

VEDANAM



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January 2026

Why Vedanam?

Mehta & Mehta proudly presents VEDANAM, our monthly newsletter designed to equip legal professionals, Company Secretaries, Chartered Accountants, and all Stakeholders navigating complex regulatory and legal environments. VEDANAM delivers meticulously curated:

- Timely Regulatory Updates
- Comprehensive Case Law Analysis
- Strategic Knowledge Article

With the release of our June 2025 issue, we reaffirm our commitment to providing you with the actionable knowledge needed to proactively navigate and thrive in today's dynamic business and legal landscapes.

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Find the latest updates about our Webinars and Circulars, Notifications and Updates published by SEBI, MCA, RBI, IBBI and other official government site.

SEBI CIRCULAR - 2ND JANUARY 2026

The SEBI circular dated January 2, 2026 operationalises the SEBI (Merchant Bankers) Amendment Regulations, 2025 with effect from January 3, 2026, prescribing phased enhancement of net worth and newly introduced liquid net worth requirements for existing Merchant Bankers (MBs) till January 2, 2028, mandatory self-categorisation into Category I or II, limits on underwriting exposure (20× liquid net worth), and half-yearly CA certifications. It introduces a detailed definition of liquid net worth with prescribed haircuts, mandates minimum cumulative revenue thresholds over three preceding years (₹25 crore for Category I and ₹5 crore for Category II, first assessed from April 1, 2029), requires NISM certifications for key employees and compliance officers within stipulated timelines enforces separation and independence of the compliance officer, prescribes experience requirements for principal officers, prohibits outsourcing of core merchant banking activities, and lays down comprehensive conditions for undertaking non-SEBI regulated activities through ring-fenced SBUs with disclosures, Chinese walls, and board oversight. The circular also strengthens disclosure norms where MBs are involved only in marketing of issues and sets specific timelines for transition, reporting, and ongoing compliance.

SEBI Circular - 2nd January 2026

SEBI CIRCULAR - 8TH JANUARY, 2025

The SEBI circular dated January 08, 2026, introduces standardized compliance reporting formats for Specialized Investment Funds (SIF) to ensure uniformity and clarity in their regulatory oversight. Operationalizing requirements under Regulation 49V(2) of the SEBI (Mutual Funds) Regulations, 1996, the circular mandates that all reporting applicable to mutual funds now also applies to SIFs.

Key reporting modifications include the introduction of Part IV in the Compliance Test Report (CTR) (Annexure A1), which requires Asset Management Companies (AMCs) to report on 20 specific regulatory parameters, including minimum investment thresholds, NISM Certification for fund managers, investment strategies, and limitations on fees and expenses. It further enforces strict compliance with investment restrictions regarding single issuer limits for debt and equity, as well as investments in InvITs, REITs, and derivatives. Additionally, the circular modifies the Half-Yearly Trustee Report (HYTR) by inserting Clause 72A (Annexure A2), requiring Trustees to certify the AMC's expertise and internal control systems, adherence to product differentiation and compliance with branding and advertising requirements. These reporting standards also encompass portfolio disclosures, benchmarking of investment strategies, and the disclosure of scenario analysis. Effective immediately, these measures strengthen the framework for risk management, investor protection, and disclosure for SIFs.

SEBI Circular - 8th January, 2025

SEBI CIRCULAR 9TH JANUARY 2025

SEBI issued a circular dated January 9, 2026, simplifying the Accredited Investor framework for AIFs, with immediate effect.

- AIF investment managers may finalise and execute contribution agreements and initiate operational processes based on their own assessment of investor eligibility, even if the formal accreditation certificate is pending.
- Investor commitments made prior to formal accreditation: Cannot be counted towards the scheme corpus; and
- Funds can be accepted only after the investor receives formal accreditation.
- SEBI has rationalised documentation requirements for net-worth based accreditation based on industry feedback.
- The requirement to submit a detailed net-worth break-up as an annexure to the net-worth certificate has been removed.
- Disclosure of the exact net-worth amount by the chartered accountant is optional, provided the certificate confirms compliance with the prescribed net-worth threshold.
- Trustees, sponsors, or managers of AIFs are required to ensure that compliance with the revised provisions is captured in the Compliance Test Report.

- The changes aim to reduce procedural burden while maintaining regulatory oversight and prudential safeguards.

SEBI Circular 9th January 2025

THE SEBI CIRCULAR DATED JANUARY 09, 2026- REVIEW OF FRAMEWORK TO ADDRESS THE 'TECHNICAL GLITCHES' IN STOCK BROKERS' ELECTRONIC TRADING SYSTEMS

The SEBI circular dated January 09, 2026, introduces a revised framework for handling technical glitches in the electronic trading systems of stock brokers. This update aims to simplify compliance for smaller brokers while ensuring that larger ones maintain robust systems to protect investors. Explanation for the same is as follow:

- Who these rules apply to: The framework is now focused on larger stock brokers. It only applies to those who provide electronic trading platforms and have more than 10,000 registered clients. Smaller brokers are excluded to reduce their compliance burden
- What counts as a "Technical Glitch": A glitch is defined as any hardware, software, or network malfunction that stops or slows down trading activities (like logging in or placing orders) for five minutes or more

• What is NOT considered a glitch: To be fair to brokers, certain issues are exempted from these rules, including:

- Global internet or cloud service outages.
- Issues at the Stock Exchange itself (MILs).

- Problems with bank payment gateways or account opening (KYC) processes.

- Errors in non-trading tools like P&L statements or technical charts

• Simplified Reporting: Reporting requirements have been made easier and more centralized:

- Immediate notification: Brokers must inform the exchange and their clients within two hours of a glitch (up from one hour).

- Follow-up reports: A preliminary report is due by the next trading day (T+1), and a detailed "Root Cause Analysis" is required within 14 working days.

- Single Portal: All reports are now submitted through a common portal called 'Samuhik Prativedan Manch'.

• System Planning and Testing: Brokers must proactively plan for high traffic (capacity planning) and strictly test any software changes before they go live. The intensity of these requirements is now rationalized based on the broker's size and how much they depend on technology.

Disaster Recovery (DR): Larger brokers must have a backup "Disaster Recovery" site in a different geographical zone to ensure trading can continue if the main site fails.

However, small brokers are exempt from setting up these expensive backup sites

• Fairer Penalties: The structure for financial penalties (disincentives) has been updated. Penalties will now consider whether a glitch was major or minor, how often it happens, and if the broker had a secondary trading mode (like a web app) still working while the mobile app was down.

This circular became effective on January 09, 2026, and replaces the previous rules from 2022

[The SEBI circular dated January 09, 2026- Review of Framework to address the 'technical glitches' in Stock Brokers' Electronic Trading Systems](#)

SEBI CIRCULAR DATED 09TH JANUARY 2025

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- What is NOT considered a glitch: To be fair to brokers, certain issues are exempted from these rules, including:
 - Global internet or cloud service outages.
 - Issues at the Stock Exchange itself (MIIIs).
 - Problems with bank payment gateways or account opening (KYC) processes.
 - Errors in non-trading tools like P&L statements or technical charts
- Simplified Reporting: Reporting requirements have been made easier and more centralized:
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 - Follow-up reports: A preliminary report is due by the next trading day (T+1), and a detailed "Root Cause Analysis" is required within 14 working days.
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ensure trading can continue if the main site fails. However, small brokers are exempt from setting up these expensive backup sites.

