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MCA UPDATES FOR THE MONTH OF AUGUST 2021
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NOTIFICATIONS**Notification dated August 05, 2021**

MCA has, vide exercise of powers under section 393A of the Companies Act, 2013, exempted following companies from the provisions of section 387 to 392 (insofar as they relate to the offering for subscription in the securities, requirements related to the prospectus, and all matters incidental thereto in the International Financial Service Centres):

- 1) Foreign Companies;
- 2) Companies incorporated or to be incorporated outside India, whether the company has or has not established, or when formed may or may not establish, a place of business in India.

For more information visit:
<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MzMzMjQ=&docCategory=Notifications&type=open>

Notification dated August 05, 2021

MCA has amended Companies (Registration of Foreign Companies) Rules, 2014.

The explanation has been added in rule 2 (1) (c) of Companies (Registration of Foreign Companies) Rules, 2014.

Through the explanation, the definition of “**Electronic Mode**” in relation to definition of “Foreign Company” under section 2 (42) of the Companies Act, 2013 (the Act) has been restricted.

Now, the **Electronic Mode** excludes:

Electronic based offerings of securities, subscription thereof or listing of securities in the International Financial Services Centres set up under section 18 of the Special Economic Zones Act, 2005.

Note: As per section 2 (42) of the Act, Foreign Company means any company or Body Corporate incorporate outside India which-

- (a) Has a place of business in India whether by itself or through an agent, physically or through **Electronic Mode**; and
- (b) Conducts any business activity in India in any other manner.

For more information visit:
<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MzMzMjI=&docCategory=Notifications&type=open>

Notification dated August 05, 2021

MCA has amended Companies (Specification of Definitions Details) Rules, 2014 vide Companies (Specification of Definitions Details) Third Amendment Rules, 2021.

The explanation has been added in rule 2 (1) (h) of Companies (Specification of Definitions Details) Rules, 2014.

Through the explanation, the definition of “**Electronic Mode**” in relation to definition of “Foreign Company” under section 2 (42) of the Companies Act, 2013 (the Act) has been restricted.

Now, the **Electronic Mode** excludes:

Electronic based offerings of securities, subscription thereof or listing of securities in the International Financial Services Centres set up under section 18 of the Special Economic Zones Act, 2005.

Note: As per section 2 (42) of the Act, Foreign Company means any company or Body Corporate incorporate outside India which-

- (a) Has a place of business in India whether by itself or through an agent, physically or through **Electronic Mode**; and
- (b) Conducts any business activity in India in any other manner.

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<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MzMzMjM=&docCategory=Notifications&type=open>

Notification dated August 19, 2021

MCA has amended the Companies (Appointment and Qualification of Directors) Rules, 2014

vide the Companies (Appointment and Qualification of Directors) Amendment Rules, 2021 which is effective from August 19, 2021

Exemption from Online Proficiency Self-Assessment Test:

1. To an individual who has served for three years:

“In the Pay scale of Director or equivalent or above in any Ministry or Department, of the Central Government or any State Government, and having experience in handling-

- (i) The matters relating to commerce, corporate affairs, industry or public enterprises; or
- (ii) The affairs related to Government Companies or Statutory Corporations set up under an Act of Parliament or any State Act and carrying on commercial activities.”

[**Note:** The clause (B) of the proviso to Rule 6 (4) has been substituted by the above mentioned new clause (B)]

2. To the individuals:

Who are or have been, for at least 10 years-

- (A) An Advocate of a court; or
- (B) In practice as a Chartered Accountant; or
- (C) In practice as a Cost Accountant; or
- (D) In practice as a Company Secretary.

For more information visit:
<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MzU0MTU=&docCategory=Notifications&type=open>

Notification dated August 19, 2021

MCA has amended the Companies (Creation and Maintenance of databank of Independent Directors) Rules, 2019 vide Companies (Creation and Maintenance of databank of Independent Directors) Second Amendment Rules, 2021.

1. New **Rule 6** has been inserted:

Annual Report on the capacity Building of Independent Directors

The Institute shall within 60 days from the end of every Financial Year send an Annual Report to every Individual whose name is included in the Data Bank and also to every company in

which such individual is appointed as an Independent Director in format provided in the schedule to these rules.

2. The schedule has been added in the said rules.

For more information visit:
<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MzU0MTY=&docCategory=Notifications&type=open>

AMENDMENT ACT

The Limited Liability Partnership (Amendment) Act, 2021

MCA has notified the Limited Liability Partnership (Amendment) Act, 2021 on August 13, 2021.

The amended act has effected amendment, insertion, omission and substitution of sections. The complete details of which are available in the circular the link of which is given below.

For more information visit:
<https://www.mca.gov.in/bin/dms/getdocument?mds=8yITG8LOgTgQPakjVO2fRg%253D%253D&type=open>

The Insolvency and Bankruptcy Code (Amendment) Act, 2021

MCA has notified the Insolvency and Bankruptcy (Amendment) Act, 2021 on August 12, 2021 .

The amended act has effected amendment, insertion, omission and substitution of sections. The complete details of which are available in the circular the link of which is given below.

For more information visit:
<https://www.mca.gov.in/bin/dms/getdocument?mds=zvCAYCXsxf%252FiGS6DwyIbA%253D%253D&type=open>

CIRCULARS

General Circular No.14/2021

(August 25, 2021)

MCA, vide its General Circular No.14/2021, has issued Frequently Asked Questions (FAQs) on Corporate Social Responsibility (CSR). The set of FAQs have been provided in the Annexure available with the circular. The FAQs inter-alia include Questions on Applicability of CSR, CSR Framework, CSR Expenditure, CSR Activities and so on.

For more information visit:

<https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=MzU0NzM=&docCategory=Circulars&type=open>

Hope the information will assist you in your Professional endeavours. In case of any query / information, please do not hesitate to write back to us at E: chinki.singhal@csassociate.com and M: +91 9050320565.

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Best Regards



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