

AMENDMENTS TO SCHEDULE III OF COMPANIES ACT 2013

N D A & Associates



Applicability

- MCA has issued a notification on 24th March 2021 making certain amendments in Schedule III of the Companies Act 2013.
- These amendments have been made with effect from 1st April 2021.
- Thus these amendments will apply from the accounting year beginning on or from 1st April 2021.
- Since previous year's figures are required to be given, corresponding disclosure as per these amendments shall also be required for the financial year 2020-21.



Applicability (Cont)

- Most of these amendments are applicable to all companies i.e. Companies covered by Accounting Standards, Companies covered by Indian Accounting Standards, Ind-AS Non Banking Financial Companies.
- In respect of some of these amendments, the auditors are also required to comment under CARO 2020 (issued on 25th February 2020 which will apply to the financial years commencing on or after 1st April 2021).



Rounding off of the figures

- Rounding off, which was optional till now, has been made mandatory.
- Criteria for rounding off has been changed from “turnover” to “total income”.
- In case of total income < Rs 100 crore – Figures to be rounded off to nearest of hundreds, thousands, lakhs or millions or decimals thereof.
- In case of total income \Rightarrow Rs 100 crores – Figures to be rounded off to nearest of lakhs, millions or crores or decimals thereof.



Change in nomenclature

- Heading of 'Property, Plant & Equipment' shall be renamed as 'Property, Plant & Equipment and Intangible Assets'
- Tangible Assets shall be renamed as Property, Plant & Equipment.
- In Statement of Profit and Loss, "Total Revenue" shall be renamed as "Total Income". In case of IndAS Companies, "Total Income" is already there.

Share Capital - Disclosure of shareholding of promoters

- Format of disclosure in case promoter is holding shares at the end of the year

Shares held by the promoter at the end of the year				
Sl No	Promoter Name	No. of Shares	% of total shares	% change during the year
Total				

Share Capital - Disclosure of shareholding of promoters (Cont)

- Promoter is as defined under the Act. Disclosure is required if the promoter is a shareholder.
- Separate disclosure for each class of shares
- Percentage change is to be computed with reference to the number of shares held at the beginning of the year.
- If issued for the first time during the year, percentage change is to be computed with respect to the date of issue.
- There is no requirement of disclosure if the promoter ceases to hold share at the year end.



Shifting from one head to another head

- Current maturity of long term borrowing which hitherto was disclosed under “Other Current Liabilities”/ “Other Financial Liabilities” shall now be disclosed under “Short term borrowings” in case of general company/ “Borrowings” under “Current Liabilities” in case of Ind-AS companies.
- Security deposit which was hitherto disclosed under “Long term Loans & Advances” shall now be disclosed under “Other Non Current Assets”. In case of Ind-AS companies, it was hitherto disclosed under Loans and now it shall be disclosed under “Other Financial Assets”.

Ageing schedule under Trade Payables

Particulars	Outstanding from the following period from the due date of payment				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
MSME					
Others					
Disputed Dues - MSME					
Disputed Dues - Others					

Ageing schedule under Trade Payables (Cont)

- Ageing analysis of outstanding is required to be calculated with reference to the due date of payment which may lead to complexity in view of possibility of different due dates for same / different suppliers or vendors.
- In case where the due date is not specified, disclosure shall be made from the date of transaction.
- Unbilled dues shall be separately disclosed.

Property, Plant & Equipment (PPE) and Intangible Assets (IA)

- While furnishing the reconciliation of gross and net carrying amount of each class of assets at the beginning and end of the reporting period, amount of change due to revaluation (if change is 10% or more of the aggregate of the net carrying value of each class of PPE / IA) is required to be disclosed. This is in addition to the existing disclosure requirement.

