



Accounting and Auditing Update

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Editorial

In the recent years, the Sustainability reporting in India has evolved to a more structured, metrics-driven discipline. The regulators, investors and other stakeholders have increasingly sought decision useful information on how companies identify, manage and integrate sustainability considerations into their business models. Securities and Exchange Board of India's (SEBI) introduction of the Business Responsibility and Sustainability Report (BRSR) framework has been a significant step in this direction, providing a uniform structure for sustainability related disclosures and improving the overall transparency of listed entities. The introduction of BRSR Core in 2023, with its focus on a defined set of key performance indicators and a phased requirement for independent assessment or assurance, reflects SEBI's emphasis on moving beyond high-level statements towards verifiable and outcome-oriented disclosures. This intent was further reinforced by the issuance of Industry Standards on Reporting of BRSR Core in December 2024, aimed at promoting consistency and ease of implementation.

In this evolving regulatory and reporting landscape, this edition of the Accounting and Auditing Update (AAU) presents an analysis of sustainability reporting practices of the NIFTY100 companies based on their annual reports and related sustainability disclosures for financial year 2024–25, covering both qualitative narratives and quantitative metrics along with emerging assurance practices.

There have been various regulatory developments in India and internationally during the month. The SEBI issued a circular requiring all Alternative Investment Funds (AIFs) to report the Net Asset Value (NAV) of their units to depositories, with a view to enhance transparency and investor protection. SEBI also released a comprehensive Master Circular for Framework on Social Stock Exchange to consolidate all existing circulars

governing the framework for registration, fundraising, disclosures, governance, and impact reporting by social enterprises. The Reserve Bank of India (RBI) introduced the revised Foreign Exchange Management (Guarantees) Regulations, 2026 (Guarantee regulations 2026), replacing the earlier Foreign Exchange Management Act (FEMA) 8/2000 framework. In addition, the RBI notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 which supersede the existing export related regulations and consolidate requirements relating to both export and import of goods and services. Further, the Institute of Chartered Accountants of India (ICAI) has released a detailed Guidance on New Labour Codes to help auditors navigate the wide-ranging implications of India's new labour law framework, which became effective on 21 November 2025. Our regulatory updates section covers these and other important regulatory developments.

We would be delighted to receive feedback/suggestions from you on the topics we should cover in the forthcoming editions of AAU.



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KPMG in India

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CHAPTER 1

Emerging trends in BRSR reporting by listed companies

Background

In recent years, there has been a significant shift in the corporate landscape, with increasing emphasis on sustainability and Environmental, Social, and Governance (ESG) disclosures. Stakeholders, investors, and regulators expect clearer and deeper insights into a company's commitment to sustainable and ethical business conduct.

SEBI's BRSR mandate

Considering the growing importance of ESG disclosures and reporting, the Securities and Exchange Board of India (SEBI) (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) specifically mandated the top 1,000 listed companies (by market capitalisation) that have listed specified securities¹, to provide comprehensive disclosures on ESG parameters through Business Responsibility and Sustainability Report (BRSR) in their Annual Report, in a specified format².

BRSR enhances visibility into a company's environmental and social practices and help investors, regulators, and customers receive meaningful ESG data to make informed decisions. Below table summarises the reporting sections under BRSR:

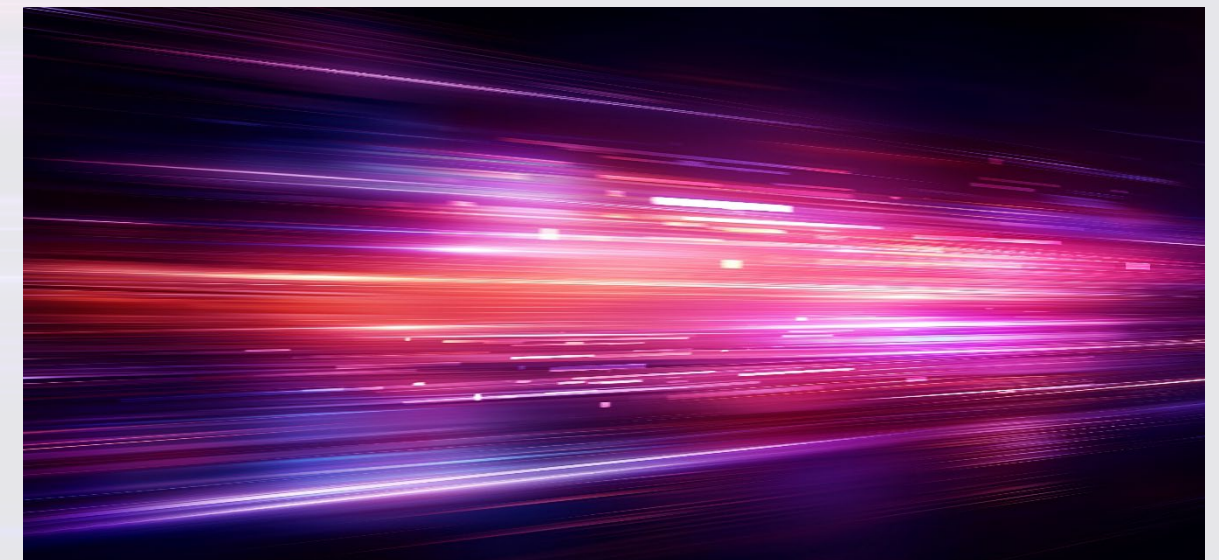
Section A: General disclosures	Section B: Management and process disclosures	Section C: Principle wise performance disclosure
This section contains the basic information about the entity such as size, location, products, number of employees, Corporate Social Responsibility (CSR) activities, etc.	The disclosures in this section enable listed companies to demonstrate structures, policies and processes put in place by them towards adopting the NGRBC principles and core elements.	The disclosures under this section help listed companies demonstrate their performance in integrating the principles and core elements with key processes and decisions.

Each principle is divided into two categories:

A. Essential indicators: These indicators are reported on a mandatory basis.

B. Leadership indicators: These indicators may be reported on a voluntary basis by listed companies that aspire to progress to a higher level in their quest to be socially, environmentally, and ethically responsible.

SEBI has continued to issue guidance for companies and issued a Guidance Note for BRSR Format (Guidance Note) to assist companies in interpreting the scope of disclosures required to be made under the report.



1. Regulation (2)(1)(z) of LODR Regulations defines specified securities as equity shares and convertible securities as defined under Regulation 2(1)(eee) of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018
2. BRSR seeks disclosures from listed companies on their performance against the nine principles of the 'National Guidelines on Responsible Business Conduct' (NGRBCs) issued by the Ministry of Corporate Affairs in 2019.

BRSR Core

In 2023, SEBI introduced BRSR Core – focussed sub-set of the SEBI BRSR format designed to improve credibility, comparability, and consistency of ESG reporting. BRSR Core consists of a set of Key Performance Indicators (KPIs)/metrics across the nine ESG attributes. Additionally, the listed companies should obtain an assessment or assurance on the BRSR Core disclosures from an independent assessment/assurance provider based on the following glide path:

Financial Year	Applicability of assessment or assurance on BRSR Core to top listed companies (By market capitalisation)
2023 – 24	Top 150 listed companies
2024 – 25	Top 250 listed companies
2025 – 26	Top 500 listed companies
2026 – 27	Top 1,000 listed companies

Additionally, SEBI expanded the ESG reporting ecosystem by introducing BRSR Core for the value chain, encouraging companies, on a voluntary basis, to report key sustainability metrics not only for themselves but also for their major suppliers and distributors. ESG disclosures for the value chain are applicable to the top 250 listed companies (by market capitalisation) on a voluntary basis from FY 2025–26. The assessment/assurance of these disclosures will also apply on a voluntary basis from FY 2026–27.

Industry Standards on Reporting of BRSR Core

In December 2024, SEBI, issued the Industry Standards on Reporting of BRSR Core (the Industry Standards). These Industry standards, developed by the Industry Standards Forum (ISF) comprising ASSOCHAM, FICCI, and CII³ are intended to help listed companies comply with BRSR Reporting requirements required as per the LODR Regulations and to facilitate the standardisation and ease of implementation of BRSR Core disclosures. The Industry Standards are applicable from FY 2024-25 onwards.



3. ASSOCHAM – Associated Chambers of Commerce and Industry of India, FICCI – Federation of Indian Chambers of Commerce and Industry, CII – Confederation of Indian Industry

About the analysis

We have analysed the annual reports of the top 100 National Stock Exchange (NSE)-listed⁴ companies (NIFTY100), that have provided sustainability disclosures and BRSR report for FY 2024-25.

The objective of this analysis is to compile sustainability or ESG information of these companies across different reports (BRSR, sustainability reports and integrated reports). Our analysis evaluates both qualitative and quantitative information to understand the various trends in ESG /sustainability reporting, as well as in the assurance practices associated with this information.

Key trends in relating to sustainability reporting by NIFTY100 companies

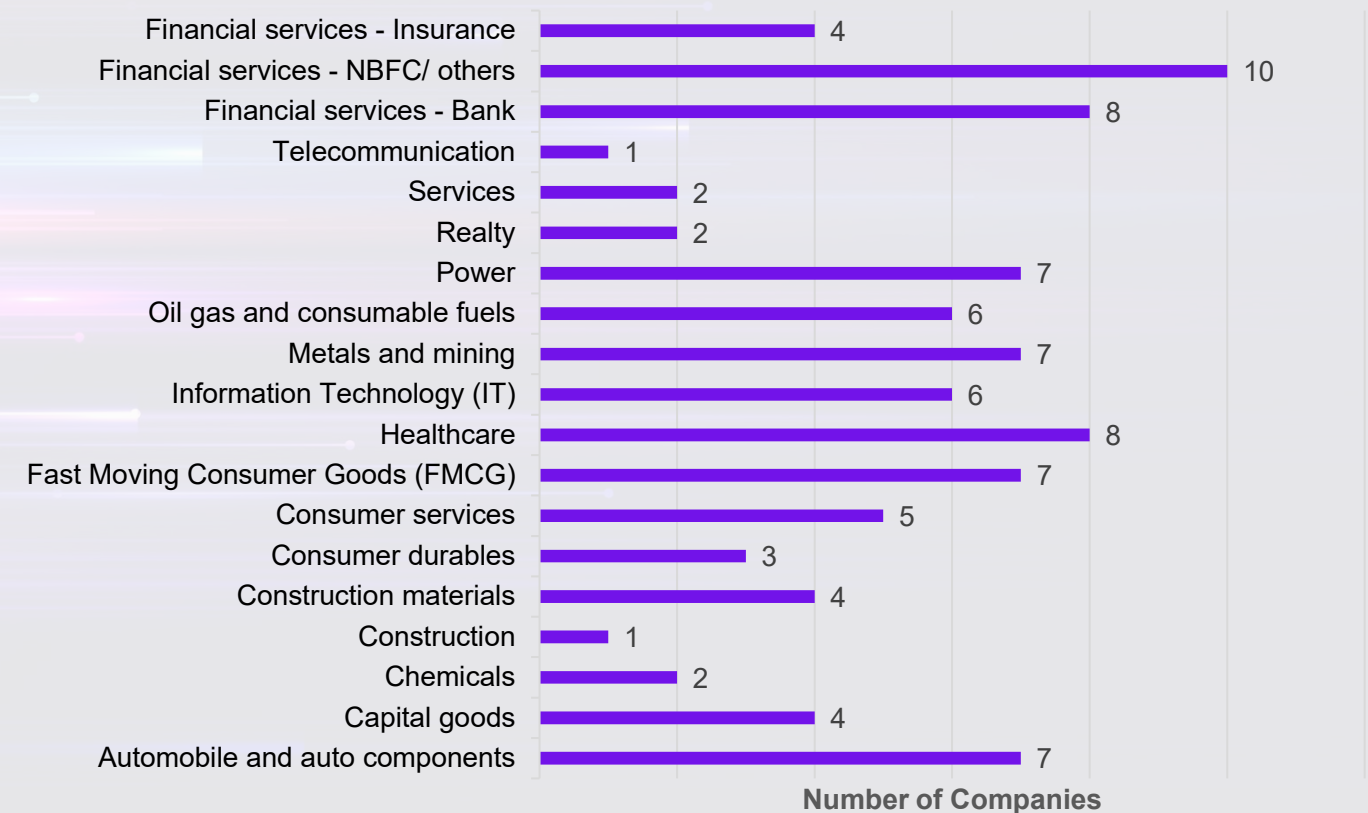
Covered companies

Out of NIFTY100 companies analysed, 3 companies were listed recently (in FY24 or FY25), and therefore, BRSR reporting was not applicable to these companies for the year ended 31 March 2025. Accordingly, these 3 companies have been excluded from this analysis. In addition, 3 companies follow a financial year different from 31 March, so their BRSR and assurance reports are not available for the period covered in our analysis. Consequently, our subsequent analysis is based on sustainability disclosures provided by 94 listed companies (covered companies) out of NIFTY 100 companies.

