

**Company Law, Accountancy and  
Audit**

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## Rules and Amendment Rules

### **Companies (Significant Beneficial Owners) Amendment Rules, 2024**

[Notification dated 15<sup>th</sup> July 2024](#)

The Companies (Significant Beneficial Owners) Rules 2018 has been amended with the substitution of Form BEN-2. This revised form seeks to streamline the process of declaring significant beneficial ownership.

### **Companies (Management and Administration) Amendment Rules, 2024**

[Notification dated 15<sup>th</sup> July 2024](#)

The MCA has amended Form MGT-6 (*Return to the Registrar in respect of declaration under Section 89 received by the company*) of the Companies (Management and Administration) Rules, 2014 through the notification of the aforesaid Rules. Key changes pertain to declaration of beneficial interest in shares.

### **Companies (Appointment and Qualification of Directors) (Amendment) Rules, 2024**

[Notification dated 16<sup>th</sup> July 2024](#)

The MCA has amended Rule 12A *Directors KYC* of the Companies (Appointment and Qualification of Directors) Rules, 2014 through the notification of the aforesaid Rules. This Rule came into force on 1<sup>st</sup> August 2024.

As per the amendment, an individual can update his personal mobile number or the e-mail address by submitting e-form DIR-3 KYC only on or before 30<sup>th</sup> September of the financial year (FY). In addition to this an individual can update his personal mobile number or email address again at any time during the FY by submitting e-form DIR-3 KYC on payment of fees of Rs. 500.

### **Companies (Adjudication of Penalties) Amendment Rules, 2024**

[Notification dated 5<sup>th</sup> August 2024](#)

In the Companies (Adjudication of Penalties) Rules, 2014, a new Rule 3A *Adjudication Platform* has been

inserted through the notification of the aforesaid Rules. Rule 3A states that all proceedings (including issue of notices, filing replies or documents, evidences, holding of hearing, attendance of witnesses, passing of orders and payment of penalty) of adjudicating officer and Regional Director under these Rules should take place in electronic mode only through the e-adjudication platform developed by the Central Government for this purpose. In case the e-mail address of the person is not available, the notice will be sent by post at the last intimated address and such notice will be preserved in electronic form on the e-adjudication platform. Form No. ADJ has also been substituted.

This Rule came into force from 16<sup>th</sup> September 2024.

### **Companies (Indian Accounting Standards) (Amendment) Rules, 2024**

[Notification dated 12<sup>th</sup> August 2024](#)

The Companies (Indian Accounting Standards) (Ind AS) Rules, 2015 has been amended through the notification of the aforesaid Rules. Through the amendment, Ind AS 117 *Insurance Contracts* has been inserted which will supersede Ind AS 104 *Insurance Contracts* when notified.

Ind AS 117 establishes principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the Standard. The objective of Ind AS 117 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements (FSs) to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.

An entity should apply Ind AS 117 to:

- insurance contracts, including reinsurance contracts, it issues;
- reinsurance contracts it holds; and
- investment contracts with discretionary participation features it issues, provided the entity also issues insurance contracts.

Consequential amendments have been made to the below mentioned Ind ASs:

Ind AS	Particulars
101	<i>First time adoption of Ind AS</i>
103	<i>Business Combination</i>
105	<i>Non-current Assets Held for Sale and Discontinued Operations</i>
107	<i>Financial Instruments Disclosures</i>
109	<i>Financial Instruments</i>
115	<i>Revenue from Contracts with Customers</i>
1	<i>Presentation of Financial Statements</i>
7	<i>Statement of Cash Flows</i>
19	<i>Employee Benefits</i>
28	<i>Investments in Associates and Joint Ventures</i>
32	<i>Financial Instruments Presentation</i>
36	<i>Impairment of Assets</i>
37	<i>Provisions, Contingent Liabilities and Contingent Assets</i>
38	<i>Intangible Assets</i>

Subsequently, through the notification of [Companies \(Ind AS\) 3<sup>rd</sup> Amendment Rules, 2024 dated 28<sup>th</sup> September 2024](#), the MCA has amended the applicability of Ind AS 117 for insurers or insurance companies. The amendment states that an insurer or insurance company may provide its FS as per Ind AS 104 for the purposes of consolidated FSs by its parent or investor or venturer till Ind AS 117 is notified by the Insurance Regulatory and Development Authority (IRDAI)<sup>@</sup>. Ind AS 104 has also been notified as Schedule to the aforesaid Rules.

<sup>@</sup>IRDAI reconstituted an [Expert Committee on Implementation of Ind AS/IFRS in Insurance Sector](#) in February 2024. The Committee, *inter alia*, works on steps to be taken towards effective implementation of Ind AS/IFRS along with phase-wise timelines. However, timelines for the implementation of Ind AS has not been recommend by the Committee.

