

# NEWSLETTER

J P Chawla & Co. LLP

Chartered Accountants

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Taxation | **Audit** | Outsourcing | Regulatory | **Transaction Advisory** | **Business Intelligence**



1. Ceo's Message	3
2. The Month That Was	4
3. Goods And Service Tax	6
4. Direct Tax	9
5. Audit and Risk	11
6. Regulations	14
7. Tax Calender	17
8. About Us	18

Indian economy is facing inflationary pressures with costs increasing for various industrial inputs, with FMCG's adopting shrinkflation techniques to keep the price stable for their products. On analyzing the overall Indian economic scenario this seems to be a temporary phenomenon, with macro position of India being very robust, hiring continuing and companies declaring robust profits.

To make Indian firms more globally competitive and facilitate capital access, the Ministry of Micro, Small, and Medium Enterprises (MSME) launched a new Zero Defect Zero Effect (ZED) Certification Scheme. The first phase of the new scheme would target manufacturing MSMEs, while the second phase would focus on service MSMEs.

In the fiscal year 2021-22, net direct tax collections (income tax and corporate tax) reached an all-time high of Rs. 14.09 lakh crore (US\$ 183.7 billion), up from Rs. 9.45 lakh crore (US\$ 123.20 billion) in the previous fiscal year. Further the United Kingdom and India have inked a new defence cooperation deal, and a free trade agreement is expected to be finalised by the end of the year.

In direct taxes, The Central Government has notified Canada, United Kingdom of Great Britain and Northern Ireland and United States of America for the purpose of Section 89A of Income Tax Act, 1961. Section 89A deals with year and manner of taxation of income from specified account (for example retirement account) for specified non-residents while being a non-resident in India and resident in that country.

In Indirect taxes, CBIC had issued these instructions to various GST officers in order to set a standard operating procedure (SOP) for scrutiny of returns by departmental officer for the year 2017-18 and 2018-19. The departmental officer doing scrutiny of return under section 61 of CGST Act 2017 has to follow these SOPs.

In regulations, The Ministry vide general circular number 02/2022 and 03/2022 dated May 5, 2022, has allowed companies whose Annual General Meeting (AGM) is due for the year 2022 to conduct their AGM or Extra-Ordinary General on or before December 31, 2022, through Video conferencing or other Audio-Visual Means (OAVM). It is clarified that this Circular shall not be construed as conferring any extension of time for holding of AGMs by the companies under the Act.

We sincerely hope this volume of newsletter will update you regarding new developments in the area of Business, Tax, Assurance & Accounting and regulations.

Happy Reading!!

Sincerely Yours,

**Rajat Chawla**  
**Director & CEO**  
**New Delhi**

This month, a fintech API platform, FidyPay, has partnered with Yes Bank to provide digital facilitation to a variety of businesses, including SMEs, fintech firms, and start-ups. Further, India-Japan connections have become stronger in every sector. To make Indian firms more globally competitive and facilitate capital access, the Ministry of Micro, Small, and Medium Enterprises (MSME) launched a new Zero Defect Zero Effect (ZED) Certification Scheme.

## **Ayushman Bharat-Health and Wellness Centres reach new heights**

Ayushman Bharat-Health and Wellness Centres (AB-HWC) has reached a major milestone in its mission to provide high-quality healthcare services close to people's homes. The Union Health Ministry's flagship telemedicine scheme, "eSanjeevani," logged a total of 3.5 lakh teleconsultations on April 26 and 27, 2022, the highest teleconsultations ever done in a single day at AB-HWCs.

## **In the last 70 years, India-Japan connections have become stronger in every way: Prime Minister Modi**

Prime Minister Mr Narendra Modi noted on the 70th anniversary of India-Japan diplomatic relations that the two countries' ties have grown in every sector, including strategic, economic, and people-to-people relationships.

## **In the Andaman and Nicobar Islands, a centre will build a renewable energy generating plant.**

With Japanese help, the Ministry of Home Affairs will build up a renewable energy-based power supply project to provide a steady and clean power supply to the Andaman and Nicobar Islands.

