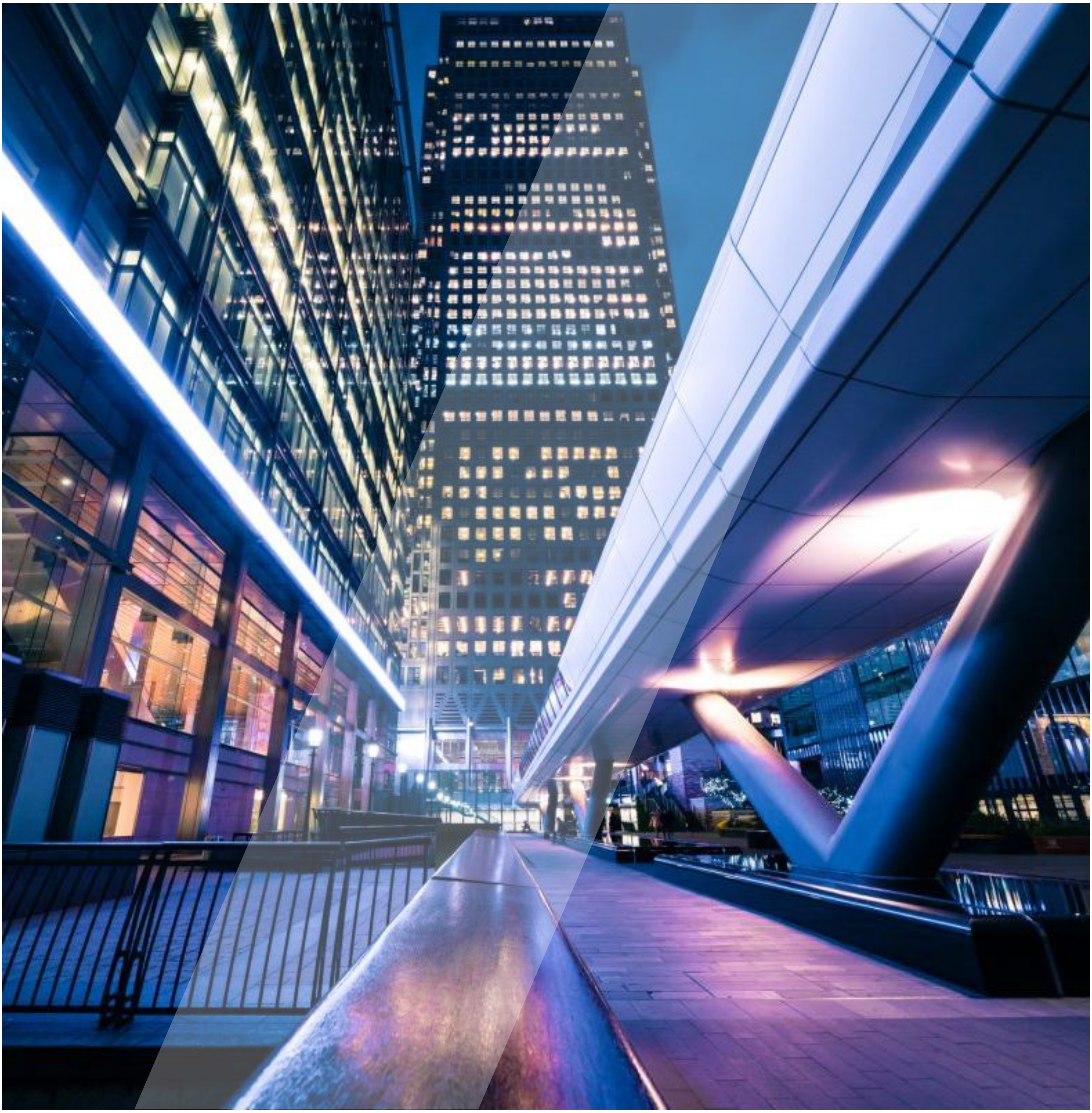

# The Monthly Messenger

Edition #04.26 April 2026

S N Dhawan & CO LLP
Chartered Accountants

# The Monthly messenger

## India | Accounting News

### Exposure Draft on Insurance Regulatory and Development Authority of India (Actuarial, Finance and Investment Functions of Insurers) (Amendment) Regulations, 2026- 3 March 2026

