

MCA notifies effective date for various amended Rules (1/2)

Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

The Ministry of Corporate Affairs (MCA) has amended Rule 25 of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 vide notification dated **1 February 2021**.

Highlights of the amendment

- **Fast-track merger** now allowed between:
 - (i) two or more start-up companies; or
 - (ii) one or more start-up company with one or more small company.
- A **'start-up' company** is defined to mean 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 19 February 2019 issued by the Department for Promotion of Industry and Internal Trade.

Companies (Specification of Definitions Details) Rules, 2014

Vide notification dated 1 February 2021, the MCA has amended the Companies (Specification of Definitions Details) Rules, 2014. The amendment shall come into effect from **1 April 2021**.

Highlights of the amendment

- **Definition of 'small company' amended:** Threshold limits for paid up capital and turnover applicable on a 'small company' have been revised. Companies fulfilling following conditions shall be considered as a 'small company':
 - **paid up capital** not exceeding INR 2 crore (earlier INR 50 lakh) and
 - **turnover** not exceeding INR 20 crore (earlier INR 2 crore)

MCA notifies effective date for various amended Rules (2/2)

Companies (Incorporation) Rules 2014

Vide notification dated 1 February 2021, the MCA has amended the Companies (Incorporation) Rules, 2014. The amendment shall come into effect from **1 April 2021**.

Highlights of the amendment

- **Amendment in norms relating to a 'One Person company' (OPC):**
 - Non-resident Indian now allowed to incorporate OPCs
 - To set up an OPC, residency requirement for an Indian citizen has been reduced from 180 days to 120 days
 - Paid-up capital and turnover thresholds (INR 50 lakh and INR 2 crore respectively) for conversion of an OPC into public/private company has been removed. Now, an OPC can be converted anytime into a public or a private company