Voices on Reporting

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Agenda

IFRS 18, Presentation and Disclosure in Financial Statements

IFRS 18 – an overview

IAS 1 (Presentation of Financial Statements) did not provide specific guidelines on:

How
income & expenses

are organised in income statement?

How
sub-totals

of incomes & expenses should be displayed in income statement?

How
information

should be aggregated and disaggregated in the primary financial statements or disclosed in the notes.

Furthermore
companies are

using non-GAAP measures to give details regarding their financial performance

The International Accounting Standards Board (IASB) issued a new standard International Financial Reporting Standard (IFRS) 18 on presentation and disclosure of financial statements to improve usefulness and relevance of financial statements. It is effective from 1 January 2027.

With respect to the corresponding standard in India, an exposure draft of Ind AS 118 was issued by the ICAI on 6 January 2025. The comment period ended on 6 May 2025.

How does the income statement look now?

IFRS 18 introduces some key changes for the income statement, including:

- **two newly required subtotals** on the face of the income statement;
- income and expenses classified into **three new categories**, depending on a company's main business activities. Existing categories of income tax and discontinued operations remain as is; and
- **results of equity-accounted investees** no longer presented as part of operating profit (now always in the investing category).

All companies will need to assess category for their income and expenses as per their main business activity

	IFRS 18	
	Particulars	**Amount**
Operating	**Revenues**	XX
Operating	**Operating Expenses**	XX
	Operating profit	XX
Investing	**Share of profit or loss of equity – accounted investees**	XX
Investing	**Income from other investments**	XX
Investing	**Interest income from cash and cash equivalents**	XX
	Profit or loss before financing and income-tax	XX
Financing	**Interest expense on borrowings and lease liabilities**	XX
Financing	**Interest expenses on pension liabilities**	XX
	Profit before tax	XX
	Income tax	XX
	Profit for the year	XX

What are Management Performance Measures?

Scope of MPMs: IFRS 18 requires entities to disclose information about all its MPMs in a single note to financial statements :

Performance Measures (PM)

Finance PM

Non-Finance PM

Sub-totals of Income and Expenses

Measures other than sub-totals of Income and Expenses

1. Number of Subscribers
2. Customer Satisfaction Score
3. Store Surface

IFRS specified measures

MPMs

1. Free Cash flow
2. Return on Equity
3. Net Debt
4. Same-store sales

1. Operating Profit
2. Operating Profit before depreciation, amortisation and specified impairments

1. **Adjusted profit and loss**
2. **Adjusted operating profit**
3. **Adjusted EBITDA**

Aggregation and disaggregation

IFRS 18 requires companies to aggregate or disaggregate information about individual transactions and other events into the information presented in the primary financial statements and disclosed in the notes. The requirements are based on principles for grouping (aggregation and disaggregation) of information.

IFRS 18 requires companies to ensure that:

Items are

- aggregated based on shared characteristics
- and disaggregated based on characteristics that are not shared;

Items are aggregated or disaggregated such that

- the primary financial statements and the notes fulfil their roles; and

The aggregation and disaggregation of items

- does not obscure material information.

Companies will be specifically required to disaggregate information whenever the resulting information is material. If a company does not present such information in the primary financial statements, it will disclose the information in the notes.

8

Key things to consider

01

Once Ind AS 118 is notified, **schedule III** will need **to be amended** appropriately

02

Classification of income and expenses as operating, investing and financing – **cash flow categories cannot be the default base**

03

Classification of expenses within operating category – **By Nature vs By Function**

04

Classification of foreign exchange gains and losses between the categories

05

Classification of derivative gains and losses between the categories

06

Disclosure of **Management Performance Measures**

07

Consequential changes to other standards

- Ind AS 33 *Earnings Per Share*
- Ind AS 7 *Cash flow statements*

08

Restatement of comparative periods and related reconciliations

Amendments to Ind AS 21, The Effects of Changes in Foreign Exchange Rates

Amendment to Ind AS 21 – Lack of exchangeability [1/3]

The Ministry of Corporate Affairs (MCA), vide a notification[1] dated 7 May 2025, issued amendments to Ind AS 21. The amendments clarify:

- When a currency is exchangeable into another currency; and
- How a company estimates a spot rate when a currency lacks exchangeability.

These amendments are applicable from 1 April 2025.

Two-step approach

Step 1: Assessing whether a currency is exchangeable

Is the currency exchangeable into the other currency at the measurement date for the specified purpose

Yes → **Apply the applicable requirements in Ind AS 21**

No ↓

Step 2: Estimating the spot exchange rate when a currency is not exchangeable

Estimate the spot exchange rate that meets the objective of Ind AS 21 by either using:
(a) an observable exchange rate without adjustment or
(b) another estimation technique

Amendment to Ind AS 21 – Lack of exchangeability [2/3]

Step 1: Is the currency exchangeable

Key considerations

1. Normal administrative delay is permitted
2. Ability to obtain the currency is essential and not the intent
3. Currency is exchangeable at measurement date for specified purpose
4. Exchange transaction should create enforceable rights and obligations
5. Ability to obtain more than insignificant amounts

No

Step 2: If currency is not exchangeable, estimate the spot exchange rate

Estimate the spot exchange rate that meets objectives in paragraph 19A by using either:

1. An observable exchange rate without adjustment

When making this assessment (i.e. whether the exchange rates reflect the prevailing economic conditions), a company needs to consider the following:

- Whether several observable exchange rates exist
- The purpose for which the currency is exchangeable - e.g. if other currency can be obtained only for limited purposes, such observable rate might not reflect the prevailing economic conditions
- The nature of the exchange rate – a free floating observable exchange rate more likely reflects prevailing economic activities and
- The frequency with which exchange rates are updated - an observable exchange rate that remains unchanged over time is less reflective of current economic conditions than one that is updated daily or more frequently.

