

Monthly GAAP Bulletin

April 2020



Introduction

Dear Reader,

Grant Thornton in India is delighted to present 'Monthly GAAP Bulletin', a bulletin that summarises significant accounting, auditing and related updates. This publication has been compiled to meet the needs of dynamic Indian businesses and focuses on key developments in India and across the globe.

To access the source of information and complete details, you can click the hyperlinked text below each update.

We would be pleased to receive your valuable feedback. Please write to us at npsg@in.gt.com with your comments, questions or suggestions.

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A. India updates - Effective

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a. Accounting updates

1. Implementation of Indian Accounting Standards by NBFCs and ARC

Non-banking financial companies (NBFCs) and asset reconstruction companies (ARCs) covered by rule 4 of the Companies (Indian Accounting Standards) Rules, 2015, are required to comply with the Indian Accounting Standards (Ind AS) for the preparation of their financial statements.

The Reserve Bank of India (RBI) has now framed and issued regulatory guidance on Ind AS as an annexure to the notification dated 13 March 2020, which will be applicable on Ind AS implementing NBFCs and ARCs for preparation of their financial statements from financial year (FY) 2019-20 onwards.

These guidelines relate to specific prudential aspects of Ind AS implementation by NBFCs/ARCs and do not provide a comprehensive commentary on the accounting standards or comprehensive technical interpretation of the standards. They do not intend to cover all possible situations. Accordingly, with respect to matters not dealt with in this guidance, NBFCs/ARCs are required to refer to the notified accounting standards, application guidance, educational material and other clarifications issued by the Institute of Chartered Accountants of India (ICAI).

Click [here](#) for the RBI notification.

b. Auditing updates

1. ICAI Accounting and Auditing Advisory - Impact of Coronavirus on Financial Reporting and the Auditors Consideration

ICAI has issued a publication to advise the preparers of the financial statements on the potential impact of COVID-19 pandemic, which should be suitably considered in preparing and reporting their financial statements for the year ended 31 March 2020. This publication also discusses key advisories to the auditors on the conditions that may arise as a result of the pandemic. Auditors are also required to carefully evaluate unique circumstances prevailing in their audits and assess risk accordingly while applying the concepts in this advisory in their audits.

a. Advisory on potential accounting issues

This publication consists advisory for:

- Entities to whom Ind AS is applicable; and
- Entities to whom Accounting Standard (AS) is applicable, viz
 - Companies to whom Companies (Accounting Standards) Rules, 2006, are applicable; and
 - Non-corporate entities to whom AS issued by the ICAI is applicable.

This publication discusses, inter alia, following important areas of Ind AS and AS:

- Inventory measurement
- Impairment of non-financial assets

- Financial instruments
 - Impairment losses
 - Fair value measurement
 - Hedge accounting
- Leases
- Revenue
- Going concern assumption

b. Advisory on potential auditing issues

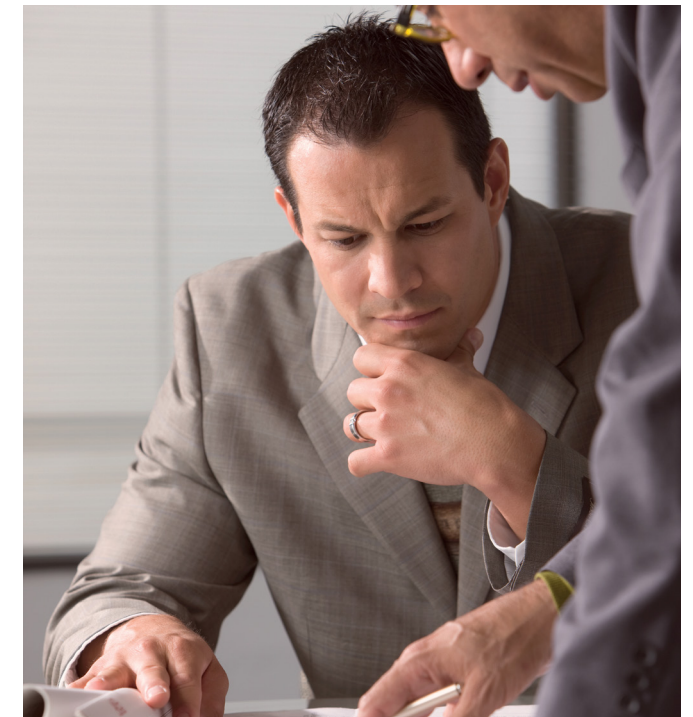
This publication discusses following areas in detail, which require special attention of auditors due to the current pandemic, in connection with their audits required to be conducted as per Standards of Auditing (SA):

- Verification of inventory on a date other than date of financial statements i.e. 31 March 2020 (SA 501, Audit Evidence - Specific Considerations for Selected Items)
- Subsequent events or events after reporting date (SA 560, Subsequent Events)
- Going concern [SA 570(Revised), Going Concern]
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Click [here](#) for ICAI advisory.



c. Regulatory updates

Companies Act updates

1. Relaxations in the compliance requirements amidst COVID-19 pandemic

Finance Minister Nirmala Sitharaman, in a press conference held on 24 March 2020, had announced various relaxations with respect to regulatory and tax compliance matters under Companies Act, 2013 (2013 Act), Income-Tax Act, 1961 (IT Act), Goods and Service Tax Act, 2017 (GST Act) and other relevant statutes. Consequently, various notifications/circulars have been issued by the Ministry of Corporate Affairs (MCA) to affect these announcements amongst other circulars.

