April 2025

The Yearly Messenger

(This publication includes the updates, which were released during the period 1 April 2024 to 31 March 2025)

S.N. Dhawan & CO LLP
Chartered Accountants

India | Accounting News

Study on Compliance of Financial Reporting Requirements (Ind AS Framework) – Volume II – 13 May 2024

The Financial Reporting Review Board (FRRB) of the ICAI, has released its new publication on 'Study on Compliance of Financial Reporting Requirements (Ind AS Framework) – Volume II', which includes instances of non-compliances with respect to financial reporting requirements such as Ind AS, Standards on Auditing, Schedule III to the Companies Act 2013, Companies (Auditor's Report) Order (CARO) etc., observed by the FRRB during the course of review of general-purpose financial statements of various enterprises.

For more information, click here.

Amendments to AS 22, Accounting for Taxes on Income issued by the ICAI - 29 July 2024

To address the tax challenges of the digitalization of the economy that was agreed by 137 member jurisdictions of the Organization for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting's Statement (BEPS) and as endorsed by the G20 Finance Ministers and Leaders in October 2021, the Pillar Two Model Rules were released on 20 December 2021, as part of the Two-Pillar Solution. The Pillar Two Model Rules are designed to ensure large multinational enterprises (MNEs) pay a minimum level of tax on the income arising in each jurisdiction where they operate.

Considering that entities may need time to determine how to apply the principles and requirements in AS 22, Accounting for Taxes on Income (issued by the ICAI) to account for deferred taxes related to top-up tax, the ICAI has decided to introduce a temporary exception to the requirements in AS 22 (issued by the ICAI) to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes because once the Pillar Two Model Rules are enacted in India, these amendments would be relevant to the non-company entities applying Accounting Standards issued by the ICAI and to whom Pillar Two Model Rules will be applicable.

The amendments have introduced:

• a temporary exception to the requirements to recognize and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and

• targeted disclosure requirements for affected entities.

The aforesaid amendments are effective for annual reporting periods beginning on or after 1 April 2024.

For more information, click here.

Companies (Indian Accounting Standards) Amendment Rules, 2024 - 12 August 2024

The Ministry of Corporate Affairs (MCA) vide notification dated 12 August 2024 has issued the Companies (Indian Accounting Standards) Amendment Rules, 2024, which primarily concentrates on the insurance industry, wherein the following modifications have been made:

• A new Ind AS 117 'Insurance Contracts' has been issued, thereby omitting the erstwhile Ind AS 104.

• Consequential changes have been made in the other Ind ASs as well such as Ind AS 101, Ind AS 103, Ind AS 105, Ind AS 107, Ind AS 109, Ind AS 115, Ind AS 1, Ind AS 7, Ind AS 19, Ind AS 28, Ind AS 32, Ind AS 36, Ind AS 37, Ind AS 38.

The Amendment Rules shall come into force w.e.f. 12 August 2024.

For more information, click here.

Companies (Indian Accounting Standards) Second Amendment Rules, 2024 - 9 September 2024

The MCA vide its notification dated 9 September 2024 has issued the Companies (Indian Accounting Standards) Second Amendment Rules, 2024, wherein following changes have been made in Ind AS 116, ‘Leases’ w.r.t. accounting treatment of sale and leaseback transactions:

• A new paragraph 102A has been inserted, which includes new provisions w.r.t. leaseback transactions.

• The amendment explains how seller-lessees should apply the provisions of Ind AS 116 to the right use of assets and lease liabilities arising from the leaseback, confirming that gains or losses with respect to retained right of use are not recognised except under specific circumstances.

• It also states how seller-lessee shall determine the ‘lease payments’ or ‘revised lease payments’.

• Further, illustrative examples such as handling sale and leaseback transactions with fixed, variable and above market terms payments have also been added by means of a separate Appendix i.e., ‘Appendix D’ to demonstrate the application of the revised Rules.

The Amendment Rules shall come into force w.e.f. 1 April 2024.

For more information, click here.

Companies (Indian Accounting Standards) Third Amendment Rules, 2024 – 28 September 2024

The Central Government (CG) in consultation with National Financial Reporting Authority (NFRA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2024 on 12 August 2024, wherein the Central Government has inserted a new Ind AS 117 ‘Insurance Contracts’ thereby omitting the erstwhile Ind AS 104. Consequential to this the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Third Amendment Rules, 2024.

The amendment allows insurers or insurance companies to provide their financial statements according to Ind AS 104 for the consolidated financial statements of their parent, investor, or venturer until the Insurance Regulatory and Development Authority notifies Ind AS 117.

The Amendment Rules shall come into force w.e.f. 28 September 2024.

For more information, click here.

Revised Criteria for Classification of Non-Company Entities for Applicability of Accounting Standards – 8 November 2024

The Institute of Chartered Accountants of India (ICAI) has revised the classification criteria for non-company entities concerning the applicability of Accounting Standards. Effective 1 April 2024, non-company entities are classified as either Micro, Small, and Medium-Sized Entities (MSMEs) or Large Entities. MSMEs have been defined basis meeting certain conditions / specific financial thresholds, including turnover not exceeding ₹250 crore and borrowings not exceeding ₹50 crore. Entities failing to meet these criteria are categorized as Large. Large Entities must fully comply with all Accounting

Standards, while MSMEs may benefit from certain exemptions. For instance, MSMEs are exempt from specific requirements under standards like AS 3, AS 17, and AS 24, among others.

Additionally, MSMEs must disclose if they utilize these exemptions, and if they transition out of MSME status, they must adhere to relevant standards from the current accounting period without revising prior period figures. The new classification replaces the 2021 criteria and mandates clear financial disclosures, aiming to simplify compliance for MSMEs while ensuring transparency.

For more information, click here.

Exposure Draft on Due Process Handbook by IFRS Foundation- 26 December 2024

The Accounting Standard Board of the Institute of Chartered Accountants of India (ICAI) has invited public comments on the 'Exposure Draft on Proposed Amendments to Due Process Handbook' by IFRS Foundation up to 11 February 2025.

The proposed amendments to the Handbook incorporate the establishment of the International Sustainability Standards Board (ISSB) in 2021. These changes aim to ensure that both the ISSB and the International Accounting Standards Board (IASB) follow a consistent, rigorous, inclusive and transparent standard-setting process.

For more information, click here.

Exposure Draft of Ind AS 118, Presentation and Disclosure in Financial Statements- 6 January 2025

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has issued the exposure draft of a proposed new standard Ind AS 118, ‘Presentation and Disclosure in Financial Statements’ for public comments. The said exposure draft is formulated based on IFRS 18 issued by the IASB in April 2024. The new standard aims to enhance the presentation of financial performance in profit or loss, introducing five categories for classifying income and expenses viz. operating, investing, financing, income taxes and discontinued operations and requiring new subtotals and disclosures. IND AS 118 will replace Ind AS 1 and introduces consequential amendments to some other Ind ASs.

Ind AS 118 is proposed to be effective for annual reporting periods beginning on or after 1 April 2027. The Exposure Draft is open for public comments until 6 April 2025.

For more information, click here.

RBI releases Draft Formats of Financial Statements of Co-operative Banks – 7 January 2025

The Reserve Bank of India (RBI) has initiated a significant update to the financial reporting formats for co-operative banks under Section 29, read with Section 56 of the Banking Regulation Act, 1949 (‘the Act’). Co-operative banks are required to prepare a balance sheet and profit and loss account as on the last working day of the year using the forms specified in the Third Schedule of the Act. These forms, originally notified in 1981, are now being revised to align with the evolving financial landscape, modern accounting standards and practices.

The Reserve Bank has, accordingly, undertaken a comprehensive review of the formats of the financial statements of the co-operative banks and has released draft formats of the revised Forms and their schedules together with instructions for the compilation of the balance sheet and profit and loss account.

Stakeholders are invited to provide comments or feedback on these draft formats by 21 February 2025. Submissions can be sent to the Chief General Manager-in-Charge, Department of Regulation, RBI, Mumbai, via mail or email with the subject “Draft Formats of Financial Statements of Co-Operative Banks.”

For more information, click here.

Exposure Draft of Accounting Standards for Limited Liability Partnerships - 7 February 2025

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has released the Exposure Draft of Accounting Standards applicable for Limited Liability Partnerships (LLPs), which have been prepared based on Accounting Standards notified under Companies (AS) Rules 2021 considering necessary changes from the perspective of LLPs.

The revised criteria for classifying non-company entities for applicability of Accounting Standards viz., MSMEs/ Large entities and the available exemptions/relaxations as issued by ICAI in November 2024, have also been included in the said Exposure Draft.

The Exposure Draft is open for public comments until 28 February 2025.

For more information, click here.

Study on Compliance of Financial Reporting Requirements (Ind AS Framework) Volume III - January 2025 Edition

The Financial Reporting Review Board (FRRB) of the Institute of Chartered Accountants of India (ICAI), has released its new publication on ‘Study on Compliance of Financial Reporting Requirements (Ind AS Framework) – Volume III’, which includes the instances of non-compliances identified in Ind AS based Financial Statements along with the explanations for each observation. This publication covers common non-compliances with respect to financial reporting requirements such as Ind AS, Standards on Auditing, Schedule III to the Companies Act 2013, Companies Auditor’s Report Order (CARO) etc., observed by FRRB during the course of its review of Ind AS based financial statements of various enterprises.
For the ease of reference, the said observations have been classified basis the elements of financial statements wise viz, Observations related to ‘Assets’, ‘Equity‘, ‘Liabilities‘, ‘Components of Profit and Loss‘, ‘Statement of Cash Flows‘, ‘Other Disclosures‘, ‘Auditor’s Report‘ and ‘CARO’, and serves as both a guide and a reference point for gaining a deeper understanding of best financial reporting practices.

For more information, click here.

Technical Guide on Accounting for Expenditure on Corporate Social Responsibility (CSR) Activities- Revised January 2025 Edition

The Corporate Laws and Corporate Governance Committee of the Institute of Chartered Accountants of India (ICAI) has released the revised edition of Technical Guide on Accounting for Expenditure on Corporate Social Responsibility Activities.

This technical guide is intended to provide a comprehensive and practical understanding of the accounting treatment of CSR expenditures and their presentation in financial statements. It covers a wide array of topics, including guidance on CSR accounting in accordance with the provisions of the Companies Act, 2013, in compliance with recent legal developments. This publication aims to provide members with the necessary guidance to ensure compliance with CSR regulations while promoting transparency and accuracy in financial reporting.

For more information, click here.

Exposure Draft of Technical Guide on Cost Management in Healthcare Services- 11 February 2025

The Cost Accounting Standards Board (CASB) of the Institute of Cost Accountants of India has published an Exposure Draft of the Technical Guide on Cost Management in Healthcare Services to assist stakeholders in improving performance of healthcare services through effective cost management. The guide is designed to help decision-makers in allocation of resources efficiently and comparison of performance of different healthcare service providers. The draft was approved for release by the CASB during its 105th meeting held on 29 January 2025 and inviting public comments and suggestions by 4 March 2025.

For more information, click here.

Compendium of Opinions Volume XLIII – February 2025 Edition

The Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) has issued the 43rd Volume of 'Compendium of Opinions', comprising of opinions finalized by it during the period 12 February 2023 to 11 February 2024. Some of the important matters on which the opinions have been provided include:

- Accounting treatment of subsequent expenditure as per Ind AS 16, 'Property, Plant and Equipment'.
- Classification of Lease Receivables.
- Treatment of Government Grant under AS framework.
- Accounting treatment of Concession Agreement under AS framework.
- Accounting for CSR Expenditure under AS framework.
- Accounting treatment of revenue on conversion of leasehold land to freehold land under Ind AS framework.
- Presentation of amounts received under Channel Financing Facility as per the requirements of Schedule III to the Companies Act, 2013.
- Presentation of Trade Receivables realised by way of discounting of bills in the Financial Statements under Ind AS framework.
- Presentation of interest payable and depreciation for earlier years in the Statement of Profit and Loss.
- Accounting treatment and disclosure of Debit Balance of Capital Reserve arising on merger.
- Foreign Exchange fluctuation applicability in the books of the Company.
- Accounting treatment of pre-project expenses for which fund approval is pending under Ind AS framework.
- Factoring time value of money while calculating Expected Credit Losses (ECL) on deferred debt (retention money) under Ind AS framework.
- Accounting treatment of foreign exchange gain/loss arising out of payables for capital goods/services under Ind AS framework.
- Method to be adopted to determine Fair Value of Investment under Ind AS framework – Book Value of Standalone Financial Statements or Consolidated Financial Statements.
- Timing of capitalisation of the project as Property, Plant and Equipment under AS framework.
- Classification of accrued interest on short term FDR/flexi deposits of 3 months or less.

- Classification of portion in the common office complex, occupied by Parent Company, as investment property in the Subsidiary company's financial statements under Ind AS framework.
- Accounting for major spares.
- Revenue recognition from Contracts with Customers under Ind AS 115.

For more information, click here

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Guidance on Non-Compliances observed by Quality Review Board during Quality Reviews (Volume 1) - 9 May 2024

The Auditing and Assurance Standards Board (AASB) of the ICAI has issued a publication namely, 'Guidance on Non-Compliances Observed by Quality Review Board During Quality Reviews (Volume 1)'. This publication is a compilation of some common non-compliances observed by the Quality Review Board while conducting quality reviews. The publication also contains suggested guidance by AASB for the members on these common noncompliances.

The Volume 1 of the guidance is divided into following two parts:

• Part 1: Observations related to Engagement and Quality Control Standards.
• Part 2: Observations related to CARO and Internal Financial Controls (IFC).

For more information, click here.

Guidance Note on Reports of Audit under Section 12A/10 (23C) of the Income Tax Act, 1961 - 3 July 2024

Pursuant to the changes being made in the scheme of taxation of Charitable Trusts over the last few years and the newly issued forms of Audit Report by the Central Board of Direct Taxes (CBDT), namely, Form No. 10B and Form No. 10BB, the Direct Taxes Committee of the ICAI has issued a publication namely 'Guidance Note on Reports of Audit under section 12A/10(23C) of the Income-tax Act, 1961' which provides guidance on the reporting requirements in Form No.10B and Form No.10BB.

The Guidance Note will be relevant for reporting requirements from A.Y.2024-25 onwards.

For more information, click here.

Guidance on Non-Compliances observed by Quality Review Board during Quality Reviews (Volume 2) - 5 July 2024

The Auditing and Assurance Standards Board (AASB) of the ICAI has issued a publication namely, 'Guidance on Non-Compliances Observed by Quality Review Board During Quality Reviews (Volume 2)'. This publication is a compilation of some common non-compliances observed by the Quality Review Board while conducting quality reviews. The publication also contains suggested guidance by AASB for the members on these common noncompliances.

The Volume 2 of the guidance is divided into following two parts:

• Part 1: Observations related to Engagement and Quality Control Standards.
• Part 2: Observations related to CARO and Internal Financial Controls (IFC).

For more information, click here.

Audit Quality Maturity Model Version 2.0 (AQMM v 2.0) - 22 August 2024

In July 2021, the ICAI had released the 'Audit Quality Maturity Model -Version 1.0 (AQMM v1.0)', which was a capacity-building measure initiated by it, wherein the ICAI had mandated the evaluation of Audit Quality Maturity of Firms using AQMM for the firms auditing the following types of entities w.e.f. 1 April 2023:

• A listed entity; or

• Bank other than co-operative bank (except multi-state co-operative banks); or

• Insurance Company. Now, the ICAI has launched the AQMM v 2.0.

Though, there is no change as far as the applicability of AQMM v 2.0. is concerned as against AQMM v 1.0. However, certain changes have been made in the scoring pattern and sections reference which are to be evaluated.

Additionally, the transition provisions w.r.t. implementation of AQMM v 2.0 have also been added.

For more information, click here.

NFRA Circular on Responsibilities of Principal Auditor and Other Auditors in Group Audits- 3 October 2024

National Financial Reporting Authority (NFRA) issued an exposure draft for proposed revisions to SA 600 on 17th September 2024, inviting public comments. Consequential to the exposure draft NFRA has also issued a circular under Section 132(2) (b), (c), and (d) read with Rule 4(1), 4(2)(e) and Rule 9 of NFRA Rules 2018 dated 3rd October 2024 to Auditors of the entities under the purview of Rule 3 of NFRA Rules 2018 regarding "Responsibilities of Principal Auditor and Other Auditors in Group Audits" addressing "gross negligence and audit failure" in the audits of group financial statements in several instances.

This circular reiterates the importance of audit quality, independence, and compliance with auditing standards to prevent fraud and protect investors and stakeholders. Further, the circular has analysed the provisions under the SAs, SEBI LODR, The Companies Act, 2013 and The Chartered Accountants Act 1949.

The NFRA highlighted several critical issues in the audits:

• Lack of Communication
• Ignored Discrepancies
• Misinterpretation of SA 600
• Public Interest Focus

For more information, click here

Issuance of SQM 1, SQM 2 – 14 October 2024

The Institute of Chartered Accountants of India (ICAI) has issued two new standards: SQM 1 and SQM 2

SQM 1 (Quality Management for Firm that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagement) outlines a firm's responsibility to establish policies and procedures for quality management across all engagements, including audits, reviews of financial statements, and other assurance services and applies to all firms performing audits, financial statement reviews, or assurance services, requiring a quality management system for consistent engagement performance.

