

B S R & Co. LLP  
Chartered Accountants

# Corporate reporting insights



March 2026

Click here to access





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## Regulatory reporting framework for AIFs

The Securities and Exchange Board of India (SEBI) has rationalised the regulatory reporting framework for Alternative Investment Funds (AIFs) by replacing the existing quarterly reporting mechanism with a more structured Annual Activity Report(AAR) and a limited Quarterly Activity Report (QAR). The circular issued on 04 March 2026 sets out the following:

- **AAR:** Every AIF is required to submit a detailed AAR on the SEBI Intermediary Portal (SI Portal) within 30 calendar days from the end of March of each financial year. The first AAR for FY 2025–26 is due by 31 May 2026.
- **Quarterly Activity Report(QAR):** AIFs must file a QAR in the revised format on the SI Portal within 15 calendar days from the end of each quarter, commencing from the June 2026 quarter.
- **Exemption for March quarter reporting:** No separate QAR is required for the March quarter, as all relevant data points will be reported through the AAR.
- **Updated reporting formats and industry support:** The circular revises the reporting formats to align with recent regulatory developments. The updated formats will be published on the website of the Standards Forum, namely the Indian Venture and Alternate Capital Association (IVCA). IVCA has also been tasked with assisting AIFs in understanding reporting obligations and addressing queries or implementation issues.

This circular supersedes Clause 15.1 of Chapter 15 – ‘Reporting by AIFs’ of the Master Circular for Alternative Investment Funds (AIFs) dated 7 May 2024.

(Source: SEBI Circular No. HO/19/28/(1)2026-AFD-SEC3//6176/2026, ‘Sub: Regulatory Reporting by AIF’, dated 4 March 2026)

## SEBI issues master circular for mutual funds

SEBI, through its Investment Management Department, has issued an updated master circular for Mutual Funds (MFs) to consolidate, align, and streamline regulatory requirements applicable to the mutual fund industry.

To enable stakeholders to access all applicable regulatory requirements in a single reference document, the provisions of the circulars issued up to 31 March 2024 were consolidated and incorporated into the Master Circular for MFs dated 27 June 2024. Subsequently, additional guidelines and directions were issued to MFs through circulars and letters.

In order to enhance readability and facilitate ease of compliance, the Master Circular for Mutual Funds has now been updated in line with the SEBI (Mutual Funds) Regulations, 2026. The updated Master Circular includes all relevant circulars issued to mutual funds up to 20 March 2026. This updated Master Circular is effective from 1 April 2026 and replaces the earlier Master Circular for Mutual Funds dated 27 June 2024, with specified circulars listed in the Appendix standing rescinded to the extent they relate to mutual funds.

(Source: SEBI, Master Circular HO/24/13/11(1)2026-IMD-POD-1//7602/2026, ‘Master Circular for Mutual Funds’ dated 20 March 2026)





## Framework governing borrowing by mutual funds

SEBI has issued a circular dated 13 March 2026 setting out a comprehensive framework regulating intraday borrowings and borrowings by equity-oriented index funds and Exchange Traded Funds (ETFs). These measures are aligned with the revised SEBI (Mutual Funds) Regulations, 2026, which come into force from 1 April 2026. The key provisions of the circular are summarised below:

**Intraday borrowings:** SEBI has prescribed the following conditions for intraday borrowings:

1. Asset Management Companies (AMCs) are required to frame a Board-approved policy governing the use of intraday borrowings and disclose the same on their website.
2. Intraday borrowings may be utilised only for meeting redemption or repurchase obligations, and for interest or income distribution cum capital withdrawal payouts.
3. The maximum permissible intraday borrowing is capped at the value of guaranteed receivables due on the same day from the Government of India, the RBI, and the Clearing Corporation of India Limited. The eligible receivables on the day of redemption include:
  - Triparty Repo Dealing and Settlement (TREPS) maturity proceeds
  - Reverse repo proceeds
  - Maturity or sale proceeds of government securities, treasury bills, state development loans and Separate Trading of Registered Interest and Principal of Securities (STRIPS)
  - Interest on government securities and state development loans
4. Any cost associated with intraday borrowing, including losses arising from delays or unforeseen issues in receipt of funds from the eligible receivables, must be borne by the AMC.
5. AMCs must ensure compliance with the applicable provisions of the Mutual Fund Regulations and the relevant master circular<sup>1</sup>.

<sup>1</sup> SEBI Master Circular for Mutual Funds dated 27 June 2024

**Borrowing by equity-oriented index funds and ETFs:** SEBI has clarified the circumstances under which equity-oriented index funds and ETFs may undertake borrowings for settlement related purposes. With the introduction of a closing auction session in the equity cash segment (effective 3 August 2026, pursuant to SEBI circular dated 16 January 2026), such funds are permitted to borrow solely to enable participation in the closing auction where sell trades executed on the stock exchange remain under executed. These borrowings are strictly restricted to this specific purpose.

The provisions relating to intraday borrowings will take effect from 15 July 2026

(Source: SEBI Circular No. HO/(92)2026-IMD-POD-2/I/6961/2026, 'Subject: Borrowing by Mutual Funds', dated 13 March 2026 and SEBI Circular No. HO/(92)2026-IMD-POD-2/I/7885/2026, 'Subject: Addendum to SEBI Circular on Borrowing by Mutual Funds' dated 25 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2026

SEBI issued the SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2026 on 16 March 2026. Key amendments are:

**Introduction of Draft Abridged Prospectus (DAP):** SEBI has mandated the preparation and filing of a DAP at the time of filing draft red herring prospectus (DRHP), in addition to the draft offer document. The DAP must follow a standard format specified in Part E of Schedule VI which provides a clear and concise overview of key information such as the company's business, the industry it operates in, financial details, performance indicators, risk factors, promoters, shareholding structure, and material litigations. The DAP is required to be filed with SEBI and hosted on the websites of the issuer, SEBI, stock exchanges, and the lead managers thereby ensuring wider and easier public access to essential offer related information.