Below are various relaxations notified by the MCA pursuant to the pandemic:

a. Extension of applicability of Companies (Auditor's Report) Order (CARO), 2020

The MCA has issued circular, dated 24 March 2020, extending the applicability of CARO 2020 from FY commencing on or after 1 April 2019 to FY commencing on 1 April 2020 onwards.

Click [here](#) for the MCA order.

b. Special measures under the 2013 Act and Limited Liability Partnership Act, 2008, in view of COVID-19 pandemic

The MCA has issued a circular, dated 24 March 2020, which summarises the measures implemented to reduce compliance burden and other risks of companies and Limited Liability

Partnerships (LLPs). These measures include:

- No levy of additional fees for late filing during a moratorium period from 1 April to 30 September, 2020, in respect of any document, return, statement, etc., required to be filed in the MCA-21 Registry, irrespective of its due date
- Mandatory requirement of holding meetings of the board of the companies within the interval provided in Section 173 of the 2013 Act, i.e. 120 days, has been extended by a period of 60 days till next two quarters, i.e., till 30 September. Accordingly, as a one-time relaxation, the gap between two consecutive meetings of the board may extend to 180 days till the next two quarters, instead of 120 days as required in the 2013 Act.
- Extension of the due date for complying with the requirement under rule 18 of the Companies (Share Capital & Debentures) Rules, 2014, to invest or deposit at least 15% of the amount of maturing debentures in specified methods of investments or deposits from 30 April 2020 to 30 June 2020.
- Extension of the due date for complying with the requirement under Section 73(2)(c) of the 2013 Act to create the deposit repayment reserve of 20% of deposits maturing during the FY21 from 30 April 2020 to 30 June 2020.
- Additional period of 180 days allowed for compliance required to be done by newly incorporated companies that are required to file a declaration for Commencement of Business within 180 days of incorporation under Section 10A of the 2013 Act.

- Independent Directors (IDs) are required to hold at least one meeting without the attendance of non-independent directors as per the 2013 Act. This requirement has been relaxed by the MCA for the FY20, where IDs have not been able to hold such a meeting and thereby this will not be considered as a violation of the Act.

Click [here](#) for the MCA circular.

c. Companies (Meetings of Board and its Powers) Amendment Rules, 2020

The MCA has issued Companies (Meetings of Board and its Powers) Amendment Rules, 2020 (amended rules), wherein it has allowed that the meetings for approval of annual financial statements, board report, prospectus, matters relating to restructuring, etc., can be held via video conferencing or other audio-visual medium between 19 March 2020 and 30 June 2020.

These amended rules have come into effect on 19 March 2020.

Click [here](#) for amended rules.

d. Increase in threshold of default for matters relating to insolvency and liquidation of corporate debtors

Section 4 of the Insolvency and Bankruptcy Code, 2016, (IBC, 2016) provides that Part II, Insolvency Resolution and Liquidation for Corporate Persons will apply to matters where the minimum amount of default is INR 1 lakh or as minimum specified by the Central government, which cannot be more than INR 1 crore.

The MCA has now issued a notification specifying INR 1 crore as the minimum amount of default for the purposes of Section 4.

Click [here](#) for IBC, 2016 (updated until 18 March 2020).

Click [here](#) for notification.

2. Company affirmation of readiness towards COVID-19

The MCA has deployed a web-based Form CAR-2020, which is to be filed by companies and LLPs, to confirm their readiness to deal with the COVID-19 threat.

Click [here](#) for Form CAR-2020.

3. Clarification on spending of CSR funds for COVID-19

The MCA, vide its general circular 10/2020 dated 23 March 2020, has clarified that spending of Corporate Social Responsibility (CSR) funds for various activities related to COVID-19 is eligible as CSR activity under item no. (i) and (xii) of Schedule VII of the 2013 Act relating to promotion of healthcare, including preventive healthcare and sanitation and disaster management.

Click [here](#) for the general circular.

The MCA, vide its circular dated 28 March 2020, has also clarified that contribution to PM CARES Fund will also qualify as CSR expenditure under the 2013 Act.

Click [here](#) for the circular.

4. Companies Fresh Start Scheme, 2020

In order to ease the financial burden and promote ease of doing business, the MCA has introduced a new scheme, Companies Fresh Start Scheme, 2020 (CFSS, 2020) on 30 March 2020, allowing for a one-time condonation of delay in filing statutorily required documents with the Registrar of Companies (ROC) with the payment of additional fees. Additionally, inactive companies can also declare themselves as ‘dormant’ or apply for ‘strike off’.