2. Another estimation technique

Amendment to Ind AS 21 – Lack of exchangeability [3/3]

Disclosures

New disclosure requirements would help users assess the impact of using an estimated exchange rate on the financial statements. These disclosures might include:

- The nature and financial impacts of the currency not being exchangeable into the other currency;
- The spot exchange rate(s) used;
- The estimation process; and
- The risks to which the company is exposed because of the currency not being exchangeable into the other currency.

The amendments also provide specific guidance in relation to the minimum disclosures to be provided including when a foreign operation's functional currency is not exchangeable into the presentation currency and vice versa .

Securities and Exchange Board of India (SEBI) updates

Updates from SEBI Board Meeting dated 18 June 2025 [2] [1/2]

Amendments to SEBI (ICDR) Regulations, 2018 and SEBI (SBEB) Regulations, 2021

1) Offer for Sale (OFS) norms - Relaxation

- **Current rule:** Sellers must hold equity shares for **minimum one year** before OFS.
- Exemption currently applies only to equity shares from approved schemes.
- **Amendment approved:** Extended exemption to **converted equity shares** from compulsorily convertible securities (CCS) under approved schemes.
- **Rationale:**
  - Resolves **regulatory ambiguity**.
  - Aligns with **Minimum Promoters' Contribution (MPC)** norms.
  - Assist companies undergoing reverse flipping

2) Contribution to MPC

- **Current rule:** Only **promoters** could contribute equity shares from **CCS conversion** toward meeting **Minimum Public Shareholding (MPS)** requirements.
- **Non-promoter entities** were **not permitted**.
- **Amendment approved:** The following **relevant persons** to contribute equity shares from CCS conversion toward MPS:
  - Alternative Investment Funds (AIFs)
  - Foreign Venture Capital Investors
  - Scheduled Commercial Banks
  - Public Financial Institutions
  - Insurance Companies (registered with IRDAI)
  - Non-individual public shareholders with ≥5 per cent post-issue capital
  - Promoter group entities (excluding the promoter)

Updates from SEBI Board Meeting dated 18 June 2025 [2] [2/2]

Amendment to SEBI (ICDR) Regulations, 2018

3) Dematerialisation mandate

- Mandatory **dematerialisation of existing securities** held by specific shareholders **before filing the Draft Red Herring Prospectus (DRHP)** for an IPO.
- Demat requirement now applies to promoter group, selling shareholders, directors, key managerial personnel (KMPs), senior management, qualified institutional buyers (QIBs), employees, shareholders with special rights, registered stock brokers, non-systemically important NBFCs, other financial sector-regulated entities.

4) Simplification of QIP Placement Document

- Simplify disclosures for faster, cost-effective capital raising.
- **Key changes are as follows :**

– **Reduced redundancy:** Elimination of repetitive information already available in the public domain.

– **Summarised disclosures:** Concise presentation of financials and legal texts; no full replication required.

– **Materiality thresholds:** Legal proceedings and risk factors disclosed based on turnover, net worth, or profit/loss thresholds.

– **Focus on QIBs:** Tailored for sophisticated investors capable of interpreting summarized data.

– **Streamlined process:** Faster and more cost-effective capital raising for companies.

SEBI: Other Noteworthy Updates

Limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [3]

- **Regulation 58(1)(b)** of SEBI LODR requires sending hard copies of salient features to holders without registered email addresses.
- **MCA Circular No. 09/2023 (25 September 2023)**: Relaxation from sending physical copies for AGMs till 30 **September 2024**.
- **MCA Circular No. 09/2024 (19 September 2024)**: Extension of relaxation till 30 **September 2025**.
- **SEBI Proposal (21 April 2025):** invited public comments to align with MCA relaxations.
- Amendment includes:
  - **Continued relaxation** from 1 **October 2024** for compliant issuers.
  - **Additional relaxation** till 30 **September 2025**, if issuers publish a **web link** to financial documents in advertisements (Regulation 52(8)).
- No penal action for eligible issuers during the relaxation period.

SEBI: Other Noteworthy Updates

Framework for Environment, Social and Governance (ESG) Debt Securities (other than green debt securities) [4]

- **Applicability**: Covers listed or proposed-to-be-listed ESG debt securities for both public issues and private placements.
- **Fund Utilisation**: Funds must be utilized for eligible sustainable or social projects. Debt securities would be labelled as 'social bonds' or 'sustainability bonds' or 'sustainability-linked bonds' only if the funds raised through the issuance of such debt securities are proposed to be utilised for financing or refinancing projects and/or assets aligned with any of the specified recognized
- **Disclosure Requirements**:
  - **Initial Disclosures**: Issuers must provide details in the offer document, including social objectives, project eligibility criteria, and fund tracking mechanisms.
  - **Continuous Disclosures**: Issuers must report impact assessments, fund utilization, and key performance indicators (KPIs) in annual reports.
- **Third-Party certification**: Issuers must appoint an independent reviewer to verify compliance with ESG standards.
- **Regulatory oversight**: SEBI has empowered ESG rating agencies to ensure proper assessments and adherence to sustainability targets.
- **Implementation Date**: The framework is effective from 5 June 2025.

