

## CHAPTER 3

# Regulatory updates



## Amendments to LODR Regulations

With an aim to facilitate ease of doing business for listed entities, in 2023, SEBI formed an expert committee (the Committee) to review the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations). Based on the suggestion of the Committee and feedback from various stakeholders, on 12 December 2024, SEBI issued amendments to LODR Regulations. Subsequently, on 31 December 2024, SEBI issued a circular for implementation of amendment introduced and to make consequential amendments to the provisions of SEBI Master Circular dated 11 November 2024 on compliance with the LODR Regulations by listed entities (Master Circular).

Following are the key considerations from recent amendments:

### A. Filing and disclosures

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

exchange. The BSE Ltd. (BSE) and the National Stock Exchange of India (NSE) have implemented the system to facilitate single filing.

- **Integrated filing system:** In order to minimise the number of periodic filings that are required to be done by a listed entity, integrated filing system has been introduced to merge the periodic filings under the LODR into two broad categories:
  - a. Integrated filing (Governance):** This includes periodic governance filing such as compliance report on corporate governance and statement on redressal of investor grievance which is required to be filed within 30 days from the end of the quarter.
  - b. Integrated filing (Financial):** This includes filings for financial results, statement on deviation or variation in utilisation of issue proceeds, Related Party Transactions (RPTs) and disclosure of default on outstanding loans and debt securities to be filed.

Such filings to be done within 45 days from the end of the first quarter, other than the last quarter, and 60 days from the end of the last quarter and the financial year.

The revised timelines are applicable for the quarter ending 31 December 2024 and thereafter. The formats of quarterly integrated filing are given in Annexure 1 to the circular.

### • Newspaper advertisements:

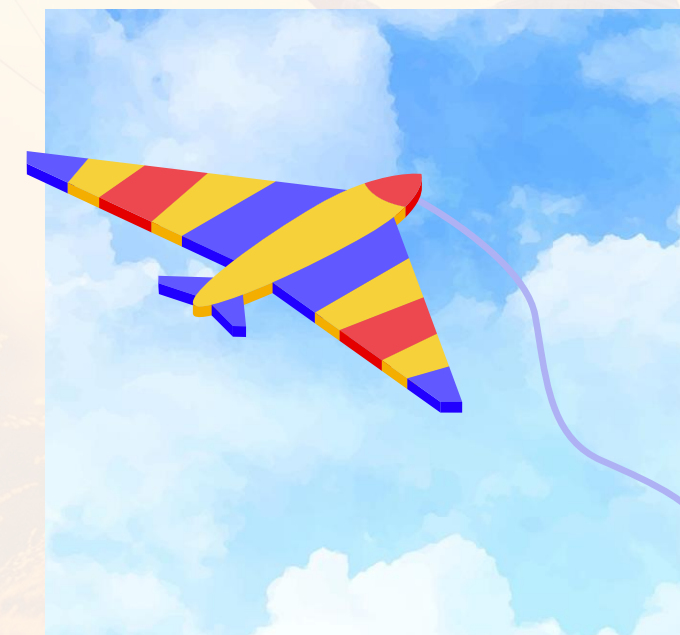
The requirement of publishing detailed advertisements in newspapers for financial results has been made optional for listed entities. However, a small advertisement with a QR code and details of the webpage where full financial results are available should be published.

### B. Disclosure of material events and information

- Revised timeline for the disclosure of outcome of the board meeting that concludes after close of trading hours but more than three hours before the

beginning of the next normal trading hours. The disclosure should be provided within three hours from the closure of the board meeting.

- Timeline for disclosure of litigations or disputes (other than tax litigations), wherein claims are made against the listed entity increased to 72 hours from the current requirement of 24 hours.





