MEHTA & MEHTA
Corporate Legal Firm

VEDANAM वेदनम्

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Why Vedanam?

Mehta & Mehta proudly presents VEDANAM, our monthly newsletter designed to equip legal professionals, Company Secretaries, Chartered Accountants, and all Stakeholders navigating complex regulatory and legal environments. VEDANAM delivers meticulously curated:

- Timely Regulatory Updates
- Comprehensive Case Law Analysis
- Strategic Knowledge Article

With the release of our June 2025 issue, we reaffirm our commitment to providing you with the actionable knowledge needed to proactively navigate and thrive in today's dynamic business and legal landscapes.

Table of Content

Find the latest updates about our Webinars and Circulars, Notifications and Updates published by SEBI, MCA, RBI, IBBI and other official government site.

SEBI UPDATE - SIGNIFICANT INDICES' UNDER SEBI (INDEX PROVIDERS) REGULATIONS, 2024

The Securities and Exchange Board of India ("SEBI") has operationalized the regulatory framework for Index Providers through the SEBI (Index Provider) Regulations, 2024 to enhance transparency, governance, and accountability in the administration of indices used in the Indian securities market.

SEBI has clarified that any benchmark or index (including index of indices) based on listed securities will qualify as a "Significant Index" if the daily average cumulative AUM of mutual fund schemes tracking or benchmarking such index exceeds ₹20,000 crore for each of the preceding six months ending on June 30 and December 31. Once classified as a Significant Index, it shall continue to remain so unless the threshold is not met for three continuous years. Index Providers administering such Significant Indices are required to apply for registration with SEBI within six months from the date of the circular, except where the indices are already recognized by RBI as "Significant Benchmarks" or "Authorized Benchmarks" under Section 45W of the RBI Act, 1934. Further, SEBI-regulated entities undertaking index provider activities departmentally must establish a separate legal entity for such activities within two years. The circular also clarifies that the grievance redressal mechanism under the IP Regulations shall apply only to Significant Indices provided by SEBI-registered Index Providers, and the provisions of the circular have come into immediate effect.

SEBI update -Significant Indices' under SEBI (Index Providers) Regulations, 2024

SEBI UPDATE- DISCONTINUATION OF INVESTOR RISK REDUCTION ACCESS (IRRA) PLATFORM

SEBI, vide circular, has discontinued the Investor Risk Reduction Access ("IRRA") platform with immediate effect, considering it structurally redundant due to significant technological advancements and strengthened business continuity measures adopted by stock brokers and stock exchanges. SEBI noted that enhanced BCP-DR frameworks, cyber resilience mechanisms, Security Operations Centre (M- SoC), technical glitch frameworks, and the availability of the Contingency Pool Trading facility have substantially improved operational continuity and investor service resilience. Since the IRRA platform, introduced in December 2022 and operationalized from October 01, 2023, had not been utilized by stock brokers, stock exchanges unanimously recommended its discontinuation. Accordingly, the earlier SEBI circular dated December 30, 2022 stands superseded, while stock exchanges have been advised to further review and strengthen the Contingency Pool Trading framework.

SEBI update -Discontinuation of Investor Risk Reduction Access (IRRA) platform

SEBI UPDATE- NORMS FOR SHARING AND USAGE OF PRICE DATA FOR EDUCATIONAL PURPOSES

SEBI, vide circular, has revised the norms governing sharing and usage of market price data for educational purposes by prescribing a uniform time lag of 30 days for both sharing and usage of such data, replacing the earlier framework which allowed sharing with a one-day lag and usage with a three- month lag. The revision has been introduced based on stakeholder feedback highlighting risks of misuse due to the shorter lag period and practical difficulties arising from the longer usage restriction for educational activities. Further, SEBI has provided a specific exemption to the National Institute of Securities Markets ("NISM"), permitting access to market price data with a one-day lag exclusively for use in its simulation lab. The circular also mandates MIIs and market intermediaries to undertake due diligence and execute appropriate legal agreements to prevent misuse of data and maintain audit trails. The revised provisions shall come into effect from July 01, 2026

SEBI update -Norms for sharing and usage of price data for educational purposes

SEBI UPDATE- PERMITTED USE OF FRESH BORROWINGS FOR INVITS WHERE NET BORROWINGS EXCEEDS FORTY-NINE PERCENT OF THE VALUE OF INVIT ASSETS

SEBI, vide circular, has clarified the permitted end-use of fresh borrowings by Infrastructure Investment Trusts (InvITs) where net borrowings exceed 49% of the value of InvIT assets pursuant to the amendment in Regulation 20(3)(b)(ii) of the SEBI (InvIT) Regulations, 2014. The circular permits utilization of such borrowings towards (i) capital expenditure for enhancement of asset performance or capacity augmentation, (ii) major maintenance expenses relating to road projects, being non-routine maintenance in accordance with concession agreements, and (iii) refinancing of existing debt of the InvIT, SPV or HoldCo, subject to conditions that the original debt was used for permitted purposes and only the principal amount may be refinanced, excluding interest, charges or fees. The circular has come into force with immediate effect.

SEBI update - Permitted use of fresh borrowings for InvITs where Net Borrowings exceeds forty-nine percent of the value of InvIT assets

SEBI UPDATE - STATUS OF SPVS POST CONCLUSION OR TERMINATION OF CONCESSION AGREEMENT

SEBI, vide circular, has prescribed conditions regarding the status of Special Purpose Vehicles (SPVs) held by Infrastructure Investment Trusts (InvITs) upon conclusion or termination of concession agreements or similar arrangements. Pursuant to the amendment in Regulation 2(1)(zy)(ii) of the SEBI (InvIT) Regulations, 2014, such SPVs may continue to retain their SPV status subject to specified conditions. The Investment Manager is required to either exit the investment in such SPV through sale, liquidation, winding-up or merger, or acquire a new infrastructure project in the SPV within one year from the later of completion/termination of the concession agreement, conclusion of pending claims/litigations/tax assessments and related appeals, or completion of the defect liability period, excluding time taken for obtaining statutory or regulatory approvals. Further, detailed disclosures are required to be made in the annual report at both InvIT and SPV levels regarding the value of investments, project status, assets and liabilities, contingent liabilities, debt repayment obligations,
sufficiency of assets, exit strategy and timeline, and other material pending matters. The circular has come into force with immediate effect.

SEBI update - Status of SPVs post conclusion or termination of Concession Agreement

SEBI UPDATE - REVISION OF MONTHLY CUMULATIVE REPORT (MCR) FORMAT

SEBI has issued a circular revising the format of the Monthly Cumulative Report (MCR) prescribed under clause 6.20 of the SEBI Master Circular for Mutual Funds dated March 20, 2026. The revision has been made pursuant to the introduction of new mutual fund scheme categories under the SEBI Circular dated February 26, 2026 on Categorisation and Rationalisation
of Mutual Fund Schemes, now consolidated under clause 3.7 of the Master Circular. Accordingly, Mutual Funds/AMCs are required to adopt the revised MCR format from June 2026 onwards, along with the newly introduced MCR SIF format enclosed as Annexures A and B respectively. All other provisions of the Master Circular remain unchanged.

SEBI update - Revision of Monthly Cumulative Report (MCR) Format

SEBI UPDATE - EASE OF DOING INVESTMENTS - MODIFIED NORMS FOR NOMINATION IN DEMAT ACCOUNTS AND MUTUAL FUND FOLIOS

SEBI has revised the nomination framework for demat accounts and mutual fund folios to simplify investor onboarding and reduce unclaimed assets. Effective from 1 September 2026, nomination will be mandatory for all newly opened single-holder demat accounts and MF folios unless the investor expressly opts out, while it will

remain optional for jointly held accounts. Investors may nominate up to three nominees, provide nominations through online or offline modes, and furnish only the nominee's name and relationship as mandatory details, with other particulars remaining optional.

