

# THE CHARTERED ACCOUNTANT WORLD

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## EDITORIAL CA Practice a Golden Opportunity



CA Vinod Jain\*

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A Chartered accountant is equipped with high level of skill, knowledge and expertise along with a hands-on in-depth practical training of a minimum of 2 Years beside several modules of soft skills and technology. The quality of expertise at this stage may differ based on nature and size of clients or nature of professional assignments handled during

training and of course the most important ingredient is sincerity and seriousness with which education and training is undertaken by the incumbent.

**Opportunities are mounting:** In recent years, a significant percentage of Chartered accountants wish to take up jobs with industry or with well-established practicing CA firms rather than setting up a CA practice to start with. The opportunity in practice as a Chartered accountant are on the other hand multiplying and growing at a very fast pace with growth of Indian businesses, galloping towards a 3rd largest economy and Viksit Bharat. The market scenario is taking a completely new shape, with domestic and international opportunities in Accounting, Auditing, income tax, GST, Management Consulting, financial sector, corporate structuring, Governance Consulting, Cyber security, designing of systems and processes and internal controls, Capital market, start up handholding are all transforming in very large size coupled with digital transformation, artificial intelligence and technology, the demand of practicing Chartered accountants is exploding giving new shape to old traditional methods of CA practice advent with advanced high tech professional approach.

**Small is beautiful:** While there are unending opportunities for those who can reposition themselves to larger practice and consulting, there are immense opportunities even for small and mid-size firms with a deep expertise to solve critical challenging assignments. It is for each one to choose as to be part of a full-service firm or be a leading symbol of high level of their expertise with in-depth knowledge in the

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## India's New Labour Codes: The Balance Sheet of Reform : From Legal Text to Economic Reality



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In a historic move, the Government of India announced the implementation of four Labour Codes on Wages, Industrial Relations, Social Security, and Occupational Safety Health & Working Conditions effective **November 21, 2025** replacing 29 industrial and labour laws including PF, Gratuity, ESI, Bonus, trade union, Industrial Dispute Act, Factories Act etc.

While the government promises modernization and

"ease of doing business," the immediate reality for India Inc. is a complex transition involving cost escalations, administrative duality, and significant payroll restructuring.

Feature	Pre-Reform Status	Post-Reform Change
<b>Coverage</b>	Fragmented; many informal sectors excluded.	Universal Coverage: Social Security extended to , platform, unorganized workers including contract labour of all kind.
<b>Hiring</b>	Rigid; informal contracts common.	Formalization: Mandatory appointment letters for all. Recognition of Fixed-Term Employment (FTE) with pro-rata benefits.
<b>Wages</b>	Minimum wages restricted to scheduled jobs.	Floor Wage: Statutory National minimum wage right for all workers (states may notify additional for their state ).
<b>Women</b>	Night shift restrictions common	Equity: Women allowed in all shifts/sectors (including mining) with consent and safety measures.
<b>Compliance</b>	Multiple registrations and returns	Simplification: Single registration, single license, and single return.

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### Impact on Employers: Flexibility vs. Fiscal Burden

The Codes offer operational flexibility but demand a complete overhaul of compensation structures.

- **The "50% Rule" & cost escalation:** The new definition of "Wages" mandates that allowances cannot exceed 50% of the total remuneration (CTC). This forces a higher Basic Pay, directly increasing employer contributions to PF and Gratuity.
- **Industrial flexibility:** The Industrial Relations Code (IRC) raises the threshold for government permission for retrenchment/closure from 100 to **300 workers**, granting mid-sized firms greater agility.
- **Strike regulations:** Unions must now provide a 60-day notice for strikes, reducing the risk of flash disruptions.
- **Sector-Specific relief:** New specific provisions assist MSMEs, the export sector, and IT/ITES (e.g., night shifts for women, fixed-term employment flexibility).

### Impact on Workforce: Security vs. Liquidity

For employees, the reforms are a trade-off between immediate cash flow and long-term safety.

- **Enhanced social net:** Gig and platform workers (e.g., delivery partners) get legal recognition and social security funded by aggregator turnover (1-2%).
- **Fixed-Term employees** (FTEs) are now eligible for **Gratuity after just 1 year** of service (previously 5 years), ensuring equity with fixed term staff.
- **Take-Home Pay Reduction:** Due to the 50% Basic wage rule, mandatory deductions (PF) will likely rise, reducing monthly disposable income for many formal sector employees.