This standard is recommendatory for implementation by April 1, 2025, and mandatory by April 1, 2026.

SQM 2 (Engagement Quality Reviews) focuses on the appointment and eligibility of the engagement quality reviewer, as well as the review process and its documentation. It is recommendatory for audits, reviews of financial statements and other assurance service engagements for the period beginning on or after April 1, 2025. Mandatory compliance is set for the period beginning on or after April 1, 2026. The extant corresponding standard, i.e. SQC 1 will continue to be applicable till these standards become applicable.

There are conforming amendments to various Standards on Auditing such as SA 200, SA 210, SA 230, SA 250, SA 260 (R), SA 300,SA 315, SA 500, SA 540 (R), SA 610(R), SA 620, SA 700 (R), SA 701, SA 720 (R), SA 805 (R) and other Standards such as SRE 2400(R), SAE 3400, SAE 3402, SAE 3420, SRS 4400(R) & Appendix 2 and SRS 4410 (R) arising from SQM 1, SQM 2 and SA 220 (Revised) which would be applicable from the date of applicability of these standards.

For more information, click here

NFRA finalises and recommends Auditing Standards to the Central Government for notifying under Section 34A of LLP (Amendment) Act 2021 – 25 November 2024

The National Financial Reporting Authority (NFRA) in its 19th meeting held on 25 November 2024 has proposed 40 Standards on Auditing (SA) and related Standards on Quality Management (SQM) for audits of Limited Liability Partnerships (LLPs) under Section 34A of the LLP (Amendment) Act 2021. These standards, which were finalized in a previous meeting, will be applicable to LLPs on a mutatis mutandis basis.

Subject to the approval of the Central Government, these standards are recommended to take effect from 1 April 2026.

For more information, click here.

Audit Focus: Audit Committee Communications - 4 December 2024

The PCAOB has published a staff report on auditors' communications with audit committees, which is part of its Audit Focus series. The report emphasizes important reminders for auditors based on PCAOB standards and staff guidance regarding audit committee communications, outlines common deficiencies observed in auditors' work, and shares best practices noted by the staff.

For more information, click here.

Clarifications/FAQs on the issues arising out of the Peer Review Mandate -24 December 2024

The Peer Review Board of the Institute of Chartered Accountants of India (ICAI) has issued “Clarifications/FAQs on the issues arising out of the Peer Review Mandate” and addresses 11 FAQs in total. These FAQs aim to clarify various concerns related to the implementation of the peer review process. The document provides guidance to ensure better understanding and compliance with the mandate.

For more information, click here.

NFRA releases the first part of Auditor-Audit Committee Interaction Series titled: Audit of Accounting Estimates and Judgments – 10 January 2025

The National Financial Reporting Authority (NFRA) has released the first in the series of its Auditor-Audit Committee Interactions, titled Audit of Accounting Estimates and Judgments – Part 1: Expected Credit Losses (ECL) under IND AS 109.

In the course of NFRA's review and monitoring activities, the auditor's communication with those charged with Governance (TCWG) (including the Audit Committees) has been variously highlighted.

With the objectives of ensuring improvements in overall audit quality, promoting awareness and significance of accounting and auditing standards, auditor's responsibilities, protecting public interest and investor protection, NFRA is commencing with this series of Auditor – Audit Committee interactions, which will be issued on significant areas of accounting and auditing, from time to time.

The said Series 1 draws the attention of the auditors to the potential questions of the Audit committees/ Board of Directors which may be asked by them in respect of the accounting estimates and judgments including the aspects pertaining to the audit of Expected Credit Losses (ECL) for the financial assets and other items as required by Ind AS 109, Financial Instruments.

For more information, click here

Deferment of Phase III and IV of Peer Review Mandate- 22 January 2025

The Peer Review Board of Institute of Chartered Accountants of India (ICAI) has announced a deferment of Phase III and Phase IV of the Peer Review Mandate by 6 months and 9 months respectively.

The revised dates for the implementation are as under: –

- Practice Units covered for Mandatory Peer Review in Phase III: Mandatory from 1 July 2025.
- Practice Units covered for Mandatory Peer Review in Phase IV: Mandatory from 1 January 2026.

For more information, click here.

Guidance on Non-Compliances Observed by Quality Review Board During Quality Reviews (Volume 3) Released by Auditing and Assurance Standards Board - 24 January 2025

The Auditing and Assurance Standards Board (AASB) of the ICAI has issued a publication namely, 'Guidance on Non-Compliances Observed by Quality Review Board During Quality Reviews (Volume 3)'. Volume 1 and 2 of the aforesaid guidance were issued earlier in May 2024 and July 2024 respectively. This publication is a compilation of some common non-compliances observed by the Quality Review Board while conducting quality reviews. The publication also contains guidance suggested by AASB for the members on these common non-compliances to help them in performing quality audits.

For more information, click here.

Guidance Note on Audit of Banks (2025 Edition) – 18 February 2025

The Auditing and Assurance Standards Board (AASB) of the Institute of Chartered Accountants of India (ICAI) has issued the revised 2025 edition of the "Guidance Note on Audit of Banks" to provide detailed guidance to auditors on statutory audit of banks and bank branches.

The revised 2025 edition incorporates the impact of the Master Directions/ Circulars issued by Reserve Bank of India, relevant advisories, ICAI's pronouncements affecting bank audits and changes in applicable laws or regulations.

The guidance note is broadly bifurcated into two Sections i.e.

- Section A -Statutory Central Audit and
- Section B -Bank Branch Audit.

The Guidance Note also contains various Appendices including illustrative formats of engagement letter, illustrative formats of auditor's report and illustrative formats of management representation letter.

For more information, click here

Auditor - Audit Committee* Interactions Series 1 (Part 2) Audit of Accounting Estimates and Judgments Income Taxes - Ind AS 12 – March 2025

The National Financial Reporting Authority (NFRA) has released the **second** communication in the series of its Auditor-Audit Committee Interactions, titled Audit of Accounting Estimates and Judgments – Series 1 (**Part 2): Income Taxes under IND AS 12**. Part 1 of this series was earlier released this year on 10 January regarding Expected Credit Losses (ECL) under IND AS 109.

In the course of NFRA's review and monitoring activities, the auditor's communication with those charged with Governance (TCWG) (including the Audit Committees) has been variously highlighted.

With the objectives of ensuring improvements in overall audit quality, promoting awareness and significance of accounting and auditing standards, auditor's responsibilities, protecting public interest and investor protection, NFRA commenced this series of Auditor – Audit Committee interactions, which is being issued on significant areas of accounting and auditing, from time to time.

The said Series 1 (Part 2) draws the attention of the auditors to the potential questions of the Audit Committees/ Board of Directors which may be asked by them in respect of accounting of Income Taxes (in particular, Deferred Tax Assets and Deferred Tax Liabilities) and related estimates and judgments required under Ind AS 12 Income Taxes.

For more information, click here

NFRA Auditor- Audit Committee Interactions Series 2 - Audit Strategy and Planning - 28 March 2025

The National Financial Reporting Authority (NFRA) has released another communication in continuation to Part 1 & Part 2 of Series 1 of its Auditor-Audit Committee Interactions, titled Audit Strategy and Audit Plan -SA 300 etc.

In the course of NFRA's review and monitoring activities, the auditor's communication with those charged with Governance (TCWG) (including the Audit Committees) has been variously highlighted.

With the objectives of ensuring improvements in overall audit quality, promoting awareness and significance of accounting and auditing standards, auditor's responsibilities, protecting public interest and investor protection, NFRA commenced this series of Auditor – Audit Committee interactions, which is being issued on significant areas of accounting and auditing, from time to time.

The said Series 2 draws the attention of the auditors to the potential questions of the Audit Committees/ Board of Directors which may be asked by them in respect of Audit Strategy and Audit Plan, it discusses key Standards on Auditing (SA 300, SA 315, SA 330, and others) that guide audit planning, risk assessment, and execution.

For more information, click here

NFRA Auditor-Audit Committee Interaction Series 3 – Related Parties – 28 March 2025

The National Financial Reporting Authority (NFRA) has released another communication in continuation to Part 1 & Part 2 of Series 1 and Series 2 of its Auditor-Audit Committee Interactions, titled Audit of Related Parties – Ind AS 24, AS 18 & SA 550.

In the course of NFRA's review and monitoring activities, the auditor's communication with those charged with Governance (TCWG) (including the Audit Committees) has been variously highlighted.

With the objectives of ensuring improvements in overall audit quality, promoting awareness and significance of accounting and auditing standards, auditor's responsibilities, protecting public interest and investor protection, NFRA commenced this series of Auditor – Audit Committee interactions, which is being issued on significant areas of accounting and auditing, from time to time.

The said Series 3 draws the attention of the auditors to the potential questions of the Audit Committees/ Board of Directors which may be asked by them in respect of related party relationships, transactions and disclosures as required by Ind AS 24 Related Party Disclosures and SA 550 Related Parties.

Related party transactions, includes loans, investments and remuneration, that have historically been a source of fraud, leading to concerns about fund diversion, lack of approvals, and improper disclosures
The Companies Act, 2013 and SEBI (LODR) 2015 require Audit Committees and Boards to oversee and approve such transactions, ensuring transparency through disclosures and internal controls. Auditors must assess compliance, scrutinize approvals, identify fraud risks, and maintain proper documentation.

For more information, click here

India | Regulatory News

ICAI Issues Social Stock Exchange Compilation of SEBI Regulations and Other Relevant Information – July 2024

The Sustainability Reporting Standards Board of the ICAI has issued a booklet namely 'Social Stock Exchange - Compilation of SEBI Regulations and Other Relevant Information (Issued upto 27 May 2024)' compiling all the relevant Information of Social Stock Exchange (s) at one place.

The booklet incorporates the latest Securities and Exchange Board of India (SEBI) regulations issued upto May 2024. Further, it offers a clear and concise explanation of key concepts, including the eligibility criteria for Stock Exchange and NPOs to register and list on the Social Stock Exchange (SSE), the instruments available for fundraising, the reporting and disclosure requirements for listed entities, the role and responsibilities of social impact assessors etc.

For more information, click here

Consultation Paper on Draft Circular for Management Statement and Auditor's / Independent Practitioner's Report on Digital Assurance Based on Information obtained from External Data Repositories- 3 February 2025

The Institute of Chartered Accountants of India (ICAI) had released a "Technical Guide on Digital Assurance" to provide guidance to members to adopt enhanced use of technology in audits by utilizing digitally available information and audit evidence. The technical guide focuses on the source of external audit evidence and information available and use thereof in audit procedures. The guide does not require any separate reporting by auditors on these aspects and nor it casts any responsibility on the management of listed entities to provide access to such information obtained from external data repositories to the auditors.

In view of said technical guide, Securities and Exchange Board of India (SEBI) has proposed to mandate a separate report on digital assurance of financial statement to enhance transparency, improve disclosures and providing greater investor protection. Thus, the SEBI has issued a draft circular on this subject inviting public comments on the “Management Statement and Auditor’s / Independent Practitioner’s Report on Digital Assurance based on Information Obtained from External Data Repositories”. The format for the Statement is prescribed in Annexure I of this circular. The management of listed companies will be required to provide access to external data repositories to the auditors and ensure compliance with the LODR Regulations, 2015. The Auditors shall also be responsible for verifying the financial data set out in the said Statement as per the company’s books, records and external data repositories in accordance with the Technical Guide issued by ICAI. The proposal mandates the digital assurance report for the top 100 listed companies by market capitalization, from the financial year ended on 31 March 2025 onwards, with submissions to Stock Exchanges by 31 July of respective year.

The comments/ suggestions should be submitted latest by 24 February 2025.

For more information, click here.

Frequently Asked Questions (FAQs) on Limited Liability Partnership Act, 2008- Revised January 2025 Edition

The Corporate Laws and Corporate Governance Committee (CL&CGC) of the Institute of Chartered Accountants of India (ICAI) has released the revised edition of the “FAQs on Limited Liability Partnership (LLP) Act, 2008”. The first edition was issued in the year 2021 during early adoption phase of LLPs, which has now been revised to reflect the recent amendments and developments in the LLP framework.

This edition offers comprehensive guidance on the procedural and practical elements of the LLP Act, 2008, incorporating significant updates introduced by the Limited Liability Partnership (Amendment) Act, 2021, alongside the Limited Liability Partnership (Second Amendment) Rules, 2022, and the Limited Liability Partnership (Third Amendment) Rules, 2023, as well as the transition to the MCA V3 portal.

For more information, click here.

Frequently Asked Questions (FAQs) on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- Revised January 2025 Edition

The Corporate Laws & Corporate Governance Committee (CL&CGC) of the Institute of Chartered Accountants of India (ICAI) has released the revised edition of the publication "Frequently Asked Questions on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015”. The first edition was released in February 2021 which has now been revised to reflect the recent amendments and developments in the LODR Regulations.
The updated version offers more detailed insights, including the latest amendments and updated procedural guidance, covering all changes to the SEBI (LODR) Regulations up to 30 December 2024. The revised edition is divided into two parts: Part A provides a detailed explanation of the regulations and schedules, including corporate governance, disclosures, and related party transactions, while Part B introduces a new chapter, "Compliance Calendar," to help professionals track key deadlines and ensure timely compliance with the regulations.

For more information, click here.

Relaxation of Additional Fees and Extension of Last Date of Filing of LLP BEN-2 and LLP Form No. 4D under the LLP Act, 2008- 8 May 2024

To smoothen the transition from MCA-21 version 2 to version 3 and encourage compliance on part of reporting Limited Liability Partnerships (LLPs), the Ministry of Corporate Affairs (MCA) has extended the deadline for the following specific LLP forms without payment of additional fees till 1 July 2024:

• LLP-Form BEN-2 'Return to the Registrar in respect of declaration under Section 90';

• LLP Form No. 4D 'Return to the Registrar in respect of declaration of beneficial interest in contribution received by the LLP'.

For more information, click here.

MCA 21 Version 3 - Notification regarding launch of 9 Forms – 2 July 2024

The Ministry of Corporate Affairs (MCA) is set to launch its third set of Company Forms covering 9 forms i.e., MSME, BEN-2, MGT-6, IEPF-1, IEPF-1A, IEPF-2, IEPF-4, IEPF-5, IEPF-5 e-verification report on 15 July 2024 at 12:00 AM.

To facilitate implementation of these forms in V3 MCA21 portal, stakeholders are advised to note the following points:

• Company e-Filings on V2 portal will be disabled from 04 July 2024 12:00AM.
• All stakeholders are advised to ensure that there are no SRNs in pending payment/pending for investor details upload/Resubmission status.
• Offline payments for the above 9 forms in V2 using Pay later option would be stopped from 1 July 2024 12:00 AM. You are requested to make payments for these forms in V2 through online mode (Credit/Debit Card and Net Banking).
• In view of the upcoming launch of 9 Company forms, V3 portal will not be available from 13 July 2024 12:00 AM to 14 July 2024 11:59 pm.
• V2 Portal for company filing will remain available for all the V2 forms excluding above mentioned 9 forms. Stakeholders may plan accordingly.

For more information, click here.

Companies (Management and Administration) Amendment Rules, 2024 – 15 July 2024

The MCA has issued the Companies (Management and Administration) Amendment Rules, 2024, wherein Form MGT-6 'Return to the Registrar in respect of declaration under section 89 received by the company' has been substituted with a new form.

The Amendment Rules shall come into force w.e.f. 16 July 2024.

For more information, click here.

Companies (Significant Beneficial Owners) Amendment Rules, 2024 – 15 July 2024

The MCA has issued the Companies (Significant Beneficial Owners) Amendment Rules 2024, wherein Form No. BEN-2 'Return to the Registrar in respect of declaration under section 90' has been substituted with a new form.

The Amendment Rules shall come into force w.e.f. 16 July 2024.

For more information, click here.

Specified Companies (Furnishing of Information about Payment to Micro and Small Enterprise Suppliers) Amendment Order 2024 – 15 July 2024

The MCA vide its Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024 dated 15 July 2024 has issued revised Form MSME-1, wherein the companies would now be required to provide enhanced disclosures w.r.t. reporting of payments pending over 45 days to micro or small enterprises.

The Amendment Order shall come into force w.e.f. 15 July 2024.

For more information, click here.

Companies (Appointment and Qualification of Directors) (Amendment) Rules, 2024 – 16 July 2024

The MCA has issued the Companies (Appointment and Qualification of Directors) (Amendment) Rules, 2024, thereby amending Rule 12 A 'Directors KYC', wherein MCA has relaxed the Know-Your Customer (KYC) norms w.r.t. directors of companies, which will now allow them to change their basic details, such as email IDs or mobile numbers, multiple times in a year on payment of fees of Rs. 500.

The Amendment Rules shall come into force w.e.f. 1 August 2024.

For more information, click here.

Companies (Registration of Foreign Companies) Amendment Rules, 2024 - 12 August 2024

The MCA has notified the Companies (Registration of Foreign Companies) (Amendment) Rules, 2024, wherein the following amendments have been made:

• In Rule 3(3), the word 'registrar' has been substituted with the words 'Registrar, Central Registration Centre', which means that now foreign companies would be required to file Form FC-1 with the Registrar, Central Registration Centre (CRC), within 30 days of establishing its place of business in India.