**Use of QR codes and web links:** SEBI has mandated the inclusion of QR codes and website links in application forms, advertisements, and public announcements to enable investors to directly access the red herring prospectus, abridged prospectus, and price band details.

**Lock-in compliance through depositories:** Where technical constraints prevent creation of a lock-in on securities, depositories are now permitted to mark such securities as "non-transferable" for the required lock-in period, ensuring the lock-in intent is not diluted.

(Source: SEBI, Notification No. SEBI/LAD-NRO/GN/2026/299, 'SEBI (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2026' dated 16 March 2026)

## SEBI clarifies creeping acquisition impact of warrant conversions

SEBI's Corporation Finance Department on 16 March 2026, issued an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 in the case of a listed company dated 12 December 2025. Through this letter it clarified the manner of application of Regulation 3(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Regulations). Regulation 3(2) permits shareholders holding 25 per cent or more but less than the maximum permissible non-public shareholding to acquire up to 5 per cent voting rights in a financial year without triggering an open offer.

SEBI has now clarified that conversion of warrants into equity shares is regarded as an acquisition of shares or voting rights for the purpose of computing the creeping acquisition limit. Accordingly, where a promoter or acquirer already holding 25 per cent or more has made acquisitions during a financial year, any additional increase in shareholding arising from warrant conversion must be clubbed with such earlier acquisitions. If the cumulative increase exceeds 5 per cent in the same financial year, the requirement to make an open offer would be triggered.

SEBI has further emphasised that the manner in which shares are acquired is immaterial—whether through secondary market purchases, preferential allotments, or conversion of warrants, all modes of acquisition are aggregated while assessing compliance with Regulation 3(2) of the Takeover Regulations.

(Source: SEBI, SEBI/HO/CFD/PoD1/OW/P/2025/31/26/1, 'Informal Guidance request received from Ambo Agritec Limited with respect to Regulation 3(2) of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 ("SAST Regulations")' dated 16 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## SEBI Board meeting dated 23 March 2026

The SEBI approved several regulatory changes during its board meeting held on 23 March 2026. Key updates are summarised below:

**AIF winding up flexibility:** SEBI has approved amendments to the SEBI (Alternative Investment Funds) Regulations, 2012 ('AIF Regulations') to provide greater flexibility to AIFs at the time of winding up their schemes and surrendering registration. SEBI has now allowed AIFs to retain liquidation proceeds beyond the fund's permissible life where distributions are impeded by pending or anticipated tax demands, litigation, regulatory matters, or necessary operational expenses, subject to specified safeguards. AIFs availing this flexibility must meet conditions such as investor consent or substantiation of liabilities and may retain funds for up to three years while surrendering registration as 'inoperative funds'. These inoperative funds will benefit from significantly reduced compliance requirements, easing the regulatory burden where no active investment activity remains.

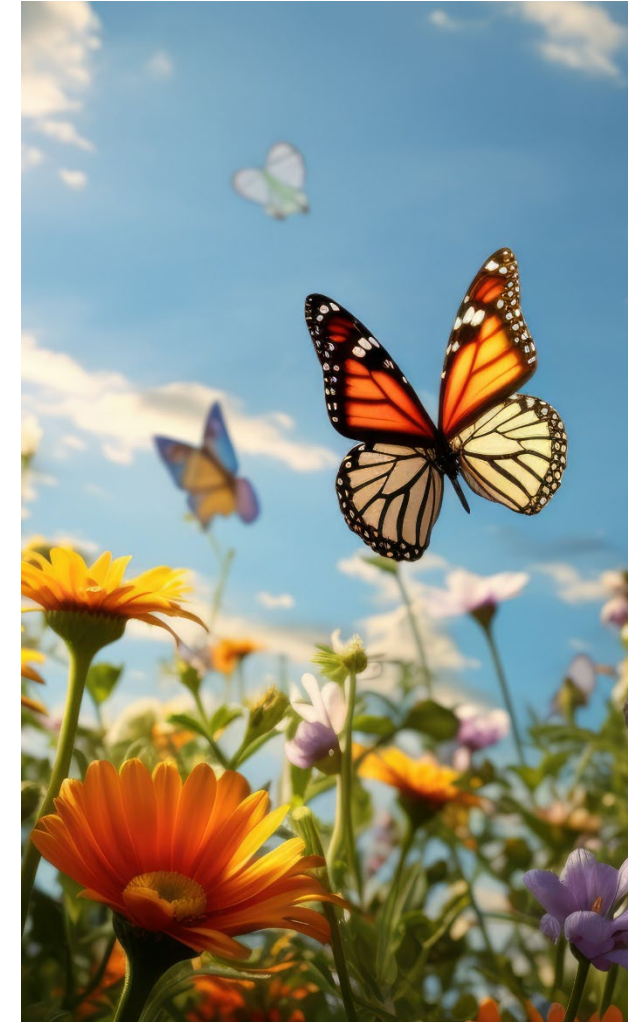
**Ease of doing business- net settlement for FPIs:** SEBI has approved a proposal to permit net settlement of funds for transactions undertaken by Foreign Portfolio Investors (FPIs) in the cash market as an ease of doing business measure. Currently, FPIs are required to settle transactions on a gross basis, which results in higher funding costs and foreign exchange slippages. To address this, FPIs will now be allowed to net their fund obligations for outright transactions, where there is either a purchase or a sale of a security in a settlement cycle, but not both. Securities settlement and levies such as STT and stamp duty will continue on a gross, delivery-based basis, while non-outright transactions will remain gross-settled. The proposal will be implemented following necessary system and process changes and is scheduled to come into effect on or before 31 December 2026.

