

24th DECEMBER UPDATES

November

2025

Hibiscus is a bright, showy flowering plant known for its bold, five-petaled blooms that are widely used in puja, herbal care, and garden landscaping due to their beauty and continuous flowering.

NEXT 



Updates

November 2025

P G BHAGWAT LLP (“PGB LLP”) is glad to release updates for the month of November 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.

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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

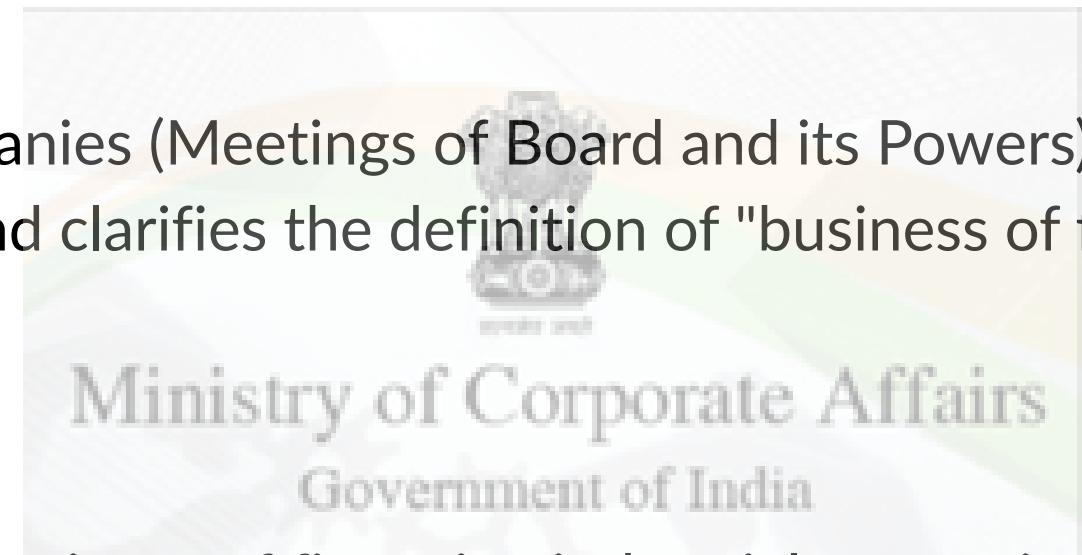


1. Companies (Meetings of Board and its Powers) Amendment Rules, 2025-Notification No.: G.S.R. 811€ Dated November 3, 2025.

Summary of Companies (Meetings of Board and its Powers) Amendment Rules, 2025-Notification No.: G.S.R. 811€ Dated November 3, 2025.

What's New?

This amendment modifies Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014, which relates to Section 186 of the Companies Act, 2013. The notification expands and clarifies the definition of "business of financing industrial enterprises" for specific categories of financial companies.



Detailed Explanation

- The amendment redefines what constitutes "business of financing industrial enterprises" under Section 186(11)(a) of the Companies Act, 2013. Section 186 governs loans, guarantees, and investments by companies, and this particular provision provides exemptions for certain financing entities.
- The new rule now explicitly includes two categories of financial companies and specifies what business activities qualify as "financing industrial enterprises":



1. For NBFCs (Non-Banking Financial Companies):

NBFCs registered with the Reserve Bank of India can now clearly classify their loan-giving and guarantee/security provision activities as "business of financing industrial enterprises"

This applies to loans given or guarantees/securities provided in the ordinary course of their business

2. For Finance Companies in IFSCs:

Finance Companies registered with the International Financial Services Centres Authority (IFSCA) are brought within the scope. Their activities as specified under IFSCA (Finance Company) Regulations, 2021 are recognized as financing business.



Key Conditions:

1. Applicability to NBFCs:

- Must be registered with the Reserve Bank of India.
- Activities must be in the ordinary course of business.
- Covers: giving loans, providing guarantees, or providing security for loan repayment.

2. Applicability to IFSC Finance Companies:

- Must be registered with the International Financial Services Centres Authority.
- Activities must be in the ordinary course of business.
- Must fall under sub-clause (a) or sub-clause (e) of clause (ii) of sub-regulation (1) of regulation 5 of IFSCA (Finance Company) Regulations, 2021.