- Tax litigations or disputes, including demand notices, penalties, etc., to be disclosed based on application of criteria for materiality in the following manner:
  - a. Disclosure of new tax litigations or disputes within 24 hours from the receipt of notice.
  - b. Quarterly updates on ongoing tax litigations or disputes in the specified format under integrated filing.
  - c. Tax litigations or disputes, the outcomes of which are likely to have a high correlation, should be cumulated for determining materiality.
- The reporting of frauds by senior management is limited to instances only in relation to the listed entity.
- Fines and penalties on the listed entity need to be disclosed within 24 hours if they exceed the specified thresholds.
- Increased threshold limits for disclosures of direct or indirect acquisition of shares or voting rights in a company. Disclosure is required where the listed entity holds

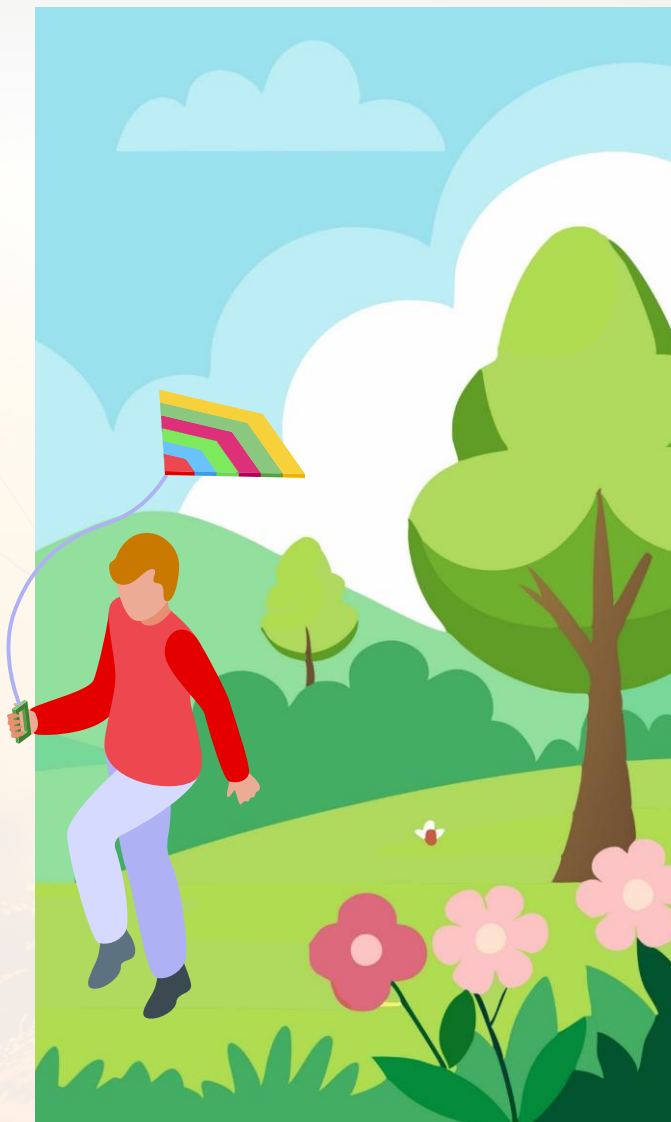
shares or voting rights aggregating to 20 per cent (erstwhile five per cent), or there has been any subsequent change in holding exceeding five per cent (erstwhile two per cent). However, acquisition of shares or voting rights in an unlisted company aggregating to five per cent or any subsequent change in holding exceeding two per cent requires quarterly disclosure as part of integrated filing.

### C. Related Party Transactions (RPTs):

- Certain exclusions made from the definition of RPT as follows:
  - a. Corporate actions undertaken or received by the listed entity **or its subsidiaries** should not be considered as an RPT (emphasis added on amendments made).
  - b. Acceptance of savings or current account deposits by banks in compliance with the directions of the Reserve Bank of India (RBI) and interest thereon on the fixed deposits accepted.

- c. Retail purchases from any listed entity or its subsidiary by its directors or employees without establishing a business relationship and at terms which are uniformly applicable/offered to all employees and directors.

- Remuneration and sitting fees paid by a listed entity or its subsidiary to directors that are not part of the promoter or promoter group are exempted from the requirement of approval of the audit committee, provided such remuneration is not material<sup>1</sup>.
- Introduction of post facto ratification of RPTs within three months from the date of the transaction, subject to certain conditions. However, the value of the ratified transaction with a related party whether considered individually or together in a financial year should not exceed INR1 crore.
- The audit committee may grant omnibus approval to RPTs proposed to be entered into by subsidiaries of the listed entity.



1. Materiality here would be defined by company (and approved by the Board of Directors) in accordance with Regulation 23(1) of LODR Regulations.



