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Corporate reporting insights

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Master circular for listing obligations and disclosure requirements for NCS, SDIs and CPs

To streamline regulatory compliance, the Securities and Exchange Board of India (SEBI) has released a comprehensive Master Circular that consolidates all existing guidelines related to listing obligations and disclosure requirements for the following financial instruments:

- Non-Convertible Securities (NCS)
- Securitised Debt Instruments (SDIs)
- Commercial Papers (CPs)

Effective from 11 July 2025, this circular serves as a single-point reference, consolidating all relevant SEBI circulars issued up to that date. The initiative aims to simplify regulatory navigation, enhance transparency, and facilitate smoother compliance for market participants. This Master Circular also formally withdraws all previously issued SEBI circulars applicable to NCS, SDIs, and CPs, ensuring clarity and eliminating redundancy.

(Source: SEBI Master Circular No SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/0000000103, 'Master circular for listing obligations and disclosure requirements for NCS, SDIs and CP'; dated 11 July 2025)

SEBI's updated framework for monitoring minimum investment in SIFs

On 29 July 2025, SEBI issued a circular strengthening compliance requirements for Specialised Investment Funds (SIFs), specifically regarding the minimum investment threshold of INR 10 lakh. The circular aims to reinforce regulatory discipline and investor accountability within the mutual fund sector.

Under the revised framework, Asset Management Companies (AMCs) must monitor investor compliance on a daily basis to ensure that the value of investments in SIFs does not fall below the mandated threshold due to investor-initiated actions such as redemptions, transfers, or off-market trades. Any such reduction will be treated as an active breach. In the event of active breach:

- All units held by the investor across SIF strategies will be frozen for debit.
- A 30-day notice will be issued to the investor to restore compliance.
- If the investor fails to comply, the frozen units are automatically redeemed at the applicable Net Asset Value (NAV) on the next business day after the notice period.

AMCs, Registrar and Share Transfer Agents (RTAs), and depositories are required to update their systems to enforce this framework which is effective immediately.

(Source: SEBI circular SEBI/HO/IMD/IMD-I POD-1/P/CIR/2025/107 on Monitoring of Minimum Investment Threshold under Specialised Investment Funds (SIF) dated 29 July 2025)

Investment in Alternate Investment Fund (AIF) Directions, 2025

The Reserve Bank of India(RBI) issued the Investment in Alternate Investment Fund (AIF) Directions, 2025 (the Directions), prescribing the regulatory guidelines in respect of investment by Regulated Entities of the RBI (RE) in AIFs. The revised framework aims to address concerns around evergreening of stressed assets via AIFs, enable policy-compliant investments by REs in AIFs and align with SEBI's due diligence norms and industry feedback.

Applicability: These directions apply to wide range of REs, including

- Commercial Banks (including Small Finance Banks(SFBs), Local Area Banks (LABs), and Regional Rural Banks (RRBs))
- Co-operative Banks (urban, state, central)
- All-India Financial Institutions (AFI)
- Non-Banking Financial Companies (NBFCs) including Housing Finance Companies (HFC's)

Key provisions: Following are the key provisions:

- **Investment limits**: An individual RE may invest up to 10 per cent of the corpus of an AIF scheme, while the collective investment by all REs in the same scheme must not exceed 20 per cent of its corpus.
- **Provisioning requirements**: If an RE invests more than 5 per cent in an AIF that has non-equity downstream exposure to its debtor company[1], the RE must make 100 per cent provision for its proportionate exposure, capped at its direct exposure to the debtor company.
- **Capital reduction for subordinated units**: If the investment is in subordinated units, the entire amount must be deducted from Tier-1 and Tier-2 capital.

Exemptions:

- Investments made with prior RBI approval under earlier directions[2] are exempt from the new limits discussed above.
- RBI may exempt specific AIFs (e.g., government-backed) from these Directions, except the requirement for a compliant investment policy.

