

Company Law

Rules and Amendment Rules

The Companies (Accounts) 4th Amendment Rules, 2022

[Notification dated 5th August 2022](#)

Rule 3 - *Manner of Books of Account to be kept in Electronic Mode* of the Companies (Accounts) Rules, 2014 has been amended. As per the amendment:

- The books of account and other relevant books and papers maintained in electronic mode by the company should be accessible in India **at all times** so as to be usable for subsequent reference.
- The company is required to keep a back-up of books of accounts and other books and papers which are in electronic mode, including at a place outside India, in servers physically located in India **on a daily basis** (*earlier periodic basis*)
- At the time of filing of financial statement (FS), the company is required to intimate to the Registrar on an annual basis, **the name and address of the person in control of the book of accounts and other books and papers in India, where the service provider is located**

outside India.

Also refer to CNK note on [Rules pertaining to maintaining of books of accounts by companies in electronic mode amended](#)

The Companies (Incorporation) 3rd Amendment Rules, 2022

[Notification dated 18th August 2022](#)

The Companies (Incorporation) Rules, 2014 has been amended by inserting a new Rule 25B- *Physical Verification of the Registered Office of the Company*. *Inter alia*, this Rule states that –

- The Registrar of Companies (RoC), based upon the information or documents made available on MCA 21, will visit the address of the registered office (RO) of the company and carry out physical verification of the said RO in presence of 2 independent witness of the locality and may also seek assistance of the local Police for such verification, if required.
- The RoC will carry the documents as filed on MCA 21 in support of the address of the RO of the company for physical verification and to check the authenticity of the same by cross verification with the copies of supporting

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documents of such address collected during the said physical verification, duly authenticated from the occupant of the property whereat the said RO is situated.

- The RoC will take photograph of the RO of the company during the physical verification and also draft a Report which will include various details including location details with landmark, photograph of the RO, etc.
- Where the RO of the company is found to be not capable of receiving and acknowledging all communications and notices, the RoC will send a notice to the company and all its directors, of his intention to remove the name of the company from the register of companies and requesting them to send their representations along with copies of relevant documents, if any, within 30 days from the date of the notice before taking further actions under the provisions of Section 248 of the Companies Act, 2013.

The Companies (Removal of Names of Companies from the Registrar of Companies) 2nd Amendment Rules, 2022

[Notification dated 24th August 2022](#)

The MCA has amended the Companies (Removal of Names of Companies from the Registrar of Companies) Rules, 2016 by amending the following Forms-

- Form STK-1 Notice by Registrar for Removal of names of a company from Register of companies
- Form STK-5 Public Notice
- Form STK-5A - Public Notice by RoC

These Forms have been amended pursuant to amendment in the Companies (Incorporation) 3rd Amendment Rules, 2022

The Companies (Acceptance of Deposits) Amendment Rules, 2022

[Notification dated 29th August 2022](#)

The MCA has amended the Companies (Acceptance of Deposits) Rules, 2014. The amendments include the following:

- **Rule 16-Return of Deposits to be filed with the Registrar**

Every company to which these Rules apply, are required to file with the RoC a return in Form DPT-3, on or before 30th June of every year and furnish the information contained therein as on the 31st of March of that year duly audited by the auditor of the company.

Now a declaration is also required to be submitted by the auditor in form DPT-3 certifying that the amount specified in 'particular of deposits' and 'particular of liquid assets' is correct and in accordance with the relevant provisions of the Companies Act, 2013.

- **Form DPT-3 Return of Deposits and Form DPT-4 Statement regarding deposits existing on the commencement the Act have been amended.**

Companies will have to report loans or advances received by the company from directors, shareholders, promoters or banks and financial institutions, which are referred to as exempted deposits. Information pertaining to opening balance, additional loan during the year, repayments during the year, any other adjustment, closing balance and ageing of the loan outstanding for less than a year or 1 to 3 years or more than 3 years is to be disclosed.

