

**Company Law, Accountancy and
Audit**

INDEX

<u>Particulars</u>	<u>Page No</u>
Company Law	2
Securities and Exchange Board of India (SEBI)	2
National Financial Reporting Authority	4
Others	5
Accountancy and Audit	6

Rules and Amendment Rules

Companies (Prospectus and Allotment of Securities) Amendment Rules, 2025

[Notification dated 12th February 2025](#)

The aforesaid notification amends Rule 9B *Issue of securities in dematerialised form by private companies* of The Companies (Prospectus and Allotment of Securities) Rules, 2014. As per the amendment, a private company other than a Producer company, which is not a small company as on 31st March 2023 is required to mandatorily demat the securities by 30th June 2025 (earlier 30th September 2024).

[Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/37 dated 21st March 2025](#)

SEBI LODR Regulations, 2025 require Related Party Transactions (**RPTs**) to be approved by the Audit Committee (**AC**) and by the shareholders, if material. SEBI [Master Circular dated 11th November 2024](#) specifies the information to be placed before the AC and shareholders, respectively, for consideration of RPTs.

This circular will come into effect from 1st July 2025.

Also, refer to FAQs issued by [NSE](#) and [BSE](#).

- **Industry Standards on Regulation 30 Disclosure of events or information of SEBI LODR Regulations, 2015**

[Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/25 dated 25th February 2025](#)

- **Industry Standards on Key Performance Indicators (KPIs) Disclosures in the draft Offer Document and Offer Document**

[Circular No.: SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/28 dated 28th February 2025](#)

This circular will be applicable for all draft offer documents / offer documents filed with SEBI / Stock Exchanges on or after 1st April 2025.

Framework on Social Stock Exchange

[Circular No. SEBI/HO/CFD/PoD-1/P/CIR/2025/33 dated 19th March 2025](#)

SEBI has decided to reduce the existing minimum application size for subscribing to Zero Coupon Zero Principal Instruments from Rs. 10,000 to a lower amount i.e. Rs. 1,000.

Measures to facilitate ease of doing business with respect to framework for assurance or assessment, ESG disclosures for value chain, and introduction of voluntary disclosure on green credits

[Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated 28th March 2025](#)

Based on the recommendations of the Expert Committee for Facilitating Ease of Doing Business

Securities and Exchange Board of India (SEBI)

Industry Standards

In order to facilitate ease of doing business and to bring about standardization in implementation, the Industry Standards Forum (**ISF**) has formulated industry standards, in consultation with SEBI, for effective implementation of the various SEBI (Listing Obligations and Disclosure Requirements) (**LODR**) Regulations, 2015.

The industry associations which are part of ISF (ASSOCHAM, FICCI, and CII) and the stock exchanges will publish the aforesaid industry standards on their websites.

The listed entities should follow the above industry standards to ensure compliance with SEBI requirements. The following Industry Standards have been issued:

- **Industry Standards on “Minimum information to be provided for review of the Audit Committee and shareholders for approval of a Related Party Transaction”**

[Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated 14th February 2025](#) and

and pursuant to public consultation, SEBI decided to revise various provisions regarding ESG disclosures for value chain, provide an option to undertake ‘assessment’ or ‘assurance’ for BRSR Core and ESG disclosures for value chain, and introduce disclosure on green credits.

Accordingly, the provisions of SEBI LODR Regulations, 2015 have been amended vide Notification dated 28th March 2025.

Inter alia, the following partial modifications are being carried out in the [Master Circular dated 11th November 2024](#).

▪ **Green Credits**

In Principle 6 of BRSR, an additional leadership indicator (i.e. an 8th leadership indicator) will be included seeking disclosures on green credits in the following format-

How many Green Credits have been generated or procured:

- a. By the listed entity
- b. By the top 10 (in terms of value of purchases and sales, respectively) value chain partners”

The provisions under this Section will be applicable for BRSR disclosures for FY 2024-25 and onwards.