Other regulatory updates

Recent Amendment to the Income-tax Act, 1961

Ministry of Finance, vide notification[7] dated 23 April 2025, provided that any expenditure incurred to settle proceedings initiated in relation to contravention or defaults under the following laws shall not be deemed to have been incurred for the purpose of business or profession and no deduction or allowance shall be made in respect of such expenditure:

- **Securities and Exchange Board of India Act, 1992**
- **Securities Contracts (Regulation) Act, 1956**
- **Depositories Act, 1996**
- **Competition Act, 2002**

Key Updates from the Reserve Bank of India (RBI) [1/2]

Reserve Bank of India (Project Finance) Directions, 2025 [5]

The Reserve Bank of India (Project Finance) Directions, 2025, released on 19 June 2025, and coming into effect from 1 October 2025, introduce the following key updates:

- **Permissible extension for the Date of Commencement of Commercial Operations (DCCO):** Original / extended DCCO, as the case may be, is extended, along with the consequential shift in repayment schedule for equal or shorter duration (including the start date and end date of revised repayment schedule), within the following time limits:

	Infrastructure Projects	Non-Infrastructure Projects (including CRE and CRE-RH)
Permitted deferment of DCCO from the original DCCO	Upto 3 years	Upto 2 years

- **Provisioning for standard assets**

	Construction Phase (in per cent)	Operational Phase – **<u>after</u>** commencement of repayment of interest **<u>and</u>** principal (in per cent)
Commercial Real Estate (CRE)	1.25	1.00
Commercial Real Estate-Residential Housing (CRE-RH)	1.00	0.75
All others	1.00	0.40

- **Provisioning for DCCO Deferred Standard Assets**

  For accounts which have availed DCCO deferment and are classified as 'standard', lenders shall maintain additional specific provisions of 0.375% for infrastructure project loans and 0.5625 per cent for non-infrastructure project loans (including CRE and CRE-RH), for each quarter of deferment, over and above the applicable standard asset provision.

- **Disclosures**

  Lender shall make appropriate disclosures in their financial statements, under 'Notes to Accounts', relating to resolution plans implemented. The format for disclosure has been provided in these Directions.

Key Updates from the Reserve Bank of India (RBI) [2/2]

Reserve Bank of India (Digital Lending) Directions, 2025 [6]

- The Reserve Bank of India (Digital Lending) Directions, 2025, released on 8 May 2025 came into force immediately except for para 6 (RE-LSP arrangements involving multiple lenders), which shall come into effect from 1 November 2025, and para 17 (Reporting of Digital Lending Apps/ Platforms (DLAs) to RBI), which came into effect from 15 June 2025.

- These Directions shall be applicable to all digital lending activities of the following entities, hereinafter referred to as a Regulated Entity (RE) and collectively as Regulated Entities (REs), as the context may require:
    i. All Commercial Banks,
    ii. All Primary (Urban) Co-operative Banks, State Co-operative Banks, Central Co-operative Banks,
    iii. All Non-Banking Financial Companies (including Housing Finance Companies), and
    iv. All All-India Financial Institutions.

- Digital lending by a Regulated Entities (RE) involving a Lending Service Provider (LSP), shall be carried out under a contractual agreement between the RE and the LSP, which clearly defines the respective roles, rights, and obligations of each party thereto.

- RE may enter into Default Loss Guarantee (DLG) arrangements only with a LSP/ other RE engaged as a LSP. Further, the LSP providing DLG shall be incorporated as a company under the Companies Act, 2013.

- DLG arrangements shall be backed by an explicit and legally enforceable contract between the RE and the DLG provider. Such contract, among other things, shall contain the following details:
    a.Extent of DLG cover;
    b.Form in which DLG cover is to be maintained with the RE;
    c.Timeline for DLG invocation;
    d.Disclosure requirements as under para 27 of these Directions.

- **Recognition of individual loan assets in the portfolio as Non-Performing Asset (NPA) and consequent provisioning shall be the responsibility of the RE as per the extant asset classification and provisioning norms irrespective of any DLG cover available at the portfolio level**

Q&A

Annexures

Annexures

Other SEBI Updates

SEBI clarification on position of Compliance Officer [8]

The Compliance Officer of a listed entity must:

- Be in **whole-time employment** of the listed entity
- Be **not more than one level below the Board of Directors**
- Be designated as a **Key Managerial Personnel (KMP)**.

Clarification on 'one level below the board'

- **If the entity has a Managing Director (MD) or Whole-Time Director (WTD):**
  - The Compliance Officer must be **one level below the MD/WTD** who are part of the Board.
- **If the entity does not have an MD or WTD:**
  - The Compliance Officer must be **one level below the CEO, Manager, or any person heading day-to-day affairs** of the listed entity.

FAQs on amendments to LODR Regulations [9]

SEBI issued Frequently Asked Questions (FAQs) to improve ease of doing business for listed entities pertaining to SEBI LODR Regulations, 2015. **Some key areas covered in the FAQ inter-alia include:**

- Mandatory disclosure requirements
- Related party transactions
- Secretarial auditor tenure
- Minimum public shareholding (basis SEBI Master circular dated 11 November 2024),
- BRSR Core reporting
- Disclosure of forensic auditors.

Note: The FAQs provide interpretative guidance and should be read alongside official SEBI regulations and circular.

Other SEBI Updates [2/5]

SEBI (LODR) Second Amendment Regulations, 2025 [10]

Trustees managing Special Purpose Distinct (SPD) entities can:

- Obtain a single SCORES platform (SEBI Complaints Redressal System) registration for all their entities.
- Streamline grievance redressal under Regulation 13(2) of the SEBI LODR Regulations.

