



HS ASSOCIATES
COMPANY SECRETARIES

Knowledge Capsule

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21st Edition



This version consist of

- **Update on Fast Track mergers extended to Starts ups and other small companies.**
- **Companies (Incorporation) Amendment Rules, 2014.**
- **Revised definition of small companies**
- **SEBI revises disclosure format under regulation 7 of SEBI (Prohibition of Insider Trading) Regulation, 2015**
- **Ministry of Corporate Affairs implements Producer Companies' chapter in Company Law.**
- **MCA notifies Period for Notice of issue of Share Capital under section 62**



Update on Fast track mergers extended to Starts ups and other small companies

- **As per Section 233 of Companies Act, 2013, following companies are eligible for Fast Track Merger.**
- two or more small companies
- a holding company and its wholly-owned subsidiary company
- such other class or classes of companies as may be prescribed by CG from time to time



The MCA vide notification dated 1st of February, 2021 has amended the definition of companies which can opt for fast track merger under section 233 of Companies Act, 2013. The eligible companies are as follows:

- Two or more small companies
- a holding company and its wholly-owned subsidiary company
- One or more start-up company with one or more small company.
- Two or more start-up companies; or
- such other class or classes of companies as maybe prescribed by CG from time to time

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 recognized 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.”



Companies (incorporation) amendment Rules, 2014.

On February 01, 2021, the Ministry of Corporate Affairs published the Companies (Incorporation) Second Amendment Rules, 2021 effective from April 01, 2021 in order to amend the Companies (Incorporation) Rules, 2014.

Some of the important points on Companies (Incorporation) Second Amendment Rules, 2021 includes the following.

- Previously NRIs were not allowed to incorporate OPCs. Now any natural person, who is an Indian citizen, whether resident in India or otherwise would be allowed to form an OPC.
- For being considered as a Resident in India, the residency period has been proposed to be reduced to 120 days from 182 days for NRIs.
- Rule relating to voluntary conversion unless OPC has completed two years from the date of incorporated is proposed to be omitted with effect from 01/04/2021, Conversion of One Person Company into a Public company or a Private company shall be permitted anytime
- The amendment modifies Rule 6 which deals with Conversion of One Person Company into a Public company or a Private company. The modified clause states –

A One Person company may be converted into a Private or Public Company, other than a company registered under Section 8 of the Act, after increasing the minimum number of members and directors to two or seven members and two or three directors, as the case may be, and maintaining the minimum paid-up capital as per the requirements of the Act for such class of company and by making due compliance of section 18 of the Act for conversion.



- The amendment further provides that the company must file an application in e-Form No.INC-6 (Earlier e-Form No.INC-5) for its conversion into Private or Public Company, other than under section 8 of the Act, along with fees as provided in the Companies (Registration offices and fees) Rules, 2014 by attaching following documents:
 - 1) Altered MOA and AOA;
 - 2) copy of resolution;
 - 3) list of proposed members and its directors along with the consent;
 - 4) list of creditors; and
 - 5) latest audited balance sheet and profit and loss account.

- The amendment also omits the requirement under Rule 7 of having paid up share capital of Fifty Lakhs Rupees or less and average annual turnover during the relevant period is two crore rupees or less.

Revised definition of Small Company.

- In an attempt to boost the enterprise culture in the country, the budget 2021 has proposed to revise the definition for small companies Under the Companies Act 2013 by allowing companies with paid up capital not exceeding INR 2 Crores to come under the definition of small companies from the earlier limit of INR 50 lakhs. The revision also extends the turnover limit criteria from the existing INR 2 Crores to INR 20 Crores.



SEBI revises disclosure format under regulation 7 of SEBI (Prohibition of Insider Trading) Regulation, 2015.



- The Securities and Exchange Board of India vide its notification dated 9th February 2021, has revised Form B which deals with disclosure after becoming key managerial personnel /director/ promoter/ member of the promoter group and Form C where the details of change in holding of securities of promoter, member of the promoter group shall be disclosed.
- Further, the details of trading in securities by other connected persons as identified by the company shall be disclosed in Form D.
- The circular and formats specified therein is Provided below and also available on website of SEBI.



