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EXTRAORDINARY

भाग II — खण्ड 2

PART II — Section 2

प्राधिकार से प्रकाशित

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इस भाग में भिन्न पृष्ठ संख्या दी जाती है जिससे कि यह अलग संकलन के रूप में रखा जा सके।

Separate paging is given to this Part in order that it may be filed as a separate compilation.

LOK SABHA

The following Bill was introduced in Lok Sabha on 23rd March, 2026:—

BILL NO. 85 OF 2026

A Bill further to amend the Limited Liability Partnership Act, 2008 and the Companies Act, 2013.

BE it enacted by Parliament in the Seventy-seventh Year of the Republic of India as follows:—

CHAPTER I

PRELIMINARY

1. (1) This Act may be called the Corporate Laws (Amendment) Act, 2026.

(2) It shall come into force on such date as the Central Government may, by notification in the Official Gazette, appoint; and different dates may be appointed for different provisions of this Act, and any reference in any provision to the commencement of this Act shall be construed as a reference to the coming into force of that provision.

Short title and commencement.

CHAPTER II

AMENDMENTS TO THE LIMITED LIABILITY PARTNERSHIP ACT, 2008

Amendment of
section 2.

2. In the Limited Liability Partnership Act, 2008 (hereafter in this Chapter referred to as the principal Act), in section 2, in sub-section (I),—

6 of 2009.

(i) after clause (m), the following clauses shall be inserted, namely:—

‘(ma) “International Financial Services Centre” shall have the same meaning as assigned to it in clause (g) of sub-section (I) of section 3 of the International Financial Services Centres Authority Act, 2019;

50 of 2019.

(mb) “International Financial Services Centres Authority” means the Authority established under sub-section (I) of section 4 of the International Financial Services Centres Authority Act, 2019;’;

50 of 2019.

(ii) after clause (q), the following clause shall be inserted, namely:—

‘(qa) “permitted foreign currency” means a currency which may be specified by the International Financial Services Centres Authority in consultation with the Central Government;’;

(iii) after clause (ta), the following clause shall be inserted, namely:—

‘(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;’.

Amendment of
section 11.

3. In section 11 of the principal Act,—

(a) in sub-section (I), for clause (c), the following clauses shall be substituted, namely:—

“(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 such professionals in its formation or incorporation.”;

(b) in sub-section (2), in clause (c), the following proviso shall be inserted, namely:—

“Provided that a Specified International Financial Services Centre LLP shall state its objects to undertake financial services activities, as permitted under clause (e) of sub-section (I) of section 3 of the International Financial Services Centres Authority Act, 2019 and any matter considered necessary in furtherance thereof, in accordance with the regulatory requirements specified by the International Financial Services Centres Authority;”.

50 of 2019.

Amendment of
section 13.

4. In section 13 of the principal Act, in sub-section (I), the following proviso shall be inserted, namely:—

“Provided that a Specified International Financial Services Centre LLP shall have its registered office at an International Financial Services Centre, at all times.”.

5. In section 15 of the principal Act, in sub-section (1), the following proviso shall be inserted, namely:—

Amendment of section 15.

‘Provided that a Specified International Financial Services Centre LLP shall have the suffix “International Financial Services Centre LLP” as part of its name.’.

6. In section 23 of the principal Act, in sub-section (2), the following proviso shall be inserted, namely:—

Amendment of section 23.

“Provided that in case of a class or classes of limited liability partnerships regulated by the Securities and Exchange Board of India, or by the International Financial Services Centres Authority, as may be prescribed, the requirement of filing any changes in the limited liability partnership agreement shall be such, as may be prescribed.”.

7. In section 25 of the principal Act, in sub-section (2), the following proviso shall be inserted, namely:—

Amendment of section 25.

“Provided that in case of a class or classes of limited liability partnerships regulated by the Securities and Exchange Board of India, or by the International Financial Services Centres Authority, as may be prescribed, there shall be a requirement to furnish the details of such changes to the Registrar on an annual basis, in such form and manner, as may be prescribed.”.

8. In section 32 of the principal Act, in sub-section (2), the following provisos shall be inserted, namely:—

Amendment of section 32.

“Provided that the monetary value of contribution of each partner of a Specified International Financial Services Centre LLP shall be accounted for and disclosed in a permitted foreign currency in its accounts:

Provided further that a limited liability partnership set up in an International Financial Services Centre prior to the commencement of the Corporate Laws (Amendment) Act, 2026 may convert monetary value of contribution of each of its partners from Indian rupee to a permitted foreign currency within such period and in such manner, as may be specified by the International Financial Services Centres Authority, in consultation with the Central Government:

Provided also that a limited liability partnership referred to in the first proviso shall not be permitted after such commencement, to receive or accept monetary contribution from any partner, without converting its monetary contribution into a permitted foreign currency.”.

9. After section 33 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 33A.

18 of 2013.

“33A. The provisions of section 247 of the Companies Act, 2013 shall *mutatis mutandis* apply for the valuation, required to be made in respect of contribution of a partner of a limited liability partnership, or of any property or assets or net worth of such limited liability partnership, or its liabilities under the provisions of this Act or rules made thereunder.”.

Provisions of Companies Act, 2013 to apply for valuation.

10. In section 34 of the principal Act,—

Amendment of section 34.

(a) in sub-section (1), the following provisos shall be inserted, namely:—

“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 Authority.”;

(b) in sub-section (5), for the word, brackets and figure “sub-section (3)”, the words, brackets and figures “sub-sections (1), (2) and (3)” shall be substituted;

(c) in sub-section (6), the words, brackets and figures “sub-section (1), sub-section (2) and” shall be omitted.

Amendment of section 38.

11. In section 38 of the principal Act,—

(a) in sub-section (3), the words “or requisition” shall be omitted;

(b) after sub-section (3), the following sub-section shall be inserted, namely:—

“(4) Any person who, without lawful excuse, fails to comply with any requisition of the Registrar, other than summons, under this section, shall be liable to a penalty of ten thousand rupees.”.

Insertion of new section 57A.

12. After section 57 of the principal Act, the following section shall be inserted, namely:—

“57A. A specified trust may convert into a limited liability partnership in accordance with the provisions of this Chapter and the Fifth Schedule.

Conversion from specified trust into limited liability partnership.

Explanation.—For the purposes of this section, the term “specified trust” means a trust established under the Indian Trusts Act, 1882 or under a Central Act or State Act, and registered by the Securities and Exchange Board of India, or by the International Financial Services Centres Authority, as the case may be, having such activities as may be prescribed.”.

2 of 1882.

Substitution of new section for section 58.

13. For section 58 of the principal Act, the following section shall be substituted, namely:—

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 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 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.

9 of 1932.
18 of 2013.

(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 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 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 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.”.

14. In section 68 of the principal Act, in sub-section (1), the following provisos shall be inserted, namely:—

Amendment of section 68.

“Provided that the Central Government may require that a Specified International Financial Services Centre LLP shall use permitted foreign currency for the purpose of filing, recording or registering any document under this section in such manner as may be prescribed:

Provided further that such Specified International Financial Services Centre LLP shall pay fees, fines and penalties as provided in the relevant provisions of this Act and the rules made thereunder in Indian rupees.”.

15. After section 68A of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 68B.

“68B. Any person aggrieved by the decision of the Registrar under section 12 or section 16, may prefer an appeal to such officer of the Central Government, in such form and manner, and within such period, as may be prescribed.”.

Appeal against decision of Registrar.

16. In section 76A of the principal Act,—

Amendment of section 76A.

(a) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) A limited liability partnership or its partner or designated partner may make an application in such form and manner and on payment of such fees, as may be prescribed, under this section for adjudication of penalty.”;

(b) after sub-section (9), the following sub-section shall be inserted, namely:—

“(10) On and from the commencement of the Corporate Laws (Amendment) Act, 2026, where a provision in respect of any offence provided in this Act has been amended to provide for adjudication under this section,—

(a) the manner of withdrawal of the complaint; and

(b) the manner of transfer of such matter for adjudication under this section,

in respect of such offence, whether pending in the Court or otherwise, shall be dealt with in accordance with such Scheme as the Central Government may notify in this behalf.”.

Insertion of new
Fifth Schedule.

17. After the Fourth Schedule to the principal Act, the following Schedule shall be inserted, namely:—

‘THE FIFTH SCHEDULE

(See section 57A)

CONVERSION FROM SPECIFIED TRUST INTO LIMITED LIABILITY PARTNERSHIP

1. Interpretation.—In this Schedule, unless the context otherwise requires,—

(a) “convert”, in relation to a specified trust converting into a limited liability partnership, means a transfer of the property, assets, interests, rights, privileges, liabilities, obligations and the undertaking of the specified trust to the limited liability partnership in accordance with this Schedule;

(b) “investor” means an investor to the funds of the specified trust in accordance with the relevant regulations made by the Securities and Exchange Board of India, or by the International Financial Services Centres Authority, as the case may be; and

(c) “specified trust” shall have the meaning assigned to it in the *Explanation* to section 57A.

2. Conversion from specified trust into limited liability partnership.—

(1) A specified trust may convert into a limited liability partnership by complying with the requirements as to the conversion set out in this Schedule.

(2) Upon such conversion, the trustees of the specified trust shall be bound by the provisions of this Schedule that are applicable to them.

3. Eligibility for conversion.—A specified trust may apply to convert into a limited liability partnership in accordance with this Schedule, only if the partners of the limited liability partnership into which the specified trust is to be converted, are trustees of such specified trust and no one else.

4. Statements to be filed.—A specified trust may apply to convert into a limited liability partnership by filing with the Registrar,—

(a) a statement by all of its trustees in such form and manner and accompanied by such fee, as may be prescribed, containing the following particulars, namely:—

(i) the name and registration number, if applicable, of the specified trust;

(ii) the date on which the specified trust was established under the Indian Trusts Act, 1882 (2 of 1882) or under a Central Act or State Act;

(iii) the date on which the specified trust was registered with the Securities and Exchange Board of India, or by the International Financial Services Centres Authority, as the case may be, in terms of the relevant regulations issued in this regard; and

(iv) the consent of three-fourths of the investors of the trust; and

(b) the incorporation document and statement referred to in section 11.

5. Registration of conversion.—On receiving the documents referred to in paragraph 4, the Registrar shall, subject to the provisions of this Act, register the documents 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 authority with which specified trust was established under the provisions of the Indian Trusts Act, 1882 (2 of 1882) or under a Central Act or State Act, about the conversion and of the particulars of the limited liability partnership in such form and manner, as may be prescribed.

6. Registrar may refuse to register.—(1) Nothing in this Schedule shall be construed as to require the Registrar to register any limited liability partnership, if he is not satisfied with the particulars or other information furnished under the provisions of this Act:

Provided that an appeal may be made before the Tribunal in case of refusal of registration by the Registrar.

(2) The Registrar may, in any particular case, require the documents referred to in paragraph 4 to be verified in such manner, as he considers fit.

7. Effect of registration.—On and from the date of registration specified in the certificate of registration issued under paragraph 5,—

(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 and immovable) property as well as intangible property vested in the specified trust, all assets, interests, rights, privileges, liabilities, obligations relating to the specified trust and the whole of the undertaking of the specified trust shall be transferred to and shall vest in the limited liability partnership without further assurance, act or deed; and

(c) the specified trust shall be deemed to be dissolved.

8. Registration in relation to property.—If any property to which sub-paragraph (b) of paragraph 7 applies is registered with any authority, the limited liability partnership shall, as soon as practicable after the date of registration, take all necessary steps as required by the relevant authority to notify the authority of the conversion and of the particulars of the limited liability partnership in such medium and form, as the authority may specify.

9. Pending proceedings.—All proceedings by or against the specified trust or its trustee, on behalf of the specified trust, which are pending in any Court or Tribunal or before any authority on the date of registration may be continued, completed and enforced by or against the limited liability partnership.

10. Continuance of conviction, ruling, order or judgment.—Any conviction, ruling, order or judgment of any Court, Tribunal, or other authority, in favour of or against the specified trust, or its trustees, acting on behalf of the specified trust may be enforced by or against the limited liability partnership.

11. Existing agreements.—Every agreement, to which the specified trust was a party immediately before the date of registration, whether or not of such nature that the rights and liabilities thereunder could be assigned, shall have effect as from that date, as if—

(a) the limited liability partnership were a party to such an agreement instead of the specified trust; and

(b) for any reference to the specified trust, there were substituted in respect of anything to be done on or after the date of registration a reference to the limited liability partnership.

12. Existing contracts, etc.—All deeds, contracts, schemes, bonds, agreements, applications, instruments and arrangements, subsisting immediately before the date of registration relating to the specified trust or to which the specified trust is a party, shall continue in force on and after that date as if they relate to the limited liability partnership and shall be enforceable by or against the limited liability partnership, as if the limited liability partnership were named therein or were a party thereto instead of the specified trust.

13. Continuance of employment.—Every contract of employment to which paragraph 11 or paragraph 12 applies, shall continue to be in force on or after the date of registration, as if the limited liability partnership were the employer thereunder instead of the specified trust.

14. Existing appointment, authority or power.—(1) Every appointment of the specified trust or its trustee in any role or capacity, which is in force immediately before the date of registration, shall take effect and operate from that date as if the limited liability partnership were appointed.

(2) Any authority or power conferred on the specified trust or its trustee, which is in force immediately before the date of registration, shall take effect and operate from that date as if it were conferred on the limited liability partnership.

15. Application of paragraphs 7 to 14.—The provisions of paragraphs 7 to 14 (both inclusive) shall apply to any approval, permit or licence issued to the specified trust under any other Act, which is in force immediately before the date of registration of the limited liability partnership, subject to the provisions of such other Act under which such approval, permit or licence has been issued.

16. Partner liable for liabilities and obligations of specified trust before conversion.—(1) Notwithstanding anything in paragraphs 7 to 14, every trustee of a specified trust that has converted into a limited liability partnership, shall continue to be personally liable (jointly and severally with the limited liability partnership) for the liabilities and obligations of the specified trust which were incurred prior to the conversion or which arose from any contract entered into prior to the conversion.

(2) If any such trustee discharges any liability or obligation referred to in sub-paragraph (1), he shall be entitled (subject to any agreement with the limited liability partnership to the contrary) to be fully indemnified by the limited liability partnership in respect of such liability or obligation.

17. Notice of conversion in correspondence.—(1) The limited liability partnership shall ensure that for a period of twelve months commencing not later than fourteen days after the date of registration, every official correspondence of the limited liability partnership bears the following, namely:—

(a) a statement that it was, as from the date of registration, converted from a specified trust into a limited liability partnership; and

(b) the name and registration number, if applicable, of the specified trust, from which it was converted.

(2) Any limited liability partnership which contravenes the provisions of sub-paragraph (1) shall be punishable with fine which shall not be less than ten thousand rupees but which may extend to one lakh rupees and with a further fine which shall not be less than fifty rupees but which may extend to five hundred rupees for every day after the first day after which the default continues.’

CHAPTER III

AMENDMENTS TO THE COMPANIES ACT, 2013

18. In the Companies Act, 2013 (hereafter in this Chapter referred to as the principal Act), in section 2,—

(i) in clause (28), for the words “the Cost and Works Accountants”, the words “the Cost Accountants” shall be substituted;

(ii) in clause (41), after the third proviso, the following proviso shall be inserted, namely:—

“Provided also that the Central Government may, on an application made in such form and manner as may be prescribed, by a company or body corporate referred to in the first proviso or, on commercial considerations, by any other company or body corporate, allow the company or body corporate to realign its financial year as the period ending on the 31st day of March of the following year;”;

(iii) after clause (73), the following clause shall be inserted, namely:—

“(73A) “Regional Director” means a person appointed by the Central Government as a Regional Director for the purposes of this Act and includes an Additional Regional Director or a Joint Regional Director or a Deputy Regional Director under section 396;”;

(iv) after clause (74), the following clause shall be inserted, namely:—

“(74A) “registered valuer” means a person who holds a certificate of registration granted under section 247;”;

(v) in clause (85),—

(a) in sub-clause (i), for the words “ten crore rupees”, the words “twenty crore rupees” shall be substituted;

(b) in sub-clause (ii), for the words “one hundred crore rupees”, the words “two hundred crore rupees” shall be substituted.

19. In section 4 of the principal Act, in sub-section (5), in clause (ii), in sub-clause (a), for the words “which may extend to one lakh rupees”, the words “of fifty thousand rupees” shall be substituted.

Amendment of section 4.

20. In section 7 of the principal Act, in sub-section (1), for clause (b), the following clauses shall be substituted, namely:—

Amendment of section 7.

“(b) a declaration in the prescribed form by a person named in the articles as a director, manager or secretary of the company, that all the requirements of this Act and the rules made thereunder in respect of registration and matters precedent or incidental thereto have been complied with;

(ba) a declaration in the prescribed form by an advocate, a chartered accountant, cost accountant or company secretary in practice, where a company engaged such professionals in its formation or incorporation;”.

21. After section 12 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 12A.

“12A. (1) The class or classes of companies, as may be prescribed, shall maintain a website, an e-mail address and other modes of communication in such form and manner, as may be prescribed.

(2) The details of website, e-mail address and other modes of communication referred to in sub-section (1) and the changes, if any, therein, shall be intimated to the Registrar in such form and within such period, as may be prescribed.”.

Certain class or classes of companies to maintain modes of communication and provide particulars.

22. In section 20 of the principal Act, in sub-section (2), for the proviso, the following provisos shall be substituted, namely:—

Amendment of section 20.

“Provided that the service of such class of documents by such class or classes of companies, as may be prescribed, to its members, shall take place only through electronic mode, in such manner as may be prescribed, and such service shall be deemed to be sufficient compliance for the purposes of this Act:

Provided further that a member may request for delivery of any document through a particular mode, for which he shall pay such fee as may be determined by the company in its general meeting.”.

Amendment of section 24.

23. In section 24 of the principal Act, in sub-section (2), the words, brackets and figures “and the matters delegated to it under proviso to sub-section (1) of section 458” shall be omitted.

Amendment of section 26.

24. In section 26 of the principal Act, for sub-section (9), the following sub-section shall be substituted, namely:—

“(9) If a prospectus is issued in contravention of the provisions of this section, the company and every person who is knowingly a party to the issue of such prospectus shall be liable to a penalty of two lakh rupees.”.

Amendment of section 40.

25. In section 40 of the principal Act,—

(a) in sub-section (5), for the words “this section”, the word, brackets and figure “sub-section (3)” shall be substituted;

(b) after sub-section (5), the following sub-section shall be inserted, namely:—

“(5A) If a default is made in complying with the provisions of this section, other than sub-section (3), the company shall be liable to a penalty of twenty-five lakh rupees and every officer of the company who is in default shall be liable to a penalty of two lakh rupees.”.

Amendment of section 42.

26. In section 42 of the principal Act,—

(a) in the marginal heading, for the word “shares”, the word “securities” shall be substituted;

(b) in sub-section (2), after the words “employees stock option”, the words “or such other scheme linked to the value of the share capital of a company,” shall be inserted;

(c) in sub-section (10), for the words “which may extend to”, the words “equivalent to” shall be substituted.

Insertion of new section 43A.

27. After section 43 of the principal Act, the following section shall be inserted, namely:—

‘43A. (1) A company, set up and incorporated in the International Financial Services Centre, shall issue and maintain its share capital in a permitted foreign currency:

Provided that a company set up and incorporated in the International Financial Services Centre prior to the commencement of the Corporate Laws (Amendment) Act, 2026 may convert its share capital from Indian rupee to a permitted foreign currency within such period and in such manner, as may be specified by regulations by the International Financial Services Centres Authority, in consultation with the Central Government:

Provided further that a company referred to in the first proviso shall not be permitted, after the commencement of the Corporate Laws (Amendment) Act, 2026, to issue any share capital without converting its share capital into a permitted foreign currency.

(2) A company referred to in sub-section (1), maintaining its share capital in a permitted foreign currency shall prepare and maintain its books of account, and other relevant books and papers, financial statements and all other records in the permitted foreign currency:

Provided that if the International Financial Services Centres Authority permits, such company may present such books of account and other relevant books and papers, financial statements and other records in Indian rupee.

Share capital of company under International Financial Services Centre.

(3) The Central Government may, in such manner as may be prescribed, require that a company referred to in sub-section (1) shall use permitted foreign currency for the purpose of filing, submitting or delivering any documents under section 398.

(4) Every company referred to in sub-section (1) shall pay fees, fines and penalties under this Act and the rules made thereunder in Indian rupees.

(5) In this section, the expressions—

(a) “International Financial Services Centre” shall have the same meaning as assigned to it under clause (g) of sub-section (1) of section 3 of the International Financial Services Centres Authority Act, 2019;

50 of 2019.

(b) “International Financial Services Centres Authority” shall have the same meaning as assigned to it under clause (b) of sub-section (1) of section 3 of the International Financial Services Centres Authority Act, 2019; and

50 of 2019.