The circular also removes the requirement for witness signatures in cases of physical nominations signed by wet signature (except where a thumb impression is used), permits unlimited changes or cancellation of nominations, and requires DPs and MF RTAs to periodically nudge investors without nominations through bi-annual communications and platform pop-ups. The revised framework supersedes all earlier SEBI circulars on nomination and aims to enhance ease of investing and facilitate smoother transmission of securities upon the demise of an investor

SEBI update - Ease of doing investments - Modified Norms for Nomination in Demat Accounts and Mutual Fund Folios

SEBI UPDATE - EXTENSION OF TIMELINE FOR COMPLIANCE WITH TERMS AND CONDITIONS BY DEBENTURE TRUSTEES FOR CARRYING OUT ACTIVITIES OUTSIDE THE PURVIEW OF SEBI

SEBI, vide circular, has extended the timeline for compliance with Regulation 9C of the SEBI (Debenture Trustees) Regulations, 1993, which requires debenture trustees to segregate non-SEBI regulated activities into separate business units. Considering industry representations regarding operational challenges, an additional six months has been granted, and the revised deadline for compliance is now October 27, 2026. All other provisions of the earlier SEBI circular dated November 25, 2025 remain unchanged.

SEBI update - Extension of timeline for compliance with terms and conditions by Debenture Trustees for carrying out activities outside the purview of SEBI

SEBI UPDATE - OPERATIONALISATION OF PAST RISK AND RETURN VERIFICATION AGENCY ("PARRVA")

SEBI, vide circular, has operationalised the Past Risk and Return Verification Agency (PaRRVA) framework by granting recognition to Care Ratings Limited as PaRRVA, with NSE acting as the data centre, and commencing operations from May 4, 2026. Investment Advisers (IAs) and Research Analysts (RAs) intending to communicate certified past performance must enrol with PaRRVA by August 3, 2026, failing which such communication will not be permitted thereafter; further, use of pre-PaRRVA performance data will be allowed only until May 3, 2028. The circular also revises the composition of the oversight committee to ensure broader representation and independence, while all other provisions of the earlier circular dated April 4, 2025 remain applicable.

SEBI update - Operationalisation of Past Risk and Return Verification Agency ("PaRRVA")

SEBI UPDATE - FAST-TRACK MECHANISM FOR PROCESSING OF PLACEMENT MEMORANDUM OF AIFS FILED WITH SEBI

SEBI, vide circular, has introduced a fast-track mechanism for processing Private Placement Memorandums (PPMs) of Alternative Investment Funds (AIFs) for non-Large Value
Fund (non-LVF) schemes, including Angel Funds, as an ease of doing business measure. Under this framework, AIFs may launch schemes and circulate PPMs after 30 days of filing with SEBI (or from the date of registration for first schemes,
whichever is later), without awaiting explicit SEBI approval, subject to incorporation of any SEBI comments. The circular also mandates declaration of first close within 12 months, places responsibility for accuracy and completeness of disclosures on the Merchant Banker and AIF Manager, prescribes filing requirements and standard disclaimers, and clarifies that all other provisions of the AIF Master Circular dated May 7, 2024 remain unchanged.

SEBI update - Fast-Track Mechanism for Processing of Placement Memorandum of AIFs filed with SEBI

RBI UPDATE - FOREIGN EXCHANGE MANAGEMENT (AUTHORISED PERSONS) REGULATIONS, 2026

The Foreign Exchange Management (Authorised Persons) Regulations, 2026 issued by the Reserve Bank of India introduce a comprehensive framework governing authorisation, eligibility, operations, and compliance requirements for Authorised Persons dealing in foreign exchange under FEMA, 1999. The regulations classify Authorised Persons into AD Category-I, AD Category-II, AD Category-III and Full Fledged Money Changers (FFMCs), prescribe revised eligibility criteria including minimum net worth, turnover thresholds and 'fit and proper' requirements for promoters, directors and KMPs, and mandate applications through the PRAVAAH portal. The framework also rationalises the foreign exchange ecosystem by discontinuing fresh FFMC authorisations and prohibiting new franchisee arrangements, while transitioning existing franchisees to the Forex Correspondent (FxC) model within two years. Further, the regulations establish detailed governance norms for Forex Correspondents under a principal-agent structure, introduce ongoing compliance and reporting obligations, provide for revocation and appeal mechanisms, and strengthen oversight over management changes, outsourcing risks, and operational continuity of authorised entities engaged in foreign exchange activities.

RBI Update - Foreign Exchange Management (Authorised Persons) Regulations, 2026

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) FIFTH AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Fifth Amendment Directions, 2026 issued by the Reserve Bank of India amend the existing capital adequacy framework for commercial banks by revising the norms relating to inclusion of quarterly profits in Common Equity Tier 1 (CET1) capital for CRAR computation. Under the revised framework, banks may recognise profits of the current financial year on a quarterly basis, provided that the financial statements are audited or subjected to limited review every quarter. The eligible profit for inclusion in CET1 capital is to be determined using a prescribed formula that adjusts net profit by deducting a proportionate amount linked to the average dividend paid during the previous three financial years. The amendment further clarifies that any cumulative net loss up to the relevant quarter end must be fully deducted while computing CET1 capital. The Directions have come into force with immediate effect.

RBI Update - Reserve Bank of India (Commercial Banks - Prudential Norms on Capital Adequacy) Fifth Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) FOURTH AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India (Small Finance Banks - Prudential
Norms on Capital Adequacy) Fourth Amendment Directions, 2026 issued by the Reserve Bank of India revise the prudential norms relating to inclusion of quarterly profits in Common Equity Tier 1 (CET1) capital for Capital to Risk Weighted Assets Ratio (CRAR) computation by Small Finance Banks. Under the amended framework, Small Finance Banks may recognise profits of the current financial year on a quarterly basis for CRAR calculation, subject to quarterly financial statements being audited or subjected to limited review. The eligible profit to be included in CET1 capital is to be
calculated using a prescribed formula that adjusts net profit by
deducting a proportionate amount based on the average dividend paid during the preceding three financial years. Further, the Directions clarify that cumulative net losses up to the relevant quarter end shall be fully deducted while calculating CET1 capital. The amendment has come into force with immediate effect.

RBI Update - Reserve Bank of India (Small Finance Banks - Prudential Norms on Capital Adequacy) Fourth Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (PAYMENTS BANKS - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) SECOND AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India (Payments Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026 issued by the Reserve Bank of India amend the prudential norms governing inclusion of quarterly profits in Common Equity Tier 1 (CET1) capital for Capital to Risk Weighted Assets Ratio (CRAR) computation by Payments Banks. Under the revised framework, Payments Banks may
recognise profits of the current financial year on a quarterly basis for CRAR purposes, subject to the condition that quarterly financial statements are audited or subjected to limited review. The eligible profit for inclusion in CET1 capital is to be computed using a prescribed formula that adjusts net profit by deducting a proportionate amount based on the average dividend paid during the previous three financial years. The Directions further clarify that cumulative net losses up to the relevant quarter end shall be fully deducted while calculating CET1 capital. The amendment has come into force with immediate effect.

RBI Update - Reserve Bank of India (Payments Banks - Prudential Norms on Capital Adequacy) Second Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) SECOND AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks – Classification, Valuation, and Operation of Investment Portfolio) Second Amendment Directions, 2026, amending the existing Directions of 2025 with immediate effect. Pursuant to the revised prudential framework governing market risk and investments for commercial banks, RBI has discontinued the requirement of maintaining Investment Fluctuation Reserve (IFR) with effect from May 18, 2026. Accordingly, the balance lying in the IFR as on May 17, 2026 is required to be transferred 'below the line' to the Statutory Reserve, General Reserve, or Balance of Profit & Loss Account. In the case of foreign banks operating in India through branch mode, such balance shall be transferred to statutory reserves kept in Indian books or remittable surplus retained in Indian books that remains non- repatriable while the bank continues operations in India. Further, paragraphs 106 to 108 of the 2025 Directions relating to IFR have been deleted.

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) SECOND AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks – Classification, Valuation, and. Operation of Investment Portfolio) Amendment Directions, 2026, with immediate effect, amending the existing 2025 Directions relating to Investment Fluctuation Reserve (IFR). Considering the operational challenges faced by Small Finance Banks in maintaining IFR, RBI has revised paragraph 103 to provide that banks shall create IFR out of realised gains on sale of investments, subject to availability of net profit, until the IFR balance reaches at least 2% of the AFS and FVTPL (including HFT) investment portfolio. The minimum IFR requirement is to be assessed annually based on the value of the AFS and FVTPL (including HFT) portfolio as on the balance sheet date, and transfers to IFR are required to be made from net profit after mandatory appropriations.