Additional Conditions:

- The activities must be conducted "in the ordinary course of business" - this is a critical qualifying condition that appears for both categories.
- The amendment is specific to clause (a) of sub-section (11) of Section 186, meaning it relates to exemptions from certain restrictions on loans and guarantees.
- Companies must maintain their registration status with the respective regulatory authorities (RBI or IFSCA).

Practical Implications:

- Regulatory Clarity: NBFCs and IFSC Finance Companies now have clear regulatory guidance on what constitutes their core financing business for Section 186 purposes.
- Operational Freedom: These entities can give loans and provide guarantees without being subject to certain restrictions under Section 186 that apply to regular companies.
- Board Approvals: May reduce the need for special board approvals or shareholder approvals that would otherwise be required under Section 186 for loans/guarantees, as these are now clearly recognized as ordinary business activities.
- Compliance Simplification: Eliminates ambiguity in classification of lending and guarantee activities, reducing compliance risks.
- IFSC Development: By including IFSC Finance Companies, the government is supporting the development of International Financial Services Centres as financial hubs.
- Documentation: Companies should ensure proper documentation showing that activities are in the "ordinary course of business".



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Implementation Deadlines:

- Effective Date: November 3, 2025 (Date of publication in the Official Gazette).
- Immediate Effect: The rules came into force on the date of their publication.
- No Transition Period: No grace period or transition timeline has been specified.
- Retrospective Application: Not applicable - the amendment is prospective from the date of publication.



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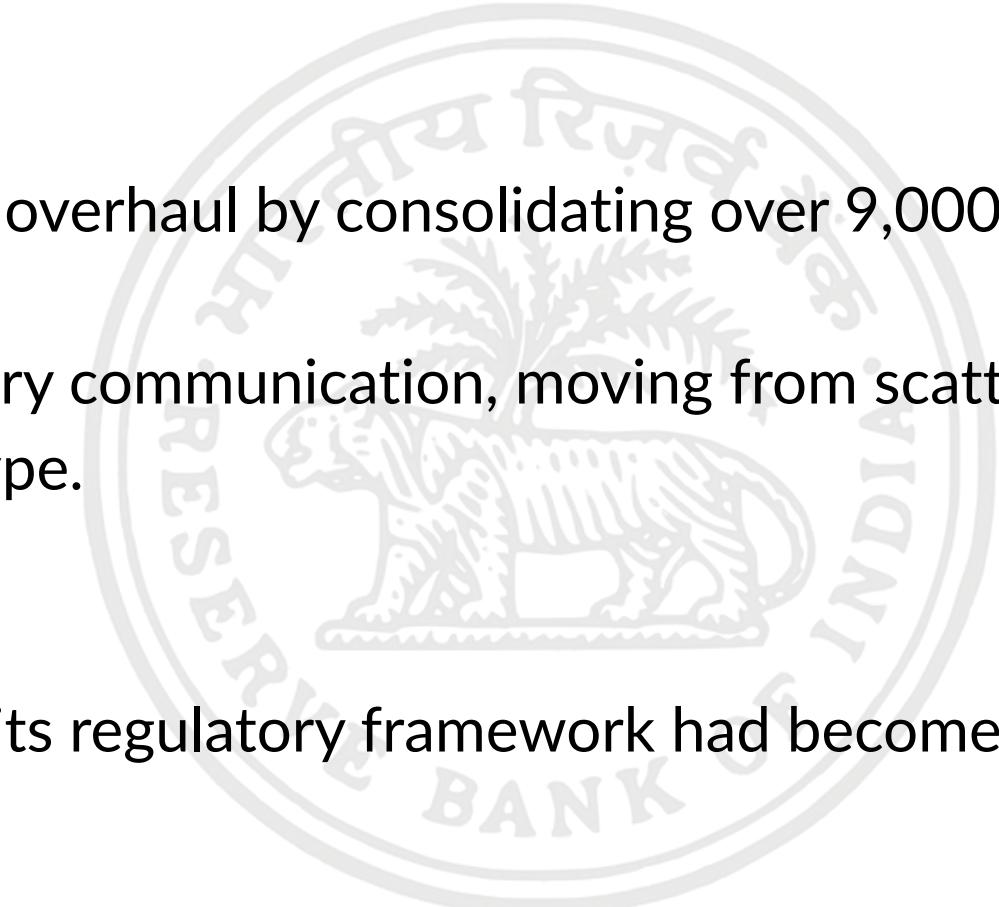


