The Monthly Messenger

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The Monthly messenger

Indian | Auditing News

National Financial Reporting Authority (NFRA) publishes an ‘Audit Practice Toolkit’ to enhance audit quality in India

The National Financial Reporting Authority (NFRA) has released an *Audit Practice Toolkit* aimed at enhancing audit quality, particularly for small and medium practitioners (SMPs).

This initiative aligns with NFRA’s ongoing outreach programmes designed to support audit firms and practitioners, with a focus on improving audit documentation and strategy formulation based on the auditee’s risk profile. The toolkit serves as a sample document that can be scaled and tailored to fit companies of different sizes and industries.

NFRA has also indicated plans to issue additional toolkits addressing other critical areas of audit practice during the remainder of the financial year.

For more information, **click here**

India | Regulatory News

Companies (Meetings of Board and its Powers) Amendment Rules, 2025 - 6 November 2025

The Ministry of Corporate Affairs (MCA) issued the Companies (Meetings of Board and its Powers) Amendment Rules, 2025 to amend the existing Companies (Meetings of Board and its Powers) Rules, 2014.

The amendment precisely defines "business of financing industrial enterprises," crucial for applying exemptions to loans and investments under Section 186 of the Act.

For finance companies registered with the International Financial Services Centres Authority (IFSCA), "business of financing industrial enterprises" now includes activities such as lending through loans, commitments, and guarantees, credit enhancement, securitisation, financial lease, sale and purchase of portfolios, as well as carrying out Global or Regional Corporate Treasury Centre functions per IFSCA regulations.

For more information, **click here**

Consultation Paper on amendments to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018, with the objective of enhancing ease of doing business and increasing the participation of retail investors in public issue - 13 November 2025

The Securities and Exchange Board of India (SEBI) issued a Consultation Paper on amendments to SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (‘ICDR Regulations’), with the objective to enhance ease of doing business and increasing the participation of retail investors in public issue.

The Consultation Paper proposes two key amendments to the ICDR Regulations to

1. **Review of the requirement of lock-in of shares at the time of IPO** - SEBI proposes a mechanism to treat pledged pre-IPO shares held by non-promoters as locked-in by allowing depositories to mark such shares as non-transferable when system-based lock-in cannot be created, supported by mandatory Articles of Association (AOA) amendments and lender notifications.
2. **Review of the requirement of Abridged Prospectus** - SEBI proposes to replace the abridged prospectus with a new, focused ‘Offer Document Summary’, which will be filed along with the draft offer document/ offer document and made available separately on websites of the issuer, SEBI, stock exchanges, and lead managers. The new summary will give retail investors simplified access to key disclosures (risk factors, business, industry, financials, KPIs), while reducing documentation burden for issuers.

The comments/suggestions should be submitted latest by 4 December 2025.

For more information, **click here**

Securities And Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025- 18 November 2025

The Securities and Exchange Board of India (SEBI) has issued SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025.

Key highlights of the amendment include:

1. Retail purchases by **relatives** of directors and key managerial personnel of listed entity/its subsidiaries on uniformly applicable terms **are now excluded from definition of Related Party Transaction.**

New Materiality thresholds for related-party transactions (RPTs):

2. New materiality thresholds for RPTs introduced in **Schedule XII** of these regulations are as follows:

<table>
<tr><th>Consolidated Turnover of Listed Entity</th><th>New Materiality Threshold</th><th>Old Materiality Threshold</th></tr>
<tr><td>Up to ₹20,000 Crore</td><td>10% of annual consolidated turnover</td><td rowspan="3">Lower of ₹1,000 Crore or 10% of annual consolidated turnover</td></tr>
<tr><td>More than ₹20,000 Crore upto ₹40,000 Crore</td><td>₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore</td></tr>
<tr><td>More than ₹40,000 Crore</td><td>₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower</td></tr>
</table>

3. Related party transactions above ₹1 crore to which the subsidiary of a listed entity is a party (but the listed entity

is not a party) shall require **prior approval of Audit Committee of listed entity as per below threshold:**

New Materiality Threshold	Old Materiality Threshold
If the RPT value exceeds the lower of a) 10% of annual standalone turnover of the subsidiary; or b) materiality threshold of listed entity as specified in Schedule XII	10% of annual standalone turnover of the subsidiary

If the subsidiary does not have audited financial statements for at least one year, the new assessment is based on the lower of (a) 10% of aggregate paid-up capital and securities premium of the subsidiary; or (b) materiality threshold of listed entity specified in Schedule XII

4. Clarification that omnibus shareholder approvals for material RPTs given in the Annual General Meeting (AGM) are valid until the next AGM (subject to timelines under Companies Act, 2013). For approvals given in general meetings other than AGM, validity must **not exceed one year.**

Annual Report and disclosure enhancements:

5. Regulation 53: The annual report of a listed entity must include disclosures "as specified in the Companies Act, 2013 **or the statute under which such listed entity is constituted**", thereby extending applicability beyond entities incorporated under the Companies Act.