Sector-wise split of covered companies

The covered companies whose annual reports have been analysed in this publication have been categorised into 17 broad sectors, based on the sector classifications defined by the NSE

for NIFTY100 companies as on 1 December 2025. Within this framework, the 'financial services' sector has been further divided into three sub-categories– banks, insurance and Non-Banking Financial Company(NBFC)/others, by us for this analysis, based on the nature of services provided by these companies for the purpose of our analysis. The chart below provides a sectoral overview of the covered companies, considered for our analysis:



4. List extracted from NSE Website>Products & Services>Capital Markets>Indices>Broad Market indices>Nifty100index as on 1 December 2025.

Reporting boundary

The SEBI BRSR framework requires listed companies to clearly define their reporting boundary i.e. whether the disclosures under BRSR is prepared on a standalone basis of a legal company or a consolidated basis of a group. The reporting boundary adopted for BRSR should be consistent with the basis used for preparation of the company's financial statements (either on standalone or consolidated basis).

In the analysis of covered companies, it was observed that 32 out of 94 covered companies provided BRSR disclosures on a consolidated basis, 61 companies reported on a standalone basis and 1 company provided the disclosures under both approaches- standalone and consolidated. The adjacent table shows the reporting boundary by sector:

Sector	Consolidated reporting boundary	Standalone reporting boundary	Consolidated and standalone
Automobile and auto components	1	6	-
Capital goods	-	4	-
Chemicals	-	2	-
Construction	-	1	-
Construction materials	1	3	-
Consumer durables	-	3	-
Consumer services	-	5	-
Healthcare	5	3	-
Power	6	1	-
Realty	2	-	-
Services	1	1	-
Telecommunication	-	1	-
Financial Services - Bank	-	8	-
Financial Services - NBFC/ others	3	7	-
Financial Services – Insurance	-	4	-
Metals and mining	3	3	1
Oil gas and consumable fuels	1	5	-
Fast Moving Consumer Goods (FMCG)	3	4	-
Information Technology (IT)	6	-	-
Grand total	32	61	1

(Source: KPMG in India's analysis based on primary data gathered from Annual reports of NIFTY100 companies for the year ended 31 March 2025)

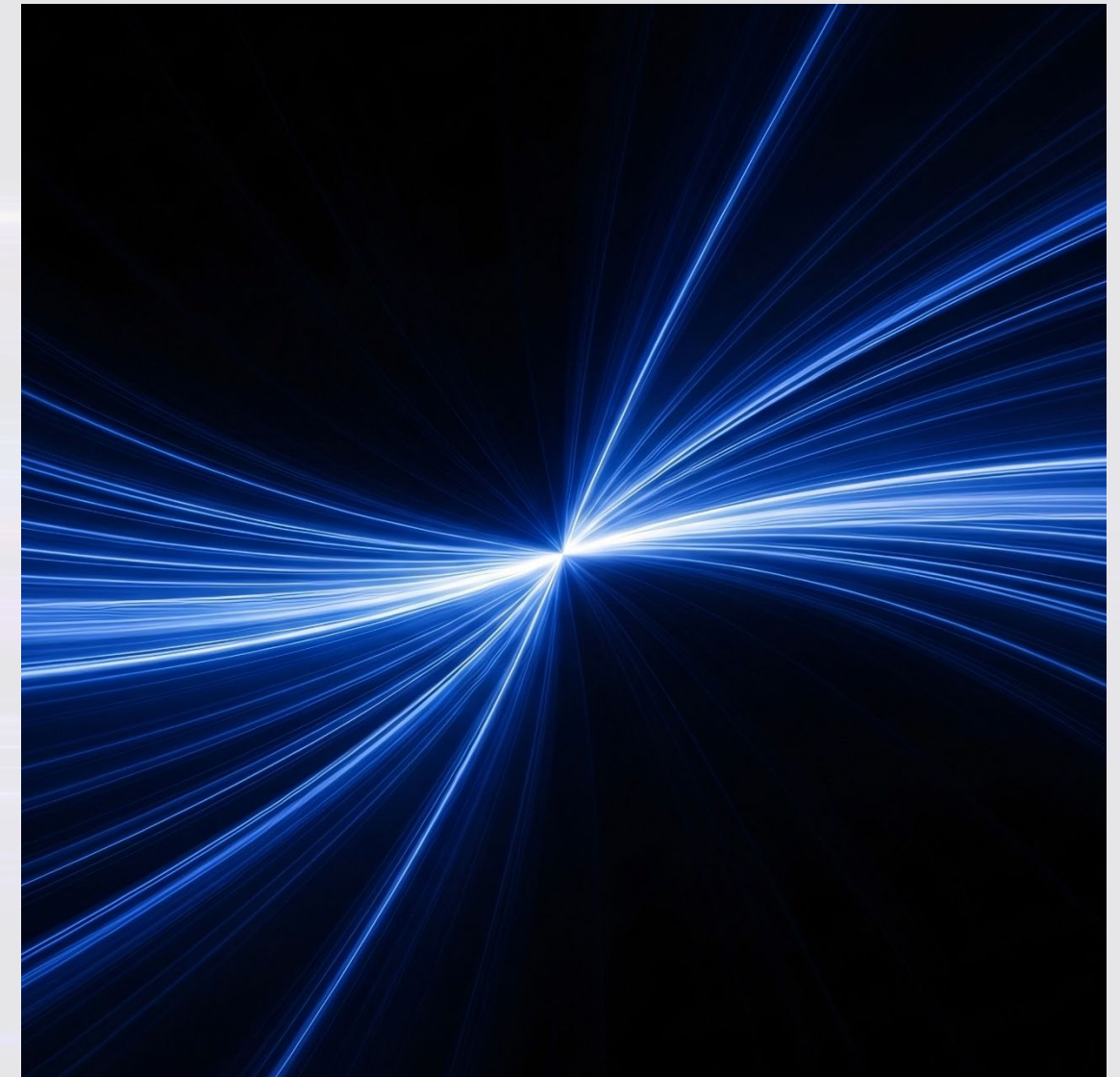
Reporting boundary exclusions

While the Guidance Note requires listed companies to maintain consistency across the report by using the same reporting boundary for all indicators disclosed in the BRSR report, under Question 13, *Reporting boundary (Are the disclosures under this report made on a standalone basis (i.e. only for the entity) or on a consolidated basis (i.e. for the entity and all the entities which form a part of its consolidated financial statements, taken together))*, Section A of the BRSR report format. While analysing, we observed that 22 companies out of the 94 covered companies reported certain exclusions from the defined reporting boundary.

The chart below presents an analysis of exclusions, which have been categorised by KPMG in India based on the narratives provided by the companies. These categories have been developed solely for the purposes of this analysis and may not align with the exclusion terminology used by the covered companies in their BRSR disclosures. In certain instances, the exclusions relate to specific principles of the BRSR framework rather than to the framework as a whole. In other cases, the exclusions reflect management judgement in defining a reporting boundary considered most relevant to the entity's operational structure and reporting context.

Exclusions from reporting boundary	Number of companies
Sites or companies do not fall under the operational control of the preparer of the BRSR	7
Sites, corporate offices or companies not material for the BRSR reporting	7
Certain sites, joint ventures, associates, or certain subsidiary companies excluded– however, no explanation provided	8

(Source: KPMG in India's analysis based on primary data gathered from Annual reports of NIFTY100 companies for the year ended 31 March 2025)



Revisions observed in BRSR

Out of the 94 companies, 45 companies reported revisions in their FY 2023–24 BRSR disclosures (comparative figures) for one or more indicators. These revisions were typically disclosed through notes placed below the relevant sections in the BRSR.

The table below summarises the reasons for revisions reported by 45 listed companies. Based on the narratives provided in the BRSR, the broad reasons have been interpreted and defined by KPMG in India, solely for the purpose of this analysis and do not represent the terminology used by the covered companies in their BRSR disclosures:

Reasons for revisions	Number of companies
Change in methodology and revisions to ensure comparability and consistency: Revisions arising from changes in methodology, classifications, calculation approaches, or measurement conventions to enhance year-on-year comparability. Additionally certain companies made adjustments driven by improved data availability, reclassification, regrouping, etc.	18
Change in methodology due to updated guidance/ issue of the Industry Standards: Revisions undertaken to align with the Industry Standards on reporting of BRSR Core issued via SEBI circular in December 2024 or updated guidance issued under other reporting frameworks.	16
Change in reporting boundary due to merger/demerger/ inclusion of new entities: Revisions due to changes in organisational boundaries arising from mergers, additions of new entities, or adjustments between standalone and consolidated reporting.	6
Cases where revisions were made to the comparative figures, but no explanation for the same was provided	5
Grand total	45

(Source: KPMG in India's analysis based on primary data gathered from Annual reports of NIFTY100 companies for the year ended 31 March 2025)

Governance body for the sustainability reporting as per BRSR

Companies need to identify the governance body responsible for sustainability related matters in Question 9, (Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details), under Section B of the BRSR format. Following is the breakdown of this information:



(Source: KPMG in India's analysis based on primary data gathered from Annual reports of NIFTY100 companies for the year ended 31 March 2025)

Our analysis

- A significant number of companies (48 companies) have entrusted sustainability related responsibilities to a dedicated Sustainability and CSR committee reflecting a growing emphasis on focussed oversight and specialised expertise to address evolving ESG expectations.
- A smaller set of companies (11 companies) continue to place this responsibility directly with the Board of Directors entrust overall oversight to the full Board, while 2 companies allocate it to individual board members. This indicates a continued emphasis on board-level engagement in sustainability matters.
- About 17 companies have assigned sustainability responsibilities to the Risk Management committee, recognising that sustainability and ESG matters are inherently linked to enterprise-level risks.
- Very few companies have allocated oversight to other committees such as the Corporate Responsibility committee or the Stakeholders Relationship committee.

Overall, the analysis shows that while governance structures vary, there is a clear shift towards specific and specialised sustainability oversight mechanisms, to ensure enhanced focus and increasing strategic importance of sustainability within corporate governance frameworks.

