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Corporate reporting insights

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Simplification of minimum information to be provided for RPT approvals

The Securities and Exchange Board of India (SEBI), through its circular dated 26 June 2025 (the original circular), introduced Industry Standards for minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions (RPTs) (RPT Industry Standards). Following this, the Industry Standards Forum (ISF) submitted a representation to SEBI requesting relaxation from the mandatory application of these standards to all RPTs. In response, SEBI released a consultation paper on 4 August 2025 proposing a threshold-based approach to the applicability of RPT Industry Standards. These proposals were subsequently approved in SEBI's board meeting held on 12 September 2025. Accordingly, SEBI issued a circular on 13 October 2025 (the Circular), amending the Master Circular[1] and the original circular to operationalise the revised RPT Industry Standards.

As per the Circular, the information to be presented before the Audit Committee and Shareholders by a listed entity for approval of RPTs - whether entered into individually or cumulatively during a financial year (including those approved through ratification) shall be as follows:

- RPTs below INR1 crore are exempt from compliance with the RPT Industry Standards. Therefore, disclosures outlined in Annexure-13A of the Circular are not mandatory for such transactions.
- RPTs whose value is ≤1 per cent of the annual consolidated turnover as per the latest audited financial statements of the listed entity or INR10 crore, whichever is lower, must comply with the minimum disclosure requirements specified in Annexure-13A of the Circular.
- RPTs exceeding INR10 crore must adhere to the full disclosure requirements as prescribed under the RPT Industry Standards.

This Circular is effective from 13 October 2025.

(Source: SEBI Circular No SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/13, 'Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions', dated 13 October 2025)

1. Master circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities.

Proposed revision of HVDLE threshold and compliance relaxations

Corporate governance norms prescribed for equity-listed entities were extended to High Value Debt Listed Entities (HVDLEs) i.e. entities with listed outstanding non-convertible debt securities of INR500 crore and above in September 2021, under the SEBI Listing Obligations and Disclosure Requirements Regulations, 2015 (LODR Regulations). These norms were initially applicable on a ‘comply or explain’ basis and became mandatory from 1 April 2025.

Through the notification dated 28 March 2025, SEBI introduced Chapter VA in the LODR Regulations specifically for HVDLEs and raised the identification threshold from INR500 crore to INR1,000 crore. However, market participants, particularly Non-Banking Financial Companies (NBFCs), raised concerns in relation to the compliance burden and lack of alignment with norms applicable to equity-listed entities. SEBI in response issued a consultation paper on 27 October 2025 to gather public feedback on the following key areas:

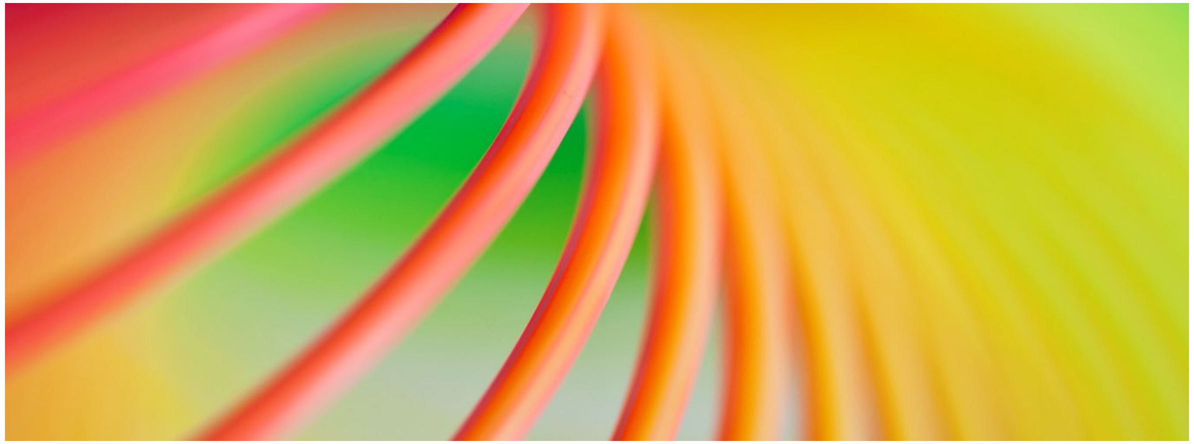
1. **Threshold for HVDLE identification:** SEBI has proposed to increase the threshold for identifying HVDLEs from INR1,000 crore to INR5,000 crore. This change would reduce the number of entities classified as HVDLEs, significantly lowering compliance obligations for smaller issuers.

