

# UPDATES

October

2025

The White Cosmos is a soft, daisy-like flower that stands for purity, peace, and simple beauty. It shows honesty, calmness.

Its white petals give a feeling of balance, clarity, and a peaceful mind.

# Updates

## October 2025

P G BHAGWAT LLP (“PGB LLP”) is glad to release updates for the month of October 2025. The objective of these updates is to make you aware of the latest changes in auditing, accounting, taxes, labour laws etc. We hope these updates are useful to you to stay on top of the development in your field.

**“It is what we know already that often prevents us from learning”**

For detailed information and / or queries, please do get in touch with us at [updates@pgbhagwatca.com](mailto:updates@pgbhagwatca.com).

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**We compile only the most relevant & important updates and therefore urge to you go through them....**

**This edition contains the following: click on the content line to navigate**



## 1. Relaxation of additional fees in filing of CRA -4 (Cost Audit Report in XBRL format)- regarding.

**Summary of File No. Policy 17/52/2020 CL-V-MCA General Circular No. 07/2025, issued by the Ministry of Corporate Affairs.**

### **What's New?**

Relaxation of additional fees in filing of CRA -4 (Cost Audit Report in XBRL format).



### **Detailed Explanation**

- Keeping in view of requests received from various stakeholders seeking extension of time for filing Cost Audit Report for the financial year ended on 31.03.2025 on account of deployment of new form on the MCA V3 portal, it has been decided that any filing of CRA-4 (Cost Audit Report in XBRL format) for the said financial year made upto 31.12.2025 would not attract payment of additional fees.
- Any filings made subsequent to the currency of this General Circular would attract payment of all fees, including additional fees, as provided in the Companies (Registration Offices and Fees) Rules, 2014, from the date when such filings were actually due under Rule 6(6) of the Companies (Cost Records and Audit) Rules, 2014.

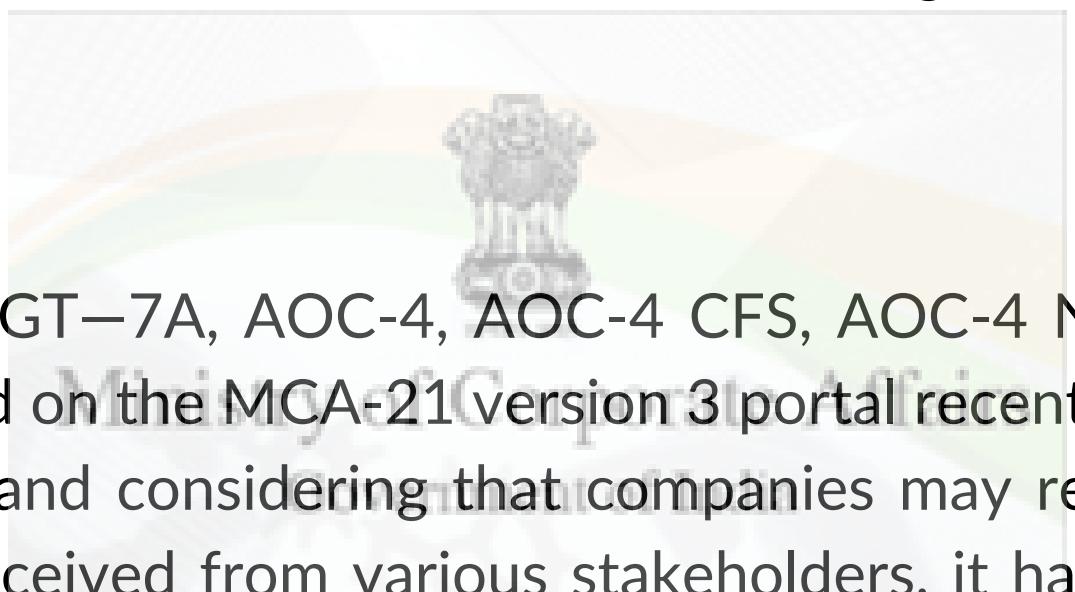
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## **2. Relaxation of additional fees and extension of time for filing of Financial Statements and Annual Returns under the Companies Act, 2013 - reg.**

### **What's New?**

The notification allows Relaxation of additional fees and extension of time for filing of Financial Statements and Annual Returns under the Companies Act, 2013 - reg.