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) SECOND AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (PAYMENTS BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Payments Banks – Classification, Valuation, and Operation of Investment Portfolio) Amendment Directions, 2026, with immediate effect, amending the existing 2025 Directions relating to Investment Fluctuation Reserve (IFR). In light of operational constraints faced by Payments Banks in maintaining IFR, RBI has revised paragraph 112 to mandate that banks shall create IFR out of realised gains on sale of investments, subject to availability of net profit, until the IFR balance reaches at least 2% of the AFS and FVTPL (including HFT) investment portfolio. The minimum IFR requirement is to be assessed annually based on the value of the AFS and FVTPL (including HFT) portfolio as on the balance sheet date, and transfers to IFR are required to be made from net profit after mandatory appropriations.

RBI UPDATE - RESERVE BANK OF INDIA (PAYMENTS BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (LOCAL AREA BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Local Area Banks – Classification, Valuation, and Operation of Investment Portfolio) Amendment Directions, 2026, with immediate effect, amending the existing 2025 Directions relating to Investment Fluctuation Reserve (IFR). In view of developments in the prudential framework governing market risk and investments for Local Area Banks, RBI has discontinued the requirement of maintaining IFR with effect from May 18, 2026. Accordingly, the balance lying in the IFR as on May 17, 2026 is required to be transferred ‘below the line’ to the Statutory Reserve, General Reserve, or Balance of Profit & Loss Account. Further, paragraphs 105 to 107 of the 2025 Directions relating to IFR have been deleted.

RBI UPDATE - RESERVE BANK OF INDIA (LOCAL AREA BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (URBAN CO-OPERATIVE BANKS – CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued various Amendment Directions, 2026 revising the Investment Fluctuation Reserve (IFR) framework for different categories of banks under the Investment Portfolio Directions, 2025. RBI has discontinued the IFR requirement for Commercial Banks

Banks with effect from May 18, 2026, requiring transfer of existing IFR balances to reserves or Profit & Loss Account, while for Small Finance Banks and Payments Banks, IFR is to be maintained at a minimum of 2% of the AFS and FVTPL/HFT portfolio out of realised gains subject to net profit availability. Further, Urban Co-operative Banks are required to maintain a minimum IFR of 5% of their HFT and AFS investment portfolio, with flexibility to maintain higher reserves and utilise excess IFR balances for credit to the Profit & Loss Account.

RBI UPDATE - RESERVE BANK OF INDIA (URBAN CO-OPERATIVE BANKS – CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (RURAL CO-OPERATIVE BANKS – CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Rural Co-operative Banks – Classification, Valuation, and Operation of Investment Portfolio) Amendment Directions, 2026, with immediate effect, revising the framework relating to Investment Fluctuation Reserve (IFR) for Rural Co-operative Banks (RCBs). RBI has amended paragraph 115(1) to mandate that RCBs shall maintain an IFR of not less than 5% of their investment portfolio classified under the Current Category, with the minimum requirement to be assessed annually based on the book value of such investments as on the balance sheet date.

RBI UPDATE - RESERVE BANK OF INDIA (RURAL CO-OPERATIVE BANKS – CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (REGIONAL RURAL BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Regional Rural Banks – Classification, Valuation, and Operation of Investment Portfolio) Amendment Directions, 2026, with immediate effect, revising the framework relating to Investment Fluctuation Reserve (IFR) for Regional Rural Banks (RRBs). RBI has amended paragraph 104 to provide that RRBs shall create IFR out of realised gains on sale of investments, subject to availability of net profit, until the IFR balance reaches at least 2% of the HFT and AFS investment portfolio, with the minimum requirement to be assessed annually based on the book value of investments in AFS and HFT categories as on the balance sheet date.

RBI UPDATE - RESERVE BANK OF INDIA (REGIONAL RURAL BANKS - CLASSIFICATION, VALUATION, AND OPERATION OF INVESTMENT PORTFOLIO) AMENDMENT DIRECTIONS, 2026

RBI UPDATE - RESERVE BANK OF INDIA (URBAN CO-OPERATIVE BANKS - GOVERNANCE) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Urban Co-operative Banks – Governance) Amendment Directions, 2026, with immediate effect, amending the RBI (Urban Co-operative Banks – Governance) Directions, 2025. Pursuant to the amendment made by the Banking Laws (Amendment) Act, 2025, which increased the maximum continuous tenure of directors of Urban Co-operative Banks (UCBs) from eight years to ten years, RBI has introduced a mandatory cooling-off requirement to prevent circumvention of tenure limits. A director who completes a continuous tenure of ten years on the Board of a UCB shall be eligible for re- appointment, whether through election, co-option or any other mode, only after serving a minimum cooling-off period of three years, during which the individual cannot be associated with the same UCB in any capacity other than as a member or customer. However, such person may serve as a director on the Board of another bank, subject to eligibility. For determining continuous tenure, service rendered before an interruption of less than three years will be aggregated, whereas service preceding an interruption of at least three years will be excluded from the calculation. This amendment aims to uphold the intent of the statutory tenure restrictions and strengthen governance standards in UCBs

RBI Update - Reserve Bank of India (Urban Co-operative Banks - Governance) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (RURAL CO-OPERATIVE BANKS - GOVERNANCE) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Rural Co-operative Banks – Governance) Amendment Directions, 2026, with immediate effect, amending the RBI (Rural Co-operative Banks – Governance) Directions, 2025. The amendment follows the Banking Laws (Amendment) Act, 2025, which increased the maximum continuous tenure of directors of State Co-operative Banks (StCBs) and Central Co- operative Banks (CCBs) from eight years to ten years with effect from August 1, 2025. To prevent circumvention of the statutory tenure limits through brief resignations and reappointments, RBI has inserted a new paragraph 7A prescribing that a director, upon completing a continuous tenure of ten years on the Board of a Rural Co-operative Bank (RCB), shall be eligible for reappointment to the same bank only after undergoing a minimum cooling-off period of three years. During this period, the individual cannot be associated with the concerned RCB in any capacity other than as a member

or customer, although appointment to the Board of another bank remains permissible, subject to eligibility.
Further, for calculating continuous tenure, any period of directorship preceding an interruption of less than three years shall be aggregated, whereas service rendered prior to an
interruption of at least three years shall be excluded. The amendment seeks to reinforce the intent of the Banking Regulation Act, 1949 and strengthen governance standards in rural co-operative banks by ensuring periodic board refreshment and preventing prolonged control by the same individuals.

RBI Update - Reserve Bank of India (Rural Co-operative Banks - Governance) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES– UNDERTAKING OF FINANCIAL SERVICES) –AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India, vide the Non-Banking Financial Companies – Undertaking of Financial Services) Amendment Directions, 2026, has amended the existing Directions, 2025 to include “AgriSURE – Agri Fund for Start Ups & Rural Enterprises” in Annex I, thereby expanding the list of permitted financial services/activities. This amendment has been issued under the relevant provisions of the RBI Act, Factoring Regulation Act, and NHB Act, and comes into effect immediately.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies– Undertaking of Financial Services) –Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – REGISTRATION, EXEMPTIONS AND FRAMEWORK FOR SCALE BASED REGULATION) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India, vide the Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026, has introduced a revised regulatory framework for NBFCs not availing public funds and not having customer interface by classifying them as ‘Type I NBFCs’, while all others will be categorised as ‘Type II NBFCs’. The amendment provides that such NBFCs with asset size below ₹1,000 crore may be exempted from registration requirements (subject to prescribed conditions) and can apply for deregistration by December 31, 2026, whereas those with asset size of ₹1,000 crore or more must obtain registration as ‘Type I NBFC’. It also clarifies the concept of indirect public funds, prescribes disclosure, governance and auditor reporting requirements, and mandates

mandates migration to 'Type II NBFC' status if such entities intend to access public funds or have customer interface in future.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies – Registration, Exemptions and Framework for Scale Based Regulation) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – RESOLUTION OF STRESSED ASSETS) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India, vide the Non-Banking Financial Companies – Resolution of Stressed Assets) Amendment Directions, 2026, has introduced a comprehensive framework for resolution of borrower accounts impacted by natural calamities and similar external events by inserting a new Chapter VI-A in the existing Directions, 2025. The amendment defines key terms such as "date of invocation" and "natural calamity", mandates inclusion of detailed resolution policies in board-approved frameworks, and prescribes timelines for invocation (within 45 days) and implementation (within 135 days) of resolution plans based on recommendations of SLBC/UTLBC/DCC. It allows NBFCs to implement relief measures, including restructuring and additional finance, evensuo motu, subject to borrower eligibility and viability assessment, while also providing for disclosure, reporting, and alignment with government relief measures.