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 - Global internet or cloud service outages.
 - Issues at the Stock Exchange itself (MIs).
 - Errors in non-trading tools like P&L statements or technical charts reporting requirements have been made easier and more centralized:
 - Immediate notification: Brokers must inform the exchange and their clients within two hours of a glitch (up from one hour).
- Key simplifications and revised thresholds:
- Follow-up reports: A preliminary report is due by the next trading day (T+1), and a detailed "Root Cause Analysis" is required within 14 working days.
 - Single Portal: All reports are now submitted through a common portal called 'Samuhik Prativedan Manch'.

- System Planning and Testing: Brokers must proactively plan for high traffic (capacity planning) and strictly test any software changes before they go live. The intensity of these requirements is now rationalized based on the broker's size and how much they depend on technology.
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SEBI Circular dated 09th January 2025

SEBI CIRCULAR - 16TH JANUARY 2026

The SEBI circular dated January 16, 2026, introduces a simplified process for foreign investors under a new framework called SWAGAT-FI (Single Window Automatic and Generalised Access for Trusted Foreign Investors).

The goal is to make it easier for Foreign Venture Capital Investors (FVCIs) to register and maintain their status in India.

Explanation for the same is as follows:

- **Simplified "Two-in-One" Application:** If an investor is applying to be a Foreign Portfolio Investor (FPI) under the SWAGAT-FI framework, they can apply for FVCI registration at the same time. They do not need to fill out a separate application form or provide a second set of supporting documents for the FVCI part;

SEBI will use the information already provided for the FPI registration.

- **Requirement for the Same Service Provider:** To benefit from this simplified "one-window" process, the investor must use the same

Custodian and Designated Depository Participant (DDP) for both their FPI and FVCI registrations.

- **Easy Conversion for Existing Investors:** Existing FVCIs that meet the "Trusted Investor" (SWAGAT-FI) requirements can convert their status by simply applying to their DDP, provided they are using the same custodian/DDP as their FPI registration.
- **Longer Renewal Cycles (Less Frequent Paperwork):** Usually, FVCIs must pay renewal fees and update their information every five years to keep their registration active. Under the new rules, SWAGAT-FI FVCIs only need to do this every 10 years, significantly reducing the administrative burden.
- **Extended KYC Review Period:** For these trusted investors, the periodicity for KYC (Know Your Customer) reviews has been extended to 10 years, whereas it is typically more frequent for other types of investors.

These new rules and simplified procedures will officially come into effect on June 1, 2026.

SEBI Circular - 16th January 2026

SEBI CIRCULAR 16TH JANUARY 2026

and updates the Pre-Open Auction Session to match these new rules. Currently, a stock's closing price is calculated using the average price (VWAP) of trades during the last 30 minutes of the day. SEBI is changing this to a more transparent auction-based system to provide a fairer price for big investors, mutual funds, and derivative settlements.

- Here is a breakdown of the key changes:
 - Phased Rollout of the Closing Auction: The new auction system (CAS) will not apply to all stocks immediately. It will initially start with stocks that have derivative (F&O) contracts. For all other stocks, the old average-price method will continue for now. trades during the last 30 minutes of the day.
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 - Phased Rollout of the Closing Auction: The new auction system (CAS) will not apply to all stocks immediately. It will initially start with stocks that have derivative (F&O) contracts. For all other stocks, the old average-price method will continue for now.

- Timing of the Closing Auction (3:15 PM to 3:35 PM): The CAS will be a dedicated 20-minute session at the end of the trading day:
 - 3:15 – 3:20 PM: Preparation and calculation of the starting reference price.
 - 3:20 – 3:30 PM: Investors enter their buy and sell orders. In the final two minutes (3:28–3:30 PM), the system will close the session at a random time to prevent last-second manipulation.
 - 3:30 – 3:35 PM: The system matches the orders to find the final closing price.
- How the Price is Found (Equilibrium Price): Instead of just averaging trades, the system looks for the "Equilibrium Price," which is the price where the maximum number of shares can be traded.

This ensures the final price reflects the collective agreement of the most buyers and sellers.

- Strict Price Limits: To prevent wild price swings during this auction, orders can only be placed within a narrow band of +/- 3% from the reference price (which is the average price from 3:00 PM to 3:15 PM).
- Simplified Order Types: Only standard Limit and Market orders are allowed during the auction. Complex orders like "Iceberg" orders (which hide the total quantity) or "Stop Loss" orders are not permitted.
- Changes to the Morning Pre-Open Session (9:00 AM): The morning session (9:00 AM to 9:15 AM) is being updated to follow the same logic as the new closing auction.

This includes a 15-minute window with random closures and the same priority rules for matching buyers and sellers.

- Important Implementation Dates:

1. August 3, 2026: The new Closing Auction Session (CAS) begins.
2. September 7, 2026: The updated Pre-Open Auction rules take effect.

- Post-Close Trading: There will still be a short session from 3:50 PM to 4:00 PM where investors can trade specifically at the final closing price determined by the auction.

SEBI Circular 16th January 2026



RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - FINANCIAL STATEMENTS: PRESENTATION AND DISCLOSURES) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks - Financial Statements: Presentation and Disclosures) Amendment Directions, 2026, consequent to the Concentration Risk Management Amendment Directions, 2025. The amendment modifies disclosures under Schedule 1 (Capital) to require banks to separately disclose, by way of a note, the amount of deposit held under Section 11(2)(b)(i) of the Banking Regulation Act, 1949 that is earmarked as Credit Risk Mitigation (CRM) for offsetting non-centrally cleared derivative exposures to the Head Office (including overseas branches). Such amount shall not be reckoned for regulatory capital or other statutory requirements. The amendment shall be effective from the date a bank implements paragraphs 3(1) to 3(4) of the Concentration Risk Management Amendment Directions, 2025, or April 1, 2026, whichever is earlier.

RBI Update - Reserve Bank of India (Commercial Banks - Financial Statements: Presentation and Disclosures) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Capital Adequacy) Amendment Directions, 2026, amending the capital adequacy framework for NBFCs in respect of loans to high-quality infrastructure projects sanctioned project debt has been repaid, subject to the project continuing to meet the prescribed conditions. The repayment threshold shall be computed based on the total the total sanctioned project debt, including any additional debt sanctioned subsequently. The amendment shall be applicable from April 1, 2026, or an earlier date upon adoption by the NBFC, with a transition provided allowing existing lower risk weights to continue until the next review/renewal or March 31, 2027, whichever is earlier.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies - Prudential Norms on Capital Adequacy) Amendment Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES - CONCENTRATION RISK MANAGEMENT) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Amendment Directions, 2026, inserting a provision to paragraph 4(4) of the 2025 Directions to define “high-quality infrastructure projects” for NBFCs. Infrastructure lending shall be classified as high quality where the project has completed at least one year of operations after the date of commencement of commercial operations without any breach of material covenants, the exposure is classified as standard, and project revenues arise from concession or contractual rights granted by the Central or State Government, public sector entities, or statutory/regulatory bodies with protection throughout the concession period.

