



N.A.SHAH ASSOCIATES LLP
Chartered Accountants

BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
JULY 2025

♦ EAC opinion on treatment and presentation of perpetual Loan under Ind AS Framework

The EAC has opined that a perpetual loan, carrying neither interest nor a specified obligation for repayment of principal, should be classified as having the nature of equity rather than a financial liability under Ind AS 32. This is because there is no contractual obligation to deliver cash or another financial asset, nor any requirement to exchange financial assets or liabilities under conditions potentially unfavourable to the borrower.

Accordingly, such instruments should be presented in the financial statements of the Company as “Instruments entirely equity in nature”, in compliance with the requirements of Ind AS 1 and the Guidance Note on Division II – Ind AS Schedule III to the Companies Act, 2013 issued by ICAI. This classification ensures that the presentation reflects the economic substance of the arrangement, rather than its legal form.

For more information, [Click here](#)

♦ Guidance Note on Tax Audit

ICAI has released the Guidance note on Tax Audit under section 44AB of the Income-tax Act, 1961 (Revised 2025). This edition incorporates recent changes in Form No. 3CD.

For more information, [Click here](#)

♦ Limit on number of tax audits

ICAI has issued guidelines effective April 1, 2026 specifying that each partner in a Chartered Accountant (CA) firm has an individual limit of 60 tax audits per financial year under Section 44AB of the Income-tax Act. This limit cannot be shared or distributed among partners.

For more information, [Click here](#)

♦ Frequently Asked Questions (FAQs) on Guidance Note on Financial Statements of Non-Corporate Entities

Accounting Standards Board and Auditing and Assurance Standards Board of ICAI have jointly issued FAQs on the Guidance Note for Financial Statements of Non-Corporate Entities. These FAQs provide clarity on scope, applicability, formats, presentation requirements, and auditor responsibilities, effective for accounting periods beginning on or after April 1, 2024.

For more information, [Click here](#)

COMPANY LAW UPDATES

- ♦ The Ministry of Corporate Affairs (MCA) has amended the Companies (Corporate Social Responsibility Policy) Rules, 2014 effective July 14, 2025 introducing a revised web-based Form CSR-1. This mandatory form requires eligible entities, including Section 8 companies, registered public trusts, and societies with tax exemptions under Section 10(23C) or Section 80G, to register for CSR activities. Key requirements include digital authentication, details of authorized representatives, and certification by a practicing CA/CS/CMA. These changes aim to enhance transparency, streamline compliance, and strengthen oversight in CSR implementation.

For more information, [Click here](#)

- ♦ MCA has amended the Companies (Listing of Equity Shares in Permissible Jurisdictions) Rules, 2024 introducing a revised Form LEAP-1 in the Second Schedule, effective July 14, 2025. The updated form mandates detailed disclosures, including CIN, contact details, purpose, regulatory approval dates, ongoing inspections/inquiries and supporting attachments (regulatory approvals, prospectus, acknowledgements), along with digital signatures from KMPs and certification by a practicing professional.

For more information, [Click here](#)

- ♦ The MCA and Investor Education and Protection Fund Authority (IEPFA) require companies that previously transferred amounts to IEPF but failed to file or incorrectly filed the statement to submit Form IEPF-1A in the prescribed Excel template. Affected companies must re-submit the form through MCA21 V3 within 30 days (by August 30, 2025) using the Excel template shared with their Nodal Officer. Failure to comply may result in regulatory action under the Companies Act, 2013.

For more information, [Click here](#)

SEBI UPDATES

- ♦ The SEBI consolidates all previous circulars on listing obligations and disclosure requirements for non-convertible securities, securitized debt instruments, and commercial paper into one comprehensive document. It retains the validity of actions taken under earlier circulars and applies the new framework to pending cases. The circular provides standardized, chapter-wise procedures for disclosures, compliance reporting, default reporting, governance norms, related-party disclosures, credit rating reviews, and handling unclaimed amounts. Stock exchanges, issuers, and intermediaries must update systems and processes to align with these requirements. Issued under SEBI's statutory powers, its aim is to ensure uniformity, transparency, and investor protection.

For more information, [Click here](#)

- ♦ SEBI has opened a special six-month window from July 7, 2025 to January 6, 2026 allowing investors to re-lodge physical share transfer deeds submitted before April 1, 2019 that were rejected or unprocessed due to deficiencies. All accepted transfers will be issued only in demat form. The companies/RTAs must publicize the window, handle requests promptly, and report progress monthly. This is a final chance for affected investors to secure ownership of such shares.

For more information, [Click here](#)

- ♦ SEBI decided in its June 18, 2025 meeting to permit promoters to retain ESOPs granted at least one year prior to filling the DRHP. This change eliminates the earlier requirement for promoters to liquidate their ESOP's before going public, promoting smoother IPO process while safeguarding investor interests.

For more information, [Click here](#)

RBI UPDATES

- ♦ RBI has introduced The Reserve Bank of India (Investment in AIF) Directions, 2025—effective from January 1, 2026 to regulate investments by banks, NBFCs, and other financial institutions in Alternative Investment Funds (AIFs).

For more information, [Click here](#)

OTHER UPDATES

- ♦ On July 21, 2025 the Charity Commissioner of Maharashtra issued a general order under Section 35 of the Maharashtra Public Trusts Act permitting trustees of public trusts to invest up to 50% of trust funds in specified securities without obtaining prior approval. The permitted investments include government securities, SEBI-regulated mutual funds, debt instruments, listed shares of companies having a market capitalization of Rs 5,000 crore or more, and certain infrastructure-related investments.

For more information, [Click here](#)

- ♦ The Employees' State Insurance Corporation (ESIC), through a notification dated July 1, 2025 has reintroduced the Scheme to Promote Registration of Employers / Employees (SPREE Scheme) for factories and establishments covered under the ESI Act, 1948. The scheme, aimed at encouraging voluntary coverage without retrospective liability or punitive action, will remain valid from July 1, 2025 to December 31, 2025. Further, by a notification dated July 14, 2025 ESIC directed field officers to monitor registrations under the scheme and instructed that no inspections be undertaken of units covered under the scheme.


For more information,

Notification dated July 1, 2025 [Click here](#)

Notification dated July 14, 2025 [Click here](#)

Glossary:

EAC	Expert Advisory Committee
Ind AS	Indian Accounting Standards
ICAI	Institute of Chartered Accountants of India
MCA	Ministry of Corporate Affairs
CSR	Corporate Social Responsibility
CA	Chartered Accountant
CS	Company Secretary
CMA	Cost and Management Accountant
CIN	Corporate Identification Number
KMP	Key Managerial Personnel
SEBI	Securities and Exchange Board of India
RTA	Registrar and Share Transfer Agents
DRHP	Draft Red Herring Prospectus
ESOP	Employee Stock Option Plans
IPO	Initial Public Offer
NBFC	Non-Banking Financial Company



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