6. The listed entity must publish the annual report (and any changes thereto) on its website, and submit to the stock exchange and debenture trustee, on or before dispatch to shareholders or submission to government authorities. In case of changes, the revised copy plus details/explanation must be furnished within 48 hours after the AGM or before dispatch to shareholders/submission to government authorities, as applicable.

Timelines and non-convertible securities holder communications

7. Regulation 58: For holders of non-convertible securities who have not registered an email address, a listed entity must send a letter providing a web-link (and optionally a QR-code) to access the complete annual report.

8. A new sub-regulation mandates sending such documents within timelines specified under the Companies Act or the applicable statute; if no timelines are specified, the documents shall be sent on or before the date of dispatch to shareholders/submission to government authorities.

Effective date:
The amendments will come into force on the date of their publication in the Official Gazette (19 November 2025). However, specific sub-regulations (I, III & VII of regulation 3) will come into force **30 days** from the date of publication.

For more information, **click here**

Timeline for submission of information by the Issuer to the Debenture Trustee(s) – 25 Nov 2025

The **Securities and Exchange Board of India (SEBI)** has issued directions to standardise the **timelines for submission of reports and certificates** by issuers to **Debenture Trustees (DTs)**.

The circular applies to **all registered Debenture Trustees, issuers who have listed or intend to list debt securities, and recognized stock exchanges**, as per the provisions of Regulations 15(1)(s) and 15(1)(t) of the SEBI (Debenture Trustees) Regulations 1993 ('DT Regulations'), DT shall carry out due diligence on a continuous basis.

The issuer shall submit the reports/ certificate to the Debenture Trustees as follows:

Reports/Certificate	Periodicity
Security Cover Certificate (in the format as specified in Annex-VA to DT Master Circular)	**Quarterly basis** – within 60 days from end of each quarter except last quarter, when submission is to be made within 75 days.
A statement of value of pledged securities	**Quarterly basis** – within 60 days from end of each quarter except last quarter, when submission is to be made within 75 days.
A statement of value for Debt Service Reserve Account or any other form of security offered	**Quarterly basis** – within 60 days from end of each quarter except last quarter, when submission is to be made within 75 days.
Net worth certificate of guarantor in case debt securities are secured by way of personal guarantee	**Half yearly basis** – within 60 days from end of each half-year.
Financials/value of guarantor prepared on basis of audited financial statements etc. of the guarantor (secured by way of corporate guarantee)	**Annual basis** – within 60 days from end of each financial year.
Valuation report and title search report for the immovable/movable assets, as applicable	**Once in three years –** within 60 days from the end of the financial year.

The provisions of this circular shall come into effect with the **quarter ending 31 December 2025.**

For more information, **click here**

Modifications to Chapter IV of the Master Circular for Debenture Trustees dated August 13, 2025 – 25 Nov 2025

The **Securities and Exchange Board of India (SEBI)** has issued an important modification to Chapter IV of the Master Circular for Debenture Trustees dated 13 August 2025, refining the framework for the Recovery Expense Fund (REF) and offering greater clarity on how Debenture Trustees (DTs) may utilise the fund in the event of a default.
While the circular specifies the broad purpose of REF, it does not explicitly specify the list of purposes for which REF can be utilized and accordingly the revisions were introduced following recommendations from the **Working Group of Debenture Trustees for Ease of Doing Business**, deliberations within the **Corporate Bonds and Securitization Advisory Committee (CoBoSAC)**, and subsequent public consultation.
Key modifications include:

- A DT or Lead DT may now seek reimbursement for a comprehensive set of default-related list of actions.
- If REF is used for the activities explicitly listed under the above-mentioned list, no prior approval from debenture holders is required. DTs must simply inform holders through email and publish the reimbursement details on their website. For any use outside the list, DTs must obtain prior consent from debenture holders and inform the designated stock exchange.
- DTs must notify the designated stock exchange, submit an independent auditor's certificate, and upon verification, the stock exchange must release the funds **within five working days**.
- A Lead DT is defined as one chosen by other DTs or representing more than **50% of outstanding debt value**—clarifying leadership in multi-DT scenarios.
- DTs must maintain proper records of all REF-related expenses and provide **annual updates** to debenture holders.