(c) “permitted foreign currency” means a currency which may be specified by the International Financial Services Centres Authority in consultation with the Central Government.’.

28. In section 62 of the principal Act, in sub-section (1), in clause (b), after the words “under a scheme of employees’ stock option”, the words “or under such other scheme linked to the value of the share capital of the company” shall be inserted.

Amendment of section 62.

29. In section 68 of the principal Act,—

Amendment of section 68.

(a) in sub-section (2),—

(i) in clause (c), for the proviso, the following provisos shall be substituted, namely:—

“Provided that in case of such class or classes of companies, as may be prescribed, the buy-back may be up to such per cent. of aggregate of paid-up capital and free reserves, as may be prescribed:

Provided further that in respect of the buy-back of equity shares in any financial year, the reference to twenty-five per cent. or such other per cent., as the case may be, in this clause shall be construed with respect to its total paid-up equity capital in that financial year;”;

(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 made earlier than six months from the date of closure of the preceding offer for buy-back during the year.”;

(b) in sub-section (5), in clause (c), after the words “sweat equity”, the words, brackets, letter and figures “, or a scheme linked to the value of the share capital of a company referred to in clause (b) of sub-section (1) of section 62” shall be inserted;

(c) in sub-section (6), the words “and verified by an affidavit” shall be omitted;

(d) in sub-section (8), after the words “sweat equity”, the words, brackets, letter and figures “, or a scheme linked to the value of the share capital of a company referred to in clause (b) of sub-section (1) of section 62,” shall be inserted;

(e) in sub-section (11),—

(i) for the words “the company shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees”, the words “it shall be liable to a penalty of twenty-five lakh rupees if it is a listed company and two lakh rupees in case it is any other company” shall be substituted;

(ii) for the words “who is in default shall be punishable with fine which shall not be less than one lakh rupees but which may extend to three lakh rupees”, the words, brackets and letters—

“who is in default shall—

(a) be liable to a penalty of five lakh rupees in case of a listed company; and

(b) be liable to a penalty of two lakh rupees in case of any other company”

shall be substituted;

(f) in *Explanation I*, after the words “employees’ stock option”, the words, brackets, letter and figures “, or any option under a scheme linked to the value of the share capital of a company referred to in clause (b) of sub-section (1) of section 62,” shall be inserted.

Amendment of section 77.

30. In section 77 of the principal Act, in sub-section (1), after the second proviso, the following proviso shall be inserted, namely:—

‘Provided also that for such class or classes of companies, as may be prescribed, the period of “sixty days” referred to in clause (b) of the second proviso shall be read as “one hundred and twenty days”.’.

Amendment of section 88.

31. In section 88 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) No notice of any trust, whether express, implied or constructive, shall be entered in the register of members or debenture holders maintained under sub-section (1).”.

Amendment of section 96.

32. In section 96 of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—

“(3) A company may hold its annual general meeting physically, or through video conferencing or other audio-visual means, either wholly or partly, in such manner and subject to such terms and conditions, as may be prescribed:

Provided that if the number of members referred to in sub-section (2) of section 100 requisition the meeting to be held in a hybrid mode, the company shall hold the meeting in such mode:

Provided further that every company shall hold its annual general meeting in physical mode at least once in every three years.”.

Amendment of section 99.

33. In section 99 of the principal Act,—

(a) in the marginal heading, for the words and figures “Punishment for default in complying with provisions of sections 96 to 98”, the words and figures “Penalty for default in complying with provisions of section 96” shall be substituted;

(b) the words and figures “or section 97 or section 98 or in complying with any directions of the Tribunal” shall be omitted;

(c) for the words “punishable with fine which may extend to one lakh rupees and in the case of a continuing default, with a further fine which may extend to five thousand rupees for every day during which such default continues”, the words “liable to a penalty of one lakh rupees and in case of continuing default, with a further penalty of five thousand rupees for each day during which such default continues, subject to a maximum of two lakh rupees in case of a company and fifty thousand rupees in case of an officer who is in default” shall be substituted.

34. In section 100 of the principal Act, after sub-section (6), the following sub-section shall be inserted, namely:—

Amendment of section 100.

“(7) A company may hold its extraordinary general meeting physically, or through video conferencing or other audio-visual means, either wholly or partly, in such manner and subject to such terms and conditions, as may be prescribed:

Provided that if the number of members referred to in sub-section (2) requisition the meeting to be held in a hybrid mode, the company shall hold the meeting in such mode.”.

35. In section 101 of the principal Act, in sub-section (1),—

Amendment of section 101.

(a) in the proviso, for the words “Provided that”, the following words shall be substituted, namely:—

“Provided that the extraordinary general meetings conducted wholly through video conferencing or audio-visual means under sub-section (7) of section 100, may be called by giving a notice of not less than seven days, or such other period, and in such manner, as may be prescribed:

Provided further that”;

(b) in the second proviso, for the words “Provided further”, the words “Provided also” shall be substituted.

36. In section 124 of the principal Act,—

Amendment of section 124.

(a) in sub-section (5), after the words “seven years from the date of such transfer”, the words, brackets and figure “, along with any dividend which has not been paid or claimed where such shares have been transferred by the company under sub-section (6),” shall be inserted;

(b) in sub-section (6),—

(i) after the word “Fund”, the word “Authority” shall be inserted;

(ii) in the proviso, after the word “Fund”, the word “Authority” shall be inserted;

(iii) in the *Explanation*, after the word “Fund”, the word “Authority” shall be inserted.

37. In section 125 of the principal Act,—

Amendment of section 125.

(a) in sub-section (2),—

(i) in clause (m), the word “and” occurring at the end shall be omitted;

(ii) after clause (m), the following clause shall be inserted, namely:—

“(ma) the amount in respect of shares bought back and extinguished, remaining unpaid or unclaimed for seven or more years; and”;

(b) in sub-section (3), for clause (a), the following clause shall be substituted, namely:—

“(a) the refund in respect of unclaimed dividends and amounts referred to in clauses (h) to (n) of sub-section (2), which is due for refund;”;

(c) in sub-section (4), for the words, brackets and figure “may apply to the authority constituted under sub-section (5)”, the words “may apply, in accordance with such procedure and on submission of such documents, as may be prescribed” shall be substituted;

(d) after sub-section (11), the following sub-section shall be inserted, namely:—

“(12) The authority may, by notification, delegate to any member, officer or any other person subject to such conditions, if any, as may be specified in such notification, any of its powers and functions under this Act as it deems necessary.”.

Amendment of section 128.

38. In section 128 of the principal Act, in sub-section (6),—

(a) for the words “be punishable with fine which shall not be less than fifty thousand rupees but which may extend to five lakh rupees”, the words “be liable to a penalty of five lakh rupees in case of a listed company and fifty thousand rupees in case of any other company” shall be substituted;

(b) the following proviso shall be inserted, namely:—

“Provided that where the contravention relates to sub-section (1) or sub-section (5), the person referred to in this sub-section shall be liable to a penalty of twenty lakh rupees in case of a listed company and five lakh rupees in case of any other company.”.

Amendment of section 131.

39. In section 131 of the principal Act, in sub-section (1), in the long line, for the words “three preceding financial years”, the words “three immediately preceding financial years” shall be substituted.

Amendment of section 132.

40. In section 132 of the principal Act,—

(a) for sub-section (1A), the following sub-section shall be substituted, namely:—

“(1A) The National Financial Reporting Authority shall be a body corporate by the name aforesaid, having perpetual succession and a common seal, with power, subject to the provisions of this Act, to acquire, hold and dispose of property, both movable and immovable, and to contract, and shall, by the said name, sue or be sued.”;

(b) in sub-section (2), in clause (a), after the words “class of companies”, the words “or bodies corporate” shall be inserted;

(c) sub-section (3A) shall be omitted;

(d) after sub-section (3B), the following sub-sections shall be inserted, namely:—

“(3C) Save as otherwise provided, the Chairperson shall have the powers of general superintendence and direction of the affairs of the National Financial Reporting Authority and may exercise all powers and do all acts and things as may be delegated to him by the executive body.

(3D) The executive body may, by general or special order in writing, delegate to the Chairperson or any full-time Member or officer of the National Financial Reporting Authority, or to a Committee comprising of one or more of the above, subject to such conditions, if any, as may be specified in the order, such powers of the executive body under this Act as may be deemed necessary.”;

(e) in sub-section (4),—

(i) in clause (a), for the words “in such manner as may be prescribed”, the words “, as may be prescribed, and in such manner as may be specified by regulations by the said Authority” shall be substituted;

(ii) in clause (c),—

(I) in the opening portion, after the words “have the power to make order for”, the words “one or more of the following, namely:—” shall be inserted;

(II) after sub-clause (B), the following sub-clauses shall be inserted, namely:—

“(C) issuing an advisory, censure or warning to the member or the firm;

(D) requiring additional professional training of the member or individual partners or employees of the firm;

(E) referring the matter to the Central Government for taking action under the provisions of this Act or rules made thereunder.”;

(iii) for the *Explanation*, the following *Explanation* shall be substituted, namely:—

Explanation.—For the purposes of this sub-section, the expression “professional or other misconduct” shall include the meaning assigned to it under section 22 of the Chartered Accountants Act, 1949, and shall further include such acts or omissions which constitute a contravention of the provisions of this Act, or the rules or regulations made thereunder, in so far as such provisions relate to matters within the jurisdiction, functions, or regulatory remit of the National Financial Reporting Authority.’;

(f) after sub-section (4), the following sub-section shall be inserted, namely:—

“(4A) Any person who fails to comply with any order of the National Financial Reporting Authority under sub-section (4), or who fails to pay the penalty imposed under clause (c) of the said sub-section, within a period of ninety days from the date of receipt of the order, or within such other period as stated in the order, shall,—

(a) where the person against whom penalty has been imposed, fails to pay the penalty, without prejudice to the penalty that such person is liable to pay, be punishable—

(i) with imprisonment which may extend to six months or with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees, if such person is an individual; or

(ii) with fine which shall not be less than five lakh rupees but which may extend to twenty-five lakh rupees, if such person is a firm; and

(b) be liable for debarment under sub-clause (B) of clause (c) of sub-section (4) for such further period as the National Financial Reporting Authority may consider appropriate.”;

(g) in sub-section (10), for the word “prescribed”, the words “specified by regulations by the said Authority” shall be substituted;

(h) in sub-section (11),—

(i) for the words “The Central Government”, the words “The National Financial Reporting Authority” shall be substituted;

(ii) for the words “of functions by the National Financial Reporting Authority under this Act and the”, the words “of its functions under this Act and the salary, allowances and other” shall be substituted;

(iii) for the word “prescribed”, the words “specified by regulations by the said Authority” shall be substituted;

(i) after sub-section (15), the following sub-sections shall be inserted, namely:—

“(16) No act or proceeding of the National Financial Reporting Authority shall be invalid merely by the reason of—

(a) any vacancy in, or any defect in the constitution of such Authority; or

(b) any defect in the appointment of a person acting as a member of such Authority; or

(c) any irregularity in the procedure of such Authority not affecting the merits of the case.

(17) The National Financial Reporting Authority may, in such manner as may be specified by regulations, engage such number of experts and professionals who have special knowledge of, and experience in, accounting standards, auditing standards, economics, law, business or such other disciplines related to its functions, as it deems necessary to assist the said Authority in the discharge of its functions under this Act.”.

41. After section 132 of the principal Act, the following sections shall be inserted, namely:—

“132A. (1) With effect from such date as the Central Government may, by notification, specify in this behalf, no individual or firm shall be appointed as auditor under section 139 in respect of companies or class of companies or bodies corporate referred to in clause (a) of sub-section (4) of section 132, unless the individual or firm intimates the details of his or its registration with the Institute of Chartered Accountants of India, to the National Financial Reporting Authority within such time, in such manner and along with such fees, as may be prescribed.

(2) The auditors of companies or class of companies or bodies corporate referred to in sub-section (1), shall file such documents or returns or information with the National Financial Reporting Authority, in such form and manner, within such period, and on payment of such fees, as may be specified by regulations by the said Authority.

(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 auditor or an audit firm.

Insertion of new sections 132A, 132B, 132C, 132D, 132E, 132F, 132G, 132H, 132-I, 132J and 132K.

Intimation of registration details of auditors and filing of returns.

(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 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.

132B. (1) The Central Government may, after due appropriation made by Parliament by law in this behalf, make to the National Financial Reporting Authority, grants of such sums of money as the Central Government may think fit for being utilised for the purposes of this Act.

Fund of
Authority.

(2) There shall be constituted a Fund, to be called the National Financial Reporting Authority Fund, wherein the following shall be credited, namely:—

(a) grants made by the Central Government for the purposes of the National Financial Reporting Authority Fund;

(b) all fees received by the said Authority under this Act;

(c) all sums received by the said Authority from such other sources as may be decided by the Central Government; and

(d) interest or other income received out of the investments made from the National Financial Reporting Authority Fund.

(3) The Fund shall be applied for meeting the expenses of the National Financial Reporting Authority for the discharge of its functions and for the purposes of this Act and for such other purposes, as may be prescribed.

132C. (1) In exercise of its functions under this Act, where the National Financial Reporting Authority is satisfied that it is necessary in public interest or the interest of investors or creditors or other persons concerned, it may give such directions to auditors of companies, class of companies or bodies corporate referred to in clause (a) of sub-section (4) of section 132, as it may consider appropriate.

Power of
Authority to
issue directions.

(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.

132D. (1) The National Financial Reporting Authority may, after holding inquiry, in such manner as may be prescribed and after giving a reasonable opportunity of being heard, impose such penalty under sub-section (4) of section 132A or sub-section (2) of section 132C, as it may consider appropriate.

Power of
Authority to
impose penalty.

(2) While holding an inquiry, the National Financial Reporting Authority shall have power to summon and enforce the attendance of any person acquainted with the facts and circumstances of the case to give evidence or to

produce any document, which in the opinion of the said Authority, may be useful for or relevant to the subject matter of the inquiry and if, on such inquiry, it is satisfied that the person has failed to comply with the provisions of any of the sections specified in sub-section (1), it may impose such penalty as it considers appropriate in accordance with the provisions of any of those sections.

(3) The amount of any penalty imposed under this section, if not paid, may be recovered by the National Financial Reporting Authority, in such manner as may be prescribed, as if it were an arrear of land revenue.

(4) All sums realised by way of penalties under this section shall be credited to the Consolidated Fund of India.

(5) Any person aggrieved by an order of the National Financial Reporting Authority under this section may prefer an appeal before the Appellate Tribunal within a period of forty-five days from the date on which a copy of the order of said Authority is made available, in such manner and on payment of such fee, as may be prescribed.

Civil courts not to have jurisdiction.

132E. No civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the National Financial Reporting Authority is empowered to determine by or under this Act and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken by the said Authority in pursuance of any power conferred by or under this Act.

Protection of action taken in good faith.

132F. No suit, prosecution or other legal proceeding shall lie against the Central Government or the National Financial Reporting Authority or the chairperson or any member or any officer or other employee of Authority for anything which is in good faith done or intended to be done under this Act or the rules or regulations made thereunder.

Power of Central Government to give directions to Authority.

132G. Without prejudice to the provisions of this Act, the National Financial Reporting Authority shall, in exercise of its powers or the performance of its functions under this Act, be bound by such directions on questions of policy, as the Central Government may give in writing to it from time to time:

Provided that the Authority shall, as far as practicable, be given an opportunity to express its views before any direction is given under this section:

Provided further that the decision of the Central Government, on whether a question is one of policy or not, shall be final.

Power of Central Government to supersede Authority.

132H. (1) If at any time, the Central Government is of the opinion—

(a) that on account of grave emergency, the National Financial Reporting Authority is unable to discharge the functions and duties imposed on it by or under the provisions of this Act; or

(b) that the National Financial Reporting Authority has persistently not complied with any direction given by the Central Government under this Act or in the discharge of the functions and duties imposed on it by or under the provisions of this Act, and as a result of such non-compliance, the financial position or the administration of such Authority has deteriorated; or

(c) that circumstances exist which render it necessary in the public interest so to do,

the Central Government may, by notification, supersede the National Financial Reporting Authority for such period, not exceeding six months, as may be specified in the notification.

(2) Upon the publication of a notification under sub-section (1) superseding the National Financial Reporting Authority,—

(a) the Chairperson and all the members shall, as from the date of supersession, vacate their offices as such;

(b) all the powers, functions and duties which may, by or under the provisions of this Act, be exercised or discharged by or on behalf of the National Financial Reporting Authority shall, until the said Authority is reconstituted under sub-section (3), be exercised and discharged by such person or persons as the Central Government may direct; and

(c) all properties owned or controlled by the National Financial Reporting Authority shall, until the said Authority is reconstituted under sub-section (3), vest in the Central Government.

(3) On the expiration of the period of supersession specified in the notification issued under sub-section (1), the Central Government may reconstitute the National Financial Reporting Authority by a fresh appointment, and in such case, any person or persons who vacated their offices under clause (a) of the said sub-section, shall not be deemed disqualified for appointment:

Provided that the Central Government may, at any time, before the expiration of the period of supersession, take action under this sub-section.

(4) The Central Government shall cause a notification issued under sub-section (1) and a full report of any action taken under this section and the circumstances leading to such action to be laid before each House of Parliament at the earliest.

132-I. (1) For the purposes of carrying out its functions under this Act, the National Financial Reporting Authority may levy such fees or other charges as may be specified by it by regulations, on the auditors of companies or class of companies or bodies corporate referred to in clause (a) of sub-section (4) of section 132.

Levy of fees or other charges by Authority.

(2) The payment of such fees or other charges shall be in such manner as may be specified by regulations by the National Financial Reporting Authority.

132J. (1) The National Financial Reporting Authority may, by notification, make regulations consistent with this Act and the rules made thereunder, for carrying out its functions under this Act.

Power of Authority to make regulations.

(2) In particular, and without prejudice to the generality of the foregoing powers, such regulations may provide for all or any of the following matters, namely:—

(a) the manner of investigation under clause (a) of sub-section (4) of section 132;

(b) the place and time of meetings of the Authority and the procedure to be followed at such meetings under sub-section (10) of section 132;

(c) the manner of appointment, salary, allowances and other terms and conditions of service of the secretary and employees of the Authority under sub-section (11) of section 132;

(d) the manner of engagement of experts and professionals under sub-section (17) of section 132;

(e) the documents, returns, or information, and the form, manner, period, and fees for filing the same under sub-section (2) of section 132A;

(f) the manner of recovery of the amount of penalty under sub-section (3) of section 132D; and

(g) the fees or other charges and the manner of payment thereof under section 132-I.

(3) Every regulation made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation, or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.

Transparency in making regulations.

132K. The Authority shall, prior to issuing regulations under section 132J, ensure transparency by—

(a) publishing the draft regulations along with all relevant details on its website and inviting public comments for such period as may be specified therein; and

(b) reviewing such regulations at least once in three years:

Provided that if the Authority is of the opinion that it is necessary or expedient to make, or amend, any regulations urgently in public interest, or where the subject matter of the regulations relates solely to the internal functioning of the Authority, it may, for reasons to be recorded in writing for doing so, make or amend such regulations without following the procedure specified in clauses (a).”.

Amendment of section 134.

42. In section 134 of the principal Act, in sub-section (3),—

(i) after clause (f), the following clause shall be inserted, namely:—

“(fa) explanations or comments by the Board on every observation or comment of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company under clause (f) of sub-section (3) of section 143 and any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith under clause (h) of the said sub-section in such form, as may be prescribed.”;

(ii) after clause (p), the following clause shall be inserted, namely:—

“(pa) composition of the Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, a statement along with the reasons therefor;”.

Amendment of section 135.

43. In section 135 of the principal Act,—

(a) in sub-section (1), for the words “five crore”, the words “ten crore, or such sum as may be prescribed” shall be substituted;

(b) in sub-section (6),—

(i) for the words, brackets and figure “amount remaining unspent under sub-section (5)”, the words, brackets and figure “unspent amount under sub-section (5)” shall be substituted;

(ii) for the words, “company within a period of thirty days”, the words “company within a period of ninety days” shall be substituted;

(c) in sub-section (9), for the words “fifty lakh rupees”, the words “one crore rupees or such higher amount as may be prescribed” shall be substituted;

(d) after sub-section (9), the following sub-section shall be inserted, namely:—

“(10) Such class or classes of companies which fulfil such conditions, as may be prescribed, shall not be required to comply with the provisions of this section.”.

44. In section 139 of the principal Act, after sub-section (11), the following sub-section shall be inserted, namely:—

Amendment of section 139.

“(12) Such class or classes of companies which fulfil such conditions as may be prescribed shall not be required to appoint auditors under this Chapter.”.

45. In section 141 of the principal Act, in sub-section (1), after the proviso, the following proviso shall be inserted, namely:—

Amendment of section 141.

