

The Amendments Made in the Companies Act, 2013 and the Rules Made there under in December 2025 and January 2026: A Critical Analysis

Dr. Raj Kumar Sah¹ & Dr. Alok Kumar^{2*}

^{1,2}Associate Professor, Shri Ram College of Commerce, University of Delhi, Delhi, India.

*Corresponding Author: dralok.kumar@srcc.du.ac.in

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Abstract

This article basically analyses the amendments made in the Companies Act, 2013 and the rules made there under in the month of December 2025 and January 2026. These amendments cover the Companies (Specification of Definition Details) Amendment Rules, 2025 related mainly to the coverage of more private companies within the definition of "Small company", the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025 published vide G.S.R. dated 31st December, 2025 related to the non-removal of the names of listed companies and companies that have been listed due to the non-compliance of listing regulations or listing agreement on any other statutory laws, the Companies (Appointment and Qualification of Directors) Amendment Rules, 2025 notified on 31st December, 2025 related to filing of the KYC of directors having DIN only once in every 3 years instead earlier annual filing, MCA policy/PIB Announcement-KYC and other triennial changes (vide Press Releases dated 01.1.2026), and National Financial Reporting Authority (NFRA) Amendment Rules, 2025 notified on 13th January, 2026 related to the appointment of four part-time members replacing the four earlier part-time members. This article, at last, also summarises the implications of the amendments made as stated above for the practitioners and academicians.

Keywords: The Companies Act, 2013, the Companies (Specification of Definition Details) Amendment Rules, 2025, Small company, the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025, the Companies (Appointment and Qualification of Directors) Amendment Rules, 2025, DIN, MCA policy/PIB Announcement, KYC, National Financial Reporting Authority (NFRA) Amendment Rules, 2025, Practitioners, Academicians.

Introduction

The Central Government, through the Ministry of Corporate Affairs (MCA), based on the powers given under the Companies Act, 2013 to make rules to implement the provisions of the Act keep on notifying the rules. This article analyses the rules made by the Central Government in the month of December 2025 and January 2026. The Central Government notified the Companies (Specification of Definition Details) Amendment Rules, 2025, the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025, the Companies (Appointment and Qualification of Directors) Amendment Rules, 2025, MCA policy/PIB Announcement, and National Financial Reporting Authority (NFRA) Amendment Rules, 2025. This article has critically analysed these amendments from the point of their impact on the various stakeholders including the companies, practitioners and academicians. At last, the article summarises the implications of these amendments for practitioners and academicians.

Objective of Study

The following are the main objectives of the study:

- To analyse each of the amendments in the said amendment rules in detail along with the positive impact of the same on the various stakeholders; and
- To highlight the shortcomings/ weaknesses/ challenges arising out of the said amendments from the point of view of the undesirable impact on the various stakeholders.

Methodology of Study

The research methodology adopted in this article is "Analytical/Critical Doctrinal Research". The reason is that it involves amendments to the different provisions of the Companies Act, 2013 and the rules made thereunder in December 2025 and January 2026 and the critical analysis thereof in the form of pointing out the positive points/ strengths and also the shortcomings/weaknesses thereof.

Analysis of the amendments made in the Companies Act, 2013 and the rules made thereunder in December 2025 and January 2026

• **The Companies (Specification of Definition Details) Amendment Rules, 2025**

The above amendment has been made through vide the publication in the Gazette of Indian the GSR 880 (E) dated 1st December, 2025.

Section 2(85) of the Companies Act, 2013 defines "Small company" as under:

"Small company means a company, other than a public company-

- *Paid-up capital of which does not exceed ₹ 50 lakh or any other higher prescribed amount which shall not be more than ₹10 crores; and (ii)turnover of which as per the profit and loss account for the immediately preceding financial year does not exceed ₹2 crores or any other higher prescribed amount which shall not be more than ₹100 crores.*

Provided that nothing in this clause shall apply to:

- *A holding company or a subsidiary company; (B) a company registered under Section 8; or (C) a company or body corporate governed by any special Act."*

The Gazette of India published on 1st December, 2025 revises the ceiling limit of paid-up capital and turnover of a small company by **the Companies (Specification of Definition Details) Amendment Rules, 2025 vide G.S.R 880 (E) dated 1st December, 2025**. By way of this amendment, a company other than public company shall be treated as a small company if the paid-up of the company does not exceed ₹2 crores and the turnover of the company do not exceed ₹100 crores.