### **Detailed Explanation**

- The Ministry has revised e-forms MGT-7, MGT-7A, AOC-4, AOC-4 CFS, AOC-4 NBFC(Ind AS), AOC-4 CFS NBFC (Ind AS), AOC-4 (XBRL) for annual filings, which were deployed on the MCA-21 version 3 portal recently.
- In view of deployment of the new e-forms, and considering that companies may require sometime to get familiarised with the filing process, and keeping in view the requests received from various stakeholders, it has been decided that companies will be allowed to complete their annual filings pertaining to FY 2024-25 till 31<sup>st</sup> December 2025 without additional fees.

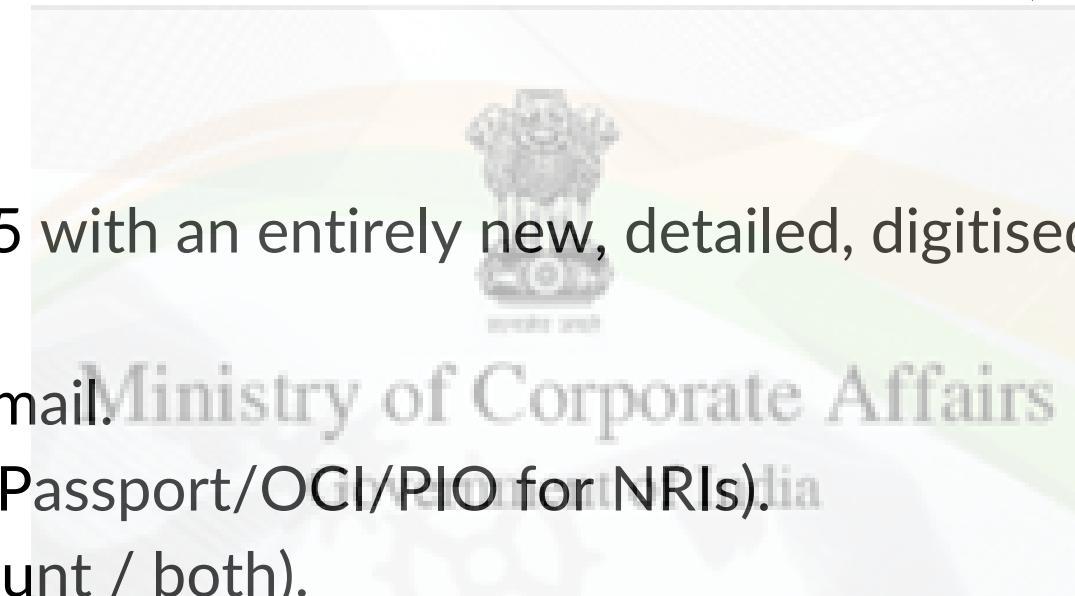
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## **1. NOTE ON MCA NOTIFICATION – G.S.R. 733(E) DATED 01.10.2025**

### **Title of the Notification**

**Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Amendment Rules, 2025**  
**(Notified vide G.S.R. 733(E) dated 1 October 2025, effective from 6 October 2025).**



### **What's New in the Notification**

The notification replaces the existing Form IEPF-5 with an entirely new, detailed, digitised and compliance-enhanced version.

Key additions include:

- Mandatory OTP verification for mobile and email.
- Enhanced KYC requirements (Aadhaar, PAN, Passport/OCI/PIO for NRIs).
- Detailed classification of claims (shares / amount / both).
- More structured details of folios, demat accounts, amounts, financial years.
- Requirement to upload additional supporting documents in prescribed formats.
- Clear declarations, indemnities, and post-submission physical document requirements.



## Detailed Explanation of the Notification

The amendment modifies Rule 7 by substituting Form IEPF-5, the central form used for claiming unpaid dividends, matured deposits, matured debentures, share refunds, and related securities from the IEPF.

### The new Form IEPF-5 includes:

- Eligibility verification
- Mandatory entitlement letter where applicable.
- Claimant classification
- Individual vs. Entity, with detailed separate fields.
- KYC strengthening
- Aadhaar-based verification, PAN verification, passport for NRIs
- OTP verification of email and mobile.
- Company/bank information
- CIN/BCIN, registered office, and email of company/bank.
- Transfer/Transmission cases
- Additional documentation like death certificate, succession certificate, NOC from joint holders.
- Claim details
- Complete demat account numbers, folio-wise information, year-wise financial details of claims.



- **Attachments section redesigned**
  - Client master list, share certificates, cancelled cheque, indemnity bond, optional attachments, etc.