“Provided further that every partner of the firm shall be a person who has been registered with a statutory institute or body established under a law in India having powers of such registration.”.

46. In section 144 of the principal Act, in the proviso, for the words “Provided that”, the following shall be substituted, namely:—

Amendment of section 144.

“Provided that an auditor or audit firm of such class or classes of companies, as may be prescribed, shall not provide, directly or indirectly, any non-audit services to the company or its holding company or subsidiary:

Provided further that the restriction under this section shall also apply for a period of three years after the auditor or audit firm has completed his or its term under sub-section (2) of section 139:

Provided also that”.

47. In section 147 of the principal Act,—

Amendment of section 147.

(a) in sub-section (1), the following proviso shall be inserted, namely:—

“Provided that in case of contravention of the provisions of sub-sections (1), (5) to (8) and (11) of section 139, sub-section (4) of section 140, sub-section (4) of section 141, sub-sections (1) and (2) of section 142 and section 146, the company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day, after the first during which such failure continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of two hundred rupees for each day, after the first during which such failure continues, subject to a maximum of one lakh rupees.”;

(b) in sub-section (2), for the words and figures “section 139, section 144 or section 145”, the words, figures and brackets “section 139, section 143 [other than sub-section (12)], section 144, section 145 or section 146” shall be substituted.

Amendment of
section 148.

48. In section 148 of the principal Act,—

(a) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) The Central Government may provide for such standards, as may be prescribed, of cost accounting or any addendum thereto, after examination of recommendations of the Institute of Cost Accountants of India, constituted under the Cost Accountants Act, 1959.”;

23 of 1959.

(b) in sub-section (3),—

(i) in the proviso, for the words “Provided that”, the following shall be substituted, namely:—

“Provided that a firm whereof majority of partners practising in India who are qualified for appointment, may be appointed by its firm name to be the cost auditor of a company:

Provided further that every partner of the firm shall be a person who is registered with a statutory institute or body established under a law in India, having powers of such registration:

Provided also that”;

(ii) in the second proviso, for the words “Provided further”, the words “Provided also” shall be substituted;

(iii) in the *Explanation*, for the words “the Cost and Works Accountants”, the words “the Cost Accountants” shall be substituted;

(c) for sub-section (8), the following sub-sections shall be substituted, namely:—

“(8) If the managing director, the whole-time director in charge of finance, the Chief Financial Officer or any other person of a company charged by the Board with duty of complying with the provisions of sub-section (1), contravenes such provisions, such managing director, whole-time director in charge of finance, Chief Financial Officer or such other person of the company, shall be liable to a penalty of five lakh rupees in case of a listed company and fifty thousand rupees in case of any other company.

(9) If any default is made in complying with the provisions of sub-section (3) relating to appointment of Cost Accountant by the Board on such remuneration as may be determined by the members, or sub-section (6) or sub-section (7), the company shall be liable to a penalty of ten thousand rupees and in case of continuing default, with a further penalty of one hundred rupees for each day during which such failure continues, subject to a maximum of two lakh rupees and every officer of the company who is in default shall be liable to a penalty of ten thousand rupees and in case of continuing default, with a further penalty of one hundred rupees for each day, after the first during which such default continues, subject to a maximum of fifty thousand rupees.

(10) If any default is made in complying with provisions of this section, other than those referred to in sub-sections (8) and (9),—

(a) the company and every officer of the company who is in default shall be punishable in the manner as provided in sub-section (1) of section 147; and

(b) the cost auditor of the company who is in default shall be punishable in the manner as provided in sub-sections (2) to (4) of the said section.”.

49. In section 149 of the principal Act,—

Amendment of section 149.

(i) in sub-section (6), in clause (e),—

(a) in sub-clause (i), after the words “preceding the financial year”, the words “or during the current financial year” shall be inserted;

(b) in sub-clause (ii),—

(i) in the opening portion, after the words “preceding the financial year”, the words “or during the current financial year” shall be inserted;

(ii) in item (A), for the words “company secretaries in practice”, the words “secretarial auditors” shall be substituted;

(iii) in item (B), for the words “amounting to ten per cent. or more”, the words “amounting to ten per cent. or such lower per cent., as may be prescribed” shall be substituted;

(ii) after sub-section (6), the following sub-section shall be inserted, namely:—

“(6A) Every independent director shall ensure that he continues to fulfil the requirements specified under sub-section (6) during the term of his appointment.”;

(iii) in sub-section (11),—

(a) in the proviso, after the word “company”, the words “or its holding, subsidiary or associate company” shall be inserted;

(b) after the proviso, the following proviso shall be inserted, namely:—

“Provided further that where the provisions of item (B) of sub-clause (ii) of clause (e) of sub-section (6) apply to an independent director, he may continue as an employee or proprietor or partner of the legal or consulting firm, in case the transaction of such legal or consulting firm with the company, its holding or subsidiary or associate company is less than ten per cent. or the lower per cent. referred to in the said item, of the gross turnover of such firm.”;

(c) the *Explanation* shall be numbered as *Explanation 1* thereof and after *Explanation 1* as so numbered, the following *Explanation* shall be inserted, namely:—

“*Explanation 2.*—For the purposes of sub-sections (10) and (11), any period during which an independent director has served as an additional director of the company, shall be included in his tenure as an independent director.”.

50. In section 152 of the principal Act, in sub-section (3),—

Amendment of section 152.

(a) after the words “shall be appointed”, the words “or shall continue to function” shall be inserted;

(b) after the word and figures “section 153”, the words “and the said Director Identification Number or the other number is not deactivated or cancelled” shall be inserted.

Amendment of
section 154.

51. Section 154 of the principal Act shall be numbered as sub-section (1) thereof and after sub-section (1) as so numbered, the following sub-sections shall be inserted, namely:—

“(2) A person who has been allotted Director Identification Number under sub-section (1) shall submit such information towards verification of his particulars to the Central Government or an officer authorised by that Government in this behalf at such intervals and in such manner, as may be prescribed.

(3) Where—

(a) the person referred to in sub-section (2) does not comply 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 in this behalf.

(4) Where the Director Identification Number allotted to a director is deactivated, he shall not function as a director till it gets reactivated.

(5) In case the Director Identification Number allotted to a director is cancelled, the office of such a director shall become vacant.

(6) A person may surrender the Director Identification Number allotted to him in such manner as may be prescribed.

(7) Where a Director Identification Number has been deactivated or cancelled or surrendered under sub-section (3) or sub-section (6), it may be reactivated or restored on fulfilment of such conditions and on payment of such fees and in such manner, as may be prescribed.”.

Amendment of
section 159.

52. In section 159 of the principal Act,—

(a) for the words “which may extend to”, the word “of” shall be substituted;

(b) after the words “default continues”, the words “subject to a maximum of five lakh rupees” shall be inserted.

Amendment of
section 161.

53. In section 161 of the principal Act,—

(a) in sub-section (1), for the words “, other than a person who fails to get appointed as a director in a general meeting, as an additional director at any time who shall hold office up to the date of the next annual general meeting or the last date on which the annual general meeting should have been held, whichever is earlier”, the words “as an additional director at any time who shall hold office up to the date of the next general meeting or up to a period of three months from the date of his appointment, whichever is earlier” shall be substituted;

(b) in sub-section (4), for the words “filled by the Board of Directors at a meeting of the Board which shall be subsequently approved by members in the immediate next general meeting”, the words “appointed by the Board of Directors at a meeting of the Board and the person so appointed shall hold office up to the date of the next general meeting or up to a period of three months from the date of his appointment, whichever is earlier” shall be substituted;

(c) after sub-section (4), the following sub-section shall be inserted, namely:—

“(5) Notwithstanding anything contained in sub-sections (1) to (4), a person whose appointment as a director could not be considered or could not be approved in a general meeting, shall not be appointed by the Board as an additional director, or alternate director or a director against a casual vacancy under this section without the prior approval of its members.”.

54. In section 164 of the principal Act,—

Amendment of section 164.

(a) in sub-section (1),—

(i) in clause (g),—

(A) for the words “dealing with related party transactions”, the words “or subjected to penalty for default” shall be substituted;

(B) the word “or” occurring at the end shall be omitted;

(ii) in clause (h), for the word and figures “section 152.”, the word and figures “section 152;” shall be substituted;

(iii) after clause (i), the following shall be inserted, namely:—

“(j) he has been an auditor or a secretarial auditor or a cost auditor or a registered valuer or an insolvency professional of the company or its holding, subsidiary or associate company discharging the functions as such under this Act or under the Insolvency and Bankruptcy Code, 2016 during the immediately preceding three financial years or during the current financial year.

Explanation.—For the purposes of this clause, where the audit or secretarial audit or cost audit of a company is conducted, or valuation services or insolvency professional services are provided, by a partnership firm or a limited liability partnership, such partner or partners of the partnership firm or a limited liability partnership, as the case may be, who conducted the audit or provided the valuation services or insolvency professional services, as the case may be, shall not be eligible for appointment as a director under this sub-section; or

(k) he has not been assessed by the Board to be a fit and proper person in accordance with such criteria, as may be prescribed:

Provided that different criteria for fit and proper person may be prescribed for different class or classes of companies.”;

(b) in sub-section (2),—

(i) in clause (a), for the words “three financial years”, the words “two financial years” shall be substituted;

(ii) in the longline, after the words “fails to do so”, the words, brackets and figures “and office of director shall become vacant as per the provisions of sub-section (1) of section 167” shall be inserted.

55. In section 165 of the principal Act, in sub-section (1),—

Amendment of section 165.

(a) after the proviso, the following proviso shall be inserted, namely:—

“Provided further that the Central Government may, by notification, specify a lower number under this sub-section for a class or classes of companies or a class or classes of directors.”;

(b) in *Explanation II*, for the words “of twenty companies”, the words “under this section” shall be substituted.

Amendment of section 166.

56. In section 166 of the principal Act,—

(a) in sub-section (7),—

(i) for the words “provisions of this section”, the words, brackets and figure “provisions of sub-section (5),” shall be substituted;

(ii) after the words “five lakh rupees”, the words, brackets and figure “and the court may also order such director to pay the amount of undue gains referred to in sub-section (5) to the company” shall be inserted;

(b) after sub-section (7), the following sub-section shall be inserted, namely:—

“(8) If a director of the company makes default in complying with the provisions of this section [except sub-section (5)], he shall,—

(i) in case of a listed company, be liable to a penalty of five lakh rupees; and

(ii) in case of any other company, be liable to a penalty of two lakh rupees.”.

Amendment of section 167.

57. In section 167 of the principal Act,—

(a) in sub-section (1), in clause (a), for the proviso, the following shall be substituted, namely:—

“Provided that where he incurs disqualification under sub-section (2) of section 164, the office of the director shall become vacant in every company, where he is a director (including the company which is in default under that sub-section), after six months from the date of incurring such disqualification or upon expiry of his tenure in such company, whichever is earlier.

Explanation.—For the purposes of this clause, the date of incurring the disqualification shall be the date on which the company fails to comply with the provisions of clause (a) or clause (b) of sub-section (2) of section 164.”;

(b) in sub-section (2), for the words “he shall be punishable with fine which shall not be less than one lakh rupees but which may extend to five lakh rupees”, the following shall be substituted, namely:—

“or that his Director Identification Number has been deactivated or cancelled, he shall,—

(i) in case of listed company, be liable to a penalty of five lakh rupees; and

(ii) in case of any other company, be liable to a penalty of two lakh rupees.”.

Amendment of section 173.

58. In section 173 of the principal Act, in sub-section (5), for the words “each half of a calendar year and the gap between the two meetings is not less than ninety days”, the words “a calendar year” shall be substituted.

Amendment of section 184.

59. In section 184 of the principal Act, in sub-section (1), the words “at the first meeting of the Board in every financial year or” shall be omitted.

Amendment of section 185.

60. In section 185 of the principal Act, in sub-section (1), in clause (b), after the words “any firm”, the words “or limited liability partnership” shall be inserted.

61. In section 186 of the principal Act,—

Amendment of section 186.

(a) in sub-section (13), after the words “the provisions of this section”, the brackets, words and figures “[except sub-sections (9) and (10)]” shall be inserted;

(b) after sub-section (13), the following sub-section shall be inserted, namely:—

“(14) If a company contravenes the provisions of sub-section (9) or sub-section (10), the company shall be liable to a penalty of one lakh rupees and in case of continuing contravention, with a further penalty of five hundred rupees for each day, after the first during which such contravention continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing default, with a further penalty of two hundred rupees for each day, after the first during which such default continues, subject to a maximum of one lakh rupees.”.

62. In section 189 of the principal Act, after sub-section (5), the following sub-section shall be inserted, namely:—

Amendment of section 189.

“(5A) Every company which fails to comply with the provisions of this section and the rules made thereunder shall be liable to a penalty of two lakh rupees.”.

63. After section 203 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 203A.

“203A. (1) A whole-time key managerial personnel of a company, who is not a director, may resign from his office by giving a notice in writing to the company, and the Board shall, on receipt of such notice, take note of the same and shall intimate the Registrar of such resignation in such form and manner and within such time, as may be prescribed:

Resignation of a whole-time key managerial personnel, who is not a director.

Provided that where the company fails to intimate the Registrar under this sub-section within such time the said key managerial personnel may forward a copy of his resignation along with detailed reasons for his resignation to the Registrar in such manner, as may be prescribed.

(2) The resignation of a key managerial personnel under sub-section (1) shall take effect from the date on which the notice is received by the company or the date, if any, specified by such key managerial personnel in the notice, whichever is later:

Provided that such key managerial personnel who has resigned shall be liable even after his resignation for the default for which he was liable during his tenure.”.

64. In section 204 of the principal Act,—

Amendment of section 204.

(a) in sub-section (1), for the words “company secretary in practice”, the words “secretarial auditor” shall be substituted;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) A person shall be eligible for appointment as a secretarial auditor of a company only if he is a company secretary in practice:

Provided that a firm, whereof majority of partners practising in India who are qualified for appointment, may be appointed by its firm name to be the secretarial auditor of a company:

Provided further that every partner of the firm shall be a person who has been registered with a statutory institute or body established under a law in India having powers of such registration.”;

(c) in sub-sections (2) to (4), for the words “company secretary in practice”, wherever they occur, the words “secretarial auditor” shall be substituted.

Amendment of section 206.

65. In section 206 of the principal Act, for sub-section (7), the following sub-section shall be substituted, namely:—

“(7) If a company fails to furnish any information or explanation or produce any document required under this section, the company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day, after the first during which such failure continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of two hundred rupees for each day, after the first during which such failure continues, subject to a maximum of one lakh rupees.”.

Amendment of section 222.

66. In section 222 of the principal Act,—

(a) in sub-section (1), for the brackets, figure and word “(1) Where”, the word “Where” shall be substituted;

(b) sub-section (2) shall be omitted.

Amendment of section 230.

67. In section 230 of the principal Act,—

(a) in sub-section (1),—

(i) the words and figures “or under the Insolvency and Bankruptcy Code, 2016, as the case may be,” shall be omitted;

(ii) before the *Explanation*, the following provisos shall be inserted, namely:—

“Provided that on and from the commencement of the Corporate Laws (Amendment) Act, 2026, every application to be made under this section or sections 231 to 233 to the Tribunal, shall be made to the Tribunal having jurisdiction over the transferee company or the resultant company, as the case may be, and such Tribunal shall exercise all the powers of the Tribunal referred to in such sections for all the companies involved in the schemes of compromise or arrangement or amalgamations:

Provided further that any application pending before the Tribunal as on the date of commencement of the Corporate Laws (Amendment) Act, 2026, shall continue to be dealt with by the Tribunal in accordance with the provisions applicable before such commencement.”;

(b) in sub-section (6), the words and figures “or under the Insolvency and Bankruptcy Code, 2016, as the case may be” shall be omitted.

Amendment of section 232.

68. In section 232 of the principal Act, in sub-section (3), in clause (b), in the proviso, after the words “or extinguished” occurring at the end, the words “on the merger or amalgamation” shall be inserted.

Amendment of section 233.

69. In section 233 of the principal Act,—

(a) in sub-section (1),—

(i) for clause (b), the following clause shall be substituted, namely:—

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“(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 cent. of the value in shares held by such members present and voting;”;

(ii) in clause (d), for the word “nine-tenths”, the words “at least three-fourths” shall be substituted;

(b) in sub-section (2), the following proviso shall be inserted, namely:—

“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.”;

(c) in sub-section (13), after the words “of companies”, the words “on such terms and conditions and” shall be inserted.

70. After section 233 of the principal Act, the following section shall be inserted, namely:—

“233A. (1) Where a transferee company, as a result of a compromise or an arrangement which has taken place prior to the commencement of the Companies Act, 2013, has held any shares in its own name or in the name of any trust (whether on its behalf or on behalf of any of its subsidiary or associate companies), such shares shall, within a period not exceeding three years from the date of commencement of the Corporate Laws (Amendment) Act, 2026, be dealt with or disposed of in such manner, as may be prescribed.

(2) Notwithstanding anything contained in this Act, if a company fails to deal with or dispose of the shares referred to in sub-section (1), such shares shall be cancelled and extinguished by the company in such manner, as may be prescribed, and such cancellation and extinguishment shall be deemed to be a reduction of the share capital of the company.

(3) If the company fails to comply with the provisions of sub-section (2), the company and every officer of the company who is in default, shall be liable to a penalty of ten thousand rupees for every day during which the default continues.”.

71. In section 242 of the principal Act, sub-section (8) shall be omitted.

72. In section 245 of the principal Act, in sub-section (1), for the word, brackets and figure “sub-section (2)”, the word, brackets and figure “sub-section (3)” shall be substituted.

73. In section 247 of the principal Act,—

(a) in sub-section (1), for the words “it shall be valued by a person having such qualifications and experience, registered as a valuer and being a member of an organisation recognised, in such manner, on such terms and conditions as may be prescribed and appointed by the audit committee or in its absence by the Board of Directors of that company”, the following shall be substituted, namely:—

“it shall be valued by a person, who—

(a) has such qualifications and experience as may be specified by regulations by the Valuation Authority;

(b) is a member of a recognised valuers’ organisation; and

(c) holds a valid certificate of registration as a valuer.”;

(b) after sub-section (1), the following sub-sections shall be inserted, namely:—

Insertion of new section 233A.

Treatment of certain shares held in a name of a company or trust.

Amendment of section 242.

Amendment of section 245.

Amendment of section 247.

“(1A) The Insolvency and Bankruptcy Board of India established under section 188 of the Insolvency and Bankruptcy Code, 2016 shall be the Valuation Authority for the purposes of this section.

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(1B) The Valuation Authority shall—

(a) grant or renew certificate of recognition to valuers' organisations subject to such terms and conditions as may be specified by regulations by the Valuation Authority;

(b) grant or renew certificate of registration to valuers subject to such terms and conditions as may be specified by regulations by the Valuation Authority;

(c) make recommendations to the Central Government on the formulation and laying down of the valuation standards and policies;

(d) monitor and enforce the compliance with valuation standards and policies in such manner, as may be specified by regulations by the Valuation Authority;

(e) oversee the affairs and quality of service of the recognised valuers' organisations and registered valuers referred to in sub-section (1);

(f) perform such other functions relating to clauses (a) to (e), as may be prescribed.

(1C) A valuation under this Act shall be undertaken only by a registered valuer who shall be appointed by the audit committee or in its absence, by the Board of Directors of that company, and in other cases, by such person, as may be prescribed.”;

(c) in sub-section (2),—

(i) for the words, brackets and figure “The valuer appointed under sub-section (1)”, the words, brackets, figure and letter “The registered valuer appointed under sub-section (1C)” shall be substituted;

(ii) in clause (c), for the words “in accordance with such rules as may be prescribed”, the words “in accordance with such valuation standards and policies, as may be prescribed and in such manner as may be specified by the Valuation Authority” shall be substituted;

(d) for sub-section (3), the following sub-sections shall be substituted, namely:—

“(3) If a recognised valuers' organisation contravenes the provisions of this section or rules or regulations made thereunder, the Valuation Authority may suspend or cancel its certificate, for a minimum period of six months or such higher period not exceeding ten years, in such manner as may be specified by regulations made by the Valuation Authority, or impose a penalty of up to one crore rupees, or both;

(3A) If a registered valuer contravenes the provisions of this section or the rules or regulations made thereunder, the Valuation Authority may suspend or cancel the certificate of registration, for a minimum period of six months or such higher period not exceeding ten years in such manner as may be specified by regulations made by the Valuation Authority, or impose a penalty of up to ten lakh rupees, or both.

(3B) Any person aggrieved by an order of the Valuation Authority under sub-section (3) or (3A), may prefer an appeal before the Appellate Tribunal within a period of forty-five days from the date of receipt of such order by him, in such manner and on payment of such fees, as may be prescribed.