• Further, as per amended Rule 8(1), documents for registration by a foreign company must also be delivered in Form FC-1 to the Registrar, Central Registration Centre.

The Amendment Rules will become effective w.e.f. 9 September 2024.

For more information, click here.

Limited Liability Partnership (Amendment) Rules 2024 - 6 August 2024

The MCA vide its notification dated 5 August 2024 has amended the Rule 37 of the Limited Liability Partnership (LLP) Rules, 2009, extending the services of the Centre for Processing Accelerated Corporate Exit (C-PACE) established under a notification dated 17 March 2023 in cases where a LLP is not carrying on any business or operation for a period of one year or more and has made application for the same with the consent of all partners of the LLP for striking off its name from the register.

These changes aim to simplify and expedite the corporate exit procedures for LLPs.

The aforesaid amendment extending the C-PACE for voluntary closure of LLPs has been made effective from 27 August 2024.

For more information, click here.

Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2024 - 9 September 2024

The Ministry of Corporate Affairs (MCA) has issued the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2024, wherein a new sub-Rule (5) has been added in Rule 25A, thereby providing the provisions to be followed in those cases, where the transferor foreign company incorporated outside India being a holding company and the transferee Indian company being a wholly owned subsidiary company incorporated in India, enter into merger or amalgamation.

The key highlights of the changes being made through the new sub-Rule are as follows:

• Both the transferor and the transferee companies would be required to obtain the prior approval of the Reserve Bank of India.
• The transferee Indian company needs to comply with the provisions of Section 233 of the Companies Act, 2013.
• The application to be made by the transferee Indian Company to the Central Government under Section 233 of the Companies Act, 2013 and provisions of Rule 25 would apply to such application.

• The declaration referred to in sub-Rule (4) needs to be provided at the time of making an application under Section 233 of the Companies Act, 2013.

The Amendment Rules shall come into force w.e.f. from 17 September 2024.

For more information, click here.

Clarification on Holding AGMs and EGMs through Video Conference or Other Audio Visual means - 19 September 2024

The MCA has once again decided to allow the companies whose Annual General Meetings (AGMs) are due in the year 2024 or 2025 to conduct the same through Video Conference or Other Audio-Visual Means on or before 30 September 2025 in accordance with the requirements provided in paragraphs 3 and 4 of the Circular dated 5 May 2020.

It has been further clarified that the said Circular shall not be construed as conferring any extension of time for holding of AGMs by the companies under the Companies Act, 2013 and the companies which will not adhere to the relevant timelines shall be liable to legal action under the appropriate provisions of the Companies Act, 2013.

Further, the MCA has also allowed the Companies to conduct their Extraordinary General Meetings (EGMs) through Video Conference or Other Audio-Visual Means or transact items through postal ballot up to 30 September 2025 in accordance with framework provided in the Circular issued by the MCA in April 2020.

For more information, click here.

Companies (Accounts) Amendment Rules, 2024 - 24 September 2024

The MCA has issued the Companies (Accounts) Amendment Rules, 2024, wherein it has notified that for the Financial Year 2023-2024, Form CSR-2 shall be filed separately by companies on or before 31 December 2024 after filing Form AOC-4 or AOC-4-NBFC (Ind AS), as specified in the respective rules, or Form AOC-4 XBRL, as required by the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015.

The Amendment Rules shall come into force w.e.f. from 24 September 2024.

For more information, click here.

The Companies (Accounts) Second Amendment Rules 2024- 31 December 2024

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounts) Second Amendment Rules, 2024, which has incorporated amendment in Rule 12(1B) of the Companies (Accounts) Rules, 2014 announcing an extension of the due date for filing Form CSR-2 on or before 31 March 2025 as against erstwhile deadline of 31 December 2024.
The notification is effective immediately upon its publication in the Official Gazette i.e 31 December 2024.

For more information, click here.

The Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025-12 February 2025

The Ministry of Corporate Affairs (MCA) has issued the Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025, to further amend the Companies (Prospectus and Allotment of Securities) Rules, 2014.

As per the rules, private companies (excluding small companies) are required to issue securities in dematerialised form and facilitate the dematerialisation of all its securities within specified timelines. Private companies (other than producer companies), which were not classified as small companies as per their audited financial statements for the financial year ending on 31 March 2023, had to comply with the said requirements within 18 months of closure of such financial year i.e. by 30 September 2024.
The MCA, through the amendment rules above, has now extended the said deadline until 30 June 2025. The Amended Rules also include an explanatory memorandum stating that no person shall be adversely affected by the retrospective application of this notification.

For more information, click here

SEBI Issues Master Circular for ESG Rating Providers – 16 May 2024

The Securities and Exchange Board of India (SEBI) has issued a 'Master Circular for ESG Rating Providers (ERPs)', which provides procedural/disclosure requirements and obligations for ERPs. This will enable the industry and other users to have access to all the applicable directions to ERPs at one place. The Master Circular includes various norms for ERPs which inter-alia includes:

- Registration, Approval and Surrender Requirements for ERPs
- Rating Operations;
- Reporting and Disclosures;
- Internal Audit for ERPs;
- Miscellaneous.

For more information, click here.

SEBI (LODR) Amendment Regulations, 2024 – 17 May 2024

The SEBI has issued the SEBI (Listing Obligations and Disclosure Requirements (LODR)) Amendment Regulations, 2024, wherein following key changes have been made:

- Market capitalization-based compliance requirements for listed entities to be determined on the basis of average market capitalization of six months ending 31 December instead of single day's market capitalization. Further, in order to ease the compliance requirements, a sunset clause of three years for cessation of applicability of market capitalization-based provisions has also been introduced.

- Applicability of provisions of Regulation 15 to Regulation 27 on high value debt listed entities on a comply or explain basis has been further extended till 31 March 2025.

• The maximum permitted time gap between two consecutive meetings of the Risk Management Committee meetings has been extended from 180 days to 210 days

• As per the extant Regulations, listed entities are required to fill any vacancy in the office of the Key Managerial Personnels within three months period from the date of such vacancy. However, now a new proviso has been inserted vide the amendment Regulations, wherein it has been notified that such vacancy can be filled within a period of six months, where approval of regulatory, government or statutory authorities would be required to fill up such vacancies.

• For maintaining uniformity, the timelines for prior intimation of board meetings have been harmonized to two working days for all types of events enumerated in Regulation 29.

These Amendment Regulations shall come into force w.e.f. 17 May 2024 except for certain specific Regulations which will come into force w.e.f. 31 December 2024.

For more information, click here.

SEBI (Buy Back of Securities) (Amendment) Regulations, 2024 - 17 May 2024

The SEBI vide its notification dated 17 May 2024 has issued the SEBI (Buy-Back of Securities) (Amendment) Regulations, 2024.

The Amendment Regulations provides that the effect on the price of the equity shares of the company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under Regulation 30(11) of the SEBI (LODR) Regulations, 2015 ('Listing Regulations') for the purpose of determination of the volume weighted average market price and calculation of the lower end of the price range under this Regulation.

These Regulations shall come into force w.e.f. 18 May 2024.

For more information, click here

SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2024 - 17 May 2024

The SEBI vide its notification dated 17 May 2024 has issued the SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2024.

The Amendment Regulations provides that the effect on the price of the equity shares of the target company due to material price movement and confirmation of reported event or information may be excluded as per the framework specified under Regulation 30(11) of the Listing Regulations for the purpose of determination of the offer price under this Regulation. Further, the effect on the price of the listed equity shares, which are offered as consideration, due to material price movement and confirmation of reported event or information may be excluded as per the aforesaid Regulation for the purpose of determination of the price of equity shares under the regulation.

These Regulations shall come into force w.e.f. 18 May 2024.

For more information, click here.

Timelines for Disclosures by Social Enterprises on Social Stock Exchange for FY 2023-24 - 27 May 2024

The SEBI has issued a Circular, wherein it has specified the timelines with respect to the disclosures to be made by Social Enterprises on Social Stock Exchanges (SSE), which are as follows:

• As per Regulation 91C (1) of the Listing Regulations, Not for Profit Organizations (NPOs) registered on SSE including NPOs whose designated securities are listed on SSE, shall be required to make annual disclosures to the SSE on matters specified under the SEBI Circular dated 19 September 2022 by 31 October 2024 for the Financial Year (FY) 2023-24.

• Further, in terms of Regulation 91E (1) of the Listing Regulations, Social Enterprises which has registered or raised funds through SSE shall be required to submit Annual Impact Report to SSE by 31 October 2024 for the FY 2023-24.

For more information, click here.

SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024 - 25 June 2024

The SEBI has notified the SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2024 vide its notification dated 25 June 2024. The key amendments made through these amendment regulations include:

• Reduction in the trading restriction period from six months to 120 calendar days;
• Changes have been made to trading plans, specifying parameters such as trade value, nature, execution timing, and price limits;
• Various procedural changes have also been made such as approval of trading plans by compliance officers within two trading days and the handling of non-implementation of plans due to unforeseen circumstances etc.

The Amendment Regulations shall come into force on the 90th day from the date of their publication in the official gazette, i.e. w.e.f. 23 September 2024.

For more information, click here.

SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2024 - 28 June 2024

The SEBI vide its notification dated 28 June 2024 has issued the SEBI (Prohibition of Fraudulent and Unfair Trade Practices relating to Securities Market) (Amendment) Regulations, 2024, wherein the following key changes have been made:

• A new definition has been added under Regulation 2 of the principal Regulations i.e., ‘mule account’, which includes a trading account maintained with a stock broker or a dematerialised account or bank account linked with such trading account in the name(s) of a person, where the account is effectively controlled by another person, whether or not the consideration for transactions in the account are paid by such other person.

• Pursuant to the aforesaid change, under Regulation 4 ‘Prohibition of manipulative, fraudulent and unfair trade practices’, a new explanation has been inserted, wherein it has been clarified that transactions through mule accounts for indulging in manipulative, fraudulent and unfair trade practice shall be and shall always be deemed to have been included in sub-regulation (1) of Regulation 4.

These Regulations shall come into force w.e.f. 1 July 2024.

For more information, click here.

SEBI Releases FAQs on Credit Rating Agencies – 2 July 2024

The SEBI has released Frequently Asked Questions (FAQs) on Credit Rating Agencies (CRAs), which inter-alia includes:
• What is a CRA?
• What is a Credit Rating?
• How does a CRA differ from a credit bureau?
• Who regulates CRAs?

• What are the common factors that are taken into account while awarding the credit rating? • How is a credit rating denoted?
• Who pays for the credit rating?
• Does SEBI have a role in the rating exercise?
• Is rating a one-time exercise?
• Why do ratings change?
• What are the measures taken by SEBI in strengthening credit rating?

For more information, click here.

SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024 - 10 July 2024

The SEBI has issued the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2024, wherein in Regulation 52(8), a new proviso has been inserted as per which instead of publishing the financial results in at least one national daily newspaper, the listed entity may publish only a window advertisement referring to a Quick Response (QR) Code along with the link of the website of the listed entity and stock exchange(s) where the financial results may be available and accessible by the investors subject to certain terms and conditions.

The Amendment Regulations shall come into force w.e.f. 10 July 2024.

For more information, click here.

SEBI (Issue and Listing of Non - Convertible Securities) (Second Amendment) Regulations, 2024 - 17 September 2024

The Securities and Exchange Board of India (SEBI) has issued the SEBI (Issue and Listing of Non-Convertible Securities) (Second Amendment) Regulations, 2024, wherein the following key changes have been made:

• The period for seeking public comments on the draft offer documents has been reduced from 7 working days to 5 days

• A new proviso has been added in Regulation 27 'Filing of draft offer document', which states that issuers whose specified securities are listed on a recognised stock exchange having nationwide trading terminals shall post the draft offer document filed with stock exchange(s) for one day immediately after the date of filing the draft offer document with stock exchange(s);

• Flexibility has been provided to issuers by providing discretion to the issuers with regard to advertisement of public issue through electronic modes subject to containing a QR Code and Link to complete advertisement in newspapers;

• In Regulation 33A 'Period of Subscription', the minimum period for which the public issue of debt securities or non-convertible redeemable preference shares are to be kept open for has been reduced from three working days to two working days.

The Amendment Regulations shall come into force w.e.f. 18 September 2024.

For more information, click here.

SEBI Board Meeting – 30 September 2024

The Securities and Exchange Board of India (SEBI) vide its Board Meeting dated 30 September 2024 has approved various proposals dealing with changes to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and SEBI (ICDR) Regulations, 2018 to facilitate ease of doing business.

• Ease of doing business for listed entities (SEBI (LODR) Regulations, 2015)

1. Single filing system for automatic dissemination to other stock exchanges.
2. Periodic filings integrated into two broad categories: Governance and Filing
3. System driven disclosures for shareholding pattern and credit ratings revision
4. Detailed advertisement of financial results in newspapers would be optional for listed entities.
5. Disclosure of the board meeting outcomes that end after trading hours will be extended from 30 minutes to 3 hours.
6. for disclosure of material litigations or disputes against the listed entity Relaxed timelines of 72 hours instead of 24 hours.
7. Disclosure of tax litigations and tax disputes on the basis of materiality.
8. Absolute thresholds brought for the purpose of fines/ penalties.

• Ease of doing business for to be listed entities (SEBI (ICDR) Regulations,2018)

1. Harmonization of the provisions of ICDR and LODR Regulations with respect to various requirements.
2. Issuers with outstanding SARs have been permitted to file DRHP, subject to some conditions.

For more information, click here.

Inclusion of Mutual Fund Units in the SEBI (Prohibition of Insider Trading) Regulations, 2015 - 22 October 2024

In order to strengthen the regulatory framework in relation to prohibition of insider trading in units of mutual funds, SEBI vide notification dated November 24, 2022, had included mutual funds units under the ambit of SEBI (Prohibition of Insider Trading) Regulations, 2015 which are made to be applicable from November 01, 2024.

To facilitate the implementation of the above amendment, a working group comprising representatives from AMCs, AMFI, stock exchanges, RTAs, and depositories provided its recommendations for its effective implementation. After reviewing their recommendations, the following decisions have been made:

• Effective November 1, 2024, AMCs shall disclose the aggregate holdings of designated persons, trustees, and their immediate relatives on quarterly basis. The holdings as on October 31, 2024 shall be made available on stock exchange platforms by November 15, 2024, and for all subsequent calendar quarters, disclosures required within 10 Calendar days from the end of the quarter.

• Additionally, there is a requirement to report transactions in the units of own mutual funds exceeding Rs 15 lakhs per PAN every quarter executed by the designated persons of AMC, trustees and their immediate relatives. Such transactions must be reported by the concerned person to the AMC compliance officer within two days.

• SEBI has outlined specific formats for reporting holdings and transactions. It has also emphasized the reporting of any violations under the SEBI (Prohibition of Insider Trading) PIT Regulations in a prescribed format. This ensures a streamlined and standardized approach to reporting across the mutual fund industry.

• SEBI has taken steps to align the PIT Regulations with the existing guidelines outlined in the “Master Circular for Mutual Funds” (June 27, 2024). The Master Circular’s Clause 6.6, which governs the investment and trading restrictions for AMC employees, trustees, and directors, has been modified. This modification clarifies that while the previous Master Circular applied to investments in various securities, the PIT Regulations will now specifically govern transactions involving mutual fund units.

For more information, click here.

Master Circular for Listing Obligations and Disclosure Requirements for Non-Convertible Securities, Securitized Debt Instruments and/or Commercial Paper – 7 November 2024

The Securities and Exchange Board of India (SEBI) issued a Master Circular (No. SEBI/HO/DDHS/DDHS-PoD1/P/CIR/2024/48) on 21 May 2024, for the listing obligations and disclosure requirements related to Non-convertible Securities, Securitized Debt Instruments, and Commercial Paper. This circular consolidates all applicable circulars and directions issued until 20 May 2024, into a single document to provide stakeholders with easy access to the relevant regulations.

The provisions of the Master Circular came into effect immediately upon issuance, and it supersedes the previous circulars listed in Annex-1. All listed companies are advised to review and comply with the updated guidelines.

For more information, click here.

Amendment to Para 15 of Master Circular for Credit Rating Agencies (CRAs) dated 16 May 2024 (“Master Circular”)-18 November 2024

The Securities and Exchange Board of India (SEBI) vide circular dated 18 November 2024 has updated Paragraph 15 of the Master Circular for Credit Rating Agencies (CRAs). The current update deals with default ratings for issuers of debentures, bonds and other debt instruments in case of any defaults in payments. This change follows the suggestions from the Working Group of CRAs for the Ease of Doing Business. This amendment addresses the cases of "technical defaults", where non-payment of debts is on account of the factors beyond the issuer's control such as incorrect investor details or government orders to freeze accounts of investors etc. In such cases, CRAs must confirm and verify the issuer’s ability to pay, the cause of the failure and ensure the funds are placed in an escrow account. CRAs are also required to report these payment failures to stock exchanges, depositories and debenture trustees.

