Sanjay Grover & Associates
Company Secretaries

SGA CONNECT NEWSLETTER FOR THE MONTH OF SEPTEMBER 2026

Table of Contents

Sanjay Grover & Associates
Company Secretaries

ABOUT US

Sanjay Grover &Associates is a Firm of Company Secretaries, established in 2001, whose constant endeavour is to craft a premier professional practice providing high quality services and integrating value added knowledge, for its people, clients and society as a whole.

The Organization is backed by a team of multi- disciplinary professionals who possess the inherent qualities of converting the challenges into opportunities by sincerity, passion and determination.

The dynamic professionals of the organization are very well exposed in dealing with various regulatory authorities like Registrar of Companies (ROC), Regional Director (RD), Ministry of Corporate Affairs (MCA), National Company Law Tribunal (NCLT), National Company Law Appellate Tribunal (NCLAT), Insolvency and Bankruptcy Board of India (IBBI), Competition Commission of India (CCI), Securities & Exchange Board of India (SEBI), Stock Exchanges, Reserve Bank of India (RBI) etc. The firm works with a progressive mindset and serves its clients with results and quality; it has the zeal and potential to handle challenging and wide range of assignments. For reference, our team profile is available here.

I. MINISTRY OF CORPORATE AFFAIRS (MCA)

A. The Ministry of Corporate Affairs has introduced the Companies Compliance Facilitation Scheme, 2026, providing significant relief for companies with pending statutory filings. **(CCFS-2026) ("Click here for accessing the Notification")**

- **Date of Applicability** –
  - **Commencement Date:** The scheme officially comes into force on **15th April 2026**.
  - **Closing Date:** It was originally scheduled to remain active until **15th September 2026.**

- **Brief on Amendment:** The Ministry of Corporate Affairs (MCA) launched the **Companies Compliance Facilitation Scheme, 2026 (CCFS-2026)** to condone delayed filings. It provides a one-time opportunity for defaulting companies to regularise or exit at highly reduced costs
  - Pending Annual Filings: Pay normal fees + only 10% of accumulated additional fees.
  - Dormant Status (Form MSC-1): Pay only 50% of the normal filing fee.
  - Company Strike-Off (Form STK-2): Pay only 25% of the standard filing fee.

- **Impact of Circular**

  - **Massive Cost Savings**: Waives 90% of the severe, uncapped ₹100/day late fees for overdue financial statements and annual returns.
  - **Legal Immunity**: Protects companies and directors from prosecution and penalties under Sections 92 and 137, provided filings are completed on time.
  - **Affordable Exit**: Allows inactive or defunct businesses a low-cost route to formally close or move to dormant status.
  - **Post-Scheme Crackdown**: Strict legal and penalty action will be initiated by the ROC against all defaulting companies that fail to use this scheme

Sanjay Grover & Associates
Company Secretaries

B. FAQs ON REGISTRATION OF FOREIGN COMPANIES / SUBSIDIARY OF FOREIGN BODY CORPORATE ("Click here for accessing the FAQ")

Why Was the FAQ Released?

- **Fixing Portal Rejections:** Setting up a business from abroad is complicated. The Central Registration Centre (CRC) frequently rejects applications over tiny formatting or paperwork mistakes. The MCA released these FAQs as a clear **troubleshooting manual** to help professionals get approved on the first try.

- **Connecting Different Laws:** Opening an office in India requires dealing with both corporate laws (MCA) and foreign exchange laws (RBI/FEMA). The FAQ acts as a bridge, showing how these approvals connect.

<u>Key Takeaways Anyone Can Understand</u>

- **A Foreign-Owned Indian Subsidiary is considered "Indian":** Many people assume that if an American or European company owns 100% of a business in India, that business is legally a "foreign company." The FAQ clears this up. It confirms that a Wholly-Owned Subsidiary is viewed as a **domestic Indian company**, meaning it gets to file the same simple paperwork as a local Indian startup.

- **Big Relief for Project Offices:** Previously, companies worried they had to register a fresh "Form FC-1" every single time they won a new contract or project in India. The FAQ confirms that **one registration is enough**. You don't need a new FC-1 for every project unless you are opening an entirely new physical office branch.

- **The "Single Window" is Not a Shortcut:** The government runs a website called the National Single Window System (NSWS) to help global investors identify what approvals they need. The FAQ warns that **this site is just a guide**. It does not replace the actual paperwork; companies must still file their official forms directly through the MCA portal.

