

**GOVERNMENT OF INDIA
MINISTRY OF CORPORATE AFFAIRS**

**LOK SABHA
UNSTARRED QUESTION NO. 153
ANSWERED ON MONDAY, THE 18th NOVEMBER, 2019
KARTIKA 27, 1941 (SAKA)**

AMENDMENT TO COMPANIES RULES, 2014

QUESTION

153. SHRI SRIDHAR KOTAGIRI:

**Will the Minister of CORPORATE AFFAIRS
be pleased to state:**

कारपोरेट कार्य मंत्री

- (a) whether the Government has recently issued a notification to further amend the Companies (Meetings of Board and its Powers) Rules, 2014;
- (b) if so, the details thereof and the major reasons for substituting the words “business of financing of companies”, with the words “business of financing industrial enterprises” and the benefits the Government expects to accrue as a result of the substitution;
- (c) whether the Government has also recently issued a notification to amend the Companies (Cost Records and Audit) Rules, 2014, if so, the details thereof;
- (d) whether companies, who have already filed their Cost Audit Report in form CRA-4 for the financial year 2018-19 with the Central Government before the publication of this notification are required to file their Cost Audit Report for the said financial year; and
- (e) if so, the details thereof and if not, the reasons therefor?

ANSWER

**THE MINISTER OF STATE FOR FINANCE
AND CORPORATE AFFAIRS**

(SHRI ANURAG SINGH THAKUR)
(श्री अनुराग सिंह ठाकुर)

वित्त एवं कॉर्पोरेट कार्य मंत्रालय में राज्य मंत्री

(a) and (b):- The Ministry has issued notification number G.S.R. 777(E) dated 11.10.2019 to amend the Companies (Meetings of Board and its Powers) Rules 2014. Through such amendment in Rules, the expression “business of financing of companies” appearing in Rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014 was replaced with the expression “business of financing industrial enterprises” in order to align such Rules with the provisions of the amended Section 186 (11) of the Companies Act, 2013 [amended through Section 62 of the Companies Amendment Act, 2017 [CAA-17] which was commenced on 7th May, 2018. In the amended sub-section (11) of Section 186, the expression “business of financing of companies” has been replaced with the “business of

financing industrial enterprises”. The said amendment in Section 186 of the CA-13 and the Companies (Meetings of Board and its Powers) Rules, 2014 was carried out

on the basis of Report of the Company Law Committee [page 61 of the report] submitted in February 2016 which reads as under:-

“12.21 The Committee noted that while Section 186(11)(b)(iii) provides exemption to investment in shares allotted in pursuance to rights issues by Indian companies under Section 62(1)(a) of the Act, similar exemption be also extended to investments in rights issues made by body corporates (companies incorporated outside India). The exemption provision may be aligned with Section 372A(8) of the Companies Act, 1956 in this regard. Further, the Committee recommended that the Removal of Difficulty Order for Section 186(11) with regard to Insurance and Housing finance Companies, etc. issued in January 2015, subject to legal clarification, may be included in the sub-section itself through an amendment. Language of Section 372A(8) of the Companies Act, 1956 may be used.”

It is further stated here that the expression “financing industrial enterprises” also appeared in Section 372A(8)(a)(i) of the Companies Act, 1956. In view of this, the expression “business of financing of companies” has been replaced with the expression “business of financing industrial enterprises” in Section 186 (11) of the Companies Act, 2013 [CA-13] and also in rule 11(2) of the Companies (Meetings of Board and its Powers) Rules, 2014.

(c):- The Ministry vide Notification No. G.S.R. 792 (E) dated 15.10.2019 has amended the Companies (Cost Records and Audit) Rules, 2014 through Companies (Cost Records and Audit) Amendment Rules, 2019 due to implementation of GST, other procedural changes and consequent revision of connected forms i.e. CRA-1 (Particulars relating to the items of costs to be included in the Books of Accounts) and CRA-3 (Form of Cost Audit Report). The said notification is placed on the Ministry’s website www.mca.gov.in and is in public domain.

(d) & (e):- The companies who have already filed their Cost Audit Report in form CRA-4 for the financial year 2018-19 with the Central Government before the publication of Notification No. G.S.R. 792 (E) dated 15.10.2019 are not required to file their Cost Audit Report again for the said financial year as provided in clause 1(3) of the aforesaid notification. The text of the clause 1(3) is reproduced below: *“the companies who have already filed their Cost Audit Report in form CRA-4 for the financial year 2018-19 with the Central Government before the publication of this notification are not required to file their Cost Audit Report for the said financial year.”.*

The effective date of notification is 15.10.2019.