## D. Other key amendments

- At present, listed entities have to ensure continuous compliance with the composition of Board Committees as there is no specific timeline for filling up vacancies as per the LODR Regulations. The amendment now provides that vacancy in the Board committees arising out of vacancy in the office of a director has to be filled up within a period of three months from the date of such vacancy.
- Prior to the amendment, promoters, directors or Key Managerial Personnel (KMP) were not required to submit details of their relatives and interests in

other bodies corporate to the listed entity but amendment now casts an obligation on the promoter, directors and KMPs to disclose all information that is relevant and necessary for the listed entity to ensure compliance with applicable laws.

- The amendments specify the criteria for appointment, reappointment or removal of secretarial auditors.
- Listed entities ranked from 1,001 to 2,000 based on market capitalisation endeavour to have an independent woman director on their board and may constitute a Risk Management Committee (RMC).

- The Independent Directors (IDs) of top 2,000 listed entities (based on market capitalisation) may hold at least two independent meetings in a financial year (currently one independent meeting mandatory).
- Definition of a material subsidiary has been aligned with the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations) i.e. a subsidiary, whose turnover (earlier income) or net worth exceeds 10 per cent of the consolidated turnover (earlier income) or net worth respectively.

- Shareholders's approval not required in case of sale, disposal or lease of assets of material subsidiary where such a transaction is between two wholly owned subsidiaries of the listed entity.

(Source: SEBI Notification No. SEBI/LAD-NRO/GN/2024/218.— SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024, dated 12 December 2024, SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 on "Implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities" dated 31 December 2024)





## Key updates from the SEBI board meeting

On 18 December 2024, the Securities and Exchange Board of India (SEBI) in its board meeting approved following key decisions.

**Ease of doing business with respect to BRSR:** To facilitate ease of doing business for listed companies and their value chain partners in relation to Environmental, Social, and Governance (ESG) disclosures and assurances under the Business Responsibility and Sustainability Report (BRSR), SEBI approved following amendments:

- 1. Assessment or Assurance:** Substitution of term 'assurance' with 'assessment or assurance' in the SEBI LODR Regulations. Assessment will be third-party assessment undertaken as per standards to be developed by the Industry Standards Forum (ISF) in consultation with SEBI, applicable from FY 2024-25 for listed entities.
- 2. Deferral of ESG disclosures:** ESG disclosures for the value chain and their assessment or assurance are deferred by one year
- 3. Voluntary ESG disclosures for FY 2024-25:** ESG disclosures for the value chain will be voluntary instead of the current 'comply-and-explain' requirement.
- 4. Clarity of scope :** The scope of the value chain cover top upstream and downstream partners, individually comprising two per cent or more of the listed entity's purchases and sales (in value), with an option to limit disclosure to 75 per cent of its purchases and sales (in value), respectively.
- 5. Previous year comparatives:** Reporting of previous year numbers will be voluntary in the first year of ESG disclosures for the value chain.
- 6. Green credits disclosure:** Introduction of a leadership indicator in Principle 6 of BRSR framework, for disclosing Green credits generated or procured by the listed entity and its top-10 value chain partners.

Additionally, SEBI, through its circular dated 20 December 2024, issued the Industry Standards on Reporting of BRSR Core (the Industry Standards). These standards have been developed by the Industry Standards Forum (ISF) comprising ASSOCHAM, FICCI, and CII<sup>2</sup>, and aim to facilitate the standardisation and ease of implementation of BRSR Core disclosures under the SEBI LODR Regulations. The guidelines are designed with an objective to help listed entities comply with the requirements outlined in Regulation 34(2)(f) of the LODR Regulations. This circular will be applicable for the financial year 2024-25 and onwards.

*For detailed read of BRSR updates, please refer to KPMG in India's First Notes "SEBI introduces certain key changes in BRSR reporting" dated 23 December 2024.*

### Enhancing the SME segment framework and corporate governance provisions

To enhance the framework for public issues by Small and Medium Enterprises (SMEs), SEBI approved amendments to the SEBI ICDR Regulations and SEBI LODR

Regulations. Key amendments include:

- IPO eligibility:** SMEs can make an Initial Public Offering (IPO) only if they have an operating profit<sup>3</sup> of INR1 crore from operations for any two out of the three previous financial years at the time of filing Draft Red Herring Prospectus (DRHP).
- Offer for sale (OFS):** Selling shareholders in SME IPOs can offer up to 20 per cent of the total issue size and cannot sell more than 50 per cent of their holding.