The term “technical default” is now removed from para 15.3 of the Master Circular, signalling a shift in how these situations are treated.

The above provisions shall be applicable with immediate effect.

For more information, click here.

Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024-20 November 2024

The Securities and Exchange Board of India (SEBI) dated 20 November 2024 has issued the Securities and Exchange Board of India (Buy-Back of Securities) (Second Amendment) Regulations, 2024.

The amendments to the SEBI Buy-back regulations, 2018 include updates to the disclosure norms, entitlement ratio calculations and the definition of the "record date."

Key changes include replacing the phrase “sets out a lower amount” with “is lower” in regulation 4 for clarity in financial assessments. A new proviso has been added, which mandates the exclusion of shares held by the promoters opting out of the buy-back from entitlement ratio calculations. The term "record date" in regulation 17 has now been replaced as the "date of public announcement".

Additionally, the amendments introduce new disclosure requirements for public announcements, such as detailing subsisting obligations and their impacts. Updates to Schedules II, III, and IV also require more comprehensive contents, including entitlement ratios for small and general shareholders, Registrar and Share Transfer Agent (RTA) web links, and the impact of subsisting obligations on the cover pages of offer letters. These amendments aim to improve transparency and ensure that stakeholders are fully informed about material changes and entitlements.

The amendments are part of SEBI's ongoing effort to refine the buy-back procedure and enhance the regulatory framework.

The aforesaid amendments shall be effective from the date of publication in the Official Gazette.

For more information, click here.

Securities And Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024 – 4 December 2024

The Securities and Exchange Board of India (SEBI) issued the Securities and Exchange Board of India (Prohibition of Insider Trading) (Third Amendment) Regulations, 2024, dated 4 December 2024.

The amendment updates the existing definition of "connected person" to expand its scope, thereby bringing in more individuals and entities with access to unpublished price-sensitive information (UPSI).

The amendment also revises the definition of "relative" to additionally include spouses of the siblings and children of the connected person and of its spouse irrespective of the financial dependence or consulting trading decisions for securities with the connected person. Moreover, it changes the criteria for determining who is considered an insider, making it clear that anyone with access to UPSI qualifies as an insider, regardless of how they obtained it.

This amendment reinforces SEBI's efforts to ensure comprehensive regulatory scrutiny and prevent circumvention of insider trading laws.

For more information, click here.

Transaction in Securities of Unlisted Public Limited Companies on Electronic Platforms – 9 December 2024

The Securities and Exchange Board of India (SEBI) has issued a Press Release that caution to investors about conducting transactions involving investments and trading in securities of unlisted public limited companies on unauthorized online platforms and websites. The regulator also referred to an earlier press release dated August 2016, wherein it had cautioned investors from interacting with such platforms.

The regulator further pointed out that such transactions are in the violation of the provisions of the Securities Contracts (Regulation) Act, 1956, and the SEBI Act, 1992, both of which are enacted for the protection of investors' interests in the securities market.

For more information, click here.

Securities And Exchange Board of India (Issue And Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024- 11 December 2024

The Securities and Exchange Board of India (SEBI) has issued above regulation to further amend the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, effective upon publication in the Official Gazette.

The amendment includes the introduction of Environment, Social, and Governance (ESG) Debt Securities, defined as bonds adhering to international frameworks adapted or adjusted to suit for Indian requirements specified by Board. Issuers intending to list ESG Debt Securities must comply with conditions specified by SEBI.

The amendment further omits Regulation 26 and update Schedule I which now requires debenture trustees' consent to their appointment and copy of agreements to be shared via a web link or QR code displayed in the issue document. Further in case issuer files a general information document or shelf prospectus, the issuer may disclose a copy of the letter obtained from the debenture trustee consenting to its appointment instead of the agreement

For more information, click here.

Securities And Exchange Board of India (Listing Obligations And Disclosure Requirements) (Third Amendment) Regulations, 2024- 12 December 2024

Securities and Exchange Board of India ("SEBI") has issued Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 ("Amendments") to further amend Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") dated 12 December 2024. The key amendments are as mentioned below:

1. The definition of "half year" has been removed.

2. The followings have been added in the definition of "Related Party Transaction" (RPT) after Regulation 2(1) (zc)(c), thereby such transactions also will not be considered as RPT:

   (d) Acceptance of current account deposits and savings account deposits by banks, in compliance with directions issued by the Reserve Bank of India. Acceptance of deposits include payment of interest thereon.

   (e) Retail purchases made from a listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms uniformly applicable to others.

3. The definition of "Securities Law" under Regulation 2(1) (zf) have been changed.

4. A definition for "SR equity shares" has been introduced under new clause (zla) in Regulation 2(1).

5. In Regulation 5 – 'General obligation of compliance', after the existing regulation, the new proviso is inserted which states KMP, directors, promoter, promoter group or any other person dealing with the listed entity, shall disclose the relevant information to listed entity necessary to ensure compliance with the applicable laws.

6. In Regulation 6- 'Compliance Officer and his /her Obligations'

- after the existing sub-regulation (1) the new proviso is inserted which states that the Compliance Officer must now be an officer in whole-time employment of the listed entity, not more than one level below the board of directors and be designated as a Key Managerial Personnel (KMP).

- A new sub-regulation (1B) is inserted stating that any vacancy in the office of the Compliance Officer of a listed entity, where a resolution plan under Insolvency Code has been approved, must be filled within three months of such approval.

7. In Regulation 7- 'Share Transfer Agent', the requirement to submit a compliance certificate to the stock exchange under sub-regulation (3), signed by both the Compliance Officer of the listed entity and the authorized representative of the share transfer agent, has been removed.

8. In Regulation 10-' Filing of information', an insertion of new sub-regulation (1A) which states that, the Board may enable integrated filing of periodic reports, statements, documents and any other information required to be filed by a listed entity under the Act or the regulations made thereunder in the format and within the timelines as may be specified."

9. In Regulation 13- 'Grievance Redressal Mechanism', substitution of sub-regulation (3) , "the listed entity shall file with the recognized stock exchange(s) on a quarterly basis a statement detailing the redressal of investor grievances in such form and within the timelines as may be specified by the Board." The erstwhile clause required the listed entity to file the statement of investor complaints within 21 days from the end of the respective quarter

10. In Regulation 15, there are certain revisions in the language of sub-regulation (2), (2A) and (B) and insertion of new proviso thereto.

11. In Regulation 16(1)(c), substitution of "income" word with "turnover".

12. Under Regulation 16 (1)(d), in the definition of 'Senior Management', the words "Company Secretary and Chief Financial Officer" shall be substituted with "persons identified and designated as key managerial personnel, other than the board of directors, by the listed entity".

13. In Regulation 17, there is an Insertion of new proviso after sub-regulation (1A) which requires the listed entity to ensure compliance with this sub-regulation at the time of appointment and re-appointment or any time prior to the non-executive Directors attaining the age of 75 years.

14. In Regulation 17, sub-regulation (1C) shall be substituted with new sub-regulation which now states that time taken to receive approval of regulatory or statutory authorities for appointment or reappointment of a person to the board of directors, if applicable, shall be excluded from the period of three months.

15. In Regulation 17, sub-regulation (1E), there are changes in the language of first and second proviso to include reference to specified sub-regulations of regulations18, 19, 20 and 21 and further insertion of new proviso.

16. In Regulation 17(2), 17(6), Regulation 18 (2)(a), Regulation 19(3A), Regulation 20(3A) and Regulation 21(3A) insertion of word "Financial" before the word year and "Consecutive" before the word meetings.

17. In Regulation 17(11), there is insertion of word "along with the rationale" which now also requires rationale to be given in the statement annexed to the notice under section 102(1) of

the Companies Act, 2013 for each item of special business to be transacted at a general meeting.

18. After Regulation 23(2)(d), insertion of new clauses:

    (e) which states that approval from Audit Committee shall not be required for remuneration and sitting fees payment to director, KMP or senior management who are not a part of promoter or promoter group and also provided that the same is not material under sub regulation 1.

    (f) The members of Audit Committee who are independent directors, may **ratify** the RPTs within 3 months from the date of transactions or in the immediate next audit committee meeting whichever is earlier, subject to specified conditions.

19. Under Regulation 24A, every listed entity and its material unlisted subsidiaries incorporated in India must now undergo Secretarial Audit by **a Peer-Reviewed Company Secretary only**. Additionally, in the revised regulations, the eligibility criteria, qualifications, disqualifications, prohibited services and tenure of appointment as the Secretarial Auditor, have also been provided which are applicable w.e.f. 1 April 2025.

20. In Regulation 25, sub-regulation 6 has been omitted which dealt with resignation or removal of an independent director from the BOD of the listed entity and the replacement thereof.

21. In the Regulation 26, sub regulation 6 has been amended with respect to compliances for subsisting agreements between employees and any shareholder or any third party in connection with compensation or profit sharing in connection with dealings in securities of such listed entity.

22. Under Regulation 26A, a new sub-regulation 3 has been inserted which covers the vacancy in office of CEO, MD, WTD, Manager or CFO of a listed entity subject to the resolution plan under the Insolvency Code.

23. Under Regulation 27, there are certain changes with respect to the manner of reporting including timelines for quarterly compliance report on corporate governance.

24. In Regulation 30(6), changes have been made with respect to timelines of reporting of events or information considered material.

25. Various changes made in regulation 30A, 31A, 33, 34, 36, 37, 39, 40, 42, 44 and 46 with respect to substitution, omission and insertion of new provisions etc.

26. In Regulation 47(1), changes have been made which now additionally require a listed entity to publish an advertisement in newspaper with in forty eight hours from the conclusion of the board meeting at which the financial results were approved, containing a Quick Response code and the details of the webpage where complete financial results is accessible to the investors.

27. Under Regulation 50, disclosures to stock exchanges must now be made in XBRL format, following the guidelines specified by the exchanges.

28. In Regulation 52(2), changes have been made which now allow the quarterly financial results to be signed by a director other than chairperson/managing director/whole time director in their absence, provided he is so authorised by the BOD to sign.

29. In Regulation 60, changes have been made which now require listed entities to give advance notice of atleast three working days instead of erstwhile requirement of seven working days.

30. In Schedule II, following changes have been made:

    Part E- Listed entities ranked from 1001 to 2000 in the list prepared by recognized stock exchanges, shall also endeavour to have atleast one-woman independent director on its board.

    Part F- Independent directors of top 2000 listed entities shall endeavour to hold and attend at least two meetings in a financial year without the presence of non-independent directors and members of management.

    Part G- Listed entities ranked from 1001 to 2000 in the list prepared by recognized stock exchanges may constitute a risk management committee with stipulated composition, roles and responsibilities.

31. Changes have been made in Schedule III with respect to the various thresholds for disclosures of events or information and revision of timelines for filing of presentation/audio/video and transcript to the stock exchange, disclosure of fines and penalty etc.

32. Changes have been made in Schedule V with respect to the deletion of certain parts of corporate governance disclosures in Annual Report.

The above amendments are applicable from the date of their publication in the Official Gazette i.e. 12 December 2024 except for sub regulation VI and XX of regulation 3 of these amendment regulations which shall be effective from 31 December 2024.

For more information, click here.

SEBI Board Meeting- 18 December 2024

The Securities and Exchange Board of India (SEBI) vide its Board Meeting dated 18 December 2024 has approved various proposals dealing with certain Regulations as detailed hereunder:

-Ease of business for BRSR:

- SEBI has approved one year deferral for ESG disclosures for value chains (from FY 2025-26 as against FY 2024-25) and for “assessment or assurance” thereof (from FY 2026-27 as against FY 2025-26)

- A new leadership indicator has been added for Green Credit disclosures.
- Additionally, rather than mandating a "comply-and-explain" approach, the board has made these disclosures voluntary, encouraging a phased implementation.

-Revised SME Framework (in SEBI ICDR and LODR Regulations)

- Minimum operating profit requirement of ₹1 crore for any 2 out of 3 past years at the time of filing DRHP.
- Offer for Sale (OFS) capped at 20% of total issue size for SME IPOs and selling shareholders cannot sell more than 50% of their holdings.
- Lock-in period for excess promoter contribution revised.
- Amount for general corporate purpose capped at lower of 15% of amount being raised or Rs. 10 crores.
- SME issues with the objective of repayment of loans from Promotor group or related party prohibited.
- DRHP to be made available, for minimum 21 days for public comments.
- Related party transaction norms also extended to SME listed entities subject to materiality norms.

-Ease of doing business for ESG rating providers

- Sharing of ESG rating report with subscribers and the rated issuers at the same time.
- Process of dealing with appeal and representation by the rated issuer
- Activity based regulatory framework approved for ERPs

-Approval of corporate governance norms for High Value Debt Listed Entities (HVDLEs):

- Threshold for identification raised from ₹500 crore to ₹1,000 crore.
- Other corporate governance norms aligned with large corporates.

-Insider Trading Updates -The Board has approved to expand the definition of Unpublished Price Sensitive Information (UPSI) to align the same with material events disclosures under regulation 30 of LODR.

-Comprehensive review of SEBI (Merchant Bankers) Regulation, 1992 and approved amendments thereto.

-Amendments to SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) Regulations, 2008 (‘SDI Regulations’) approved.

-Certain measures for reforms to Debenture Trustees Regulations with a view to facilitate ease of doing business have been approved.

-Certain measures for Infrastructure Investment Trusts (InvITs), Real Estate Investment Trusts (REITs) and Small and Medium Real Estate Investment Trusts (SM REITs) with a view to facilitate ease of doing business and Investor Protection have been approved.

For more information, click here

Industry Standards on Reporting of BRSR Core- 20 December 2024

The Securities Exchange Board of India (SEBI) has issued a circular on 20 December 2024, outlining industry standards for the reporting of the Business Responsibility and Sustainability Report (BRSR) Core. These standards, developed by the Industry Standards Forum (ISF) comprising representatives from ASSOCHAM, FICCI and CII, aim to facilitate the standardization and ease of implementation of BRSR Core disclosures under SEBI's LODR Regulations.

The guidelines are designed to help listed entities comply with requirements outlined in Regulation 34(2)(f) of the LODR Regulations and shall be applicable for the financial year 2024-25 and onwards. Stock exchanges and other industry associations shall publish these standards on their websites, further the listed entities are expected to adhere to these guidelines to ensure proper compliance.

For more information, click here

Gazette Notification for Withdrawal of Recognition Granted to the Indian Commodity Exchange Limited (ICEX)-26 December 2024

The Securities and Exchange Board of India (SEBI) has announced the withdrawal of recognition granted to the Indian Commodity Exchange Limited (ICEX). Initially recognized as an 'association' under the Forward Contracts (Regulation) Act, 1952, ICEX became a deemed recognized stock exchange after the merger of the Forward Market Commission with SEBI.

In 2022, SEBI withdrew ICEX's recognition, but this decision was overturned by the Securities Appellate Tribunal with certain conditions. ICEX later requested regulatory relaxations or permission to voluntarily surrender its recognition. On 10 December 2024, SEBI permitted ICEX to exit as a stock exchange, subject to specific conditions.

The withdrawal of recognition will take effect once the notification is published in the Official Gazette.

For more information, click here.

Comprehensive FAQs on SEBI(PIT) Regulations 2015- 31 December 2024

In light of the amendments, queries and suggestions received, and consultations with market participants, The Securities and Exchange Board of India (SEBI), has revised and updated the Frequently Asked Questions (FAQs) on SEBI (PIT) Regulations, 2015.

These FAQs are organized by topics such as trading, structured digital databases, disclosures, pledging, pre-clearance, trading window closure, contra-trade etc. These FAQs rescinds the earlier issued FAQs/Clarifications/Guidance-notes.

For more information, click here.

Circular for Implementation of Recommendations of the Expert Committee for Facilitating Ease of Doing Business for Listed Entities-31 December 2024

The Securities and Exchange Board of India (SEBI) issued a circular to all listed entities, recognized stock exchanges, depositories, and the Institute of Company Secretaries of India (ICSI).
The circular reflects the implementation of the recommendations made by the Expert Committee formed to facilitate ease of doing business for listed entities. These changes, approved by the SEBI Board and published in the Gazette of India on 13 December 2024, aim to simplify and streamline compliance processes under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations).

The Expert Committee was tasked with reviewing the LODR Regulations and identifying ways to improve the ease of doing business for companies listed on Indian stock exchanges. The circular highlights that these recommendations will now be implemented, focusing on providing practical solutions for the challenges faced by listed entities. The recommendations led to amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations (LODR) and the introduction of

Integrated Filing for governance and financial-related disclosures.

The changes affect filings related to investor grievances, corporate governance reports, related party transactions and financial results, with updated deadlines for quarterly submissions. The circular also outlines new guidelines for secretarial auditors and the disclosure of employee benefit scheme documents. It also emphasizes the use of a single filing system and system-driven disclosures for certain filings.

SEBI further updated its Master Circular, adjusting the removal of obsolete formats and the introduction of fines for non-compliance with timelines. Stock exchanges and depositories are tasked with implementing the necessary systems for monitoring these changes.

The amendments shall come into effect from 31 December 2024 and aim to streamline compliance and ensure transparency.

For more information, click here

Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)-31 December 2024

The Securities and Exchange Board of India (SEBI) issued a circular providing clarifications regarding the Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI-regulated entities (REs).

