THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA

SIRC — CPE SEMINAR 2026



CCFS 2026 — DECODED FOR PRACTITIONERS & COMPANIES ACT 2013 — PROPOSED AMENDMENTS

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CCFS WINDOW: 15 APRIL 2026 — 15 JULY 2026 | 90 DAYS | 90% ADDITIONAL FEE WAIVER

SESSION PLAN — AT A GLANCE

#	Session / Topic
PART A	**CCFS 2026 — The Practitioner's Playbook**
A1	Scheme Mechanics — 3 Routes, Fee Structure, What's Covered / Not
A2	AOC-4 & MGT-7/7A — MCA V3 Traps with Practical Cases
A3	MSC-1 (Dormancy) & STK-2 (Strike-off)
A4	Immunity Framework — ROC-RD Chain, Where CCFS Protects You
A5	Case Studies — 4 Real Scenarios
A6	UDIN in CCFS — Capacity Planning & Professional Controls
PART B	**Latest Amendments & Reform Agenda**
B1	Amendment Philosophy — Decriminalisation, Digitalisation, Deterrence
B2	Key Recent Changes Already In Force (up to May 2026)
B3	Corporate Laws (Amendment) Bill 2026 — Highlights
B4	LLP Amendments + Future Outlook
Q&A	Open Floor

PART A

CCFS 2026

THE PRACTITIONER'S PLAYBOOK

MCA General Circular No. 01/2026 dated 24 February 2026

Window: 15 April 2026 — 15 July 2026 | 90 Days | 90% Fee Waiver

A1. CCFS 2026 — SCHEME MECHANICS

What is CCFS 2026?

Announced via MCA General Circular No. 01/2026 dated 24 February 2026

REGULAR FILING

Active Companies

File AOC-4 + MGT-7
for all pending years

Pay only 10%

90% WAIVED

DORMANT STATUS

Inactive — Future Plans

Convert to dormant
via Form MSC-1

50% of normal fee

50% DISCOUNT

STRIKE-OFF STK-2

Dead Companies

Dissolve cleanly
via Form STK-2

Pay only 25%

75% DISCOUNT

A1. WHAT CCFS COVERS — AND WHAT IT DOES NOT

Aspect	Covered?	Practical Implication
Delay fees on AOC-4 and MGT-7	**YES — 90% waived**	Primary benefit. File all backlog years.
ADT-1, FC-3, FC-4, old forms (20B, 23AC, Form 66 etc.)	**YES**	Legacy compliance clean-up possible.
AGM non-conduct penalty — Sec 96/99	**NO**	Separate liability. Must compound under Sec 441 via GNL-1.
Adjudication penalties already imposed by ROC	**NO**	Payable in full. CCFS cannot override a passed order.
Financial statement quality or accuracy	**NO**	SA 500 still applies. CCFS validates nothing about content.
LLPs	**NO**	Companies Act only. LLP Act not covered.

A1. EXCLUDED CATEGORIES — CANNOT USE CCFS

- ✕ Companies facing final ROC strike-off notice under Section 248
- ✕ Companies that already applied for strike-off or dormancy before 15 April 2026
- ✕ Companies dissolved through amalgamation
- ✕ Vanishing companies (specific MCA categorisation)
- ✕ Listed companies — for the STK-2 route ONLY (can still use AOC-4/MGT-7 route)
- ✕ LLPs — not covered under Companies Act

NOTE: Listed companies can use CCFS for AOC-4/MGT-7 backlog (10% fee). Only STK-2 is barred.

A1. CA's DECISION FRAMEWORK — WHICH ROUTE?

Is the business currently operational?	YES → Regular Filing — AOC-4 + MGT-7 (10%)	NO → Move to next question
Does the company have genuine future plans?	YES → Dormancy — MSC-1 (50% of normal fee)	NO → Move to next question
Want a clean exit with no future plans?	YES → Strike-off — STK-2 (75% fee discount)	NO → Check exclusion list
Is the company on CCFS exclusion list?	YES → CCFS NOT applicable — separate legal route	NO → Proceed with chosen route

A2. MCA V3 PORTAL — REVISED AOC-4 REQUIREMENTS (w.e.f 14-07-2025)

What Changed	Earlier (V2)	Current V3 Position
Directors' Report	Separate PDF attachment	Structured linked e-Form + PDF of full report
Auditors' Report	Separate PDF	Extract filed as structured e-Forms (Standalone + Consolidated)
CSR-2	Filed separately	Linked form alongside AOC-4
AOC-4 CFS	Filed separately	Linked to primary AOC-4
XBRL — Signed FS	Optional attachment	**MANDATORY — must attach Sec 134-authenticated FS**
MGT-7 / MGT-7A	Older format	Photo of reg. office + GPS coordinates mandatory; shareholder data via Excel template

A2. ACTUAL PENALTY — AOC-4 DEFAULT (Sec 137(3))

Person Liable	Penalty	Continuing Default	Maximum Cap
Company	Rs. 10,000	Rs. 100 per day	Rs. 2 lakh per form
MD / Manager	Rs. 10,000	Rs. 100 per day	**Rs. 50,000**
CFO	Rs. 10,000	Rs. 100 per day	**Rs. 50,000**
Auditor (non-deliberate)	Rs. 25,000 min	Not per-day	**Rs. 5 lakh (Sec 147)**
Auditor (deliberate)	Rs. 1 lakh min	**Imprisonment up to 1 yr**	**Rs. 25 lakh (Sec 147)**

KEY DISTINCTION: 'Limited Liability' protects shareholders from company debts — it does NOT protect directors from personal statutory penalties.

A2. PRACTITIONER TRAPS — AOC-4 UNDER CCFS

- Board resolution date MUST be AFTER audit report date — MCA system flags illogical sequence
- AGM held, audit done, board approved — only filing missed = CCFS is your cleanest case. Pay 10%, get full immunity, zero Sec 99 exposure. Two UDINs still mandatory — audit report UDIN (original) + AOC-4 certification UDIN (today)
- Auditor report date = ACTUAL signing date in 2026 — NOT backdated to financial year-end
- Auditor changed between backlog years — attach correct ADT-1 for the relevant year
- Reconstructed books: audit report must reflect the situation honestly — clean opinion on unverified reconstruction is the CA's professional risk
- XBRL filers: mandatory signed FS attachment — cannot file without Sec 134-authenticated financial statements

TRAP 1 — Board Resolution Date Must Be AFTER Audit Report Date

Case Study: Krishna Textiles Pvt Ltd — The Old Resolution Disaster

Profile: 3-year MCA backlog. Promoter Mr. Rajan arrives with a neat file of board resolutions — all properly dated September/October of each respective year. *"Sir, everything is ready. Just audit and file."*

CA signs all three audit reports on 15 June 2026. UDIN generated correctly.

On MCA V3 portal — FY 2022-23:

Portal response: *"Board cannot approve accounts the auditor had not yet signed. Illogical sequence — filing rejected."*

What went wrong: Board approved FS in 2022. Auditor signed in 2026. Old resolutions are worthless.

Fix: Fresh board meeting held after 15 June 2026 — new resolutions for all 3 backlog years. Old resolutions superseded.

CA's failure point: Accepted the client's file without checking dates. Three filings ready to reject — CCFS window running out.

KEY LESSON: For CCFS backlog where audit is signed in 2026 — fresh board resolutions in 2026 are almost always mandatory. Check board date vs audit date before touching the portal — not after rejection.

TRAP 2 — AGM Held, Audit Done, Only Filing Missed — The Cleanest CCFS Case

Meenakshi Spinning Mills Pvt Ltd — The Honest Defaulter

Profile: Coimbatore textile company. Turnover Rs. 38 Cr. Audits done, AGMs held, board minutes maintained — every year without fail. Promoter Mr. Selvam's logic: *"GST and Income Tax are important — MCA is just paperwork."* Result: 4 years of AOC-4 and MGT-7 pending. Additional fees accumulated: Rs. 2,80,000.

CA Priya's check reveals one hidden problem:

- For FY 21-22: AR Date=28-09-22, BR Date=15-09-22, hence ❌ Board approved BEFORE audit signed.
- For FY 2022-23 to 2024-25: AR date is in Oct of each year, BR Date is After audit date, hence ✓ Correct.

Fix: Fresh board resolution passed 2 June 2026 for FY 2021-22 — dated after 28 Sep 2022 audit date. Three minutes of work. All other years filed with original documents as-is.

