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Rules and Amendment Rules

The Companies (Registered Valuers and Valuation) Amendment Rules, 2022

[Notification dated 21st November 2022](#)

The Companies (Registered Valuers and Valuation) Rules, 2017 have been amended. *Inter alia* the amendments include the following:

- **Rule 3-Eligibility for registered valuers (RV)**

No partnership entity or company will be eligible to be a RV if it is not a member of RV organisation. It should not be a member of more than 1 such RV organisation at a given point of time. Where the partnership entity or company is already registered as valuers on the date of commencement of the above amendment Rules, it should comply with the conditions mentioned herewith within 6 months of the commencement of these Rules.

- **Rule 7A –Intimation of changes in personal details etc., by RV to authority (*newly inserted*)**

A RV should intimate the authority for change in personal details, or any modification in the composition of partners or directors, or any modification in any clause of the partnership agreement or Memorandum of Association, which may affect registration of RV.

- **Rule 14A- Intimation of changes in composition of governing board, etc. by the RVs organisations to the authority (*newly inserted*)**

A RV organisation should intimate the authority for change in composition of its governing body, or its committees or appellate panel or other details

Circulars

Clarification on holding Annual General Meeting (AGM) and Extraordinary General Meetings (EGMs) through Video Conferencing (VC) or Other Audio Video Means (OAVM)

[GC No. 10/2022 dated 28th December 2022](#)

The MCA has allowed companies whose AGMs are due in the Year 2023, to conduct their AGMs

on or before 30th September 2023 in accordance with the requirements laid down in [Circular No. 20/2020 dated 5th May 2020](#).

It has been clarified that this Circular should not be construed as conferring any extension of time for holding of AGMs by the companies under the Companies Act, 2013 and the companies which have not adhered to the relevant timelines will be liable to legal action under the appropriate provisions of the Act.

[GC No. 11/2022 dated 28th December 2022](#)

The MCA has decided to allow companies to conduct their Extraordinary General Meetings (EGMs) through VC or OAVM or transact items through postal ballot in accordance with the framework provided in the aforesaid Circulars up to 30th September 2023 (*earlier 31st December 2022*).

Securities and Exchange Board of India (SEBI)

Consultation Paper on review of disclosure requirements for material events or information under SEBI (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015

[Report dated 12th November 2022](#)

SEBI has issued this Consultation Paper for streamlining the disclosure requirements for material events or information required under Regulation 30 of the SEBI LODR Regulation 2015. The amendments to the disclosure requirements proposed in this consultation paper aim to keep pace with the changing market dynamics. *Inter alia*, the proposed amendments include the following:

- **Materiality Policy**

The listed entities (LEs) should disclose an event or information specified under Para B of Part A of Schedule III of the SEBI LODR Regulations whose threshold value or the expected impact in terms of value exceeds the lower of the following:

- ▲ 2% of turnover, as per the last audited

standalone financial statements (FSs) of the LE;

- ▲ 2% of net worth, as per the last audited standalone FSs of the LE;
- ▲ 5% of 3-year average of absolute value of profit/loss after tax, as per the last 3 audited standalone FSs of the LE.

Following should be specified under Regulation 30(4)(ii) of LODR Regulations:

- ▲ Materiality Policy of the LE should not dilute any requirements specified under this Regulation.
- ▲ Materiality Policy of the LE should be framed in a manner so as to assist employees in identifying potential material event or information which should be escalated and reported to the relevant Key Managerial Personnel (KMP) for determining materiality of the event or information and for making disclosure to stock exchange(s).
- **Timeline for disclosure**
For the material events or information which emanate from the LE, the timeline for disclosure by the entity should be reduced from 24 hours to 12 hours. In case of those events or information which emanate from a decision taken in a Board of Directors' meeting, the disclosure should be made within 30 minutes from the closure of such meeting.
This proposal will not be applicable in case of those events for which specific timelines have already been provided under Part A of Schedule III of the LODR Regulation.
- **Addition and modification of events**
Certain additions and modifications of events under Para A and Para B of Part A of Schedule III of LODR Regulations have also been proposed. *Inter alia*, they include the following:
 - ▲ Details regarding voluntary revision of FSs or Board of Directors report of the LE should be provided.
 - ▲ In case of resignation of a KMP or a senior management or a director other than independent director (ID), the letter of resignation along with detailed reasons for

the resignation should be disclosed to the stock exchange by the LE within 7 days from the date of resignation.

- ▲ If the Managing Director or the Chief Executive Officer of the LE is indisposed or unavailable to fulfil requirements of his/her role in a regular and consistent manner for more than 1 month, the same should be disclosed.
- ▲ All material loan agreement(s), which are binding and not in normal course of business, entered into by the LE either as a lender or as a borrower should be disclosed. Disclosure of loan agreement for lending will not be applicable to a LE which is a bank or a non-banking financial company

Amendments to SEBI LODR Regulations, 2015: new option for appointment and removal of Independent Directors, timeline for submission of financial results, disclosure of ratios etc.