Ageing Schedule of Long Term & Current Trade Receivable (Other than Ind-AS Companies)

Particulars	Outstanding from the following period from the due date of payment					Total
	< 6 months	6 months – 1 year	1-2 years	2-3 years	> 3 years	
Undisputed – considered good						
Undisputed – considered doubtful						
Disputed – considered good						
Disputed – considered doubtful						

Ageing Schedule of Long Term & Current Trade Receivable (Ind-AS Companies)

Particulars	Outstanding from the following period from the due date of payment					Total
	< 6 months	6 months – 1 year	1-2 years	2-3 years	> 3 years	
Undisputed -considered good						
Undisputed – having significant increase in credit risk						
Undisputed – credit impaired						
Disputed -considered good						
Disputed – having significant increase in credit risk						
Disputed – credit impaired						

Ageing Schedule of Long Term & Current Trade Receivable (All Companies)

- Ageing analysis of outstanding is required to be calculated with reference to the due date of payment which may lead to complexity in view of possibility of different due dates for a customer.
- In case where the due date is not specified, disclosure shall be made from the date of transaction.
- Unbilled dues shall be separately disclosed.

Disclosure for Title deeds not in the name of the Company

- If the title deed of immovable property (other than leasehold property) is not in the name of the company, disclosure is required to be made in prescribed format.
- If the immovable property is jointly held with others, the share of the company shall be required to be given.
- The information is required to be given in respect of land and building disclosed under relevant line item of the balance sheet i.e. PPE, Investment Property, PPE retired from active use and held for disposal.

Also required to be reported under CARO 2020

Disclosure for Title deeds not in the name of the Company (cont)

Information to be disclosed in tabular format:

- Relevant line item of Balance Sheet
- Description of property – Land or building
- Gross carrying value
- Title deed held in the name of.....
- Whether title deed holder is promoter / director / relative or employee of promoter or director
- Property held since ... (date)
- Reason for not being held in the name of the company and dispute, if any

Also required to be reported under CARO 2020



Loans and advances granted to Promoters, Directors, KMPs, Related Parties

Disclosure shall be made in the prescribed format if loans and advance are granted (either severally or jointly with others) to Promoters, Directors, KMPs, Related Parties which are:

- Repayable on demand; or
- Without specifying any term or period of repayment

Also required to be reported under CARO 2020

Loans and advances granted to Promoters, Directors, KMPs, Related Parties (Cont)

Format of disclosure:

Type of borrower	Amount outstanding	Percentage to total loans & advances in the nature of loan
Promoters		
Directors		
KMPs		
Related Parties		

Also required to be reported under CARO 2020

Capital work-in-progress (CWIP) – Ageing Schedule

Particulars	Amount in CWIP for a period of				Total
	< 1 year	1-2 years	2-3 years	> 3 years	
Project in progress					
Project temporary suspended					

Total should match with the total of CWIP as per the Balance Sheet. Thus standalone asset lying in progress and included under CWIP shall also be disclosed although it may not form part of any project.

CWIP Completion Schedule

In case of project whose completion is overdue or whose cost has exceeded the original planned cost, following disclosures shall be made:

CWIP	To be completed in			
	< 1 year	1-2 years	2-3 years	> 3 years
Project 1				
Project 2				
Project under suspension				



Disclosure of Benami Property

Where any proceedings have been initiated / pending against the company for holding any benami property under Benami Transaction (Prohibition) Act, 1988, following disclosures shall be made:

- Details of property, year of acquisition, amount thereof
- Details of beneficiaries
- Line item of balance sheet if disclosed in the books
- If not disclosed in the books, facts to be stated with reasons
- Details of proceeding as abettor or as transferor
- Nature & status of proceedings and company's view thereof

Also required to be reported under CARO 2020



Disclosure for wilful default

- In case a company is declared “wilful defaulter” by any bank, financial institution or other lender in accordance with the guidelines on wilful defaulters issued by RBI, following disclosures shall be made:
 - Date of declaration as wilful defaulter
 - Details of default (amount and nature)

Also required to be reported under CARO 2020

Disclosure of relationship with struck off companies

Where the company has any transaction with struck off companies, following disclosures shall be made:

Name of the struck off company	Nature of transaction	Amount outstanding	Relationship, if any, with such company
	Investment in shares		
	Receivable		
	Payable		
	Shares held by such company		
	Other balances (to be specified)		

