The Monthly Messenger

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S N Dhawan & CO LLP
Chartered Accountants

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Indian | Auditing News

Invitation for Comments on the Exposure Draft of Information Systems Audit Standards (ISAS)

The Digital Accounting and Assurance Board (DAAB) of Institute of Chartered Accountants of India (ICAI) has issued an **Exposure Draft of Information Systems Audit Standards (ISAS)** for public comments.

The proposed ISAS are designed to provide a comprehensive and principle-based framework for assessing the integrity, confidentiality, availability, reliability, and security of information systems.
These Standards aim to equip professionals with a structured and globally aligned approach to IS Audit, covering governance, IT general controls, application controls, cybersecurity assurance, technology risk management, incident response, data protection compliance, and system implementation reviews.

Stakeholders are invited to submit their comments and suggestions on the Exposure Draft. The last date for submitting the comments is **25 January 2026**

For more information, **click here**

Deferment of Phase IV of Peer Review Mandate- 31 December 2025

The Council of the Institute of Chartered Accountants of India (ICAI) has announced the **deferment of Phase IV of the Peer Review Mandate**, which was originally scheduled to come into effect from **1 January 2026**.The implementation of Phase IV has now been **deferred by one year**, and will accordingly become effective **from 31 December 2026 onwards**.

For more information, **click here**

Audit-Practice Toolkits – ROMM for Revenue-Sample Document - 1 January 2026

The National Financial Reporting Authority (NFRA) has issued a **Staff Series document** titled **"Risk & Response Memorandum (ROMM): Assessment at Assertion Level for Revenue – A Sample Document."** The document provides a practical, standards-aligned framework for identifying and documenting risks in accordance with SA 315 and SA 240. It illustrates the application of ROMM at both the **financial statement and assertion levels**, emphasises the importance of clearly articulating **"what could go wrong"** in revenue recognition, and highlights the critical role of **control evaluation**, particularly in high-volume and automated revenue environments.
The toolkit is intended to assist auditors in strengthening risk assessment, documentation and audit responses for revenue-related risks.

For more information, **click here**

NFRA Circular on Effective Communication Between Statutory Auditors and Those Charged with Governance, Including Audit Committees- 7 January 2026

The National Financial Reporting Authority (NFRA) has issued a circular dated 7 January 2026, aimed at strengthening and formalising communication between the statutory auditors and those charged with governance (TCWG), including the Boards of Directors and Audit Committees. The Circular is aligned with the requirements of SA 260 (Revised), SA 265 and the Companies Act, 2013. The circular applies to all listed companies, specified large companies covered under NFRA rules, and their auditors.

Key highlights

- **Clear identification of TCWG**
- **Mandatory two-way communication process**
- **Written and appropriately documented communication, forming part of audit documentation**
- **Coverage of critical audit matters, including but not limited to:**
  - Audit strategy, scope, timing, and materiality
  - Key risks, going concern issues, valuation and ECL judgments
  - Significant unusual transactions and related party transactions
  - Deficiencies in internal financial controls (SA 265)
  - Auditor independence and provision of non-audit services
- **At least two structured meetings annually –** One before commencement of the audit to discuss audit planning and another well before approval of the financial statements to discuss audit findings.
- **Joint responsibility of auditors and TCWG to ensure timely, meaningful, and effective communication**

For more information, **click here**

India | Regulatory News

Technical Guide on Expatriates Taxation (Revised 2025) – December 2025

The Institute of Chartered Accountants of India (ICAI) has issued Sixth Edition of "Technical Guide on Expatriates Taxation."

The revised guide comprehensively addresses key complexities relating to **determination of residential status, treaty interpretation, salary structuring, and tax compliance requirements**. Significant updates include the impact of **Section 115BAC**, revised **capital gains provisions**, **withholding tax obligations under Section 195**, mandatory **electronic filing of Form 10F**, and practical challenges faced in expatriate taxation.

