



Corporate Laws (Amendment) Bill 2026

What Founders and CAs Should Prepare For

A horizon-scan memo on the biggest proposed overhaul of the Companies Act 2013 and LLP Act 2008 in years.

⚠️ PROPOSED LAW | NOT YET IN FORCE | A horizon-scan for founders, CAs and MSME promoters

TAX UPDATE INDIA



Corporate Laws (Amendment) Bill 2026

Bigger Small Company. Liberalised Buybacks. A Stronger NFRA.

PROPOSED LAW

Not yet enacted or notified

107 Clauses

Amending Companies Act
2013 and LLP Act 2008

Joint Parliamentary Committee

Referred 23 March 2026

This presentation is prepared for founders, CAs and MSME promoters.
The right response today: **prepare and model**. Not restructure, file or
advise as if enacted.

This Is a Bill, Not Law

- ⊗ Until both Houses pass it, the President assents and it is notified, the existing Companies Act 2013 and LLP Act 2008 apply UNCHANGED.



01

Introduced in Lok Sabha

23 March 2026, referred to a Joint Parliamentary Committee the same day.

02

107 Clauses

Amending the Companies Act, 2013 and the LLP Act, 2008.

03

Every Number Is a Proposal

The Joint Parliamentary Committee can change, drop or recast any provision.

04

The Right Response Today

Prepare and model. Not restructure, file or advise as if enacted.

More Private Companies Into the Light-Compliance Bracket

The "**small company**" status unlocks fewer board meetings, simplified annual returns, no mandatory cash-flow statement and lighter penalties.

Parameter	Statutory Ceiling Today	Proposed Ceiling (Bill)	Operative Limit Now (2022 Rules)
Paid-up Share Capital	Up to Rs 10 crore	Up to Rs 20 crore	Rs 4 crore
Turnover	Up to Rs 100 crore	Up to Rs 200 crore	Rs 40 crore

i Key nuance: Rs 20 cr / Rs 200 cr are the new STATUTORY CEILINGS. Whether more companies actually become "small" depends on the government then raising the prescribed rule-limits toward that ceiling.

Section 68 Gets More Flexible

Buyback Liberalisation

For founders and investors, this is the most commercially interesting change. The aim is to facilitate private-equity and venture-capital exits and cleaner capital returns.



Two Buyback Offers Per Year

Eligible, debt-free companies may make up to TWO buyback offers in a year, with a minimum six-month gap between the close of the first and the opening of the second.

Aggregate Cap Continues

The existing aggregate cap of 25 percent of paid-up capital plus free reserves continues unchanged.

Treat as Reported Intent

The two-offer mechanic is reported intent. The final Act and rules will fix the exact conditions. Build anything executed now on current law.

Two More Easings: Mergers and CSR

90%

Old Merger Threshold

Member approval previously required

75%

Proposed New Threshold

Majority present and voting holding at least 75% of shares

Merger and Amalgamation

Approval thresholds drop from 90 percent to a majority of members present and voting holding at least 75 percent of shares. The creditor approval threshold falls to 75 percent too.

A small holdout block can no longer stall a restructuring as easily, useful for group reorganisations.

CSR Trigger Raised

The net-profit threshold for mandatory CSR rises from **Rs 5 crore to Rs 10 crore** (or such sum as prescribed), taking a layer of smaller companies out of the CSR net entirely.

A Stronger Regulator and a New Migration Path



NFRA Strengthened

- NFRA becomes a **body corporate** with perpetual succession and its own fund (proposed revision to Section 132).
- Clearer enforcement toolkit: power to specify investigation procedure and to issue advisories, censures and warnings to auditors, with extended jurisdiction over bodies corporate.
- Signal: a more institutionally robust, more active audit regulator. The bar on audit documentation and quality rises.

LLP Act: New Migration Path

A route to convert specified trusts (registered with SEBI or the IFSC Authority, in prescribed activities) into LLPs, opening a structured migration path for eligible entities.