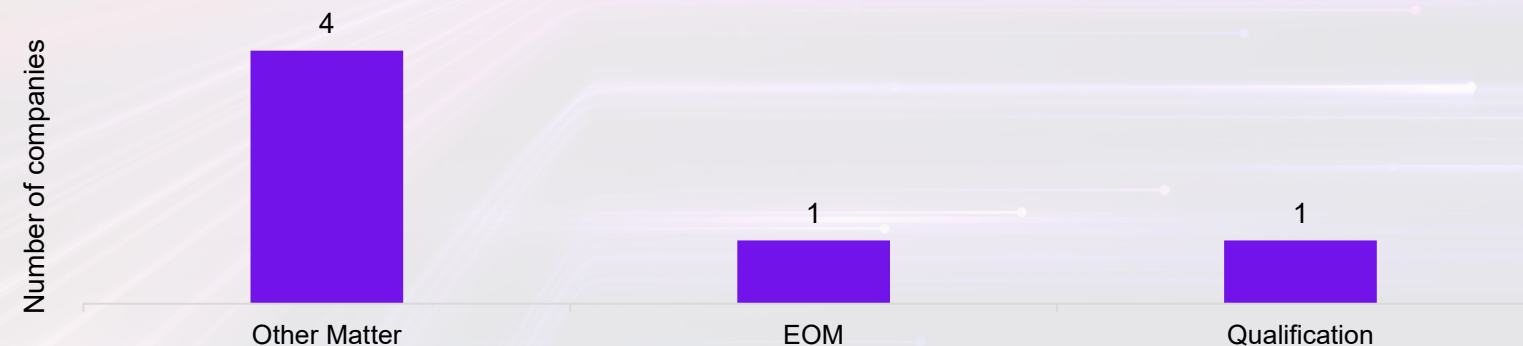
Assurance on BRSR Core

This section analyses assurance reports and practices across covered companies. Given increasing concerns around greenwashing, ensuring accuracy, completeness, reliability and relevance of such information has become essential.

As outlined earlier, the BRSR Core framework mandates assessment or assurance on BRSR Core attributes in a phased manner. When SEBI introduced the framework in 2023, it provided a glide path mandating reasonable assurance for top 150 listed companies from FY 2023-24 onwards - a higher level of assurance as compared to a limited assurance. However, in March 2024, SEBI amended this requirement, allowing listed companies to choose either an 'assessment' or 'assurance' of BRSR Core disclosures from FY 2024-25 onwards, aligning with global trends where most jurisdictions introduce limited assurance a year or two after sustainability reporting begins.

Despite amendment, our analysis indicates that all the covered companies have opted for reasonable assurance and none have exercised the 'assessment' option. This analysis also provides following insights:

A. Observations in assurance report: This section presents observations arising from the review of BRSR Core assurance reports of the covered companies. Out of the 94 covered companies, following trends in reporting of Other Matter, Emphasis of Matter (EOM) and qualifications were observed in the assurance reports:



(Source: KPMG in India's analysis based on primary data gathered from Annual reports of NIFTY100 companies for the year ended 31 March 2025)

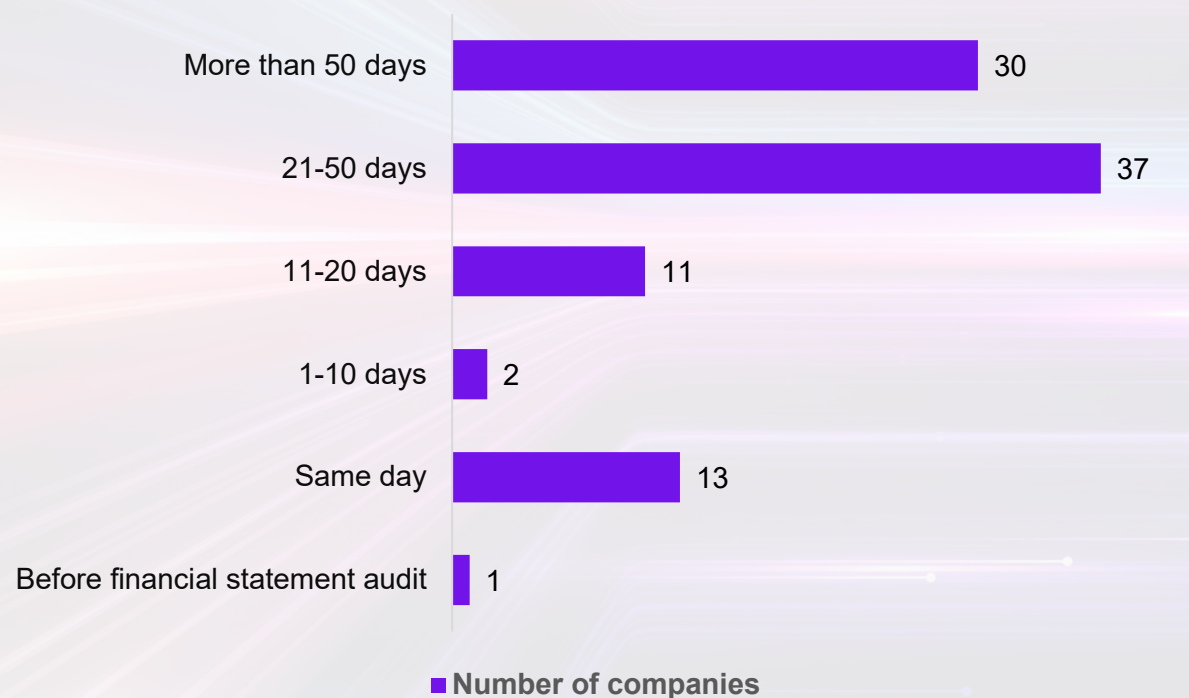
Our analysis

- Where assurance providers included Other Matter (4 companies) or an EOM (1 company), these were primarily included to clarify specific matters. Other Matter paragraphs were generally used to highlight matters such as a change in the assurance provider from the previous year or changes in the reporting boundary as compared to previous year. In one instance, an Other Matter paragraph was used to highlight an exclusion from the BRSR reporting boundary, whereas in another case, the assurance provider used an EOM paragraph to draw attention to a similar boundary related disclosure.
- One company belonging to the construction sector received a qualified assurance opinion due to the assurance provider's inability to obtain sufficient and appropriate evidence for certain BRSR Core disclosures. As a result, the opinion for those specific matters was qualified due to gaps in data and evidence availability, internal controls, and lack of uniformity in implementation of controls and reporting processes.

While this observation is limited to a single company among the top 100 companies, it highlights the need for companies to further strengthen the quality, robustness, and completeness of their sustainability information.

B. Comparison of signing dates: BRSR assurance report vs audit report on financial statements

Companies are required to present BRSR Report and assurance report as part of Annual Report. This chart below represents the range of time gap between the signing dates of the BRSR assurance report and the financial statement audit report across the covered companies:



(Source: KPMG in India's analysis based on primary data gathered from Annual reports of NIFTY100 companies for the year ended 31 March 2025)

Our analysis

- The variation in the timelines across the covered companies suggests differing levels of preparedness, internal review processes, and timing of data availability across companies.
- Only one company finalised its BRSR assurance report prior to the signing of its financial statements, with the BRSR assurance report being signed one day earlier, indicating early completion of sustainability related procedures and closer integration of sustainability reporting with the financial reporting process.
- 13 companies signed both the reports on the same day, showing close alignment between financial and sustainability reporting cycles.
- A smaller group of companies (2 companies) completed the BRSR assurance within 1–10 days after financial statements audit, indicating a higher level of preparedness for sustainability assurance, albeit not simultaneous completion.
- The largest cohort, 37 companies, completed the assurance process within 21–50 days suggesting that many companies require additional time for data consolidation and finalising their sustainability information.
- 30 companies signed their BRSR assurance reports more than 50 days after the financial audit report date, with the longest gap extending up to 98 days. This indicates longer review cycles or may be potential data challenges for sustainability disclosures.

Overall, the trend indicates that while some companies have closely aligned sustainability reporting timelines with their financial reporting cycles, a significant number continue to require additional time to complete assurance over their BRSR disclosures. The variation in the time gap between the signing of the financial statements audit report and the sustainability assurance report reflects the evolving nature of sustainability reporting, as well as differing levels of integration between finance and sustainability functions.

We encourage corporate India to publish financial and non-financial information in closer proximity, given the inherent linkages between sustainability and financial performance. However, as sustainability reporting and assurance are relatively nascent in India, it is expected that practices, processes, and internal controls will take time to mature.

Sustainability disclosures other than BRSR

A. Sustainability reporting: Separate ESG Reports or integrated report

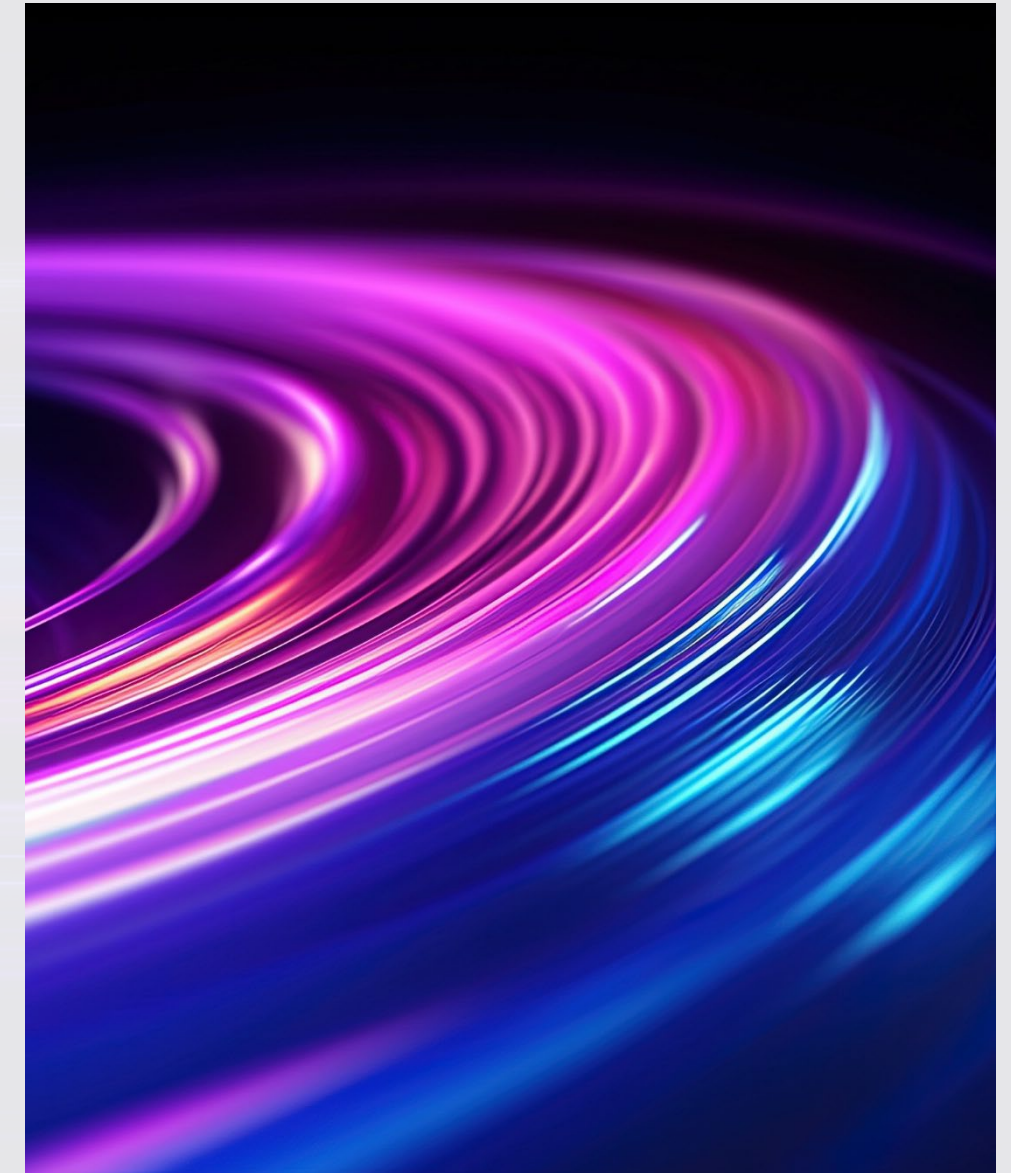
NIFTY100 companies are increasingly strengthening their sustainability and ESG disclosures beyond the mandatory BRSR reporting included in their Annual Report. For the purpose of this analysis, the websites of the covered companies were reviewed⁵ to identify any additional sustainability related separate reports published by the covered companies, in addition to the mandatory BRSR. The key observations from the analysis are summarised below:

- 50 companies primarily included the BRSR disclosures and other sustainability related disclosures as part of their annual report, either as a separate section or through an integrated reporting format that blends financial and non-financial information.
- 44 companies issued a separate sustainability/ESG report in addition to the mandatory BRSR.

