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PUBLIC CONSULTATION SUBMISSION

*Comments and Suggestions on the Draft Companies (Incorporation) Amendment Rules, 2026
Review of the Companies (Incorporation) Rules, 2014 -- Ministry of Corporate Affairs*

Addressed To	The Secretary, Ministry of Corporate Affairs, Government of India, New Delhi
Via	e-Consultation Module, www.mca.gov.in
Reference	Public Notice No. Policy-01/2/2025-CL-V-MCA-Part(2) dated April 8, 2026
Deadline	May 9, 2026
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Prefatory Note: *LexMentor Legal Research and Policy Advisory is a legal research and policy engagement platform based in New Delhi, India, committed to advancing evidence-based scholarship on corporate law, regulatory governance, constitutional law, and emerging technology policy. We welcome the Ministry of Corporate Affairs' initiative in inviting public comments on the Draft Companies (Incorporation) Amendment Rules, 2026, issued pursuant to Public Notice No. Policy-01/2/2025-CL-V-MCA-Part(2) dated April 8, 2026. We commend the Ministry for undertaking a comprehensive review of the Companies (Incorporation) Rules, 2014, and offer the following submissions constructively, in support of the Ministry's stated objective of simplifying procedures, reducing compliance burden on stakeholders, and modernising India's corporate regulatory framework.*

I. Background and Regulatory Context

The Companies (Incorporation) Rules, 2014, notified by the Ministry of Corporate Affairs on March 31, 2014, and operative from April 1, 2014, constitute the primary procedural framework governing the formation, registration, and early-stage compliance obligations of companies incorporated under the Companies Act, 2013. Over the course of more than a decade, these rules have been amended several times to reflect changes in technology, regulatory philosophy, and the practical experience of stakeholders. The present review -- resulting in the Draft Companies (Incorporation) Amendment Rules, 2026 -- is the most comprehensive revision of these rules since their original notification.¹

The central objectives of the proposed amendments -- to simplify procedures, consolidate forms, reduce compliance burden, and encourage digital modes of communication -- are well-considered and consistent with India's broader Ease of Doing Business reform agenda. LexMentor endorses these objectives and commends the Ministry of Corporate Affairs for undertaking this review in a consultative manner. The following submissions offer observations and suggestions with a view to ensuring that the final rules are not only simpler and more efficient, but also legally precise, constitutionally sound, and protective of the legitimate interests of all classes of company stakeholders.²

II. Consolidation of Forms -- E-CHNG and E-CON

Observation: The proposal to merge multiple existing forms into two consolidated e-forms -- E-CHNG (merging INC-4, INC-22, INC-23, and INC-24 for registered office changes and name changes) and E-CON (merging INC-6, INC-18, INC-12, INC-20, INC-27, RD-1, and INC-28 for conversions, approvals, and orders) -- is a significant and welcome reform. The proliferation of separate forms for related processes has long been identified as a major source of procedural friction and compliance cost for practitioners and companies alike.³

Suggestions:

- The Ministry should ensure that the design of E-CHNG and E-CON incorporates conditional logic, so that only those fields relevant to the specific transaction being undertaken are activated. A single consolidated form that requires all fields to be filled regardless of relevance would increase rather than reduce compliance burden.
- A comprehensive user guidance manual and worked examples for E-CHNG and E-CON should be published on the MCA portal simultaneously with the notification of the amended rules, to

assist practitioners -- particularly in smaller cities and towns -- in transitioning from the legacy forms.

- A parallel processing capability should be built into E-CON to enable simultaneous filing and tracking of conversion applications that require approvals from multiple authorities, such as the Regional Director and the National Company Law Tribunal, to prevent the sequential delays that currently characterise such processes.
- The legacy forms subsumed into E-CHNG and E-CON should continue to be accepted for a transition period of at least six months from the effective date of the amended rules, to allow practitioners and companies adequate time to adapt their internal systems and processes.