**Reduced minimum investment for SIFs:** SEBI has approved amendments to the AIF Regulations to reduce the minimum investment threshold for individual investors in Social Impact Funds (SIFs) from INR2 lakh to INR1,000. This move is aimed at enhancing retail participation and improving accessibility to social impact investing. The revised threshold aligns the minimum investment requirement for SIFs with that applicable to Zero Coupon Zero Principal Instruments under the SEBI (ICDR) Regulations, 2018.

**Ease of doing business measures for InvITs and REITs:** SEBI has approved amendments to the SEBI (Infrastructure Investment Trusts) Regulations, 2014 and to SEBI (Real Estate Investment Trusts) Regulations, 2014 for Infrastructure Investment Trusts (InvIT) and Real Estate Investment Trusts (REIT), respectively. SEBI has allowed InvITs to continue holding Special Purpose Vehicle (SPVs) investments after concession expiry where immediate exit is constrained by claims, litigation, tax, or defect obligations, subject to time-bound exit or asset replacement and disclosures. InvITs and REITs may also park surplus funds in a broader range of liquid mutual funds, while privately listed InvITs can take limited exposure to greenfield projects. Further, InvITs with higher leverage are granted greater flexibility to raise borrowings for capex, major maintenance, and refinancing.

**Others:** SEBI in this meeting also approved the Amendments to the "Fit and Proper Person" criteria under the SEBI (Intermediaries) Regulations, 2008 and the recommendations of the High-Level Committee on conflict of interest, disclosures and related matters in respect of Members and Officials of SEBI ("HLC").

(Source: SEBI Press Release, PR No.18/2026 'Key decisions taken in the SEBI Board Meeting dated 23 March 2026' dated 23 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## Amendments to Accounting Standard 22

The Ministry of Corporate Affairs (MCA) has notified the Companies (Accounting Standards) Amendment Rules, 2026, introducing changes to Accounting Standard (AS) 22, Taxes on Income. AS 22 has now been expressly extended to cover income taxes arising from the Pillar Two model rules issued by the Organisation for Economic Co-operation and Development (OECD), including legislation implementing Qualified Domestic Minimum Top Up Taxes (QDMTT) (together referred to as Pillar Two taxes). The key amendments are as follows:

**Mandatory exception for deferred tax accounting (paragraphs 2A and 32A):** Entities are required to disclose that the exception relating to the non-recognition and non-disclosure of deferred tax assets and liabilities arising from Pillar Two taxes has been applied.

**Introduction of additional disclosure requirements (paragraphs 32B–32D):** Entities must disclose current tax expense or income specifically attributable to Pillar Two taxes as a separate line item. Further, where Pillar Two legislation has been enacted or substantively enacted but is not yet effective, entities are required to disclose, at the end of the reporting period, the following information using an indicative range rather than by applying all detailed Pillar Two requirements:

- Qualitative information, such as the jurisdictions affected and the manner in which the rules are expected to impact the entity.
- Quantitative or indicative information, such as the proportion of profits subject to top up tax and the estimated effect on the effective tax rate.

Where such information cannot be reasonably estimated, entities must state this fact and disclose the progress made in assessing their potential exposure.

**Relief available for small and medium sized entities (SME):** SMEs are exempt from providing the exposure related disclosures required under paragraphs 32C and 32D.

**Effective date:** Paragraphs 2A and 32A are applicable from 10 March 2026 and apply retrospectively. Paragraphs 32B to 32D apply for annual reporting periods beginning on or after 1 April 2025. Disclosures under paragraphs 32B to 32D are not required for interim periods ending on or before 31 March 2026.

(Source: MCA, Notification no G.S.R.169 (E)., dated 10 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## RBI notifies updated CCR norms for banks and AIFIs

The Reserve Bank of India (RBI) has issued a set of coordinated amendment directions to strengthen and harmonise the Counterparty Credit Risk (CCR) framework applicable to Commercial Banks, Payment Banks (PBs), Small Finance Banks (SFBs), and All India Financial Institutions (AIFIs). The amendments revise the methodology for calculating Potential Future Exposure (PFE) under the Current Exposure Method (CEM), provide clarity on capital charge requirements, and bring India's prudential framework into closer alignment with the Basel Committee on Banking Supervision (BCBS) standards. The key changes are outlined below:

- **Recalibration in line with international norms:** The add on factors applicable to interest rate contracts, exchange rate contracts, gold, equities, and commodities have been revised to more closely mirror BCBS guidance and global CCR practices.
- **Capital requirements for clearing members:** Banks functioning as clearing members for SEBI recognised stock exchanges in equity and commodity derivatives are now required to hold capital against CCR exposures. A two per cent risk weight applies to trade exposures to Qualified Central Counterparties (QCCPs). An exemption is available only where the bank has no reimbursement obligation and possesses a strong supporting legal opinion.
- **Group level treatment for consolidated entities:** Commercial Banks and AIFIs are required to include CCR exposures of all consolidated entities while computing capital adequacy at the consolidated group level.

These amendments are effective from 10 March 2026.

(Source: RBI Press Release No. 2025-2026/2243, 'RBI issues Amendment Directions on 'Counterparty Credit Risk - Add-on factors for computation of Potential Future Exposure'; RBI Notification no. RBI/2025-26/238 DOR.MRG.REC.No.433/21-01-002/2025-26, 'Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Third Amendment Directions, 2026'; RBI Notification no RBI/2025-26/240 DOR.MRG.REC.No.435/21-01-002/2025-26, 'Reserve Bank of India (Payments Banks - Prudential Norms on Capital Adequacy) Amendment Directions, 2026', dated 10 March 2026; RBI Notification no RBI/2025-26/241 DOR.MRG.REC.No.436/21-01-002/2025-26, 'Reserve Bank of India (All India Financial Institutions (AIFIs) - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026', all dated 10 March 2026)