2. Reserve Bank of India issues Consolidated Master Directions Dated November 28, 2025

Summary of Reserve Bank of India issues Consolidated Master Directions Dated November 28, 2025

What's New?

- The RBI has undertaken a major regulatory overhaul by consolidating over 9,000 existing circulars and guidelines into 244 Master Directions (MDs).
- This represents a paradigm shift in regulatory communication, moving from scattered instructions to a unified, function-wise framework organized by regulated entity type.



Detailed Explanation:

1. The Reserve Bank of India recognized that its regulatory framework had become complex over the years due to:
 - a. An expanding regulatory perimeter.
 - b. Distributed supervisory jurisdiction.
 - c. Accumulation of instructions without repealing outdated ones.
2. To address this, the RBI's Department of Regulation consolidated approximately 3,500 directions, circulars, and guidelines into 238 Master Directions (later finalized as 244, including 7 new MDs on Digital Banking Channels). These MDs are organized specifically for 11 categories of regulated entities, creating a single, comprehensive regulatory library.



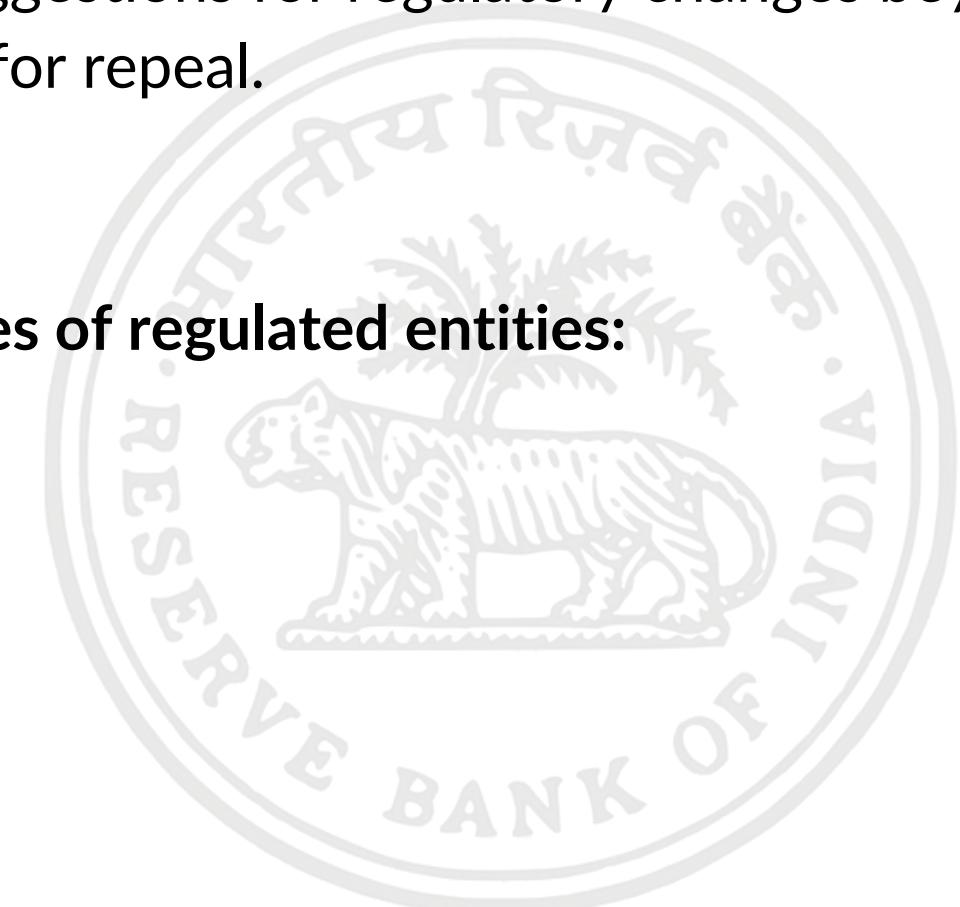
3. The consolidation exercise involved:

- a. Publishing draft MDs on October 10, 2025 for public consultation.
- b. Receiving over 770 comments from stakeholders.
- c. Incorporating relevant feedback (excluding suggestions for regulatory changes beyond the scope of consolidation).
- d. Identifying and marking obsolete instructions for repeal.

Key Conditions:

1. Entity Coverage: The MDs apply to 11 types of regulated entities:

- Commercial Banks
- Small Finance Banks
- Payments Banks
- Local Area Banks
- Regional Rural Banks
- Urban Co-operative Banks
- Rural Co-operative Banks
- All India Financial Institutions
- Non-Banking Financial Companies
- Asset Reconstruction Companies
- Credit Information Companies





2. Consolidation Basis: Instructions have been consolidated on an 'as-is' basis - meaning no substantive regulatory changes, only reorganization.

3. Single Source of Truth: The Master Directions will serve as the sole library of regulations administered by the Department of Regulation.

4. Repeal of Old Circulars: 9,445 circulars are being repealed/withdrawn following the issuance of these consolidated MDs.

Additional Conditions:

1. **NABARD Collaboration:** Instructions issued by NABARD to Regional Rural Banks, State Co-operative Banks, and Central Co-operative Banks were consolidated in consultation with NABARD.
2. **New Digital Banking MDs:** 7 new Master Directions specifically on Digital Banking Channels Authorization have been issued for 7 types of regulated entities.
3. **Accessibility:** All documents are accessible through the RBI website under:
 - a. Notifications → Master Directions → Department of Regulation.
 - b. Notifications → Circulars Withdrawn → Circulars withdrawn by the Department of Regulation.
4. **Standalone Notifications:** Certain notifications have been retained as standalone documents (list was provided during the consultation phase).



Practical Implications:

1. For Regulated Entities:

- Reduced Compliance Burden: Single reference point instead of searching through thousands of scattered circulars.
- Enhanced Clarity: Function-wise organization makes it easier to identify applicable regulations.
- Ease of Access: Simplified navigation and reference for compliance teams.
- Better Compliance Management: Reduced risk of missing applicable regulations.

2. For the Industry:

- Improved Ease of Doing Business: Streamlined regulatory framework.
- Operational Efficiency: Less time spent on regulatory interpretation and compliance mapping.
- Reduced Legal/Compliance Costs: Easier to train staff and maintain compliance systems.

3. For RBI:

- Efficient Regulatory Communication: Centralized, organized framework.
- Easier Updates: Future amendments can be made to specific MDs rather than issuing numerous circulars.
- Better Supervisory Oversight: Clear regulatory expectations.

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Implementation Deadlines:

- No specific implementation deadline is mentioned in this notification.
- The Master Directions have been issued with immediate effect as of November 28, 2025.
- The 9,445 circulars are being repealed/withdrawn concurrently with the issuance of these consolidated MDs.



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3. A.P. (DIR Series) Circular No. 15/2025-26 dated November 24, 2025: Amendments to Directions - Compounding of Contraventions under FEMA, 1999

Summary of A.P. (DIR Series) Circular No. 15/2025-26 dated November 24, 2025: Amendments to Directions - Compounding of Contraventions under FEMA, 1999

What's New?

The Reserve Bank of India has revised the bank account details where compounding application fees and compounding amounts under FEMA, 1999 are to be deposited. The payment modes remain NEFT (National Electronic Fund Transfer) and RTGS (Real Time Gross Settlement), but the receiving account information has been updated.

