

Company Law, Accountancy and Audit

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Rules and Amendment Rules

Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024

[Notification dated 24th January 2024](#)

Applicability of sub-section 3 and 4 of Section 23 *Public Offer and Private Placement* of the Companies Act, 2013 (**Act**) commenced from 30th October 2023. As per this sub-section, certain classes of public companies may issue certain classes of securities for being listed on stock exchanges in foreign jurisdictions. The MCA has notified the above Rules which allow certain class or classes of public companies to list certain class of securities on permitted International Stock Exchanges.

The Ministry of Finance has also notified [Foreign Exchange Management \(Non-debt Instruments\) Amendment Rules, 2024](#) by amending Foreign Exchange Management (Non-debt Instruments) Rules, 2019 which provides the eligibility criteria for listing and list of permitted International Exchanges.

Salient features include the following:

▪ **Applicability**

These Rules will apply to the below mentioned companies which issue their securities for the purposes of listing on *permitted stock exchanges@* in *permissible jurisdictions* \$:

- ▲ unlisted public companies;
- ▲ listed public companies, so far as they are in accordance with regulations framed or directions issued in this regard by the Securities and Exchange Board or International Financial Services Centres Authority.

▪ **Exceptions**

Following companies are not eligible:

- ▲ has been registered under Section 8 or declared as Nidhi under Section 406 of the Act;
- ▲ is a company limited by guarantee and also having share capital;
- ▲ has any outstanding deposits accepted from the public;

- ▲ has a negative net worth;
- ▲ has defaulted in payment of dues to any bank or public financial institution or non-convertible debenture holder or any other secured creditor and 2 years have not lapsed since the date of making good the default;
- ▲ has made any application for winding-up under the Act or for resolution or winding-up under the Insolvency and Bankruptcy Code, 2016;
- ▲ has defaulted in filing an Annual Return under Section 92 or financial statement (**FS**) under Section 137 of the Act within the specified period.

▪ **Listing on permitted stock exchanges in permissible jurisdictions**

- ▲ An unlisted public company which has no partly paid-up shares may issue equity shares for the purpose of listing on a stock exchange in a permissible jurisdiction.
- ▲ Such a company or its existing shareholders should also comply with the requirements of the Scheme.
- ▲ The unlisted public company must file the prospectus in Form LEAP-1 along with the fees within 7 days after finalization, and it should be filed in the permitted exchange.
- ▲ After the listing of the equity shares, the company should comply with Indian Accounting Standards (Ind AS) in preparation of their FSs, in addition to any other accounting standard, which they may be required to comply for the preparation of the FSs.

@ *Permissible Jurisdiction is International Financial Services Centre (IFSC) in India*

\$ *Permitted Stock Exchange is India International Exchange and NSE International Exchange*

The government has also issued [Frequently Asked Questions \(FAQs\) on Direct Listing Scheme](#) which helps in understanding the framework.

Companies (Registration Offices and Fees) Amendment Rules, 2024

[Notification dated 14th February 2024](#)

Companies (Registration Offices and Fees) Amendment Rules, 2014 has been amended with the insertion of a new sub- Rule 10A *Central Processing Center (CPC)*.

Inter alia, this Center will examine all applications, e-Forms, or documents for approval or registration by the Registrar. The Registrar will make decisions within 30 days of filing, excluding the cases in which an approval of the Central Government (CG) or the Regional Director or any other competent authority is required. The Center will have jurisdiction over various applications, e-Forms or documents, including resolutions, share capital alterations, application for change of name, and conversions of various types of companies etc. In case multiple applications, e-Forms or documents are filed at a time then all the applications, e-Forms or documents will be examined and decided by the Registrar of the Center.

The CG, vide [notification dated 2nd February 2024](#) has established CPC at Indian Institute of Corporate Affair, Gurgaon.