## RBI issues prudential norms for dividend declaration

On 10 March 2026<sup>2</sup>, the Reserve Bank of India (RBI) issued the RBI (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittance of Profits) Directions, 2026 (2026 Dividend Directions) to replace the RBI (Commercial Banks – Prudential Norms on Declaration of Dividends and Remittance of Profit) Directions, 2025 (2025 Dividend Directions). The key aspects set out in the 2026 Dividend Directions are as follows:

- **Applicability:** These Directions apply to all commercial banks, excluding Small Finance Banks (SFBs), Local Area Banks (LABs), Payment Banks (PBs), and Regional Rural Banks (RRBs), for which separate directions have been issued. All actions already taken, rights accrued, and obligations, liabilities, penalties imposed, and ongoing legal proceedings under the 2025 Dividend Directions will continue to remain valid.
- **Key definitions:** The 2026 Dividend Directions define several key terms, including Adjusted Profit After Tax (PAT) (being 50 per cent of net NPAs as on 31 March of the relevant financial year), dividend (which includes interim dividends but excludes perpetual non-cumulative preference shares), and remittance of profit (relating to repatriation by foreign bank branches). Specific exclusions have also been prescribed.
- **Board oversight and governance:** Prior to recommending any dividend declaration or profit remittance, the Board of Directors is required to assess the following factors:
  - Non-Performing Asset (NPA) divergence and adequacy of provisioning
  - Auditor's report, including any modifications
  - Capital adequacy position, both current and projected
  - Long-term growth strategy and capital planning



SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

- **Dividend payout framework:** The 2026 Dividend Directions permit Indian incorporated banks to declare dividends of up to 75 per cent of PAT for the period for which the dividend is proposed, subject to Common Equity Tier 1 (CET1) based limits. A CET1 linked bucket framework (B1–B10) has been introduced, allowing dividend payouts ranging from 0 to 100 per cent of adjusted PAT, depending on the bank’s capital position.
- **Eligibility criteria for dividend declaration:** To be eligible to declare dividends, banks must satisfy the following conditions:
  - Compliance with applicable regulatory capital requirements at the end of both the previous and current financial years
  - Maintenance of regulatory capital above the minimum threshold even after dividend distribution
  - Indian incorporated banks must report positive adjusted PAT for the period for which the dividend is proposed
  - Foreign bank branches must have positive PAT for the period for which profits are proposed to be remitted to the head office
  - The bank must not be subject to any explicit RBI restrictions on dividend declaration or profit remittance
- **Profit remittance by foreign bank branches:** RBI has also issued the RBI (Setting up of Wholly Owned Subsidiaries (WOS) by Foreign Banks) Amendment Guidelines, 2026, amending the 2025 Guidelines. Paragraph 13 (Dividend Declaration) has been revised to require WOS of foreign banks incorporated in India to declare dividends in accordance with the 2026 Dividend Directions. It is further clarified that dividend repatriation remains subject to the provisions of Foreign Exchange Management Act (FEMA), 1999. In relation to foreign bank branches, net profits or surplus (after tax) earned in the normal course of Indian operations may be remitted to the head office without prior RBI approval, where any excess remittance is made, it must be returned immediately by the head office.

2. Similar directions have been issued for PBs, SFBs, LABs and RRBs.

- **Reporting and compliance:** Banks are required to report dividend payments or profit remittances to the RBI Department of Supervision within a fortnight. RBI may impose restrictions on dividend declarations or remittances in cases of non-compliance, with violations potentially attracting supervisory or enforcement action.

These Directions came into force from 1 April 2026.

(Source: RBI Press Release no. 2025-2026/2242, ‘RBI issues Directions on Prudential Norms on Declaration of Dividend and Remittance of Profit by Regulated Entities’, dated 10 March 2026; RBI Notification no. RBI/DOR/2025-26/234 DOR.ACC.REC.No.423/21.02.067/2025-26, ‘Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittance of Profit) Repeal Directions, 2026’, dated 10 March 2026; RBI Master Directions no RBI/2025-26/387 DOR.ACC.REC.No.427/21.02.067/2025-26, ‘Reserve Bank of India (Commercial Banks – Prudential Norms on Declaration of Dividend and Remittances of Profits) Directions, 2026, dated 10 March 2026 and RBI Notification no. RBI/DOR/2025 26/233DOR.ACC.REC.No.432/21.02.067/2025-26, ‘Reserve Bank of India (Setting Up of Wholly Owned Subsidiaries by Foreign Banks) Amendment Guidelines, 2026’, dated 10 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## Revised capital adequacy and concentration norms for NBFCs

The RBI has issued a set of coordinated amendment directions, namely the RBI (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026 and the RBI (Non-Banking Financial Companies – Concentration Risk Management) Second Amendment Directions, 2026 (Concentration Risk Management Directions). These amendments seek to enhance clarity, consistency, and prudential rigour in the manner in which NBFCs compute Owned Fund and Tier 1 Capital and comply with credit and investment concentration limits. The changes follow a public consultation on draft circulars issued in January 2026<sup>3</sup> and incorporate stakeholder feedback. The key aspects are set out below:

- **Refined approach to owned fund calculation:** NBFCs are now permitted to include quarterly profits in the computation of Owned Fund, subject to such financials being subjected to statutory limited review or audit on a quarterly basis. These profits must be adjusted for the average dividends paid over the preceding three years, in accordance with a subscribed methodology. Any losses incurred during the current year are required to be deducted in full.
- **Harmonised definitions for concentration risk purposes:** The definitions of Owned Fund and Tier 1 Capital under the Concentration Risk Management Directions have been fully aligned with those contained in the RBI (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Directions, 2025. In addition, NBFCs must obtain a certificate from an external auditor following any capital augmentation before including such additions in Tier 1 Capital for the purpose of calculating concentration limits.
- **Use of latest financial information for Tier 1 compliance:** For assessing compliance with credit and investment concentration ceilings, NBFCs are required to rely on the most recent audited or reviewed financial statements available at the time of computation.