## **The government has launched a new Zero Effect Zero Defect Scheme for SMEs.**

To make Indian firms more globally competitive and facilitate capital access, the Ministry of Micro, Small, and Medium Enterprises (MSME) launched a new Zero Defect Zero Effect (ZED) Certification Scheme. The first phase of the new scheme would target manufacturing MSMEs, while the second phase would focus on service MSMEs.

## **FidyPay, a fintech platform, has partnered with Yes Bank to promote financial inclusion.**

FidyPay, a fintech API platform, has partnered with Yes Bank to provide digital facilitation to a variety of businesses, including SMEs, fintech firms, and start-ups. As part of the cooperation, FidyPay will give Yes Bank customers a seamless connected banking experience. FidyPay will also provide UPI services as a solution provider.

## **The Indian IT services market has grown to \$14 billion as companies accelerate their digital transformation.**

The rise of IT services last year was aided by the adoption of new technologies such as cloud platforms, AI-based services, cyber security, and application modernization.

## **In FY22, net direct tax collection achieves a new record of Rs 14.09 lakh crore.**

In the fiscal year 2021-22, net direct tax collections (income tax and corporate tax) reached an all-time high of Rs. 14.09 lakh crore (US\$ 183.7 billion), up from Rs. 9.45 lakh crore (US\$ 123.20 billion) in the previous fiscal year.

### **PM Modi has proposed new objectives to achieve India's global presence by 2047.**

On April 26, Prime Minister Narendra Modi stated that when India marks 100 years of independence, it will leave a global impression in all parts of life and that new goals and a global vision for the following 25 years should be established.

### **In 2026, real-time payments are anticipated to increase India's GDP by 45.9 billion dollars.**

In 2021, India surpassed China (18 billion transactions) and was about seven times greater than the combined real-time payments volume of the United States, Canada, the United Kingdom, France, and Germany.

### **India and the United Kingdom have signed a new defence and trade agreement.**

The United Kingdom and India have inked a new defence cooperation deal, and a free trade agreement is expected to be finalised by the end of the year. The UK has been invited to participate in India's National Hydrogen Mission, according to Prime Minister Narendra Modi.

### **The government has approved 61 enterprises for the textiles PLI scheme, with a target investment of Rs 19,077 crore.**

The government approved financial aid to 61 textile-related businesses under the Production Linked Incentive (PLI) scheme, including seven overseas firms. These companies plan to invest Rs. 19,077 crore (US\$ 2.5 billion) in this project.

## Indirect Tax

### Standard Operating Procedure for Scrutiny of Return

#### Instruction No. 02/2022-GST

CBIC had issued these instructions to various GST officers in order to set a standard operating procedure (SOP) for scrutiny of returns by departmental officer for the year 2017-18 and 2018-19. The departmental officer doing scrutiny of return under section 61 of CGST Act 2017 has to follow these SOPs.

Selection of returns for scrutiny is to be based on specific risk parameters. Scrutiny of returns of a taxpayer may be conducted by Superintendent of Central Tax in-charge of the jurisdictional range of the said taxpayer. The proper officer shall scrutinize the returns on the basis of the submitted returns and details and keeping minimal interface with the registered person and there should normally not be any need for seeking documents/ records from the taxpayers before issuance of FORM GST ASMT-10.

The proper officer shall issue ASMT-10 electronically on the common portal for communicating the discrepancies noticed during the course of his scrutiny process requiring the registered person to submit his reply under ASMT-11 within the period of 30 days.

Where the registered person accepts the liability as mentioned in the ASMT-10, can pay the tax along with the applicable interest and penalty and inform the proper officer electronically through common portal.

Where the explanation furnished by the registered person or the information submitted in respect of acceptance of discrepancy and payment of dues is found to be acceptable by the Proper Officer, he shall conclude the proceedings by informing the registered person in FORM GST ASMT-12.

