

## **MINISTRY OF CORPORATE AFFAIRS**

### **ORDER**

New Delhi, the 13th February, 2015

**S.O. 504(E).**—Whereas, the Companies Act, 2013 (18 of 2013) (hereinafter referred to as the said Act) received the assent of the President on the 29th August, 2013;

And whereas, clause (85) of section 2 of the said Act provides for definition of the term “small company”;

And whereas, clause (b) of sub-section (11) of section 186 of the said Act provides that the requirements of provisions of section 186 [except sub-section (1) of the said section] shall not apply to any acquisition made by a non-banking financial company registered under Chapter IIIB of the Reserve Bank of India Act, 1934 (2 of 1934) and any other company whose principal business is acquisition of securities;

And whereas, such provisions of clause (85) of section 2 and section 186 of the said Act had come into force on the 1<sup>st</sup> day of April, 2014;

And whereas, the following difficulties have arisen in giving effect to the above provisions of the said Act:—

(a) According to clause (85) of section 2, a company may be treated as a ‘small company’ if it meets either of the conditions provided therein thereby making the second limit unrestricted or inconsequential. Difficulties have arisen in this regard as companies which, though, meet one of the criteria but exceed the monetary limit in respect of second criteria excessively are also getting classified as ‘small companies’; and

(b) in clause (b) of sub-section (11) of section 186, in the absence of provisions for exemption to a banking company or an insurance company or a housing finance company making acquisition of securities in its ordinary course of business, a difficulty has arisen that such companies cannot make any acquisition of securities in their ordinary course of business;

Now, therefore, in exercise of the powers conferred by sub-section (1) of section 470 of the Companies Act, 2013 (18 of 2013), the Central Government hereby makes the following Order to remove the aforesaid difficulties, namely:-

(1) **Short title and commencement.**—(1) This Order may be called the Companies (Removal of Difficulties) Order, 2015.

(2) It shall come into force on the date of its publication in the Official Gazette.

2. In the Companies Act, 2013 (hereinafter referred to as the said Act),—

(a) in section 2, in clause (85), in sub-clause (i), for the word “or” occurring at the end, the word “and” shall be substituted; and

(b) in section 186 of the said Act, in sub-section (11), in clause (b), after item (iii), the following item shall be inserted, namely :—

“(iv) made by a banking company or an insurance company or a housing finance company, making acquisition of securities in the ordinary course of its business.”.

[F. No. 1/13/2013-CL.V-Part]

AMARDEEP SINGH BHATIA, Jt. Secy.