Repeal provisions and transition:

- These directions repeal the circulars dated 19 December 2023[3] and dated 27 March 2024[4] from the effective date (i.e. 1 January 2026).
- Existing investments where commitments are fully honoured will continue under the old circulars.
- For ongoing or new commitments made before the effective date, REs may choose to follow either the old circulars or the new Directions.

(Source: RBI Circular RBI/DOR/2025-26/138 DOR.STR.REC.43/21.04.048/2025-26,' Reserve Bank of India (Investment in AIF) Directions, 2025' dated 29 July 2025)

1. Debtor Company of a RE shall imply any company to which the RE currently has or previously had a loan or investment exposure (excluding equity instruments – equity shares, compulsorily convertible preference shares and compulsorily convertible debentures) anytime during the preceding twelve months.
2. Master Direction - Reserve Bank of India (Financial Services provided by Banks) Direction, 2016.
3. Circular No DOR.STR.REC.58/21.04.048/2-23-24.
4. Circular No DOR.STR.REC.85/21.04.048/2-23-24

MCA details initiatives to align ESG Norms with Global Standards

In a recent response to Lok Sabha Question No. 1267, the Ministry of Corporate Affairs (MCA) clarified its stance on aligning India's Environmental, Social, and Governance (ESG) regulations with global standards such as the International Sustainability Standards Board (ISSB) and European Union Corporate Sustainability Reporting Directive (EU-CSRD). Summary of key points covered in the MCA's response are as under:

A. Applicability of BRSR for non-listed companies

SEBI mandated the top 1,000 listed companies (by market capitalisation) to make ESG disclosures as per the Business Responsibility and Sustainability Reporting (BRSR) from FY 2021-22 on a voluntary basis and mandatorily from FY 2022-23. The remaining listed entities, including the entities which listed their specified securities on the SME Exchange, may voluntarily disclose the BRSR. The Government does not currently plan to mandate BRSR for such non-listed companies.

B. Alignment with global ESG frameworks

While BRSR is based on India's National Guidelines on Responsible Business Conduct (NGRBCs), it allows interoperability with global ESG reporting frameworks. Companies using international ESG frameworks may cross-reference their disclosures in the BRSR filings.

C. Monitoring greenwashing

SEBI has introduced **BRSR Core**, a set of critical ESG key performance indicators (KPIs) requiring **third-party assurance**, phased in from FY 2023-24 for top 150 listed companies to FY 2026-27 for the top 1000 listed companies. Additional safeguards include requirements for third-party review for green debt securities on a comply or explain basis for a period of two years from 1 April 2023 and ESG disclosures for value chains of top 250 listed entities on a voluntary basis from FY 2025-26 and assurance/ assessment of the same on a voluntary basis from FY 2026-27.

D. Capacity building for SMEs

Under the Raising and Accelerating MSME Performance (RAMP) scheme, the Ministry of Micro, Small and Medium (MSME) is conducting workshops and training for MSMEs and stakeholders on ESG compliance.

E. Industry standardisation

In December 2024, the Industry Standards Forum (ISF)[5] released standardised guidelines for disclosure requirements under BRSR Core to promote consistency and ease of implementation.

This update reflects India's balanced approach to ESG - prioritising domestic relevance while enabling global compatibility and transparency.

(Source: MCA, Lok Sabha, Unstarred Question No. 1267 answered on Monday, 28 July 2025/Sravana 6, 1947 (Saka),' Steps to align ESG norms with global network' dated 28 July 2025)

5. ISF Comprising of Associated Chambers of Commerce and Industry of India (ASSOCHAM), Confederation of Indian Industry (CII) and Federation of Indian Chambers of Commerce & Industry (FICC).

Clarification on dividend deposit timelines

In response to query in the Lok Sabha (Question no. 1316), the MCA has clarified on the time limit for depositing dividends under Section 123(4)[6] of the Companies Act, 2013 (2013 Act) is five calendar days and not five working days. This means, the time frame includes weekends and public holidays.

Furthermore, the MCA has confirmed that no proposal is currently under consideration to provide exemptions or extensions to this five-day limit due to holidays or non-working days.