2. **Measures for ease of doing business:** In December 2024, SEBI approved introducing a separate chapter in the LODR Regulations exclusively for HVDLEs with certain relaxations. Chapter VA, notified on 28 March 2025, prescribed corporate governance norms for HVDLEs. Although SEBI amended Chapter IV on governance norms for equity-listed entities in December 2024, these amendments did not extend to HVDLEs. To address this gap, SEBI has now proposed a series of amendments for HVDLEs. These changes aim to simplify compliance and promote consistency across regulatory frameworks. Key proposals include:
   - Replacing the term “income” with “turnover” in the definition of material subsidiaries in the Explanation to Regulation 62L of the LODR Regulations.
   - Regulation 62D(2) of the LODR Regulations prohibits an HVDLE from appointing or retaining a non-executive director aged 75 or above unless a special resolution is passed, along with an explanatory statement providing justification for such appointment. SEBI has now proposed that HVDLEs ensure compliance with this provision at the time of appointment, reappointment, or before the director attains the age of 75 years, thereby aligning with similar requirements applicable to equity-listed entities.
   - Regulation 62D(3) of the LODR Regulations requires HVDLEs to obtain shareholder approval for the appointment or reappointment of any person as a director or manager at the earlier of the next general meeting or within three months of appointment. SEBI now proposes that, where such appointments are subject to regulatory, governmental, or statutory approvals, the time taken to obtain these approvals be excluded from the prescribed period. Further, this requirement should not apply to appointments or reappointments of persons nominated by a financial sector regulator, court, or tribunal, as such nominations serve oversight and public interest purposes, making shareholder approval unnecessary.
   - Regulation 62D(5) prescribes timelines for filling vacancies in the office of a director for HVDLEs. At present, HVDLEs must also maintain continuous compliance with the composition of Board Committees, including the Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, and Risk Management Committee. SEBI proposes that any vacancy in these committees arising from a Board vacancy be filled within three months of its occurrence.
   - SEBI also proposes changes to terminology, such as replacing the word “year” with “financial year” in the relevant regulations.
   - Regulation 62L(6) requires shareholder approval for selling, disposing of, or leasing assets exceeding 20 per cent of an unlisted material subsidiary’s assets on an aggregate basis during a financial year. Since Regulation 24(6) for equity-listed entities exempts such transactions between two wholly-owned subsidiaries of the listed entity, it is proposed to extend the same exemption to HVDLEs, so shareholder approval will not be required for such intra-group transactions.
   - For companies emerging from insolvency under the Corporate Insolvency Resolution Process (CIRP) framework, SEBI proposes a three-month timeline for appointing key managerial personnel (KMPs).
   - SEBI also proposes removing the requirement for disclosing material transactions with related parties along with the periodic compliance report of HVDLEs, as this disclosure is already mandated under Regulation 23(9) of the Listing Regulations.

3. **Proposals for Related Party Transactions (RPTs):** Regulation 62K(1)[2] of the LODR Regulations for HVDLEs is proposed to be cross-referenced with Regulation 23(2)[3] of the LODR Regulations to ensure consistency in RPT governance. The proposed amendments are as follows:
   - Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, KMP, or senior management - except those who are part of the promoter or promoter group - will not require audit committee approval or disclosures, provided such payments are not material.
   - Introduction of post-facto ratification of RPTs within three months from the date of the transaction, subject to specified conditions.
   - The audit committee may grant omnibus approval for RPTs proposed by subsidiaries of the listed entity, subject to certain conditions.
   - The requirements for obtaining a No Objection Certificate (NOC) from the debenture trustee and debenture holders will continue for HVDLEs as per Regulations 62K(5), 62K(6), and 62K(7) of the LODR Regulations.
   - Under Regulation 62 of the LODR Regulations, corresponding to Regulation 23(5), the following transactions will be exempt from compliance with Regulations 23(2), (3), and (4) of the LODR Regulations:
     a) Transactions involving payment of statutory dues, fees, or charges between an entity and the Central Government, any State Government, or any combination thereof.
     b) Transactions between a public sector company and the Central Government, any State Government, or any combination thereof.
   - **Materiality thresholds:** A scale-based approach will be introduced to determine material RPTs, based on the entity's annual consolidated turnover as per the latest audited financial statements (similar to amendments made for listed companies – for details, refer to point 2 of the LODR Amendment Regulations above).
   - **Revised thresholds for Audit Committee approval for RPTs undertaken by subsidiaries:** The approval requirements for RPTs by subsidiaries are proposed to be aligned with the changes to Regulation 23(2) for listed entities (for details, refer to point 3 of the LODR Amendment Regulations above).
   - **Validity of shareholders' omnibus approval for RPTs:** In line with the amendment to Regulation 23(4) of LODR Regulations to align with Para (C)11 of Section III of the Master Circular on LODR, corresponding amendments are proposed for HVDLE regulations. Omnibus approvals for RPTs granted by shareholders at an AGM remain valid until the next AGM, but not beyond 15 months. If such approvals are obtained in any other general meeting, their validity cannot exceed one year.
   - **Clarifications on applicability of RPT provisions:** SEBI had clarified under Regulation 23(5) that the exemption for transactions between holding companies and their wholly-owned subsidiaries applies only when the holding company is listed. This clarification is now proposed to be incorporated into the HVDLE chapter as well.

The timeline for submitting public comments ended on 17 November 2025.