Key features of the CFSS, 2020 are as follows:

- **Applicability:** The scheme is available from **1 April 2020 to 30 September 2020**. Under the scheme, any defaulting company is permitted to file delayed forms (i.e. annual return, financial statements and various other forms) without payment of any additional fee for the delay.
The scheme is not applicable:
 - To companies against which action for final notice of striking off has already been initiated
 - When the companies have applied for strike off
 - To amalgamated companies
 - When the companies have already applied for dormant status
 - To vanishing companies
 - When Form SH-7 (increase in authorised share capital) or CHG-1, CHG-4, CHG-8 and CHG-9 (charge related forms) is to be filed.
- **Immunity against prosecution/penalty for delay in**

filings: The defaulting company/directors will not be liable to any prosecution/penalty for delay in filing of such forms. For getting immunity, the company is required to file Form CFSS-2020 within 6 months of closure of the scheme. Immunity will not be applicable in any of the following cases:

- If any appeal or management disputes are pending before any court;
- If any court has ordered conviction in any matter or adjudicating authority has imposed penalty and no appeal has been preferred against such order, before this scheme has come into force.

- **Withdrawal of appeal against any prosecution/penalties for delay in filings:** The companies that have filed appeals against prosecution/penalties initiated by any authority for delay in filings have to withdraw such appeals and submit a proof of such withdrawal to the Registrar of Companies (ROC), while applying for immunity certificate under this scheme.
- **Additional time of 120 days for filing appeal against orders of adjudicating authorities imposing penalties for delay in filings:** An additional time of 120 days from the last date of filing appeal against the order of adjudicating authorities (if the last date falls between 1 March 2020 and 31 May 2020) for filing appeal has been granted. During this additional period, the adjudication authorities cannot raise any prosecution proceedings.

Click [here](#) for scheme.

5. LLP Settlement Scheme, 2020

The MCA, vide its circular dated 4 March 2020, has introduced **LLP Settlement Scheme, 2020** (scheme), for allowing a one-time condonation of delay in filing statutorily required documents with the registrar. Subsequently, the ministry has modified the scheme, vide general circular dated 30 March 2020 (modified scheme), which is an extension to the scheme.

Key features of the scheme and modified scheme are as follows:

| Particulars | Scheme | Modified Scheme |
|---------------------------|--|---|
| Period of the scheme | In force from 16 March 2020 to 31 March 2020 | In force from 1 April 2020 to 30 September 2020 |
| Applicability | Defaulting LLPs are permitted to file belated documents that were due for filing till 31 October 2019 | Defaulting LLPs are permitted to file belated documents which were due for filing till 31 August 2020 |
| Forms covered | <ul style="list-style-type: none">• Form 3: Information with regard to LLP agreement and changes, if any, made therein;• Form 4: Notice of appointment, cessation, change in name/address/designation of a designated partner or partner and consent to become a partner/designated partner;• Form 8: Statement of Account and Solvency (Annual or Interim);• Form 11: Annual Return of LLP | All documents that are required to be filed under the provisions of the LLP Act, 2008, and rules made thereunder |
| Additional fee | Additional fee of INR 10 per day of default subject to a maximum of INR 5,000 | No additional fee payable |
| Immunity from prosecution | LLPs shall not be subjected to prosecution by the Registrar if they have filed the documents till 31 March 2020 and made good the default | LLPs shall not be subjected to prosecution by the Registrar if they have filed the documents till 30 September 2020 and made good the default |
| Exclusions | Scheme is not applicable to LLPs that have made applications for striking off their name in Form 24 | Scheme is not applicable to LLPs that have made applications for striking off their name in Form 24 |

Click [here](#) for the scheme.

Click [here](#) for the modified scheme.

Further, ICAI has issued FAQs on the scheme for the benefit of its members and other stakeholders.

Click [here](#) for FAQs.

6. Exemptions to government companies under Section 462 of the Companies Act, 2013

The MCA has notified amendments to earlier issued notification [G.S.R. 463(E) dated 5 June 2015] covering exemptions given to government companies under the 2013 Act. This notification has introduced following amendments:

- An explanation has been added to the definition of Government Company under Section 2(45) of the 2013 Act, clarifying that for the purpose of this definition the ‘**paid-up share capital**’ will be construed as ‘**total voting power**’, where shares with differential voting rights have been issued.
- Exemption given to government companies with respect to applicability of first and second proviso to Section 188(1), **Related Party Transactions**, of the 2013 Act has been extended to contracts or arrangements entered into by it with the Central government or any state government or any combination thereof.

Click [here](#) for notification.

7. Extension of the last date of filing of Form NFRA 2

In continuation of the MCA’s general circular No. 14/2019 dated 27 November 2019, it has now further extended the time limit for filing Form National Financial Reporting Authority-2 (NFRA-2), **annual return to be filed by auditor with the NFRA**, for the FY19. The Form NFRA-2 can now be filed within 150 days from the date of deployment (i.e. 9 December 2019) of this form on the website of NFRA.

Click [here](#) for circular.

8. Insolvency and Bankruptcy Code (Amendment) Act, 2020

The President of India has promulgated **the Insolvency and Bankruptcy Code (Amendment) Ordinance, 2019 (Ordinance) on 28 December 2019**.

This Ordinance introduced amendments that were proposed in the IBC, 2016.

Click [here](#) for Ordinance.

Post that, the amendments introduced by the Ordinance were included in the Insolvency and Bankruptcy Code (Amendment) Bill, 2020 (Bill) and got approved by the Lok Sabha on 6 March 2020.

The Bill has now received the President’s assent on 13 March 2020 and has become a law in the form of the Insolvency and Bankruptcy Code (Amendment) Act, 2020 (2020 Act).

