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Corporate reporting insights

September 2024

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Amendments to Ind AS 116 for sale and leaseback transactions

On 9 September 2024, the Ministry of Corporate Affairs (MCA) released the Companies (Indian Accounting Standards) Second Amendment Rules, 2024 (Amendment rules) to amend how sale and leaseback transactions are recorded in the financial statements under Ind AS 116, *Leases*.

Ind AS 116 provides guidance related to accounting on leases, including how they should be measured, recorded and disclosed in the financial statements.

The amendment provides following provisions:

- On initial recognition the seller-lessee includes variable lease payments when it measures a lease liability arising from a sale-and-leaseback transaction.
- After initial recognition, the seller-lessee applies the general requirements for subsequent accounting of the lease liability such that it recognises no gain or loss relating to the right of use it retains.
- A seller-lessee may adopt different

approaches for determining lease payments on initial recognition

- The seller-lessee would reduce the lease liability as if the 'lease payments' estimated at the date of the transaction had been paid. It would recognise any difference between those lease payments and the amounts actually paid in profit or loss.

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

Under Ind AS 8, *Accounting Policies, Changes in Accounting Estimates, and Errors*, a seller-lessee will need to apply the amendments retrospectively to sale-and-leaseback transactions entered into or after the date of initial application of Ind AS 116 (i.e. since April 2019).

(Source: MCA Notification no. G.S.R 554(E) dated 9 September 2024)





MCA simplifies cross-border merger process

The MCA has introduced the Companies (Compromises, Arrangements and Amalgamation) Amendment Rules, 2024, to expedite the merger and amalgamation process between foreign holding companies and their Indian subsidiaries. Previously, Rule 25A of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 (the Merger Rules) required companies from foreign jurisdictions to obtain prior approval from the Reserve Bank of India (RBI) and the National Company Law Tribunal (NCLT) to merge with an Indian company.

With the amendment, foreign holding companies

can now merge with their Indian subsidiaries using the fast-track merger scheme under Section 233 of the Companies Act, 2013 (2013 Act). This process eliminates the need for NCLT approval, but the Indian transferee company must comply with Section 233 by applying to the Central Government. The amendment aims to simplify the regulatory procedures for cross-border mergers and ensure adherence to Indian laws.

Effective date: The amendment rules are effective from 17 September 2024.

(Source: [MCA Notification no. G.S.R 555\(E\) dated 9 September 2024](#))

Guidelines for virtual AGMs and EGMs

Through its circular dated 19 September 2024, the MCA has clarified that companies with Annual General Meetings (AGMs) due in year 2024 or 2025 are permitted to conduct these meetings through Video Conferencing (VC) or Other Audio Visual Means (OAVM) until 30 September 2025.

The circular also allows companies to hold Extraordinary General Meetings (EGMs) through VC or OAVM, or transact items via postal ballot, until the same date. However, the circular does

not extend the statutory deadlines for holding AGMs as stipulated by the 2013 Act.

(Source: [MCA General Circular No. 09/2024, File No. Policy -17/57/2021-CL-MCA, dated 19 September 2024](#))





New rules for CSR reporting

On 24 September 2024, MCA issued amendments to the Companies (Accounts) Rules, 2024 (Account Rules). Rule 12 of the Accounts Rules require that for the financial year 2023-24, companies should file form CSR-2 separately by 31 December 2024. The filing of CSR-2¹ form is to be made after submitting Form No. AOC-4, AOC-4-NBFC (Ind AS), or AOC-4 XBRL.

The separate filing requirement for CSR-2 is designed to allow companies to complete their annual financial statements and XBRL filings without the additional burden of CSR reporting complexities.

Effective date: The notification is effective from the date of its publication in the Official Gazette.