[Notification dated 14th November 2022](#) and [Notification dated 5th December 2022](#)

SEBI has amended SEBI (LODR) Regulations, 2015 vide SEBI LODR (6th Amendment) and (7th Amendment) Regulations, 2022. *Inter alia*, the amendments include the following :

- **Appointment and removal of IDs**
Amendment to Regulation 25 *Obligations with respect IDs* states that where a special resolution for the appointment of an ID fails to get the requisite majority of votes but:
 - ▲ the votes cast in favour of the resolution exceed the votes cast against the resolution and
 - ▲ the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution, then the ID will be deemed to have been appointed.
The above threshold will also be applicable for removal of an ID appointed under this alternate method.
- **Financial Results submission**
Amendment to Regulation 52 Financial Results states that :

January 2023

- ▲ For the last quarter of the financial year (FY), the LE that has issued non-convertible securities (NCS) should submit un-audited or audited quarterly and year to date standalone financial results within 60 days from the end of the quarter to the recognised stock exchange(s)
- ▲ Issuers of NCS, which are required to be audited by the Comptroller and Auditor General of India (C&AG) under applicable law, should submit:
 - un-audited financial results along with the limited review report issued by the C&AG or an auditor appointed by the C&AG or a Practicing Chartered Accountant, to the stock exchange, within 60 days from the end of the FY; and
 - the financial results, audited by the C&AG, to the stock exchange, within 9 months from the end of the FY.
 - the LE should submit a Statement of Assets and Liabilities and Statement of Cash Flows as at the end of every half year, by way of a note, along with the financial results.
 - The LE, while submitting quarterly and annual financial results, should disclose debt-equity ratio, debt service coverage ratio, interest service coverage ratio etc. and various other prescribed ratios along with the financial results. If this information is not applicable to the LE, it shall disclose such other ratio/equivalent financial information, as may be required to be maintained under applicable laws, if any.
 - The LE should submit to the stock exchange, along with the quarterly financial results, a statement indicating the utilisation of the issue proceeds of NCS and a statement disclosing material deviation(s) (if any) in the use of issue proceeds of NCS from the objects of the issue, in prescribed format till such proceeds of issue have been fully utilised or the purpose for which the proceeds were raised has been achieved.
- **Regulation 59A Draft Scheme of Arrangement and Scheme of Arrangement (newly inserted)**

The LE that has listed non-convertible debt securities (NCDS) or non-convertible redeemable preference shares (NCRPS), intends to undertake a scheme of arrangement or is involved in a scheme of arrangement under the Companies Act, 2013, should file a draft scheme of arrangement with the stock exchange for obtaining the non-objection letter before filing of such scheme with the National Company Law Tribunal (NCLT).

 - ▲ On receiving the sanction of the Scheme from the NCLT, the LE should submit the required documents to the stock exchange.
- **Regulation 94A Draft Scheme of Arrangement and Scheme of Arrangement in case of entities that have listed their NCDS or NCRPS (newly inserted)**
 - ▲ Upon receipt of the draft scheme of arrangement and the documents under Regulation 59A, the stock exchange should submit to the SEBI its no-objection letter on the draft scheme of arrangement, after ascertaining whether the draft scheme of arrangement is in compliance with securities laws, within the specified timelines.
 - ▲ The stock exchange should bring the objections to the notice of NCLT at the time of approval of the scheme of arrangement by the NCLT.
 - ▲ Upon sanction of the Scheme by the NCLT, the stock exchange should forward its recommendations to the SEBI on the documents submitted by the LE in terms of Regulation 59A.
- **Regulation 102(1A)- Power to relax strict enforcement of the regulations (newly inserted sub- regulation)**

The amendment states that the Board may after due consideration of the interest of the investors and the securities market and for the development of the securities market, relax the strict enforcement of any of the requirements of these regulations, if an

application is made by the Central Government in relation to its strategic disinvestment in a LE.

SEBI (Procedure for Board Meetings) (Amendment) Regulations, 2022: Procedure for members who intend to participate in a meeting through video conferencing

[Notification dated 9th December 2022](#)

Amendments to SEBI (Procedure for Board Meetings) Regulations, 2001, *inter alia*, includes the following:

■ Regulation 4 - Place and time of meeting

A member who intends to participate in a meeting through video conferencing or any other audio-visual means, should communicate the same, sufficiently in advance to the Chairperson or the Secretary of the Board and the procedure as specified in Schedule I to the SEBI (Procedure for Board Meetings) Regulations, 2001 should be followed.

■ Schedule I- Procedure for allowing members to participate in Board meetings through video conferencing or other audio-visual means

- ▲ On receipt of intimation from the member (as mentioned above), the Board should make necessary arrangements to enable such member to attend the meeting through video conferencing or other audio-visual means.
- ▲ Such a member will be counted for the purpose of quorum and will be vested with same rights and obligations as applicable in case of attending meeting in person.
- ▲ Attendance of such members will be recorded in the attendance register as 'Participated through video conferencing' and the attendance register will be deemed to have been signed by such members.
- ▲ Such members should participate through the video conferencing link for the meeting provided by the Board and may ensure that due care is taken: to ensure that no unauthorized person has access to the

meeting link during the meeting; should safeguard the integrity of the meeting.