Paid Additional filing fees Under CCFS, No S.99 Penalty, (UDINs generated by CA Priya8 — AOC-4 + MGT-7 certification UDINs for 4 years)

Note: CA Mohan's original audit report UDINs (2022–2025) remain as-is. CA Priya generates fresh certification UDINs for AOC-4/MGT-7 forms — **two UDINs per year, always.**

KEY LESSON: AGM held = zero Sec 99 exposure. Only filing missed = CCFS is your cleanest case. One date sequence error hidden in Year 1 — caught by a 5-minute check before the portal did.

AOC-4 PRACTITIONER TRAPS — CCFS 2026

AOC-4 | Traps 3 & 4

T 3 Audit Report Date = ACTUAL Signing Date — NOT Year-End

! CA Suresh signs FY 2023-24 audit in July 2026. Assistant puts 31 March 2024 as report date — 'looks cleaner.' CA signs without checking.

! UDIN portal asked document date → entered 31 March 2024 by oversight → 15-month backdate flagged by ICAI system.

! Audit evidence collected in 2026 but opinion says 'as of 31 March 2024' — entire audit process misrepresented.

! **What should have been done:** Audit report date = **12 July 2026** (actual signing date). UDIN document date = **12 July 2026.** Board resolution date = any date after 12 July 2026.

Key Lesson: The year-end date on an audit report is the reporting period — not the signing date. These are two completely different fields. Never confuse "Financial Year ended 31 March 2024" with "Report dated 31 March 2024."

T 4 Auditor Changed Between Backlog Years — Attach Correct ADT-1

! Balaji Pharma — 5-year backlog. CA Krishnamurthy audited FY 2020-21, resigned Sep 2021. CA Venkatesh appointed Oct 2021 onwards.

! CA Venkatesh files all 5 years under CCFS — enters his own name as auditor for FY 2020-21 and attaches his own ADT-1.

! MCA flags: ADT-1 on record shows CA Krishnamurthy for FY 2020-21. Filing inconsistent with auditor appointment records.

! Fix: FY 2020-21 must show CA Krishnamurthy as auditor with his report. If retired/untraceable — board must appoint CA Venkatesh via casual vacancy + fresh ADT-1 for that year.

Key Lesson: AOC-4 auditor details must match the auditor who was APPOINTED for that year — not the CA who is currently doing the CCFS filing. Each year is independent. Each year's ADT-1 must be correct.

AOC-4 PRACTITIONER TRAPS — CCFS 2026

T 5 XBRL Filers: Signed FS Mandatory Attachment

! Coromandel Engineering Ltd — 9 PM Panic:-Unlisted public co — paid-up Rs. 8 Cr, turnover Rs. 145 Cr — XBRL mandatory.-3 years Backlog. CA Deepak completes everything. Files on 14 July 2026.

! Portal: "Mandatory attachment missing — Section 134-authenticated Financial Statements." Hard stop.

! MD in office. CFO travelling. CS in Hyderabad. FS sent via WhatsApp — printed, signed, scanned — portal rejects poor scan quality. SRN generated 11:52 PM on 15 July — 8 minutes to spare. Other 2 backlog years missed entirely. Full fees apply.

! Additional check: XBRL tagged numbers must match signed FS exactly — any difference = cross-check failure = re-tagging + re-signing.

Key Lesson: Signed FS is the GATE — not paperwork. Identify all signatories on Day 1. Allow 2 weeks for signature logistics. Never attempt XBRL filing in the last week.

T 6 Reconstructed Books — Honest Opinion, Need not be Clean Opinion

! Sunrise Hotels — 5-year backlog, no books. Only GSTR 3B + bank statements. CA Prakash signs clean unmodified opinions for all 5 years. *(Sir, just prepare accounts from GST returns, bank statements — sign and file. Rs. 22 lakh becomes Rs. 2.2 lakh. I'll pay you good fees.)*

! NFRA inspection: 'How did you verify debtors, creditors, inventory?' — 'Not available.' — 'Then why is your opinion unmodified?'

! Disciplinary proceedings. Career risk. The Rs. 2.2 lakh CCFS saving was the client's — the professional misconduct finding is CA Prakash's.

! Rule: Evidence adequate → Unmodified + Emphasis of Matter (SA 706). Material items unverifiable → Qualified or Disclaimer. NEVER clean opinion on unverified data.

Key Lesson: CCFS saves the client's money. A false clean opinion costs the CA, their career. The client's saving is not your saving — your risk is your own. SA 500 does not have a CCFS exception.

A2. MGT-7 & MGT-7A — FORM SELECTION (YEAR-SPECIFIC)

CRITICAL: Form selection based on company's classification IN THAT SPECIFIC BACKLOG YEAR — not the current year.

Backlog FY	Applicable Threshold	Form Selection
FY 2021-22 to FY 2024-25	Paid-up ≤ Rs. 4 Cr AND Turnover ≤ Rs. 40 Cr	MGT-7A if small; MGT-7 if not
FY 2025-26 onwards	Paid-up ≤ Rs. 10 Cr AND Turnover ≤ Rs. 100 Cr (G.S.R. 880(E) dt. 01.12.2025)	MGT-7A if small; MGT-7 if not

PENALTY — MGT-7 Default (Section 92(5) & 92(6))

Person Liable	Penalty	Continuing Default	Maximum Cap
Company [Sec 92(5)]	Rs. 50,000	Rs. 100 per day	**Rs. 5 lakh**
Every officer in default [Sec 92(6)]	Rs. 50,000	Rs. 100 per day	**Rs. 5 lakh**

A2. PRACTITIONER TRAPS — MGT-7/7A UNDER CCFS

- ! Shareholding Data Wrong Year-Wise in Excel Template
- ! Resigned / Deceased Directors Still Showing in Backlog Years
- ! SBO Declarations Pending — Blocks MGT-7
- ! Wrong Form for Wrong Backlog Year
- ! GPS Photo Not Ready on Filing Day
- ! DIN Disqualification
- ! CS Signature Missing for Years Where CS Was Mandatory

TRAP 1 — Wrong Shareholding Data Year-Wise

Venkatesh Polymers Pvt Ltd — The Copy-Paste Disaster

Profile: 4-year backlog. Two promoters-Mr. Venkatesh (60%) and Mr. Suresh (40%). In FY 2022-23, Mr. Suresh transferred his entire 40% to his son Mr. Karthik.

CA Deepak prepares MGT-7 Excel templates for all 4 years. Pressed for time, copies current shareholding into all 4 years:

- FY 21-22= Filed by CA Deepak as Venkatesh 60%, Karthik 40%, but correct is Venkatesh 60%, Suresh 40%
- FY 22-23, 23-24, 24-25= Filed by CA Deepak as Venkatesh 60%, Karthik 40% & it's the correct position.

MCA already has SH-4 (share transfer form) on record showing Suresh held shares until FY 2022-23. Cross-check fails. FY 2021-22 and FY 2022-23 MGT-7 show Karthik as shareholder before he even acquired shares.

Result: Filing accepted by portal — but wrong data filed. ROC scrutiny post-CCFS. Fresh notices issued. CCFS immunity gone — because what was filed was factually incorrect, not just late.

Fix: Pull share register year by year. FY 2021-22 → Suresh's name. FY 2022-23 → show transfer mid-year. Takes 30 extra minutes — saves post-CCFS notice.

KEY LESSON: Never copy-paste current shareholding into all backlog years. Shareholding must reflect 31 March position of THAT specific year. MCA already has your transfer history — it will cross-check.

TRAP 2 — Resigned / Deceased Director in Backlog Years

Annamalai Constructions Pvt Ltd — The Ghost Director Problem

Profile: 3-year backlog. Originally three directors — Mr. Annamalai (MD), Mr. Prakash (Director), and Mr. Sundaram (Director). Mr. Sundaram passed away in November 2022. DIR-12 for his vacation of office was never filed. MCA portal still shows him as active director.

CA Meena begins CCFS filing. For FY 2022-23 MGT-7 — she lists only Mr. Annamalai and Mr. Prakash as directors. Sundaram omitted — he was deceased.

Portal flags: MCA records show Mr. Sundaram as active director throughout FY 2022-23. MGT-7 does not mention him. Inconsistency detected.

Separately: For FY 2021-22 MGT-7 — Mr. Sundaram must appear as director (he was alive and serving). CA Meena had omitted him entirely from FY 2021-22 also — both filings defective.

Fix required before MGT-7 can be filed:

File DIR-12 for Mr. Sundaram's vacation of office due to death — with death certificate — updating MCA records

Then file FY 2021-22 MGT-7 showing Sundaram as director (served full year)

File FY 2022-23 MGT-7 showing Sundaram served April–November 2022, vacated due to death

Time lost: DIR-12 processing takes 3–7 working days. If discovered on filing day — CCFS window pressure.

