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EDITORIAL A New Era Of Ease Of Doing Export-Import Begins



CA Vinod Jain*

B. Com (H) (SRCC), FCA FCS FCMA LLB.
DISA (ICAI), FAFD (ICAI)

- RBI approval - Not Mandatory
- Software Technology Parks (STPI) remain optional, their functions can be undertaken by authorised dealers.
- EDF to submit to Commissioner of Customs or Commissioner of SEZ for goods export at the time of export. AD to receive EDF from Commissioner.
- EDF for services to submit to Authorised dealer (bank):
 - Within 30 days of raising of invoice
 - Combined single monthly EDF can be submitted
 - Exporter of services other than software to submit EDF before receipt of payment.

Manner of receipt or payment

- Authorised dealer to close EDMS (Export) or IDMS (Import) simultaneous to credit or debit of amount received or paid for export/ import.
- Export importer up to INR 10,00,000 each case can be closed in IDMS/EDMS based on declaration of customer to the Authorised Dealer The IDMS/EDMS for less than INR 10 lakhs each case can be closed by authorised dealer (bank) based on declaration by the exporter or importer on quarterly basis (every three months) for bulk closure.

Time period for realisation for Export

- 15 months from the date of shipment in case of export of goods and from date of invoice in case of export of service
- 15 months from date of sale of goods from a foreign Warehouse(outside India)of exporter
- As per the payment terms in case of project exports
- Settlement of export in Indian rupee can be in 18 months rather than 15 months

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Navigating the Next Horizon: How Global Regulations, NFRA Reforms, and AI are Reshaping the Audit Profession in India



CA Vaibhav Jain

B.Com (Hons), FCA, ACS, LLB, DISA (ICAI), MBF (ICAI), FAFD (ICAI), CCIDT (ICAI), CCA (ICAI), ID (MCA-IICA)
Registered Valuer (SFA) (IBBI)

+91-97113-10004
vaibhavjain@mehragoelco.com
vaibhavjain@inmacs.com

2026 is a watershed year for Indian auditing. Driven by international convergence, the Corporate Laws (Amendment) Bill, 2026, and rapid Artificial Intelligence (AI) integration, the profession is shifting from traditional compliance to a highly scrutinized, tech-enabled assurance model.

1. Global Convergence & Standards

India is actively aligning domestic standards with global frameworks to foster investor confidence.

- **IndSAs & SA 600:** NFRA is championing revised auditing standards (IndSAs). Crucially, the alignment of SA 600 makes the "Principal Auditor" ultimately responsible for consolidated financials, ending blind reliance on component auditors despite ongoing debates over joint liability.
- **Accounting Standards:** The drafting of Ind AS 118 (aligning with IFRS 18) reinforces presentation transparency in global capital markets.

2. NFRA Overhaul & The Companies Act

The Corporate Laws (Amendment) Bill, 2026, proposes a structural fortification of the NFRA.

- **Enhanced Autonomy:** NFRA will become an independent "body corporate" with direct powers to penalize and debar. An independent NFRA Fund and a bar on civil court jurisdiction will reduce litigation delays.
- **Mandatory Filings:** A proposed Section 132A mandates auditors to file periodic returns directly with NFRA, ensuring unprecedented regulatory visibility. NFRA will also get empowered to levy user charges or fee from auditors.
- **Smart Penalties:** The Bill decriminalizes minor procedural defaults to ease business operations while sharply increasing penalties for corporate fraud.

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* CA Vinod Jain, is Founder & Past President, All India Chartered Accountant Society, Former Member, Central Council, ICAI, Advisor to GST Council, Former Member High Powered Income Tax Simplification Govt. committee. **Email:** vinodjain@inmacs.com, vinodjain@vinodjainca.com **Mobile:** +91 98110 40004

3. Evolving Stakeholder Expectations

Regulators now demand proactive guardians of economic stability, not just "tick-box" compliance.

- **Proactive Scepticism:** Auditors are expected to actively detect red flags, rigorously verify related-party transactions, and strictly assess going-concern vulnerabilities.
- **ESG Integration:** Regulators and investors increasingly expect auditors to provide limited assurance on sustainability and ESG disclosures.

4. AI and Tech Integration

Today's CA is a digital native leveraging deep tech to manage complex corporate data.

