

Editorial

Mergers and acquisitions may promise growth and synergy, but their success hinges on one critical pillar, and that is compliance. Every step of the process, from legal clearances under the Companies Act to regulatory obligations under SEBI, require precision and accountability. This article highlights how corporate and financial compliance influence the structure, timing, and long-term viability of merger and acquisition transactions. In today's environment of heightened regulatory scrutiny, compliance is no longer just a procedural formality because it forms the foundation of a successful deal. For companies and advisors alike, overlooking compliance is not an option.

Please share your feedback on this newsletter with us at contact@cimplyfive.com, we eagerly look forward to it.

Happy reading,
Team CimplyFive
May 06, 2025

What's more in this month's issue…

- ***What is Hot in Company Law?***
- ***Article of the Month***
- ***BLISS Tips for the Month***
- ***Test your Gray Matter!***
- ***Compliance Calendar***
- ***Regulatory Changes in the Month***

 Copyright © 2025, CimplyFive

OPINION:

What is Hot in Company Law?

Our free to use website www.ca2013.com has the unique distinction of providing an integrated view of the Companies Act, SEBI (LODR) and IB code. Our site has crossed **50 million page-views** as on date and attracts over 14,000 users accessing around 45,000 pages a day. List of the most viewed sections in the Companies Act, LODR and IB Code in the month of April 2025 here is based on visitors to our site.

For the Month of April 2025
Companies Act, 2013 Top 5 Chartbusters

Rank in Mar	Change in Rank	Rank in April	Section	Section Title
3	↑	1	179	Power of Board
4	↑	2	188	Related party transactions
1	↓	3	62	Further issue of share capital
N	↑	4	186	Loan and investment by company
N	↑	5	177	Audit Committee

Sections 149 and 135 have been replaced with Sections 186 and 177 in the top 5 Rankings.

LODR Top 5 Chartbuster Regulations

Rank in March	Change in Rank	Rank in April	Regulation	Regulation title
1	↔	1	30	Disclosure of Events or Information
3	↑	2	17	Board of Directors
2	↓	3	23	Related party transactions
N	↑	4	24A	Secretarial Audit and Secretarial Compliance Report
N	↑	5	33	Financial results

Regulation 2 and 16 have been replaced with Regulation 24A and 33 in the top 5 ranking.

IB Code Top 5 Chartbusters

Rank in Mar	Change in Rank	Rank in April	Section	Section Title
1	↔	1	59	Voluntary liquidation of corporate persons.
2	↔	2	5	Definitions (Part 2, Chapter 1)
N	↑	3	7	Initiation of corporate insolvency resolution process by financial creditor.
N	↑	4	30	Approval of resolution plan.
5	↔	5	6	Persons who may initiate corporate insolvency resolution process

Sections 3 and 33 have been replaced with Sections 7 and 30 in the top 5 Rankings.

 Copyright © 2025, CimplyFive

Article of the Month:

The Role of Compliance in Mergers and Acquisitions (M&A)

Introduction

Mergers and Acquisitions (M&A) are transformative business events that mark a significant shift in the company's structure and strategy. While it comes with opportunities for growth and value creation, it also introduces complex regulatory requirements. Overlooking compliance can expose companies to significant legal, financial, and reputational risks. A robust compliance framework throughout the M&A lifecycle not only ensures a smooth transition but also helps realize the full strategic value of the deal. This article delves into the indispensable role of compliance in M&A, highlighting key legal obligations under the Companies Act, 2013, SEBI Regulations and other applicable accounting standards that govern such transactions.

Why Compliance Matters in M&A?

Compliance in the M&A context refers to the process of ensuring that the transaction, and the entities involved, meet all relevant legal, regulatory, and ethical requirements. This includes everything from corporate governance to labour laws to anti-bribery, environmental regulations, and data protection laws, to name a few.

Consequences of Non-Compliance:

- Regulatory penalties
- Loss of licenses or government contracts
- Reputational damage
- Delay or cancellation of the deal
- Future operational risks and liabilities
- Increased Scrutiny from Regulators
- Loss of Key Talent or Clients
- Shareholder Lawsuits and Class Actions

Compliance is therefore a critical business need, not just a legal requirement.