Ind AS 117 will apply to companies which are not insurance/insurance companies with effect from 1<sup>st</sup> April 2024.

## Companies (Registration of Foreign Companies) Amendment Rules, 2024

[Notification dated 12<sup>th</sup> August 2024](#)

As per the aforesaid Rules, documents for registration by a foreign company are required to be delivered in Form FC-1 to the Registrar, Central Registration Centre.

This Rule came into force with effect from 9<sup>th</sup> September 2024.

## Companies (Ind AS) 2<sup>nd</sup> Amendment Rules, 2024

[Notification dated 9<sup>th</sup> September 2024](#)

The MCA has amended Companies Ind AS Rules, 2015 through the notification of the aforesaid Rules. The aforesaid Rules amend Ind AS 116 *Leases* with respect to Lease liability in a sale and leaseback.

The amendment specifies the requirements on how the seller should measure the right-of-use asset and lease liability arising from leaseback. It specifies that the seller-lessee should determine 'lease payments' or 'revised lease payments' in a way that the seller-lessee would not recognise any amount of the gain or loss that relates to the right of use retained by the seller-lessee. It does not prevent the seller-lessee from recognising in profit or loss any gain or loss relating to the partial or full termination of a lease.

A seller-lessee should apply Lease Liability in a Sale and Leaseback retrospectively in accordance with Ind AS 8 to sale and leaseback transactions entered into after the date of initial application.

A seller-lessee should apply these amendments for annual reporting periods beginning on or after 1<sup>st</sup> April 2024.

## Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2024

[Notification dated 9<sup>th</sup> September 2024](#)

Rule 25A *Merger or amalgamation of a foreign company with a Company and vice versa* of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 has

been amended through the notification of the aforesaid Rules.

As per the amendment, where the transferor foreign holding company incorporated outside India and the transferee wholly owned Indian subsidiary company incorporated in India enter into merger or amalgamation, following conditions are required to be fulfilled:

- both the companies should obtain the prior approval of the Reserve Bank of India.
- the transferee Indian company should comply with the provisions of Section 233 *Merger or Amalgamation of Certain Companies* of the Companies Act, 2013.
- the application should be made by the transferee Indian company to the Central Government under Section 233 of the Act and provisions of Rule 25 *Merger or Amalgamation of certain companies* will apply to such application; and
- declaration in Form No. CAA-16 referred to Rule 25 should be made at the time of making application under Section 233 of the Act.

The amendment Rules came into force from 17<sup>th</sup> September 2024.

## **Companies (Prospectus and Allotment of Securities) Amendment Rules, 2024**

[Notification dated 20<sup>th</sup> September 2024](#)

The MCA has amended Rule 9B *Issue of securities in dematerialised form by private companies* of the Companies (Prospectus and Allotment of Securities) Rules, 2014, through the notification of the aforesaid Rules. As per the amendment, specified producer company should comply with the provision of this Rule within a period of 5 years of closure of FY.

## **Companies (Accounts) Amendment Rules, 2024**

[Notification dated 24<sup>th</sup> September 2024](#)

The Companies (Accounts) Rules, 2014 have been amended. Sub-rule (1B) of Rule 12 *Filing of Financial Statements and Fees to be Paid Thereon* states that every company covered under the provisions Section 135 (1) should furnish a report on Corporate Social

Responsibility in Form CSR-2 to the Registrar for the preceding FY 2020-2021 and onwards as an addendum to Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.

As per the amendment, for the FY 2023-2024, Form CSR-2 should be filed separately on or before 31<sup>st</sup> December 2024 after filing Form No. AOC-4 or Form No. AOC-4-NBFC (Ind AS), as specified in these Rules or Form No. AOC-4 XBRL as specified in the Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Rules, 2015.

## **Circulars**

### **Clarification on holding of Annual General Meeting (AGM) and Extraordinary General Meeting (EGM) through Video Conference (VC) or Other Audio Visual Means (OAVM) and passing of Ordinary and Special resolutions by the companies under the Companies Act, 2013**

[General Circular No. 09/2024 dated 19<sup>th</sup> September 2024](#)

The MCA has decided to allow companies whose AGMs are due in the Year 2024 or 2025, to conduct their AGMs through VC or OAVM on or before 30<sup>th</sup> September 2025 (*earlier 30<sup>th</sup> September 2024*) in accordance with the requirements laid down in [General Circular No. 20/2020 dated 5<sup>th</sup> May 2020](#).

