SUGGESTIONS ON THE CORPORATE LAWS (AMENDMENT) BILL, 2026

Submitted to

JOINT COMMITTEE ON THE CORPORATE LAWS (AMENDMENT) BILL 2026

Submitted by

NATIONAL LAW UNIVERSITY DELHI

Overview of the Report

The current report has been drafted by National Law University Delhi as a part of the stakeholder suggestion to highlight some concerns in the proposed Corporate Laws (Amendment) Bill 2026. The proposed Corporate Laws (Amendment) Bill 2026 is a comprehensive and overarching attempt to reform the legal framework governing LLPs and companies in India. The 2026 Bill seeks to enhance the regulatory oversight, improve corporate governance, simplify the compliances and procedures, decriminalize minor offences, integrate technological processes within the corporate functioning for the ease of doing business, increase accountability and transparency in the management of the companies and streamline the regulatory compliances for creating an efficiency corporate eco-system in the country.

The present report highlights only some of the concerns and gaps in the proposed Bill and seeks to provide constructive suggestions with respect to specific provisions. The report is divided into two parts. Part I deals with the suggestions related to the LLP Act 2008, part II deals with the suggestions on the Companies Act 2013.

PART I- AMENDMENTS TO THE LIMITED LIABILITY PARTNERSHIP ACT, 2008

Sl. No.	Clause No. (as per The Corporate Law (Amendment) Bill, 2026	Provision as per The Corporate Laws (Amendment) Bill, 2026 (THE UPDATED PART OF THE CLAUSES HAVE BEEN HIGHLIGHTED IN **BOLD**)	Corresponding Relevant section and provision in the Limited Liability Partnership Act, 2008 (OMISSIONS, IF ANY, HAVE BEEN MARKED IN **RED**)	Proposed suggestion (including revised draft clause, if any). (THE CHANGES HAVE BEEN MARKED IN **BLUE**)	Justification
CLAUSES WHERE EXISTING CLAUSES HAVE BEEN SUBSTITUTED					
1.	3(a) of the Amendment Act regarding the Amendment of Section 11 regarding the **'Incorporation document.'**	(1) For a limited liability partnership to be incorporated, — (*a*) two or more persons associated for carrying on a lawful business with a view to profit shall subscribe their names to an incorporation document; (*b*) the incorporation document shall be filed in such manner and with such fees, as may be prescribed with the Registrar of the State in which the registered office of the limited liability partnership is to be situated; and	(1) For a limited liability partnership to be incorporated, — (*a*) two or more persons associated for carrying on a lawful business with a view to profit shall subscribe their names to an incorporation document; (*b*) the incorporation document shall be filed in such manner and with such fees, as may be prescribed with the Registrar of the State in which the registered office of the limited liability partnership is to be situated; and (*c*) there shall be filed along with the incorporation document, a statement in the prescribed form,	(1) For a limited liability partnership to be incorporated, — (*a*) two or more persons associated for carrying on a lawful business with a view to profit shall subscribe their names to an incorporation document; (*b*) the incorporation document shall be filed in such manner and with such fees, as may be prescribed with the Registrar of the State in which the registered office of the limited liability partnership is to be situated; and **(c) there shall be filed along with the incorporation**	We propose the following amendments to the current clauses. *Firstly*, the word 'and' shall be added at the end of subsection (c) to ensure that a declaration from the professionals, if any, who were part of the formation and incorporation process shall be filed along with the incorporation document. *Secondly*, in clause (d),

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		(c) there shall be filed along with the incorporation document, a statement in such form, as may be prescribed, by any one person who subscribed his name to the incorporation document that all the requirements of this Act and the rules made thereunder have been complied with, in respect of incorporation and matters precedent and incidental thereto; **(d) a declaration in the prescribed form by an advocate, a chartered accountant, cost accountant or company secretary in practice, where a limited liability partnership engaged**	made by either an advocate, or a Company Secretary or a Chartered Accountant or a Cost Accountant, who is engaged in the formation of the limited liability partnership and by any one who subscribed his name to the incorporation document, that all the requirements of this Act and the rules made thereunder have been complied with, in respect of incorporation and matters precedent and incidental thereto.	**document, a statement in such form, as may be prescribed, by any one person who subscribed his name to the incorporation document that all the requirements of this Act and the rules made thereunder have been complied with, in respect of incorporation and matters precedent and incidental thereto; and** **(d) a declaration in the prescribed form, certifying the particulars of the incorporation documents to be true, by either an advocate, or a chartered accountant, or a cost accountant, or a company secretary, in practice, where a limited liability partnership engaged such professionals in**	the contents of the declaration were not specified, hence the same has been redrafted to include the clause, ***'certifying the particulars of the incorporation documents to be true'***. While the section mentions that the declaration must be in such form as may be prescribed, it is necessary to either detail out the kind of contents required for each professional or prepare and annex the form to the delegated legislation in such manner as it becomes clear what contents are required within the

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		such professionals in its formation or incorporation." [NOTE:- Sec 11(1)(c) has been substituted with 11(1)(c) and (d).]		**its formation or incorporation;** **Provided that a Specified International Financial Services Centre LLP, shall engage the services of an advocate or a chartered accountant, or a cost accountant, or a company secretary in its formation or incorporation who shall make such declaration prescribed under (d).**	declaration. *Thirdly*, a clarification is required whether declarations are from all of the professionals or any one of the professionals. This is important because the wording of the amendment appears ambiguous on this. **Hence, we have redrafted clause (d) to convey that the declaration needs to be from *<u>either one</u>* of the professionals who were engaged and not by all.** *Fourthly*, the wording of