Fix: Check MCA master data for every director before starting CCFS work. Flag deceased / resigned directors immediately. File DIR-12 in Week 1 — not filing week.

KEY LESSON: MGT-7 must show ALL directors who served during the year — including those who resigned or died mid-year. MCA's own records are the cross-check. Resolve DIR-12 gaps in Week 1 of CCFS engagement — not on filing day.

TRAP 3 — SBO Declarations Pending — Blocks MGT-7

Lakshmi Agro Industries Pvt Ltd — The Silent SBO Blocker-Profile: 3-year backlog.
Mr. Ramesh holds 15% directly + HUF holds 12% + wife holds 8% = **35% effective beneficial ownership.** BEN-1 never filed. Nobody knew SBO rules applied.

CA Suresh completes reconstruction, audits, board resolutions — everything ready. Begins MGT-7 filing.

Portal fires-"Shareholder with 15% direct holding detected. BEN-1 declaration expected on record. None found. MGT-7 shareholding data inconsistent with SBO compliance status."
Filing stuck. Completely.
CA-"Sir, you needed to file BEN-1 showing total 35% beneficial interest — direct + HUF + wife. Required since 2018. Never filed.", Mr. Ramesh-*"Sir, nobody told me."*

What must happen first:
BEN-1 filed by Mr. Ramesh — disclosing full 35% beneficial interest
BEN-2 filed by the company — intimating ROC about the SBO
These are outside CCFS — separate filings, separate fees, no amnesty
Only AFTER BEN-1 and BEN-2 are processed — MGT-7 can be filed cleanly

Discovered on filing week. Window closes 15 July. 3 years of MGT-7 stuck behind one BEN-1.
KEY LESSON: SBO is a gate — not a formality. One missing BEN-1 blocks ALL MGT-7 filings for that company. Check SBO compliance on Day 1 — not filing day.

MGT-7/7A PRACTITIONER TRAPS — CCFS 2026

T 4 Wrong Form for Wrong Backlog Year — MGT-7 vs MGT-7A

- Venkatesh Agencies — turnover Rs. 38 Cr in FY 2021-22, crossed Rs. 42 Cr in FY 2022-23. CA files MGT-7A for all 4 backlog years — small company form — using current year classification.
- FY 2022-23 onwards company was NOT small (turnover > Rs. 40 Cr threshold for that period). MGT-7A was wrong form from FY 2022-23.
- CCFS immunity does NOT apply to wrongly filed form. ROC issues notice after 15 July for correct MGT-7 — full additional fees, no CCFS benefit.
- Form selection rule: FY 2021-22 to 2024-25 → Rs. 4 Cr / Rs. 40 Cr threshold. FY 2025-26 onwards → Rs. 10 Cr / Rs. 100 Cr threshold. Apply each year's threshold to that year only.

Key Lesson: Wrong form = no immunity, even if filed under CCFS. Verify threshold year by year — not once for all backlog years. *(Company currently small + was NOT small in backlog year, through Portal MGT-7A **may get accepted** — but wrong form — filing defective)*

T 5 GPS Photo of Registered Office Not Ready on Filing Day

- CA Deepak has 18 CCFS clients. Filing day — calls each client: 'Sir, send office photo.' Client sends interior photo, old photo, WhatsApp-compressed image. Portal rejects all three.
- Second client: registered office shifted 2 years ago — address updated on MCA but photo and GPS of new office never collected. Portal requires current exterior with visible signboard.
- Third client: registered office is CA's own address — no company signboard displayed there. Photo cannot be taken. Address must first be changed to actual office.
- Time wasted on filing day when CCFS window is closing. GPS coordinates of wrong location = filing flagged for inconsistency with MCA address records.

Key Lesson: Collect exterior photo + GPS on Day 1 of CCFS engagement — not filing day. 10 minutes upfront saves 2 hours of panic later.

MGT-7/7A PRACTITIONER TRAPS — CCFS 2026

T 6 Disqualified Director DIN — Blocks MGT-7, Not AOC-4

! Srinivasa Constructions — Mr. Venkat (MD, active DIN) + Mr. Suresh (Director, DIN disqualified u/s 164(2) — director in another company with 3-year filing default).

! AOC-4 — fine. Mr. Venkat signs with active DSC. Mr. Suresh doesn't sign. Portal doesn't check non-signing directors. Filed successfully. ✓

! MGT-7 — ALL serving directors must be disclosed. CA enters Mr. Suresh's DIN. Portal cross-checks every DIN in list. Flags: 'DIN disqualified u/s 164(2).' MGT-7 stuck for all 3 years.

! Fix = High Court writ for DIN restoration = weeks. Discovered on filing day = CCFS window closes = full fees. Discovered Day 1 = petition filed immediately = CCFS preserved.

Key Lesson: AOC-4 passes, MGT-7 fails. Check ALL directors' DIN on Day 1 — restoration takes weeks, not hours.

T 7 CS Signature Missing for Years Where CS Was Mandatory

! Priya Pharma — paid-up capital crossed Rs. 10 Cr in FY 2022-23. CS appointment mandatory u/s 203 from that year. No CS appointed. Nobody flagged it.

! CA Ramesh files MGT-7 for all 4 backlog years — signed by MD only. FY 2021-22 (below Rs. 10 Cr) — portal accepts director-only signature. ✓

! FY 2022-23 onwards — portal flags: paid-up above Rs. 10 Cr, CS signature mandatory. MD-only signature rejected. 3 years of MGT-7 stuck.

! Deeper problem: CS was never appointed — separate Section 203 default — must be compounded under Section 441 — outside CCFS entirely.

Key Lesson: CS signature requirement triggers the moment paid-up hits Rs. 10 Cr. Check each backlog year independently. Sec 203 default = separate compounding — CCFS cannot cover it.

A3. MSC-1 — DORMANT COMPANY (Section 455)

CCFS Benefit: 50% of normal MSC-1 filing fee

What is a Dormant Company?

- NOT a closed company
- Remains on MCA register
- Can be revived at any time
- Status: 'Dormant' on MCA portal
- Files Dormant Annual Return (MSC-3) each year — simpler

Pre-conditions for MSC-1

- Clear ALL pending AOC-4 / MGT-7 FIRST (either under CCFS or otherwise)
- No significant accounting transactions in past 2 years
- Outstanding SBO declarations (BEN-1, BEN-2) must be filed
- No pending adjudication orders
- ROC then converts company to Dormant status

⚑ **Sequence matters: CCFS filings → CLEARED → then MSC-1 accepted. Both benefits can be used sequentially.**

A3. STK-2 — VOLUNTARY STRIKE-OFF (Section 248(2))

CCFS Benefit: Pay only 25% of STK-2 filing fees

Document	Form	Who Executes
STK-2 Application	Form STK-2	Signed by majority of directors including MD/WTD if any
Affidavit by each director	Form STK-3	Every director individually — Rule 4(1)(c)
Indemnity bond	Form STK-4	Every director individually — Rule 4(1)(d)
Statement of accounts	No specific form	Not older than 30 days from STK-2 date — certified by CA in practice

STK-2 Pre-Conditions — ALL Must Be Cleared BEFORE Filing:

- ✓ GST registration cancelled (takes 4–8 weeks)
- ✓ Bank account closed — zero balance
- ✓ All TDS demands settled
- ✓ No active legal proceedings
- ✓ Listed companies: CANNOT use STK-2 route under CCFS

⚑ **Timeline Reality: GST cancellation alone takes 4–8 weeks. Start STK-2 eligibility checks 6–8 WEEKS before the window closes — NOT in July.**

A4. IMMUNITY FRAMEWORK — THE ROC-RD CHAIN

Situation at Time of CCFS Filing	10% Fee Benefit	Penalty Immunity — ROC/RD
Filed BEFORE any ROC adjudication notice issued	YES	FULL IMMUNITY — ROC proceedings concluded
Filed WITHIN 30 days of ROC adjudication notice	YES	FULL IMMUNITY — Notice becomes infructuous
Filed AFTER 30 days of notice but BEFORE order	YES	NO IMMUNITY — ROC will still pass the order
Filed AFTER adjudication order already passed	YES	NO IMMUNITY — Penalty in order must be paid in full

⚑ **CRITICAL: CCFS can be filed even AFTER an adjudication order — 10% fee saving is STILL available. Never tell clients with existing orders that CCFS is pointless.**

A4. WHAT IMMUNITY WILL NEVER COVER — HARD LIMITS

AGM Non-Conduct (Sec 96/99)

Runs completely independently of CCFS. Must compound separately under Section 441 via GNL-1.
Exposure: Company up to Rs. 1 lakh | Each Director Rs. 1 lakh | Rs. 5,000/day continuing

Fraud / Misrepresentation

No immunity at any stage. If filed documents contain fraud or misrepresentation, CCFS provides zero protection. Criminal prosecution continues independently.