Detailed Explanation:

1. This circular amends the Master Directions on compounding of contraventions under the Foreign Exchange Management Act (FEMA), 1999, which were originally issued on April 22, 2025. The purpose of this amendment is to streamline the receipt of two types of payments:
 - a. Compounding Application Fee: The fee required to be paid when filing an application for compounding of FEMA contraventions.
 - b. Compounding Amount: The actual sum for which a contravention is compounded (the settlement amount).
2. The notification specifically modifies Annexure I of the Master Directions to reflect the new account details where these payments should be made. This is an administrative change aimed at improving the efficiency of the payment receipt process.



Key Conditions:

1. All payments (both application fee and compounding amount) must be made through NEFT or RTGS only.
2. Payments must be made to the revised account details as specified in the modified Annexure I.
3. The previous account details are no longer valid for receiving these payments.
4. Authorised Persons must inform their constituents about these changes.

Additional Conditions:

- The directions are issued under Section 10(4) and Section 11(1) of FEMA, 1999.
- These directions are without prejudice to any permissions or approvals required under any other law.
- All Authorised Persons are required to communicate these guidelines to their constituents.

Practical Implications:

1. For entities or individuals seeking to compound FEMA contraventions:

- They must use the new account details for making payments going forward.
- Any payments made to old account details may face processing delays or rejection.
- Entities should update their internal records and payment systems with the new account information.
- Authorised dealers, banks, and other financial institutions need to update their systems and inform clients who may need to file compounding applications.

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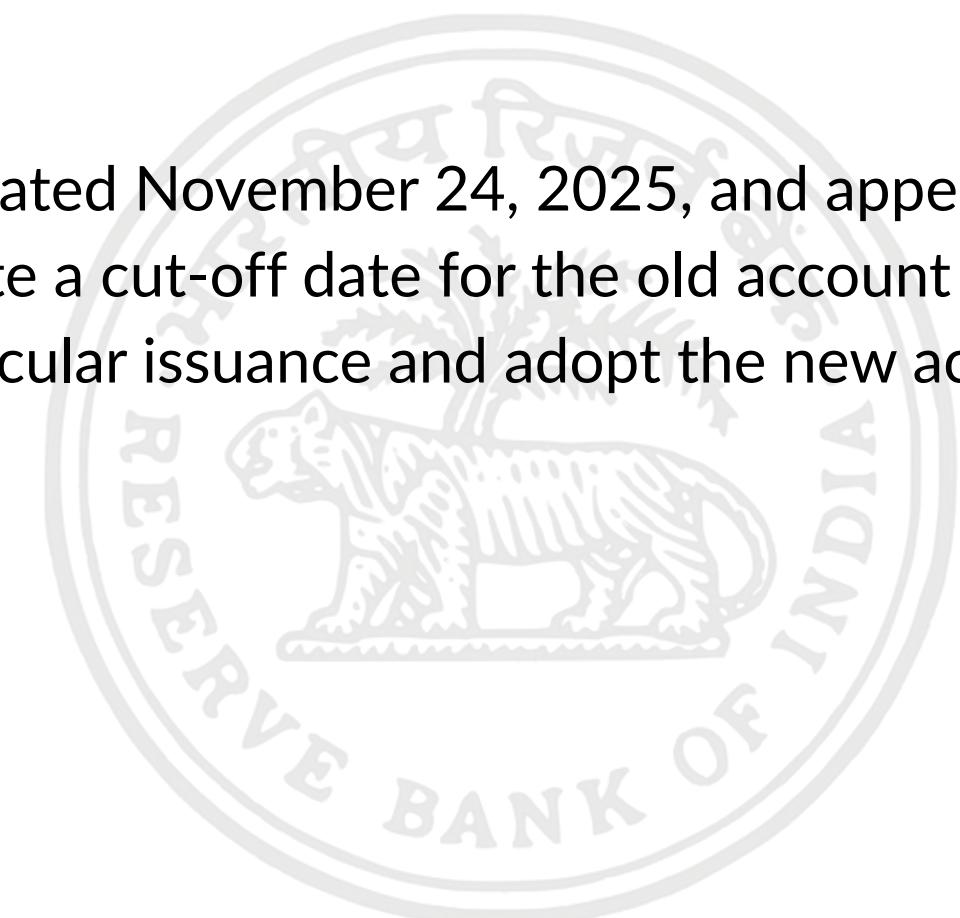


2. For Authorised Persons:

- They must ensure widespread communication of the new account details to all relevant stakeholders.
- Internal processes and documentation must be updated to reflect the new payment instructions.