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					the section in (d) opens a loophole. The declaration under (d) has to be filed by a professional who is engaged in the formation and incorporation process. If an LLP does not engage a professional then they will not have to submit the declaration. Be that as it may, this is a critical loophole particularly for the Specified International Financial Services Centre LLP owing to the nature and purpose of such entities. **Hence, *<u>clause (e) has been added</u>* to ensure that the formation and incorporation of such entities is subject to a**

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					higher compliance requirement.
2.	10. Amendment of section 34.	34. Maintenance of books of account, other records and audit, etc (1) The limited liability partnership shall maintain such proper books of account as may be prescribed relating to its affairs for each year of its existence on cash basis or accrual basis and according to double entry system of accounting and shall maintain the same at its registered office for such period as may be prescribed.	34. Maintenance of books of account, other records and audit, etc (1) The limited liability partnership shall maintain such proper books of account as may be prescribed relating to its affairs for each year of its existence on cash basis or accrual basis and according to double entry system of accounting and shall maintain the same at its registered office for such period as may be prescribed. (2) Every limited liability partnership shall, within a period	(a) The committee may consider creating a distinction for the quantum of penalty on reasonable grounds. For instance, companies may be divided into tiers based on their share-capital and penalised accordingly, instead of a uniform amount being prescribed for all companies. This would ensure a more equitable approach while penalising companies for non-compliance.	(a) The justification for incorporating a tiered approach stems from the recognition that standard or uniform penalties for non-compliance would affect different LLPs disproportionatel y. A uniform amount may be too small for a large-scale partnership and significant for a smaller LLP.

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		Provided that a Specified International Financial Services Centre LLP, maintaining its contribution in a permitted foreign currency, shall prepare and maintain its books of account, books and papers, financial statement and all other records in the permitted foreign currency; **Provided further that a Specified International Financial Services Centre LLP may be permitted to prepare its books of account, books and papers, financial statement and other records in Indian rupee, if so allowed by the International Financial Services Centres**	of six months from the end of each financial year, prepare a Statement of Account and Solvency for the said financial year as at the last day of the said financial year in such form as may be prescribed, and such statement shall be signed by the designated partners of the limited liability partnership. (3) Every limited liability partnership shall file within the prescribed time, the Statement of Account and Solvency prepared pursuant to sub-section (2) with the Registrar every year in such form and manner and accompanied by such fees as may be prescribed.	(b) The committee may consider keeping aggravated penalties for Specified International Financial Services Centre LLPs considering the nature of the services and products such LLPs are dealing with. For instance, a proviso could be added to subsections (5) and (6) specifying the additional quantum of payment that needs to be paid by the Specified International Financial Services Centre LLP.	The rationale for incorporating total partner contribution as a basis for the tiered approach is threefold. Firstly, this is an objective indicator of the size of an LLP and its' ability to pay penalties. Secondly, an LLP's total partnership contribution may be easily identified by the review of the partnership agreement. Thirdly, an LLP's total partner

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		Authority."; (2) Every limited liability partnership shall, within a period of six months from the end of each financial year, prepare a Statement of Account and Solvency for the said financial year as at the last day of the said financial year in such form as may be prescribed, and such statement shall be signed by the designated partners of the limited liability partnership. (3) Every limited liability partnership shall file within the prescribed time, the Statement of Account and Solvency prepared pursuant to sub-	(4) The accounts of limited liability partnerships shall be audited in accordance with such rules as may be prescribed: Provided that the Central Government may, by notification in the Official Gazette, exempt any class or classes of limited liability partnerships from the requirements of this sub-section. (5) Any limited liability partnership which fails to comply with the provisions of sub-section (3), such limited liability partnership and its designated partners shall be liable to a penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of one lakh rupees for the limited liability partnership		contribution is less likely to undergo volatile changes as compared to turnover or profit. (b) The justification for seeking separate and aggravated penalties for Specified International Financial Services Centre LLPs is due to the products such LLPs deal with. All Specified International Financial

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		section (2) with the Registrar every year in such form and manner and accompanied by such fees as may be prescribed. (4) The accounts of limited liability partnerships shall be audited in accordance with such rules as may be prescribed: Provided that the Central Government may, by notification in the Official Gazette, exempt any class or classes of limited liability partnerships from the requirements of this sub-section. (5) Any limited liability partnership which fails to comply with the provisions of	and fifty thousand rupees for every designated partner. (6) Any limited liability partnership which fails to comply with the provisions of **sub-section (1), sub-section (2) and** sub-section (4), such limited liability partnership shall be punishable with fine which shall not be less than twenty-five thousand rupees, but may extend to five lakh rupees and every designated partner of such limited liability partnership shall be punishable with fine which shall not be less than ten thousand rupees, but may extend to one lakh rupees.		Services Centre LLPs will be dealing with financial products and it is in the best interest of the stakeholders to keep proper books of accounts, statement of accounts and insolvency, and regular audit of such statements. While a potential concern could be raised regarding the ease of doing business, it is pertinent to mention that the