In case the satisfactory reply not received from the registered person the proper officer, may proceed to determine the tax and other dues under section 73 or section 74.

**The timelines for scrutiny of Return are:**

S. No.	Process/Event	Timeline/Frequency
1	Communication of list of GSTINs selected for scrutiny (by DGARM to the nodal officer of the Commissioner-ate concerned)	From time to time
2	Distribution of the list of GSTINs selected for scrutiny by the nodal officer to the proper officers concerned.	Within three working days of receipt of the list from DGARM.
3	Finalization of scrutiny schedule with the approval of the concerned Assistant/Deputy Commissioner	Within seven working days of receipt of the details of the concerned GSTINs from the nodal officer.
4	Sharing the scrutiny schedule by the zone with DGGST	Within thirty days of receipt of the details of the concerned GSTINs from DGARM.
5	Issuance of notice by the proper officer for intimating discrepancies in FORM GST ASMT-10, where required	Within the month, as mentioned in scrutiny schedule for scrutiny of the returns of the said GSTIN.
6	Reply by the registered person in FORM GST ASMT-11	Within a period of thirty days of being informed by the proper officer in FORM GST ASMT-10 or such further period as may be permitted by the proper officer
7	Issuance of order in FORM GST ASMT-12 for acceptance of reply furnished by the registered person, where applicable	Within thirty days from receipt of reply from the registered person in FORM GST ASMT-11
8	Initiation of appropriate action for determination of the tax and other dues under section 73 or section 74, in cases where no reply is furnished by the registered person	Within a period of fifteen days after completion of the period of thirty days of issuance of notice in FORM GST ASMT-10 or such further period as permitted by the proper officer
9	Initiation of appropriate action for determination of the tax and other dues under section 73 or section 74, in cases where reply is furnished by the registered person, but the same is not found acceptable by the proper officer	Within thirty days from receipt of reply from the registered person in FORM GST ASMT-11
10	Reference, if any, to the Commissioner for decision regarding appropriate action under section 65 or section 66 or section 67	Within thirty days from receipt of reply from the registered person in FORM GST ASMT-11 or within a period of forty-five days of issuance of FORM GST ASMT-10, in case no explanation is furnished by the registered person.

## Enhancements & Improvements in GSTR-1

The following changes are being done in this phase of the GSTR-1/IFF enhancements:

- 1. Removal of 'Submit' button before filing:** The present two-step filing of GSTR-1/IFF involving 'Submit' and 'File' buttons will be replaced with a simpler single-step filing process. The upcoming 'File Statement' button will replace the present two-step filing process and will provide taxpayers with the flexibility to add or modify records till the filing is completed by pressing the 'File Statement' button.
- 2. Consolidated Summary:** Taxpayers will now be shown a table-wise consolidated summary before actual filing of GSTR-1/IFF. This consolidated summary will have a detailed & table-wise summary of the records added by the taxpayers. This will provide a complete overview of the records added in GSTR-1/IFF before actual filing.
- 3. Recipient wise summary:** The consolidated summary page will also provide recipient-wise summary, containing the total value of the supplies & the total tax involved in such supplies for each recipient. The recipient-wise summary will be made available with respect to the following tables of GSTR-1/IFF, which have counter-party recipients:
  - Table 4A: B2B supplies
  - Table 4B: Supplies attracting reverse charge
  - Table 6B: SEZ supplies
  - Table 6C: Deemed exports
  - Table 9B: Credit/Debit notes

## Annual Aggregate Turnover (AATO) computation for FY 2021-22

The functionality of AATO for the FY 2021-22 has now been made live on taxpayers' dashboards with the following features:

1. The taxpayers can view the exact Annual Aggregate Turnover (AATO) for the previous Financial Year (FY).
2. The taxpayers can also view the Aggregate Turnover of the current FY based on the returns filed till date.
3. The taxpayers have also been provided with the facility of turnover updation in case taxpayers feel that the system calculated turnover displayed on their dashboard varies from the turnover as per their records.
4. This facility of turnover update shall be provided to all the GSTINs registered on a common PAN. All the changes by any of the GSTINs in their turnover shall be summed up for computation of Annual Aggregate Turnover for each of the GSTINs.
5. The taxpayer can amend the turnover twice within the month of May, 2022. Thereafter, the figures will be sent for review of the Jurisdictional Tax Officer who can amend the values furnished by the taxpayer wherever required.



