



MCA notifies classes of companies which will not be treated as listed companies | RBI allows resident individuals to make remittances under LRS to IFS

INSIGHTS

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MCA has notified the classes of companies which will not be considered as listed companies for the purposes of the Companies Act, 2013. The notification has come further to the amended section 2(52) and provides that the following classes of companies shall not be considered as listed companies:

- Public companies which have not listed their equity shares on a recognized stock exchange but have listed their:
 - non-convertible debt securities issued on private placement basis in terms of SEBI (Issue and Listing of Debt Securities) Regulations, 2008; or
 - 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
 - both categories of (i) and (ii) above.
- 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;
- 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 section 23 (3) of the Companies Act, 2013.

Afore-mentioned classes of companies have been notified vide the Companies (Specification of definitions details) Second Amendment Rules, 2021 dated February 19, 2021 ([available here](#)), which will come into force from April 1, 2021.

RBI allows resident individuals to make remittances under LRS to IFSCs

In another important change, the Reserve Bank of India (RBI) has permitted resident individuals to make remittances under the Liberalised Remittance Scheme (LRS) to International Financial Services Centres (IFSCs) set up in India, subject to the following conditions:

- Such remittances shall be made only for making investments in IFSCs in securities, excluding those issued by entities/companies resident (outside IFSC) in India;
- Resident individuals may open a non interest-bearing Foreign Currency Account (FCA) in IFSCs, for the purpose of making aforesaid investments under LRS. Any funds lying idle in such an account for a period up to 15 days from the date of its receipt into the account shall be immediately repatriated to domestic INR account of such investor in India; and
- Resident individuals shall not settle any domestic transactions with other residents through the FCAs held in IFSCs.

The change will help deepening of the financial markets in IFSCs and provide an opportunity to resident individuals to diversify their portfolio.

Afore-mentioned relaxation has been provided vide RBI's circular dated February 16, 2021 ([available here](#)).

We trust you will find this an interesting read. For any queries or comments on this update, please feel free to contact us at insights@elp-in.com

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