

## KEY TAKE AWAY - THE COMPANIES (AMENDMENT) BILL, 2026

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### Short Summary:

The Companies (Amendment) Bill 2026 introduces changes across 88 sections of the Companies Act, 2013 addressing key areas such as Ease of Doing Business, Corporate Governance, and Decriminalization (shifting fines to penalties). This article provides a comprehensive yet simplified overview of these amendments, highlighting the most important points from the perspective of a Company Secretary (CS), explained in layman's terms for better understanding.



### A. Object of this bill is

1. To **decriminalize** some provisions of the Act, based on their gravity;
2. To amend various provisions of the Act to **decriminalise minor procedural** or technical lapses under the provisions of the said Act, into civil wrong
3. To constant Endeavour of the Government to facilitate Greater **Ease of Living** of Law abiding corporates;
4. To **streamlining provisions**, bringing more **audit quality** oversight with powers to NFRA.

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### B. Key Amendments by Companies (Amendment Bill), 2020

5. To decriminalise certain offences under the Act in case of defaults which can be determined objectively and which otherwise lack any element of fraud or do not involve larger public interest;

6. **Section 2(85)-Small Company:** To increase the upper limit of paid-up share capital to Rs 20 crore from existing 10 crore and upper limit of turnover to Rs 200 crore from existing 100 crore.
  
7. **Section 7(1)(b)-Incorporation of Company:** A Declaration from professionals required at the time of incorporation only if their services are engaged in the formation or incorporation of such Company.  
Now a declaration form Director named in AOA is enough for Incorporation of Company.
  
8. **Section 12A-Modes of Communication for certain class of Companies:**  
To prescribe certain class of Companies that will be required to maintain a website, an email address and other modes of communication. It will increase digital transparency and ensures stakeholders can reach the company via electronic means.
  
9. **Section 20- Service of Documents:** Service of prescribed documents to members permitted exclusively through electronic mode for certain classes of Companies and will be considered sufficient compliance. However, member may request delivery by another mode also subject to payment of fee.
  
10. **Section 43A- Share capital of Company under IFSC:** Companies set up and incorporated in IFSC are allowed to convert, issue and maintain capital in permitted foreign currency IFSCA will prescribe regulations and many other regulations.
  
11. **Section 62- Right Issue of Shares:** Formal recognition of Restricted Stock Units (RSUs) and Stock Appreciation Rights (SARs).

12. **Section 68- Buy-Back of Shares:** Allows two buy-back offers per year with a six-month gap between closures in case of certain classes of companies.
13. **Section 77- Duty to register Charges, etc.:** Timeline for registration of charges for prescribed companies increased from 120 days to 180 days after payment of such ad valorem fees as may be prescribed.
14. **Section 96- Annual General Meeting:** AGMs and EGMs permitted via video conferencing or audio-visual means. However, companies must conduct a physical annual general meeting at least once every three years.
15. **Section 101- Notice of Meeting.:** For fully virtual EGMs, notice period to be reduced from 21 clear days to 7 days or such period and manner to be prescribed by the rules.
16. **Section 135- CSR:**
  - Enhancing applicability threshold of net profit from 5 crore to 10 crore under 135(1)
  - 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” i.e extending the time till 29th day of June of each year.
  - Companies having minimum CSR spent u/s 135(5) up to 1 crore (or such other higher amount) need not constitute the CSR Committee.
17. **Section 139- Statutory Auditor:** Prescribed classes of companies may be exempted from appointing auditors.
18. **Section 144- Restrictions on Non-Audit Services:** Prescribed classes of auditors are prohibited from providing non-audit services to the company, its holding, or subsidiary for three years post-tenure.

19. **Section 149- Independent director:** Clarification u/s 149(6)(e)(i) and (ii) referring to disability of a person to be appointed as ID in case of his association with the appointee company, its holding, subsidiary, associate or their auditor for not just “three financial years immediately preceding the financial year” but also “or during the current financial year”.  
The restriction in respect of appointment or association in any other capacity during cooling off period of three years is applicable to the company as well as its holding, subsidiary or associate company.
20. **Section 161- Appointment of Additional Director:** An additional director may hold office up to the date of the next general meeting or up to a period of three months from the date of his appointment, whichever is earlier.
21. **Section 164- Disqualification Director:**
- Directorship eligibility is lost if a person is subjected to a penalty for defaults in related party transactions under Section 188.
  - Disqualification Triggered by non-filing of returns for two financial years.
22. **Section 167- Vacation of Office of Directors:** Office becomes vacant in all companies (including the defaulting one) after six months from trigger of disqualification.
23. **Section 173- Board Meeting:** OPC, Small, and Dormant companies require only one meeting per calendar year.

24. **Section 184- Disclosure of Interest by Director:** MBP-1 will be required only in case of any change in the disclosures made and not “at the first meeting of the Board in every financial year.

25. **Section 203- KMP:** Establishes a formal, transparent process for the resignation of whole-time Key Managerial Personnel who are not directors. CFO, CS may resign giving notice in writing to the company, Board shall take note and shall intimate the RoC: In case of failure to intimate RoC by Board, said KMP may forward a copy of his resignation along with detailed reasons for his resignation to the RoC.

#### Conclusion:

The Companies (Amendment) Bill 2026 brings significant changes aimed at simplifying compliance, improving corporate governance, and promoting ease of doing business. Key updates include the introduction of digital communication, realignment of financial year cycles, and a shift from fines to penalties for non-compliance. These amendments create a more dynamic, investor-friendly environment, and as Company Secretaries, staying updated on these changes is crucial for ensuring compliance and strategic growth.

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