## Direct Tax

### Notification of ITR-7 for AY 2022-23

The CBDT has notified the ITR – 7 which is to be filed by charitable and religious organisations for the Assessment Year 2022-23

- [ Notification No. 23 /2022]

### Insert of New Rule 21AAA

The CBDT has inserted a new rule 21AAA which specifies the taxation of persons who had received income from the retirement benefit account opened in notified countries under Section 89A of Income Tax Act. Further, Form 10-EE has been notified which is required to be filed for the purpose of Section 89A of Income Tax Act, 1961.

- [ Notification No. 24/2022]

### Notification of Countries for Section 89A

The Central Government has notified the following countries for the purpose of Section 89A of Income Tax Act, 1961. 89A deals with year and manner of taxation for specified non residents

- Canada
- United Kingdom of Great Britain and Northern Ireland
- United States of America

- [Notification No. 25/2022]

### Notification of e-Dispute Resolution Scheme

The Central Government has notified the e-dispute resolution scheme. The scheme will provide resolutions to the following orders

- a) Order in which aggregate sum of variations proposed or made does not exceed INR 10 lakhs
- b) Order is not based on search u/s 132 or requisition u/s 132A or survey u/s 133A or information received under an agreement u/s 90 or 90A.
- c) Order which is passed where the total income as per ITR does not exceed INR 50 lakhs

- [Notification No. 27/2022]

### **Substitution of Rule 2F and Form 5B**

The CBDT has substituted the subrule 3 and 4 of Rule 2F which specifies the guidelines for setting up the Infrastructure Fund. The CBDT has also substituted the Form 5B which is required to be filed for notification of Zero Coupon Bond.

- [Notification No. 28/2022]

### **Notification of Institute for Section 10(48D)**

The Central Government has notified the “National Bank for Financing Infrastructure and Development as the institution for the purpose of Section 10(48D).

- [Notification No. 31/2022]

### **Notification of Conditions for filing of ITR**

The CBDT has inserted a new rule 12AB which specifies the conditions for furnishing of ITR under Section 139(1)(b) of Income Tax Act.

- a) The total sales, turnover or gross receipts in the business exceeds INR 60 lakh during the previous year
- b) The gross receipts in profession exceeds INR 10 lakh during the previous year
- c) The aggregate of TDS deducted on his income or TCS collected from the person exceeds INR 25,000. In case of senior citizen the amount of INR 25,000 has been substituted for INR 50,000.
- d) The aggregate in one or more saving account is INR 50 lakhs or more.

- [Notification No. 37/2022]

### **Notification of ITR-U**

The CBDT has inserted a new Rule 12AC which specifies the ITR – U which is the updated ITR which can be filed by the eligible assessee u/s 139(8A) from AY 2020-21. As per Section 139(8A), a person can file an updated ITR even if he has not filed the ITR. The ITR – U can be filed within 24 months from the end of relevant assessment year.

- [Notification No. 48/2022]

## Accounting Standards

### Exposure Draft of AS 108, Segment Reporting

The Indian Accounting Standards (Ind AS), as notified by the Ministry of Corporate Affairs in February 2015, and as amended from time to time are applicable to the specified class of companies as per Ind AS Roadmap.

Accounting Standards notified under Companies (Accounting Standards) Rules, 2021 and those issued by the ICAI are applicable to entities to whom Ind AS are not applicable. However, on the basis of the discussions held at various standard setting forums, it has been decided to revise Accounting Standards (AS).

