prospectus must contain a statement that a copy has been filed with the ROC, also indicating the requisite documents (giving names) delivered with it.

The prospectus must be issued within 90 days of filing of a copy of the same to the ROC, either by newspaper advertisement or otherwise.

PAGE NO. 3 - WHEN REGISTRAR MUST REFUSE REGISTRATION OF PROSPECTUS

Omitted

PAGE NO. 3 & 4 - ABRIDGED PROSPECTUS

Omitted

PAGE NO. 7 - POWERS OF SEBI

Omitted

PAGE NO. 7 - PUBLIC OFFER OF SECURITIES TO BE IN DEMATERIALIZED FORM [SECTION 29]

Entire Amended Topic is as follows:

This section mandates that every company making public offer and every unlisted public company ***and such other class or classes of companies as may be prescribed***, shall issue the securities only through dematerialized form. Other companies may issue securities in physical or in dematerialized form.

PAGE NO. 8 - ISSUE OF SECURITIES IN DEMATERIALIZED FORM BY UNLISTED PUBLIC COMPANIES [RULE 9A]

Substitution of Following New Para No. 4 in place of existing Para No. 4:

Every unlisted public company governed by this rule shall submit Form PAS-6 to the Registrar with such fee as provided in Companies (Registration Offices and Fees) Rules, 2014 within sixty days from the conclusion of each half year duly certified by a company secretary in practice or chartered accountant in practice. The company shall immediately bring to the notice of the depositories any difference observed in its issued capital and the aggregate of capital held in dematerialised form and physical form.

PAGE NO. 8 - PUNISHMENT FOR IMPERSONATION

Omitted

PAGE NO. 12 & 13 - GLOBAL DEPOSITORY RECEIPT

Entire Topic Omitted

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CHAPTER – 4 – SHARE CAPITAL & DEBENTURES

PAGE NO. 3 – EQUITY SHARES WITH DIFFERENTIAL RIGHTS

- (i) **Point No. 2 Omitted.**
- (ii) **Substitution of Following New Point No. 3 in place of existing Point No. 4:**
 - 3) The voting power in respect of shares with differential rights of the company shall not exceed seventy four percent of total voting power including voting power in respect of equity shares with differential rights issued at any point of time;

PAGE NO. 7 – BUY-BACK OF SHARES AND SECURITIES [SECS. 68, 69 & 70]

Substitution of Following New Point No. 11 in place of existing Point No. 11:

- 11. In case of default, the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees and every officer of the company who is in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees.

PAGE NO. 10 – SWEAT EQUITY SHARES

Substitution of Following New Point No. 4 in place of existing Point No. 4:

- 4. The company shall not issue sweat equity shares for more than 15% of the existing paid-up equity share capital in a year or shares of the issue value of Rs.5 Crores, **whichever is higher**, subject to a maximum of 25% of paid-up equity share capital at any time. However, a startup company may issue sweat equity shares not exceeding 50% of its paid-up share capital upto **ten years** from the date of its incorporation or registration;

PAGE NO. 11 - RIGHTS ISSUE OF SHARES [SECTION 62(1)(a)]

Substitution of Para 3 by the Following Para:

The Company must give notice, by sending *letter of offer*, to each of the equity shareholders, giving him option to take the shares offered to him by the company. *The notice so referred shall be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the offer.* The shareholder must be informed of the number of shares he has option to buy, giving him at least 15 *or such lesser number of days as may be prescribed, which shall not be less than 7 days*, and not more than 30 days, to decide. If the shareholder does not convey to the company his acceptance of the company's offer of further shares, he shall be deemed to have declined the offer.

PAGE NO. 32 – NUMBERING OF SHARES

Omitted.