The analysis represented that while compliance with BRSR requirements is universal among the top listed companies, a subset of companies presented detailed sustainability reports.

The detailed or separate sustainability/ESG reports often provide a more comprehensive and detailed information on the companies' sustainability strategies, targets, and performance, going beyond the minimum regulatory compliance. Such practices demonstrate a higher level of commitment to transparency and stakeholders' engagement and often align with globally recognised reporting frameworks. The Global Reporting Initiative (GRI), United Nations Sustainable Development Goals (UN SDGs), Sustainability Accounting Standards Board (SASB), and Task Force on Climate-related Financial Disclosures (TCFD) were the frameworks commonly used for ESG/sustainability information by such companies. The diversity in reporting also highlights varying levels of maturity in sustainability journey across the covered companies.

5. This analysis has been prepared using sustainability information published on websites till 21 February 2026

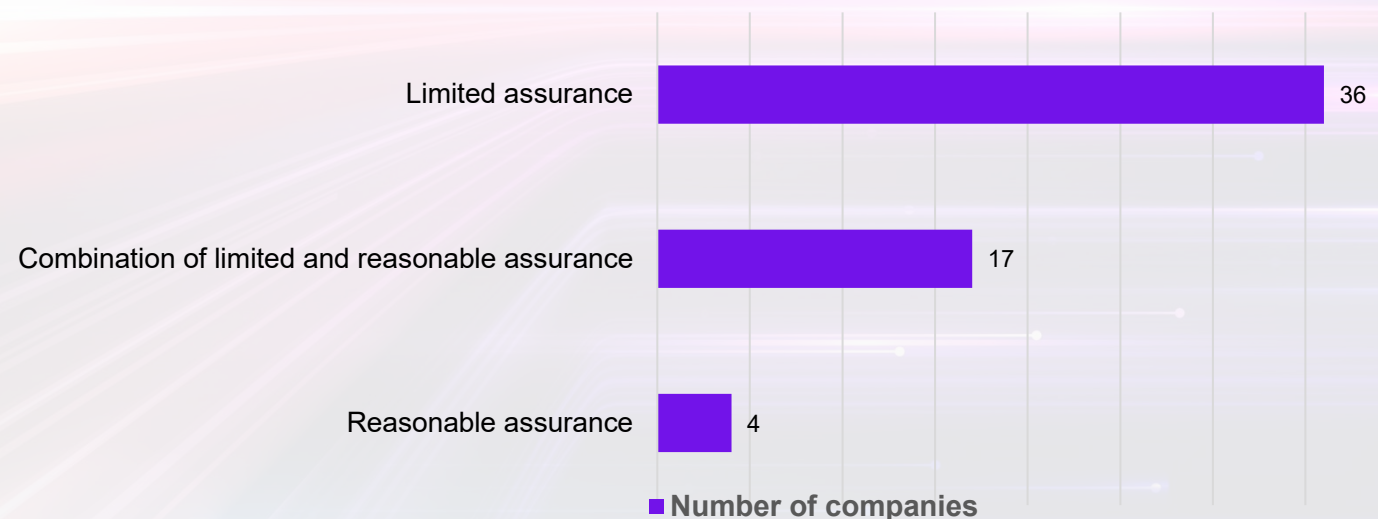


B. Companies that have taken assurance on sustainability information in addition to mandatory BRSR core assurance

As outlined in the background section, the BRSR Core framework prescribes mandatory assessment or assurance on a defined set of key sustainability parameters, representing a limited subset of the overall BRSR disclosures. Our analysis indicates that certain companies have voluntarily obtained assurance over broader sustainability and ESG information in addition to the mandatory BRSR Core assurance.

In the analysis of ESG and sustainability report of the 94 covered companies, it was observed that 57 companies have additionally opted for voluntary third party assurance over their broader sustainability/ESG information in addition to mandatory BRSR core assurance. The trends relating to voluntary assurance are discussed in subsequent section.

C. Type of assurance: Among the covered companies that have undertaken voluntary assurance of sustainability information, the following chart highlights distribution across the nature of assurance obtained:



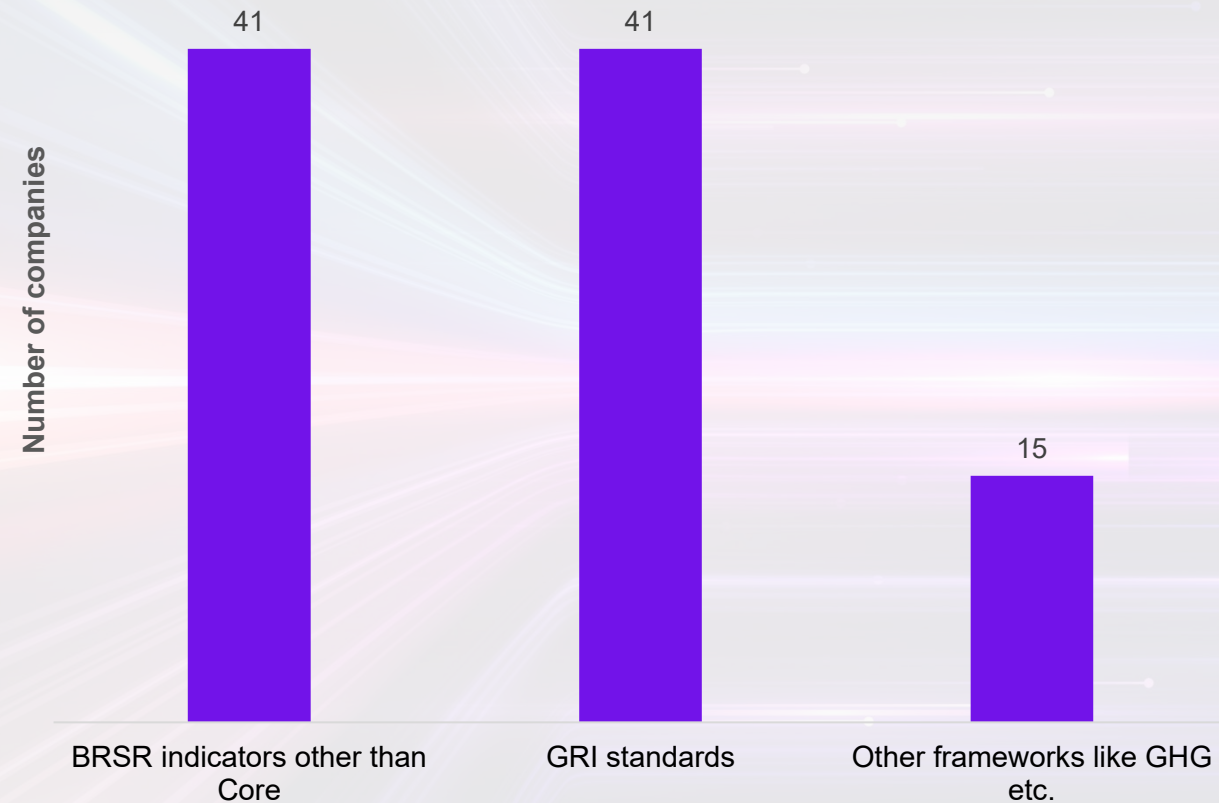
Our analysis:

- 36 companies out of 57 companies opted for limited assurance.
- A smaller group of 4 companies out of the 57 companies obtained reasonable assurance.
- 17 companies adopted a mixed approach – combination of limited and reasonable assurance, applying different levels of assurance across different ESG indicators or reporting frameworks.

Overall, the assurance landscape indicates a focused approach of companies on enhancing the robustness and credibility of sustainability information. While the extent of assurance varies across companies, the adoption of voluntary third-party assurance beyond regulatory requirements highlights the growing recognition of the independently assured ESG information in building trust and transparency of ESG information.

(Source: KPMG in India's analysis based on primary data gathered from Annual reports of NIFTY100 companies for the year ended 31 March 2025)

D. Key sustainability frameworks covered under voluntary assurance (other than BRSR core)



(Source: KPMG in India's analysis based on primary data gathered from Annual reports of NIFTY100 companies for the year ended 31 March 2025)

Our analysis

The chart illustrates the trend of voluntary assurance adopted by 57 companies; however, it is important to note that companies may have obtained assurance over more than one framework.

- Out of the 57 companies, 41 companies have obtained additional assurance over BRSR disclosures beyond the mandatory BRSR Core, thereby extending assurance to a broader set of BRSR indicators.
- 41 companies obtained assurance on its sustainability information aligned with GRI, reflecting maturity and alignment with global reporting standards.
- 15 companies obtained assurance on other climate and ESG-related risks and metrics such as SASB-based industry-specific disclosures under SASB, or climate-related financial information aligned with the TCFD recommendations or metrics solely related to Greenhouse Gas information (GHG), etc.



The bottom line

Overall, the analysis indicates a clear shift among leading listed companies in India towards broader sustainability reporting and increased assurance. As SEBI continues to expand and refine the BRSR and BRSR Core framework, companies are responding with stronger data quality, clearer disclosures, wider reporting boundaries, and a growing focus on assurance. The voluntary assurance obtained by several top-100 listed companies beyond mandatory BRSR Core parameters further signals a maturing commitment to credibility and transparency. Going forward, as regulatory expectations particularly around environmental and greenhouse gas disclosures continue to evolve, sustained investment in robust data governance, internal controls, and integrated ESG practices will be critical to strengthening stakeholder confidence and supporting informed decision-making.



CHAPTER 2

Regulatory updates

SEBI updates

RBI updates

ICAI updates

Other updates

SEBI clarifies board review requirement for governance reports

Securities and Exchange Board of India (SEBI) has issued an 'informal guidance' letter in response to a query from Punjab National Bank regarding the delegation of oversight on the Quarterly Integrated filing (Governance) Report¹. The bank sought clarification on whether, in line with RBI (Commercial Banks – Governance) Directions, 2025, which allows public sector banks to delegate certain compliance matters to Board committees - it could similarly delegate the review of the quarterly governance report to its Audit Committee instead of the full Board.

SEBI clarified that while RBI permits such delegation for internal governance purposes, SEBI LODR Regulation requirements are distinct and explicitly require the integrated governance report to be placed before the full Board of Directors, along with the Board's comments, each quarter. Therefore, delegation to a Board committee cannot substitute the LODR mandated Board level review. SEBI emphasised that this requirement remains mandatory for all listed entities, including public sector banks.