Some of the key amendments are:

- **Restriction on persons allowed to make applications:** The IBC, 2016 restricts certain corporate debtors from making an application to initiate the insolvency resolution process. These include:
 1. Corporate debtors undergoing an insolvency resolution process
 2. Corporate debtors who have completed the resolution process 12 months before making the application
 3. Corporate debtors or financial creditors who have violated terms of the resolution plan, or
 4. Corporate debtors in respect of whom a liquidation order has been passed.

The 2020 Act clarifies that such corporate debtors will be

allowed to initiate the resolution process against other corporate debtors.

- **Liability for prior offences:** The resolution plan under the IBC, 2016 may result in change in the management or control of a corporate debtor to other persons. The 2020 Act provides that liability of a corporate debtor for an offence committed prior to the commencement of the corporate insolvency resolution process will cease, and the corporate debtor will not be prosecuted for such an offence from the date the resolution plan has been approved by the National Company Law Tribunal (NCLT).

The 2020 Act also provides immunity to the corporate debtor from actions against their property, such as attachment, confiscation or liquidation of property, in such cases.

- **Minimum threshold for initiating the resolution process:** Minimum thresholds have been prescribed for certain classes of financial creditors for initiating the insolvency resolution process. In case of real estate projects, if an allottee (person to whom a plot, apartment, or building has been allotted or sold) wants to initiate the resolution process, the application can be filed jointly by at least 100 allottees of the same real estate project, or 10% of the total allottees under that project, whichever is less. For other financial creditors, where the debt owed is either:
 1. In the form of securities or deposits, or
 2. To a class of creditors, the application can be filed jointly by at least 100 creditors in the same class, or 10% of the total number of such creditors in the same class, whichever is less.

The 2020 Act has repealed the Ordinance and will be deemed to have come into force on 28 December 2019.

Click [here](#) for 2020 Act.

9. Circular for filing of forms in the Registry (MCA-21) by the Insolvency Professional (IP) [Interim Resolution Professional (IRP) or Resolution Professional (RP) or Liquidator] appointed under the IBC, 2016

The MCA, vide its circular dated 17 February 2020, clarified the procedure of filing of documents in the MCA-21 registry in respect of a company where an IP (IRP or RP or Liquidator) has been appointed under the IBC, 2016.

Click [here](#) for circular dated 17 February 2020.

The MCA has now issued a circular, dated 6 March 2020, which has superseded the earlier circular dated 17 February 2020 and issued following clarifications for statutory compliances in respect of companies under Corporate Insolvency Resolution Process (CIRP):

- The IRP/RP/Liquidator will have to first file the NCLT order approving him as the IRP/RP/Liquidator in Form INC-28 and after filing in the form, the IRP/RP/Liquidator while affixing his DSC, shall choose his designation as 'CEO' in the declaration box for the purpose of filing only.
- The IRP/RP/Liquidator will be responsible for filing all the e-forms in the MCA portal and sign the forms in the capacity of CEO in order to meet filing protocol in the existing forms' architecture. However, this will in no way affect his legal status as IRP/ RP/Liquidator. All filings of

e-forms, including AOC-4 and MGT-7 will be filed through e-form GNL-2 by way of attachments till the company is under CIRP.

- Against date of event and Board Resolution in INC-28 and GNL-2, date of order of NCLT/NCLAT/Court may be mentioned.
- It is further clarified that in respect of companies which are marked under CIRP, Annual Return (e-form No.MGT-7) and Financial Statement (e-form AOC-4) and other documents under the provisions of the 2013 Act, in accordance with directions issued by the NCLT/ NCLAT/Courts, will be filed as attachments with e-form GNL-2 against the payment of one-time normal fee only, till such time the company remains under CIRP. Separate GNL-2 forms will be filed for each such document by the IRP/RP.

Click [here](#) for circular dated 6 March 2020.

Pursuant to above clarification, the MCA has also issued following amended rules to make the suitable changes:

- 1 Companies (Incorporation) Second Amendment Rules, 2020. Click [here](#) for amended rules.
- 2 Companies (Registration Offices and Fees) Second Amendment Rules 2020 has introduced few changes in Form No. GNL-2. Click [here](#) for amended rules.

SEBI updates

1. Relaxation from compliance with certain provisions by the Securities and Exchange Board of India (SEBI) due to the COVID-19 pandemic

The SEBI has issued series of circulars to grant temporary reliefs/relaxations from various compliances required to be done by companies due to the developments arising out of COVID-19 pandemic. Below are the details of relaxations given by the SEBI for various regulations through different circulars:

SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (SEBI LODR)

The SEBI, vide its circular issued on 19 March 2020, 23 March 2020 and 27 March 2020, has granted temporary relaxations from compliance with certain provisions of the SEBI LODR to the listed companies in relation to their quarterly/annual filings for the quarter/financial year ended on 31 March 2020.