Key Areas of Compliance in M&A

i. Due Diligence

Compliance-focused due diligence uncovers potential legal risks and red flags. This includes checking for:

- Pending or past litigations
- Non-compliance with industry-specific regulations
- Violations of applicable laws
- Data privacy and cybersecurity practices
- Anti-money laundering (AML) and anti-bribery controls

By identifying these issues early, acquirers can either re-negotiate terms, seek indemnity clauses, or walk away from the deal if necessary.

ii. Antitrust and Competition Laws

Most jurisdictions have antitrust regulations to prevent monopolistic behavior. If a merger significantly reduces market competition, regulatory bodies like the Competition Commission of India (CCI) or the U.S. Federal Trade Commission (FTC) may intervene, in cases of cross border transactions.

Non-compliance here can lead to blocking of mergers or imposition of hefty penalties.

iii. Cross-Border Regulatory Compliance

International M&As require compliance with multiple legal regimes, including foreign investment laws, taxation norms, and trade regulations. Regulatory clearances from respective countries, such as from the RBI (under Foreign Exchange Management Act "FEMA") or the Committee on Foreign Investment in the United States (CFIUS), are crucial.

iv. Employment and Labor Law Compliance

Understanding employment contracts, labour union agreements, pension obligations, and workplace safety standards is essential. These can have a lasting impact on the cost structure and employee morale post-merger.

v. Environmental and ESG Regulations

In sectors like manufacturing or energy, environmental clearances and sustainability norms must be reviewed. With ESG (Environmental, Social, and Governance) gaining prominence, companies are increasingly expected to evaluate non-financial risks too.

vi. Post-Merger Integration Compliance

 Copyright © 2025, CimplyFive

The compliance role doesn't end at the deal closure. Harmonizing policies, codes of conduct, and compliance frameworks is critical during integration. This ensures the combined entity operates smoothly under one governance umbrella.

Compliance Under the Companies Act, 2013 and SEBI Regulations

This section covers all legal and regulatory compliances under the Companies Act, 2013 and SEBI Regulations for a valid and enforceable merger or amalgamation.

I. **Compliance Under Companies Act, 2013**

Mergers and amalgamations in India are primarily governed by Sections **230 to 240** of the Companies Act, 2013, along with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

Key compliance points include:

- **Board Approval**: Both companies must approve the draft scheme of merger through a board resolution.
- **Application to NCLT**: File application with the National Company Law Tribunal (NCLT) for approval of the scheme.
- **Notice to Stakeholders**: Send notice of the meeting to shareholders, creditors, ROC, income tax authorities, and other regulators.
- **Valuation Report**: Obtain a valuation report from a registered valuer to ensure fair consideration to shareholders.
- **Auditor's Certificate**: A certificate confirming that the accounting treatment in the scheme is in line with applicable accounting standards.
- **Filing of Forms:** Companies must file various e-forms such as CAA-1, CAA-2, and CAA-3 at different stages of the merger process, along with post-approval filings where certified copies of the NCLT order are submitted to the Registrar of Companies (RoC) in Form INC-28.

Section 233 – Fast-Track Merger

Section 233 provides a simplified merger process for certain classes of companies, such as small companies, holding and wholly owned subsidiaries, or start-ups. This route avoids NCLT involvement and allows approval through Regional Director, saving time and cost. However, approval from shareholders, creditors, ROC, and Official Liquidator is still required.

Section 234 – Cross-Border Mergers

Section 234 enables mergers between an Indian company and a foreign company from jurisdictions notified by the Central Government. The scheme must comply with Companies Act, RBI guidelines and foreign exchange regulations, along with obtaining prior approval from the RBI.

II. Compliance Under SEBI Regulations (for Listed Companies)

For listed entities, additional compliance under **SEBI (LODR) Regulations, 2015** and **SEBI Circular dated March 10, 2017** is mandatory.