PAGE NO. 53 – DEBENTURE REDEMPTION RESERVE (DRR)

Entire Existing Topic to be substituted by the Following New Provision:

The company shall create a Debenture Redemption Reserve for the purpose of redemption of debentures and invest or deposit sum in respect of debentures maturing during the year ending on the 31st day of March of next year, in accordance with the conditions given below—

- (a) The Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;
- (b) The limits with respect to adequacy of Debenture Redemption Reserve and investment or deposits, as the case may be, shall be as under:-
 - (i) Debenture Redemption Reserve is not required for debentures issued by All India Financial Institutions regulated by RBI and Banking Companies for both public as well as privately placed debentures;
 - (ii) For other Financial Institutions within the meaning of Section 2(72) of Companies Act, 2013, Debenture Redemption Reserve shall be as applicable to Non-Banking Finance Companies registered with RBI;
 - (iii) For listed companies (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)), Debenture Redemption Reserve is not required in the following cases -
 - (A) in case of public issue of debentures -
 - A. for NBFCs registered with RBI under section 45- IA of the RBI Act, 1934 and for Housing Finance Companies registered with National Housing Bank;
 - B. for other listed companies;
 - (B) in case of privately placed debentures, for companies specified in sub items A and B.
 - (iv) for unlisted companies, (other than All India Financial Institutions and Banking Companies as specified in sub-clause (i)) -
 - (A) for NBFCs registered with RBI under section 45-IA of the Reserve Bank of India Act, 1934 and for Housing Finance Companies registered with National Housing Bank, Debenture Redemption Reserve is not required in case of privately placed debentures.
 - (B) for other unlisted companies, the adequacy of Debenture Redemption Reserve shall be ten percent of the value of the outstanding debentures;

(v) In case a company is covered in item (A) of sub-clause (iii) of clause (b) or item (B) of sub-clause (iv) of clause (b), it shall on or before the 30th day of April in each year, in respect of debentures issued by such a company, invest or deposit, as the case may be, a sum which shall not be less than fifteen per cent, of the amount of its debentures maturing during the year, ending on the 31st day of March of the next year in any one or more methods of investments or deposits as provided in sub-clause (vi):

Provided that the amount remaining invested or deposited, as the case may be, shall not at any time fall below fifteen per cent of the amount of the debentures maturing during the year ending on 31st day of March of that year.

(vi) for the purpose of sub-clause (v), the investments, as the case may be, are as follows:

(A) in deposits with any scheduled bank, free from charge or lien;

(B) in unencumbered securities of the Central Government or any State Government;

(C) in unencumbered securities mentioned in Section 20 of the Indian Trusts Act, 1882;

(D) in unencumbered bonds issued by any other company which is notified under Section 20 of the Indian Trusts Act, 1882 :

Provided that the amount invested or deposited as above shall not be used for any purpose other than for redemption of debentures maturing during the year referred above.

(c) In case of partly convertible debentures, Debenture Redemption Reserve shall be created in respect of non-convertible portion of debenture issue in accordance with this sub-rule.

(d) The amount credited to the Debenture Redemption Reserve shall not be utilised by the company except for the purpose of redemption of debentures.

PAGE NO. 54 – FAILURE IN REDEMPTION OF DEBENTURES

Last Para regarding Penalty has been Omitted.

PAGE NO. 55 & 56 – NOMINATION OF SECURITIES

Entire Topic Omitted.

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CHAPTER – 5 – DEPOSITS

PAGE NO. 3 - DEFINITION OF DEPOSIT [RULE 2(1)(C)]

In **point no. 'q'**, the words 'five years' shall be replaced by the words "**ten years**".

PAGE NO. 4 - CEILING LIMITS FOR ACCEPTANCE OF DEPOSITS [RULE 3(3),(4)&(5)]

In Para 3 **point no. 'A'**, the words 'five years' shall be replaced by the words "**ten years**".