- This opens a structured migration path for eligible trusts seeking the LLP structure.

What It Means for Each Group



Founders and Promoters

A wider small-company bracket could cut routine compliance cost. Buyback flexibility could make capital returns and investor exits cleaner. Model it, file nothing yet.



Accounting and Secretarial Professionals

Expect client questions on small-company status and buyback planning. Track the JPC report; thresholds and buyback conditions are most likely to be tuned.



MSME Companies

Higher small-company ceilings plus a higher CSR trigger point to a lighter regime for mid-sized private companies, if passed as introduced.



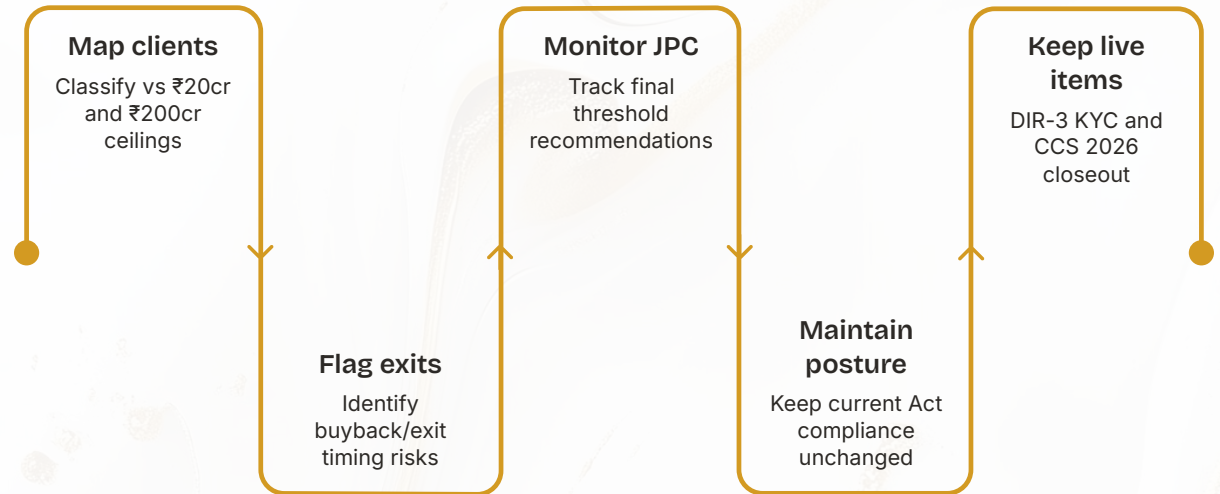
Audit Firms

A body-corporate NFRA with explicit advisory, censure and warning powers raises the bar on audit quality and documentation across the board.

Prepare, Do Not Act



PROPOSED LAW | Do not change compliance posture yet. Keep current Companies Act and LLP Act requirements running.



These five steps represent the complete preparation framework for founders, accounting professionals and MSME promoters ahead of any enactment. Execute each step in sequence as the Bill progresses through Parliament.

The Road From Bill to Law

23 March 2026

Introduced in Lok Sabha, referred to Joint Parliamentary Committee the same day.

Next: Parliamentary Passage

Passage by both Houses of Parliament, then Presidential assent required.

1

2

3

4

Now: JPC Examination

Stakeholder views invited; committee report pending. Thresholds and buyback conditions most likely to be tuned here.

Effective: On Notification

Only on notification, with rules. No compliance step is required before this point.

✔ No compliance step is required today. The value is preparation and modelling.

Want to Understand the Impact?

Want to understand how the proposed small-company, buyback and NFRA changes could affect your company or your clients?

Talk to an Expert

CA Adityavikram Banka, Founder
A S Banka Advisors Private Limited

Small Company

Rs 20 cr capital / Rs 200 cr turnover proposed ceilings

Buyback

Up to two offers per year with six-month gap proposed

NFRA

Body corporate with stronger enforcement powers proposed