The Monthly Messenger

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S N Dhawan & CO LLP
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Indian | Auditing News

ICAI's Game-Changer Step Toward Strengthening Domestic Indian Firms - 12 December 2025

The Institute of Chartered Accountants of India (ICAI) has announced a set of transformative reforms aimed at strengthening domestic Indian chartered accountant firms and enhancing their ability to compete with global professional service firms.

Key changes include **relaxation of advertising and website guidelines under the revised Code of Ethics**, permitting CA firms greater visibility through regulated promotional activities and digital presence. ICAI has also introduced **Global Networking Guidelines** providing a structured framework for Indian firms to collaborate and affiliate with overseas entities, thereby facilitating international expansion, cross-border knowledge sharing, and access to global markets.

Further, the Code of Ethics has been aligned with the latest International Ethics Standards Board for Accountants **(IESBA) Code of Ethics**, reinforcing auditor independence, ethical conduct, and the framework governing modern professional services. New ethical standards relating to sustainability assurance engagements have also been incorporated into the Code of Ethics.

Collectively, these measures represent a significant shift in ICAI's regulatory approach, balancing professional integrity with growth, scale, and global competitiveness of Indian CA firms.

The revised Code of Ethics shall be applicable from 1 April 2026.

For more information, **click here**

NFRA Circular on maintenance, archival and submission of Audit File to NFRA- 16 December 2025

The National Financial Reporting Authority (NFRA) has issued a circular reiterating the obligations of statutory auditors of Public Interest Entities (PIEs) governed by the NFRA Rules, 2018.

The circular emphasizes the mandatory requirement for auditors to maintain, assemble, archive, and retain audit files strictly in compliance with the Standards on Auditing (SAs) and Standards on Quality Control 1 (SQC 1).

Auditors are required to submit complete audit files within **seven days** of a requisition by NFRA. Extensions, if any, shall be granted only upon furnishing valid and justifiable reasons. The circular clearly prohibits modification of original audit documentation after completion of the audit file.

Further, audit files must be retained beyond the prescribed retention period where regulatory, disciplinary, or legal proceedings are pending or contemplated. The circular reinforces the need for strict adherence to professional standards to ensure audit quality, transparency, and regulatory compliance.

For more information, **click here**

India | Regulatory News

Handbook on Foreign Trade Policy -Incentives, Schemes & Related FAQs - November 2025

The Institute of Chartered Accountants of India (ICAI), through its GST & Indirect Taxes Committee has issued **revised edition** of the 'Handbook on Foreign Trade Policy-Incentives, Schemes & Related FAQs'. This publication provides a **comprehensive and practical overview** of the Foreign Trade Policy, covering key export incentive schemes, procedural aspects, and recent amendments. It is enriched with FAQs and step-by-step guidance, making it a useful reference for understanding compliance and implementation issues.
The publication is intended to serve as a **ready reckoner** for members of the profession, industry participants, and other stakeholders dealing with the complexities of export incentives and foreign trade regulations.

For more information, **click here**

Amendment in the threshold of Small Companies as prescribed under Rule 2 of the Companies (Specification of definition details) Rules, 2014 - 2 December 2025

The **Ministry of Corporate Affairs (MCA)** has issued the **Companies (Specification of Definition Details) Amendment Rules, 2025**, which revises the thresholds for Small Companies as prescribed under Rule 2 of the Companies (Specification of definition details) Rules, 2014.

Threshold	**Previous Amount (in Rs)**	**Revised Amount (in Rs)**
Paid up share capital	4 crores	10 crores
Turnover as per profit and loss account for the immediately preceding financial year	40 crores	100 crores

The amendment shall come into effect **from 01 December 2025.**

For more information, **click here**

Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025– 5 December 2025

The Securities and Exchange Board of India (SEBI) has notified the **SEBI (Substantial Acquisition of Shares and Takeovers) (Amendment) Regulations, 2025**, which further amend the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“SAST Regulations”). These amendments introduce reforms in the valuation framework applicable during takeovers and open offers.