Additionally, theearlier provisions relating to special restructuring cases have been rationalised by deletion of Part D of Chapter VI.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies – Resolution of Stressed Assets) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – INCOME RECOGNITION, ASSET CLASSIFICATION AND PROVISIONING) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India, vide the Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026, has aligned prudential norms with the newly introduced framework for resolution of stressed assets impacted by calamities under Chapter VI-A. The amendment provides that borrower accounts restructured under such framework may continue to be classified as 'Standard', including those temporarily slipping into NPA, subject to conditions, and introduces additional provisioning requirements of 5% of outstanding debt for each instance of restructuring, over and above existing provisions. It also prescribes norms for reversal of such provisions

RBI Update - Reserve Bank of India (Non-Banking Financial Companies – Income Recognition, Asset Classification and Provisioning) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – RESPONSIBLE BUSINESS CONDUCT) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India, vide the Non-Banking FinancialCompanies – Responsible Business Conduct) Amendment Directions, 2026, has introduced an enabling provision allowing NBFCs to extend customer relief measures in areas affected by declared calamities. Specifically, NBFCs may, at their discretion, provide waivers or reductions in fees and charges for a period of up to one year in such affected regions. This amendment, aligned with the broader framework for resolution of stressed assets due to calamities, has been issued under relevant statutory powers to promote responsible conduct and customer protection by NBFCs.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies – Responsible Business Conduct) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES – CREDIT RISK MANAGEMENT) SECOND AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India, vide the Non-Banking Financial Companies – Credit Risk Management) Second Amendment Directions, 2026, has mandated NBFCs to incorporate the potential impact of natural calamities and similar events into their credit assessment processes. Specifically, a new provision requires NBFCs to factor in such risks while evaluating borrowers, thereby strengthening risk management practices and aligning credit appraisal frameworks with the broader regulatory approach on resolution of stressed assets arising from calamity-related disruptions.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies – Credit Risk Management) Second Amendment Directions, 2026

WHERE THE SOLE MEMBER OF THE COC WAS AN OPERATIONAL CREDITOR WHOSE DUES HAD BEEN CLEARED BY A RELATED PARTY FINANCIAL CREDITOR, BUT THE INITIATING APPLICANT DID NOT FILE THE WITHDRAWAL APPLICATION/FORM FA, THE CASE WAS NOT ONE FOR WITHDRAWAL UNDER SECTION 12A OF IBC

Chittaranjan Ganesh Naik Vs. Scharffler Elmotec Statomat Gmbh and Ors. – NCLAT NewDelhi

Facts of the Case

- An appeal was filed against the order dated 28.03.2026 passed in Company Petition488 of 2025 by the National Company Law Tribunal, Mumbai Bench.

- The application which came up for consideration before the Adjudicating Authority was an application for appointment of one Manoj Singhal as Resolution Professional; in those proceedings, an intervenor was heard and the Adjudicating Authority directed liquidation of the Corporate Debtor.

- On record, it was noted that the operational creditor was the sole member of the Committee of Creditors (CoC); its debts had been cleared by a financial creditor who was a related party of the corporate debtor.

- Form FA for withdrawal was given to the Resolution Professional by the sole CoC member (operational creditor), but the withdrawal application was not filed by the applicant who had initiated the proceedings.

Contentions of the Parties

- Appellant: The matter before the Adjudicating Authority was for appointment of a Resolution Professional; however, after hearing the intervenor, the Adjudicating Authority directed liquidation of the corporate debtor.

- Appellant: The only CoC member (operational creditor) had given Form FA to the Resolution Professional to withdraw the proceedings, but the Adjudicating Authority held that s 12A could not be resorted to since Form FA can be signed only by the person who initiated the proceedings, i.e., the financial creditor, who was not a member of the CoC.

- Respondent: Relied on the NCLAT judgment in CA(AT)(Ins.) No. 2159 of 2024, Stros-Sedlcanske Strojirny, A.S. Vs. Poonam Basak IRP For Stros Esquire Elevators and Hoists Private Limited [(2025) ibclaw.in 645 NCLAT], decided on 12.08.2025, as fully supporting the respondent's submissions.

Issues

- Whether withdrawal under s 12A could be permitted when Form FA/withdrawal was not filed by the applicant who initiated the proceedings.

- Whether, in the stated facts where there was "no one to carry the CoC", liquidation was the only option.

Decision

A. Consideration of the record and the nature of the withdrawal request

- The Appellate Tribunal considered the parties' submissions and perused the record.

- It found from the facts on record that the operational creditor was the sole member of the CoC, and its debts had been cleared by the financial creditor, who was a related party of the corporate debtor.

- However, the withdrawal application was not filed by the applicant who initiated the proceedings.

- On that basis, the Tribunal held that the matter was not a case for permitting withdrawal under s 12A.

B. Consequence: liquidation as the only option in the stated facts

- The Tribunal held that the Adjudicating Authority had rightly taken the decision to direct liquidation, since there was "no one to carry the CoC", and liquidation was the only option in the facts of the present case.

C. Reliance on precedent cited by the respondent

- The Tribunal recorded the respondent's reliance on Stros-Sedlcanske Strojirny, A.S.

Vs. Poonam Basak IRP For Stros Esquire Elevators and Hoists Private Limited[(2025) ibclaw.in 645 NCLAT], decided on 12.08.2025, and noted that the said judgment fully supported the respondent's submissions.

Conclusion

The Appellate Tribunal concluded that, since the withdrawal application was not filed by the applicant who initiated the proceedings, withdrawal under s 12A was not permissible; and, with no one to carry the CoC, the Adjudicating Authority correctly directed liquidation as the only option on the facts

WHETHER THE ARBITRATOR COULD GRANT COMPENSATION BY ADOPTING THE ASSURED MONTHLY RETURN BASIS AFTER THE CLAIM FOR ASSURED MONTHLY RETURN UNDER THE ADDENDUM HAD BEEN WITHDRAWN FROM ARBITRATION

Chittaranjan Ganesh Naik Vs. Scharffler Elmotec Statomat Gmbh and Ors. – NCLAT NewDelhi

Facts

The respondent, Omaxe Ltd., allotted a commercial shop to the appellants in its project, Omaxe Novelty Mall, Amritsar. Under a separate Addendum executed on the same date as the allotment letter, Omaxe agreed to pay an Assured Monthly Return (AMR) until possession of the unit was offered. Due to regulatory and construction-related delays, possession was significantly delayed. The appellants initially raised a claim before the Arbitrator seeking recovery of unpaid AMR along with interest. However, after the respondent objected that the AMR claim arose under the Addendum, which did not contain an arbitration clause, the appellants withdrew the AMR claim with liberty to pursue it before another forum and subsequently initiated proceedings before the NCLT. Despite the withdrawal, the Arbitrator awarded compensation by adopting the AMR mechanism and
granted 10% interest thereon, while also directing the respondent to hand over possession and execute the sale deed. The learned Single Judge set aside the AMR-related portion of the award but upheld the directions regarding possession and execution of the sale deed.

Issue

Whether, after the appellants had withdrawn their claim for Assured Monthly

Return (AMR) from the arbitral proceedings, the Arbitrator could nevertheless grant compensation indirectly based on the AMR mechanism and award interest on such amount.