This framework was introduced in August 2024 and aims to enhance cybersecurity and protection of data and IT infrastructure for SEBI REs. The circular grants regulatory forbearance until 31 March 2025, provided REs are able to demonstrate progress made towards CSCRF compliance without facing immediate regulatory action.

It also extends the compliance deadlines for certain entities, such as KYC Registration Agencies (KRAs) and Depository Participants (DPs), from 1 January 2025 to 1 April 2025. Furthermore, SEBI has postponed decisions on Data Localization requirements.

These provisions are effective immediately and are part of SEBI’s ongoing efforts to safeguard investors and regulate the securities market.

For more information, click here

Timeline for Review of ESG Rating Pursuant to Occurrence of ‘Material Events’- 17 January 2025

Securities and Exchange Board of India (SEBI) has issued a revised timeline for the review of ESG ratings following the occurrence of a 'Material Event'.

Originally as per Para 10.1 of the Master Circular for ESG Rating Providers (ERPs) dated 16 May 2024, ERPs are mandated to review ESG ratings within 10 days of occurrence or announcement of material developments, including the publication of the Business Responsibility and Sustainability Reporting (BRSR).

However, due to operational challenges being faced by ERPs, SEBI has revised the timeline for reviewing the ESG rating, pursuant to the publication of the BRSR by the rated entity, to be done immediately but not later than 45 days of the publication of the BRSR.

This circular is applicable with immediate effect.

For more information, click here.

Consultation Paper on Aspects relating to Secretarial Compliance Report, Appointment of Auditors and Related Party Transactions of a Listed Entity-7 February 2025

The Securities and Exchange Board of India (SEBI) has issued a consultation paper inviting public comments/suggestions on proposals with respect to strengthening the secretarial compliance report, eligibility criteria for appointment of statutory auditor, and related party transaction (RPT) framework for listed entities.

Key proposals include revising the Annual Secretarial Compliance Report (ASCR) format for better compliance monitoring, specifying eligibility criteria for appointment of statutory auditors, and mandating disclosures at various levels for appointment / re-appointment of statutory auditor and secretarial auditor. The paper also discusses facilitating ease of approvals for RPT undertaken by subsidiaries and clarifying applicability of RPT provisions. The above proposals require amendments in provisions of SEBI's Listing Obligations and Disclosure Requirements (LODR) and Share-Based Employee Benefits and Sweat Equity Regulations.

The comments/ suggestions should be submitted latest by 28 February 2025.

For more information, click here.

Consultation Paper on Draft Circular on Extension of Automated Implementation of Trading Window Closure to Immediate Relatives of Designated Persons- 7 February 2025

The Securities and Exchange Board of India (SEBI) has issued a consultation paper inviting public comments on Draft Circular on extension of automated implementation of trading window closure to immediate relatives of designated persons, on account of declaration of financial results.

The following has been stated in the Draft Circular:

- The proposal is made to extend Automated implementation of trading window closure for immediate relatives of designated persons of listed Companies on account of declaration of financial results.
- To ensure compliance with SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations). Designated persons (DPs) are restricted from trading during the closure of the trading window, which occurs when UPSI is present.
- Clause 4(2) of Schedule B read with Regulation 9 of PIT Regulations states that the trading window shall be closed from the end of each quarter until 48 hours after the declaration of financial results. To ease compliance and prevent inadvertent non-compliances, the Master Circular on Surveillance of Securities Market issued on 23 September 2024, requires the stock exchanges and depositories to freeze the PAN of DPs during the closure period. This system is now extended to cover immediate relatives of DPs of listed companies.

The comments/ suggestions should be submitted latest by 28 February 2025.

For more information, click here.

Timeline for Review of ESG Rating pursuant to Occurrence of 'Material Events'-7 February 2025

Securities and Exchange Board of India (SEBI) issued a revised timeline for the review of ESG ratings following the occurrence of a 'Material Event' vide its circular dated 17 January 2025.

In accordance with the revised timeline, the Bombay Stock Exchange (BSE) has now issued a circular mentioning that the ESG Rating Providers (ERPs) have been allowed additional time to review ESG ratings required pursuant to publication of the Business Responsibility and Sustainability Report (BRSR). ERPs shall now be required to carry out a review of ESG rating pursuant to publication of BRSR by the rated entity upto 45 days of the publication instead of erstwhile requirement of 10 days.

This circular shall be applicable with immediate effect.

For more information, click here

Consultation Paper on Introduction of Format for No- Objection Certificate (NOC)/ Consent Letter to be submitted by Existing Charge Holders to Issuer- 12 February 2025

The Securities and Exchange Board of India (SEBI) released a consultation paper regarding the introduction of a standardized format for the No Objection Certificate (NOC) or consent letter that must be submitted by existing charge holders when a further charge is proposed on encumbered assets. The consultation paper highlights the due diligence requirements for debenture trustees (DTs) as outlined in the Master Circular for Debenture Trustees ("DTs"), dated 16 May 2024, which includes obtaining consents from existing charge holders when creating further charge over the assets.

The paper also addresses the inconsistencies caused by the lack of a specified NOC/Consent format and proposes a standardized version to be included in the Master Circular. Issuers are advised to comply with the updated due diligence requirements and adopt the proposed NOC/Consent format for future submissions.

The comments/ suggestions should be submitted latest by 5 March 2025.

For more information, click here.

Industry Standards Recognition Manual-12 February 2025

The Securities and Exchange Board of India (SEBI) has introduced new guidelines for the recognition of Industry Standards Forums (ISFs), which will help implement regulatory directives for Market Infrastructure Institutions (MIIs), Mutual Funds, listed companies, and other regulated entities.

These forums shall not be a Self-Regulatory Organization (SRO) and be organized as a Committee. ISFs will develop standards aligned with SEBI's regulatory intent, checklists, SOPs, and reporting formats to ensure compliance with SEBI regulations. ISFs must be inclusive, representing various industry segments, and mandates experienced leadership. While they cannot amend regulations, they can suggest changes to SEBI in exceptional cases. ISFs shall also consult SEBI at key stages and hold regular meetings, public consultations, and structured reporting.

By establishing this framework, SEBI aims to enhance ease of compliance without compromising the enforceability of its directives. The manual's scope excludes creating enforceable rights for ISFs against SEBI, ensuring the autonomy of regulatory oversight.

For more information, click here

Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of a Related Party Transaction"- 14 February 2025

The Securities and Exchange Board of India (SEBI) issued a circular regarding the Industry Standards on Minimum information to be provided for review by the audit committee and shareholders for approval of Related Party Transaction (RPT) under Regulation 23(2), (3) and (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

To ensure compliance with these regulations, the Industry Standards Forum (ISF), consisting of representatives from three industry associations, viz. ASSOCHAM, CII, and FICCI, has developed these guidelines on the minimum information required to be provided for the review of audit committee and shareholders for approval of RPTs. These standards, formulated in consultation with SEBI, will be published on the websites of the industry associations and stock exchanges. Listed entities are required to follow the industry standards to comply with Part A and Part B of Section III-B of SEBI's Master Circular dated 11 November 2024.

The circular shall come into effect from 1 April 2025.

For more information, click here.

Securities and Exchange Board of India (Mutual Funds) (Amendment) Regulations, 2025- 14 February 2025

The Securities and Exchange Board of India (SEBI) has issued SEBI (Mutual Funds) (Amendment) Regulations, 2025 to further amend SEBI (Mutual Funds) Regulations, 1996.

The amendments introduce inclusion of new requirements for Asset Management Companies (AMCs):

- To invest a percentage of designated employees' remuneration in mutual fund schemes based on their designation or roles, in a manner as specified by the Board.
- To conduct stress testing on certain specified schemes and disclose the results thereof in the prescribed format.
- To deploy funds raised through new fund offers (NFOs) within a specific time frame.
- To pay charges, commissions, or fees related to the distribution of mutual fund schemes in the manner as specified by the Board.

The amendments shall come into force with effect from 1 April 2025.

For more information, click here.

Industry Standards on Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015- 25 February 2025

The Securities and Exchange Board of India (SEBI) has issued a circular regarding the Industry Standards under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For ease of doing business, the Industry Standards Forum (ISF), consisting of representatives from ASSOCHAM, CII, and FICCI, in consultation with SEBI and under the guidance of Stock Exchanges, has developed industry standards. These standards are designed to assist in the effective implementation of disclosure requirements of material events or information under Regulation 30 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The industry associations, along with the stock exchanges, will publish the industry standards on their respective websites.

Listed entities must follow these industry standards to comply with Regulation 30 of the LODR Regulations.

Stock Exchanges are advised to inform all listed entities about the contents of this circular and ensure adherence to the requirements.

For more information, click here.

Timelines for Deployment of Funds collected by Asset Management Companies (AMCs) in New Fund Offer (NFO) as per Asset Allocation of the Scheme- 27 February 2025

The Securities and Exchange Board of India (SEBI) has issued a circular setting specific timelines for Asset Management Companies (AMCs) to deploy the funds raised through New Fund Offers (NFOs). The Circular explains that the AMCs must deploy the funds within 30 business days from the date of unit's allotment. If deployment is delayed beyond 30 days, the AMC must provide a written explanation to its Investment Committee, which can grant an extension of up to an additional 30 business days after reviewing the reasons for the delay.

Further, failure to meet the mandated or extended timeline will result in restrictions, including prohibition on accepting fresh investments in the same scheme and the removal of exit load charges under the scheme, if any, for investors withdrawing after 60 business days.

Additionally, SEBI has introduced measures to prevent mis-selling of Mutual Fund schemes by restricting distribution commissions on NFO within the same AMC.

For more information, click here.

Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025- 8 March 2025

Securities and Exchange Board of India ("SEBI") vide its notification dated 3 March 2025, has issued Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025 ("Amendments") to further amend SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018. The said Amendments pertain to various revisions to the initial public offer (IPO) framework and related disclosures, the rights issue of securities, aspects relating to SME IPOs, harmonization of various provisions in the SEBI ICDR Regulations with the SEBI LODR Regulations. The key amendments are as mentioned below:

- Proposed pre-IPO placement disclosed in the draft offer document is required to be reported to the stock exchanges within 24 hours of such pre-IPO transactions, whether partial or full.
- IPO lock-in period revision: Repayment of existing capex loans to be considered towards determining the extent of issue proceeds proposed to be utilized for capital expenditure purposes, eligible for longer promoter lock-in requirements and; bonus issuances on ESOP allotments exempt from IPO lock-in requirements.
- Stock Appreciation Rights have also been included alongside employee stock options at various instances in the regulations.
- Revised timeline for publishing DRHP filing advertisement.
- Disclosure on material agreements entered by specified persons required in the offer document.
- New requirement introduced for the compliance officer to be a company secretary.
- Additional disclosures on shareholding pattern in the offer document.
- Clarification on securities ineligible for minimum promoter contribution.
- Revised provisions with respect to disclosure of litigations in IPO offer documents including those related to KMPs.
- The floor price or price band must be announced at least two working days prior to the opening of the bid in the pre-issue.
- Disclosure of proforma financials and financials of business/ subsidiaries acquired/ divested in the offer document.

These amendments have been introduced to align Indian capital markets with best practices and to foster greater investor confidence and regulatory clarity.

These Regulations shall come into force on the date of the publication in the Official Gazette i.e. 8 March 2025.

For more information, click here.

Faster Rights Issue with a flexibility of allotment to specific investor(s)-11 March 2025

The Securities and Exchange Board of India (SEBI**)** has issued a circular dated 11 March 2025 regarding a new framework for the faster Rights Issue process with flexibility of allotment to specific investors. The new framework has been introduced through notification of SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2025, as published in official gazette on 8 March 2025.

The key highlights of the Circular are as follows:

- Rights Issues must now be completed within **23 working days** from the date the Issuer's Board of Directors approves the Rights Issue.
- Rights issues must remain open for subscription for a minimum period of **7 days** and maximum period of **30 days.**
- Revised indicative timeline for completion of broad activities involved in Rights Issue process from the date of approval of Board of Directors of the Issuer till the date of closure of Rights Issue specified.
- The validation of application bids for subscribing to shares in the rights issue and the finalisation of the basis of allotment shall now be carried out by **stock exchanges, depositories, and the registrar to the issue.**
- An automated system for validation of applications by investors shall be developed by the Stock Exchanges and Depositories within **6 months from the date of applicability of the Circular.**

The Circular also introduces consequential modifications in the SEBI Master Circular on ICDR regulations dated 11 November 2024.

This circular shall come into effect from 7 April 2025 and shall apply to Rights Issues approved by the Issuer's Board of Directors from that date onward.

For more information, click here.

Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2025-11 March 2025

The Securities and Exchange Board of India (SEBI) has issued SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2025 dated 11 March 2025 to further amend the SEBI (Prohibition of Insider Trading) Regulations, 2015 ('PIT regulations').

The amendment expands the scope of definition of unpublished price sensitive information (UPSI) incorporating new inclusions such as contract awards or terminations, change in rating, fund raising activities, agreements affecting management control, financial or regulatory actions etc. and accordingly, new events have been added in the UPSI definition by including Sub-clauses (vi) to (xvi) in Regulation 2(1)(n) of PIT Regulations.

The amendments also provide that UPSI, not emanating from within the organisation, shall be entered into structured digital database not later than 2 calendar days from the receipt of such information. It is further clarified that for UPSI not emanating from within the Listed Company, the trading window may not be closed.

The amendment shall come into force on the ninetieth day from the date of their publication in the Official Gazette i.e. 9 June 2025.

For more information, click here.

Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of a Related Party Transaction"-21 March 2025

The Securities Exchange Board of India (SEBI) has issued a Circular dated 21 March 2025 in reference to the Circular issued by SEBI dated 14 February 2025 on **Industry Standards** for **minimum information disclosure** required for **audit committee and shareholder approval** of **Related Party Transactions (RPTs)** with effect from 1 April 2025.

The effective date of the aforesaid circular has been **extended to 1 July 2025** after receiving feedback from various stakeholders requesting extension of timeline for applicability of the Industry Standards.

For more information, click here

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025-27 March 2025

Securities and Exchange Board of India (SEBI) has issued Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025 ("Amendments") to further amend Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Regulations") dated 27 March 2025. The key amendments are as mentioned below:

1. In Regulation 3(2)(b), within the proviso, the term "assurance" shall be replaced with "assessment or assurance of the specified parameters".

2. As per Regulation 15 (1A) the threshold for High Value Debt Listed Entities (HVDLEs) has been raised from ₹500 crore to ₹1000 crore for outstanding listed non-convertible debt securities. Further, entities crossing this threshold are required to comply with the relevant Regulations within 6 months from the date of such trigger.

3. Sub-regulation (1AA) is inserted after Regulation 15 (1A), stating that Regulations 15 to 27 apply to a 'high value debt listed entity' until its listed debt remains below the threshold for three consecutive financial years.

4. The amendments also introduced new reporting standards for corporate governance w.e.f. 1 April 2025, applicable to entities with listed specified securities on SME Exchanges, exceeding defined capital and net worth criteria.

5. In Regulation 17A, the explanation is renumbered as (1), and references to independent directors now include those from 'high value debt listed entities.' A new Explanation (2) clarifies that ex-officio directorships in Public Sector Undertakings and Public Private Partnerships entities are excluded from the directorship limit. Provisions related to HVDLE take effect six months after the SEBI amendment's publication in the Official Gazette or date of the Annual General Meeting, **whichever is later**.

6. In Regulation 23 (1) with effect from 1 April 2025, for SME-listed entities, a related party transaction is considered material if its value exceeds ₹50 crore or 10% of the entity's annual consolidated turnover, whichever is lower.

7. In Regulation 26(1) (a) the words 'high value debt listed entities' shall be deleted.

8. In Regulation 34(2) (f), the disclosure requirements for Business Responsibility and Sustainability Reports have been refined.

9. After Chapter V, a new Chapter VA shall be inserted, namely **Corporate Governance norms for A listed entity which has listed its non-convertible debt securities.**

The above amendments are applicable from the date of their publication in the Official Gazette i.e. 27 March 2025

For more information, click here.

Industry Standards Frequently Asked Questions (FAQs) on Applicability of the Industry Standards on "Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)"- 15 March 2025

The Securities and Exchange Board of India (SEBI) issued a circular dated 14 February 2025 regarding the Industry Standards on 'Minimum information to be provided for review of the audit committee and shareholders for approval of Related Party Transaction (RPT).

In this regard, Bombay Stock Exchange (BSE) has published a Circular that includes a copy of Frequently Asked Questions (FAQS) on Applicability of the aforesaid Industry Standards, issued by the Industry Standards Forum. The applicability of the Industry Standards under the different scenarios has been clarified in the FAQs which need to be complied with by the listed entity.

For more information, click here.

Key Facts Statement for Loans and Advances - 15 April 2024

The Reserve Bank of India has issued guidelines with respect to Key Facts Statement for Loans and Advances, which aims at enhancing the transparency and reducing the information asymmetry on financial products being offered by different regulated entities, thereby empowering the borrowers for making an informed financial decision.

The harmonised instructions shall be applicable in cases of all retail and MSME term loan products extended by all regulated entities.

For more information, click here.