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		sub-sections (1), (2) and (3), such limited liability partnership and its designated partners shall be liable to a penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of one lakh rupees for the limited liability partnership and fifty thousand rupees for every designated partner. (6) Any limited liability partnership which fails to comply with the provisions of sub-section (4), such limited liability partnership shall be punishable with fine which shall not be less than twenty-five thousand rupees, but may extend to five lakh rupees and			maximum penalty of one lakh for violation under subsection (5) and a maximum penalty of five lakhs under subsection (6) is a miniscule amount compared to the corpus of the fund. Given the nature of Specified International Financial Services Centre LLPs, to ensure a meaningful deterrent, the penalty imposed on a such LLP shall exceed the

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		every designated partner of such limited liability partnership shall be punishable with fine which shall not be less than ten thousand rupees, but may extend to one lakh rupees.			quantum of penalty charged against any other LLP.
3.	13. Substitution of new section for section 58. **'Registration and effect of conversion'**	58. (*1*) The Registrar, on satisfying that a firm, private company, unlisted public company **or a specified trust,** as the case may be, has complied with the provisions of the Second Schedule, the Third Schedule, the Fourth Schedule **or the Fifth Schedule,** as the case may be, shall, subject to the provisions of this Act and the rules made thereunder, register the documents submitted under	58. (1) The Registrar, on satisfying that a firm, private company or an unlisted public company, as the case may be, has complied with the provisions of the Second Schedule, the Third Schedule or the Fourth Schedule, as the case may be, shall, subject to the provisions of this Act and the rules made thereunder, register the documents submitted under such Schedule and issue a certificate of registration in such form as the Registrar may	58. (*1*) The Registrar, on satisfying that a firm **or** a private company **or an** unlisted public company **or a specified trust,** as the case may be, has complied with the provisions of the Second Schedule, **or** the Third Schedule, **or** the Fourth Schedule **or the Fifth Schedule,** as the case may be, shall, subject to the provisions of this Act and the rules made thereunder, register the documents submitted	The scheme of the schedule 2, 3, 4 and 5 are different. Each schedule covers the conversion of a firm, private company, unlisted public company and a trust into a LLP and different schedules govern all of them. This shows that the words, firms, private company, unlisted public company and trust all are to be used disjunctively and not

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		such Schedule and issue a certificate of registration in such form, as the Registrar may determine, stating that the limited liability partnership is, on and from the date specified in the certificate, registered under this Act: Provided that the limited liability partnership shall, within fifteen days of the date of registration, inform the concerned Registrar of Firms or Registrar of Companies or any other authority, as the case may be, with which it was registered or established under the provisions of the Indian Partnership Act, 1932 or the Companies Act, 2013, **or any other law for the time being**	determine stating that the limited liability partnership is, on and from the date specified in the certificate, registered under this Act: Provided that the limited liability partnership shall, within fifteen days of the date of registration, inform the concerned Registrar of Firms or Registrar of Companies, as the case may be, with which it was registered under the provisions of the Indian Partnership Act, 1932(9 of 1932) or 1[the Companies Act, 2013 (18 of 2013)], as the case may be, about the conversion and of the particulars of the limited liability partnership in such form and manner as may be prescribed.	under such Schedule and issue a certificate of registration in such form, as the Registrar may determine, stating that the limited liability partnership is, on and from the date specified in the certificate, registered under this Act: Provided that the limited liability partnership shall, within fifteen days of the date of registration, inform the concerned Registrar of Firms or Registrar of Companies or any other authority, as the case may be, with which it was registered or established under the provisions of the Indian Partnership Act, 1932 or	conjointly. Hence, or has been used to redraft this section to reflect the legislative intent of this section.

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		in force, as the case may be, about the conversion and of the particulars of the limited liability partnership in such form and manner as may be prescribed. (*2*) Upon such conversion, the partners of the firm, the shareholders of private company or unlisted public company, **or the trustees of the specified trust,** as the case may be, the limited liability partnership to which such firm or such company **or such specified trust** has converted, and the partners of the limited liability partnership, shall be bound by the provisions of the Second Schedule, the Third Schedule, the Fourth Schedule	(2) Upon such conversion, the partners of the firm, the shareholders of private company or unlisted public company, as the case may be, the limited liability partnership to which such firm or such company has converted, and the partners of the limited liability partnership shall be bound by the provisions of the Second Schedule, the Third Schedule or the Fourth Schedule, as the case may be, applicable to them. (3) Upon such conversion, on and	the Companies Act, 2013, **or any other law for the time being in force,** as the case may be, about the conversion and of the particulars of the limited liability partnership in such form and manner as may be prescribed. (*2*) Upon such conversion, the partners of the firm, **or** the shareholders of private company or unlisted public company, **or the trustees of the specified** **trust,** as the case may be, the limited liability partnership to which such firm or such company **or such specified trust** has converted, and the partners of the	