The Companies (Appointment and Qualification of Directors) 3rd Amendment Rules, 2022

[Notification dated 29th August 2022](#)

The MCA has amended the Companies (Appointment and Qualification of Directors) Rules, 2014 by substituting the following forms:

- Form No. DIR-3-KYC KYC of Directors
- Form No. DIR-3-KYC-WEB Verify Director's KYC Details

Vide [General Circular No.09/2022 dated 28th September 2022](#), the MCA has allowed filing of e-form DIR-3-KYC and web-form DIR-3-KYC-web without filing fee up to 15th October 2022

The Companies (Registration of Charges) 2nd Amendment Rules, 2022

[Notification dated 29th August 2022](#)

Amendment to the Companies (Registration of Charges) Rules, 2014 include the following:

- Insertion of a new Rule
Rule 13 *Signing of charge e-forms by insolvency resolution professional or resolution professional or liquidator for companies under resolution or liquidation* has been inserted. This Rule states that Form No.CHG-1, CHG-4, CHG-8 and CHG-9 should be signed by insolvency resolution professional or resolution professional or liquidator for companies under resolution or liquidation and filed with the RoC.
- Substitution of Forms
Following forms have been substituted :
 - ▲ Form No. CHG-1 *Application for registration of creation, modification of charge (other than those related to debentures) including particulars of modification of charge by Asset Reconstruction Company in terms of Securitization and Reconstruction of Financial Assets and Enforcement of Securities Interest Act, 2002*
 - ▲ Form No. CHG-4 *Particulars for satisfaction of charge thereof*
 - ▲ Form No. CHG-6 *Notice of appointment or cessation of receiver or manager*
 - ▲ Form No. 8 *Application to the Central Government for extension of time for filing particulars of registration of satisfaction of charge OR for rectification of omission or misstatement of any particular in respect of creation/modification/satisfaction of charge*
 - ▲ Form No. CHG-9 *Application for registration of creation or modification of charge for debentures or rectification of particulars filed in respect of creation or modification of charge for debentures*

Companies (Specification of definition details) Amendment Rules, 2022

[Notification dated 15th September 2022](#)

Definition of 'small companies' has been amended

in the Companies (Specification of Definitions Details) Rules, 2014. As per the amendment, Small Company means a company, other than a public company,—

- paid-up share capital of which does not exceed Rs. 4 crores (*earlier Rs. 2 cores*) or such higher amount as may be prescribed which shall not be more than Rs. 10 crores; and
- turnover of which as per Profit and Loss Account for the immediately preceding FY does not exceed Rs. 40 crores (*earlier Rs. 20 crores*) or such higher amount as may be prescribed which shall not be more than Rs. 100 crores.

Companies (Corporate Social Responsibility (CSR) Policy) Amendment Rules, 2022

[Notification dated 20th September 2022](#)

The MCA has amended the Companies (CSR Policy) Rules, 2014. The amendment includes the following:

- Rule 3- CSR
 - ▲ A company having any amount in its Unspent CSR Account as per Section 135(6) of the Act should constitute a CSR Committee and comply with the provisions contained Section 135(2) to (6)
 - ▲ Rule 3(2) has been deleted. This Rule states that every company which ceases to be a company covered under Section 135(1) of the Act for 3 consecutive FYs will not be required to- (a) constitute a CSR Committee; and (b) comply with the provisions of the Section 135 of the Act till such time it meets the criteria mentioned in Section 135(1)..
- Rule 4- CSR Implementation
The Board should ensure that the CSR activities are undertaken by the company itself or through,—
 - ▲ a company established under Section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of Section 10(23C) or registered under Section 12A and approved under 80G of the Income

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Tax Act, 1961, established by the company, either singly or along with any other company; or

- ▲ a company established under Section 8 of the Act or a registered trust or a registered society, established by the Central Government or State Government; or
- ▲ any entity established under an Act of Parliament or a State Legislature ; or
- ▲ a company established under Section 8 of the Act, or a registered public trust or a registered society, exempted under sub-clauses (iv), (v), (vi) or (via) of Section 10 (23C) or registered under Section 12A and approved under 80 G of the Income Tax Act, 1961, and having an established track record of at least 3 years in undertaking similar activities.