Implementation Deadlines:

No specific deadline mentioned. The circular is dated November 24, 2025, and appears to be effective immediately from the date of issue. However, the notification does not explicitly state a cut-off date for the old account details or a go-live date for the new ones. Stakeholders should treat this as effective from the date of circular issuance and adopt the new account details for all future transactions.



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4. Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025

Notification Number: FEMA 23(R)/(7)/2025-RB

Dated November 13, 2025

Summary of Foreign Exchange Management (Export of Goods and Services) (Second Amendment) Regulations, 2025

Notification Number: FEMA 23(R)/(7)/2025-RB

Dated November 13, 2025

What's New?

This amendment introduces two significant extensions to existing time limits:

1. Extension of export realization period from 9 months to 15 months.
2. Extension of export incentive claim period from 1 year to 3 years.

Detailed Explanation:

The RBI has amended the Foreign Exchange Management (Export of Goods & Services) Regulations, 2015 by modifying two key regulations:

1. Amendment to Regulation 9 (Export Realization Period)

a. The time limit for exporters to realize export proceeds (receive payment) has been extended from 9 months to 15 months from the date of export. This applies to:



- Sub-regulation (1): General realization period.
- Sub-regulation (2), clause (a): Specific realization provisions.

2. Amendment to Regulation 15 (Export Incentive Claims)

- a. The time limit for claiming export incentives has been extended from 1 year to 3 years. This modification affects:
 - Sub-regulation (1), clause (i): Primary incentive claim period.
 - Proviso to sub-regulation (1): Extended claim conditions.
 - Sub-regulation (2): Additional claim provisions.

Key Conditions:

- Export Payment Realization Timeline: Exporters now have 15 months (instead of 9 months) to realize export proceeds from the date of export.
- Incentive Claim Window: Exporters can claim export incentives within 3 years (instead of 1 year) from the relevant date.
- Legal Authority: Amendments made under Section 7, Section 8, and sub-section (2) of Section 47 of FEMA, 1999.
- Effective Date: Comes into force from the date of publication in the Official Gazette.



Additional Conditions:

- The amendments apply to the Principal Regulations dated January 12, 2016.
- These are the seventh set of amendments to the original FEMA 23(R)/2015-RB regulations.
- All other provisions of the Principal Regulations remain unchanged.
- The notification is issued by the Regional Director, Foreign Exchange Department, RBI Mumbai

Practical Implications:

1. For Exporters:

- Greater Payment Flexibility: Additional 6 months to realize export proceeds reduces pressure on follow-up with foreign buyers and provides cushion for delayed payments.
- Reduced Compliance Risk: Lower likelihood of violations for late payment realization, especially for exports with extended credit terms.
- Extended Incentive Claims: Two additional years to claim export incentives allows better planning and reduces risk of missing claim deadlines.
- Cash Flow Management: More time to negotiate with buyers and resolve payment disputes without breaching FEMA regulations.

2. For Banks:

- Revised monitoring timelines for export bills.
- Updated compliance reporting requirements.

