



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
APRIL, 2025

♦ EAC opinion on accounting treatment and classification of sales bills discounting under Ind AS framework

A Company supplies power to Distribution Companies (DISCOMs) under a Power Purchase Agreement requiring payment within credit period to avoid Late Payment Surcharge (LPSC). The Company and DISCOMs had a Sales Bill Discounting (SBD) arrangements with characteristics such as bill discount is with recourse to the Company, DISCOMs pay all the bank charges including interest to bank, bank remits full invoice amount to Company, DISCOMs pay the due amount to bank on due date, etc.

The Company derecognizes trade receivables on its discounting and disclosure is given for contingent liability towards any potential obligation if DISCOMs defaults in payment of bills to bank.

The committee observed that the SBD arrangement is with recourse to the Company. Accordingly in such cases if DISCOM default in payment, the bank recovers unpaid amount from the Company and the Company retains the right to recover such dues from DISCOMs, including LPSC. Thus, the right to contractual cash flows has not expired, and derecognition criteria under para 3.2.3(a) of Ind AS 109 is not met. Further, as the bank cannot sell or transfer the receivables and only has recourse to the Company, the Company retains all risks and rewards, and accordingly the derecognition criteria under para 3.2.3 to 3.2.8 of Ind AS 109, are not fulfilled.

Considering the above, committee is of the view that the Company should continue to recognise and present the trade receivables in entirety and also recognise a financial liability for consideration received from bank on discounting of the receivables.

For more information, [Click here](#)

♦ Guidance and FAQ issued by ICAI

Particulars	Description
Revised Technical Guide on CSR Accounting	ICAI has released the updated edition (January 2025) of the Technical Guide on Accounting for Expenditure on Corporate Social Responsibility (CSR) Activities. The guide provides comprehensive and clear guidance on the accounting treatment of CSR expenditures and their proper presentation in financial statements.
Revised FAQs on LLP Act, 2008 issued by ICAI	ICAI has released the revised edition (January 2025) of FAQs on the LLP Act, 2008, incorporating detailed guidance on the procedural and practical aspects of LLP Act, 2008 including key amendments introduced under the LLP (Amendment) Act, 2021 read with relevant rules and the transition to MCA V3 Portal. For more information, Click here
ICAI Issues Study on Ind AS Compliance (Volume III)	ICAI's FRRB has released Volume III of study on compliance of financial reporting requirement under Ind AS framework. This publication aims to disseminate common non-compliances observed during reviews and to overcome the challenges in maintaining a strong financial ecosystem. This publication covers non-compliances observed relating to Ind AS, Schedule III of the Companies Act, 2013, Standards on Auditing, and CARO. For more information, Click here

Particulars	Description
Revised FAQs on SEBI (LODR) Regulations	ICAI has released an updated edition of FAQs on SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 which provides detailed insights, including coverage of latest amendments to SEBI LODR till 30 th December 2024. The revised publication is structured into two parts i.e., Part A which covers key aspects such as corporate governance, disclosures, and related party transactions and Part B that includes a newly added chapter “Compliance Calendar”, which will assist professionals in tracking key deadlines and ensuring timely compliance with the regulations. For more information, Click here

RBI UPDATES

♦ Mandatory Use of PRAVAAH Portal

RBI had launched PRAVAAH Portal (Platform for Regulatory Application, Validation and Authorisation) on May 28, 2024. With effect from May 1, 2025, all regulated entities (Banks, NBFC, CIC, etc.) are advised to use PRAVAAH for submitting applications for regulatory authorisations, licenses and approvals to RBI.

For more information, [Click here](#)

♦ Amendment in Master Direction on Compounding of Contraventions under FEMA, 1999

The Master Direction on Compounding of Contraventions under FEMA, 1999 are amended which includes the introduction of a revised Compounding Matrix and the ability for the compounding authority to cap penalties at ₹2 lakh per contravention in exceptional cases.

For more information, [Click here](#) for amendment on April 22, 2025 and [Click here](#) for amendment on April 24, 2025.

SEBI UPDATES

♦ Clarification on the position of Compliance Officer

As per the requirement of LODR, the Compliance Officer of a listed entity to be in whole-time employment of the listed entity, not more than one level below the board of directors and designated as key managerial personnel. It is now clarified that the term ‘One-level below the board of directors’ means one-level below the Managing Director or Whole-time Director(s) who are part of the Board of Directors of the listed entity.

Further, in case a listed entity does not have a Managing Director or a Whole-Time Director, then the Compliance Officer shall not be more than one-level below the Chief Executive Officer or Manager or any other person heading the day-to-day affairs of the listed entity.

For more information, [click here](#)

♦ **Extension of automated implementation of trading window closure to immediate relatives of designated persons, on account of declaration of financial results**

As per SEBI's PIT Regulations, 2015, trading window shall be closed when the compliance officer determines that a Designated Person (DP) or class of DPs can reasonably be expected to have possession of UPSI. To ease the compliance, the stock exchange and depositories had enabled PAN freezing of DPs of listed company at security level. This framework now has been extended to immediate relatives of DPs for listed companies. The timeline for phase wise implementation of the same are given below:

Phase	Companies to be covered	PAN-ISIN freeze start date
Phase 1	Top 500 companies based on BSE market capitalization as of March 31, 2025, listed on BSE, NSE and MSEI	July 1, 2025
Phase 2	All the remaining listed entities including those listed after issuance of this circular	October 1, 2025

For more information, [click here](#)


♦ **Amendment in SEBI ICDR regulation**

SEBI has amended the SEBI (Issue of Capital and Disclosure Requirements) Regulation 2018. These amendments relate to various revisions to the main board IPO framework and corresponding disclosures, the rights issues domain, aspects relating to SME IPOs, harmonization of various provisions in the SEBI ICDR Regulations with the SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015.

For more information, [click here](#)

Glossary:

EAC	Expert Advisory Committee
Ind AS	Indian Accounting Standards
FAQ	Frequently Asked Questions
ICAI	Institute of Chartered Accountants of India
LLP	Limited Liability Partnership
FRRB	Financial Reporting Review Board
MCA	Ministry of Corporate Affairs
CARO	Company Auditor's Report Order
NBFC	Non-Banking Financial Company
CIC	Core Investment Company
RBI	Reserve Bank of India
SEBI	Securities and Exchange Board of India



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