

## **MCA gives Clarification on Loan Exemptions for NBFCs and IFSC Finance Companies**

The MCA has issued a Notification (G.S.R. 811(E)) dated **November 3, 2025**, amending the **Companies (Meetings of Board and its Powers) Rules, 2014**.

This Amendment clarifies the Definition of “Business of Financing Industrial Enterprises” under Section 186(11)(a) of the Companies Act, 2013, which provides Exemption from certain restrictions on Inter-Corporate Loans and Investments.

- **NBFCs:** For a Non-Banking Financial Company (NBFC) registered with the RBI, the expression now explicitly includes the “**Business of giving of any Loan or providing any Guaranty or Security in the Ordinary Course of its Business**”. This reconfirms that lending Activities by NBFCs, which constitute their Ordinary Business, are exempt from the limits and procedures specified under Section 186 of the Act.
- **IFSC Finance Companies:** The Exemption is also extended to a **Finance Company registered with the International Financial Services Centres Authority (IFSCA)**. The Business of such Companies, as defined under the IFSCA (Finance Company) Regulations, 2021, is now included in the Exempted Definition.

### **Reference of MCA Update:**

[MCA Notification\\_03.11.2025\\_Clarification on Loan Exemptions](#)

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## **MCA Revises Definition of ‘Small Company’**

The MCA has issued a significant Amendment to the Criteria defining a “**Small Company**” under the Companies Act, 2013.

The **Companies (Specification of Definition Details) Amendment Rules, 2025**, notified on **December 1, 2025** (G.S.R. 880(E)), revises the Thresholds for Paid-Up Capital and Turnover.

The Thresholds for classifying a Company as a ‘Small Company’ under Section 2(85) of the Act have been **Substituted** as follows:

<b>CRITERIA</b>	<b>NEW THRESHOLD (Shall not exceed)</b>
<b>Paid-Up Capital</b>	<b>Rs. 10 Crores</b>
<b>Turnover</b>	<b>Rs. 100 Crores</b>

This Amendment further liberalizes the Definition, bringing more Companies under the “Small Company” Category. These Companies benefit from reduced Compliance requirements, including Exemptions from certain Provisions of the Companies Act, 2013, thereby promoting ease of doing business.

**Reference of MCA Update:**

[MCA Notification\\_01.12.2025\\_Revision of Small Company Definition](#)

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