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3rd November, 2026

To
Corporation Finance Department
Securities and Exchange Board of India
SEBI Bhavan, Plot No. C4-A, "G" Block
Bandra Kurla Complex, Bandra (East)
Mumbai 400 051

Subject: Representation/Comments on the Consultation Paper dated October 13, 2026 on "Recommendations of the Working Group for review of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015: Review of framework for monitoring and disclosure of utilization of issue proceeds"

Respected Sir/Madam,

1. The Bombay Chartered Accountants' Society ("BCAS") is a voluntary association of Chartered Accountants established in 1949. At the outset, we extend our sincere gratitude for the opportunity to participate in the public consultation process on the above Consultation Paper. We have undertaken a detailed review and are pleased to submit our comments on the above-mentioned Consultation Paper and the recommendations contained in Chapter I of the First Report of the Working Group ("WG Report").

2. We welcome the proposals to require monitoring agencies to file their reports directly with the stock exchanges, to make the appointment of a monitoring agency mandatory for all issues irrespective of size, to levy fines for non-cooperation, and to harmonise the provisions of the ICDR Regulations and the LODR Regulations. These measures will improve the timeliness and reliability of the information available to investors on the use of the funds raised from them.

3. Our comments are aimed at making the proposed framework clear and workable for listed entities, monitoring agencies and stock exchanges, and at enhancing the usefulness of the reports for investors.

4. Our detailed comments, with the rationale for each, are set out in the Annexure in the order of the recommendations of the Working Group, followed by certain drafting points. Paragraph, Annexure and page references are to the WG Report.

5. We trust that our recommendations will be found to be in order and aligned with the objectives of the Working Group, of enhancing transparency and investor protection in the utilisation of issue proceeds, while facilitating ease of compliance for listed entities & timely disclosures.

6. We would be glad to provide any further information or to meet the officials of SEBI to explain our suggestions.

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About BCAS

BCAS is a voluntary organization established on 6th July 1949. BCAS presently has more than [12,500] members from all over the country. BCAS is a principle-centered and learning-oriented organization promoting quality service and excellence in the profession of Chartered Accountancy.

The organization serves as a catalyst to develop better and more effective Government policies and laws, aiming to achieve a clean and efficient administration and governance. BCAS makes representations to various authorities on different laws as well as on procedural issues, with a view to making them just and friendly to the general public. The representations include pre- and post-budget memoranda to the Ministry of Finance, the Central Board of Direct Taxes, the Central Board of Indirect Taxes and Customs, and the Ministry of Corporate Affairs, amongst others.

BCAS conducts various educational activities such as seminars, workshops, residential refresher courses, study circles, lecture meetings, and distance learning programmes on Direct and Indirect taxes, and corporate and allied laws. BCAS also conducts free clinics, such as the Accounts and Audit Clinic, Charitable Trust Clinic, and RTI Clinic, to help members and non-members in the respective areas. Eminent experts provide free advice at these clinics on pre-fixed days. The website of BCAS, www.bcasonline.org, apart from giving the latest news, circulars and notifications relevant for professionals, also serves as a "Knowledge Portal" and is an excellent source of information.

Yours faithfully,

For Bombay Chartered Accountants Society

CA. Kinjal Shah
President

CA. Naushad Panjwani
Chairman

CA. Anand Bathiya
Co-Chairman

Finance, Corporate and Allied Laws Committee

ANNEXURE

Comments/ Representations of The Bombay Chartered Accountants' Society on the Consultation Paper dated October 13, 2026 on the recommendations of the Working Group for review of the SEBI (LODR) Regulations, 2015: Review of framework for monitoring and disclosure of utilization of issue proceeds