Key requirements:

- **Stock Exchange Approval**: Prior approval from stock exchanges (NSE/BSE) is required before filing the scheme with NCLT.
- **Fairness Opinion**: A fairness opinion from a SEBI-registered merchant banker ensures that the valuation, share exchange ratio, and financial terms of the merger or amalgamation are fair and reasonable for public shareholders, protecting their interests and ensuring regulatory compliance.
- **Audit Committee & Independent Directors' Approval**: The scheme must be reviewed and approved by both bodies.
- **Public Disclosures**: Listed companies must disclose the scheme, valuation report, fairness opinion, and all material information to stock exchanges.
- **No-Objection Certificate (NOC)**: Obtain NOC from stock exchanges based on SEBI review.
- **E-voting & Postal Ballot**: Approval of the scheme through shareholder and creditor meetings, often via e-voting.
- **Grievance Redressal**: Address objections and representations from public shareholders.
- **Minimum Public Shareholding**: Post-merger, the company must continue to meet the 25% public shareholding norm.

Financial Compliance

This ensures accurate accounting, proper transfer of assets and liabilities, and correct recording of all transactions in the books of both transferor and transferee companies:

I. Accounting Treatment

- **As per Ind AS / AS-14**: The method of accounting (pooling of interest or purchase method) must be in line with applicable standards.
- **Auditor's Certification**: Ensures the scheme's compliance with accounting principles.
- **Goodwill or Capital Reserve**: Arising out of difference in consideration and net assets, to be recorded appropriately.

II. Transfer of Assets and Liabilities

- **Automatic Vesting**: Upon approval of the scheme by NCLT, assets and liabilities of the transferor vest in the transferee by operation of law.
- **No Separate Execution**: No need for individual transfer deeds for immovable property.
- **Recordable with Authorities**: Update changes in ownership with relevant regulators (e.g., land records, RTO, IPR authorities).

Additional Compliance Considerations

- **Data Protection:** In an increasingly digital world, M&A transactions must carefully consider data protection laws such as the General Data Protection Regulation (GDPR) in abroad and India's Digital Personal Data Protection Act (DPDP Act). Transferring customer data, employee records, and other sensitive information requires due diligence and compliance with relevant regulations.
- **Intellectual Property:** M&A deals often involve the transfer of valuable intellectual property (IP) assets. Compliance in this area includes ensuring proper due diligence to identify ownership, validity, and any potential infringement issues related to patents, trademarks, copyrights, and trade secrets.
- **Sanctions and Trade Compliance:** Companies must comply with economic sanctions and trade regulations, especially in cross-border M&A. This involves screening parties involved in the transaction to ensure they are not on any restricted lists and that the deal does not violate any trade restrictions.
- **Tax Compliance:** M&A transactions have significant tax implications. Compliance involves structuring the deal in a tax-efficient manner, obtaining necessary tax clearances, and ensuring accurate reporting of the transaction to tax authorities.
- **Bribery and Corruption:** Anti-bribery laws such as the Foreign Corrupt Practices Act (FCPA) of the United States and the United Kingdom Bribery Act are critical in M&A. Due diligence must assess the target company's anti-corruption policies and practices to prevent potential liability for past or ongoing violations.

Conclusion

In today's environment of increased regulatory scrutiny and corporate accountability, compliance is a fundamental part of the M&A process. Companies that prioritize compliance protect their deals and enhance long-term value and sustainability. Compliance is the backbone of a successful M&A deal, while strategy is the brain. Neglecting compliance can undermine even the best plans; while respecting it can lead to successful outcomes.

 Copyright © 2025, CimplyFive

BLISS Tips for the Month

BLISS Tips #316: With BLISS, define and track Internal SOPs/ Action Trackers!

In BLISS, with each Agenda/ Minutes item added to a meeting, a corresponding section of 'Associated Compliances' is automatically triggered wherein a checklist for pre and post-meeting statutory compliances is populated. The checklist is integrated into the Action Tracker module, and enables the following additional functionalities:

1. Internal Standard Operating Procedures (SOPs)

These associated compliances can be edited and modified to accommodate the internal SOPs (for instance, any internal Policy related matters).

2. Action Taken Report (ATR)

Additionally, user can map meeting-wise Action Trackers (for instance, action points defined by any Directors/ Auditors/ KMPs at a meeting).

When internal SOPs and action points are mapped along with existing statutory compliances, a detailed MIS report is automatically generated. This report will outline the specific actions required, the responsible individual or team, deadlines, and any associated compliance or follow-up requirements.