Further, the contractual framework must provide strong lender protection, including escrow/Trust and Retention Account mechanisms, pari-passu charge over project assets, and adequate termination risk mitigation. The borrower must also have sufficient arrangements to meet funding requirements and be restricted from actions detrimental to lenders. The amendment shall apply from the date an NBFC implements the Prudential Norms on Capital Adequacy Amendment Directions, 2026, or April 1, 2026, whichever is earlier.

RBI Update - Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Amendment Directions, 2026

RBI UPDATE - RBI CREDIT RISK MANAGEMENT – AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Credit Risk Management Amendment Directions, 2026 for Small Finance Banks, Local Area Banks, Regional Rural Banks, Urban Co-operative Banks, Rural Co-operative Banks, Non-Banking Financial Companies and All India Financial Institutions, amending the respective Credit Risk Management Directions applicable to these entities. The Amendment Directions introduce additional definitions and modify existing definitions, including those relating to related party, related person, control, promoter, key managerial personnel, specified employees and lending, by aligning them with the provisions of the Companies Act, 2013 and the Insolvency and Bankruptcy Code, 2016. Regulated entities are required to put in place a comprehensive Board-approved Credit Risk Management Policy, which shall, inter alia, contain specific provisions relating to lending to related parties, aggregate and sub-limits, approval mechanisms, recusal of interested persons,

reporting, monitoring and internal audit review. A separate framework for lending to related parties has been prescribed, covering general principles, regulatory prohibitions, materiality thresholds, sanctioning authority, disclosure, monitoring, whistle-blower mechanisms and enforcement actions. Loans above the prescribed materiality thresholds are required to be approved by the Board or a Board-level committee, as applicable. The Directions also provide that existing related party transactions not in conformity with the amended The Directions also provide that existing related party transactions not in conformity with the amended framework may continue till maturity but shall not be renewed, reviewed or enhanced unless brought into compliance with the amended Directions.

The above amendments shall come into force from April 1, 2026. Banks, NBFCs and All India Financial Institutions may, however, decide to implement the amendments in entirety from an earlier date.

RBI Update - RBI Credit Risk Management – Amendment Directions, 2026

RBI UPDATE - RBI FINANCIAL STATEMENTS – PRESENTATION AND DISCLOSURES AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Financial Statements: Presentation and Disclosures Amendment Directions, 2026 applicable to Small Finance Banks, Local Area Banks, Regional Rural Banks, Urban Co-operative Banks, Rural Co-operative Banks, Non-Banking Financial Companies and All India Financial Institutions, amending the respective Directions relating to presentation and disclosure of financial statements. The Amendment Directions have been issued consequent to the issuance of the RBI Credit Risk Management Amendment Directions, 2026. The amendments provide for additional disclosures in the Notes to Accounts relating to exposures to related parties, in accordance with the definitions prescribed under the applicable Credit Risk Management Directions.

The amendments require disclosure, in the prescribed format, of aggregate value of loans sanctioned to related parties during the year, outstanding loans as on 31st March, proportion of such exposures to total credit exposure, classification as Special Mention Accounts and Non-Performing Assets, provisions held, and details of contracts and arrangements involving related parties during the year and outstanding as at the end of the financial year. The Financial Statements: Presentation and Disclosures – Amendment Directions, 2026 shall come into force from April 1, 2026. Banks, financial institutions, non-banking financial companies and co-operative banks may, however, decide to implement the amendments in entirety from an earlier date.

RBI Update - RBI Financial Statements – Presentation and Disclosures Amendment Directions, 2026

RBI UPDATE - PRUDENTIAL NORMS ON CAPITAL ADEQUACY) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India (RBI) has issued the Commercial Banks, Small Finance Banks and All India Financial Institutions (Prudential Norms on Capital Adequacy) Amendment Directions, 2026 under Section 35A of the Banking Regulation Act, 1949, which shall come into force with immediate effect. The amendments revise the risk weight framework for claims on non-resident corporates and formally recognise M/s CareEdge Global IFSC Limited as an eligible international credit rating agency for non-resident corporate exposures originating at International Financial Services Centres (IFSC). Under the amended framework, risk weights for non-resident corporate exposures shall be determined based on ratings assigned by recognised international credit rating agencies, with a separate risk weight mapping prescribed for CareEdge Global IFSC Limited ratings for IFSC-originated claims.

The amendments further provide that unrated exposures with aggregate banking system exposure exceeding ₹200 crore, and exposures exceeding ₹100 crore which were earlier rated but have subsequently become subsequently become unrated, shall attract a higher risk weight of 150 per cent, subject to a sovereign floor for unrated corporates.

RBI Update - Prudential Norms on Capital Adequacy) Amendment Directions, 2026

RBI UPDATE - FOREIGN EXCHANGE MANAGEMENT (GUARANTEES) REGULATIONS, 2026

The Reserve Bank of India has notified the Foreign Exchange Management (Guarantees) Regulations, 2026, prescribing a consolidated framework for guarantees involving persons resident outside India. Authorised Dealer (AD) banks are required to comply with these regulations and ensure adherence to applicable Department of Regulation guidelines. The regulations mandate comprehensive reporting of all guarantees (issued, modified or invoked) to AD banks in Form GRN, while detailed submission modalities will be notified separately. Consequent to the issuance of these regulations, specified A.P. (DIR Series) Circulars stand superseded, quarterly reporting for Trade Credit guarantees is discontinued from the quarter ending March 2026, and relevant Master Directions under FEMA are amended. AD banks are advised to disseminate the contents of the circular to their customers.

RBI Update - Foreign Exchange Management (Guarantees) Regulations, 2026

RBI UPDATE - FOREIGN EXCHANGE MANAGEMENT (GUARANTEES) REGULATIONS, 2026

The Reserve Bank of India has notified the Foreign Exchange Management (Guarantees) Regulations, 2026, superseding Notification No. FEMA 8/2000-RB, to consolidate and regulate guarantees involving persons resident outside India. The regulations prescribe conditions under which a person resident in India may act as a surety, principal debtor or creditor, subject to FEMA permissibility of the underlying transaction and eligibility under the Borrowing and Lending framework, with specific exemptions for AD banks, IFSC units, overseas investment-related guarantees and certain statutory guarantees. A general prohibition applies unless guarantees are issued in accordance with these regulations or with RBI permission. The regulations introduce a uniform quarterly reporting framework for all guarantees covering issuance, modification and invocation, with clear allocation of reporting responsibility among the parties, to be submitted to Authorised Dealer banks for onward reporting to RBI. A Late Submission Fee mechanism has been prescribed for delayed reporting to strengthen compliance. The regulations come into force from the date of publication in the Official Gazette..