Analysis of the Above Amendment

The above amendment may be analysed as under:

- **More private companies to be covered within the definition of small company:** Because the ceiling limit of paid-up capital and turnover for private companies to be called as small companies have been increased from ₹50 lakhs and ₹2 crores respectively to ₹2 crores and ₹100 crores respectively, a greater number of private companies will be covered within the definition of "Small Company".
- **Relief to may private companies in respect of compliance with the provisions of the Companies Act, 2013 and the rules made thereunder:** There are many kinds of reliefs given to the small companies under the Companies Act, 2013 under the rules made thereunder in respect of legal compliance such as the lesser number of board meetings, requirements of resolution and the limited disclosures to be made tme their financial statements. Thus, the private companies will reassess at the end of the financial year 2025-26 onwards their classification as "Small Companies" for the purpose of limited legal compliance requirements in future.
- **Change in the applicability of certain rules under the Companies (Accounts) Rules and the related exemptions:** The private companies not covered earlier under the definition of small companies but now so covered after the above amendment may have to adhere to the lesser compliance requirements under the Companies (Accounts) Rules and the related

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exemptions. Besides, the auditors will also be required to check the classification of the private company being audited as small company for the purpose of their audit report of such company.

The Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025 published vide G.S.R. dated 31st December, 2025: The new proviso to rule 4(3) of the Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2016 by way of amendment reads as under:

“Provided that the following categories of companies shall not be removed from the register of companies under this rule and rule 4, namely-

- Listed companies; (ii) companies that have been delisted due to non-compliance of listing regulations or listing agreement on any other statutory laws; (iii)... (iv)... “

Analysis of the above amendment in the rules under the Companies ((Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025 published vide G.S.R. dated 31st December, 2025: This is as under:

- **Purpose intended to be achieved by the above amendment:** The above amendment makes harder the process and conditions of striking of the names of companies from the register of companies maintained by the Registrar of Companies. This amendment at the same time aims at the faster clean-up of defunct/zero compliance companies and also preserves and safeguards the interest of creditors and third parties.
- **Implications of the above amendment for the companies and professional practitioners:** Companies which have low or no activity should review their status in the register companies. The professional practitioners are also supposed to check the procedural steps related to additional notices, timelines, documents needed for the striking off the names of companies and also for resisting off the striking off the names of companies from the register of companies.
- **Precautions to be taken by the auditors and director for disclosure in the financial statements:** If a company has been subjected to the removal process of its manes from the register of companies, the auditors and directors of the companies as such must ensure that the adequate discourses are made in the financial statements of the companies about the contingencies and the actions related to compliance. The Counsel and Secretarial teams also need to update the standard letters and templates.

The Companies (Appointment and Qualification of Directors) Amendment Rules, 2025 notified on 31st December, 2025: The rule 12A of the Companies (Appointment and Qualification of Directors) Rules, 2014 related to KYC of directors just before the amendment were as under:

“(1) Every individual who holds a Director Identification Number (DIN) as on 31st March, of a financial year shall file KYC intimation in form no. DIR-3-KYC Web [e-form DIR-3-KYC] to the Central Government on or before 30th June of the immediately following financial year.