Accordingly, Accounting Standard Board (ASB) is working on the project of revision of these standards which will be applicable to entities to whom Ind AS are not applicable. While formulating these Accounting Standards, the ASB decided to maintain the consistency in the numbering of AS with Ind AS numbering.

In this regard, it may be mentioned that the entire set of revised Accounting Standards will consist of 32 standards, including a standard on transition from existing AS to Revised AS which are at various stages of formulation.

So far, 28 revised AS have been developed and approved by the Council after due process. The entire set of Revised AS incorporating exemptions/ relaxations for MSME/SMCs, replacing the existing AS will be implemented together from a future date as per a road map, which will be communicated in advance so as to enable preparers and auditors to transition effectively.

In this direction, the Exposure Draft of revised AS 108, Segment Reporting has been issued by the ASB. This exposure draft is available at <https://resource.cdn.icai.org/70247asb56162.pdf> for public comments. Comments can be given on the same by May 28, 2022.

### Peer Review Mandate - Roll Out - (Revised)

The Council at its 407th Meeting held from 7<sup>th</sup> – 9<sup>th</sup> January 2022 decided to mandate the Peer Review process for coverage of more firms under Peer Review process. An Announcement dated 12.02.2022 in this regard was posted on the website.

Certain aspects required revision to bring in more clarity e.g., the time limit for compliance of the mandate, qualifications of reviewer of listed entity auditors, etc. The same have been addressed by the Council at its 410th Meeting held on 24<sup>th</sup> – 25<sup>th</sup> March 2022. It was clarified that holding a valid Peer Review certificate by Practice Units (referred to as 'firms' in the Announcement dated 12.02.2022) should be a prerequisite for undertaking audit of all entities falling under phase I; II; III and IV of the mandate from respective dates of mandate becoming operative.

Accordingly, the Peer Review Mandate (Revised), operative from April 1, 2022, has been made in following four stages:

Phase	Category of firms covered for Mandatory Peer Review	Date from which Peer Review is Mandatory
I(*)	Practice Units which propose to undertake Statutory Audit of enterprises whose equity or debt securities are listed in India or abroad as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: For these Practice Units, there is a pre-requisite of having Peer Review Certificate.	1 <sup>st</sup> April 2022
II	Practice Units which propose to undertake Statutory Audit of unlisted public companies having paid-up capital of not less than rupees five hundred crores or having annual turnover of not less than rupees one thousand crores or having, in aggregate, outstanding loans, debentures and deposits of not less than rupees five hundred crores as on the 31st March of immediately preceding financial year: For these Practice Units, there is a pre-requisite of having Peer Review Certificate. OR Practice Units rendering attestation services and having 5 or more partners: For these Practice Units, there is a pre-requisite of having Peer Review Certificate before accepting any Statutory audit.	1 <sup>st</sup> April 2023
III	Practice Units which propose to undertake the Statutory Audit of entities which have raised funds from public or banks or financial institutions of over Fifty Crores rupees during the period under review or of anybody corporate including trusts which are covered under public interest entities: For these Practice Units, there is a pre-requisite of having Peer Review Certificate OR Practice Units rendering attestation services and having 4 or more partners: For these Practice Units, there is a pre-requisite of having Peer Review Certificate before accepting any Statutory audit.	1 <sup>st</sup> April 2024
IV	Practice Units which propose to undertake audits of branches of Public Sector banks: For these Practice Units, there is a pre-requisite of having Peer Review Certificate OR Practice Units rendering attestation services and having 3 or more partners: For these Practice Units, there is a pre-requisite of having Peer Review Certificate before accepting any Statutory audit.	1 <sup>st</sup> April 2025

*(\*) for auditors from this category, Peer Review is already mandatory by SEBI, this mandate is further requirement stipulated by the ICAI.*

Thus, at each phase, before undertaking statutory audit the concerned Practice Unit should possess Peer Review Certificate.