Prosecution Already Filed in Court

If prosecution was filed in court BEFORE CCFS filing, it proceeds completely independently. CCFS cannot stay or withdraw court proceedings.

Quality / Accuracy of Financial Statements

CCFS validates filing timeliness only — NOT content. SA 500 obligations remain fully intact. NFRA scrutiny continues regardless of CCFS.

A5. CASE STUDY 1 — THE ACTIVE MSME: 3-YEAR BACKLOG

Profile: Manufacturing MSME | Turnover Rs. 45 Cr | MCA ignored 3 years | AGM not held 3 years

Client says: "Anna, file quickly — only 10% fees! Pay Rs. 20,000 and done."

What the CA Must Actually Do — Beyond What the Client Thinks:

1. Verify books are complete for ALL 3 years — not just GST returns
2. Check director DIN status — any Section 164(2) disqualification?
3. AGM default — CCFS does NOT cover Section 99 penalty — SEPARATE exposure
4. Conduct proper audit. Sign on actual date. Generate UDIN same day.
5. File CCFS — pay Rs. 20,000 (10% of Rs. 2,00,000). Save Rs. 1,80,000.
6. File separate compounding application (GNL-1) for AGM defaults under Section 441

⚑ **KEY: CCFS benefit is real. Hidden AGM exposure is bigger. CA must warn client in WRITING. Undisclosed AGM penalty = professional failure.**

A5. CASE STUDY 2 — THE 5-YEAR DEFAULT: RECONSTRUCTION, RISK & REALITY

Profile: Pvt Ltd | 5 years: no FS, no AGM, no MCA filing | Additional fees without CCFS: Rs. 18–20 lakh | Under CCFS: Rs. 1.8–2 lakh

Reconstruction Standard:

- Revenue: Built from GSTR 3B output tax data
- Purchases: From GSTR-2A counterparty declarations
- Bank: Reconcile every year-end from bank statements
- Three-way reconciliation: Revenue vs GST 3B vs TDS — minimum standard

Audit Report Outcome:

All evidence obtained & verified:
Unmodified opinion + Emphasis of Matter (SA 706) for reconstruction

Material items unverifiable:
Qualified opinion or Disclaimer — NEVER a clean opinion on unverified reconstruction

Cross-System Mismatch Risk : AOC-4 shows Rs. 55 Cr turnover but GSTR-3B shows Rs. 72 Cr → MCA algorithmic mis-match will FLAG this gap.

⚑ **KEY: CCFS saves Rs. 16–18 lakh. A clean opinion without adequate evidence = career risk. The saving and the risk are not comparable.**

A5. CASE STUDY 3 — SELECTIVE FILER: PARTIAL CCFS FILING

Situation: 4-year backlog. CA files AOC-4 for all 4 years — but MGT-7 for only 3 years. FY 2020-21 MGT-7 missed due to oversight.

FY 2020-21	FY 2021-22	FY 2022-23	FY 2023-24
AOC-4 ✓	AOC-4 ✓	AOC-4 ✓	AOC-4 ✓
MGT-7 ✕ MISSED!	MGT-7 ✓	MGT-7 ✓	MGT-7 ✓

What happens AFTER 15 July 2026:

- ROC issues notice for the missed MGT-7. CCFS immunity does NOT apply — immunity is PER FORM, not per company.
- Full additional fees + Section 92(5) penalty on company and each officer — no CCFS protection.

⚑ **KEY: CCFS benefit requires COMPLETE filing of all relevant forms. Prepare a checklist per client per year. One missed form = full exposure.**

A5. CASE STUDY 4 — GST-ACTIVE SHELL TRYING STK-2

Situation: Company not operational for 3 years. Promoter wants STK-2 under CCFS.

GST Registration Still Active

GST cancellation alone takes 4–8 weeks. Application needed immediately.

Apply for GST cancellation NOW

Bank Account Open — Rs. 12,000 Balance

Bank account must be closed with NIL balance before STK-2.

Close bank account, get closure certificate

TDS Demand Outstanding — Rs. 8,400

Outstanding TDS dues block STK-2 acceptance.

Pay TDS dues, obtain clearance certificate

⚑ **KEY: Start STK-2 eligibility checks 6–8 WEEKS before window closes. CCFS gives a fee discount — it does NOT waive pre-conditions.**

A6. Why Are We Discussing UDIN in a CCFS Session?

"UDIN is the digital proof of WHEN you signed. Under CCFS pressure, the integrity of that timestamp is at its highest risk."

- Discipline Meets UDIN Deadline

Deadline pressure — window closes 15 July

→ *Temptation to backdate reports to look 'timely'*

Volume surge — many pending audits together

→ *Temptation to sign in bulk, generate UDINs later*

Client pressure — 'just sign and file quickly'

→ *Temptation to sign without completing audit*

Multi-year backlog — 3, 4, 5 years pending

→ *Each year = separate report = separate UDIN*

CCFS creates the perfect conditions for UDIN violations. This section shows you exactly how to avoid them.

A6. The Audit Cap — Corrected Position for Company Statutory Audits

⚠ **20-cap = Company Statutory audits per partner — Sec 141(3)(g) Companies Act 2013.**

Type of Audit	Cap	Authority
Tax Audit (Form 3CA/3CB)	60 per partner per year	ICAI Guidelines Sec 44AB IT Act
Company Statutory Audit	20 companies per partner	Sec 141(3)(g) + Rule 10 Audit Rules
Bank Branch Audits	RBI norms (separate)	Not the 20-company cap
LLP Audits	No prescribed cap	LLP Act

Firm Total Capacity = 20 × Partners | Example: 3-partner firm = 60 companies max | Check exclusions on next slide →

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A6. Sec 141(3)(g) — What Counts vs What Does NOT + Bill 2026 Impact

✗ COUNTED towards 20	✓ NOT COUNTED (Excluded)
✗ Private Limited Companies	✓ One Person Companies (OPC)
✗ Public Limited Companies	✓ Dormant Companies
✗ Listed Companies	✓ Small Companies
✗ Any company not in exclusion list	✓ Pvt cos: capital < ₹100 Cr

Bill 2026 Impact — You Have More Capacity Than You Think

Effect of Bill 2026	Impact on 20-Company Cap
Small company threshold: ₹20 Cr capital / ₹200 Cr turnover	Companies previously COUNTED now fall OUTSIDE the count automatically
More companies become small companies post-amendment	Excluded from 20-company ceiling — creates new headroom
Sec 139 enabling provision (auditor exemption for classes)	If notified — further reduces count, even more capacity

✓ Check your exclusions BEFORE assuming you are near the ceiling. With new thresholds, your actual capacity is likely higher than you calculated.

A6. UDIN RULES — WHAT EVERY CA MUST KNOW

Rule	Correct Practice	Common Error to Avoid
Generation timing	**Generate UDIN on the ACTUAL DATE the document is signed**	Generating UDIN today for a report signed last week — NOT permissible
Signing date on report	Date of actual signing in 2026 — the day you review and sign	Using financial year-end date as audit report date — WRONG
One UDIN per document per year	Each FY = separate audit report = separate UDIN	One UDIN for a 'combined report' covering multiple years — INVALID
UDIN revision window	60 days from generation — can be updated/revised	After 60 days it is locked — verify description at generation

CCFS Workflow:



A6. PROFESSIONAL CONTROLS — UDIN REGISTER & TRACKING SHEET

A. UDIN Control Register

Client	FY	Document Type	Signing Date	UDIN	Filing Status
ABC Pvt Ltd	2022-23	Audit Report	15-Jun-26	26XXXXXX…	Filed
XYZ Ltd	2021-22	Audit Report	Pending	–	Pending

B. CCFS Audit Tracking Sheet

Client	Pending Years	Audit Completed	Partner Assigned	UDIN Generated	AOC-4 Filed
ABC Pvt Ltd	3 years	Yes	Sr. Partner	Yes	In Progress
XYZ Ltd	4 years	No	Pending	No	No

⚑ **Maintain BOTH registers. Partner-wise allocation and signing calendars prevent UDIN overload in the last week of the CCFS window.**

