



N.A. SHAH ASSOCIATES LLP
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BULLETIN

ACCOUNTING, AUDITING AND COMPANY LAW –
SEPTEMBER 2025

♦ EAC opinion on accounting for GST component paid on lease payment under Ind AS 116 'Leases'

A power generation company operating a gas-based plant entered into a lease agreement for its corporate office. Under the agreement, rent was payable along with GST. While applying Ind AS 116 – Leases, the company included the GST component in the lease liability and corresponding right-of-use (ROU) asset, citing that GST was non-recoverable due to its GST-exempt electricity output.

The Comptroller and Auditor General (CAG) objected, stating that GST is a statutory levy and not part of consideration payable to the lessor. On referral, the Expert Advisory Committee (EAC) noted that under Ind AS 116, lease payments include only amounts payable to the lessor for the right to use the asset. As GST is collected on behalf of the government, it does not form part of lease consideration.

The EAC concluded that GST should not be included in the measurement of lease liabilities or the ROU asset. For more information, [Click here](#)

♦ Relaxation in Compliance with Guidance Notes on Financial Statements for Non-Corporate Entities and LLPs for FY 2024–25.

ICAI has allowed voluntary application of the Guidance Notes on Financial Statements for Non-Corporate Entities and LLPs for FY 2024–25, instead of mandatory compliance. However, existing Accounting Standards and the Framework for Preparation and Presentation of Financial Statements will continue to apply.

For more information, [Click here](#)

COMPANY LAW UPDATES

♦ **Extension of Timeline for Conducting AGM and EGM through Video Conference or Other Audio Visual Means**

The Ministry of Corporate Affairs has allowed companies to continue conducting AGMs and EGMs through Video Conference or Other Audio Visual Means, till further orders. However, this relaxation does not extend the statutory timelines for holding AGMs under the Companies Act, 2013.

For more information, [Click here](#)

SEBI UPDATES

♦ **SEBI Strengthens Dematerialisation and Disclosure Norms under ICDR Regulations.**

SEBI, through its Second Amendment to the ICDR Regulations, 2018 (notified on 8th September 2025), has strengthened disclosure norms for public issues. Key changes include mandatory dematerialisation of securities held by promoters and related parties, enhanced litigation disclosures with defined materiality thresholds, detailed risk factor reporting, and compliance requirements for Not-for-Profit Organisations on the Social Stock Exchange.

For more information, [Click here](#)

♦ **SEBI Revises Regulatory Framework for Angel Funds under AIF Regulations**

SEBI has overhauled the Angel Fund framework, mandating fundraising only from accredited investors and first close within 12 months with at least five investors. The revised norms remove the 25% cap per investee, allow investments between Rs. 10 lakh and Rs. 25 crore, require direct fund-level investments, and permit follow-on investments in portfolio companies even after they outgrow start-up status.

For more information, [Click here](#)

♦ **SEBI Introduces Co-Investment Framework for AIFs**

SEBI has introduced a framework allowing Alternative Investment Funds to facilitate co-investments within their structure, enabling investors to invest alongside the main fund in specific portfolio companies. The framework sets out eligibility, investment limits, and disclosure norms to ensure transparency and protect investor interests.

For more information, [Click here](#)



♦ **Framework on Social Stock Exchange (SSE) – Amendments & Disclosures**

SEBI has revised the framework governing the SSE to enhance transparency, governance, and accountability among social enterprises and NPOs. The amendments include updated registration criteria for NPOs, more stringent annual disclosure requirements, and the mandatory submission of Annual Impact Reports (AIRs). These AIRs must be filed by October 31st each year or by the due date for filing income tax returns, whichever is later. To ensure credibility and accuracy, AIRs must be independently assessed by certified Social Impact Assessors.

For more information, [Click here](#)

FCRA Updates

♦ **Clarification on timely renewal of FCRA Registration Certificates**

The Ministry has advised FCRA-registered associations to submit renewal applications at least four months before the expiry of their certificate. This will facilitate timely processing and disposal of their applications and avoid disruption in their activities.

For more information, [Click here](#)

NFRA Updates

NFRA has issued 35 FAQs on e-filing of Form NFRA-2 which covers applicability of such reporting, procedural matters and certain clarifications.

For more information, [Click here](#)

Glossary:

EAC	Expert Advisory Committee
GST	Good and Service Tax
Ind AS	Indian Accounting Standards
AGM	Annual General Meeting
EGM	Extra Ordinary General Meeting
SEBI	Securities Exchange Board of India
FAQs	Frequently Asked Question
QIP	Qualified Institutional Placements
IPO	Initial Public Offering
AIF	Alternative Investment Fund
NPO	Non - Profit Organization
NFRA	National Financial Reporting Authority

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