CORPORATE LAWS (AMENDMENT) BILL, 2026: TRANSFORMING INDIA'S M&A AND CAPITAL STRUCTURING FRAMEWORK

I. EXECUTIVE SUMMARY

On March 23, 2026, Finance and Corporate Affairs Minister Nirmala Sitharaman introduced the **Corporate Laws (Amendment) Bill, 2026 (Bill No. 85 of 2026)** ("**Bill**") in the Lok Sabha. The Bill was subsequently referred to a Joint Parliamentary Committee ("**JPC**") for detailed examination. The Bill proposes amendments to the Limited Liability Partnership Act, 2008 and the Companies Act, 2013 **("Act")** across 107 clauses, with a stated objective of facilitating greater ease of doing business, decriminalising procedural defaults, and modernising the corporate governance framework.

From a restructuring perspective, the Bill introduces a series of structurally significant amendments that have the potential to materially reduce the time, cost, and complexity associated with corporate and capital restructurings. This article analyses the proposed changes to Sections 230–233 (NCLT-sanctioned schemes and fast-track schemes), Section 68 (buy-back of shares) and the newly introduced Section 233A (treasury shares) of the Act, placing each amendment in the context of existing law, and its likely impact on M&A practice.

The legislative underpinnings of the present Bill can be traced to the *Report of the Expert Committee on Company Law (J.J. Irani Committee Report, 2005)*, which laid the conceptual groundwork for India's modernised corporate law framework. On the question of member and creditor approvals for schemes of compromise and arrangement, the Irani Committee had recommended that the requirement of a majority in number of members/creditors should be dispensed with, and that approval by a threshold '3/4th in value' of members and creditors present and voting should suffice. It recognized that value, not headcount, is the commercially meaningful criterion and that international practice similarly privileges value-based voting. The said report further recommended that rules should be framed to bring uniformity to the manner of conducting creditor and member meetings, including the power to dispense with such meetings where appropriate. The amendments proposed in the Bill to Section 233 (reducing approval thresholds to 75% of those present and voting) are a direct legislative realisation of these two-decade-old recommendations.

Notably, the Ministry of Corporate Affairs ("**MCA**") had already taken an incremental step in the direction of M&A reforms in September 2024 and subsequently in September 2025, when it amended the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 to further expand the scope of fast-track mergers under Section 233 of the Act.

The Bill is currently before the JPC for detailed examination. Pursuant to Clause 1(2) of the Bill, different provisions may be notified on different dates upon passing of the Bill; accordingly, the reforms analysed in this article may come into force in a phased manner.

II. SECTIONS 230–232: NCLT-SANCTIONED SCHEMES OF MERGER AND DEMERGER

A. Current Position of Law

Sections 230-232 of the Act empowers the Hon'ble National Company Law Tribunal (**"NCLT"**) to sanction a scheme of compromise or arrangement between a company and its creditors or members. The framework *inter alia*, governs mergers and demergers, requiring the Hon'ble NCLT to convene meetings of members and creditors and to pass an order sanctioning the proposed scheme upon compliance of the applicable laws. Read together, Sections 230–232 of the Act constitute the principal legislative framework for NCLT-supervised corporate restructurings.

1. Under the current framework, where multiple companies having their registered offices situated in different states are involved in a scheme, say, in Hyderabad and Mumbai respectively, separate applications/ petitions are required to be filed before the requisite benches of the Hon'ble NCLT having jurisdiction over each company under Sections 230-232 of the Act. This means that the respective benches at Mumbai and Hyderabad would each be required to separately adjudicate the scheme from the perspective of the companies within their respective territorial jurisdiction. In practice, this results in:

   - Parallel hearings before multiple benches, each with independent timelines and judicial temperaments;
   - Duplication of pleadings, notices, and filings for each bench;
   - Risk of divergent orders one bench may sanction the scheme while another raises objections or seeks modification;
   - Extended timelines, as each bench must independently receive reports from regulators (RoC, RD, OL, Income Tax, SEBI, RBI, CCI, etc.);
   - Payment of stamp duty on the same transaction in different jurisdictions;
   - Significant additional legal costs for companies.

