



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

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SUPPLEMENT PROFESSIONAL PROGRAMME

for

June, 2025 Examinations

COMPLIANCE MANAGEMENT, AUDIT & DUE DILIGENCE

(Supplement covers amendments/developments from June 2024 to
November 2024)

GROUP 1

PAPER 3

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Lesson 6: Non-Compliances, Penalties and Adjudications

1. The Companies (Adjudication of Penalties) Amendment Rules, 2024 {MCA notification dated August 05, 2024 vide G.S.R 476(E)}

In exercise of the powers conferred by section 454 read with section 469 of the Companies Act, 2013, the Central Government notified the Companies (Adjudication of Penalties) Amendment Rules, 2024 which shall come into force from the 16th day of September, 2024.

A new section 3A after Rule 3 is being inserted in Companies (Adjudication of Penalties) Rules, 2014 in order to enable e-adjudication platform developed by the Central Government which shall be read as under:

Adjudication Platform:

(1) On the commencement of the Companies (Adjudication of Penalties) Amendment Rules, 2024, all proceedings (including issue of notices, filing replies or documents, evidences, holding of hearing, attendance of witnesses, passing of orders and payment of penalty) of adjudicating officer and Regional Director under these rules shall take place in electronic mode only through the e-adjudication platform developed by the Central Government for this purpose.

(2) In case the e-mail address of any person to whom a notice or summons is required to be issued under these rules is not available, the adjudicating officer shall send the notice by post at the last intimated address or address available in the records and the officer shall preserve a copy of such notice in the electronic record in the e-adjudication platform referred to in sub-rule (1): Provided that in case no address of the person concerned is available, the notice shall be placed on the e-adjudication platform.”

2. For the Annexure to the said rules, the Annexure shall be substituted by Form No. ADJ (Memorandum of Appeal).

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=ksyWu6kmYbS46oyUYmt6cw%253D%253D&type=open>

Miscellaneous

1. Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024 (July 15, 2024)

In exercise of the powers conferred by section 405 of the Companies Act, 2013 the Central Government issued Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2024.

As per the order the following amendments are made in the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019:

1. In paragraph 3, the following proviso shall be inserted, namely:- “Provided that only those specified companies which are having payments pending to any micro or small enterprises for more than 45 days from the date of acceptance or the date of deemed acceptance of the goods or services under section 9 of the Micro, Small and Medium Enterprises Development Act, 2006 shall furnish the information in MSME Form-1.”
2. MSME Form-1 form shall be substituted.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=LNC1bxj5jUf0Cxx6hVY6uQ%253D%253D&type=open>

2. Companies (Appointment and Qualification of Directors) (Amendment) Rules, 2024 (July 16, 2024)

In exercise of the powers conferred under second proviso to sub-section (1), sub-section (4), clause (f) of sub-section (6) of section 149, sub-sections (3) and (4) of section 150, section 151, subsection (5) of section 152, section 153, section 154, section 157, section 160, sub-section (1) of section 168 and section 170 read with section 469 of the Companies Act, 2013), the Central Government notified the Companies (Appointment and Qualification of Directors) (Amendment) Rules, 2024.

According to the Amended Rules following amendments are made in the Companies (Appointment and Qualification of Directors) Rules, 2014, in rule 12A:

1. In case an individual desires to update his personal mobile number or the e-mail address, as the case may be, he shall update the same by submitting e-form DIR-3 KYC only on or before 30th September of the financial year.
2. after the third proviso, the following proviso shall be inserted, namely:-
“Provided also that if an individual intends to update his personal mobile number or the email address again at any time during the financial year in addition to the updation allowed under the third proviso, he shall update the same by submitting e-form DIR-3 KYC on payment of fees of five hundred rupees:”.
3. They shall come into force from the 01st day of August, 2024.

Brief Analysis:

As per the amendment the updating of directors' personal details namely mobile number and email address should be done within the mentioned time frame i.e upto 30th September of the financial year. In case he is desirous of updating the above-mentioned details more than one time during the financial year he can so do by filing of e-form DIR-3 KYC on payment of fees amounting to Rs. 500/-.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=FBPSgUwyPTQpTzkMffyl3g%253D%253D&type=open>

3. The (Incorporation) Amendment Rules, 2024 (July 16, 2024)

In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 the Central Government notified (Incorporation) Amendment Rules, 2024.