These amendments are effective immediately.

(Source: RBI Press Release No 2025-2026/2241, 'RBI Issues Amendment Directions on 'Clarification on Owned Fund / Tier 1 Capital computation for NBFCs / ARCs and applicability to Credit / Investment Concentration Norms', dated 10 March 2026; RBI Notification No. RBI/2025-26/226 DOR.CAP.REC.No.416/21.01.002/2025-26, 'Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026', dated 10 March 2026; RBI Notification no RBI/2025-26/227 DOR.CAP.REC.No.417/21.01.002/2025-26, 'Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Second Amendment Directions, 2026', dated 10 March 2026)

3. RBI Press Release: 2025-2026/1911 'RBI invites public comments on Draft Amendment Directions on 'Clarification on Owned Fund / Tier 1 Capital computation for NBFCs / ARCs and applicability to "Credit / Investment Concentration" Norms'; dated 13 January 2026.

## Trade relief measures for exporters

In view of ongoing geopolitical tensions and logistical disruptions, the RBI has clarified the continuation and extension of key trade relief measures for exporters. The earlier relaxation, announced via Press Release dated 14 November 2025, extending the timeline for realisation and repatriation of export proceeds from 9 months to 15 months, will continue to remain in force, subject to existing conditions. Further, considering persisting disruptions due to the West Asia crisis, RBI has decided to extend the enhanced export credit realisation period of 450 days for both pre-shipment and post-shipment export credit for all disbursements made up to 30 June 2026, from the earlier cut off date (31 March 2026). To operationalise this extension, the RBI (Trade Relief Measures) Directions, 2026 have been issued.

(Source: RBI Press Release No 2025-2026/2362, 'Trade Relief Measures for Exporters' dated 31 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## RBI sets Net Open Position (NOP) to be maintained by authorised dealers

The RBI has directed Authorised Dealers (ADs) to strictly maintain their NOP INR in the onshore deliverable market within a limit of USD100 million at the end of each business day. This measure, issued under the Master Direction on Risk Management and Inter Bank Dealings, is intended to support effective exchange rate management in prevailing market conditions. ADs are required to ensure compliance at the earliest and no later than 10 April 2026.

(Source: RBI, Notification no., RBI/2025-26/252, A.P. (DIR Series) Circular No. 24, 'NOP-INR position of Authorised Dealers' dated 27 March 2026)



## RBI revises reporting framework for External Commercial Borrowings

RBI introduced changes to the existing reporting framework for returns pertaining to External Commercial Borrowings (ECB) under FEMA, 1999, including:

- Form ECB 1 and Revised Form ECB 1 (earlier known as Form ECB and Revised Form ECB, respectively) are clarified to be returns not capturing flows<sup>4</sup>, and computation of Late Submission Fee (LSF) will be aligned accordingly.
- The LSF is to be levied per return, and each delayed submission of Form ECB 2 under a Loan Registration Number (LRN) will be treated as a separate instance for LSF computation.
- Designated AD Category I banks are required to submit the returns, complete in all respects, to RBI within seven calendar days of receipt from the borrower, along with due certification.
- Payment of LSF, where applicable, must be made to the concerned RBI Regional Office via National Electronic Funds Transfer (NEFT) or Real Time Gross Settlement (RTGS), following acknowledgment from RBI, and AD banks must monitor LSF payment by their customers in case of delays.

The revised directions came into effect from 1 April 2026.

(Source: RBI, Notification no. RBI/2025-26/253 A.P. (DIR Series) Circular No. 25, 'Reporting under Foreign Exchange Management Act, 1999 – Returns pertaining to External Commercial Borrowing (ECB)' dated 30 March 2026)

## RBI amends DICGC premium disclosure requirements

Pursuant to the issuance of the Implementation of Risk Based Premium (RBP) Framework dated February 6, 2026 Risk Based Premium (RBP) Framework by the Deposit Insurance and Credit Guarantee Corporation (DICGC), the RBI has introduced amendments to the disclosure requirements in financial statements of commercial banks. Under the amended framework, banks are required to disclose in their financial statements whether the applicable deposit insurance premium has been paid to DICGC within the prescribed timelines. Any delay in payment must also be disclosed.

Further, the existing requirement to disclose the amount of DICGC premium paid and arrears outstanding has been withdrawn.

Similar amendments are issued for rural co operative banks, urban co operative banks, RRBs, LABs, Payment Banks and SFBs. These amendments are effective from April 1, 2026.

(Source: RBI Notification no. RBI/DOR/2025-26/243, DOR.ACC.REC.No.438/21.04.018/2025-26, 'Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) – Fifth Amendment Directions, 2026' dated 16 March 2026)

4. Not capturing flows - These forms are event based or static information returns, not transaction based.



SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## Phased applicability of Guidance Notes for non-corporate entities and LLPs

The Institute of Chartered Accountants of India (ICAI) had issued the Guidance Note on Financial Statements of Non-Corporate Entities and the Guidance Note on Financial Statements of Limited Liability Partnerships in August 2023.

Pursuant to a decision taken by the ICAI Council at its 451st meeting held on 30 and 31 March 2026, these guidance notes will be applicable as follows:

	Applicability	Criteria
Phase I	Accounting periods beginning on or after 1 April 2025	Entities whose turnover exceeds INR5 crore
Phase II	Accounting periods beginning on or after 1 April 2026	All entities

(Source: Accounting Standards Board, The ICAI, 'Announcement regarding applicability of 'Guidance Note on Financial Statements of Non-Corporate Entities' and 'Guidance Note on Financial Statements of Limited Liability Partnerships' for annual reporting periods 2025-26 onwards' dated 31 March 2026)

## ICAI released Educational Materials on Ind AS 36 and Ind AS 24

The Accounting Standards Board (ASB) of the ICAI issued the following education materials in the month of February 2026:

**Educational Material on Ind AS 36, Impairment of Assets** which provides a concise summary of Ind AS 36 along with Frequently Asked Questions (FAQs) to support consistent implementation. The FAQs focus on when impairment testing is required, how to measure recoverable amount including practical guidance on cash flows, discount rates, and Cash Generating Unit (CGU) identification. The FAQs also cover allocation of impairment losses and reversal rules including emphasis on disclosure requirements.