(Source: MCA Notification No. G.S.R. 578(E), dated 24 September 2024)



1. Companies falling under Section 135(1) of the Companies Act, 2013 are obligated to file form CSR-2. This includes companies that attain particular financial thresholds such as: net worth exceeding ₹500 crore, an annual turnover surpassing ₹1,000 crore, or a net profit greater than ₹5 crore. Such companies need to submit a report on Corporate Social Responsibility in form CSR-2.



SEBI board meeting

On 30 September 2024, the Securities and Exchange Board of India (SEBI) approved certain proposals to amend some provisions of the various SEBI Regulations.

Below are key decisions from SEBI board meeting:

Amendments approved to facilitate ease of doing business: SEBI approved amendments to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) and SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) to facilitate ease of doing business and harmonise the provisions of these regulations. The amendments were earlier proposed by SEBI through its consultation paper in June 2024. The proposals were based on report of an expert committee, which was formed with an objective to review the provisions of the SEBI Listing Regulations and ICDR Regulations from the point of view of facilitating ease of doing business.

Some of the matters which were approved are:

Amendments to listing regulations

Single filing system: Introduced a system that automatically disseminates the filing done on one stock exchange to the other stock

exchanges using an Application Programming Interface (API)-based integration.

Integration of Periodic filings: To minimise the number of periodic filings by a listed entity, it is approved to merge the periodic filings under the Listing Regulations into the following two broad categories:

- Integrated filing (Governance) comprising of corporate governance report and the statement on redressal on investor grievance.
- Integrated filing (Financial) comprising of financial results, statement of deviation in use of proceeds, related party transactions etc.

System driven disclosures of certain filings: Introduced automated process of disclosure of shareholding pattern and new or revised credit ratings. Automation for these disclosures would ease the compliance procedures and reduce the burden of disclosures for listed entities.

Newspaper advertisements: The requirement of publishing detailed advertisements in newspapers for financial results is approved to be made optional for listed entities.

Vacancies in board committees: In order to provide adequate time to listed entities, a timeline of three months has been approved to fill up vacancies in Board Committees.

Disclosure of material events: Additional timeline for disclosure of events in some cases:

- For the disclosure of outcome of the board meeting that concludes after close of trading hours, an increased timeline of 3 hours instead of 30 minutes has been approved.
- In case of litigations or disputes wherein claims are made against the listed entity, an increased timeline for disclosure to 72 hours has been approved from the existing 24 hours
- Disclosure of tax litigations and Disputes: A listed entity should disclose tax litigations/disputes including tax penalties based on application of criteria for materiality.

Amendments approved to ICDR regulations

Faster Rights Issue with flexibility of allotment to specific investors under SEBI ICDR Regulations, 2018

- Introduced faster rights issue process with completion in 23 working days.
- Discontinuation of the current requirement of filing Draft Letter of Offer with SEBI for issuance of its observation, instead it will be filed with Stock Exchanges for its in-principle approval

- Permitting promoters to renounce their rights entitlements to any specific investor(s) and allowing the issuer to allot under-subscribed portion of rights issue to any specific investor(s).

Combining ‘pre-issue advertisement’ and ‘price band advertisement’ as a single advertisement and mandating disclosure of certain information through a QR code link:

In this regard, the Expert Committee noted that the price band advertisement involves duplication of disclosures of information with the pre-issue advertisement. In certain instances, certain information disclosed in the price band advertisement is also disclosed in the pre-issue advertisement (such as the risks to investors, bid/offer period, minimum bid lot etc.). Accordingly, SEBI approved that the existing price band advertisement and the pre-issue advertisement to be combined.

Further provided to replace disclosures in relation to the certain information such as “Basis for the Offer Price” through a QR code link.



SEBI board meeting (cont.)