[RBI Update - Foreign Exchange Management \(Guarantees\) Regulations, 2026](#)

RBI UPDATE - RESERVE BANK OF INDIA (COMMERCIAL BANKS - INTERNAL OMBUDSMAN) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks - Internal Ombudsman) Directions, 2026 to further strengthen the internal grievance redress mechanism in Commercial Banks. The Directions aim to ensure an independent and objective review of customer complaints before rejection and to reduce escalation to external dispute resolution mechanisms.

Applicability

These Directions apply to Commercial Banks having ten or more banking outlets in India as on March 31, 2025.

For the purpose of these Directions, 'Commercial Banks' mean banking companies (other than Small Finance Banks, Payment Banks, and Local Area Banks), corresponding new banks, and the State Bank of India, as defined respectively under clauses (c), (da), and (nc) of Section 5 of the Banking Regulation Act, 1949, but does not include a bank in resolution or winding up or under directions.

The Directions do not apply to banks under resolution, winding up, or under specific RBI directions. The directions shall also be applicable to the commercial bank, which meets the above mentioned criteria after March 31, 2025, with effect from six months from meeting the eligibility criteria..

Amendments

The Directions repeal the Master Direction Internal Ombudsman for Regulated Entities, 2023, insofar as applicable to Commercial Banks, and introduce a strengthened Internal Ombudsman framework. All partially resolved and wholly rejected complaints are mandatorily required to be reviewed by an Internal Ombudsman before final disposal. The framework also provides for the appointment of Deputy Internal Ombudsman, prescribes fixed tenure and independence norms, and strengthens Board-level oversight, reporting, and supervisory review.

RBI Update - Reserve Bank of India (Commercial Banks - Internal Ombudsman) Directions, 2026

UPDATE - RESERVE BANK OF INDIA (SMALL FINANCE BANKS - INTERNAL OMBUDSMAN) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Small Finance Banks - Internal Ombudsman) Directions, 2026 to establish a dedicated grievance redress framework for Small Finance Banks. The Directions seek to align customer complaint handling standards of Small Finance Banks with those applicable to Commercial Banks.

Applicability

The Directions apply to Small Finance Banks having ten or more banking outlets in India as on March 31, 2025. Small Finance Banks meeting the eligibility criteria after this date will be required to comply within six months.

Amendments

A standalone Internal Ombudsman framework has been prescribed exclusively for Small Finance Banks. The Directions mandate appointment of an Internal Ombudsman and Deputy Internal Ombudsman and require independent review of all partially resolved and rejected complaints before closure. Enhanced governance measures, including Board oversight, reporting requirements, and uniform escalation timelines, have also been introduced, replacing the earlier common framework under the 2023 Master Direction.

Update - Reserve Bank of India (Small Finance Banks - Internal Ombudsman) Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (PAYMENTS BANKS - INTERNAL OMBUDSMAN) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Payments Banks - Internal Ombudsman) Directions, 2026 to strengthen customer grievance redress mechanisms in Payments Banks. The Directions focus on ensuring fair, transparent, and timely resolution of complaints in a

and timely resolution of complaints in a digital and transaction-intensive banking environment

Applicability

These Directions apply to Payments Banks having ten or more banking outlets in India as on March 31, 2025. Payments Banks meeting the criteria after this date will be required to comply within six months.

Amendments

The Directions introduce a separate and dedicated Internal Ombudsman framework for Payments Banks, replacing their earlier coverage under the common 2023 framework. Independent review of all partially resolved and rejected complaints has been made mandatory prior to closure. The framework also prescribes tenure and independence norms for Internal Ombudsman, strengthens Board oversight, and standardised reporting and escalation mechanisms.

RBI Update - Reserve Bank of India (Payments Banks - Internal Ombudsman) Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANKING FINANCIAL COMPANIES - INTERNAL OMBUDSMAN) DIRECTIONS, 2026

All partially resolved and rejected complaints are now required to be automatically escalated to the Internal Ombudsman for independent review. The framework introduces the role of Deputy Internal Ombudsman, enhances Board oversight and reporting obligations, and strengthens supervisory review by the Reserve Bank.

Applicability

The Directions apply to deposit-taking NBFCs with ten or more branches and non-deposit-taking NBFCs having asset size of ₹5,000 crore and above with public customer interface, as on March 31, 2025. NBFCs meeting the criteria subsequently will be required to comply within six months. The framework does not apply to NBFCs under CIRP, liquidation, or RBI directions.

Amendments

The Directions replace the Internal Ombudsman framework under the 2023 Master Direction for eligible NBFCs and significantly strengthen the complaint redress process.

All partially resolved and rejected complaints are now required to be automatically escalated to the Internal Ombudsman for independent review. The framework introduces the role of Deputy Internal Ombudsman, enhances Board oversight and reporting obligations, and strengthens supervisory review by the Reserve Bank.

<https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13274&Mode=0>

RBI UPDATE - RESERVE BANK OF INDIA (NON-BANK PREPAID PAYMENT INSTRUMENTS ISSUERS - INTERNAL OMBUDSMAN) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Non-Bank Prepaid Payment Instrument Issuers – Internal Ombudsman) Directions, 2026 in view of the rapid growth of digital payment instruments and increasing customer grievances. The Directions aim to institutionalise an independent internal review mechanism and enhance consumer confidence in digital payments.

Applicability

These Directions apply to Non-Bank Prepaid Payment Instrument Issuers having more than one crore outstanding PPIs as on March 31, 2025, or thereafter.

PPI Issuers meeting the threshold subsequently shall be covered after six months, and the applicability shall continue even if the outstanding PPIs fall below the threshold at a later stage.

Amendments

A new and dedicated Internal Ombudsman framework has been introduced for Non-Bank PPI Issuers, which were earlier governed only by internal grievance redress norms. The Directions mandate independent review of all partially resolved and rejected complaints by an Internal Ombudsman prior to closure. They also prescribe appointment of Deputy Internal Ombudsman, Board oversight, standardised reporting, and regulatory supervision, replacing the earlier common framework.

RBI Update - Reserve Bank of India (Non-Bank Prepaid Payment Instruments Issuers - Internal Ombudsman) Directions, 2026

RBI UPDATE - RESERVE BANK OF INDIA (CREDIT INFORMATION COMPANIES - INTERNAL OMBUDSMAN) DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Credit Information Companies – Internal Ombudsman) Directions, 2026 to strengthen grievance redress mechanisms in Credit Information Companies.

The Directions recognise the critical role of CICs in the credit ecosystem and aim to ensure accuracy, fairness, and timely resolution of consumer disputes.

