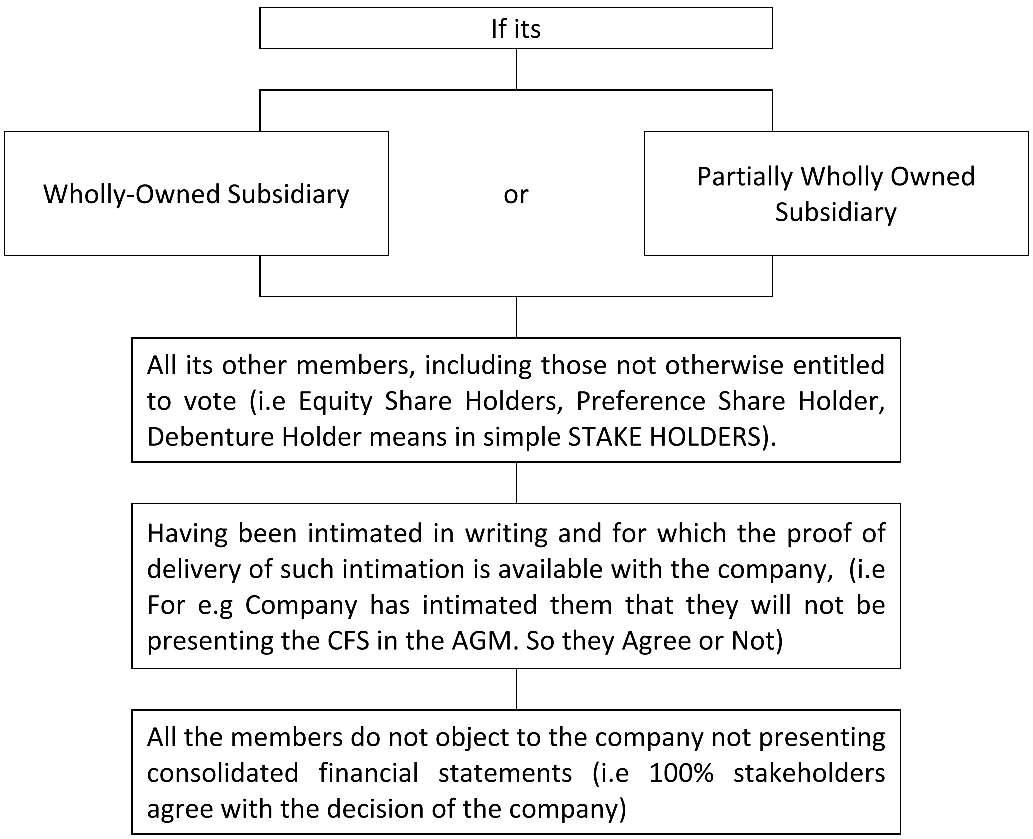
AMMENDMENT IN CFS (MCA NOTIFICATION DATED 27TH JULY, 2016)

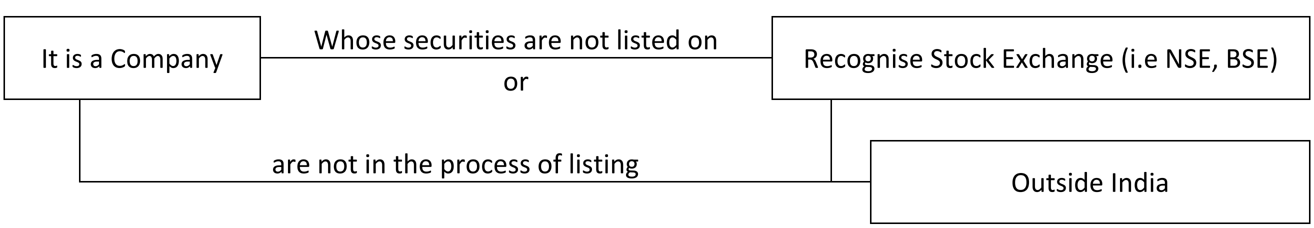
2. In the Companies (Accounts) Rules, 2014, (hereinafter referred to as principal rules), in rule 6, for the second proviso, the following proviso shall be substituted namely:-