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		or the Fifth Schedule, as the case may be, applicable to them. (*3*) Upon such conversion, on and from the date of certificate of registration, the effects of the conversion shall be such as specified in the Second Schedule, the Third Schedule, the Fourth Schedule **or the Fifth Schedule,** as the case may be. (*4*) Notwithstanding anything contained in any other law for the time being in force, on and from the date of registration specified in the certificate of registration issued under the Second Schedule, the Third	from the date of certificate of registration, the effects of the conversion shall be such as specified in the Second Schedule, the Third Schedule or the Fourth Schedule, as the case may be. (4) Notwithstanding anything contained in any other law for the time being in force, on and from the date of registration specified in the certificate of registration issued under the Second Schedule, the Third Schedule or the Fourth Schedule, as the case may be,-- (a) there shall be a limited liability partnership by the name specified in the certificate of registration registered under this	limited liability partnership, shall be bound by the provisions of the Second Schedule, **or** the Third Schedule, **or** the Fourth Schedule **or the Fifth Schedule**, as the case may be, applicable to them. (*3*) Upon such conversion, on and from the date of certificate of registration, the effects of the conversion shall be such as specified in the Second Schedule, **or** the Third Schedule, **or** the Fourth Schedule **or the Fifth Schedule,** as the case may be. (*4*) Notwithstanding anything contained in any other law for the time being in force, on and from	

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		Schedule, the Fourth Schedule **or the Fifth Schedule,** as the case may be,- (*a*) there shall be a limited liability partnership by the name specified in the certificate of registration registered under this Act; (*b*) all tangible (movable or immovable) and intangible property vested in the firm, the company **or the specified trust,** as the case may be, all assets, interests, rights, privileges, liabilities, obligations relating to the firm, the company **or the specified trust,** as the case may be, and the whole of the undertaking of	Act; (b) all tangible (movable or immovable) and intangible property vested in the firm or the company, as the case may be, all assets, interests, rights, privileges, liabilities, obligations relating to the firm or the company, as the case may be, and the whole of the undertaking of the firm or the company, as the case may be, shall be transferred to and shall vest in the limited liability partnership without further assurance, act or deed; and (c) the firm or the company, as the case may be, shall be deemed to be dissolved and removed from	the date of registration specified in the certificate of registration issued under the Second Schedule, **or** the Third Schedule, **or** the Fourth Schedule **or the Fifth Schedule,** as the case may be,- (*a*) there shall be a limited liability partnership by the name specified in the certificate of registration registered under this Act; (*b*) all tangible (movable or immovable) and intangible property vested in the firm, the company **or the specified trust,** as the case may be, all assets, interests, rights, privileges,	

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		firm, the company **or the specified trust,** as the case may be, shall be transferred to and shall vest in the limited liability partnership without further assurance, act or deed; and (*c*) the firm, the company or **the specified trust,** as the case may be, shall be deemed to be dissolved and removed from the records of the Registrar of Firms or Registrar of Companies or such other authority, as the case may be."	the records of the Registrar of Firms or Registrar of Companies, as the case may be.	liabilities, obligations relating to the firm, the company **or the specified trust,** as the case may be, and the whole of the undertaking of firm, the company **or the specified trust,** as the case may be, shall be transferred to and shall vest in the limited liability partnership without further assurance, act or deed; and; (*c*) the firm, **or** the company or **the specified trust,** as the case may be, shall be deemed to be dissolved and removed from the records of the Registrar of Firms or Registrar of Companies or such other authority, as the case may be."	

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CLAUSES WHERE NEW CLAUSES HAVE BEEN ADDED OR OLD CLAUSES HAVE BEEN OMITTED					
1.	2(iii) of the Amendment Act regarding the Amendment of section 2.	(tb) "Specified International Financial Services Centre LLP" means a limited liability partnership which is set up in an International Financial Services Centre and regulated by the International Financial Services Centres Authority;'	NO CORRESPONDING PROVISION (NEW PROVISION)	The committee may consider redefining this definition. The current definition could be broadened by bringing in parameters like contribution of the LLP, or its contribution and the attempt shall be to define it from an LLP perspective and not merely from IFSC Perspective.	This section has been inserted with a view to define the Specified IFSC LLP. However, rather than defining the same under the LLP framework, this definition merely relies on the IFSCA framework. Contrary to this, look into how small LLPs have been defined in Sec 2(1)(ta). See below:- "small limited liability partnership" means a

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					limited liability partnership-- (i) the contribution of which, does not exceed twenty-five lakh rupees or such higher amount, not exceeding five crore rupees, as may be prescribed; and (ii) the turnover of which, as per the Statement of Accounts and Solvency for the immediately preceding financial year, does not exceed forty lakh rupees or such higher amount, not exceeding fifty crore rupees, as may be

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					prescribed; or (iii) which meets such other requirements as may be prescribed, and fulfils such terms and conditions as may be prescribed." Similar to how Small LLPs have been defined, Specified IFSC LLPs can also be defined within the LLP framework by specifying the turnover or contribution threshold.

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PART II- AMENDMENTS TO THE COMPANIES ACT, 2013

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1.	27. Insertion of new section 43A. Share capital of company under	43A (2) proviso states- Provided that if the International Financial Services Centres Authority permits, such company may present such	NO CORRESPONDING PROVISION (NEW PROVISION)	Provided that if the International Financial Services Centres Authority permits, such company shall also	Dual approach of presenting the books of account is necessary for domestic regulatory and tax compliances, as well

