

## **Companies (Incorporation) Amendment Rules, 2021**

The Ministry of Corporate Affairs (MCA) notified Companies (Incorporation) Amendment Rules, 2021 which sought to amend the Companies (Incorporation) Rules, 2014.

The notification amended Rule 41 of Companies (Incorporation) Rules, 2014 which relates to Application under section 14 Companies Act, 2013 for conversion of public company into private company. The notification specified that where an objection has been received or Regional Director on examining the application has specific objection under the provisions of the Act, the same shall be recorded in writing and the Regional Director shall hold a hearing or hearings within a period of 30 days as required and direct the company to file an affidavit to record the consensus reached at the hearing, upon executing which, the Regional Director shall pass an order either approving or rejecting the application along with the reasons within 30 days from the date of hearing.

In case where no consensus is received the Regional Director may approve the conversion, if he is satisfied having regard to all the circumstances of the case, that the conversion would not be against the interests of the company or is not being made with a view to contravene or to avoid complying with the provisions of the Act, with reasons to be recorded in writing.

However, the conversion shall not be allowed if any inquiry, inspection or investigation has been initiated against the company or any prosecution is pending against the company under the Act.