(Source: SEBI, Nodal Co-ordination cell, Informal Guidance Issue No. I/4378/2026, To Punjab National Bank, dated 6 February 2026)

AIF to report unit values to depositories

SEBI has issued a circular requiring all Alternative Investment Funds (AIFs) to report the Net Asset Value (NAV) of their units to depositories. This will help strengthen transparency and operational efficiency in the AIF ecosystem. The circular also reiterates existing valuation frequency requirements for Category I, II, and III AIFs. Under the new framework, AIFs through their Registrars and Transfer Agents (RTAs) must upload the latest available NAV for each International Securities Identification Number (ISIN) into the depository system by 1 May 2026, or within 30 days of each valuation, whichever is later.

The circular clarifies how valuation dates must be determined for independent and internal valuers. It places responsibility on AIF managers for timely and accurate reporting and directs depositories to build the necessary infrastructure and include standard NAV disclaimers. Trustees/sponsors must ensure that this requirement is captured in the fund's Compliance Test Report.

The circular is effective from 6 February 2026.

(Source: SEBI Circular No HO/19/34/11(8)2025-AFD-POD1/I/4335/2026, Sub: Reporting of value of units of Alternative Investment Funds (AIFs) to Depositories, dated 6 February 2026)



1. Regulation 27 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR Regulations)

SEBI updates

RBI updates

ICAI updates

Other updates

Master circular on Social Stock Exchange (SSE) framework

SEBI has released a comprehensive Master Circular for Framework on Social Stock Exchange (SSE) (SSE Master circular) to consolidate all existing circulars governing the framework for registration, fundraising, disclosures, governance, and impact reporting by social enterprises. The circular brings together all prior directions under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations), SEBI LODR Regulations and SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations), making compliance simpler for Not for Profit Organisations (NPOs), for profit Social Enterprises, stock exchanges, intermediaries, and social auditors.

The SSE Master circular outlines eligibility criteria for NPO registration, the process and conditions for issuing Zero Coupon Zero Principal (ZCZP) instruments, minimum disclosure requirements, annual financial and impact reporting obligations, and the structure and responsibilities of the Social Stock Exchange Governing Council. The SSE Master circular also includes an appendix to clarify circulars that stand rescinded and replaced by this consolidated framework.

(Source: SEBI Master Circular No. HO/49/14/14(6)2025-CFD-PoD1/I/2771/2026, Master Circular for framework on Social Stock Exchange (SSE), dated 19 January 2026)



Foreign Exchange Management (Guarantees) Regulations, 2026

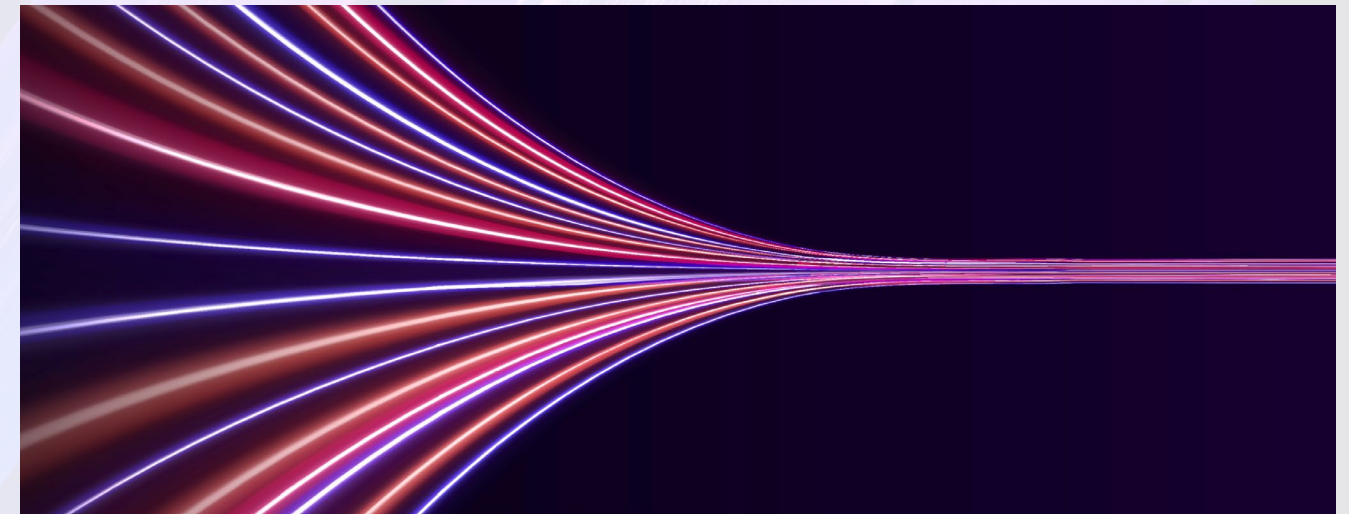
The Reserve Bank of India (RBI) has issued new Foreign Exchange Management (Guarantees) Regulations, 2026 (Guarantee regulations 2026), replacing the earlier Foreign Exchange Management Act (FEMA) 8/2000 framework². These regulations consolidate and modernise rules governing guarantees wherein any of the parties is a person resident outside India. Some key points include the following:

- **Applicability to all cross-border guarantees:** Any Indian resident acting as surety, principal debtor, or creditor in a guarantee must comply with these regulations whenever any counterparty is non-resident.
- **Conditions for providing guarantees:** Companies can give or arrange guarantees only if
 - The underlying transaction is permitted under Foreign Exchange Management Act, 1999 (FEMA Act)
 - The parties are eligible to lend/borrow under Foreign Exchange Management (Borrowing and Lending) Regulations, 2018
 - Certain guarantees (e.g., bank issued guarantees backed by full collateral from a non-resident) are exempt from some conditions.
- **Defined exemptions:** The regulations do not apply to:
 - Guarantees issued by overseas branches of Authorised Dealer (AD) banks or those in International Financial Services Centre (IFSCs) (unless another party is resident in India)
 - Irrevocable Payment Commitments (IPCs) by custodian banks for Foreign Portfolio Investors
 - Guarantees given under Overseas Investment Regulations, 2022.

- **Mandatory reporting of guarantees:** All guarantees involving non-residents - issuance, modification, and invocation - must be reported to an AD bank using the new Form GRN. Reporting must be done quarterly, by the responsible party (surety, principal debtor, or creditor depending on residency).
- **Regulatory streamlining:** The RBI has superseded several older circulars and will discontinue quarterly reporting of Trade Credit-related guarantees from the quarter ending March 2026.

The Guarantee regulations 2026 are effective from 6 January 2026.

(Source: RBI, Foreign Exchange Department, Notification No. FEMA 8(R)/2026-RB, Foreign Exchange Management (Guarantees) Regulations, 2026, dated 6 January 2026)



2. Notification No. FEMA 8/2000-RB dated 3 May 2000

SEBI updates

RBI updates

ICAI updates

Other updates

RBI guidelines for Internal Ombudsman

The RBI on 14 January 2026 issued the following:

- RBI (Commercial Banks - Internal Ombudsman) Directions, 2026
- RBI (Payments Banks - Internal Ombudsman) Directions, 2026
- RBI (Non-Banking Financial Companies - Internal Ombudsman) Directions, 2026
- Reserve Bank of India (Credit Information Companies - Internal Ombudsman) Directions, 2026

(collectively referred to as the Internal Ombudsman directions). These directions strengthen the internal grievance redressal framework and ensure a speedy and meaningful resolution of customer complaints by enabling a review before their rejection, by an apex level authority within the organisation. The key requirements introduced therein are as follows:

1. Applicability criteria: These Internal Ombudsman (IO) directions are applicable to the various entities basis below mentioned thresholds:

- **Commercial banks:** Banks with 10 or more banking outlets as of 31 March 2025, whether such bank is incorporated in India or outside India.
- **Payments banks:** Payments banks with 10 or more banking outlets in India as of 31 March 2025.

- **Non-Banking Financial Companies (NBFCs):**
 - Deposit taking NBFCs with 10 or more branches
 - Non-deposit taking NBFCs with asset size of ≥ INR5,000 crore and having public customer interface
- **Credit Information Companies (CICs):** Applicable to all CICs (i.e. no threshold prescribed).

2. Appointment & eligibility of IO: IO must be a retired/serving General Manager (GM)-equivalent grade officer with minimum seven years' relevant experience. Deputy IO must be Deputy General Manager (DGM)-equivalent with five years' experience. They must not have worked previously with the same entity or its group companies and should not be over 70 years in age.

3. Complaint handling framework: IO cannot receive complaints directly from customers and all rejected or partially resolved complaints must be auto escalated to the IO for review within:

- 20 days for NBFCs, Commercial banks and Payments banks
- 25 days for CICs
- 10 days buffer for card network regulated complaints where applicable.

IO must provide a reasoned decision and ensure final response to the customer within 30 days of original complaint receipt.

4. Scope exclusions, supervisory and audit requirements:

The guidelines also specifies the categories of complaints outside IO purview and requirements in relation to audit of the implementation of these directions on an annual basis.

Similar directions have also been issued for Small finance banks, Non-Bank Prepaid Payment Instruments Issuers.

(Source: RBI Notification Nos RBI/CEPD/2025-26/386 CEPD.PRD.No.S1032/13.01.019/2025-26, RBI (Credit Information Companies - Internal Ombudsman) Directions, 2026;

RBI/CEPD/2025-26/381 CEPD.PRD.No.S1027/13.01.019/2025-26, RBI (Commercial Banks - Internal Ombudsman) Directions, 2026;

RBI/CEPD/2025-26/384 CEPD.PRD.No.S1030/13.01.019/2025-26, RBI (Non-Banking Financial Companies - Internal Ombudsman) Directions, 2026;

RBI/CEPD/2025-26/383 CEPD.PRD.No.S1028/13.01.019/2025-26, RBI (Payments Banks - Internal Ombudsman) Directions, 2026; all dated 14 January 2026)

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FEMA (Export and Import of Goods and Services) Regulations, 2026

The RBI has issued the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 (EXIM Regulations 2026), on 13 January 2026, replacing the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 regulations. The EXIM Regulations 2026 consolidate and update the framework governing declaration, receipt, payment, monitoring, and reporting for all export and import transactions. Some key points are as follows:

- **Mandatory export declaration:** Exporters must submit an Export Declaration Form (EDF) for goods at the time of shipment and for services within 30 days of the invoice month.
- **Realisation timeline:** Export proceeds must be realised and repatriated within 15 months from shipment (for goods) or invoice date (for services), and within 15 months from the warehouse sale date for goods exported to overseas warehouses. When exports are invoiced or settled in INR, this period becomes 18 months. This timeline is extendable by the AD banks.
- **Set off and third party payments:** AD banks may allow set off of export receivables against import payables, and third party receipts/payments, after due verification.
- **Advance payments:** Exporters and importers must route all advance receipts/payments and related subsequent transactions through the same AD banks. They may shift to another AD bank only if they formally notify both the existing and the new AD banks of the change. The AD banks if satisfied can permit advance remittances for import specifying thresholds for such payments.
- **Merchanting trade:** Defines timelines (6 months) and documentation requirements for merchanting transactions
- **Internal SOP:** AD banks must maintain internal policies and Standard operating procedures (SOPs) for handling all export/import transactions including mercantile trading transactions.

The EXIM Regulations 2026 will be effective from 1 October 2026.

(Source: RBI, Foreign Exchange Department, Notification No FEMA 23(R)/2026-RB, Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, dated 13 January 2026)

RBI enhances collateral free lending limits to MSMEs

The RBI has issued the Lending to Micro, Small & Medium Enterprises (MSME) Sector (Amendment) Directions, 2026, introducing important changes aimed at improving credit access for small businesses. Effective 1 April 2026, banks are now mandated to provide collateral free loans up to INR20 lakh to all units financed under the Prime Minister Employment Generation Programme (PMEGP).