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CHAPTER – 6 – REGISTRATION OF CHARGES

PAGE NO. 3 - CONSEQUENCES OF NON – REGISTRATION

Substitution of Following New Point (e) in place of existing Point (e):

(e) The company shall be liable to a penalty of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees. [Sec. 86(1)]

PAGE NO. 3 – REGISTRAR’S REGISTER OF CHARGES [SECTION 81]

Omitted.

PAGE NO. 4 – COMPANY’S REGISTER OF CHARGES [SECTION 85]

Omitted.

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CHAPTER – 7 – MANAGEMENT & ADMINISTRATION

PAGE NO. 2 – REGISTER OF MEMBERS, ETC [SECTION 88]

Substitution of Following New Last Para in place of existing Last Para:

If a company does not maintain a register of members or debenture-holders or other security holders or fails to maintain them in accordance with the aforesaid provisions, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.

PAGE NO. 4 – RECTIFICATION OF REGISTER OF MEMBERS [SECTION 59]

Last Para regarding Penalty has been Omitted.

PAGE NO. 5 – ANNUAL RETURN [SECTION 92]

1. **Clause (c)** has been Omitted.
2. **In clause (j)**, the words “indicating their names, addresses, countries of incorporation, registration and percentage of shareholding held by them” has been Omitted.
3. **Following New Para shall be added at the Last (Second Para):**
However, One Person Company (OPC) and Small Company shall file the Annual Return in Form No. MGT-7A (Abridged Annual Return).

PAGE NO. 6 – ANNUAL RETURN [SECTION 92]

Substitution of Following New Second Para from the Top in place of existing Second Para from the Top:

Every Company shall place a copy of the Annual Return on the web-site of the company, if any, and the web link of such Annual Return shall be disclosed in the Directors’ Report referred to in Section 134. Otherwise, the extract of the Annual Return, in Form MGT.9, shall be attached with the Directors’ Report.

PAGE NO. 21 – CANVASSING FOR APPOINTMENT OF PROXY

Substitution of Following New Topic in place of existing Topic:

A company shall not issue any invitation at its expense to a member who is entitled to have the notice of a meeting to appoint numbers of persons specified therein as his proxy. ***In the case of default, every officer of the company who issued the invitation shall be liable to a penalty of fifty thousand rupees.***

However, an officer shall not be so ***liable*** if the following two conditions are fulfilled :-

- (i) that officer issued a list of persons willing to act as proxies to a member at his written request; and
- (ii) that the said list is available on request in writing to every member entitled to vote at the meeting by proxy.

Substitution of Following New Last Para in place of existing Last Para:

If a company fails to file the resolution or the agreement *before the expiry of 30 days* from the date of passing the resolution or executing the agreement, as the case may be, the company shall be liable to a penalty of *ten thousand rupees* and in case of continuing failure, with a further penalty of *Rs. 100/-* for each day during which such failure continues, subject to a maximum of *two lakh rupees* and every officer of the company who is in default, including liquidator of the company, if any, shall be liable to a penalty of *ten thousand rupees* and in case of continuing failure, with further penalty of *Rs. 100/-* for each day during which such failure continues, subject to a maximum of *fifty thousand rupees*.

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CHAPTER – 8 – DECLARATION AND PAYMENT OF DIVIDEND

**PAGE NO. 3-4 – UNPAID AND UNCLAIMED DIVIDEND AND ITS PAYMENT
[SECTION124]**

Substitution of Following New Last Para in place of existing Last Para:

If a company fails to comply with any of the requirements of this section, such company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day after the first during which such failure continues, subject to a maximum of ten lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of one hundred rupees for each day after the first during which such failure continues, subject to a maximum of two lakh rupees.

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CHAPTER – 9 – ACCOUNTS OF COMPANIES

PAGE NO. 3 – PERSONS RESPONSIBLE FOR KEEPING THE BOOKS OF ACCOUNTS

Substitution of Following New Last Para in place of existing Last Para:

In case the aforementioned persons (i.e. MD, WTD, CFO etc.) fail to take reasonable steps to secure compliance of this section and thus, contravene such provisions, they shall in respect of each offence, be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees.