As per the amended rules the word Nidhi shall be omitted from clause (p) which means that if the proposed name includes word Nidhi a declaration to be submitted by the applicant that the requirements mandated by the respective regulator have been complied with by the applicant is not mandatory. Clause (v) which states that the proposed name of a Nidhi company under the Act does not have the last words "Nidhi Limited" as a part of its name shall be omitted.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=TaZb6FKHcrk2uA%252B354fxBA%253D%253D&type=open>

4. The Nidhi (Amendment) Rules, 2024 (July 16, 2024)

In exercise of the powers conferred by sub-section (1) of section 406 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 the Central Government notified the Nidhi (Amendment) Rules, 2024.

According to the Amended Rules in the Nidhi Rules, 2014, in rule 4, in sub-rule (5,) the following proviso shall be inserted, namely:

"Provided that a company shall not use the words "Nidhi Limited" in its name unless it is declared as such under subsection (1) of section 406 of the Act."

Thus, A Company shall not use the words "Nidhi Limited unless it is declared by the Central Government by notification in the Official Gazette as declared to be a Nidhi or Mutual Benefit Society, as the case may be.

For details:

[https://egazette.gov.in/\(S\(hlheyalf1slflg2bzslqhwlnl\)\)/error.aspx?aspxerrorpath=/ViewPDF.aspx](https://egazette.gov.in/(S(hlheyalf1slflg2bzslqhwlnl))/error.aspx?aspxerrorpath=/ViewPDF.aspx)

5. The Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2024 (July 16, 2024)

In exercise of the powers conferred by sub-sections (1), (2), (3), (4), (8), (9), (10) and (11) of section 125 and subsection (6) of section 124 read with section 469 of the Companies Act, 2013 the Central Government notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2024.

According to the amendments in the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 the following amendments shall be made:

1. Form "IEPF-3" is substituted with IEPF- 4"
2. Form "IEPF-7" is substituted with "IEPF- 1".
3. In sub- rule (13):
 - (i) earlier the any amount required to be credited by the companies to the Fund as provided under sub-rules (10), (11) and sub-rule (12) shall be remitted into the specified account of the IEPF Authority maintained in the Punjab National Bank within 30 days. However, after the amendment the amount shall be transferred online to the Authority within a period of thirty days from the date such amount becomes due.
 - (ii) the words, "within thirty days from the date of remittance or within thirty days from the date of enforcement of these Rules, as the case may be" shall be omitted.
4. In sub-rule (13A),
 - (i) Earlier any amount required to be credited by the companies to the Fund as provided under sub-rule (11A) shall be remitted into the specified account of the IEPF Authority maintained in the Punjab National Bank. However, after the amendment it shall be transferred online to the Authority within a period of thirty days from the date such amount becomes due.
 - (ii) the words, "within thirty days from the date of remittance or within thirty days from the date of commencement of the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund), Third Amendment, Rules, 2021, as the case may be" shall be omitted.
5. In rule 6A, in sub-rule (12) –
 - (i) Earlier any amount required to be credited by the companies to the Fund as provided under sub-rules (9), (10) and sub-rule (11) shall be remitted into the specified account of the IEPF Authority maintained in the Punjab National Bank. However, after the amendment it shall be transferred online to the Authority.
 - (ii) for the words, "from the date of remittance", the words "of such amount becoming due to be credited to the Fund" shall be substituted.
6. Forms IEPF-1, IEPF-1A, IEPF-2 of the said rules shall be substituted.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=P8CBgh44cfDr98J2el6P6Q%253D%253D&type=open>

6. Merger of Forms IEPF-3 With IEPF-4 and IEPF-7 with IEPF-1 along with change in payment process thereof in MCA Version 3 (July 17, 2024)

To ease compliance burden and simplify filings, it has been decided to merge form IEPF-3 with Form IEPF-4 & IEPF-7 with IEPF-1 in MCA Version 3. The revised forms will be made STP (Straight through process).

Brief Analysis:

Pursuant to sub — rule (10), (11), (11A) & sub- rule (12) of rule 6 and sub-rule (9), (10) & (11) of rule 6A of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, various amounts need to be transferred to the Authority as due on the shares transferred by the companies to it under sub- section (6) of section 124 of the Companies Act, 2013 and Form No IEPF-7 was required to be filed accordingly under sub-rule (13) & (13A) of rule 6 and sub-rule (12) of rule (6A) of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules.

Similarly, for shares and unpaid dividend not transferred to the Authority, the company was required to file Form No IEPF-3 under proviso to sub-rule (3(B)) of rule 6 of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules.

Therefore, in supersession of General Circular No.12/2017, the amount required to be transferred under the provisions mentioned in para 1 will be required to be transferred online through MCA 21 through “Pay Miscellaneous Fee” service after selecting option “Investor Education and Protection Fund”. The stakeholders are requested to plan accordingly.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=HUM0%252BJ649ilkfBF%252Bb%252FTxoQ%253D%253D&type=open>

7. Limited Liability Partnership (Amendment) Rules, 2024. (August 05, 2024)

In exercise of the powers conferred by sub-sections (1) and (2) of section 79 of the Limited Liability Partnership Act, 2008 the Central Government notified the Limited Liability Partnership (Amendment) Rules, 2024.