### Analytical insight: The Transitional Friction

The transition phase presents unique "teething troubles" that businesses must navigate:

- **The "Dual Regime" paradox:** Until the Social Security Code fully supersedes the old EPF Act, payroll teams face a compliance mismatch. The EPF Act excludes HRA and bonuses from "wages," while the new Code includes them if allowances exceed the 50% cap. This creates a risk of interpretive disputes during inspections.
- **State vs. Central alignment:** Labour is a concurrent subject. While the Centre has notified the Codes, divergence in State Rules regarding overtime caps and leave policies could dilute the goal of a "unified market."
- **Financial impact:** Companies with "allowance-heavy" CTC structures (common in IT and consulting) face the steepest compliance costs. The retrospective impact on actuarial valuation for Gratuity and Leave Encashment will hit balance sheets immediately.

## The Strategic role of Chartered Accountants (CAs)

As custodians of financial compliance and business strategy, Chartered Accountants in both practice and industry play the most critical role in stabilizing this transition. Their function extends beyond mere calculation to strategic advisory:

- **Financial impact analysis:** CAs must quantify the immediate impact on P&L due to increased Gratuity and PF liabilities, advising management on necessary provisioning and cash flow adjustments.
- **Payroll Restructuring & Compliance:** Industry CAs are pivotal in redesigning CTC structures to ensure compliance with the "50% Rule" while maintaining tax efficiency for employees. They bridge the gap between HR policy and tax law. Non cash perk valuation as 15% of CTC need deeper understanding.
- **Transitional Governance:** Practicing CAs serve as the first line of defence, guiding clients through the "Dual Regime" complexity, ensuring that reconciliations between old PF worksheets and new Wage Code registers are audit-proof.
- **Systems Integration:** CAs are essential in guiding ERP and payroll software updates to automate the new "Single Return" filings, ensuring the organization benefits from the promised "Ease of Doing Business."

### Conclusion

The Labour Codes represent a necessary modernization, moving India from a patchwork of colonial laws to a consolidated framework fit for *Aatmanirbhar Bharat*. However, the journey from policy to practice will be defined by how effectively organizations manage the short-term financial and administrative shocks. With the right guidance, this reform can indeed create a workforce that is "protected, future-ready, and resilient".

### LATEST IN FINANCE

#### UPI records strong year-on-year growth in november 2025

UPI growth in 2024-25 showed massive acceleration, with volumes surging to ~18.6 billion transactions and values hitting ₹261 lakh crore (CAGR of ~114% since FY18), reaching record single-month highs in mid-2025 (over 1.9 billion transactions) and dominating global real-time payments.

#### \$1 trillion erased from crypto markets as bitcoin tumbles

The great crypto crash of 2025 entered a new phase on Wednesday, as bitcoin plunged to its lowest level in seven months extending the more than \$1 trillion wipe out across the digital asset world. The total market capitalisation of cryptocurrencies peaked at about \$4.3 trillion on Oct 6 and now hovers near \$3.2 trillion. Still-much of that change reflects paper losses, not real-world cash leaving hands.

#### Credit growth outpaces deposits

The Credit Growth of the banking system continues to outpace its deposits, the Reserve Bank of India (RBI) data showed on Friday. The bank credit grew 11.42% to INR 193.46 lakh crore for the fortnight ended November 14, while deposits grew 10.24% to INR 240.93 lakh crore. Deposits have shown a double-digit growth after staying below 10% for the previous five fortnights.

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## Banks weigh criminal checks for loans

Banks may soon go beyond checking credit scores, assessing cash flows and taking collateral when extending loans. They are considering adding a new filter - scanning applicants' criminal records.

- The move aims to screen criminal antecedents of borrowers at the application stage itself
- Such checks can enhance a bank's understanding of behavioral and financial integrity risks
- Prevention (of loan proposals from lawbreaking borrowers) is better than cure (recovery).

Legally, banks are fully entitled to access criminal record information when done with consent, relevance and adherence to data-protection norms. A criminal record should inform risk, not define the borrower. However, over-dependence on such information can produce skewed outcomes. Many offences are minor, outdated or unrelated to credit behavior; treating every record as a red flag may shut out borrowers otherwise creditworthy.

## Direct lending emerges as Banks' preferred route

Despite the recent relaxation in co-lending norms, banks are likely to maintain their preference for direct assignment with non-banking financial companies (NBFCs) rather than co-lending arrangements.

## Sterling Biotech bank fraud: SC direct Rs 5,100 Cr to settle

The Supreme Court has directed the quashing of all criminal proceedings against the fugitive Sandesara brothers in the Sterling Biotech bank fraud case, provided they deposit Rs 5,100 crore as a "full and final payment" to lender banks. If the petitioners (Sandesara brothers) are ready to deposit the amount as settled in the one-time settlement (OTS), and public money comes back to lender banks, the continuation of the criminal proceedings would not serve any useful purpose, as per the Supreme Court.