III. One Person Company -- Simplification of Conversion and Removal of Criminal Liability

Observation: The proposal to remove the requirement for directors to submit an affidavit under Rule 7(4)(iii) for conversion of a company into a One Person Company, and the proposed omission of the criminal liability provision specific to OPCs under Rule 7A, are both sound regulatory reforms. The affidavit requirement has long been criticised as a procedural formality with no substantive governance purpose, and the criminal liability provision for OPCs was disproportionate given the nature of the one-person company structure.⁴

Suggestions:

- While the removal of the criminal liability provision under Rule 7A is supported, the Ministry should ensure that adequate civil liability and regulatory enforcement mechanisms remain in place for OPCs that fail to comply with conversion requirements. The removal of criminal liability should not inadvertently create an enforcement gap.
- The Ministry should consider whether any residual disclosure or undertaking requirement can replace the affidavit under Rule 7(4)(iii) -- for instance, a self-declaration in the e-form itself -- to ensure that the conversion process retains a clear record of the director's confirmation of eligibility conditions.
- The eligibility conditions for conversion of a private company into an OPC -- including the paid-up share capital limit and the requirement for a sole member -- should be reviewed alongside the procedural simplification to ensure that they remain fit for purpose in the current business environment, particularly given the growing prevalence of solo entrepreneurship in India's startup ecosystem.

IV. Name Reservation -- Rules 8 and 8A

Observation: The proposal to fully redraft Rule 8 in simpler and clearer language, and to substitute Rule 8A to provide greater clarity on trademark-related objections, addresses one of the most frequent and consequential sources of practitioner frustration with the current incorporation framework. Name approval rejections -- particularly on the ground of similarity to existing trademarks -- have been a significant source of delay and uncertainty for promoters seeking to incorporate new companies, and the absence of clear, predictable criteria has led to inconsistent outcomes in the name approval process.⁵

Suggestions:

- Rule 8A should prescribe a clear and exhaustive list of the grounds on which a name may be rejected on trademark-related grounds, including the standard of similarity to be applied (phonetic, visual, or conceptual), and should be accompanied by an illustrative list of names that have been rejected on these grounds in the past, to provide practitioners with predictive guidance.
- The rules should specify the maximum period within which the Central Registration Centre must communicate a decision on a name reservation application -- currently 20 days under the RUN facility -- and should provide an automatic approval mechanism for applications not decided within this period, to eliminate indefinite pendency.
- An appellate mechanism against name rejection orders should be prescribed in the rules, providing a clear, time-bound, and accessible process for promoters to challenge rejections before a senior officer of the Ministry, without requiring recourse to the Company Law Tribunals for routine name disputes.
- The redrafted Rule 8 should clarify the treatment of names that include geographical identifiers, acronyms, transliterations of Indian-language words, and names that reference regulatory bodies or government schemes, as these categories have historically generated disproportionate uncertainty.

V. KYC and Document Requirements for Subscribers

Observation: The proposed simplification of KYC and document requirements for subscribers at the time of incorporation is a welcome measure. The current framework requires subscribers to submit multiple overlapping identity and address verification documents, many of which are already available to the government through Aadhaar and other digital identity systems. The rationalisation of these requirements will reduce the time and cost of incorporation, particularly for first-time promoters unfamiliar with the documentation process.

Suggestions:

- The Ministry should leverage the DigiLocker infrastructure to enable automatic verification of subscriber identity and address documents at the time of incorporation, eliminating the need for manual uploading of documents that are already electronically verified by the issuing authority.
- For subscribers who are natural persons and are Aadhaar holders, Aadhaar-based e-KYC should be accepted as complete and sufficient identity verification for the purpose of incorporation, without any requirement for additional documentary proof of identity or address.
- For foreign subscribers and subscribers who are bodies corporate, the documentation requirements should be clearly specified in the rules themselves, rather than in circulars or general instructions, to provide a single, authoritative source of compliance requirements.
- The rules should prescribe a clear data retention and deletion policy for subscriber KYC documents uploaded to the MCA portal, consistent with the Digital Personal Data Protection Act, 2023, to ensure that personal data is not retained beyond the period necessary for regulatory purposes.