Annual disclosure requirements for SPD entities and their trustees regarding Securitised Debt Instruments (SDIs):

- Clause 10: Report litigations or material developments involving originator, servicer, or other parties that may affect investors.
- Clause 11: Disclose any defaults by servicers in fulfilling obligations.

Clarifications on Cybersecurity and Cyber Resilience Framework (CSCRF) [11]

SEBI, on 30 April 2025, issued clarifications on the CSCRF for SEBI Regulated Entities (REs) with the purpose of streamlining CSCRF implementation and to ensure proportional compliance REs. Salient aspects of the clarifications include:

- **Annual categorisation of REs:**
  At the start of each financial year, REs will be categorised based on data from the previous financial year. These categories - Qualified REs, Mid-sized REs, Small-sized REs, and Self-Certification Res - will remain fixed for the entire year. If an RE qualifies for multiple categories, it must comply with the requirements of the highest applicable category.
- **Hardware Security Module (HSM) requirements:**
  A dedicated HSM is mandatory for Market Infrastructure Institutions (MIIs) and Qualified REs, as defined under CSCRF. Other REs may adopt alternative solutions, provided they are supported by a board-approved risk assessment.
- **Exemptions for Select Market Participants:**
  Certain entities are exempt from specific requirements. These include stock-brokers and depository participants with smaller client bases or lower trading volumes, investment advisers and research analysts not registered in other capacities, and smaller portfolio managers, alternative investment funds, and venture capital funds.

Other SEBI Updates [3/5]

SEBI tightens ESG rating norms [12]

- **Rating withdrawal norms**
  - Subscriber-pays model:
    - Withdrawal allowed if:
      - The company has no Business Responsibility and Sustainability Report (BRSR), or
      - There are no active subscribers at the time of withdrawal.
  - Issuer-pays model:
    - For **security ratings**: Withdrawal allowed after **3 years** or **50% of the security's tenure**, whichever is longer.
    - For **issuer/entity ratings**: Withdrawal allowed after **3 consecutive years** of rating.

- **Governance and audit requirements (Applicable to all ERPs)**
- **Mandatory internal audits** for all ERPs.
- For **Category II ERPs** (after 2 years):
  - Formation of:
    - ESG rating sub-committee.
    - Nomination & Remuneration Committee (NRC).
  - Expanded eligibility for audit teams:
    - Includes Cost Accountants (ACMA/FCMA).
    - Includes professionals with Diploma in Information System Security Audit (DISSA) certification from Institute of Cost Accounts of India (ICMAI).

Other SEBI Updates

SEBI tightens ESG rating norms (contd.)

- **Certification and disclosure**
- **SEBI Certification** is mandatory for all ERPs.
- ERPs must **disclose**:
  - Rating methodologies.
  - Rating reports on their websites.
  - Must balance transparency with protection of proprietary information.

Other SEBI Updates

Provisions to strengthen securitised debt market [13]

SEBI issued the SEBI (Issue and Listing of Securitised Debt Instruments and Security Receipts) (Amendment) Regulations, 2025, on 5 May 2025 with the following key provisions:

- **Minimum investment size:** INR1 crore for issuance and transfer of Securitised Debt Instruments (SDIs) (applies to all originators)
- **Mandatory dematerialisation:** All SDIs must be issued and traded in demat form
- **Originator eligibility and risk retention:** Originators are required to have minimum 3 years of operating history and are required to retain a portion of the securitised assets
- **Public offer guidelines:** Offer period should be 3-10 days. Advertisements for such offerings should adhere to SEBIs norms for non-convertible securities
- **Expanded definition of debt:** Scope of 'debt' has been expanded to include more financial assets such as lease receivables, rental income, and trade receivables (subject to eligibility)
- **Enhanced disclosure and governance:** Half-yearly reporting by Special Purpose Distinct Entities (SPDEs) and trustees to SEBI. SEBI may also prescribe specific formats and additional disclosures.
- **Operational restrictions**: Tighter norms for liquidity facility providers and restrictions on the exercise of clean-up call options. Strengthened code of conduct for SPDEs and trustees.

Other MCA Updates [14]

The Companies (Cost Records and Audit) Amendment Rules, 2025

These rules revise the following formats for reporting cost audit information:

Form No. CRA-2: Form of intimation of appointment of cost auditor by the company to Central Government

Form No. CRA-4: Filing of cost audit report with the Central Government.

The Companies (Audit and Auditors) Amendment Rules, 2025

These rules bring following key changes:

- Electronic filing of **ADT-4**
- Revised formats for the following forms:

  Form No. ADT-1: Notice to the Registrar by company for appointment of auditor

  Form No. ADT-2: Application for removal of auditor(s) from his/their office before expiry of term)

  Form No. ADT-3: Notice of resignation by the auditor

  Form No. ADT-4: Report to the Central Government

The Companies (Management and Administration) Amendment Rules, 2025

Revised formats for the following forms:

Form No. MGT-7: Annual return (excluding OPCs and small companies).

Form No. MGT-7A: Abridged annual return (for OPCs and small companies).

Form No. MGT-15: Form for filing report on annual general meeting.

The Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2025

These rules bring following key changes:

- Companies filing financials in XBRL must also attach a signed PDF of financial statements, Board's Report, Auditor's Report, and other documents under Section 134 of the Companies Act, 2013.(New rule 3(1A) added to XBRL rules).
- Revised format for eForm **AOC-4 XBRL:** Form for filing XBRL document in respect of financial statement and other documents with the Registrar.

