



### MCA Amends Lending Rules

The Ministry of Corporate Affairs (MCA) has issued a crucial clarification to ease compliance burdens for certain financial institutions by notifying the Companies (Meetings of Board and its Powers) Amendment Rules, 2025 (G.S.R. 811(E)), **effective from November 3, 2025.**

This amendment provides a definitive interpretation of the term "**business of financing industrial enterprises**" under **Section 186(11)(a)** of the Companies Act, 2013.

### The Core Impact: Exemption from Section 186 Restrictions

Section 186 imposes certain restrictions and procedural approvals (like special resolutions) on a company before it can give loans, guarantees, or make investments.

The amendment essentially confirms that the **core business of lending** for specified finance companies is exempt from these restrictive provisions, recognizing lending as their "ordinary course of business."

### Key Changes for Financial Institutions

The new Rule 11(2) substitutes the previous sub-rule to explicitly include the following two types of entities within the ambit of the exemption:

Institution Type	Scope of Exemption	Consequence
1. RBI-Registered Non-Banking Financial Companies (NBFCs)	Includes the business of giving any loan or providing any guaranty or security for a loan in the ordinary course of its business.	Includes the business of giving any loan or providing any guaranty or security for a loan in the ordinary course of its business.
2. IFSC-Registered Finance Companies (International Financial Services Centres)	Includes specific finance activities prescribed by the IFSCA (Finance Company) Regulations, 2021, when done in the ordinary course of its business.	Provides regulatory clarity and operational alignment for finance companies operating within India's International Financial Services Centres (IFSC).

This notification reduces regulatory friction and improves ease of doing business. By recognising the lending functions of NBFCs and IFSC-registered companies as their ordinary business, the MCA allows them to operate without unnecessary compliance requirements under the Companies Act.

[CLICK THIS TO REFER THE OFFICIAL MCA NOTIFICATION](#)