It also clearly states that the claimant must send physical documents to the company's Nodal Officer after online filing

### **Key Conditions of the Notification**

- New Form IEPF-5 is mandatory from 6 October 2025.
- Claimant must undergo:
  - OTP verification (email + mobile)
  - Aadhaar/PAN verification
- All fields marked with "\*" are compulsory.
- For NRIs/foreigners
  - Passport/OCI/PIO documents are mandatory.
- For transmission cases:
  - Death certificate
  - Succession certificate/Probate/Will
  - No-Objection Certificate
  - Indemnity bond & surety affidavit



- Credit will be made only to:
  - A valid DPID+Client ID demat account for shares
  - Prefilled bank account for amount refund
- Physical documents must reach the Nodal Officer before verification begins.

### **Additional Conditions (If Any)**

- Maximum file size for each attachment: 2 MB.
- Maximum 15 entries allowed for amount-related and share-related tables.
- Claimant must confirm that claim is not duplicated for the same folio or same financial year.
- The form requires detailed declarations by:
  - Authorised Representative of Entity
  - Authorised Representative of Individual (if applicable)
  - Claimant himself/herself



The notification also draws attention to Section 448 (false statements) and Section 447 (fraud), highlighting penal implications for incorrect submissions.



## Practical Implications of the Notification

### For Companies / Banks

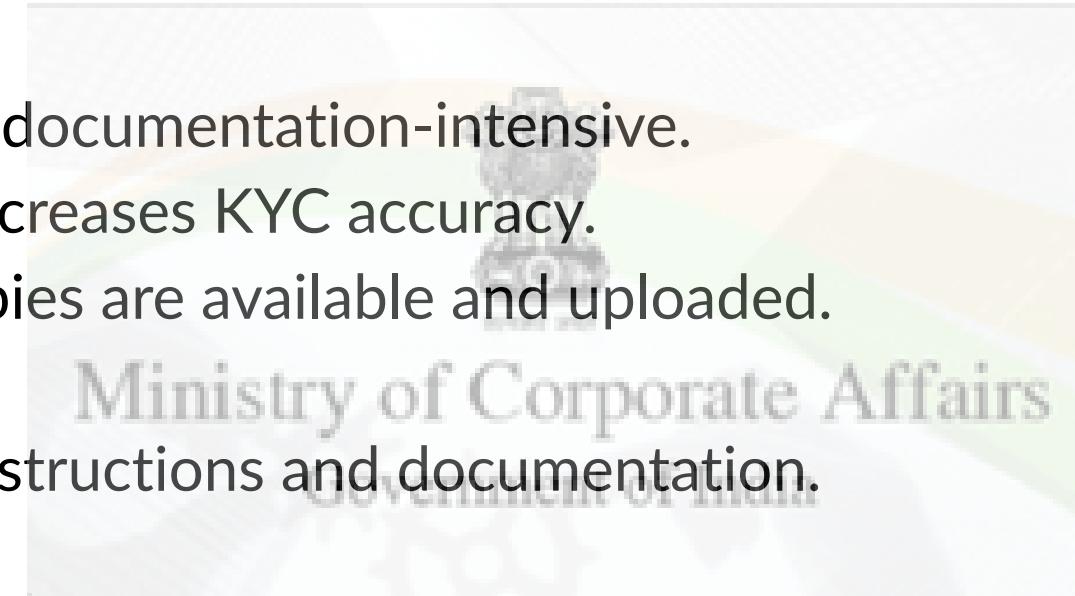
- Need to align internal IEPF processing with new form structure.
- Nodal Officers must be prepared to receive more documents and physical submissions.
- Systems may require adjustment to validate new data points (DPID+Client ID, CIN/BCIN, etc.).

### For Claimants

- The process becomes more secure, but more documentation-intensive.
- Mandatory Aadhaar, PAN, OTP verification increases KYC accuracy.
- NRIs must ensure that passport/OCI/PIO copies are available and uploaded.

### For Professionals (CS/CA/CMA)

- Must ensure claims are filed using updated instructions and documentation.
- Need to verify:
  - Correct folio details
  - Consistency with demat account
  - Completion of attachments
  - Proper authorisation in case of representative filing





## Implementation Deadlines

- The amended rules come into force on 6 October 2025.
- From this date onwards, the new Form IEPF-5 is compulsory.
- All filings of IEPF-5 on or after this date must follow the revised format, regardless of the date of entitlement.



**Link :** [Click Here](#)



## 4. NOTE ON RBI NOTIFICATION – FEMA 3(R)(4)/2025-RB (DATED 06 OCTOBER 2025) Foreign Exchange Management (Borrowing and Lending) (Amendment) Regulations, 2025

### What's New in the Notification

The notification introduces one key amendment:

Authorised Dealer (AD) Banks in India can now lend Indian Rupees (INR) to persons resident outside India who are residents of Bhutan, Nepal, or Sri Lanka—including banks in these jurisdictions—for cross-border trade transactions.