"Provided further that nothing in this rule shall apply in respect of preparation of consolidated financial statements by a company if it meets the following conditions:-

(i) It is a wholly-owned subsidiary, or is a partially-owned subsidiary of another company and all its other members, including those not otherwise entitled to vote, having been intimated in writing and for which the proof of delivery of such intimation is available with the company, do not object to the company not presenting consolidated financial statements;

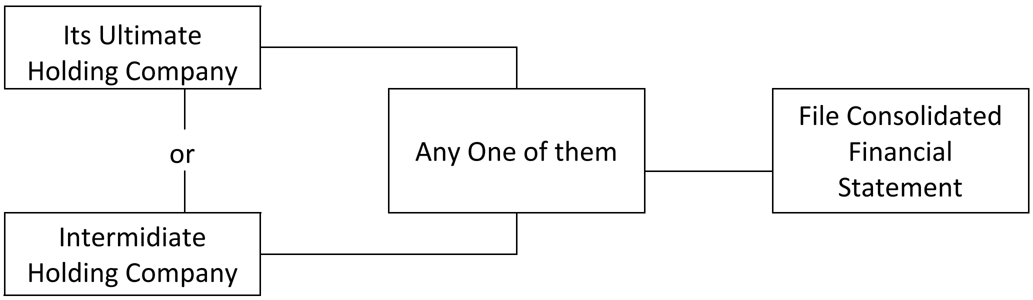


(ii) It is a company whose securities are not listed or are not in the process of listing on any stock exchange, whether in India or outside India; **and**



AND

(iii) Its ultimate or any intermediate holding company files consolidated financial statements with the Registrar which are in compliance with the applicable Accounting Standards.”



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3. **In rule 8** of the principal rules, in sub-rule (1), for the words “and the report shall contain a separate section wherein a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented”, the words “and shall report on the highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company during the period under report” shall be substituted.

i.e :-
“and the report shall contain a separate section wherein a report on the performance and financial position of each of the subsidiaries, associates and joint venture companies included in the consolidated financial statement is presented”

Substituted with

“and shall report on the highlights of performance of subsidiaries, associates and joint venture companies and their contribution to the overall performance of the company during the period under report”

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4. In rule 13 of the principal rules, in sub-rule (1),- (a) in the opening portion, the words “or a firm of internal auditors”, the words “which may be either an individual or a partnership firm or a body corporate” shall be substituted;
(b) In the Explanation, for item (ii), the following item shall be substituted, namely:
(ii) the term “Chartered Accountant” or “Cost Accountant” shall mean a “Chartered Accountant” or a “Cost Accountant”, as the case may be, whether engaged in practice or not’.

i.e

Rule 13:- Companies required to appoint internal auditor.-

1) The following class of companies shall be required to appoint an internal auditor ~~or a firm of internal auditors~~ (**Substitute with:- “which may be either an individual or a partnership firm or a body corporate”**), namely:-

a) Every listed company;
b) Every unlisted public company having-
   (i) Paid up share capital of fifty crore rupees or more during the preceding financial year; or
   (ii) Turnover of two hundred crore rupees or more during the preceding financial year; or
   (iii) Outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year; or
   (iv) Outstanding deposits of twenty five crore rupees or more at any point of time during the preceding financial year; and
c) Every private company having-
   (i) Turnover of two hundred crore rupees or more during the preceding financial year; or
   (ii) Outstanding loans or borrowings from banks or public financial institutions exceeding one hundred crore rupees or more at any point of time during the preceding financial year:

Provided that an existing company covered under any of the above criteria shall comply with the requirements of section 138 and this rule within six months of commencement of such section.

Explanation:-
For the purposes of this rule –
(i) The internal auditor may or may not be an employee of the company;
(ii) ~~**The term "Chartered Accountant" shall mean a Chartered Accountant whether engaged in practice or not.**~~ (**Substituted with:- the term "Chartered Accountant" or "Cost Accountant" shall mean a "Chartered Accountant" or a "Cost Accountant", as the case may be, whether engaged in practice or not'**)

Regards Sandip Singh

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