**Educational Material on Ind AS 24, Related Party Disclosures** explains the core concepts of related parties and the detailed disclosure requirements for related transactions and balances. It covers key aspects of the Ind AS through a concise summary and a set of FAQs addressing practical issues commonly faced by preparers while applying Ind AS 24.

(Source: Accounting Standards Board, The Institute of Chartered Accountants of India, 'Educational Material on Ind AS 36, Impairment of Assets' dated 5 February 2026, ICAI announcement dated 28 February 2026 and 'Educational Material on Ind AS 24, Related Party Disclosures, Impairment of Assets' dated 5 February 2026, ICAI announcement dated 28 February 2026)

## Compendium of Information Systems Audit Standards

The Digital Accounting and Assurance Board of the ICAI issued the Compendium of Information Systems Audit Standards (ISAS) in the month of February 2026, marking an important milestone in strengthening assurance over information systems in a technology-driven economy. The ISAS issued by the ICAI set out a structured, principle-based framework for performing information systems audits, covering areas such as Information Technology (IT) governance, risk management, internal controls, cybersecurity, data protection, and legal/regulatory compliance. The ISAS respond to the growing need for credible and consistent assurance over technology related risks and complement financial audits by helping assess the integrity, reliability, availability, and security of information systems. Their principle-based approach supports the use of professional judgement while promoting consistent application across industries and evolving technology environments.

(Source: Digital Accounting and Assurance Board, The Institute of Chartered Accountants of India, 'Release of Compendium of Information Systems Audit Standards (ISAS)' dated February 2026, released on 30 March 2026)

## Securities Contracts (Regulation) Amendment Rules, 2026

The Ministry of Finance notified the Securities Contracts (Regulation) Amendment Rules 2026 (SCR Amendment Rules 2026) on 13 March 2026 to facilitate large Initial Public Offering (IPO), improve capital raising flexibility, and ease listing burdens for large issuers, while ensuring that adequate public float is achieved over time. Key amendments are:

**Change in minimum public offer requirements:** The SCR Amendment Rules 2026 replace the earlier<sup>5</sup> uniform 25 per cent public shareholding requirement at the time of listing with a graded, market capitalisation linked framework. While smaller companies continue to be subject to higher initial public shareholding norms, larger companies are permitted to list with a lower public float, thereby reducing IPO size. Such companies, however, are required to progressively increase public shareholding to 25 per cent within prescribed timelines after listing. The applicable timelines are:

Post-issue market capitalisation	Public shareholding at listing	Timeline to reach 25 per cent public shareholding
INR1,600 crore – INR50,000 crore	As per listing norms	Within 3 years from the date of listing
Above INR50,000 crore – INR1 lakh crore	As per listing norms	Within 5 years from the date of listing
Above INR1 lakh crore to INR5 lakh crore; Above INR5 lakh crore	Below 15 per cent	Reach 15 per cent within 5 years and 25 per cent within 10 years from date of listing
	15 per cent or more	Reach 25 per cent within 5 years from the date of listing

5. Rule 19(2)(b) of the Securities Contracts (Regulation) Rules, 1957

6. Superior Voting Rights (SVR) refer to a class of equity shares that carry more voting power than ordinary shares, typically held by promoters or founders.

**Simultaneous listing of Superior Voting Rights<sup>6</sup> (SVR) shares:** The SCR Amendment Rules 2026 mandate that where a company has issued equity shares with superior voting rights, such SVR shares must be listed simultaneously on the same recognised stock exchange as the ordinary equity shares offered to the public.

**Relaxation for listings on IFSC exchanges:** To promote international financial centres in India, the SCR Amendment Rules 2026 provides specific relaxations for companies listing on exchanges in International Financial Services Centres (IFSCs). Such companies are permitted a lower minimum public shareholding of 10 per cent, irrespective of post-issue market capitalisation.

(Ministry of Finance (Department of Economic Affairs), Notification G.S.R. 184(E). dated 13 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## IRDAI approves Ind AS based financial reporting framework

Following the notification of Ind AS 117, Insurance Contracts by the MCA in August 2024, the Insurance Regulatory and Development Authority of India (IRDAI) approved the Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) (Amendment) Regulations, 2026. These regulations mandate the adoption of Indian Accounting Standards (Ind AS), aligned with IFRS, for all insurers with effect from 1 April 2026. The implementation applies to all insurers- life, general, standalone health, and reinsurers. To support insurers in stabilising processes and internal controls, the regulations provide for parallel reporting for a period of two years, or such other period as may be specified by the Authority. During this phase, insurers are required to prepare financial statements in accordance with Ind AS in parallel with financial information reported under the existing accounting framework.

Further, to facilitate a smooth transition, a one-year forbearance (post approval) has been introduced for insurers facing challenges in immediate adoption of Ind AS. During the forbearance period, such insurers will continue to submit Ind AS-based financial information to the Authority.

(Source: IRDAI, Press Release dated 30 March 2026, 'Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) (Amendment) Regulations, 2026')

## NFRA Auditor- Audit Committee Interaction Series 5

The National Financial Reporting Authority (NFRA), with the objective of strengthening communication between statutory auditors and audit committees, had launched a series of Auditor–Audit Committee interactions. This initiative is designed to highlight the key questions that Audit Committees and Boards of Directors may raise in relation to accounting estimates and significant judgements. The series seeks to enhance overall audit quality and promote deeper awareness of accounting and auditing standards, in alignment with the requirements of the Companies Act, 2013 and the applicable Standards on Auditing (SAs).