Centre for Processing Accelerated Corporate Exit or C-PACE in short was established vide MCA Notification dated 17th March, 2023 which shall be situated at Indian Institute of Corporate Affairs for faster closure of Companies & LLP.

- Under these amended rules, effective from the 27th August 2024, the application for voluntary closure of LLPs will now be approved by C-PACE along with of the Registrar.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=mvMzerxrXhRIKJfjXltgrg%253D%253D&type=open>

8. Companies (Registration of Foreign Companies) Amendment Rules, 2024 (August 12, 2024)

In exercise of the powers conferred by section 381, section 385, clause (a) of section 386, section 389 and section 390, read with section 469 of the Companies Act, 2013 the Central Government has notified Companies (Registration of Foreign Companies) Amendment Rules, 2024 which shall come into force with effect 09th day of September, 2024.

MCA has operationalized Central Processing Centre (CPC) for Centralised Processing of Corporate Filings that processes applications in time-bound and faceless manner on the lines of Central Registration Centre (CRC). In order to implement the same amendments are made in Companies (Registration of Foreign Companies) Rules, 2014.

As per the amendment, in rule 3, sub-rule (3) a foreign company within a period of thirty days of the establishment of its place of business in India shall now file with the Registrar, Central Registration Centre Form FC-1 with such fee as provided in Companies (Registration Offices and Fees) Rules, 2014.

Accordingly, changes are also made in in rule 8, in sub-rule (1), by inserting the following proviso: "Provided that the documents for registration by a foreign company referred to in sub-rule (3) of rule (3) shall be delivered in Form FC-1 to the Registrar, Central Registration Centre."

For details:

[https://egazette.gov.in/\(S\(mlbrmms5ask0jtyms2hmrpsl\)\)/error.aspx?aspxerrorpath=/ViewPDF.aspx](https://egazette.gov.in/(S(mlbrmms5ask0jtyms2hmrpsl))/error.aspx?aspxerrorpath=/ViewPDF.aspx)

9. Companies (Indian Accounting Standards) Amendment Rules, 2024 (August 12, 2024)

In exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013, the Central Government, in consultation with the National Financial Reporting Authority, have notified Companies (Indian Accounting Standards) Rules, 2024.

According to the amendments following changes are made in Companies (Indian Accounting Standards) Rules, 2015:

1. Indian Accounting Standard (Ind AS) 117 which relates to Insurance Contracts is being inserted to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

2. In order to correspond with Indian Accounting Standard (Ind AS) 117, modifications are also made to Indian Accounting Standard (Ind AS) 101, (Ind AS) 103, (Ind AS) 105, (Ind AS) 107, (Ind AS) 109, and (Ind AS) 115.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=4iwngdxt9oFj%252Bpp05r1EZA%253D%253D&type=open>

10. Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2024 (September 09, 2024)

In exercise of the powers conferred by sub-sections (1), (2), (3), (4), (8), (9), (10) and (11) of section 125 and sub-section (6) of section 124 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government notified the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Second Amendment Rules, 2024.

- The changes intend to raise the minimum claim amount required to submit a claim to the IEPF Authority and to make clear the procedure for transferring securities to legal heirs. Legal heir certificates from tax authorities are now accepted under the laws, but they also call for further paperwork like indemnity bonds and no objection certifications from other legal heirs.
- A new requirement is brought stating that businesses to acquire insurance coverage for risks related to verification reports. The purpose of these modifications is to simplify the procedure for investors to retrieve misplaced or unclaimed assets and safeguard the interests of corporations and investors alike.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=U0MUCISSaXRSw6YtZ1D98w%253D%253D&type=open>

11. The Companies (Indian Accounting Standards) Second Amendment Rules, 2024 (September 09, 2024)

In exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013 the Central Government, in consultation with and after examination of the recommendations made by the National Financial Reporting Authority have notified the Companies (Indian Accounting Standards) Second Amendment Rules, 2024.

One of the significant changes is the addition of new clauses pertaining to leaseback transactions under Indian Accounting Standard (Ind AS) 116. The changes ensure that gains or losses related to retained rights are not recognized unless specific requirements are met, providing seller-lessees with greater clarity on how to use lease obligations and the right-of-use asset.