2. The Associated Chambers of Commerce and Industry of India (ASSOCHAM), Federation of Indian Chambers of Commerce and Industry (FICCI) and Confederation of Indian Industry (CII)

3. Operating profit is earnings before interest, depreciation and tax.



- **Promoters' lock-in:** Promoters' holdings in excess of the Minimum Promoter Contribution (MPC) to be released in phases i.e. 50 per cent after one year and the remaining 50 per cent after two years.
- **General corporate purpose (GCP):** The amount allocated for GCP in SME IPOs will be capped at 15 per cent of the amount being raised or INR10 crore, whichever is lower.
- **Prohibited uses:** SME issues cannot be used to repay loans from promoters, promoter groups, or related parties, whether directly or indirectly.
- **RPTs:** RPT norms for main board-listed entities will be extended to SME-listed entities, with a threshold for considering RPT as material of 10 per cent of annual consolidated turnover or INR50 crore, whichever is lower.

#### Measures to facilitate ease of doing business for ESG rating providers

To facilitate ease of doing business for ESG Rating Providers (ERPs) following a subscriber-pays model, SEBI has approved several proposals, such as:

- ESG rating reports to be shared with both subscribers and the rated issuer at the same time.
- A clear process for dealing with appeals and representations by the rated issuer has been established.
- Activity based regulatory framework for ERPs to undertake activities falling under the purview of other financial sector regulators/authorities and to hive off non-regulated activities to a separate entity, subject to certain conditions.

#### Corporate governance norms for HVDLEs

To enhance ease of doing business and to reduce compliance burdens for High Value Debt Listed Entities (HVDLEs), SEBI approved the following amendments:

1. **Threshold increase:** The threshold for identifying HVDLEs for applicability of corporate governance norms increased from INR500 crore to INR1,000 crore.
2. **New chapter and sunset clause:** A new chapter and sunset clause will be introduced in the LODR Regulations for corporate governance norms applicable to HVDLEs.

3. **Committee constitution:** HVDLEs will have increased flexibility in constituting various committees for the Nomination and Remuneration Committee (NRC), Stakeholder Relationship Committee (SRC) and the Risk Management Committee (RMC).

4. **Directorship ceiling:** HVDLEs to be included in computation of listed entities while counting the ceiling on the number of directorships, memberships or chairpersonships so as to ensure that a director is able to give adequate attention to each listed entity.

5. **RPT approvals:** In debt-listed entities where shareholding is held by one or a few related party shareholders, RPTs should obtain a No Objection Certificate (NOC) from the debenture trustee. The NOC must be obtained before seeking shareholders' approval. If not obtained, the matter will not proceed for shareholders' consideration. These provisions would be applicable to RPTs by HVDLEs from 1 April 2025.

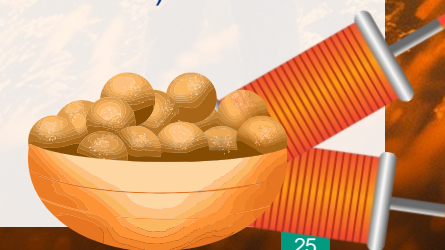
6. **Voluntary BRSR:** To promote the practice of good governance at par with equity listed entities, HVDLEs would be encouraged to provide disclosures as per BRSR on a voluntary basis.

7. **PPP mode relaxation:** Entities set up under the Public Private Partnership (PPP) mode will receive relaxation from director composition provisions under the LODR Regulations, similar to Public Sector Undertakings or other statutory entities.

#### Definition of UPSI under SEBI PIT Regulations expanded

With an aim to broaden the scope of Unpublished Price Sensitive Information (UPSI), SEBI approved amendments to the definition of UPSI under SEBI (Prohibition of Insider Trading) Regulations, 2015 (PIT Regulations). The revised definition would include events from Para A and Para B of Part A of Schedule III of LODR in the illustrative list of events in the definition of UPSI. Schedule III provides the list of material events requiring disclosures under the LODR Regulations. For the purpose of identifying events as UPSI, threshold limits defined under Para A and Para B would be considered.

