

**THE COMPANIES (SPECIFICATION OF DEFINITIONS DETAILS)**  
**SECOND AMENDMENT RULES, 2021**

Ministry of Corporate Affairs (MCA) has issued notification G.S.R. 123(E)<sup>i</sup> dated 19<sup>th</sup> February, 2021 to further amend the Companies (Specification of definitions details) Rules, 2014.

These amended Rules may be called the Companies (Specification of definitions details) Second Amendment Rules, 2021. They shall come into force on the 1<sup>st</sup> day of April, 2021.

Further, these rules published in Official Gazette on 19<sup>th</sup> February, 2021

MCA has also issued notification S.O. 325(E)<sup>ii</sup> dated 22<sup>nd</sup> January, 2021 and notified Section 2 of the Companies (Amendment) Act, 2020, amending the Section 2 (52) of the Companies Act, 2013 by inserting a below mentioned proviso:

*“Provided that such class of companies, which have listed or intend to list such class of securities, as may be prescribed in consultation with the Securities and Exchange Board, shall not be considered as listed companies.”*

MCA vide the Companies (Specification of definitions details) Second Amendment Rules, 2021, inserted Rule 2A after Rule 2 and specified the class of Companies which are exempt from the definition of Listed Company”

**RULE 2A:**

***Companies not to be considered as listed companies.-*** For the purposes of the proviso to clause (52) of section 2 of the Act, the following classes of companies shall not be considered as listed companies, namely:-

- (a) *Public companies which have not listed their equity shares on a recognized stock exchange but have listed their –*
  - (i) *non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or*
  - (ii) *non-convertible redeemable preference shares issued on private placement basis in terms of SEBI (Issue and Listing of Non-Convertible Redeemable Preference Shares) Regulations, 2013; or*
  - (iii) *both categories of (i) and (ii) above.*
- (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.”*

Section 23(3) of the Companies Act, 2013 inserted by the Companies (Amendment) Act, 2020, notification dated 28<sup>th</sup> September, 2020 which specifies that such class of public companies may issue such class of securities for the purposes of listing on permitted stock exchanges in permissible foreign jurisdictions or such other jurisdictions, as may be prescribed.

**IMPACT:** Now, the public companies which has listed there non-convertible debt securities issued on private placement basis or non-convertible redeemable preference shares issued on private placement basis or both or which has not listed their equity shares on a recognized stock exchange but has listed their equity shares on permitted Stock exchange in permissible foreign Jurisdiction or other jurisdiction as prescribed under Section 23(3) will not be considered as listed companies and are exempted from the stringent provisions of the Companies Act, 2013 which are only applicable to listed companies.

Private Companies which has listed their non-convertible debt securities issued on private placement basis on recognized stock exchange will not be considered as listed companies and are also exempted from the stringent provisions of the Companies Act, 2013 which are only applicable to listed companies.

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<sup>i</sup> <http://egazette.nic.in/WriteReadData/2021/225287.pdf>

<sup>ii</sup> [http://www.mca.gov.in/Ministry/pdf/CommencementNotification\\_23012021.pdf](http://www.mca.gov.in/Ministry/pdf/CommencementNotification_23012021.pdf)

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