   The same issue has also manifested in procedural delays. In *Landcraft Developers Pvt. Ltd. with Champion Infra Projects Pvt. Ltd. [MA No.16/2023 in CP (CAA) No.67/ALD/2019]*, the Hon'ble NCLT bench at Allahabad condoned a delay of 955 days in filing Form INC-28, where the scheme was still pending for sanction before the NCLT Delhi Bench. It was noted by NCLT Allahabad in its order that in schemes involving multiple jurisdictions, compliance is dependent on sanction by all concerned benches of the Hon'ble NCLT.

   The position of multi-bench jurisdiction has also been recognised in the context of stamp duty. In *Schaeffler India Ltd. v. Chief Controlling Revenue Authority [W.P. No. 7496/2023]*, the Hon'ble Bombay High Court reaffirmed that stamp duty is chargeable on the instrument, i.e., the sanctioning order of the NCLT, and not on the underlying transactions forming part of the scheme. Importantly, the Court recognised that where a composite scheme is sanctioned through orders passed by different NCLT benches, each such order constitutes a separate instrument within the relevant jurisdiction, and stamp duty is accordingly leviable on the instrument in the State where the order is passed.

   The same principle was reiterated in *Chief Controlling Revenue Authority, Pune v. Reliance Industries Limited, Mumbai [AIR 2016 Bom 108]*, where the Hon'ble Bombay High Court held that the scheme of

arrangement itself is not the instrument chargeable to stamp duty. Rather, it is the order of the Court sanctioning the scheme and effecting the transfer that constitutes the chargeable instrument. The Court further observed that where the registered offices of the companies are situated in different States and separate sanction orders are required from different High Courts, each such order would constitute an instrument chargeable to stamp duty within the relevant State jurisdiction.

However, in certain instances, the Hon'ble National Company Law Appellate Tribunal ("**NCLAT**") has adopted a pragmatic approach to mitigate such jurisdictional fragmentation. In *S M Niryat Private Limited [TA (Co. Act) 34(PB)/2023]*, the Hon'ble NCLAT Principal Bench upon an application under Rule 16 of the National Company Law Tribunal Rules, 2016, transferred the application pending before the Cuttack Bench of Hon'ble NCLT to the Kolkata Bench of Hon'ble NCLT so that it could be heard together with the connected scheme petition already pending there, observing that such transfer was warranted "in the interest of effective adjudication." Similar transfers have also been made in other matters where connected scheme proceedings were pending before different Benches, so that the entire scheme could be considered by one forum. Such orders show judicial recognition of the practical difficulties in the present multi-bench system and the need for a simpler mechanism for schemes involving companies in different jurisdictions.

2. Further, Section 230(1) of the Act currently contains a reference to the Insolvency and Bankruptcy Code, 2016 ("**IBC**"). The provision states that an application under Section 230 may be made *"or under the Insolvency and Bankruptcy Code, 2016, as the case may be."* Questions have arisen on whether both frameworks can operate at the same time, whether a scheme under Section 230 can be pursued during liquidation. Judicial decisions have generally recognised that Section 230 schemes may be considered even during liquidation proceedings, subject to the framework and supervision under the IBC.

   The Hon'ble Supreme Court in *Meghal Homes (P) Ltd. v. Shree Niwas Girni K.K. Samiti [(2007) 7 SCC 753]*, recognised that a scheme of compromise or arrangement under Sections 391–394 of the Companies Act, 1956 may be proposed even in respect of a company in liquidation, provided the scheme genuinely contemplates revival of the company and is not merely a device for disposal of its assets. The Apex Court clarified that the jurisdiction of the court to consider revival through a scheme continues so long as dissolution has not taken place, and the court must examine whether the proposal satisfies bona fides, public interest, and commercial morality before granting sanction.

3. The proviso to Section 232(3)(b) of the Act, provides that a transferee company shall not, as a result of a compromise or arrangement, hold any shares in itself, whether in its own name or in the name of any trust on its behalf or on behalf of any of its subsidiary or associate companies, and any such shares are required to be cancelled or extinguished.

   The Act does not expressly address the treatment of treasury shares arising from schemes approved under the Companies Act, 1956, or those accumulated prior to the commencement of the Act. This absence of legislative clarity has led to interpretational uncertainty, particularly in restructuring arrangements approved under the Companies Act, 1956, where treasury shares continue to exist without explicit statutory guidance governing their treatment.