## SBI seeks credit guarantee for new-age sectors

SBI requires the government to build in some guarantee scheme for the new age and riskier elements of the industry. At present, there are credit guarantee schemes for dedicated sectors like the MSMEs and start up wherein financiers are provided with a comfort in the form of state support if a loan goes sour.

## RBI's acquisition financing Scheme

The RBI in a draft circular, proposed allowing banks to finance Indian companies' acquisition of full or controlling stakes in domestic or over-seas firms, provided such investments create long-term strategic value rather than serve short-term financial restructuring goals. Under the proposal, banks can fund up to 70 per cent of the acquisition cost, with the acquirer contributing the remaining 30 per cent through equity. The acquiring company must be a listed entity with satisfactory net worth and at least three years of profit-ability.

The Reserve Bank of India's proposal to cap acquisition financing exposure of banks at 10 per cent of their Tier-1 capital is restrictive.

## JAL creditors opt for adani offer

Vedanta had emerged as the highest bidder for Jaiprakash Associates Limited (JAL) with a 717,000 crore offer in an electronic auction in September. Lenders, however, chose to go with Adani Enterprises because it offered higher upfront payments, according to the people. JAL, the flagship of the Jaypee Group, has a portfolio ranging from cement, power, engineering and hospitality to real estate and sports infrastructure. Its sports city project in Greater Noida is spread over 1,000 hectares. JAL's land bank is the subject of litigation in the Supreme Court. The Yamuna Expressway Industrial Development Authority had cancelled the allotment of land to the company for non-compliance of statutory payments. The company has challenged the cancellation in the apex court.

## CAPITAL MARKET

## SEBI eases educational qualification needs for investment advisers, analysts

Securities and Exchange Board of India (SEBI) has relaxed the educational qualification criteria for investment advisers (IAs) and research analysts (RAs), allowing graduates from any discipline to apply for registration. However, passing the NISM certification exam will remain mandatory to ensure domain knowledge and professional preparedness.

## Mutual funds push SEBI for higher brokerage cap

The markets regulator has proposed capping brokerage costs at 2 basis points (bps) as part of a wider overhaul of the total expense ratio (TER) framework for asset management companies. Fund houses currently pay up to 12 bps in broker associations.

## Launch of Informal Guidance Scheme 2025

SEBI introduced a revamped scheme effective December 2025, offering faster, structured no-action and interpretive guidance to a wider set of market participants through a centralised electronic process with a ₹50,000 fee and a 60-day disposal timeline. **The scheme replaces the 2003 framework** and allows confidentiality requests for up to 90 days before guidance is made public.

## Mandatory reports by corporate to debenture trustees

The circular introduces a detailed reporting schedule that issuers must follow when submitting information to Debenture Trustees (DTs) for ongoing due-diligence obligations. Issuers are now required to furnish quarterly security-cover certificates, half-yearly updates on pledged assets, reserve accounts and guarantor net worth, annual financial information for corporate guarantors, and valuation or title-search reports once every three years. Most submissions must be made within 60 days of the relevant period, except the fourth-quarter security-cover certificate, which carries a 75-day deadline. These requirements are aligned with the DT Master Circular to ensure that monitoring responsibilities are clearly embedded in debenture trust deeds. Effective from the **quarter ending 31 December 2025**.

## NSE flags trading restrictions for clients with non-validated KYC records

Following amendments to SEBI KRA Regulations (2011), NSE has mandated blocking of debit and trading activity for accounts where KRAs report investor demise or where KYC remains "On Hold". Clients whose KYC was uploaded between 1–31 October 2025 but remains unverified will be barred from trading or squaring positions from 22 November 2025 until validation. Such PANs will be tagged "Not Permitted to Trade," with permissions restored on T+1 after KRA confirmation.

## DIRECT TAX

### India-Belgium amended tax treaty comes in-to force

Article 26 is fully replaced to widen the scope of information exchange between the two tax administrations. Article 27 is substituted to enable mutual assistance in tax recovery and conservancy actions.

### Capital Gains Accounts Scheme updated to expand deposit modes and coverage

The scheme now recognises **electronic modes**—including cards, net banking, IMPS, UPI, RTGS, NEFT, and BHIM Aadhaar Pay—as valid deposit options. It also clarifies that the **date of receipt by the deposit office** determines the effective deposit date, irrespective of payment mode.