a. Details of extension of timelines for various compliances:

| Regulation and associated filing | Earlier due date | Extended due date |
|---|---|-------------------|
| Regulation 7(3) relating to half-yearly compliance certificate on share transfer facility | 30 April 2020 | 31 May 2020 |
| Regulation 13(3) relating to quarterly statement of investor complaints | 21 April 2020 | 15 May 2020 |
| Regulation 24A read with circular No CIR/CFD/CMD1/27/2019 dated 8 February 2019 relating to annual secretarial compliance report | 30 May 2020 | 30 June 2020 |
| Regulation 27(2) relating to filing of quarterly corporate governance report | 15 April 2020 | 15 May 2020 |
| Regulation 31 relating to filing of quarterly shareholding pattern | 21 April 2020 | 15 May 2020 |
| Regulation 33 relating to filing of quarterly and annual financial results | 15 May 2020 (for quarterly results) 30 May 2020 (for annual audited financial results) | 30 June 2020 |
| Regulation 40(9) relating to certificate from practicing company secretary on timely issue of share certificates | 30 April 2020 | 31 May 2020 |
| Regulation 44(5) relating to holding of annual general meeting by top 100 listed entities by market capitalisation for FY20 | 31 August 2020 | 30 September 2020 |
| Regulation 19(3A), 20(3A) and 21(3A) requiring the Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee to meet at least once in a year | 31 March 2020 | 30 June 2020 |

SEBI's circular, dated 23 March 2020, has granted relaxations for compliance with the SEBI LODR to the listed entities that have listed their non-convertible debentures (NCDs), non-convertible redeemable preference shares (NCRPS), municipal debt securities (MDS) and commercial papers (CPs).

| Regulation and associated filing | Earlier due date | Extended due date |
|---|---|-------------------|
| Regulation 52 (1) and (2) relating to financial results | 15 May 2020 (for quarterly results) 30 May 2020 (for annual audited financial results) | 30 June 2020 |
| Common obligations prescribed under Chapter-III of SEBI LODR | Timelines as prescribed in SEBI Circular no. SEBI/HO/CD/CMD1/ CIR/P/2020/38 dated 19 March, 2020 as described earlier i.e. Regulation 7(3) and Regulation 13(3) | |
| Large corporate-initial disclosure and annual disclosure (SEBI Circular HO/DDHS/CIR/P/2018/144 dated 26 November, 2018) | Initial disclosure (30 April 2020) Annual disclosure (15 May 2020) | 30 June 2020 |

b. Other relaxations from SEBI LODR requirements applicable for all listed companies

- Board of directors and audit committee of the listed entities have been exempted from ensuring the maximum stipulated time gap of 120 days between two meetings required under Regulations 17(2) and 18(2)(a) between the period 1 December 2019 and 30 June 2020.

However, the board of directors/audit committee is required to ensure that they meet at least four times a year, as stipulated under Regulations 17(2) and 18(2)(a) of the SEBI LODR.

- Publication of advertisements in the newspapers**

The SEBI has exempted publication of advertisements in newspapers as required under Regulation 47 of the SEBI LODR for all events scheduled till 15 May 2020.

- Relaxation of the operation of the SEBI circular dated, 22 January 2020, on Standard Operating Procedure (SoP)**

The said circular will now come into force from compliance periods ending on or after 30 June 2020.

- In order to enable issuers that intend/propose to list their NCD/NCRPS/CPs, following relaxations are granted:**

| Particulars | Available audited financials | Date for issuance | Extended date for issuance | Extended date for issuance |
|--|------------------------------|----------------------------|----------------------------|----------------------------|
| Cut-off date for issuance of NCD/NCRPS/CPs | As on 30 September 2019 | On or before 31 March 2020 | On or before 31 May 2020 | 60 days |

Click [here](#) for SEBI circular dated 19 March 2020.

Click [here](#) for SEBI circular dated 23 March 2020.

Click [here](#) for SEBI circular dated 26 March 2020.

SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (SAST Regulations)

SEBI has extended the due date of filings disclosures in terms of Regulations 30(1), 30(2) and 31(4) of the SAST Regulations dealing with consolidated shareholding, as on 31 March 2020, from 15 April 2020 to 1 June 2020.

Click [here](#) for SEBI circular dated 27 March 2020.

SEBI (Infrastructure Investment Trusts) Regulations, 2014 (InvIT Regulations) and SEBI (Real Estate Investment Trusts) Regulations, 2014 (REIT Regulations)

SEBI has issued a circular on 23 March 2020 to grant temporary relaxations in compliance requirements under InvIT Regulations and REIT Regulations by extending the due date for regulatory filings and compliances for the period ended 31 March 2020 by one month over and above the timelines prescribed under these regulations.

Click [here](#) for SEBI circular.

SEBI (Alternative Investment Funds) Regulations, 2012 (AIF Regulations)

SEBI has issued a circular on 30 March 2020 to extend the due dates for regulatory filings for alternative investment funds and venture capital funds for the period ended 31 March 2020 and ending 30 April 2020 by two months over and above the timelines prescribed under AIF Regulations.

Click [here](#) for SEBI circular.

Relaxation for compliance pertaining to portfolio managers

SEBI has issued a circular on 30 March 2020 to relax the timeline for compliance with certain requirements for portfolio managers. The timelines have been extended by two months for:

1. Monthly reporting to SEBI by portfolio managers for the period ended on 31 March 2020 and ending on 30 April 2020
2. Applicability of SEBI circular SEBI/HO/IMD/DF1/CIR/P/2020/26, dated 13 February 2020, dealing with detailed guidelines for portfolio managers. Click [here](#) for the link of this circular.