Third provision to Rule 12A: Provided also that fee for filing e form DIR-3 KYC or Web form DIR-3-KYC-WEB, as the case may be, shall be payable as provided in the Companies (Registration Offices and Fees) Rules, 2014”

The above rules 12A (1) has been changed by amendment on 31st December, 2025 as under:

- *“Every individual who holds a Director Identification Number (DIN) as on 31st March, of a financial year shall file KYC intimation in form no. DIR-3-KYC Web [e-form DIR-3-KYC] to the Central Government on or before 30th June of the immediately following every 3rd consecutive financial year.”*
- The above third proviso to rule 12A has been changed by the amendment on 31st December, 2025 as under:
- *“Every individual holding a Director Identification Number (DIN) shall, in the event of a change in his personal mobile number, email-address or residential address, submit form DIR-3-KYC Web within a period of 30 days of such change along with the fee as prescribed under the Companies (Registration Offices and Fees) Rules, 2014”*

Analysis of the Above Amendment

The analysis of the changes may be made as under:

- **Director KYC/DIR-3:** The requirement of annual KYC is replaced by the abridged KYC once every 3 years for directors. Thus, the frequency of filing of KYC of directors has been reduced. By way of this, the compliance burden of the company has also been reduced.
- **DIN/qualification changes:** The onboarding process for the directors has also been tightened by the amendments. Thus, the companies will have to apply additional checks for the documentary compliances. It is in the interest of the companies to also revise board induction and secretarial templates. Besides, the ROC and DIN registry processes may have updated timelines.
- **Timing/transition rules:** The amendment has also given time to the companies and directors to adapt. Practically, company secretaries must also plan changes in systems related to DIR-3/KYC filing s cycles and advise directors accordingly.

MCA policy/PIB Announcement-KYC and other triennial changes (vide Press Releases dated 01.1.2026): Through this Press Release dated 01.01.2026, the Ministry of Corporate Affairs, Government of India, replaces the annual KYC requirements under the Companies Act, 2013 with the abridged KYC requirement once in every 3 years. In this context, it is relevant to note that Section 153 of the Act deals with application for allotment of DIN, Section 154 deals with the allotment of DIN, Section 157 deals with the intimation of the DIN by the company to the ROC, and Section 469 of the Companies Act deals with the power of the Central Government to make rules. The relevant rules are the Companies (Appointment and Qualifications of Directors) Rules, 2014.

Analysis of the provisions announced by the above Press Release:

- **Why is it very important?** The announcement made by the Press Release dated 01.01.2026 reduces the recurring compliance friction meaning thereby that the electronic filings by the directors have become fewer. Besides, this announcement in the Press Release reduces the routine rejections and also the system load on the MCA 21.
- **Risks/controls:** The reductions in the frequency of KYC requires the companies to maintain stronger internal onboarding verifications and periodic/annual internal checks to reduce the risk of the outdated information related to the directors. For those entities which are regulated or those entities which are in sensitive sectors, more frequent internal checks might be prudent.

National Financial Reporting Authority (NFRA) Amendment Rules, 2025 notified on 13th January, 2026: The Ministry of Corporate Affairs (MCA) notified on 21st March, 2018 the National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018. There are twenty rules comprised in this rule. Rule 4 of the said rule deals with the manner of appointment of chairperson and Members of the Authority i.e., NFRA. Sub-rule 6 of the rule 4 thereof deals with the appointment of part-time members and states that the following persons shall be appointed as part-time members of the Authority, namely-

- *One member to represent the Ministry of Corporate Affairs, who shall be an officer not below the rank of Joint Secretary, ex-officio;*
- *One member to represent the Comptroller and Auditor General of India, who shall be an officer not below the rank of Accountant General or Principal Director, ex-officio;*
- *One member to represent the Reserve Bank of India, who shall be an officer not below the rank of executive director, ex-officio;*
- *One member to represent the Securities and Exchange Board of India, who shall be an officer not below the rank of executive director, ex-officio;*
- *President, the Institute of Chartered Accountants of India, ex-officio;*
- *Chairperson, Accounting Standards Board, the Institute of Chartered Accountants of India, ex-officio;*
- *Chairperson, Auditing and Assurance Standards Board, the Institute of Chartered Accountants of India, ex-officio; and*
- *Two experts from the field of accountancy, auditing, finance or law."*