The Insurance Regulatory and Development Authority of India (IRDAI) has issued an Exposure Draft of the IRDAI (Actuarial, Finance and Investment Functions of Insurers) (Amendment) Regulations, 2026 proposing the implementation of Indian Accounting Standards (Ind AS) by all insurers including life insurers, general insurers, health insurers and reinsurers with effect from 1 April 2026.

In this regard, IRDAI has also issued a Consultation Paper on the Implementation of Ind AS in the Insurance Sector in India, which outlines key aspects of the proposed implementation and raises specific questions for stakeholder consideration. The consultation paper invites comments and constructive feedback from all stakeholders.

The proposed Regulation and the Consultation Paper are open for comments/suggestions until 24 March 2026.

For more information, **click here**

### Companies (Accounting Standards) Amendment Rules, 2026- 12 March 2026

The Ministry of Corporate Affairs ("MCA") has notified the Companies (Accounting Standards) Amendment Rules, 2026 to amend the Companies (Accounting Standards) Rules, 2021.

**Key amendments:**

- It introduces 'International tax reforms- OECD Pillar Two model rules' in AS- 22 'Accounting for Taxes on Income', referring to them as **'Pillar Two legislation'** which deals with the levy of global minimum top up taxes described therein as **'Pillar Two income taxes'**.
- A mandatory exception has been introduced whereby entities are **not required to recognise or disclose deferred tax assets and liabilities** arising from Pillar Two income taxes.
  However, entities must **disclose the application of this exception**.
- Entities are required to **present current tax expense/income relating to Pillar Two income taxes separately**.
- Where Pillar Two legislation has been enacted but is not yet effective, entities are required to provide qualitative and quantitative disclosures (to the extent reasonably estimable) regarding their exposure to such taxes.
- Disclosure requirements are applicable for annual reporting periods beginning 1 April 2025 (no disclosure required in interim period ending on or before 31 March 2026).
- **Small and Medium-sized Companies (SMCs)** are exempt from the above disclosure requirements.

For more information, **click here**

## Announcement regarding applicability of ‘Guidance Note on Financial Statements of Non-Corporate Entities’ and ‘Guidance Note on Financial Statements of Limited Liability Partnerships’ for annual reporting periods 2025-26 onwards- 31 March 2026

The Institute of Chartered Accountants of India (ICAI) has issued a clarification regarding the applicability of the *Guidance Note on Financial Statements of Non-Corporate Entities (NCEs)* and the *Guidance Note on Financial Statements of Limited Liability Partnerships (LLPs)*, originally released in August 2023.
Pursuant to the decision taken at the 451st Council Meeting held on 30–31 March 2026, the implementation of these Guidance Notes will be carried out in a phased manner as outlined below:

- **Phase I (effective from 1 April 2025):**
  Applicable to NCEs and LLPs having turnover exceeding ₹5 crore.
- **Phase II (effective from 1 April 2026):**
  Applicable to all NCEs and LLPs.

Accordingly, entities falling within the specified thresholds should ensure timely evaluation of the requirements prescribed under the respective Guidance Notes and align their financial reporting processes to ensure compliance.

For more information, **click here**

## Clarifications on implementation of Indian Accounting Standards (Ind AS) by Insurers- 1 April 2026

The Insurance Regulatory and Development Authority of India (IRDAI) has approved a revised financial reporting framework mandating the adoption of Indian Accounting Standards (Ind AS) by insurance entities with effect from 1 April 2026. The revised regulations are applicable to all categories of insurers, including life, general, health insurers, and reinsurers. This transition is aimed at enhancing transparency, improving comparability of financial statements, and aligning the Indian insurance sector with global financial reporting practices.