Click [here](#) for SEBI circular dated 30 March 2020.

2. SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2020

SEBI has issued SEBI (Infrastructure Investment Trusts) (Amendment) Regulations, 2020 (amended regulations) to amend SEBI InvIT Regulations. These amended regulations provide the following:

- SEBI will now consider only an investment manager for the purpose of grant of certificate of registration having not less than five years of experience in fund management or advisory services or development in the infrastructure sector or the combined experience of the directors/partners/employees of the investment manager in fund management or advisory services or development in the infrastructure sector is not less than 30 years.
- The amended regulations state that Infrastructure Investment Trusts (InvITs) are not required to file draft offer document (in case of public issue of units) with SEBI in case of a fast track rights issue, subject to the fulfilment of the conditions, as specified by the SEBI from time to time.

These amended regulations have come into effect from 2 March 2020.

Click [here](#) for amended regulations.

Click [here](#) for principal regulations (updated until 2 March 2020).

Further, SEBI has also issued revised guidelines for rights issue, preferential issue and institutional placement of units by a listed InvIT with consequential change of amended regulations. InvIT will be required to comply with new conditions before issuing units under fast track.

Click [here](#) for revised guidelines.

3. SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2020

SEBI has issued SEBI (Real Estate Investment Trusts) (Amendment) Regulations, 2020 ('amended regulations') to amend REIT Regulations. These amended regulations provide that Real Estate Investment Trusts (REITs) are not required to file draft offer document (in case of public issue of units) with SEBI in case of a fast track rights issue, subject to the fulfilment of the conditions as specified by the SEBI from time to time.

These amended regulations have come into effective from 2 March 2020.

Click [here](#) for amended regulations.

Click [here](#) for principal regulations (updated until 2 March 2020).

Further, SEBI has also issued revised guidelines for rights issue, preferential issue and institutional placement of units by a listed REITs with consequential change of amended regulations. Conditions are introduced which REITs will be required to comply with before issuing units under fast track.

Click [here](#) for revised guidelines.

4. Encumbrance on units of REIT and InvIT

Regulation 11(3) of REIT Regulations inter alia provides for mandatory holding of units of REIT by sponsor(s) and sponsor group(s) of REIT. Similarly, Regulation 12 of InvIT Regulations inter alia provides for mandatory holding of units of InvIT by sponsor(s) of InvIT.

SEBI, vide circulars dated 23 March 2020, has provided the following:

1. Allowed REIT and InvIT to create encumbrance on such units during the mandatory holding period wherein encumbrance include pledge, lien, negative lien, non-disposal undertaking, etc., or any other covenant, transaction, condition or arrangement in the nature of encumbrance.
2. Imposed restriction on invoking such encumbrance during the holding period as prescribed in respective REIT and InvIT regulations.
3. Sponsor(s) and sponsor group creating encumbrance on units held by them are required to now provide details of the encumbrance to the manager of the REIT/InvIT within two working days from the date of creation of such encumbrance in the specified format.

Click [here](#) for SEBI circular for REIT and [here](#) for InvIT.

Other regulatory updates

1. Direct Tax Vivad se Vishwas Act, 2020

The Direct Tax Vivad se Vishwas Act, 2020 has received the assent of the President of India on 17 March 2020.

This Act provides amnesty for all direct tax disputes (subject to certain exceptions) pending as on 31 January 2020, before various appellate forums i.e., Supreme Court, High Court, Income Tax Appellate Tribunal, Dispute Resolution Panel, Commissioner (Appeals) and revision application before the commissioner. In addition, disputes for which time limit for filing an appeal has not expired as on 31 January 2020 are also eligible for the scheme.

Click [here](#) for the Act.

2. Regulatory announcements by RBI

The RBI, vide its press release dated 27 March 2020, issued Statement on Developmental and Regulatory Policies. It sets out various developmental and regulatory policies that directly address the stress in financial conditions caused by COVID-19 pandemic.

Following are the policy initiatives issued:

- Expanding liquidity in the system sizably to ensure that financial markets and institutions are able to function normally in the face of COVID-19 related dislocations;
- Reinforcing monetary transmission so that bank credit flows on easier terms are sustained to those who have been affected by the pandemic;
- Easing financial stress caused by COVID-19 disruptions by relaxing repayment pressures and improving access to working capital; and
- Improving the functioning of markets in view of the high volatility experienced with the onset and spread of the pandemic.

Click [here](#) for press release.

The RBI has also issued a circular, dated 27 March 2020, which has detailed instructions in respect of above mentioned policies such as requirement of granting moratorium period of 3 months of all instalments falling due, i.e. principal or interest component, bullet repayments, EMIs and credit card dues falling due between 1 March 2020 to 31 May 2020 payable by the borrowers/customers to specified entities.

Click [here](#) for circular.

3. Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020

In continuation of several relaxations announced by the finance minister on 24 March 2020, the government has now issued Taxation and Other Laws (Relaxation of Certain Provisions) Ordinance, 2020 (the Ordinance) to give effect to the recommendations. These relaxations pertain to the extension of last date for filing of various returns, including payments to be made under the Direct Tax Vivad se Vishwas Act, 2020 or for making various investments/payments to claim deduction benefit under the IT Act. Further, donations made to PM CARES Fund shall be eligible for 100% deduction.