Order / Held

The High Court held that once the appellants voluntarily withdrew their AMR claim from the arbitral proceedings, the claim ceased to form part of the arbitral reference and was beyond the Arbitrator's jurisdiction. The Arbitrator could not indirectly revive or award the withdrawn claim by treating AMR as a measure of compensation and granting 10% interest thereon. Accordingly, the learned Single Judge was correct in setting aside the portion of the award relating to AMR-based compensation and interest, while maintaining the directions for handing over possession and execution of the sale deed. In view of the limited scope of interference under Section 37 of the Arbitration and Conciliation Act, 1996, the appeal was dismissed and the impugned judgment was upheld.

THE ADJUDICATING AUTHORITY (NCLT) UNDER THE IBC IS NOT EMPOWERED TO ADJUDICATE UPON CONTRACTUAL SETTLEMENT ARRANGEMENTS BETWEEN PARTIES WHEN SUCH ARRANGEMENTS ARE INCOMPLETE OR CONTINGENT IN NATURE

JSB Cements Ltd. Vs. Satnam Global Infraprojects Ltd. – NCLT Guwahati Bench

Facts

The Financial Creditor, Satnam Global Infraprojects Limited, filed a petition under Section 7 of the Insolvency and Bankruptcy Code, 2016 seeking initiation of CIRP against JSB Cements Limited. During the pendency of the proceedings, the parties entered into a Memorandum of Understanding (MoU) dated 07.05.2025 under which the Corporate Debtor agreed to pay ₹22.40 crore in instalments. The Corporate Debtor contended that, under Clause 7 of the MoU, the Financial Creditor was required to withdraw all pending proceedings, including the Section 7 petition, upon receipt of the first instalment. It claimed to have made substantial payments under the MoU and sought dismissal of the Section 7 petition under Section 60(5) of the Code. The Financial Creditor, however, argued that the Corporate Debtor had failed to comply fully with the MoU, had stopped making payments after January 2026, and that the MoU contemplated a further detailed settlement

agreement which had never been executed.

Issue

Whether the pending Section 7 petition could be dismissed on the basis of the MoU dated 07.05.2025 and whether the Adjudicating Authority could compel withdrawal of insolvency proceedings on the strength of the settlement arrangement between the parties.

Order / Held

The Tribunal held that the MoU dated 07.05.2025 was only a preliminary or pre-settlement arrangement and not a complete and final settlement, as Clause 8 expressly contemplated the execution of a detailed agreement for final closure of all disputes, which had not been executed. The Tribunal further noted that although the Financial Creditor admitted receipt of ₹3.20 crore, the Corporate Debtor had not made payments after January 2026 and compliance with the MoU remained disputed. Relying on the Supreme Court's decision in E.S. Krishnamurthy v. M/s Bharath Hi Tech Builders Pvt. Ltd., the Tribunal held that the Adjudicating Authority under Section 7 cannot compel parties to settle disputes and that withdrawal of the insolvency petition rests solely with the Financial Creditor. Accordingly, the prayer to dismiss the pending Section 7 petition under Section 60(5) was rejected and the interlocutory application was dismissed.

MERE REPAYMENT OF AN ANTECEDENT DEBT WITHIN THE LOOK-BACK PERIOD DID NOT BY ITSELF SATISFY SECTION 43 OF IBC | SECTION 43 PREFERENCE NOT ESTABLISHED WITHOUT SHOWING CREDITOR WAS PLACED IN A BETTER POSITION UNDER SECTION 53

Pankaj Bhattad, RP of Laxmiramuna Investments Pvt. Ltd. Vs. Krishan Raghunath Prasad Khadaria and Ors. – NCLT Mumbai Bench

Facts

The Resolution Professional of Laxmiramuna Investments Private Limited filed an application under Sections 43 and 66(1) of the Insolvency and Bankruptcy Code, 2016 seeking avoidance of certain transactions during the CIRP. The RP challenged repayment of ₹25.78 lakh to Partani Appliances Ltd. as a preferential transaction under Section 43 and alleged that four other transactions—including payment of ₹1.21 lakh towards stamp duty, seizure of ₹1.10 lakh cash by the Enforcement Directorate from the director's residence, share transactions resulting in a nominal loss of ₹19,700, and recording of a long-term capital loss of ₹1.06 crore—were fraudulent transactions intended to defraud creditors under Section 66. The suspended directors contended that all transactions were genuine, undertaken in the ordinary course of business, and lacked any fraudulent intent.

Issue

Whether the repayment made to Partani Appliances Ltd. constituted a preferential transaction under Section 43 of the Code, and whether the other four transactions were fraudulent or wrongful transactions under Section 66 warranting recovery directions.

Order / Held

The Tribunal held that mere repayment of an antecedent debt within the statutory look-back period does not automatically constitute a preferential transaction under Section 43. The RP failed to establish that Partani Appliances Ltd. was placed in a more beneficial position than it would have occupied in a distribution under Section 53 of the Code. On the basis of the approved resolution plan and liquidation value, unsecured financial creditors were likely to receive about 96% of their admitted claims, and the alleged beneficiary was not even impleaded as a party. Accordingly, the ingredients of Section 43 were not satisfied.

With respect to the allegations under Section 66, the Tribunal found no evidence of any intent to defraud creditors. The payment towards stamp duty was linked to a proposed transaction that was later abandoned, the cash seized by the Enforcement Directorate was explained as company cash reflected in the books, the share transactions were undertaken in the ordinary course of the Corporate Debtor's investment business and involved only a nominal loss, and the recording of long-term capital loss appeared to be, at most, an accounting classification issue. The Tribunal observed that the

allegations were based largely on suspicion and unsupported assertions, while several verification mechanisms were available to the RP but were not utilised. Consequently, the application failed to satisfy the requirements of Sections 43 and 66 and was dismissed.

ONCE A RESOLUTION PLAN IS APPROVED UNDER SECTION 31 OF IBC, ALL PRE-APPROVAL CLAIMS NOT FORMING PART OF THE PLAN, INCLUDING CONTRACTUAL RECOVERY CLAIMS, STAND EXTINGUISHED AND CANNOT BE INITIATED OR CONTINUED EVEN WHERE THE SUCCESSFUL RESOLUTION APPLICANT IS THE ERSTWHILE PROMOTER

Technopak Advisors Pvt. Ltd. Vs. NABARD Consultancy Services Pvt. Ltd. and Anr. – Delhi High Court

Facts

The petitioner-company had received certain funds under projects sanctioned in 2010 under the Swarnajayanti Gram Swarozgar Yojana. Subsequently, CIRP was initiated against the petitioner in 2019, and a resolution plan was approved by the Committee of Creditors on 16.10.2020 and by the NCLT under Section 31(1) of the Insolvency and Bankruptcy Code, 2016 on 08.02.2021. Despite the approval of the resolution plan, the respondents issued recovery communications dated 03.08.2023 and 04.08.2023 seeking recovery of amounts pertaining to the period prior to approval of the resolution plan. The petitioner challenged these recovery proceedings, contending that the claims were not part of the approved resolution plan and therefore stood extinguished.

Issue

Whether recovery proceedings could be initiated or continued in

respect of claims arising prior to approval of a resolution plan under Section 31(1) of the IBC, and whether any distinction could be drawn between contractual dues and statutory dues or based on the fact that the successful resolution applicant was an existing promoter of the corporate debtor.

Order

The Court held that once a resolution plan is approved under Section 31(1) of the IBC, all claims not forming part of the approved resolution plan stand extinguished, and no person can initiate or continue proceedings in respect of such claims. The Court rejected the respondents' contention that this principle applied only to statutory dues, holding that Section 31 makes no distinction between statutory and contractual claims. It further held that the clean slate doctrine applies irrespective of whether the successful resolution applicant is a third party or an existing promoter, since the binding effect of a resolution plan flows from the statute and attaches to the corporate debtor itself. The objection that the petitioner had failed to disclose the CIRP proceedings was also rejected in view of the statutory requirement of public announcement inviting claims. Accordingly, the recovery communications dated 03.08.2023 and 04.08.2023 were set aside, and the writ petition was allowed.

