



Monthly Newsletter

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Shri Injeti Srinivas
Secretary, MCA

Secretary's Desk

In pursuance to objective of providing greater "Ease of Doing Business" to all stakeholders, bring about greater transparency in corporate structure and better Corporate compliance for enhancing the efficiency of the processes under Companies

Act, 2013, the Ministry of Corporate Affairs (MCA) had taken several landmark initiatives / decisions during last one year (January-November, 2018). The important ones are Companies (Amendment) Act, 2017, Companies (Amendment) Ordinance 2018, establishment of National Financial Reporting Authority (NFRA), amendments in Insolvency and Bankruptcy Code, eKYC drive for Directors of all companies and speedier processing of incorporation related applications, uniformity in application of rules and eradicating discretion. India has improved its ranking from 100th position to 77th position on the World Bank's "Doing Business" 2019 report released on 31st October, 2018. Ministry of Corporate Affairs has significantly contributed towards achieving this goal and is focused on improving corporate governance practices as the objectives of raising corporate governance standards and ease of doing business go hand in hand.

Hon'ble Union Minister of Finance and Corporate Affairs, Shri Arun Jaitley addressed the Conference on 'Insolvency and Bankruptcy Code – A New Paradigm for Stressed Assets' organized in New York, USA on 5th December, 2018 by the Insolvency and Bankruptcy Board of India (IBBI) jointly with the Consulate General of India, New York, USA. He mentioned about the scattered regime prior to the enactment of the Insolvency and Bankruptcy Code (IBC), 2016 which had resulted in the domestic private investment with over capacities in certain sectors coupled with unacceptably

high levels of Non-Performing Assets (NPAs) in the Banking System, hindering growth. He emphasized that the Code has significantly changed the lender-borrower relationship in India and that a very large number of debtors who fear that they are about to touch or cross the red line after which they will be in the NCLT (National Company Law Tribunal) are now refraining themselves from becoming defaulters. Further, he also highlighted the investment opportunities emerging from the processes under the Code for investors who are seriously thinking about investing in India.

The Companies (Amendment) Bill, 2018 was introduced in Lok Sabha on December 20, 2018. It replaces an Ordinance promulgated on November 2, 2018. The bill amends 16 sections of the Act so as to modify the punishments in these sections in order to lessen the burden on special courts.

There have been instances of successful bidders for assets of stressed companies under the Insolvency Resolution Process backing out post approval. Section 74 of the IBC provides enough legal recourse for the government to deal with any defaulting resolution applicant. Government might also look at the dishonoring of an NCLT approved plan as one of the disqualification criteria under Section 29A of the IBC. Regulations may be tweaked to include earnest money deposit which can be forfeited if an approved Resolution Plan is not implemented by the bidder.

MCA has sent notices to 5,382 companies that have failed to spend 2% of their profits on CSR activities under the mandatory corporate social responsibility (CSR) policy. The defaulting companies have been asked to furnish information or give explanation for non-compliance as per Section 206 of the Companies Act, 2013.

“The objectives of raising corporate governance standards and ease of doing business go hand in hand.”

POLICY DEVELOPMENTS

Incorporation of Companies

Ministry of Corporate Affairs plans to amend the rules for incorporation of companies as part of efforts to provide more clarity on norms related to availability of names by including illustrations and providing a clear test to determine as to whether the applied name resembles too nearly with the name of an existing company. The ministry has sought comments from the public on the proposed changes to the rules. Suggestions along with justification had to be submitted by December 31. The amendment is proposed to the Companies (Incorporation) Rules, 2014

Saradha chit fund scam

The Kolkata Bench of NCLT has ordered winding up of 13 companies of the now defunct Saradha Group, directing the Official Liquidator to take the possession of the assets and properties of all these group companies on 12th December, 2018. Serious Fraud Investigation Office (SFIO) had filed the winding up petitions before the tribunal against the 13 Saradha Group entities under section 271(c) of the Companies Act, 2013, to initiate winding up of proceedings on the ground that the affairs of the companies had been conducted in a fraudulent manner and they had been formed for "fraudulent and unlawful purposes" and also for which the directors of the respective companies had been guilty of "misfeasance or misconduct". The petition was filed based on its report, which was produced before the tribunal outlining the details of the irregularities and contraventions of the provisions of the Companies Act being committed by the promoters and directors of all holding companies of Saradha Group.