The provisions of this circular shall come into effect immediately.

For more information, **click here**

Securities and Exchange Board of India (Informal Guidance) Scheme, 2025 - 28 November 2025

The **Securities and Exchange Board of India (SEBI)** has replaced its 2003 Informal Guidance (IG) Scheme with the Securities and Exchange Board of India (Informal Guidance) Scheme, 2025.

The scheme broadens eligibility to include exchanges, depositories, intermediaries, listed companies, and trustees of pooled investment vehicles, allowing them to seek No-action or Interpretive Letters on the applicability of SEBI regulations. The process is now fully electronic with a ₹50,000 fee and a 60-day disposal timeline. The Guidance issued is non-binding and may be withdrawn or deemed invalid if based on inaccurate disclosures.

For more information, **click here**

Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025 - 13 November 2025

The **Reserve Bank of India (RBI)** has issued the **Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025**, to amend **Foreign Exchange Management (Export of Goods and Services) Regulations, 2015**.

Extended realisation/repatriation timelines (Regulation 9): Exporters now have up to 15 months (instead of 9 months) to realise and repatriate export proceeds.

Extended retention of advances received against exports (Regulation 15): Exporters now have up to 3 years (instead of 1 year) for shipment of goods from the date of receipt of advance payment.

The amendments will come into force from the date of their publication in the Official Gazette (14 November 2025).

For more information, **click here**

India's Labour Reforms - 22 November 2025

The Ministry of Labour and Employment has announced 4 labour codes:

- The Code on Wages, 2019
- The Industrial Relations Code, 2020
- The Code on Social Security, 2020 and
- The Occupational, Safety, Health and Working Conditions Code, 2020

29 existing labour laws have been codified into 4 labour codes

The Key Provisions in the codes are:

- Harmonised definition of wages, employee, worker and establishment across all the 4 codes
- Wages include basic pay, dearness allowance and retaining allowance. 50% (or such percentage as may be notified) of the total remuneration shall be added back to compute wages ensuring consistency in calculating gratuity, pension and social security benefits.
- Overtime wages be at least twice the normal rate for any work done beyond the regular working hours.
- Extends social security to gig and platform workers with digital, transparent delivery systems.
- Fixed-term employees become eligible for gratuity after one year (that was earlier five years).
- Provident Fund (PF) coverage expanded to all establishments with 20+ workers.
- National Database for Unorganised Workers to provide Aadhaar-linked unique IDs for seamless benefit access.
- ESIC coverage extended nationwide.
- Enhanced women-friendly provisions: 26 weeks maternity leave, benefits for adoptive/commissioning mothers, nursing breaks, crèche facilities, and work-from-home option.

For more information, **click here**

International | Accounting News

FASB Improves Guidance on Purchased Loans - 12 November 2025

The Financial Accounting Standards Board (FASB) has issued a new Accounting Standards Update (ASU) aimed to improve how purchased loans are accounted.

As per the current generally accepted accounting principles, acquired financial assets are initially recorded at their amortized cost basis, with an allowance for expected credit losses recognized separately. The process for PCD assets uses a “gross-up approach” to record the initial allowance.

The ASU has simplified this area by broadening the range of acquired financial assets that must follow the gross-up approach. Under the new guidance, most acquired loans except credit card receivables shall be classified as purchased seasoned loans and recorded using the gross-up method at acquisition, provided it meets the specified criteria.

For more information, **click here**

FASB Issues New Standard to Improve Hedge Accounting Guidance – 25 November 2025

The Financial Accounting Standards Board (FASB) has introduced new hedge accounting rules for how companies report on complex financial tools that used to manage risks, like future prices of goods or interest rate changes. The Board has published Accounting Standards Update (ASU) Hedge Accounting Improvements, marking a continued effort to align financial reporting with the economic realities of risk management. The ASU enables entities to apply hedge accounting to a greater number of highly effective economic hedges in the following five areas:

- **Similar Risk Assessment for Cash Flow Hedges**
- **Hedging Forecasted Interest Payments on Choose-Your-Rate Debt Instruments**
- **Cash Flow Hedges of Nonfinancial Forecasted Transactions**
- **Net Written Options as Hedging Instruments**
- **Foreign-Currency-Denominated Debt Instrument as Hedging Instrument and Hedged Item (Dual Hedge)**

For more information, **click here**