Permitting issuers to voluntarily disclose proforma financials for acquisition or divestment already undertaken or proposed to be undertaken from issue proceeds in case of public issue, rights issue and QIPs

Currently, there are no enabling regulations under the ICDR for an issuer to voluntarily include proforma financial statements or for the disclosure of proforma financials for acquisitions or divestments in a placement document for a qualified institutions placement (QIPs). Therefore, the committee report provided that if the proceeds of the issue are proposed to be used for the acquisition of one more businesses or entities in a public issue, rights issue or a QIP, an issuer should be permitted to voluntarily disclose proforma financials (on a consolidated basis) to disclose the impact of such acquisition. The proforma financial statements should be certified by the statutory auditor or an independent chartered accountant, either of whom should be peer reviewed. Same has been approved by SEBI in its board meeting.

Introduction of regulatory framework for a new investment product/asset class

SEBI has approved a new investment product under the Mutual Fund framework to provide portfolio flexibility and curb unregistered/unauthorized schemes that exploit

investors. This product includes safeguards such as no leverage, no investment in unlisted/unrated instruments beyond mutual fund allowances, and limiting derivative exposure to 25 per cent of Asset Under Management (AUM) for purposes other than hedging and rebalancing.

Offerings will be called investment strategies, with a minimum investment limit of INR 10 Lakh per investor across all new strategies.

Introduction of liberalised Mutual Funds Lite (MF Lite) framework for passively managed schemes of mutual funds

The MF Lite framework introduces relaxed eligibility requirements for sponsors, including modifications to net worth, track record, and profitability criteria. This shift is designed to promote ease of entry into the mutual fund sector, encouraging new players while reducing compliance burdens.

This regulation has now been approved by the SEBI board, some key features of which are as follows:

- I. The light touch regulations include relaxed requirements relating to eligibility criteria for sponsors, including net worth, track record and profitability, responsibility of trustees, approval process and disclosures.

- II. The framework intends to promote ease of entry, encourage new players, reduce compliance requirements, increase penetration, enhance market liquidity, facilitate investment diversification and foster innovation.
- III. Existing AMCs with both active and passive schemes can choose to transfer passive schemes to a different group entity, allowing separate management of active and passive schemes under a common sponsor. If they retain passive schemes within the existing AMCs, the relaxed disclosures and other regulatory requirements for the passive schemes based on indices that would be covered under the MF Lite framework would be applicable to them as well.

Sustainable finance framework in the Indian securities market - amendments to SEBI NCS regulations, 2021

With a view to expanding the scope of sustainable finance in Indian securities market, the Board approved the proposal to specify the frameworks for issuance of social bonds, sustainability bonds and sustainability-linked bonds, which together with green debt securities, will be termed Environment, Social and Governance (ESG) Debt Securities.





SEBI board meeting (cont.)

Amendments to SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations)

SEBI through its Consultation Paper in July 2024 stated that it has observed certain challenges and difficulties relating to provisions of PIT Regulations especially with regard to the definition and identification of connected persons. With this context and aim to rationalising the scope of the 'connected person', SEBI has approved to enhance the regulatory framework by widening the scope of the following terms under the PIT Regulations:

Connected person: The definition of 'connected person' under PIT Regulations has been amended to include

- A firm or its partner or its employee in which a 'connected person' is also a partner; and
- A person sharing household or residence with a 'connected person'.

Relative: The definition of 'relative' under PIT Regulations has been amended to include following:

- I. Spouse of the person
- II. Parent of the person and parent of its spouse
- III. Sibling of the person and sibling of its spouse
- IV. Child of the person and child of its spouse;

- V. Spouse of the person listed at (iii) and
- VI. Spouse of the person listed at (iv).

Immediate relative: Existing provisions under PIT Regulations relating to person deemed as connected person would be applicable to 'relative' instead of 'immediate relative'

(Source: SEBI press release PR No. 25/2024 dated 30 September 2024)





Amendments to NCS Regulations

On 17 September 2024, SEBI amended the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations). Some of the key amendments introduced are:

- **Draft offer document:** The time to file draft offer document with the stock exchanges has been reduced to 5 working days from previous requirement of 7 days.
- **Electronic advertisements:** Issuers would be required to advertise through electronic means such as online newspapers or the issuer's or stock exchange's website. Additionally, a notice must be published at the registered office location in one English national daily and one regional daily newspaper, including a QR code and a link to the online advertisement.
- **Schedule I amendments:** The SEBI has also issued amendments to Schedule I to simplify disclosure requirements for NCS in the offer document. The requirement to provide personal addresses and permanent accountant numbers is omitted. Also, the key operational and financial parameters will be

disclosed in line with financial information requirements.

