


**B S R & Co. LLP**  
Chartered Accountants

# Corporate reporting insights

**April 2023**

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## SEBI issues circular for Large Corporates (LCs) issuing debt securities

On 31 March 2023, the Securities Exchange Board of India (SEBI) issued a circular to extend the period of compliance for incremental borrowing. This requirement is stipulated in the NCS Operational Circular<sup>1</sup> for LCs that are required to raise funds through issuance of debt securities.

As per the circular issued on 31 March 2023, LCs would need to raise minimum 25 per cent of their incremental borrowings in a financial year through issuance of debt securities. This requirement has to be met over a contiguous block of **three years** (*earlier two years*) from Financial Year (FY) 2021-22 onwards.

(Source: SEBI circular no. SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/049 dated 31 March 2023)



1. Operational Circular for issue and listing of Non-Convertible Securities (NCS), Securitised Debt Instruments (SDI), Security Receipts (SR), Municipal Debt Securities and Commercial Paper (CP) dated 10 August 2021 and amended from time to time



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## MCA notifies amendment to the rule for removal of name of companies

As per the existing provisions of the Companies (Removal of Name of Companies from Register of Companies Rules, 2016 (Removal of Name of Companies Rules) read with Section 248<sup>2</sup> of the Companies Act 2013 (2013 Act), an application for removal of name of companies is required to be filed to the Registrar of Companies (ROC) in the applicable form i.e. Form No. STK-2.

On 17 April 2023, MCA issued an amendment to the Removal of Name of Companies Rules. As per the amendment, ROC has established the Registrar, Centre for Processing Accelerated Corporate Exist (C-PACE) for the purpose of exercising functional jurisdiction of processing and disposal of applications made in Form No. STK-2 and all matters pertaining to Section 248 of the 2013 Act.

Accordingly, an application for removal of name of a company as per Section 248(2) of 2013 Act should be made to C-PACE in Form No. STK-2 along with fee of INR10,000. Corresponding amendments have also been made in applicable forms<sup>3</sup>. Further, now companies are not required to file a copy of the special resolution certified by each of the directors of the company or consent of 75 per cent of the members of the company in terms of paid-up share capital as on the date of application.

This amendment is effective from 1 May 2023.

(Source: MCA notification G.S.R (E) dated 17 April 2023).

2. Section 248 of 2013 Act deals with the removal of names of companies from ROC

3. Form STK-2, STK-6 and STK-7







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## RBI issues framework for acceptance of green deposits

On 11 April 2023, the Reserve Bank of India (RBI) issued a Framework for Acceptance of Green Deposits (the framework) to encourage Regulated Entities (REs) to offer green deposits to customers. This is likely to protect the interest of the depositors, aid customers to achieve their sustainability agenda, address greenwashing concerns and help augment the flow of credit to green activities/projects. The framework is effective from 1 June 2023 and is applicable to the following REs:

- Scheduled commercial banks including small finance banks (excluding regional rural banks, local area banks and payments banks) and
- All deposit taking Non-Banking Financial Companies (NBFCs) registered with RBI under Section 45IA(5) of the RBI Act, 1934, including Housing Finance Companies (HFCs) registered under Section 29A of the National Housing Bank Act, 1987.

Some of the key takeaways from the framework are as follows:

### Denomination, interest rates and tenor of green deposits

The green deposits should be denominated only in INR. The tenor, size, interest rate and other terms and conditions should be as per the Master Direction - Reserve Bank of India (Interest Rate on Deposits) Directions, 2016 dated 3 March 2016, Master Direction - Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 2016 dated 25 August 2016 and Master Direction - Non-Banking Financial Company – Housing Finance Company (Reserve Bank) Directions, 2021 dated 17 February 2021.

### Policy on green deposits

The management should formulate a comprehensive policy on green deposits containing all aspects for the issuance and allocation of green deposits. The policy should be approved by the board of directors and made available on the website of the RE.

### Financing framework

The management should formulate a financing framework which should be in accordance with the provisions of the RBI's notification on the

framework of green deposits. The financing framework should be approved by the board of directors and enable effective allocation of green deposits.

### Use of proceeds

The proceeds raised from green deposits should be allocated as per the official Indian green taxonomy. As the taxonomy is yet to finalised, as an interim measure, the Framework provides a list of green activities/projects based on the list of eligible green projects falling under eligible categories defined in Table 1 of the Government of India's 'Framework for Sovereign Green Bonds published on 9 November 2022.