A6. PRE-FILING MASTER CHECKLIST — FOR EVERY CCFS CLIENT

1	Company status on MCA V3 portal — must be 'Active'
2	DIN status of all directors — active and not disqualified u/s 164(2)
3	All backlog years and forms identified — complete list prepared
4	Correct form identified per year — MGT-7 or MGT-7A? AOC-4 or AOC-4 XBRL?
5	Books of accounts available for each year — or reconstruction plan in place
6	AGM default exposure computed and communicated to client IN WRITING
7	Adjudication notice check — any ROC notice already issued?
8	UDIN schedule prepared — signing dates mapped, one per report per year
9	STK-2 clients: GST cancellation, bank closure, TDS dues — all cleared?
10	Client communication letter sent covering CCFS scope, limitations, AGM exposure

A6. CA RISK MAP — WHERE THINGS ACTUALLY GO WRONG

Risk Area	What Goes Wrong	Impact on CA
Wrong Form Selection	MGT-7 for small company; AOC-4 XBRL unnecessarily	Client non-compliant despite filing; CA accountable for advice
UDIN Issues	Backdating, signing and UDIN dates mismatch	ICAI disciplinary action; de-registration risk
Incomplete Filing	All AOC-4 filed but one MGT-7 missed	**Partial immunity, full penalty on unfiled form**
Clean Opinion on Reconstruction	Unmodified opinion without adequate evidence	NFRA / ICAI scrutiny; professional misconduct
AGM Exposure Not Disclosed	CCFS filed without advising Sec 96/99 liability	**Client claims professional failure; liability risk**
STK-2 Premature Filing	GST/bank/TDS not cleared before application	Rejection; CCFS window may have closed
No Written Communication	Advice given verbally without documentation	No defence if client later claims ignorance
LLP Client Confusion	Advising LLP client to use CCFS	Wrong advice; LLP Annual Return default continues

A6. POST-SCHEME RISK — AFTER 15 JULY 2026

MCA Circular explicitly warns: ROC will take necessary action against companies that have NOT availed CCFS and are in default.

248

Suo Motu Strike-off (Sec 248)

ROC will initiate removal of non-compliant companies from register after 15 July 2026.

164

Director Disqualification (Sec 164(2))

Directors of defaulting companies automatically disqualified — cannot be director of ANY company for 5 years.

ADJ

Full-Rate Adjudication

ROC will issue notices for penalties under Sec 92(5) and 137(3) — at FULL rate, no CCFS benefit, no amnesty.

LAST

No Further Amnesty

No guarantee another scheme like CCFS will come. This may be the final window for many clients.

PART B

LATEST AMENDMENTS

& REFORM AGENDA

Corporate Laws (Amendment) Bill 2026 — Currently before Joint Parliamentary Committee (JPC)

Bill introduced in Lok Sabha — 23 March 2026 | JPC report expected — Monsoon Session July 2026

B1. THE THREE PILLARS OF COMPANIES ACT REFORM

1

DECRIMINALISATION

Procedural defaults converted from criminal offences to civil penalties. No more prosecution + court + imprisonment for most defaults.
Instead: Adjudication + Penalty + Fast-track payment.

2

DIGITALISATION

Every compliance action leaves a digital footprint — DSC, timestamp, portal logs. Your defence is no longer what you say. It is what the MCA portal shows.

3

DETERRENCE VIA GOVERNANCE

Fewer filings but higher quality expectations. NFRA oversight expanded. Simplified compliance + high accountability. First filing must be robust.

"Earlier, you could delay and defend. Now you pay and move on. Decriminalisation does not mean dilution — it means faster, more certain, less escapable consequences."

B1. DECRIMINALISATION — THE PRACTICAL IMPACT

Aspect	Earlier Regime	Current Regime
Nature	Criminal (fine / imprisonment)	**Civil penalty**
Enforcement	Court-based	Adjudication by ROC (Section 454)
Timeline	Long — litigation could drag for years	**Quick — adjudication officer passes order**
Outcome	Uncertain — could be reduced or settled	Predictable — penalty runs from date of default
The Pain	Legal stress + lawyer fees + uncertainty	**Immediate financial outflow — no escape route**

Electronic Adjudication Platform — Companies (Adjudication of Penalties) Amendment Rules, 2024 (Effective 16 September 2024):

- ROC show-cause notices served electronically — no more claim of 'notice not received'
- CCFS immunity window (30 days from notice) runs from the ELECTRONIC notice date

B2. SMALL COMPANY THRESHOLD REVISION

Parameter	Pre-2020	Post-2020 to Nov 2025	Current (from 1 Dec 2025)
Paid-up capital ceiling	Rs. 50 lakh	Rs. 4 crore	**Rs. 10 crore**
Turnover ceiling	Rs. 2 crore	Rs. 40 crore	**Rs. 100 crore**
Condition	AND	AND	AND (both must be satisfied)
Applicable from	Pre-FY 2021-22	FY 2021-22 to FY 2024-25	**FY 2025-26 onwards**

Excluded from 'Small Company' (unchanged):

- Public companies
- Holding companies
- Subsidiary companies
- Section 8 companies
- Companies governed by special Acts

CCFS Implication:

Dec 2025 amendment is PROSPECTIVE only. For each backlog year, apply the threshold operative IN THAT YEAR. Filing the wrong form = fresh non-compliance, no CCFS immunity.

B2. DIR-3 KYC (TRIENNIAL) & NFRA EXPANSION

DIR-3 KYC — Changed to Triennial (Effective 1 Jan 2026)

Particular	Earlier	Now
Filing frequency	Every year	**Once in 3 years**
On change of details	Next annual filing	**Within 30 days of change**
Compliance burden	High — annual tracking	Reduced
Hidden risk	Minimal	High — data stale over 3 years

NFRA Amendment Rules (Effective 13 Jan 2026)

NFRA composition expanded to include:

- ✓ MCA (Ministry of Corporate Affairs)
- ✓ CAG (Comptroller & Auditor General)
- ✓ RBI (Reserve Bank of India)
- ✓ SEBI (Securities & Exchange Board of India)

Implication: NFRA's review posture now reflects priorities of ALL FOUR regulators — not just MCA.

⚑ **"Regulation is relaxed — but accuracy must be stricter." Maintain internal KYC tracker regardless of the triennial cycle.**

B2. SECTION 403 — CORRECT DATE ON RECORD (Often Cited Wrong)

The Rs. 100/day unlimited additional fee became effective on 7 MAY 2018 — NOT 1 July 2018 as commonly cited.

Date	Legal Basis	What It Introduced
7 May 2018	S.O. 1833(E) — Commencement Notification	**Rs. 100/day UNLIMITED additional fee for Sections 92/137**
1 July 2022	Companies (Amendment) Act, 2020	**Higher additional fee for REPEAT defaults**

Why this matters for CCFS:

- For oldest backlog filings (FY 2018-19 and before), precise Rs. 100/day computation runs from 7 May 2018 — not 1 July 2018
- Using the wrong date understates the accumulated additional fee and may result in incorrect payment under CCFS

B3. CORPORATE LAWS (AMENDMENT) BILL 2026 — OVERVIEW (PROPOSALS)

Introduced on 23 March 2026 — Currently before Joint Parliamentary Committee (JPC)

Impacts 117 sections: 102 under Companies Act, 2013 + 15 under LLP Act, 2008

Theme	Key Sections Impacted	Core Change
1. Decriminalisation	Secs 26, 40, 68, 99, 128, 147, 186, 206, 453, 469	Further shift from criminal to civil penalties
2. Ease of Doing Business	Secs 7, 20, 96, 100, 248	Self-declaration for incorporation; electronic communication; hybrid AGMs permanently
3. Small Company Relief	Secs 2(85), 77, 135, 139, 173, 446B	Threshold raised to Rs. 20 Cr / Rs. 200 Cr; reduced board meetings
4. Regulatory & Governance	Secs 132, 230, 233, 247, 396, 419, 441	NFRA Sections 132A-132K; NCLT special benches; higher compounding limits
5. IFSC / Global Competitiveness	Sec 43A (new), LLP Secs 32, 34	Foreign currency share capital for IFSC companies; IFSC LLP recognition
6. New Concepts	Secs 42, 62, 68, 88, 164, 203A, 233A	RSU/SAR recognised; director disqualification trigger at 2 years; treasury shares

B3. SECTION 2(85) — SMALL COMPANY THRESHOLD (FURTHER REVISION)

Proposed under Corporate Laws (Amendment) Bill 2026

Parameter	Current (Dec 2025)	Proposed (2026 Bill)
Paid-up capital ceiling	Rs. 10 crore	**Rs. 20 crore**
Turnover ceiling	Rs. 100 crore	**Rs. 200 crore**
Beneficiaries	Wider SME coverage	Even wider — companies with Rs. 15 Cr capital now qualify

Section 7(1)(b) — Incorporation Declaration

Existing	Proposed
Mandatory professional certification (CA/CS/CMA/Advocate)	Required only if the professional is engaged. Director's declaration sufficient.