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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]

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]**

Name of the company: _____

ISIN of the company: _____

Details of Securities held on appointment of Key Managerial Personnel (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 other such persons as mentioned in Regulation 6(2).

Name, CIN/DIN & Address with contact nos.	PAN	Category of Person (KMP / Director or Promoter or member of the promoter group/ Immediate relative 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		% Shareholding of
				Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlements, etc.)	No.	
1	2	3	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 the 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 other 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 units (contracts * lot size)	Notional value in Rupee terms	Contract specifications	Number 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 to				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 (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase/sale/Pledge/Revocation/Invocation/Others-please specify)	Type of securities (For eg. – 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 the securities of the company by 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).

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: _____



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

SEBI (Prohibition of Insider Trading) Regulations, 2015
Regulation 7(3) – Transactions by Other connected persons as identified by the company

Details of trading in securities by other connected persons as identified by the company

Name, PAN, CIN/DIN, & address with contact nos. of other connected persons as identified by the company	Connect ion with company	Securities held prior to acquisition/disposal		Securities acquired/Disposed				Securities held post acquisition/disposal		Date of allotment/ acquisition/ 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 entitlement, etc.)	No. and % of shareholding	Type of securities (For eg. – Shares, Warrants, Convertible Debentures, Rights entitlement, etc.)	No.	Value	Transaction Type (Purchase/Sale/Pledge/Revocation / Invocation/ Others-please specify)	Type of securities (For eg. – 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 the 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	

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

Name:

Signature:

Place:



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Form-D - SEBI (Prohibition of Insider Trading) Regulations, 2015 Regulation 7(3) – Transactions by Other connected persons as identified by the company

Ministry of Corporate Affairs implements Producer Companies' chapter in Company Law.

The Corporate Affairs Ministry (MCA) has operationalised a new Chapter on 'Producer Companies' enacted in the Company law last September, putting in place a self-contained legal framework for the farming community and certain co-operatives to attain the benefits of corporate structure, including better access to formal credit.

The new chapter operationalised now is largely on the lines of the provisions enshrined in the Companies Act, 1956, say experts. When the company law got replaced with a new 2013 version, the government had said that earlier provisions of producer companies specified in 1956 company law will continue till a framework is enacted. In September 2020, the government came with an amendment law that introduced a new chapter on 'producer companies'. This chapter has been operationalised from Thursday 11th February, 2021.

PRODUCER COMPANIES IN INDIA

PRODUCER COMPANIES

A COOPERATIVE OF SMALL
TIME PRODUCTION COMPANIES



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What is Producer Company?

Producer Company can be formed by ten or more producers, two or more producer institutions or a combination of 10 or more producers and producer institutions. Such a company can only have equity capital, require a minimum of five directors and an authorized capital of ₹5 lakh. Producer company allows farmers' co-operatives to function as a corporate entity under the Companies Act. Even businesses involved in marketing or promoting primary produce; financing producer activities or providing infrastructure to producers, whether in the form of electricity, water resources, irrigation techniques, consultation or land utilization, can constitute a producer company. MCA has also specified the areas and instruments in which the general reserves of a 'producer company' can be invested.

What is a Producer Company?



VAKIL SEARCH

MCA notifies Period for Notice of issue of Share Capital under section 62

The Ministry of Corporate Affairs (MCA) on 11th February 2021 has published the Companies (Share Capital and Debentures) Amendment Rules, 2021 to further amend the Companies (Share Capital and Debentures) Rules, 2014. The Amendment brings in a new rule 12A which notifies the period for notice of issue of share capital under section 62. According to the notification the time period within which the offer of acceptance towards the issue of further shares by a company shall be not less than seven days from the date of the offer.





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**FEEL FREE TO CONTACT FOR FURTHER
ASSITANCE.**

Thank You

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