PAGE NO. 3 – MAINTENANCE OF BOOKS OF ACCOUNT IN ELECTRONIC FORM

Following New Para shall be added at the Last:

It may further be noted that for the financial year commencing **on or after the 1st day of April, 2022**, every company, which uses accounting software for maintaining its books of account, shall use only such accounting software which has a feature of recording audit trail of each and every transaction, creating an edit log of each change made in books of account along with the date when such changes were made and ensuring that the audit trail cannot be disabled.

PAGE NO. 6 – NFRA - Introduction

Following Para Added in between existing Para 1 and Para 2:

The National Financial Reporting Authority shall perform its functions **through such divisions as may be prescribed.**

PAGE NO. 6 – NFRA – Composition of NFRA

Following Two Paras Added in between existing Para 1 and Para 2:

Each **division** of the National Financial Reporting Authority shall be presided over by the Chairperson or a full-time Member authorised by the Chairperson.

There shall be an executive body of the National Financial Reporting Authority consisting of the Chairperson and full-time Members of such Authority for efficient discharge of its functions.

PAGE NO. 10 – PENALTY

Substitution of Following New Para in place of existing Para:

If a company is in default in complying with the provisions of Section 134, the company shall be liable to a penalty of three lakh rupees and every officer of the company who is in default shall be liable to a penalty of fifty thousand rupees.

Entire Topic shall be substituted by the following Topic:

CORPORATE SOCIAL RESPONSIBILITY (CSR) [SECTION 135]

This **new section** has made it mandatory for every company with specified criteria to contribute towards corporate social responsibility ('CSR'). Thus, every company, whether listed or unlisted which has a net worth of Rs. 500 crore or more or a turnover of Rs. 1,000 crore or more or net profit of Rs. 5 crore or more, during the immediately preceding financial year, shall constitute a Corporate Social Responsibility (CSR) Committee to, inter alia, formulate and monitor the CSR policy of the company.

It may be noted that CSR Committee shall comprise of three or more directors, out of which at least one director shall be an Independent Director. However where a company is not required to appoint Independent Director, it shall have in its CSR Committee any two or more directors.

It may further be noted that where the amount to be spent by a company under this Section does not exceed fifty lakh rupees, the aforesaid requirement for constitution of the Corporate Social Responsibility Committee shall not be applicable and the functions of such Committee provided under this section shall, in such cases, be discharged by the Board of Directors of such company.

A company which satisfies any one of these limits shall, in every financial year, spend at least two per cent of the average '**net profits**' of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years, in pursuance of its Corporate Social Responsibility Policy, towards one or more CSR activities prescribed under Schedule VII to the Companies Act, 2013. ***Here, 'net profit' means Profit before Tax (PBT) calculated as per Section 198 and shall not include such sums as may be prescribed.***

It may be noted that if the company fails to spend such amount, the Board shall, in its report made under Section 134, specify the reasons for not spending the amount and, unless the unspent amount relates to any on-going project, transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year.

Any amount remaining unspent under this Section, pursuant to any on-going project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year.

It may further be noted that if the company spends an amount in excess of the requirements provided under this section, such company may set off such excess amount against the requirement to spend under this section for such number of succeeding financial years and in such manner, as may be prescribed.

If a company is in default in complying with the provisions of Section 135, the company shall be liable to a penalty of twice the amount required to be transferred by the company to the Fund specified in Schedule VII or the Unspent Corporate Social Responsibility Account, as the case may be, or one crore rupees, whichever is less, and every officer of the company who is in default shall be liable to a penalty of one-tenth of the amount required to be transferred by the company to such Fund specified in Schedule VII, or the Unspent Corporate Social Responsibility Account, as the case may be, or two lakh rupees, whichever is less.

