



CA Intermediate Law: Amendments Jan 2027

Section 135: Corporate Social Responsibility (CSR)

Amendment vide Notifications dated 27th May 2026

CSR through Zero Coupon Zero Principal (ZCZP) Instrument

As per Companies (CSR Policy) Amendment Rules, 2026, following changes have been made in the CSR Rules:

New definitions [Rule 2]:

Not for Profit Organization (NPO)	Same meaning as in SEBI (Issue of Capital and Disclosure Requirements) Regulations , 2018.
ZCZP instrument	means an instrument: <ul style="list-style-type: none">• declared as a security• that is issued by a NPO• registered with the Social Stock Exchange (SSE) segment of a recognised Stock Exchange• in accordance with the regulations made by SEBI.

Rule 4A: CSR Implementation through ZCZP instrument [Newly inserted]

1. A company may carry out CSR activities through a **ZCZP instrument**.
Limit: Expenditure incurred for such instrument shall **not exceed 10% of the total CSR expenditure** of such company for that FY.
2. The company that has subscribed in a ZCZP instrument shall be **exempted** from undertaking **impact assessment** of any project funded by such an instrument.
3. The NPO issuing the ZCZP instrument and raising fund therefrom shall:
 - a. undertake a project with a duration not more than **3 succeeding FYs** from the issue of such ZCZP instrument; and
 - b. on **termination** of listing of such ZCZP instrument:
 - transfer the unspent amount to any fund included in **Sch VII**; and
 - submit its **compliance report** to SEBI.
4. Provisions of Rule 4 (CSR Implementation), except sub-rules (5) and (6), shall be applicable to the implementation of CSR through a ZCZP instrument.

Note: These two are N.A. here:

Rule 4(5) = Board to satisfy itself on utilisation of funds + CFO to certify.

Rule 4(6) = Board to monitor ongoing project.

Amendment in Sch VII:

After item (xii), following item (xiii) has been inserted:

(xiii) Subscription to zero coupon zero principal instruments on Social Stock Exchange.



CA Intermediate Law: Amendments Sept 2026

1. Revision of "Small Company" Definition [Section 2(85)]

The Central Government has revised the **paid-up share capital** and **turnover** thresholds to widen the scope of companies eligible for Small Company exemptions. The government has now completely exhausted the maximum statutory limits permitted by the Act.

Criteria	Previous Limits	Revised Limits (w.e.f. Dec 1, 2025)
Paid-up Share Capital	Up to ₹4 Crore	Up to ₹10 Crore
Turnover	Up to ₹40 Crore	Up to ₹100 Crore

2. Transition to MCA V3 Portal and E-Forms

Effective **July 14, 2025**, the Ministry of Corporate Affairs shifted completely to the **V3 portal** to enhance the ease of doing business. Consequently, statutory text referring to **physical forms has been updated**.

References to traditional manual forms such as "AOC-1" and "AOC-2" have been legally substituted with "**e-form AOC-1**", "**e-form AOC-2**", etc.

This mandates direct digital data entry on the portal rather than physical PDF form uploads.

3. Additional Disclosures in the Board's Report [Section 134(3) + Rule 8]

The Board of Directors must now include specific reporting on **two social welfare frameworks** in their annual Board Report:

- **Sexual Harassment of Women at Workplace (POSH) Act**: Confirmation that the company has constituted an **Internal Complaints Committee (ICC)**. The report must explicitly state:
 - the number of complaints received,
 - the number disposed of, and
 - the number of cases pending for more than 90 days.
- **Maternity Benefit Act**: Confirmation that the company has complied with the provisions of the Maternity Benefit Act (e.g., ensuring statutory paid maternity leaves).

4. Mandatory E-Filing of Board and Auditor Reports [Sec 137 + Rule 12]

Previously, when filing financial statements (via e-forms like AOC-4, AOC-4 CFS, AOC-4 NBFC), the Board's Report and Auditor's Report were **simply attached** as image-based PDF files. To ensure machine-readability on the MCA database, companies must now:

File an **electronic extract** (e-form) of both the Board's Report and the Auditor's Report (standalone and consolidated, if applicable) in addition to uploading the standard PDF documents.

5. Digital Reporting of Frauds by Auditor [Section 143(12) + Rule 13]

The procedure for an auditor to report a fraud involving an amount of ₹1 Crore or more to the Central Government has been completely digitized to align with the new e-form ecosystem.

- **Omitted Requirements: The physical reporting requirements:** sending the report via Registered Post with Acknowledgement Due (RPAD) or Speed Post to the Secretary (MCA), followed by an email, and printing the report on the auditor's official letterhead with their ICAI membership number : have been completely removed.
- **New Requirement:** The fraud must now be reported strictly electronically using **e-form ADT-4**.

6. Filing Authority for Foreign Companies [Form FC-1]

- It has been clarified that while most compliance forms related to foreign companies are routed to the ROC New Delhi, Form **FC-1** specifically must be filed with the **Central Registration Centre (CRC)**.