▪ Rule 8- CSR Reporting

A company undertaking impact assessment may book the expenditure towards CSR for that FY, which should not exceed 2% (*earlier 5%*) of the total CSR expenditure for that FY or Rs. 50 lakhs, whichever is higher (*earlier whichever is less*).

▪ Annexure II -Format for the Annual Report on CSR Activities to be included in the Board's Report for FY commencing on or after 1st April 2020

This Annexure has been substituted. The format for the Annual Report on CSR activities to be included in the Board's Report has been revised.

Also refer to [CNK note on Rules governing CSR amended](#)

Circulars

Clarification on spending of CSR funds for "Har Ghar Tiranga" campaign

[General Circular No.08/2022 dated 26th July 2022](#)

The MCA has clarified that spending of CSR funds for the activities related to this campaign, such as mass scale production and supply of the National Flag, outreach and amplification efforts and other related activities, are eligible CSR activities under item no. (ii) of Schedule VII of the

Companies Act, 2013 pertaining to promotion of education relating to culture. The companies may undertake the aforesaid activities, subject to fulfillment of the Companies (CSR Policy) Rules, 2014 and related circulars/ clarifications issued by the MCA.

Update

Clarification on Amendment to Schedule III to the Companies Act, 2013

[Dated 26th September 2022](#)

Amendment to Schedule III to the Companies Act, 2013 MCA Notification dated 24th March 2021 mandates companies to round off the figures appearing in the FSs depending upon their total income. The MCA has clarified that if the companies provide absolute figures in e-forms i.e.. AOC-4, the same will not be treated as incorrect certification by the professionals.

Securities and Exchange Board of India (SEBI)

Social Stock Exchange (SSE)

SEBI Listing Obligation and Disclosure Requirements (LODR) (5th Amendment) Regulations, 2022

[Notification dated 25th July 2022](#)

SEBI (Issue of Capital and Disclosure Requirements) (3rd Amendment) Regulations, 2022

[Notification dated 25th July 2022](#)

SEBI (Alternative Investment Funds) (3rd Amendment) Regulations, 2022

[Notification dated 25th July 2022](#)

The Hon'ble Finance Minister as part of the Budget Speech for FY 2019-20 had proposed to initiate steps towards creating a SSE, under the regulatory ambit of SEBI, for listing social enterprise and voluntary organizations.

SEBI has notified the above Regulations to introduce criteria for regulating SSE. Inter alia, it includes the following definitions:

- Not-for-Profit Organisation (NPO) means a Social Enterprise which is any of the following entities:
 - ▲ a charitable trust registered under the

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Indian Trusts Act, 1882;

- ▲ a charitable trust registered under the public trust statute of the relevant state;
- ▲ a charitable society registered under the Societies Registration Act, 1860;
- ▲ a company incorporated under section 8 of the Companies Act, 2013;
- ▲ any other entity as may be specified by the SEBI
- Social Auditor means an individual registered with a self-regulatory organization under the ICAI or such other agency, as may be specified by the SEBI, who has qualified a certification program conducted by National Institute of Securities Market and holds a valid certificate;
- Social Audit Firm means any entity which has employed Social Auditors and has a track record of minimum 3 years for conducting social impact assessment;
- Social Enterprise means either a NPO or a For Profit Social Enterprise that meets the specified eligibility criteria ;
- Social Stock Exchange means a separate segment of a recognized stock exchange having nationwide trading terminals permitted to register NPO and / or list the securities issued by NPOs in accordance with provisions of these Regulations.
- Social Impact Fund (SIF) means an Alternative Investment Fund which invests primarily in securities, units or partnership interest of social ventures or securities of social enterprises and which satisfies the social performance norms laid down by the fund;
- Social Units means units issued by a SIF or schemes of a SIF to investors who have agreed to receive only social returns or benefits and no financial returns against their contribution

A Social Enterprise, which is either registered with or has raised funds through a Social Stock Exchange or a Stock Exchange, will be required to submit an Annual Impact Report (AIR) to the SSE or the Stock Exchange in the format specified by the SEBI from time to time.