Leveraging the MIS report generation feature adds an extra layer of visibility and maintains comprehensive record that can be referred to at any time for updates on the progress of each action.

BLISS Tips #317: With BLISS, define an escalation matrix aligned to your organization's structure!

BLISS enables users to set up a customisable escalation matrix for each action item triggered, whether they stem from meeting agendas or calendar-based compliances. This ensures that all user-defined actions are tracked and completed, as per the organization's workflow.

Key Components:

1. Assigning: Action items can be filtered (by due date, meeting type/date, or assignee/approver) and assigned to relevant team members, upon which notifications are sent out via email. Tasks can also be assigned in bulk to a specific team member, making it easier to assign multiple activities at once. Approvals can be set with AND/OR conditions to offer flexibility.

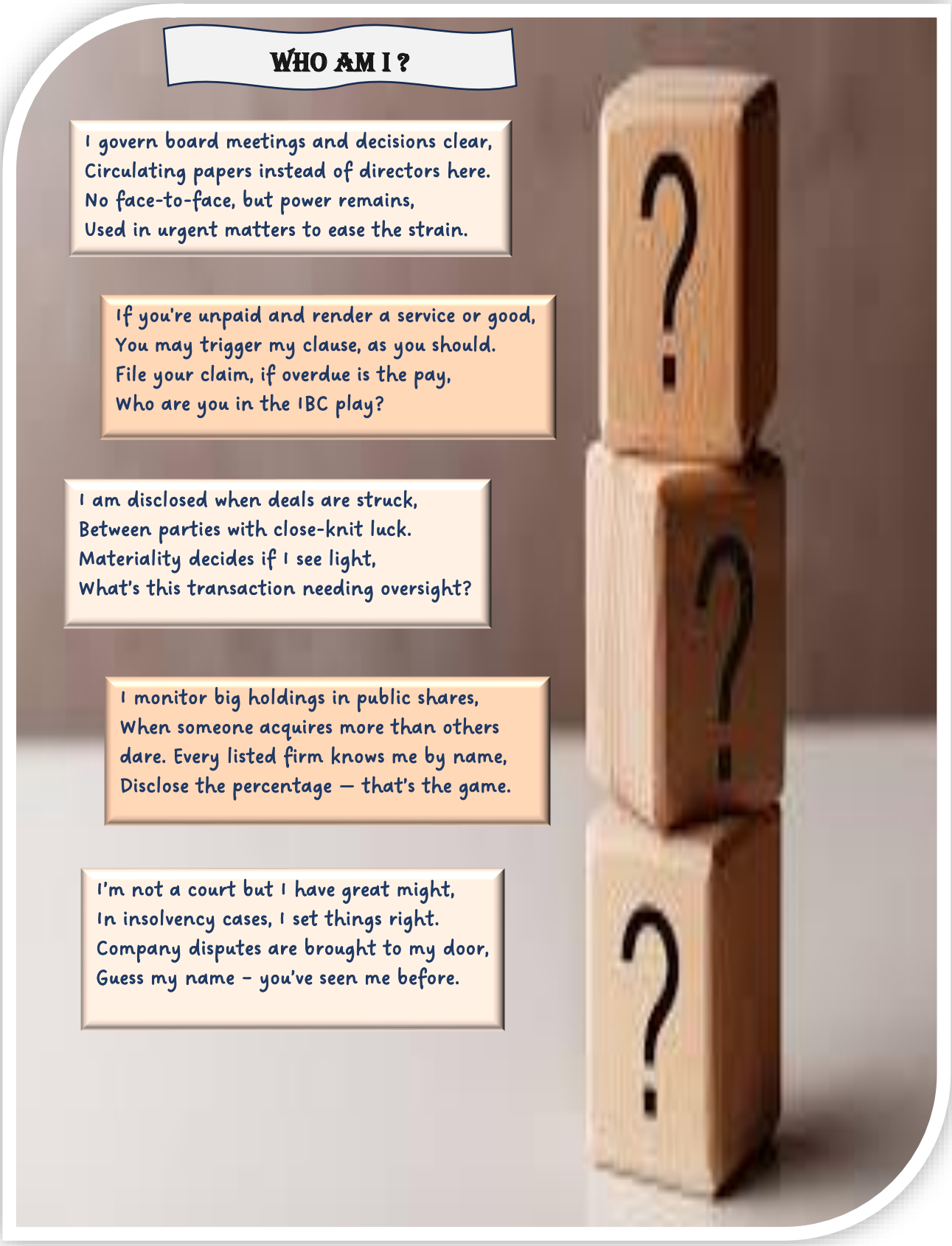
2. Progress Updates: Upon completion, the respondent marks the task as complete, adds comments along with the completion date. The item is then auto-routed to the approver, for their review and suggestions.