For example: i) for the Practice Units, from April 1, 2023, there is a pre-requisite of having Peer Review Certificate for undertaking Statutory Audit of unlisted public companies having paid-up capital of not less than rupees five hundred crores or having annual turnover of not less than rupees one thousand crores or having, in aggregate, outstanding loans, debentures and deposits of not less than rupees five hundred crores as on the 31st March of immediately preceding financial year or ii) From April 1, 2024, Practice Units rendering attestation services and having 4 or more partners should have a Peer Review Certificate before undertaking any statutory audit.

On the date, Peer Review becoming mandatory for a Practice Unit, if it is in possession of Peer Review Certificate, there is no need of once again subjecting the Practice Unit to Peer Review, till conclusion of the validity period of the said Certificate. It is necessary for such a Practice Unit to possess a new Peer Review Certificate on conclusion of validity of Peer Review Certificate that was available at the time Peer Review becoming mandatory.

## Regulations

### I. UPDATES UNDER COMPANIES ACT, 2013

#### A. COMPANIES (INCORPORATION) AMENDMENT RULES, 2022

The Ministry of Corporate Affairs ('the Ministry') vide notification dated April 8, 2022, has introduced a provision for Nidhi Companies to obtain a declaration from the Central Government under Section 406 of the Companies Act, 2013 ('Act') before commencing its business and submit such declaration at the time of incorporation of the company.

#### B. COMPANIES (REGISTRATION OF CHARGES) RULES, 2014

The Ministry vide its notification dated April 27, 2022, has notified the Companies (Registration of Charges) Amendment Rules, 2022. The amendment has been made in rule 3 of the Companies (Registration of Charges) Rules, 2014.

The Ministry notifies that the Rule 3 shall not apply to any charge required to be created or modified by a banking company under section 77 (Duty to register charge) in favor of the Reserve Bank of India when any loan or advance is made under section 17 (4) (d) of the RBI Act, 1934.

The said Rule 3 levy an obligation on the company that the particulars of the creation/modification of the charges shall be filed with the Registrar of Companies in E form CHG-1 (for other than debentures) or CHG-9 (for debentures) as the case may be.

Section 17 of the RBI Act, defines the way the RBI (the central bank of India) can conduct business. As per section 17 (4) (d), the RBI can grant a loan against the security of promissory notes of any scheduled bank or State Co-operative Bank, supported by documents of title to goods [such documents having been transferred], assigned, or pledged to any such bank as security for a [loan or advance made] for bona fide commercial or trade transactions, or for the purpose of financing agricultural operations or the marketing of crops.

#### C. EXTENSION ON CALLING OF GENERAL MEETING INCLUDING ANNUAL GENERAL MEETING THROUGH AUDIO-VIDEO CONFERENCING TILL DECEMBER 31, 2022

The Ministry vide general circular number 02/2022 and 03/2022 dated May 5, 2022, has allowed companies whose Annual General Meeting (AGM) is due for the year 2022 to conduct their AGM or Extra-Ordinary General on or before December 31, 2022, through Video conferencing or other Audio-Visual Means (OAVM).

It is clarified that this Circular shall not be construed as conferring any extension of time for holding of AGMs by the companies under the Act.

## II. FEMA and RBI UPDATES

### D. ESTABLISHMENT OF DIGITAL BANKING UNITS

The Reserve Bank of India ('RBI') vide notification dated 7 April 2022 has issued the guidelines for the establishment of Digital Banking Units (DBUs), in pursuance of announcements made in the Union Budget 2022-23.

**Digital Banking Unit (DBU):** *A specialized fixed point business unit/hub housing certain minimum digital infrastructure for delivering digital banking products & services as well as servicing existing financial products & services digitally, in both self-service and assisted mode, to enable customers to have cost-effective/ convenient access and enhanced digital experience to/ of such products and services in an efficient, paperless, secured and connected environment with most services being available in self-service mode at any time, all year round.*

These guidelines are applicable to all Domestic Scheduled Commercial Banks (excluding Regional Rural Banks, Payments Banks and Local Area Banks). Further, it provides a comprehensive framework for the opening of DBU including reporting requirements, minimum products and services to be offered by Digital Banking units.

