

Corporate Law & Other Related Laws

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Central Government Notifies Changes to Company Layering Rules, Effective July 14, 2025

On July 9, 2025, the Ministry of Corporate Affairs (MCA) notified an amendment to the Companies (Restriction on Number of Layers) Rules, 2017. This amendment will come into effect on July 14, 2025. The key change introduced through this notification is the substitution of the existing Form CRL-1 in the Annexure to the Rules. Form CRL-1 is used by companies to declare their compliance with the restrictions on the number of layers of subsidiaries. The revised form is expected to bring greater clarity, standardization, and transparency in disclosures relating to corporate structures. Companies are advised to review the new form once released, assess its implications on their existing group structures, and update their internal compliance processes accordingly. This amendment aligns with the government’s ongoing efforts to enhance regulatory oversight, simplify corporate compliance, and promote good governance practices.

Mandatory Attachment of Authenticated Financial Statements with E-Form AOC-4 XBRL

The As per the recent clarification under the Companies Act, 2013, companies that have filed their financial statements under sub-rule (1) are also mandated to attach a PDF copy of the signed and authenticated financial statements when submitting E-Form AOC-4 XBRL. This requirement ensures uniformity, transparency, and completeness in the submission process by mandating the inclusion of a fully signed and verified set of financial documents in a standardized format. The Companies must ensure timely preparation and authentication of their financial statements and related reports before filing E-Form AOC-4 XBRL, to remain compliant with regulatory obligations and avoid potential penalties.





MCA Notifies Revised Form INC-22A Effective July 14, 2025

The Ministry of Corporate Affairs, through notification dated July 9, 2025, has introduced amendments to the Companies (Incorporation) Rules, 2014, which will come into effect on July 14, 2025. The amendment primarily involves the substitution of the existing Form INC-22A with a new e-Form. Form INC-22A, also known as the Active Company Tagging Identities and Verification (ACTIVE) form, plays a critical role in ensuring that companies are compliant with requirements related to their registered office and existence. The introduction of the revised e-Form indicates an updated or streamlined compliance mechanism, likely intended to enhance data accuracy, promote ease of doing business, and strengthen verification protocols.

MCA Announces Relaxation of Additional Fees for Select E-Forms During MCA21 System Transition from V2 to V3

The Ministry of Corporate Affairs (MCA) has introduced a temporary relief measure to facilitate a smooth transition from MCA21 Version 2 (V2) to Version 3 (V3). During this migration phase, 13 specific e-forms will be unavailable for filing from June 18, 2025, to July 13, 2025 (both dates inclusive). To ease compliance during this period, MCA has announced a relaxation of additional fees on late filing for these forms. If the due date or resubmission date of the concerned e-forms falls between June 18, 2025, and July 31, 2025 (both dates inclusive), filers can submit without paying any additional fees up to August 15, 2025.



Notifications & Updates

This measure aims to mitigate any inconvenience caused by system unavailability and encourage timely filings once MCA21 V3 goes live.

The fee relaxation covers a broad range of 38 critical e-forms, including:

- AOC-4 (Filing of financial statements) and its variants such as AOC-4 NBFC, AOC-4 CFS, and XBRL filings
- MGT-7, MGT-7A, MGT-15 (Annual returns and AGM reports)
- CSR-1 and CSR-2 (Corporate Social Responsibility related filings)
- Various auditor-related forms such as ADT-1, ADT-2, ADT-3, ADT-4
- Forms related to cost audit and statutory auditor appointments (e.g., 23B, 23C, 23D)
- Compliance certificates and XBRL compliance reports (e.g., 66, I-XBRL, A-XBRL)
- Other significant forms like GNL-1, Complaint form, LEAP-1, and INC-22A

This one-time fee waiver underscores MCA's commitment to ensuring uninterrupted compliance during the technical migration. Stakeholders are advised to plan their filings accordingly and complete submissions promptly once the MCA21 V3 platform is operational.



MCA Opens Separate Filing Window for e-Form CSR-2 Amid Portal Transition

The Ministry of Corporate Affairs (MCA) has announced a dedicated filing window for e-Form CSR-2 considering the ongoing transition of the MCA21 portal from Version 2 (V2) to Version 3 (V3). As part of this shift, the V2 portal will be officially decommissioned on June 18, 2025.

An amendment to the Companies (Accounts) Rules, 2014—specifically Rule 12(1B)—now permits independent filing of e-Form CSR-2. While the V3 versions of annual filing forms, including CSR-2 linked with AOC-4, were notified on May 30, 2025, the MCA has provided a special window for standalone CSR-2 filings.