It is pertinent to note that, as per Notification No. G.S.R. 463(E) dated 5 June 2015, Government companies defined as those in which the entire paid-up share capital is held by the Central Government, State Government, or a combination thereof, are exempted from the applicability of Section 123(4) of the 2013 Act.

(Source: MCA, Lok Sabha, unstarred question no. 1316, Answered on Monday, 28 July 2025/ Sravana 6, 1947 (Saka), 'Time limit in Section 123(4) Of Companies Act, 2013; dated 28 July 2025)

Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025

On 7 July 2025, the MCA issued a notification amending the Companies (Corporate Social Responsibility Policy) Rules, 2014. The revised framework, now titled the Companies (Corporate Social Responsibility Policy) Amendment Rules, 2025, came into effect on 14 July 2025.

Under this amendment, the existing e-Form CSR-1 has been replaced by a new version - e-Form No. CSR-1: Registration of Entities for Undertaking CSR Activities, which requires more detailed information than the previous form. Any organisation intending to carry out CSR activities on behalf of companies must register with the MCA by submitting the updated form.

Effective July 2025, the revised CSR-1 form broadens the eligibility criteria for entities undertaking CSR initiatives and introduces mandatory requirements such as comprehensive disclosures, professional certification, and digital signatures. The form has also transitioned to a web-based format to facilitate smoother compliance and incorporates stricter verification protocols to promote greater transparency and accountability.

(Source: MCA Notifications, G.S.R 452(E) dated 7 July 2025)

6. Section 123(4) provides 'the amount of the dividend, including interim dividend, shall be deposited in a scheduled bank in a separate account within five days from the date of declaration of such dividend'.is as per the current framework of Section 186(11)(a) of the Companies Act, 2013, read with Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014

FAQs on Guidance Note on financial statements of non-corporate entities

The Institute of Chartered Accountants of India (ICAI) had released a Guidance Note on Financial Statements of Non-Corporate Entities, aimed at promoting consistency and quality in financial reporting. This Guidance Note introduces uniform formats for preparing financial statements of non-corporate entities, enhancing their clarity, comparability, reliability, and completeness for users.

Applicable from accounting periods beginning on or after 1 April 2024, the Guidance Note is designed to improve the presentation and usability of financial statements for entities falling under its scope.

To support implementation, the Accounting Standards Board (ASB) and the Auditing and Assurance Standards Board of the ICAI have jointly issued a set of Frequently Asked Questions (FAQs). These FAQs address key aspects such as:

- The objective of the Guidance Note
- Its scope and applicability
- Practical considerations for entities and professionals

(Source: FAQ's on 'Guidance Note on 'Financial Statements of Non-Corporate Entities)

ICAI issues Guidance Note on Tax Audit (Revised 2025)

In light of the increasing complexity of income tax legislation and the expanded reporting obligations under Form 3CD, the Direct Taxes Committee of the ICAI has released the Revised 2025 edition of the Guidance Note on Tax Audit under Section 44AB of the Income-tax Act, 1961. This updated publication incorporates key amendments introduced by the Finance (No. 2) Act, 2024 and the Finance Act, 2025 and is intended to assist Chartered Accountants in navigating the evolving statutory landscape with enhanced technical clarity and professional diligence.

(Source: ICAI publications- Direct Tax Committee)

Income tax audit forms updated and enabled on e-Filing portal

On 18 July 2025, the Income Tax Department enabled the Forms 3CA-3CD and 3CB-3CD for tax audits via the e-Filing portal, featuring several updates. A common offline utility for these forms has also been released to support easier preparation and submission. A total of 71 modifications have been made: 35 changes in Form 3CA-3CD and 36 changes in Form 3CB-3CD. These changes are detailed in a schema change document released by the department. The timeline for filing tax audit report remains 30 September 2025 for FY 2024–25 (AY 2025–26) post which income tax return (ITR) filing is due by 31 October 2025.