The AIR should be audited by a Social Audit Firm employing Social Auditor.

Under the SSE framework, the Institute of Chartered Accountants of India (ICAI) has been entrusted with the responsibility of being the self-regulatory organisation for regulating the profession of social auditors. In this regard, ICAI has released an [Exposure Draft on Compendium of Social Audit Standards](#).

Framework on Social Stock Exchange

[Circular No.: SEBI/HO/CFD/PoD-1/P/CIR/2022/120 dated 19th September 2022](#)

SEBI has issued a detailed framework on SSE which specifies the following:

Minimum requirements to be met by a NPO for registration with SSE in terms of Regulation 292F of the ICDR Regulations.

A NPO desirous of registration on SSE, should *inter alia* fulfil the following criteria:

- ▲ A NPO must be registered for a minimum of 3 years as a charitable trust with a certificate valid at least for the next 12 months at the time of seeking registration.
- ▲ Annual spending by the entity in the previous FY must be at least Rs 50 lakh
- ▲ Funding in the past FY should of at least Rs 10 lakhs
- ▲ Should have a valid PAN and 80G registration under the Income Tax Act.
- **Minimum Initial Disclosure Requirement for NPOs raising funds through the issuance of Zero Coupon Zero Principal Instruments in terms of Regulation 292K(1) of the ICDR Regulations**
 - ▲ The NPO should disclose vision, target segment, strategy, governance, management, operations ,compliances, creditability , risks, social impact etc.
 - ▲ FSs for last 3 FYs in accordance with guidelines for NPOs issued by the ICAI should be disclosed
- **Annual disclosure by NPOs on SSE which have either raised funds through SSE or are registered with SSE in terms of Regulation 91C of the LODR Regulations**

Inter alia, the following disclosures should be made by the NPOs on an Annual Basis (i.e.) within 60 days from end of the FY:

- ▲ Disclosures on General aspects- Name of the organisation, location, vision / mission / purpose, goals, outreach, list of top 5 donors or investors etc.
- ▲ Disclosures on Governance aspects- ownership and legal form, governance structure, reporting of related party transactions, remuneration policies etc.
- ▲ Disclosures on Financial aspects -FS (Balance Sheet, Income statement and Cash Statement), program wise fund utilization for the year, Auditors Report and auditor details
- **Disclosure of AIR by all Social Enterprises which have registered or raised funds using SSE in terms of Regulation 91E of the LODR Regulations**
Inter alia, this includes the following :
 - ▲ All Social Enterprises will have to provide duly audited AIR to SSE within 90 days from the end of the FY.
 - ▲ The AIR should capture the qualitative and quantitative aspects of the social impact generated by the entity
 - ▲ The AIR should be audited by Social Auditors and the Social Enterprises should disclose the report of the Social Auditor along with AIR
- **Statement of utilisation of funds in terms of 91F of the LODR Regulations**
Listed NPO should submit statement of utilisation of funds to SSE, as mandated under Regulation 91F of the LODR Regulations, within 45 days from the end of quarter.

This Circular has come into force immediately

Disclosure requirement for Asset Management Companies (AMCs)

[Circular No.: SEBI/HO/IMD/DOF2/P/CIR/2022/111 dated 25th August 2022](#)

On 3rd August 2022, SEBI had amended the definition of 'associate' as per Regulation 2(1)(c)

SEBI (Mutual Funds) Regulations, 1996 vide [Notification No. SEBI/LAD-NRO/GN/2022/92](#).