The Companies (Registration Offices and Fees) Amendment Rules, 2025

These rules introduce a revised format for **Form GNL-1**, form for filing an application with the Registrar of Companies. This form is filed when no specific e-form is prescribed for a particular application or request under the Companies Act, 2013.

The Companies (Accounts) Second Amendment Rules, 2025

These rules mandate electronic filing for several forms:

- e-Form AOC-1; e-Form AOC-2; e-Form AOC-4 / AOC-4 CFS; e-Form AOC-4 NBFC(Ind AS)/AOC-4 CFS NBFC(Ind AS) and e-Form CSR.
- Companies must now include in their Board's Report, detailed data on sexual harassment complaints and their redressal, along with the declaration of compliance with the PoSH Act and a statement of compliance with the Maternity Benefit Act, 1961

The updates detailed herein shall be applicable from 14 July 2025.

Other MCA Updates

Extended timelines for CSR reporting [15]

Summary of the update regarding Rule 12 of the Companies (Accounts) Rules, 2014:

- **Applicability**: Rule 12 mandates companies that are required to constitute a Corporate Social Responsibility (CSR) Committee under Section 135(1) of the Companies Act, 2013.
- **Disclosure requirement**: Such companies must disclose their CSR activities through **Form CSR-2**.
- **Initial extension**: In December 2024, the Ministry of Corporate Affairs (MCA) extended the deadline for filing Form CSR-2 for FY 2023–24 from **31 December 2024** to **31 March 2025**.
- **Latest update**: As per MCA's notification dated **19 May 2025**, the deadline has been further extended to **30 June 2025**.

Other RBI Updates

Review of qualifying asset criteria for NBFC-MFIs [16]

RBI's notification dated 6 June 2025 regarding NBFC-MFIs:

- **Revision of Qualifying Asset Criteria**:
  - The Reserve Bank of India (RBI) has reduced the qualifying asset threshold for NBFC-MFIs from **75 per cent to 60 per cent**.
- **Alignment with Microfinance loan definition**:
  - The definition of qualifying assets is now aligned with microfinance loans as per **Paragraph 3 of the Master Directions 2022**.
- **Ongoing Compliance Requirement**:
  - NBFC-MFIs must ensure that qualifying assets constitute **at least 60 per cent of total assets (excluding intangible assets)** on an ongoing basis.
- **Remediation plan requirement**:
  - If an NBFC-MFI fails to meet the 60 per cent threshold for **four consecutive quarters**, it must submit a **remediation plan** to the RBI.
- **Effective date**:
  - The notification came into force on **6 June 2025**.

Other RBI Updates

Revised guidelines on Basel III framework on liquidity standards [17]

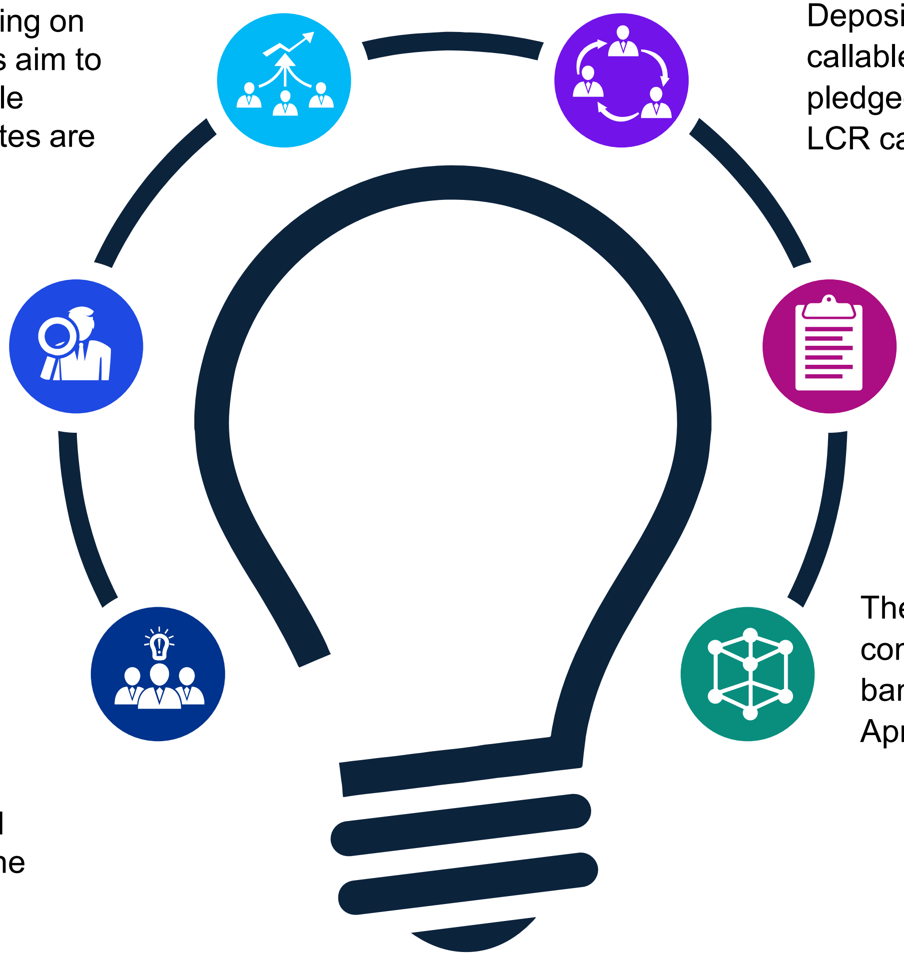
The RBI issued revised guidelines under the Basel III framework on liquidity standards, specifically focusing on the Liquidity Coverage Ratio (LCR). These updates aim to enhance the liquidity resilience of Indian banks while aligning with global best practices. Some key updates are as follows:

1. Revised run-off rates for deposits with digital access:
Retail deposits with Internet and Mobile Banking (IMB) access will now attract higher run-off rates:

- Stable deposits: 7.5 per cent (up from 5 per cent)
- Less stable deposits: 12.5 per cent (up from 10 per cent)

The same treatment applies to unsecured wholesale funding from non-financial small business customers.

