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Companies (Audit and Auditors) Second Amendment Rules, 2021

MCA vide notification dated April 01, 2021 has amended the rules Companies (Audit and Auditors) Rules, 2014 which has earlier mandated that the Auditor has to report in his Audit report starting from April 01, 2021 that whether the Company is maintaining its books of account in a Accounting Software which has a feature of recording audit trail (edit log) facility or not. This requirement has now been deferred to make it applicable from the financial years commencing on or after April 01, 2022.

MCA has also deferred the applicability of mandatory use of Accounting Software having features of recording audit trail of each and every transaction to financial year commencing from April 01, 2022 instead of April 01, 2021 as notified earlier.”

Clarification on spending of CSR funds for setting up makeshift hospitals and temporary COVID Care facilities



MCA In continuation to General Circular No. 10/2020 dated March 23,2020, the MCA has further clarified that spending of CSR funds for 'setting up makeshift hospitals and temporary COVID Care facilities ' is an eligible CSR activity under Schedule VII of the Companies Act, 2013 relating to promotion of health care, including preventive health care, and, disaster management respectively.

The companies may undertake the aforesaid activities in consultation

with State Governments subject to fulfilment of Companies (CSR Policy) Rules, 2014 and the circulars related to CSR issued by MCA from time to time

Limited Liability Partnership (LLP) Can Form A Partnership Firm with An Individual or Other Persons: Kerala High Court



The Kerala High Court held that a Limited Liability Partnership can form a partnership with an individual or other person. In this case, a partnership deed was executed between an individual and an LLP. Registrar of Firms refused registration of the partnership firm on the ground that a LLP cannot be a partner of a firm. This was challenged before the High Court contending that the LLP is liable to be treated as a person and there cannot be any objection for registering a partnership with an LLP which is a person. The court observed in this case that Section 4 of the Partnership Act permits Constitution of a firm or partnership between one or more persons.

Insolvency and Bankruptcy (Prepackaged Insolvency Resolution Process) Rules, 2021 (April 09, 2021)

MCA has notified the Insolvency and Bankruptcy (Prepackaged Insolvency Resolution Process) Rules, 2021. These Rules shall be applicable to matters relating to the prepackaged insolvency resolution process.



Communique-Corporate and Related Law – April 2021

SEBI (Merchant Bankers) (Amendment) Regulations, 2021 (March 31, 2021)



SEBI vide gazette notification dated March 30, 2021 has amended SEBI (Merchant Bankers) Regulations, 1992. The amendments inter-alia covers the insertion of new definitions of ‘underwriter’ and ‘underwriting’; insertion of new regulations 22A on Agreement with clients and 22B General responsibilities of a merchant banker as an underwriter etc.

SEBI Circular: Relaxations relating to procedural matters – Issues and Listing



SEBI vide Circular no. SEBI/HO/CFD/DIL2/ CIR/P/ 2020/78 dated May 06, 2020 granted one-time relaxations from strict enforcement of certain Regulations of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, pertaining to Right Issue opening. The relaxation mentioned that said SEBI Circular dated May 06, 2020 is further extended and shall be applicable for Rights Issues opening upto September 30, 2021 provided the issuer along with the Lead Manager(s) shall continue to comply with point (v) of the said SEBI Circular dated May 06, 2020.

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