Following earlier interactions in this series covering other critical audit areas, the NFRA released Series 5 dealing with audit of provisions, contingent liabilities, and contingent assets, which involve significant management judgement, estimation uncertainty and susceptibility to management bias.

This document highlighted among others, enhanced Auditor–Audit Committee dialogue on areas such as litigation and regulatory matters, warranties, onerous contracts, and the use of experts. Particular emphasis was placed on obtaining sufficient and appropriate audit evidence, including legal confirmations and management representations, where applicable, and robust audit responses to accounting estimates, in line with the relevant SAs.

(Source: NFRA publication 'NFRA Auditor-Audit Committee Interaction Series 5- Dealing with Audit of Provisions, Contingent Liabilities & Contingent Assets – Ind AS 37, SA 540, and SA 501' dated 31 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## Corporate Laws (Amendment) Bill, 2026

The Corporate Laws (Amendment) Bill, 2026 (The Company Law Bill), introduced in Lok Sabha on 23 March 2026, proposes focused changes to the Companies Act, 2013 and the Limited Liability Partnership Act, 2008, with the main aim of making compliance easier while ensuring stronger governance.

The Company Law Bill has been referred to the Joint Parliamentary Committee (JPC) for detailed examination, including public consultations, after which it will be taken up for final approval. The amendments will come into force upon notification by the Central Government. Key amendments proposed are:

**Expanded small company eligibility:** The qualifying thresholds for small companies are proposed to be expanded, with paid-up capital increased from INR10 crore to INR20 crore and turnover from INR100 crore to INR200 crore.

- **Private placement:** The private placement framework under Section 42 of the Companies Act, 2013 has been proposed to be broadened by expanding its scope from shares to all securities, while formally recognising equity linked compensation instruments such as Restricted Stock Units (RSUs) and Stock Appreciation Rights (SARs). Further, if a company makes an offer or accepts monies in contravention of Section 42, penalties have been rationalised by linking them directly to the amount raised and clarifying them as equivalent civil penalties, reflecting a shift away from criminal offences.
- **Buyback of shares:** The buyback framework has been made more flexible by allowing prescribed classes of companies to undertake buybacks up to such percentage of paid up capital and free reserves as may be prescribed (beyond the existing 25 per cent cap), and by permitting up to two buyback offers in a year, subject to a minimum six-month gap between offers. Further, procedural requirements have been eased by removing the affidavit requirement for the declaration of solvency.
- **Corporate Social Responsibility (CSR) rationalisation:** The CSR regime is proposed to be streamlined by raising the net profit threshold for applicability from INR5 crore to INR10 crore (or as prescribed), extending the timeline for transferring unspent CSR amounts for ongoing projects

from 30 to 90 days, relaxing the requirement to constitute a CSR committee by increasing the spend threshold from INR50 lakh to INR1 crore (or higher as prescribed), and introducing enabling provisions to exempt prescribed classes of companies.

- **Penalty and enforcement framework:** The Bill proposes a shift from criminal prosecution to civil penalties for technical and procedural defaults, with differentiated penalty structures for listed companies, other companies, and officers in default in certain cases, enabling faster resolution of non-compliances while significantly reducing reputational and criminal exposure for boards and management.
- **Expanded director eligibility/ disqualification:** Director eligibility norms have been tightened through new disqualification grounds, a reduced non filing trigger from three years to two years, introduction of a mandatory “fit and proper” criteria assessment, and a strengthened Director Identification Number (DIN) regime, with DIN deactivation or cancellation leading to automatic vacancy of office.
- **Other reforms:** The Company Law Bill also introduces several other reforms for ease of doing business such as targeted reforms for LLPs and IFSC based entities by simplifying compliances, proposed revisions to the approval thresholds for fast-track schemes, flexible physical, virtual, and hybrid shareholder meetings, increased director accountability etc.

(Source: Bill No. 85 of 2026, ‘The Corporate Laws (Amendment) Bill, 2026’, dated 23 March 2026)





SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## Revised FDI norms for investments from land bordering countries

The Union Cabinet has approved amendments to the Foreign Direct Investment (FDI) policy applicable to investments originating from countries sharing a land border with India (LBCs), with the objective of facilitating capital inflows while retaining strategic safeguards. These changes are intended to promote FDI in start-ups, deep tech, and manufacturing, and to strengthen India's integration into global supply chains, while continuing the national security protections introduced under Press Note 3 dated 17 April 2020. The key updates approved are as follows:

- **Revised definition of Beneficial Owner (BO):** A uniform definition of BO, aligned with the Prevention of Money Laundering Rules, 2005 (PMLA Rules, 2005), has been incorporated. The beneficial ownership test will now be applied at the investor entity level.
- **Automatic route permitted with certain limits:** Investments involving up to 10 per cent non controlling beneficial ownership from LBCs may now be made through the automatic route, subject to applicable sectoral caps, entry conditions, and reporting requirements prescribed by the Department for Promotion of Industry and Internal Trade (DPIIT).
- **Time bound approvals for priority sectors:** FDI proposals from LBCs in specified manufacturing sectors, including capital goods, electronic goods, electronic components, polysilicon, and wafer ingots, are now required to be processed and approved within 60 days, enabling faster technological collaboration and supply chain integration.
- **Requirement of Indian ownership and control:** For sectors eligible for expedited approvals, the investee company must continue to be majority owned and controlled by resident Indian citizens or resident Indian entities owned and controlled by resident Indian citizens.

(Source: Press Release, Cabinet, Release ID 2237806, 'Cabinet approves changes in guidelines on investments from countries sharing land border with India', dated 10 March 2026)

## Ministry of labour and employment issued additional FAQ's on labour codes

On 21 November 2025, the Government of India implemented four new Labour Codes (the Codes), consolidating 29 existing labour laws to streamline compliance, expand social security coverage, and modernise workplace regulations. To facilitate implementation of the Codes, on 16 March 2026, the Ministry of Labour and Employment issued additional FAQs addressing key issues such as revised definition of wages, distinction between wages and minimum wages, eligibility for overtime and gratuity (including fixed-term employees), applicability of gratuity and social security provisions, treatment of remuneration in kind, responsibilities in case of contract labour, provisions for gig workers etc.