The guide also incorporates enhanced compliance requirements under the **Black Money (Undisclosed Foreign Income and Assets) and Imposition of Tax Act, 2015**, highlighting disclosure obligations and penal consequences for non-compliance.

For more information, **click here**

Extension of Time and Relaxation of Additional Fees for Filing of Annual Returns and Financial Statements (FY 2024-25)- 30 December 2025

The Ministry of Corporate Affairs has issued General Circular No. 08/2025 dated 30 December 2025, granting a further extension for completion of annual filings for the financial year 2024–25. Pursuant to the circular, companies may file e-forms namely MGT-7, MGT-7A, AOC-4, AOC-4 CFS, AOC-4 NBFC (Ind AS), AOC-4 CFS NBFC (Ind AS), and AOC-4 (XBRL) pertaining to financial year 2024-25 up to **31 January 2026** without payment of additional fees.

For more information, **click here**

Companies (Appointment and Qualification of Directors) Amendment Rules, 2025- 1 January 2026

The Ministry of Corporate Affairs has notified the Companies (Appointment and Qualification of Directors) Amendment Rules, 2025, which amend the existing Director KYC compliance framework.

Key Change:

- The requirement for **annual filing of DIR-3 KYC** has been replaced with a **triennial (once every three years) KYC filing** for individuals holding a Director Identification Number (DIN) as on 31 March of a financial year.
- The KYC filing will be completed through the **web-based DIR-3 KYC Web form** on the MCA portal.

The amended provisions will be applicable for filings due from 31 March 2026 onwards.

For more information, **click here**

Securities and Exchange Board of India (Stockbrokers) Regulations, 2026- 7 January 2026

The Securities and Exchange Board of India (**SEBI**) has notified the **SEBI (Stockbrokers) Regulations, 2026**, replacing the erstwhile **SEBI (Stockbrokers) Regulations, 1992**.
The revised Regulations set out comprehensive provisions relating to **registration, compliance requirements, code of conduct, fees, and investor protection measures**.

The Regulations shall **come into force with effect from 7 January 2026**.

For more information, click here

Securities and Exchange Board of India (Mutual Funds) Regulations, 2026-14 January 2026

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Mutual Funds) Regulations, 2026, replacing the erstwhile SEBI (Mutual Funds) Regulations 1996.

Key Highlights of the Regulation

- The 2026 regulations comprehensively overhaul the framework governing registration, eligibility, governance, and net worth requirements applicable to sponsors, trustees, asset management companies (AMCs), and custodians.
- A differentiated "Mutual Fund Lite" regime has been introduced for passive investment products.
- Detailed provisions have been prescribed covering scheme launch, advertisements, listing, winding up, investment norms, borrowing limits, NAV computation, payouts, stress testing, and prevention of market abuse.
- Enhanced accountability is ensured through strengthened fit-and-proper criteria, whistleblower mechanisms, independent oversight, and time-bound disclosure requirements.

The 2026 regulations shall come into force with effect from 1 April 2026.

For more information, **click here**

Master Circular for Framework on Social Stock Exchange- 19 January 2026

The Securities and Exchange Board of India (SEBI) has issued a Master Circular for the Framework on the Social Stock Exchange (SSE). The circular consolidates all earlier circulars and guidelines issued under the SEBI (ICDR) Regulations, 2018 and the SEBI (LODR) Regulations, 2015, in relation to the functioning, compliance, and fundraising mechanisms of the Social Stock Exchange.

For more information, click here

Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2026-20 January 2026

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Issue and Listing of Non-Convertible Securities) (Amendment) Regulations, 2026, further amending the SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021.

Key Highlights of the Amendment:

- A formal definition has been introduced for **"retail individual investor"**, covering individuals applying or bidding for debt securities up to ₹2 lakh.
- Issuers of non-convertible securities are now permitted to offer incentives to specified categories of investors. Such incentives may include additional interest rates or discounts on the issue price.
- This is further clarified that any incentive offered under the amended regulations shall be available only to the initial allottee of the securities.