Click [here](#) for the Ordinance.



B. India updates - Proposed

a. Auditing updates

b. Regulatory updates

a. Auditing updates

1. Exposure draft on Guidance Note on the Companies (Auditor's Report) Order, 2020

The MCA had issued CARO 2020 on 25 February 2020 which supersedes Companies (Auditor's Report) Order, 2016. CARO 2020 has introduced several new clauses, which has substantially enhanced the reporting requirements.

Auditing and Assurance Standards Board of the ICAI has issued exposure draft on guidance note on the CARO 2020 for comments to enable the members, comply with the reporting requirements of the CARO 2020.

Exposure draft also includes clause-by-clause comparison of the reporting requirements of CARO 2020 and erstwhile CARO 2016 and an illustrative checklist on CARO 2020.

Last date for submission of comments was 18 March 2020.

Click [here](#) for exposure draft.

2. Exposure draft of Standard on Internal Audits

Internal Audit Standards Board of the ICAI has released exposure drafts on following Standards on Internal Audit (SIA) for public comments:

- SIA 150, **Compliance with Laws and Regulations**
- SIA 140, **Governance**
- SIA 250, **Communication with Those Charged with Governance**

Last date for submission of comments was 29 March 2020.

Click [here](#) for SIA 150.

Click [here](#) for SIA 140.

Click [here](#) for SIA 250.

b. Regulatory updates Companies Act updates

1. Draft Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020

The MCA has issued Draft Companies (Corporate Social Responsibility Policy) Amendment Rules, 2020 (draft rules) for public comments.

The Companies (Amendment) Act, 2019 amended Section 135, **Corporate Social Responsibility**, of the 2013 Act and such draft rules are issued to incorporate provisions of such amendment in Section 135.

These draft rules, inter alia, include following provisions:

- New definitions of net profit and ongoing projects
- New Rule 10 introduced in respect of National Unspent Corporate Social Responsibility Fund
- Any company established under Section 8 of the Act or any entity established under an Act of Parliament or a State legislature, through which any company intends to undertake CSR activities, will be required to register itself with the Central Government for undertaking any CSR activity by filing the e-form **CSR-1, Registration of Entities for undertaking CSR Activities**, with the Registrar of the Company

Last date for submission of comments has been extended to 10 April 2020.

Click [here](#) for the MCA circular dated 13 March 2020.

Click [here](#) the draft rules.

2. Companies (Amendment) Bill, 2020

The Central government has introduced Companies (Amendment) Bill, 2020 (Bill 2020) in Lok Sabha to further amend the 2013 Act. The Bill amongst other amendments includes the following:

- Requirement of specified classes of unlisted companies to prepare and file with the ROC their periodical financial results which would be subjected to limited review or audit;
- Amendment to Section 149, **Company to have Board of Directors**, of the 2013 Act to allow remuneration to independent director in case of no profit or inadequacy of profits;
- Reduction in the timelines for applying for rights issues so as to speed up such issues under Section 62, **Further Issue of Share Capital**, of the 2013 Act, i.e. the criteria that the rights issue should be open for minimum 15 days is proposed to be reduced;
- Provision for a window within which penalties will not be levied for delay in filing annual returns and financial statements in certain cases;
- To allow direct listing of securities by Indian companies in permissible foreign jurisdictions as per rules to be prescribed.

Click [here](#) for the Bill.

SEBI updates

1. Consultation paper on e-voting facility provided by listed entities

SEBI has issued a consultation paper for public comments on e-voting facility provided by listed entities, under regulation 44 of the SEBI LODR to provide remote e-voting facility to their shareholders for all shareholders' resolutions.

The consultation paper aims at reviewing the e-voting mechanism/facility, which is being provided by listed entities to their shareholders to identify root causes for inefficiencies in the present e-voting process to ensure optimum utilisation for shareholders.

Last date for submission of comments was 31 March 2020.

Click [here](#) for consultation paper.

2. Consultation paper with respect to guarantees provided by a listed company

SEBI has issued a consultation paper for public comments with respect to guarantees provided by a listed company. The consultation paper aims at reviewing the practice of listed companies extending corporate guarantees/security for the benefit of promoter/promoter related entities, where the listed companies do not derive any economic benefit.

Last date for submission of comments was 31 March 2020.

Click [here](#) for consultation paper.

3. Consultation paper on Amendment to SEBI (Delisting of Equity Shares) Regulations, 2009 for Schemes of Arrangement

SEBI has issued consultation paper wherein comments/ views have been sought on proposal relating to a scheme of arrangement between a listed holding company and its listed subsidiary wherein the listed subsidiary is desirous of getting delisted without following the provisions of SEBI (Delisting of Equity Shares) Regulations, 2009.

Last date for submission of comments is 15 April 2020.

Click [here](#) for consultation paper.

4. Consultation paper on relaxation with respect to Qualified Institutional Placement (QIP) issues

SEBI has issued consultation paper on relaxation with respect to the requirement of six month gap between two successive QIP issues.