2. Valuation of government securities:
Level 1 High Quality Liquid Assets (HQLA) in the form of government securities must now be valued at market value adjusted for haircuts, in line with the Liquidity Adjustment Facility (LAF) and Marginal Standing Facility (MSF) norms.

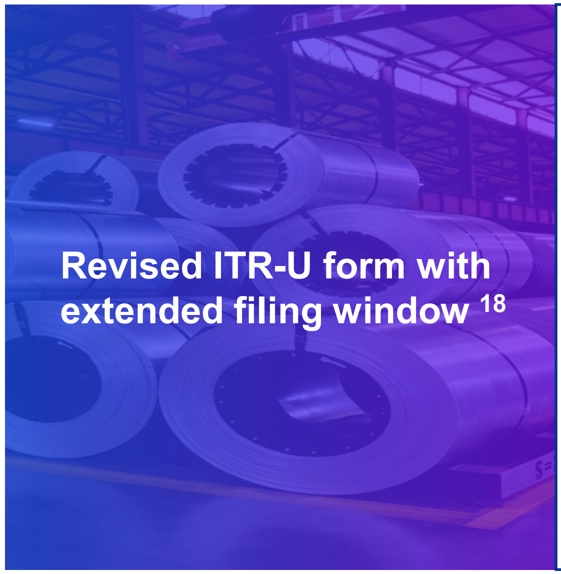


3. Treatment of pledged deposits:
Deposits previously excluded from LCR (e.g., non-callable fixed deposits) will now be treated as callable if pledged as collateral for loans and will be included in LCR calculations accordingly.

4. Reclassification of deposits from legal entities: Deposits from entities like trusts, partnerships, Limited liability partnerships (LLP), Association of persons (AOP), etc., will now be treated as non-financial corporates (instead of 'other legal entities') and attract a reduced run-off rate of 40 per cent (down from 100 per cent), unless classified as small business customers.

These revised norms are applicable to all commercial banks, payment banks, regional rural banks and local area banks are effective from 1 April 2026.

Amendment to the Income-tax Rules, 1962



Revised ITR-U form with extended filing window [18]

Key updates from the Income-tax (Nineteenth Amendment) Rules, 2025:

- **Revised Form introduced**: A revised **Form ITR-U** has been introduced for filing updated returns under Section 139(8A) of the Income-tax Act, 1961.
- **Purpose of ITR-U**: Enables assessees to rectify errors or omissions and update previously filed ITRs, with certain exceptions.
- **Extended filing window**: Updated returns can now be filed within **48 months** from the end of the relevant assessment year (previously 24 months).
- **Graded tax rates**: New graded tax rates apply for delayed filings, depending on the year in which the return is filed.
- **Effective date**: These changes are effective from **19 May 2025**.

ASU on clarifications to share-based consideration payable to a customer [19]

- Companies may offer stock, warrants, or similar instruments to customers as incentives tied to purchase volume or value.

- Historically, these awards are:
  - Recognised as a reduction in revenue (unless linked to a distinct good/service).
  - Measured/classified under Topic 718 (Stock Compensation).

- There was ambiguity in defining vesting terms - specifically between service vs. performance conditions - impacting timing of revenue recognition.

The ASU has introduced following key changes:

- **Definition update:**
  - Purchase-based vesting = performance condition (not applicable to employees).
- **Forfeiture accounting:**
  - No longer allowed to recognise forfeitures as they occur.
  - Must estimate forfeitures at grant date
- **Revenue recognition**
  - Prevents delayed revenue for awards unlikely to vest.
  - Variable consideration constraint (Topic 606) does not apply.
- **Transition:**
  - Retrospective or modified retrospective permitted

International Updates

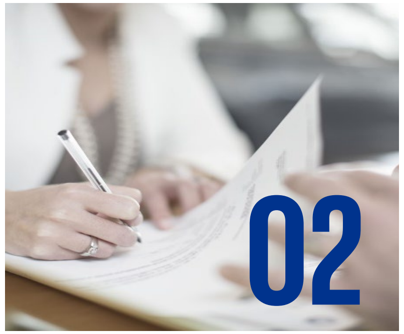
Revised ISA 570 on going concern – IAASB [20]

The International Auditing and Assurance Standards Board (IAASB) has issued the revised ISA 570 (Revised 2024), Going Concern. This revision, effective for audits of financial statements for periods beginning on or after 15 December 2026.

This aims to increase consistency in auditing practices and strengthen transparency through communications and auditor reporting on matters related to going concern in a consistent manner. Key changes include:

Robust risk assessment procedures:

Auditors must conduct timely and thorough risk assessments to identify events or conditions that may cast significant doubt on an entity's ability to continue as a going concern. The standard provides clarity by emphasising on such events or conditions on a gross basis – before considering management's mitigation factors.