### CBDT issues guidelines to strengthen verification of agricultural income claims

AOs must now independently examine documentary evidence such as land ownership and cultivation records (including Khasra-Khatauni), input expenditure proofs like labour and fertilizer bills, and sales-related documents such as buyer receipts before granting exemptions. The guidelines also caution officers against permitting exemptions for income arising from non-agricultural activities—such as the sale of fish, milk, or other non-farm outputs—often misreported as agricultural income. Additionally, AOs must carefully verify whether rent or revenue claimed from agricultural land genuinely qualifies under the definition of agricultural income. *CBDT Communication dated 29.10.2025 on Verification of Agricultural Income Claims.*

### Transfer pricing alp tolerance range for ay 2025–26

The Central Government has notified the Arm's Length Price (ALP) tolerance range applicable for AY 2025–26, providing relief in transfer pricing assessments. Under the notification, where the difference between the determined ALP and the actual transaction price does not exceed 1% for wholesale trading or 3% for all other international or specified domestic transactions, the actual price will be deemed to be the ALP. The rules also clarify the meaning of "wholesale trading," limiting it to cases where finished-goods purchase cost is at least 80% of total trading cost, and the average monthly closing inventory does not exceed 10% of trading-related sales.

**Editorial comment:** The imaginary meaning of Wholesale trading is unjust and is not as per business realities. The FEMA definition is clear and precise. The Income Tax Act do not empower the Government to define wholesale trading and is beyond delegated legislation powers.

## DIRECT TAX CASE LAWS

### Charitable trust cannot be taxed at mmr when no beneficial entitlement exists

The ITAT held that a charitable trust not claiming section 11 exemption still cannot be subjected to **MMR under section 167A**, since trustees or members have no **beneficial entitlement** and income is applied only for charitable objects, meaning statutory conditions of **indeterminate shares** do not arise. Relying on **CBDT Circular No. 320 (1982)**, the Tribunal reiterated that such trusts must be taxed at normal AOP slab rates (slab applicable to individual assessee). It also held that CPC's **section 143(1)** adjustment mechanically applying MMR was beyond its scope, and rejected the CIT(A)'s treatment equating the assessee with a commercial AOP. The ITAT therefore directed assessment at normal slab rates and deleted the MMR levy. [*Vindhya Trust v. DCIT (ITAT Delhi, 2025)*]

### Recorded cash sales during demonetisation cannot trigger section 68

The ITAT deleted an addition of ₹3.49 crore under section 68, holding that the cash deposits represented recorded cash sales supported by audited books, VAT returns, stock registers, and reconciled balances. Having rejected books under **section 145(3)**, the AO could not selectively rely on them to invoke section 68 or tax the same income again, amounting to double taxation. The ITAT noted that cash sales are not barred, the burden under section 68 was discharged once stock and sales matched, and section 115BBE did not apply. As no evidence of bogus or inflated sales was found and no enquiries were made, the addition and **section 271AAC** penalty were fully deleted. [*Rakesh Jain v. DCIT (ITAT Mumbai, 2025)*]

### DCF valuation cannot be replaced without showing defects or dvo reference

The ITAT deleted an addition under section 56(2)(viib), holding that the AO could not reject a qualified CA-certified **DCF valuation** and substitute an NAV method without demonstrating any serious infirmity. The valuer confirmed methodology under summons, and projections were supported by management inputs; differences from actual results or standard disclaimers did not invalidate the report. Following Cinestaan Entertainment and Agra Portfolio, the ITAT held that once a recognised Rule 11UA method is adopted, the AO cannot replace it without a counter-valuation, which was never sought from a DVO. The DCF valuation was accepted and the addition deleted in full. [*Intermesh Shopping Network Pvt. Ltd. v. ITO (ITAT Delhi, 2025)*]

### Bombay HC: Rectification order without din held non-est

The Bombay High Court quashed a rectification order issued to Siemens Ltd after finding that the Income Tax Department had passed the order without quoting the mandatory Document Identification Number (DIN) in the body of the communication, as required under CBDT Circular No. 19/2019. Although the Department later sent a separate letter mentioning the DIN, the Court held this could not cure the defect or validate an otherwise invalid order, emphasizing that the DIN requirement is mandatory to ensure transparency and an audit trail. The Court further observed that the manual, back-dated issuance appeared intended to overcome limitation constraints, which is

impermissible. HC also clarified that, although the Supreme Court has stayed the DIN-related orders of the Delhi, Calcutta and Madras High Courts, those judgments do not lose their precedential value. Concluding that the rectification order was non-est in the eyes of law, the High Court set it aside in entirety. [Siemens Ltd. v. Deputy Commissioner of Income-tax]

## GST

### GST fast-track registration scheme triggers spike in automatic approvals

- 217,000 GST registrations were granted from Nov 1-15
- Under the new system, 66% of these were cleared within 24 hours

### GST collection go up in Nov 2025 Year to year

India's GST collections for November 2025 showed a slight year-on-year rise despite substantial GST 2.0 rate cuts. Official provisional figures indicate total Gross GST revenue reached Rs 1,70,276 crore in November 2025, rising 0.7% from Rs 1,69,016 crore in November 2024.