The Hon'ble Bombay High Court, in *Company Petition No. 391 of 2002*, sanctioned a scheme of amalgamation of Reliance Petroleum Limited with and into Reliance Industries Limited. Under the said scheme, Petroleum Trust was a shareholder of Reliance Petroleum Limited. The sole beneficiary of Petroleum Trust was Reliance Industrial Investments and Holdings Limited, a wholly owned subsidiary of Reliance Industries Limited. Upon sanction of the scheme, shares of Reliance Industries Limited were allotted to the shareholders of Reliance Petroleum Limited including Petroleum Trust, as consideration under the scheme. This resulted in Reliance Industries Limited indirectly holding shares in itself through its wholly owned subsidiary, creating an indirect treasury shareholding structure. A few years thereafter, such shares were sold.

This indicates that, prior to the Act, such shareholding positions were addressed through structuring mechanisms rather than through an express statutory requirement of cancellation or extinguishment as now provided under the proviso to Section 232(3)(b).

B. Proposed Amendments

1. Single Bench Jurisdiction for all Schemes (Section 230 of the Act; Clause 67 of the Bill)

Clause 67 of the Bill inserts two provisos into Section 230(1). The first and principal proviso states 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."

The second proviso is a savings clause which states that:

"*any applications pending before the Tribunal as on the date of commencement of the Amendment Act shall continue to be dealt with by the Tribunal in accordance with the pre-amendment provisions. This ensures transitional certainty for ongoing matters.*"

The practical effect is transformative in nature. From the date of commencement of Corporate Laws (Amendment) Act, 2026 ("**Amendment Act**"), a single NCLT bench, being that of the transferee company / resultant company, will have jurisdiction over all companies involved in the scheme, regardless of where the transferor companies have their registered offices situated. The amendment is also broadly aligned with the existing approach under Rule 25(4)(a) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for fast-track mergers under Section 233, where the application to the Regional Director ("**RD**") is only to be made by the transferee company where its registered office is situated.

2. Clarification on IBC Exclusion (Section 230 of the Act; Clause 67 of the Bill)

Clause 67 of the Bill also omits the words "*or under the Insolvency and Bankruptcy Code, 2016, as the case may be*" from Section 230(1) of the Act. A corresponding omission is made in Section 230(6) of the Act. This omission clarifies that a compromise or arrangement under the Act is not allowed when the liquidation process under the Insolvency and Bankruptcy Code, 2016 has been initiated.

3. Clarification on Treasury Share Cancellation (Section 232 of the Act; Clause 68 of the Bill)
Clause 68 of the Bill amends Section 232(3)(b) of the Act by inserting the words *"on the merger or amalgamation"* after the words *"or extinguished."* The provision now reads that treasury shares held by a transferee company in itself shall be cancelled or extinguished upon amalgamation.

C. Impact and What It Means for the Industry

1. **Deal Timelines:** Schemes involving companies in multiple jurisdictions, which previously took 12–14 months due to parallel bench proceedings, may now be completed in materially shorter timeframes. A scheme with 5 transferor companies across 5 different jurisdictions previously required to be pursued before 5 different benches of the Hon'ble NCLT having jurisdiction over the respective companies; will now only be required to be pursued before single bench of the Hon'ble NCLT having jurisdiction over the transferee / resultant company.
2. **Legal Costs**: Significant reduction in litigation costs, counsel appearances before multiple benches, duplicate filings, and bench-specific compliance costs (if any) will be eliminated.
3. **Certainty of Outcome**: Risk of divergent orders across benches will be eliminated. Parties now face a single point of adjudication and a single set of judicial directions.
4. **Regulatory Notices:** Under the new regime, the single bench of the Hon'ble NCLT will issue notices to all regulatory authorities centrally, rather than each bench issuing its own set of notices.
5. **Stamp Duty Implication:** While consolidation of jurisdiction before a single bench of the Hon'ble NCLT streamlines approval of schemes, it does not centralise stamp duty incidence, which remains governed by State Stamp Acts. Stamp duty on an Hon'ble NCLT order under sections 230-232 of the Act, continues to arise based on the location of assets, registered offices, or state-specific charging provisions. Accordingly, multi-state schemes may still attract stamp duty in multiple jurisdictions notwithstanding a single sanction order. The amendment primarily reduces procedural fragmentation but does not reduce substantive stamp duty exposure.