The revised definition of Associate is as under:

'Associate' includes a person,—

- i. *who directly or indirectly, by himself, or in combination with relatives, exercises control over the asset management company or the trustee or the sponsor, as the case may be, or*
- ii. *In respect of whom the asset management company or the trustee or the sponsor, directly or indirectly, by itself, or in combination with other persons exercises a control, or*
- iii. *whose director except an independent director, officer or employee is a director, officer or employee of the asset management company:*

Provided that the above definition of associate shall not be applicable to such sponsors, which invest in various companies on behalf of the beneficiaries on insurance policies or such other schemes as may be specified by SEBI from time to time.

The amended definition is applicable from 3rd September 2022.

Consequent to the above amendment, SEBI has decided that Asset Management Companies (AMCs) should ensure scheme wise disclosure of investments, as on the last day of each quarter, in securities of such entities that are excluded from the definition of associate.

Disclosure of investment should include International Securities Identification Numbers (ISIN) wise value of investment and value as percentage of Asset under Management (AUM) of scheme. Such disclosure should be made on the website of respective AMCs and on the website of Association of Mutual Fund of India (AMFI), within 1 month from the close of each quarter.

Issue and listing of Commercial Paper by listed REITs and InvITs

[Circular No.: SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/ 122 dated 22nd September 2022](#) and [Circular No.: SEBI/HO/DDHS/DDHS_Div3/P/CIR/2022/ 123 dated 22nd September 2022](#)

In terms of [Reserve Bank Commercial Paper Directions, 2017 dated 10th August 2017](#) Real Estate Investment Trust (REIT) and Infrastructure Investment Trusts (InvITs) having net worth of Rs. 100 Crore or higher are eligible to issue commercial paper.

SEBI has decided that REITs and InvITs may issue listed commercial papers (CPs) subject to the following:

- REITs and InvITs should abide by the guidelines prescribed by RBI for issuances of commercial papers.
- REITs and InvITs should abide by the conditions of listing norms prescribed by SEBI under SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 and Circulars issued thereunder.
- In case of REITs and InvITs the issuance of listed CPs should be within the overall debt limit permitted under SEBI (Real Estate Investment Trusts) Regulations, 2014 and SEBI (Infrastructure Investment Trusts) Regulations, 2014 respectively.

SEBI Board Meeting

[PR No 29/2022 Dated 30th September 2022](#)

At the Board Meeting held on 30th September 2022, SEBI, *inter alia*, considered and approved the following :

- **Disclosure of Key Performance Indicators (KPIs) and price per share of issuer, in Public Issues, based on past transactions and past fund raising from the investors**
 - ▲ The issuers who come out with IPO, to make disclosure of KPIs and price per share of issuer based on past transactions and past fund raising done by the issuer from the investors under 'Basis for Issue Price' section of the offer document, and in Price Band Advertisement.

- ▲ The issuer should disclose details of pricing of shares based on past transactions and past fund raising from investors by issuer prior to IPO

- **Flexibility in approval process for appointment and / or removal of Independent Directors - Amendments to the SEBI (LODR) Regulations**

As per the existing requirement under the LODR Regulations, appointment, reappointment or removal of Independent Directors (IDs) is to be made through a special resolution. Under the alternate mechanism, if the special resolution for appointment of an ID does not get the requisite majority, then the following thresholds would be tested:

- ▲ Threshold for Ordinary Resolution
- ▲ Threshold for majority of minority shareholders

- **Amendment to SEBI (LODR) Regulations, 2015 in the context of schemes of arrangement**

The SEBI approved amendments to introduce provisions pertaining to schemes of arrangement for debt listed entities, handling of unclaimed amounts pertaining to non-convertible securities of listed entities which do not fall within the definition of 'company' under the Companies Act, 2013 and the Rules made thereunder, and continuous disclosure norms for entities with listed non-convertible securities, pertaining to financial results and related requirements. The key amendments are:

- ▲ Introduction of provisions pertaining to schemes of arrangement for entities which have listed Non-convertible Debt Securities /Nonconvertible Redeemable Preference Shares
- ▲ Any amount lying unclaimed in the escrow account for more than 7 years pertaining to non-convertible securities issued by listed entities which do not fall within the definition of 'company' under the Companies Act, 2013 and the Rules made thereunder and are governed by

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separate statutes, should be transferred to the Investor Protection and Education Fund created by SEBI in terms of section 11 of the SEBI Act, 1992.