### Third-party verification/assurance and impact assessment

The allocation of funds raised through green deposits by REs during a financial year would be subject to an independent third-party verification/assurance on an annual basis. The third-party verification/assurance report, at minimum, would cover:

- The use of the proceeds is in accordance with the eligible green activities/projects and
- Policies and internal controls including, project evaluation and selection, management of proceeds, and validation of

the sustainability information provided by the borrower to the REs and reporting and disclosures of the same.

Further, on an annual basis, REs would be required to assess the impact with respect to the funds lent for or invested in green finance activities/projects and report the same in an impact assessment report. The impact assessment report is to be provided on a voluntary basis for the financial year 2023-24 and mandatorily from the financial year 2024-25 onwards.

### Reporting and disclosures

The RE should present a review report before its board of directors within three months of the end of the financial year containing the details as specified in the Framework. Further, appropriate disclosures should be made in the RE's annual financial statements on portfolio-level information with respect to the use of the green deposit funds as per the format specified in the Framework.

(Source: RBI notification no. RBI/2023-24/14 DOR.SFG.REC.10/30.01.021/2023-24 dated 11 April 2023)



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## ICAI issues technical guide on disclosure and reporting of Key Performance Indicators (KPIs) in offer documents

As per the provisions of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, (ICDR Regulation), in case of an Initial Public Offer (IPO), KPIs are required to be disclosed in the offer documents. KPIs provide valuable insight into important information with respect to an entity's business. KPIs are numerical measures of the issuer company's historical financial or operational performance and financial or operational positions. As per the ICDR Regulation, KPIs should be approved by the audit committee of the issuer company. Further, KPIs should be certified by a professional (statutory auditor or chartered accountant, a firm of chartered accountants, or a cost accountant).

In this regard, on 6 April 2023, the Institute of Chartered Accountants of India (ICAI) issued a technical guide which aims to provide a detailed guidance on various aspects of disclosure of KPIs in the offer documents.

The guide provides guidance on KPIs that can be disclosed based on different industry, the role and responsibility of bankers, issuer company and practitioners, detailed guidance to practitioners on various aspects of reporting requirements relating to KPIs including illustrative format of the report on KPIs. Additionally, the guide also provides guidance to issuer companies for disclosing KPIs in their offer documents as per the requirements of the ICDR Regulations.

(Source: ICAI announcement 6 April 2023)

## IESBA revises global ethics standards to include transformative effects of technological innovation

On 11 April 2023, the International Ethics Standards Board for Accountants (IESBA) issued revisions to the International Code of Ethics for Professional Accountants (including International Independence Standards) (the Code) The revisions aim to increase the Code's robustness and expand its relevance considering the rapid technological advancements and accelerating digitalisation.

The key revisions pertain to:

- Strengthening the Code in guiding the mindset and behaviour of professional accountants when they use technology.
- Enhancing the guidance fit for the digital age in relation to the fundamental principles of

confidentiality, and professional competence and due care, as well as in dealing with circumstances of complexity.

- Strengthening and clarifying the International Independence Standards (IIS) by addressing the circumstances in which firms and network firms may or may not provide a technology-related non-assurance service to an audit or assurance client.

The revisions to the IIS and other revisions to the ethics provisions of the Code will be effective for audits and reviews of financial statements for periods beginning on or after 15 December 2024.

(Source: IESBA news dated 11 April 2023)





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## New sustainability reporting guidance issued by COSO

On 30 March 2023, the Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued supplemental guidance, 'Achieving Effective Internal Control Over Sustainability Reporting' for organisations to achieve effective Internal Control over Sustainability Reporting (ICSR) based on globally recognised COSO Internal Control-Integrated Framework (ICIF).

The supplemental guidance includes several key themes as organisations and practitioners begin or continue their journeys towards establishing and maintaining an effective system of internal control over financial and sustainable business information. The guidance is based on COSO's 2013 framework for evaluating and improving internal control systems over all types of business information used for external reporting and enterprise decision-making.

(Source: COSO news dated 30 March 2023 and IFAC article on 'How COSO's New Sustainability Reporting Guidance Provides Opportunities for the Profession' dated 12 April 2023).





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**Feedback/queries can be sent to** [in-fmcontact-us@bsraffiliates.com](mailto:in-fmcontact-us@bsraffiliates.com)

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