(Source: SEBI Consultation paper titled "Consultation paper on Relaxation in the threshold for identification of High Value Debt Listed Entities (HVDLEs) and measures facilitating ease of doing measures for HVDLE including provisions relating to Related Party Transactions" dated 27 October 2025)

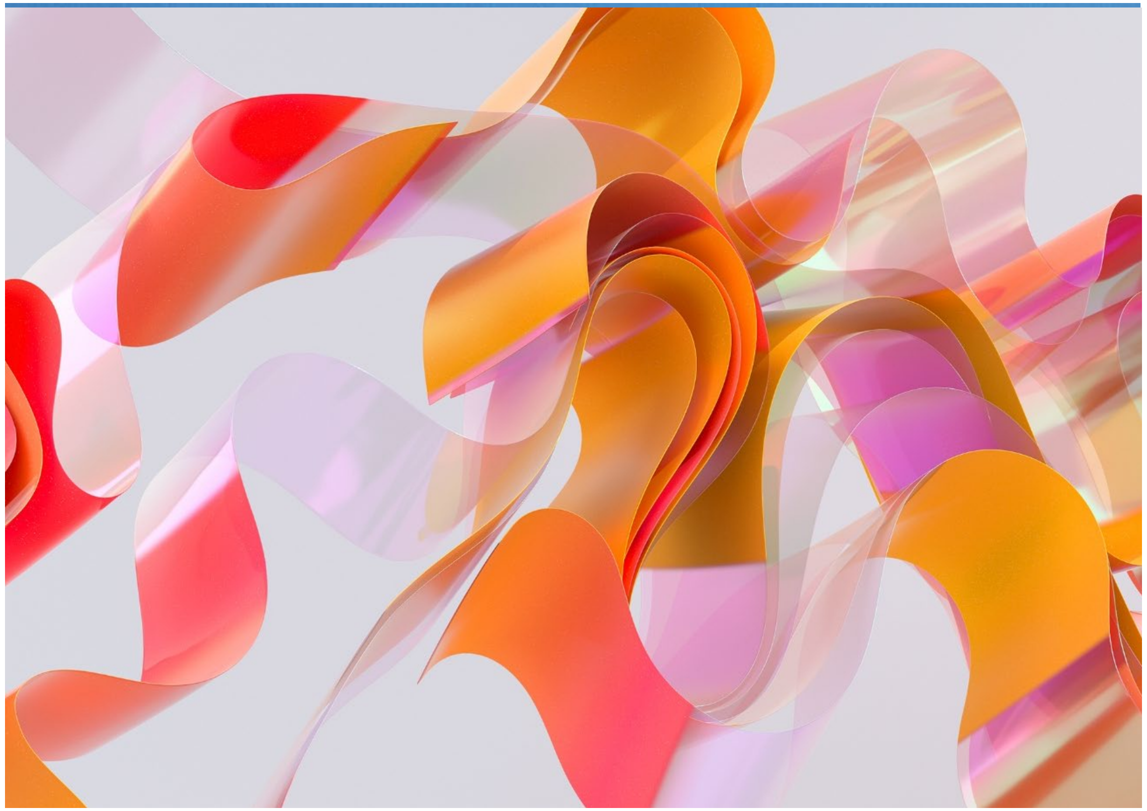


2. Regulation 62K deals with obligations of HVDLEs with regards to RPT.
3. Regulation 23 deals with obligations of listed entities with regards to RPT which were modified w.e.f. 13 December 2024.

RBI issues draft directions pursuant to policy announcement

In pursuance of the announcement made in the 'Statement on Developmental and Regulatory Policies' dated 1 October 2025, the Reserve Bank of India (RBI) has released the following draft directions for public consultation:

1. **Draft Reserve Bank of India (Commercial Banks - Capital Market Exposure) Directions, 2025:** These draft directions aim to streamline and strengthen the regulatory framework for banks' exposure to capital markets. These directions apply to all commercial banks (excluding Small Finance Banks (SFBs), Regional Rural Banks (RRBs), Local Area Banks (LABs), and Payment Banks). The directions consolidate norms for both direct exposures (e.g., investments in equity, preference shares, mutual funds, convertible debentures, Alternate Investment Funds (AIFs)) and indirect exposures (e.g., loans against securities, financing to capital market intermediaries, advances to individuals for investing in shares). Key provisions include:
    - **Exposure limits:** Aggregate Capital Market Exposure (CME) is capped at 40 per cent of Tier 1 capital, with direct CME limited to 20 per cent of solo and consolidated Tier 1 capital.
    - **LTV norms:** Specific loan-to-value (LTV) ceilings are prescribed for loans against eligible securities to individuals (e.g., 60 per cent for listed shares, 75 per cent for equity mutual funds, 85 per cent for debt mutual funds).
    - **Prohibited lending:** Loans against partly paid shares, own securities, Indian Depository Receipts (IDRs), and for buybacks are not permitted.
    - **Limits:** Individuals may borrow up to INR1 crore against eligible securities such as listed shares, mutual fund units (excluding debt schemes), and other approved instruments, with a sub-limit of INR25 lakh for acquiring securities from the secondary market.
    - **IPO/FPO/ESOP financing:** Banks may lend up to INR25 lakh to individuals for subscribing to Initial Public Offerings (IPOs), follow-on Public Offerings (FPOs), or Employee Stock Option Plan (ESOPs), with a minimum 25 per cent cash margin. However, such loans are not allowed for a bank's own employees or its Employees' Trust for purchasing the bank's own securities.
    - **CMI lending:** Banks may extend need-based credit to Capital Market Intermediaries (CMIs) for operational needs, including general working capital facilities and specific facilities, subject to collateral requirements and exposure limits. Financing of proprietary trading is prohibited.
    - **Acquisition finance[4]:** A bank's total exposure to acquisition finance must not exceed 10 per cent of Tier 1 capital and is subject to strict eligibility and disclosure norms.