(Source: Incomtax.gov.in>>News & e-campaigns>'Forms 3CA-3CD and 3CB-3CD are now enabled on the e-Filing portal with changes as per Notification No. 23/2025/F. No.370142/10/2025-TPL', dated 17 July 2025)

Extension of online application facility for MOOWR scheme

The Central Board of Indirect Taxes and Customs (CBIC), through its circular dated 22 July 2025, had withdrawn the facility for submitting online applications via the Invest India micro-website under the Manufacture and Other Operations in Warehouse Regulations (MOOWR) Scheme[7], specifically for licenses under Section 58 and permissions under Section 65 of the Customs Act, 1962.

However, to ensure ease of operations and uninterrupted digital access for applicants, CBIC issued a subsequent circular on 23 July 2025, reinstating the online application facility through the Invest India portal until 31 October 2025. This latest circular supersedes the earlier one and allows entities to continue submitting applications under Sections 58 and 65 of the Customs Act, 1962 online.

Additionally, a new digital model for application submission is currently under consideration, with implementation details to be announced in due course.

(Source: CBIC circular no 18/2025-Customs, F.No 473/02/2022-LC 'Submission of applications under MOOWR scheme – reg.'; dated 22 July 2025 and circular no 19/2025-Customs, F.No 473/02/2022-LC 'Continuation of online application facility under MOOWR scheme'; dated 23 July 2025)

7. MOOWR is a duty deferment scheme and not a duty exemption scheme. CBIC launched the MOOWR scheme to defer the Customs duties on imported goods (both capital goods and inputs) that are used for the intended purposes of manufacture or carrying out other activities in a bonded manufacturing facility, until their clearance from warehouse. In case of export of capital goods or finished goods, the duty on imported inputs stands remitted. Also, zero rating of tax on domestic inputs is allowed.

IFRS Foundation releases near-final examples to improve uncertainty reporting

The International Financial Reporting Standards (IFRS) Foundation has published near-final illustrative examples to help companies enhance the reporting of uncertainties in their financial statements. While the examples use climate-related scenarios, the guidance is broadly applicable to all types of uncertainties.

These examples demonstrate how to apply IFRS Accounting Standards to improve the clarity and consistency of disclosures. They were developed by the International Accounting Standards Board (IASB) in response to stakeholder concerns about inadequate and inconsistent reporting - especially around climate-related risks. The IASB collaborated with the International Sustainability Standards Board (ISSB) to ensure alignment with sustainability-related disclosure requirements, supporting a more integrated and informed approach to financial reporting.

(Source: IFRS. Org>>news> IFRS Foundation publishes near-final examples on reporting uncertainties in the financial statements using climate-related examples, dated 24 July 2025)

IAASB releases guidance to reinforce professional skepticism in revised ISAs 570 and 240

The staff of International Auditing and Assurance Standards Board (IAASB) has released non-authoritative publication to support the adoption and implementation of the recently revised ISA 570 (Revised 2024), *Going Concern* and ISA 240 (Revised), *Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*. This document highlights the IAASB's efforts to strengthen the application of professional skepticism within both standards.

It offers practical guidance on how auditors should uphold a questioning mindset, critically evaluate conflicting evidence, and rigorously assess management's assumptions. This publication does not modify or replace the official text of the ISAs, which remain the sole authoritative source. Further, this document does not represent an official or binding pronouncement of the IAASB.

The revised standards will be effective for audit of financial statements for periods beginning on or after 15 December 2026.

(Source: IAASB.org>>publications>>'How the IAASB's Revised Going Concern and Fraud Standards Reinforce Professional Skepticism' dated 21 July 2025)