(3C) A registered valuer, who has contravened the provisions of this section or rules or regulations made thereunder with the intention to defraud any person, shall be punishable with imprisonment for a term which may extend to one year and with fine which shall not be less than fifty thousand rupees, but which may extend to twenty-five lakh rupees or eight times the remuneration of valuer, whichever is less.

(3D) A recognised valuers' organisation which has contravened the provisions of this section or the rules or regulations made thereunder with the intention to defraud any person, shall be punishable with fine which shall not be less than ten lakh rupees, but which may extend to one crore rupees and every officer of the organisation who is in default shall be punishable with imprisonment for a term which may extend to one year and with fine which shall not be less than fifty thousand rupees, but which may extend to twenty-five lakh rupees.

(3E) Notwithstanding anything to the contrary contained in section 439, no court shall take cognizance of any offence under sub-section (3C) or sub-section (3D), which is alleged to have been committed by any recognised valuers' organisation or any registered valuer, except on a complaint in writing by an officer authorised in this behalf by the Valuation Authority or by the Central Government.”;

(e) in sub-section (4), in the opening portion, for the words, brackets and figure “under sub-section (3)”, the words, brackets, figure and letter “under sub-section (3C)” shall be substituted;

(f) after sub-section (4), the following shall be inserted, namely:—

‘(5) The Valuation Authority shall make recommendations to the Central Government on the formulation and laying down of valuation policies and standards for adoption by companies or class of companies or such entities or class of entities, as may be prescribed.

(6) After examination of the recommendations of the Valuation Authority, as may be prescribed, the Central Government may provide such valuation standards or valuation policies or any addendum thereto.

(7) Without prejudice to the provisions of this Act, the Valuation Authority shall, in exercise of its powers or the performance of its functions under this Act, be bound by such directions on questions of policy, as the Central Government may give in writing to it from time to time:

Provided that the Valuation Authority shall, except for reasons to be recorded in writing, be given an opportunity to express its views before any direction is given under this section:

Provided further that the decision of the Central Government, on whether a question is one of policy or not, shall be final.

(8) The Valuation Authority may, by a notification, delegate to any member, officer or any other person, subject to such conditions, if any, as may be specified in the notification, such of its powers and functions under this section as it deems necessary.

(9) The Valuation Authority may, by notification, make regulations consistent with this Act and rules made thereunder, for carrying out its functions under this section and for matters incidental or connected thereto.

(10) In particular, and without prejudice to the generality of the foregoing powers, such regulations may provide for all or any of the following matters, namely:—

(a) qualifications and experience of valuers who may be registered under sub-section (1);

(b) the terms and conditions under which an organisation may be recognised under sub-section (1B);

(c) the terms and conditions under which the valuers may be registered under sub-section (1B);

(d) the manner in which the valuation shall be made by the valuers under clause (c) of sub-section (2);

(e) inspection and investigation of affairs of the organisations which are recognised and registered valuers under clause (e) of sub-section (1B);

(f) manner of suspension or cancellation of certificate of registration of the valuer or certificate of recognition of the organisation, as the case may be, and imposition of penalty by the Valuation Authority under sub-section (3) or (3A);

(g) manner of delegation of powers by the Valuation Authority to its members or officers under sub-section (8);

(h) for any other matter for carrying out the provisions of this section.

(11) Every regulation made under this section shall be laid, as soon as may be after it is made, before each House of Parliament, while it is in session, for a total period of thirty days which may be comprised in one session or in two or more successive sessions, and if, before the expiry of the session immediately following the session or the successive sessions aforesaid, both Houses agree in making any modification in the regulation, or both Houses agree that the regulation should not be made, the regulation shall thereafter have effect only in such modified form or be of no effect, as the case may be; so, however, that any such modification or annulment shall be without prejudice to the validity of anything previously done under that regulation.

Explanation.—For the purposes of this section, the expression “recognised valuers’ organisation” means an organisation which has been recognised under clause (a) of sub-section (1B).’.

Amendment of
section 248.

74. In section 248 of the principal Act,—

(a) in sub-section (1),—

(i) in clause (c),—

(A) after the words “preceding financial years”, the words “and in the current financial year, or has not made any significant accounting transaction during the preceding two financial years and in the current financial year, or has not filed financial statements or annual returns that were due to be filed for two consecutive financial years preceding the previous financial year” shall be inserted;

(B) after the words and figures “section 455; or”, the following shall be inserted, namely:—

Illustration.

Where, during examination in the month of June, 2025, it was found that a company had not filed the financial statements, or had not filed the annual returns, for the financial years 2022-23 and 2023-24, then a company would be covered under this clause.

Explanation.—For the purposes of this clause, the expression “significant accounting transaction” shall have the meaning assigned to it in clause (ii) of the *Explanation* to sub-section (1) of section 455.;

(b) in sub-section (2),—

(i) after the words “extinguishing all its liabilities”, the words “in such manner as may be prescribed,” shall be inserted;

(ii) the words, brackets and figure “on all or any of the grounds specified in sub-section (1)” shall be omitted;

(c) in sub-section (5),—

(i) after the words “mentioned in the notice”, the words, brackets and figure “published under sub-section (4)” shall be inserted;

(ii) after the words “is shown by the company”, the words “or by any other person” shall be inserted;

(d) in sub-section (6),—

(i) for the words “before passing an order”, the words “before striking off the name of the company” shall be substituted;

(ii) in the proviso, for the words “date of the order removing the name”, the words “date of striking off the name” shall be substituted.

75. In section 249 of the principal Act, in sub-section (2), for the words “punishable with fine which may extend to one lakh rupees”, the words “liable to a penalty of fifty thousand rupees” shall be substituted.

Amendment of section 249.

76. In section 252 of the principal Act,—

Amendment of section 252.

(a) in the marginal heading, for the word “Tribunal”, the words “Regional Director or Tribunal” shall be substituted;

(b) in sub-section (1),—

(i) for the word “Tribunal” wherever it occurs, the words “Regional Director” shall be substituted;

(ii) for the words “it may order”, the words “the Regional Director may order” shall be substituted;

(c) in sub-section (2), for the word “Tribunal”, the words, brackets and figures “Regional Director under sub-section (1) or the Tribunal under sub-section (3), as the case may be,” shall be substituted.

77. In section 271 of the principal Act,—

Amendment of section 271.

(a) in clause (a), the words “by the Tribunal” shall be omitted;

(b) in clause (c), the words “by notification under this Act” shall be omitted.

78. In section 361 of the principal Act,—

Amendment of section 361.

(a) in sub-section (1),—

(i) for the words “under this Chapter”, the words, brackets, letters and figures “in accordance with the provisions of this Chapter under the circumstances referred to in clauses (a), (b) and (d) of section 271” shall be substituted;

(ii) in clause (i), for the word “and”, the word “or” shall be substituted;

(b) for sub-section (2), the following sub-section shall be substituted, namely:—

“(2) Where an order under sub-section (1) is made, the Central Government shall—

(a) appoint the Official Liquidator as the liquidator of the company; or

(b) appoint an insolvency professional registered under the Insolvency and Bankruptcy Code, 2016, as liquidator of the company to carry out the functions of Official Liquidator under this Part.”;

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(c) in sub-section (5),—

(i) after the words “affairs of the company”, the words “by the Official Liquidator or any officer not below the rank of Assistant Director as may be authorised by the Central Government in this behalf” shall be inserted;

(ii) for the words “as may be specified”, the words “as it may direct” shall be substituted;

(d) in sub-section (6), for the words “under the provision”, the words “continued under the provision” shall be substituted;

(e) after sub-section (6), the following *Explanation* shall be inserted, namely:—

Explanation.—For the purposes of sections 361 to 365, the term “Official Liquidator” shall include an insolvency professional registered under the Insolvency and Bankruptcy Code, 2016 who has been appointed under sub-section (2).’.

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Amendment of section 365.

79. In section 365 of the principal Act, in sub-section (3), for the word “notification”, the words “notice in the Official Gazette” shall be substituted.

Insertion of new section 365A.

80. After section 365 of the principal Act, the following section shall be inserted, namely:—

Appeal under this Part.

“365A. Any person aggrieved by an order of the Central Government under this Part, may prefer an appeal within a period of forty-five days from the date of receipt of such order by him, before the Appellate Tribunal in such manner and on payment of such fee, as may be prescribed.”.

Amendment of section 366.

81. In section 366 of the principal Act, in sub-section (1), after the words “co-operative society, society”, the words “, any non-trading company” shall be inserted.

Amendment of section 374.

82. In section 374 of the principal Act, in clause (c),—

(a) for the words “an affidavit, duly notarised”, the words “a declaration, in such form as may be prescribed” shall be substituted;

(b) after the words “co-operative society, society”, the words “, any non-trading company” shall be inserted.

Amendment of section 378P.

83. In section 378P of the principal Act,—

(a) sub-section (2) shall be omitted;

(b) for sub-section (5), the following sub-section shall be substituted, namely:—

“(5) The directors of the Board shall be elected or appointed by the Members in the general meetings.”

84. In section 378Q of the principal Act, in sub-section (1), in clause (b), for the words “ninety days”, the words “one hundred and eighty days” shall be substituted.

Amendment of section 378Q.

85. In section 378Y of the principal Act, after the words “total membership”, the words “or one hundred members, whichever is less,” shall be inserted.

Amendment of section 378Y.

86. In section 378ZA of the principal Act,—

Amendment of section 378ZA.

(a) in sub-section (1), in the proviso, for the words “Provided that”, the following shall be substituted, namely:—

“Provided that in case of the first annual general meeting, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case, within a period of six months, from the date of closing of the financial year:

Provided further that if a company holds such first annual general meeting, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation:

Provided also that”;

(b) sub-section (2) shall be omitted;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) The Members shall adopt the articles of the Producer Company referred to in clause (b) of sub-section (1) of section 378G and appoint directors of its Board in the first annual general meeting.”;

(d) in sub-section (9), for the words “members of the Producer Company shall”, the words “members or one hundred members of the Producer Company, whichever is less, shall” shall be substituted.

87. For section 378ZF of the principal Act, the following section shall be substituted, namely:—

Amendment of section 378ZF.

“378ZF. (1) Every Producer Company having an average annual turnover exceeding five crore rupees or such other amount, as may be prescribed, in each of the three consecutive financial years, shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board, to conduct internal audit of the functions and activities of the Producer Company.

(2) The manner and the intervals in which the internal audit shall be conducted and reported to the Board, shall be such as may be prescribed.”

88. In section 378ZM of the principal Act,—

Amendment of section 378ZM.

(a) in sub-section (1), for the words “punishable with fine which may extend to ten thousand rupees for every day during which such name has been used by him”, the words “liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day, after the first during which such failure continues, subject to a maximum of five lakh rupees” shall be substituted;

(b) in sub-section (2), for the words “imprisonment for a term which may extend to six months and with fine equivalent to five per cent. of the turnover of that Company during the preceding financial year”, the words “a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of two hundred rupees for each day, after the first during which such failure continues, subject to a maximum of five lakh rupees” shall be substituted;

(c) for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) If a director or officer of a Producer Company—

(a) fails to hand over the custody of books of account and other documents or property in his custody to the Producer Company of which he is a director or officer; or

(b) fails to convene annual general meeting or other general meetings,

he shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of two hundred rupees for each day, after the first during which such failure continues, subject to a maximum of one lakh rupees.”.

Amendment of section 378ZS.

89. In section 378ZS of the principal Act, for sub-section (6), the following sub-section shall be substituted, namely:—

“(6) If default is made in complying with sub-section (4), the company and every officer of the company, who is in default, shall be liable to a penalty of one hundred rupees, for each copy in respect of which default is made.”.

Amendment of section 392.

90. In section 392 of the principal Act, for the portion beginning with “shall be punishable with fine” and ending with “may extend to five lakh rupees”, the words “shall be liable to a penalty of one lakh rupees and in case of continuing contravention, with a further penalty of five hundred rupees for each day, after the first during which such contravention continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing contravention, with a further penalty of two hundred rupees for each day, after the first during which such failure continues, subject to a maximum of two lakh rupees” shall be substituted.

Amendment of section 396.

91. In section 396 of the principal Act,—

(a) in the marginal heading, for the word “offices”, the words “and other offices” shall be substituted;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) The Central Government may appoint such number of Regional Directors, Additional Regional Directors or Joint Regional Directors or Deputy Regional Directors as it considers necessary for discharge of various functions under this Act, and the powers and duties that may be exercisable by such officers shall be such as may be prescribed.”;

(c) in sub-section (2), after the words “Assistant Registrars”, the words “or such other officers” shall be inserted;

(d) after sub-section (2), the following sub-section shall be inserted, namely:—

“(2A) The Central Government may authorise one or more officers not below the rank of Assistant Director or Assistant Registrar of that Government to exercise such powers and duties of the Regional Director or the Registrar and to discharge such functions under this Act as it may specify, by notification.”.

- 92.** After section 396 of the principal Act, the following section shall be inserted, namely:—
- Insertion of new section 396A.
- “396A. Any person aggrieved by the decision of the Registrar under section 4 or section 7, may prefer an appeal to an officer not below the rank of the Joint Director as may be authorised by the Central Government, in such form and manner, and within such period as may be prescribed.”.
- Grievance mechanism against decision of Registrar under section 7.
- 93.** In section 403 of the principal Act, in sub-section (1),—
- Amendment of section 403.
- (a) in the first proviso, for the words “shall not be less than one hundred rupees per day”, the words “shall not be less than such amount per day as may be prescribed” shall be substituted;
- (b) in the second proviso, for the words “Provided further”, the following shall be substituted, namely:—
- “Provided further that the amount of additional fees shall not exceed two lakh rupees for such class or classes of companies, as may be prescribed:
- Provided also”.
- 94.** In section 410 of the principal Act, in clause (a), after the words “National Financial Reporting Authority”, the words “or of the Valuation Authority” shall be inserted.
- Amendment of section 410.
- 95.** In section 418A of the principal Act, after sub-section (2), the following sub-section shall be inserted, namely:—
- Amendment of section 418A.
- “(3) If the Members of a Bench of the Appellate Tribunal differ in opinion on any point or points, it shall be decided according to the majority, if there is a majority, but if the Members are equally divided, they shall state the point or points on which they differ, and the case shall be referred by the Chairperson for hearing on such point or points by one or more of the other Members of the Appellate Tribunal and such point or points shall be decided according to the opinion of the majority of Members who have heard the case, including those who first heard it.”.
- 96.** In section 419 of the principal Act,—
- Amendment of section 419.
- (a) in sub-section (4), for the words and figures “Part II of”, the words “any of the provisions of” shall be substituted;
- (b) after sub-section (4), the following sub-section shall be inserted, namely:—
- “(4A) The President may, if he considers appropriate, constitute, in such manner as may be prescribed, one or more Special Benches of the Tribunal to exercise the powers of the Tribunal for the disposal of any case or cases under this Act, or under the Insolvency and Bankruptcy Code, 2016.”.
- 97.** In section 441 of the principal Act, in sub-section (1), in clause (b), for the words “does not exceed twenty-five lakh rupees”, the words “does not exceed one crore rupees” shall be substituted.
- Amendment of section 441.
- 98.** In section 446B of the principal Act, for the words “liable to a penalty which shall not be more than one-half of the penalty”, the words “liable to a penalty of one-half, or such per cent. not exceeding one-half, as may be prescribed, of the penalty” shall be substituted.
- Amendment of section 446B.

Amendment of section 447.

99. In section 447 of the principal Act,—

(a) for the words “ten lakh rupees”, the words “twenty-five lakh rupees” shall be substituted;

(b) in the second proviso, for the words “fifty lakh rupees”, the words “one crore rupees” shall be substituted.

Amendment of section 453.

100. In section 453 of the principal Act, for the words “punishable with fine which shall not be less than five hundred rupees but may extend to two thousand rupees for every day”, the words “shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day, after the first during which such failure continues, subject to a maximum of five lakh rupees” shall be substituted.

Amendment of section 454.

101. In section 454 of the principal Act,—

(a) in sub-section (1), for the word “Registrar,” the words “Assistant Registrar” shall be substituted;

(b) after sub-section (1), the following sub-section shall be inserted, namely:—

“(1A) A company or its officer who is in default, may make an application in such form and manner and on payment of such fees, as may be prescribed under this section for adjudication of penalty.”;

(c) in sub-section (5),—

(i) after the words “Regional Director having jurisdiction in the matter”, the words “or to such Appellate Authority, as the Central Government may, by notification, specify” shall be inserted;

(ii) the following proviso shall be inserted, namely:—

“Provided that the Appellate Authority shall not be below the rank of Joint Director.”;

(d) in sub-section (7), after the words “Regional Director”, the words, brackets and figure “or the Appellate Authority referred to in sub-section (5)” shall be inserted;

(e) in sub-section (8),—

(i) in clause (i), after the words “five lakh rupees”, the words “by a Court and the said Court shall also have the power to direct such company to pay the amount of penalty imposed by the said order” shall be inserted;

(ii) in clause (ii), after the words “or with both”, the words “by a Court and the said Court shall also have the power to direct such officer or the other person to pay the amount of penalty imposed by the said order” shall be inserted;

(f) after sub-section (8), the following sub-sections shall be inserted, namely:—

“(9) The penalties realised under this section shall be credited to the Consolidated Fund of India.

(10) On and from the commencement of the Corporate Laws (Amendment) Act, 2026, where a provision in respect of any offence provided in this Act has been amended to provide for adjudication under this section,—

(a) the manner of withdrawal of the complaint; and

(b) the manner of transfer of such matter for adjudication under this section,

in respect of such offence, whether pending in the Court or otherwise, shall be dealt with in accordance with such Scheme as the Central Government may notify in this behalf.”.

102. In section 454A of the principal Act, after the words “Regional Director”, the words, brackets and figures “or the Appellate Authority referred to in sub-section (5) of section 454” shall be inserted.

Amendment of section 454A.

103. After section 454A of the principal Act, the following sections shall be inserted, namely:—

Insertion of new sections 454B, 454C and 454D.

‘454B. (1) If a person fails to pay the penalty imposed under this Act, the Recovery Officer may draw up under his signature a statement (herein referred to as certificate) in the specified form specifying the amount due from the person and shall proceed to recover from such person the amount specified in the certificate by one or more of the following modes, namely:—

Recovery of amounts.

(a) attachment and sale of movable property of such person;

(b) attachment of bank accounts of such person;

(c) attachment and sale of immovable properties of such person;

(d) arrest of that person and his detention in prison;

(e) appointing a receiver for the management of such movable or immovable properties,

and for this purpose, the provisions of sections 220 to 227, 228A, 229, 232, the Second Schedule and Third Schedule to the Income-tax Act, 1961 and the Income-tax (Certificate Proceedings) Rules, 1962, as in force from time to time, in so far as may be, apply with necessary modifications as if the corresponding provisions of the said Act and the rules made thereunder were the provisions of this Act and referred to the amount due under this Act, instead of to income-tax under the Income-tax Act, 1961.

Explanation 1.—For the purposes of this sub-section, the movable or immovable property or monies held in bank accounts of the person, shall include any property or monies held in bank accounts which has been transferred directly or indirectly on or after the date when the amount specified in the certificate had become due, by the person to his spouse or his minor child or son’s wife or son’s minor child, otherwise than for adequate consideration, and which is held by, or stands in the name of, any of his relations aforementioned; and so far as the movable or immovable property or monies held in bank accounts so transferred to his minor child or his son’s minor child is concerned, it shall, even after the date of attainment of majority by such minor child or son’s minor child, as the case may be, continue to be included in the movable or immovable property or monies held in bank accounts of such person for recovering any amount due from him under this Act.

Explanation 2.—Any reference under the provisions of the Second Schedule or the Third Schedule to the Income-tax Act, 1961 and the Income-tax (Certificate Proceedings) Rules, 1962 to the assessee, shall be construed as a reference to the person specified in the certificate. 43 of 1961.

Explanation 3.—Any reference to an appeal under Chapter XVIII and the Second Schedule to the Income-tax Act, 1961, shall be construed as a reference to an appeal before the Appellate Authority under sub-section (5) of section 454 of this Act. 43 of 1961.

Explanation 4.—The interest referred to in section 220 of the Income-tax Act, 1961 shall commence from the date the amount became payable by the person. 43 of 1961.

(2) The Recovery Officer shall have power to seek the assistance of the local district administration while exercising the powers under sub-section (1).

Explanation.—For the purposes of this section, the expression “Recovery Officer” means an officer not below the rank of Assistant Registrar or Assistant Director authorised by the Central Government in this behalf, by general or special order in writing, to exercise the powers of a Recovery Officer.

Settlement.

454C. (1) The contraventions which shall be liable for penalty under this Act may, subject to the provisions of this section, eligible for settlement.

(2) The Central Government may constitute a Specified Authority comprising of an officer or group of officers of the Central Government which may discharge the functions of Specified Authority under this section.