Section 77 — Charge Registration

Existing	Proposed
Extended filing: up to 120 days (with additional fee)	Extended filing: up to 180 days (for certain classes). Ad valorem fee (linked to charge value + delay).

⚑ **Note: These are PROPOSED changes. Bill is before JPC. Not yet enacted. Expected enactment: Monsoon/Winter Session 2026.**

B3. SECTION 96 & 99 — AGM: HYBRID FRAMEWORK & RATIONALISED PENALTY

Section 96 — AGM: Permanent Hybrid/Virtual Framework

Particular	Existing Law	Proposed Change
AGM mode	Physical + temporary VC relaxations	**Permanent hybrid/virtual framework recognised**
Physical requirement	Mandatory with relaxations	Physical AGM at least once every 3 years — virtual permitted otherwise

Section 99 — AGM Penalty: Rationalised

Particular	Existing	Proposed
Nature of offence	**Fine (criminal)**	**Penalty (civil)**
Penalty amount	Rs. 1 lakh + DAILY CONTINUING (open-ended)	**Rs. 1 lakh CAPPED penalty — no open-ended daily accumulation**

⚑ **CCFS still does NOT cover AGM non-conduct — compounding under Sec 441 remains separately required. But Sec 99 penalty itself is being capped under the Bill.**

B3. SECTION 68 — BUYBACK & SECTION 135 — CSR

Section 68 — Buyback of Shares

Particular	Existing	Proposed
Frequency per year	Only ONE buyback allowed	**TWO buybacks permitted**
Cooling-off period	1 year mandatory gap	**Reduced to 6 months**
Penalty	Fine-based (criminal)	**Penalty-based (civil)**

Section 135 — CSR: Higher Thresholds, Relaxed Framework

Particular	Existing Law	Proposed Change
Net profit threshold for applicability	Rs. 5 crore	**Rs. 10 crore**
CSR Committee requirement	Mandatory if CSR ≤ Rs. 50 lakh	**Not required if CSR ≤ Rs. 1 crore**
Unspent CSR transfer (ongoing projects)	30 days from end of FY	**90 days from end of FY — more planning time**

B3. SECTION 144 — NON-AUDIT SERVICES: EXTENDED RESTRICTION

Particular	Existing Law	Proposed Change
Restriction period	Only during audit tenure	**During tenure PLUS 3 years post-tenure cooling-off**
Scope	Same services restricted	Same services, much longer restrictions
Risk	Limited to tenure period	**Extended beyond resignation / rotation**

What this means for your firm

- A partner rotating out of a listed company audit in April 2026 CANNOT provide non-audit services (tax advisory, valuations, due diligence) to that company until April 2029.
- Interpretation issue: The Bill says 'auditor' — unclear if this means the individual partner or the entire firm. Rules will clarify. Update engagement acceptance policies NOW in anticipation.
- This directly impacts revenue streams — non-audit work often exceeds audit fees for listed engagements.

B3. SECTION 149 — INDEPENDENT DIRECTOR: TIGHTENED INDEPENDENCE TEST

Particular	Existing Law	Proposed Change
Cooling-off period	Last 3 financial years	**3 FYs + current FY**
Scope of restriction	Company only	**Group entities included — subsidiary, holding, associate**

What Does 'Officer in Default' Mean? — Section 2(60)

Managing Director	**YES — clearly liable**
Whole-Time Director / KMP (CEO, CFO, CS)	**YES — liable**
Director who knowingly authorised the default	**YES — liable**
Non-executive director who didn't formally object	**AT RISK**
Independent director who formally minuted objection	**PROTECTED u/s 149(12)**
Nominee director (PE/VC fund)	**AT RISK — cannot hide behind fund agreement**

B3. SECTION 164 — DIRECTOR DISQUALIFICATION: TRIGGER REDUCED

Particular	Existing	Proposed
Non-filing trigger	3 consecutive years of default	**2 consecutive years — TIGHTER**
Additional trigger	Not a direct ground	**Related party transaction violations added as a trigger**
Practical impact	Companies had a 3-year buffer	**Earlier automatic disqualification**

Nominee Director / PE-VC Fund Impact :

- Section 164(2) disqualification operates across ALL companies where the person is a director — not just the defaulting company.
- Nominee director on 6 portfolio companies — if ONE company defaults for 2 years → disqualified across ALL 6.
- Resignation does NOT extinguish past liability. Resigned in March 2025? Adjudication order for 2022-2024 defaults still names you personally.
- PE/VC funds: monitor portfolio company MCA compliance ACTIVELY — not just financial performance.

⚑ **"Limited liability limits what you lose as an investor. It does not limit what you owe as a director. Two completely different relationships with the company."**

B3. SECTION 167 — VACATION OF OFFICE & SECTION 184 — MBP-1 DISCLOSURE

Section 167 — Vacation of Office

Particular	Earlier	Proposed
Applicability	Limited / interpretational	All companies (including defaulting)
Timeline	Immediate / unclear	Structured (6 months)
Impact	Restricted	**Group-wide**

Section 184 — MBP-1: Change in Disclosure Frequency

Particular	Earlier	Proposed
Frequency	Every year (annual filing)	**Only when there is a CHANGE in disclosed interests**
Compliance burden	High — annual routine filing	Reduced
Hidden risk	Routine filings low risk	**Risk of MISSING disclosure when actual changes occur — higher vigilance needed**

⚑ **Regulation is relaxed — but accuracy must be stricter. Reduced frequency = higher risk of missing a required disclosure when change actually occurs.**

B3. SECTION 454B — RECOVERY OFFICER: THE TEETH OF THE PENALTY REGIME

Where a person fails to pay the penalty — Recovery Officer issues a Recovery Certificate and enforces using Income Tax-equivalent powers.

Penalty order passed by ROC/AO → Non-payment within timeline → Recovery Officer issues Recovery Certificate → Enforcement machinery triggered

Recovery Modes — Borrowed from Income Tax Act, 1961:

Bank Account Attachment	All accounts frozen up to penalty amount — salary accounts, savings, FDs
Movable Property	Vehicles, jewellery, mutual fund units, demat holdings
Immovable Property	Notice registered against house/land — cannot be sold/transferred
Sale of Attached Property	After due process — property auctioned to recover dues
Arrest & Detention	Civil imprisonment for wilful non-payment (extreme cases)
Receiver Appointment	Over income streams — rent income, business receivables intercepted

B3. SECTION 454C — SETTLEMENT MECHANISM (THE EXIT RAMP)- pre-order settlement window

1. Default Occurs
2. ROC/AO initiates adjudication
3. BEFORE order is passed → Apply for Settlement
4. Specified Authority examines application
5. Settlement accepted → Proceedings closed
6. No adjudication order on record

What Can Be Settled:

- Procedural defaults
- Filing delays / form errors
- Technical non-compliances
- Most civil penalty contraventions

NOT Eligible:

- Serious Fraud (Sec 447)
- Non-compoundable offences
- Defaults already adjudicated

Settlement amount and formula to be prescribed by Central Government through rules post-enactment. Bill expected to be enacted Monsoon/Winter Session 2026.

B3. SECTION 454D — MANDATORY PRE-DEPOSIT FOR APPEALS (THE DETERRENT)

Any person appealing an order of NFRA, Valuation Authority, or Adjudicating Officer MUST deposit 10% of the penalty amount before the appeal is even entertained.

Forum	Pre-deposit Required
Appeal against ROC / Adjudicating Officer order	**10% of penalty amount**
Appeal against NFRA order	**10% of penalty amount**
Appeal against Valuation Authority order	**10% of penalty amount**

GST/Customs Parallel:

This mirrors Section 107(6) of GST Act — pre-deposit before appeal admitted. Your clients already know this concept from GST appeals. Same discipline now applies to Companies Act penalty appeals.

Practical Examples:

Penalty: Rs. 5 lakh

Pre-deposit: Rs. 50,000

Manageable — but no free rides

Penalty: Rs. 25 lakh

Pre-deposit: Rs. 2.5 lakh

Makes you think twice before a weak appeal

Penalty: Rs. 1 crore (NFRA)

Pre-deposit: Rs. 10 lakh

Significant — filters frivolous challenges

B3. SECTIONS 454B–454D — THE THREE-LAYER ENFORCEMENT ARCHITECTURE

454C

THE EXIT RAMP

Settlement BEFORE Order

Apply to Specified Authority BEFORE adjudication order. Vivad se Vishwas equivalent. Settle at reduced amount. No order on record.