Review of Regulatory Framework for HFCs and Harmonisation of Regulations applicable to HFCs and NBFCs - 12 August 2024

The Reserve Bank of India vide its notification dated 12 August 2024 released revised regulations for the Non-Banking Finance Companies (NBFCs) and Housing Finance Companies (HFCs), wherein it has modified regulations of NBFCs and HFCs in terms of acceptance of public deposit, maintenance of minimum percentage of liquid assets, full cover for public deposit, repayment of public deposit in order to meet certain expenses of an emergent nature, among others.

The revised regulations will be applicable from 1 January 2025.

For more information, click here.

RBI Releases Draft Circular on Forms of Business and Prudential Regulation for Investments- 4 October 2024

Reserve Bank of India (RBI) has released a draft circular dated October 4, 2024 on “Forms of Business and Prudential Regulation for Investments,” inviting comments from banks and other stakeholders by November 20, 2024.

The draft circular will update paragraphs 4 and 5 of the Master Direction – Reserve Bank of India (Financial Services provided by Banks) Directions, 2016 concerning the existing regulations on forms of business and prudential regulation for investments by banks. The Reserve Bank has reviewed these regulations with an objective to ringfence the banks’ core business from other risk bearing non-core businesses as well as to provide operational freedom to banks for making investments in financial services/non-financial services companies and Alternative Investment Funds.

The circular specifies the permissible business activities for banks, whether to be undertaken directly or through separate group entities, and also revises the prudential limits for investment in group entities or other companies including the requirement of obtaining prior approval. It emphasizes a ring-fencing strategy to protect core banking business and prevent overlapping business activities within a banking group.

For more information, click here

Amendment to the Master Direction - Know Your Customer (KYC) Direction, 2016 – 6 November 2024

The Reserve Bank of India (RBI) has issued an amendment to the Master Direction on Know Your Customer (KYC) Direction, 2016, to align with recent updates in related regulations. The amendment reflects recent updates in the Prevention of Money Laundering (Maintenance of Records) Rules, 2005 and the Unlawful Activities (Prevention) Act (UAPA). Key amendments include revisions to customer acceptance policies, which now allow for simplified Customer Due Diligence (CDD) for existing customers when opening additional accounts or obtaining new services. Additionally, the periodic KYC updation process has been clarified, and new requirements for updating KYC records with the Central KYC Records Registry (CKYCR) have been established. The updated procedures also specify how regulated entities must handle the KYC information retrieval process, including the use of KYC identifiers from CKYCR. These changes come into effect immediately, ensuring compliance with enhanced monitoring requirements and streamlined customer information management.

For more information, click here.

Master Direction - Reserve Bank of India (Non-Resident Investment in Debt Instruments) Directions, 2025 – 7 January 2025

The Reserve Bank of India (RBI) has issued the Master Direction on Non-resident Investment in Debt Instruments, to regulate foreign investments in Indian debt instruments. These directions issued, based on consolidating various circulars issued previously from time to time, provide guidelines on eligible investments by Foreign Portfolio Investors (FPI), Non-Resident Indians (NRI), Overseas Citizens of India (OCI) and other persons resident outside India as may be notified by RBI.
These directions include provisions with respect to General Route, Voluntary Retention Route, the Fully Accessible Route (FAR) for investment in certain specified category of securities, the investment in Sovereign Green Bonds, and transactions in credit derivatives. These regulations aim to streamline processes and enhance transparency while adhering to applicable laws and controls.

These Directions shall be applicable with immediate effect.

For more information ,click here.

Foreign Exchange Management (Mode of Payment and Reporting of Non- Debt Instruments) (Third Amendment) Regulations, 2025- 14 January 2025

The Reserve Bank of India (RBI) has issued the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) (Third Amendment) Regulations, 2025,

Key updates in the said amendment includes revised instructions on the mode of payment and remittance of sale proceeds with respect to equity investments of an Indian company by a person resident outside India, investment by Foreign Portfolio Investors/Foreign Venture Capital Investor, investment in LLPs/investment vehicle, issue of Indian Depository Receipts and issue of convertible notes by an Indian start-up company.
The regulations also clarify the use of rupee vostro accounts for remittances.

For more information, click here.

Private Placement of Non-Convertible Debentures (NCDs) with Maturity Period of More than One Year by HFCs – Review of Guidelines - 29 January 2025

The Reserve Bank of India (RBI) has updated the guidelines for Housing Finance Companies (HFCs) concerning the private placement of Non-Convertible Debentures (NCDs) with a maturity of over one year. This revision aligns HFCs with the other Non-Banking Financial Companies (NBFCs) under the Scale Based Regulation (SBR) framework.

It has been decided that the Guidelines on the Private Placement of NCDs (with a maturity of more than one year) for NBFCs, as outlined in paragraph 58 of the Master Direction – Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, will also apply, mutatis-mutandis, to HFCs. As a result, the current guidelines under Chapter XI of the Master Direction – Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021, are hereby repealed.

The revised guidelines shall be applicable to all fresh private placements of NCDs (with maturity more than one year) by HFCs effective from the date of this circular i.e. 29 January 2025.

For more information, click here.

Reserve Bank of India amends the Securities Contracts (Regulation) Act, 1956 -13 February 2025

Reserve Bank of India (RBI) hereby amends notification number S.O. 2192(E) dated 8 January 2010 in exercise of power under Section 16 of the Securities Contracts (Regulation) Act, 1956 regarding the prevention of undesirable speculation in securities.

The amendment modifies clause (A)(1) to regulate contracts for sale or purchase of government securities, gold related securities and money market securities. Under the new provisions, such contracts are prohibited except for spot delivery contracts, those traded on a recognised stock exchange under applicable regulations, or those other contracts specifically permitted by RBI. The modification aims to strengthen regulatory oversight of securities trading while maintaining legitimate market operations.

The amendment shall come into force on the date of its publication in the Official Gazette.

For more information, click here

Release of Handbook on “Regulations at a Glance”- 27 February 2025

The Reserve Bank of India (RBI) had constituted the Regulations Review Authority 2.0 (RRA 2.0) in 2021 to simplify and improve the implementation of regulatory guidelines. RRA 2.0 had presented its report on 10 June 2022, which recommended to create Regulatory Handbooks containing regulations applicable for specific sets of Regulated Entities (REs). Accordingly, the Department of Regulation (DoR) has compiled a handbook titled "Regulations at a Glance” which provides a broad overview of the regulatory landscape across various activities and entities. The handbook provides tabular summary of all major regulations issued by DoR and has been organised in six chapters. The handbook is intended for ease of reference and provides high level overview of the applicable regulations.

The handbook will be updated periodically.

For more information, click here.

Master Circular on Submission of Returns, 2024 – 14 June 2024

The Insurance Regulatory and Development Authority of India (IRDAI) vide its Circular dated 14 June 2024 released a master circular on submission of returns which serves as a comprehensive guide for insurers, consolidating 202 regulatory returns previously dispersed across multiple circulars.

The Master Circular is categorized into following three parts:

• Part I deals with returns specified under various regulations and corresponding master circulars. These returns will check fulfilment of the objectives of the regulations and monitoring of the performance of insurers.

• Part II focuses on business statistics that are collected either through BAP/email, providing insights into business strategies through data on demographics, product segments, and distribution channels.

• Part III repeals outdated circulars which are no longer applicable to streamline compliance.

The aforesaid Circular would be applicable to every life insurer, general insurer, health insurer and reinsurers and Foreign Reinsurance Branches transacting reinsurance business in India.

For more information, click here

Insurance Regulatory and Development Authority of India (Maintenance of Information by the Regulated Entities and Sharing of Information by the Authority), Regulations 2025- 9 January 2025

The Insurance Regulatory and Development Authority of India (IRDAI) has issued the “Maintenance of Information by the Regulated Entities and Sharing of Information by the Authority” Regulations, 2025, effective upon publication in the Official Gazette. The objective of these regulations is to enable insurers and intermediaries to maintain essential operational data in electronic form with robust security measures and compliance frameworks. They further aim to facilitate efficient data governance and ensure readiness for regulatory investigations under the Insurance Act, 1938. Information sharing by IRDAI is also addressed through stringent guidelines requiring consent from involved entities and adherence to confidentiality principles. Sharing of non-public information is also subject to a merit-based evaluation, ensuring legal and public interest considerations. Insurers shall also have board-approved policies detailing record maintenance, data security, and disaster recovery mechanisms. Records must be stored exclusively within India, ensuring accessibility for regulatory purposes.

For more information, click here.

Obligatory Cession for the Financial year 2025-26- 27 February 2025

The Insurance Regulatory and Development Authority of India (IRDAI) has issued a notification regarding the obligatory cession for the financial year 2025-26 which shall be applicable to Indian Re-insurers and other applicable insurers as per the provisions of Section 101A of the Insurance Act, 1938.

As per the requirement of the notification, the percentage cession of the sum insured on each general insurance policy to be reinsured with the Indian Re-insurer (GIC Re) shall be 4% during the financial year beginning from 1 April 2025 to 31 March 2026, except the terrorism premium and premium ceded to nuclear pool wherein it would be made 'Nil'. The notification also includes terms & conditions with respect to information on cession, percentage of commission on obligatory cession for different classes of business and profit commission.

For more information, click here.

Press Release - Equity Derivatives – 28 February 2025

The Insurance Regulatory and Development Authority of India (IRDAI) has issued comprehensive guidelines allowing insurers to use equity derivatives such stock, index 'futures and options' to hedge the equity portfolios and reduce market volatility risks. Insurers must follow exposure and position limits and use these derivatives solely for hedging purposes. Any Over the Counter (OTC) exposure to equity derivatives is prohibited. The guidelines aim to provide insurers with enhanced opportunities for risk management and portfolio diversification.

The guidelines provide that the insurers are advised to put in place the Board approved Hedging Policy, Internal Risk Management Policies and Processes; Information Technology Infrastructure; and Regular and Periodic Audits.

Insurers are also required to furnish prescribed reports to the Authority on a quarterly basis.

For more information, click here

Guidelines on Hedging Through Equity Derivatives- 28 February 2025

The Insurance Regulatory and Development Authority of India (IRDAI) has issued guidelines on hedging through equity derivatives under Clause 13 of Schedule III of IRDAI (Actuarial, Finance and Investment Functions of Insurers) Regulations, 2024, following representations from insurers.

IRDAI has permitted the insurers to hedge their existing equity exposures against volatility in equity market and ensure preservation of market value of equity investments and thereby reducing risks in equity portfolio subject to compliance of these guidelines.

In line with the guidelines, insurers will be able to buy hedges in stock 'future and options' and index 'futures and options' against their holding in equities subject to the exposure and position limits. The Guidelines also prescribe accounting for equity derivatives and disclosure requirements.

For more information, click here.

Exposure to Forward Contracts in Government Securities (Bond Forwards)-10 March 2025

The Insurance Regulatory and Development Authority of India (IRDAI) has issued a circular that allows insurers to undertake transactions in Forward Contracts in Government Securities (**Bond Forwards)** as users for hedging purposes. The Circular aligns the concerned regulatory framework with the Reserve Bank of India's (RBI) recently introduced (Forward Contracts in Government Securities) Directions, 2025, which also permits non-retail users to undertake Bond Forward transactions.

As per the Circular, Insurers are now permitted to undertake only long positions in Bond Forwards i.e. buying, and which are not allowed for Unit-Linked Insurance Plan (ULIPs) business.

Additionally, insurers must report their Bond Forward transactions **quarterly** in line with Interest Rate Forward Rate Agreements and comply with RBI Directions and operational guidelines issued by Fixed Income Money Market and Dealers Association of India (FIMMDA).

The circular has been issued with approval of the Competent Authority.

For more information, click here.

Circular on Cyber Incident or Crisis Preparedness - 26 March 2025

Insurance Regulatory and Development Authority of India (IRDAI) has issued a circular emphasizing cyber incident and crisis preparedness for regulated entities, insurance intermediaries, and training institutes.

The key highlights of the Circular states:

- The IRDAI Information and Cyber Security Guidelines, 2023, requires that entities must report cyber incidents within **six hours of detection**, maintain and monitor **ICT logs for 180 days and** implement a Cyber Crisis Management Plan.
- Entities must engage in certified Forensic auditors for severe incidents and ensure no conflict of interest with security vendors and comply with CERT-In's directives on cyber incident reporting and security practices.
- All regulated entities are required to present compliance measures to the Board in the next meeting and submit minutes of meeting to IRDAI.

For more information, click here

Implementation Guide on Revision in Form No. 3CD and Form No. 3CEB in March 2024 - July 2024

The CBDT vide its notification dated 5 March 2024 has issued certain amendments in various tax related forms i.e., Form 3CD (Statement of particulars required to be furnished under section 44AB of the Income-tax Act, 1961) , Form 3CEB (Report to be furnished under Section 92E of the Income Tax Act, 1961) and Form No. 65 (Application for exercising/ renewing option for the tonnage tax scheme u/s 115VP/115VR of the Income Tax Act, 1961).

Pursuant to the aforesaid changes, the Direct Tax Committee of the ICAI has released an 'Implementation Guide on Revision in Form No. 3CD and Form No. 3CEB in March 2024' to provide guidance on the recent revisions being made in Form No.3CD and Form No.3CEB in March 2024.

For more information, click here.

Condonation of Delay under section 119(2)(b) of the Income-tax Act, 1961 in filing of Form No. 9A/10/10B/I0BB for Assessment Year 2018-19 and Subsequent Assessment Years - Reg.-18 November 2024

The Central Board of Direct Taxes (CBDT) has issued a Circular dated 18 November 2024, outlining updated procedures for condoning delays in filing Forms 9A, 10, 10B, and 10BB for the Assessment Year (AY) 2018-19 and subsequent years in exercise of the power under Section 119(2)(b) of the Income-tax Act, 1961. The Circular states:

• Principal commissioners/commissioners of Income Tax are authorized to handle delay requests up to 365 days.

• Principal Chief Commissioners/ Chief Commissioners /Director General of Income Tax are authorized to handle delay requests beyond 365 days.

• Above mentioned authorities must confirm that the applicant had a reasonable cause for the delay and the case is of genuine hardship.

• For Form 10, compliance with Section 11(5) of the Income Tax Act, regarding the investment of accumulated or set apart funds, is also required.

The Circular further states that the applications for condonation must be submitted within three years from the end of the relevant assessment year. The authorities aim to resolve applications within six months from the date of receipt. This circular supersedes previous instructions, providing a unified approach for all condonation requests under these provisions.

For more information, click here

Condonation of Delay under Clause (b) of Sub-Section (2) of Section 119 of the Income-tax Act, 1961 for Returns of Income Claiming Deduction u/s 80P of the Act for Assessment Year 2023-24 – 30 October 2024

The Central Board of Direct Taxes (CBDT) has received applications from co-operative societies requesting the condonation of delay in filing their income tax returns for Assessment Year (AY) 2023-24. These applications seek to treat the returns as timely filed, despite the delay, due to issues in getting their accounts audited as per respective state laws.

To address this hardship, the CBDT has decided to extend the applicability of Circular No. 13/2023 (dated 26.07.2023) for AY 2023-24, subject to the conditions outlined in the circular.

For more information, click here.

Income Tax Bill, 2025- 13 February 2025

The Income Tax Bill, 2025, was introduced in the Lok Sabha on 13 February 2025, that aims to replace the Income Tax Act, 1961, which had become complex due to numerous amendments over the years. The bill consists of 23 chapters and 536 sections. It will be effective from 1 April 2026, unless stated otherwise.

Key changes include the introduction of a "tax year" concept, restructuring of exemptions, updated foreign income rules, and new compliance requirements. Certain outdated provisions including those on immovable property acquisition and penalties have been removed, while new rules on digital transactions, tax withholding, and penalties for non-compliance have been added. The bill also introduced a faceless mechanism for tax revisions and appeals.

For more information, click here

Extension of Due date for filing of Form No. 56F under the Income-tax Act, 1961- reg. – 18 February 2025

The Central Board of Direct Taxes (CBDT) has issued a Circular announcing an extension of the due date for filing Form No. 56F under the Income Tax Act, 1961 (Act).
This extension is granted on the consideration of the difficulties faced by taxpayers and stakeholders in timely submitting the required accountant's report under Section 10AA(8) read with Section 10A(5) of the Act. To avoid genuine hardships in such cases, CBDT has extended the deadline for filing such report for Assessment Year 2024-25 to 31 March 2025.

For more information, click here.

Frequently Asked Questions (FAQs) on Guidelines for Compounding of Offences under the Income-Tax Act, 1961- 17 March 2025

The Central Board of Direct Taxes (CBDT) has issued a circular regarding Frequently Asked Questions (FAQs) to provide clarity on its revised guidelines issued with respect to the compounding of offences under the Income Tax Act, 1961 dated 17 October 2024. The revised guidelines were introduced that aim to streamline the compounding process and make it more accessible to taxpayers seeking relief from prosecution.

The FAQs provide clarifications on the scope of revised guidelines, eligibility and mode of filing compounding applications, terms of compounding, charges and procedure for payment, time limits, and other related aspects.

For more information, click here.