Stakeholders who have filed Form AOC-4, AOC-4(XBRL), or AOC-4(NBFC) using a V2 Service Request Number (SRN) will be allowed to file e-Form CSR-2 separately on the V3 portal during the period from July 14, 2025, to August 15, 2025.

This move aims to ensure a smooth transition for companies and professionals navigating the shift to the upgraded MCA21 V3 system.

Stakeholders are advised to plan their filings accordingly and ensure compliance within the stipulated timeline.

Reduction of Penalty in Appeal Against ROC Order for Non-Compliance with Section 89 of the Companies Act

The order pertains to an appeal filed by G2.Com India Pvt. Ltd. and its six directors—Mr. Ayan Barua, Mr. Vamshi Krishna Mokshagundam, Mr. Praveen Nune, Mr. Balachandar Ganesh, Mr. Timothy William Handorf, and Mr. Balagangadharan Karthik—challenging an adjudication order issued by the Registrar of Companies (ROC), Karnataka. The original order imposed penalties for non-compliance with Section 89 of the Companies Act, specifically for the delayed filing of Form MGT-6, which is required for declaring beneficial interest in shares. Although the company had submitted Forms MGT-4 and MGT-5 on time, it admitted to the delayed filing of MGT-6 in a suo motu application on 15 November 2023, attributing the lapse to inadvertence and lack of proper guidance. Following a hearing, the ROC levied a penalty of ₹5,00,000 on the company and ₹2,00,000 on each of its six directors, totaling ₹17,00,000. Seeking relief under Section 454(7), the appellants appealed the decision, highlighting the absence of fraudulent intent, the corrective steps taken, and the financial burden the penalty imposed. The appeal was heard on 08 October 2024, with representation by PCS Mr. Biswajit Ghosh. Upon review, the Regional Director considered the arguments and reduced the penalties to ₹3,00,000 for the company and ₹1,00,000 per director, bringing the total to ₹9,00,000. The revised penalty was paid on 25 October 2024, and necessary SRN details were submitted for the record. The final order was issued on 30 May 2025, effectively disposing of the appeal, with copies sent to the ROC Karnataka and the Joint Secretary, E-Governance Cell, MCA, New Delhi, for further necessary action.

Regional Directors Uphold Penalties in Appeals Filed Under Sections 143 and 90 of the Companies Act, 2013.

Two significant adjudication appeals under the Companies Act, 2013 were recently addressed by the Regional Directors of the Ministry of Corporate Affairs (MCA), highlighting continued enforcement of statutory compliance by auditors, companies, and their officers. In the first matter, C.A. Dayanidhi Das filed an appeal before the Regional Director, Eastern Region, Kolkata, challenging a penalty order dated June 27, 2024, issued by the Registrar of Companies (ROC), West Bengal, for violations under Section 143. The ROC had initiated adjudication proceedings due to non-response from the auditor and imposed a total penalty of ₹2,60,000 for non-compliances spanning FY 2015-16 to FY 2020-21. During the appeal hearing, Das’s representative argued that the concerned company was a small company under Section 2(85), hence eligible for reduced penalties under Section 446B. However, the Regional Director dismissed this defense, clarifying that auditors are not entitled to such relief, and upheld the original penalty order. The appeal was disposed of on June 5, 2025, mandating payment within 90 days or risk action under Section 454(8)(ii).