Applicability

The provisions of these Directions shall be applicable to Credit Information Companies, hereinafter collectively referred to as 'CICs' and individually as a 'CIC'

Amendments

The Directions introduce a dedicated Internal Ombudsman framework for Credit Information Companies, replacing their earlier inclusion under the common 2023 framework. Independent review of complaints relating to credit information has been made mandatory prior to rejection. The framework also strengthens Board-level oversight, reporting, and audit requirements to improve accountability and consumer protection

RBI Update - Reserve Bank of India (Credit Information Companies - Internal Ombudsman) Directions, 2026

RBI UPDATE - FOREIGN EXCHANGE MANAGEMENT (EXPORT AND IMPORT OF GOODS AND SERVICES) REGULATIONS, 2026

Earlier, the export of goods and services was governed by the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015, supplemented by multiple RBI Master Directions and circulars, while imports were regulated largely through operational instructions and reporting systems. The regulatory framework was fragmented, with separate provisions for goods, services, software exports, merchanting trade transactions and INR trade settlement, resulting in complexity and lack of uniformity in compliance and interpretation. The fragmented structure led to interpretational ambiguity, inconsistent practices across Authorised Dealers and operational delays for exporters and importers. Routine matters such as extension of timelines, reduction or write-off of export value and third-party payments often involved procedural bottlenecks. The framework was also not fully aligned with evolving trade practices, including digital and software exports, INR-based international trade and the need for a risk-based, ease-of-doing-business-oriented regulatory approach. The Reserve Bank of India has notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026, superseding the erstwhile FEMA (Export of Goods & Services) Regulations, 2015. The new

Regulations, effective from 1 October 2026, consolidate and rationalise the regulatory framework governing export and import of both goods and services under FEMA, 1999. They introduce a unified Export Declaration Form (EDF) applicable to goods and services, streamline reporting and monitoring through EDPMS and IDPMS, and clearly define the role of Authorised Dealers and other specified authorities. The Regulations prescribe timelines for declaration, realisation and repatriation of export proceeds, permit flexibility through extensions and reductions in export realisation subject to AD satisfaction, and provide explicit provisions for set-off, third-party receipts/payments, advance payments, merchanting trade transactions, project exports and INR trade settlement. Enhanced emphasis has been placed on system-driven monitoring, internal policies and standard operating procedures of Authorised Dealers, transparency in charges, and customer grievance redressal. Overall, the 2026 Regulations aim to simplify compliance, improve ease of doing business, and strengthen oversight of foreign trade transactions while aligning FEMA provisions with current trade and digital reporting practices.

[RBI Update - Foreign Exchange Management \(Export and Import of Goods and Services\) Regulations, 2026](#)

RBI UPDATE - INTEREST SUBVENTION FOR PRE- AND POST-SHIPMENT EXPORT CREDIT UNDER EXPORT PROMOTION MISSION (EPM) – NIRYAT PROTHSAHAN

The Government of India, under its Export Promotion Mission (EPM), has introduced a pilot scheme titled Interest Subvention for Pre- and Post-shipment Export Credit – Niryat Prothsahan to strengthen export financing. The scheme is operationalised through DGFT Trade Notices dated January 2 and January 16, 2026, with implementation subject to RBI's regulatory framework. Prior to this update, interest subvention on export credit was primarily available under the Interest Equalisation Scheme (IES) and similar incentive frameworks, with defined sectoral/product coverage, limited flexibility, and without an integrated linkage to the broader Export Promotion Mission (EPM). The operational scope was relatively static and scheme-driven rather than mission-based. Exporters and lending institutions faced issues such as fragmented export incentive schemes, limited coverage of exporters/products, procedural delays in claims, and lack of alignment with India's broader export promotion objectives. There was also a need to rationalise incentives and provide more targeted, outcome-oriented support to boost exports in a globally competitive environment. The Government has introduced the Interest Subvention for Pre- and Post-shipment Export Credit under the Export Promotion Mission (EPM) – Niryat Prothsahan on a pilot basis, supported by detailed

operational instructions issued by DGFT. The scheme provides a structured framework for eligible lending institutions to extend interest subvention to eligible exporters, subject to RBI's extant regulatory guidelines and prescribed claim procedures.

RBI Update - Interest Subvention for Pre- and Post- Shipment Export Credit under Export Promotion Mission (EPM) – Niryat Prothsahan

RBI UPDATE - RESERVE BANK OF INDIA (CASH RESERVE RATIO AND STATUTORY LIQUIDITY RATIO) AMENDMENT DIRECTIONS, 2026

The Reserve Bank of India has issued the Reserve Bank of India (Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026, pursuant to recent amendments to the banking laws and allied regulations.

Prior to the issuance of the Reserve Bank of India (Cash Reserve Ratio and Statutory Liquidity Ratio) Amendment Directions, 2026, the CRR and SLR Directions issued in 2025 contained limited references to specific development financial institutions such as EXIM Bank and NABARD. The reporting formats did not comprehensively reflect all development financial institutions recognised under the amended Reserve Bank of India Act, 1934, and deposits placed under newer liquidity instruments like the Standing Deposit Facility (SDF) were not expressly provided for. Certain terminologies also remained misaligned with recent legislative changes.

Post the Banking Laws (Amendment) Act, 2025 and allied subordinate legislations, the existing CRR/SLR framework lacked alignment with the expanded statutory definition of development financial institutions. This resulted in interpretational ambiguity, incomplete reporting and non-recognition of new liquidity management mechanisms, thereby necessitating harmonisation of the Directions with the updated legal framework.

The Amendment Directions, 2026:

Expand the scope to include other development financial institutions as defined under section 2(cccii) of the RBI Act, 1934.

Rationalise reporting and terminology by deleting restrictive expressions and replacing “specified” with “notified”.

Annex I (Form B) has been revised to replace references to Industrial Development Bank of India, NABARD and Exim Bank with a broader and updated list comprising the National Bank, Exim Bank, National Housing Bank, Small Industries Bank, National Bank for Financing Infrastructure and Development and other development financial institutions. These amendments will come into effect from April 1, 2026, with Regional Rural Banks permitted to adopt them earlier if desired. Further, in item 2 of Form B, references to Industrial Development Bank of India have been deleted and corresponding insertions have been made to include National Housing Bank, Small Industries Bank, NaBFID and other development financial institutions.

Additionally, Annex II (Form I) and Annex III have been amended to expressly include IDBI Bank Limited under the relevant clauses

Terminological refinements have been carried out by inserting the words “such” and “as notified by the Reserve Bank” in specified items, while removing references to higher specified percentages, thereby aligning the provisions with a notification-based regulatory approach.

Further, a new reporting item recognising amounts deposited with the Reserve Bank under the Standing Deposit Facility Scheme has been introduced.

These Amendment Directions are applicable to:

- Commercial Banks
- Small Finance Banks
- Payments Banks
- Regional Rural Banks
- Local Area Banks
- Urban Co-operative Banks
- Rural Co-operative Bank

[RBI Update - Reserve Bank of India \(Cash Reserve Ratio and Statutory Liquidity Ratio\) Amendment Directions, 2026](#)



IBBI UPDATE - LAUNCH OF REVISED LIQUIDATION FORMS (05 JANUARY 2026)

The Insolvency and Bankruptcy Board of India (IBBI) has issued a circular announcing the launch of revised electronic forms for the liquidation process, pursuant to the amendments notified on 2 January 2026 to the IBBI (Liquidation Process) Regulations, 2016. The revised framework mandates filing of forms, along with enclosures, on the IBBI's electronic platform within prescribed timelines.