Independent, Registered Valuers Introduced:
A new definition of “valuer” has been inserted, aligned with Section 247 of the Companies Act, 2013. Valuation of shares in takeover and open offer situations must now be performed by an **independent registered valuer**, strengthening objectivity and reducing conflicts of interest

Mandatory Independent Valuation
The amendment replaces prior provisions where acquirers or their managers could determine valuation. Under the revised rules, valuation must generally be conducted by an **independent registered valuer**, and SEBI may require such valuations at the **acquirer’s cost** to ensure fair pricing in substantial acquisition/open offer transactions.

For ongoing valuation assignments that began before the effective date, a **transition period of nine months** is provided for completion under the old process before fully switching to the new independent valuation requirement.

These amendments will come into force **30 days after Gazette notification** i.e. 2 January 2026.

For more information, **click here**

Securities and Exchange Board of India (Intermediaries) (Third Amendment) Regulations, 2025– 5 December 2025

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Intermediaries) (Third Amendment) Regulations, 2025. The revised provisions primarily impact intermediaries required to comply with **minimum net worth / liquid net worth**, **minimum revenue criteria**, and **structural or activity-segregation requirements** prescribed by SEBI. Failure to comply with these requirements may result in the intermediary being treated as **“not fit and proper”**, triggering regulatory action.

These amendments will come into force **30 days after Gazette notification** i.e. 2 January 2026.

For more information, **click here**

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2025- 16 December 2025

The Securities and Exchange Board of India notified the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2025, to amend the SEBI LODR Regulations, 2015.

The amendment primarily standardises terminology **by replacing the term “Share Transfer Agent” with “Registrar to an Issue and Share Transfer Agent”** throughout the regulations. This change has been implemented across Regulation 7 and Schedules I, II, III, VI, and VII to maintain consistency in references related to disclosures, compliance requirements, and reporting formats for listed entities.

The amendment comes into force from the date of its publication in the Official Gazette i.e. 15 December 2025.

For more information, **click here**

SEBI Board Meeting- 17 December 2025

The Securities and Exchange Board of India (SEBI), has approved a series of far-reaching regulatory reforms aimed at simplifying compliance, enhancing investor protection, and improving ease of doing business at its 212th Board Meeting.

The key highlights include:

- SEBI approved the replacement of the **Stockbrokers Regulations, 1992** with the **SEBI (Stockbrokers) Regulations, 2025**. The new framework is shorter, clearer, and easier to comply with, with updated provisions and removal of obsolete rules.
- SEBI has also approved the new SEBI (Mutual Funds) Regulations, 2026, replacing the 1996 framework. Introduces Base Expense Ratio (BER) excluding statutory levies like STT, GST, stamp duty. Also rationalised expense ratio limits for various fund categories.
- To enhance retail investor participation and reduce friction in IPO processes, SEBI has also approved amendments to the **ICDR Regulations, 2018**.
- SEBI has approved amendments to the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021 to permit issuers of debt securities to offer incentives in public issues to specified categories of investors, with the objective of enhancing retail participation and encouraging public issuance in the corporate debt market.
- SEBI has approved amendments to Regulations 39 and 40 of the LODR Regulations, 2015 to simplify investor servicing and facilitate legacy cases of physical securities.
  SEBI has approved amendments to the LODR Regulations, 2015 to align the timeline for transfer of unclaimed interest, dividend and redemption amounts relating to listed non-convertible securities with the provisions of the Companies Act, with the objective of easing compliance.
- SEBI has approved a relaxation in the criteria for identification of High Value Debt Listed Entities (HVDLEs) by increasing the outstanding non-convertible debt threshold from ₹1,000 crore to ₹5,000 crore, with a view to easing compliance and facilitating fund-raising through corporate bonds, particularly for regulated entities.
- Additionally, SEBI has approved amendments to align the corporate governance framework for HVDLEs with recent changes under the LODR Regulations applicable to equity-listed entities, including rationalisation of board and committee-related compliances and revised criteria for identification of material subsidiaries.