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The rule 2 of the “National Financial Reporting Authority Amendment Rules, 2025” notified on 13th January, 2026 states as under:

“In the sub-rule 6 of rule 4 of the National Financial Reporting Authority (Manner of Appointment and other Terms and Conditions of Service of Chairperson and Members) Rules, 2018, for serial numbers (i), (ii), (iii) and (iv) and the entries related thereto, the following serial numbers and entries shall be substituted, namely: -

- Shri Balamurugan D, Joint Secretary, Ministry of Corporate Affairs;
- Shri Anand Mohan Bajaj, Deputy Comptroller and Auditor General of India;
- Sudha Balakrishnan, Chief Financial Officer, Reserve Bank of India;
- Shri Jeevan Sonparote, Executive Director, Securities and Exchange Board of India.”

Analysis of the above Amendment

The analysis may be made as under:

- **Regulatory impact:** This amendment relates to the composition and the process of appointment of the part-time members of the National Financial Reporting Authority. These amendments may affect the capacity and governance of the Accounting Regulator.
- **Audit landscape implications:** National Financial Reporting Authority (NFRA) is the primary regulators for the accounting and audit quality of companies registered under the Companies Act, 2013. The changes in the rules of membership of NFRA may affect the functioning of NFRA, pronouncements of policy, and priorities of enforcements. Potential outcomes for audit oversight and practice of enforcement should be mapped by the lecturers.

Summary of practical action points for practitioners and academicians

The practical action points for the practitioners and academicians may be summarised as under:

- **Immediate classification checks:** The practitioners should run classification checks in respect of the paid-up capital and turnover of the private companies of their clients to find out which private companies are covered under the definition of “Small company”. The academicians should also run this check for their teaching examples.
- **Monitoring for ROC/Strike off:** The practitioners may advise their clients with low or no activity companies regarding new procedural steps under the rules of removal of companies from the Register of companies. They can also prepare response templates and disclosures in accounts.
- **Director KYC/DIR-3 processes:** The practitioners may update internal compliance calendar to reflect triennial abridged KYC cycle and may check if any companies/sectors must still perform annual checks. Board onboarding packs may also be revised,
- **Audit/NFRA check:** National Financial Reporting Authority rules may be followed for more guidance. The possible shifts in enforcement may also be considered. The academicians may include NFRA membership change context when they teach corporate governance and audit oversight.

Conclusion

“The Companies (Specification of Definition Details) Amendment Rules, 2025” notified in the Gazette of India increases the threshold for a private company in respect of paid-up capital to ₹2 crores and turnover to ₹100 crores because of which a greater number of private companies may be covered within “Small company”. “The Companies (Removal of Names of Companies from the Register of Companies) Amendment Rules, 2025” published vide G.S.R. dated 31st December, 2025 specifies that two classes of companies i.e., listed companies and companies that have been delisted due to non-compliance of listing regulations or listing agreement on any other statutory laws will not be removed from the Register of companies. “The Companies (Appointment and Qualification of Directors) Amendment Rules, 2025” notified on 31st December, 2025 specifies that every director having Director Identification Number (DIN) shall file KYC in DIR-3-KYC-WEB to the Central Government once in every 3 years instead of annual filing of KYC prior to amendment. This reduces the compliance burden. “National Financial Reporting Authority (NFRA) Amendment Rules, 2025” notified on 13th January, 2026 amends the sub-rule 6 of rule 4 of the National Financial Reporting Authority (Manner of Appointment and other

Terms and Conditions of Service of Chairperson and Members) Rules, 2018 by including four part-time members replacing the previous four corresponding part-time members of NFRA. This will have regulatory impact and audit landscape implications. These amendments will have practical implications for the practitioners and academicians in respect of immediate classification checks, monitoring ROC/Strike off, Director KYC/DIR-3 processes, and audit/NFRA check.

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