This is a new permission added as Regulation 7A (iv) to the Principal Regulations (FEMA 3(R)/2018).

### Detailed Explanation of the Notification

Under the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, Regulation 7A deals with situations where lending in INR is permitted by AD Category-I banks.

The amendment adds a new clause enabling:

- Lending in Indian Rupees (INR)
- By AD Banks in India
- To residents of Bhutan, Nepal, or Sri Lanka (including banks located in these countries)
- Exclusively for cross-border trade transactions



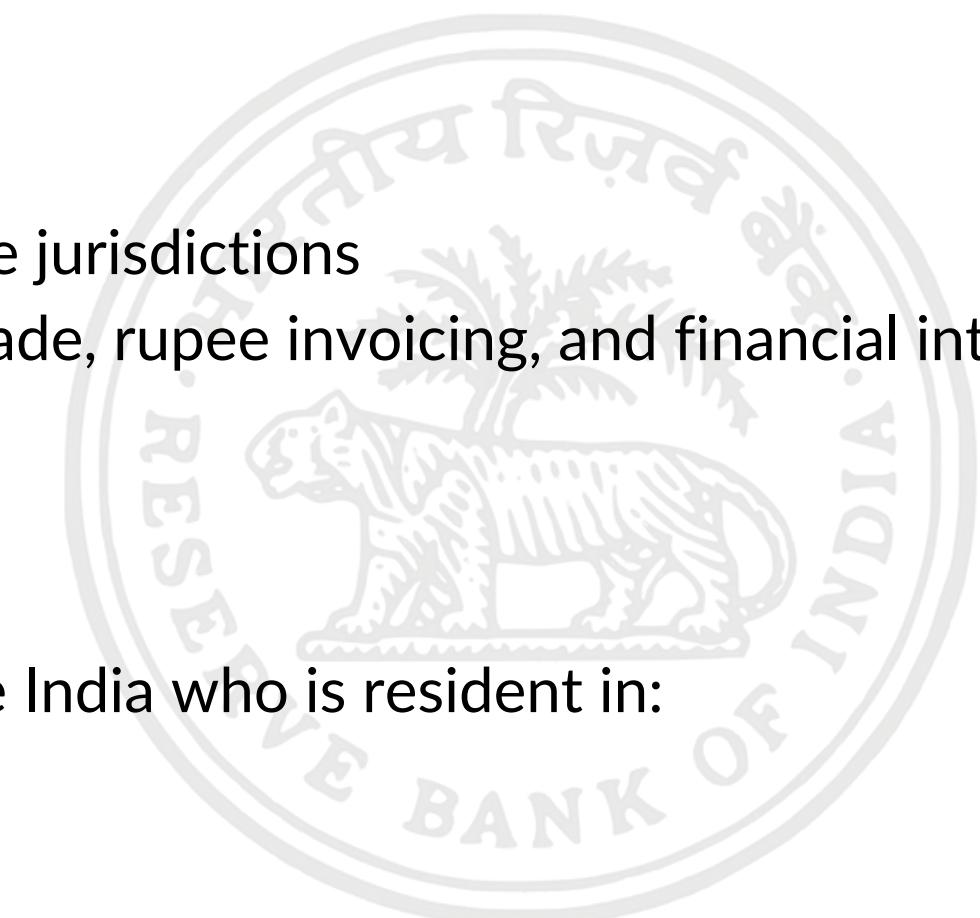
## What this means:

Previously, lending to persons resident outside India in INR had restricted purposes. With this amendment, AD Banks now have explicit permission to support trade financing with these neighbouring countries.

## This supports:

- Export/import payment mechanisms
- Trade settlement processes
- Cross-border liquidity for businesses in these jurisdictions

The intention aligns with promoting regional trade, rupee invoicing, and financial integration.



## Key Conditions of the Notification

- Lending must be in Indian Rupees (INR).
- Borrower must be a person resident outside India who is resident in:
  - Bhutan
  - Nepal
  - Sri Lanka

(including banks located in these countries)

- Purpose must be cross-border trade transactions only.
- Lending must be done only by AD Category-I Banks in India.
- All other FEMA borrowing-lending compliance requirements continue to apply.