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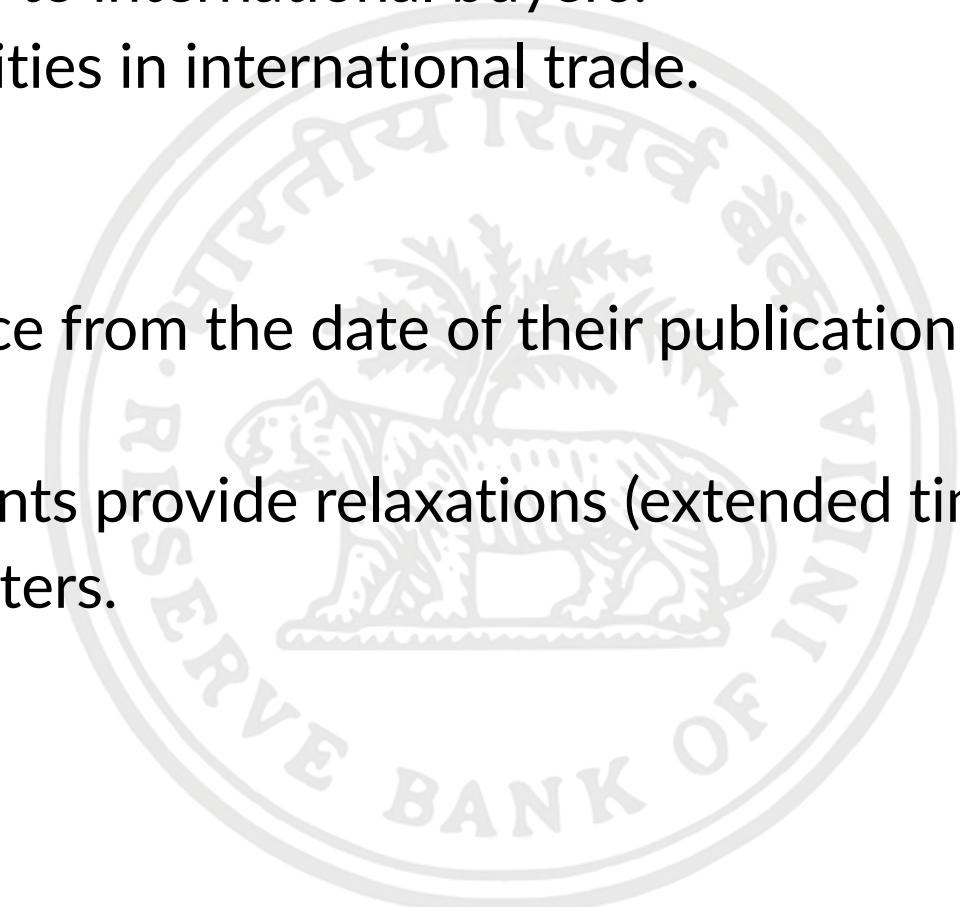
- Modified follow-up procedures for unrealized export proceeds.

2. Business Impact:

- Particularly beneficial for exports to countries with slower payment cycles.
- Helps exporters offering longer credit periods to international buyers.
- Aligns regulations with practical business realities in international trade.

Implementation Deadlines:

- Effective Date: The regulations come into force from the date of their publication in the Official Gazette (notification dated November 13, 2025).
- No Transition Period Required: The amendments provide relaxations (extended timelines), so they can be implemented immediately without any adverse impact on existing exporters.



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5. Circular No. 622/2025 dated 21/11/2025 regarding Online Submission of Annual Financial Returns for the year 2024-2025

Summary of Circular No. 622/2025 dated 21/11/2025 regarding Online Submission of Annual Financial Returns for the year 2024-2025.

What's New?

The Charity Commissioner has mandated that all registered charitable trusts must submit their annual financial returns for the fiscal year 2024-2025 through the online portal charity.maharashtra.gov.in.



Detailed Explanation:

- This circular is issued under Section 41-K of the relevant charitable trust legislation. It requires all registered charitable organizations under the jurisdiction of the Charity Commissioner, Maharashtra, to file their annual returns for the financial year 2024-2025 exclusively through the designated online portal (charity.maharashtra.gov.in).
- The submission must be completed before the specified deadline, and the circular emphasizes that all district-level charity offices should take note of this requirement.

Key Conditions:

- Applicable to all registered charitable trusts in Maharashtra.
- Returns must be for the financial year 2024-2025.

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- Submission must be made online through charity.maharashtra.gov.in.
- All district charity offices are to be informed.

Practical Implications:

- All charitable trusts must transition to online filing if they haven't already.
- Physical or offline submissions will not be accepted.
- Trusts need to ensure they have proper access credentials for the online portal.
- Compliance is mandatory for maintaining registered status.



The Office of Charity Commissioner

सर्वदाय आयुक्तालय, महाराष्ट्र राज्य

प्रस्तुती

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