The Regulations shall come into force with effect from the date of their publication in the Official Gazette i.e. 21 January 2026.

For more information, click here

Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026- 20 January 2026

The Securities and Exchange Board of India (SEBI) has notified the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2026, further amending the SEBI LODR Regulations, 2015, with a major focus on High Value Debt Listed Entities (HVDLEs).

Key Highlights of the Amendment:

- The threshold for classification as a **High Value Debt Listed Entities (HVDLE)** has been increased from ₹1,000 crore to ₹5,000 crore of outstanding non-convertible debt securities, significantly reducing the compliance burden for mid-sized issuers.
- Entities that no longer meet the revised threshold are exempted from continuing compliance with HVDLE-specific provisions under the LODR Regulations.
- Issuers are now required to ensure credit of securities in dematerialised form within 30 days, enhancing efficiency and investor protection.
- Related party transaction (RPT) norms for HVDLEs have been aligned with Regulation 23.

- Secretarial audit provisions have been streamlined by directly linking them to Regulation 24A, thereby removing duplicative and overlapping compliance obligations.

The Regulations shall come into force with effect from the date of their publication in the Official Gazette i.e. 22 January 2026.

For more information, click here

RBI Notifications (Know your customer) Amendment Directions – 29 December 2025

The Reserve Bank of India (RBI) has issued a series of Know Your Customer (KYC) Amendment Directions vide notifications dated 29 December 2025. These amendments update the existing KYC framework with the objective of strengthening compliance requirements, improving risk management practices, and providing greater operational clarity for regulated entities.

For more information, **click here**

Reserve Bank of India (Non-Banking Financial Companies - Concentration Risk Management) Amendment Directions, 2026-1 January 2026

The Reserve Bank of India (RBI) has issued the **Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Amendment Directions, 2026**, amending the 2025 Directions by inserting a proviso to **sub-paragraph 4(4)** to define **"High-Quality Infrastructure Projects"** for NBFCs.

The amendment introduces a **clear and structured definition** of high-quality infrastructure projects for the purpose of concentration risk assessment. Infrastructure exposures meeting specified criteria—such as an established operational track record, classification as standard assets, robust contractual and security arrangements, and stable cash flows—will be identified and monitored separately under the concentration risk management framework.

The Amendment Directions shall become applicable from the date on which an NBFC opts to implement the Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Amendment Directions, 2026, or from 1 April 2026, whichever is earlier.

For more information, **click here**

Reserve Bank of India (Non-Banking Financial Companies – Prudential Norms on Capital Adequacy) Amendment Directions, 2026 - 1 January 2026

The Reserve Bank of India has issued the **Non-Banking Financial Companies – Prudential Norms on Capital Adequacy (Amendment) Directions, 2026,** introducing revisions to the risk-weight framework, with a specific focus on infrastructure exposures.

The amendments provide for revised, risk-sensitive risk weights for exposures to high-quality infrastructure projects, with preferential risk weights available for qualifying projects based on their operational track record and repayment performance. This aligns regulatory capital requirements more closely with the underlying risk profile of such exposures.

The revised framework will be applicable **from 1 April 2026**, or earlier if an NBFC chooses to adopt it in advance. **Transitional provisions** permit the continuation of existing lower risk weights for eligible exposures until the **next review or renewal date, or 31 March 2027, whichever is earlier**.

For more information, **click here**

Reserve Bank of India (Commercial Banks - Financial Statements: Presentation and Disclosures) Amendment Directions, 2026- 1 January 2026

The Reserve Bank of India has issued the Reserve Bank of India (Commercial Banks – Financial Statements: Presentation and Disclosures) Amendment Directions, 2026.

The amendment revises the disclosure requirements under **Schedule 1 – Capital**, mandating banks to **separately disclose, by way of a note**, the amount of deposits held under **Section 11(2)(b)(i) of the Banking Regulation Act,** that are **earmarked as Credit Risk Mitigation (CRM)** for the purpose of offsetting **non-centrally cleared derivative exposures to the Head Office (including overseas branches)**.

