

## PAPER – 2: CORPORATE AND OTHER LAWS

### Applicability for November, 2022 examinations

The Study Material (September 2021 edition) is applicable for November, 2022 examinations. This study material is updated for all amendments till 30<sup>th</sup> April, 2021.

Further, all relevant amendments/ circulars/ notifications etc. in the Company law part for the period 1<sup>st</sup> May, 2021 to 30<sup>th</sup> April, 2022 are mentioned below:

### THE COMPANIES ACT, 2013

#### I. Chapter 2: Incorporation of company and matters incidental thereto

**Amendments related to** - Notification S.O. 2904(E) dated 22<sup>nd</sup> July, 2021

The Central Government has amended Section 16 of the Companies Act, 2013, through the Companies (Amendment) Act, 2020.

Amendment:

In **section 16** of the Companies Act, 2013:

- (i) in sub-section (1), in clause (b), for the words "period of six months", the words "period of three months" shall be substituted;
- (ii) for sub-section (3), the following sub-section shall be substituted, namely:—

"(3) If a company is in default in complying with any direction given under sub-section (1), the Central Government shall allot a new name to the company in such manner as may be prescribed and the Registrar shall enter the new name in the register of companies in place of the old name and issue a fresh certificate of incorporation with the new name, which the company shall use thereafter:

Provided that nothing in this sub-section shall prevent a company from subsequently changing its name in accordance with the provisions of section 13."

[Enforcement Date: 1st September, 2021]

For point (i)- Old Law (Pg 2.39)

(b) on an application by a registered proprietor of a trade mark that the name is identical with or too nearly resembles to a registered trade mark of such proprietor under the ..... it may direct the company to change its name and the company shall change its name or new name, as the case may be, within a period of 6 months from the issue of such direction, after adopting an ordinary resolution for the purpose.

For point (ii)- Old Law (Pg 2.39)

If a company makes default in complying with any direction—

Liabe person	Penalty/punishment	
Company	Fine of 1,000 rupees for every day during which the default continues	
Every Officer who is in default	Fine varying from 5,000 rupees to 1 lakh rupees.	

## II. Chapter 6: Registration of Charges

### Amendments related to - NOTIFICATION NO. G.S.R. 320 (E) dated 27<sup>th</sup> April, 2022

The Central Government has amended the Companies (Registration of Charges) Rules, 2014, through the Companies (Registration of Charges) Amendment Rules, 2022.

Amendment:

in rule 3, after sub-rule (4), the following sub-rule shall be inserted, namely:—

"(5) Nothing contained in this rule shall apply to any charge required to be created or modified by a banking company under section 77 in favour of the Reserve Bank of India when any loan or advance has been made to it under sub-clause (d) of clause (4) of section 17 of the Reserve Bank of India Act, 1934 (2 of 1934)."

Old Law (Pg 6.6)

Sub- rule (5) is Newly inserted

## III. Chapter 7: Management and Administration

### Amendments related to - Notification G.S.R. 279(E) dated 6<sup>th</sup> April, 2022

The Central Government has amended the Companies (Management and Administration) Rules, 2014, through the Companies (Management and Administration) Amendment Rules, 2022.

Amendment:

in **rule 14**, after sub-rule (2), the following sub-rule shall be inserted, namely: —

"(3) Notwithstanding anything contained in sub-rules (1) and (2), the following particulars of the register or index or return in respect of the members of a company shall not be made available for any inspection under sub-section (2) or for taking extracts or copies under sub-section (3) of section 94, namely: —

- (i) address or registered address (in case of a body corporate);
- (ii) e-mail ID
- (iii) Unique Identification Number
- (iv) PAN Number

Old Law (Pg 7.21)

Sub- rule (3) of Rule 14 is Newly inserted

#### **IV. Chapter 8: Declaration and Payment of Dividend**

**Amendments related to** - Notification G.S.R. 396(E) dated 9<sup>th</sup> June, 2021

The Central Government has amended the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, through the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2021.