For more information, **click here**

Modification in the conditions specified for reduction in denomination of debt securities - 18 December 2025

The Securities and Exchange Board of India (SEBI) had earlier amended the framework governing the issuance of **debt securities and non-convertible redeemable preference shares (NCRPS)** to permit issuance at a **reduced face value of ₹10,000** subject to certain conditions, to enhance market accessibility and liquidity. The present amendment **explicitly includes zero-coupon (zero interest) debt securities** with fixed maturity and no structured obligations as eligible instruments at the reduced face value of ₹10,000.
For more information, **click here**

Reserve Bank of India Notifications- December 2025

The Reserve Bank of India (RBI) has issued a series of **Amendment Regulations/Directions, 2025**, through notifications dated **4 December 2025, 5 December 2025, and 11 December 2025**.
These amendments introduce updates to select regulatory frameworks with the objective of **strengthening compliance requirements, enhancing operational clarity, and aligning existing regulations with evolving market and supervisory expectations**.

For more information, **click here**

Banking Regulation (Companies) Amendment Rules, 2025- 10 December 2025

The Ministry of Finance has notified the Banking Regulation (Companies) Amendment Rules, 2025 to amend the Banking Regulation (Companies) Rules, 1949. The main objective of these amendment rules is to provide simplification, modernization, and removal of outdated provisions that no longer align with the current banking and financial ecosystem.

The key amendments include:
1. Removal of references to ‘Subsidiary Bank’.

2. Deletion of Rule 15B being redundant under the current RBI regulatory frameworks.
3. Major Changes in Financial Reporting Formats (Form VIII and Form X)

The Rules shall come into force on the 15 December 2025

For more information, **click here**

International | Accounting News

Exposure Draft of Ind AS 119, Subsidiaries without Public Accountability: Disclosures – 5 December 2025

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has issued an Exposure Draft proposing a new standard, **Ind AS 119 – *Subsidiaries without Public Accountability: Disclosures***.

The proposed Ind AS 119 is a **voluntary standard** applicable to eligible subsidiaries and is intended to **simplify the preparation of financial statements** by prescribing **reduced disclosure requirements**, while retaining the recognition and measurement principles of existing Ind AS.

Indian Accounting Standards are formulated in alignment with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB). In this context, the IASB had earlier issued **IFRS 19 – *Subsidiaries without Public Accountability: Disclosures*** in 2024, which introduced a reduced disclosure framework for eligible subsidiaries. The proposed Ind AS 119 is broadly aligned with IFRS 19.

Under the proposed standard, a subsidiary would be eligible to apply reduced disclosures if, at the end of its reporting period, it:

- does not have public accountability (for example, it is not a listed entity); and
- has an ultimate or intermediate parent that prepares consolidated financial statements available for public use in compliance with Ind AS.

The Exposure Draft has been issued for public comments, and **comments may be submitted up to 5 March 2026**.

For more information, click here

Exposure Draft on Risk Mitigation Accounting-Proposed amendments to IFRS 9 and IFRS 7- 23 December 2025

The International Accounting Standards Board (IASB) issued an exposure draft titled Risk Mitigation Accounting-Proposed amendments to IFRS 9 and IFRS 7. The Accounting Standards Board (ASB) of ICAI has also invited stakeholder comments on this consultative document to enable early participation in the international standard-setting process.

The proposed risk mitigation accounting model is expected to primarily impact financial institutions, particularly those that manage interest rate repricing risk on a net basis. Repricing risk arises when interest-earning assets (such as loans) and interest-bearing liabilities (such as deposits) reset interest rates at different times or reference different benchmarks, resulting in volatility in net interest income.