The amendment shall be **effective from the earlier of** the date on which a bank implements paragraphs 3(1) to 3(4) of the *RBI Concentration Risk Management Amendment Directions, 2025*; or **1 April 2026**.

For more information, **click here**

RBI Notifications Amendment Directions – 5 January 2026

The Reserve Bank of India (RBI), vide notifications dated 5 January 2026, has issued a series of Amendment Directions applicable to Banks and Non-Banking Financial Companies (NBFCs). These amendments introduce a mandatory requirement to **disclose 'Exposures to Related Parties' in the Notes to the Financial Statements, in the prescribed format specified in the respective Directions.**

The amendments shall be effective from 1 April 2026, with an option for NBFCs/Banks to adopt them earlier.

For more information, click here

Foreign Exchange Management (Guarantees) Regulations, 2026

The Reserve Bank of India (RBI) has notified the Foreign Exchange Management (Guarantees) Regulations, 2026 on 6 January 2026, superseding the erstwhile Foreign Exchange Management (Guarantees) Regulations, 2000. The revised framework governs the issuance and acceptance of guarantees involving persons resident in India and non-residents under the Foreign Exchange Management Act, 1999.

The Regulations shall come into force from the date of their publication in the Official Gazette, i.e., 10 January 2026.

For more information, click here

Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026- 13 January 2026

The Reserve Bank of India (RBI) has notified the Foreign Exchange Management (Export and Import of Goods and Services) Regulations, 2026 in supersession of the Foreign Exchange Management (Export of Goods and Services) Regulations, 2015 with a unified regulatory regime for both exports and imports of goods and services.

Key Highlights of the Regulations

- Both exports and imports — including merchanting trade transactions — are now covered by one set of regulations.
- **Export proceeds realization period from the date of shipment/invoice**: Uniform 15 months for all exporters, 18 months for INR-invoiced export receivables.

- **Unrealized exports**: If export proceeds remain unrealized beyond one year from due date / extended period, further exports are permitted only against full advance payment or irrevocable Letter of Credit.
- Import payment terms aligned with the period specified in the underlying contract.
- Changes introduced in reporting compliances with respect to declaration of export value including for services export.
- Authorized Dealer Bank may allow reduction / non-realization of export based on its satisfaction of reasons. Export value upto Rs. 10 lakh per invoice may be closed based on self-declaration by exporter.
- The new regime brings project exports directly into the 2026 Regulations, instead of relying on separate PEM Rules.
- Changes in the compliance framework with respect to Merchanting trade transactions.
- **Internal policy and SOP by AD Banks**: Mandatory comprehensive internal policy and SOP for handling transactions with disclosure on its website.

The regulations shall come into force with effect from 1 October 2026.

For more information, click here

Draft Rules on New Labour Codes- 31 December 2025

The Ministry of Labour and Employment has pre-published draft central rules under all four labour codes that were implemented from 21 November 2025, seeking public and stakeholder comments within a period of 30–45 days, depending on the respective Code, prior to their final notification. The draft Rules released are as follows

- Draft Code on Wages (Central) Rules, 2025;
- Draft Code on Social Security (Central) Rules, 2025;
- Draft Occupational Safety, Health, and Working Conditions Code (Central) Rules, 2025;
- Draft Industrial Relations Code (Central) Rules, 2025.

For more information, click here

Frequently Asked Questions (FAQs) on New Labour Codes- 31 December 2025

The Ministry of Labour and Employment has **issued a detailed set of Frequently Asked Questions (FAQs)** on the Labour Codes to provide **clarity on key provisions, compliance requirements and practical implementation aspects**. The FAQs aim to address common interpretational issues and dispel prevalent misconceptions, thereby assisting employers, employees and professionals in effectively navigating the changes introduced by the Labour Codes.

For more information, click here