Sr. No.	WG Recommendation and reference	Suggestion	Rationale
1	WG Recommendation 1: Direct submission of report by the monitoring agency to the stock exchanges WG Report para 1.4 (p. 11) Annexure I: proposed Regulation 32A(5) (p. 34) Annexure III: draft circular para 5.2 (pp. 47 to 48) Subject: Timelines	(a) The time limits for (i) furnishing information to the monitoring agency, (ii) return of the draft report with the comments of the Audit Committee and (iii) filing of the final report may be specified in Regulation 32A itself, and not only in the circular. (b) The listed entity may be required to return the draft report with the comments of the Audit Committee by the 40th day (55th day for the last quarter of the financial year). If it does not do so, the monitoring agency may file its report without those comments. (c) It may be clarified that, for SME listed entities, the period of 60 days in the first proviso to Regulation 32A(5) applies to the half year ending March 31.	Under the proposed framework, the listed entity is to furnish information within 30 days from the end of the quarter, the status of non-cooperation arises on the 35th day, and the final report is to be filed by the 45th day. Within this period the monitoring agency has to complete its verification and prepare its draft, and the Audit Committee has to consider the draft and give its comments. In practice about a week is available for the Audit Committee's review, during the same period in which it reviews the quarterly financial results under Regulation 33. Clear and workable timelines will help both listed entities and monitoring agencies plan their work and file complete reports on time. At present no time limit is specified for the listed entity to return the draft report to the monitoring agency. Specifying one will give certainty to both parties. As the consequences of non-cooperation include fines, notices to promoters and freezing of demat accounts, it would be appropriate for the obligations that give rise to these consequences to be specified in the Regulations. The Explanation to proposed Regulation 32A provides that "quarter" is to be read as "half year" for SME listed entities, whereas the first proviso to sub-regulation (5) refers to "the last quarter of the financial year". A clarification will avoid differing interpretations.
2	WG Recommendation 1: Statement of Non-Cooperation	(a) "Non-cooperation" may be defined in Regulation 32A to include: failure to furnish information or documents within the specified time; furnishing information without supporting documents; refusal to permit verification	Non-cooperation is at present described only in the draft circular, while its consequences extend to promoters and their demat accounts. A definition in the Regulations will give certainty to listed entities, monitoring agencies

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	WG Report para 1.3.2 (p. 10) Annexure I: proposed Regulation 32A(8) (pp. 34 to 35) Annexure III: draft circular para 5 and Annexure II to the draft circular (pp. 47 to 48 and 54)	or to authorise direct confirmations; and furnishing information found to be incorrect. (b) Where information furnished to the monitoring agency is found to be incorrect or not genuine, the monitoring agency may report this to the stock exchanges and SEBI promptly, without waiting for the quarterly report. (c) The stock exchanges may display a distinct indicator against the scrip of the listed entity for as long as the non-cooperation remains unrectified.	and stock exchanges as to what constitutes non-cooperation, and will help ensure consistent treatment across cases. Information found to be incorrect or not genuine is a matter of significance to investors and to the regulator. Prompt reporting will enable the stock exchanges and SEBI to examine the matter at an early stage. An indicator on the stock exchange website will make the information readily available to investors, including those who may not track corporate announcements regularly. Its removal on rectification will equally inform investors that the matter has been resolved.
3	WG Recommendation 2: Action against listed entity in case of non-cooperation WG Report paras 2.3 and 2.4 (p. 11) Annexure IV: proposed Sr. No. 20A of Section VII-A of the Master Circular (p. 55)	(a) The term "instance" may be defined, or the fine may be levied per reporting period per issue. (b) A higher fine may apply where non-cooperation is reported for two or more consecutive reporting periods. (c) It may be clarified that rectification of non-cooperation does not waive a fine already levied.	A fine levied "per instance" without a definition of the term may be applied differently by different stock exchanges, since the same circumstances can be viewed as one instance or as several. A definition, or a fine per reporting period per issue, will ensure consistency and predictability for listed entities. A higher fine where non-cooperation continues over consecutive reporting periods will distinguish a continuing default from an isolated lapse and encourage timely rectification. The Standard Operating Procedure summarised in Table 1 of the Consultation Paper does not state whether a fine already levied stands if the listed entity rectifies the non-cooperation within the period of 15 days. A clarification will ensure consistent practice across stock exchanges.
4	WG Recommendation 3: Termination of monitoring agency agreement before full utilisation	(a) Regulation 32A(10) may be extended to cover resignation by the monitoring agency, in addition to termination of the agreement. (b) On any change of monitoring agency, the listed entity may be required to disclose to the stock exchanges, within 24 hours, the reasons for the	Recommendation 3 addresses termination of the agreement by the listed entity. A change may equally arise from resignation by the monitoring agency, and the same continuity of monitoring is needed in that case.