## GST CASE LAWS

### HC quashes ignoring itc disclosed in GSTR-9

Taxpayer failed to reflect eligible ITC in several GSTR-3B filings for FY 2018-19. Fully reported the ITC in annual return GSTR-9 with reconciliation. Department and Appellate Authority rejected ITC merely for non-reporting in GSTR-3B and without analysing GSTR-9. Decision Calcutta HC set aside the appellate order as non-reasoned and mechanical. Held GSTR-9 is a statutory return and must be considered. Remanded matter for fresh evaluation after examining disclosures and documents. [Laxmi Ghosh v. State of West Bengal & Ors., W.P.A. 20364/2025, dated 24-11-2025 (Calcutta HC).]

### Session Court grants anticipatory bail to CA in ₹560-crore GST evasion racket

CA accused of orchestrating ₹560 cr bogus billing through 14 fake firms; alleged wrongful ITC of ₹112 cr. SGST conducted 25 searches; seized records/devices; froze over ₹1 cr in bank accounts; attached assets worth ~₹36 cr. ITC of ₹4.62 cr blocked pending investigation. Prosecution argued he masterminded complex money flow structures. Decision Sessions Court granted anticipatory bail, holding that professional association alone does not establish criminal liability. Found no flight risk; cooperation assured; custodial interrogation not essential. Detention would amount to pre-trial punishment.

### AAR Rules infrastructure fit-outs as immovable; taxable as leasing services at 18% GST

In the ruling concerning TCG Urban Infrastructure Holdings Pvt. Ltd., the AAR West Bengal examined whether pre-installed infrastructure and fit-outs provided to tenants form a separate taxable supply. It concluded that such fit-outs constitute part of the immovable property and therefore fall under Service Heading 9973 relating to leasing or rental services without an operator. As a result, the supply is taxable under Entry 17(viii) of Notification 11/2017 at 18% GST (9% CGST + 9% SGST) when provided on a hire or rental basis. The decision clarifies tax treatment for commercial developers offering integrated workplace

infrastructure. Citation: TCG Urban Infrastructure Holdings Pvt. Ltd., AAR West Bengal (14.11.2025).

### SC to decide validity of gst notices/orders issued without DIN

The Supreme Court has stayed the Andhra Pradesh High Court ruling that had quashed GST assessments and show cause notices solely due to the absence of a Document Identification Number (DIN). The stay keeps the legal position open on whether non-issuance of DIN renders GST communications void ab initio, a question with nationwide implications for both taxpayers and the Revenue. The apex court will now decide if DIN is a mandatory statutory safeguard or a procedural requirement. Until the final ruling, all proceedings involving non-DIN notices remain in a legally sensitive position. Citation: Assistant Commissioner v. Novelty Reddy and Reddy Motors Pvt. Ltd., Supreme Court (13.10.2025).

### HC says GST deficiency memo must be issued within 15 days; refund cannot be delayed

The Delhi High Court reiterated that refund claims under Section 54(7) must be adjudicated within 60 days from receipt of a complete application. Under Rule 90(2), any deficiency memo must be issued within 15 days, and authorities cannot use belated deficiency memos to delay or deny refunds. Holding such delays impermissible, the Court directed the department to grant a hearing and dispose of the refund claim within one month, thereby safeguarding the taxpayer's statutory rights. Gameloft Software Pvt. Ltd. v. Assistant Commissioner, Delhi HC (28.10.2025).

## OTHER LAWS

### Promoter tag under review as SEBI eyes cleaner IPO disclosures

The Securities and Exchange Board of India (SEBI) is examining a shift in how companies, heading for initial public offerings identify and disclose their promoters amid concerns that current practices may not reflect who actually controls or influences a business. The discussions follow instances, particularly among tech-driven private equity-backed firms, where individuals named as promoters in draft prospectuses no longer hold real sway over operations or strategy. The market regulator is now exploring whether IPO-bound companies should be required to spell out basis on which they identify promoters, rather than relying on legacy labels or historical associations. The proposed approach focuses on actual control and influence, rather than mere past affiliation or shareholding history, according to the person aware of the discussions.

