

## **Corporate Law Update**

The following are few of the important updates in Companies Act 2013 & SEBI LODR Regulations 2015 during February 2021

### **I. Companies (Incorporation) Second Amendment Rules, 2021**

G.S.R. 91(E) dated 1<sup>st</sup> February 2021 —In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Incorporation) Rules, 2014.

The key changes in Companies ( Incorporation) Rule 2021 are :

- (i) Compulsory conversion of OPC to Private Limited company based on paid up capital / turnover is omitted.
- (ii) One Person Company shall be formed by a natural person who is an Indian citizen whether resident in India or otherwise. Resident in India means stay of 120 days or more in India .
- (iii) The minimum period of 2 years in existence for voluntary conversion from OPC to Private limited company has been omitted.
- (iv) The OPC shall file an application in e-form INC 6 for its conversion into a Private or Public company other than section 8 company by attaching the documents like
  - a) Altered MOA / AOA
  - b) Copy of the resolution
  - c) List of proposed members and directors along with consent
  - d) List of creditors
  - e) Latest audited financials

**This amended Rules shall come into force from 1<sup>st</sup> April 2021.**

## **II. Companies ( Specification of definitions details) Second Amendment Rules, 2021**

G.S.R. 92(E) dated 1st February 2021 —In exercise of the powers conferred by sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Specification of definitions details) Rules, 2014.

The key change in Companies ( Specification of definitions details) Rule 2021 is the change in the definition of the Small Company which is given below :

"**Small Company**" means a company, other than a public company,—

- (i) paid-up share capital of which does not exceed Two Crores rupees or such higher amount as may be prescribed which shall not be more than ten crore rupees; **and**
- (ii) turnover of which as per profit and loss account for the immediately preceding financial year does not exceed twenty crore rupees or such higher amount as may be prescribed which shall not be more than one hundred crore rupees:

Provided that nothing in this clause shall apply to—

- (A) a holding company or a subsidiary company;
- (B) a company registered under section 8; or
- (C) a company or body corporate governed by any special Act;

**This amended Rules shall come into force from 1<sup>st</sup> April 2021.**

### **III. Companies ( Compromises, Arrangements and Amalgamations) Rules, 2021**

G.S.R. 93(E) dated 1st February 2021 —In exercise of the powers conferred by sub-sections (1) and (2) of section 469 read with section 230 to 233 and sections 235 to 240 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.

The key change in Companies ( Compromises, Arrangements and Amalgamations) Rule 2016 is in rule 25, after sub-rule (1) the following sub-rule shall be inserted, namely:-

“(1A) A scheme of merger or amalgamation under section 233 of the Act may be entered into between any of the following class of companies, namely:-

- (i) two or more start-up companies; or
- (ii) one or more start-up company with one or more small company.

**Explanation.-** For the purposes of this sub-rule, “start-up company” means a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognised as such in accordance with notification number G.S.R. 127 (E), dated the 19th February, 2019 issued by the Department for Promotion of Industry and Internal Trade.”

**This amended Rules is effective from 1<sup>st</sup> February 2021.**

### **IV. Companies ( Specification of definitions details) Second Amendment Rules, 2021**

G.S.R. 123(E) dated 19<sup>th</sup> February 2021 - In exercise of the powers conferred by the proviso to clause (52) of section 2 read with sub-sections (1) and (2) of section 469 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following rules further to amend the Companies (Specification of definitions details) Rules, 2014.

The key changes in Companies ( Specification of definitions details) Rule 2021 are

- (i) A new Rule 2A has been inserted – Companies not to be considered as Listed Companies.

- a. Public Companies which have listed only their non-convertible debt securities and or non-convertible redeemable preference shares shall not be considered as Listed companies.
- b. Private companies which have listed their non-convertible debt securities on private placement basis on a recognized stock exchange in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008.
- c. Public companies which have not listed their equity shares on a recognized stock exchange but whose equity shares are listed on a stock exchange in a jurisdiction as specified in sub-section (3) of section 23 of the Act ( Listing in permissible foreign jurisdiction)

**This amended Rules shall come into force from 1<sup>st</sup> April 2021.**

**V. Revised disclosure formats under Regulation 7 of SEBI (Prohibition of Insider Trading) Regulations, 2015**

SEBI vide Circular No. SEBI/HO/ISD/ISD/CIR/P/2021/19dated 9<sup>th</sup> February 2021 revised the disclosure formats under Regulation 7 of SEBI (Prohibition of Insider Trading) Regulations, 2015 based on the amendments to the PIT Regulations effecting the inclusion of member of the promoter group, and designated person in place of employee, in Regulation 7 of PIT Regulations and based on the feedback received from market participants and stock exchanges. The revised disclosure formats(Forms B to D)are given below :

**FORM B**

**SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (1) (b) read with Regulation 6(2) – Disclosure on becoming a Key Managerial Personnel/Director/Promoter/Member of the promoter group]**