(3) Any person, against whom any proceeding has been initiated for contravention of any provision referred to in sub-section (1), may file an application in writing to the Specified Authority in such form and manner, as may be prescribed.

(4) An application under sub-section (3) may be submitted at any time before the order of penalty is passed.

(5) The Specified Authority may, after taking into consideration the nature, gravity and impact of contraventions, agree to the proposal for settlement, on payment of such sum by the applicant or on such other terms and manner of implementation of settlement and monitoring, as may be prescribed.

(6) If the Specified Authority is of the opinion that the settlement offered is not appropriate in the circumstances, or if the Specified Authority and applicant concerned do not reach an agreement on the terms of the settlement within such time as may be prescribed, it shall by an order reject the application for settlement and the proceedings initiated against the applicant shall be continued.

(7) The settlement proceedings under this section shall be conducted in such manner as may be prescribed.

(8) No appeal shall lie against any order passed by the Specified Authority under this section.

(9) All settlement amounts realised under this Act shall be credited to the Consolidated Fund of India.

Deposit of certain amount before appeal is entertained.

454D. No appeal by a person, who is required to pay any amount in terms of an order of—

- (a) the National Financial Reporting Authority under section 132; or
- (b) the Valuation Authority under section 247; or

(c) the adjudicating officer under section 454,

shall be entertained by the Appellate Tribunal or Regional Director or the Appellate Authority referred to in sub-section (5) of section 454, as the case may be, unless the appellant has deposited ten per cent. of that amount in the manner as directed by the Appellate Tribunal or Regional Director or the Appellate Authority, as the case may be.’

104. In section 455 of the principal Act,—

Amendment of section 455.

(a) in sub-section (1), for the words “or an inactive company may”, the words “or an inactive company shall” shall be substituted;

(b) in the *Explanation* below sub-section (1),—

(i) in clause (i)—

(A) for the words “financial statements and”, the words “financial statements or” shall be substituted;

(B) for the word “last” occurring at both the places, the word “preceding” shall be substituted;

(ii) in clause (ii),—

(A) in sub-clause (c), the word “and” shall be omitted;

(B) in sub-clause (d), for the word “record.”, the words “record; and” shall be substituted;

(C) after sub-clause (d), the following sub-clause shall be inserted, namely:—

“(e) receipt or payment not relatable to the business or operations of the company.”

105. In section 457 of the principal Act, in clause (a), after the word and figures “section 210”, the words and figures “or section 212” shall be inserted.

Amendment of section 457.

106. After section 466 of the principal Act, the following section shall be inserted, namely:—

Insertion of new section 466A.

“466A. The Central Government may issue directions or guidelines or circulars, subject to such conditions, as may be necessary, for the following purposes, namely:—

Central Government to issue directions, guidelines or circulars.

(a) clarifying the meaning or intent of any rule; and

(b) laying down any procedural requirement ancillary to any rule:

Provided that the Central Government shall hold consultation with expert bodies or individuals in such manner, as may be prescribed, before issuing directions or guidelines or circulars, under this section:

Provided further that where the Central Government is of the opinion that it is necessary or expedient in the public interest that certain directions or guidelines or circulars are required to be made urgently for the purposes of effective implementation of the concerned rule, it may issue such directions or guidelines or circulars, without consulting the expert bodies or individuals and record the reasons for doing so in writing.

Explanation.—The directions or guidelines or circulars issued under this section shall be in addition to and not in derogation of any rule made under section 469 and in case of any conflict, the rule shall prevail.”

Amendment of
section 469.

107. In section 469 of the principal Act, for sub-section (3), the following sub-section shall be substituted, namely:—

“(3) Any rule made under sub-section (1) may provide that in case of contravention thereof, the company, every officer of the company who is in default or any other person, shall be liable to a penalty of an amount, as may be prescribed, which shall not be more than five lakh rupees, and in case of continuing default, with a further penalty of such amount, as may be prescribed, which shall not be more than five thousand rupees for every day during which such default continues.”.

STATEMENT OF OBJECTS AND REASONS

The Companies Act, 2013 (the Companies Act) was enacted to consolidate and amend the laws relating to companies. The said Act introduced significant changes related to disclosures to stakeholders, accountability of directors, auditors and key managerial personnel, investor protection and corporate governance. The said Act was earlier amended in 2015, 2017, 2019 and 2020 to decriminalise certain offences, facilitate ease of doing business, rationalise compliance requirements and recognise new concepts.

2. The Limited Liability Partnership Act, 2008 (the LLP Act) was enacted to make provisions for the formation and regulation of limited liability partnerships and for matters connected therewith or incidental thereto. It aims to facilitate doing business in the form of an LLP which has the flexibility of a partnership firm but is constituted in the form of a body corporate structure with limited liability and perpetual succession. The LLP Act was amended in the year 2021 to facilitate ease of doing business and to decriminalise certain offences.

3. In continuation of the Government's constant endeavour to facilitate greater ease of doing business for corporates, the Company Law Committee (CLC) constituted by the Government submitted its last report in March, 2022. On the basis of the said report, consultations made with various stakeholders and the recommendations of the High Level Committee on Non-Financial Regulatory Reforms [HLC-NFRR], it is proposed to amend the Companies Act and the LLP Act. The proposed amendments are broadly aimed at—

(i) promoting further ease of doing business and ease of living for corporates by decriminalising more provisions and amending certain other provisions;

(ii) providing ease of compliance for One Person Companies, small companies, start-up companies and producer companies;

(iii) streamlining existing regulatory practices to strengthen and improve the operational efficiency of the said enactments;

(iv) recognising new concepts in light of rapidly evolving corporate landscape and changing business practices; and

(v) carrying out drafting and clarificatory changes to remove ambiguities.

4. Accordingly, it is proposed to introduce the Corporate Laws (Amendment) Bill, 2026, which, *inter alia*, provides for—

(a) decriminalisation of various procedural defaults under the Companies Act and the LLP Act by replacing criminal provisions with civil penalties;

(b) simplification of procedures relating to mergers and amalgamations through rationalisation of approval thresholds for fast-track mergers and enabling filing of applications before a single bench of the National Company Law Tribunal having jurisdiction over the transferee company;

(c) providing further relaxations for small companies by providing exemption from mandatory Corporate Social Responsibility (CSR), requirements related to auditor appointment for prescribed class of small companies, reduction in additional fees, etc.;

(d) simplification of procedures relating to voluntary strike-off of companies to facilitate quicker and simpler closure or voluntary exit for companies;

(e) relaxations in CSR requirements through revision of eligibility thresholds and enhancing timelines for transfer of unspent amounts to a separate bank account relating to ongoing project and revising eligibility threshold with regard to constitution of CSR committees;

(f) facilitating companies and limited liability partnerships operating in International Financial Services Centres by allowing them to issue and maintain share capital in foreign currency as permitted by the International Financial Services Centres Authority;

(g) enabling companies to hold Annual General Meetings and Extraordinary General Meetings through video conferencing or other audio visual means with requirement for holding at least one Annual General Meeting in physical mode within a specified period;

(h) replacement of certain affidavits required under the Act with self-declarations;

(i) enabling multi-disciplinary partnerships for cost auditors and secretarial auditors in a similar manner as provided for financial auditors;

(j) enhancing monetary thresholds of fines for compounding of offences by Regional Directors so as to reduce the burden on the National Company Law Tribunal;

(k) making third party professional certification at the time of incorporation optional;

(l) flexibility in buy-back of shares for prescribed classes of companies;

(m) rationalisation of provisions relating to producer companies;

(n) easing compliances for Alternative Investment Funds which are formed as limited liability partnerships;

(o) strengthening the role of the National Financial Reporting Authority;

(p) enabling constitution of special benches of the National Company Law Tribunal to hear specific matters under the Companies Act and the Insolvency and Bankruptcy Code, 2016;

(q) enabling conversion of specified non-trading entities registered with State Governments into section 8 companies;

(r) clarification that compromise or arrangement under the Companies Act shall not be allowed, where process of liquidation has commenced under the Insolvency and Bankruptcy Code, 2016;

(s) recognising new forms of instruments linked to the value of share capital for executive compensation;

(t) clarification that a trust shall be registered as a beneficial owner and trustee shall be registered as a member in the register of members of a company; and

(u) further consequential amendments relating thereto.

5. The notes on clauses explain, in detail, the provisions of the Bill.

6. The Bill seeks to achieve the above objectives.

Notes on clauses

Clause 2 of the Bill seeks to amend sub-section (1) of section 2 of the Limited Liability Partnership Act, 2008 (hereinafter referred to as the LLP Act, 2008) by inserting new definitions for the terms “International Financial Services Centre”, “International Financial Services Centres Authority”, “permitted foreign currency” and “Specified International Financial Services Centre LLP” in the LLP Act, 2008.

Clause 3 of the Bill seeks to amend clause (c) and insert new clause (d) in sub-section (1) of section 11 of the LLP Act, 2008 to provide that the requirement of declaration by an advocate, chartered accountant, cost accountant or company secretary in practice during formation or incorporation of an LLP shall be applicable only when the LLP engages such professionals in its formation or incorporation. It further seeks to insert new proviso in clause (c) of sub-section (2) to enable a Specified International Financial Services Centre (Specified IFSC) LLP to undertake financial services activities as permitted under International Financial Services Centres Authority Act, 2019.

Clause 4 of the Bill seeks to insert a new proviso in sub-section (1) of section 13 of the LLP Act, 2008 to provide that a Specified International Financial Services Centre LLP shall have its registered office at all times within an International Financial Services Centre.

Clause 5 of the Bill seeks to insert a new proviso in sub-section (1) of section 15 of the LLP Act, 2008 to require that a Specified International Financial Services Centre LLP shall include the suffix “International Financial Services Centre LLP” as part of its name.

Clause 6 of the Bill seeks to insert a new proviso to sub-section (2) of section 23 of the LLP Act, 2008 so as to provide that in case of prescribed class or classes of LLPs regulated by the Securities and Exchange Board of India (SEBI), or by the International Financial Services Centres Authority (IFSCA), as the case may be, the requirement of filing any changes in the LLP agreement shall be such as may be provided by rules. This amendment is to facilitate setting up of Alternative Investment Funds in LLP form.

Clause 7 of the Bill seeks to insert a new proviso to sub-section (2) of section 25 of the LLP Act, 2008 so as to provide that in case of prescribed class or classes of LLPs regulated by SEBI or by the IFSCA, the requirement to furnish details of changes in partners to the Registrar shall be on annual basis in such form and manner as may be provided by rules. This amendment is to facilitate setting up of Alternative Investment Funds in LLP form.

Clause 8 of the Bill seeks to insert new provisos in sub-section (2) of section 32 of the LLP Act, 2008 to provide that the monetary value of each partner’s contribution in a Specified International Financial Services Centre (IFSC) LLP shall be accounted for and disclosed in a permitted foreign currency. It further provides for the period and manner in which an LLP set up in IFSC prior to Corporate Laws (Amendment) Act, 2026 (CLAA-2026) may convert monetary value of contribution of each partner to permitted foreign currency. It further provides that an LLP referred to in the first proviso shall not be permitted to receive or accept monetary contribution from any partner, without converting its monetary contribution into a permitted foreign currency, after such commencement.

Clause 9 of the Bill seeks to insert a new section 33A in the LLP Act, 2008 to provide that the provisions of section 247 of the Companies Act, 2013 shall *mutatis mutandis* apply for the valuation required in respect of a partner’s contribution in an LLP or of any property or assets or net worth of such limited liability partnership, or its liabilities under the provisions of LLP Act or rules made thereunder.

Clause 10 of the Bill seeks to insert new provisos in sub-section (1) of section 34 of the LLP Act, 2008 to provide that a Specified IFSC LLP maintaining contribution in a permitted foreign currency shall prepare and maintain its books of account, books and papers, financial statements and all other records in the permitted foreign currency. It also provides that such IFSC 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 Authority (IFSCA). It also proposes to decriminalise offences under sub-sections (1) and (2) of the said section.

Clause 11 of the Bill seeks to insert new sub-section (4) in section 38 of the LLP Act, 2008 to provide that any person who, without lawful excuse, fails to comply with any requisition of the Registrar (other than summons) issued under this section shall be liable to penalty of ten thousand rupees. Accordingly, this aspect of offence is being decriminalised.

Clause 12 of the Bill seeks to insert new section 57A in the LLP Act, 2008 to allow conversion of a specified trust into a limited liability partnership in accordance with the provisions of Chapter X and the proposed Fifth Schedule in the said Act. It also seeks to insert an *Explanation* to the new section to clarify that, for the purposes of the section, the term “specified trust” means a trust established under the Indian Trusts Act, 1882 or under a Central Act or State Act, and registered by SEBI or by the IFSCA, having such activities as may be provided by rules. This amendment will facilitate conversion of Alternative Investment Funds formed as trusts into LLPs.

Clause 13 of the Bill seeks to replace section 58 of the LLP Act, 2008 so as to include enabling provisions for the registration and legal effect of conversion of a specified trust into limited liability partnership also, in addition to firm, private company and unlisted public company already allowed in existing section 58. This amendment will facilitate conversion of Alternative Investment Funds formed as trusts into LLPs.

Clause 14 of the Bill seeks to insert two new provisos in sub-section (1) of section 68 of the LLP Act, 2008 to provide that Central Government may require a Specified IFSC LLP to use permitted foreign currency for the purpose of filing, recording, or registering any document under the said section in the manner as may be provided by rules. It also seeks to provide that such IFSC LLP shall pay fees, fines and penalties as provided under the LLP Act or the rules made thereunder in Indian rupees.

Clause 15 of the Bill seeks to insert a new section 68B in the LLP Act, 2008 to provide that any person aggrieved by the decision of the Registrar under section 12 or section 16 of the said Act may prefer an appeal to such officer of the Central Government, in such form and manner and within such period as may be provided by rules.

Clause 16 of the Bill seeks to insert a new sub-section (1A) in section 76A of the LLP Act, 2008 to provide that a LLP or its partner or designated partner may, *suo moto*, make an application for adjudication of penalty in such form and manner and on payment of such fees, as may be provided by rules. It also seeks to insert a new sub-section (10) to provide that from the commencement of the proposed legislation, where a provision in respect of any offence provided in LLP Act has been amended to provide for adjudication under the said section, the manner of withdrawal of the complaint and the manner of transfer of such matter for adjudication under such section, whether pending in the Court or otherwise, shall be dealt with in accordance with such Scheme as may be notified by the Central Government.

Clause 17 of the Bill seeks to insert a new Schedule (Fifth Schedule) to the LLP Act, 2008 referred to in section 57A to specify the conditions which would need to be fulfilled before conversion of a specified trust into a limited liability partnership. The provisions of Fifth Schedule are similar to conditions provided under Second, Third and Fourth Schedules to the Act. This amendment will facilitate conversion of Alternative Investment Funds formed as trusts into LLPs.

Clause 18 of the Bill seeks to make amendment in section 2 of the Companies Act, 2013 (Companies Act) which defines various terms used in the said Act. It seeks to modify clause (28) to substitute reference to the appropriate title of “The Cost Accountants Act, 1959”. It seeks to insert new proviso to clause (41) for empowering the Central Government to allow conversion of the financial year to the period ending on 31st March of the following year, on application by a company or a body corporate, referred to under the first proviso, or on the basis of commercial considerations, by any other company or body corporate, as the case may be. It also seeks to insert definition of “Regional Director” as a new clause (73A) to mean a person appointed by the Central Government under section 396 as Regional Director for the purposes of the Companies Act who shall include an Additional Regional Director or Joint Regional Director, or Deputy Regional Director. It also seeks to insert new clause (74A) to define the term “Registered Valuer” to mean a person who holds a certificate of registration granted under section 247. The clause also seeks to amend sub-clauses (i) and (ii) of clause (85) to expand the definition of small companies by increasing the existing upper limit of paid-up share capital to twenty crore rupees and existing upper limit of turnover to two hundred crore rupees.

Clause 19 of the Bill seeks to amend sub-clause (a) of clause (ii) of sub-section (5) of section 4 of the Companies Act to provide for a fixed penalty amount of fifty thousand rupees where companies default in compliance with such provisions.

Clause 20 of the Bill seeks to amend clause (b) and insert new clause (ba) in sub-section (1) of section 7 of the Companies Act to provide that the requirement of declaration by an advocate, chartered accountant, cost accountant or company secretary in practice during formation or incorporation of a company shall be applicable only when the company engages such professionals in its formation or incorporation.

Clause 21 of the Bill seeks to insert a new section 12A in the Companies Act to provide that the prescribed class or classes of companies shall maintain a website, an email address and other modes of communication in such form and manner as may be provided by rules. It further provides that the details of website, e-mail address and other modes of communication, and the changes therein shall be intimated to the Registrar in such form and within such period as may be provided by rules. The clause is sought to be made applicable to listed companies or other unlisted public companies meeting relevant thresholds to be provided by rules.

Clause 22 of the Bill seeks to insert a proviso after sub-section (2) of section 20 of the Companies Act to provide that service of prescribed class of documents by prescribed class or classes of companies to their members shall take place only through electronic mode in such manner as may be provided by rules. Since electronic communication is cost-effective and convenient mode for dispatching and delivering documents the proposed amendments seeks to allow communication in such form. The manner in which members would be entitled to receive physical copies of the prescribed classes of documents would be provided in the rules. In the second proviso, it is proposed to replace the words “annual general meeting”, with the words “general meeting” to allow determination of fees for delivery of any document to a member through a particular mode in the extraordinary general meetings also.

Clause 23 of the Bill seeks to amend sub-section (2) of section 24 of the Companies Act, to omit the words “and the matters delegated to it under proviso to sub-section (1) of section 458”. The proviso to sub-section (1) in section 458 referring to delegation of powers under sections 194 and 195 to the Securities and Exchange Board of India, as well as, sections 194 and 195 of the Companies Act were omitted in 2017. The reference to such proviso to sub-section (1) of section 458 in sub-section (2) of section 24, accordingly, is redundant and being omitted.

Clause 24 of the Bill seeks to substitute sub-section (9) of section 26 of the Companies Act, to provide that if a prospectus is issued in contravention of such section, the company and every person who is knowingly a party to the issue of such prospectus shall be liable to a penalty of two lakh rupees. Accordingly, the offence is being decriminalised.

Clause 25 of the Bill seeks to amend sub-section (5) of section 40 of the Companies Act, to provide that punishment under such sub-section shall be applicable only for defaults under sub-section (3) thereby decriminalising offences under sub-sections (1), (2) and (4) of section 40. It further seeks to insert new sub-section (5A) to provide that in case of defaults (under sub-sections other than sub-section (3), penalty of twenty-five lakh rupees for every company and two lakh rupees for every officer of the company shall be leviable.

Clause 26 of the Bill seeks to amend the marginal heading of section 42 of the Companies Act by substituting the word “shares” with the word “securities”. It further seeks to amend sub-section (2) to insert the words “or such other scheme linked to the value of the share capital of a company”, after the words, “employee stock option”, in order to recognise instruments such as Restricted Stock Units and Stock Appreciation Rights, in addition to Employee Stock Option Plans, as executive compensation to be issued with approval of shareholders. It also seeks to amend sub-section (10) to replace the words “which may extend to”, with the words “equivalent to” to bring in more transparency in levy of penalties.

Clause 27 of the Bill seeks to insert new section 43A in the Companies Act to provide for the requirements in respect of issue and maintenance of share capital, preparation and maintenance of books of account, etc., filing, submitting or delivering documents by companies set up and incorporated in the IFSC jurisdiction in a permitted foreign currency. Presently, the Companies Act does not include specific provisions to enable companies to prepare accounts or financial statements in foreign currencies. Taking into account the nature of companies set up in IFSC jurisdiction, such provisions are being included through new section 43A. It also seeks to clarify that such companies shall pay fees, fines and penalties under the Companies Act and the rules made thereunder in Indian rupees.

Clause 28 of the Bill seeks to amend clause (b) of sub-section (1) of section 62 of the Companies Act to include the words “or under such other scheme linked to the value of the share capital of the company”, after the words “under a scheme of employees’ stock option”, in order to recognise instruments such as Restricted Stock Units and Stock Appreciation Rights, in addition to Employee Stock Option Plans, as executive compensation to be issued with approval of shareholders.