## Additional Conditions (If Any)

- No upper or lower borrowing limit is specified in this amendment – existing prudential norms of RBI for lending apply.
- KYC/AML norms must be followed for foreign entities.
- Trade transactions must fall under permissible current account transactions per FEMA.
- Reporting requirements under FEMA and RBI guidelines remain applicable (such as FETERS, internal reporting, or trade credit reporting where relevant).

## Practical Implications of the Notification

### For AD Banks

- New opportunity to finance trade with Bhutan, Nepal, and Sri Lanka through INR loans.
- Helps in promoting INR settlement systems, reducing dependence on foreign currencies.
- Banks must update internal credit policies to incorporate this permission.

### For Importers/Exporters (India)

- More seamless trade with neighbouring nations.
- Enhanced credit access for counterparties may lead to increased trade volumes.



## For Businesses in Bhutan, Nepal, and Sri Lanka

- Ability to access INR-denominated trade credit from Indian banks.
- Lower transaction costs and forex conversion issues.

## For Regulatory & Compliance Teams

- New regulatory clause to be incorporated into FEMA compliance frameworks.
- Transactions must be verified to ensure they fall strictly under cross-border trade.

## Implementation Deadlines

- Comes into force immediately on publication in the Official Gazette (i.e., 06 October 2025).
- AD Banks must operationalize internal processes immediately for compliance.

Link : [Click Here](#)



## 5. Foreign Exchange Management (Foreign Currency Accounts by a Person Resident in India) (Seventh Amendment) Regulations, 2025,

### What's New in the Notification

This amendment introduces two major changes:

#### **(A) Definition of IFSC inserted**

A new clause (iii-a) defines “International Financial Services Centre (IFSC)” by linking it to the definition under the IFSC Authority Act, 2019.

#### **(B) Major change in Foreign Currency Accounts (FCA) for Exporters**

Regulation 5(CA) is substituted to provide:

- Exporters in India may open and maintain foreign currency accounts with banks outside India for:
- ✓ Realisation of full export value
- ✓ Receipt of advance export remittances
- Funds in the FCA can be used for:
- ✓ Paying for imports into India, or
- ✓ Repatriated into India within revised timelines (see below)





### **(C) New Repatriation Timelines introduced**

- For accounts opened in IFSC: up to 3 months
- For accounts in all other foreign jurisdictions: next month

### **(D) Clarification added**

Foreign currency accounts permitted “outside India/abroad” may also be opened in an IFSC (within India’s jurisdiction but treated as “outside India” under FEMA for certain purposes).

## **Detailed Explanation of the Notification**

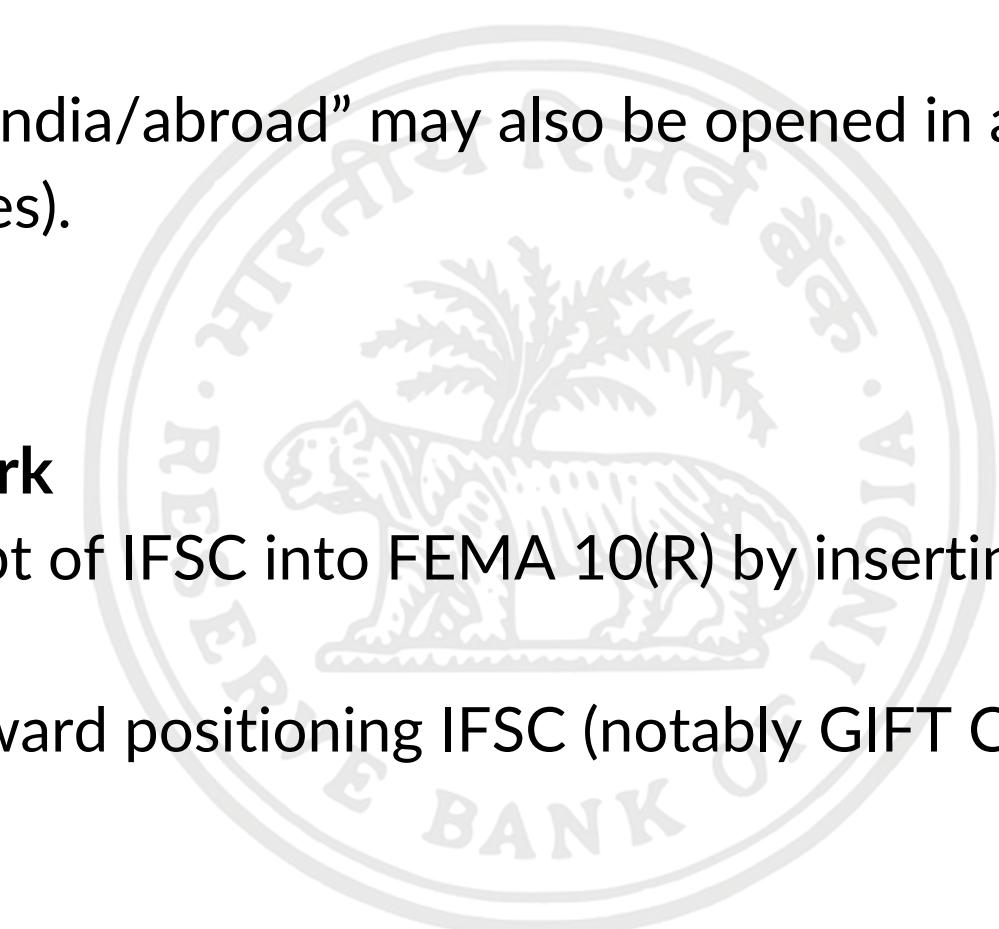
### **3.1 Introduction of IFSC within the framework**