- **IndiaAI & NFRA Initiative:** A flagship 2026 partnership aims to build AI infrastructure to validate reporting compliance against IndAS, SEBI, and multi-format financial documents.
- **Tech in CA Practices:** Firms are aggressively deploying AI for journal entry testing, intelligent GSTR-2B reconciliation, and using Large Language Models (LLMs) for complex contract reviews.
- **Cybersecurity Assurance:** Evaluating IT general controls and enterprise cyber resilience has become a core component of the modern financial audit.
- **The Human Element:** Regulators stress that while AI excels at predictive analytics, it is a multiplier—not a substitute—for ethical oversight and human professional judgment.

Conclusion

Adaptability is no longer optional. As NFRA expands its authority and global standards redefine accountability, auditors must upskill and embrace AI-driven workflows. By maintaining unyielding professional scepticism and integrating cutting-edge technology, **Chartered Accountants will continue to stand as the most trusted pillars of the Indian economy.**

LATEST IN FINANCE

RBI ban Non deliverable currency Forward contracts and Derivatives

As of early April 2026, the Reserve Bank of India (RBI) has implemented stringent, temporary measures to stabilize the Indian Rupee (INR) following a period of high volatility:

- **Bank Position Limits:** The RBI has imposed a \$100 million cap on the net open rupee positions of banks in the onshore market, effective April 10, 2026.
- **NDF Market Curbs:** Banks are prohibited to offer non-deliverable derivative (NDD) contracts involving the Indian rupee to clients. This restriction aims to prevent banks from accessing or offering products in the offshore market to exploit price differences.
- **Restriction on Related Party Deals:** Banks are barred from undertaking foreign exchange (FX) derivative contracts with related parties.
- **Cancellation/Rebooking Restrictions:** The RBI has banned the re-booking of any FX derivative contracts

(both deliverable and non-deliverable) that were cancelled after April 1, 2026, targeting corporate arbitrage practices.

Credit-Deposit Ratio at 83% – Structural Liquidity Tightness

The system-level CD ratio has climbed to ~83%, with credit growth exceeding deposit growth by ~300 bps. Credit growth: ~13.5–13.8% YoY Deposit growth: ~10.8% YoY. This divergence indicates sustained credit demand but constrained liability mobilisation, pointing to emerging structural liquidity tightness in the banking system.

Govt Parks ₹33,660 crore in Scheme for Industrial Hubs

The Union Cabinet on Wednesday approved a ₹33,660-crore plan to develop 100 plug-and-play industrial parks across the country to boost domestic manufacturing. The flagship scheme, Bharat Audyogik Vikas Yojana (BHAVYA), aims to develop world-class industrial infrastructure, unlocking manufacturing potential and driving India's growth story. Under the BHAVYA scheme, each of the 100 plug-and-play industrial parks will be spread over 100 to 1,000 acres, with central assistance of up to ₹1 crore per acre. It will cover funding support for core, value-added infra, social infra and up to 50 parks in the first Phase.

Indian Billionaires Third largest

India's billionaire club saw 57 new entrants this year, taking the total to 308, making the country the third-largest home to billionaires globally, after China and the US, according to the Hurun Global Rich List 2026.

₹590 Cr Fraud at IDFC First Bank: How It Unfolded

Over the past four days, IDFC First Bank has faced a series of setbacks. Its shares hit the lower circuit, the government of Haryana has de-empanelled the bank from handling State government business, and the lender has appointed forensic Auditors. These developments follow the ₹590 crore fraud uncovered at one of the bank's branches. Similar Frauds reported in Kotak Mahindra Bank & AU Small Finance Bank.

₹20,000 Cr Credit Guarantee Scheme for MFIs Launched

The Government has introduced CGSMFI-2.0, effective 20 March 2026 to 30 June 2026 (or until ₹20,000 crore guarantees are issued), to support microfinance lending. Scheduled banks and financial institutions will fund MFIs/NBFC-MFIs, which will lend to small borrowers as per RBI norms. Interest rates are capped, and MFIs must lend at least 1% below their recent average lending rate. Loans must be disbursed within 3 months, with a maximum tenure of 3 years. The scheme provides credit guarantee cover of 70–80% through the National Credit Guarantee Trustee Company, with mandatory allocation to small and medium MFIs. Strict conditions on fund usage, monitoring, and reporting have been prescribed to ensure compliance.