### NCLT clears Rs 1,950 one-time settlement for NSEL investors

The Mumbai Bench of the National Company Law Tribunal (NCLT) has approved a onetime settlement (OTS) scheme worth Rs 1950 Crore proposed by National Spot Exchange Limited to resolve the decade old payment crisis that affected over 5600 investors.



**EXCELLENCE**  
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**MCA****Small company classification expanded as MCA raises capital and turnover thresholds**

The Ministry of Corporate Affairs has raised the financial thresholds for identifying a "small company" under the Companies Act, 2013. The revised limits now permit paid-up capital of up to ₹10 crore and annual turnover of up to ₹100 crore. These changes substantially expand the pool of entities eligible for small-company status. Companies meeting both criteria gain access to lighter compliance requirements, including simplified annual filings. They also benefit from reduced board-meeting obligations and exemptions from preparing cash-flow statements. Auditor-rotation and internal-audit norms remain more relaxed compared to larger companies. The revision supports India's ease-of-doing-business agenda by easing regulatory costs for growth-stage firms and MSMEs.

**Government** clarify the meaning of "business of financing industrial enterprises" under Section 186. Under Section 186(11)(a), the revised Rule 11(2) now explicitly covers lending, guarantees, and security creation by **RBI-registered NBFCs** as part of their ordinary business, and extends the same treatment to **IFSCA-registered finance companies** conducting activities permitted by their regulatory framework.

**Start-up penalised for allotting shares without mandatory registered valuer report**

A start-up issuing CCPS through private placement admitted that it failed to obtain a valuation report from a **Registered Valuer**, a mandatory requirement under Section 62(1)(c) of the Companies Act. The company explained that it relied on a valuation prepared by a **SEBI-registered Merchant Banker**, mistakenly believing it to be sufficient, and claimed the lapse was technical and inadvertent due to lack of proper professional advice. As the Act does not prescribe a specific penalty for this violation, the Registrar of Companies invoked the **general penalty under Section 450**, determining liability on the company and its officers. The ROC ultimately imposed a penalty of ₹1,50,000, reinforcing that valuation compliance under private placement rules is non-negotiable.

**OTHER IMPORTANT CASE LAWS****Supreme Court: Chartered Accountants on par with advocates for ITAT appointments**

The Supreme Court on Friday held that Chartered Accountants must be treated at par with advocates for appointment as Accountant Members of the Income Tax Appellate Tribunal (ITAT). In a significant ruling, the Court declared that 10 years of professional experience is sufficient qualification for CAs—aligning their eligibility with advocates—and struck down as unconstitutional the earlier requirement of 25 years' experience for Chartered Accountants seeking appointment as Technical Members, observing that such a distinction lacked reasonable justification and arbitrarily disadvantaged the CA profession. With this judgment, the Court has ensured parity in professional recognition and widened the field of eligible candidates for appointments to the ITAT.

**Moratorium under section 14 protects only existing and enforceable rights, not inchoate claims**

In this matter, the corporate debtor relied on the Section 14 moratorium to block enforcement of claims that were contingent and had not yet crystallised into enforceable rights. These claims arose from alleged non-performance, and the creditor contended that such unfinalised rights did not fall within the protection of the moratorium. The SC agreed, holding that Section 14 shields only those rights that are subsisting, existing, and enforceable on the date insolvency begins. Since inchoate or forfeited rights lie outside the moratorium's scope, the creditor was allowed to continue enforcement proceedings.

**Inchoate rights** are legal entitlements that are begun but not yet fully matured, vested, or complete (e.g., a potential inheritance, a pending patent, or a dower interest). They contrast with "choate" rights, which are fully realized and complete)

Examples of Inchoate Rights:

**Property:** An "inchoate title" to land you'll inherit when a parent passes away.

**Intellectual Property:** An inventor's right while a patent application is pending approval. **Marital:** An "inchoate dower" or "curtesy" right (a potential interest in a spouse's property) that becomes a full claim upon the spouse's death. (*A Estates Pvt. Ltd. (RP: Harshad Deshpande) v. Kher Nagar Sukhsadan CHS Ltd. & Ors.*)

**Courts cannot set assent deadlines for governor or president**

A constitution Bench of the supreme court held that courts cannot prescribe timelines for Governors or President of India to act on Bills sent to them under Articles 200 and 201 of the constitution. They have no hesitation in concluding that deemed consent of the Governor or the President under Article 200 or 201 at the expiry of a judicially set timeline is virtually a takeover and substitution of the executive functions by the Judiciary.