Income-tax (Eighth Amendment) Rules, 2025 -28 March 2025

The Ministry of Finance has notified the Income-tax (Eighth Amendment) Rules, 2025 to further amend the Income Tax Rules,1962. These rules introduce changes to Form 3CD, the tax audit report mandated under section 44AB of the Income-tax Act, 1961. Key changes include:

1. Insertion of Clause 44BBC in Clause (12) of Form 3CD.
2. Omission of Particular Tax Deductions in Clause (19)
3. The taxpayers need to report the expenditures pertinent to the settlements for the breach of regulations, as reported by the Central Government.
4. Adjusted MSME Payment Reporting in Clause (22)
5. Deletion of Clauses (28) & (29) easing the tax audit reporting framework.
6. Revision in Loan and Deposit Reporting in Clause (31)
7. A new clause 36B is added where the taxpayers are required to declare the information of buyback of shares u/s 2(22)(f).

The amendment shall come into force on 1 April 2025.

For more information, click here

The Finance Act, 2025 – 29 March 2025

The Ministry of Finance has notified The Finance Act 2025 dated 29 March 2025, to give effect to the financial proposals of the Central Government for the financial year 2025-2026. The Finance Bill, 2025 was passed in Lok Sabha on 25 March 2025. The Act aims to simplify tax administration, enhance taxpayer relief, and align India's fiscal regime with global standards. The following has been stated in the Act:

- Chapter II -specifies the rates of income tax
- Chapter III- specifies the Direct taxes
- Chapter IV- Indirect taxes
- Chapter V – Miscellaneous

Sections 2 to 91, 104 to 120, 125 and 136 shall come into force on the 1 April, 2025; (b) sections 121 to 124 and sections 126 to 134 shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint.

For more information, click here

Clarification in Respect of SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 - 10 September 2024

In July, 2024, the Securities And Exchange Board of India (SEBI) vide its SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2024 had notified that the issuer shall fix a record date for the purposes of payment of interest, dividend and payment of redemption or repayment amount or for such other purposes as specified by the Board and such record date shall be fixed at fifteen days prior to the due date of payment interest or dividend, repayment of principal or any other corporate actions.

Pursuant to the aforesaid amendment, the Bombay Stock Exchange (BSE) has issued a notice, wherein it has reiterated that all the entities that have non-convertible securities listed with the exchange are required to establish a record date in line with the abovementioned amendment and shall make necessary changes in listing documents/disclosures submitted with exchange (if required)

For more information, click here.

Applicability of Ceiling on Signing of Annual Return in E-form MGT-7 w.e.f. 1st April, 2025- 18 October 2024

The Institute of Company Secretaries of India (ICSI) in its 312th meeting held on 8th -9th October 2024 has introduced a new ceiling on the signing of number of Annual Returns i.e. E-form MGT-7 by a Company Secretary in Practice (CSP). ICSI has prescribed that a CSP can sign annual returns for a maximum of 75 companies each year under Section 92(1) of the Companies Act, 2013 and for a Peer Reviewed CSP, this limit is kept upto 125 companies for each year.

Further, compliance with the ICSI Unique Document Identification Number (UDIN) Guidelines is mandatory when signing E-form MGT-7, with necessary adjustments being implemented in the UDIN portal. ICSI has observed instances of incorrect UDIN generation, particularly when selecting 'Others' in document types, and has given emphasis on strict adherence to guidelines to avoid violations under the Company Secretaries Act, 1980.

The same shall be made applicable from the financial year commencing 1st April 2025.

For more information, click here.

Standard Operating Process under SEBI (PIT) Regulations, 2015 for Ensuring Compliance with Structured Digital Database ("SDD")- 18 October 2024

Bombay Stock Exchange (BSE) issued a circular dated 18 October 2024, outlining the Standard Operating Process (SOP) for listed companies to ensure compliance with the Structured Digital Database (SDD) requirements as per Regulation 3(5) and 3(6) of SEBI (Prohibition of Insider Trading) Regulations, 2015. The regulations mandate that listed and proposed to be listed entities maintain a SDD to track insider trading activities.

The circular further lays down a SOP for SDD:

• The listed entities to whom Regulation 24A of SEBI (LODR) Regulations, 2015 applies, must confirm SDD compliance in their Annual Secretarial Compliance Report.

• Other companies must submit the SDD Compliance Certificate, duly certified by a practicing Company Secretary, within 60 days of the financial year's end

• Newly listed or proposed to be listed companies must submit a certificate from a Practicing Company Secretary (PCS) at the time of filing of offer document, confirming compliance with Regulations 3(5) and 3(6) SEBI (Prohibition of Insider Trading) Regulations 2015.

• Non-compliant companies are required to submit quarterly certificates until they achieve compliance. BSE will take action against non-compliant entities within 30 days of missing the submission deadline, including displaying non-compliance status on the company's "Get Quote" page on the BSE website. The Company may also be asked to place the matter before the Board for their comments.

• For suspended non-compliant companies, revocation will occur only after the company submits a compliance status confirmation in the prescribed format, certified by a Practicing Company Secretary.

The circular **rescinds previously issued related circulars** and is effective immediately.

For more information, click here.

Notification under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 for Enhancing the Scope for Mandatory Onboarding on TReDS- 7 November 2024

The Ministry of Micro, Small and Medium Enterprises ("MSME Ministry") vide its notification dated 7 November 2024 ("Notification") has superseded its erstwhile notification on the requirement of registration for the companies having specified turnover and central public sector enterprises ("CPSEs") on trade receivables discounting system platforms ("TReDS").

The notification has updated its mandate, requiring all companies registered under the Companies Act, 2013 with a turnover exceeding Rs. 250 crore and all CPSEs to register on the Trade Receivables Discounting System platforms (TReDS) set up as per the notification of the Reserve Bank of India. Previously, this requirement applied only to the companies with a turnover exceeding Rs. 500 crore and all CPSEs. This change is part of the government's ongoing efforts to streamline payments and improve liquidity for MSMEs.

The onboarding process on the TReDS platform shall be completed by 31 March 2025.

For more information, click here.

Income Tax Notification on IFSC Units and Tax Collection (TCS) Rules- 6 January 2025

The Ministry of Finance has issued Notification No. 6/2025, detailing exemption for International Financial Services Centre (IFSC) units from being treated as buyer under Section 206C(1H) of the Income-tax Act, 1961.

The notification specifies that IFSC units purchasing goods from sellers will not attract tax collection at source (TCS), provided specific conditions are met. Such buyers must submit a statement-cum-declaration in Form 1A, verifying eligibility for deductions under Section 80LA for ten consecutive assessment years. Sellers, upon receipt of this form, are exempt from collecting TCS for the specified period but must report payments in their TCS statement. The relaxation applies exclusively during the declared ten-year deduction period under Section 80LA. The notification also defines key terms, including IFSC and Unit as per the Special Economic Zones Act, 2005.

This notification is effective from 1 January 2025.

For more information, click here.

Standard Operating Procedure (SOP) for handling Cyber Security Incidents – 8 January 2025

The Bombay Stock Exchange (BSE) on 8 January 2025 issued a notice wherein it has updated the Standard Operating Procedure (SOP) for handling Cyber Security Incidents attached as 'Annexure A' in the said notice. It states that the Regulated Entities (RE), Members, and DPs shall report cybersecurity incidents within 6 hours and implement precautionary measures to prevent threats. It further provides the timelines applicable for incident reporting(s)/submissions by the REs/Members/DP to SEBI/Exchange/Depository.

It also stipulates the penalty frameworks applicable in case of delay/non- submission of immediate cyber incident, Mitigation Report, RCA, VAPT report or Forensic Audit Report (attached as Annexure B of the notice)

It further provides the Penalty framework as applicable based on the review of the cybersecurity incidents by the Joint/ Relevant Committee of the exchange(s)/ Depositories (attached as Annexure C of the notice).

The provisions of this SOP/Circular shall be applicable for all the cyber incidents as reported from 20 January 2025 and onwards

For more information, click here.

Implementation of Recommendations of the Expert Committee for facilitating ease of doing Business for Listed Entities- Disclosure of Integrated Filing-Governance-13 January 2025

The Bombay Stock Exchange (BSE) has issued a notice regarding the implementation of the Expert Committee's recommendations aimed at enhancing ease of doing business for listed entities.

The said notice states that:

- The XBRL utility for Integrated Filing - Governance shall be available starting from 14 January 2025 under the XBRL section of the Listing Centre.
- Listed entities are required to submit the Integrated Filing - Governance exclusively in XBRL format within the prescribed timelines.
- Effective from 14 January 2025, PDF disclosures for the Integrated Filing - Governance in the Corporate Announcement, is no longer required.

- Listed entities must continue to submit the existing Corporate Governance Report and Investor Grievance Report in XBRL format as per the current process, alongside the new Integrated Filing - Governance utility, within the revised timelines, until further notice is issued.
- The Listed entities that have already submitted the Integrated Filing - Governance in PDF format, now required to resubmit the same in XBRL format.

For more information, click here.

Inclusion of Mutual Fund units in the SEBI (Prohibition of Insider Trading) Regulations, 2015-13 January 2025

The Bombay Stock Exchange (BSE) has issued a circular in respect of the inclusion of mutual fund units under the SEBI (Prohibition of Insider Trading) (PIT)Regulations, 2015.

As part of strengthening the regulatory framework for preventing insider trading in mutual fund units, through a notification dated 24 November 2022, mutual funds units were included under the SEBI (PIT) Regulations, 2015.

In accordance with Regulation 5(E)(1) of the PIT Regulations, Asset Management Companies (AMCs) are required to disclose the holdings of Designated Persons of AMCs, trustees and their immediate relatives on an aggregate basis, on a quarterly basis. For subsequent calendar quarters, AMCs must provide this information within 10 calendar days from the end of each quarter in the prescribed format.

This circular is applicable from 1 November 2024.

For more information, click here.

Clarification on fixing the Record Date under Regulation 42 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015-7 February 2025

The Bombay Stock Exchange (BSE) has issued a clarification based on the amendment to Regulation 42 of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 dated 12 December 2024.

As per the clarification, listed entities shall maintain a minimum gap of three working days between the date of board/shareholders' approval and the record date for corporate actions specified in Regulation 42 (1), excluding both approval date and record date. Additionally, Sub-Regulation 5 of Regulation 42 has been omitted, eliminating the requirement for listed entities to announce the closure of their transfer books (book closure).

For more information, click here.

Frequently Asked Questions (FAQs) on MCA-21: V3: Login & Registration and Do's & Don'ts- 20 March 2025

The Institute of Company Secretaries of India (ICSI) has issued Frequently Asked Questions (FAQs) on MCA-21: V3 detailing the process of login and registration. The FAQs explain types of users, including Registered and Business Users, and their access rights. The FAQs also state common issues and suggestive solutions, such as login errors, DSC registration, and updating user details.

For more information, click here.

Master Circular for Compliance with the Provisions of the SEBI (LODR) Regulations, 2015 by Listed Entities-11 March 2025

The Bombay Stock Exchange (BSE) has issued a notice dated 11 March 2025 regarding the issuance of Master Circular by SEBI for compliance with the provisions of SEBI (LODR) Regulations 2015. It states that SEBI has released the Master Circular dated 11 November 2024 which supersedes and update the previous master circular dated 11 July 2023 incorporating all relevant circulars issued on or before 30 September 2024.

For more information, click here.

Master Circular for Issue of Capital and Disclosure Requirements- 11 March 2025

The Bombay Stock Exchange (BSE) has issued a notice dated 11 March 2025 regarding the issuance of Master Circular by SEBI for compliance with the provisions of SEBI (Issue of Capital and Disclosure Requirements) ('ICDR').

It states that SEBI has released Master Circular dated 11 November 2024 which supersedes and updates the previous master circular dated 11 July 2023 incorporating all relevant circulars issued on or before 30 September 2024.

For more information, click here.

Revision of Definition of MSMEs - 21 March 2025

The Ministry of Micro, Small, and Medium Enterprises (MSME) has revised the classification criteria for MSMEs under the MSME Development Act, 2006, effective from April 1, 2025. These updates replace the limits set in the notification dated 26 June 2020 and aims to broaden eligibility for MSME classification to benefit more businesses through government schemes and incentives.

The revised criteria states that in:

- **Micro enterprises**: The investment limit has been increased from ₹1 crore to ₹2.5 crore, while the turnover limit has doubled from ₹5 crore to ₹10 crore.
- **Small enterprises**: The investment threshold has been raised from ₹10 crore to ₹25 crore, and the turnover limit increased from ₹50 crore to ₹100 crore.
- **Medium enterprises**: The investment cap now stands at ₹125 crore (previously ₹50 crore), and the turnover limit has been enhanced from ₹250 crore to ₹500 crore.

This revision is expected to **broaden the eligibility** for enterprises to benefit from MSME-related schemes, including easier access to credit, lower interest rates, and government incentives. By increasing the thresholds, the government aims to **support business growth** and **promote scalability** among MSMEs without losing benefits tied to their classification

For more information, click here

Submission of Half Yearly Return to the Ministry of Corporate Affairs - 25 March 2025

The Central Government has issued a directive under Section 9 of the Micro, Small, and Medium

Enterprises Development Act, 2006 (MSMED Act, 2006), making it mandatory for companies to report payment delays to micro and small enterprises (MSEs).

As per the notification, any company that:

- **Procures goods or services** from micro and small enterprises (MSEs), and
- **Fails to make payments within 45 days** from the date of acceptance or deemed acceptance, must file a **half-yearly return** with the **Ministry of Corporate Affairs (MCA)** stating the amounts of payments due and the reasons of the delay

For more information, click here

International | Accounting News

IASB simplifies Financial Reporting for Eligible Subsidiary Companies with new IFRS Accounting Standard - 9 May 2024

The International Accounting Standard Board (IASB) has issued a new IFRS Accounting Standard for subsidiaries i.e., IFRS 19 'Subsidiaries without Public Accountability: Disclosures'. This new standard will permit the eligible subsidiaries to use IFRS accounting standards with reduced disclosures.

The new standard would be effective for reporting periods beginning on or after 1 January 2027, however, earlier application is permitted.

For more information, click here.

IASB issues Narrow-Scope Amendments to Classification and Measurement requirements for Financial Instruments - 30 May 2024

The IASB has issued amendments to classification and measurement requirements in IFRS 9 'Financial Instruments'. These amendments are in response to feedback from the 2022 post-implementation review of IFRS 9 and are intended to clarify the requirements and address diversity in accounting practice by making the requirements more understandable and consistent. The amendments include:

• Clarifying the classification of financial assets with environmental, social and corporate governance (ESG) and similar features.

• Settlement of liabilities through electronic payment systems.

Further, the IASB has also introduced additional disclosure requirements to enhance transparency for investors regarding investments in equity instruments designated at fair value through other comprehensive income and financial instruments with contingent features, for example features tied to ESG-linked targets.

The aforesaid amendments would be effective for annual reporting periods beginning on or after 1 January 2026.

For more information, click here.

FASB Issues Standard that Improves Disclosures about Income Statement Expenses – 4 November 2024

The Financial Accounting Standards Board (FASB) has published an Accounting Standards Update (ASU) aimed at improving financial reporting by requiring public companies to disclose additional details about certain expenses in their financial statement notes.

Key provisions include:

1. Disclosure of the amounts of (a) purchases of inventory; (b) employee compensation; (c) depreciation; (d) intangible asset amortization; and (e) depreciation, depletion, and amortization recognized as part of oiland gas-producing activities (or other amounts of depletion expense) included in each relevant expense caption.

2. Include certain amounts that are already required to be disclosed under current generally accepted accounting principles (GAAP) in the same disclosure as the other disaggregation requirements.

3. Disclose a qualitative description of the amounts remaining in relevant expense captions that are not separately disaggregated quantitatively.

4. Disclose the total amount of selling expenses and, in annual reporting periods, an entity's definition of selling expenses

The new requirements will take effect for annual periods starting after 15 December 2026, and interim periods starting after 15 December 2027, with early adoption allowed. The changes aim to provide investors with more transparency into cost structures, forecasting future cash flows and comparison of performance over time and across companies.

For more information, click here.

FASB Issues Standard That Improves Accounting Guidance for Induced Conversions of Convertible Debt Instruments-26 November 2024

The Financial Accounting Standards Board (FASB) published an Accounting Standards update (ASU) that improves the relevance and consistency in application of the induced conversion guidance in FASB Accounting Standards Codification® Subtopic 470-20, Debt—Debt with Conversion and Other Options. Current generally accepted accounting principles (GAAP) provide guidance on whether a settlement of convertible instruments with different terms should be treated as an induced conversion or debt extinguishment.

The aforesaid amendment clarifies the criteria for deciding whether certain settlements of convertible debt instruments, including those with cash conversion features or those not yet convertible, should be recognized as an induced conversion.

The amendments in the ASU are effective for annual reporting for periods beginning after 15 December 2025, and interim reporting periods within those annual reporting periods. The early adoption of the same is also permitted.

For more information, click here

IASB updates IFRS Accounting Standards (IFRS 9 and IFRS 7) for Nature-Dependent Electricity Contracts -18 December 2024

The International Accounting Standards Board (IASB) has issued targeted amendments to help companies better report the financial effects of nature-dependent electricity contracts, which are often structured as power purchase agreements (PPAs) to secure their electricity supply from sources such as wind and solar power.