Further, banks may extend the collateral free limit to INR25 lakh for MSE borrowers with a strong track record and sound financial position, as per their internal policies. Banks may avail the benefit of Credit Guarantee Scheme cover, where applicable. The amendment also clarifies that gold or silver pledged voluntarily by borrowers will not be treated as a breach of the collateral-free mandate.

(Source: RBI notification RBI/2025-26/206 FIDD.MSME & NFS.BC.No.12/06.02.31/2025-26, Lending to Micro, Small & Medium Enterprises (MSME) Sector (Amendment) Directions, 2026, dated 9 February 2026)

Priority Sector Lending Directions - Amendment

The RBI has issued the RBI (Priority Sector Lending (PSL) – Targets and Classification) (Amendment) Directions, 2026 on 19 January 2026 amending the RBI (PSL – Targets and Classification) Directions, 2025, revising several provisions related to PSL computation, exemptions, on lending, co lending, export credit, and PSLC operations. The key amendments introduced are as follows:

- 1. Clarifications on ANBC exemptions and computation:** RBI has clarified that banks cannot deduct more from Adjusted Net Bank Credit (ANBC) than the actual eligible increase in Foreign Currency Non Resident (Bank) Account (FCNR(B))/ Non Resident External Account (NRE)³ deposits, when claiming exemptions linked to these deposits. Further, banks must compute off balance sheet exposures using the updated RBI prudential norms under the Large Exposures and Capital Adequacy frameworks
- 2. Revised priority sector targets table:** Revised category wise targets for Commercial Banks, Foreign Banks, Regional Rural Banks (RRBs) and Small Finance Banks (SFBs), including specific limits such as: Foreign banks with less than 20 branches can classify up to 32 per cent as export credit and not less than 8 per cent can be to any other priority sector.
- 3. Export credit clarifications:** Definition of export credit aligned with updated Credit Facilities Directions, 2025.
- 4. Classification changes for specific sectors:** RBI has refined how certain loans are classified under PSL:
 - **Housing loans:** RBI has clarified that population based eligibility for housing loans should now be determined using Census 2011 ‘Urban Agglomeration (UA)/Town’ population figures
 - **Health infrastructure:** The maximum eligible loan size for classification as PSL under

healthcare infrastructure has been increased to INR12 crore per borrower, but only for health facilities located in Tier II to Tier VI centres (i.e., smaller towns and rural areas)

- 5. Independent verification of PSL status:** RBI has introduced a stronger due diligence requirement for banks when purchasing loan portfolios that they intend to classify as PSL. Under the amendment, banks must now verify PSL eligibility using two layers of checks:
 - A. Certification from the originator’s external auditor, and
 - B. Sample checks conducted by the purchasing bank’s own staff or its appointed auditor.
- 6. On lending⁴: NBFCs, HFCs & NCDC:** On lending to NBFCs/Housing Finance Corporations (HFCs)/ National Co-operative Development Corporation (NCDC) permitted with tightened safeguards, including external auditor certification to avoid double counting. Further bank loans to NCDC now eligible for PSL, if quarterly auditor certification is provided.
- 7. PSLC Scheme Revised:** A new Annex IIIA has been inserted, fully detailing the PSL Certificate (PSLC) framework, including types, valuation, eligibility, reporting, and trading norms. Banks may issue PSLCs up to 50 per cent of previous year’s PSL achievement even if they do not have equivalent underlying PSL loans in their books, subject to conditions.

These amendments are effective immediately.

(Source: RBI Notification No. RBI/FIDD/2025-26/196 FIDD.CO.PSD.BC.No.11/04.09.001/2025-26, Reserve Bank of India (Priority Sector Lending – Targets and Classification) (Amendment) Directions, 2026, dated 19 January 2026)

3. FCNR(B) = NRI deposit in foreign currency (no foreign exchange risk).
NRE = NRI deposit in Indian Rupees (conversion from foreign currency happens on deposit).

4. Giving loans by the use of borrowed money. (For eg., in India, the RBI has promoted on-lending by banks to the NBFCs for providing loans to certain sectors)

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Voluntary Retention Route for FPI Debt Investments

The RBI has revised the Voluntary Retention Route (VRR)⁵ framework for foreign portfolio investors (FPIs) to enhance predictability and ease of doing business. Effective 1 April 2026, all FPI investments made under VRR, whether in Central Government securities, State Government securities, or corporate bonds, will now be counted within the overall investment limits of the General Route, effectively merging VRR limits with the standard FPI debt limits. FPIs that had committed to retention periods longer than the mandated minimum will now have the flexibility to exit VRR fully or partially once the minimum retention period ends. Existing VRR investments as of 1 April 2026, will automatically migrate to the General Route framework.

(Source: RBI Circular No RBI/2025-26/205 A.P. (DIR Series) Circular No. 21, Voluntary Retention Route – Imparting predictability and increasing ease of doing business, dated 6 February 2026)

RBI implements risk based premium framework for deposit insurance

The RBI together with the Deposit Insurance and Credit Guarantee Corporation (DICGC), has announced the roll out of a new Risk Based Premium (RBP) Framework for deposit insurance, effective 1 April 2026. This marks a major shift from the current flat rate premium system - 12 paise per INR100 of assessable deposits - to a system that links a bank's premium to its risk profile, financial soundness, and supervisory performance. Key features of the new framework are as follows:

- **Two tier risk models:** Tier 1 model for scheduled commercial banks (except RRBs) and tier 2 model for RRBs and cooperative banks.
- **Incentive driven premium structure:** Banks can earn up to 33.33 per cent reduction (Risk model incentive) based on their risk performance. An additional vintage incentive of up to 25 per cent is available for banks with a long-standing contribution to the Deposit Insurance Fund (DIF) without distress or payout events, thus rewarding stability over time.
- **Rating override mechanism:** RBI/DICGC may adjust a bank's rating if material adverse developments emerge after the initial assessment thereby ensuring the system remains responsive to emerging risks.
- **Confidentiality requirement:** Banks must keep their RBP ratings and premium amount confidential and are prohibited from publicly disclosing them.

(Source: RBI Press release, 'Risk-based Premium Framework for Deposit Insurance in India, dated 6 February 2026)



5. In India, foreign portfolio investors (FPIs) may invest in corporate debt through either the General Route or the Voluntary Retention Route (VRR). The General Route serves as the standard mechanism for FPI investments in Indian debt instruments. However, despite its shorter minimum holding period, FPIs often avoided this route because it involved several compliance requirements. Instead, many FPIs preferred using the VRR, as it exempted them from these restrictive conditions and provided a dedicated investment limit separate from the general cap. The trade-off, however, is that funds invested under the VRR cannot be taken out of India for three years from the date the VRR limit is allocated.

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Exemption of certain NBFCs from registration – Draft regulations

RBI issued the draft Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026 for public comments. Under the Scale Based Regulatory (SBR) Framework introduced in October 2021, the RBI recognised that NBFCs not availing public funds and not having customer interface carry a lower risk profile and therefore, warrant differential regulatory treatment. Such NBFCs were placed in the Base Layer of the SBR framework and subjected to relaxed norms. Following a review of this segment, the RBI has proposed to exempt NBFCs not availing public funds and not having customer interface, with asset size below INR1,000 crore, from mandatory registration, subject to specified conditions.

The proposed directions also lay down the procedure for deregistration or conversion of existing NBFCs which meet the above mentioned criteria, including Type I NBFCs, along with other related provisions. A set of Frequently Asked Questions (FAQs) also have been issued to clarify regulatory intent and stakeholders' expectations. Some of the key clarifications provided by the FAQs relate to:

Deregistration eligibility for existing NBFCs not availing public funds and also not having customer interface as their conscious business model

Definition of public funds and customer interface

Prohibited customer-facing activities

Compliance with Prevention of Money Laundering Act (PMLA), 2002 and Rules framed thereunder

Group-level asset aggregation rules.

(Source: RBI Press Release No 2025-2026/2084, 'RBI invites public comments on the draft Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026', dated 10 February 2026)



ICAI's guidance on new labour codes

The ICAI's Auditing and Assurance Standards Board (AASB) has released a detailed *Guidance on New Labour Codes* to help auditors navigate the wide ranging implications of India's four new Labour Codes, which became effective on 21 November 2025. The guidance covers some of the below key points:

- **Audit focus on compliance with labour codes:** Auditors must assess compliance with laws that directly impact financial amounts and disclosures, as per SA 250 *Consideration of Laws and Regulations in an Audit of Financial Statements*. This includes verifying correct wage computation, statutory contributions, and updated employee categorisation (permanent, fixed term, gig and platform workers), etc.
- **Understanding management's implementation preparedness:** The guidance requires auditors to evaluate management's preparedness, covering revised payroll structures, HR policies, internal controls, system updates and use of legal opinions or expert advice.
- **Reassessment of payroll systems and internal controls:** Auditors must review changes to payroll configuration, test controls around wage calculations, statutory deductions, actuarial assumptions, and evaluate system readiness.
- **Identification of risks of material misstatement:** The guidance highlights increased risk of misstatements in areas such as wage restructuring, application of revised definitions, classification of employees, and in actuarial valuations.
- **Detailed substantive and analytical audit procedures:** Auditors are expected to perform expanded procedures including recalculation of revised wages, verification of statutory contributions, contract reviews, trend analysis, and testing of actuarial data and assumptions impacting employee benefit liabilities.
- **Reporting implications:** The guidance outlines requirements for audit strategy, documentation, management representations, and communication with those charged with governance, while also clarifying audit-reporting implications, including when modifications, emphasis-of-matter paragraphs, or CARO reporting may be necessary in cases of non-compliance.
- The guidance also includes as an annexure, the FAQs on key accounting implications arising from the New Labour Codes, which was issued by the Accounting Standards Board of ICAI.

(Source: ICAI, Auditing and Assurance Standards Board, *Guidance on New Labour Codes*, dated 9 February 2026)



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Amendments to Ind AS 109 and Ind AS 107 – NFRA recommendation

The National Financial Reporting Authority (NFRA) held its 23rd meeting on 14 January 2026 to deliberate on the proposed amendments to Ind AS 109 - *Financial Instruments* and Ind AS 107 - *Financial Instruments: Disclosures*, arising from amendments made to corresponding International Financial Reporting Standards (IFRS) Accounting Standards by the International Accounting Standards Board (IASB). The amendments aim to provide relief from complexity and challenges in accounting for certain physical power purchase agreements of very long tenors and related to the purchase of electricity, the generation of which is nature dependent.

After deliberations, NFRA approved the recommendation of the amendments to the Central Government for notification, with an effective date of 1 April 2026.

(Source: 'Record note of the 23rd Meeting of the National Financial Reporting Authority held on 14 January 2026', dated 14 January 2026)



Industrial Relations Code 2020

The Ministry of Labour and Employment issued two notifications on 2 February 2026 to ensure clarity and administrative continuity during the transition to the Industrial Relations Code, 2020 (IR Code 2020). They are as follows:

1. The Industrial Relations Code (Removal of Difficulties) (Amendment) Order, 2026 clarifies that all existing statutory authorities established under the following:

- Trade Unions Act, 1926
- Industrial Employment (Standing Orders) Act, 1946, and
- Industrial Disputes Act, 1947

will continue to operate until equivalent bodies are formally constituted under the IR Code 2020, thereby preventing any administrative gaps or legal uncertainties during the transition phase.

2. The above three Acts stand repealed with effect from 21 November 2025, aligning the date with the IR Code 2020 came into force, thereby consolidating key labour laws into a unified framework.