To ensure a smooth transition to Ind AS, the following key provisions have been introduced:

- **Mandatory adoption date:**
  Ind AS shall be applicable from 1 April 2026.
- **Parallel reporting requirement:**
  Insurers will be required to prepare financial statements under both the existing accounting framework and Ind AS for a period of two years.
- **Forbearance provision:**
  A one-year forbearance has been provided for entities encountering implementation challenges, subject to regulatory considerations.

For more information, **click here**

# India | Auditing News

## Guidance Note on Audit of Banks (2026 Edition) - 16 March 2026

The Auditing and Assurance Standards Board (AASB) of the Institute of Chartered Accountants of India (ICAI) has issued the **revised 2026 edition of the “Guidance Note on Audit of Banks”** to provide detailed guidance to auditors on statutory audit of banks and bank branches**.**

The guidance note is broadly bifurcated into **two Sections**:

- Section A -Statutory Central Audit and
- Section B -Bank Branch Audit.

The Guidance Note also contains various Appendices including illustrative formats of engagement letter, auditor’s report and management representation letter, along with the text of relevant master directions, master circulars, and other circulars issued by the Reserve Bank of India (RBI).

For more information, **click here**

## Release of Compendium of Information Systems Audit Standards (ISAS)- 30 March 2026

The Digital Accounting and Assurance Board (DAAB) of the Institute of Chartered Accountants of India (ICAI) has issued the “Compendium of Information Systems Audit Standards (ISAS).

The ISAS provides a structured and principle-based framework for conducting Information Systems Audit engagements, covering areas such as IT Governance, Risk Management, Internal Controls, Cybersecurity, Data Protection and compliance with applicable IT laws.

It shall be applicable on or after a date to be notified by the Council of the ICAI.

For more information, **click here**

## Announcement on Deferment of Effective Date of SQM 1 and SQM 2- 31 March 2026

The Institute of Chartered Accountants of India has announced the **deferment of the mandatory applicability** of Standards on Quality Management, namely SQM 1 and SQM 2, which were earlier scheduled to come into effect from **1 April 2026**.

These standards were intended to replace the existing SQC 1, *“Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.”*
Until further announcement by ICAI, the extant **SQC 1 shall continue to remain applicable**.

For more information, **click here**

# India | Regulatory News

## Handbook on Key Compliances and Exemptions for Private Limited Companies under Companies Act, 2013 - February 2026

The Corporate Laws & Corporate Governance Committee of the Institute of Chartered Accountants of India (ICAI) has released a handbook on ‘Key Compliance and Exemptions for Private Limited Companies under the Companies Act, 2013.

The handbook provides a comprehensive overview of the **key compliances, exemptions, and procedural requirements** applicable to private limited companies under the **Companies Act, 2013**. It presents the regulatory requirements in a structured, simplified, and user-friendly manner, enabling professionals, company management, and other stakeholders to better understand and navigate governance and compliance obligations with greater clarity and confidence.

For more information, click here

## Frequently Asked Questions (FAQs) on Section 8 Companies under Companies Act 2013- February 2026

The Corporate Laws & Corporate Governance Committee of the Institute of Chartered Accountants of India (ICAI) has published a document titled 'FAQs on Section 8 Companies under the Companies Act, 2013'.

The publication provides practical and structured guidance on various aspects relating to **Section 8 companies (not-for-profit entities)**, bridging the gap between statutory provisions and their procedural implementation. It aims to present the **legal framework governing Section 8 companies in a clear, coherent, and accessible manner**, thereby assisting professionals and stakeholders in understanding the applicable regulatory requirements.

For more information, click here

## Volume XLIV of the Compendium of Opinions - February 2026

The Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI) has published **Volume XLIV of the Compendium of Opinions.** This volume contains total **39 opinions** finalised during the period 12 February 2024 to 11 February 2025. The publication provides valuable insights and guidance on a range of important and diverse accounting and financial reporting matters and serves as a useful reference for professionals dealing with complex accounting issues.