MSME Credit Guarantee Scheme Modified

As per the revised scheme, the services sector has been included in the scheme, and the cost of equipment / machinery has been reduced up to 60% of the project cost from the earlier 75%. Further the profitable units having exported at least 25% of their sales turnover in each of the previous 3 FY and satisfying certain export realisation conditions are eligible to avail the scheme.

Divestment & Asset Monetisation Surpass FY26 Revised Estimates

Key Highlights

- Divestment & Asset Monetisation (FY26 revised estimate): ₹33,847 cr
 - Divestment proceeds so far: ₹15,563 cr
 - Asset monetisation so far: ₹18,837 cr
 - Total combined so far: ₹34,400 cr (exceeded revised target)
- Dividends from non-financial CPSEs (so far in FY26): ₹70,577 cr (Compared with the revised annual estimate of ₹71,000 cr — very close to the target)
- Petroleum & natural gas firms (largest sector share): ₹24,273 cr

FEMA

Comprehensive Changes In FEMA Regulations

Foreign Direct Investment (FDI):

Key changes:

100% FDI permitted in space sector under graded automatic route:

- **74% automatic:** satellite manufacturing and operation: satellite data products; ground and user segments
- **49% automatic:** launch vehicles and associated systems/sub systems; spaceports
- **100% automatic:** Manufacturing of components and system
- Investments beyond automatic caps require Government approval

Cross-Border Share swaps (secondary market):

Key Changes:

- **Insertion of Rule 9A:** Permits secondary share swap arrangements without prior RBI approval.
- **Mechanism:** Indian residents can transfer equity instruments of an Indian company to non-residents in exchange for equity instruments of:
 - An Indian company, or
 - A foreign company.
- **Conditions:**
 - All sectoral caps, valuation norms (Fair Market Value as per Rule 21), and pricing guidelines must be complied with.
 - The transaction must not result in circumvention of existing FDI restrictions or prohibited sectors.
 - Reporting through Form FC-GRR within 30 days of issue/transfer.
- **Exclusion:** Does not apply to swaps involving entities from countries sharing land border with India (require Government approval).

Impact: Facilitates M&A restructuring, private equity exits, and global consolidation without cash outflow; reduces transaction costs and timelines.

Insurance Sector FDI Cap Enhancement

Key Changes:

- **FDI limit in Insurance Companies increased from 74% to 100%** under automatic route.

- **Condition:** Entire premium collected by the insurance company must be invested in India (no offshore deployment of insurance float).
- Applies to life insurance, general insurance, health insurance, and reinsurance companies.
- IRDAI guidelines on Indian control and board composition continue to apply.

Share Swap Alignment with FDI

Key Changes:

- Indian residents permitted to acquire shares of foreign companies through **share swap** without prior RBI approval.
- **Conditions:**
 - Compliance with ODI financial commitment limits (400% of net worth for entities; USD 250,000 for individuals under LRS).
 - Valuation of foreign shares as per internationally accepted pricing methodology.
 - Reporting through Form ODI within 30 days of transaction.
- Aligns ODI share swap provisions with FDI secondary swap liberalisation.

Direct LRS Reporting on CIMS:

Key Changes:

Direct Filing Mandate:

- **AD Category-II Banks, Entities, and Full-Fledged Money Changers (FFMCs)** mandated to submit **LRS Daily Return** directly on RBI's **Centralised Information Management System (CIMS)** portal.
- **Effective Date:** January 1, 2026.
- **Earlier System:** Returns were routed through AD Category-I banks, causing delays and data reconciliation issues.

Structural Overhaul of ECB Framework

Effective Date: April 1, 2026

Key Changes:

(A) Higher Borrowing Limits:

- **ECB Limit:** Increased to **higher of USD 1 billion or 300% of net worth** (including external and domestic borrowings).
- **Earlier Limit:** USD 750 million per financial year (for foreign lenders).
- **Net Worth Calculation:** As per latest audited balance sheet; includes revaluation reserves.

(B) Expanded Eligible Borrowers:

- **Entities Under Restructuring/CIRP:** Now included as eligible borrowers (earlier prohibited).
- **Condition:** Borrowing must be for revival/restructuring purposes; approval from resolution professional/liquidator required.
- **Startups:** Definition aligned with DPIIT startup criteria; eligible for ECB up to USD 50 million without net worth restriction.

(C) Expanded Recognized Lenders:

• **New Categories Included:**

- Branches of Indian banks located outside India,



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- Entities located in IFSC (GIFT City),
- Multilateral/bilateral institutions (existing).
- **Exclusion:** Individuals (except NRIs/OCIs for INR borrowing) remain ineligible as lenders.