The Exposure Draft proposes amendments to ***IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures to***:

- introduce a risk mitigation accounting model for entities that manage repricing risk on a net basis; and
- enhance disclosure requirements by mandating entities to explain their repricing risk management strategy and the financial effects of related risk management activities.

In addition, the IASB has sought feedback on the proposed withdrawal of IAS 39 *Financial Instruments: Recognition and Measurement.*

The exposure draft is open for public comments until **22 May 2026.**

For more information, **click here**

Exposure Draft of Amendments to Ind AS 21-Translation to a Hyperinflationary Presentation Currency- 26 December 2025

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has issued an Exposure Draft seeking public comments on the "Amendments to Ind AS 21 – Translation to a Hyperinflationary Presentation Currency." The proposed amendments specify the translation requirements for entities whose presentation currency is that of a hyperinflationary economy, with the objective of enhancing consistency and comparability in financial reporting.

The Exposure Draft is open for public comments until 25 January 2026.

For more information, **click here**

FAQs on key accounting implications arising from the New Labour Codes - 26 December 2025

The Accounting Standards Board (ASB) of the Institute of Chartered Accountants of India (ICAI) has issued a set of Frequently Asked Questions (FAQs) to provide guidance on the key accounting implications arising from the implementation of the New Labour Codes. The FAQs address significant issues relating to the recognition, measurement, presentation and disclosure of employee benefit obligations—particularly gratuity and leave encashment—under Ind AS and Indian Generally Accepted Accounting Principles (GAAP).

The FAQs clarify that the New Labour Codes are expected to increase employee benefit liabilities, especially in respect of gratuity and leave encashment, due to the revised definition of wages and the extension of gratuity eligibility to fixed-term employees after one year of service. Any resulting increase in obligation is required to be accounted for as past service cost and **recognised immediately in profit or loss** in accordance with Ind AS 19 and AS 15, subject to vesting conditions. Further, the enactment of the Labour Codes constitutes a non-adjusting event for reporting periods ending before 21 November 2025, though appropriate disclosures are required in the financial statements.

For more information, **click here**

ISSB issues targeted amendments to IFRS S2 to support implementation – 11 December 2025

The **International Sustainability Standards Board (ISSB)** has issued **targeted amendments** to the **IFRS S2 Climate-related Disclosures** standard to support practical implementation by preparers, based on feedback received during early application. These amendments **clarify and ease several greenhouse gas (GHG) emissions disclosure requirements** while maintaining the quality and decision-usefulness of information for investors.

Key changes include:

- Clarification that an entity is permitted to limit measurement and disclosure of Scope 3 Category 15 GHG emissions to financed emissions as defined in IFRS S2;
- permit the use of alternative classification systems—beyond the Global Industry Classification Standard—to disaggregate information about financed emissions;
- clarify the availability of the jurisdictional relief from using the GHG Protocol Standard,
- introduce a jurisdictional relief from using global warming potential values from the latest IPCC Assessment Report for converting GHG emissions.

Consequential amendments were also issued to align **financed emissions metrics** in three SASB Standards with the amended IFRS S2 requirements.

The amendments are effective for reporting periods beginning on or after 1 January 2027, with early application permitted.

For more information, click here

Tentative Agenda Decision on Assessment of a Specified Main Business Activity for the purposes of the Separate Financial Statements of a Parent (IFRS 18)- 23 December 2025

The IFRS Interpretations Committee (IC) has issued a Tentative Agenda Decision (TAD) on *"Assessment of a Specified Main Business Activity for the purposes of the Separate Financial Statements of a Parent under IFRS 18"* and has invited public comments globally. Agenda Decisions are issued by the IC to explain how the principles in IFRS Standards should be applied to particular transactions or specific fact patterns.

The agenda item addresses whether, in the preparation of separate financial statements, a parent entity's specified main business activity should be assessed based on the activities of the group or the activities of the parent entity itself. The IC concluded that, for the purposes of IFRS 18, the assessment must be made **based on the parent's own activities reflected in its separate financial statements**, and not by reference to the group's consolidated activities.