For more information, click here

## Important MCA Update for Directors- 31 March 2026

The Ministry of Corporate Affairs (MCA) has introduced significant changes to the **DIR-3 KYC framework** to simplify compliance requirements for the directors.

**Key highlights:**

- Directors holding a Director Identification Number (DIN) as on 31 March of a financial year will now be required to file **DIR-3 KYC Web once every third consecutive financial year on or before 30th June.**
- Any change in the mobile number, email ID, or address must be initiated within **30 days through DIR-3 KYC Web.**
- Form DIR-3-KYC and DIR-3- KYC-Web has been substituted with a single form 'Form DIR-3 KYC Web'.
- These amendments shall come into force from 31 March 2026.

For more information, click here

## Frequently Asked Questions (FAQs) on Credit Rating Agencies ("CRAs") - 02 March 2026

The Securities and Exchange Board of India (SEBI) has released a set of FAQs on Credit Rating Agencies to provide clarity on the regulatory framework governing credit ratings in India. The FAQs explain that credit ratings represent the opinion of a CRA regarding the likelihood of timely repayment of a rated debt obligation, thereby assisting investors in assessing the credit risk associated with securities. The publication is intended to help investors, issuers, and other stakeholders better understand the role, responsibilities, and functioning of CRAs under the SEBI (Credit Rating Agencies) Regulations, 1999.

For more information, click here

## Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) (Amendment) Regulations, 2026 - 21 March 2026

The Securities and Exchange Board of India (SEBI) has notified the SEBI (**Issue of Capital and Disclosure Requirements) (ICDR) (Amendment) Regulations, 2026** amending the SEBI (ICDR) Regulation, 2018.

**Key amendments:**

- **Lock-in of specified securities**
  Where lock-in of specified securities held by persons other than promotors, as required under Regulation 17, cannot be created, **depositories shall mark such securities as *non-transferable* for the entire lock-in period**, based on the instructions received from the issuers.

- **Submission and public availability of Draft Abridged Prospectus**
  Lead managers are now required to **submit a Draft Abridged Prospectus** (prepared in accordance with Part E of Schedule VI) to SEBI **along with the Draft Offer Document and Offer Document**.
  Further, the same must also be **made available to the public for comments**.

- **QR code and hyperlink in application forms**
  Application forms for all types of issues **must now include a QR code and hyperlink** providing access to the red herring prospectus, abridged prospectus, and price band advertisement.

- **Additional financial disclosures in offer documents**
  Part A of Schedule VI has been amended to require the inclusion of two additional financial summaries in all offer documents i.e. a Summary of Contingent Liabilities and a Summary of Related Party Transactions. Simultaneously, the clause (4) of Part A has also been omitted.

- **Revisions to General Instructions (Part E)**
  The General Instructions to Part E have been revised with respect to certain disclosures.

These amendments **came into force on 21 March 2026**, i.e., the date of publication in the Official Gazette.

For more information, click here

## Master Circular for Mutual Funds- 20 March 2026

The Securities and Exchange Board of India (SEBI) has issued a **Master Circular for Mutual Funds** on 20 March 2026 with the objective of consolidating and updating all regulatory instructions governing mutual funds in line with the *SEBI (Mutual Funds) Regulations, 2026*.

The circular consolidates all applicable guidelines and instructions issued up to 20 March 2026, providing a **comprehensive and unified reference framework** for mutual funds.

It **replaces the earlier Master Circular dated 27 June 2024** and rescinds specified prior circulars to streamline compliance and enhance clarity and readability.