- **The Order of Approvals Matters:** You cannot register with the MCA first and deal with other financial regulators later. If you want to open a Liaison or Branch Office, you must get **RBI approval under foreign exchange laws first**. If you are setting up in GIFT City, you must get **IFSCA approval first**.

- **Paperwork Depends on Where You Sign:** To prevent fraud, documents coming from abroad must be legally verified (Apostilled or Notarised). The FAQ clarifies that this verification is based entirely on **the country where the paper is physically signed**, not the nationality of the person signing it.

- **You Need a Local Contact Person:** Foreign branches do not need a full board of Indian directors, but they must appoint at least **one representative who physically lives in India** so the government has a reliable contact to mail legal notices to.

Conclusion

The major takeaway is that **timing and location are everything**. The MCA is making things easier by removing repetitive filings for new projects, but they are very strict about the order of operations: you must secure your foreign exchange approvals (from the RBI) and legally verify your physical paperwork overseas before the Indian government will officially approve your business registration.

II. RESERVE BANK OF INDIA (RBI)

A. Reserve Bank of India (Non-Banking Financial Companies - Compliance Function) Directions, 2026. dated July 31, 2026. ("Click here for accessing the Notification")

- **Date of Applicability**: These Directions shall come into effect immediately upon issuance. i.e. the notification

- **Brief on Amendment**: The RBI Directions, 2026 mandate NBFCs to establish robust compliance frameworks aligned with governance and risk structures. Boards and senior management must actively oversee compliance risks and policies. A Chief Compliance Officer with independence and authority is central to implementation. These Directions apply specifically to NBFCs in the Middle and Upper Layers under RBI's scale-based regulation framework.

  - **Purpose & Scope**: Establishes minimum standards for compliance frameworks in NBFCs, ensuring governance, risk management, and adherence to regulatory requirements.
  - **Applicability**: Applies to NBFCs in the *Middle Layer* and *Upper Layer* registered under the RBI Act, 1934 or Factoring Regulation Act, 2011.
  - **Governance**:
    - **Board**: Must approve and oversee compliance policy, review compliance risks periodically.
    - **Senior Management**: Conduct annual compliance risk assessments, report failures, and ensure corrective measures
    - **Compliance Policy**: Must define compliance philosophy, independence of compliance function, reporting mechanisms, and approval processes for new products.
    - **Chief Compliance Officer (CCO)**:
      - Appointed for a minimum tenure of 3 years.
      - Independent, senior-level executive with direct reporting to MD/CEO or Board.
      - Acts as nodal contact with regulators, ensures oversight of new products, and has unrestricted access to records.
    - **Technology Use**: NBFCs must adopt integrated, enterprise-wide compliance monitoring tools with dashboards for senior management.
    - **Repeal & Continuity**: Previous compliance guidelines for NBFCs are repealed, but past actions remain valid under earlier provision

B. **Reserve Bank of India (Non-Banking Financial Companies - Responsible Business Conduct) Third Amendment Directions, 2026., dated 06 August, 2026. ("Click here for accessing the Notification")**

- **Date of Applicability**: These Directions shall come into effect from **January 1, 2027**.

- **Applicable Entities**: These Directions shall be applicable to following Non-Banking Financial Company (hereinafter collectively referred to as 'NBFCs' and individually as an 'NBFC'), for all layers, unless specified otherwise:

  - NBFC-D registered with the RBI under the provisions of the RBI Act, 1934;
  - NBFC-ICC registered with the RBI under the provisions of the RBI Act, 1934;
  - NBFC-Factor registered with the RBI under the provisions of the Factoring Regulation Act, 2011;
  - NBFC-MFI registered with the RBI under the provisions of the RBI Act, 1934;
  - NBFC-IFC registered with the RBI under the provisions of the RBI Act, 1934;
  - IDF-NBFC registered with the RBI under the provisions of the RBI Act, 1934;
  - HFC registered with the RBI under the provisions of the NHB Act, 1987;

These Directions are not applicable for the following:

  - Mortgage Guarantee Company registered with RBI under the scheme of Registration of Mortgage Guarantee Companies;
  - Core Investment Company registered with the RBI under the provisions of the RBI Act, 1934;
  - NBFC-Account Aggregator registered with the RBI under the provisions of the RBI Act, 1934;
  - Standalone Primary Dealer registered with the RBI as NBFCs under the provisions of the RBI Act, 1934;
  - Non-Operating Financial Housing Company registered with the RBI as NBFC under the provisions of the RBI Act, 1934;
  - NBFCs not having any customer interface.