The multi-bench issue has been a longstanding structural challenge in India's merger/ demerger framework, existing both under the High Court regime of the Companies Act, 1956 and continuing under the NCLT framework introduced by the Act. Under the Companies Act, 1956, different High Courts exercised territorial jurisdiction over companies, leading to similar procedural complications where scheme entities fell under multiple jurisdictions.

By streamlining procedural requirements, decentralising approval mechanisms and liberalising fund-raising frameworks, these reforms aim to significantly reduce scheme execution timelines and enhance transactional certainty, constituting India's bid to align its corporate restructuring framework with global standards. These amendments are the most consequential structural reforms for M&A practice in the Bill.

III. SECTION 233: FAST-TRACK MERGERS — RATIONALISED APPROVAL THRESHOLDS

A. Current Position of Law
Section 233 of the Act provides a streamlined, NCLT-independent mechanism for specified categories of companies. Under the existing Section 233, the scheme must be approved by members and creditors holding at least 90% of the total number of shares/ 90% of outstanding debt not merely those present and voting. Applications are

filed before the RD having jurisdiction over the transferee/ resultant company, not the NCLT, and the RD may refer the matter to the NCLT if the scheme is found to be not in public interest or prejudicial to creditors.

The 90% member/ creditor approval threshold has been a significant impediment in practice. In companies with dispersed shareholding, or where institutional investors hold small stakes, or companies having their shares listed on stock exchanges, obtaining 90% approval from all the shareholders is challenging even where the commercial rationale for the merger is widely accepted.

The conflict between the strict statutory text and commercial reality came to a head in the case of *IDFC Ltd. v. Regional Director, Chennai [CA(CAA)/46/(CHE)/2022]* before the Chennai Bench of the Hon'ble NCLT. Therein, 99.99% of those shareholders who voted (via e-voting and at the meeting) approved the scheme, yet those voters represented only 52.08% of the total paid-up share capital. The Regional Director, refused to sanction the scheme, strictly applying Section 233(1)(b) of the Act. Upon an application under Section 233(6) of the Act, the Hon'ble NCLT held that the scheme was not prejudicial to the interests of shareholders or creditors and, without directing fresh meetings, considered the matter under Sections 230–232 of the Act and sanctioned the scheme.

Further, under the current framework, a copy of the scheme is required to be filed with the jurisdictional Official Liquidator ("**OL**") irrespective of the nature of the scheme, whether it involves a transfer of undertaking, a demerger, or any other arrangement. This filing requirement adds procedural burden without a commensurate benefit in cases where the OL has no meaningful role such as demerger wherein the demerged entity and the resulting company, both remain in existence.

B. Proposed Amendments

1. Member approval threshold reduced to 75% of shares present and voting (Clause 69(a)(i))

Clause 69(a)(i) of the Bill proposes to substitute Section 233(1)(b) of the Act with a new provision requiring approval by a majority of members or class of members present and voting at the meeting, who hold at least 75% of the value in shares held by such members present and voting. This is a structural change of considerable significance as the denominator shifts from total shares issued to shares of members actually present and voting.

2. Creditor approval threshold reduced to 3/4th (Clause 69(a)(ii))

The creditor approval threshold in Section 233(1)(d) of the Act is reduced from 9/10th to at least 3/4th in value. This aligns with the approval standard and general framework prescribed under Section 230-232 of the Act. In practice, obtaining 9/10th creditor approval (where creditors may include numerous small trade creditors) has been disproportionately burdensome, particularly in mergers between a holding company and its wholly owned subsidiary where there is no genuine creditor prejudice.

3. Exemption from Official Liquidator Filing for Demergers (Clause 69(b))

Clause 69(b) of the Bill inserts a proviso to Section 233(2) of the Act stating 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."* This rationalises the OL filing requirement, recognising that the OL's role is primarily relevant in winding-up and insolvency contexts, and that filing a demerger scheme with the OL serves no practical regulatory purpose.