(D) Simplified Minimum Average Maturity Period (MAMP):

- **General Cases:** Reduced to 3 years (earlier varied from 3-10 years based on amount/currency).
- **INR-Denominated ECB:** MAMP remains 3 years.
- **Foreign Currency ECB:** Uniform 3-year MAMP (earlier 5 years for >USD 50 million).

Impact: Reduces maturity mismatch for borrowers; aligns with global ECB tenors.

(E) Clearer Negative List (End-Use Restrictions):

- **Codified Prohibited End-Uses:**
 - Chit funds, Nidhi companies,
 - Real estate business (except integrated townships, affordable housing),
 - Agricultural/plantation activities,
 - Trading in Transferable Development Rights (TDRs),
 - Repayment of INR loans (except for specific project imports),
 - Speculative securities trading (derivatives, options, futures),
 - On-lending to entities in prohibited sectors.
- **Permitted End-Uses Expanded:**
 - Working capital for manufacturing, infrastructure, services sectors,
 - Acquisition of capital goods,
 - Overseas direct investment (subject to ODI limits),
 - Buyback of shares (up to 25% of ECB amount).

(F) Simplified Reporting:

- **Monthly ECB-2 Certification Removed:** Earlier requirement for monthly certification by AD bank eliminated.
- **New Form ECB-1:** For obtaining Loan Registration Number (LRN) within 7 days of ECB agreement.
- **Revised Form ECB-1:** For reporting changes (interest rate, maturity, etc.) within 7 days of month-end.

(G) Benchmark Rate and Cost of Borrowing:

- **Benchmark Rates:** Clearly defined for major currencies (SOFR for USD, SONIA for GBP, EURIBOR for EUR, MIBOR for INR).
- **All-In-Cost Cap:** Removed for most categories (earlier capped at 450-500 bps over benchmark).
- **Arm's Length Principle:** Borrowing terms must be at arm's length; AD banks to verify.

(H) Prepayment Flexibility:

- ECB can be prepaid **anytime** without RBI approval (earlier restricted by MAMP).

Hedging: Mandatory hedging requirement removed for ECB up to USD 50 million; above USD 50 million, 70% hedging mandatory.

NRI/OCI Borrowing in INR:

- **Resident Individuals:** Can now borrow INR from NRIs/OCIs on non-repatriation basis.

- **Mode:** Through inward remittance or credit to NRE/NRO accounts of lender.
- **Repayment:** To NRO account only (non-repatriable).
- **Limit:** Up to ₹5 crore per lender; aggregate limit not specified.
- **Documentation:** Loan agreement must specify non-repatriation terms.

Revised FDI Guidelines for Land Bordering Countries

The Union Cabinet approved amendments to FDI policy for countries sharing land borders with India.

FDI under the automatic route

- A formal definition of "Beneficial Owner (BO)" has been introduced, aligned with Prevention of Money Laundering Rules, 2005.
- Investments with non-controlling BO up to 10%.
- Mandatory reporting requirements to DPIIT have been prescribed for such investments.

Fast-track approval Route: A 60-day approval timeline has been introduced for investments requiring government clearance. Fast-track approvals apply to critical manufacturing sectors, including capital goods, electronic capital goods, electronic components, polysilicon and ingot-wafer and other sectors as may be permitted from time to time.

Majority ownership and control must remain with Indian residents/entities in these cases. Other existing conditions in terms of FEMA shall continue to apply, including country specific restrictions and conditions.

The policy revises the earlier Press Note 3 (2020) restrictions requiring prior approval from Government of India for FDI from Land Bordering countries. [PIB Press Release dated 10/03/2026]

FPI to FDI Reclassification Framework

Key Changes:

- **Operational Framework** established for reclassifying Foreign Portfolio Investment (FPI) holdings exceeding 10% threshold as FDI.
- **Eligibility Criteria:**
 - Investee company must not be engaged in prohibited sectors (lottery, gambling, chit funds, Nidhi companies, agricultural/plantation activities, real estate business, construction of farm houses, trading in Transferable Development Rights).
 - FPI must intend to hold investment on long-term basis.
 - Prior approval of Government (DEA) mandatory.
 - Concurrence of investee company required.
- **Process:**
 - FPI intimates custodian and investee company of intent.
 - Custodian freezes further purchases in the company.
 - Investee company files application with DEA through PRAVAAH portal.
 - Upon approval, they can file Form FC-GRR with RBI.
- **Compliance:** All FDI reporting, pricing, and entry route norms apply post-reclassification.
- **Impact:** Provides clarity for FPIs crossing 10% threshold inadvertently or intentionally; prevents penal action for technical contraventions.