Review of Corporate Sector:

As on 30th November, 2018, the number of companies registered under the Companies Act was 18,28,595. Of these, 6,54,646 companies were closed, 6,301 companies were under liquidation, 38,522 companies are in the process of being struck-off from the register and 1,547 companies have so far obtained the "dormant" status according to Section 455 of the Companies Act, 2013. There are 11,27,477 active companies, including 1,68,994

companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 8,745 companies, including 485 One Person Companies (OPCs), were registered under the Companies Act, 2013 during November, 2018 with authorized capital of ₹ 0.068 Crore. The breakup of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in November, 2018	Total Authorized Capital (In ₹ in Crore)
Company limited by Shares	8,701	0.54
Of which,		
(a) Private	8,512	0.51
Of which,		
One Person Companies	485	0.068
(b) Public	189	0.03
Company limited by Guarantee	44	-
Of which,		
(a) Private	42	-
(b) Public	2	
Unlimited Company	-	0.00
Grand Total	8701	0.54

During the Month of November, 2018, Maharashtra had maximum number of company registrations (1,600) followed by Delhi (1,029) and Uttar Pradesh (845). "Business Services" topped the economic activity-wise classification (4,047) of newly registered companies.

During November, 2018, 8,701 (out of 8,745) companies were registered as companies limited by shares with authorized capital of ₹ 0.54 crores. For more statistical details about the growth of the corporate sector, the reader is invited to the 'Monthly Information Bulletin on Corporate Sector', at URL: mca.gov.in/MinistryV2/InformationBulletin.html.

MONTHLY MIS REPORT FROM COMPETITION COMMISSION OF INDIA

(As on December-2018)

S. No.	Sections	Cases pending as on last day of previous month (A)	Cases received during the month (B)	Total Cases (A+B)	Net Cases pending with CCI for final disposal	Remarks
1.	19(1)	88	-	88	88	#
2.	19(1)(a)	83	-	83	81	
3.	19(1)(b)	14	-	14	14	
4.	5&6	12	08	20	11	*
TOTAL		197	08	205	194	

Cases remanded by COMPAT

5.	Remanded	11	-	11	11
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Cases regarding contravention of orders of Commission

6.	Causing fresh inquiry	01	-	01	01
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Notes and references:

1. [#] Split cases: (a) Suo-Moto Case No. 07/2014 is segregated in to 02 sub cases w.e.f. August 2016 to facilitate exploration of investigation by DG. (b) Suo-Moto Case No. 02/2015 is segregated in to 66 sub cases w.e.f. July 2016 to facilitate exploration of investigation by DG. 2.[*] Combination Cases filed u/s 5 & 6.

Senior level appointments

The following officers were promoted and posted respectively: (i) Shri Alok Samantarai as DGCoA and (ii) Shri Sanjay Shorey as Director (Legal and Prosecution).

Events

Third Review Workshop on Enforcement of Companies Act, 1956/2013 was organized/held under the Chairmanship of Secretary, MCA on 19th & 20th December, 2018 at Civil Service Officers Institute (CSOI), K.G. Marg, New Delhi, wherein all Senior Officers from the MCA (HQ), all Regional Directors (RDs), all Registrar of Companies (ROCs) and functional Heads of other Divisions of MCA attended. During this two days' workshop, Secretary took stock of pendency of Inquiries, Inspections & Investigations and filing of prosecutions. Besides this paramount importance was given to early disposal of PMO references, VIP matters and other important matter relating enforcement of Companies Act, by RDs/ROCs. Also, the grievance of ICLS Cadre and its subordinate Cadre was deliberated in detailed.

Act, 2013.

(ii) Vide Notification no. S.O. 6225 (E) dated 18.12.2018 powers of Central Government has, under first proviso to clause 41 of section 2 and second proviso to sub section (1) of section 14 of the Companies Act, 2013, delegated to Regional Director at Mumbai, Kolkata, Chennai, New Delhi, Ahmedabad, Hyderabad and Shillong.

(iii) Vide Notification no. G.S.R. 1218 (E) dated 18.12.2018 the Companies (Registration of Charges) Second Amendment Rules, 2018 Form no. CHG-4 (for satisfaction of charge) has been substituted.

(iv) Vide Notification no. G.S.R. 1219 (E) dated 18.12.2018 the Companies (Incorporation) Fourth Amendment Rules, 2018 Form INC 20A has been introduced for filing declaration at the time of commencement of business. Further, e-form no. RD-1 has been specified for filing application under sub section (41) of section 2 for change in financial year for approval of concerned Regional Director. In addition to above, said rule has also specified e-form



From left : (1) Shri Bandopadhyay, RD (ER), Kolkata (2) Shri V.K. Khubchandani, DII, O/o DGCoA (3) Dr. Mohan Chutani, Economic Adviser, MCA (4) Shri Anurag Agarwal, JS, MCA (5) Ms. Anjali Bhawra, AS, MCA (6) Shri Injeti Srinivas, Secretary, MCA.

Notifications:-

(i) Vide Notification no. G.S.R. 1157 (E) dated 03.12.2018 the Companies (cost records and audit) Amendment Rules, 2018 few amendments have been made in Table under the heading B non-regulator sector and further vide amendment in rule 6, in sub rule 6 by adding a proviso period for filing Form CRA-4 has been extended for those companies which have got extension of time of holding Annual General Meeting under section 96(1) of Companies

RD-1 for application under section 14 for conversion of public company into private company with approval of concerned Regional Director.