The revised forms (LIQ-1 to LIQ-4) have been comprehensively rationalised to reduce compliance burden, eliminate duplication, and enable auto-population of data already available on the portal. These forms cover the entire liquidation lifecycle from commencement and public announcement to progress reporting, dissolution/closure, and final orders. All revised forms, except LIQ-2, will be made available on the IBBI website from 1st January 2026. Since LIQ-2 is required to be submitted on or after 1st February 2026, it will be made available accordingly.

To facilitate a smooth transition, no penalty will be levied for delayed filings during the initial quarter (January–March 2026). Further, a form-modification utility has been introduced to allow correction of errors or omissions through an OTP-based authentication process. All filings are to be made digitally by the IP acting as Liquidator through the IBBI portal.

IBBI Update - Launch of Revised Liquidation Forms (05 January 2026)

IBBI UPDATE - FORMAT FOR “STATEMENT OF BENEFICIAL OWNERSHIP” AND AFFIDAVIT UNDER REGULATION 38(3A) OF THE CIRP REGULATIONS

The Insolvency and Bankruptcy Board of India, vide Circular dated 29 December 2025, has prescribed mandatory formats for the Statement of Beneficial Ownership and an Affidavit on eligibility under section 32A to be included in every resolution plan, pursuant to the insertion of Regulation 38(3A) of the CIRP Regulations. Resolution Professionals are required to ensure that these documents, in the specified formats, form part of the resolution plan submitted to the Committee of Creditors and filed before the Adjudicating Authority.

IBBI Update - Format for “Statement of Beneficial Ownership” and Affidavit under Regulation 38(3A) of the CIRP Regulations

IBBI UPDATE - INSOLVENCY AND BANKRUPTCY BOARD OF INDIA (LIQUIDATION PROCESS) (AMENDMENT) REGULATIONS, 2026

The Insolvency and Bankruptcy Board of India has notified the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations, 2026, which shall come into force from the date of their publication in the Official Gazette.

Pursuant to the amendment, Regulation 47B(1) of the IBBI (Liquidation Process) Regulations, 2016 has been substituted. The revised provision mandates that the liquidator shall file the prescribed Forms, along with the relevant enclosures, as notified by the Board from time to time, on the Board's electronic platform, in accordance with the timelines specified for each Form.

[IBBI Update - Insolvency and Bankruptcy Board of India \(Liquidation Process\) \(Amendment\) Regulations, 2026](#)

EVEN WHEN RECOVERY CERTIFICATE PROCEEDINGS ARE PENDING BEFORE DRT, CIRP CAN BE INITIATED UNDER SECTION 7 OF IBC

FACTS

Indian Bank sanctioned a credit facility to Pravista Infra Pvt. Ltd., which was classified as NPA in 2018. Recovery proceedings were initiated before the DRT, resulting in an ex-parte decree and recovery certificate.

While the Appellant's challenge to the DRT decree was pending, the bank filed a Section 7 application under the IBC, which was admitted by the NCLT. The Appellant sought an interim stay of CIRP before the NCLAT.

Issue

Whether pendency of DRT proceedings and challenge to a recovery certificate bar initiation of CIRP under Section 7 of the IBC.

DECISION

The NCLAT held that pendency of DRT proceedings or challenge to a recovery certificate does not bar initiation of CIRP once debt and default are established. The Appellant failed to show a prima facie absence of debt or default. Interim stay of CIRP was rejected; appeal listed for further hearing.e.

WHEN A PROPERTY IS SOLD ON AN 'AS IS WHERE IS' BASIS, THE ENCUMBRANCES ON THE PROPERTY STAND TRANSFERRED TO THE PURCHASER UPON THE SALE VAR ELECTROCHEM PVT. LTD. VS. COMMISSIONER, TELANGANA INDUSTRIAL INFRASTRUCTURE CORPORATION LTD. AND ANR. – NCLT HYDERABAD BENCH

Facts

CIRP was initiated against Speck Systems Ltd., which subsequently went into liquidation. The Liquidator sold the Corporate Debtor's assets through e-auction on an "as is where is / as is what is / whatever there is" basis. The Applicant was the successful auction purchaser and was issued a Sale Certificate after paying the full consideration.

After completion of liquidation, the statutory authority raised demands for outstanding property tax dues pertaining to periods prior to liquidation.

The Applicant challenged the demand, claiming immunity from past dues under the IBC as the authority had not filed any claim during liquidation.

Issue

Whether a successful auction purchaser in liquidation is liable for outstanding statutory dues (property tax) attached to the asset when the sale is conducted on an "as is where is" basis.

Decision

The NCLT held that sale on an "as is where is" basis includes transfer of all existing liabilities and statutory dues attached to the asset, unless expressly excluded. Relying on *K.C. Ninan v. Kerala State Electricity Board*, the Tribunal held that the purchaser is deemed to have notice of such dues and is bound by the doctrine of caveat emptor.

The Applicant was held liable for the outstanding property tax dues, and the application seeking to quash the demand notices was dismissed.

SALE OF PLEDGED SHARES DURING MORATORIUM IS IN VIOLATION OF SECTION 14 OF IBC THE DEBT OWED TO THE FINANCIAL CREDITOR BE REDUCED BY THE AMOUNT REALIZED FROM THE SALE OF PLEDGED SHARES MAITREYA DOSHI VS. KANAK JANI, RP OF DOSHI HOLDINGS PVT. LTD. AND ANR. – NCLT MUMBAI BENCH

Facts

Doshi Holdings Pvt. Ltd. was admitted into CIRP on a Section 7 application filed by Anand Rathi Global Finance Ltd. The Corporate Debtor had pledged shares of Premier Ltd. as security for a loan.

During the moratorium, the Financial Creditor sold a substantial portion of the pledged shares in the open market and realized sale proceeds. The ex-director filed an application under Section 60(5) of the IBC seeking setting aside of CIRP and the Resolution Plan, return of pledged shares, and adjustment of sale proceeds.

Issue

Whether sale of pledged shares during the moratorium violates Section 14 of the IBC. Whether pledged shares sold during moratorium can be restored and whether sale proceeds must be adjusted against the creditor's claim.

Decision

The NCLT held that sale of pledged shares during the moratorium violated Section 14 of the IBC, as ownership remained with the Corporate Debtor until lawful sale. Restoration of sold shares was held to be not feasible due to their sale in the open market. The Tribunal directed that the debt of the Financial Creditor be reduced by the amount realized from the sale of pledged shares. The prayer to set aside the CIRP and Resolution Plan was rejected; application disposed of with directions and no costs.

Where the Repayment Plan, approved by the Adjudicating Authority under Section 114 and implemented in accordance with the terms and timelines prescribed, is fully complied with and all creditors have confirmed receipt of their proportionate shares, the Personal Guarantor is entitled to discharge under Section 119 of IBC
Deepak Maini, RP of Rajbir Singh Sethi –
NCLT Principal Bench

ISSUE

Mr. Rajbir Singh Sethi, Personal Guarantor to a corporate debtor under liquidation, was admitted into Personal Insolvency Resolution Process (PIRP). A Repayment Plan for ₹50 lakh was approved by creditors and the Adjudicating Authority under Section 114 of the IBC. The Personal Guarantor fully implemented the Repayment Plan within the prescribed time, and all creditors confirmed receipt of their dues.