SEBI has decided to extend the timeline for effective date of implementation of the proviso. Revised timelines are as follows:

Type of LEs by market capitalisation	Earlier Timeline w.e.f.	Revised Timeline w.e.f.
Top 100 LEs	1 st February 2024	1 st June 2024
Top 250 LEs	1 st August 2024	1 st December 2024

SEBI Board Meeting

[PR No. 5/2024 dated 15th March 2024](#)

In its Board Meeting, SEBI has, *inter alia*, approved the under mentioned decisions:

- **Facilitating ease of doing business for listed companies – on-going compliance requirements**

SEBI has approved amendments to SEBI LODR Regulations in respect of the following:

- ▲ Market capitalisation based compliance requirements for LEs to be determined on the basis of average market capitalisation of 6 months ending 31st December, instead of single day's (31st March) market capitalization.
- ▲ Extending the timeline from 3 to 6 months for filling the vacancies of Key Managerial Personnel (KMP) which require approval of statutory authorities.
- ▲ Harmonization and reduction of timelines for prior intimation of Board Meetings to 2 working days.
- ▲ Increasing the maximum permitted time gap between 2 consecutive meetings of the Risk Management Committee from 180 days to 210 days in order to provide flexibility to LEs to schedule the meetings.

- **Facilitating a uniform approach to verification of market rumours by equity LEs**

Promoters, directors, KMP and senior management to provide timely response to the LE for verifying market rumors.

Securities and Exchange Board of India (SEBI)

Extension of timeline for verification of market rumours by listed entities

[Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2024/7 dated 25th January 2024](#)

The proviso to Regulation 30(11) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR Regulations) *inter-alia* requires top 100 and top 250 listed entities (LEs) by market capitalization to mandatorily verify and confirm, deny or clarify market rumours from the date as may be specified by SEBI.

- **Timeline for mandatory applicability of Listing Norms for High Value Debt Listed Entities (HVDLEs) extended**

The timeline for mandatory applicability of listing norms (i.e. Regulation 16 to 27 of SEBI LODR Regulations, 2015) and compliance thereof for HVDLEs is extended till 31st March 2025.

environment compliance in the areas of environment financial audit, environment compliance audit and environment performance audit.

Relaxation of additional fee and extension of last date of filing of Form No. LLP BEN-2 and LLP Form No. 4D under LLP Act, 2008

[General Circular No 1 dated 7th February 2024](#)

In view of transition of MCA-21 from version-2 to version-3 and to promote compliance on part of reporting Limited Liability Partnerships (**LLPs**), the MCA has informed that such LLPs may file Form LLP BEN-2 *Return to the Registrar in respect of declaration under Section 90 of the Companies Act, 2013* (notified vide LLP (Significant Beneficial Owners) Rules, 2023) and LLP Form No. 4D *Return to the Registrar in respect of declaration of beneficial interest in contribution received by the LLP* (notified via LLP (3rd Amendment) Rules 2023), without payment of any additional fees, up to 15th May 2024

Others

Revised Secretarial Standards on Meetings of the Board of Directors and General Meetings

[ICSI Announcement dated January 2024](#)

The Institute of Company Secretaries of India (**ICSI**) has issued the following revised standards considering the legal amendments and to bring them in alignment with the provisions of the Companies Act, 2013 and Rules made thereunder:

- [Meetings of the Board of Directors \(SS-1\)](#)
- [General Meetings \(SS-2\)](#)

As per Section 118(10) of the Companies Act, 2013 every company should observe Secretarial Standards with respect to General and Board Meetings specified by the ICSI.

These Standards are applicable to all companies incorporated under the Act except One Person Company (OPC) and a company registered under Section 8 of the Companies Act, 2013 or corresponding provisions of any previous enactment thereof.

These Standards have come into effect from 1st April 2024.

Draft Environment Audit Notification

[Notification dated 29th January 2024](#)

The CG has issued Draft Environment Audit whereby it proposes to include Environment Audit as part of the regular financial audit of firms/companies, wherein the concerned audit teams in association with Registered Environment Auditor (REA)/ Registered Environment Audit Firm (REAF) may verify

Accountancy and Audit

Commonly Found Errors in Reporting Practices

[ICAI Publication dated January 2024](#)

The Research Committee of the ICAI has issued the above publication with an objective to assist the preparers & presenters of information to understand and improve the pitfalls that were commonly observed as a roadblock for an organisation to achieve excellent reporting. This publication aims to dissect and illuminate the prevalent errors frequently found in reporting practices. The observations are divided into 3 parts: financial information, non-financial information and industry specific observations.