▪ **Assessment or Assurance**

Listed entities should mandatorily undertake assessment or assurance of the BRSR Core, as per the glide path specified below:

FY	Applicability of BRSR Core to top listed entities (by market capitalization)
2023 – 24	Top 150 listed entities
2024 – 25	Top 250 listed entities
2025 – 26	Top 500 listed entities
2026 – 27	Top 1000 listed entities

▪ **Assessment or Assurance Provider**

- ▲ The Board of the listed entity should ensure that the assessment or assurance provider of the

BRSR Core has the necessary expertise, for undertaking assessment or assurance.

- ▲ The listed entity should ensure that there is no conflict of interest with the assessment or assurance provider appointed for assessing or assuring the BRSR Core.

▪ **ESG Disclosures for Value Chain**

SEBI has decided to defer the disclosure and assessment or assurance with respect to value chain by 1 year and to revise the threshold for values chain partners.

- ▲ ESG disclosures for the value chain will be applicable to the top 250 listed entities (by market capitalization), on a voluntary basis from FY 2025- 26.
- ▲ The assessment or assurance of the above will be applicable on a voluntary basis from FY 2026-27.
- ▲ For the 1st year of reporting ESG disclosures for value chain, reporting of previous year’s numbers will be voluntary. So, for value chain disclosures of FY 2025-26, reporting of previous year’s data (i.e., data for FY 2024-25) will be voluntary.
- ▲ If a listed entity provides ESG disclosures for value chain, then it should disclose the percentage of total sales and purchases covered by the value chain partners, respectively, for which ESG disclosures are provided.

The provisions of circular will be applicable from the date of issuance of this circular i.e. 28th March 2025, except otherwise mentioned specifically.

SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025

[Notification dated 28th March 2025](#)

SEBI LODR Regulations, 2015 has been amended through the aforesaid Notification. *Inter alia*, the amendments include introduction of Chapter VA *Corporate Governance Norms for Listed Entities which has listed its Non-convertible Debt Securities*. This will be applicable to only high value debt listed entity (HVDLE).

Apart from the above, with effect from 1st April 2025, in case of a listed entity which has listed its specified securities on the SME Exchange, a transaction with a related party will be considered material, if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 50 Crores or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

Clarification on the position of Compliance Officer in terms of Regulation 6 of the SEBI LODR Regulations, 2015

[Circular No.: SEBI/HO/CFD/PoD2/CIR/P/2025/47 dated 1st April 2025](#)

The proviso to Regulation 6(1) of the SEBI LODR Regulations, 2015 *inter-alia* requires the Compliance Officer of a listed entity to be in whole-time employment of the listed entity, not more than one level below the Board of Directors and designated as a Key Managerial Personnel. The said provision was inserted vide [SEBI LODR 3rd Amendment Regulations, 2024 dated 12th December 2024](#)

SEBI has clarified that the term 'level' used in Regulation 6(1) refers to the position of the Compliance Officer in the organisation structure of the listed entity. Therefore, one-level below the Board of Directors means one-level below the Managing Director or Whole-time Director(s) who are part of the Board of Directors of the listed entity.

In case a listed entity does not have a Managing Director or a Whole-Time Director, then the Compliance Officer will not be more than one-level below the Chief Executive Officer or Manager or any other person heading the day-to-day affairs of the listed entity.

Auditor- Audit Committee Interaction Series

In accordance with NFRA's obligations to suggest measures for improvement in overall audit quality and to promote awareness and significance of accounting and auditing standards, auditor's responsibilities, audit quality, and keeping in view NFRA's objectives of protecting public interest and investor protection, NFRA has published its series of Auditor-Audit Committee Interactions on significant areas of accounting and auditing. These include the following:

- **Series 1- Part 1- Audit of Accounting Estimates and Judgments –Expected Credit Losses under Ind AS 109**

[Publication dated 10th January 2025](#)

This Auditor-Audit Committee Interactions Series 1 draws the attention of the auditors to the potential questions the Audit Committees/Board of Directors may ask them in respect of accounting estimates and judgments. It includes aspects pertaining to audit of Expected Credit Losses for financial assets and other items as required by Ind AS 109 *Financial Instruments*.