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	International Financial Services Centre	books of account and other relevant books and papers, financial statements and other records in Indian rupee.		maintain and present such books of account and other relevant books and papers, financial statements and other records in Indian rupee.	as for comparing them with global business operations.
2.	29. Amendment of section 68.	Sec 68 (2) (a) (ii) in clause (g), after the existing proviso, the following proviso shall be inserted, namely:— "Provided further that such class or classes of companies, as may be prescribed, may make up to two offers of buy-backs within a period of one year reckoned from the date of the closure of the preceding offer of buy-back, if any, if the second buy-back during the year is not	NO CORRESPONDING PROVISION (NEW PROVISION)	"Provided further that such class or classes of companies, as may be prescribed, may make up to two offers of buy-backs within a period of one year reckoned from the date of the closure of the preceding offer of buy-back, if any, subject to following conditions: i) if the second buy-back during the year is not made earlier than six	Observation- Currently under the Companies Act 2013, only one buy back scheme is allowed in a year. The legislative rationale behind this was to ensure investor protection, prevent market manipulation and also ensure financial health of the company. If the second buy back is allowed in the same year without any checks and

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		made earlier than six months from the date of closure of the preceding offer for buy-back during the year.”;		months from the date of closure of the preceding offer for buy-back during the year.” and ii) the second buy back is made on a going concern basis.	safeguards, it may be adverse to the company’s as well as shareholders interest.
3.	41. Insertion of new sections 132A(3). Intimation of registration details of auditors and filing of returns.	“132A. (3) A person, required to furnish any document or return or any other information under sub-section (2), who fails to furnish any document or return or any other information, shall be liable to penalty of not less than twenty-five thousand rupees, but which may extend to five hundred rupees for each day during which such default continues, subject to a maximum of twenty-five lakh rupees, if such person is an	NO CORRESPONDING PROVISION (NEW PROVISION)	(3) A person, required to furnish any document or return or any other information under sub-section (2), who fails to furnish any document or return or any other information, shall be liable to penalty of twenty-five thousand rupees, but which may extend to five hundred rupees for each day during which such default continues, subject to a	The penalty for contravention of this provision should be a fixed amount. Intention should not matter for non-compliance and hence, any auditor, who fails to comply with this mandatory requirement must be liable to pay a fixed amount as penalty. It is suggested that it should not be discretionary in nature.

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		auditor or an audit firm.		maximum of twenty-five lakh rupees, if such person is an auditor or an audit firm.	
4.	41. Insertion of new sections 132A(4). Intimation of registration details of auditors and filing of returns.	Sec 132 A (4) If any person, while fulfilling his obligations under this section,— (a) makes a statement or furnishes any document or return or any other information which he knows or has reason to believe to be false in any material particular; or (b) omits to state any material facts or particulars knowing them to be material; or (c) wilfully alters, suppresses or	NO CORRESPONDING PROVISION (NEW PROVISION)	(4) If any person, while fulfilling his obligations under this section,— (a) makes a statement or furnishes any document or return or any other information which he knows or has reason to believe to be false in any material particular; or (b) omits to state any material facts or particulars knowing them to be material; or (c) wilfully alters,	Same justification as above

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		destroys any document, return or information, which is required to be furnished, then, without prejudice to any other action which may be taken under any law for the time being in force, such person shall be liable to a penalty of not less than fifty thousand rupees, but which may extend to one thousand rupees for each day during which such default continues, subject to a maximum of fifty lakh rupees, if such person is an auditor or an audit firm.		suppresses or destroys any document, return or information, which is required to be furnished, then, without prejudice to any other action which may be taken under any law for the time being in force, such person shall be liable to a penalty of fifty thousand rupees, but which may extend to one thousand rupees for each day during which such default continues, subject to a maximum of fifty lakh rupees, if such person is an auditor or an audit firm.	

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5.	41. Insertion of new sections 132C(2). Power of Authority to issue directions.	Sec 132 C (2) Whoever fails to comply with any direction given under sub-section (1), shall be liable to a penalty of not less than fifty thousand rupees but which may extend to one thousand rupees for each day during which such default continues, subject to a maximum of fifty lakh rupees in case of an auditor, or one crore rupees in case of an audit firm.	NO CORRESPONDING PROVISION (NEW PROVISION)	(2) Whoever fails to comply with any direction given under sub-section (1), shall be liable to a penalty of fifty thousand rupees but which may extend to one thousand rupees for each day during which such default continues, subject to a maximum of fifty lakh rupees in case of an auditor, or one crore rupees in case of an audit firm.	Same justification as above
6.	51. Amendment of section 154(3).	Sec 154 (3) Where— (a) the person referred to in sub-section (2) does not comply	NO CORRESPONDING PROVISION (NEW PROVISION)	(3) Where— (a) the person referred to in sub-section (2) does not comply with the provisions of the said sub-	Leaving the scope of discretion to deactivate or cancel DIN can be problematic and requires proper justification or

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		with the provisions of the said sub-section; or (b) the Director Identification Number has been allotted in contravention of the provisions of this Act or the rules made thereunder; or (c) a director has incurred disqualification in one or more companies pursuant to the provisions of section 164, or where the Tribunal or any competent court has passed an order in this regard, the Director Identification Number allotted to him may be deactivated or cancelled, in such manner as may be prescribed, by the Central Government or the officer authorised by that Government		section; or (b) the Director Identification Number has been allotted in contravention of the provisions of this Act or the rules made thereunder; or (c) a director has incurred disqualification in one or more companies pursuant to the provisions of section 164, or where the Tribunal or any competent court has passed an order in this regard, the Director Identification Number allotted to him shall be deactivated or cancelled, in such manner as may be prescribed, by	rationale.