Issuance of SA 800 (Revised), SA 805 (Revised), SA 810 (Revised)

[ICAI Announcement dated 7th February 2024](#)

The ICAI has issued the following revised Standards on Auditing (**SAs**):

- [SA 800\(Revised\) *Special Considerations—Audits of Financial Statements Prepared in Accordance with Special Purpose Frameworks*](#)
- [SA 805\(Revised\) *Special Considerations - Audits of Single Financial Statements and Specific Elements, Accounts or Items of a Financial Statement*](#)
- [SA 810\(Revised\) *Engagements to Report on Summary Financial Statements*](#)

These Standards will be applicable to audits/engagements for financial years (FYs) beginning on or after 1st April 2024 i.e., these Standards will be applicable to audits/engagements for the FY 2024-25 and onwards.

The extant SA 800, SA 805, SA 810 will continue to apply till audits/engagements for the FY 2023-24.

Implementation Guides (IG)

- **IG on Reporting on Audit Trail under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 (Revised 2024 Edition)**

[ICAI Announcement dated 12th February 2024](#)

The Companies (Audit and Auditors) Amendment Rules, 2021 dated 24th March 2021 made various changes in Rule 11 of the Companies (Audit and Auditors) Rules, 2014. These changes include new Rule 11(g) which requires reporting for FYs years commencing or after 1st April 2023 on the use of accounting software by companies which has an audit trail feature.

The ICAI has published this revised edition which has a separate section of Frequently Asked Questions (FAQs) that covers various practical situations which may be faced by the members while reporting under Rule 11(g). The IG will enable the members to comply with the reporting requirement of Rule 11(g) more effectively.

Some of the key issues discussed are as under:

- ▲ Requirement to report on the audit trail feature in the limited review report.
- ▲ Applicability to small and medium companies
- ▲ Use of specialist or expert by the auditor.
- ▲ Implication when audit trail feature is not operational throughout the year.

- ▲ Failure of General IT Controls.
- ▲ Requirement of audit trail to remain accessible in India at all times.

- **IG on Maintenance of Property, Plant and Equipment (PPE) Register - Best Practices**
[ICAI Publication dated February 2024](#)

This publication of ICAI serves as a comprehensive resource outlining details to be incorporated into such a register. It is designed to provide user guidance, enabling stakeholders to elevate their financial controls and governance standards.

Guidance Note on Audit of Banks (2024 Edition)

[ICAI Announcement dated 14th February 2024](#)

The ICAI has issued the aforesaid Guidance Note (GN) which offers comprehensive guidance to members engaged in audits of banks and their branches. This GN is updated to incorporate the latest developments, the impact of amendments and changes in the banking landscape. These updates encompass factors such as Master Directions/Circulars from RBI, relevant advisories, ICAI pronouncements affecting bank audits, and changes in applicable laws and regulations.

The GN is bifurcated in 2 Sections, i.e., Section A - Statutory Central Audit and Section B - Bank Branch Audit. This GN is to be read in conjunction with other two publications ([Technical Guide on Audit of Internal Financial Controls in case of Public Sector Banks](#) and [Technical Guide on Revised Formats of Long Form Audit Report](#)) which are relevant for bank audits.

CNK Partner, CA Manish Sampat is one of the co-authors of the GN.

Technical Guide on Preparation of Financial Statements under Cash Basis of Accounting

[ICAI Publication dated February 2024](#)

This Technical Guide (TG) provides guidance for the preparation of general-purpose FSs of non-company

entities under the cash basis of accounting. The objective of the Publication is to enhance consistency and transparency in financial reporting by the non-company entities while following cash basis of accounting by applying relevant Accounting Standards. This includes the application of accounting principles pertaining to recognition, measurement, presentation and disclosure of various items of income and expenses, assets and liabilities in the FSs in the context of cash basis of accounting.

Internal Audit Checklist

[ICAI Publication dated February 2024](#)

The Board of Internal Audit and Management Accounting of ICAI has issued the aforesaid checklist to provide step-by-step guidance to members on every aspect of internal audit. The objective of this checklist is to ensure that (a) all relevant tasks and procedures are completed; (b) the internal audit is done thoroughly and effectively; (c) the areas that may need improvement or further attention are identified; (d) the audit team is organized and focused; and (e) all necessary information is collected and reviewed.

Ind AS

For development in Ind AS refer [CNK IFRS/ISSB and Ind AS Update, April 2024](#).



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