- **Series 1- Part 2- Audit of Accounting Estimates and Judgments Income Taxes - Ind AS 12**

[Publication dated 7th March 2025](#)

This communication being the 2nd in this series, includes aspects pertaining to the audit of Income Taxes, in particular, Deferred Tax Assets (DTA) and Deferred Tax Liabilities (DTL) as required by Ind AS 12 *Income Taxes*.

- **Series 2- Audit Strategy and Planning- SA 300 etc.**

[Publication dated 28th March 2025](#)

This Auditor-Audit Committee Interactions Series 2 draws the attention of the auditors to the potential questions the Audit Committees/Board of Directors may ask them in respect of their Audit Strategy and Audit Plan.

Development of an effective Audit Strategy and Audit Plan is the critical starting phase of an audit of financial statements. Its timely preparation, communication with those charged with governance (TCWG)/Audit Committee and its appropriate revisions during the course of audit will have several advantages leading to effective and efficient audit of financial statements. Audit Strategy is intended to set the overall scope, timing and direction of audit so as to guide the preparation of detailed audit plan including completion of the auditor's risk assessment procedures and design of audit procedures responsive to assessed risks.

▪ **Series 3- Audit of Related Party - Ind AS 24, AS 18 & SA 550**

[Publication dated 28th March 2025](#)

This Auditor-Audit Committee Interactions Series 3 draws the attention of the auditors to the potential questions the Audit Committees/Board of Directors may ask them in respect of related party relationships, transactions and disclosures as required by Ind AS 24 *Related Party Disclosures* and SA 550 *Related Parties*.

Related party relationships and transactions have been a source of major frauds in corporate history and some of the modus operandi continues to be seen in recent corporate frauds as well. In some cases, transactions with unrelated parties have the purpose and effect of benefiting related parties.

NGO has utilised foreign contribution received for the purposes it was registered for, and the Annual Statements are to be uploaded on the FCRA portal.

Ministry of Micro, Small and Medium Enterprises (MSMEs)

▪ **Revision of Definition of MSMEs**

[Gazette Notification S.O. 1364\(E\) dated 21st March 2025](#)

The central government has notified revised investment and turnover criteria for classification MSMEs. Changes in the criteria are given below:

Enterprise	Investment in Plant and Machinery /Equipment		Turnover	
	Revised (Rs. Crores)	Earlier (Rs. Crores)	Revised (Rs. Crores)	Earlier (Rs. Crores)
Micro	2.5	1	10	5
Small	25	10	100	50
Medium	125	50	500	250

This notification came into force with effect from 1st April 2025.

▪ **Submission of half yearly return to the Ministry of Corporate Affairs**

[Gazette Notification No. S.O. 1376\(E\) dated 25th March 2025](#)

The Central Government has directed all companies who get supplies of goods or services from micro and small enterprises and whose payments to micro and small enterprise suppliers exceed 45 days from the date of acceptance or the date of deemed acceptance of the goods or services as per the provisions of the MSME Act, should submit a half yearly return to the Ministry of Corporate Affairs stating the following:

- ▲ the amounts of payments due; and
- ▲ the reasons of the delay.

Others

Foreign Contribution (Regulation) Amendment Rules, 2024

[Notification No. G.S.R. 790\(E\) dated 31st December 2024](#)

These Rules came into force on 1st January 2025. As per the aforesaid Notification, Chartered Accountants are required to report on violations of any provisions of the Foreign Contribution (Regulation) Act, 2010 or Rules made thereunder. As per the Act, a Chartered Accountant is required to certify if an association or

Case Studies on Common Non-Compliance Issues in Financial Markets

[Publication dated January 2025](#)

Committee on Financial Markets and Investors' Protection of The Institute of Chartered Accountants of India (ICAI) has published the aforementioned publication. This publication delves into critical areas of non-compliance, such as penalties for unregistered investment advisory services, adherence to accounting standards, violations of SEBI Regulations, and the consequences of mishandling unpublished price-sensitive information. By providing real world case studies, this publication offers invaluable insights into the repercussions of non-compliance, highlighting the significant risks that organizations may encounter.