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	WG Report paras 3.3 and 3.4 (p. 12) Annexure I: proposed Regulation 32A(10) (p. 35)	change, together with a letter from the outgoing monitoring agency stating its reasons. (c) A new monitoring agency may be required to be appointed within 30 days of the change. (d) The outgoing monitoring agency may be required to file a report for the period up to the date of the change and to share its observations and working papers with the incoming monitoring agency.	Disclosure of the reasons for a change of monitoring agency will keep investors informed, on the same lines as the disclosure required under the LODR Regulations on the resignation of a statutory auditor. A time limit for appointing a new monitoring agency, and a report from the outgoing agency for the period up to the date of change, will ensure that there is no period for which the utilisation of proceeds is not reported.
5	WG Recommendation 4: Harmonisation between ICDR and LODR WG Report paras 4.1 and 4.2.2 (pp. 12 to 15) Annexure II: proposed Regulations 41(3), 82(3), 137(3), 162A(3), 173A(3) and 262(3) of the ICDR Regulations (pp. 40 to 46)	While substituting the Audit Committee for "the board of directors and the management", the format may retain columns for the reasons for variation or delay and the proposed course of action, to be furnished by the management and signed by the Chief Financial Officer.	The management is responsible for deployment of the issue proceeds and has first hand knowledge of the reasons for any variation or delay and of the steps proposed. Retaining these columns, with the management's explanation signed by the Chief Financial Officer, will ensure that the Audit Committee and investors have the benefit of that explanation, while the Audit Committee provides its comments as proposed by the Working Group.
6	WG Recommendation 5: Mandatory appointment of monitoring agency for all issues WG Report paras 5.2 to 5.4 (p. 16) Annexure II (pp. 40 to 46)	We support the recommendation that the appointment of a monitoring agency be made mandatory for all issues irrespective of size. We suggest the following in addition. **Preferential issues** (a) For preferential issues for cash, the monitoring agency may confirm, through direct confirmation from the bank, that the consideration was received from the bank account of the allottee and not from the issuer, its promoters or any person connected with them.	Monitoring by an independent agency gives investors assurance that the proceeds are being used for the stated objects, and gives listed entities a credible means of demonstrating this. Issues below the present thresholds do not have such monitoring today. Extending it to all issues will provide a uniform level of oversight across issuances, as noted in para 5.2 of the WG Report. In a preferential issue, the monitoring of utilisation begins with the receipt of the consideration. Confirmation by the monitoring agency, directly from the bank, that the consideration has been received from the allottee's own

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		Capacity (b) As the number of issues requiring monitoring will increase considerably, SEBI may consider permitting firms of Chartered Accountants holding a valid peer review certificate issued by ICAI, and meeting specified criteria, to act as monitoring agencies, at least for issues below a specified size.	bank account will provide independent evidence of receipt and add to the credibility of the issue. At present only credit rating agencies registered with SEBI can act as monitoring agencies. With every issue requiring a monitoring agency, the volume of work is expected to increase significantly. Firms of Chartered Accountants holding a peer review certificate are subject to the Standards on Auditing, quality control requirements and the disciplinary jurisdiction of ICAI, and have experience in verifying the application of funds. Permitting such firms to act as monitoring agencies, subject to criteria specified by SEBI, will add to the available capacity.
7	WG Recommendation 6: Monitoring of gross issue proceeds WG Report paras 6.2 to 6.4 (pp. 16 to 17) Annexure III: draft circular para 7 (p. 48)	We support the clarification. We further suggest that: (a) where an object of the issue is investment in another entity, the listed entity may, before making the investment, obtain an undertaking from the investee to furnish information and allow access to the monitoring agency; (b) the monitoring agency may report every payment out of the issue proceeds to a related party of the listed entity, with the nature of the payment; and (c) for proceeds placed with scheduled commercial banks, the monitoring agency may confirm that no lien or charge has been created on the deposits and that they have not been given as security for any borrowing, including borrowings of group entities.	Para 7(iv) of the draft circular requires the monitoring agency to monitor the end use of proceeds by an investee entity. Neither the Regulations nor the draft circular provide for the monitoring agency to obtain information from the investee. An undertaking obtained by the listed entity at the time of investment will enable the monitoring agency to discharge this responsibility and will help the listed entity comply with the requirement without difficulty. Payments to related parties out of issue proceeds may well be in the ordinary course, but they are of particular interest to investors. Specific reporting will provide transparency and avoid any doubt. The format proposes a new row on encumbrance created on unutilised funds (para 7.4(ii) of the WG Report). A confirmation by the monitoring agency that no lien or charge exists on such deposits, including as security for borrowings of group entities, will support this disclosure.
8	WG Recommendation 7: Modifications in the	We support the proposed changes to the format and suggest the following further changes:	Suggestions (a) to (c) are consequential to the shift of the format to the LODR framework and the extension of monitoring to all types of issues.