Relaxation on dispatching hard copies of financial statements under the provisions of the SEBI LODR Regulation, 2015

Regulation 58(1)(b) -Documents and information to holders of non - convertible
[Circular No.: SEBI/HO/DDHS/DDHS-RACPOD1/P/CIR/2023/001 dated 5th January 2023](#)

SEBI has decided to extend the requirements of Regulation 58 (1)(b) of the LODR Regulations, 2015 which prescribes that an entity with listed NCSs should send a hard copy of statement containing the salient features of all the documents, as specified in Section 136 of Companies Act, 2013 and Rules made thereunder to those holders of NCSs who have not registered their email address either with the LE or with any depository to 30th September 2023.

Regulation 36(1)(b)- Documents & Information to shareholders
[Circular No.: SEBI/HO/CFD/PoD-2/P/CIR/2023/4 dated 5th January 2022](#)

SEBI has decided to provide relaxation up to 31st December 2023, from Regulation 36 (1) (b) of SEBI LODR Regulations, 2015 which requires sending hard copy of annual report containing salient features of all the documents prescribed in Section 136 of the Companies Act, 2013 to the shareholders who have not registered their email addresses. The notice of AGM published by advertisement in terms of Regulation 47 of LODR Regulations, 2015 should contain a link to the annual report, so as to enable shareholders to have access to the full annual report. It should be noted that in terms of Regulation 36 (1) (c) of LODR Regulations, listed entities are required to send hard copy of full annual report to those shareholders who request for the same.

These Circulars have come into force with immediate effect.

January 2023

Guidance Note on Report under Section 92E of the Income-tax Act, 1961 (Transfer Pricing) (Revised 2022)

[Dated October 2022](#)

This Guidance Note (GN) incorporates all the amendments made up to the Finance Act, 2022. This publication covers all the important update related to associated enterprises, international transactions, guidance related to selection of most appropriate methods, computation of Arm's Length Price, adjustment thereof and documentation etc.

Accounting Standards (AS): Disclosures Checklist (Revised October 2022)

[Dated October 2022](#)

This publication brings together all the disclosure and presentation requirements of various ASs for the ease of reference and necessary compliances. In addition, disclosure requirements of announcements and GNs on accounting issued by the ICAI are also included, insofar as they are related to a matter covered by an AS.

This publication is for guidance purposes and should be read in conjunction with the relevant AS and should not be considered as an alternative to studying the AS. This disclosure checklist does not include disclosure requirements under other regulatory requirements, e.g., Schedule III of Companies Act, 2013.

Report on Audit Quality Review

[Dated 2nd November 2022](#)

Quality Review Board (QRB) of the ICAI has issued a report on audit quality reviews of 23 entities in India conducted during the FY 2021-22. This report highlights the key findings observed in the audit quality reviews conducted indicating approach for review, key trends, expectations and other focus areas. Based on these reviews the QRB has issued advisories to the Audit firms concerned for further

improvement in 22 cases and the other 2 cases were closed.

The key findings are pertaining to FSs of 2 companies for the FY ended on 31st March 2016 (1 Listed and 1 public listed entity selected prior to constitution of NFRA and on-going), 5 private limited companies for the FY ended on 31st March 2018 and 16 private limited companies for the FY ended on 31st March 2019. These key findings have been categorised under various sections such as Standards on Auditing, Accounting Standards and Other Relevant Laws and Regulations.

National Financial Reporting Authority (NFRA) introduces audit quality inspections

[PIB dated 11th November 2022](#)

The NFRA has published its audit quality inspection guidelines as a step towards further improving the quality of audit profession. The inspection guidelines are on the lines of the best practices followed by International Audit Regulators. NFRA's inspections are intended to identify areas and opportunities for improvement in the audit firm's system of quality control. Inspections will consist of firm-wide review of audit quality (SQC-1) and individual file review on test-check basis to evaluate the level of compliance with applicable auditing standards and quality control policy and processes.

Implementation Guide to Standard on Auditing (SA) 230 Audit Documentation (Revised 2022 Edition)

[Dated December 2022](#)

The ICAI has issued the above Implementation Guide (IG) since audit documentation is an essential element of audit quality and has always been a critical component of an audit process as it evidences the work done by the auditor.

The revised edition of the IG has been written in simple and easy to understand language in a "Question-Answer" format containing frequently asked questions (FAQs) on SA 230 and

responses to those FAQs. It contains Summary of the Standard, Introduction, Checklist and Illustrative Working Paper Format.

Ind AS

For development in Ind AS refer [CNK IFRS/ISSB and Ind AS Update, January 2023.](#)



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