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		in this behalf.		the Central Government or the officer authorised by that Government in this behalf.	
7.	69. Amendment of section 233.	233. Merger or amalgamation of certain companies.— (1) Notwithstanding the provisions of Section 230 and Section 232, a scheme of merger or amalgamation may be entered into between two or more small companies or between a holding company and its wholly-owned subsidiary company or such other class or classes of companies as may be prescribed, subject to the following, namely:—	233. Merger or amalgamation of certain companies.— (1) Notwithstanding the provisions of Section 230 and Section 232, a scheme of merger or amalgamation may be entered into between two or more small companies or between a holding company and its wholly-owned subsidiary company or such other class or classes of companies as may be	Sec 233 (a) in sub-section (1),— (i) for clause (b), the following clause shall be substituted, namely:— "(b) the objections and suggestions received are considered by the companies in their respective general meetings and the scheme is approved by a majority of members or class of	Although the proposed amendment seeks to align the approval requirements for such schemes with those applicable to schemes placed for sanction before the Tribunal under section 230, however, the legislative intent behind the original clause in the 2013 Act was to set a higher threshold (90%) for approval for fast track mergers as the

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		(a) a notice of the proposed scheme inviting objections or suggestions, if any, from the Registrar and Official Liquidators where registered office of the respective companies are situated or persons affected by the scheme within thirty days is issued by the transferor company or companies and the transferee company; **(b) the objections and suggestions received are considered by the companies in their respective general meetings and the scheme is approved by a majority of members or class of members present and voting at the meeting held in such manner, as may be prescribed, who hold at least seventy-five per**	prescribed, subject to the following, namely:— (a) a notice of the proposed scheme inviting objections or suggestions, if any, from the Registrar and Official Liquidators where registered office of the respective companies are situated or persons affected by the scheme within thirty days is issued by the transferor company or companies and the transferee company; (b) the objections and suggestions received are considered by the companies in their respective general meetings and the scheme is approved by the respective members or class of members at a general meeting holding	members present and voting at the meeting held in such manner, as may be prescribed, who hold at least ninety per cent. of the value in shares held by such members present and voting;";	scheme does not undergo the Tribunal driven process for approval. The Tribunal under sec 230-232 scrutinizes the scheme of merger through a judicious process and hence 75% majority approval suffices.

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		cent. of the value in shares held by such members present and voting;" (c) each of the companies involved in the merger files a declaration of solvency, in the prescribed form, with the Registrar of the place where the registered office of the company is situated; and (d) the scheme is approved by majority representing **at least three-fourths** in value of the creditors or class of creditors of respective companies indicated in a meeting convened by the company by giving a notice of twenty-one days alongwith the scheme to its creditors for the purpose or otherwise approved in writing.	at least ninety per cent of the total number of shares; (c) each of the companies involved in the merger files a declaration of solvency, in the prescribed form, with the Registrar of the place where the registered office of the company is situated; and (d) the scheme is approved by majority representing nine-tenths in value of the creditors or class of creditors of respective companies indicated in a meeting convened by the company by giving a notice of twenty-one days alongwith the scheme to its creditors for the purpose or otherwise approved in writing.		

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		(2) The transferee company shall file a copy of the scheme so approved in the manner as may be prescribed, with the Central Government, Registrar and the Official Liquidator where the registered office of the company is situated. **Provided that the copy of the scheme need not be filed with the Official Liquidator in case it pertains to transfer or division of the undertaking of the company.** (3) On the receipt of the scheme, if the Registrar or the Official Liquidator has no objections or suggestions to the scheme, the Central Government shall register the	(2) The transferee company shall file a copy of the scheme so approved in the manner as may be prescribed, with the Central Government, Registrar and the Official Liquidator where the registered office of the company is situated. (3) On the receipt of the scheme, if the Registrar or the Official Liquidator has no objections or suggestions to the scheme, the Central Government shall register the same and issue a confirmation thereof to the companies. (4) If the Registrar or Official Liquidator has any objections or suggestions, he may communicate the same in		

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		same and issue a confirmation thereof to the companies. (4) If the Registrar or Official Liquidator has any objections or suggestions, he may communicate the same in writing to the Central Government within a period of thirty days: Provided that if no such communication is made, it shall be presumed that he has no objection to the scheme. (5) If the Central Government after receiving the objections or suggestions or for any reason is of the opinion that such a scheme is not in public interest or in the interest of the creditors, it may file an application before the Tribunal within a period of	writing to the Central Government within a period of thirty days: Provided that if no such communication is made, it shall be presumed that he has no objection to the scheme. (5) If the Central Government after receiving the objections or suggestions or for any reason is of the opinion that such a scheme is not in public interest or in the interest of the creditors, it may file an application before the Tribunal within a period of sixty days of the receipt of the scheme under sub-section (2) stating its objections and requesting that the Tribunal		

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		sixty days of the receipt of the scheme under sub-section (2) stating its objections and requesting that the Tribunal may consider the scheme under Section 232. (6) On receipt of an application from the Central Government or from any person, if the Tribunal, for reasons to be recorded in writing, is of the opinion that the scheme should be considered as per the procedure laid down in Section 232, the Tribunal may direct accordingly or it may confirm the scheme by passing such order as it deems fit: Provided that if the Central Government does not have any objection to the scheme or it does not file any application	may consider the scheme under Section 232. (6) On receipt of an application from the Central Government or from any person, if the Tribunal, for reasons to be recorded in writing, is of the opinion that the scheme should be considered as per the procedure laid down in Section 232, the Tribunal may direct accordingly or it may confirm the scheme by passing such order as it deems fit: Provided that if the Central Government does not have any objection to the scheme or it does not file any application under this section before the Tribunal, it shall		