SEBI introduces voluntary lock-in facility for MF folios

The securities and exchange of India (SEBI) will bring a voluntary debit freeze facility for mutual fund (MF) investors across demat and non-demat folios, in an attempt to provide digital security.

Supreme Court Upholds ₹1,950 Cr NSEL Settlement Scheme

The Supreme Court declined to set aside the approval of a ₹1,950 crore settlement scheme designed to compensate traders affected by the 2013 payment crisis at the National Spot Exchange Limited (NSE), challenging the decisions of the National Company Law Tribunal (NCLT), Mumbai, and the National Company Law Appellate Tribunal (NCLAT), both of which had upheld the settlement arrangement proposed by NSEL.

EXPORT IMPORT

One-Time Relief for Exporters SEZ Units Can Sell Locally at Lower Duty for One Year

The relief will apply from April 1, 2026, to March 31, 2027, and is expected to benefit approximately 1,200 SEZ manufacturing units. As per the notification, SEZ businesses can sell a capped share of products including chemicals, engineering goods, heavy machinery, textiles, footwear, pharmaceuticals, electronics and consumer items in the domestic tariff area (DTA) while paying reduced customs duties, instead of the full import tax applied to foreign goods. FAQs might be issued soon on this subject.

DIRECT TAX

GAAR Relief for Legacy Investments

The Government has amended income-tax rules to clarify that investments made prior to 1 April 2017 will remain outside the ambit of GAAR (General Anti-Avoidance Rules), even if gains are realised subsequently. This addresses uncertainty arising from the Supreme Court ruling in the Tiger Global case, where GAAR's overriding effect had cast doubt on the applicability of grandfathering provisions. The amendment aligns the position under both the Income-tax Act, 1961 and the proposed Income-tax Act, 2025, thereby restoring certainty for foreign investors, including FPIs and private equity funds holding legacy investments in India.

Revised ITR Forms for AY 2026-27

CBDT has notified revised ITR forms

- Introduction of ITR-U for updated returns
- Revised formats for ITR-1 (Sahaj), ITR-4 (Sugam), ITR-2, 3, 5, 6, and 7
- Updated reporting structure and eligibility conditions across forms

Retrospective Tax Changes Approved by Lok Sabha

While the first (Insertion of new section 292 BC of the I-T Act 1961) will empower the Income Tax Department to reopen cases, which were earlier struck down by various Courts on technical grounds, the second (Substitution of section 150 of the I-T Act 1961) will free cases from limitation clause for reassessment, where Income Tax Department has got order in its favour.

Other Amendments in finance Act 2026

- Taxpayers to get a minimum period of 30 days to file an income tax return in response to reassessment notices.
- Arrest provision in cases of non-payment of tax dues by an assessee in default to be removed.
- Interest not to be levied on penalties imposed under section 270A for misreporting of income.
- Flat 12% surcharge to be levied on capital gains earned by individual or corporate shareholders by selling shares in the buyback offer of companies from the earlier proposal.
- Orders of the ITAT will be uploaded on a designated portal of the I-T Dept

Condonation of Delay – Form 10A (Registration under Sec 12A)

CBDT clarified that only the jurisdictional Principal Commissioner/Commissioner has the authority to condone delay in filing Form 10A, even though processing is done by CPC.-

GST

GST Appeals – Clarification on NIL Demand Orders & Taxpayer Rights

GSTN has clarified issues faced by taxpayers where adjudication orders reflect NIL demand despite underlying disputes, typically arising when voluntary payments are made at the SCN stage without admission of liability. It has been clarified that such payments do not amount to acceptance of tax liability, and taxpayers retain the right to appeal. As a procedural remedy, taxpayers must first seek rectification of the order to reflect correct demand, after which an appeal can be filed within prescribed timelines.