BRSR ASSURANCE READINESS: A PRACTICAL GUIDE FOR LISTED COMPANIES

The Business Responsibility and Sustainability Report (BRSR) was introduced by the Securities and Exchange Board of India (SEBI) in 2021, replacing the earlier Business Responsibility Report (BRR). The era of voluntary disclosure has passed; stakeholders now expect verified sustainability data that meets investor standards.

As companies begin preparing this year's BRSR, it is important to understand what assurance and assessment involve, why they matter, and how organisations can prepare effectively.

From FY 2022–23, SEBI required the top 1,000 listed companies by market capitalisation to disclose ESG (Environmental, Social, and Governance) performance in the BRSR across nine principles aligned with the National Guidelines on Responsible Business Conduct (NGRBC).

The central question is no longer whether sustainability disclosures should be verified, but who should verify them and against which standards. This is where BRSR assurance assumes importance. The discussion below covers regulatory applicability, the distinction between assurance and assessment, eligible assurance providers, relevant standards, and the steps companies should take to become assurance- ready.

Regulatory Applicability of BRSR Assurance or Assessment

SEBI has introduced assurance requirements in a phased manner, progressively expanding the scope of mandatory third-party verification.

In 2023, SEBI introduced reasonable assurance on BRSR Core for the top 150 listed entities.

What is BRSR Core?

BRSR Core is a set of key performance indicators (KPIs) across nine ESG attributes under the BRSR. These include metrics such as GHG emissions, energy intensity, water withdrawal, waste management, employee welfare, pay equity, workforce safety, fairness in dealing with customers and suppliers, concentration of purchases and sales with related parties, trading houses and dealers, job creation in smaller towns, and sourcing from MSMEs.

In 2024, SEBI extended the requirement for assessment or assurance to the top 250 listed entities.

"Assessment" refers to a third-party review conducted in accordance with standards developed by the Industry Standards Forum (ISF) in consultation with SEBI. The ISF comprises representatives from three industry associations: ASSOCHAM, CII, and FICCI.

Financial Year	Requirement Introduced	Applicability of BRSR Core to top listed entities (by Market capitalization)
FY 2023-24	**Reasonable Assurance** on BRSR Core	Top 150 listed entities
FY 2024-25	**Assessment** or Assurance on BRSR Core	Top 250 listed entities
FY 2025–26	Assurance or Assessment on BRSR Core	Top 500 listed entities
FY 2026–27	Assurance or Assessment on BRSR Core	Top 1,000 listed entities

Companies outside the top 1,000 should treat the current period as a readiness window—an opportunity to build the internal capabilities that may soon become mandatory.

What is BRSR Assurance?

BRSR assurance is an independent third-party verification of the ESG data and disclosures contained in a BRSR filing. It enhances confidence among investors, regulators, and other stakeholders that the reported sustainability metrics are accurate, complete, and internally consistent.

The ICSI Guidance Note on Third-Party Assurance (BRSR Core) distinguishes between two closely related terms:

"Assurance" is the **process of validation and/ or verification of information** and data contained in a report, by an independent qualified professional, which provide credibility and reliability for the users of such report.

"Assessment" is the **process of evaluation and verification of information** contained in a report, by an independent qualified professional, against established criteria.

The Industry Standards Forum (ISF), which developed the assessment standards in consultation with SEBI, includes representatives from ASSOCHAM, CII, and FICCI.

Levels of Assurance

For FY 2025–26, SEBI mandates assurance or assessment on BRSR Core for the top 500 listed companies. In addition, companies may opt for limited assurance on the remaining KPIs reported under the BRSR.

"Reasonable assurance" means the highest level, but not absolute level of assurance and wider in scope as compared to Limited Assurance.	**"Limited assurance"** means an assurance engagement in which the assurance provider collects less evidence than for a reasonable assurance engagement but sufficient for an expression of the conclusion.

Who can provide assurance?

SEBI permits assurance engagements to be carried out by Chartered Accountants (CAs) or other professionals with relevant expertise in sustainability assurance or assessment.

Independence is critical: the assurance provider must have no conflict of interest with the company, and the engagement must be formally documented and kept separate from any consulting or advisory role.

Applicable Standards

Assurance providers may use any of the following globally accepted standards for sustainability and other non-financial reporting:

- **ISAE 3000** — International Standard on Assurance Engagements (general non-financial assurance)
- **ISSA 5000** — International Standard on Sustainability Assurance
- **SSAE 3000** — Standard on Sustainability Assurance Engagements issued by ICAI
- **SAE 3410** — ICAI Standard on Assurance Engagements on Greenhouse Gas Statements

The assurance report must clearly state the standard applied by the provider.

Understanding Assurance Readiness

Business Responsibility and Sustainability Reporting (BRSR) has evolved far beyond a routine compliance exercise.
Assurance readiness refers to a state in which a company's ESG data, processes, and controls are sufficiently robust for an independent assurance provider to form a credible opinion on its disclosures—without relying on undocumented assumptions or encountering data gaps or inconsistent methodologies.

Companies that have been preparing BRSR disclosures since FY 2022–23 often discover that filing and assurance are distinct disciplines. While filing focuses on reporting, assurance requires every figure in the disclosure template to be traceable, verifiable, internally consistent, and supported by documented controls.

What strong readiness looks like

A company that is genuinely assurance-ready can answer the following questions clearly and with supporting documentation:

- Where does the figure disclosed for each KPI originate?
- Who reviewed and approved each figure prior to its disclosure?
- What assumptions and emission factors were applied, and are they documented?
- If an error were identified, is there a documented correction protocol?

Companies that can answer these questions with documented evidence are likely to find assurance engagements less disruptive and more likely to conclude with an unmodified opinion. Those that cannot may face qualified opinions or management observations relating to undocumented assumptions and data limitations.

Key Pillars of Assurance Readiness

- **Assurance engagement management**

Companies should designate a capable BRSR team that can respond promptly to practitioner queries, maintain a well-organised data room with evidence mapped to each disclosure line, and resolve in advance any questions relating to the scope of the assurance exercise and the criteria used for evaluation.

- **Data governance**

Data governance is often the most common point of failure. Scope 1 and Scope 2 emissions, water withdrawal, energy consumption, and safety statistics are frequently maintained in separate spreadsheets without version

control, clear ownership, or an audit trail linking the final disclosed figure to source documents such as meter readings, invoices, or statutory registers. An assurance provider cannot form a credible opinion where the data trail cannot be reconstructed.

- **Disclosure quality**

Disclosures must be both accurate and complete. Companies should identify and correct calculation errors, unit-conversion mistakes, inappropriate or undocumented emission factors, and omissions relating to reporting periods, operational sites, or business lines.

- **Internal controls**

Internal controls form the procedural backbone that assurance providers test most rigorously. Key considerations include whether the company maintains a documented ESG data-collection process and a formal review and approval mechanism before filing. These controls should be reviewed and validated by the internal audit function.

- **Board and Audit Committee Oversight**

Assurance readiness is not solely the responsibility of the sustainability team or the Company Secretary. Boards and audit committees are increasingly expected to oversee ESG reporting with the same rigour applied to financial reporting. Companies that embed BRSR oversight into the audit committee charter and involve internal auditors in ESG data-control reviews typically perform better in external assurance engagements.

Conclusion

BRSR assurance readiness is no longer a peripheral compliance matter; it is becoming a core element of credible corporate reporting. As regulatory expectations continue to expand, listed companies must move beyond disclosure and focus on the strength of the systems, controls, and governance that support every reported metric. Organisations that act early will be better positioned not only to meet assurance requirements efficiently, but also to strengthen stakeholder trust, improve internal accountability, and demonstrate the maturity of their ESG reporting framework. In that sense, assurance readiness is not simply about preparing for external review— it is about building reporting discipline that stands up to scrutiny.