The apex court, however rejected the proposition that a governor may withhold assent indefinitely without returning the Bill to the legislature. Addressing the impact of Article 361, the court held that while the governor enjoys personal immunity, the office of the governor remains subject to the court's jurisdiction for the limited purpose of ensuring that constitutional duties are performed.

**NCLAT orders fresh CIRP due to suppressed assets and wrong nil valuation**

IFCI Ltd., a secured creditor, challenged the approval of a resolution plan for a Construction group, arguing that the Resolution Professional failed to disclose several mortgaged assets, assigned "nil value" to valuable properties, and even left out assets worth over ₹23 crore later found by the Enforcement Directorate. The NCLAT agreed that the RP violated the IBC by failing to identify and value all assets, which misled the CoC. The Tribunal set aside the approved plan and directed that the CIRP be restarted with a fresh Form G, to be completed within three months.

(*Astral Agro Ventures v. Vakati Balasubramanyam Reddy & Ors.*)



**HONESTY**

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**SEBI finds no manipulative trading; identity misused in OITL case**

SEBI investigated price manipulation in Octant Interactive Technologies Ltd. and initially linked the Noticee to a group accused of fraudulent trading. However, the Noticee proved that his identity and KYC documents were misused to open and operate accounts without his knowledge. Police and tax authority records supported this. SEBI held that he had no role in the trades and no intent to manipulate prices. As a result, SEBI dropped all charges and exonerated him. (Indra Pratap Gajraj Singh – Amizara Securities & Finance)

**NCLT cannot replace or appoint RP/liquidator except for misconduct or fraud**

In this case, the issue concerned whether the NCLT had the power to override the Committee of Creditors' choice of Resolution Professional or Liquidator, after the Tribunal replaced an RP without any proven misconduct. This raised an important question regarding judicial limits and the autonomy of the CoC in insolvency matters. The Tribunal ultimately held that NCLT has no independent authority to appoint or substitute an RP or Liquidator unless there is clear evidence of gross misconduct, collusion, or fraud. It reaffirmed that the CoC's commercial wisdom must remain decisive in such appointments. [Omkara Asset Reconstruction Pvt. Ltd. v. Amit Vijay Karia (Erstwhile RP of Chinara Realty Pvt. Ltd.) & Anr..]

**Profit-Sharing advance for working capital is not "Financial Debt" Under the IBC**

In this case, the petitioner had advanced funds to the corporate debtor for a joint business venture, structured on profit-sharing terms rather than a traditional lending arrangement. The advance carried no interest, no fixed repayment schedule, and did not create a lender-borrower relationship. When the petitioner sought initiation of CIRP under Section 7 by claiming to be a financial creditor, the Authority examined whether the advance qualified as "financial debt" under Section 5(8) of the IBC. It held that the funds lacked the essential element of time value of money and therefore constituted an investment, not a financial debt. As a result, the petitioner could not be treated as a financial creditor, and the CIRP application was rejected. Citation: *Modern Solar Pvt. Ltd. v. Claro Energy Pvt. Ltd.*

**Section 230 Proposal cannot block proceedings under section 95 during liquidation**

In this matter, the corporate debtor was undergoing liquidation while simultaneously pursuing a compromise proposal under Section 230 of the Companies Act, 2013. During this period, SBI initiated proceedings under Section 95 of the IBC, alleging preferential and fraudulent transactions. The debtor argued that the ongoing Section 230 proposal should halt or postpone the Section 95 inquiry. The Tribunal rejected this contention, holding that the two processes serve distinct statutory purposes and can operate concurrently. It affirmed that a Section 230 proposal cannot obstruct or delay the mandated scrutiny of suspect transactions, and accordingly allowed the Section 95 application to proceed. Citation: *State Bank of India v. Sri Kalvakuntla Suhan Rao.*

**IBBI proposes mandatory beneficial ownership declaration & section 32a affidavit for PRAs**

IBBI's discussion paper proposes that every Prospective Resolution Applicant (PRAs) must file a detailed beneficial ownership declaration identifying all natural persons exercising ultimate control, based on RBI's KYC norms. In addition, PRAs must submit an affidavit confirming eligibility under Section 32A to prevent disqualified persons from acquiring distressed assets. Exemptions are proposed for listed entities where ownership data is publicly traceable. The framework aims to enhance transparency, eligibility checks, and due diligence across resolution processes.