It has been clarified that this General Circular should not be construed as conferring any extension of statutory time for holding of AGMs by the companies under the Companies Act, 2013 and the companies which have not adhered to the relevant statutory timelines will be liable to legal action under the appropriate provisions of the Act.

The MCA has also decided to allow companies to conduct their EGMs through VC or OAVM or transact items through postal ballot in accordance with framework provided in [General Circular No.14/2020 dated 8<sup>th</sup> April 2020](#) up to 30<sup>th</sup> September 2025 (*earlier 30<sup>th</sup> September 2024*).



## Notification

### **Declaration of National Bank for Financial Infrastructure and Development (NaBFID) as Public Financial Institution**

[Notification dated 10<sup>th</sup> September 2024](#)

The Central Government, in consultation with the Reserve Bank of India has notified NaBFID as a public financial institution under the Companies Act, 2013.

## Order

### **Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Amendment Order, 2024**

[Notification dated 15<sup>th</sup> July 2024](#)

The MCA amends the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019 by issuing the aforesaid Order.

As per the Order every specified company is required to file details of all outstanding dues to Micro or small enterprises suppliers file in MSME Form I. As per the amendment only those specified companies which are having payments pending to any micro or small enterprises for more than 45 days from the date of acceptance or the date of deemed acceptance of the goods or services under section 9 of the Micro, Small and Medium Enterprises (MSME) Development Act, 2006 are required to furnish the information in MSME Form-1.

MSME Form 1 has been amended and outstanding dues to MSME suppliers are required to be disclosed as under:

- Paid within 45 days
- Paid after 45 days
- Outstanding for 45 days or less
- Outstanding for more than 45 days.

The reason for the delay in payment also has to be explained.

# Securities and Exchange Board of India (SEBI)

## **SEBI (Listing Obligations and Disclosure Requirements) (LODR)**

### **SEBI (LODR) (2<sup>nd</sup> Amendment) Regulations, 2024**

[Regulation dated 10<sup>th</sup> July 2024](#)

The aforesaid Regulation amends Regulation 52(8) *Financial Results* of the SEBI LODR Regulation, 2015. As per the amendment the listed entity (LE) may publish only a window advertisement in the newspapers that refers to a Quick Response (QR) Code and the link of the website of the LE and stock exchange, where the financial results are available and capable of being accessed by the investors subject to the following conditions:

- For non-convertible securities outstanding as on the date of notification of the aforesaid amendment, the LE has obtained the prior approval from the debenture trustee;
- In case of any issuances after the date of notification of the aforesaid amendment, the LE should either make a disclosure in the offer document regarding the window advertisement in the newspapers or obtain prior approval from the debenture trustee.

### **Relaxation from compliance with certain provisions of the SEBI LODR Regulations, 2015**

[Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/133 dated 3<sup>rd</sup> October 2024](#)

SEBI, vide the aforementioned Circular has relaxed the applicability of Regulation 36(1)(b) for AGMs and Regulation 44(4) for general meetings (in electronic mode) held till 30<sup>th</sup> September 2025 (*earlier 30<sup>th</sup> September 2024*).

SEBI reiterates that the listed entities should ensure compliance with the conditions stipulated in the [Master Circular dated 11<sup>th</sup> July 2023](#) on compliance with the provisions of the LODR Regulations while availing the relaxations specified above.

## Timelines for disclosures by Social Enterprises on Social Stock Exchange (SSE) for FY 2023-24

[Circular No. SEBI/HO/CFD/PoD-1/P/CIR/2024/134 dated 7<sup>th</sup> October 2024](#)

The outer timeline as per circular dated 27<sup>th</sup> May 2024 for annual disclosures under Regulation 91C(1) and Annual Impact Report under Regulation 91E(1) of LODR Regulations by Social Enterprises on SSE for FY 2023-24 has been extended up to 31<sup>st</sup> January 2025 (earlier 31<sup>st</sup> October 2024).

## SEBI Board Meeting

[PR No. 25/ dated 30<sup>th</sup> September 2024](#)

In its meeting, SEBI has, *inter alia*, approved certain measures for facilitating ease of doing business for listed and to be listed entities by way of amendments to the SEBI (LODR) Regulations, 2015 and SEBI (Issue of Capital and Disclosure Requirements) (ICDR) Regulations, 2018.