Pre-Deposit Adjustment for GST Appeals – System Linking Requirement

GSTN has clarified the procedure for adjustment of payments made during investigation (via Form GST DRC-03) while filing appeals before the First Appellate Authority. Such payments are not automatically linked to the demand raised (Form GST DRC-07) in the Electronic Liability Register. Taxpayers are required to file Form GST DRC-03A to link the earlier payment with the relevant demand. Only after such linkage will the system recognize and adjust the amount towards the mandatory pre-deposit requirement for filing the appeal. [GSTN Advisory]

GST CASE LAW

Pre-Deposit under GST cannot be used as a coercive tool

Under GST law, a taxpayer filing an appeal is required to make a mandatory pre-deposit (generally 10% of disputed tax). The pre-deposit amount was substantial, and the taxpayer challenged it on the ground that it was onerous and restrictive to the right of appeal. The SC held that pre-deposit provisions should not be used as a “weapon” against taxpayers. It allowed the taxpayer to deposit ₹3.50 crore (reduced amount) instead of the full statutory requirement and Directed that:

- No coercive action (recovery, attachment, etc.) should be taken once deposit is made
- Upon deposit, notice will be issued to the tax authorities

[Simla Gombi Pan Products Pvt Ltd vs Commissioner of State Tax, UP | 20 March 26]

Company Law

Corporate Laws (Amendment) Bill, 2026 Introduced as under:

- **Incorporation**- Professional declaration required ONLY where such professionals were actually engaged in the company's formation. Director's self-declaration sufficient otherwise. Section 7(1)
- **Service of Documents** Electronic-only service made MANDATORY for prescribed classes of documents by prescribed classes of companies. Member may request specific mode on payment of fee. Section 20(2)
- **Prospectus** Fixed civil penalty of INR 2 lakh on company and every person knowingly party to issue - replaces criminal prosecution. Section 26(9)
- **Stock Exchange Registration** : Criminal route restricted to sub-section (3) only (deposit of application money). New sub-section (5A): Civil penalty INR 25 lakh (company) + INR 2 lakh (officer) for all other contraventions. **Section 40**
- **IFSC Companies** IFSC companies must issue and maintain share capital in permitted foreign currency (IFSCA-specified). [Section 43A NEW]
- **Discount Issue**- Proviso added Distressed companies may issue shares at a discount to Central/State Government or prescribed persons, subject to prescribed conditions.[Section 53]
- **Employee Schemes** RSUs (Restricted Stock Units) and SARs (Stock Appreciation Rights) formally recognised alongside ESOPs as eligible employee compensation schemes under Section 62(1)(b).
- **Buy-back** Prescribed classes: up to two buy-backs per year (min. 6-month gap); limit may be raised above 25% for prescribed classes; Section 68
- **Charge Registration** No notice of any trust - express, implied, or constructive - shall be entered in the register of members or debenture holders. Section 77
- **AGM Mode** Permanent statutory recognition: companies may hold AGMs physically, by VC, or audio-visual means. Must hold at least one physical AGM every three years. Hybrid mode mandatory on member requisition. **Section 96(3)[NEW]**
- **AGM Default** Fully decriminalised: civil penalty INR 1 lakh + INR 5,000/day, capped at INR 2 lakh (company) and INR 50,000 (officer). Section 99
- **EGM Mode** EGMs may be held physically, by VC, or audio-visual means. Hybrid mode mandatory on member requisition Section 100(7) NEW
- **Meeting Notice** EGMs conducted WHOLLY through VC/AV means may be convened on 7-day notice Section 101
- **Books of Account** General default: INR 5 lakh (listed) / INR 50,000 (others). Section 128(6)
- **Board Report** Three new mandatory disclosures: (1) Audit Committee composition; (2) Board's reasons for departing from Audit Committee recommendations; (3) Explanation for every adverse auditor observation / qualification / reservation. Section 134
- **CSR** Net profit threshold raised from INR 5 crore to INR 10 crore (or as prescribed - open sub-delegation). Net worth

and turnover criteria: unchanged. Prescribed companies may be fully exempt from CSR compliance. Section 135

- **NFRA** – The proposes to substantially strengthen NFRA by adding several new sections and expanding powers of NFRA including imprisonment provisions for non-payment of penalty.

Editorial Comment The penal provisions against Auditors need to be decriminalised. Even Sec 447, provision for arrest by SFIO and removal of Audit Firm for a period of 5 years by NCLT, are propose to continue. The bias of certain section of the society against the Audit profession need to be neutralised and justice made.