Citation: *IBBI Discussion Paper dated 06.11.2025*

**SRS Group promoter Praveen Kapoor deported to India**

Acting on an Interpol Red Corner Notice issued at ED Gurugram's request, US authorities deported Praveen Kumar Kapoor, co-founder and promoter of SRS Group. He was denied entry at New York Airport, his B1/B2 visa cancelled, and was returned to New Delhi on 02.11.2025, where he was intercepted based on an ED Lookout Circular. He is accused of cheating investors and banks of over ₹2,200 crore. Special PMLA Court separately frames charges Against SRS Group directors and entities

**EXPORT IMPORT**

Trade Relief Measures to Ease Export Pressures

India has announced a series of targeted measures to ease pressures on exporters navigating global disruptions. **Key highlights include:**

- **Export-proceeds realisation period extended:** 9 months → 15 months.
- **Shipment window for advance-payment exports increased:** 1 year → 3 years.
- **Credit-relief window:** Moratorium permitted on term-loan instalments and working-capital interest falling due **1 Sept–31 Dec 2025**.
- **Working-capital flexibility:** Lenders may reassess drawing power and reduce margins based on inventory conditions.
- **Export-credit tenor expanded:** Maximum period extended to 450 days for credit disbursed up to 31 March 2026.
- **Packing-credit settlement eased:** Banks may allow liquidation through **alternate legitimate sources** when shipments are delayed or cancelled. These measures take immediate effect and are designed to support exporters' liquidity, reduce cash-flow stress, and maintain the trade-finance cycle.

**AUDIT AND ACCOUNTS****Former PwC CEO suspended — Key Facts**

CA ANZ has suspended former PwC Australia CEO Tom Seymour for four years, revoked his Fellow status, and imposed nearly US \$25,000 in fines and legal costs.

The move follows the Tax Practitioners Board's 2025 decision deregistering him as a tax agent. Regulators found confidential government tax-policy information was improperly circulated within PwC and used to advise clients, breaching integrity and conflict-of-interest obligations in the wider tax-leaks scandal..

► contd. from page 1

## EDITORIAL CA Practice a Golden Opportunity

field of expertise, to find solutions of complex business, technological, financial or legal and regulatory issues arising from multi-disciplinary challenges.

**It is marathon:** Another important aspect of this opportunity in the field of practice is that one can be fully active and highly performing adding larger and better value up to 75 to 90 Years of age, whereas employment opportunities start drying up at 50 plus and retire a person between 55 to 65 years of age.

**Build a strong professional in you:** It is important to look after your health, family and have a work life balance. Sports, exercise, eating and drinking discipline are all components for a long life filled with energy. Regular update, upgrade and in-depth knowledge capsules will reinforce success. A strong commitment to professionalism, independence, ethics, moral values, truth, fairness, transparency, decorum, team spirit, no fear or favour will ensure long term sustained trust and success.

**Plan your Goal:** How to take up the opportunities in practice and go to the path of success will be determined by a strong strategy and will to succeed. A long vision, firm determination, Discipline and hard work are really the key to success. It is important to clearly determine the short term, midterm and long-term goals and then to clearly chart a path to achieve success. It will be important to review and reposition the strategy with rapidly changing business environment, client need and expectations.

**Capital and savings:** It is also important to adequately capitalise initially and to add more and more investment and resources in practice, by ensuring that at least 35% to 45% of the profit is reinvested in working capital, people, technology, training, expertise building, strong library filled with all latest sources of knowledge and of course a well equipped working space for office, research and laboratory for developing new products to meet changing need of the clients. If you withdraw most of your earning from practice, the growth engine will slow down accordingly.

**Develop knowledge and expertise:** It is important to go very deep in terms of knowledge and quality of deliverables even in a small, not that attractive or paying assignment, your qualitative results and valuable delivery in less important areas will only bring you better and top-quality well-paid assignments. A professional do not have to search

for good clients, your performance with existing assignments will bring everyday better assignments. The size and type of clients coming to your firm will depend on how strongly as a team you are present and are able to position yourself as an outstanding professional firm. In the profession no one will give you assignments for asking but will come running to you based on your market reputation, Patience is lifeline of a professional. Learn to say no to take up very low paid repeat routine jobs will only keep you busy, but will not bring growth and prosperity. It is important to focus on assignments of your area of expertise, choice and something which gives you kick.

## AUDIT AND ACCOUNTS

### NSE Issues Mandatory Cyber Security & Cyber Resilience Audit Requirements

NSE has released comprehensive cyber-security audit requirements aligned with SEBI's CSCRF framework (20 August 2024). All Trading Members classified as Qualified, Mid-size, or Small REs offering IBT or Algo trading must conduct a half-yearly Cyber Audit, covering 100% of critical and 25% of non-critical systems. The audit for the period ending 30 September 2025 must be filed by 31 December 2025, with ATR/Revalidation due by 31 March 2026. Updated TORs, formats, auditor norms, and penalty provisions accompany the circular.

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