Key decisions, include the following:

- Ease of doing business for listed entities (SEBI (LODR) Regulations, 2015)
  - ▲ Integration of periodic filings into 2 categories i.e., Integrated Filing (Governance) and Integrated Filing (Financial), to minimise the number of filings done on a periodic basis.
  - ▲ Detailed advertisement of financial results in newspapers would be optional for listed entities.
  - ▲ Disclosure of following material events/information:
    - Additional time (3 hours instead of 30 minutes) for disclosure of outcome of the meeting of the board of directors that concludes after trading hours.
    - Additional time (72 hours instead of 24 hours) for disclosure of litigations or disputes involving claims against the listed entity subject to maintaining such information in structured digital database as specified.
    - Disclosure of tax litigations and tax disputes on the basis of materiality.
    - Disclosure of fines/penalties imposed on the basis of new materiality threshold (Rs. 1

lakh for sector regulators / enforcement agencies and Rs. 10 lakhs for other authorities) as against the present requirement to disclose all fines/ penalties, within 24 hours.

- Ease of doing business for to be listed entities (SEBI (ICDR) Regulations, 2018)
  - ▲ Combining 'pre-issue advertisement' and 'price band advertisement' as a single advertisement and mandating disclosure of certain information through a QR code link
  - ▲ Permitting issuers to voluntary 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 qualified institutional placements.
- Harmonization of the provisions of ICDR and LODR Regulations with respect to thresholds for identification of material subsidiary, disclosures related to material litigation, material agreements, qualifications of compliance officer etc.

## National Financial Reporting Authority (NFRA)

### Report by the NFRA on valuation methodology for AT-1 bonds

[Meetings dated 20<sup>th</sup> February 2024 and 28<sup>th</sup> March 2024](#)

The main issue before the NFRA is to suggest a methodology for valuation of AT-1 bonds, which would be in sync with Ind AS 113. The fair value principles of Ind AS require determination of valuation assumptions or approaches generally used by the market participants. The NFRA consulted various experts and expert bodies on the practices followed by them in market-based measurement and the assumptions/techniques used by them.

The aforesaid Report covers aspects relating to valuation of AT-1 bonds, including clarification on the tenor to be used, triggers for applying the yield to maturity (YTM) basis for valuation, factors

considered by traders in valuing or pricing these bonds, and international practices in valuation of these bonds.

In order to align the valuation methodology with the recommendation of NFRA, SEBI through [Circular No.: SEBI/HO/IMD/IMD-I POD1/P/CIR/2024/106 dated 5<sup>th</sup> August 2024](#) has decided that:

- The valuation of AT-1 Bonds by Mutual Funds will be based on Yield to Call (YTC).
- For all other purposes, deemed maturity of all perpetual bonds shall continue to be in line with the earlier circulars.

### **Consultation Paper on Draft Standards on Auditing (SA) 600 (Revised) Special Considerations - Audits of Group Financial Statements (Including the Work of Component Auditors)**

[Dated 17<sup>th</sup> September 2024](#)

The changes proposed in SA 600 are on the lines of the corresponding international standard, ISA 600 issued by the International Auditing and Assurance Standards Board (IAASB).

This Standard is applied 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 standard outlines the responsibilities of the principal auditor vis à vis those of the component auditor. Some of the largest corporations and companies with significant exposure to capital markets, investors, creditors and thereby involving huge public interest, operate through a network of subsidiaries, joint ventures, branches and associates which makes the requirements of this standard very significant. The quality of audit opinion on the consolidated financial statements, which is relied upon by investors, creditors and other stakeholders, hinges in significant part on how robust this standard is and how it is applied by auditors in discharge of their audit responsibilities.

The revisions being proposed are to be applied to audits of Public Interest Entities (PIEs) except Public Sector Enterprises, Public Sector Insurance Companies, Public Sector Banks and their respective branches.

### **Circular on Responsibilities of Principal Auditor and Other Auditors in Group Audits**

[Dated 3<sup>rd</sup> October 2024](#)

The aforesaid Circular states that NFRA, while performing its functions such as exercising oversight and monitoring and enforcing compliance, has observed gross negligence and audit failure in audits of group FSs in several instances.

The circular further states that the overall objectives of audit of FSs are the same for a Principal Auditor or a Component/Other auditor. Thus, Principal Auditors cannot contend that they did not perform adequate procedures in audits of group FSs if in their opinion a particular SA, by itself, did not require them to do so.

The responsibility of the auditor under SA 600 is required to be read with the auditor's concomitant responsibilities in the Companies Act, 2013, and in related SAs towards obtaining sufficient and appropriate evidence in support of the auditor's opinion on the group FSs.