VI. Encouragement of Digital Modes of Communication

Observation: The proposed amendments aim to encourage digital modes of communication between companies and the Registrar of Companies, and between companies and their members. This is consistent with the broader direction of corporate law reform globally and with India's Digital India initiative. However, the transition to digital communication must be managed carefully to ensure that it does not inadvertently exclude members and stakeholders who lack reliable digital access, particularly in rural and semi-urban areas.

Suggestions:

- The rules should prescribe that digital communication is the default mode for all regulatory filings and government communications, while preserving the right of individual members and shareholders -- particularly retail investors and small shareholders -- to opt for physical communication on request, without penalty.
- The Ministry should publish a comprehensive digital accessibility audit of the MCA21 portal and the SPICe+ system before the amended rules come into force, identifying and addressing barriers to access for users with disabilities, users on low-bandwidth connections, and users in vernacular languages.
- The rules should prescribe minimum technical standards for digital communications between companies and their members, including requirements for document security, read receipts, and accessibility for persons with disabilities, consistent with the Web Content Accessibility Guidelines (WCAG) 2.1.

VII. Registered Office Requirements and Compliance

Observation: The current rules require a company to have a registered office within 30 days of incorporation and to maintain that office for all official communications. The proposed amendments address the procedures for change of registered office through the E-CHNG form. The registered office framework is a perennial source of compliance difficulty, particularly for startups and small companies that operate from co-working spaces, shared offices, or residential premises in the early stages of their existence.

Suggestions:

- The rules should expressly recognise co-working spaces and managed office facilities as valid registered offices for companies, subject to the company obtaining a written No Objection Certificate from the operator, to reflect the realities of modern business operations and reduce the cost of maintaining a dedicated registered office address.
- The 30-day period for establishing a registered office after incorporation should be extended to 60 days for companies with foreign subscribers, given the additional time required for international documentation and notarisation processes.
- The rules should clarify the evidentiary standard required to establish a registered office -- specifically, whether a utility bill in the name of the occupier of the premises, a lease agreement, or a No Objection Certificate from the owner is sufficient, as the current practice of Registrars of Companies varies significantly across jurisdictions.

VIII. Broader Compliance Rationalisation and Filing Framework

Observation: The MCA has simultaneously initiated a broader compliance rationalisation exercise covering all stages of a company's lifecycle -- from incorporation to dissolution. The draft amendments to the Companies (Incorporation) Rules, 2014, form one component of this larger exercise. LexMentor welcomes this holistic approach and urges the Ministry to ensure that the rationalisation of incorporation-stage rules is properly integrated with parallel reforms to the annual filing, board governance, and dissolution frameworks, so that simplifications at one stage do not create inadvertent compliance gaps at another.⁶

Suggestions:

- The Ministry should publish a consolidated compliance calendar for private companies -- covering all annual, event-based, and one-time filing requirements under the Companies Act, 2013, and all subordinate rules -- as a single, authoritative reference document updated annually, to reduce the compliance cost of mapping and monitoring obligations across multiple rules and circulars.
- Penalties for minor and technical filing defaults -- such as late filing of incorporation documents, delays in updating registered office details, and procedural non-compliance with name reservation requirements -- should be subject to a compounding mechanism with a clear and modest maximum, rather than escalating daily penalty structures that are disproportionate to the nature of the default.
- The Ministry should establish a dedicated helpdesk and grievance redressal mechanism for incorporation-related matters, staffed by qualified professionals, with a guaranteed response time of 48 working hours, to assist companies and practitioners in resolving procedural difficulties without requiring recourse to formal legal proceedings.