Amendment:

In **rule 3**, in sub-rule (2), after clause (f), the following shall be inserted, namely:-

“(fa) all shares held by the Authority in accordance with proviso of sub-section (9) of section 90 of the Act and all the resultant benefits arising out of such shares, without any restrictions;”

Old Law (Pg 8.21)

Clause (fa) is Newly inserted

#### **V. Chapter 9: Accounts of companies**

**A.** The Ministry of Corporate Affairs have made a clarification with respect to CSR:

General Circular No. 09/2021 Dated 5th May, 2021

1. In continuation to this Ministry's General Circular No. 10/2020 dated 23.03.2020, wherein it was clarified that spending of CSR funds for COVID-19 is an eligible CSR activity, it is further clarified that spending of CSR funds for 'creating health infrastructure for COVID care', 'establishment of medical oxygen generation and storage plants', 'manufacturing and supply of Oxygen concentrators, ventilators, cylinders and other medical equipment for countering COVID-19' or similar such activities are eligible CSR activities under item nos. (i) and (xii) of Schedule VII of the Companies Act, 2013 relating to promotion of health care, including preventive health care, and, disaster management respectively.
2. Reference is also drawn to item no. (ix) of Schedule VII of the Companies Act, 2013 which permits contribution to specified research and development projects as well as contribution to public funded universities and certain Organisations engaged in conducting research in science, technology, engineering, and medicine as eligible CSR activities.
3. The companies including Government companies may undertake the activities or projects or programmes using CSR funds, directly by themselves or in collaboration as shared responsibility with other companies, subject to fulfillment of Companies

(CSR Policy) Rules, 2014 and the guidelines issued by this Ministry from time to time.

General Circular 13/2021 dated 30<sup>th</sup> July, 2021

The Ministry of Corporate Affairs vide General Circular 10/2020 dated 23.03.2020 clarified that spending of CSR funds for COVID- 19 is an eligible CSR activity. In continuation to the said circular, it is further clarified that spending of CSR funds of COVID- 19 vaccination for persons other than the employees and their families, is an eligible CSR activity under item no. (i) of Schedule VII of the Companies Act, 2013 relating to promotion of health care including preventive health care and item no. (xii) relating to disaster management.

Old Law (Pg 9.47)

The clarifications are newly inserted

**B. Amendments related to - Notification G.S.R. 107(E) dated 11th February 2022**

The Central Government has amended the Companies (Accounts) Rules, 2014, through the Companies (Accounts) Amendment Rules, 2022.

Amendment:

in **rule 12**, after sub-rule (1A), the following sub-rule shall be inserted, namely: —

"(1B) Every company covered under the provisions of sub-section (1) to section 135 shall furnish a report on Corporate Social Responsibility in Form CSR-2 to the Registrar for the preceding financial year (2020-2021) and onwards as an addendum to Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be:

Provided that for the preceding financial year (2020-2021), Form CSR-2 shall be filed separately on or before 31st March 2022<sup>1</sup>, after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be."

Old Law (Pg 9.54)

Rule (1B) is newly inserted

**C. Amendments related to - Notification G.S.R. 235(E) dated 31<sup>st</sup> March 2022**

The Central Government has amended the Companies (Accounts) Rules, 2014, through the Companies (Accounts) Second Amendment Rules, 2022.

Amendment:

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<sup>1</sup> Substituted for "31st May, 2022" by the [Companies \(Accounts\) Third Amendment Rules, 2022, w.e.f. 31-5-2022](#)

- (i) in the proviso to sub-rule (1) of **rule 3**, for the figures, letters and words "1st day of April, 2022", the figures, letters and words "1st day of April, 2023" shall be substituted.
- (ii) in the proviso to sub-rule (1B) of **rule 12**, for the figures, letters and word "31st March, 2022", the figures, letters and word "31st May, 2022" shall be substituted.

For point (i)- Old Law (Pg 9.5)

Provided 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

For point (ii)- Old Law (Pg 9.54)

Provided that for the preceding financial year (2020-2021), Form CSR-2 shall be filed separately on or before **31st March 2022**<sup>2</sup>, after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.

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<sup>2</sup> Substituted for "31st May, 2022" by the [Companies \(Accounts\) Third Amendment Rules, 2022, w.e.f. 31-5-2022](#)