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		under this section before the Tribunal, it shall be deemed that it has no objection to the scheme. (7) A copy of the order under sub-section (6) confirming the scheme shall be communicated to the Registrar having jurisdiction over the transferee company and the persons concerned and the Registrar shall register the scheme and issue a confirmation thereof to the companies and such confirmation shall be communicated to the Registrars where transferor company or companies were situated. (8) The registration of the scheme under sub-section (3) or sub-section (7) shall be deemed to have the effect of dissolution	be deemed that it has no objection to the scheme. (7) A copy of the order under sub-section (6) confirming the scheme shall be communicated to the Registrar having jurisdiction over the transferee company and the persons concerned and the Registrar shall register the scheme and issue a confirmation thereof to the companies and such confirmation shall be communicated to the Registrars where transferor company or companies were situated. (8) The registration of the scheme under sub-section (3) or sub-section (7) shall be deemed to have the effect of		

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		of the transferor company without process of winding-up. (9) The registration of the scheme shall have the following effects, namely:— (a) transfer of property or liabilities of the transferor company to the transferee company so that the property becomes the property of the transferee company and the liabilities become the liabilities of the transferee company; (b) the charges, if any, on the property of the transferor company shall be applicable and enforceable as if the charges were on the property of the transferee company; (c) legal proceedings by or against the transferor company	dissolution of the transferor company without process of winding-up. (9) The registration of the scheme shall have the following effects, namely:— (a) transfer of property or liabilities of the transferor company to the transferee company so that the property becomes the property of the transferee company and the liabilities become the liabilities of the transferee company; (b) the charges, if any, on the property of the transferor company shall be applicable and enforceable as if the charges were on the property of the transferee company;		

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		pending before any court of law shall be continued by or against the transferee company; and (d) where the scheme provides for purchase of shares held by the dissenting shareholders or settlement of debt due to dissenting creditors, such amount, to the extent it is unpaid, shall become the liability of the transferee company. (10) A transferee company shall not on merger or amalgamation, hold any shares in its own name or in the name of any trust either on its behalf or on behalf of any of its subsidiary or associate company and all such shares shall be cancelled or	(c) legal proceedings by or against the transferor company pending before any court of law shall be continued by or against the transferee company; and (d) where the scheme provides for purchase of shares held by the dissenting shareholders or settlement of debt due to dissenting creditors, such amount, to the extent it is unpaid, shall become the liability of the transferee company. (10) A transferee company shall not on merger or amalgamation, hold any shares in its own name or in the name of any trust either on its behalf or on behalf of any of its subsidiary or		

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		extinguished on the merger or amalgamation. (11) The transferee company shall file an application with the Registrar alongwith the scheme registered, indicating the revised authorised capital and pay the prescribed fees due on revised capital: Provided that the fee, if any, paid by the transferor company on its authorised capital prior to its merger or amalgamation with the transferee company shall be set-off against the fees payable by the transferee company on its authorised capital enhanced by the merger or amalgamation. (12) The provisions of this section shall mutatis mutandis	associate company and all such shares shall be cancelled or extinguished on the merger or amalgamation. (11) The transferee company shall file an application with the Registrar alongwith the scheme registered, indicating the revised authorised capital and pay the prescribed fees due on revised capital: Provided that the fee, if any, paid by the transferor company on its authorised capital prior to its merger or amalgamation with the transferee company shall be set-off against the fees payable by the transferee company on its authorised		

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		apply to a company or companies specified in sub-section (1) in respect of a scheme of compromise or arrangement referred to in Section 230 or division or transfer of a company referred to clause (b) of sub-section (1) of Section 232. (13) The Central Government may provide for the merger or amalgamation of companies **on such terms and conditions and** in such manner as may be prescribed. (14) A company covered under this section may use the provisions of Section 232 for the approval of any scheme for merger or amalgamation.	capital enhanced by the merger or amalgamation. (12) The provisions of this section shall mutatis mutandis apply to a company or companies specified in sub-section (1) in respect of a scheme of compromise or arrangement referred to in Section 230 or division or transfer of a company referred to clause (b) of sub-section (1) of Section 232. (13) The Central Government may provide for the merger or amalgamation of companies in such manner as may be prescribed. (14) A company covered under this section may use the provisions of Section 232 for		

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			the approval of any scheme for merger or amalgamation.		
8.	76. Amendment of section 252.	252. Appeal to **Regional Director or** Tribunal.— (1) Any person aggrieved by an order of the Registrar, notifying a company as dissolved under Section 248, may file an appeal to the **Regional Director** within a period of three years from the date of the order of the Registrar and if the **Regional Director** is of the opinion that the removal of the name of the company from the register of companies is not justified in view of the absence of any of the grounds on which the order was passed by the Registrar, **the Regional Director may order** restoration	252. Appeal to Tribunal.— (1) Any person aggrieved by an order of the Registrar, notifying a company as dissolved under Section 248, may file an appeal to the Tribunal within a period of three years from the date of the order of the Registrar and if the Tribunal is of the opinion that the removal of the name of the company from the register of companies is not justified in view of the absence of any of the grounds on which the order was passed by the Registrar, it may order restoration of the name of the	It is suggested to retain the original section in the principal Act.	The proposed amendment creates a distinction between two forms of reliefs under section 252. While the power to adjudicate under section 252(1), which is primarily concerned with the restoration of a company's name to the register pursuant to an order under section 248(5), is proposed to be vested in the Regional Director (hereinafter RDs), applications under section 252(3), which contemplate not merely restoration but