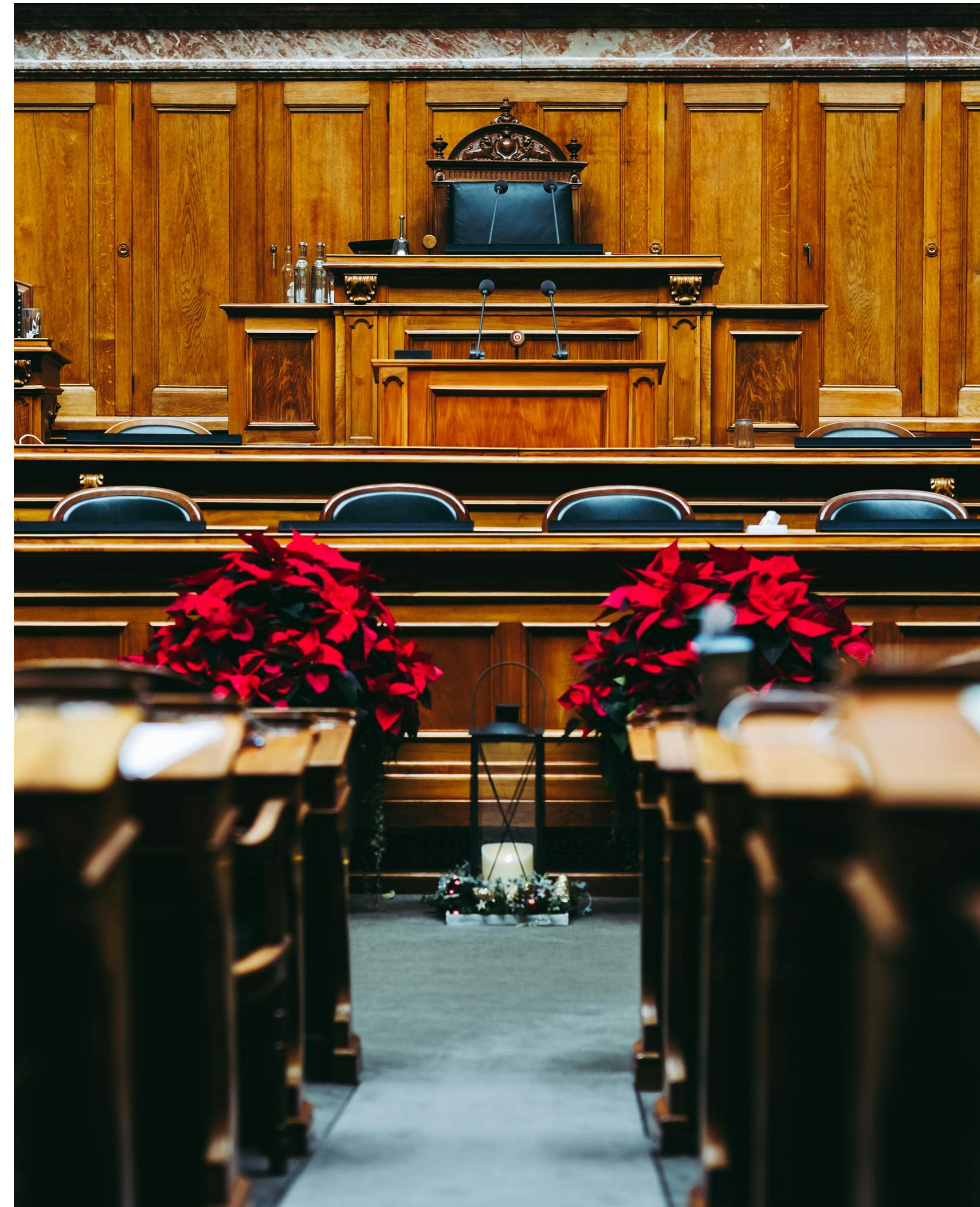
In a parallel case, the Regional Director, Western Region, Mumbai, dismissed an appeal filed by Renaissance Investment Solutions ARC Private Limited (currently under liquidation) against penalties imposed for violations of Section 90 relating to failure in filing significant beneficial ownership disclosures. The ROC Mumbai had levied a cumulative penalty

of ₹11,00,000, including amounts on the company and various individuals. While the Liquidator accepted penalties for the company and beneficial owner, the appeal contested penalties against former directors who had resigned prior to the default period. The Regional Director, however, ruled that since no separate appeal was filed by the directors within the statutory time frame, the matter could not be adjudicated in their favor. The Liquidator was also found to lack locus standi to represent former directors. Accordingly, the ROC’s order dated January 7, 2025, was affirmed on June 2, 2025, and directions were issued for penalty recovery, with provisions for prosecution under Section 454(8) in case of non-payment.



Adjudication Order on Dematerialization Violations by Baby Memorial Hospital Limited under Companies Act, 2013

The adjudication order dated 04 June 2025 addresses violations committed by Baby Memorial Hospital Limited, an unlisted public company, concerning the mandatory dematerialization of securities under Section 29(1A) of the Companies Act, 2013, read with relevant rules from the Companies (Prospectus and Allotment of Securities) Rules, 2014. The company acknowledged delays through a suo-motu application in dematerializing securities held by its promoters, directors, and key managerial personnel prior to issuing shares. Furthermore, M/s. Trinity Finsec Private Limited, a subscriber, contravened the rules by failing to dematerialize its existing shares before subscribing to new ones. Consequently, penalties amounting to ₹2,10,000 were imposed on the company, its managing director, whole-time directors, a former director, the CFO, the company secretary, and the subscriber. The order mandates payment of the penalty online within 90 days and allows the aggrieved parties to appeal before the Regional Director within 60 days.



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