4. Acquisition finance may be extended by banks to Indian corporates for acquiring equity stakes in domestic or foreign companies as strategic investments, i.e. those investments which are driven by the core objective of creating long-term value for the acquirer through potential synergies, rather than mere financial restructuring for short term gains.

2. **Draft Reserve Bank of India (Small Finance Banks - Capital Market Exposure) Directions, 2025:** These draft directions provide a comprehensive framework for managing CME by SFBs. The guidelines aim to align SFB practices with evolving market standards while safeguarding financial stability. They cover areas such as exposure limits, loan-to-value norms, retail lending ceilings, and corporate lending limits.

3. **Draft Reserve Bank of India (Non-Banking Financial Company – Scale Based Regulation) Amendment Directions, 2025:** These draft amendments propose changes to risk weights for infrastructure exposures of NBFCs, based on project performance and credit quality. Key amendments include:

   A. Introduction of 'high quality infrastructure projects' classification, based on the six criteria mentioned below:

   - The infrastructure project should have completed atlease one year of satisfactory operations post commercial operation date
   - Exposure classified as 'standard' in the lender's books
   - Revenue linked to central government or public sector counterparties with predictable payments
   - Strong creditor protections (e.g., escrow of cashflow, first charge on assets etc.)
   - Adequate financial arrangements for working capital and future funding
   - Restrictions on additional debt issuance without creditor approval

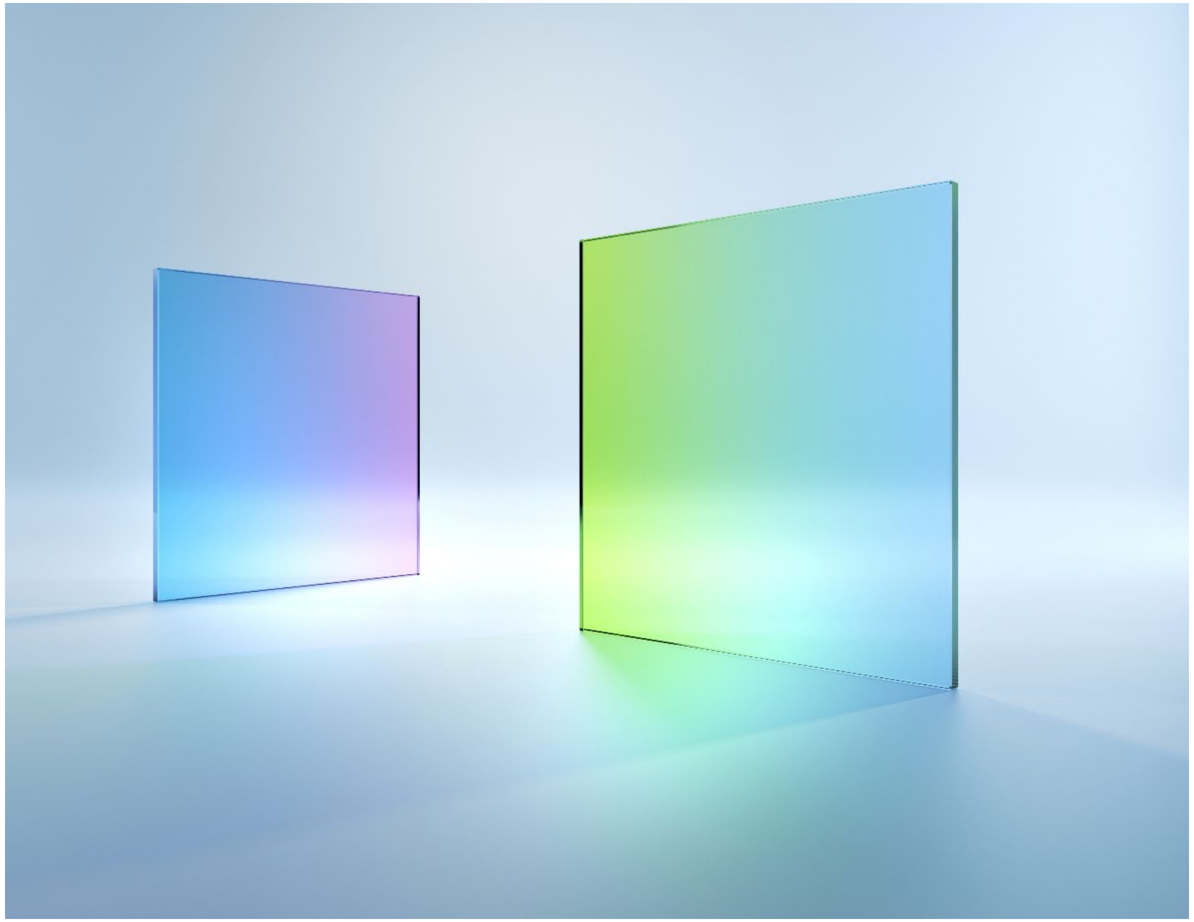
   B. Revised risk weights for infrastructure loans:

   - **50 per cent risk weight:** For loans to high-quality infrastructure projects, if the obligor has repaid at least 10 per cent of the sanctioned amount.
   - **75 per cent risk weight:** For loans to high-quality infrastructure projects, if the obligor has repaid 5 per cent to less than 10 per cent of the sanctioned amount.

   Projects that do not meet these conditions will revert to standard risk weights.

The period for providing comments on the draft guidelines ended on 21 November 2025. These draft guidelines are proposed to be effective from 1 April 2026.

(Source: RBI Press Release 2025-2026/13, 'RBI issues Draft Directions pursuant to Policy Announcement', dated 24 October 2025)



Handbook on certificates by chartered accountants

The Centre for Audit Quality Directorate (CAQ) of the ICAI released the 'Handbook on Certificates by Chartered Accountants: Comprehensive Checklist & Formats' on 13 October 2025. This handbook serves as a practical and authoritative guide for members responsible for issuing certificates across various statutory, regulatory, and financial areas. It emphasises that certificates are not mere formalities - they represent professional attestations that require sound judgement, ethical discipline, and strict adherence to established procedures.

Grounded in the principles of the Guidance Note on Reports and Certificates for Special Purposes (Revised 2016), the handbook clarifies the scope of engagements, levels of assurance, and documentation requirements essential for issuing certificates. It also reiterates the mandatory use of the Unique Document Identification Number (UDIN) to ensure traceability and authenticity.

The publication provides:

- Structured, step-by-step procedural guidance
- Illustrative formats for commonly issued certificates - such as those for net worth, turnover, fund utilisation, proposed accounting treatment in mergers/amalgamations, etc.
- Checklists recommended for completion prior to certificate issuance

Certificates are organised by purpose and intended user, with clear guidance on engagements that fall outside the scope of standard audits or reviews. Designed to assist both seasoned professionals and newly qualified members, the handbook reinforces the importance of diligence, consistency, and professional integrity in all certification engagements.

(Source: CAQ of ICAI, Handbook on Certificates by Chartered Accountants: Comprehensive Checklist & Formats, dated 13 October 2025)

Proposed revision in ICAI Code of Ethics

The Institute of Chartered Accountants of India (ICAI) issued an exposure draft of the 13th edition of its Code of Ethics on 27 October 2025 (the CoE exposure draft). The CoE exposure draft introduces changes across all three existing volumes. The revision aims to align with the 2024 edition of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics issued by the International Federation of Accountants (IFAC). Key proposed changes include:

- Technology-related revisions – addressing ethical issues related to digital technologies and artificial intelligence.
- Changes in the definition of Public Interest Entity (PIE).
- Restrictions on audits following the provision of non-assurance services to PIEs.
- Tightened restrictions on non-assurance services for PIEs.
- Updated guidelines for advertising to make them more contemporary.
- Introduction of new chapters on sustainability assurance, minimum fees, and non-payment of undisputed audit fees across volumes.
- Guidelines issued by the Council, previously included in Volume-II of the 12th edition of the Code of Ethics, will now be published separately as Volume-III of the Code of Ethics. The earlier Volume-III (Case Laws Referencer) will be issued as a separate publication, distinct from the Code of Ethics.

The revised Code will apply from the date notified by the Council, with transitional provisions for engagements initiated under earlier editions (2019 and 2009) and phased applicability for certain sections.

The comment period for the draft ended on 26 November 2025.

(Source: Ethical Standards Board, ICAI, Exposure Draft : 13th edition of ICAI Code of Ethics - Request for Comments, dated 27 October 2025)

Extension of time for FY 2024–25 annual filings under the Companies Act, 2013

The ministry of corporate affairs (MCA) recently rolled out updated versions of the following annual filing forms on the MCA-21 Version 3 portal:

- MGT-7, MGT-7A (annual return)
- AOC-4, AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4` CFS NBFC (Ind AS), AOC-4 (XBRL) (financial statements)

In response to feedback from stakeholders and to provide companies with adequate time to adjust to the revised filing process, the MCA has granted an extension for filing these forms for FY 2024–25. Companies may now file the above forms without incurring additional fees until 31 December 2025. However, the circular clearly states that this relaxation does not extend the statutory deadline for holding Annual General Meetings (AGMs). Companies that fail to comply with the prescribed AGM timelines will continue to be held accountable under the Companies Act, 2013.