3. Reassigning: Specific action items may also be reassigned to other team members, ensuring efficient delegation and workflow, while minimizing duplication.

4. Approver: Approver is notified by mail upon completion of the action. The approver who reviews the task may either approve it or re-assign it with comments. BLISS also allows bulk approval - letting users select and approve several tasks at once. Approved tasks are later archived as part of the company's records for future reference and audit readiness.

 Copyright © 2025, CimplyFive

Test your Gray Matter!! Take our Quiz to find out!



Test your Gray Matter!! Take our Quiz to find out!

1. **Under Section 135 of the Companies Act, 2013, what is the minimum percentage of net profit that must be spent on corporate social responsibility (CSR) by a company?**

a. 1%
b. 2%
c. 3%
d. 5%

2. **Under SEBI LODR, a company is required to disclose the reasons for the resignation of an independent director to the stock exchange within:**

a. 7 days
b. 10 days
c. 15 days
d. 30 days

3. **A company must file Form INC-22 when:**

a. A share transfer takes place
b. The company is incorporating
c. There is a change in the registered office address
d. A director is appointed

4. **Under Section 149 of the Companies Act, 2013, the minimum number of independent directors required for a listed company is:**

a. One
b. Two
c. Half of the total number of directors
d. One-third of the total number of directors

5. **The Insolvency and Bankruptcy Code (IBC) aims to resolve insolvency and bankruptcy of companies within a specified period of:**

a. 90 days
b. 120 days
c. 180 days
d. 365 days

 Copyright © 2025, CimplyFive

Board Leaders Integrated Software Solution

BLISSPLUS is a Cloud hosted software that automates the routines, provides an e-repository, timely alerts, and a real-time dashboard, all aimed at ensuring compliance and good corporate governance. By doing so, it provides complete peace of mind to the Board of Directors and assurance to professionals by providing them with real-time compliance status with respect to the Companies Act, 2013. It also has multiple premium features like Directors view, facility to store past Secretarial records, automated compliance tracker for size- based compliance under the Companies Act, 2013.

BLISSLISTED is an advanced variant of BLISSPLUS for Listed Companies with Companies Act,2013 and SEBI's LODR 2015 compliances integrated to provide a single point compliance automation, risk manager & e-repository for secretarial records including past secretarial records.

BLISSDOCS is an Android/IOS based Board app for Directors which provides secure access to Board documents on Tablets/mobile phones, enhancing Directors productivity and making the Board meetings efficient & effective

CimplyBest is a tailormade software for Indian Corporates in conducting Corporate Board Evaluation which will optimize Board's Time & Effort with confidentiality assured.

Clear Compass is an All-law Compliance Software to ascertain, track and manage all the applicable state, central and industry-specific laws.

CAIRR is a free to use website from CimplyFive that provides at your fingertips, an integrated view of the Companies Act, 2013, IB Code, 2016 and LODR, 2015. The site and app are updated every business day by 11 AM for changes in the Act & Regulations. For more details, please visit www.ca2013.com

