

# **“New” amendments under The Companies Act, 2013 (Commencing from April 01, 2021 to June 30, 2021)**

## **PART II**

### **4. Amendments for Auditor’s Report**

Other Matters to be Included in Auditors Report, where “old” clause (d) is to be deleted and “New” Clause (e), (f) and (g) are inserted.

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 any 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

Note: Auditor have to check the details in notes to account and take a representation from director about such clause and check all the transaction of Company in respect of loan and advance received by company & their respective documents.

(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.

NOTE : These amendments are applicable from April 01, 2021 except clause (g) is applicable from April 01, 2022. Hence these are applicable for the financial statements for the year ending March 31, 2022 except clause (g) is applicable for the year ending on March 31, 2023.

### **5. Amendments in definition of Small company**

(i) "Small" Company is to include a "private" limited company where paid up capital is "not" exceeding crore or turnover is "not" exceeding 20 crore.

(ii) "Small" Company is "not" to include a "public" limited company. Hence public limited company is "not" treated as a small company beside paid up capital is "not" exceeding 2 crore or turnover is "not" exceeding 20 crore.

(iii) These amendments are applicable from April 01, 2021. Hence these are applicable for the financial statements for the year ending March 31, 2022

## **6. Amendments for One Person Company (OPC)**

(i) Now Non Resident Indians (NRIs) are permitted to incorporate the OPC's in India

(ii) Now it's "not" mandatory to convert OPC into "Non" OPC beside increase in any size of quantum of turnover

(iii) Now OPC is permitted to convert into "Non" OPC without any "transition" period.

(iv) These amendments are applicable from April 01, 2021. Hence these are applicable for the financial statements for the year ending March 31, 2022.

## **7. Amendments in definition for the "Listed" companies**

Now following companies shall "not" be treated as a Public "Listed" Company

(i) A Public limited company which is "not listed" the "equity" shares on a recognized stock exchange "but" listed the following securities/shares.

(a) Where already has listed the non-convertible debt "securities" issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or

(b) Where already has listed the non-convertible redeemable preference "shares" issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; or

(c) Both categories of (a) and (b) above.

(ii) Where a “Private” limited company has already listed the non-convertible debt “securities” on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008;

(iii) Where a “Public” limited company has “not listed” the equity shares on a recognized stock exchange “but” whose equity shares are listed on a stock exchange in a jurisdiction as “specified” in sub-section (3) of section 23 of the Act.”

(iv) These amendments are applicable from April 01, 2021. Hence these are applicable for the financial year ending on March 31, 2022

## **8. Amendments for Director’s Report**

(i) “Disclosure” about the application as made or any proceeding is pending under the Insolvency and Bankruptcy Code (IBC), 2016 during the year along with their status as at the end of the financial year. (ii) “Disclosure” about the difference between the amount of the valuation executed 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.

(iii) “Disclosure” about the uses of accounting software for maintaining its books of account. This accounting software should have the following features:-

(a) Able to record the audit trail of each and every transaction,

(b) Able to create an edit log of each change made in books of account along with the date when such changes were made

(c) Able to ensure that the audit trail cannot be disabled

(d) Able to audit by the statutory auditor to trace every step of the financial data of a particular transaction right from the general ledger to its source document with the help of the audit trail.

(iv) “Disclosure” about annual report on CSR activity if any

(v) These amendments are applicable from April 01, 2021 except point no. (iii) (a) to (d) is applicable from April 01, 2022. Hence these are applicable for the financial year ending on March 31, 2022 except point no. (iii) (a) to (d) is applicable for the financial year ending on March 31, 2023

## **9. Amendments for OPC and Small Company**

(i) Now OPC and Small Company are required to file Form “MGT-7A” instead of Form MGT-7

(ii) This amendment is applicable from April 01, 2020. Hence these are applicable for the financial statements for the year ending March 31, 2021