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CORPORATE LAW BULLETIN



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A. MINISTRY OF CORPORATE AFFAIRS

Revision in the Definition of “Small Company”

The Ministry of Corporate Affairs, vide its notification dated 1st December 2025, has revised the definition of a Small Company under Section 2(85) of the Companies Act, 2013.

Revised Thresholds:

- Paid-up share capital limit increased from INR 4 crore to INR 10 crore
- Turnover limit increased from INR 40 crore to INR 100 crore

Exclusions (remain unchanged):

- Holding and subsidiary companies
- Section 8 companies
- Companies governed under any special Act

Key Relaxation:

- Small companies are exempt from the requirement to dematerialise physical share certificates.

For more details: <https://www.mca.gov.in/bin/dms/getdocument?mds=CViJxHWXVIQAr0wxTM5lCA%253D%253D&type=open>

Relaxation of additional fees and extension of time for filing of Financial Statements and Annual Returns under the Companies Act, 2013

The Ministry of Corporate Affairs (MCA), vide circular dated 30th December 2025, has granted relaxation under the Companies Act, 2013 on additional filing fee of following forms:

- Forms covered: All types of AOC-4 and MGT-7 / MGT-7A
- Additional fees: Waived
- Extended due date: 31st January 2026

For more details: <https://www.mca.gov.in/bin/dms/getdocument?mds=O%252BR6QnciZFAjhGuEaQwrcw%253D%253D&type=open>

B. Reserve Bank of India – FEMA

Liberalised Remittance Scheme (LRS)-Submission of ‘LRS Daily Return’ by Authorised Dealers- Category –II banks/ entities and Full- Fledged Money Changers

- As per RBI Circular dated 6th September 2024, AD Category-I banks are required to submit the LRS daily return on the CIMS portal on the next working day.
- Earlier, AD Category-I banks were also reporting LRS transactions undertaken by AD Category-II banks and FFMCS.
- RBI has now decided to allow AD Category-II banks/entities and FFMCS to submit the LRS daily return directly on CIMS.
- This will enable them to check the PAN-wise cumulative LRS remittance of individuals during the financial year.
- Accordingly, AD Category-II banks/entities and FFMCS must submit the LRS daily return (including nil returns, if any) from 1st January 2026.
- With this change, they may discontinue reporting LRS transactions through AD Category-I banks and should follow the CIMS user manual for reporting

For more details: <https://www.rbi.org.in/Scripts/NotificationUser.aspx?Id=13172&Mode>

C. SECURITIES LAWS – SEBI

Relaxation on geo-tagging requirement in India for NRIs while undertaking re-KYC

SEBI has decided to ease the re-KYC process for existing NRI clients by modifying the Master Circular on KYC dated October 12, 2023. The requirement for the client's physical presence in India during digital re-KYC has been relaxed. However, intermediaries must ensure that the GPS location captured during re-KYC matches the country mentioned in the client's Proof of Address.

For more details: https://www.sebi.gov.in/legal/circulars/nov-2025/specification-of-the-terms-and-conditions-for-debenture-trustees-for-carrying-out-activities-outside-the-purview-of-sebi_97944.html

D. INSOLVENCY AND BANKRUPTCY

Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Seventh Amendment) Regulations, 2025

Insolvency and Bankruptcy Board of India have issued the Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Seventh Amendment) Regulations, 2025 dated December 22, 2025, According, to the amendment in regulation 38, following sub-regulation has been inserted:

“(3A) Every resolution plan shall include:

(a) a statement of beneficial-ownership, in a format to be notified through circular by the Board, covering details of all natural persons who ultimately owns or controls the resolution applicant, together with the shareholding structure and jurisdiction of each intermediate entity;

and

(b) an affidavit, in a format specified by the Board, that the resolution applicant is eligible/not eligible for the benefit of section 32A.”

For more details:

<https://ibbi.gov.in/uploads/legalframework/f1f3b9db9d37ed015454d3c1b6d00fc7.pdf>

Legal Pronouncements

Corporate democracy and the shareholders’ right to remove a director are fundamental principles under Section 169 of the Companies Act Biju Scaria & Anr. (Appellants) Versus Media Team Solutions (I) Pvt. Ltd. & Ors (Respondents) NCLAT

In this case, the appellants, being shareholders and directors of Media Team Solutions (I) Pvt. Ltd., filed a petition before the NCLT alleging oppression and mismanagement under Sections 241 and 242 of the Companies Act, 2013, and sought interim relief to restrain the conduct of an EGM scheduled for 01 July 2025. The NCLT refused to stay the EGM, holding that it was convened in compliance with law. The EGM was held as scheduled, resulting in the removal of the appellant as Whole-Time Director under Section 169 by majority shareholders. On appeal, the NCLAT upheld the NCLT’s order, observing that shareholders’ right to remove a director is a core aspect of corporate democracy and can be interfered with only in cases of illegality or procedural violation. Finding no such irregularity or breach of natural justice, the NCLAT dismissed the appeal and affirmed the validity of the EGM and the resolutions passed therein.

For more details: <https://ibclaw.in/biju-scaria-and-anr-vs-media-team-solutions-i-pvt-ltd-and-ors-nclt-kochi-bench/>



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