Maintenance of proper Minutes book under the provisions of Companies Act 2013 read with Secretarial Standard -1 (SS-1) on meetings of the board of directors (minute details calling for attention)

Minutes - meaning

1. The simple meaning of "minutes" is that, it is a record of the proceedings which have taken place in a meeting. The minutes are expected to contain the fair and correct summary of the proceeding of the meeting. The minutes are also required to convey as to what conclusions/decisions/resolutions were arrived at the meeting and the rationale behind the same such as to how and why the decisions were taken in respect of each business transactions. It may be noted that the minutes are not expected to be an exact transcript of the proceedings which took place at a meeting.

Relevant provisions under the Companies Act 2013 on minutes

2. Minutes are required to be kept as per the provisions of the Companies Act 2013 since the minutes are the evidence of the proceedings of the board who deliberated on the various business transactions and took decisions in the best interest of the company. The minutes are presumed to be correct and the same can be used as legal evidence for judicial purposes.

Section 118 of the Companies Act 2013 covers elaborately the relevant procedures provisions, maintenance of the minutes of proceedings of the meetings of board of directors including committee meetings and general meetings of a company and also covers the resolutions passed by postal ballot supplemented by the Secretarial Standards on meetings of the board of directors.

Inclusions required in the minutes as per the provisions of Companies Act 2013

3. The minutes is required to include the date, time, place and the meeting number along with showing the name of the directors present,

company secretary in attendance and the names of invitee (s) if any. The minutes is also required to state whether the quorum was present and the meeting is in order and state the name of the directors who were absent and the leave of absence granted to such director (s) upon request received. The minutes should also require to record the disclosures made by directors as per the provisions of section 184 of the Companies Act 2013 at the board meeting. The minutes are required to record the discussions and deliberations of the directors on each agenda item, action points arising out of previous meeting(s), corrections and amendments if any to the previous meeting minutes. The minutes also required to record against each item, the outcome of the meeting such as granting approval, taking note of it, resolution passed at the meeting, any item deferred for discussion for want of further details etc.

If any additional item (s) taken up for discussions, it is required to be recorded under the heading "any other item with the permission of the chair" and decisions arrived. Finally the minutes would end up stating the date and time of the next meeting agreed upon by the directors and the vote of thanks to the chair.

Compliance with secretarial standard on meetings of the board of directors

4. It is the first time the Companies Act, 2013 has given statutory recognition to the secretarial standards issued by the Institute of Company Secretaries of India. In this respect, sub-section 10 of the Companies Act 2013, spells out that all the companies are required to observe secretarial standards with respect to general and board meetings specified by the Institute of Company Secretaries of India constituted under section 3 of the Company Secretaries Act, 1980 (56 of 1980), and approved by the Central Government. The Institute of Company Secretaries of India has brought out the Secretarial Standard-1 (SS-1) in respect of "meetings of the board of directors" and the compliance of SS-1 will have to be ensured strictly -by the companies with no exception relating to the meetings of the board of directors.

Maintenance of Minutes book at a glance

5. The following are worth noting in connection with maintenance of Minutes book

s no.	Details	Requirement
A. Place of maintenance and precautions required		

1	Place of keeping of Minutes	At the Registered office of the company
2	Minutes keeping at any other place	With board's approval, this is permitted and intimation to be given to RoC via eform AOC-5 within seven days as per the provisions of section 128 of the Act
3	Separate minutes book	Required for each type of meeting such as, board meeting, committee meeting, general meeting etc.
4	Minutes book - in loose-leaf form	Permitted - but required to be bounded in periodical intervals depending on the volume and size, coinciding with the financial year(s) of the company.
5	Locking device for Minutes book	Required to ensure security and proper control to prevent removal or manipulation of the loose leaves
B. Preparation and circulation of minutes		
6	Preparation of (draft) minutes	To be prepared any time after the meeting but within fifteen days from the date of conclusion of the meeting
7	Circulation of the (draft) minutes	Required to be circulated to all directors whether present in the meeting or not, within fifteen days from the date of conclusion of the meeting
8	Mode of circulation	Either by hand or by speed post or by registered post or by courier or by e mail or by any other recognized electronic mode

9	Comments on draft minutes by directors	Directors, are required to communicate their comments, if any, on the (draft) minutes within seven days from the date of circulation of minutes
C. Finalization of draft minutes		
10	Finalization of minutes upon receipt of comments	If comments received from directors, after incorporating them, minutes are finalized.
11	When no comments received from the directors	In the event of no comments, the draft minutes deemed to have been approved by directors.
12	Locking device for Minutes book	Required to ensure security and proper control to prevent removal or manipulation of the loose leaves
13	If any director communicates his comments after the expiry of seven days?	Chairperson shall have the discretion to consider such comments
D. Entry of minutes in the Minutes book		

13	Period of entry of Minutes book	Within 30 days from the date of conclusion of the meeting either original or adjourned
14	Recording of the entry in the Minutes book	Date of entry of minutes should be recorded by the company secretary and where there is no company secretary, then by any other person duly authorized by the board/Chairperson
E. Signing of minutes		
15	Signing and dating of the minutes	Minutes should be signed and dated by the Chairperson of the next Meeting.
16	Signing and dating of the minutes before next meeting	Minutes may be signed by the Chairperson of the meeting at any time before the next meeting is held
F. Signing and numbering procedure		
17	Signing procedure of minutes	Chairperson is required to initial each page of the minutes and sign the last page and also mention the date and place of signing
18	In the event of any page left blank, in Minutes book	It is required be scored off and initialed by the Chairperson
19	General meeting minutes (AGM/EGM etc.) signing and time frame	It should be signed and dated by the Chairperson of the meeting or in the event of death or inability of that Chairperson, by the Vice-Chairperson or any other director who was present in the meeting and duly authorized by the board. Minutes are to be signed within thirty days of the meeting.

20	Numbering of Minutes book	Required to be consecutively numbered with indelible ink pen (not by pencil since pencil entries could be altered)
G. Alteration (minor or major) to minutes		
21	Alteration	Minutes cannot be altered once entered in the Minutes book except for grammatical or minor corrections.
22	If major alteration is needed in the minutes	The same must be taken up in the subsequent meeting and alteration could be done by express approval of the board
H. Preservation of minutes		
23	Period of preservation	Minutes of all meetings should be preserved permanently
I. Other precautions		
24	Pasting/attachment to the Minutes book	Not at all permitted
25	Tampering with Minutes book	Minutes book should not be tampered with any manner

Maintenance of minutes in electronic-form

6. Subject to the provisions of section 120 of the Companies Act 2013 read with Rule 27 of Companies (Management and Administration) Rules 2014, on maintenance and inspection of documents in electronic form can be maintained by the company. The board of the company may decide as to who shall be responsible for the maintenance and security of minutes in

electronic form such as the company secretary, managing director or any other director etc.

Things which can go wrong?

7. In any organization, there are certain junior staff/assistant to render certain services.

The company secretaries at times may assign certain jobs to their junior staff/assistants who generally assists in taking photocopying and scanning of documents, filing the documents in the respective folder/files, safe keeping of the documents by storing in appropriate cupboards, bins etc. When the junior staff/assistants are assigned the job like numbering the pages of minutes, the junior staff may commit certain omissions and commissions such as some of the pages not being numbered, improper and incorrect numbering and the blank page of minutes not getting numbered etc.

Similarly, while the minutes are signed by the Chairperson, there could be omissions such as

(i) not recording the date and place on the last of page of the minutes,

(ii) some of the pages not getting initialed by the Chairperson,

(iii) instead of affixing full signature in the last page by the Chairperson, the same also initialed at times inadvertently

(iv) the minutes itself is not signed at times - just missed out and

(v) the date of entry in the Minutes book is not made - etc.

Responsibility of the company secretary

8 It is the responsibility of the company secretary to run a thorough check and ensure that all required compliance are in place and no omission and commission has taken place in numbering of minutes, signature of Chairperson in the minutes etc. The minutes of the company being a permanent record of the company and also recognized as evidence in legal terms, the provisions of Companies Act 2013 read with relevant rules and secretarial standard-1 relating to meetings of the board of directors, it is absolutely mandatory that the requirements are fully met with. It is the prime responsibility of the company secretary being a compliance officer, to ensure that adequate care is taken care to ensure the mandatory requirements.