IX. Provision-Specific Drafting Suggestions

The following provision-specific drafting refinements are respectfully suggested:

Provision	Observation	Suggested Refinement
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Rule 7(4)(iii) OPC Affidavit	The affidavit requirement for OPC conversion is a procedural formality with no substantive governance purpose.	Replace with a self-declaration field within the E-CON form, retaining documentary evidence of compliance without requiring a separate notarised affidavit.
Rule 7A OPC Criminal Liability	Criminal liability for OPC procedural defaults is disproportionate and inconsistent with the principle of proportionate enforcement.	Omit as proposed, but simultaneously strengthen civil penalty provisions to ensure adequate deterrence against wilful non-compliance.
Rule 8 Name Availability	The current rule lacks clear, predictable criteria for name approval and rejection, leading to inconsistent outcomes.	Redraft to include an exhaustive list of rejection grounds, a defined similarity standard, and an illustrative list of rejected names for practitioner guidance.
Rule 8A Trademark Objections	Trademark-based name rejections are a major source of practitioner frustration due to the absence of clear criteria and an appellate mechanism.	Substitute with a provision specifying the standard of similarity, the evidence required to establish trademark conflict, and a time-bound appellate process.
E-CHNG and E-CON Transition Period	No transition period is prescribed for legacy forms being subsumed into E-CHNG and E-CON, creating a risk of procedural disruption.	Prescribe a minimum 6-month parallel acceptance period for legacy forms, with clear communication to practitioners of the cutover date.
KYC Rules Digital Verification	The rules do not yet fully leverage the Aadhaar and DigiLocker infrastructure for subscriber verification, requiring manual document uploads.	Amend to permit Aadhaar-based e-KYC as complete identity verification for natural person subscribers, eliminating duplicative documentary requirements.

X. Conclusion

LexMentor commends the Ministry of Corporate Affairs for undertaking this comprehensive review of the Companies (Incorporation) Rules, 2014, and for adopting a consultative approach to the amendment process. The proposed consolidation of forms, simplification of the OPC conversion process, redrafting of name availability rules, and encouragement of digital communication collectively represent a meaningful step toward reducing the compliance burden on Indian companies and improving the Ease of Doing Business in India.

The suggestions set out in this submission are offered constructively, with a view to ensuring that the final rules are operationally workable, legally precise, and protective of the legitimate interests of all classes of company stakeholders -- including first-time promoters, small companies, OPC founders,

and foreign investors. LexMentor remains available for any further engagement, clarification, or participation in any stakeholder consultation that the Ministry may organise in connection with these rules.

Respectfully submitted,

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Footnotes and References

1. Ministry of Corporate Affairs, Public Notice No. Policy-01/2/2025-CL-V-MCA-Part(2), April 8, 2026, proposing the Companies (Incorporation) Amendment Rules, 2026. Comments invited via the e-Consultation Module at www.mca.gov.in by May 9, 2026.
2. CA Club India, 'MCA Invites Feedback on New Incorporation Rules 2026 to Boost Ease of Doing Business' (April 17, 2026). Available at: caclubindia.com. The amendment is described as seeking to 'simplify procedures, reduce compliance burden, and modernize corporate regulatory processes'.
3. TaxSocial, 'MCA Proposes Major Overhaul of Companies (Incorporation) Rules, 2014 -- 15 Key Changes' (April 17, 2026). Available at: taxsocial.pro. The E-CHNG form merges INC-4, INC-22, INC-23, and INC-24; the E-CON form merges INC-6, INC-18, INC-12, INC-20, INC-27, RD-1, and INC-28.
4. Vinod Kothari Consultants, 'MCA Proposes Simplified Incorporation Rules' (April 17, 2026). Available at: vinodkothari.com. The affidavit under Rule 7(4)(iii) and the criminal liability under Rule 7A are identified as two key changes affecting OPCs.
5. TaxGuru, 'MCA Proposes Company Incorporation Rule Changes to Reduce Compliance Burden' (April 9, 2026). Available at: taxguru.in. Rule 8 is proposed to be fully redrafted in simpler language, and Rule 8A is to be substituted to provide clarity on trademark-related objections.
6. Angel One, 'MCA Seeks Public Feedback on Proposed Companies Incorporation Rule Changes' (April 16, 2026). Available at: angelone.in. The MCA's twin consultation initiatives -- the Companies (Incorporation) Amendment Rules, 2026, and the broader compliance rationalisation exercise -- reflect a comprehensive approach to corporate regulatory reform.

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