(Source: MCA General circular No. 06/2025, File No. Policy-17/111/2022-CL-V-MCA, 'Relaxation of additional fees and extension of time for filing of Financial Statements and Annual Returns under the Companies Act, 2013-reg dated 17 October 2025)

Extension of timelines for filing Income Tax Returns (ITRs)

The CBDT has extended the timelines for filing Income Tax Return (ITR) for Assessment Year (AY) 2025-26 for assessees covered under clause (a) of Explanation 2 to Section 139(1) of the Income-tax Act from 31 October 2025 to 10 December 2025. Consequently, the due date for submission of the audit report under section 44AB of the Income Tax Act, 1961 has been extended to 10 November 2025.

(Source: Ministry of Finance, Department of Revenue, Central Board of Direct Taxes F. No. 225/131/2025/ITA-II, Circular No 15/2025, 'Subject: - Extension of timelines for filing of various reports of audit and Income Tax Returns (ITRs) for the Assessment Year 2025-26- reg', dated 29 October 2025)

GHG emission intensity limits under the carbon credit trading system

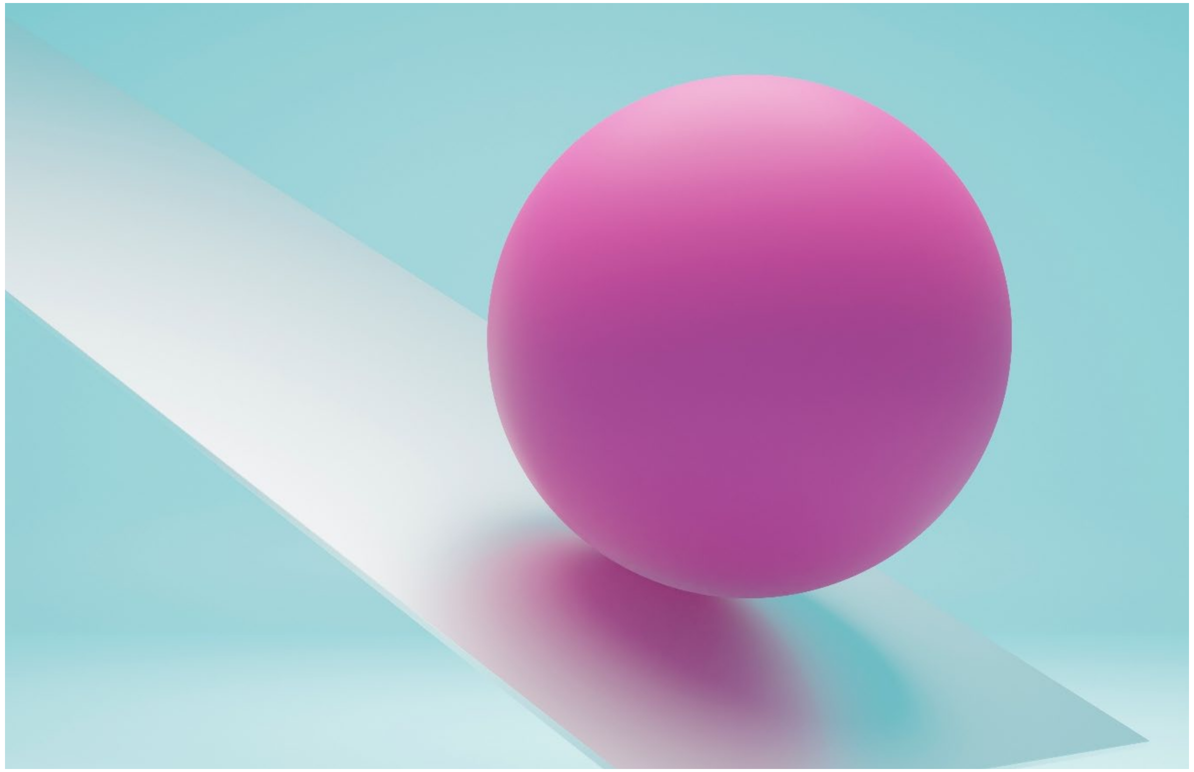
The Ministry of Environment, Forest and Climate Change (MoEFCC), on 8 October 2025, officially notified the Greenhouse Gas (GHG) Emission Intensity Target Rules, 2025 (the GHG Rules), under the Energy Conservation Act, 2001 and the Carbon Credit Trading Scheme, 2023. These rules introduce binding emission intensity targets for designated entities in key industrial sectors, effective from FY 2025-26. The main aim is to operationalise India's carbon credit market by:

- Allocating sector-specific GHG emission intensity targets to designated entities
- Facilitating the issuance and trading of carbon credit certificates (including credit purchase and banking)
- Enforcing compliance through penalties and compensatory mechanisms

The key provisions of the GHG Rules are as under:

- **Applicability:** The GHG emission intensity targets are mandatory for designated entities in sectors such as aluminium, cement, paper and pulp, with annual performance monitoring.
- **Emission intensity targets:** Targets are defined in terms of CO_2 emissions per unit of output, with phased reductions set for FY 2025-26 and FY 2026-27.
- **Compliance obligations:** Designated entities must meet annual GHG intensity targets, register on the Indian carbon market portal, and submit required data and documentation at specified intervals.
- **Carbon credit issuance:** Entities exceeding their targets will earn carbon credits, while those falling short must purchase credits based on a prescribed formula or utilise banked credits.
- **Environmental compensation:** Failure to comply with the GHG Rules may result in penalties equal to twice the average market price of carbon credits. The collected funds will be used to support national carbon market development.
- **Targets:** The Schedule to the GHG Rules lists industry-wise designated entities, their baseline GHG emission intensity (FY 2023-24), and the emission intensity targets for FY 2025-26 and FY 2026-27.

(Source: MOEFCC, Notification no G.S.R. 739(E), Greenhouse Gas (GHG) Emission Intensity Target Rules, 2025, 8 October 2025)



IRDAI guidelines 2025: strengthening insurance fraud risk management

The Insurance Regulatory and Development Authority of India (IRDAI), on 9 October 2025, released the IRDAI (Insurance Fraud Monitoring Framework) Guidelines, 2025, which will come into effect from 1 April 2026. These guidelines introduce a unified regulatory structure for insurers and distribution channels to actively prevent, detect, report, and address insurance fraud. Key provisions include:

- **Scope and applicability:** The fraud risk framework is compulsory for all insurers and distribution channels, unless specifically exempted.
- **Fraud classification:** Fraud is categorised into the following types:
  1. Internal fraud - involving employees or management
  2. Distribution channel fraud
  3. Policyholder/claims fraud
  4. External fraud -committed by vendors or third parties
  5. Affinity or complex fraud -involving collusion among multiple parties across the above categories
- **Fraud risk management framework**: The framework under these guidelines includes:
  1. A commitment by every insurer to a zero-tolerance approach toward fraud
  2. A Board-approved anti-fraud policy incorporating Red Flag Indicators (RFIs), to be reviewed at least annually
  3. Clearly defined roles, responsibilities, and escalation protocols
  4. Establishment of internal turnaround times (TATs) from detection to response
  5. Implementation of whistleblower protection mechanisms
- **Governance structure:** Each insurer must establish:
  1. A Fraud Monitoring Committee (FMC) -led by a KMP, responsible for implementing and overseeing the fraud risk framework, and for submitting quarterly and annual reports
  2. A Fraud Monitoring Unit (FMU) – independent of internal audit, supporting the FMC in executing its recommendations
- **Cyber or new-age fraud:** To prevent cyber and emerging fraud risks, the following measures are outlined:
  1. Strengthening of cybersecurity infrastructure
  2. Continuous monitoring of digital fraud risks and evolving threats
  3. Formation of a specialised team with expertise in risk and technology to manage cyber fraud
- **Monitoring and reporting:** The reporting obligations under the guidelines include:
  1. Reporting fraud incidents to law enforcement agencies
  2. Quarterly updates to the Risk Management Committee (RMC) on FMC findings and recommendations
  3. Annual fraud risk assessment reports to be submitted to the board of directors
  4. Mandatory reporting of internal frauds to the Audit Committee

(Source: IRDAI Ref: IRDAI/IID/GDL/MISC/112/10/2025 'Insurance Regulatory and Development Authority of India (Insurance Fraud Monitoring Framework) Guidelines, 2025'; dated 09 October 2025)