One cannot afford to overlook the omissions and commissions in the minutes like the one discussed above since the law makes these requirements.

mandatory and any default on these minutes would attract penal provisions under the Companies Act 2013.

When default happens?

9. The provisions of the Companies Act 2013 makes it very clear, in case of default happens, the same would be viewed as violation of section 118 of the Companies Act 2013 and the company and the defaulting officers shall be liable for penal actions as per the provisions of the Act.

Penal provisions of Companies Act 2013

10. As per the provisions of sub-section (11) of section 118 of the Companies Act 2013, if any default is made in complying with the provisions of section 118 in respect of any meeting, the company shall be liable to a penalty of twenty-five thousand rupees and every officer of the company who is in default shall be liable to a penalty of five thousand rupees.

In addition to the above, sub-section (12) of section 118 states that if a person is found guilty of tampering with the minutes of the proceedings of meeting, he shall be punishable with imprisonment for a term which may extend to two years and with fine which shall not be less than twenty-five thousand rupees but which may extend to one lakh rupees.

Consequences that would follow upon default

11. As per sub-section (5) of section 206 of the Companies Act 2013, the Central Government can carry out the inspection of the books of accounts relating to a particular financial year. During the course of such inspection if it is noticed that the company had committed the default such as (i) omission with regard to signing of minutes of one or more board/committee meeting, (ii) non recording the date and place on the last page of the minutes of one or more meetings, (iii) the absence of initials of the chairperson on some pages of the minutes which may include the blank pages of minutes, (iv) incorrect page numbering of minutes/non- numbering of some pages of minutes etc. the regulator would view the same that the company has violated the provisions of the Act. In view of the above facts, the inspecting officer would be recommending the authorities to initiate action against the company by issuing show cause notice calling upon the company to show-cause as to why penal action cannot be taken against the company and its defaulting officers.

The regulator would also draw the attention of the company and its defaulting officers that as per section 441 of the Companies Act 2013 where under offence in question can be compounded by appropriate authority namely RD/NCLT

It may be noted that even if the inspection does not take place, the regulator can scrutinize the documents submitted by the company such as financial .

13.4 The date of entry in the Minutes book is not made

The serial number 7.5 relating to entry in the Minutes book spells out in serial no. 7.5.2 that the date of entry of the minutes in the Minutes book shall be recorded by the company secretary.

From the above paragraphs, one can come to a conclusion that the regulator would not be in a position to grant any waiver since the requirement of proper maintenance of Minutes book is mandated by provisions of Companies Act 2013 and well spelled out by the secretarial standard -1 relating to meetings of the board of directors. It is the responsibility of the company and particularly by the company secretary, to ensure the absolute compliance on these matters.

Therefore, the only option left to the company is, to go for compounding of offences and file the necessary compounding applications since the default/non-compliance exits.

Action by the company and the process to be followed

14. The company may have to file the compounding application in order to get the matter resolved, since that is the only option available to the company as per the provisions of section 441 of the Companies Act 2013.

After filing the compounding application the company shall have to spend enormous amount of time coupled with money in getting the matter finally resolved since the process of the compounding of offences, involves many stages such as e-filing of compounding application, lodging the physical copies of the application with the concerned Registrar of Companies followed by attending the hearing/hearings as and when called upon and finally getting the order and ensure paying the compounding fees etc.

Disclosure in the Board report of all the companies

15. In the annual financial statements of the company, the disclosure relating to non-compliance and as well as the brief details of default committed, relevant sections of the Companies Act 2013 along with compounding fees imposed by which authority, payment made by the company and also any appeal has been made is required to be made which are summarized below:-

(i) Board Report is required to state under its headings "Directors Responsibility Statement" that there exists a proper systems to ensure compliance with the provisions of all applicable laws which are adequate and operating effectively - the non-compliance may have to be mentioned at this place

(ii) Public companies are required to annex secretarial audit report pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 issued by the secretarial auditor. The secretarial audit report is required to state that the company has complied with the relevant provisions of the Companies Act 2013 and in case of non-compliance, the secretarial auditor would be issuing a qualified report highlighting the non-compliance committed by the company.

(iii) The listed companies are required to annex along with the Board Report, Report on Corporate Governance & Management Discussion & Analysis pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, a separate
section titled "Report on Corporate Governance" together with a Certificate from the practicing company secretary forms part of annual report. In this report, the concerned practicing company secretary issuing the certificate would be highlighting the non-compliance and issue a qualified eport.

(iv) All types of companies i.e. private or public whether listed or unlisted are required to disclosein its extract of annual return annexed to the Board report the details of compounding of offences under the headings "Penalties/Punishment/Compounding of offences pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014. This disclosure is required to disclose the relevant section of the Companies Act 2013 under which non-compliance took place, giving the brief description of the default and indicate the details of penalty/punishment/compounding fees levied. Further the company has to also disclose the authority who levied the fees and whether the company made any appeals against the same and if so, the details of the appeal made by the company. This disclosure calls for separately in respect of (i) the company, (ii) company's directors and (ii) other defaulting officers.

Explanation/comments by Board on qualification in auditors report

16. In addition to the above disclosures, the board of directors are also required to address the qualifications/comments/observations raised by the statutory auditors/secretarial auditors in the Board Report as per the provisions of sub-section 3(f) of section 134 of the Companies Act 2013,

Image/reputation of the company

17. The above disclosures in the annual report of the company would obviously affect the reputation of the company and the image in the market place since all the stakeholders of the company, investors, and analyst - all the people who are the recipient of the annual report would know by going through the extract of annual report, the nature of non-compliance committed by the company and the compounding fees paid by the company and other details.

Conclusion

18. The profession of company secretaries have travelled a long way from being conscience keeper to compliance officer and now, the profession is moving towards governance professionals. The pioneer Institute of Chartered Secretaries and Administrators (ICSA) of United Kingdom, has changed the name of the institute as The Chartered Governance Institute. Consequent to this change, the "Chartered Secretaries" of UK institute is now known as "Chartered Governance Professionals". No doubt, the company secretary's profession has earned the trust and confidence of the corporate sector, regulators and Government. It is all the more important for the company secretaries that they ensure the absolute compliance with the applicable provisions of the Act and Rules for a company by exercising utmost skill and diligence and doing what is right.

In a larger organizations, the company secretary could put a system of "maker and checker" concept - i.e. the document prepared by one professional is checked by another professional, which would avoid to a greater extent any omission and commission. Over and above, the company secretary could once again review the documents to ensure its correctness and accuracy from the prospective of ensuring compliance so that nothing goes wrong. This may not be possible in a smaller

organizations where few people working along with the company secretary. In this case, the company secretary, himself has to take extra caution and exercise his diligence to ensure absolute compliance. It is also important that the job assigned to junior staff/assistants are always to be counterchecked and ensured that they the assigned job has been done properly so that the regulatory requirement could be ensured.

The last but not the least that the company secretaries cannot afford to pay less attention to the minute details such as correct page numbering of minutes, running a check that all pages of minutes are initialled by the Chairperson including the blank pages, left out if any, in the Minutes book, the last page of minutes of the meeting is signed with the full signature mentioning the place and date and the date of entry in the Minutes book and such other details. If these minute details are not checked properly, the lapses, if any, would constitute an offence/violation as per the provisions of the Companies Act 2013 and the regulator could take stringent penal action against the company and its defaulting officer, it is all more important for the company secretary to take utmost care and ensure absolute compliance.

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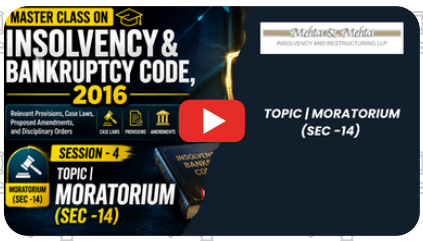

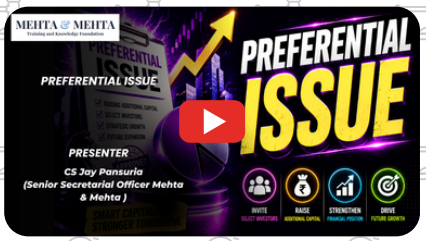

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