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		of the name of the company in the register of companies: Provided that before passing any order under this section, the **Regional Director** shall give a reasonable opportunity of making representations and of being heard to the Registrar, the company and all the persons concerned: Provided further that if the Registrar is satisfied, that the name of the company has been struck off from the register of companies either inadvertently or on the basis of incorrect information furnished by the company or its directors, which requires restoration in the register of companies, he may within a period of three years from the date of passing of the	company in the register of companies: Provided that before passing any order under this section, the Tribunal shall give a reasonable opportunity of making representations and of being heard to the Registrar, the company and all the persons concerned: Provided further that if the Registrar is satisfied, that the name of the company has been struck off from the register of companies either inadvertently or on the basis of incorrect information furnished by the company or its directors, which requires restoration in the register of companies, he may within a period of three years from the		also place the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off from the register of companies, continue to remain within the exclusive jurisdiction of the National Company Law Tribunal (hereinafter NCLT). Since its establishment, NCLT has adjudicated approximately 4500 cases concerning reincorporation or restoration of companies struck off under section 248. While we understand

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		order dissolving the company under Section 248, file an application before the **Regional Director** seeking restoration of name of such company. (2) A copy of the order passed by the **Regional Director under sub-section (1) or the Tribunal under sub-section (3), as the case may be,** shall be filed by the company with the Registrar within thirty days from the date of the order and on receipt of the order, the Registrar shall cause the name of the company to be restored in the register of companies and shall issue a fresh certificate of incorporation. (3) If a company, or any member or creditor or workman thereof feels aggrieved by the	date of passing of the order dissolving the company under Section 248, file an application before the Tribunal seeking restoration of name of such company. (2) A copy of the order passed by the Tribunal shall be filed by the company with the Registrar within thirty days from the date of the order and on receipt of the order, the Registrar shall cause the name of the company to be restored in the register of companies and shall issue a fresh certificate of incorporation. (3) If a company, or any member or creditor or workman thereof feels aggrieved by the company		the intent of decentralising the adjudication process as well as reducing workload on the NCLTs, the amendment entrusts the RDs with an adjudicatory function that was previously exercised by a quasi-judicial body, without prescribing any minimum statutory procedure governing the exercise of such jurisdiction. In absence of express procedural safeguards, there is a possibility of divergent practices across RD offices, both in terms of the manner in which the applications are examined and the

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		company having its name struck off from the register of companies, the Tribunal on an application made by the company, member, creditor or workman before the expiry of twenty years from the publication in the Official Gazette of the notice under sub-section (5) of Section 248 may, if satisfied that the company was, at the time of its name being struck off, carrying on business or in operation or otherwise it is just that the name of the company be restored to the register of companies, order the name of the company to be restored to the register of companies, and the Tribunal may, by the order, give such other directions and make such provisions as deemed just for placing the company and all	having its name struck off from the register of companies, the Tribunal on an application made by the company, member, creditor or workman before the expiry of twenty years from the publication in the Official Gazette of the notice under sub-section (5) of Section 248 may, if satisfied that the company was, at the time of its name being struck off, carrying on business or in operation or otherwise it is just that the name of the company be restored to the register of companies, order the name of the company to be restored to the register of companies, and the Tribunal may, by the order, give such other directions and make such provisions as deemed		standard applied in disposing them. This has been empirically recorded by the NLU Delhi delegation in its study on, "A Study on Streamlining of Compounding Procedure under the Companies Act, 2013." In this report, it has been highlighted that despite the Hon'ble Supreme Court of India laying down standards to be considered while adjudicating penalties, the same were found to not be considered in a catena of orders by various RDs. Therefore, we advocate against the delegation of

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		other persons in the same position as nearly as may be as if the name of the company had not been struck off from the register of companies.	just for placing the company and all other persons in the same position as nearly as may be as if the name of the company had not been struck off from the register of companies.		powers from the NCLT, a quasi judicial body, to the RD, an executive body. While we acknowledge that delegating the power to RDs from NCLT would have the effect of managing the pendency and workload of the tribunal, we argue that delegating inherently quasi-judicial powers to an executive body may not be the apt approach to deal with the workload of NCLT. Quasi-judicial bodies like NCLT comprises judicial members who are trained in law and who tend to give reasoned decisions/speaking

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					orders. Whereas, executive bodies tend to not pass reasoned decisions/speaking orders, as members of the body may not be trained in law, as elaborated in the preceding paragraph. ***Hence, we recommend that the power under 252(1) shall stay with NCLT only and not with RDs.*** Notwithstanding the aforementioned recommendation, if the committee is pleased to wrest the power from NCLT under section 252(1), then it is recommended that the Bill shall incorporate

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					minimum procedural safeguards, including, but not limited to (i) the requirement that every order be reasoned and in writing, and (ii) a prescribed timeline for disposal of applications, as mandatory requirements under section 252(1).