

## STRENGTHENING CORPORATE GOVERNANCE AND WORKPLACE ACCOUNTABILITY: MCA INTRODUCES THE COMPANIES (ACCOUNTS) SECOND AMENDMENT RULES, 2025.

The Ministry of Corporate Affairs (“MCA”) has notified the Companies (Accounts) Second Amendment Rules, 2025 (“**Second Amendment Rules, 2025**”), amending the Companies (Accounts) Rules, 2014 (“**Accounts Rules, 2014**”), which were promulgated under the Companies Act, 2013 (“**Act**”). The Accounts Rules, 2014, established a consolidated framework and set forth procedural requirements with the aim of enhancing book-keeping standards for companies registered in India.

To further this objective, the Second Amendment Rules, 2025 have been introduced to strengthen corporate governance, promote transparency, and advance the book-keeping framework in line with evolving digital, legal, and social expectations.

### Applicability and Effective Date

The Second Amendment Rules, 2025 have been introduced through notification no. G.S.R. 357(E) dated 30 May 2025<sup>1</sup> and are to come into effect from 14 July 2025.

The Second Amendment Rules, 2025 introduce key amendments in relation to disclosures and formats for annual financial filings. These amendments apply to companies governed under the Act, which are mandated to file financial statements and other related documents with the Registrar of Companies (“**RoC**”).

### Key Proposals in the Amendment

#### 1. Transition to e-Forms

The existing Form AOC-1 and Form AOC-2 have been transitioned to e-Forms and are to be submitted as e-Form AOC-1 and e-Form AOC-2, respectively. This change reinforces the digitisation goals of the government and aids in upholding data accuracy and completeness.

#### 2. Enhanced Disclosures in Board's Report

In order to enhance the focus on gender-sensitive workplace practices and ensure social responsibility in corporate disclosures, key provisions introduced are:

##### (a) *Disclosure of Sexual Harassment Complaints:*

Companies are now required to include specific data in their Board Reports pertaining to relevant sections under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (“**POSH Act, 2013**”):

- Number of sexual harassment complaints received during the year;
- Number of complaints disposed of within the year;
- Number of complaints pending for more than 90 (ninety) days.

##### (b) *Compliance with the Maternity Benefit Act, 1961:*

A new clause has been introduced requiring the companies to provide a declaration on compliance with relevant provisions of the Maternity Benefit Act, 1961.

#### 3. E- Filing Requirements for Financial Statements

A new sub-rule (1C) has been introduced under rule 12 of the Accounts Rules, 2014, which requires companies to file, along with their financial statements, the following in electronic format:

- Extract of the Board's Report

<sup>1</sup> [The Companies \(Accounts\) Second Amendment Rules, 2025](#)

- Extract of Auditor's Report – Standalone
- Extract of Auditor's Report – Consolidated (*if applicable*)

These documents are to be submitted along with the appropriate AOC-4 series forms, annually. Additionally, a digitally signed copy of the full financial statements (Board's Report, Auditor's Report, and other supporting documents), must be attached in PDF format with the XBRL submissions.

This change ensures that the regulatory authorities have access to key extracts as well as the complete signed financials for verification and analysis.

## Conclusion

The amendment marks a significant and progressive step by MCA towards enhancing corporate transparency, digitizing compliance processes, and strengthening workplace accountability. Among the most notable changes is the mandatory disclosure of compliance with the POSH Act, 2013 in the Board Reports, a move that institutionalizes workplace safety and underscores the importance of ethical governance. This amendment is expected to promote prompt and sensitive handling of complaints, reinforce accountability, and emphasize the well-being of the workforce.

From a compliance perspective, companies must transition to e-Forms as manual submissions are being phased out, ensure that Board Reports include disclosures on sexual harassment and maternity benefit compliance, and file extracts of Board and Auditor's Reports electronically using updated formats within the prescribed timelines.

Non-compliance with these requirements or the furnishing of false or misleading statements in any return, report, or document filed under these amended Accounts Rules, 2014 may attract penal consequences under Sections 448 and 449 of the Act, which may range from INR 10 lakhs to 1% of the total turnover of the respective company, and might also attract imprisonment in certain cases.

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