Clause 29 of the Bill seeks to replace existing proviso with two new provisos in clause (c) of sub-section (2) of section 68 of the Companies Act to provide that prescribed class or classes of companies may buy-back shares up to such per cent. of the aggregate of paid-up capital and free reserves as may be provided by rules. It also seeks to insert a proviso to clause (g) of sub-section (2) thereto to allow prescribed class or classes of companies to make up to two offers of buy-backs within a period of year in such a manner that the second buy-back during the year is not made earlier than six months from the date of closure of the preceding offer for buy-back during the year. Further, it seeks to amend clause (c) of sub-section (5) of section 68 of the Companies Act, 2013 to include the words “or a scheme linked to the value of the share capital of a company referred to in clause (b) of sub-section (1) of section 62” after the words “sweat equity”. Buy-back through tender offers is an efficient way of returning surplus funds to shareholders and it is proposed to allow prescribed class of companies to avail such mechanism. Further it is proposed that companies which are debt free can be considered to undertake more than one buy-back in a financial year. It also seeks to omit words “and verified by an affidavit” in sub-section (6) so that declaration of solvency to be

filed for the purposes need not be in the form of an affidavit. The punishment of fine provided under sub-section (11) is proposed to be converted into penalties as the offence is being decriminalised.

Clause 30 of the Bill seeks to insert proviso in sub-section (1) of section 77 of the Companies Act to provide that for prescribed class or classes of companies (such as, small companies) the period of “sixty days” referred to in clause (b) of second proviso shall be replaced with “one hundred and twenty days” so that such class or classes of companies get 60 additional days for filing e-forms relating to the registration of charges, in the interest of ease of compliances.

Clause 31 of the Bill seeks to insert a new sub-section (2A) in section 88 of the Companies Act to provide that no notice of any trust, whether express, implied, or constructive, shall be entered in the register of members or debenture holders as maintained under sub-section (1) of the said section.

Clause 32 of the Bill seeks to insert a new sub-section (3) in section 96 of the Companies Act to allow companies to hold their annual general meetings (AGMs) physically or through video conferencing or other audio-visual means, either wholly or partly, in such manner and subject to such terms and conditions, as may be provided by rules. It also seeks to provide that if the number of members referred to in sub-section (2) of section 100 of the Companies Act requisition the meeting to be held in a hybrid mode, the company shall hold the meeting in such mode. It further seeks to provide that every company shall hold its annual general meeting in physical mode at least once in every three years.

Clause 33 of the Bill seeks to amend the marginal heading of section 99 of the Companies Act to clarify that such section shall provide for penalty in respect of default in complying with section 96 of the Companies Act. The clause also seeks to omit the words and figures “or section 97 or section 98 or in complying with any directions of the Tribunal” appearing in such section. Section 425 of the Act relating to power to punish for contempt shall be applicable in case of non-compliance of directions of Tribunal under sections 97 and 98. It also seeks to provide that in case of default in complying with section 96, penalty as provided in the amended provision shall be leviable thereby decriminalising the offence.

Clause 34 of the Bill seeks to insert a new sub-section (7) in section 100 of the Companies Act to allow companies to hold their extraordinary general meetings (EGMs) physically or through video conferencing or other audio-visual means, either wholly or partly, in such manner and subject to such terms and conditions, as may be provided by rules. It seeks to provide that if the number of members referred to in sub-section (2) of section 100 of the Companies Act requisition the meeting to be held in a hybrid mode, the company shall hold the meeting in such mode.

Clause 35 of the Bill seeks to amend the proviso to sub-section (1) of section 101 of the Companies Act to provide that EGMs conducted wholly through video conferencing or audio-visual means under sub-section (7) of section 100 may be called by giving a notice of at least seven days, or such other period, and in such manner as may be provided by rules.

Clause 36 of the Bill seeks to amend sub-section (5) of section 124 of the Companies Act to provide that “any dividend which has not been paid or claimed” shall also be transferred to Investor Education and Protection Fund (IEPF) in cases where relevant shares have been transferred by the company under sub-section (6) of the said section to such Fund. It also seeks to amend sub-section (6) thereof, to insert the word “Authority” after the words “Investor Education and Protection Fund” appearing in the said sub-section.

Clause 37 of the Bill seeks to insert a new clause (ma) in sub-section (2) of section 125 of the Companies Act to provide that the amounts in respect of shares bought back and extinguished, remaining unpaid or unclaimed for seven or more

years shall be credited to the IEPF. It further seeks to substitute clause (a) of sub-section (3) of the said section, to provide that the IEPF shall be utilised for the refund in respect of unclaimed dividends and amounts referred to in clauses (h) to (n) of sub-section (2) of the said section which is due for refund. It also seeks to amend sub-section (4) to provide that any person claiming to be entitled to the amount under sub-section (2) may apply in accordance with such procedure and on submission of such documents as may be provided by rules. It also seeks to insert a new sub-section (12) to empower the IEPF Authority to delegate to any member, officer or any other person any of its powers and functions under the Companies Act, as it deems necessary.

Clause 38 of the Bill seeks to amend sub-section (6) of section 128 of the Companies Act to provide that in case of contravention of such section [except sub-section (1) or sub-section (5)] the managing director, the whole-time director in charge of finance, the Chief Financial Officer, or any other person of a company charged by the Board with the duty of complying with the provisions of this section, shall be liable to a penalty of five lakh rupees in case of a listed company and fifty thousand rupees in case of any other company. It further seeks to insert a proviso to sub-section (6) to provide that in case of contravention relating to sub-section (1) or sub-section (5) the above persons shall be liable to a penalty of twenty lakh rupees in case of a listed company and five lakh rupees in case of any other company. Accordingly, the clause seeks to decriminalise offences under this section.

Clause 39 of the Bill seeks to amend long line in clause (b) of sub-section (1) of section 131 of the Companies Act by inserting the word “immediately” before the words “preceding financial years”.

Clause 40 of the Bill seeks to substitute sub-section (1A) of section 132 of the Companies Act to provide that the National Financial Reporting Authority (NFRA) shall be a body corporate, having perpetual succession and a common seal with powers to acquire, hold and dispose of property and to contract, and to sue or be sued in its own name. It further seeks to amend clause (a) of sub-section (2) to insert the words “or bodies corporate”, after the words “class of companies” to enable the authority to make recommendations for relevant bodies corporate also. It seeks to omit sub-section (3A). It also seeks to insert sub-section (3C) to provide that the Chairperson shall have the powers of general superintendence and direction of the affairs of the NFRA and may exercise all powers and do the acts delegated to him by the executive body. It seeks to insert sub-section (3D) to provide that the executive body may, by order, delegate to the Chairperson, or any full-time Member or officer of the NFRA, or to a Committee comprising of one or more of the above, subject to such conditions, such powers of the executive body under this Act as it may deem necessary. It also seeks to amend clause (a) of sub-section (4) to clarify that class of companies or bodies corporate which may be investigated under such provisions shall be prescribed by the Central Government and the manner of investigation shall be specified by regulations by the Authority. It also seeks to insert sub-clauses (C), (D), and (E) in clause (c) to sub-section (4) to provide NFRA with the powers for issuing an advisory, censure or warning to the member or the firm, requiring additional professional training of the member or individual partners or employees of the firm, and referring the matter to the Central Government for taking action under the provisions of the Companies Act or rules made thereunder. It also seeks to substitute the *Explanation* to sub-section (4) provide that “professional or other misconduct” shall also include acts or omissions that constitute a contravention of the provisions of the Companies Act or the rules or regulations made thereunder, insofar as they related to the matters within the jurisdiction, functions, or regulatory remit of the NFRA. It also seeks to insert sub-section (4A) to provide that any person who fails to comply with any order of the NFRA under sub-section (4), or fails to pay the penalty imposed shall be liable to punishment with imprisonment, fine and further period of debarment. It also seeks to amend

sub-section (11) to provide that NFRA may appoint a secretary and such other employees as it considers necessary for the efficient performance of its functions under this Act and the terms and conditions thereof may be specified by regulations by NFRA. It also seeks to insert sub-section (16) to provide that no act or proceeding of the NFRA shall be invalid due to reasons of vacancy or defect in constitution of such Authority, any defect in appointing members of such Authority, or irregularities in the procedure of such Authority not affecting the merits of the case. It also seeks to insert sub-section (17) to provide that NFRA may engage experts and professionals with special knowledge of accounting standards, auditing standards, economics, law, business, or such other disciplines related to its functions as it may deem necessary to assist the said Authority in discharge of its functions.

Clause 41 of the Bill seeks to insert new sections 132A to 132K in the Companies Act relating to NFRA. It seeks to insert section 132A to provide for the intimation of registration details of auditors, and the filing of returns with NFRA. It further seeks to insert new section 132B to provide for the constitution of the NFRA Fund. It also seeks to insert a new section 132C to give the National Financial Reporting Authority the power to issue directions in public interest or interest of investors or creditors or other persons concerned. It also seeks to insert section 132D to empower NFRA to impose penalties after holding inquiry in such manner as may be provided by the rules after giving a reasonable opportunity of being heard. It also seeks to insert section 132E to provide that no civil court shall have jurisdiction to entertain any suit or proceeding in respect of any matter which the NFRA is empowered to determine, and no injunction shall be granted by any court or other authority in respect of any action taken or to be taken by the said Authority in pursuance of any power conferred by or under the Companies Act. It also seeks to insert a new section 132F to provide that no suit, prosecution or other legal proceeding shall lie against the Central Government or the National Financial Reporting Authority or Chairperson or any member or officer or other employee of the said Authority for anything done in good faith, or intended to be done under the Companies Act or the rules or regulations made thereunder. It also seeks to insert a new section 132G to empower the Central Government to give directions on questions of policy, in writing, to the NFRA in certain cases. It also seeks to insert section 132H to provide for the circumstances and other requirements in respect of supersession of the NFRA. It also seeks to insert a new section 132-I to empower NFRA to levy fees or other charges as may be specified. It also seeks to insert a new section 132J to empower NFRA to make regulations. It also seeks to insert a new section 132K to provide the manner in which NFRA shall ensure transparency while specifying regulations.

Clause 42 of the Bill seeks to insert clause (fa) in sub-section (3) of section 134 of the Companies Act to provide that report of Board shall include explanations or comments by the Board on every observation or comment of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company and any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith in such form as may be provided by rules. It also seeks to insert clause (pa) to provide that Board's report shall include details in respect of composition of the Audit Committee and where the Board had not accepted any recommendation of the Audit Committee, a statement along with the reasons for the same.

Clause 43 of the Bill seeks to amend sub-section (1) of section 135 of the Companies Act to substitute the words "five crore" with the words "ten crore, or such sum as may be prescribed". This is aimed at enhancing the applicability threshold under sub-section (1) of the said section relating to net profit. It seeks to replace the period of "thirty days" in sub-section (6) to "ninety days" to enable additional time period for transfer of unspent Corporate Social Responsibility (CSR) amounts relating to ongoing projects to the Unspent Corporate Social Responsibility Account with the scheduled bank. It also seeks to amend sub-section (9) to replace the words "fifty lakh rupees" to "one crore rupees or such higher amount as may be

prescribed” to ensure that companies having CSR amount up to one crore rupees (or higher amount) need not constitute the Corporate Social Responsibility Committee. It also seeks to insert a new sub-section (10) to provide that prescribed class or classes of companies which fulfil prescribed conditions shall not be required to comply with the said section.

Clause 44 of the Bill seeks to insert a new sub-section (12) in section 139 of the Companies Act to provide that prescribed class or classes of companies which fulfil such conditions, as may be provided by rules, shall not be required to appoint auditors under Chapter X of the said Act. This amendment is aimed at facilitating ease of compliance for small companies.

Clause 45 of the Bill seeks to insert a new proviso in sub-section (1) of section 141 of the Companies Act to provide that every partner of the firm shall be a person who has been registered with a statutory institute or body established under a law in India having powers of such registration.

Clause 46 of the Bill seeks to insert new proviso to section 144 of the Companies Act to provide that an auditor or audit firm of prescribed class or classes of companies shall not provide, directly or indirectly, any non-audit services to the company or its holding company or subsidiary. It also seeks to provide that the restriction under this section shall also apply for a period of three years after the auditor or audit firm has completed his or its term under sub-section (2) of section 139.

Clause 47 of the Bill seeks to insert a proviso after sub-section (1) of section 147 of the Companies Act to provide that in case of contravention of sub-sections (1), (5) to (8) and (11) of section 139, sub-section (4) of section 140, sub-section (4) of section 141, sub-sections (1) and (2) of section 142 and section 146 of the Companies Act, the company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of two hundred rupees for each day subject to a maximum of one lakh rupees. The clause, accordingly, seeks to decriminalise relevant offences. It further seeks to amend sub-section (2) of section 147 to insert reference to “section 143 [other than sub-section (12)]”, and “section 146” in the said sub-section.

Clause 48 of the Bill seeks to insert a new sub-section (1A) in section 148 of the Companies Act to empower the Central Government to provide standards of cost accounting by rules, after examination of recommendations of the Institute of Cost Accountants of India. It further seeks to insert provisos in sub-section (3) to provide that a firm whose majority of partners practicing in India are qualified for appointment as cost auditor may be appointed by its firm name and to also provide that every partner of such firm shall be a person who is registered with a statutory institute or body established under a law in India having powers of such registration. It also seeks to amend punishment provisions under sub-section (8) so as to provide for payment of penalty in case of such defaults under section 148 which are of technical or procedural nature. For contravention of serious nature the existing punishment is being sought to be retained. Accordingly, certain offences under the section are being decriminalised.

Clause 49 of the Bill seeks to amend sub-clauses (i) and (ii) of clause (e) of sub-section (6) of section 149 of the Companies Act to include the words “or during the current financial year”. It also seeks to substitute the words “secretarial auditors” for the words “company secretaries in practice” in item (A) of sub-clause (ii) of clause (e) of sub-section (6). It also seeks to amend item (B) in sub-clause (ii) of clause (e) of the said sub-section to replace the words “amounting to ten per cent. or more”, with the words “amounting to ten per cent. or such lower per cent., as may be prescribed” so that lower per cent. may be provided by rules in future with regard to the amounts of transactions which any legal or consulting firm may have with the

company or its holding, subsidiary or associate company in case any employee or proprietor or partner of such firm is independent director in the company. It also seeks to insert a new sub-section (6A) to provide that every independent director shall ensure that he continues to fulfil the requirements specified under sub-section (6) during the term of his appointment. It also seeks to amend sub-section (11) of section 149 of the Companies Act to include reference to “holding, subsidiary or associate company” also so that the restriction in respect of appointment or association in any other capacity during cooling off period of three years is applicable to the company as well as its holding, subsidiary or associate company. It also seeks to insert new proviso in sub-section (11) to provide that where the provisions of item (B) of sub-clause (ii) of clause (e) of sub-section (6) applies to an independent director, he may continue as an employee or proprietor or partner of the legal or consulting firm, in case the transaction of such legal or consulting firm with the company, its holding or subsidiary or associate company is less than ten per cent. or the lower per cent. referred to in the said item, of the gross turnover of such firm. It also seeks to insert a new *Explanation 2*, in the said section, to provide that any period during which an independent director has served as an additional director of the company, shall be included in his tenure as an independent director.

Clause 50 of the Bill seeks to amend sub-section (3) of section 152 of the Companies Act to clarify that a person needs to have a valid Director Identification Number during the entire term of his functioning as director in any company. It seeks to provide that after the words “shall be appointed”, in sub-section (3), the words “or shall continue to function” shall be inserted. It also seeks to insert the words “and the said Director Identification Number or the other number is not deactivated or cancelled” at the end thereby providing clarity regarding the necessity of validity of the Director Identification Number (DIN) at the time of appointment as well as during entire tenure. The amendments seeks to ensure that only persons holding a valid and active identification number may be appointed and may continue to function as directors.

Clause 51 of the Bill seeks to insert new sub-sections (2) to (7) in section 154 of the Companies Act to, *inter alia*, provide for requirements in respect of (i) submission of information towards verification of particulars of a person holding a DIN to the Central Government, (ii) the circumstances under which Director Identification Number may be deactivated or cancelled and the consequences thereof, (iii) manner of surrendering the DIN and (iv) conditions on fulfilment of which a DIN may be re-activated or restored.

Clause 52 of the Bill seeks to amend section 159 of the Companies Act to replace the words “which may extend to” with the word “of” to bring in more transparency in levy of penalties. It also proposes to include maximum penalty amount of rupees five lakh for default in respect of this section.

Clause 53 of the Bill seeks to amend sub-section (1) of section 161 of the Companies Act to provide that an additional director may hold office up to the date of the next general meeting or up to a period of three months from the date of his appointment, whichever is earlier. It further seeks to amend sub-section (4) to provide for similar requirements in case of filing of casual vacancy of a director. It also seeks to insert a new sub-section (5) to provide that notwithstanding anything contained in sub-sections (1) to (4), a person whose appointment as a director could not be considered or could not be approved in a general meeting, shall not be appointed by the Board as an additional director, or alternate director or a director against a casual vacancy under this section without the prior approval of its members.

Clause 54 of the Bill seeks to amend clause (g) of sub-section (1) of section 164 of the Companies Act to cover cases where a person has been subjected to a penalty for default under the provisions of section 188 of the said Act which relates to related party transactions. It also seeks to insert a new clause (j) to provide

that a person shall not be eligible for appointment as a director of a company, if he has been an auditor or a secretarial auditor or a cost auditor or a registered valuer or an insolvency professional of the company or its holding, subsidiary or associate company discharging the functions as such under this Act or under the Insolvency and Bankruptcy Code, 2016 during the immediately preceding three financial years or during the current financial year. It also seeks to insert a new clause (k) to provide that a person shall not be eligible under the said section if he has not been assessed by the Board to be a fit and proper person in accordance with such criteria, as may be provided by rules. It also seeks to amend clause (a) of sub-section (2) to revise the period of non-filing of financial statements or annual returns from “three financial years” to “two financial years” so that companies are more diligent in filing such documents within time. It also seeks to amend the long line of sub-section (2) to clarify that where provisions of section 164(2) become applicable, the office of director shall become vacant as per provisions of sub-section (1) of section 167.

Clause 55 of the Bill seeks to amend sub-section (1) of section 165 of the Companies Act to empower the Central Government to specify a lower number for the purposes of the said section for a class or classes of companies or a class or classes of directors. It further seeks to amend *Explanation II* to sub-section (1) to replace the words “of twenty companies” with the words “under this section” which is of consequential nature.

Clause 56 of the Bill seeks to amend sub-section (7) of section 166 of the Companies Act to provide that such sub-section relating to punishment under the said section shall be applicable only for sub-section (5) and to further clarify that the court adjudicating such offence may also order concerned director to pay the amount of undue gains referred to in the said sub-section to the company. It further seeks to insert a new sub-section (8) to provide that if a director of a company contravenes the provisions of the said section [other than sub-section (5)] he shall be liable to a penalty of five lakh rupees in case of a listed company and two lakh rupees in case of any other company. The clause seeks to decriminalise offences under section 166, except sub-section (5).

Clause 57 of the Bill seeks to substitute the proviso to clause (a) of sub-section (1) of section 167 of the Companies Act to provide that where a director incurs disqualification under sub-section (2) of section 164, his office shall become vacant in every company where he is a director (including the company which is in default under that sub-section), after six months from the date of incurring such disqualification or upon expiry of his tenure in such company, whichever is earlier. It further seeks to add an *Explanation* to clarify that the date of incurring the disqualification shall be the date on which the company fails to comply with the provisions of clause (a) or clause (b) of sub-section (2) of section 164. It also seeks to amend sub-section (2) to provide that if a person functions as a director even when he knows that the office of director held by him has become vacant on account of any of the disqualifications specified in sub-section (1) or that his Director Identification Number has been de-activated or cancelled, he shall be liable to a penalty of five lakh rupees, in case of a listed company, and two lakh rupees, in case of any other company. The clause seeks to decriminalise offences under sub-section (2) of section 167.

Clause 58 of the Bill seeks to amend sub-section (5) of section 173 of the Companies Act to provide that a One Person Company, small company and dormant company shall be deemed to have complied with the provisions of the said section relating to meetings of Board of directors if at least one meeting of the Board of Directors has been conducted in a calendar year.

Clause 59 of the Bill seeks to amend sub-section (1) of section 184 of the Companies Act by omitting the words “at the first meeting of the Board in every financial year or” to clarify that subsequent disclosures provided in such sub-section would be required only when there is any change in the disclosures made and not every financial year.

Clause 60 of the Bill seeks to amend clause (b) of sub-section (1) of section 185 of the Companies Act by providing that after the words “any firm”, the words “or limited liability partnership” shall be inserted so that limited liability partnerships are also covered within the purview of such provisions.

Clause 61 of the Bill seeks to amend sub-section (13) of section 186 of the Companies Act to exclude contraventions of sub-sections (9) and (10) of section 186 from the scope of punishment provided therein. It further seeks to insert a new sub-section (14) to provide that if a company contravenes the provisions of sub-section (9) or sub-section (10), the company shall be liable to a penalty of one lakh rupees and in case of continuing contravention, with a further penalty of five hundred rupees for each day, after the first during which such contravention continues, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing default, with a further penalty of two hundred rupees for each day, after the first during which such default continues, subject to a maximum of one lakh rupees. The clause seeks to decriminalise offences under sub-sections (9) and (10) of section 186.