The Master Circular shall come into force with effect from **1 April 2026.**

For more information, click here

## RBI Notifications - 10 March 2026

The Reserve Bank of India (RBI), vide notifications dated 10 March 2026, has issued a series of Amendment Directions applicable to Banks and Non-Banking Financial Companies (NBFCs). These amendments introduce updates to select regulatory frameworks with the objective of **strengthening compliance requirements, enhancing operational clarity, financial stability, and prudential governance across the banking sector.**

For more information, click here

## Master Direction - Reserve Bank of India (Unique Identifiers in Financial Markets) Directions, 2026- 27 March 2026

The Reserve Bank of India has issued the Master Direction – Reserve Bank of India (Unique Identifiers in Financial Markets) Directions, 2026 consolidating earlier instructions relating to Legal Entity Identifier (LEI) and Unique Transaction Identifier (UTI) for financial market transactions.
The Directions provide a unified framework for the implementation of LEI and UTI in financial market transactions. Section A of the Directions on implementation of Legal Entity Identifier shall come into force with immediate effect. Section B of the Directions on implementation of Unique Transaction Identifier shall come into effect from 1 January 2027.

For more information, **click here**

## Frequently Asked Questions (FAQs) and Guidance Notes on Forms as per Income-tax Rules, 2026- 20 March 2026

The Central Board of Direct Taxes (CBDT) has issued a comprehensive compilation of **Frequently Asked Questions (FAQs) and Guidance Notes** dated 20 March 2026 on various forms notified under the Income-tax Rules, 2026. This initiative is aimed at facilitating a smooth transition to the new compliance framework under the *Income-tax Act, 2025*.

**Coverage of forms**
The compilation provides guidance on various forms prescribed under the Income-tax Rules, 2026 (for example, **Form 26 corresponding to Forms 3CA, 3CB and 3CD**), along with detailed explanations and clarifications.

**Mapping with earlier framework**
It includes a **detailed mapping of forms** under the Income-tax Rules, 2026 with their corresponding forms under the earlier *Income-tax Rules, 1962*, along with descriptions, FAQs, and guidance notes for each form.

**Purpose and usability**
The FAQs and Guidance Notes are designed to **assist taxpayers and professionals in understanding and navigating the revised forms and reporting requirements**. The Guidance Notes and FAQs are **educational in nature** and are intended solely to aid understanding; they **do not constitute legal advice**.

For more information, **click here**

## Notification of Income tax return Forms -30 March 2026

The Central Board of Direct Taxes, vide various notifications, has notified the revised Income Tax Return Forms to be filed for Assessment Year 2026-27. The updated forms include ITR 1 SAHAJ, ITR 2, ITR 3, ITR 5, ITR 6, ITR 7, ITR-V and ITR-U.

These revised forms will be applicable for filing income tax returns for **AY 2026–27.**

For more information, **click here**

## NFRA Auditor-Audit Committee Interaction Series 5- Dealing with Audit of Provisions, Contingent Liabilities and Contingent Assets – Ind AS 37, SA 540, and SA 501 – 31 March 2026

The National Financial Reporting Authority (NFRA) has released a new communication, **Auditor-Audit Committee - Interactions Series 5** – focusing on the audit of **Provisions, Contingent Liabilities and Contingent Assets with reference to Ind AS 37, SA 540, and SA 501**. Based on its review and monitoring activities, NFRA has highlighted the importance of **effective communication between auditors and Those Charged With Governance (TCWG)**, including Audit Committees.

With the objectives of ensuring improvements in overall audit quality, promoting awareness and significance of accounting and auditing standards, auditor's responsibilities, protecting public interest and investor protection, NFRA had commenced with this series of Auditor – Audit Committee interactions, which are being issued on significant areas of accounting and auditing, from time to time.

The publication serves as an educational resource to improve accountability, oversight, and robustness in audit procedures relating to provisions, contingent liabilities, and contingent assets.

For more information, [click here]()

## Securities Contracts (Regulation) Amendment Rules, 2026 - 13 March 2026

The Ministry of Finance has issued Securities Contracts (Regulation) Amendment Rules, 2026 that **amends Rule 19(2)(b)** of Securities Contracts (Regulation) Rules, 1957. The amendment revises the framework relating to minimum public offer and public shareholding requirements for companies seeking to list their securities on recognised stock exchanges.