The amendment formally integrates the concept of IFSC into FEMA 10(R) by inserting clause 2(iii-a) defining IFSC. 2(iii-a) defining IFSC.

This aligns the regulations with India’s push toward positioning IFSC (notably GIFT City) as a global financial hub.

### **3.2 Overhaul of Regulation 5(CA)**

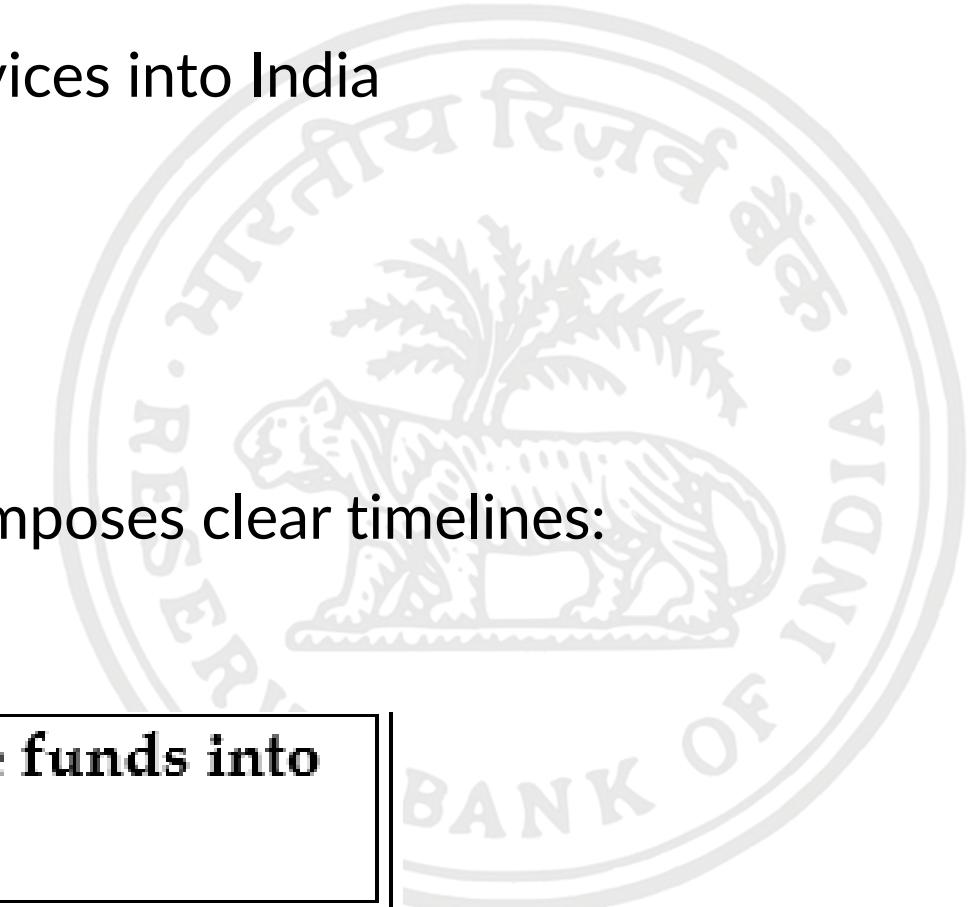
The substituted regulation significantly changes how exporters can maintain FCAs abroad.