- ▲ Easing of the requirements/ timelines pertaining to submission of financial results, clarity in provisions pertaining to disclosure of line items/ ratios, publication of results in newspapers, etc.

Accountancy and Audit

Guidance Notes (GNs)

- **GN on the Companies (Auditor's Report) Order, 2022 (Revised 2022 Edition)**

[Dated July 2022](#)

The Companies (Auditor's Report) Order, 2020 (CARO 2020) is applicable for audits of FY 2021-22 and onwards. CARO 2020 contains several significant changes and several new reporting requirements *vis-à-vis* CARO 2016. In July 2020, ICAI issued the Guidance Note (GN) on the CARO 2020 to provide detailed guidance to auditors on various reporting requirements of CARO 2020.

The MCA vide notification dated 24th March 2021 issued the amendment to Schedule III to the Companies Act, 2013. The Schedule III, as amended, requires various disclosures in FS. Some of these disclosure requirements are corresponding to clauses of CARO 2020. The ICAI felt it necessary to undertake revision of the GN on CARO 2020.

The GN has been revised to provide guidance on the corresponding disclosure requirements of Schedule III to the Companies Act, 2013 which pertain to the clauses of CARO 2020 and to align guidance with latest provisions of Companies Act, 2013 and Rules thereunder and other relevant laws & regulations which are referred to in the GN. The GN contains detailed guidance on all clauses of CARO 2020.

CNK Partner, Mr. Himanshu Kishnadwala is one of the co-authors.

- **GN on Tax Audit under Section 44AB of the Income Tax Act, 1961 (2022 Edition)**

[Dated July 2022](#)

The format of Tax Audit Reports has changed significantly since the last revision of the publication in year 2014. This GN provides guidance to members for conduct of tax audit, making of report and related matters. There have been substantial changes in provisions of law and clauses included in the particulars to be furnished in the Form No. 3CD since the last publication. ICAI has updated and incorporated all the changes in the desired clauses which has been taken place in the tax laws, notifications, circulars etc. after due deliberations amongst eminent experts and suggestions received from various stakeholders.

This GN has been revised to facilitate compilation of particulars and conducting audit and issuing report for the Assessment Year 2022-23

CNK Partners, Mr. Gautam Nayak and Mr. Sanjeev Pandit also contributed in revising the GN.

Technical Guides (TGs)

- **TG on Financial Statements of Limited Liability Partnerships (LLPs)**

[Dated June 2022](#)

This TG prescribes formats of the FSs for the preparation and presentation of the FSs for LLPs. The formats prescribed in the TG are recommended to be followed for preparation of FSs of LLPs. The TG has been designed in a simple way to prescribe formats of the FSs to assist and guide the preparers for preparation and presentation of the FSs. The TG also includes Illustrative formats for FSs for the guidance of the preparers. The TG should be read in conjunction with the relevant Accounting Standards. The objective of this TG is to deal with applicability of Accounting Standards to the LLPs and to prescribe formats of the FSs for the LLPs.

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- **TG on Valuation of Business in Telecom Tower Industry**

[Dated July 2022](#)

This publication aims to provide guidelines for valuation of business in telecom tower industry and includes the study of overall telecom industry including telecom operators and telecom tower industry, business valuation methodology, Industry's history and future outlook and the key drivers impacting the valuation in this industry.

- **TG on Filing Forms for LLPs and Companies : Form-11 (Annual Return of LLPs)**

[Dated July 2022](#)

This form is for filing annual return of LLP with the Registrar. This form is required to be filed every year within 60 days of closure of its FY.