Compliance Calendar for the month of May 2025

Compliances for Companies under Companies Act, 2013			
Sl. No.	**Compliance Requirement**	**Section/ Rules**	**Due Date**
1.	PAS-6 - Reconciliation of Share Capital Audit Report (Amended to include Private Companies along with Unlisted Public Companies)	Rule 9A and 9B of The Companies (Prospectus and Allotment of Securities) Rules, 2014	Within 60 days from the conclusion of each half-year i.e., within 30th May, 2025.
SEBI (LODR) Regulations, 2015 Compliances			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1.	Integrated Filing (Financial): Disclosure of Related Party Transactions (RPTs); Quarterly disclosure of outstanding default on loans/debt securities; Statement of deviation and variation; and Financial Results.	23(9), 30, 32(1) and 33(3)	Within 60 days from the end of the last quarter & financial year i.e., within 30th May, 2025.
2.	Statement of utilization of Funds by listed Not-for-profit organizations.	91F read with SEBI Circular dated September 19, 2022 (SEBI/HO/CFD/PoD-1/P/CIR/2022/120)	Within 45 days from the end of the quarter i.e., within 15th May, 2025.
3.	Secretarial Compliance Report to the Stock Exchanges.	24A	Within 60 days from the end of the Financial Year i.e., within 30th May, 2025.
4.	Annual Disclosure requirements for large entities regarding the details of the incremental borrowings made during the FY.	SEBI Circular No. SEBI/HO/DDHS/P/CIR/ 2021/613 dated August 10, 2021 (updated as on April 13, 2022)	Within 45 days from the end of the Financial Year i.e., within 15th May 2025.
Annual Compliances under LLP Act, 2008			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1.	LLP Form 11 - Annual Return	Section 35(1) and Section 34(3) of the Limited Liability Partnership Act, 2008	Within 60 days from the closure of the Financial Year i.e., 30th May, 2025.

 Copyright © 2025, CimplyFive

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015, SEBI (PIT) Regulations, 2015 and Insolvency & Bankruptcy Code, 2016 in the month of April 2025.

- **01-04-2025**

Measures to facilitate ease of doing business with respect to framework for assurance or assessment, ESG disclosures for value chain, and introduction of voluntary disclosure on Green Credits.

SEBI vide this Circular has introduced the following partial modifications to the Master Circular dated November 11, 2024:

1. In Principle 6 of BRSR, an additional leadership indicator is now included as follows:

- How many Green Credits have been generated or procured:

  a. By the listed entity
  b. By the top ten (in terms of value of purchases and sales, respectively) value chain partners

2. New KPIs (in addition to 9 existing ones), such as job creation in small towns, gross wages paid to women, openness of business, among others have been added for assessment or assurance to fit the emerging Indian Market. To enhance global comparability, intensity ratios based on revenue adjusted for Purchasing Power Parity (PPP) have also been included.

3. It is specified that "assessment" in BRSR Core for assessment refers to third-party assessment undertaken as per the standards developed by the Industry Standards Forum (ISF) in consultation with SEBI.

4. The guidelines and glide path specified in the Circular shall now include assessment in addition to assurance of the BRSR Core.

5. Earlier, the value chain would encompass the top upstream and downstream partners of a listed entity, cumulatively comprising 75% (by value) of its purchases / sales. Now, it will encompass top upstream and downstream partners individually comprising 2% or more of the listed entity's purchases and sales (by value) and disclosure may be limited to cover 75% of its purchases and sales, respectively.

6. The timeline for applicability of ESG Disclosures for the value chain on a voluntary basis to the top 250 listed entities has been extended from FY 2024-25 to FY 2025-26 and the assessment or assurance of the above shall be undertaken from FY 2026-27 as against the earlier requirement of 2025-26.

7. For the first year of ESG value chain disclosures, reporting the previous year's data is voluntary. (For example, in case of disclosure for FY 2025-26, disclosures for FY 2024-25 is voluntary)

8. If a company provides ESG disclosures for its value chain, it must specify what percentage of total sales and purchases are covered by the value chain partners. Note: The provisions under this Section shall be applicable for BRSR disclosures for FY 2024-25 and onwards.

Mandatory Use of Baanknet (formerly eBKray) Auction Platform for Liquidation

1. All Insolvency Professionals ("IPs") are directed to use the Baanknet auction platform for conducting auctions for the sale of assets during the liquidation process where an auction notice is issued on or after April 01, 2025.

2. The auction notice should clearly mention that:

   a. Prospective bidders shall submit the requisite documents, including a declaration of eligibility under Section 29A of the Insolvency and Bankruptcy Code through the electronic auction platform and deposit the Earnest Money Deposit ("EMD") through the Baanknet auction platform.

   b. If the bidder is found ineligible, EMD shall be forfeited.

