**General Circular No. 06/2015**

File No. 5/3/13-CL.V
Government of India
Ministry of Corporate Affairs
5th floor, `A' wing, Shastri Bhavan
Dr. R P Road, New Delhi.
**Dated 9th April, 2015**

All Regional Directors,
All Registrar of Companies,
All Stakeholders.

**Subject : Clarification under sub-section (7) of section 186 of the Companies Act, 2013**

Sir,

Attention of this Ministry has been drawn to General Circular No 06/2013 dated 14.03.2013 vide which it was clarified that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the yield on prevailing bank rate, there was no violation of Section 372A(3) of Companies Act, 1956. Stakeholders have requested for similar clarification w.r.t. corresponding section 186(7) of the Companies Act, 2013.

2. The matter has been examined in the Ministry and it is hereby clarified that in cases where the effective yield (effective rate of return) on tax free bonds is greater than the prevailing yield of one year, three year, five year or ten year Government Security closest to the tenor of the loan, there is no violation of sub-section (7) of section 186 of the Companies Act, 2013.

3. This issues with the approval of competent authority.

Yours faithfully,

(K M S Narayanan)
Assistant Director
Phone 23387263

Copy to :

1. All concerned
2. PS to CAM
3. PS to Secretary
4. PS to A.S.
5. PS to Joint Secretaries
6. E-Governance Cell for uploading this Circular in MCA 21.