(Source: SEBI's 208th Board Meeting, PR No .36/2024, dated 18 December 2024)





## Introduction of ESG Debt securities

In 2017, SEBI introduced a framework for the issuance of green debt securities, which was revised in 2023. The definition of 'green debt securities' under Regulation 2(1)(q) of the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 (NCS Regulations) is limited to financing projects like renewable energy, clean transportation, and energy efficiency etc. Accordingly on 11 December 2024, SEBI announced amendments to the SEBI NCS Regulations to introduce new clause concerning Environment, Social, and Governance (ESG) debt securities.

'ESG debt securities' has been defined as green debt securities, social bonds, sustainability bonds, sustainability-linked bonds, or any other type of bonds, by whatever name called, that are issued in accordance with such international frameworks as adapted or adjusted to suit Indian requirements that are specified by SEBI from time to time, and any other securities as specified by SEBI. Further, SEBI has not yet specified the conditions for the issuance and listing of these ESG debt securities.

(Source: SEBI (Issue and Listing of Non-Convertible Securities) (Third Amendment) Regulations, 2024, dated 11 December 2024)



## New asset classes introduced in the Indian mutual fund ecosystem

SEBI has issued the SEBI (Mutual Funds) (Third Amendment) Regulations, 2024 introducing the Specialised Investment Funds (SIF) and Mutual Funds Lite (MF Lite) framework bringing about significant changes to the mutual fund ecosystem in India.

The key highlights of both these new asset classes are:

**Specialised Investment Funds (SIF):** SIFs are a new asset class, which, in terms of flexibility in portfolio construction, are between mutual funds and Portfolio Management Systems (PMS). Following are some key provisions within this framework:

- Eligibility: SIF has been defined as a mutual fund that is required to comply with the conditions stipulated in Chapter VI-C and comply with the specified eligibility criteria. Further, Investors in SIFs to contribute a minimum of INR10 lakhs across all investment strategies, except in case of an accredited investor.
- Portfolio restrictions: SEBI imposed a cap on investment that a maximum of 20 per cent of Net Asset Value (NAV) can be invested in debt instruments of a single

issuer (extendable to 25 per cent with trustee approvals). Further, total investments across schemes should not exceed 15 per cent of a company's paid-up capital carrying voting rights (inclusive of other mutual fund schemes.)

- Distinct identity: SIF to have a unique identification, distinct from the MF, to clearly differentiate the offerings of the SIF from those of the MF.
- Investor eligibility: SIFs cannot accept an investment amount less than INR10 lakh across all investment strategies from an investor.

**MF Lite:** SEBI introduced a relaxed regime the MF Lite framework, to provide a simplified compliance framework aimed at passive investment schemes like index funds and Exchange-Traded Funds (ETFs). Some key highlights are as follows:

- Eligibility and norms for shareholding
  - a. Sponsors may hold separate registrations for regular mutual funds and MF Lite.



- b. Existing sponsors can transfer eligible passive schemes to a group entity registered as MF Lite.
- c. Shareholders holding 10 per cent or more holdings in AMCs may hold equivalent stakes in MF Lite AMCs within the same group.
- d. Existing MFs focusing solely on passive schemes may surrender their existing registrations and migrate as a MF Lite.
- Net worth requirements: The MF Lite should have minimum net worth of INR35 crore deployed in assets for the AMC. Further, the net worth may be reduced to INR25 crore if the AMC reports profits for five consecutive years. For sponsors not meeting eligibility criteria, a higher net

worth of INR50 crore is required. Similarly, it may be reduced to INR25 crore in case of profits for five consecutive years.

- Other provisions:
  - a. MF lite scheme should operate under a registered trust.
  - b. AMCs to ensure distinct operational frameworks for passive funds.
  - c. SEBI specified stringent governance and compliance norms for MF Lite.

(Source: SEBI Notification No. SEBI/LAD-NRO/GN/2024/221, "Securities and Exchange Board of India (Mutual Funds) (Third Amendment) Regulations, 2024" dated 16 December 2024 and SEBI Circular SEBI/HO/IMD/PoD2/P/CIR/2024/183, "Introduction of a Mutual Funds Lite (MF Lite) framework for passively managed schemes of Mutual Funds", dated 31 December 2024)

## Compliance timelines for CSCRF extended

In August 2024, SEBI issued the 'Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs). The framework was issued with an aim to enhance cybersecurity measures and resilience among SEBI REs to address evolving cyber threats and technological advancements. Subsequent to issue of framework, SEBI received certain queries from REs. Considering that, SEBI issued following clarifications with respect to the framework:

- **Regulatory forbearance:** SEBI provided grace period until 31 March 2025 (earlier 1 January 2025) for applicability compliance requirements, and no

regulatory action will be taken for non-compliance if REs can demonstrate meaningful progress made in implementation of CSCRF.