This TG is prepared with an objective to create user awareness and also to provide detailed guidance on the procedural aspects relating to filing of Form- 11.

- **TG on Audit of Charitable Institutions under Section 12A of the Income-tax Act, 1961**

[Dated September 2022](#)

This TG provides guidance to the members on audit of Public Charitable Institutions under the Income-tax Act, 1961. This TG will also be useful for those in charge of governance of charitable institutions for discharging their respective responsibilities towards audit of accounts of charitable institutions under Section 12A(1)(b)(ii) of the Income Tax Act.

Withdrawal of the Guide to Reporting on Proforma Financial Statements (Pursuant to the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009)

[Dated 4th August 2022](#)

The Auditing and Assurance Standards Board (AASB) of the ICAI was of the view that the aforesaid Guide is not relevant in the present scenario because the aforesaid Guide is based on old Regulations issued by SEBI which do not exist today. The AASB was also of the view that SAE 3420- *Assurance Engagements to Report on the*

Compilation of Pro Forma Financial Information Included in a Prospectus provides sufficient guidance for practitioners who undertake engagements to certify/report on Proforma FSs included in a prospectus. Consequently , the AASB decided to withdraw the aforesaid Guide. Accordingly, the aforesaid Guide is withdrawn with effect from 4th August 2022.

External Confirmations through Third-Party Vendors

[Dated 7th September 2022](#)

In recent years, auditors are facing various difficulties in obtaining external confirmations from banks. One of the major concern in this regard is that some banks are using services of third-party vendors to provide confirmations on their behalf to auditors. Use of third-party vendors leads to the risk that the information provided by third-party vendors may not be authentic and complete. Further, it is not clear as to who will be responsible in case there is failure of IT controls at the end of third-party vendors which may impact the integrity of information provided.

The auditors are exposed to serious risk; in case they use the confirmation from such third-party vendors as audit evidence.

Keeping in view the above, the auditors are advised to seek direct confirmation from concerned banks.

Mandatory evaluation of the Audit Quality Maturity of the firms using revised Audit Quality Maturity Model (AQMM Rev v1.0)

[Dated 13th September 2022](#)

The AQMM v1.0 is a capacity building measure initiated by ICAI. It is an evaluation model, an amalgamation of a well- researched set of Audit Quality Indicators (AQIs), which not only help firms to arrive at their current maturity level but will also provide a mechanism to help and guide to improvise their audit quality. It is a cross-functional evaluation model covering key areas of not only audit engagements but also audit practice at the firm include revenue budgeting of engagements , time sheet, use of technology

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adoption, quality control for engagements, Human Resource Management including resource planning and monitoring, performance evaluation and compensation, physical and IT infrastructure.

With effect from 1st April 2023, the firms auditing the following types of entities will be mandatorily required to undertake an evaluation of their audit quality maturity using the [Audit Quality Maturity Model Revised Version 1.0 \(AQMM Rev v1.0\)](#):

- A listed entity; or
- Bank other than co-operative bank (except multi-state co-operative banks); or
- Insurance company

The firms conducting only branch audits have been excluded from the mandate.

Ind AS

For development in Ind AS refer [CNK IFRS/ISSB and Ind AS Update, October 2022](#).

KEY TAKE AWAY

- The Registrar are vested with absolute authority to physically verify the registered office of the company registered with the MCA at the time of incorporation to check the authenticity of the address. This will ensure establishment of a transparent system with respect to the physical verification process.
- Additional information to be provided in Form DPT-3 and DPT-4 will help in ensuring greater transparency in reporting responsibilities.
- Amended definition of 'small company' will further improve ease of doing business and more firms will have reduced compliance burden (no need to prepare Cash Flow Statement, can file Abridged Annual Return, can hold only 2 Board Meetings in a year, no mandatory rotation of auditors etc.)



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