



Companies (Cost Records and Audit) Amendments Rules, 2018

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Background

- MCA has notified amendment to Rules on 3rd December, 2018.
- The amendments pertain to:
 1. Changes / Addition of certain products & services
 2. Extension for filing CRA-4
 3. Introduction of “Unit of Measure”
- As we are aware, MCA had gazetted GSR 1526(E) on 20th December, 2017, which substituted “CETA (Central Excise Tariff Act) Codes” with “Customs Tariff Act Heading”.

Sr No 7 – Port Services

- **Existing**

Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered by a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports

- **Proposed**

Port services of stevedoring, pilotage, hauling, mooring, re-mooring, hooking, measuring, loading and unloading services rendered ~~by~~ **FOR** a Port in relation to a vessel or goods regulated by the Tariff Authority for Major Ports

- **Implication**

Very few ports are incorporated as companies.

Instead of Port providing these services, now all companies (meeting the threshold), rendering the listed services will be covered.

Major Ports

Kandla (Deendayal Port Trust)	Chennai
Mumbai	Ennore
JNPT	Vishakhapatnam
Mormugaon	Paradip
New Mangalore	Kolkata+Haldia
Kochi	Tuticorin (Chidambarnar Port Trust)

Sr No 8 – Aeronautical Services

- **Existing**

Aeronautical services of air traffic management, aircraft operations, ground safety services, ground handling, cargo facilities and supplying fuel rendered by airports and regulated by the Airports Economic Regulatory Authority under the Airports Economic Regulatory Authority of India Act, 2008 (27 of 2008)

- **Proposed**

Aeronautical services of air traffic management, aircraft operations, ground safety services, ground handling, cargo facilities and supplying fuel rendered **AT** airports and regulated by the Airports Economic Regulatory Authority under the Airports Economic Regulatory Authority of India Act, 2008 (27 of 2008)

- **Implication**

Very few airports are incorporated as companies.

Now all companies (meeting the threshold), rendering the listed services at major airports will be covered.

- Among other functions, it has to determine the tariff for aeronautical services rendered at major airports.

- (a) “aeronautical service” means any service provided—
- (i) for navigation, surveillance and supportive communication thereto for air traffic management;
 - (ii) for the landing, housing or parking of an aircraft or any other ground facility offered in connection with aircraft operations at an airport;
 - (iii) for ground safety services at an airport;
 - (iv) for ground handling services relating to aircraft, passengers and cargo at an airport;
 - (v) for the cargo facility at an airport;
 - (vi) for supplying fuel to the aircraft at an airport; and
 - (vii) for a stake-holder at an airport, for which the charges, in the opinion of the Central Government for the reasons to be recorded in writing, may be determined by the Authority;

List of Major Airports (as on 27/07/2018)

Ahmedabad Airport	Jaipur Airport
Bengaluru Airport	Kannur Airport
Bhubaneswar Airport	Kolkata Airport
Calicut Airport	Lucknow Airport
Chandigarh Airport	Mangalore Airport
Chennai Airport	Mumbai Airport
Cochin Airport	Nagpur
Coimbatore Airport	Patna Airport
Delhi Airport	Pune Airport
Goa Airport	Srinagar Airport
Guwahati Airport	Thiruvananthapuram
Hyderabad Airport	Visakhapatnam Airport
Indore Airport	

On 18/07/2018, a bill has been introduced in LS is looking to change the definition of 'major airport'. Once the amendment comes into effect, those aerodromes handling more than 35 lakh (existing 15 lakh) passengers annually would be classified as major airports.

It also has provisions for new tariff models for aerodromes.

Sr No 13 – Railway Locomotives....

- **Existing**

Railway or tramway locomotives, rolling stock, railway or tramway fixtures and fittings, mechanical (including electro mechanical) traffic signalling equipment's of all kind;
CTA - 8601 to 8608

- **Proposed**

Addition of CTA 8609 - Containers (including containers for the transport of fluids) specially designed and equipped for carriage by one or more modes of transport [including refrigerated containers]

Sr No 19 – Jute and Jute Products

- **Existing**

CTA – 5303, 5310

- **Proposed**

Addition of CTA 5307 - Yarn Of Jute Or Of Other Textile Bast Fibres Of Heading 5303

Sr No 28 – “Pulp” & Paper

- **Existing**

CTA – 4801 to 4802

- **Proposed**

Addition of CTA 4701 to 4704

4701	Mechanical Wood Pulp
4702	Chemical Wood Pulp, Dissolving Grades
4703	Chemical Wood Pulp, Soda Or Sulphate, Other Than Dissolving Grades
4704	Chemical Wood Pulp Sulphite Except Dissolving Grade

Sr No 29 – Textiles

- **Existing**

CTA – 5004 to 5007; 5106 to 5113; 5205 to 5212; 5303; 5310; 5401 to 5408; 5501 to 5516

- **Proposed**

Addition of CTA 5307 - Yarn Of Jute Or Of Other Textile Bast Fibres Of Heading 5303

Sr No 33 – Medical Devices

- **Existing**
Deflobillator

- **Proposed**
Changed to Defibrillators

Extension for Filing CRA - 4

- In Rule 6, in sub-rule (6), the following proviso shall be inserted:
Provided that the Companies which have got extension of time of holding Annual General Meeting under section 96(1) of the Companies Act, 2013, may file form CRA-4 within resultant extended period of filing of financial statement under section 137 of the Companies Act, 2013
- Sec 96 (1) of The Companies' Act, 2013 - "Provided also that the Registrar may, for any special reason, extend the time within which any annual general meeting, other than the first annual general meeting, shall be held, by a period not exceeding three months.
- "There is one more date for CRA3 – having Board Meeting for approval of Cost Audit Report, which is 180 days. There is no mention of extension to this." – CMA Poonam Shah

Extension for Filing CRA - 4

- SEBI has made amendments in the Listing Obligations and Disclosure Requirements ('LODR') Regulations on May 9, 2018:
The top 100 listed entities by market capitalization, determined as on March 31st of every financial year, shall hold their annual general meetings within a period of five months from the date of closing of the financial year.
- These companies may not get extension u/s 96 (1) of the Companies Act, 2013
- The requirement may be extended to other entities based on experience.

CRA1 & CRA3 - “Unit of Measurement”

- In CRA1, paragraph 31 & in Form CRA3, in Note, Note 3 shall be inserted:
The Unit of Measurement (UOM) for each Customs Tariff Act Heading, wherever applicable, shall be the same as provided for in the Customs Tariff Act, 1975 ... corresponding to that particular Customs Tariff Act Heading
 - Issues:
 - Multiple UOM in 1 code
 - a. Production in Kg but Sale in Pieces
 - b. Same Code may have some products in Litres & some in Kg
- How to handle the issue for 1st Previous Year

Thank You