The Resolution Professional applied for taking the implementation report on record and for discharge of the Personal Guarantor under Sections 117 and 119.

Issues

Whether the Repayment Plan was fully implemented in accordance with the IBC. Whether the Personal Guarantor was entitled to discharge under Section 119 of the IBC.

Decision

The NCLT held that the Repayment Plan was fully implemented and all statutory requirements under Sections 114, 117, and 119 were satisfied. The Personal Guarantor was granted discharge from all debts and liabilities covered under the Repayment Plan. The PIRP was closed, the Resolution Professional was relieved of duties, and the discharge was clarified to not extend to any co-obligor.

The NCLAT allowed the appeal and set aside the restrictive directions issued by the NCLT. The Tribunal held that sale of encumbered assets during CIRP is permissible under Regulation 29, provided the secured creditor has expressly consented and its rights are adequately protected in the sale consideration and distribution mechanism.

The Appellate Tribunal observed that Regulation 29 contains no express prohibition against the sale of encumbered assets, and reading such a limitation into the regulation would defeat the object of time-bound value maximisation under the IBC. It further reaffirmed that decisions taken by the CoC after due deliberation, valuation, and creditor consent fall squarely within the realm of commercial wisdom, warranting minimal judicial interference.

WHILE GRANTING PERMISSION TO PERSONAL GUARANTOR TO TRAVEL ABROAD DURING BANKRUPTCY PROCEEDINGS, REQUIREMENT OF SECURITY DEPOSIT IS UNSUSTAINABLE, AS THE INDIVIDUAL HAS ALREADY BEEN DECLARED BANKRUPT AND LACKS ANY DEMONSTRATED CAPACITY TO ARRANGE SUCH FUNDS ZANKARSINH KISHORSINH SOLANKI VS. KANHAIYALAL SALAWAT (BANKRUPTCY TRUSTEE) AND ORS. – NCLAT NEW DELHI

Facts

The Appellant, a personal guarantor, was declared bankrupt and bankruptcy proceedings were initiated under Part III of the IBC.

During bankruptcy, the Appellant sought permission to travel abroad. The NCLT granted permission subject to stringent conditions, including deposit of ₹40 crore as security and execution of bonds of two solvent sureties of ₹50 crore each. The Appellant challenged these conditions before the NCLAT as being onerous and impossible to comply with.

Issues

Whether the conditions imposed by the NCLT for permitting foreign travel during bankruptcy were reasonable and sustainable.

Decision

The NCLAT upheld the permission to travel abroad in principle. The condition requiring deposit of ₹40 crore as security was set aside as unreasonable and impracticable for a declared bankrupt.

The requirement of two solvent sureties of ₹50 crore each and other protective conditions were upheld. Permission to travel was made subject to approvals from other competent authorities.

BRSR- Report on ESG

The Securities and Exchange Board of India (SEBI) via circular dated May 10, 2021 introduced the Business Responsibility and Sustainability Reporting (BRSR) for listed companies to report on Environment, Social and Governance (ESG) factors from Financial Year 2022-23 which was subsequently incorporated in the SEBI Master Circular dated July 11, 2023. BRSR is linked with Companies Act, 2013, CSR, and LODR Regulations. Reporting on the company's performance on sustainability-related factors has become as vital as reporting on financial and operational performance. One of the core objective is to promote the adoption of sustainable practices by companies and to integrate ESG aspects into their operational processes.

Let's understand, **what is ESG?**

ESG stands for Environmental (E), Social (S) and Governance (G).

It is a framework used to evaluate how responsibly and sustainably a company operates beyond its financial performance.

□ **Environmental factor:** Focuses on company's impact on environment. It includes reporting on climate change, carbon emissions, energy efficiency, renewable energy, waste generated & management, water consumption, biodiversity, pollution control etc.

□ **Social factor:** Reporting on how a company manages relationships with people and society. Employee welfare, health & safety, Labour practices & human rights, Equal Opportunities, Supply chain responsibility, Community development & CSR, Diversity, equity & inclusion (DEI), Customer data privacy & product safety, etc.

□ **Governance factor:** Examines how a company is directed, controlled and complied. Business ethics, Board Structure and independence, transparency, Anti-corruption, shareholder's rights, Risk management & internal controls, Compliance with laws and regulations etc.

India's journey towards ESG & introduction of BRSR

Roots of ESG in India commenced in 2009 when the Ministry of Corporate Affairs (MCA) issued the voluntary guidelines on Corporate Social Responsibility. Further, in 2011, MCA issued the 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business'. In 2012, SEBI mandated the top 100 listed entities by market capitalisation to submit Business Responsibility Reports (BRR) as part of their annual report. In 2015, The requirement for filing BRR was extended to the top 500 listed entities by SEBI, also

India adopted Sustainable Development Goals Agenda 2030. In 2019, MCA issued the National Guidelines on responsible

Business conduct. Also, SEBI extended applicability of BRR to top 1000 listed entities. In 2020, A committee was constituted by SEBI to finalise the reporting formats which recommended that the BRR be called as BRSR.

In 2021, ESG reporting in India has moved from Business Responsibility Report (BRR) to Business Responsibility and Sustainability Report (BRSR) framework by SEBI. In 2022, SEBI constituted ESG Advisory Committee (EAC) which has given its recommendations in the areas of ESG disclosures, ESG ratings and ESG investing. Based on the above recommendations SEBI came with a consultation paper on the above as well as BRSR core.

In 2023, SEBI introduced the BRSR Core for assurance by listed entities, framework for assurance, revised format of BRSR, and ESG disclosures by value chain. In 2024, SEBI introduced Industry Standards applicable on Reporting of BRSR Core from FY 2024-25 by listed entities. The Industry Standards Forum (“ISF”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, to formulate industry standards, in consultation with SEBI. In 2025, SEBI introduced an additional leadership indicator in in Principle 6 of BRSR format seeking disclosures on Green Credits with details on “How many Green Credits have been generated or procured by the listed entity & by the top ten value Chain partners. Also, relaxation given for applicability of ESG Disclosures for Value Chain and introduced Assessment or Assurance.

Applicability of BRSR

The Securities and Exchange Board of India (SEBI), under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘the LODR Regulations’) mandates the top 1,000 listed entities in India based on market capitalization to prepare the Business Responsibility and Sustainability Reporting (BRSR) on the environmental, social and governance disclosures in Annual report the financial year 2022-23 as per Regulation 34(2)(f). This report forms part of the company’s annual report, also to be submitted to the stock exchanges where company is listed. SEBI has given the format for BRSR along with detailed guidelines for BRSR reporting. As per Regulation 3 (2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 every recognized stock exchange shall prepare the list of entities at the end of the calendar year i.e., 31st December, on the basis of their average market capitalisation from 1st July to 31st December of that calendar year.

The listed entity, which is required to comply with BRSR reporting for the first time or after a period of cessation, shall check the list of entities issued by recognized stock exchange on 31st December and put in place systems, processes for compliance with clause (f) of sub-regulation (2) of regulation 34 within a period of three months from December 31 (i.e. on or before April 1) or from the beginning of the immediate next financial year, whichever is later.