PAGE NO. 11- ACTIVITIES WHICH MAY BE INCLUDED BY COMPANIES IN THEIR CORPORATE SOCIAL RESPONSIBILITY POLICIES [SCHEDULE VII OF COMPANIES ACT, 2013]

Entire Topic shall be substituted by the following Topic:

Activities which may be included by Companies in their Corporate Social Responsibility Policies [Schedule VII of Companies Act, 2013]

Activities relating to :-

- (i) Eradicating hunger, poverty and malnutrition, including contribution to the Swachh Bharat Kosh set-up by the Central Government for the promotion of sanitation and making available safe drinking water.
- (ii) Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;
- (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans: setting up old age homes, day care centres;
- (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agro-forestry, conservation of natural resources and maintaining quality of soil, air and water including contribution to the Clean Ganga Fund;
- (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;
- (vi) *Measures for the benefit of armed forces veterans, war widows and their dependents, Central Armed Police Forces (CAPF) and Central Para Military Forces (CPMF) veterans, and their dependents including widows;*
- (vii) Training to promote rural sports, nationally recognized sports, para-olympic sports and Olympic sports;
- (viii) Contribution to the Prime Minister's National Relief Fund or **Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES FUND)** or any other fund set up by the Central Government for socio-economic development and relief and welfare of the Scheduled Castes, the Schedules Tribes, other backward classes, minorities and women;

- (ix) (a) Contribution to incubators or research and development projects in the field of science, technology, engineering and medicine, funded by Central Government or State Government or Public Sector Undertaking or any agency of Central Government or State Government; and
(b) Contributions to public funded Universities, Indian Institute of Technology (IITs), National Laboratories and autonomous bodies established under Department of Atomic Energy (DAE), Department of Biotechnology (DBT), Department of Science and Technology (DST), Department of Pharmaceuticals, Ministry of Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy (AYUSH), Ministry of Electronics and Information Technology and other bodies, namely, Defence Research and Development Organisation (DRDO), Indian Council of Agricultural Research (ICAR), Indian Council of Medical Research (ICMR) and Council of Scientific and Industrial Research (CSIR), engaged in conducting research in science, technology, engineering and medicine aimed at promoting Sustainable Development Goals (SDGs);
- (x) Rural development projects;
- (xi) Slum area development;
- (xii) Disaster management, including relief, rehabilitation and reconstruction activities.

It may be noted that spending of CSR Funds for ‘Setting up make-shift Hospitals and temporary COVID-Care Facilities’ is an eligible CSR activity under Item Nos. (i) and (xii).

PAGE NO. 13 – FILING OF FINANCIAL STATEMENT WITH THE REGISTRAR [SECTION 137]

(i) Following Para Added in between existing Para 1 and Para 2:

It may be noted that every Non-Banking Financial Company (NBFC) that is required to comply with Indian Accounting Standards (Ind AS) shall file the financial statements with Registrar together with Form AOC-4 NBFC (Ind AS) and the consolidated financial statement, if any, with Form AOC-4 CFS NBFC (Ind AS).

(ii) Substitution of Following New Last Para in place of existing Last Para:

If a company fails to comply with the requirement of submission of financial statement before Registrar, 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 after the first during which such failure continues, subject to a maximum of two lakh rupees. The managing director and CFO if any, and, in the absence of such managing director or CFO, any other director who is charged by the Board with the responsibility of complying with the provisions of this section, in the absence of such director, all directors of 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 after the first during which such failure continues, subject to a maximum of fifty thousand rupees.

***CORPORATE AND OTHER LAWS (COMPANIES ACT, 2013)
(CONSOLIDATED AMENDMENTS FOR NOVEMBER 2021 EXAM)***

CHAPTER – 10 – AUDIT & AUDITORS

PAGE NO. 6 – RESIGNATION BY AN AUDITOR

In **Last Para**, the words ‘Rs. 5 lacs’ shall be replaced by the words “**Rs. 2 lacs**”.