### E. DISCLOSURES IN FINANCIAL STATEMENTS OF NBFCs

RBI vide notification dated April 19, 2022, has issued the guidelines for additional disclosures in Financial Statements Notes to Accounts of NBFCs. The circular shall be applicable to all NBFCs. The guidelines shall be effective for annual financial statements for the year ending March 31, 2023, and onwards.

The amendment has been made with respect to NBFCs to disclose comparative information in respect of the previous period for all amounts reported in the current period's financial statements. Further, NBFCs shall include comparative information for narrative and descriptive information if it is relevant to understanding the current period's financial statements.

### F. RBI issues Regulatory Restrictions on Loans and Advances for NBFCs

RBI vide notification dated April 19, 2022, has issued detailed guidelines on Regulatory Restrictions with respect to Loans and Advances for NBFCs. The guidelines shall be applicable to NBFC –Middle Layer (ML) and NBFC – Upper Layer (UL) from October 1, 2022.

### G. LEGAL ENTITY IDENTIFIER (LEI) FOR BORROWERS

RBI vide notification dated 21 April 2022 has prescribed that the guidelines on LEI shall stand extended to Primary (Urban) Co-operative Banks (UCBs) and Non-Banking Financial Companies (NBFCs). It has been further specified that non-individual borrowers enjoying aggregate exposure of ₹5 crore and above from banks and financial institutions shall be required to obtain LEI codes as per the specified timeline. Further, Borrowers who fail to obtain LEI codes from an authorized Local Operating Unit (LOU) shall not be sanctioned any new exposure nor shall they be granted renewal/ enhancement of any existing exposure.

## **H. RBI prescribes Guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs**

RBI vide notification dated 29 April 2022 has prescribed the guidelines on Compensation of Key Managerial Personnel (KMP) and Senior Management in NBFCs, which intends to provide the broad guidelines to NBFCs and Nomination and Remuneration Committee (NRCs) in formulating their Compensation Policy. While formulating the compensation policy, it has to be ensured that all Statutory mandates and the rules and directions issued under them are fully complied with.

These guidelines will be applicable for fixing the compensation policy of KMP and members of Senior Management of all NBFCs under Scale Based Regulatory (SBR) Framework, except those categorized under Base Layer and Government-owned NBFCs.

The guidelines shall be effective from April 1, 2023.

## **III. SEBI Updates**

### **I. Revision of UPI Limits in the public issue of equity shares and convertibles**

SEBI vide its circular no. SEBI/HO/CFD/DIL2/CIR/P/2022/45 dated 5 April 2022 has provided that all individual investors applying in Public Issues where the application amount is up to INR 5 Lakhs shall use Unified Payment Interface (UPI) and shall also provide their UPI ID in the bid-cum application form submitted with a syndicate member/ stockbroker/ depository participant ('DP')/ registrar to an issue and share transfer agent. The provisions of this circular shall come into force for Public Issues opening on or after 1 May 2022.

### **J. Clarification on the applicability of Regulation 23(4) read with Regulation 23(3)(e) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in relation to Related Party Transactions**

SEBI vide its circular no. SEBI/HO/CFD/CMD1/CIR/P/2022/47 dated 8 April 2022 has clarified that in order to facilitate listed entities to align their processes to conduct AGMs and obtain omnibus shareholders' approval for material related party transactions (RPTs), it has been specified that the shareholders' approval of omnibus RPTs approved in an AGM shall be valid upto the date of the next AGM for a period not exceeding fifteen months. In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year

### **K. SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2022**

SEBI vide its notification number SEBI/LAD-NRO/GN/2022/80 dated April 25, 2022, has notified the SEBI (Listing Obligations and Disclosure Requirements) (Fourth Amendment) Regulations, 2022, which shall come into force on the date of their publication in the Official Gazette. SEBI vide this notification has provided that the listed entity shall comply with all procedural requirements as specified in Schedule VII of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 with respect to transfer and transmission of securities.





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