Clause 62 of the Bill seeks to insert a new sub-section (5A) in section 189 of the Companies Act to provide that every company which fails to comply with the provisions of such section and the rules made thereunder shall be liable to a penalty of two lakh rupees.

Clause 63 of the Bill seeks to insert a new section 203A in the Companies Act to provide for resignation of whole-time key managerial personnel (KMP) who are not a director in a company. Sub-section (1) of section 203A provides that a whole-time KMP, who is not a director, may resign from his office by giving a notice in writing to the company, and the Board shall, on receipt of such notice, take note of the same and intimate the Registrar of such resignation in such form and manner and within such time, as may be provided by rules. It further provides that where the company fails to intimate, the said KMP may forward a copy of his resignation to the Registrar in such manner as may be provided by rules. Sub-section (2) of section 203A provides that the resignation of a KMP shall take effect from the date on which the notice is received by the company or the date, if any, specified by him in the notice, whichever is later. It further provides that such KMP shall be liable even after his resignation for the default for which he was liable during his tenure.

Clause 64 of the Bill seeks to amend section 204 of the Companies Act by substituting the words “secretarial auditors” for the words “company secretaries in practice”, wherever they occur. It further seeks to insert a new sub-section (1A) to provide that a person shall be eligible for appointment as a secretarial auditor of a company only if he is a company secretary in practice, provided that that a firm, whereof majority of partners practicing in India who are qualified for appointment, may be appointed by its firm name. It further seeks to provide that every partner of the firm shall be a person who has been registered with a statutory institute or body established under a law in India having powers of such registration.

Clause 65 of the Bill seeks to substitute sub-section (7) of section 206 of the Companies Act to provide that if a company fails to furnish any information or explanation or produce any document required under this section, the company shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day, subject to a maximum of five lakh rupees and every officer of the company who is in default shall be liable to a penalty of twenty-five thousand rupees and in case of continuing failure, with a further penalty of two hundred rupees for each day, subject to a maximum of one lakh rupees. The clause seeks to decriminalise offences under section 206.

Clause 66 of the Bill seeks to omit offence referred to in sub-section (2) of section 222 of the Companies Act. Section 425 of the said Act relating to power to punish for contempt shall be applicable in such case.

Clause 67 of the Bill seeks to amend sub-sections (1) and (6) of section 230 of the Companies Act by omitting the words “or under the Insolvency and Bankruptcy Code, 2016” to clarify that a compromise or merger under the said Act is not allowed when the liquidation process under the Insolvency and Bankruptcy Code, 2016 has been initiated. It further seeks to insert a new proviso to sub-section (1) of section 230 to provide that on and from the commencement of the proposed legislation, every application to be made under this section or sections 231 to 233 to the National Company Law Tribunal (Tribunal), shall be made to the Tribunal having jurisdiction over the transferee company or the resultant company, as the case may be, and such Tribunal shall exercise all the powers of the Tribunal referred to in such sections for all the companies involved in the schemes of compromise or arrangement or amalgamations. It also seeks to provide that any application pending before the Tribunal as on the date of such commencement shall continue to be dealt with by the Tribunal in accordance with the provisions applicable before such commencement.

Clause 68 of the Bill seeks to amend the proviso to clause (b) of sub-section (3) of section 232 of the Companies Act to provide that after the words “or extinguished” occurring at the end, the words “on the merger or amalgamation” shall be inserted. This change is of drafting nature.

Clause 69 of the Bill seeks to substitute clause (b) of sub-section (1) of section 233 of the Companies Act to provide that 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 who hold at least seventy-five per cent. of the value in shares held by such members present and voting. This amendment seeks to aligns the approval requirements for such schemes with those applicable to schemes placed for sanction before the Tribunal under section 230. It further seeks to amend clause (d) of sub-section (1) on similar lines which relates to approval by creditors or class of creditors of the respective companies. It also seeks to amend sub-section (2) by inserting a new proviso to provide that the copy of the scheme need not be filed with the Official Liquidator in case it pertains to transfer or division (demerger) of the undertaking of the company.

Clause 70 of the Bill seeks to insert a new section 233A in the Companies Act relating to treatment of certain shares held in a name of a company or trust. Sub-section (1) seeks to provide that where a transferee company, as a result of a compromise or arrangement taken place before the commencement of the Companies Act, 2013, has held shares in its own name or in the name of any trust (whether on its behalf or on behalf of any of its subsidiary or associate companies), shall be required to deal with or dispose of such shares within a period of three years from the date of commencement of the proposed legislation in the manner as may be provided by rules. Sub-section (2) provides that if a company fails to deal with or dispose of such shares, these shall be cancelled and extinguished by the company in such manner, as may be provided by rules, and such cancellation and extinguishment shall be deemed to be a reduction of the share capital of the company. Sub-section (3) provides for penalty in case of failure to comply with these provisions.

Clause 71 of the Bill seeks to omit offence referred to in sub-section (8) of section 242 of the Companies Act. Section 425 of the said Act relating to power to punish for contempt shall be applicable in such case.

Clause 72 of the Bill seeks to amend sub-section (1) of section 245 of the Companies Act by substituting the reference to “sub-section (2)” with “sub-section (3)” to correct the cross-reference.

Clause 73 of the Bill seeks to amend sub-section (1) of section 247 of the Companies Act to provide for qualifications and experience for registered valuers. It seeks to insert new sub-sections (1A), (1B) and (1C) in the said section to, *inter alia*, to provide (i) that the Insolvency and Bankruptcy Board of India (IBBI) established under section 188 of the Insolvency and Bankruptcy Code, 2016 shall be the Valuation Authority for the purposes of the said section; (ii) for the manner of granting or renewing

certificate of recognition to valuers' organisations and certificate of registration to valuers (*iii*) for powers of Valuation Authority to make recommendations to the Central Government on the formulation and laying down of the valuation standards and policies, etc. (*iv*) that valuation under the Companies Act shall be undertaken only by a registered valuer who shall be appointed by the audit committee or in its absence, by the Board of Directors of that company, and in other cases, by such person, as may be provided by rules. It also seeks to provide for the circumstances, manner, period and consequences of suspension or cancellation of certificate of recognition or certificate of registration by Valuation Authority. Sub-section (*3B*) seeks to provide that any person aggrieved by an order of the Valuation Authority on suspension or cancellation may prefer an appeal before the Appellate Tribunal. Sub-section (*3E*) seeks to provide that no court shall take cognizance of any offence under sub-section (*3C*) or sub-section (*3D*) of section 247, which is alleged to have been committed by any recognised valuers' organisation or any registered valuer, except on a complaint in writing by an officer authorised in this behalf by the Valuation Authority or by the Central Government. It also seeks to insert new sub-sections (*5*) and (*6*) to provide that the Valuation Authority shall make recommendations to the Central Government on the valuation standards and policies, and after examination of these recommendations, the Central Government may provide such valuation standards or valuation policies, as may be provided by rules. It also seeks to insert sub-section (*7*) to provide that the Valuation Authority shall be bound by such directions on questions of policy, as the Central Government may give in writing. It also seeks to insert sub-section (*8*) in the said section to provide that the Valuation Authority, by a notification, may delegate to any member, officer, or any other person, its powers and functions. It also seeks to insert sub-sections (*9*), (*10*) and (*11*) in the said section to provide for the manner in which regulations may be made by the Valuation Authority.

Clause 74 of the Bill seeks to amend clause (*c*) of sub-section (*1*) of section 248 of the Companies Act to rationalise the scope of ground for removal of name from register of companies provided under such clause. The grounds relating to (*i*) where the company has not made any significant accounting transaction during the preceding two financial years and in the current financial year and (*ii*) where the company has not filed financial statements or annual returns for two consecutive financial years preceding the previous financial year have been proposed to be included in such clause. It further seeks to amend sub-section (*2*) to provide for the manner in which liabilities can be extinguished. It also seeks to omit the words "on all or any of the grounds specified in sub-section (*1*)" from sub-section (*2*) so that applications under the said sub-section can be made on independent grounds. It also seeks to make consequential amendments in sub-sections (*5*) and (*6*).

Clause 75 of the Bill seeks to amend sub-section (*2*) of section 249 of the Companies Act to replace the fine provided, that is, which may extend to one lakh rupees with penalty of fifty thousand rupees to decriminalise the offence under the provision.

Clause 76 of the Bill seeks to amend the marginal heading of section 252 of the Companies Act to substitute the word "Tribunal" with the words "Regional Director or Tribunal". It further seeks to amend sub-section (*1*) of section 252 to substitute "Regional Director" for word "Tribunal", to convey that appeals for restoration of names under such sub-section may be filed before Regional Directors.

Clause 77 of the Bill seeks to amend clause (*a*) of section 271 of the Companies Act by omitting the words "by the Tribunal" in the said clause to enable use of this clause for summary liquidation under section 361 which is approved by the Central Government. It also seeks to omit the words "by notification under this Act" in clause (*c*) to remove the requirement of issue of notification for authorisation of any other person by the Central Government under the said provisions.

Clause 78 of the Bill seeks to amend sub-section (1) of section 361 of Companies Act to substitute the words “under this Chapter” with the words “in accordance with the provisions of this Chapter under the circumstances referred to in clauses (a), (b) and (d) of section 271” to clarify the specific circumstances under which such winding up may take place. It further seeks to substitute sub-section (2) to provide that the Central Government shall appoint the Official Liquidator or an insolvency professional registered under the Insolvency and Bankruptcy Code, 2016 as the liquidator of the company. It also seeks to amend sub-section (5) to provide that investigation referred to in the said sub-section may be conducted by either the Official Liquidator or any officer not below the rank of Assistant Director as may be authorised by the Central Government.

Clause 79 of the Bill seeks to make consequential amendment in sub-section (3) of section 365 of the Companies Act by substituting the words “notice in the Official Gazette” for the word “notification”.

Clause 80 of the Bill seeks to insert a new section 365A in the Companies Act to provide that any person aggrieved by an order of the Central Government under Part IV may prefer an appeal before the Appellate Tribunal, within a period of forty-five days from the date of receipt of such order by him, in such manner and on payment of such fee, as may be provided by rules.

Clause 81 of the Bill seeks to amend sub-section (1) of section 366 of the Companies Act to insert the words “any non-trading company” after the words “co-operative society, society”, so as to enable such entities covered within the scope of companies capable of being registered under the said Act.

Clause 82 of the Bill seeks to amend clause (c) of section 374 of the Companies Act by substituting the requirement of filing a “duly notarised affidavit”, with a “declaration”. This will facilitate ease of compliance. It further seeks to insert the words “any non-trading company” after the words “co-operative society, society”, to include such entities within the scope of the said provision.

Clause 83 of the Bill seeks to amend section 378P of the Companies Act by omitting sub-section (2) and to substitute sub-section (5) to provide that the directors of the Board in a Producer Company shall be elected or appointed by the Members in the general meetings.

Clause 84 of the Bill seeks to amend clause (b) of sub-section (1) of section 378Q of the Companies Act to replace the period of “ninety days” up to which the Producer Company may make default in repayment of advances or loans to “one hundred and eighty days” so that Producer companies get additional period in this regard.

Clause 85 of the Bill seeks to amend section 378Y of the Companies Act to provide that the quorum for a general meeting for Producer Companies, shall be either one-fourth of the total membership or one hundred members, whichever is less.

Clause 86 of the Bill seeks to amend section 378ZA of the Companies Act by inserting a new proviso in sub-section (1) to provide that the first annual general meeting shall be held within a period of nine months from the date of closing of the first financial year and in any other case, within a period of six months, from the date of closing of the financial year. Further, it provides that if a company holds such first annual general meeting, it shall not be necessary for the company to hold any annual general meeting in the year of its incorporation. Consequently, sub-section (2) of section 378ZA is proposed to be omitted. It further seeks to substitute sub-section (3) to provide that, in the first annual general meeting, the members shall adopt the articles of the Producer Company as referred to in clause (b) of sub-section (1) of section 378G and appoint the directors of its Board. It also seeks to amend sub-section (9) to provide that the quorum for the annual general meeting shall be one-fourth of the total number of members or one hundred members of the Producer Company, whichever is less.

Clause 87 of the Bill seeks to substitute section 378ZF of the Companies Act to provide for the requirements in respect of thresholds of turnover, qualification, manner of appointment of internal auditor and intervals in which the internal audit shall be conducted and reported to the Board by producer companies.

Clause 88 of the Bill seeks to amend sub-section (1) of section 378ZM of the Companies Act to modify the fine under this provision, with penalty. It further seeks to amend sub-section (2) to modify the punishment of imprisonment and fine to that of penalty. It also seeks to substitute sub-section (3) of the said section to provide that any director or officer of a Producer Company who fails to hand over custody of books of accounts or other documents or property in his custody; or fails to convene annual general meeting or general meetings, shall be liable to penalty. Accordingly, it is proposed to decriminalise the offence under this section.

Clause 89 of the Bill seeks to substitute fine under sub-section (6) of section 378ZS of the Companies Act with penalty of one hundred rupees for each copy in respect of which default is made. Accordingly, it is proposed to decriminalise the offence under this section.

Clause 90 of the Bill seeks to amend section 392 of the Companies Act to substitute the existing punishment of fine with a penalty for contravention of the provisions of that section. Accordingly, it is proposed to decriminalise the offence under this section.

Clause 91 of the Bill seeks to substitute the words “offices” with “and other offices” in the marginal heading in section 396 of the Companies Act to clarify that centralised offices for processing of e-forms, carrying out scrutiny, etc., can also be established within the scope of the section. It further seeks to insert a new sub-section (1A) in the said section to empower the Central Government to appoint such number of Regional Directors, Additional Regional Directors, or Joint Regional Directors or Deputy Regional Directors, as it considers necessary for the discharge of various functions under the Act. It also seeks to amend sub-section (2) to include the scope for appointment of other officers in addition to Registrars, Additional, Deputy, Assistant Registrars presently provided in the said section. It seeks to insert a new sub-section (2A) to empower the Central Government to authorise one or more officers of that Government of appropriate rank to exercise the powers and duties of the Regional Director or the Registrar under the said Act.

Clause 92 of the Bill seeks to insert a new section 396A in the Companies Act to provide that any person aggrieved by the decision of the Registrar under section 4 or section 7, may prefer an appeal to an officer not below the rank of the Joint Director as may be authorised by the Central Government, in such form and manner, and within such period as may be provided by rules.

Clause 93 of the Bill seeks to amend the first proviso to sub-section (1) of section 403 of the Companies Act to substitute the minimum additional fee of “not less than one hundred rupees per day” in case of delayed filings under sections 92 and 137, with fee of “not less than such amount as may be prescribed” so that the amounts other than one hundred rupees can be provided under the said provisions for any class or classes of companies. It also seeks to provide that the additional fees shall be subject to a maximum limit of two lakh rupees for prescribed class or classes of companies.

Clause 94 of the Bill seeks to amend clause (a) of section 410 of the Companies Act to insert the words “or of the Valuation Authority” so as to empower the National Company Law Appellate Tribunal (NCLAT) to also hear appeals against any order of the Valuation Authority.

Clause 95 of the Bill seeks to insert a new sub-section (3) in section 418A of the Companies Act to provide that if the Members of a Bench of the NCLAT differ in opinion on any point or points, it shall be decided according to the majority, if there is a majority, but if the Members are equally divided, they shall state the point or points on which they differ, and the case shall be referred by the Chairperson for hearing on such point or points by one or more of the other Members of the NCLAT and such point or points shall be decided according to the opinion of the majority of Members who have heard the case, including those who first heard it.

Clause 96 of the Bill seeks to amend sub-section (4) of section 419 of the Companies Act to replace the words “Part II of” with “any of the provisions of” so that benches of NCLT may be constituted in respect of jurisdiction, powers and authority of Adjudicating Authority for any provision of the Insolvency and Bankruptcy Code, 2016. It further seeks to insert a new sub-section (4A) in the said section to provide that the President may constitute, in such manner as may be provided by rules, one or more special benches of the NCLT for the disposal of any case under the Companies Act or the Insolvency and Bankruptcy Code, 2016.

Clause 97 of the Bill seeks to amend clause (b) of sub-section (1) of section 441 of the Companies Act to replace the words “does not exceed twenty-five lakh rupees”, with the words “does not exceed one crore rupees” to enhance the jurisdictional threshold for applications for compounding to the Regional Director or any officer authorised by the Central Government.

Clause 98 of the Bill seeks to amend section 446B of the Companies Act to replace the words “liable to a penalty which shall not be more than one-half of the penalty”, with the words “liable to a penalty of one-half, or such per cent. not exceeding one-half, as may be prescribed, of the penalty”. This clause seeks to empower the Central Government to provide such per cent. less than one-half up to which penalty amount can be levied in case of defaults by One Person Company, small company, start-up company or Producer Company or their officers in default or any other person, by rules.

Clause 99 of the Bill seeks to amend section 447 of the Companies Act to replace the words “ten lakh rupees”, with the words “twenty-five lakh rupees” and to replace the words “fifty lakh rupees”, with the words “one crore rupees”, which is consequential to the change made in section 441 of the said Act.

Clause 100 of the Bill seeks to amend section 453 of the Companies Act to provide that in case of improper use of words “Limited” or “Private Limited”, the person or persons concerned shall be liable to a penalty of one lakh rupees and in case of continuing failure, with a further penalty of five hundred rupees for each day subject to a maximum of five lakh rupees. Accordingly, it is proposed to decriminalise the offences under this section.

Clause 101 of the Bill seeks to amend sub-section (1) of section 454 of the Companies Act to replace the word “Registrar” with the words “Assistant Registrar” so that officers not below the rank of Assistant Registrars can be appointed as adjudicating officer. It further seeks to insert a new sub-section (1A) to provide that a company or its officer in default may make an application in such form, manner and on payment of such fees as may be provided by rules for adjudication of penalty. This is to ensure that the companies and officers in default may apply *suo moto* for adjudication of penalties. It also seeks to amend sub-section (5) to insert words “or to such Appellate Authority, as the Central Government may, by notification, specify” so that officers, other than Regional Directors, being not below the rank of Joint Director may also be appointed as Appellate Authority to hear appeal under section 454. It also seeks to amend clauses (i) and (ii) of sub-section (8) of the said section to provide that the Court concerned, while imposing fine or imprisonment, shall also have the power to direct companies or officers in default to pay the amount of penalty imposed under the said section in addition to fine or imprisonment to be imposed by the Court. It also seeks to insert a new sub-section (9) to provide that all penalties realised under the said section shall be credited to the Consolidated Fund of India. It also seeks to insert a new sub-section (10) to provide that from the commencement of the proposed legislation, where a provision in respect of any offence provided in the Companies Act has been amended to provide for adjudication under the said section, the manner of withdrawal of the complaint and the manner of transfer of such matter for adjudication under the said section, whether pending in the Court or otherwise, shall be dealt with in accordance with such Scheme as may be notified by the Central Government.

Clause 102 of the Bill seeks to amend section 454A of the Companies Act to provide that after the words “Regional Director”, the words, brackets and figures “or the Appellate Authority referred to in sub-section (5) of section 454” shall be inserted, which is consequential in nature to change proposed in sub-section (5) of section 454.

Clause 103 of the Bill seeks to insert new sections 454B, 454C and 454D in the Companies Act. New section 454B seeks to provide the procedure for recovery of amounts by the Recovery Officer if a person fails to pay the penalty imposed under the Act. It, *inter alia*, provides that the Recovery Officer shall have the power to seek assistance of local district administration while exercising powers under this section. New section 454C seeks to provide for the procedure for settlement for the contraventions which shall be liable for a penalty under Companies Act. It, *inter alia*, provides that the Central Government may constitute a Specified Authority (*comprising of an officer or group of Officers of Central Government*) to discharge functions under this section. The clause also seeks to insert new section 454D to provide that no appeal by a person who is required to pay any amount in terms of an order of the National Financial Reporting Authority, the Valuation Authority, or the adjudicating officer shall be entertained unless the person has deposited ten per cent. of that penalty amount in the manner as directed by the National Company Law Appellate Tribunal or Regional Director or the Appellate Authority as the case may be.

Clause 104 of the Bill seeks to amend sub-section (1) of section 455 of the Companies Act to replace the words “or an inactive company may” with the words “or an inactive company shall” so that the provisions have mandatory force. It further seeks to amend clause (i) of the *Explanation* to sub-section (1) of section 455 to replace the words “financial statements and”, with the words “financial statements or” to clarify that a company shall be treated as inactive, amongst other conditions, if it has not filed financial statements or annual returns during the preceding two financial years. It also seeks to amend clause (ii) of the *Explanation* to sub-section (1) to insert new sub-para (e) to include “receipt or payment not relatable to the business or operations of the company” as transactions which shall not be treated as “significant accounting transaction”.

Clause 105 of the Bill seeks to amend clause (a) of section 457 of the Companies Act to provide that, after the word and figures “section 210”, the words and figures “or section 212” shall be inserted, which is consequential in nature.