- **Auditor Appointment** Prescribed classes of companies may be EXEMPT from appointing a statutory auditor, subject to CG-prescribed conditions. Section 139
- **Auditor Eligibility** Every partner of the firm (regardless of specialisation) must be registered with a statutory institute or body established under Indian law. Section 141
- **Non-Audit Services** Prescribed classes of auditors barred from non-audit services for three years post-tenure. Restriction now covers holding and subsidiary companies. Section 144
- **Audit Contraventions** Fully decriminalised: calibrated civil monetary penalties for companies and officers for audit-related defaults. Section 147
- **ID Cooling-Off** Cooling-off restrictions explicitly extended to holding, subsidiary, and associate companies of the appointing company Section 149
- **DIN Framework Sec. 152:** Statutory bar - director cannot function in ANY company if DIN is deactivated or cancelled. Sec. 154 [substituted]: Periodic verification; deactivation; cancellation; surrender; restoration; ineligibility and office vacancy on deactivation / cancellation. Sections 152 & 154
- **Additional / Casual Vacancy** Directors Tenure limited to next general meeting OR 3 months, whichever is earlier, for both additional directors and casual vacancy fills. Aligned with SEBI LODR for ALL companies. Section 161
- **Disqualification Non-filing:** reduced to 2 financial years. New grounds: RPT default penalty; failure to meet 'fit and proper' criteria; auditors/valuers/IPs in prescribed circumstances. Section 164
- **Vacation of Office** Upon disqualification, director vacates office in ALL companies (including defaulting company) after 6 months from the trigger. Section 167
- **Board Meetings** Reduced to minimum 1 board meeting per calendar year for OPCs, Small Companies, and Dormant Companies. Section 173(5)
- **Director Interest** Disclosure required ONLY upon a change in interest. Annual blanket disclosure removed. Section 184
- **Loans to Directors** Prohibition extended to LLPs in which a director or their relative has significant interest or is a partner. Section 185
- **Loans & Investments** Moved from non-compoundable criminal offences to adjudicable civil defaults. Section 186(9)/(10)

- **RPT Non-Compliance** Fixed civil PENALTY of INR 2 lakh for company failing to comply with Section 188 RPT provisions. Fully decriminalised. Section 189(5A)[NEW]
- **KMP Resignation** : Formal resignation process for whole-time non-director KMPs - ROC intimation required; resignation does not absolve liability for defaults during tenure. Modelled on Section 168. Section 203A [NEW]
- **Scheme Jurisdiction** Application must be filed before NCLT bench having jurisdiction over the TRANSFEREE COMPANY only. Eliminates multiple simultaneous applications. Section 230
- **Fast-Track Merger – Eligibility** Expanded to:
 - Holding company + subsidiaries (not just wholly-owned).
 - Broader small companies (revised Section 2(85) thresholds).
 - Start-ups. Section 233
- **Fast-Track Merger – Thresholds** Shareholder: Majority present and voting, holding $\geq 75\%$ of shares voted. Creditor: $\geq 75\%$ in value (present and voting basis). Section 233
- **Valuation Authority** IBBI formally designated as Valuation Authority in the statute - grants registrations, recommends valuation standards, ensures compliance. Extended to LLPs via new LLP Section 33A. Section 247
- **Strike-Off Eligibility** New bar: Company cannot be struck off if it has carried out any Significant Accounting Transaction during the current or previous financial year.
- Voluntary strike-off grounds broadened. Section 248
- **Restoration** Applications within 3 YEARS of strike-off transferred to Regional Director. NCLT retains jurisdiction for applications beyond 3 years or contested matters. Section 252
- **Dormant Company** mandatory for qualifying inactive companies. 'Inactive' criteria: no financial statements OR no annual return (either condition sufficient). Section 455
- **Additional Fee** CG empowered to structure additional fee under first proviso. Maximum cap of INR 2 lakh prescribable for specified classes. Section 403
- **Compounding** RD jurisdiction raised to fines up to INR 1 CRORE. NCLT retains jurisdiction above INR 1 crore. Section 441
- **Lesser Penalties** Fixed at a specific percentage (50%) of standard penalty - removes Adjudicating Officer's discretion; provides certainty. Section 446B
- **Fraud Threshold** Threshold raised to INR 25 lakh. Fraud below INR 25 lakh: civil penalty only; mandatory imprisonment reserved for INR 25 lakh and above. Section 447

Project-Wise CIRP Permitted – Segmented Resolution Framework (NCLAT)