Further, listed entities to disclose the Business Responsibility and Sustainability Report and/or assessment or assurance as per the Business Responsibility and Sustainability Report Core in the Annual Report prepared for the financial year in which systems and processes were required to be put in place. As per Regulation 3 (2A), the provisions of Regulation 3 (2) shall continue to apply to listed entity unless its ranking changes in the list and such change results in the listed entity remaining outside the applicable threshold for a period of three consecutive years. The provisions shall cease to apply at the end of the financial year following the 31st December of the third consecutive year. For listed entities that follow January to December as its financial year, the provisions shall cease to apply at the end of three months from 31st December of the third consecutive year (i.e. on 31st March) as per Regulation 3 (2B).

Format of BRSR organised into three sections:

1. Section A- General Disclosures This section provides a brief description of the company, market served, details on operation, finance, product / service, employees, CSR activities, assurance provider etc.

2. Section B- Management and Process Disclosures

This section focuses on the details of the company's operations & covers the structures, policies and management processes relating to National Guidelines on Responsible Business Conduct (NGRBC) principles concerning governance, leadership & stakeholders' engagement. In case the business entity chooses not to adopt or report on any of the principles the same should be stated along with the reasons.

3. Principle-wise Performance Disclosures

In this section, businesses are required to report on how well businesses are performing. Companies report on their performance against 9 principles of National Guidelines on Responsible Business Conduct (NGRBC), showing their commitments to responsible business through action and results.

The questions in the report are divided into two categories- Essential & Leadership. Essential indicators are mandatory to disclose & Leadership indicators can be voluntarily disclosed by the company.

9 principles of National Guidelines on Responsible Business Conduct

Principle 1: Businesses should conduct and govern themselves with integrity and in a manner that is ethical, transparent and accountable.

Principle 2: Businesses should provide goods and service in a manner that is sustainable and safe.

Principle 3: Businesses should respect and promote the well being of all employees, including those in their value chains.

Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders.

Principle 5: Businesses should respect and promote human rights.

Principle 6: Businesses should respect and make efforts to protect and restore the environment.

Principle 7: Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.

Principle 8: Businesses should promote inclusive growth and equitable development.

Principle 9: Businesses should engage with and provide value to their consumers in a responsible manner.

What is BRSR Core?

The BRSR Core is a sub-set of the BRSR, consisting of a set of Key Performance Indicators (KPIs)/ metrics under 9 ESG attributes. SEBI introduced the BRSR Core for assurance by listed entities in circular dated July 12, 2023. Green-house gas (GHG) footprint, Water Footprint, Energy Footprint, Embracing circularity - details related to waste management by the entity, Enhancing Employee Wellbeing and Safety, Enabling Gender Diversity in Business, Enabling Inclusive Development, Fairness in Engaging with Customers and Suppliers and Open-ness of business are the 9 ESG attributes for the purpose of reasonable assurance or assessment of the BRSR Core. SEBI has also provided the framework for Data & Assurance approach.

Assurance or Assessment

Listed entities shall mandatorily undertake assessment or assurance of the BRSR Core as per applicability for respected financial year as per market cap.

Financial Year	Applicability of BRSR Core to top listed entities (by market capitalization)
2023-24	Top 150 listed entities
2024-25	Top 250 listed entities
2025-26	Top 500 listed entities
2026-27	Top 1000 listed entities

Which assurance or assessment standard should be followed by an assurance provider for the BRSR Core?

The Master Circular does not mandate or recommend the use of any specific assurance standard. The assurance provider may appropriately use a globally accepted assurance standard on sustainability / non-financial reporting such as the International Standard on Assurance Engagements (ISAE) 3000, International Standard on Sustainability Assurance (ISSA) 5000 or assurance standards issued by The Institute of Chartered Accountants of India (ICAI), such as Standard on Sustainability Assurance Engagements (SSAE) 3000 or Standard on Assurance Engagements (SAE) 3410 “Assurance Engagements on Greenhouse Gas Statements”. Also, provide a disclosure for the assurance standard that is used. For assessment of BRSR Core, the third-party assessment shall be undertaken as per the standards developed by the Industry Standards Forum (ISF) in consultation with SEBI as per circular dated March 28, 2025. (FAQ 8 of Section – V Business Responsibility and Sustainability Report (BRSR) Core of FAQs for LODR Regulations updated as on April 23, 2025.

ESG Disclosures for value chain

Disclosures for value chain shall be made by the listed company as per BRSR Core, as part of its Annual Report as per SEBI Circular dated July 12, 2023. As per SEBI circular dated March 28, 2025 value chain shall encompass the top upstream and downstream partners of a listed entity, individually comprising 2% or more of the listed entity and purchases and sales (by value) respectively. However, the listed entity may limit disclosure of value chain to cover 75% of its purchases and sales (by value) respectively.

Relaxation in Applicability-

SEBI has postponed the mandatory requirement for value chain ESG disclosures to allow companies and their partners with additional time to prepare, build systems and processes for reporting. Now, ESG disclosures for the value chain shall be applicable to the top 250 listed entities (by market capitalization), on a voluntary basis from FY 2025-26. For the first year of reporting ESG disclosures for value chain, reporting of previous year numbers shall be voluntary. If a listed entity provides ESG disclosures for value chain, then it shall disclose the percentage of total sales and purchases covered by the value chain partners. The assessment or assurance of the ESG disclosures for value chain shall be applicable on a voluntary basis from FY 2026-27.

Benefits of BRSR Reporting**□ Stronger & brand positioning**

Increases the brand value of a company by positioning it strongly in terms of perception of customers and key stakeholders. Enhanced brand value further helps a company raise financing from investors.

□ Increased value creation

Company that embeds sustainability into its core operations builds a business that lasts longer, outperforms its competitors, and has a higher enterprise value vis-a-vis its peers who are resistant to change.

□ Competitive advantage

Sustainable and responsible business-focused organisations can achieve competitive advantage by attracting the best talent, enhancing the company's image and meeting stakeholder expectations.

□ Enhanced transparency and accountability

Investors use ESG to assess long-term risk and sustainability. Investors can make informed investment decisions based on financial and non-financial parameters reported by the company.

It enables larger global investments and seamless access to global funds with competitive interest rates based on ESG ranking.

Leadership & Governance Training Program at SAEL Industries Limited

We successfully conducted a focused training program for SAEL Industries Limited, Delhi, led by CS Sudhakar Saraswatula Sir.

The session witnessed active participation from the Board Members and the core leadership team, fostering meaningful discussions on governance, compliance, and strategic perspectives reinforcing SAEL's commitment to informed decision-making and robust corporate practices.



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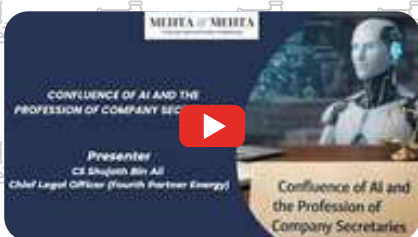
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