This publication serves as a vital resource for understanding the legal compliances and regulations that govern financial market practices, particularly in India.

Deferment of Phase III and IV of Peer Review Mandate

[ICAI Announcement dated 22nd January 2025](#)

The ICAI has decided to extend Phase III and Phase IV of Peer Review Mandate by 6 months and 9 months respectively. Accordingly, their revised dates of implementation are as under: -

Phase	Date from which Peer Review is Mandatory
III	1 st July 2025
Practice Units which propose to undertake the Statutory Audit of entities which have raised funds from public or banks or financial institutions of over Rs. 50 Crores rupees during the period under review or of any body corporate including trusts which are covered under public interest entities: For	

Phase	Date from which Peer Review is Mandatory
-------	--

these Practice Units, there is a pre-requisite of having Peer Review Certificate.

OR

Practice Units rendering attestation services and having 4 or more partners: For these Practice Units, there is a pre-requisite of having Peer Review Certificate before accepting any Statutory audit.

IV	1 st January 2026
Practice Units which propose to undertake audits of branches of Public Sector banks: For these Practice Units, there is a pre-requisite of having Peer Review Certificate	
OR	
Practice Units rendering attestation services and having 3 or more partners: For these Practice Units, there is a pre-requisite of having Peer Review Certificate before accepting any Statutory audit.	

Guidance on Non-Compliances Observed by Quality Review Board (QRB) during Quality Reviews (Volume 3)

[ICAI Announcement dated 24th January 2025](#)

The Auditing and Assurance Standards Board (AASB) of the ICAI has brought out the aforesaid publication which is a compilation of some common non-compliances observed by QRB while conducting quality reviews. The publications also contain suggested guidance by AASB on these common non-compliances. The publication contains the observations related to Engagement and Quality Control Standards and internal financial controls.

Guidance Note on Audit of Banks (2025 Edition)

[Publication dated 18th February 2025](#)

The AASB of the ICAI has issued the aforesaid Guidance Note (GN). This GN provides detailed guidance to the members regarding statutory audit of banks and bank branches. The GN incorporates latest developments, amendments, and changes in the banking landscape. These updates encompass factors such as Master Directions/ Circulars issued by RBI, relevant advisories, ICAI's pronouncements affecting bank audits, and changes in applicable laws or regulations.

The GN is bifurcated in 2 Sections, i.e., Section A - Statutory Central Audit and Section B - Bank Branch Audit. This GN is to be read in conjunction with these 3 publications, [Technical Guide on Audit of Internal Financial Controls in case of Public Sector Banks](#), [Technical Guide on Revised Formats of Long Form Audit Report](#) and [Guidance Note on Reports or Certificates for Special Purposes \(Revised 2016\)](#) which are relevant for bank audits and certification during bank audits.

CNK Partner, CA Manish Sampat is one of the co-authors of the GN.

Technical Guide on Accounting for Expenditure on Corporate Social Responsibility (CSR) Activities (Revised January 2025 Edition)

[Publication dated January 2025](#)

With the changes involved in CSR accounting with the enforcement of various provisions of the Companies (Amendment) Act, 2019, the Companies (Amendment) Act, 2020 read with the Companies (CSR Policy) Amendment Rules, 2021 and the Amendments to Schedule III on 24th March 2021, the ICAI has revised the existing publication "Technical Guide on Accounting for Expenditure on CSR Activities" of 2020 edition.

This technical guide is designed to offer a detailed and practical understanding of the accounting treatment of CSR expenditures and their presentation in financial statements. It covers a broad range of topics,

including guidance on the accounting treatment for CSR activities as per the provisions of the Companies Act, 2013 in the light of the recent legal position.

This publication will act as essential guidance for ensuring effective and transparent accounting of CSR activities and will be a valuable resource for all professionals and stakeholders on the CSR Accounting related issues

Frequently Asked Questions (FAQs)

▪ **FAQs on SEBI (LODR) Regulations, 2015 (Revised)**

[Publication dated January 2025](#)

The aforesaid revised publication covers all amendments to the SEBI (LODR) Regulations up to 30th December 2024. The revised publication is structured into 2 main parts for comprehensive understanding. **Part A**, which provides a detailed explanation of the regulations and schedules, covering key aspects such as corporate governance, disclosures, and related party transactions and **Part B** includes a newly added chapter "Compliance Calendar", which will assist professionals in tracking key deadlines and ensuring timely compliance with the regulations.