- **Extended compliance dates:** The compliance deadlines for KYC Registration Agencies (KRAs) and Depository Participants (DPs) are extended to 1 April 2025.
- **Data localisation:** Provisions related to data localisation are on hold, pending further clarifications.

(Source: SEBI circular SEBI/HO/ITD-1/ITD\_CSC\_EXT/P/CIR/2024/184, dated 31 December 2024)



## IRDAI further strengthens the regulatory framework

With an aim to drive sustainable growth, improve efficiency in operations and uphold policyholder protection in the dynamic insurance landscape on 10 January 2025, the Insurance Regulatory and Development Authority of India (IRDAI) issued three regulations as mentioned below.

Some key points provided in the notification are as follows:

### a. Regulations on Regulatory Sandbox

**2025:** The Regulatory Sandbox framework has been further strengthened to promote innovation, adaptability and operational efficiency in the insurance sector. The new Regulations are more principle-based and operational aspects will be issued through a master circular. The scope of the sandbox has been expanded and introduced enabling provision to file Inter-Regulatory Sandbox proposals, cutting across more than one financial sector.

### b. Regulations on Maintenance of Information by the Regulated Entities and Sharing of Information by the Authority:

The Regulation mandates

electronic record-keeping with robust security and privacy measures. Further it requires Regulated Entities (Res) to adopt data governance framework and implement Board approved policies for record maintenance

### c. Amendments to Regulations:

In order to enhance operational flexibility, governance and efficiency of conducting meetings, amendments to the following three regulations have been notified:

- IRDAI (Meetings) (Amendment) Regulations, 2025
- IRDAI (Insurance Advisory Committee) (Amendment) Regulations, 2025
- IRDAI (Re-Insurance Advisory Committee) (Amendment) Regulations, 2025

The objective of these amendment regulations is to enhance the clarity and efficiency of the meetings of the Authority.

(Source: IRDAI Press release dated 10 January 2025)





## ICAI issues exposure draft of Ind AS 118 *Presentation and Disclosure in Financial Statements*

Recently, the Institute of Chartered Accountants of India (ICAI) issued the exposure draft of Ind AS 118 *Presentation and Disclosure in Financial Statements* which will replace Ind AS 1 *Presentation of Financial Statements*. The new standard is in line with the new IFRS 18 *Presentation and Disclosure in Financial Statements* issued by the International Accounting Standards Board (IASB) in April 2024.

The new standard aims to enhance the clarity of financial statements, particularly focusing on financial performance in profit or loss. Some key features are as follows:

1. Introduced subtotals in the statement of profit and loss where a company will classify income and expenses into **operating, investing and financing** categories plus **income taxes and discontinued operations**
2. Introduces two new defined subtotals in profit or loss section
  - a. Operating profit or loss and

- b. Profit or loss before financing and income taxes.
3. Requires disclosures about management-defined performance measures and enhanced principles for grouping (aggregation and disaggregation) of information.

Introduction of Ind AS 118 will also result in consequential amendments to some other standards i.e. Ind AS 7 *Statement of Cash Flows*, Ind AS 33 *Earnings per share*, and Ind AS 34, *Interim financial reporting*.

Considering, IFRS 18 is effective for annual reporting periods beginning on or after 1 January 2027, Ind AS 118 is proposed to be made effective for annual reporting periods beginning on or after 1 April 2027.

The exposure draft is open for comments until 6 April 2025.