Period of management's assessment:

Evaluation of management period for going concern assessment for at least 12 months from the date of financial statement approval. Auditors must evaluate management's assessment, considering potential biases, methods, assumptions, and data used.

Enhanced transparency:

Clearer communication in audit reports about responsibilities and work related to going concern and strengthened communications with governance and external parties.

Other aspects:

There is also increased focus on adequacy of disclosures, clarity on relation with key audit matters, new guidance and examples for the evolving environment, strengthened documentation requirements for auditors and management representation requirements.

International Updates

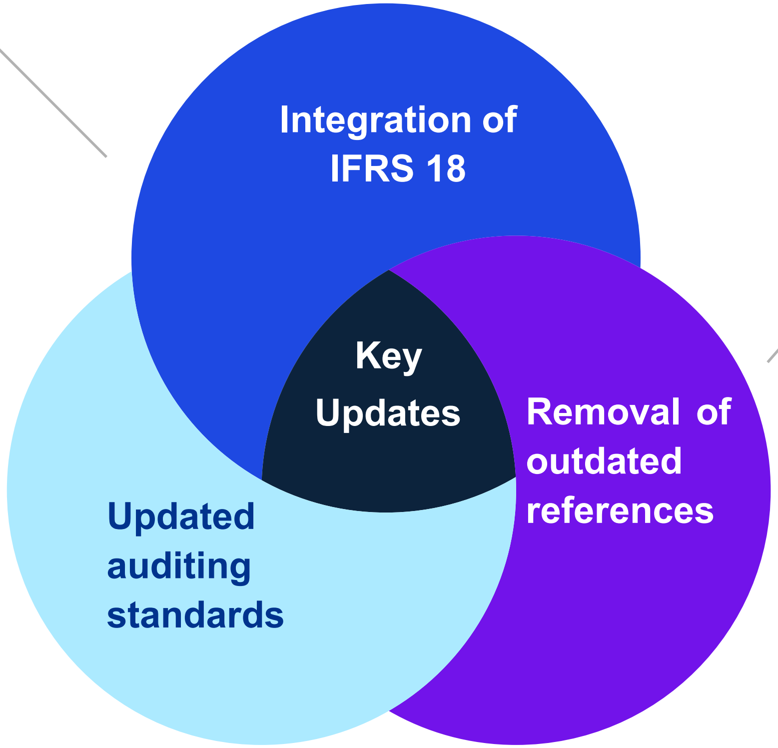
IFRS foundation releases updated guidance on going concern assessments

The IFRS Foundation released an updated edition of its educational material [21] aimed at enhancing the consistent application of IFRS in relation to going concern evaluation. This updated resource aims to reflect recent developments - most notably:

- the International Accounting Standard Board's (IASB) issuance of IFRS 18 Presentation and Disclosure in Financial Statements.

IAASB released a new FAQ document [22] to assist stakeholders in implementing the revised International Standard on Auditing (ISA) 570 (Revised 2024), *Going Concern.*

- This FAQ addresses important questions related to the updated auditor reporting requirements concerning going concern issues.
- It also provides an illustrative example of an auditor's report that provides a description of how the auditor evaluated management's assessment of going concern.



The updated edition of the educational material of IFRS Foundation also reflects following developments:

- Removes outdated references and
- inclusion of references to ISA 570 (Revised 2024) *Going Concern*, approved by the IAASB in December 2024

Extended Producer Responsibility (EPR)

E-Waste (Management) Rules, 2022 [23]	**EPR Obligation for the year 2025-26 (Y)** Existing Producers: 70 per cent of the quantity placed in the market in the Y-X, where X is the average life of the product. New producers: 20 per cent of sales figure of FY two years back
Battery Waste Management Rules, 2022 [24]	EPR target for the Producer shall be specific to the kind of Battery (viz. Lead acid, Li-Ion, Nickel, Cadmium, Zinc based Battery, etc.) within each type of Battery- portable, automotive, industrial and electric vehicle Battery.
Hazardous Waste Management Rules (Management and Transboundary Movement), 2016 (Extended Producer Responsibility (EPR) for Waste Tyre) [25]	**EPR Obligation for the year 2025-26 (Y)** Producers: 100 per of quantity of new tyres manufactured or imported in the year (Y-2) Importers: 100 per cent of the tyre imported in year (Y-1)
Extended Producer Responsibility for Plastic Packaging (Notified under Plastic Waste Management Rules, 2016) [26]	**EPR Obligation for the year 2025-26** Manufacturer or importer of plastic raw material shall ensure following minimum percentage of recycling of plastic waste collected category wise - 60 per cent for category I and 40 per cent for category II and III of weight of plastic packaging material purchased / introduced.
Environment Protection (End-of-Life-Vehicles) Rules, 2025 [27]	**EPR Obligation for the year 2025-26** **For non transport vehicles :** Minimum 8 per cent of the steel used in vehicles in 2005-06 **For transport vehicles :** Minimum 8 per cent of the steel used in vehicles in 2010-11

EAC Opinions issued by ICAI during the quarter ended 30 June 2025

April 2025	Accounting for rectification of interest earned on fixed deposits made out of surplus funds erroneously accounted for as income for certain earlier years, under AS framework.
May 2025	Accounting treatment and classification of sales bills discounting, under Ind AS framework.
June 2025	Accounting treatment of salary paid to Company Secretary of the Company having single unit project under construction, under Ind AS framework.