(Source: Ministry of Labour and Employment, Notification Nos S.O. 464(E). and S. O. 465(E), dated 2 February 2026)

GHG emission amendment rules

The Ministry of Environment, Forest and Climate Change (MoEFCC) has notified the Greenhouse Gases Emission Intensity Target (Amendment) Rules, 2025 (GHG Amendment Rules) on 13 January 2026 to expand India's sector specific Greenhouse Gas (GHG) reduction framework under the Carbon Credit Trading Scheme, 2023. These amendments build on the original GHG Emission Intensity Target Rules, 2025 issued on 8 October 2025. Through a new Second Schedule that prescribes baseline emissions (2023-24) and reduction targets for each obligated entity for FY 2025 26 and FY 2026 27, the GHG Amendment Rules add four additional sectors, which are as follows:

- Secondary aluminium
- Petroleum refineries,
- Petrochemicals, and
- Textiles.

The notification also renames the earlier Schedule as the First Schedule. The amendment also clarifies that FY 2025 26 targets for the newly added sectors would be pro-rated for the period January to March 2026, with 2026 27 targets required to maintain the mandated reduction trajectory.

Overall, these amendments significantly broaden the compliance obligations for India's energy intensive industries and advance the country's transition toward lower carbon manufacturing and market based emission reduction mechanisms.

(Source: MOEFCC, Notification no G.S.R. 25(E), dated 13 January 2026)

Environmental (Protection) Fund Rules, 2026

The MoEFCC issued the Environmental (Protection) Fund Rules, 2026 (the Rules) under Sections 6 and 25 of the Environment (Protection) Act, 1986 (EP Act) on 15 January 2026. The rules create a dedicated Environmental Protection Fund (Fund) within the Public Account of India, which is administered by the MoEFCC or any other body notified by the Central Government. Key aspects of the Rules include:

- **Sources of the Fund:** The Fund receives money primarily from penalties imposed under the Air (Prevention and Control of Pollution) Act, 1981, Water (Prevention and Control of Pollution) Act, 1974 and the Environment (Protection) Act, 1986, along with any additional income approved under Section 16(2) of the EP Act.
- **Permitted uses of the Fund:** The Fund may be used for environmental monitoring systems, laboratory development, clean technology research, environmental damage assessment and remediation, capacity building of regulatory bodies, IT system development, court-directed studies, awareness programmes, and demonstration of innovative environmental technologies.
- **Prohibited Uses of the Fund:** The Rules explicitly prohibit the use of the Fund for medical expenses, foreign travel, construction of government buildings, and the purchase of office assets such as vehicles, furniture, and air conditioners.
- **Distribution of collected penalties:** Once penalties are collected, 75 per cent of the amount is transferred to the concerned State or Union Territory, while the remaining 25 per cent is retained by the Central Government.

Annual statements and reporting requirements: The Centre and States/UTs are required to prepare annual statements of accounts and annual reports in prescribed formats, which are then finalised by the Administrator and laid before Parliament or State Legislatures along with Comptroller and Auditor-General of India (CAG) audit reports. The CAG will conduct audits of the Fund at intervals specified by him, and the audited accounts are tabled before Parliament or the respective State Legislature.

These rules come into force on 15 January 2026.

(Source: MoEFCC Notification, G.S.R. 35(E), dated 15 January 2026)

Solid Waste Management Rules, 2026

The Solid Waste Management Rules, 2026, effective from 1 April 2026 introduce a strengthened, nationwide framework for scientific and accountable waste management, replacing the Solid Waste Management Rules, 2016. These rules introduce stricter responsibilities for waste generators, stronger oversight for local bodies, and a nationwide shift towards segregation, recycling and scientific processing. Key requirements include:

- **Broader applicability:** Rules now cover all urban and rural local bodies, institutions, commercial establishments, transport hubs, defence areas and all waste generators; only industrial, hazardous, biomedical, e waste, battery and radioactive waste remain under separate rules. Waste must now be separated into four streams - wet, dry, sanitary and special care waste, at the point of generation.
- **Online registration system:** Bulk waste generators, waste processors and material recovery facilities must register on a centralised portal for compliance, reporting and monitoring.
- **Strengthened role of local bodies:** Local authorities are mandated to ensure universal door to door waste collection, operate segregated transport systems, establish decentralised facilities for processing wet waste, and maintain transparent, real time reporting through the central online portal.
- **Extended responsibility for bulk generators:** Large establishments must ensure in house treatment of wet waste (e.g., composting/biomethanation) or obtain responsibility certificates from local authorities.
- **Use of Refuse Derived Fuel (RDF) by industries:** The rules introduce clear provisions on RDF, describing it as a high calorific fuel created from shredded and processed non recyclable fractions of municipal solid waste, such as plastics, paper and textiles. Industries that rely on solid fuels - including cement plants and waste-to-energy facilities - are now required to gradually replace part of their conventional fuel with RDF, with the mandated substitution rising from around 5 per cent to 15 per cent over a six year timeline.

- **Extended Bulk Waste Generator Responsibility Certificate for processing of waste:** A formula has been provided to estimate the Extended Bulk Waste Generator Responsibility certificates.
- **Restrictions on landfilling:** Only non recyclable, inert and non combustible waste may go to landfill; all high calorific-value non recyclable waste must be diverted to waste to energy or co processing.
- **Environmental compensation:** Non compliance attracts penalties under the 'polluter pays' principle for non-compliance including cases of operating without registration, false reporting, submission of forged documents or improper solid waste management practices, with funds earmarked exclusively for waste management improvements. In addition to environmental compensation, violators may also face action under Section 15 of the Environment (Protection) Act, 1986, which includes fines and imprisonment. Local bodies may also impose spot fines for littering and burning and higher sanitary landfill user fees may apply to unsegregated or improperly handled waste.

(Source: Ministry Of Environment, Forest And Climate Change, Notification No S.O 338(E), dated 27 January 2026)



Control of air and water pollution guidelines 2026

On 23 January 2026, MoEFCC has issued below amended guidelines (together referred to as the '2026 guidelines'):

- Control of Air Pollution (Grant, Refusal or Cancellation of Consent) Amendment Guidelines, 2026 (Air pollution Guidelines) and
- Control of Water Pollution (Grant, Refusal or Cancellation of Consent) Amendment Guidelines, 2026 (Water pollution guidelines),

The 2026 guidelines streamline consents, digitise workflows, and clarify roles aimed at reducing procedural delays and strengthening environmental governance. Some key aspects of the 2026 guidelines are as follows:

- 1. Periodic renewals requirement removed:** The 2026 guidelines state that Consent to Operate (CTO)⁶ will remain valid until cancelled, replacing earlier renewal based systems.
- 2. One time fee for 5–25 years:** States/Union Territories can levy a single CTO fee for a chosen 5 to 25 year window and will pay again only when extending beyond that window.
- 3. Unified online portal:** A centralised online portal will be rolled out within 6-12 months, after which all consent-related activities including applications, inspections, verifications, approvals, refusals and cancellations must be processed exclusively through this system. Organisations should prepare early by aligning internal systems and ensuring appropriate user access and readiness for a fully digital workflow.
- 4. Registered environment auditor option:** Project proponents may engage a registered environment auditor - as defined under the Environment Audit Rules, 2025 - to carry out site inspections, verify application details and provide required technical assessments, in addition to inspections conducted by State Board officials. This flexibility expands industry's compliance pathways, but organisations should strengthen vendor onboarding, due diligence and independence requirements to ensure audit quality and regulatory alignment.
- 5. Consolidated consent and authorisation:** The guidelines introduce a single step approval process that issues CTO with all applicable waste management authorisations also covered, under the Environment (Protection) Act, 1986. This integrated approach significantly reduces duplicate submissions, and eases compliance management for industries.
- 6. Simplified norms for micro and small units:** For micro and small industries located in notified industrial estates, consent to establish is deemed automatically granted once a self-certified Form I application is submitted online.
- 7. Clarification on capital investment computation:** Clarifies how to compute capital investment for fee and category determination.

(Source: MoEFCC Notifications, G.S.R. 62(E) and G.S.R. 63(E), dated 23 January 2026)

6. An application for consent to establish or operate an industrial plant has to be under section 21 of the Air (Prevention and Control of Pollution) Act, 1981 and under section 25 of Water (Prevention and Control of Pollution) Act, 1974.

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IFSCA capital market -intermediaries amendment regulations

The International Financial Services Centres Authority (IFSCA) issued the IFSCA (Capital Market Intermediaries) (Amendment) Regulations, 2026 on 7 January 2026, to simplify registration processes and modernise both qualification and operational standards for entities operating within IFSCs. Key points covered therein are:

- **Unified registration framework:** Entities in IFSC can now obtain one unified registration to undertake multiple permitted activities, streamlining regulatory approvals.
- **Expanded qualification criteria:** Eligible educational backgrounds now include fintech, science, technology, engineering, and mathematics, and the prior requirement for a 'recognised' foreign university has been removed.
- **Reduced experience requirements:** The mandatory work experience requirement for a principal officer or compliance officer (who is based out of an IFSC) has been lowered from 10 years to 5 years, making it easier to meet senior level eligibility conditions.
- **Flexible principal officer structure:** Entities conducting multiple regulated activities may appoint the same individual as principal officer across functions, while ensuring a separate vertical head for distribution business activities.
- **Supersession of earlier custodian circular:** The previous IFSCA circular on 'Recognition as Custodian of assets/securities' dated 24 February 2021 now stands superseded
- **Revised net worth norms for custodian:** The required net worth for custodians has been fixed at USD 1 million, with existing custodians permitted to comply with revised norms by 30 June 2026.

These regulations came into effect on 7 January 2026.

(Source: IFSCA, Notification No IFSCA/GN/2026/005, 'International Financial Services Centres Authority (Capital Market Intermediaries) (Amendment) Regulations, 2026', dated 7 January 2026)

Consultation on income tax rules under Income Tax Act 2025

The Central Board of Direct Taxes (CBDT) has invited public feedback on the proposed Income tax rules and forms drafted under the Income tax Act, 2025, which received the President's assent in August 2025 and will come into effect on 1 April 2026. As part of its wider consultative approach, CBDT has uploaded the draft rules and forms on its official website and launched an online utility on the e filing portal to collect stakeholder inputs. Suggestions are being sought across four key areas-simplification of language, reduction of litigation, reduction of compliance burden, and identification of redundant or obsolete provisions. Stakeholders can submit their recommendations through an OTP validated process, ensuring their feedback is formally considered before the final notification of the Rules.

(Source: Ministry of Finance, PIB, Release ID 2225061 'CBDT seeks stakeholders' inputs on proposed Income-tax Rules and Forms related to Income Tax Act, 2025, dated 08 February 2026)

Supreme Court clarifies GAAR applicability

In a significant judgement reshaping the tax landscape for foreign investors, the Supreme Court of India held that the Mauritius-based entities of Tiger Global were liable to Indian capital gains tax on a post-1 April 2017 share transfer, as the arrangement was found to constitute an impermissible tax avoidance structure under the General Anti-Avoidance Rules (GAAR). The Court emphasised that GAAR would be applicable on the date of transfer, not the date of initial investment, thereby limiting the protection previously assumed under grandfathering provisions for pre-2017 acquisitions. It further ruled that possession of a Tax Residency Certificate (TRC) does not bar tax authorities from scrutinising the commercial substance and purpose of a transaction, narrowing the long-standing presumption that TRCs alone secure treaty benefits. Consequently, earlier CBDT circulars and pre-GAAR judicial precedents were deemed inapplicable in light of the statutory treaty-override mechanism now embedded in Indian law.