Disclosure of Ratios (For Companies other than Ind-AS NBFC Companies)

- Current Ratio
- Debt Service Coverage Ratio
- Inventory Turnover Ratio
- Trade Payable Turnover Ratio
- Net Profit Ratio
- Return on investment
- Debt Equity Ratio
- Return on Equity Ratio
- Trade Receivable Turnover Ratio
- Net Capital Turnover Ratio
- Return on Capital Employed

Disclosure of Ratios (For Companies other than Ind-AS NBFC Companies)

- Explanation is to be provided of the items forming part of numerator and denominator for computing these ratios.
- Explanation is also required in case of any change in the ratio by more than 25% as compared to preceding year.

Disclosure of Ratios (For Ind-AS NBFC Companies)

- Capital to risk-weighted assets ratio (CRAR)
- Tier I CRAR
- Tier II CRAR
- Liquidity Coverage Ratio



Statement of Profit and Loss

- Grant or donation received by Sec 8 companies to be disclosed as a separate item under revenue from operation
- Undisclosed Income: Transaction not recorded in books which has been surrendered or disclosed as income during the year under Income Tax Act shall be disclosed unless there is immunity from disclosure under any scheme. It shall also state whether previously unrecorded income and relevant asset have been properly recorded in the books during the year.

Undisclosed income also required to be reported under CARO 2020



Disclosure of Crypto or Virtual currency

- If the company has traded or invested in Crypto or virtual currency during the financial year, following shall be disclosed:
 - Profit / loss on such transaction
 - Amount of currency held on reporting date
 - Deposit or advance from any person for the purpose of investment / trading in such currency.

Disclosure of Corporate Social Responsibility (CSR)

- Amount required to be spent during the year
- Amount of expenditure incurred
- Shortfall at the year end and for earlier years
- Reason for shortfall
- Nature of CSR activities
- Details of related party transaction in relation to CSR expenditure
- Movement in provision made towards contractual obligation

Also required to be reported under CARO 2020 for unspent amount

Statement of Changes in Equity for Ind-AS Companies

- In “Statement of Changes in Equity” – Equity Share Capital, 2 more columns have been added after the first column relating to balance at the beginning of the reporting period, as under:
 - Changes in Equity Share Capital due to prior period errors
 - Restated balance at the beginning of the reporting period



Other disclosures

- In case where the borrowings from banks and financial institutions have not been used for the specific purpose for which it was taken, disclosure shall be made for the details where the funds have been used.
- In case of revaluation of PPE /Intangible Assets, the company shall disclose whether the valuation has been carried out by registered valuer as defined under the Companies (Registered Valuers and Valuation) Rules.
- In case of Ind-AS companies, the company shall disclose whether the fair valuation of investment property has been carried out by registered valuer as defined under the Companies (Registered Valuers and Valuation) Rules.

Also required to be reported under CARO 2020



Other disclosures (Cont)

- In case where the company has borrowed money from banks or financial institutions on the basis of security of current assets, following disclosure shall be made:
 - Whether quarterly return filed with bank or institutions are in agreement with the books of account
 - If not, reconciliation shall be provided with reasons of material discrepancies

Also required to be reported under CARO 2020



Other disclosures (Cont)

- In case where any charge or satisfaction of charge has not been registered with RoC within the stipulated time period, details and reasons shall be disclosed.
- Disclosures shall be made for non compliance of the provisions relating to number of layers prescribed under Section 2(87) of the Act. The names and CIN of the companies beyond the prescribed layers together with the relationship and holding in those companies shall also be disclosed.



DISCLAIMER

This analysis lists some of the important amendments made to Schedule III of the Companies Act 2013 by MCA by way of Notification dated March 24, 2021. While care has been taken in the preparation of this document it might contain errors for which we should not be held responsible. The information as given in this document provides summarised amendments to Schedule III of Companies Act 2013 and thus should not be relied upon for the purposes of decision making and expert advice should be sought.