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	format of report of monitoring agency WG Report paras 7.3 and 7.4 (pp. 17 to 19) Annexure III: Annexure I to the draft circular (pp. 49 to 53)	(a) The declaration on the front page still states that the report "is based on the format prescribed by the SEBI (ICDR) Regulations, 2018". As the format is to be prescribed under the LODR Regulations, this may be corrected. (b) Under "Issue Details", "Type of issue (public/rights)" may be expanded to include preferential issues and qualified institutions placements. (c) Item 5 (utilisation of the amount stated as general corporate purposes) has a heading but no table. A table may be provided showing the amount disclosed, the amount used, the nature of use and confirmation that the amount is within the limit prescribed under the ICDR Regulations. (d) The monitoring agency may be required to state its own conclusion on whether any utilisation is outside the objects stated in the offer document and whether any variation is, in its view, prejudicial to the interest of shareholders.	Under the present format, the monitoring agency reports the figures and records the comments of the issuer, but is not required to state its own conclusion. Existing reports show that this can leave investors without a clear view. In one monitoring agency report, about 59% of the IPO proceeds was shown as utilised for purposes outside the stated objects, without any observation by the monitoring agency on the matter. In another, the monitoring agency recorded the issuer's view that a particular use formed part of an object, without stating its own view, although the offer document did not refer to such use. A conclusion by the monitoring agency on these matters will make the report more useful to investors, and will also give the listed entity a clear basis on which to provide its response.
9	WG Recommendation 8: Deletion of Regulation 262(5) of the ICDR Regulations WG Report para 8 (p. 19) Annexure II: Regulation 262 (pp. 45 to 46) Annexure I: proposed Regulation 32A(11) (pp. 35 to 36)	We agree that the certificate under Regulation 262(5) is not needed where a monitoring agency is appointed. It may, however, be expressly provided in Regulation 32A(11) that Regulation 262(5) continues to apply to issues made before the amendment for which no monitoring agency was appointed, until the proceeds are fully utilised.	Proposed Regulation 32A(11)(i)(a) provides that listed entities which raised funds before the amendment without being required to appoint a monitoring agency shall continue to comply with the provisions of the ICDR Regulations applicable at the time of fund raising. An express reference to Regulation 262(5) will remove any doubt on whether the deletion of that provision affects such SME listed entities, and will ensure continuity of reporting until their proceeds are fully utilised.