3. In addition, the listing of all unsold assets, in ongoing liquidation cases was required to be completed by March 31, 2025.

- **02-04-2025**

Clarification on the position of Compliance Officer in terms of Regulation 6 of the SEBI (LODR) Regulations, 2015

A Compliance Officer who must be in whole-time employment of the Listed Entity, should be one level below the Board of Directors and be designated as a Key Managerial Personnel ("KMP").

SEBI has now issued a clarification of the term "level" and has stated that it refers to position of the Compliance Officer in the organization structure of the listed entity. "One-level below the Board of Directors" means one-level below the Managing Director ("MD") or Whole-time Director(s) ("WTD") who are part of the Board of Directors of the listed entity in line with definition of "KMP" as per SEBI and Companies Act, 2013.

If the Company does not have a MD or WTD, then Compliance officer must be at most one level below the CEO, or Manager or the person handling day-to-day affairs of the company.

Submission of Integrated Filing- Governance

With reference to SEBI circular No. SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185 dated December 31, 2024 ("SEBI Circular") read along with other Exchange's circulars issued in this regard, the timeline for XBRL submission of Integrated Filing- Governance, from Quarter ended March 2025 onwards, will be within 30 days from the end of such quarter.

The filing shall be done only through Integrated Filing – Governance (XBRL Format) and the requirement to submit Corporate Governance and Investor Grievance Report using old format of XBRL utility has been done away with.

BSE and NSE issue Circulars on 'Measures to facilitate ease of doing business w.r.t. framework for assurance or assessment, ESG disclosures for value chain, and introduction of voluntary disclosure on green credits'.

BSE and NSE have issued the abovementioned Circulars in light of the recent SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated March 28, 2025 on 'Measures to facilitate ease of doing business w.r.t. framework for assurance or assessment, ESG disclosures for value chain, and introduction of voluntary disclosure on green credits'.

- **03-04-2025**

Integrated Filing- Financial through the XBRL Utility

Vide these circulars, the XBRL Utility for Integrated Filing – Financial is now made available on the BSE Listing Centre and NEAPS Portal and the Results must be submitted via this mode only.

- The outcome of the Board Meeting along with the Financial Results in PDF shall be submitted within

  the timelines of 30 minutes or 3 hours, as applicable. The path for submission has been provided in the circulars.

- The XBRL submission shall be done on the same date of submission of Financial Results in PDF mode.

Further, the following are **discontinued w.e.f. April 01, 2025:**

1. PDF filing of 'Integrated Filing - Financial' in the Corporate Announcement under the existing path;

2. Existing XBRL utilities for filing Financial Results, Related Party Transactions Disclosure, and Statement of Deviations, Impact of Audit Qualifications;

3. Submission of Statement of Deviation(s) / variation(s) in PDF format

- **07-04-2025**

Amendment to Regulation 5(a) of IBBI (Insolvency Professionals) Regulations, 2016

An individual shall be eligible for registration to Insolvency Professional Agency ("IPA"), if he has passed the Limited Insolvency Examination within 24 months before the date of his application for enrolment with the IPA, as against the earlier requirement of 12 months.

Amendment to Schedule I of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016

Form H ('Compliance Certificate') in Schedule I of the aforementioned regulations has been substituted with a revised format, which now includes an Annexure titled 'Declarations with respect to compliances of provisions under the Code and Regulations.

- **22-04-2025**

Extension of automated implementation of trading window closure to Immediate Relatives of Designated Persons ("DPs"), on account of declaration of financial results

The framework for freezing of PAN of DPs at security level has now been extended to the immediate relatives of the DPs and will be implemented in the following phased manner for BSE, NSE and MSEI listed Companies:

Phase 1: Top 500 companies based on market capitalisation (as on March 31, 2025) – Start date for PAN- ISIN freeze shall be July 01, 2025

Phase 2: The remaining listed companies and companies that get listed after issuance of this circular- Start date for PAN- ISIN freeze shall be October 01, 2025

The circular further provides for the format of the quarterly report to be submitted by the Depositories for the implementation of the above framework.