The quantum of electricity generated under these contracts varies based on uncontrollable factors such as weather conditions. Current accounting requirements does not adequately capture how these contracts affect a company's performance.

To address this, the IASB has amended IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures. The amendments include:

- Clarifying the application of 'own-use' requirements;
- Allowing hedge accounting for contracts used as hedging instruments;
- Introducing new disclosure requirements to help investors to understand how these contracts affect a company's financial performance and cash flows.

The above amendments are applicable for annual reporting periods beginning on or after 1 January 2026. Early application is also permitted.

For more information, click here

IASB issues Third Version of the IFRS for SMEs- 27 February 2025

The International Accounting Standards Board (IASB) has published the third edition of 'International Financial Reporting Standard for Small and Medium-sized Entities' (IFRS for SMEs). The amendments follow the second comprehensive review of the standard, which was first issued in 2009 and amended once in 2015.

The amendments include significant changes to certain sections of the standard, which are:

- Section 2 Concepts and Pervasive Principles: New concepts on measurement, presentation and disclosure, guidance on derecognition, and updated definition and recognition criteria for assets/liabilities, prudence, substance over form etc.
- Section 9 Consolidated and Separate Financial Statements: Aligns the definition of control with that in IFRS 10 and introducing requirement of fair value measurement of retained interest when losing control of a subsidiary with resulting gain or loss to be recognised in profit or loss.
- Section 11 Basic Financial Instruments and Section 12 Other Financial Instrument Issues: Combines both these sections on financial instruments into a single section renamed as section 11, aligning with IFRS 9 and adding new disclosure/measurement requirements.
- Section 12 Fair Value Measurement: A new section 12 has been Introduced on fair value measurement requirement based on requirements in IFRS 13.
- Section 19 Business Combinations and Goodwill: Updates business definition, contingent liability recognition requirements, and introduces step acquisitions requirements.
- Section 23 Revenue: Aligned with IFRS 15, simplifying the revenue recognition model for SMEs.

The IASB also discussed the changes in IFRS14, IFRS 16 and consideration of use of cryptocurrencies but decided not to align the IFRS for SMEs standard with these changes.

The amendments shall be effective for annual periods beginning on or after 1 January 2027, earlier application is also permitted.

For more information, click here.

IFRS Foundation Releases IFRS Accounting Taxonomy 2025- 27 March 2025

The IFRS Foundation has published the IFRS Accounting Taxonomy 2025 updating digital tagging to align with current IFRS standards. The new taxonomy includes comprehensive tags covering all standards currently in force, alongside new disclosure requirements set out in:

- *IFRS 18 Presentation and Disclosure in Financial Statements*
- *Contracts Referencing Nature-dependent Electricity*

- *IFRS 19 Subsidiaries without Public Accountability: Disclosures,*
- *Classification and Measurement of Financial Instruments and*
- *Annual Improvements to the IFRS Accounting Standards—Volume 11*

The IFRS Accounting Taxonomy 2025 includes changes to the IFRS Accounting Taxonomy 2024 to reflect new or amended presentation and disclosure requirements.

For more information, click here

International | Auditing News

PCAOB adopts New Quality Control Standard with a Risk-Based Approach designed to drive continuous Improvement in Audit Quality – 13 May 2024.

The Public Company Accounting Oversight Board (PCAOB) has adopted a new standard designed to lead registered public accounting firms to significantly improve their quality control systems. The new standard would require all PCAOB registered firms to identify their specific risks and design a Quality Control system that includes policies and procedures to guard against those risks.

For more information, click here.

IAASB publishes Final Standard on Sustainability Assurance Engagements – 13 November 2024

The International Auditing and Assurance Standards Board (IAASB) has issued the final version of its International Standard on Sustainability Assurance (ISSA) 5000 'General Requirements for Sustainability Assurance Engagements'. The Standard provides a comprehensive framework for professionals involved in sustainability assurance engagements. This move reflects the growing global focus on sustainability and climate-related disclosures, further reinforced by regulations like the EU's Corporate Sustainability Reporting Directive (CSRD) and the IFRS sustainability disclosure standards set by the International Sustainability Standards Board (ISSB).

The standard extends its applicability to both limited and reasonable assurance engagements as well as to all sustainability subject matter.

ISSA 5000 is effective for assurance engagements on sustainability information reported for periods beginning on or after 15 December 2026, or as at a specific date on or after 15 December 2026.

For more information, click here.

PCAOB Adopts Rule Amendment to Enhance the Usefulness of Audit Firm Registration Information-14 November 2024

The Public Company Accounting Oversight Board (PCAOB) has adopted a rule amendment that enables the PCAOB to address situations in which a registered firm has ceased to exist, is non-operational or no longer wishes to remain registered.

The amendment establishes a new process that enables the Board to:

- Consider a PCAOB-registered firm's failure both to file annual reports and pay fees for two consecutive reporting years as a constructive request to withdraw from PCAOB registration; and
- Automatically treat the firm's registration as withdrawn.

The amendment requires approval from the U.S. Securities and Exchange Commission (SEC). If the SEC approves the amendment, the new rule will initially apply for annual reports and annual fees due in 2025. This means that a registered firm that fails to submit an annual report and pay the annual fee for both the 2025 and 2026 reporting years could be considered withdrawn from registration under Rule 2107(h) starting in the fall of 2026.

For more information, click here.

New Guidance Advances High-Quality Corporate Sustainability Reporting and Assurance Preparedness – 19 December 2024

The International Federation of Accountants (IFAC) issued guidance on enhancing governance and control activities to improve the quality of sustainability information and disclosures. The resource provides a roadmap for aligning sustainability and financial reporting, emphasizing transparency in governance, risk management, and internal controls. By implementing a systematic annual cycle of governance and control activities, companies can improve data quality, reduce the risk of modified assurance conclusions, and meet investors' expectations for sustainability reporting prepared with the same rigor as financial statements. This guidance also supports the adoption of IFRS Sustainability Disclosure Standards and European Sustainability Reporting Standards (ESRS).

For more information, click here.

IFAC and WMBC publish Guidance on Sustainability Reporting and Assurance-27 December 2024

The International Federation of Accountants (IFAC), We Mean Business Coalition (WMBC), and Global Accounting Alliance (GAA) have released a report on enhancing governance in sustainability reporting, aligning it with financial reporting, and addressing related challenges. The guidance supports the adoption of ISSB standards and European Sustainability Reporting Standards (ESRS).

For more information, click here.

Considerations for Audit Firms Using the Work of Specialists- 4 February 2025

The Public Company Accounting Oversight Board (PCAOB) has issued a new staff report "Considerations for audit firms using the work of specialists" in financial reporting and auditing.

As financial reporting frameworks evolve, the use of specialists in accounting and auditing has increased, especially for fair value estimates. Companies may rely on the work of specialists to assist in developing accounting estimates including fair value measurement or assessing physical assets, while auditors use specialists' work to gather and evaluate audit evidence. However, if a specialist's work is not properly evaluated, the risk of undetected material misstatements in the financial statements is increased. The report highlights key observations to help audit firms ensure proper audit procedures when using specialists' work.

For more information, click here

International | Regulatory News

IFRS Foundation publishes Guide to help Companies identify Sustainability-related Risks and Opportunities and Material Information to provide – 19 November 2024

The IFRS Foundation has published a new comprehensive guide to help companies identify and disclose material sustainability-related risks and opportunities. These disclosures are useful for investors and global capital markets, as they inform investment decision making.

The guide focuses on IFRS S1, which outlines the general requirements for disclosing sustainability-related financial information, emphasizing how companies' dependencies on and impacts on resources—such as human, natural, and financial—can give rise to sustainability risks and opportunities that affect their financial prospects.

The guide promotes integrated thinking, which links a company's value chain with its stakeholders, society, economy, and the environment. It explains how companies can assess these dependencies and impacts when determining material sustainability information, using a process aligned with the IFRS Practice Statement 2 on materiality judgments.

The guide also highlights the potential benefits for companies applying ISSB Standards and how those familiar with IFRS Accounting Standards (already in use in over 140 jurisdictions) can seamlessly integrate sustainability disclosures into their financial reporting. Additionally, it offers insights on how to connect sustainability disclosures with financial statements and provides considerations for those using ISSB Standards alongside European Sustainability Reporting Standards (ESRS) or Global Reporting Initiative (GRI) Standards.

For more information, click here.

IFRS Foundation publishes a Guide for Reporting only Climate-Related Information under ISSB standards- 30 January 2025

The IFRS Foundation has published education material on, Applying IFRS S1 (General Requirements for Disclosure of Sustainability-related Financial Information) when reporting only climate-related disclosures in accordance with IFRS S2 (Climate-related Disclosures), to help companies disclose climate-specific reporting under ISSB Standards.

The guidance addresses the stakeholders growing demand for climate related disclosures, while also considering the concerns about data availability and readiness to report on broader sustainability risks.
The guide is specifically tailored for entities that take advantage of the temporary relief, permitting them to disclose only climate-related risks and opportunities (as per IFRS S2) in their first annual reporting period of applying IFRS S1. These entities are required to follow IFRS S1 only to the extent that it pertains to reporting on climate-related risks and opportunities.

For more information, click here.

GRI consults on New Sector Standards for Financial Services - 6 March 2025

Global Sustainability Standards Board of the Global Reporting Initiative (GRI) has initiated a consultation on three new sector standards for the financial services industry.

According to the press release, these proposed standards are the first of their kind to provide a comprehensive approach to evaluate the impact of financial services organizations, moving beyond specific topics to achieve consistent sustainability reporting globally. The proposed sector standards include:

- Sector Standard for Banking
- Sector Standard for Capital Markets
- Sector Standard for Insurance

The consultation period will be ended on 31 May 2025.

For more information, click here.

SASB Standards Taxonomy Updated – 28 October 2024

The International Sustainability Standards Board (ISSB) has released updates to the SASB Standards Taxonomy to incorporate disclosure requirements arising from recent changes to the SASB Standards.

The updates cover:

• The consequential amendments that were made in connection with the issuance of IFRS S2 Climate related Disclosures in June 2023; and

• The amendments that were made as part of the ISSB's International Applicability of the SASB Standards project in December 2023.

For more information, click here.

EFRAG adds New Non-Authoritative Technical Explanations on ESRSs – 6 December 2024

European Financial Reporting Advisory Group (EFRAG) has announced the release of 64 new explanations added to its Compilation of Technical Explanations, as technical advisor to the European Commission to provide practical and timely support for preparers and others in the implementation of European Sustainability Reporting Standards (ESRS).
This updated compilation includes a mapping of sustainability matters in paragraph **AR 16 of ESRS 1** to the Disclosure Requirements in the topical standards. The total number of explanations now stands at 157, with Appendix III identifying 133 questions already addressed through Implementation Guidance and previously published explanations.

EFRAG released update to the Compilation of Explanations to respond to stakeholders' technical questions on the ESRS, which now includes a total of 157 explanations released between January and November 2024.

For more information, click here

EFRAG Publishes Voluntary Sustainability Reporting Standard for Non-Listed SMEs-18 December 2024

The European Financial Reporting Advisory Group (EFRAG) issued a standard for voluntary sustainability reporting by non-listed micro, small and medium-sized entities (SMEs) known as the 'VSME' standard.

The standard is a voluntary reporting framework designed for non-listed SMEs that are not covered by the Corporate Sustainability Reporting Directive (CSRD). Its purpose is to help these businesses meet the information requirements of banks, investors, and their value chain in a standardized format.

The VSME standards are divided into a 'Basic Module' and a 'Comprehensive Module'. It is also accompanied by supplementary Basis of Conclusions.

For more information, click here

EFRAG adds New Technical Explanations on ESRSs- 27 December 2024

The European Financial Reporting Advisory Group (EFRAG) has introduced new non-authoritative technical explanations to its collection of guidance aimed at assisting stakeholders with the

implementation of the European Sustainability Reporting Standards (ESRSs).
The new explanations focus on climate change mitigation and adaptation targets, as well as biodiversity and ecosystems. These are particularly relevant for specific sectors and are provided as part of EFRAG's role as a technical advisor to the European Commission, offering practical and timely support to preparers and other stakeholders in the adoption of the ESRSs.

For more information, **click here**

EFRAG publishes Addendum to Implementation Guidance for ESRSs-28 December 2024

The European Financial Reporting Advisory Group (EFRAG) has released an addendum to EFRAG IG 3 'ESRS Datapoints', which is part of its non-authoritative implementation guidance on the European Sustainability Reporting Standards (ESRSs).

Originally published in May 2024, EFRAG IG 3 includes all requirements from the complete first set of ESRSs in an Excel format. It provides additional details such as the type of requirement whether they are subject to transitional provisions.

The addendum offers a limited number of clarifications and corrections based on feedback from stakeholders. EFRAG plans to release an updated version of EFRAG IG 3 in 2025, incorporating these clarifications and any additional Q&A responses that may arise during the first ESRS reporting cycle.

For more information, click here

List of Abbreviations

Ind AS	Indian Accounting Standard
ASB	Accounting Standards Board
AGM	Annual General Meeting
AY	Assessment Year
AMCs	Asset Management Companies
ASSOCHAM	Associated Chambers of Commerce and Industry of India
AMFI	Association of Mutual Funds In India
AQMM	Audit Quality Maturity Model
AASB	Auditing and Assurance Standards Board
BSE	Bombay Stock Exchange
BRSR	Business Responsibility and Sustainability Report
CBDT	Central Board of Direct Taxes
CG	Central Government
CRC	Central Registration Centre
C-PACE	Centre for Processing Accelerated Corporate Exit
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CARO	Companies Auditor's Report Order
CSP	Company Secretary in Practice
CII	Confederation of Indian Industry
CL& CGC	Corporate Laws and Corporate Governance Committee
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CASB	Cost Accounting Standards Board
CRAs	Credit Rating Agencies
CDD	Customer Due Diligence
CSCRF	Cybersecurity and Cyber Resilience
DTs	Debenture Trustees
DPs	Designated persons
DRHP	Draft Red-Herring Prospectus

ESG	Environmental, Social and Governance
ERPs	ESG Rating Providers
EFRAG	European Financial Reporting Advisory Group
ESRS	European Sustainability Reporting Standards
ECL	Expected Credit Losses
EAC	Expert Advisory Committee
XBRL	Extensible Business Reporting Language
EGM	Extraordinary General Meeting
FICCI	Federation of Indian Chambers of Commerce and Industry
FRRB	Financial Reporting Review Board
FY	Financial Year
FIMMDA	Fixed Income Money Market and Dealers Association of India
FPS	Foreign Portfolio Investors
FAQs	Frequently Asked Questions
GRI	Global Reporting Initiative
HVDLEs	High Value Debt Listed Entities
HFCs	Housing Finance Companies
ICEX	Indian Commodity Exchange Limited
ISF	Industry Standards Forum
ISFs	Industry Standards Forums
InvITs	Infrastructure Investment Trusts
IPO	Initial Public Offering
ICAI	Institute of Chartered Accountants of India
ICSI	Institute of Company Secretaries of India
IRDAI	Insurance Regulatory and Development Authority of India
IFC	Internal Financial Controls
IASB	International Accounting Standards Board
IFAC	International Federation of Accountants
IFRS	International Financial Reporting Standard
IFSC	International Financial Services Centre
ISSB	International Sustainability Standards Board

ICDR	Issue of Capital and Disclosure Requirement
KMP	Key Management Personnel
KYC	Know-Your Customer
KRAs	KYC Registration Agencies
LLPs	Limited Liability Partnerships
LODR	Listing Obligation and Disclosure Requirements
MD	Managing Director
MIIs	Market Infrastructure Institutions
MSMED	Micro, Small and Medium Enterprises Development
MSMEs	Micro, Small, and Medium-Sized Entities
MCA	Ministry of Corporate Affairs
NFRA	National Financial Reporting Authority
NOC	No Objection Certificate
NBFC	Non- Banking Financial Companies
NCDs	Non-Convertible Debentures
NRI	Non-Resident Indians
NPOs	Not for Profit Organizations
OFS	Offer for Sale
OECD	Organization for Economic Co-operation and Development
OTC	Over the Counter
OCI	Overseas Citizens of India
PIT	Prohibition of Insider Trading
PCAOB	Public Company Accounting Oversight Board
QR	Quick Response
REITs	Real Estate Investment Trusts
RTAs	Registrar and Transfer Agents
REs	Regulated entities
RPT	Related Party Transaction
RBI	Reserve Bank of India
RCA	Root Cause Analysis
SEBI	Securities and Exchange Board of India
SEC	Securities and Exchange Commission

SRO	Self-Regulatory Organization
SMEs	Small and Medium-sized Enterprises
SSE	Social Stock Exchange
SQC	Standard on Quality Control
SQM	Standard on Quality Management
SOP	Standard Operating Process
SAs	Standards on Auditing
SDD	Structured Digital Database
TCWG	Those Charged With Governance
TReDS	Trade Receivables Discounting System platforms
UDIN	Unique Document Identification Number
UAPA	Unlawful Activities (Prevention) Act
UPSI	Unpublished Price Sensitive Information
VAPT	Vulnerability Assessment and Penetration Testing
WTD	Whole Time Director

Disclaimer

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