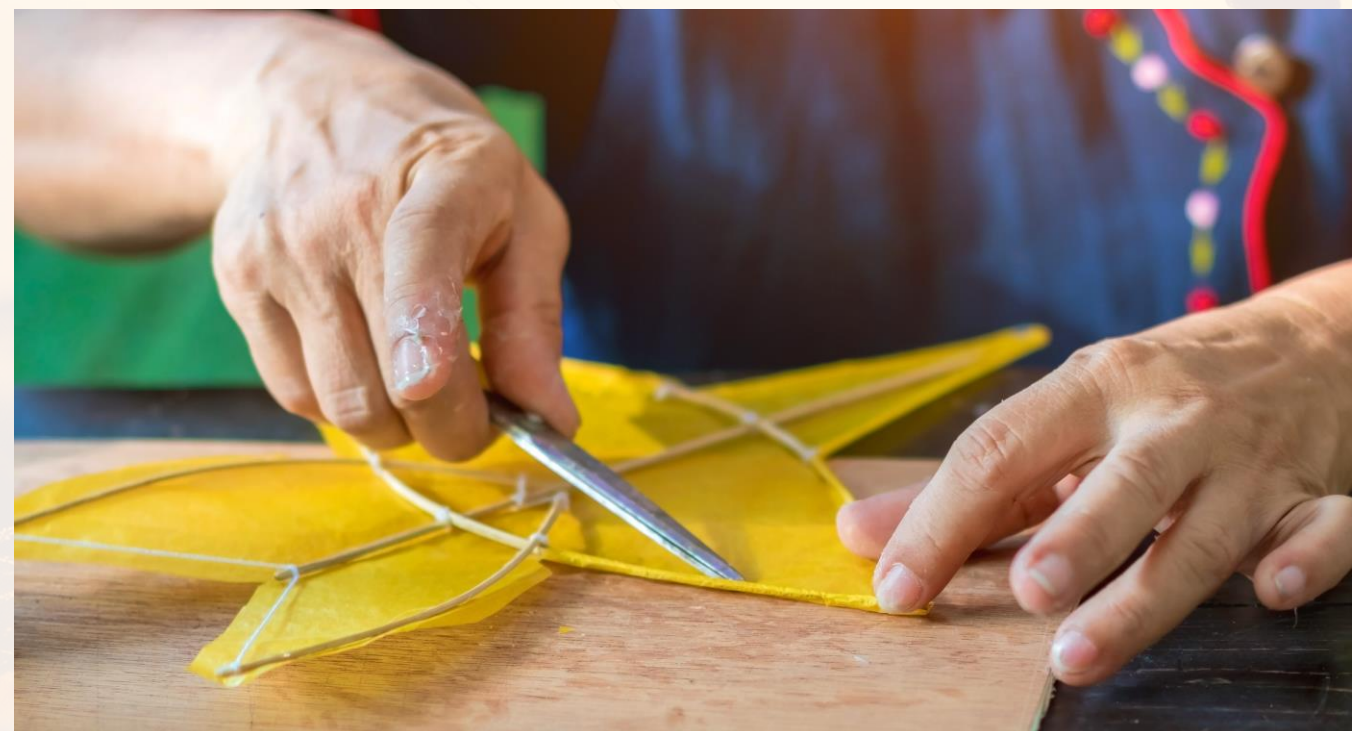
(Source: ICAI Announcements, Accounting Standards Board, exposure draft of Ind AS 118 *Presentation and Disclosure in Financial Statements*, dated 6 January 2025)

## MCA further extends timelines for CSR reporting

Rule 12 of the Companies (Accounts) Rules, 2014 requires every company covered under the Corporate Social Responsibility (CSR) to disclose their CSR activities through Form CSR-2. In September 2024, the Ministry of Corporate Affairs (MCA) had extended the timeline for filing Form CSR-2 for the financial

year 2023-24 to 31 December 2024. On 31 December 2024, MCA has further extended the timeline for filing Form CSR-2 for the financial year 2023-24 to 31 March 2025.

(Source: MCA Notification No. G.S.R. 794(E)., dated 31 December 2024)





## Rules relating to ESG proposed by MoEFCC

Recently, the Ministry of Environment, Forest and Climate Change (MoEFCC) released following draft rules:

### Extended Producer Responsibility Rules

**2024:** On 6 December 2024, the MoEFCC released a draft of the Environment Protection (Extended Producer Responsibility for Packaging Made from Paper, Glass, and Metal, as Well as Sanitary Products) Rules, 2024 (EPR Rules 2024). These draft rules provide Extended Producer Responsibility (EPR) by ensuring the eco-friendly management of certain packaging materials throughout their life cycle. The main goals are to reduce environmental pollution and encourage sustainable practices by promoting a circular economy through reuse, recovery, and recycling.

The proposals would be applicable to:

1. Producers (P): Entities manufacturing packaging made from the specified materials.

2. Importers (I): Companies importing packaging or sanitary products for the Indian market.
3. Brand Owners (BO): Owners of brands marketing products using these packaging materials.
4. Waste Processors: Organisations engaged in recycling or processing waste into usable forms.