Effective date: The amendments are effective from 18 September 2024.

(Source: [SEBI Notification No SEBI/LAD-NRO/GN/2024/205 dated 17 September 2024](#))

SEBI streamlines bonus issue process

The SEBI through its circular dated 16 September 2024 to expedite the crediting and trading of bonus shares under the SEBI ICDR Regulations. Once implemented, bonus shares will be available for trading within T+2 days, where T represents the record date². This means that the bonus shares will be tradable on the next working day after allotment.

The circular outlines the following steps to implement this decision:

- Issuers proposing a bonus issue must apply for in-principle approval from the stock exchange within five working days of the Board of Directors' meeting where the bonus issue is approved.
- Issuers must record the deemed date of allotment as being the next working day after the record date, (T+1) when notifying the stock exchange of the record date (T day).
- After the stock exchange issues the notification of acceptance of record date, the issuer must submit the required documents to depositories for the credit of bonus shares in the depository system by 12 pm on the

next working day after the record date (T+1 day).

- Issuers must ensure the upload of Distinctive Number (DN) ranges in the depositories' database. The stock exchange will then enable the bonus shares to be credited and available for trading by the next working day after allotment (T+2 day).

The circular also provides penal consequences for delays in complying with these timelines.

Effective date: The circular applies to all bonus issues announced on or after 1 October 2024.

(Source: [SEBI circular CIR/CFD/PoD/2024/122, dated 16 September 2024](#))

2. Record date is the cutoff date that the issuer company considers to decide which shareholders are eligible for a bonus issue.



Revised framework for valuation of AIF portfolios

On 19 September 2024, SEBI issued a circular modifying the framework for valuation of Alternate Investment Funds (AIFs) investment. The circular was issued based on the SEBI's Alternative Investment Policy Advisory Committee (AIPAC) and stakeholder's recommendations on framework for valuation of investment portfolio of AIFs. The aim is to standardise valuation norms for thinly traded and non-traded securities across entities within SEBI's purview and to bring consistency in the valuation of AIF investment portfolios.

Some key clarifications are as follows:

- **Valuation norms:** Securities not covered under Clause 22.1.1 of the Master circular for AIFs i.e unlisted and thinly traded listed securities are to be valued as per guidelines endorsed by an AIF industry association that

represents at least 33 per cent of SEBI-registered AIFs. These guidelines must take into account recommendations from AIPAC. Valuation of other securities shall continue to be carried as per norms specified by SEBI for Mutual Funds (MF Regulations).

- **Material changes:** Any change in the valuation methodology or approach in order to comply with Clause 22.1 (i.e., the valuation of different types of securities) will not be considered a material change.
- **Investor awareness:** Any change in valuation methodology within the prescribed guidelines will also not be treated as a material change. However, both the old and new valuation methodologies must be disclosed to investors to maintain transparency and disclose the impact, if any,

of the change in the valuation process.

- **Eligibility:** In order to enhance the quality and reliability of the valuations, a new sub-clause has been inserted that provides the eligibility criteria for independent valuers who are involved in the valuation of AIF portfolios. It provides that an entity or company must be a 'Registered valuer entity' registered with the Insolvency and Bankruptcy Board of India (IBBI) and should hold membership of at least one of the following:
 - ICAI (Institute of Chartered Accountants of India)
 - ICSI (Institute of Company Secretaries of India)
 - ICMAI (Institute of Cost Accountants of India)

- CFA Charter from the CFA Institute.