The Accounting Standards Board (ASB) of ICAI has also invited comments from stakeholders in India on this TAD, to encourage active participation in international standard-setting and its implementation.

The Tentative Agenda Decision is open for public comments until **22 January 2026**.

For more information, **click here**

Tentative Agenda Decision on Classification of Gains and Losses on a Derivative Managing a Foreign Exchange Exposure (IFRS 18)- 23 December 2025

The IFRS Interpretations Committee (IC) has issued a Tentative Agenda Decision (TAD) on *"Classification of Gains and Losses on a Derivative Managing a Foreign Exchange Exposure under IFRS 18"* and has invited public comments globally. The IC issues Agenda Decisions to clarify how the principles in IFRS Standards should be applied to specific transactions or fact patterns.

The agenda item addresses the appropriate classification, under IFRS 18, of gains and losses arising from derivatives used to manage foreign exchange risk—specifically, whether such gains and losses should be classified based on the nature of the derivative itself or by reference to the activity giving rise to the underlying foreign exchange exposure. The IC concluded that gains and losses on such derivatives should be classified consistently with the category (operating, investing or financing) of the income or expenses arising from the item whose foreign exchange risk is being managed.

The Accounting Standards Board (ASB) of the ICAI has also invited comments from stakeholders in India on this TAD, to encourage active participation in international standard-setting and its implementation.

The Tentative Agenda Decision is open for public comments until **22 January 2026.**

For more information, [click here]

Tentative Agenda Decision on Presentation of Taxes or Other Charges that are Not Income Taxes within the Scope of IAS 12 (IFRS 18) – 23 December 2025

The IFRS Interpretations Committee (IC) has issued a Tentative Agenda Decision (TAD) on “Presentation of Taxes or Other Charges that are Not Income Taxes within the Scope of IAS 12 for IFRS 18” and has invited public comments globally. The IC issues Agenda Decisions to clarify how the principles in IFRS Standards should be applied to specific transactions or fact patterns.

The agenda item addresses how taxes or other charges that do not meet the definition of income taxes under IAS 12 should be presented in the statement of profit or loss in accordance with IFRS 18. The IC concluded that such taxes or charges must not be presented as income tax expense and should instead be classified as operating, investing, or financing expenses, based on the activity that gives rise to the tax or charge, in accordance with the presentation principles of IFRS 18.

The Accounting Standards Board (ASB) of the ICAI has also invited comments from stakeholders in India on this TAD, to encourage active participation in international standard-setting and its implementation.

The Tentative Agenda Decision is open for public comments until 22 January 2026.

For more information, [click here]

Tentative Agenda Decision on Scope of the Requirement to Disclose Expenses by Nature (IFRS 18)- 23 December 2025

The IFRS Interpretations Committee (IC) has issued a Tentative Agenda Decision (TAD) on “Scope of the Requirement to Disclose Expenses by Nature under IFRS 18” and has invited public comments globally. The IC issues Agenda Decisions to clarify how the principles in IFRS Standards are applied to specific transactions or fact patterns.

The agenda item considers whether the requirement in IFRS 18 (paragraph 83) to disclose total amount of specified expenses applies to operating expenses listed in paragraph 75(a)(ii) by function, or whether it also applies when any expense is presented by function in the operating category, including those required by IFRS 9 and IFRS 17 under paragraphs 75(b)–(c).

The IC concluded that the paragraph 83 contains no exceptions and does not exclude expenses listed in paragraph 75(b)–(c). Therefore, paragraph 83 applies whenever any expense is presented by function in the operating category.

The Accounting Standards Board (ASB) of the ICAI has also invited comments from stakeholders in India on this TAD, to encourage active participation in international standard-setting and its implementation.

The Tentative Agenda Decision is open for public comments until 22 January 2026.

For more information, [click here]