The amendment introduces a **tiered minimum public shareholding framework for IPOs based on post-issue capital, allowing large companies to list with lower initial public float but mandating gradual increase to 25% public shareholding over time.**

| Post-Issue Capital (at Offer Price) | Minimum Public Offer Requirement | Timeline to Reach 25% Public Shareholding |
|---|---|---|
| Up to ₹1,600 crore | Minimum **25% public shareholding** | Not applicable. |
| ₹1,600 crore – ₹4,000 crore | Such Companies must offer shares equivalent to **₹400 crore** in value to the public | Increase to **25% within 3 years** from the date of listing |
| ₹4,000 crore – ₹50,000 crore | Minimum **10% public shareholding** | Increase to **25% within 3 years** from the date of listing |
| ₹50,000 crore – ₹1 lakh crore | Minimum **₹1,000 crore** and at least **8% public shareholding** | Increase to **25% within 5 years** from the date of listing |
| ₹1 lakh crore – ₹5 lakh crore | Minimum **₹6,250 crore** and **2.75% public shareholding** | If <15% at listing → **15% in 5 years and 25% in 10 years**; If ≥15% → **25% in 5 years** |
| Above ₹5 lakh crore | Minimum **₹15,000 crore** and **1% public shareholding**, subject to **minimum 2.5% public float** | If <15% at listing → **15% in 5 years and 25% in 10 years**; If ≥15% → **25% in 5 years** |

The amendments are effective from 13 March 2026.

For more information, [click here]()

## Frequently Asked Questions (FAQs) on Occupational Safety, Health and Working Conditions (OSH&W) Code, 2020 - 13 March 2026

The Ministry of Labour and Employment has issued FAQs on the OSH&W Code, 2020, providing clarifications on key implementation aspects under the Code.

**Key Technical Clarifications:**

- The FAQs reiterate that the **principal employer is responsible for ensuring health, safety, and welfare measures** for all workers, including contract labour engaged through contractors.
- Contractors are required to **issue experience certificates to contract workers upon request**, thereby enhancing employment traceability and safeguarding worker rights.
- The requirement of free of cost **pre-employment and periodic health examinations** for workers engaged in hazardous processes and dangerous operations have been reaffirmed, with no age-based exemptions indicating a stricter compliance posture.

For more information, [click here]()

## Additional Frequently Asked Questions (FAQs) on Labour Codes - 16 March 2026

The Ministry of Labour & Employment has issued **Additional FAQs** to provide further clarity on the implementation of the four Labour Codes, the Code on Wages, 2019, Code on Social Security, 2020, Industrial Relations Code, 2020, and the Occupational Safety, Health and Working Conditions (OSH&WC) Code, 2020.

The updated FAQs address key interpretational and practical issues relating to **wage definitions, gratuity eligibility (including fixed-term employees), social security contributions, overtime, and leave entitlements**, thereby promoting uniform understanding across employers and employees.

**Key Technical Clarifications:**

- Fixed-term employment applies only to employees directly engaged by the employer and does not extend to contract labour engaged through contractors.
- In the case of contract labour, the **liability to pay gratuity rests with the contractor** and not with the principal employer.
- The term **'remuneration in kind'** includes benefits provided under the terms of employment, such as **food coupons, ration items, mobile recharges**, etc.

For more information, **click here**

## The Corporate Laws (Amendment) Bill, 2026 - 23 March 2026

The Government has introduced the Corporate Laws (Amendment) Bill, 2026 in the Lok Sabha proposing specific amendments to the Limited Liability Partnership Act, 2008 and the Companies Act, 2013.