454D

THE FILTER

Pre-Deposit IF You Appeal

10% pre-deposit before appeal is admitted. Mirrors GST Section 107(6). Deters frivolous challenges. No free litigation.

454B

THE STICK

Recovery IF You Don't Pay

Income Tax-equivalent powers. Bank attachment, property seizure, arrest. Personal assets of named directors at risk. Limited liability is irrelevant here.

"The days of ignoring a penalty order and dragging it out for years are over. Settle early, appeal with evidence, or face income-tax grade enforcement."

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B4. LLP AMENDMENTS — CORPORATE LAWS (AMENDMENT) BILL 2026

Section	Change	Significance
Sec 2 — New Definitions	IFSC LLP defined; permitted foreign currency defined	LLP law aligned with IFSC/GIFT City ecosystem
Sec 33A (New) — Valuation	Companies Act valuation provisions apply to LLPs	Standardised valuation across corporate structures
Sec 57A (New) — Trust Conversion	Direct conversion of specified trusts into LLPs	SEBI/IFSCA-regulated trusts can convert without winding up
Sec 68B (New) — Appeal	Appeal mechanism against Registrar decisions introduced	Structured appeal path for LLP compliance decisions
Fifth Schedule (New)	Procedural framework for trust-to-LLP conversion	Asset transfer automatic; contracts continue; employees continue
Secs 11, 13, 15 (Amended)	Faster incorporation; professional declaration optional	Reduced entry barriers for LLPs

B4. LLP Amendments — Summary at a Glance

Section	What Changes	One-line Explanation	Status
S 2 — Definitions	IFSC, IFSCA, Permitted Currency, IFSC LLP defined	Creates statutory basis for LLPs in GIFT City / IFSC ecosystem for the first time	Proposed
S 11 — Incorporation	Professional declaration optional; affidavit → self-declaration	Reduces incorporation barriers especially for foreign-promoted and NRI LLPs	Proposed
S 13 — Reg. Office	IFSC LLPs must maintain RO within IFSC at all times; IFSC LLP suffix mandatory	Structural requirement — IFSC LLPs cannot shift registered office outside the IFSC	Proposed
S 32 — Annual Return	Foreign currency reporting for IFSC LLPs; filing defaults decriminalised	IFSC LLP Form 11 to reflect foreign currency; LLP filing penalty becomes civil (not criminal)	Proposed
S 34 — Accounts & Audit	IFSC LLP books in foreign currency; IBBI Registered Valuer framework extends to LLPs	CAs engaged in LLP valuations must register with IBBI once rules are notified	Proposed
S 57A — NEW	Trust-to-LLP direct conversion (SEBI / IFSCA registered trusts — AIFs)	Eliminates two-step winding up + reincorporation; assets, contracts, employees transfer automatically	**NEW — Proposed**
S 58 — Substituted	Uniform conversion framework — Firms, Pvt Co, Unlisted Co, Trusts → LLP	Single statutory route for all entity-to-LLP conversions replacing the fragmented earlier provisions	**Substituted — Proposed**
S 68B — NEW	Statutory appeal mechanism against Registrar decisions (Sections 12 & 16)	No more High Court writ for routine Registrar rejections — appeal to Regional Director instead	**NEW — Proposed**

B5. MCA V3.0 — Form Consolidation: From Many Forms to One

Earlier: Multiple forms → Multiple DSC sessions → Multiple fees → Multiple chances for errors. Now: One form → One filing → One fee → One DSC.

Category	✗ Earlier (Multiple Forms)				→	✓ Now (Single Integrated Form)	
Office / Name Changes	**INC-22** Notice of situation / change of registered office	**INC-23** Application to Central Govt for shifting registered office	**INC-24** Application for change of name	**INC-4** OPC — change in member / nominee	→	**E-CHNG**	Single web-based form covering all office and name change filings **Proposed**
Company Conver-sions	**INC-6** OPC to private/public or vice versa conversion	**INC-12** Application for licence under Sec 8 (not-for-profit)	**INC-18** Application to convert Sec 8 company back to normal		→	**E-CON**	Single conversion form covering all company type conversions **Proposed**
CSR Report-ing	**CSR-2** Annual report on CSR activities — filed separately as addendum to AOC-4	Separate SRN, separate filing, separate tracking required			→	**AOC-4 (Integrated)**	CSR-2 data embedded inside AOC-4 itself — already done under MCA V3 **Already Done (MCA V3)**

Impact: Fewer DSC sessions | Fewer SRNs to track | Fewer fees | One filing = complete compliance for that category

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B5. AI-Based Scrutiny — This Is Already Happening

Earlier Definition of Compliance	New Definition of Compliance (2026+)
Filing on time	Consistency across GST + MCA + TDS + IT + Bank
Form filed = safe	Every database must tell the same story
Manual scrutiny — slow, selective	Algorithmic — instant, universal, non-selective
Undetected inconsistencies possible	Every mismatch is flagged and tracked automatically

- **GST turnover vs MCA turnover mismatch → System flags. No human needed.**
- Unusual reserve movement without profit → Algorithmic alert triggered.
- Same DIN on multiple defaulting companies → Priority scrutiny list auto-generated.
- Bank data (CRILC) vs declared financials → Cross-verified without human intervention.

Future scrutiny is algorithmic, instant and universal. Consistency across all systems = the new compliance standard.

Q&A — OPEN FLOOR

CCFS + AGM

Q1: Can a company under CCFS simultaneously file a compounding application for AGM offence under Section 441?

YES — both processes run completely independently.

CCFS handles the filing fee relief under Section 403.
Compounding under Section 441 handles the substantive AGM offence under Section 99.

Both must be done TOGETHER for complete compliance. Filing CCFS without compounding the AGM default leaves a separate liability open.

Q&A — OPEN FLOOR

Listed Companies

Q2: Listed companies with AOC-4 backlog — can they use CCFS?

YES — listed companies CAN use CCFS for AOC-4/MGT-7 backlog (10% fee benefit).

Only the STK-2 (strike-off dissolution) route is barred for listed companies.

This is a common misreading. The CCFS circular bars listed companies from STK-2 only — not from the regular filing route.

Q&A — OPEN FLOOR

Immunity Limits

Q3: If CCFS is filed after an adjudication order is passed, does the penalty automatically disappear?

NO — CCFS applies only to the filing fee waiver under Section 403.

It does NOT override adjudication orders or cancel penalties already imposed.

The 10% fee saving is still available even after an order — but the penalty in the order must be paid in full.

Never tell clients with existing orders that CCFS is pointless — the fee saving is real at every stage.

Q&A — OPEN FLOOR

SRN Date

Q4: MCA portal shows SRN as 'pending for approval' after 15 July 2026 — does CCFS benefit still apply?

YES — the relevant date is the SRN generation date.

As long as the SRN is generated on or before 15 July 2026, the CCFS benefit is protected even if ROC processing happens after that date.

Keep screenshot proof of SRN generation timestamp.

Q&A — OPEN FLOOR

NFRA Risk

Q5: If I sign an audit report on reconstructed books and NFRA picks it up — what is my exposure under proposed NFRA Sections 132A-132K?

The NFRA composition now includes MCA, CAG, RBI, and SEBI members — a listed company audit signed under CCFS is potentially under FOUR-REGULATOR scrutiny.

NFRA's review posture will reflect priorities of all four regulators.

CA's only protection: adequate evidence (SA 500), appropriate audit opinion (not clean if unverifiable) and properly generated UDIN on actual signing date.

Q&A — OPEN FLOOR

CCFS + Dormancy

Q6: Can a company use CCFS filing (10% fees) AND THEN file MSC-1 for dormancy?

YES — in sequence.

Step 1: File all pending AOC-4 / MGT-7 under CCFS first.
Step 2: Only after those are COMPLETE will ROC accept MSC-1.
Step 3: MSC-1 fee then gets the 50% CCFS benefit.

Both benefits can be used sequentially. This is a powerful combined strategy for companies with future plans but backlog filings.

Q&A — OPEN FLOOR

Personal Liability

Q7: If a Recovery Officer attaches property under 454B — can a nominee director's personal assets be targeted?

YES — 454B recovery follows the adjudication order, which names specific persons liable.

Limited liability protects shareholders from COMPANY DEBTS — it does NOT protect directors from PERSONAL STATUTORY PENALTIES.

Once an order names the nominee director as officer in default, personal assets (bank accounts, property, investments) are fully attachable.