## **Accountancy and Audit**

### **Technical Guide on Risk Based Internal Audit of Non-Banking Financial Company (NBFC)**

[ICAI Announcement dated May 2024](#)

This publication gives a basic understanding about NBFCs, legal and regulatory framework thereof, key products, regulators initiatives and future outlook. This Technical Guide (TG) has been prepared with the objective of augmenting skills and competencies of internal auditors to conduct risk based internal audit of NBFCs. The key objective of this guide is to

empower internal auditors with practical insights systematically aligned with RBI Mandates. The purpose of this guide is to provide practical guidance to the internal auditors primarily related to RBI requirements and to promote good practice in applying Standards on Internal Audit while auditing the NBFCs. This TG is not intended to be an exhaustive listing all the procedures and practices to be followed

## **Guidance Note on Reports of Audit under Section 12A/10(23C) of the Income-tax Act, 1961**

[ICAI Announcement dated 3<sup>rd</sup> July 2024](#)

This Guidance Note (**GN**) covers the provisions of Section 10(23C) (iv)/(v)/(vi)/(via), Section 11 and 12 and its allied rules at relevant places, along with audit reports in relation to Charitable Trusts & Institutions. The object of this Guidance Note is to provide guidance to the auditors for conduct of audit under Section 12A and 10(23C). This GN will also be useful for those in charge of governance of charitable institutions for discharging their respective responsibilities towards audit of accounts of charitable institutions.

## **Amendments to AS 22 *Accounting for Taxes on Income* issued by the ICAI (For non-company entities)**

[ICAI Announcement dated 29<sup>th</sup> July 2024](#)

The Pillar Two Model Rules, released on 20<sup>th</sup> December 2021, are part of the Two-Pillar Solution to address the tax challenges of the digitalisation of the economy that was agreed by 137 member jurisdictions of the Organisation for Economic Co-operation and Development (OECD)/G20 Inclusive Framework on Base Erosion and Profit Shifting's Statement (BEPS) and endorsed by the G20 Finance Ministers and Leaders in October 2021. The Pillar Two Model Rules are designed to ensure large multinational enterprises (MNEs) pay a minimum level of tax on the income arising in each jurisdiction where they operate.

Considering that entities may need time to determine how to apply the principles and requirements in AS 22

to account for deferred taxes related to top-up tax, the Council of the ICAI has introduced a temporary exception to the requirements in AS 22 to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes because once the Pillar Two Model Rules are enacted in India, these amendments would be relevant to the non-company entities applying Accounting Standards issued by the ICAI and to whom Pillar Two Model Rules will be applicable.

The amendments introduce:

- a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes; and
- targeted disclosure requirements for affected entities.

Amendments to AS 22 for non-company entities are effective for annual reporting periods beginning on or after 1<sup>st</sup> April 2024. These disclosures are, however, not required for any interim period ending on or before 31<sup>st</sup> March 2025.

## **Audit Quality Maturity Model version 2.0 (AQMM v 2.0)**

[ICAI Announcement dated 22<sup>nd</sup> August 2024](#)

The Centre for Audit Quality Directorate has released [AQMM- v 2.0](#) for professional firms which enhances and builds upon on the framework of AQMM v 1.0. The AQMM v 2.0 like the previous version is a cross-functional evaluation model developed with an objective to enable Audit firms to evaluate their current level of Audit Maturity and also identify areas where competencies need to be strengthened. AQMM v 2.0 comprises Audit Quality Indicators (AQI) that enables firms to rate their current level of audit maturity, identify areas where competencies are strong or lacking, and then develop a road map for achieving a higher level of audit maturity.

The AQMM v 1.0 has been made mandatory with effect from 1<sup>st</sup> April 2023 to the firms auditing the following entities:

- a listed entity; or



- Banks other than co-operative banks (except multi-state co-operative banks); or
- Insurance Companies

However, firms doing only branch audits are not covered.

There is no change regarding the applicability of AQMM v 2.0. Therefore, AQMM v 2.0 is also mandatory for firms auditing the aforesaid entities.

## **Ind AS**

For development in Ind AS refer [CNK IFRS/ISSB and Ind AS Update, October 2024.](#)



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**CNK & Associates LLP**  
Chartered Accountants

### Mumbai

3<sup>rd</sup> Floor, Mistry Bhavan, Dinshaw Vachha  
Road, Churchgate, Mumbai 400 020.

Tel: +91 22 6623 0600

501/502, Narain Chambers, M.G Road,  
Vile Parle (East), Mumbai 400 057.

Tel: +91 22 6250 7600

**Chennai:** +91 44 4384 9695

**GIFT City:** +91 79 2630 6530

**Pune:** +91 20 2998 0865

**Vadodara:** +91 265 234 3483

**Bengaluru:** +91 91 4110 7765

**Dubai:** +971 4355 9533

**Ahmedabad:** +91 79 2630 6530

**Delhi:** +91 11 2735 7350

**Abu Dhabi:** +971 4355 9544