Revised ISA 240: reinforcing the auditor's role in fraud detection

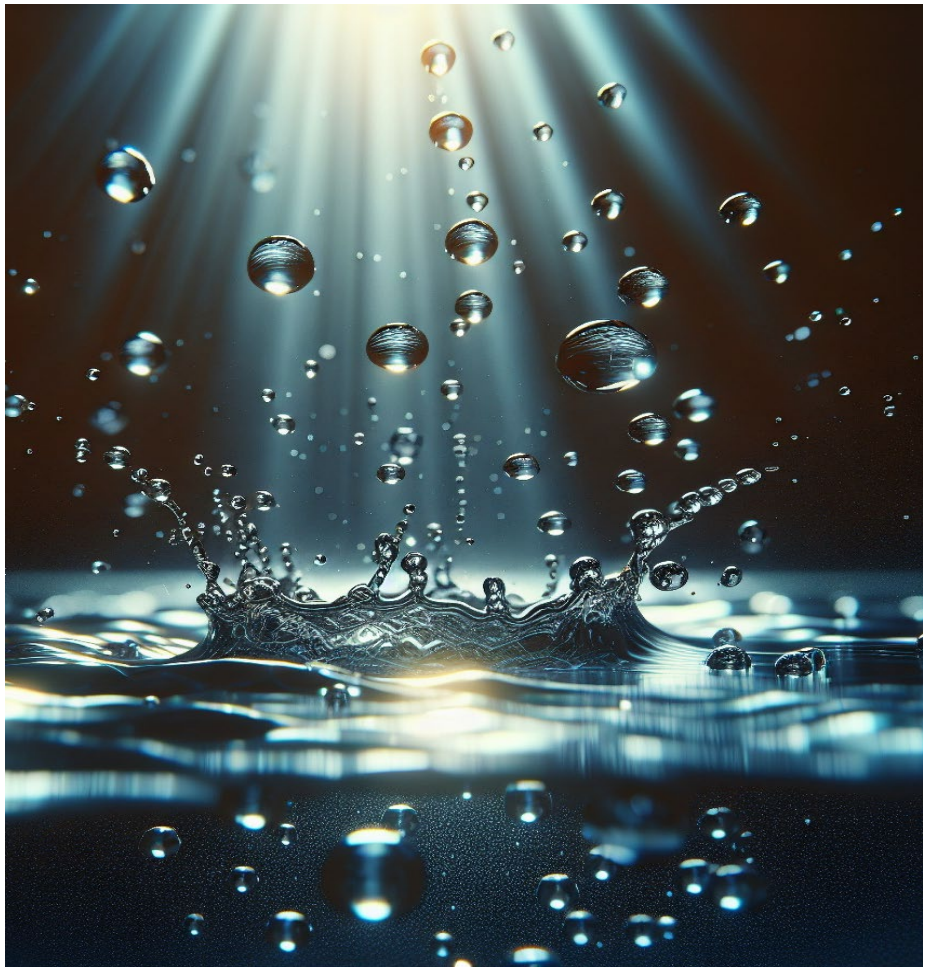
The IAASB has completed a major revision of ISA 240, *The Auditor's Responsibilities Relating to Fraud in an Audit of Financial Statements*. This update significantly strengthens the auditor's duty to identify and respond to fraud risks, in response to growing concerns from stakeholders following several high-profile corporate scandals.

The revised standard embeds a fraud-focused mindset across all phases of the audit—planning, execution, and reporting. It introduces clearer and more robust requirements aimed at enhancing audit quality and increasing transparency for investors, regulators, and the public. This revision is the result of extensive global consultation with regulators, users of financial statements, standard setters, and audit firms of all sizes. The IAASB's revisions address key public interest concerns, particularly around inconsistent fraud risk assessments and limited fraud-related disclosures in audit reports. Key enhancements in ISA 240 are:

- Greater emphasis on professional skepticism
- Improved fraud risk assessment procedures, including better identification and evaluation of fraud risks
- Integration of technology and data analytics to enhance fraud detection
- Expanded documentation requirements to support audit judgments and procedures
- Stronger communication with those charged with governance
- Clearer articulation of the auditor's responsibilities in detecting fraud
- Increased transparency through enhanced reporting of fraud-related key audit matters
- Reinforced audit documentation requirements

The revised standard becomes effective for audits of financial periods beginning on or after 15 December 2026. Early adoption is encouraged, particularly in conjunction with ISA 570 (Revised 2024) on going concern.

(Source: IAASB.org>>news-events- IAASB Revises Fraud Standard to Enhance Public Trust, dated 8 July 2025)



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