

MINISTRY OF CORPORATE AFFAIRS**NOTIFICATION**

New Delhi, the 24th March, 2021

G.S.R. 206(E).—In exercise of the powers conferred by sections 139, 143, 147 and 148 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Audit and Auditors) Rules, 2014, namely:—

1. Short title and commencement.- (1) These rules may be called the Companies (Audit and Auditors) Amendment Rules, 2021.

(2) They shall come into force with effect from the 1st day of April, 2021.

2. In the Companies (Audit and Auditors) Rules, 2014, in rule 11,-

(1) clause (d) shall be omitted.

(2) after clause (d), the following clauses shall be inserted, namely:-

“(e) (i) Whether the management has represented that, to the best of it’s 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 it’s 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.

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

(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.”.

[F. No.1/33/2013.CL-V (Part)]

K.V.R. MURTY, Jt. Secy.

Note: The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) *vide* number G.S.R. 246(E), dated the 31st March, 2014 and subsequently amended as follows:-

1. G.S.R. 722 (E) dated the 14th October, 2014;
2. G.S.R. 972 (E) dated the 14th December, 2015;
3. G.S.R. 307(E) dated the 30th March, 2017;
4. G.S.R. 621(E) dated the 22nd June, 2017;
5. G.S.R. 174(E) dated the 16th February, 2018;
6. G.S.R. 432(E) dated the 7th May, 2018; and
7. G.S.R. 461(E) dated the 17th May, 2018.