C. Impact and What It Means for the Industry

The proposed amendments under Section 233 of the Act offer the following practical benefits:

1. **Reduced minority hold-out risk**: Mergers/ demergers will no longer be blocked by small minority members/ creditors who fail to attend meetings or who hold out for disproportionate consideration. The shift from 90% of total members/ 90% of total outstanding debt to 75% of members/ creditors having 75% of outstanding debt present and voting mirrors global practice.
2. **Alignment with Section 230 Framework**: The harmonisation of voting thresholds with Section 230 of the Act resolves a longstanding structural inconsistency where the expedited mechanism imposed a higher practical approval burden than NCLT driven schemes.
3. **Greater Accessibility for companies having dispersed shareholding**: The revised threshold is expected to make Section 233 of the Act viable for listed entities with dispersed shareholding, significantly widening the pool of transactions capable of utilising the fast-track framework.
4. **Procedural rationalisation**: The OL filing exemption for demergers will reduce procedural delays by removing a filing step with no substantive regulatory benefit.

The September 2024 and September 2025 amendments to the Compromises, Arrangements and Amalgamations Rules (expanding the categories of eligible companies for fast-track mergers) had already signalled the government's intent to liberalise the fast-track route. The threshold reductions proposed in the Bill are the logical next step, expanding not just who can use the fast-track route, but making the approval requirements within it commercially realistic.

IV. NEW SECTION 233A: TREATMENT OF TREASURY SHARES — A CRITICAL GOVERNANCE REFORM

A. Current Position of Law

Under the Act, Sections 230 and 232 expressly require that a transferee company shall not, as a result of a compromise or arrangement, hold any shares in itself, whether in its own name or in the name of any trust on its behalf or on behalf of any of its subsidiary or associate companies, and any such shares are required to be cancelled or extinguished. This is sound corporate governance as a company cannot have voting rights in its own shares, as this would create circular ownership and distort the governance of the entity.

However, a critical legislative gap existed that the provisions of the Act on cancellation of treasury shares apply only prospectively, i.e., to schemes sanctioned under the Act. There is no provision in the Act dealing with treasury shares that arose prior to the commencement of the Act and continue to be held by transferee companies or by trusts on their behalf. Such treasury shares may have accumulated significant voting power, and without a statutory obligation to extinguish them, they have remained in a regulatory grey zone.

The concern is well-founded, in several large-cap companies, promoter groups and management teams have, historically, structured mergers and demergers in ways that resulted in the transferee company (or a trust acting on its behalf) holding shares in the transferee company. These legacy treasury shares have, in certain reported instances, been used to support management in member votes, raising fundamental concerns about corporate governance and the integrity of member democracy.

B. Proposed Amendment: Insertion of Section 233A

Clause 70 of the Bill inserts a new Section 233A with the heading "*Treatment of certain shares held in a name of a company or trust.*" The provision has the following structure:

- **Subsection (1):** Where a transferee company, as a result of a compromise or arrangement that took place prior to the commencement of the Act, holds 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 must be dealt with or disposed of in a prescribed manner within three years from the date of commencement of the Amendment Act.

- **Subsection (2):** Notwithstanding anything contained in the Act, if a company fails to comply with subsection (1), such shares shall be **cancelled and extinguished** by the company in the prescribed manner, and such cancellation and extinguishment shall be **deemed to be a reduction of the share capital** of the company.

- **Subsection (3):** If the company fails to comply with subsection (2), the company and every officer in default shall be liable to a penalty of Rs. 10,000 for every day during which the default continues.

C. Impact and What It Means for the Industry

The following aspects of Section 233A of the Act warrant careful analysis:

1. **Trust structures:** The provision expressly covers shares held in the name of *"any trust (whether on its behalf or on behalf of any of its subsidiary or associate companies)."* This broad language captures the common structure whereby a corporate trust, often set up for ostensibly benign purposes such as employee welfare, is used to hold treasury shares and exercise voting rights at the direction of management. The inclusion of subsidiary and associate trusts closes a potential structuring loophole.

2. **Three-Year sunset:** The three-year disposal window (from the date of commencement of the Amendment Act) gives companies a reasonable transition period to evaluate the most tax-efficient and commercially appropriate method of disposing of or extinguishing treasury shares. Prescribed methods may include simpliciter transfer of shares, open-market sale, buy-back by the company or reduction of share capital.