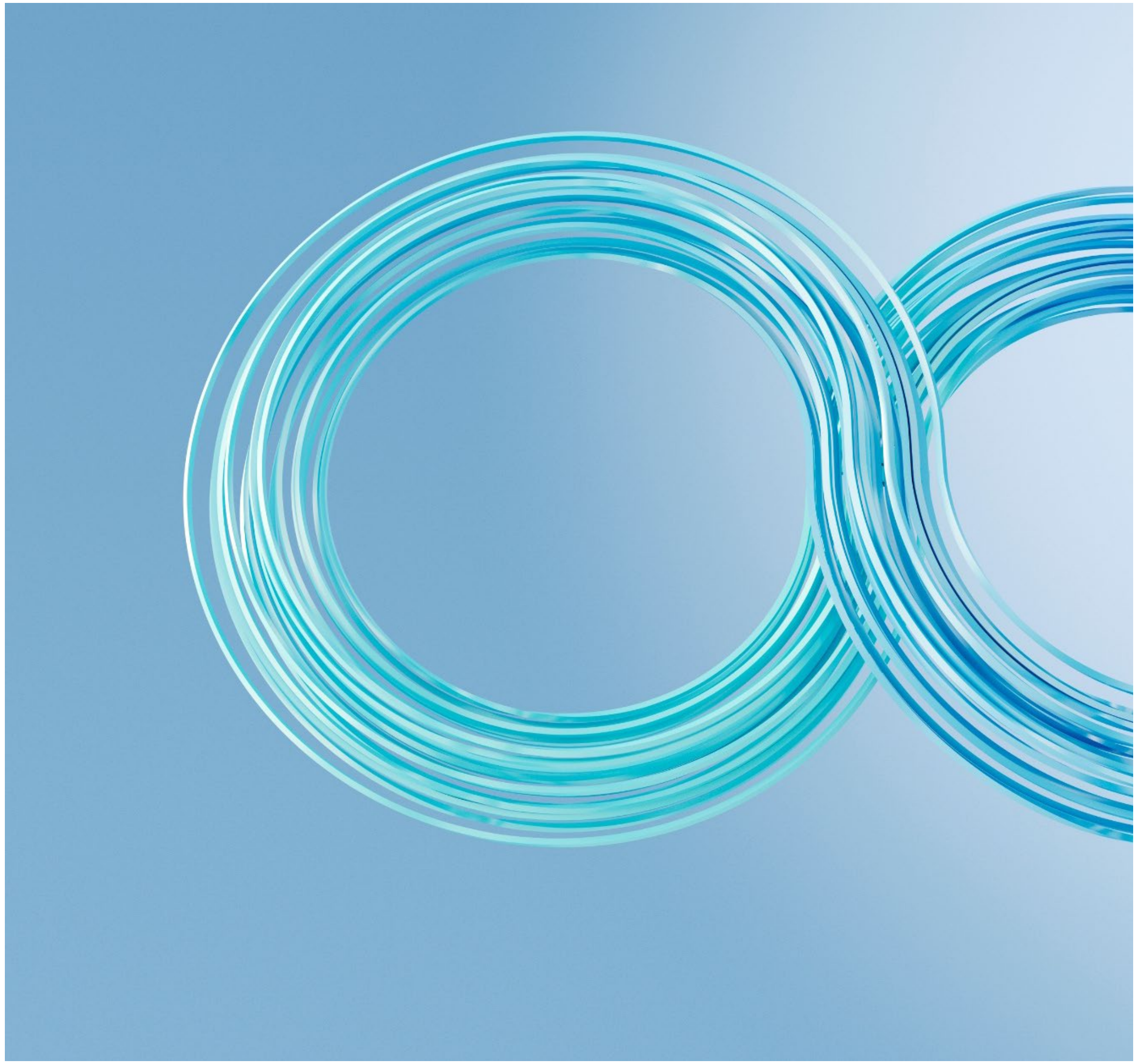
CBDT circular on performance audit report on entertainment sectors

The Central Board of Direct Taxes (CBDT) issued a circular on 21 October 2025 referencing the Comptroller and Auditor General's (C&AG) Performance Audit Report No. 1 of 2019 and the 51st Public Accounts Committee (PAC) report of the 17th Lok Sabha. The circular addresses audit observations related to the entertainment sector[5], particularly concerning verification of expenses such as pre-operative costs and film production expenses. It provides guidance to Assessing Officers (AOs) to ensure uniformity and compliance with the Income-tax Act and Rules during assessments. Key aspects include:

1. **Pre-operative expenses:** Verify the actual commencement of business before allowing amortisation of pre-operative expenses.
2. **Feature film expenses:** Ensure submission of Form 52A within the prescribed timelines, disclosing details such as production commencement date, completion date, and payments exceeding INR50,000 made or payable to any person by the producer. Additionally, AOs may consider imposing a penalty under Section 272A of the Income-tax Act for failure to furnish Form 52A.
3. **Production and distribution costs:** AOs should allow deductions as per:
   - Rule 9A of the Income-tax Rules, 1962 for film production costs for film producers.
   - Rule 9B of the Income-tax Rules, 1962 for acquisition costs of distribution rights for distributors.

Entertainment sector covers all the different segments such as television, radio, music, event management, films, animation & VFX, broadcasting, sports, amusement, etc.

(Source: Ministry of Finance, Department of Revenue, Central Board of Direct Taxes, F.No.225/215/2018/ITA-II, 'Subject: C&AG's performance Audit report No.1 of 2019 on "Assessment of assesses in entertainment sector- verification of expenses in assessment of Entertainment sector – reg', dated 21 October 2025)



5. Entertainment sector covers all the different segments such as television, radio, music, event management, films, animation & VFX, broadcasting, sports, amusement, etc.

Website: bsr-co.in

Feedback/queries can be sent to in-fmcontact-us@bsraffiliates.com

BSR & Co LLP-14 Floor, Central B Wing & North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Mumbai-400063