- **Reporting timelines:** The deadline for AIFs to report their valuations to performance benchmarking agencies based on audited investee data has been extended from six months to seven months. Managers of AIFs must ensure that investee companies provide their audited accounts in a timely manner, allowing AIFs to submit their valuation reports by October 31 each year. This should be specified as a term in the subscription/investment agreement with investee companies.

Effective date: The provisions of the circular are effective from 19 September 2024.

(Source: SEBI circular no SEBI/HO/AFD/PoD-1/P/CIR/2024/123 dated 19 September 2024)





Reduction in listing timeline for debt securities and NCRPs

To enable quicker access to funds for issuers and provide investors with early credit and liquidity, SEBI on 26 September 2024 has issued circular to align the listing timeline for public issues of debt securities and Non-Convertible Redeemable Preference Shares (NCRPS) with that of non-convertible securities issued on a private placement basis. Following are the other key considerations from the circular

- The SEBI's circular reduced the timeline for listing debt securities and NCRPS to T+3 working days. Earlier it used to be T+6 working days.
- The T+3 timeline is optional from 1 November 2024 to 31 October 2025 and will become mandatory for all public issues of debt securities and NCRPS opening on or after 1 November 2025. If an issuer chooses for early adoption of the T+3 timeline but fails to meet it, application money will be refunded as per provisions under Regulation 37(2) of NCS Regulations i.e. requirement for refund will be triggered only after T+6 days and not after T+3 days.

- The T+3 listing timeline must be clearly disclosed in the offer documents of the public issue.

(Source: SEBI Circular SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2024/129, dated 26 September 2024)





NFRA issues the exposure draft of SA 600

On 17 September 2024, the National Financial Reporting Authority (NFRA) proposed changes to auditing standard SA 600, *Using the work of Another Auditor*. The revised standard SA 600 (Revised) *Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)* is based on corresponding international standard, ISA 600 (Revised) issued by the International Auditing and Assurance Standards Board (IAASB).

The revised proposed SA 600 aims to bring in clarity in auditors' other obligations with respect to audit of group entities, which inter alia includes checking professional competence and capabilities of component auditors and sharing of workpapers. Key aspects of the revised proposal include enhanced roles and responsibilities of principal auditors and component auditors in group audits, improved communication between principal and component auditors to ensure better coordination and understanding.

The revisions being proposed are to be applied to audits of Public Interest Entities (PIEs) that fall under Rule 3 of NFRA Rules 2018, except Public Sector Enterprises, Public Sector Banks, Public Sector Insurance Entities, and their respective branches. This revised standard would be applicable in case of audit of

companies which have subsidiaries and associates, with the holding company being audited by a principal or main auditor and the subsidiaries and/or associates by 'other' or 'component' auditors. The proposed standard outlines the responsibilities of the principal auditor vis-a-vis those of the component auditor.

The NFRA is inviting comments on the proposed revisions until 30 October 2024.

[\(Source: NFRA, Note for public consultation with rationale and background on proposed revisions to SA600 inviting comments, dated 17 September 2024\)](#)





New standards for Common Effluent Treatment Plants (CETPs) introduced

The Ministry of Environment, Forest and Climate Change (MoEFCC) has introduced the Environment (Protection) Second Amendment Rules, 2024 (Amendment Rules). These rules are designed to regulate Common Effluent Treatment Plants (CETPs) to enhance environmental protection and ensure the proper disposal and treatment of industrial effluents.

The amendment rules cover various aspects of waste discharge norms and proper waste management practices. Key areas include:

- New standards for inlet quality and treated effluent quality.
- Defined roles and responsibilities of State Boards and CETPs in monitoring industries, ensuring compliance, and enforcing penalties for non-compliance.
- Accountability of member industries to comply with discharge norms and establish proper waste management practices.
- Penalties and enforcement measures for violations and non-compliance.