In order to address the concerns of the issuer companies and to support the raising of capital, it is proposed that relaxation may be provided for successive QIPs within six months of previous QIP issue, in cases where terms of placement for the subsequent tranches/issue are disclosed upfront in the special resolution.

Last date for submission of comments is 15 April 2020.

Click [here](#) for the consultation paper.

C. International updates – Effective

a. IFRS updates

b. US GAAP updates

a. IFRS updates

1. New effective date for IFRS 17 of 1 January 2023

International Accounting Standards Board (IASB) has decided that the effective date of IFRS 17 Insurance Contracts will be deferred to annual reporting periods beginning on or after 1 January 2023. IASB has also decided to extend the exemption currently in place for some insurers regarding the application of IFRS 9 Financial Instruments, to enable them to implement both IFRS 9 and IFRS 17 at the same time.

Click [here](#) for IASB news.

b. US GAAP updates

1. ASU 2020-03: Codification Improvements to Financial Instruments

Financial Accounting Standards Board (FASB) has issued Accounting Standards Update (ASU) No. 2020-03: Codification Improvements to Financial Instruments.

ASU makes narrow-scope improvements to various aspects of the financial instruments guidance, including the current expected credit losses standard.

Amongst other improvements issues (seven issues), ASU clarifies that all non-public companies and organisations are required to provide certain fair value option disclosures.

Please refer the below link of ASU for effective dates of the amendments.

Click [here](#) for news release.

Click [here](#) for ASU.

2. ASU 2020-04: Facilitation of the Effects of Reference Rate Reform on Financial Reporting - Reference Rate Reform (Topic 848)

FASB has issued ASU No. 2020-04: Facilitation of the Effects of Reference Rate Reform on Financial Reporting - Reference Rate Reform (Topic 848), which provides temporary optional guidance to ease the potential burden in accounting for reference rate reform.

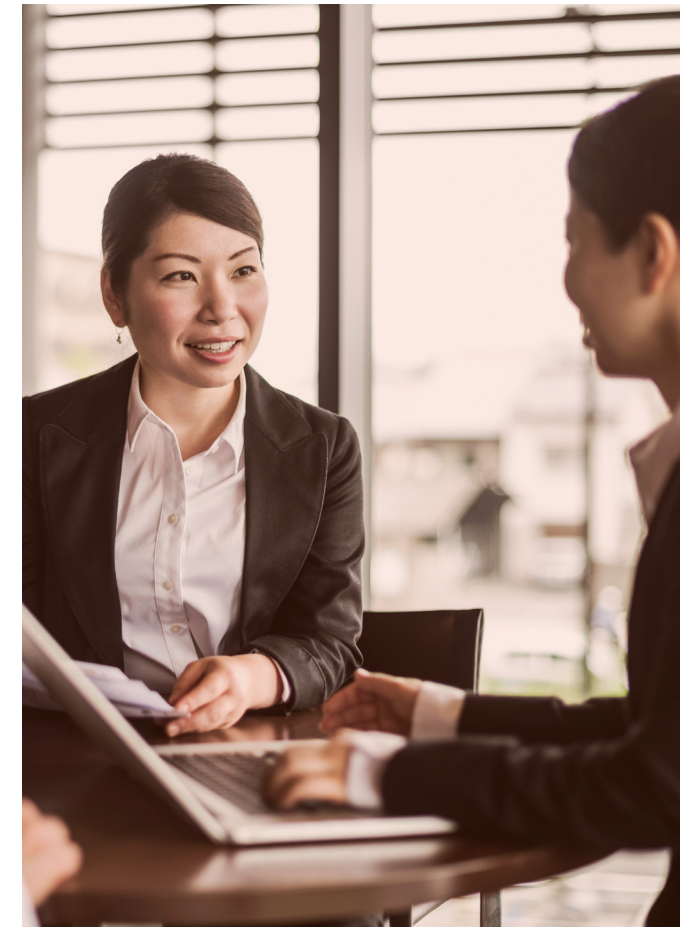
In response to concerns about structural risks of interbank offered rates (IBORs), and, particularly, the risk of cessation of the London Interbank Offered Rate (LIBOR), regulators in several jurisdictions around the world have undertaken reference rate reform initiatives to identify alternative reference rates that are more observable or transaction based and less susceptible to manipulation.

The amendments in this ASU are elective and applies to all entities, subject to meeting certain criteria, that have contracts, hedging relationships, and other transactions that reference LIBOR or another reference rate expected to be discontinued because of reference rate reform.

The amendments in this ASU are effective for all entities as of 12 March 2020 through 31 December 2022.

Click [here](#) for news.

Click [here](#) for ASU.



D. International updates - Proposed

a. IFRS updates

a. IFRS updates

Discussion paper on Business Combinations - Disclosures, Goodwill and Impairment

IASB has published a discussion paper on **Business Combinations - Disclosures, Goodwill and Impairment**, which sets out the IASB's preliminary views on how companies can provide better information so that investors can hold companies to account for acquisitions of other companies. This discussion paper examines following topics and expresses IASB's preliminary views on them:

- Disclosing information about acquisitions
- Testing goodwill for impairment - effectiveness and cost
- Whether to reintroduce amortisation of goodwill
- Recognising intangible assets separately from goodwill

Last date for submission of comments is 15 September 2020.

Click [here](#) and [here](#) for discussion paper.



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