The Bill focuses on facilitating business reforms and enhancing regulatory clarity. Key proposals include introduction of enabling provisions for **International Financial Services Centre (IFSC)**-based LLPs and companies, and permitting conversion of specified trusts into LLPs, subject to prescribed conditions. The Bill also proposes revisions relating to penalties, disclosures, and conduct of general meetings, along with consequential amendments across various provisions of both legislations.

In relation to the Companies Act, 2013, the Bill introduces several definitional and procedural changes. It proposes revision in thresholds for classification of certain categories of companies and introduces provisions to permit realignment of financial years under specified circumstances. Further, new compliance requirements are proposed mandating prescribed classes of companies to maintain functional websites, designated email addresses, and electronic communication systems, along with reporting of such details to the Registrar of Companies.
Overall, the proposed amendments are aimed at promoting ease of doing business, strengthening corporate governance, and enabling greater use of digital infrastructure in regulatory compliance.

For more information, **click here**

## The Foreign Contribution Regulation Amendment Bill 2026 - 26 March 2026

The Government has introduced the Foreign Contribution (Regulation) Amendment (FCRA) Bill, 2026 in the Lok Sabha, proposing significant changes to strengthen oversight of foreign funding received by NGOs and other entities. The Bill proposes amendments to the Foreign Contribution (Regulation) Act, 2010 (FCRA) with the objective of strengthening transparency, improving compliance, and facilitating genuine charitable activities while ensuring effective regulatory oversight.

Key amendments include:

- The Bill aims to enhance **accountability and transparency** in the utilization of foreign contributions.
- Introduction of a framework enabling the government to manage and regulate the assets of organisations whose FCRA registration has been cancelled/suspended.
- Empowerment of the government to prescribe timelines for receipt and usage of foreign funds.
- Establishment of clearer provisions for management and disposal of funds and assets of non-compliant or deregistered entities.

- Measures aimed at preventing misuse of foreign contributions and ensuring alignment with national interest.

For more information, click here

# International | Accounting News

## Exposure Draft on Amendments to the Fair Value Option for Investments in Associates and Joint Ventures - Proposed amendments to IAS 28 issued by the IASB for comments- 3 March 2026

The International Accounting Standards Board (IASB) has issued an Exposure Draft proposing **amendments to IAS 28, Investments in Associates and Joint Ventures,** to clarify the eligibility criteria for applying the '**fair value through profit or loss' accounting option** instead of the '**equity method of accounting'** for measurement of investments in Associates and Joint Ventures.

The Exposure Draft proposes amendments to paragraphs 18 and 19 of IAS 28 to clarify that an entity whose **main business activity involves investing in particular types of assets**, as described in paragraph 49(a) of IFRS 18- Presentation and Disclosure in Financial Statements), would be eligible to elect the fair value option.

The Indian Accounting Standards are formulated in alignment with International Financial Reporting Standards (IFRS) issued by the IASB. In order to provide stakeholders in India an opportunity to raise concerns at the initial international standard-setting stage, the Accounting Standards Board (ASB) of ICAI has invited comments on this Exposure Draft.

The Exposure Draft is open for public **comments until 2 April 2026**.

For more information, click here

## Tentative Agenda Decision on Reassessment of Control (IFRS 10)-2 April 2026

The IFRS Interpretations Committee (IC) has issued a Tentative Agenda Decision (TAD) on **"Reassessment of Control under IFRS 10"** and has invited public comments globally. Agenda Decisions are published to clarify how principles in IFRS Standards apply to particular transactions or specific fact patterns.

The Committee considered a query on whether, in accordance with paragraph 8 of IFRS 10, an entity is required to reassess whether it retains control of an investee when the investee's governing documents are amended.

The Committee observed that reassessment of control may be required depending on the specific facts and circumstances. However, since the issue is not considered widespread, the Committee decided not to undertake a standard-setting project.

The Accounting Standards Board of ICAI has also invited comments from stakeholders in India to promote participation in international standard-setting and its implementation.

The Tentative Agenda Decision is open for public comments until **2 May 2026**.

For more information**, click here**