Private fund agreements cannot override Companies Act obligations.

Q&A — OPEN FLOOR

Sec 164 — Retrospectivity

Q8: Director Disqualification trigger reduced to 2 years — does this apply retrospectively?

NO — proposed amendments are not yet law (as of today).

When enacted, the trigger for future defaults will be 2 consecutive years.
Existing disqualifications triggered under the current 3-year rule remain governed by the law at the time of trigger.

Action NOW: Advise clients with 1-year filing defaults that the buffer is about to shrink. File under CCFS immediately.

Q&A — OPEN FLOOR

Sec 164 — Nominee Directors

Q9: Nominee director on 6 portfolio companies — one company defaults 2 years — disqualified across all 6?

YES — Section 164(2) disqualification operates across ALL companies where the person is a director — not just the defaulting company.

This is not new law — the group-wide effect existed under the 3-year trigger. The Bill shortens the window to 2 years.

PE/VC funds: monitor ALL portfolio company MCA filings actively. One missed filing cycle = career-level consequence for nominee directors.

Q&A — OPEN FLOOR

Independent Directors

Q10: Independent directors approved accounts in good faith — are they personally exposed to recovery?

YES, if they didn't formally object — Section 149(12) protection depends on ACTION taken.

Protected: ID formally dissented in board minutes, raised concerns in writing, voted against.
At Risk: ID attended board meetings where default was discussed but didn't formally object, signed attendance register without raising issues.

Once an adjudication order names the ID — 454B recovery machinery applies regardless of good faith. Defence must be raised at adjudication stage.

Q&A — OPEN FLOOR

Sec 144 — Post-Rotation

Q11: Audit partner rotated out April 2026 — when can partner provide non-audit services? Does 3-year cooling-off apply firm-wide?

Under the PROPOSED Section 144 change — 3-year cooling-off runs from rotation date → earliest April 2029.

This is a PROSPECTIVE change — applies from the date the Bill is enacted (not yet law).

Firm-wide vs individual: The Bill says 'auditor' — interpretation of individual partner vs entire firm is NOT yet settled. Rules will clarify after enactment.

ACTION: Update engagement acceptance policies NOW in anticipation. Map all partner rotation dates against advisory engagement calendars.

Q&A — OPEN FLOOR

CIRP + CCFS

Q12: Company in CIRP — can the Resolution Professional use CCFS to clear backlog filings?

CAN HE? Yes — Section 14 IBC moratorium stays proceedings AGAINST the company, not the company's own voluntary filings. RP has full management powers.

SHOULD HE? Depends on: (a) Books reconstructible with adequate CA-certifiable evidence? (b) CoC approval for the expense? (c) Does resolution plan already address statutory dues?

STK-2: Completely unavailable during CIRP — NCLT controls the company's fate.

'IBC protects the company from its creditors. It does not protect the directors from the Companies Act. And it does not protect the CA from the Institute.'

Q&A — OPEN FLOOR

Cross-System Mismatch

Q13: AOC-4 shows Rs. 55 Cr turnover. GSTR-3B aggregates to Rs. 72 Cr. What is the risk?

The Rs. 17 Cr gap will be ALGORITHMICALLY FLAGGED under MCA's cross-system data matching.

The CA must reconcile and explain BEFORE filing:
- Revenue recognition policy differences
- Exempt supplies under GST
- Timing differences (accrual vs cash)
- Inter-company eliminations

A CCFS filing that triggers subsequent GST/IT scrutiny defeats the entire purpose. Reconciliation note should be part of the financial statement disclosure.

THE CA'S RISK MATRIX IN 2026

Risk Type	Legal Source	Who Bears It
Filing fee exposure	Section 403	Client
Adjudication penalty	Sections 92/137	**Client + Officers**
UDIN violation	ICAI Guidelines	**CA personally**
Clean opinion on bad books	SA 500 / SA 706	**CA personally (NFRA)**
Non-audit services post-rotation	Proposed Sec 144	**CA firm**
Recovery on passed order	Proposed Sec 454B	**Client + named directors**
Cross-system data mismatch	GST / MCA / ITR	**Client + signing CA**

CORPORATE LAWS (AMENDMENT) BILL 2026 — WHEN WILL IT BE ENFORCED?

23 Mar 2026	Bill introduced in Lok Sabha	DONE
23 Mar 2026	Bill referred to 31-member JPC	DONE
July 2026	JPC submits report (first week of Monsoon Session)	EXPECTED
Aug–Sep 2026	Parliament debates & passes (Monsoon Session)	EXPECTED
Sep–Oct 2026	President's assent	EXPECTED
Oct–Dec 2026	Central Govt issues Commencement Notifications	EXPECTED
Early 2027	Rules notified (incl. settlement formula under 454C)	LIKELY

⚑ **CCFS window closes 15 July 2026 — BEFORE the Bill becomes law. Do NOT wait for 454C settlement. Act under current law. The Bill is 2027 territory.**

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ANNEXURE — STATUTES, RULES & NOTIFICATIONS REFERENCE TABLE (1/2)

Statute / Notification	Key Provisions	Relevance
Companies Act, 2013	Secs 2(85), 92, 96, 99, 129, 134, 137, 139, 141, 144, 147, 149, 164, 184, 248, 403, 441, 454, 455	Primary legislation governing CCFS and all amendment topics
Companies (Amendment) Act, 2017	Sec 403 (1st proviso) — effective 7 May 2018	Introduced Rs. 100/day unlimited additional fee — S.O. 1833(E) dt. 07.05.2018
Companies (Amendment) Act, 2020	Sec 2(85); Sec 403 (2nd proviso) — effective 1 Jul 2022	Revised small company thresholds; higher fee for repeat defaults
G.S.R. 880(E) dt. 01.12.2025	Rule 2(1)(t) — Definitions Amendment Rules 2025	Current small company: Rs. 10 Cr paid-up / Rs. 100 Cr turnover — effective 1 Dec 2025
Companies (Accounts) 2nd Amendment Rules, 2025 (Notif. No. 314 dt. 30.05.2025)	Effective 14 July 2025 — AOC-4 on MCA V3	Linked forms, no PDF attachments, mandatory signed FS for XBRL
Companies (Adjudication of Penalties) Amendment Rules, 2024	Electronic adjudication platform — effective 16 Sep 2024	All penalty adjudication now on electronic platform; digital show-cause notices

ANNEXURE — STATUTES, RULES & NOTIFICATIONS REFERENCE TABLE (2/2)

Statute / Notification	Key Provisions	Relevance
MCA General Circular No. 01/2026 dt. 24.02.2026	CCFS 2026 — all sections	Primary CCFS circular — scheme terms, fee structure, immunity, exclusions
MCA Press Release dt. 01.01.2026	DIR-3 KYC — triennial	KYC frequency changed to once in 3 years effective 1 Jan 2026
NFRA Amendment Rules — effective 13.01.2026	Sec 132 — NFRA composition	Part-time members from MCA, CAG, RBI, SEBI added to NFRA
Companies (Removal of Names) Rules, 2016	Rules 4, 5, 7 — STK-2; Forms STK-3, STK-4	Mandatory forms and pre-conditions for voluntary strike-off
Companies (Audit & Auditors) Rules, 2014 (as amended 2016)	Rule 10A — audit ceiling exclusions	OPC, small, dormant, private (<Rs. 100 Cr) excluded from 20-audit ceiling
Corporate Laws (Amendment) Bill, 2026	102 sections Companies Act; 15 sections LLP Act	Decriminalisation, EoDB, small company relief, NFRA, IFSC, new concepts
Chartered Accountants Act, 1949	Sections 21, 22 — misconduct	ICAI jurisdiction: UDIN violations, ceiling breaches = professional misconduct
ICAI UDIN Guidelines (2019 as amended)	UDIN generation rules	Mandatory for all CA-signed documents; generation date = actual signing date

CONCLUSION

CCFS 2026 is a genuine one-time opportunity — and a critical advisory moment for every Chartered Accountant.

Used CORRECTLY: Protects clients from massive additional fees, restores compliance standing, closes years of default.

Used CARELESSLY: Without AGM exposure check, without proper audit evidence, without valid UDINs — creates professional risks that EXCEED the financial benefits.

Amendments signal: Compliance is simplifying procedurally — but accountability is intensifying substantively.

The window closes 15 July 2026. Act NOW. Advise correctly. Document EVERYTHING.

"Your client's problem becomes your problem at multiple points. CCFS is not just a filing exercise — it is a professional liability management exercise."

THANK YOU

Questions & Discussion

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CCFS Window: 15 April 2026 — 15 July 2026