The amendment rules also specify the roles and responsibilities of member industries of CETPs:

1. Discharge trade effluent that meets the outlet norms of their individual PETPs as specified by the State Board or Committee.
2. Monitor specified quality parameters and flow rates of the effluent, submit data to the CETP operator in real-time, and ensure that the quality and quantity of pre-treated effluent discharged to the CETP do not exceed specified limits.
3. Maintain a single discharge point to the conveyance system leading to the CETP.
4. Pay their share of operation and maintenance costs to the CETP in a timely manner.
5. Ensure regular maintenance of equipment and parts to avoid wastage of raw materials and prevent pollution.
6. Make adequate arrangements for the segregation, storage, and disposal of hazardous waste generated from different unit operations and their primary treatment.

Effective date: The amendment rules will be effective from 1 September 2025

(Source: MoEFCC Notification no S.O. 3864(E) dated 9 September 2024)





Voluntarily applying ISSB standards

The IFRS Foundation has published Voluntarily applying ISSB Standards—A guide for preparers (Voluntary Application Guide) to support companies that want to apply ISSB Standards voluntarily—in the absence of regulatory requirements.

By applying the ISSB standards, companies can provide decision useful, globally comparable sustainability-related disclosures to investors.

Increasingly, investors around the world are calling on companies to do so.

(Source: [IFRS Foundation news, Announcement: IFRS foundation published guide for companies as investors call for voluntary application of ISSB Standards, dated 25 September 2025](#))

IASB proposes improvements to the equity method

The International Accounting Standards Board (IASB) has recently proposed amendments to the equity method of accounting, specifically targeting investments in associates and joint ventures under IAS 28, *Investments in Associates and Joint Ventures*. These amendments aim to clarify and improve the application of the equity method by addressing various questions and issues raised by stakeholders over the years.

Key changes proposed include:

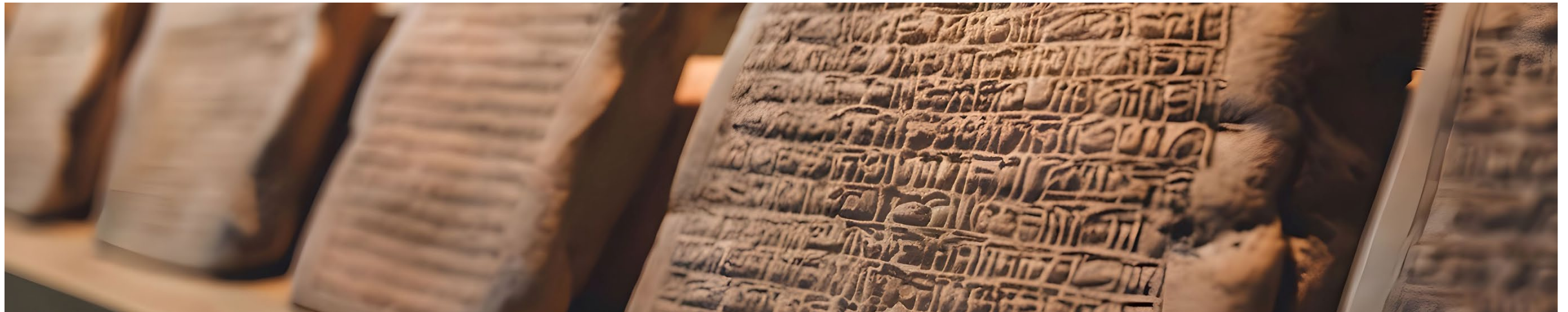
- Clarifications on the application of the equity method, particularly in complex scenarios like step acquisitions and the purchase of additional interests in an

associate or joint venture.

- New disclosure requirements to enhance the information provided about these investments, making financial statements more comparable and useful for users.
- Reordering of IAS 28 to present the standard in a more logical and consistent manner.

The IASB is currently inviting feedback on these proposed amendments, with the comment period open until 20 January 2025.

(Source: [IFRS Foundation News, Consultation: IASB Proposes improvements to equity method](#))





Website: bsr-co.in

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

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