## Exporters can:

- Open FCAs abroad with foreign banks OR with banks located in an IFSC
- Hold export proceeds and advance payments received
- Use FCAs for making payments for import of goods/services into India
- Keep funds temporarily before repatriation



## Repatriation Requirements

Earlier rules allowed longer retention, but this amendment imposes clear timelines:

Location of FCA Bank	Maximum period to repatriate funds into India
IFSC bank account	3 months from receipt
Foreign jurisdictions (other than IFSC)	Next month from receipt



This tightens control and ensures faster inflow of export proceeds.

**Note:**

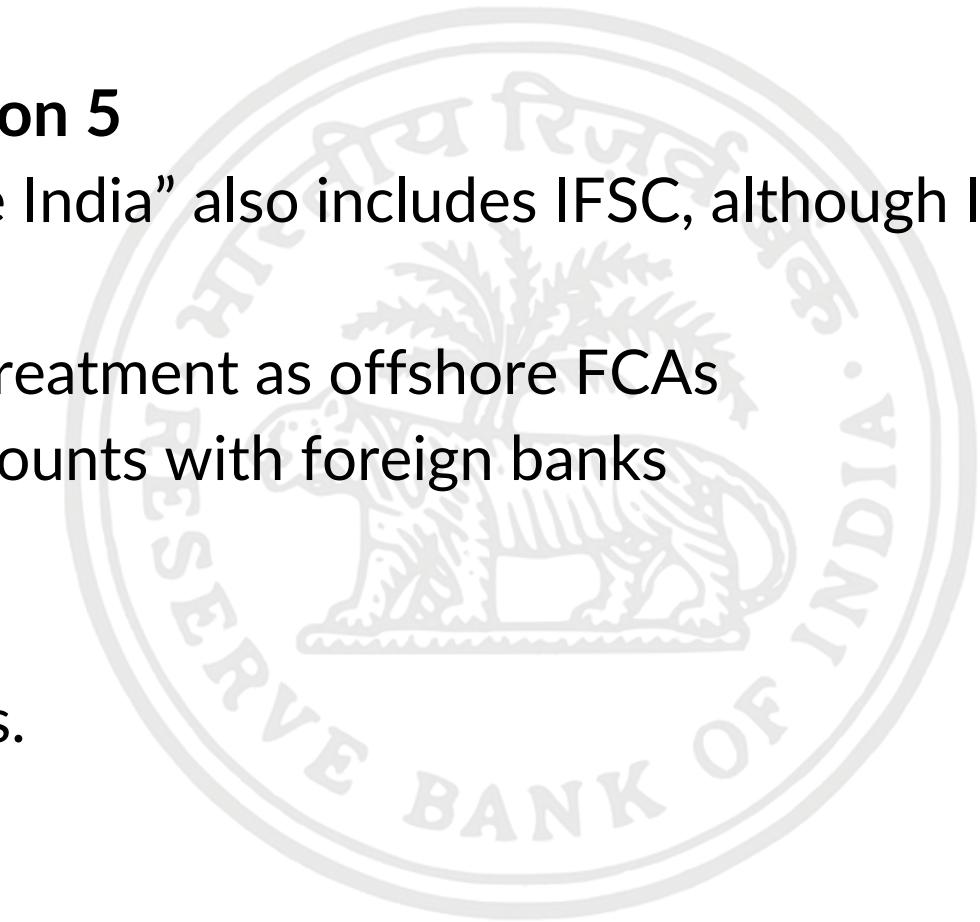
Exporters must still comply with the realisation timelines under the FEMA Export of Goods and Services Regulations, 2015.

### **3.3 Explanation added at the end of Regulation 5**

The amendment clarifies that the term “outside India” also includes IFSC, although IFSC is geographically inside India.

This ensures:

- FCAs in IFSC receive the same regulatory treatment as offshore FCAs
- Exporters get an alternative to opening accounts with foreign banks



### **Key Conditions of the Notification**

- The FCA must be opened only by exporters.
- Funds in the account may be used only for:

- ✓ Realisation of export proceeds
- ✓ Advance receipts
- ✓ Import payments into India



- Repatriation deadlines:
  - ✓ 3 months for FCAs in IFSC
  - ✓ Next month for all foreign countries
    - Exporters must comply with FEMA export regulations on realisation/repatriation.
    - FCAs “outside India” include IFSC accounts.

### **Additional Conditions (if any)**

Forward commitments may be adjusted before determining repatriation deadlines.

No change is made to other types of foreign currency accounts (e.g., EEFC).

Banks and exporters must continue to maintain all prescribed documentation, including export declarations (EDF), invoices, remittance certificates.