(Source: Ministry of Labour and Employment, 'Additional FAQs on Labour Codes' dated 16 March 2026)

## CBDT FAQs on interplay and transition of the Income tax Act, 2025

The Income-tax Act, 2025 represents a major simplification of India's direct tax law, aimed at improving clarity, structure, and ease of compliance. With its commencement on 1 April 2026, the Central Board of Direct Taxes (CBDT) to ensure a smooth and predictable transition from the Income-tax Act, 1961 and to support taxpayers during this change has issued a set of Frequently Asked Questions (FAQs) to address key transition related issues such as pending proceedings, TDS continuity, return filing, and appeals.

(Source: Income Tax Department, Directorate of Income Tax (Organisation and Management Services), CBDT, New Delhi, 'FAQs on Interplay and Transition from the Income tax Act, 1961 to the Income tax Act, 2025' dated 23 March 2026)



SEBI updates



MCA updates



RBI updates



ICAI updates



Other updates

## Finance Act, 2026

The Ministry of Law and Justice notified the Finance Act, 2026 on 30 March 2026, following the Presidential assent, thereby giving effect to the Union Budget proposals for financial year 2026–27, with most provisions coming into force from 1 April 2026. The Finance Act, 2026 introduces amendments across direct taxes, indirect taxes, and allied fiscal laws, with the objective of rationalising tax rates, simplifying compliance, enhancing transparency, and strengthening enforcement mechanisms. Key changes include:

- continuation of existing income-tax slab structures with updated rate schedules
- Higher Securities Transaction Tax (STT) on equity derivatives
- a shift in the taxation of share buybacks by taxing buyback proceeds as capital gains in the hands of shareholders instead of at the company level, and the continuation of the capital gains exemption for sovereign gold
- rationalisation in the utilisation of Minimum Alternate Tax credit under the transition to the Income tax Act, 2025, by capping annual set off and prescribing a sunset for legacy credits.
- introduction of disclosure scheme allowing taxpayers to regularise undisclosed foreign assets by making a prescribed payment, in return for full immunity from tax, penalty, and prosecution.
- rationalisation of the penalty framework by replacing stringent imprisonment provisions with simpler custodial terms or monetary fines, and by calibrating penalties based on the seriousness of the default.

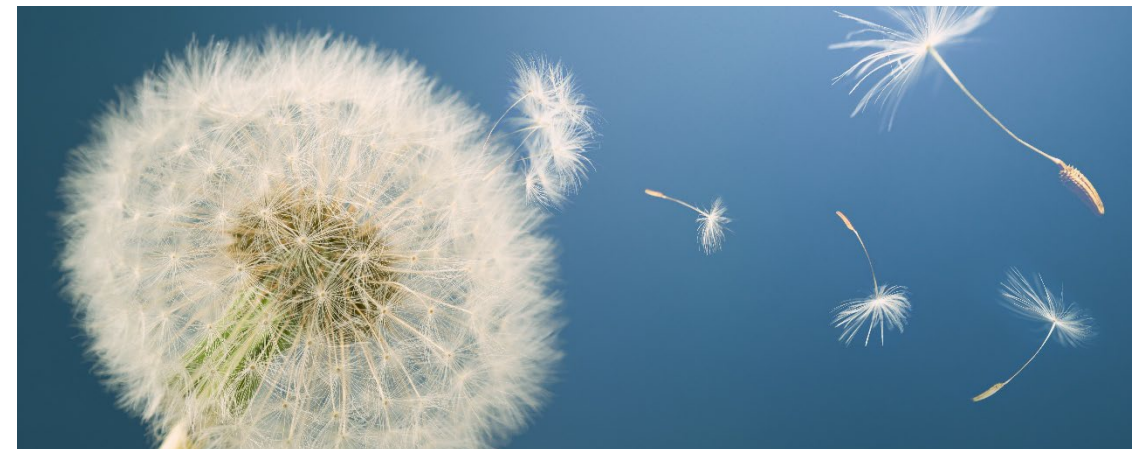
(Source: Ministry of Law and Justice (Legislative Department), 'The Finance Act 2026', dated 30 March 2026)

## Income Tax Rules, 2026

The Central Board of Direct Taxes (CBDT), Ministry of Finance, Government of India, notified the Income tax Rules, 2026 (The IT Rules) along with the relevant forms under the Income tax Act, 2025, effective from 1 April 2026.

The IT Rules are intended to support the simplified structure and clearer drafting of the new Income tax Act, 2025, which was introduced to modernise and make the tax law easier to understand. The IT Rules define key terms, reduce the overall volume of subordinate legislation through fewer rules and substantially fewer forms than the earlier framework, indicating consolidation of procedures. This consolidation is aimed at making compliance more usable and less repetitive, by removing overlaps and streamlining procedural requirements into a more structured rule-set. Overall, the IT Rules support the new regime's goals by making the law simpler to read, reducing compliance load through consolidation, and lowering dispute potential by providing clearer operating procedures.

(Source: Ministry of Finance, (Department of Revenue) (Central Board of Direct Taxes) Notification G.S.R. 198(E).—, dated 20 March 2026)





**Website: [bsr-co.in](http://bsr-co.in)**

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

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act on such information without appropriate professional advice after a thorough examination of the particular situation.

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

© 2026 B S R & Co. LLP a limited liability partnership firm registered under The Limited Liability Partnership Act, 2008. All rights reserved.

This publication is intended for professional knowledge dissemination and not intended for any advertisement.

This document is for e-communication only.