3. **Deemed capital reduction**: The deeming provision of Section 233A(2) of the Bill, that cancellation of such shares shall be treated as a reduction of share capital, has important implications. Under Section 66 of the Act, a reduction of share capital ordinarily requires approval from the Hon'ble NCLT. However, the deeming provision in Section 233A(2) of the Bill appears to operate as a statutory override, creating a mechanism for automatic cancellation without the formal process enshrined under Section 66 of the Act. This raises the interpretive question of whether companies that compliantly cancel treasury shares within the three-year window also avail themselves of this deeming shortcut, or whether only the involuntary (non-compliant) cancellation route is deemed a capital reduction. The distinction has implications for stamp duty, tax, and shareholder notification requirements.

The insertion of Section 233A by the Bill is one of the most governance-significant amendments in the Bill from a shareholder rights perspective. Large companies with legacy treasury share structures will need to conduct an immediate audit of their group structures to identify any pre-2013 scheme created treasury shares held directly or through trusts.

V. SECTION 68: BUY-BACK OF SHARES — ENHANCED FLEXIBILITY

A. Current Position of Law

Section 68 of the Act governs buy-back of shares by companies. Under the existing framework, a company may buy back its own shares subject to the following key conditions: (i) the buy-back is authorised by articles of association and approved by shareholders; (ii) only by board resolution for buy-backs up to 10% or less of paid-up equity capital and free reserve; (iii) the aggregate buy-back in any financial year does not exceed 25% of the paid-up equity share capital of the company; (iv) the debt-equity ratio does not exceed 2:1 after the buy-back; (v) the shares being bought back are fully paid-up; and (vi) a company is not permitted to make more than one offer of buy-back within a period of one year from the date of closure of the preceding offer. The current framework thus applies the same rule uniformly to all companies, without differentiation for debt-free companies that may have significant surplus capital.

B. Proposed Amendments

1. Differential Buy-Back Limits (Clause 29(a)(i))
Clause 29(a)(i) of the Bill proposes to substitute the proviso to Section 68(2)(c) of the Act with two new provisos. The first proposed proviso provides that, for "*such class or classes of companies, as may be prescribed*," the buy-back may be up to "*such per cent of the aggregate of paid-up capital and free reserves, as may be prescribed*." This enables the Central Government to prescribe a higher or otherwise differentiated buy-back limit for specified classes of companies, such as debt-free companies or companies with particular financial profiles.

The second proposed proviso introduces an important structural modification to the buy-back limit framework. While the earlier provision linked the computation mechanism exclusively to the statutory ceiling of 25% of the total paid-up equity share capital in the case of buy-back of equity shares, the proposed second proviso now refers to "*twenty-five per cent. or such other per cent., as the case may be*."

This change must be read alongside the newly inserted proviso empowering the Central Government to prescribe different buy-back limits for specified classes of companies. By extending the computation rule to any prescribed percentage, the amendment decouples the statutory mechanism from a fixed numerical threshold and converts Section 68 of the Act into a flexible framework capable of accommodating future regulatory calibration through rules.

2. Dual-Annual Buy-Back flexibility (Clause 29(a)(ii))
Clause 29(a)(ii) of the Bill proposes to insert a second proviso to Section 68(2)(g) of the Act, allowing *"such class or classes of companies, as may be prescribed"* to make up to 2 buy-back offers within a period of one year, provided that: (i) the second buy-back is not made earlier than six months from the date of closure of the preceding

offer; and (ii) the class satisfies the prescribed conditions. Based on the legislative background, this flexibility is expected to be prescribed for debt-free companies, which have a strong case for enhanced buy-back flexibility given the absence of creditor risk.

3. Removal of Affidavit Requirement (Clause 29(c))

Clause 29(c) of the Bill proposes to amend Section 68(6) of the Act to omit the words *"and verified by an affidavit."* Under the current law, the declaration of solvency filed by directors at the time of a buy-back is required to be verified by an affidavit. The amendment replaces this with a self-declaration, consistent with the Bill's broader policy of replacing affidavits with simpler declarations to reduce compliance burden.