- **<u>Brief on Amendment</u>: Key Points of the RBI Amendment Directions:**

  - **Definitions Introduced**

    - **Recovery agency**: External entity/individual engaged by NBFCs for loan recovery.
    - **Recovery agent**: Representative of a recovery agency interacting with borrowers.

  - **Fair Treatment of Borrowers**

    - Limited disclosure of borrower information.
    - Calls must be documented and recorded, preserved for six months.
    - Recovery targets must not encourage harsh practices.
    - Visits restricted to **8 AM–7 PM**, avoiding sensitive occasions.
    - Written communication requires NBFC approval.

  - **Technology-Based Recovery**

    - Restrictions on financed mobile devices allowed only under strict conditions:
    - Gradual restrictions after 30 days past due.
    - Full restrictions only after 60 days past due.
    - Essential functions (calls, SMS, SOS) cannot be disabled.
    - Compensation of ₹250/hour for wrongful restrictions.

  - **Grievance Redressal**

    - NBFCs must provide borrowers with grievance officer details in loan agreements and recovery communications.

- **Key Takeaway**:

It is aimed at strengthening borrower protection and accountability in loan recovery practices. Key provisions include mandatory recovery policies, stricter due diligence for recovery agencies, certification requirements for agents, and clear conduct standards to prevent harassment. Borrower safeguards such as restricted calling hours, documented communication, and compensation for wrongful recovery actions have been introduced. Additionally, repossession procedures must be transparent, and technology-based recovery tools like mobile restrictions are tightly regulated. These measures collectively enhance fairness, transparency, and compliance in NBFC recovery operations.

C. Reserve Bank of India (Non-Banking Financial Companies – Concentration Risk Management) Fourth Amendment Directions, 2026 (Click here for accessing the notification)

- **Date of Applicability**: These Directions shall come into effect from **25 August, 2026.**
- **Applicable Entities**: it applies to **Infrastructure Debt Fund – NBFCs (IDF-NBFCs)** that are classified under the **Upper Layer** of RBI's. These IDF-NBFCs must now comply with the **same large exposure limits** applicable to **NBFC-IFCs (Infrastructure Finance Companies)**.
- **Key Change**
  - **Paragraph 39A** has been inserted in the Directions, harmonizing exposure norms across NBFC-IFCs and IDF-NBFCs in the Upper Layer.

Sanjay Grover & Associates
Company Secretaries

III. GIFT-IFSC Compliance: Go Digital or Risk Penalties ("Click here for accessing the FAQs")

- The Office of the Administrator, International Financial Services Centres Authority (IFSCA), has officially released the updated Special Economic Zone (SEZ) Compliance FAQs Booklet (Version 2.0, August 2026) to formalize and streamline the statutory workflows governing all constituent entities within the GIFT-IFSC. Pursuant to Section 18 of the SEZ Act, 2005, any entity authorized, licensed, or registered by the IFSCA is simultaneously recognized as an SEZ unit and falls under the administrative jurisdiction of the designated Administrator (IFSCA), who exercises unified supervisory control.

- The regulatory lifecycle initiates with the issuance of the Letter of Approval (LOA)—valid for an initial tenure of one year—which must be secured prior to commencing service operations. For standard financial activities, applications are integrated seamlessly via the SWIT portal through a Common Application Form, whereas specialized verticals like Foreign Universities and Bullion Trading must interface directly with the SEZ Online platform.

- Following LOA issuance, units are legally mandated to execute a Bond-cum-Legal Undertaking (BLUT) utilizing Form-H. Under the modernized provisions of Instruction No. 123, the historical requirement for physical, notarized stamp paper has been superseded, permitting entities to execute an e-BLUT backed by valid Digital Signature Certificates (DSC). This execution must incorporate a rigorous Bond Value Calculation Sheet reflecting projected Custom duties and Goods and Services Tax (GST) exemptions across a five-year financial horizon. Concurrently, Rule 18(2) of the SEZ Rules dictates that a certified, registered Lease Deed reflecting a minimum commitment of five years must be submitted to the Administrator within six months of LOA generation. Non-compliance with this six-month milestone prompts immediate oversight by the Unit Approval Committee (UAC), which reserves the statutory authority to condone delays upon a showing of cause or to withdraw the LOA entirely.