Nameof thecompany: \_\_\_\_\_

ISINofthecompany:\_\_\_\_\_

**DetailsofSecuritiesheldonappointmentofKeyManagerialPersonnel(KMP)orDirectororupon becoming aPromoterormember ofthepromoter groupofalistedincompany andimmediate relativesofsuchpersonsandbyothersuchpersonsasmentionedinRegulation6(2).**

Name, PAN, CIN/DIN & Address with contact nos.	Category of Person (KMP/Director or Promoter or member of the promoter group/Immediate relatives to others, etc.)	Date of appointment of KMP/Director/ OR Date of becoming Promoter/member of the promoter group	Securities held at the time of appointment of KMP/Director or upon becoming Promoter or member of the promoter group		% of Shareholding
			Type of securities (Foreg.-Shares, Warrants, Convertible Debentures, Rights entitlements, etc.)	No.	
1	2	3	4	5	6

**Note:** "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.

Details of Open Interest (OI) in derivatives on these securities of the company held on appointment of KMP or Director or upon becoming a Promoter or member of the promoter group of a listed company and immediate relatives of such persons and by others such persons as mentioned in Regulation 6(2).

Open Interest of the Future contracts held at the time of appointment of Director/KMP or upon becoming Promoter/member of the promoter group			Open Interest of the Option Contracts held at the time of appointment of Director/KMP or upon becoming Promoter/member of the promoter group		
Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms	Contract specifications	Number of units (contracts * lot size)	Notional value in Rupee terms
7	8	9	10	11	12

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options

Name & Signature:

Designation:

Date:

Place:

**FORM C**

**SEBI (Prohibition of Insider Trading) Regulations, 2015 [Regulation 7 (2) read with Regulation 6(2) – Continual Disclosure]**

Name of the company:

ISIN of the company:

Details of change in holding of Securities of Promoter, Member of the Promoter Group, Designated Person or Director of a listed company and immediate relatives of such persons and other such persons as mentioned in Regulation 6(2).

Name, PAN, CIN/DIN, & address with contact nos.	Category of Person (Promoter/member of the promoter group/designated person / Director s/immediate relative to/others etc.)	Securities held prior to acquisition/ disposal		Securities acquired/Disposed				Securities held post acquisition/ disposal		Date of allotment advice/ acquisition of shares/ disposal of shares, specify		Date of intimation to company	Mode of acquisition /disposal (on market/ public/ rights/ preferential offer/ off market/ Inter-se transfer, ESOPs, etc.)	Exchange on which the trade was executed
		Type of securities (For eg. –Shares, Warrants, Convertible Debentures, Rights entitlements etc.)	No. and % of share holding	Type of securities (Foreg. –Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase/sale Pledge/ Revocation/ Invocation/ Others- please specify)	Type of securities (Foreg. –Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and % of share holding	From	To			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

**Note:** (i) “Securities” shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.  
(ii) Value of transaction excludes taxes/brokerage/any other charges

Details of trading in derivatives on these securities of the company  
 designated person or Director of a listed company and immediate relatives of such persons and others such persons as mentioned in Regulation 6(2).

by Promoter, member of the promoter group,  
 as mentioned in Regulation 6(2).

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts*lot size)	Notional Value	Number of units (contracts * lot size)	
16	17	18	19	20	21	22

**Note:** In case of Options, notional value shall be calculated based on Premium plus strike price of options.

Name & Signature:

Designation:

Date:

Place:

**FORMD (Indicative format)**

**SEBI(Prohibition of Insider Trading)Regulations,2015  
Regulation 7(3)–TransactionsbyOtherconnected persons as identifiedbythe company**

**Details of trading in securities byotherconnected persons as identifiedbythe company**

Name, PAN, CIN/DIN, &address with contact nos.ofother connected persons as identified by the company	Connect ion with company	Securitiesheldpriorto acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment advice/ acquisition ofshares/ disposal of shares specify		Date of intimation to company	Mode of acquisition/ disposal(on market/ public/ rights/ Preferential offer / off market/ Inter-setransfer, ESOPs etc.)	Exchangeon which the trade was executed
		Type of securities (Foreg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and %of shareholding	Type of securities (Foreg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase/Sale/ Pledge/ Revocation / Invocation/ Others- please specify)	Type of securities(F oreg.– Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No. and% of share holding	From	To			
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15

**Note:** (i) "Securities" shall have the meaning as defined under regulation 2(1)(i) of SEBI (Prohibition of Insider Trading) Regulations, 2015.  
(ii) Value of transaction excludes taxes/brokerage/any other charges



**Details of trading in derivatives on these securities of the company by other connected persons as identified by the company**

Trading in derivatives (Specify type of contract, Futures or Options etc.)						Exchange on which the trade was executed
Type of Contract	Contract specifications	Buy		Sell		
		Notional Value	Number of units (contracts* lot size)	Notional Value	Number of units (contracts* lot size)	
16	17	18	19	20	21	22

**Note:** In case of Options, notional value shall be calculated based on premium plus strike price of options.

Name:

Signature:

Date :

Place:

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