Clause 106 of the Bill seeks to insert a new section 466A in the Companies Act to empower the Central Government to issue directions, guidelines or circulars for the purpose of clarifying the meaning or intent of any rule, or for laying down procedural requirements ancillary to any rules.

Clause 107 of the Bill seeks to substitute sub-section (3) of section 469 to provide that any rule made under sub-section (1) may provide that in case of contravention thereof, the company, every officer of the company who is in default or any other person, shall be liable to a penalty of an amount, as may be prescribed, which shall not be more than five lakh rupees, and in case of continuing default, with a further penalty of such amount, as may be provided by rules, which shall not be more than five thousand rupees for every day during which such default continues. Accordingly, it is proposed to decriminalise to offences referred to in sub-section (3) of section 469 of the said Act.

FINANCIAL MEMORANDUM

Clause 41 of the Bill seeks to insert a new section 132B to provide for a fund to be called the National Financial Reporting Authority Fund. Sub-section (1) of the proposed new section 132B provides that the Central Government may, after due appropriation made by Parliament by law in this behalf, make to the National Financial Reporting Authority, grants of such sums of money as that Government may think fit for being utilised for the purposes of this Act. The other provisions of the Bill will not involve any expenditure of recurring or non-recurring nature, on its enactment.

MEMORANDUM REGARDING DELEGATED LEGISLATION

Clause 3 of the Bill empowers the Central Government to make rules under clauses (c) and (d) of sub-section (1) of section 11 of the Limited Liability Partnership Act, 2008, in respect of the form of the statement to be filed along with the incorporation document, by any one person who subscribed his name to the incorporation document and the form of declaration to be filed by an advocate, a chartered accountant, cost accountant or company secretary in practice, where a limited liability partnership engaged such professionals in its formation or incorporation.

Clause 6 of the Bill empowers the Central Government to make rules under the proviso to sub-section (2) of section 23 of the Limited Liability Partnership Act, 2008, in respect of the class or classes of limited liability partnerships regulated by the Securities and Exchange Board of India (SEBI), or by the International Financial Services Centres Authority (IFSCA), and the requirement of filing changes in the limited liability partnership agreement to the Registrar, by such limited liability partnerships.

Clause 7 of the Bill empowers the Central Government to make rules under the proviso to sub-section (2) of section 25 of the Limited Liability Partnership Act, 2008, in respect of the class or classes of limited liability partnerships regulated by the SEBI, or the IFSCA, and the form and manner of furnishing the details of changes in partners to the Registrar on an annual basis, by such limited liability partnerships.

Clause 12 of the Bill empowers the Central Government to make rules under the explanation to section 57A of the Limited Liability Partnership Act, 2008, in respect of the activities that may be carried out by a “specified trust” established under the Indian Trusts Act, 1882 or under a Central Act or State Act, and registered by the SEBI, or by the IFSCA, as the case may be.

Clause 13 of the Bill empowers the Central Government to make rules under the proviso to sub-section (1) of section 58 of the Limited Liability Partnership Act, 2008, in respect of information about conversion and the form and manner of the conversion and of the particulars of the limited liability partnership that are required to be intimated to 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 in force, as the case may be.

Clause 14 of the Bill empowers the Central Government to make rules under the proviso to sub-section (1) of section 68 of the Limited Liability Partnership Act, 2008, in respect of the manner in which a Specified International Financial Services Centres LLP shall use permitted foreign currency, for the purpose of filing, recording, or registering any document under the said section.

Clause 15 of the Bill empowers the Central Government to make rules under section 68B of the Limited Liability Partnership Act, 2008, in respect of the form and manner, and period within which any person aggrieved by the decision of the Registrar under section 12 or section 16 of the Limited Liability Partnership Act, 2008 may prefer an appeal and to prescribe the officer of the Central Government to whom the appeal may be preferred.

Clause 16 of the Bill empowers the Central Government to make rules under sub-section (1A) of section 76A of the Limited Liability Partnership Act, 2008, in respect of the form and manner of making an application, and the fees payable by a limited liability partnership or its partner or designated partner for adjudication of penalties under section 76A. It also empowers the Central Government to notify a scheme to deal with the manner of withdrawal of the complaint and transfer of any matter thereto for adjudication under section 76A if such complaint or matter relates to those offences in respect of which, on and from the commencement of the Corporate Laws (Amendment) Act, 2026, the provision has been amended to provide for adjudication under section 76A.

Clause 17 of the Bill empowers the Central Government to make rules under paragraph 4(a) of the Fifth Schedule of the Limited Liability Partnership Act, 2008, in respect of the form and manner, and such fee for the statement by all of its trustees, containing the particulars as given under paragraph 4(a).

It further empowers the Central Government to make rules under paragraph 5 of the Fifth Schedule, in respect of the form and manner in which the limited liability partnership shall inform the concerned authority about the conversion and of the particulars of the limited liability partnership.

Clause 18 of the Bill empowers the Central Government to make rules under clause (41) of section 2 of the Companies Act, 2013, in respect of the form and manner of an application made to the Central Government by a company or body corporate referred to in the first proviso to clause (41) of section (2) or, on commercial considerations, by any other company or body corporate, to realign its financial year as the period ending on the 31st day of March of the following year.

Clause 20 of the Bill empowers the Central Government to make rules under clauses (b) and (ba) of sub-section (1) of section 7 of the Companies Act, 2013, in respect of the form of the declaration by a person named in the articles as a director, manager or secretary of the company, and the form of a declaration by an advocate, a chartered accountant, cost accountant or company secretary in practice, where a company engaged such professionals in its formation or incorporation.

Clause 21 of the Bill empowers the Central Government to make rules under sub-section (1) of section 12A of the Companies Act, 2013, in respect of the class or classes of companies which shall maintain a website, an e-mail address and other modes of communication, and the form and manner for maintaining the same. It further seeks to empower the Central Government, under sub-section (2) of section 12A, to make rules, in respect of the form and period within which the details of such website, e-mail address and other modes of communication and any changes therein, shall be intimated to the Registrar.

Clause 22 of the Bill empowers the Central Government to make rules under the proviso to sub-section (2) of section 20 of the Companies Act, 2013, in respect of the class or classes of companies, the class of documents which may be serviced, and the manner of service of such documents by such companies.

Clause 27 of the Bill empowers the Central Government to make rules under sub-section (3) of section 43A of the Companies Act, 2013, in respect of the manner in which the Central Government may require that a company referred to in sub-section (1) of the said section shall use permitted foreign currency for the purpose of filing, submitting or delivering any documents under section 398 of the Companies Act, 2013.

Clause 29 of the Bill empowers the Central Government to make rules under the proviso to clause (c) of sub-section (2) of section 68 of the Companies Act, 2013, in respect of the class or classes of companies, and the percentage of the aggregate of paid-up capital and free reserves, up to which a buy-back may be made by such prescribed class or classes of companies. Further, it empowers the Central Government to make rules under the proviso to clause (g) of said sub-section (2) in respect of the class or classes of companies which may make up to two offers of buy-backs within a period of one year.

Clause 30 of the Bill empowers the Central Government to make rules under the proviso to sub-section (1) of section 77 of the Companies Act, 2013, in respect of the class or classes of companies for which the period of “sixty days” in clause (b) of the second proviso shall be read as “one hundred and twenty days”.

Clause 32 of the Bill empowers the Central Government to make rules under sub-section (3) of section 96 of the Companies Act, 2013, in respect of the manner, terms and conditions for a company to hold its annual general meeting through video conferencing or other audio-visual means, either wholly or partly.

Clause 34 of the Bill empowers the Central Government to make rules under sub-section (7) of section 100 of the Companies Act, 2013, in respect of the manner, terms and conditions for a company to hold its extraordinary general meeting through video conferencing or other audio-visual means, either wholly or partly.

Clause 35 of the Bill empowers the Central Government to make rules under sub-section (1) of section 101 of the Companies Act, 2013, in respect of the period for notice and the manner of issuing notice by a company conducting its extraordinary general meeting wholly through video conferencing or audio-visual means under sub-section (7) of section 100.

Clause 37 of the Bill empowers the Central Government to make rules under sub-section (4) of section 125 of the Companies Act, 2013, in respect of the procedure for application and the documents which are required to be submitted by any person claiming to be entitled to the amount referred to in sub-section (2). It also empowers the Investor Education and Protection Fund Authority under sub-section (12) of section 125 to delegate, by way of notification, to any member, officer or any other person subject to such conditions, if any, in such notification, any of its powers and functions under this Act as it deems necessary.

Clause 40 of the Bill empowers the Central Government to make rules under clause (a) of sub-section (4) of section 132 of the Companies Act, 2013, in respect of the class of body corporate or persons in respect of whom action may be taken under the said clause.

Clause 41 of the Bill empowers the Central Government to make rules under sub-section (1) of proposed section 132A of the Companies Act, 2013, in respect of the time, manner and fees for an individual or firm to intimate the details of his or its registration with the Institute of Chartered Accountants of India, to the National Financial Reporting Authority.

Clause 42 of the Bill empowers the Central Government to make rules under clause (fa) of sub-section (3) of section 134 of the Companies Act, 2013, in respect of the form of the explanations or comments by the Board to be included within the report of the Board of Directors, on every observation or comment of the auditors on financial transactions or matters which have any adverse effect on the functioning of the company under clause (f) of sub-section (3) of section 143 and any qualification, reservation or adverse remark relating to the maintenance of accounts and other matters connected therewith under clause (h) of sub-section (3) of section 143.

Clause 43 of the Bill empowers the Central Government to make rules under sub-section (1) of section 135 of the Companies Act, 2013, in respect of the amount of net profit for constitution of the Corporate Social Responsibility (CSR) Committee. It also empowers the Central Government to make rules under sub-section (9), in respect of higher amount which would need to be spent in pursuant of CSR Policy for the purpose of requirement of constitution of CSR Committee. It also empowers the Central Government under sub-section (10) to make rules in respect of the class or classes of companies and the conditions which must be fulfilled by such companies, which shall not be required to comply with the provisions of section 135.

Clause 44 of the Bill empowers the Central Government to make rules under sub-section (12) of section 139 of the Companies Act, 2013, in respect of the class or classes of companies, and the conditions which must be fulfilled by such companies, which shall not be required to appoint auditors under Chapter X of the Companies Act, 2013.

Clause 46 of the Bill empowers the Central Government to make rules under the proviso to section 144 of the Companies Act, 2013, in respect of the class or classes of companies, of which the auditor or audit firm, shall not provide, directly or indirectly, any non-audit services to the company or its holding or subsidiary.

Clause 48 of the Bill empowers the Central Government to make rules under sub-section (1A) of section 148 of the Companies Act, 2013, in respect of the standards of cost accounting or any addendum thereto, after examination of recommendations of the Institute of Cost Accountants of India, constituted under the Cost Accountants Act, 1959.

Clause 49 of the Bill empowers the Central Government to make rules under item (B) of sub-clause (ii) of clause (e) of sub-section (6) of section 149 of the Companies Act, 2013, in respect of such lower per cent. of the gross turnover of a legal or consulting firm having transactions with the company, its holding, subsidiary or associate company.

Clause 51 of the Bill empowers the Central Government to make rules under sub-section (2) of section 154 of the Companies Act, 2013, in respect of the intervals and manner in which a person who has been allotted a Director Identification Number shall submit such information towards verification of his particulars to the Central Government or an officer authorised by that Government in this behalf. It further empowers the Central Government to make rules, under sub-section (3) of section 154, in respect of the manner in which the Director Identification Number allotted to a person may be deactivated or cancelled by the Central Government or the officer authorised by that Government in this behalf. It also empowers the Central Government to make rules under sub-section (6) of section 154, in respect of the manner in which a person may surrender the Director Identification Number allotted to him. It also empowers the Central Government to make rules under sub-section (7) of section 154, in respect of the conditions, fees, and manner for reactivation or restoration of a Director Identification Number that has been deactivated or cancelled or surrendered under sub-section (3) or (6) of section 154.

Clause 54 of the Bill empowers the Central Government to make rules under clause (k) of sub-section (1) of section 164 of the Companies Act, 2013, in respect of the criteria for assessment by the Board in respect of a person being a fit and proper person, and to prescribe different criteria for fit and proper person for different class or classes of companies.

Clause 63 of the Bill empowers the Central Government to make rules under sub-section (1) of section 203A of the Companies Act, 2013, in respect of the form and manner and the time within which the Board shall intimate the Registrar of the resignation of a whole-time key managerial personnel who is not a director. It further empowers the Central Government to make rules under the proviso to sub-section (1) of section 203A, in respect of the manner in which the said key managerial personnel may forward a copy of his resignation along with detailed reasons for his resignation to the Registrar.

Clause 69 of the Bill empowers the Central Government to make rules under clause (b) of sub-section (1) of section 233 of the Companies Act, 2013, in respect of the manner in which the meeting of members or class of members present and voting shall be held for approval of the scheme.

Clause 70 of the Bill empowers the Central Government to make rules under sub-section (1) of section 233A of the Companies Act, 2013, in respect of the manner in which shares held by a transferee company in its own name or in the name of any trust (whether on its behalf or on behalf of any of its subsidiary or associate companies) shall be dealt with or disposed of. It further empowers the Central Government to make rules under sub-section (2) of section 233A, in respect of the manner in which shares shall be cancelled and extinguished by the company where it fails to deal with or dispose of the shares referred to in sub-section (1) of section 233A.

Clause 73 of the Bill empowers the Central Government to make rules under clause (f) of sub-section (1B) of section 247, such other functions relating to clauses (a) to (e) of sub-section (1B) which may be performed by the Valuation Authority. It also empowers the Central Government to make rules under sub-section (1C), the person who may appoint a registered valuer, in cases other than appointment by the audit committee or by the Board of Directors of that company. It also empowers the Central Government to make rules under clause (c) of sub-section (2), in respect of the valuation standards and policies.

It also empowers the Central Government to make rules under sub-section (3B) of section 247, the manner in which, and the fees on payment of which any person aggrieved by an order of the Valuation Authority, under sub-section (3) or (3A) of section 247 may prefer an appeal before the Appellate Tribunal. It further empowers the Central Government to make rules under sub-section (5), companies or class of companies or such entities or class of entities who shall adopt valuation policies and standards formulated and laid down by the Central Government. It also empowers the Central Government to make rules under sub-section (6), the valuation standards or valuation policies or any addendum thereto, after examination of the recommendations of the Valuation Authority.

Clause 74 of the Bill empowers the Central Government to make rules under sub-section (2) of section 248 of the Companies Act, 2013, in respect of the manner in which a company may extinguish all its liabilities before filing an application to the Registrar for removing the name of the company from the register of companies.

Clause 80 of the Bill empowers the Central Government to make rules under section 365A of the Companies Act, 2013, in respect of the manner in which, and the fee on payment of which any person aggrieved by an order of the Central Government under Part IV of Chapter XX of the Companies Act, 2013, may prefer an appeal within a period of forty-five days from the date of receipt of such order by him.

Clause 82 of the Bill empowers the Central Government to make rules under clause (c) of section 374 of the Companies Act, 2013, in respect of the form of the declaration to be filed by all the members or partners in the event of registration under Part I of Chapter XXI of the Companies Act, 2013.

Clause 87 of the Bill empowers the Central Government to make rules under sub-section (1) of section 378ZF of the Companies Act, 2013, in respect of such other amount of average annual turnover in each of the three consecutive financial years for requiring a Producer Company to appoint an internal auditor. It further empowers the Central Government to make rules under sub-section (2) of section 378ZF, in respect of the manner and the intervals in which the internal audit shall be conducted and reported to the Board.

Clause 91 of the Bill empowers the Central Government to make rules under sub-section (1A) of section 396 of the Companies Act, 2013, in respect of the powers and duties that may be exercisable by the Regional Directors, Additional Regional Directors or Joint Regional Directors or Deputy Regional Directors, appointed by the Central Government for discharge of various functions under the Companies Act, 2013.

Clause 92 of the Bill empowers the Central Government to make rules under section 396A of the Companies Act, 2013, in respect of the form and manner in which and the period within which any person aggrieved by the decision of the Registrar under section 4 or section 7 of the Companies Act, 2013, may prefer an appeal to an officer not below the rank of the Joint Director, as may be authorised by the Central Government.

Clause 93 of the Bill empowers the Central Government to make rules under the first proviso to sub-section (1) of section 403 of the Companies Act, 2013, in respect of the amount per day payable for submitting, filing, registering or recording any document, fact or information after expiry of the period provided under sections 92 or 137. It further empowers the Central Government to make rules, under the second proviso to sub-section (1) of section 403, in respect of such class and classes of companies, for which the amount of additional fees shall not exceed two lakh rupees.

Clause 96 of the Bill empowers the Central Government to make rules through sub-section (4A) of section 419 of the Companies Act, 2013, in respect of the manner in which the President may constitute one or more Special Benches of the Tribunal to exercise the powers of the Tribunal for the disposal of cases under the Companies Act, 2013 or under the Insolvency and Bankruptcy Code, 2016.

Clause 98 of the Bill empowers the Central Government to make rules through section 446B of the Companies Act, 2013, in respect of such per cent., not exceeding one-half, of the penalty specified in such provisions payable for non-compliance by a One Person Company, small company, start-up company, or Producer Company, or any of its officer in default, or any other person in respect of such company.

Clause 101 of the Bill empowers the Central Government to make rules under sub-section (1A) of section 454 of the Companies Act, 2013, in respect of the form and manner and such fees payable for making an application for adjudication of penalty under that section, by a company or its officer who is in default. It also empowers the Central Government to notify a scheme to deal with the manner of withdrawal of the complaint and transfer of any matter thereto for adjudication under that section if such complaint or matter relates to those offences in respect of which, on and from the commencement of the Corporate Laws (Amendment) Act, 2026, the provision has been amended to provide for adjudication under that section.

Clause 103 of the Bill empowers the Central Government to make rules under sub-section (3) of section 454C of the Companies Act, 2013, in respect of the form and manner of filing an application in writing to the Specified Authority by any person, against whom any proceeding has been initiated for contravention of any provision referred to in sub-section (1) of section 454C. It further empowers the Central Government to make rules under sub-section (5) of section 454C of the Companies Act, 2013, in respect of the terms and manner of implementation of settlement and monitoring, and the sum on payment of which the Specified Authority may agree to the proposal of settlement.

It also empowers the Central Government to make rules under sub-section (6) of section 454C of the Companies Act, 2013, in respect of the time within which the Specified Authority and applicant concerned do not reach an agreement on the terms of settlement, before it rejects the application for settlement the proceedings initiated against the applicant are continued.

It also empowers the Central Government to make rules under sub-section (7) of section 454C of the Companies Act, 2013, in respect of the manner in which the settlement proceedings under section 454C shall be conducted.

Clause 106 of the Bill empowers the Central Government to make rules under the proviso to section 466A of the Companies Act, 2013, in respect of the manner in which the Central Government shall hold consultation with expert bodies or individuals, before issuing directions or guidelines or circulars under section 466A.

Clause 107 of the Bill empowers the Central Government to make rules under sub-section (3) of section 469 of the Companies Act, 2013, in respect of the amount of penalty, not exceeding five lakh rupees, and the amount of further penalty, not exceeding five thousand rupees for every day, which may be levied on any company or officer in default or any other person for contravention of any rule made under sub-section (1) of section 469.

2. Further, clause 40 of the Bill empowers the National Financial Reporting Authority to make regulations to specify the manner in which such action may be undertaken. It further empowers the National Financial Reporting Authority to make regulations in respect of—(a) the times and places and manner of observing rules of procedure in regard to the transaction of business at its meetings under sub-section (10); (b) salary, allowances and other terms and conditions of service of the secretary and employees under sub-section (11); (c) the manner in which it may engage experts and professionals under sub-section (17). Clause 41 of the Bill also empowers the National Financial Reporting Authority to make regulations, under sub-section (2) of section 132A, in respect of the form and manner, the period, and the fees for filing of documents, returns or information by the auditors of relevant companies or bodies corporate. Clause 73 of the Bill also empowers the Valuation Authority to make regulations, under sub-section (1) of section 247 of the Companies Act, 2013, in respect of the qualifications and experience for a person who may conduct a valuation is required to be made under the provision of the Companies Act, 2013. It also empowers the Valuation Authority to make regulations in respect of the terms and conditions subject to which certificate of recognition may be granted or renewed to valuers' organisations; terms and conditions subject to which certificate of registration may be granted or renewed to valuers; the manner in which compliance with valuation standards and policies shall be monitored and enforced; and the manner in which the valuer shall make the valuation.

3. The matters in respect of which the rules and regulations may be made are matters of procedure and administrative detail, and as such, it is not practical to provide for them in the proposed Bill itself. The delegation of legislative power is, therefore, of a normal character.

UTPAL KUMAR SINGH,
Secretary-General.