 **This Bill could change how you run your company in 2026**

Companies (Amendment) Bill, 2026 – Key changes

Ease ↑

Reduced compliance burden for businesses

Governance ↑

Stronger board accountability

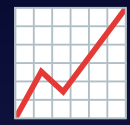
Accountability ↑

Enhanced oversight mechanisms



**Referred to Joint Parliamentary
Committee (JPC)**

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Ease of Doing Business (Core Changes)

COMPLIANCE RELIEF FOR BUSINESSES

Small Company (Sec 2(85))

- Paid-up Capital: ₹10 Cr → **₹20 Cr**
- Turnover: ₹100 Cr → **₹200 Cr**

Time limit for Charge Registration (Sec 77)

- 120 → **180 days**

Board Meetings Relaxation

- OPC / Small / Dormant → **1 per year**

📌 **Impact:** Wider coverage under reduced compliance regime

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Capital Structuring & Buy-back

MORE FLEXIBILITY FOR COMPANIES (SEC 68)

Buy-back (Sec 68) [Applicable to prescribed class of companies]

Buy-backs

2

allowed in a year

Minimum Gap

6

months between buy-backs

Share-Linked Schemes (Sec. 62)

RSUs & SARs

Restricted Stock Units (RSUs) and Stock Appreciation Rights (SARs) formally recognized

Impact

Efficient surplus
utilization

Alternative to dividend
payouts

Promoter structuring
flexibility

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Fast-Track Mergers (Sec 233)

SIMPLIFIED RESTRUCTURING

**Approval Threshold
(twin test)**

75%

(value represented by majority of members present & voting)

Creditor consent also reduced to 75%

Reduced from 90%

Applicable to:

- Small companies
- Startups
- Group entities
- Companies under **IBC cannot use merger route**

- Now includes: **Demerger / transfer of undertakings**
- No NCLT → Approval by **Regional Director**
- Time-bound approval: → **60 days**



Impact: Faster mergers & Reduced NCLT dependency

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Digital & Procedural Ease

MODERNISED COMPLIANCE FRAMEWORK

Electronic Service of Documents (Sec 20)

Digital delivery of official documents now recognised

VC / Hybrid Meetings (Sec 96, 100)

Virtual and hybrid meetings formally enabled

Shorter Notice for VC EGMs

→ **7 days** (Sec 101)



Condition: Physical AGM at least once in 3 years

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CSR Amendment (Sec 135)

CSR THRESHOLD REVISED

Net Profit Threshold

₹5 Cr → **₹10 Cr**

Other thresholds unchanged

Unchanged Thresholds

- Net Worth \geq ₹500 Cr
- Turnover \geq ₹1,000 Cr

👉 Applicability if **any one** condition met

✔ Enable additional time period for transfer of unspent CSR amounts relating to ongoing projects to the Unspent CSR Account from “30 days” to “90 days”

✔ Companies having CSR amount upto Rs 1 Crore need not constitute CSR Committee

📄 👉 **Impact:** Some companies move out of CSR. CSR framework becomes more targeted.

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Governance & Board Reporting

STRONGER BOARD ACCOUNTABILITY (SEC 134)

1 Disclose Audit Committee Composition

Full transparency on committee structure required

2 Reasons for Rejecting Recommendations

Board must explain why audit committee recommendations were not followed

3 Detailed Explanation Required

- Auditor qualifications
- Adverse remarks



👉 Shift from boilerplate → meaningful reporting

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Auditors + NFRA (Critical Area)

⚠️ AUDIT OVERSIGHT SIGNIFICANTLY TIGHTENED

Non-Audit Services Restriction (Sec 144)

- Covers group entities
- Applies up to **3 years post tenure**

Prescribed class of companies not required to appoint auditors

Limit to prescribed by Central Government

Standardised qualification reporting (Sec 141 etc.)

- Stricter qualification requirements for auditors
- Uniform reporting / classification of qualifications

Enhanced Powers of NFRA (Like SEBI/RBI)

- Investigation
- Penalties
- Debarment
- Professional misconduct scope expanded (Includes Companies Act violations)

• **Majority partners must be professionally qualified (CA / CMA / CS as applicable for audit type)**

• **All partners must be registered with a statutory professional body in India (Applies to multi-disciplinary firms)**

📌 **Impact:** Increased scrutiny & Higher professional risk



Directors & Compliance Enforcement

 NO MORE PASSIVE DIRECTORSHIP

"Fit & Proper" Criteria

Disqualification for RPT defaults (Sec 188) and non-filing for 2 years

DIN Verification Mandatory

Inactive DIN = **cannot act**

Vacation of Office Across Cos

→ After **6 months**

LLPs covered under Sec 185

Loans to directors -No more fund diversions through LLP route

KMP resignation filing mandatory

Disclosure of interest only on change (S. 184)

 **Significant increase in personal liability**

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Decriminalisation

FROM CRIMINAL TO MONETARY PENALTIES

Examples:

Name Reservation (incorrect information)

₹50,000

Prospectus (Contravention)

₹2 lakh

Share Variation

₹25 lakh

AGM Default

₹1 lakh + ₹5,000/day

Books Default

₹5 lakh

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Final Insight

✓ **Compliance Burden ↓**

(procedural)

✓ **Accountability ↑**

(substantive)

✓ **Governance Scrutiny ↑**

Enhanced oversight across the board



Bill under JPC – subject to change

👉 Save this for reference

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