



## The Corporate Laws (Amendment) Bill, 2026

The **Corporate Laws (Amendment) Bill, 2026** was introduced in the Lok Sabha by Finance Minister Nirmala Sitharaman on **March 23, 2026**. It shall come into force on such date as the Central Government may, by notification in the Official Gazette.

### The Key Highlights of the Bill

#### 1. Relief for Small Companies

The Bill significantly expands the definition of "Small Companies," allowing more entities to enjoy lower compliance burdens.

- The Paid-up Capital proposed to increase from ₹10 crore to ₹20 crore.
- Turnover to increase from ₹100 crore to ₹200 crore.



#### 2. Corporate Social Responsibility (CSR)

- The net profit criteria for mandatory CSR spending is proposed to increase to ₹10 crore from current ₹5 crore.
- Companies with a CSR obligation of up to ₹1 crore (previously ₹50 lakh) may not be required to constitute a CSR Committee.
- Companies now have 90 days (increased from 30) to transfer unspent CSR funds for ongoing projects into a special account.

### 3. Share Buybacks & Capital

- Allows specified companies to conduct two buyback offers in a single financial year (currently limited to one), provided there is a six-month gap between them.
- Formal recognition of Restricted Stock Units (RSUs) and Stock Appreciation Rights (SARs) as share-linked employee benefits.
- Companies in International Financial Services Centres can now issue and maintain share capital in foreign currency.

### 4. Digitalization & Governance

- Permanent legal framework for holding AGMs and EGMs via Physical/video mode conferencing/hybrid. (mandatory physical AGM must still be held at least once every three years).
- Prescribed companies must maintain a website and a registered email address.
- The timeline for registering charges for certain companies has been extended from 120 days to 180 days.
- The Central Government is empowered to exempt certain classes of small companies from mandatory statutory auditor appointments.

### 5. LLP Amendments

- Trust Conversion: A new framework allows Charitable and Private Trusts (registered with SEBI or IFSCA) to convert into LLPs.
- Foreign Currency: LLPs in International Financial Services Centres (IFSCs) can now maintain books and share capital in foreign currency.

### 6. Decriminalization & Enforcement

- Several Offences converted from Punishment to Penalty.
- The National Financial Reporting Authority (NFRA) becomes a body corporate with its own fund and enhanced powers to issue warnings or mandate additional training for auditors
- Fit & Proper Criteria: Boards are now legally mandated to ensure all directors meet "fit and proper" criteria.



## 7. Scheme of merger or amalgamation

The Bill proposes to change specifies approval requirements for merger or amalgamation of (i) two or more small companies, and (ii) a holding company and its wholly-owned subsidiary companies to approval of majority of members present and voting who hold at least 75% of the shares among members present and voting. The Bill also propose to reduce threshold for approval of creditors from 90% to 75%.

**Source: BILL dated\_23.03.2026**

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