

Contents

MCA UPDATES FOR THE MONTH OF MARCH 2021	2
RULES	2
Companies (Incorporation) Third Amendment Rules, 2021	2
5 th March, 2021	2
Companies (Management and Administration) Amendment Rules, 2021	2
5 th March, 2021	2
Companies (Accounts) Amendment Rules, 2021	4
24 th March, 2021	4
(Effective from 1 st April, 2021)	4
Companies (Audit and Auditors) Amendment Rules, 2021	4
24 th March, 2021	4
(Effective from 1 st April, 2021)	4

MCA UPDATES FOR THE MONTH OF MARCH 2021**RULES****Companies (Incorporation) Third Amendment Rules, 2021****5th March, 2021**

Amendment in Form INC-35 AGILE-PRO

MCA has amended Companies (Incorporation) Rules, 2014. New option has been inserted in Form INC-35 AGILE-PRO (part of SPICE+) in serial number 12, at the end of Table (A):

“Do you wish to perform Aadhaar authentication for GSTIN registration.

☐ Yes ☐ No”

For more information visit [CompaniesIncorporation3rdAmndtRules_05032021.pdf](#)
(mca.gov.in)

Companies (Management and Administration) Amendment Rules, 2021**5th March, 2021**

MCA has amendment Companies (Management and Administration) Rules, 2014.

Following rules have been amended:

1. Rule 11 (1)

(New e-form **MGT-7A** has been introduced)

Rule 11 (1) has been substituted with the new rule as mentioned below:

Every company shall file its annual return in Form No. MGT-7 except One Person Company (OPC) and small company. One Person Company and Small Company shall file annual return from the Financial Year 2020-21 onwards in Form No. MGT-7A.

2. Rule 12

Rule 12 has been substituted with the new rule as mentioned below:

Filing of Annual Return with registrar

A copy of the Annual Return shall be filed with the registrar with such fees as may be

specified for this purpose.

3. Rule 20 (2)

Explanations have been inserted after proviso to Rule 20 (2)

Explanation I-

For the purpose of this sub-rule, “Nidhi” means a company which has been incorporated as a Nidhi with the objective of cultivating the habit of thrift and savings amongst its members, receiving deposits from and lending to, its members only for their mutual benefit and which complies with such rules as are made by the Central Government for regulation of such class of companies.

Explanation II-

- (i) ‘Agency’ means the National Securities Depositories Limited, the Central Depository Services (India) Limited or any other entity approved by the Ministry of Corporate Affairs subject to condition that the National Securities Depositories Limited, the Central Depository Services (India) Limited or such other entity has obtained a certificate from the Standardisation Testing and Quality Certification Directorate, Department of Information Technology, Ministry of Communication and Information Technology, Government of India including with regard to compliance with parameters under Explanation (vi);
- (ii) ‘cut-off date’ means a date not earlier than seven days before the date of general meeting for determining the eligibility to vote by electronic means or in the general meeting;
- (iii) ‘cyber security’ means protecting information, equipment, devices, computer, computer resource, communication device and information stored therein from unauthorised access, use, disclosures, disruption, modification or destruction;
- (iv) ‘electronic voting system’ means a secured system based process of display of electronic ballots, recording of votes of the members and the number of votes polled in favour or against, in such a manner that the entire voting exercised by way of electronic means gets registered and counted in an electronic registry in a centralised server with adequate cyber security;
- (v) ‘remote e-voting’ means the facility of casting votes by a member using an electronic voting system from a place other than venue of general meeting;
- (vi) ‘secured system’ means computer hardware, software and procedure that-
 - (a) Are reasonably secured from unauthorised access and misuse;
 - (b) Provide a reasonable level of reliability and correct operation;
 - (c) Are reasonably suited to performing the intended functions; and
 - (d) Adhere to generally accepted security procedures;
- (vii) ‘voting by electronic means’ includes “remote e-voting” and voting at the

general meeting through an electronic voting system which may be the same as used for remote e-voting.”

4. Heading of the form MGT-7 shall be changed to “**Annual Return (Other than OPCs and Small Companies)**”

For more information visit [CompaniesMgmtAdminAmndtRules_05032021.pdf \(mca.gov.in\)](https://www.mca.gov.in/CompaniesMgmtAdminAmndtRules_05032021.pdf)

Companies (Accounts) Amendment Rules, 2021

24th March, 2021

(Effective from 1st April, 2021)

MCA has amended Companies (Accounts) Rules, 2014

1. New proviso has been inserted in Rule 3 (1):
As per the new proviso, on or after 1st April, 2021, 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 can not be disabled.
2. New matters have been prescribed in Rule 8 (5) under the head “Matters to be included in Board’s Report”-
 - (i) The details of application made or any proceeding pending under the Insolvency and Bankruptcy Code, 2016 during the year along with their status as at the end of the financial year.
 - (ii) The details of difference between amount of the valuation done at the time of one time settlement and the valuation done while taking loan from the Banks or Financial Institutions along with the reasons thereof.

For more information visit [AuditAuditorsAmendmentRules_24032021.pdf \(mca.gov.in\)](https://www.mca.gov.in/AuditAuditorsAmendmentRules_24032021.pdf)

Companies (Audit and Auditors) Amendment Rules, 2021

24th March, 2021

(Effective from 1st April, 2021)

MCA has amended Companies (Audit and Auditors) Rules, 2014 vide Companies (Audit and Auditors) Amendment Rules, 2021 dated 24th March, 2021.

1. In rule 11, clause (d) has been omitted.
2. New matters have been prescribed by insertion of new clause (e), (f) and (g) in Rule 11 under the head “Other matters to be included in Auditors Report”-

Clause (e)

- (i) Whether the management has represented that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or nay other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities (“Intermediaries”), with the understanding, whether recorded in writing or otherwise, that the intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
- (ii) Whether the management has represented, that, to the best of its knowledge and belief, other than as disclosed in the notes to the accounts, no funds have been received by the company from any person(s) or entity(ies), including foreign entities (“Funding Parties”), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (“Ultimate Beneficiaries”) or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
- (iii) Based on such audit procedures that the auditor has considered reasonable and appropriate in the circumstances, nothing has come to their notice that has caused them to believe that the representations under sub-clause (i) and (ii) contain any material mis-statement.

Clause (f)

Whether the dividend declared or paid during the year by the company is in compliance with section 123 of the Companies Act, 2013.

Clause (g)

Whether the company has used such accounting software for maintaining its books of account which has a feature of recording audit trail (edit log) facility and the same has been operated throughout the year for all transactions recorded in the software and the audit trail feature has not been tampered with and the audit trail has been preserved by the company as per the statutory requirements for record retention.

For more information visit [AccountsAmendmentRules_24032021.pdf \(mca.gov.in\)](https://mca.gov.in/AccountsAmendmentRules_24032021.pdf)

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: pcschinki@gmail.com and M: +91 9050320565.

--

Best Regards



Chinki Singhal | Company Secretary

Reg. Off. | DG-3/263, Vikaspuri | Delhi 110018

M: +91-9050320565

E: chinki.singhal@csassociate.com | W: www.csassociate.com

"Please consider your environmental responsibility! Before printing this e-mail, ask yourself whether you need a hard copy"