- **24-04-2025**

Frequently Asked Questions("FAQs") on recent Regulatory Amendments and Circulars

SEBI has released a set of FAQs addressing the recent Regulatory Amendments and Circulars, which are divided into five sections as detailed below:

Section I: SEBI (LODR) (Third Amendment) Regulations, 2024 dated December 12, 2024, and SEBI Circular dated December 31, 2024, on implementation of recommendations of the Expert Committee for facilitating ease of doing business for listed entities.

Key Highlights:

- SEBI has clarified that disclosure of the balance sheet and cash flow statement is mandatory as part of the half-yearly financial results under the Integrated Filing (Financial) format.
- It has been clarified that it is mandatory to publish the QR code and the details of the webpage where complete financial results are available in the newspaper advertisement.
- It has also delved deeper into provisions associated with appointment of secretarial auditor, their term and the services that may be provided by them.

Section II: Section VI-A of SEBI Master Circular dated November 11, 2024, in respect of manner of achieving minimum public shareholding.

Key Highlights:

- Prior approval from SEBI is not required for the sale of 2% shares through the open market, provided that all conditions outlined in Section VI-A of Chapter VI of the Master Circular dated November 11, 2024, are fully complied with by the listed entity and/or the promoter or promoter group entities.

- For the purpose of open market sale, the term 'financial year' refers to the period from 1st April of a given year to 31st March of the following year, regardless of the financial year adopted by the listed entity for preparing its annual financial statements.

Section III: Clarification on certain aspects of the SEBI (LODR) specifically relating to definitions, Common obligations, corporate governance and Shareholding pattern.

Key highlights:

- The definition of Associate Company and Related Party ("RP") shall be considered if it meets the definition under either the Companies Act, 2013 or the applicable Accounting Standards. If the condition is met under either of the two, then such entity should be classified as an associate company/ such party shall be classified as a related party, as the case maybe.
- Any person or entity forming part of the promoter or promoter group, or holding 10% or more of the equity shares in the listed entity—either directly or through beneficial ownership as defined under Section 89 of the Companies Act, 2013—at any time during the immediately preceding financial year, shall be deemed a related party.
- All material related party transactions shall require prior approval of the shareholders through resolution and no related party shall vote to approve such resolutions whether the entity is a RP for the particular transaction or not.
- For the last quarter, listed entities are required to submit audited or limited reviewed financial results along with the annual financial results.
- The certificate under Reg 17(8) may be signed by by the officials who hold powers, duties and responsibilities of a CEO/ CFO irrespective of their designations.

Section IV: Disclosure of Information Related to Forensic Audit of Listed Entities, pursuant to sub-clause 17 of Schedule III (Part A, Para A).

Key Highlights:

- Provisions of this sub-clause shall have a prospective effect wherein it applies to all

audits which are initiated and/or audit reports which are finalized after October 8, 2020.

Section V: Section IV-B of SEBI Master Circular Dated November 11, 2024, in respect of Business Responsibility and Sustainability Reporting ("BRSR") by Listed Entities.

Key Highlights:

- The assurance or assessment provider("AP") for BRSR Core need not necessarily be a Chartered Accountant, and it is sufficient if the AP has the required expertise to undertake assurance or assessment in the area of sustainability.
- Further, the internal auditor of a listed entity or its group entities, cannot be appointed as the AP for BRSR Core. The FAQs also specify the activities that can be undertaken by the AP.
- The usage of a specific assurance standard is not mandated by the Circular. The AP may use a globally accepted assurance standard on sustainability / non-financial reporting and disclosure of the same shall be made.

Solution for Riddles	**Solution for Quiz**
1. Resolution by Circulation	1. B
2. Operational Creditor	2. A
3. Related Party Transaction	3. C
4. Significant Beneficial Owner	4. D
5. National Company Law Tribunal	5. C

.

About CimplyFive

Mission

Provide a cost-effective, secure web-based, menu driven, subscription services that provides curated resolutions, timely alerts and informative dashboards to free the management bandwidth for pursuing business goals

Vision

Leverage research and technology to eliminate procedural non-compliance risk for entities regulated by the Indian Companies Act, 2013



To view the previous issues of *iComply* click here