NCLAT held that the Corporate Insolvency Resolution Process (CIRP) can be undertaken on a project-specific basis, rather than necessarily covering the entire corporate debtor. This approach is particularly relevant in cases involving entities with multiple independent projects, such as real estate or infrastructure companies. The ruling recognises that value maximisation may be achieved through targeted resolution of viable projects, instead of pushing the entire entity into a single resolution or liquidation process. [Gagan Tandon vs IL&FS Financial Services Ltd]

Liquidator's Powers Strengthened

NCLAT upheld that the liquidator is empowered under Section 35 of IBC to take custody and control of all assets forming part of the liquidation estate, including the authority to evict occupants (even subsidiaries or related entities) if they are in possession without valid payment of dues. The tribunal affirmed that continued occupation without clearing rent, licence fees or other liabilities cannot restrict the liquidator's statutory powers. [Fivebro Water Services Pvt Ltd vs Bijay Mururia]

Audit And Accounts

MCA exempt Ind AS 12 as well as IndAS 22 with OECD Pillar Two

The amendment introduces a temporary exception from recognising deferred tax related to Pillar Two taxes in Ind AS 12 as well as IndAS 22

ICAI Guidance Note for LLPs & Non-Corporates – Phased Applicability

ICAI has mandated the phased implementation of the Guidance Note on Financial Statements of Non-Corporate Entities and LLPs for annual reporting periods beginning FY 2025–26. Under Phase I (effective 1 April 2025), the Guidance Note applies to entities with turnover exceeding ₹5 crore, while Phase II (effective 1 April 2026) extends its applicability to all LLPs and non-corporate entities.

The framework aims to bring uniformity, improved disclosure standards, and structured financial reporting for non-corporate entities, aligning them closer to formal reporting practices.

ICAI Defers Implementation of SQM 1 & SQM 2 – Continuity of SQC 1

ICAI has deferred the implementation of Standards on Quality Management (SQM 1 and SQM 2), which were scheduled to replace SQC 1 (in force since 2009) from 1 April 2026. As a result, SQC 1 will continue to remain applicable until further notification.

Insurers' shift to Ind AS

the insurance regulator proposed migration to the Ind AS 117 (Insurance) from April 1, 2026. The Ind AS, substantially converged with IFRS, is designed to enhance transparency, consistency, and comparability of financial reporting.

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► contd. from page 1

EDITORIAL A New Era Of Ease Of Doing Export - Import Begins

- AD can allow extension of the time as per their satisfaction.

Shortfall in Export Realisation

- Can be permitted by AD bank as per their satisfaction of reasons
- In case of smaller export of rupees 10 lakhs in each case AD can permit short receipt based on declaration of exporter.

Set off of Export - Import

- AD bank can permit set off of export receivables against import payable
 - from or to same overseas party
 - With the overseas same group or associate companies
 - In cases involving third-party receipts and payments, Authorised Dealers have been delegated the authority to grant approval, subject to satisfaction of the bona fides of the transaction.
 - This can be done within the stipulated period of realisation or even later as extended by the AD Bank

Time period of payment of import

AD to monitor and can allow examination of time, RBI approval not needed.

Other Key Provisions :

- Advance payment received for export can be adjusted against export** the balance payment can be received even through a different AD bank (Exporter to Intimate to both AD Banks.)
- Similarly, **advance payment received from import** for one AD bank can be adjusted on import even if balance payment and import are adjusted with a different AD Bank (**Importer obliged to inform both AD**)
- Interest payable on advance payments shall not exceed the all-in-cost ceiling prescribed for trade credit or the limits specified under the FEMA Borrowing and Lending Regulations, 2018.
- Failure to obtain Refund of Import. Where IDMS entries are not closed within the period permitted by the AD bank, the outstanding import balance may be written off during the extended period, subject to the AD bank's satisfaction. However, subsequent import advances shall be allowed only against a Standby Letter of Credit (SBLC) or a bank guarantee."




- Unrealized export, in cases of unrealised exports, where export proceeds are neither realised nor waived as permitted by the Authorised Dealer (AD) bank based on prior satisfaction of genuineness, further exports shall be undertaken only against full advance payment or an irrevocable Letter of Credit.

The Changes brought in by RBI are historical and landmark changes. The Export and Import transactions by Indians will be facilitated and several unnecessary restrictions and compliance requirements have been done away with. The burden of deciding genuinity of a transaction in terms of liberalized framework has been delegated to AD Banks.

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