Sources

1. Ministry Of Corporate Affairs Notification No G.S.R, 291(E), Companies (Indian Accounting Standards) Amendment Rules, 2025; dated 7 May 2025.
2. SEBI Board Meeting minutes PR No.33/2025, dated 18 June 2025.
3. SEBI Circular SEBI/HO/DDHS/DDHS-PoD-1/P/CIR/2025/83 on 'Limited relaxation from compliance with certain provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015'; dated 05 June 2025.
4. SEBI Circular no SEBI/HO/DDHS/DDHS-POD-1/P/CIR/2025/84 'Framework for Environment, Social and Governance (ESG) Debt Securities (other than green debt securities)'; dated 05 June 2025.
5. RBI Notification, RBI/2025-26/59 DOR.STR.REC.34/21.04.048/2025-2, Reserve Bank of India (Project Finance) Directions, 2025, dated 19 June 2025.
6. RBI Notification RBI/2025-26/36 DOR.STR.REC.19/21.07.001/2025-26, Reserve Bank of India (Digital Lending) Directions, 2025, dated 8 May 2025.
7. Ministry of Finance (Department of Revenue) (Central Board of Direct Taxes) Income Tax Notification No S.O. 1838(E) on , dated 23 April 2025.

Annexures

8. SEBI circular SEBI/HO/CFD/PoD2/CIR/P/ 2025/47, 'Clarification on the position of Compliance Officer in terms of regulation 6 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – Reg.', dated 1 April 2025.
9. SEBI FAQs on LODR Regulations 2015, dated 23 April 2025.
10. SEBI Notification F. No. SEBI/LAD-NRO/GN/2025/244, SEBI (Listing Obligation and Disclosure Requirements) (Second amendment) Regulations, 2025; dated 29 April 2025.
11. SEBI Circular No. SEBI/HO/ITD-1/ITD_CSC_EXT/P/CIR/2025/60 on 'Clarifications to Cybersecurity and Cyber Resilience Framework (CSCRF) for SEBI Regulated Entities (REs)', dated 30 April 2025.
12. SEBI Circular No.: SEBI/HO/DDHS/DDHS-PoD-2/P/CIR/2025/59 on Clarificatory and Procedural changes to aid and strengthen ESG Rating Providers (ERPs), dated 29 April 2025.
13. SEBI Notification F. No. SEBI/LAD-NRO/GN/2025/247, Securities and Exchange Board of India (Issue and Listing of Securitised Debt Instruments And Security Receipts) (Amendment) Regulations, 2025; dated 5 May 2025.
14. MCA notification G.S.R. 361(E). Companies (Cost Records and Audit) Amendment Rules, 2025 dated 30 May 2025; (2) G.S.R. 359(E) Companies (Audit and Auditors) Amendment Rules, 2025; dated 30 May 2025; (3) G.S.R. 357(E). Companies (Accounts) Second Amendment Rules, 2025, dated 30 May 2025; (4) G.S.R. 358(E). Companies (Management and Administration) Amendment Rules, 2025 dated 30 May 2025; (5) G.S.R. 360(E) Companies (Registration Offices and Fees) Amendment Rules, 2025, dated 30 May 2025; (6) G.S.R. 371(E) 6) Companies (Filing of Documents and Forms in Extensible Business Reporting Language) Amendment Rules, 2025, dated 30 May 2025.

Sources

15. MCA notification G.S.R. 317(E) ., dated 19 May 2025.
16. RBI Notification RBI/2025-26/44 DoR.FIN.REC.25/03.10.038/2025-26 on ‘Review of qualifying assets criteria; dated 6 June 2025.
17. RBI notification no. RBI/2025-26/27 DOR.LRG.REC.18/03.10.001/2025-26 on Basel III Framework on Liquidity Standards – Liquidity Coverage Ratio (LCR) –Review of haircuts on High Quality Liquid Assets (HQLA) and review of composition and run-off rates on certain categories of deposits, dated 21 April 2025.
18. Ministry of Finance, Central Board of Direct Taxes, Notification no 49/2025, G.S.R. 322(E). dated 19 May 2025.
19. Accounting standard update (ASU) No 2025-04, Clarifications to Share-Based Consideration Payable to a Customer, Compensation—Stock Compensation (Topic 718) and Revenue from Contracts with Customers (Topic 606), issued by FASB in May 2025.
20. International Standard on Auditing 570 (Revised), Going Concern, issued by IAASB in April 2025.
21. Going concern educational material, issued by IFRS Foundation, dated 13 May 2025.
22. FAQ on Going Concern, issued by IAASB, dated 14 May 2025.
23. Notification G.S.R. 801(E). E-Waste (Management) Rules,2022, issued by Ministry of Environment, Forest and Climate Change (MoEF&CC), dated 2 November 2022.
24. Notification S.O. 3984(E), Battery Waste Management Rules, 2022, issued by MoEF&CC, dated 22 August 2022
25. Notification G.S.R. 677(E), Hazardous and Other Wastes (Management and Transboundary Movement) Rules, 2016, issued by MoEF&CC, dated 18 September 2023
26. Notification G.S.R.(E) Plastic Waste Management Rules, 2016, issued by MoEF&CC, dated 16 October 2023
27. Notification No S.O. 98(E) Environment Protection (End-of-Life Vehicles) Rules, 2025, issued by MoEF&CC, dated 6 January 2025.

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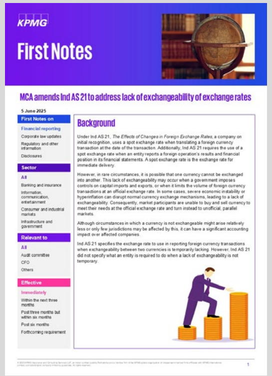

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