Additionally, illustrative examples are provided to demonstrate the proper application of the modified rules, including how to manage sale and leaseback transactions including both variable and fixed payments. These rules aim to simplify accounting processes while ensuring compliance with the Ind AS laws. The changes will take effect for reporting periods beginning on or after April 1, 2024.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=G2RyU1%252F3f6giST1Y5Hresw%253D%253D&type=open>

12. Clarification on holding of Annual General Meeting (AGM) and EGM through Video Conference (VC) or Other Audio-Visual Means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013 read with Rules made thereunder (September 19, 2024)

- In continuation to this Ministry's General Circular No. 20/2020 dated 05.05.2020, General Circular No. 02/2022 dated 05.05.2022, General Circular No. 10/2022 dated 28.12.2022 and General Circular No. 09/2023 dated 25.09.2023 after due examination, it has been decided to allow companies whose AGMs are due in the Year 2024 or 2025, to conduct their AGMs through VC or OAVM on or before 30th September, 2025 in accordance with the requirements laid down in Para 3 and Para 4 of the General Circular No. 20/2020 dated 05.05.2020.
- However, it is hereby clarified that General Circular shall not be construed as conferring any extension of statutory time for holding of AGMs by the companies under the Companies Act, 2013 (the Act) and the companies which have not adhered to the relevant statutory timelines shall be liable to legal action under the appropriate provisions of the Act.

For details:

<https://www.mca.gov.in/bin/dms/getdocument?mds=4C8ofg1qraQ0BIj5Bx1Ijw%253D%253D&type=open>

13. The Companies (Prospectus and Allotment of Securities) Amendment Rules, 2024 (September 20, 2024)

In exercise of the powers conferred under the Companies Act, 2013 the Central Government hereby has notified the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2024.

- Rule 9B relates to Issue of securities in dematerialised form by private companies.
- As per the amendment in the Companies (Prospectus and Allotment of Securities) Rules, 2014, a producer company covered under rule 9B (2) shall issue the securities only in dematerialised form and facilitate dematerialisation of all its securities, in accordance with provisions of the Depositories Act, 1996 and regulations made thereunder and comply with the provision within a period of five years of closure of such financial year.

For details: [https://egazette.gov.in/\(S\(udocmspd2yw5rbet2jduvdyd\)\)/ViewPDF.aspx](https://egazette.gov.in/(S(udocmspd2yw5rbet2jduvdyd))/ViewPDF.aspx)

14. The Companies (Accounts) Amendment Rules, 2024 (September 24, 2024)

In exercise of the powers conferred under Companies Act, 2013 the Central Government hereby notified the Companies (Accounts) Amendment Rules, 2024.

As per the amendments a new proviso is being inserted in the Companies (Accounts) Rules, 2014, in rule 12 (1B) which reads as follows:

Provided also that for the financial year 2023-2024, Form CSR-2 shall be filed separately on or before 31st December 2024 after filing Form No. AOC-4 or Form No. AOC-4-NBFC (Ind AS), as specified in these rules or Form No. AOC-4 XBRL as specified in the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015 as the case may be.

For details:

[https://egazette.gov.in/\(S\(zabxxp01ilzyug4umhwhed3k\)\)/error.aspx?aspxerrorpath=/ViewPDF.aspx](https://egazette.gov.in/(S(zabxxp01ilzyug4umhwhed3k))/error.aspx?aspxerrorpath=/ViewPDF.aspx)

15. NFRA finalises and recommends Auditing Standards to the Central Government for notifying under Section 34A of LLP (Amendment) Act 2021 (November 25, 2024)

The National Financial Reporting Authority held its 19th Meeting on 25 November 2024 to finalise and recommend Auditing Standards to the Central Government for notifying under Section 34A of LLP (Amendment) Act 2021. The Authority decided to recommend the 40 Standards on Auditing (SAs) and related Standards on Quality Management (SQM), which were finalised by the Authority in its 18th Meeting held on 11-12 November 2024 for audit of Companies, to be applicable to audit of LLPs on a mutatis mutandis basis. Upon the approval of the Central Government, these Standards are recommended to be effective from 1.04.2026.

Brief Analysis:

In August 2021, Parliament passed the Limited Liability Partnership (Amendment) Act to encourage the startup ecosystem and further boost the ease of doing business. The amended Act inserted a new Section 34A to empower the central government, in consultation with NFRA, to prescribe 'accounting standards' or 'Auditing Standards' for a class or classes of LLPs.

For details:

<https://pib.gov.in/PressReleasePage.aspx?PRID=2077025>

Note: Students appearing in June, 2025 Examination should also update themselves on all the relevant Notifications, Circulars, Clarifications, Orders etc. issued by MCA, SEBI, ICSI & or other authority till November 30, 2024.