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10	WG Recommendation 10: Alignment of terminologies under Regulation 32 of the LODR Regulations WG Report paras 10.1 to 10.3 (p. 20) Annexure VI: Annexure 25 of the Master Circular (pp. 58 to 60) Subject: Definition of "variation"	We support the use of a single term and the requirement to file the statement even where there is no variation. We suggest that "variation" be defined, either in Regulation 2(1) or as an Explanation to Regulations 32 and 32A. Delay in implementation of an object may continue to be reported separately in the format, and may not by itself be treated as a variation.	Regulation 2 of the LODR Regulations does not define "deviation" or "variation". The only guidance is a note in Annexure 25 of the Master Circular dated January 30, 2026 (reproduced in Annexure VI of the WG Report), which states that a deviation or variation "could mean" a change in objects, a change in the amount utilised or a change in the terms of a contract. This note is illustrative and appears in a format rather than in the Regulations. As the Working Group proposes to use only the term "variation" and to align it with section 27 of the Companies Act, 2013 and Regulation 59 of the ICDR Regulations (para 10.2 of the WG Report), a definition in the Regulations will be useful. In the absence of a definition, listed entities and monitoring agencies may take different views on whether a particular use falls within an object, as seen in the second example given in Sr. No. 8. A definition will promote consistent reporting and reduce uncertainty for listed entities. Delay in implementation is already reported separately under item 4(iv) of the format. If delay by itself were treated as a variation, most listed entities would report a variation in most quarters, which would reduce the usefulness of the statement for investors.
11	WG Recommendation 12: Applicability of Regulation 32 to entities exempt from appointing a monitoring agency WG Report para 12 (p. 22) Annexure I: proposed Regulation 32(9) (p. 33), proposed Regulation	(a) Proposed Regulation 32(9) may be revised so that Regulation 32 also applies to listed entities covered by Regulation 32A(11)(i)(a), that is, entities that raised funds before the amendment without being required to appoint a monitoring agency. (b) Sub-regulations (4) and (5) of Regulation 32 may continue to apply to all listed entities, or may be included in Regulation 32A. (c) Consequential changes may be made in paras A(6)(b) and B(8) of Part C of Schedule II, which refer to the statement under Regulation 32(5).	Proposed Regulation 32A(11)(i)(a) requires listed entities that were not required to appoint a monitoring agency to "continue to comply with the provisions of Regulation 32". However, proposed Regulation 32(9) restricts Regulation 32 to banks, public financial institutions, insurance companies and other exempt entities. As drafted, the two provisions may be read as inconsistent, and such listed entities may fall outside both. Further, as a result of proposed Regulation 32(9), the requirement to explain variations in the directors' report under Regulation 32(4), and to prepare an annual statement of funds utilised for other purposes certified by the statutory auditor under Regulation 32(5), will cease to apply to listed entities that appoint a monitoring agency. The WG Report does not discuss

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	32A(11) (pp. 35 to 36) and Schedule II, Part C (pp. 37 to 38)		this consequence. The certificate under Regulation 32(5) is an independent check by a professional who has access to the books of account of the listed entity, and it complements the work of the monitoring agency. The proposed provisions of Schedule II continue to refer to this statement, which suggests that its discontinuance may not have been intended.
12	WG Recommendation 13: Transitory provisions WG Report para 13.1 (pp. 22 to 23) Annexure I: proposed Regulation 32A(11) (pp. 35 to 36)	(a) Applicability of the amended provisions may be determined with reference to the date of filing of the offer document, or the date of shareholders' approval in the case of a preferential issue, so that issues in progress on the effective date are clearly covered. (b) A period of at least three months may be provided between notification of the amendments and the effective date.	The table under para 13.1 of the WG Report refers to cases where the fund raising process has been initiated before the amendment, but proposed Regulation 32A(11) distinguishes only between cases where funds have, or have not, been raised. An issuer that has filed a draft offer document for an issue below ₹100 crore may not be certain whether it is required to appoint a monitoring agency. Adequate lead time will allow listed entities and monitoring agencies to put agreements and procedures in place.
13	Drafting points Annexure I (p. 36), Annexure III (pp. 47 to 48) and Annexure V (p. 56) of the WG Report	The following drafting points in the proposed amendments may be corrected: (a) In proposed Regulation 46(2), clause (a) "details of its business" has been numbered as clause (b), which clashes with the existing clause (b). (b) Para 5 of the draft circular begins at para 5.2.1; there is no para 5.1 or 5.2. (c) Para 7 of the draft circular reads "borne by the company; and; (iv)". (d) The proposed heading of Section III-C in Annexure V reads "Utlization".	These corrections will avoid ambiguity in the final text.