- Upon the formal commencement of service operations—classically evidenced by the generation of an initial invoice—units must maintain strict adherence to periodic electronic reporting. All disclosures must be routed exclusively through the SEZ Online portal, as physical or email submissions do not satisfy statutory filing criteria. Entities are required to file the Monthly Performance Report (MPR) detailing direct and indirect payroll metrics alongside hard asset investments, the Service Exports Reporting Form (SERF) capturing real-time invoice details, and the comprehensive Annual Performance Report (APR). Proactive governance remains vital; operations conducted outside an approved address, invoicing on a lapsed or invalid LOA, or executing services distinct from an entity's baseline Authorized Operations without prior Broadbanding approval constitute serious regulatory breaches subject to immediate fiscal penalties and administrative sanction.

Sanjay Grover & Associates
Company Secretaries

IV. COMPLIANCE CALENDAR FOR THE MONTH OF SEPTEMBER 2026

S. No	Particulars of the Compliance	Applicability	Relevant Section/ Regulation /Rule/Direction	Due date of Compliance
1.	Dispatch of AGM Notice & Annual Report Must be sent to all shareholders, directors, and auditors. (Requires 21 *clear* days + 2 days for electronic transmission).	**Listed Companies Only** *(Unlisted companies follow Section 101 of the Companies Act but are not bound by the additional SEBI LODR dispatch rules*	Section 101 of Companies Act & Reg. 34 / 36 of SEBI LODR	On or before 2nd September 2026
2.	Pre-dispatch notice advertisement	**All Companies** holding virtual or hybrid AGMs through VC/OAVM platforms	MCA Circular No. 20/2022A	Before the dispatch of notice of meeting
3.	Newspaper Advertisement of Notice Dispatch Publish in one English and one vernacular newspaper stating that AGM notices have been sent and details of e-voting	**Listed Companies & Large Public Companies** with more than 1,000 shareholders	Rule 20 of Companies (Management and Administration) Rules	Immediately on completion of dispatch of notice but atleast 21 days before the date of Annual General Meeting

4.	Submission of Annual Report and notice of AGM to Stock Exchange	Listed Companies Only	Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015	On or before the commencement of dispatch to its shareholders
5.	Cut-Off Date for E-Voting: The date to determine the voting eligibility of shareholders (cannot be earlier than 7 days before the AGM)	**Listed Companies & Large Public Companies** with more than 1,000 shareholders	Rule 20 of Companies (Management and Administration) Rules	Cut-off date **cannot be earlier than 7 days** before the AGM
6.	Proceedings of annual general meetings of the listed entity to be submitted to the Stock Exchange(s).	**Listed Companies Only**	SEBI Master Circular (January 30,2026)	Within 12 hours
7.	Submission of Proxy Forms (If meeting held physically)	All companies	Sec. 105 of Companies Act 2013	**Atleast 48 hours before** the meeting or any longer period prescribed in AOA of company
8.	DNBS01-Important Financial Parameters - Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
9.	DNBS02- Important Financial Parameters- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
10.	DNBS03- Important Prudential Parameters- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies -	**On or before 21 September**

			Supervisory Returns) Directions, 2026	
11.	DNBS04A- Short Term Dynamic Liquidity (STDL) - Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
12.	DNBS04B-Structural Liquidity and Interest Rate Sensitivity - Monthly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 15 September**
13.	Central Repository of Information on Large Credits (CRILC) - NBFCs-Monthly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 15 September**
14.	DNBS09- Return on Defaulted Borrowers-Weekly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before Wednesday** of the following week
15.	DNBS11-CICs- Important Financial Parameters- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
16.	DNBS12-CICs- Important Prudential Parameters- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**

17.	DNBS13- Overseas Investment Details- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
18.	DNBS14-P2Ps- Important Financial and Prudential Parameters- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
19.	Large Exposure Framework- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
20.	PDR III- Statement on Capital Adequacy- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
21.	PDR IV-Statement on Select Financial and Balance Sheet Indicator- Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 21 September**
22.	Stress Test-monthly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 15 September**

23.	IRS Test- Interest Rate Sensitivity Test-monthly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 15 September**
24.	Fraud Monitoring Return 4 (FMR4 / RBR)-Quarterly	Applicable on prescribed NBFC	Reserve Bank of India (Non-Banking Financial Companies - Supervisory Returns) Directions, 2026	**On or before 15 September**