▪ **FAQs on Limited Liability Partnership Act (LLP), 2008 (Revised)**

[ICAI Publication dated January 2025](#)

The FAQs on the LLP Act, 2008 has been updated to reflect the recent amendments and developments in the LLP framework including the LLP (Amendment) Act, 2021, the LLP (2nd Amendment) Rules, 2022, and the LLP (3rd Amendment) Rules, 2023. To help stakeholders understand these developments, the Corporate Laws & Corporate Governance Committee (CL&CGC) of the ICAI has updated the aforesaid FAQs.

▪ **FAQs on Unique Document Identification Number (UDIN) (Revised)**

[ICAI Publication dated January 2025](#)

UDIN is 18-Digits system generated unique number for every document certified/attested by

Full time Practicing Chartered Accountants, and it is mandatory for all practicing Chartered Accountants.

This edition of FAQs includes new initiatives taken up by UDIN directorate during 2024-25, which *inter alia* includes change in data type from alphanumeric to numeric, modifications in the listing of forms under various categories and many others.

▪ **FAQs on Ethical Issues**

[ICAI Publication dated February 2025](#)

This publication of the of Ethical Standards Board of the ICAI provides the members with accessible and practical guidance, enabling them to address new ethical issues with ease and confidence. This publication is an adjunct to the Code of Ethics, offering clarity on its provisions and encouraging ethical decision making.

Implementation Guide for Audit Quality Maturity Model version 2.0 (AQMM v 2.0)

[Publication dated January 2025](#)

The Centre for Audit Quality Directorate of the ICAI has issued the aforesaid Implementation Guide which provides audit firms, members, and reviewers with the insights and tools necessary to effectively implement the Audit Quality Indicators (AQIs) outlined in AQMM v 2.0. It is divided into 3 key sections: Practice Management-Assurance, Human Resource Management, and Digital Competency. The 3 sections represent the fundamental areas of an audit firm providing assurance services. Each section has been elaborated in detail, accompanied by illustrative examples where necessary.

Subsequently, a [Corrigendum to the Implementation Guide for Audit Quality Maturity Model v 2.0](#) was issued which contains revisions/ corrections made in the aforesaid Implementation Guide.

Educational Material on ICAI Valuation Standard 302- Intangible Asset

[Publication dated February 2025](#)

This Educational Material aims to provide guidance through illustrations and FAQs, offering a clear

explanation of the principles outlined in the Standard. It contains summary of ICAI Valuation Standard- 302 discussing key requirements of the Standard in brief, Case Studies, Illustrations and the FAQs covering the issues, which are expected to be encountered frequently while implementing this Standard. It provides clarity and guidance to valuers in understanding the intricacies involved in the valuation of intangible assets, which is often a complex area. It includes various practical aspects and Case studies for better understanding and application of techniques.

Ind AS

For development in Ind AS refer [CNK Ind AS/IFRS/ISSB Update, April 2025](#).



Disclaimer and Statutory Notice

This e-publication is published by C N K & Associates, LLP Chartered Accountants, India, solely for the purposes of providing necessary information to employees, clients and other business associates. This publication summarizes the important statutory and regulatory developments. Whilst every care has been taken in the preparation of this publication, it may contain inadvertent errors for which we shall not be held responsible. The information given in this publication provides a bird's eye view on the recent important select developments and should not be relied solely for the purpose of economic or financial decision. Each such decision would call for specific reference of the relevant statutes and consultation of an expert. This document is a proprietary material created and compiled by C N K & Associates LLP. All rights reserved. This newsletter or any portion thereof may not be reproduced or sold in any manner whatsoever without the consent of the publisher.

This publication is not intended for advertisement and/or for solicitation of work.

www.cnkindia.com

CNK & Associates LLP
Chartered Accountants

Mumbai

3rd 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