AD category banks must ensure compliance reporting via existing FEMA reporting mechanisms.

### **Practical Implications of the Notification**

#### **6.1 For Exporters**

- Greater flexibility in choosing between:
  - ✓ Foreign banks
  - ✓ Banks in IFSC (GIFT City)



- Faster repatriation obligations (especially for foreign FCAs).
- Easier use of export proceeds to directly pay for import transactions.

## 6.2 For Banks in IFSC

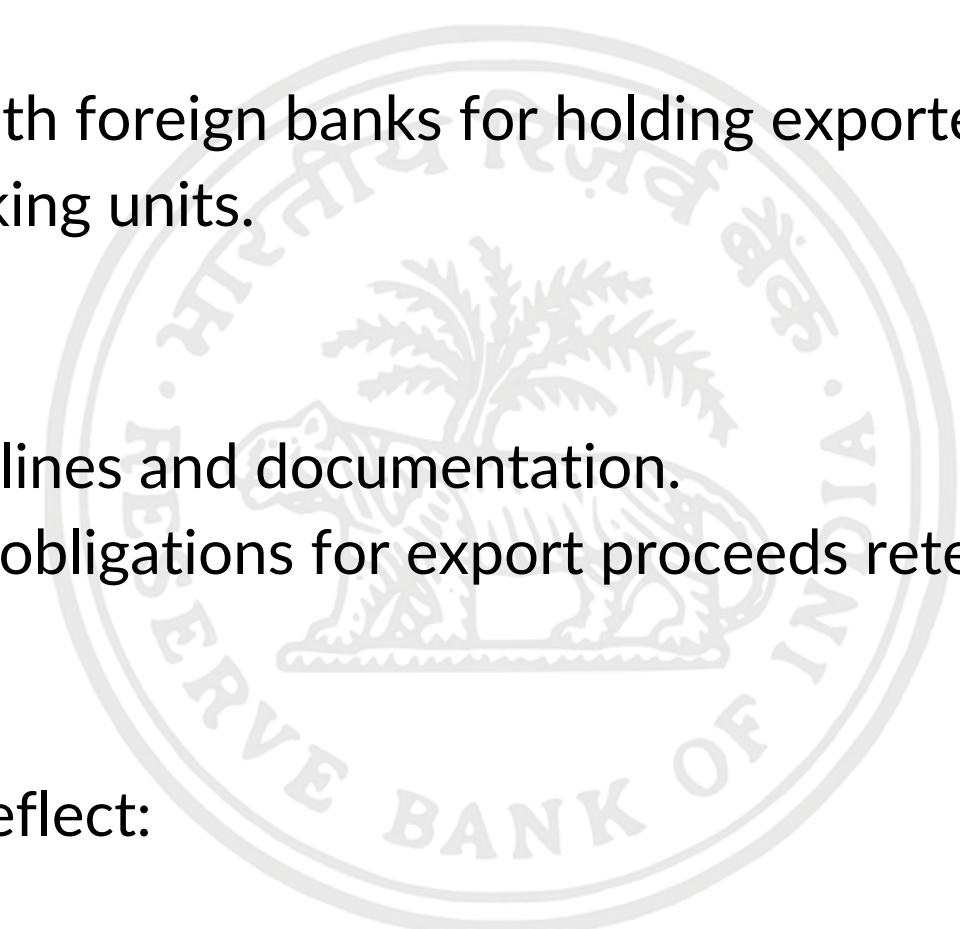
A major boost—IFSC banks can now compete with foreign banks for holding exporters' FCAs. Expected increase in FCA inflows into IFSC banking units.

## 6.3 For Indian AD Banks

- Need to guide exporters regarding new timelines and documentation.
- Must comply with monitoring and reporting obligations for export proceeds retention.

## 6.4 For Compliance & Audit Teams

- Policies and checklists must be updated to reflect:
  - ✓ New timelines
  - ✓ IFSC-specific provisions
  - ✓ Revised regulation number 5(CA)





## Implementation Deadlines

- Amendment comes into force immediately on publication in the Official Gazette (i.e., 06 October 2025).

Thus, all exporters and AD Banks must comply from that date onwards.



Link : [Click Here](#)



## 6. Notification no. 621/2025 dated 30/10/2025- Extension for Online Submission of Trust Accounts

It is to be noted that all the Trusts registered under the section 41(c) of Maharashtra Public Trust Act, 1950 are required to submit trust annual accounts of FY 2024-2025 on charity.maharashtra.gov.in website stands extended till 30<sup>th</sup> November 2025.