(Source: The Authority for Advance Rulings (Income-tax) and others v. Tiger Global International II Holdings (Civil Appeal No. 262 of 2026 – Arising out of SLP (C) No. 2640 of 2025))

Broadened definition of a startup

The Ministry of Commerce and Industry (Department for Promotion of Industry and Internal Trade - DPIIT) has issued an updated notification on 4 February 2026 revising the official definition and eligibility criteria for startups in India. The update supersedes the earlier 2019 notification⁷ and aims to broaden the scope of recognition, especially for high growth and deep tech ventures, while ensuring clarity around compliance, eligibility, and benefits. This revised framework is expected to make it easier for emerging businesses to qualify as startups and access regulatory relaxations, tax incentives, and government support programs. Some key aspects are as follows:

1. Eligibility to qualify as a startup

- Is incorporated in India as a private limited company, partnership firm, limited liability partnerships (LLPs), multi-state cooperative society, or a state/union territory-registered cooperative society.
- Is within 10 years of incorporation/registration.
- Has not exceeded INR200 crore turnover (previously INR100 crore) in any financial year since incorporation
- Is focused on innovation, development, or improvement of products, processes, or services, OR operates a scalable business model generating employment or wealth

2. New category introduced - Deep Tech Startups (DTS): A dedicated definition for DTS has been added. These entities get expanded benefits, recognising their longer development cycle and higher capital needs. A DTS must be involved in one or more of the following:

- Work on providing a solution based on new scientific or engineering knowledge,
- Spending a high proportion of funds on R&D,
- Owning or be creating novel intellectual property,

- Operating in areas with long gestation periods, high capital intensity, and significant technical uncertainty.

Further extended thresholds are provided for DTS with eligibility period increased to 20 years (10 years for others) and turnover limit of INR300 crore (INR200 crore for others).

- 3. Exclusion:** Startups formed by splitting or restructuring existing businesses are not eligible, besides those startups which have completed 10 year tenure or crossed turnover limit in any year.
- 4. Process for recognition and tax certification:** Startups must apply on the DPIIT portal with incorporation documents and a brief write up demonstrating innovation or scalability, along with additional evidence if applying as a DTS. Eligible private limited companies and LLPs may also apply to the Inter Ministerial Board (IMB) in Form 1 for Section 80 IAC tax benefits. DPIIT/IMB may approve or reject applications after verification.
- 5. Conditions for use of funds:** Startups must use funds for core business, innovation, research and development (R&D), scaling, or operations, and avoid investments in non productive assets such as real estate, luxury items, or speculative activities.
- 6. Revocation and flexibility:** DPIIT may revoke recognition or tax certificates if they were obtained using false information, treating them as never issued, while the Central Government may grant exemptions or modify conditions for startups in special cases.

The provisions of this notification are effective 4 February 2026.

(Source: ministry of commerce and industry (Department for Promotion of Industry and Internal Trade) notification No G.S.R. 108(E), dated 4 February 2026)

7. No. G.S.R. 127(E) dated 19 February 2019

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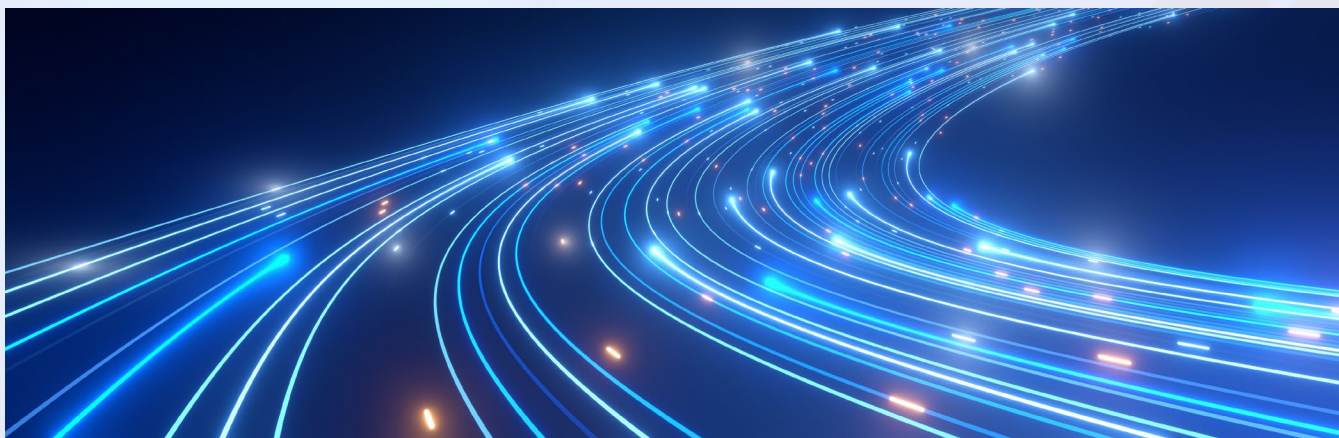
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Insurance Amendment Laws made effective

The Sabka Bima Sabki Raksha (Insurance Amendment Laws) Bill, 2025 was passed by Parliament on 17 December 2025 and received the President's assent on 20 December 2025. However, the amendments were not immediately enforced. The Bill amends the Insurance Act, 1938, the Life Insurance Corporation Act, 1956, and the Insurance Regulatory and Development Authority Act, 1999.

The Ministry of Finance has now notified the Sabka Bima Sabki Raksha (Amendment of Insurance Laws) Act, 2025 on 5 February 2026, except Section 25, which remains pending enforcement. Section 25 introduces stricter conflict-of-interest safeguards by prohibiting any director or officer of an insurer from simultaneously serving as a director or officer of another insurer in the same class of business, or of a banking or investment company. This restriction does not apply to Directors nominated by the Central Government, preserving mandated government representation.

(Source: Ministry of Finance, Department of Financial Services, Notification No. S.O. 490(E), dated 3 February 2026)



2026 guidelines for overseas insurers' liaison offices

The IRDAI issued revised 'Guidelines on Establishment and Closure of Liaison Office in India by an Insurance Company registered outside India' on 11 February 2026, superseding all previous instructions on the subject. These guidelines govern the conditions, procedures, permitted activities, compliance requirements, and closure mechanisms for liaison offices (LOs) set up in India by overseas insurers. Key provisions of the guidelines cover:

- **Definition and scope of a LO:** A Liaison Office is defined as a non-commercial establishment that serves solely as a communication link between an overseas insurer's head office and entities in India. It is prohibited from soliciting business or undertaking any activity that generates revenue and must meet all its expenses exclusively through foreign inward remittances from the head office. This ensures that the office remains purely administrative and not operational or commercial in nature.
- **Eligibility for establishing an LO:** To establish a LO, an overseas insurer must have a profit-making record for the preceding three financial years and a minimum net worth of USD 65 million. IRDAI may relax this net-worth requirement in exceptional cases.
- **Other operations aspects:** The guidelines further outline key operational requirements, including the scope of permitted activities, conditions attached to IRDAI's approval, obligations relating to the maintenance of books and records, submission of annual financial statements and the Annual Activity Certificate, as well as the restrictions applicable to LOs and the actions the authority may take in the event of non-compliance.

These guidelines are effective from 11 February 2026

(Source: IRDAI Ref: IRDAI/F&I/GDL/MISC/27/02/2026 ' Guidelines on Establishment and Closure of Liaison Office in India by an Insurance Company registered outside India', dated 11 February 2026)

SEBI updates

RBI updates

ICAI updates

Other updates

Clarification on data maintenance rules for Foreign Reinsurer Branches (FRBs)

The Insurance Regulatory and Development Authority of India (IRDAI) in its 132nd meeting of its Authority approved a clarification to *proviso (iii) of Regulation 9, Chapter 2* of the IRDAI (Maintenance of Information by the Regulated Entities and Sharing of Information by the Authority) Regulations, 2025. The proviso deals with where and how insurers must maintain records - including electronic records - covering all policies issued and all claims made in India, with a requirement that such records be maintained in data centers located and maintained in India. The authority re emphasised that all records - including those held electronically - must continue to comply with the Indian data maintenance requirements. This provides practical clarity for FRBs integrating global systems with local regulatory expectations, without diluting the underlying record keeping obligations giving them compliance flexibility specific to their operational model.

(Source: IRDAI, Minutes of the 132nd Authority Meeting, dated 14 July 2025)



IRDAI clarifies rules for insurer investments in AIFs

The IRDAI has issued a clarification on how insurers may invest in Alternative Investment Funds (AIFs), specifically addressing concerns around compliance with Section 27E of the Insurance Act, 1938, which prohibits insurers from investing -directly or indirectly - in overseas assets.

Under the existing framework, insurers can only invest in Fund of Funds (FoF)⁸ structures that do not deploy money into AIFs investing overseas. However, insurers had sought clarity on investing in AIFs that offer 'excusal rights', allowing them to opt out of the fund's foreign-investment components. To enable broader participation while ensuring regulatory safeguards, IRDAI has now clarified that insurers may invest in such AIFs, provided strict conditions are met such as:

- The insurer's commitment must have valid excusal rights, ensuring none of their capital is ever drawn for overseas investments.
- The AIF must hard code this restriction into its fund documents and certify that no insurer funds are deployed abroad.
- Insurers and AIFs must exchange formal declarations, maintain audit trails, and provide quarterly/annual confirmations via auditors as part of a three layer compliance mechanism.

Additionally, IRDAI has updated the rule on single AIF exposure, requiring insurers to comply with exposure limits after combining both direct and indirect (FoF based) investments.

(Source: IRDAI Circular No. IRDAI/F&I/CIR/INV/28/2/20 'Sub: Clarifications on provisions with respect to investment in Alternative Investment Funds (AIF)', dated 12 February 2026)

8. A Fund of Fund (FoF) invests in other funds. Investment in these funds help investors spread their risks across various markets and assets class while benefiting from professional fund management

First Notes



First Notes - Bridging the gap: NFRA's circular for enhancing auditor-TCWG communication

On 7 January 2026, the National Financial Reporting Authority (NFRA) published a circular in relation to Effective Communication between Statutory Auditors and Those Charged With Governance (TCWG), including Audit Committees (the Circular). The Circular emphasises the importance of transparent, timely, and well structured communication throughout the audit cycle to strengthen governance oversight and enhance audit quality. NFRA has also highlighted certain recurring gaps in the existing practices of communication between statutory auditors and TCWG including Audit Committees. Common issues noted by NFRA include incorrect evaluation of company's governance structure resulting in incorrect identification of TCWG, gaps in design and documentation of communication processes, lack of timely communication, and failure to discuss significant audit findings related to transactions outside the normal course of business, deficiencies in internal controls and risks associated with related party transactions. To strengthen these practices, the Circular reiterates and clarifies the statutory and professional obligations under the Companies Act, 2013 (the 2013 Act), relevant Rules, and Standards on Auditing (SAs), particularly SA 260 (Revised), Communication with Those Charged with Governance and SA 265, Communicating Deficiencies in Internal Control to Those Charged With Governance and Management. These Standards require auditors to identify TCWG at the outset, maintain continuous two way communication, and provide timely written reporting of significant deficiencies in internal controls. This issue of First Notes summaries NFRA's expectations and responsibilities for TCWG and auditors and the key recommendations aimed at strengthening audit quality and governance practices.

To access the First Notes, please click [here](#)



Voices on Reporting – Webinar on 'Decoding IFRS 18: Key implications for financial reporting'

On 25 February 2026, KPMG in India held the Voices on Reporting webinar to discuss the key reporting considerations and potential implementation challenges that may arise as entities transition to the IFRS 18.

To access the webinar, please click [here](#)

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