4. Inclusion of Share-Linked Schemes (Clauses 29(b), 29(d), 29(f))

Clauses 29(b), (d) and (f) of the Bill proposes to insert the following in clause 5 of section 68 of the Act: *"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."*

This amendment extends to shares which form part of a scheme linked to the share capital of the company in the buy-back framework, which are increasingly used as part of executive compensation in both listed and unlisted companies.

5. Revised Penalty Regime (Clause 29(e))

Clause 29(e) of the Bill proposes to revise the penalty for non-compliance with buy-back provisions, replacing the existing fine with a civil penalty. For listed companies, it is proposed that such company shall face a penalty of Rs. 25 lakhs and officers in default face a penalty of Rs. 5 lakhs. For unlisted companies it is proposed that such company and each officer shall face a penalty of Rs. 2 lakhs each.

C. Impact and What It Means for the Industry

The buy-back amendments will have several practical implications:

1. Debt-free listed companies, particularly in the IT, pharma, and FMCG sectors, which have traditionally deployed frequent buy-backs as a capital management tool, will benefit from the ability to conduct buy-backs twice per year. When combined with capital gains taxation, buy-backs become a more efficient and predictable mechanism for returning surplus capital.
2. The differentiated buy-back limit flexibility may allow certain well-capitalised companies to buy back a higher percentage of their capital, accelerating value return in a low-capex environment.
3. The inclusion of shares which form part of a scheme linked to the share capital of the company, in Section 68 computations is a welcome step wherein employee compensation structures are adequately compensated by giving a restructured exit.

Companies with substantial free reserves and limited capital expenditure requirements have long advocated for greater flexibility to distribute surplus cash through buy-backs. The earlier restriction permitting only one buy-back per year, although intended to prevent market abuse, operated as a practical constraint even for debt-free companies with stable financial positions. The proposed amendments recalibrate this balance by preserving regulatory safeguards while enabling more responsive capital allocation decisions.

The proposed amendments to Section 68 of the Act must also be considered alongside the reforms introduced by the Income-tax Act, 2025 to provide that consideration received by shareholders on a buy-back shall be taxed under the head ‘Capital Gains’, rather than as deemed dividend income, with effect from 1st April, 2026. When read together, the enhanced flexibility under company law and the rationalised tax treatment reflect a coordinated legislative approach aimed at enabling efficient capital distribution while ensuring that taxation corresponds to actual economic gains realised by shareholders.

VI. CONCLUSIVE REMARKS AND LOOKING AHEAD

The Corporate Laws (Amendment) Bill, 2026, as it relates to the M&A and capital structuring provisions of the Act, represents a well-considered and substantive package of reforms that addresses several long-standing structural deficiencies in India's corporate restructuring framework. The four principal pillars of M&A reform, being **single NCLT jurisdiction, rationalised fast-track thresholds, treasury share governance, and enhanced buy-back flexibility**, are interconnected and mutually reinforcing, and collectively have the potential to reduce M&A execution timelines and costs materially.

The reforms are balanced and they ease procedural complexity without dismantling the substantive safeguards that protect minority shareholders, creditors, and the public interest. The single-bench reform does not compromise the mandatory two-stage NCLT process (first motion and second motion) for the Scheme. The threshold under Section 233 of the Act still requires a 75% majority, which is meaningful protection against majority oppression. The proposed reform for treasury shares, while imposing a mandatory obligation, provide for a three-year transition period and a range of disposal options.

By centralising merger applications at a single NCLT bench, the proposed amendment to Section 230 of the Act eliminates the bottleneck of multi-jurisdictional filings. This single-window approach is a landmark step in judicial efficiency, slashing corporate restructuring timelines.

The Bill, once enacted, will place India’s M&A and capital structuring procedural framework meaningfully closer to the efficiency standards of comparable common-law jurisdictions. The JPC process provides an important opportunity for further refinement, particularly on the scope of proposed Section 233A of the Bill’s deemed cancellation and the interaction of the single-bench reform with SEBI’s jurisdiction over listed company schemes.

The legislative reforms in the Bill, if enacted substantially in their current form, will provide the procedural infrastructure needed to support and accelerate this trajectory. The Corporate Laws (Amendment) Bill, 2026 is, in this respect, not merely a compliance reform; it is a foundational policy commitment to positioning India as a premier destination for complex, cross-jurisdictional M&A activity.

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