Further, it applies to entities handling packaging made of paper, glass, metal (excluding non-ferrous metal-based packaging), and sanitary products. The Rules would promote elements such as reduced packaging, recycling, use of recycled content, and end-of-life disposal.

The draft is open for comments until 60 days from date of publishing in the official gazette (i.e. it was published in the official gazette on 6 December 2024).

(Source: MoEFCC Notification S.O. 5282 (E). dated 6 December 2024)

### Solid waste management rules, 2024:

The MoEFCC introduced draft of the Solid Waste Management Rules, 2024 which would supersede Solid Waste Management Rules, 2016 with effect from 1 October 2025. Solid waste management encompasses the collection, transportation, treatment, and disposal of solid waste to prevent environmental and health risks. This includes non-liquid, non-soluble materials from various sources such as households, businesses, markets, catering, biomedical, and electronic waste, which may sometimes contain hazardous substances. These new rules aim to promote a circular economy and improve regulation monitoring in both urban and rural areas.

The draft is open for comments for 60 days from the date of publishing in the official gazette (i.e. 60 days from 9 December 2024).

(Source: MoEFCC Notification S.O. 5369 (E). dated 9 December 2024)





## Revised environment relief fund scheme: key changes and implementation

On 23 July 2024, MoEFCC published a draft notification to amend the Environment Relief Fund Scheme, 2008. This scheme provides a crucial mechanism for victims of industrial accidents to claim compensation and for addressing environmental damage. Considering feedback from stakeholders and conducting internal deliberations, on 17 December 2024, the MoEFCC issued the Environment Relief Fund (Amendment) Scheme, 2024. Some key amendments include:

### 1. Structural amendments

- The Central Government (CG) would control the relief fund to ensure greater oversight and accountability.
- The Central Pollution Control Board (CPCB) will replace the United India Insurance Company Limited as the fund manager, starting from 1 January 2025, for a period of five years.

- Electronic modes of payment will now be accepted.
- The fund manager, in consultation with the CG, will develop and maintain an online portal for implementing the scheme and tracking the funds. Further, funds will be disbursed according to the orders of the CG or a district collector.

- 2. Compensation mechanism:** The Fund Manager will release funds within 30 days of receiving the order
- 3. Environmental restoration:** Funds will be earmarked for environmental restoration.
- 4. Audit:** The accounts of the Relief Fund will be audited by an independent auditor appointed by the Central Government.

(Source: MoEFCC notification no S.O 5453(E)., dated 17 December 2024)

## IASB updates IFRS accounting standards for nature-dependent electricity contracts

On 18 December 2024, the International Accounting Standards Board (IASB) issued amendments to IFRS 9, *Financial Instruments* and IFRS 7, *Financial Instruments: Disclosures* to address contracts for buying or selling renewable electricity with specific characteristics. Following are some of the key changes:

Amending the own-use requirements in IFRS 9 to consider factors for contracts to buy and take delivery of nature-dependent renewable electricity.

Permitting hedge accounting for these contracts when used as hedging instruments.

Adding new disclosure requirements to help investors understand the impact of these contracts on a company's financial performance and cash flows.

The amendments are applicable for annual reporting periods beginning on or after 1 January 2026, with an option for early adoption.

(Source: IFRS.org, news and events : 'IASB updates IFRS Accounting Standards for nature-dependent electricity contracts', dated 18 December 2024)





## FASB proposes update to enhance financial reporting of environmental credits and obligations

The Financial Accounting Standards Board (FASB) has proposed an Accounting Standards Update (ASU) to improve the financial accounting and disclosure of environmental credits and obligations. Stakeholders have noted increasing regulatory requirements related to emissions, often resulting in obligations settled with environmental credits. Some entities also voluntarily purchase these credits. The lack of specific guidance in generally accepted accounting principles (GAAP) has led to inconsistent practices.

The proposed ASU sets out requirements for recognising, measuring, presenting, and disclosing environmental credits and related obligations in financial statements. The consultation paper is open for comments until 15 April 2025.

(Source: FASB.org, news : 'FASB Seeks Public Comment on Proposal to Improve Financial Accounting for and Disclosure of Environmental Credits and Environmental Credit Obligations', dated 17 December 2024)