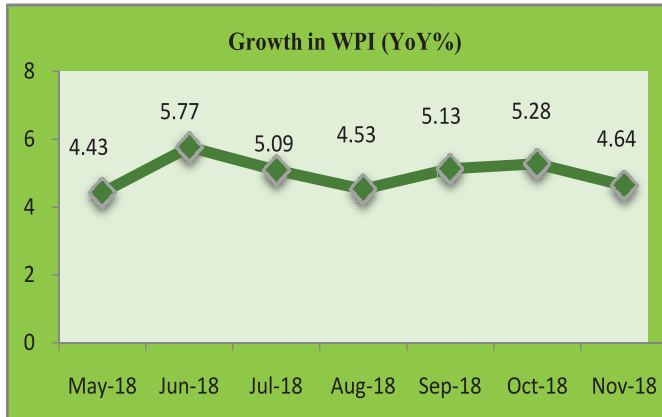
General Circular:

Vide general circular 11/2018 dated 10.12.2018 additional fees payable by companies on CRA-4 (Cost Audit Report in XBRL format) has been relaxed upto 31.12.2018, wherever additional fee is application.

Some Macro indicators

Wholesale Price Index (WPI)

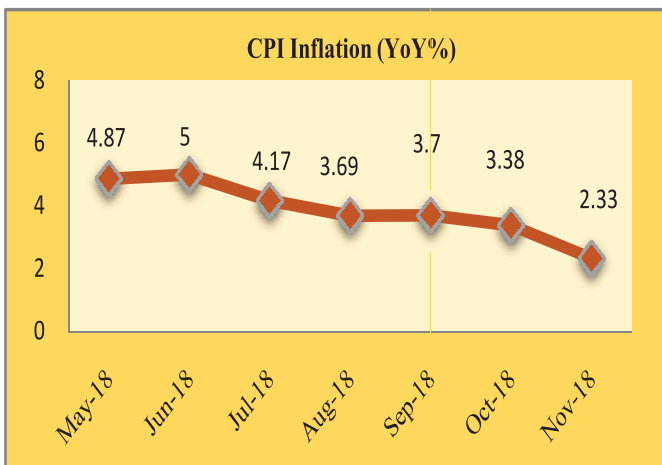
The annual rate of inflation, based on monthly WPI, stood at 4.64% (provisional) for the month of November, 2018 (over November, 2017) as compared to 5.28% (provisional) for the previous month and 4.02% during the corresponding month of the previous year.



Source: DIPP

Consumer Price Index (CPI)

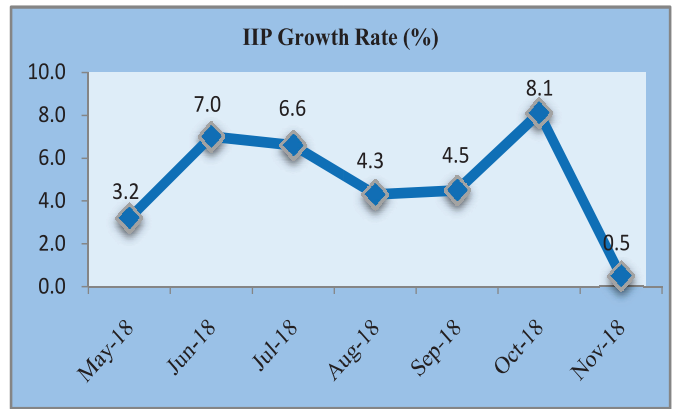
The CPI (Combined) on Base 2012=100 is being released for the month of November 2018. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e., November 2018 over November 2017) given below:



Source: MOSPI

Index of Industrial Production

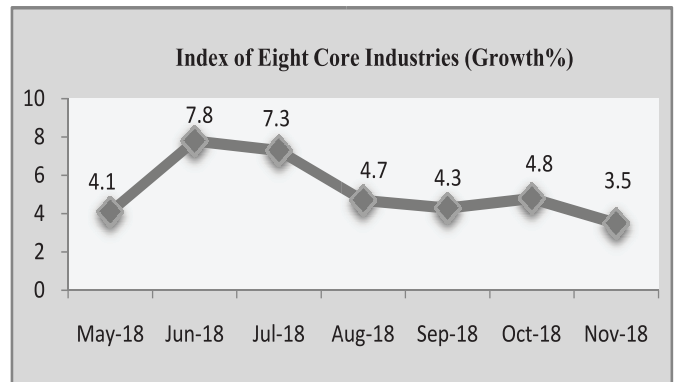
The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of November 2018 stands at 126.4, which is 0.5 percent higher as compared to the level in the month of November 2017.



Source: MOSPI

Index of Eight Core Industries

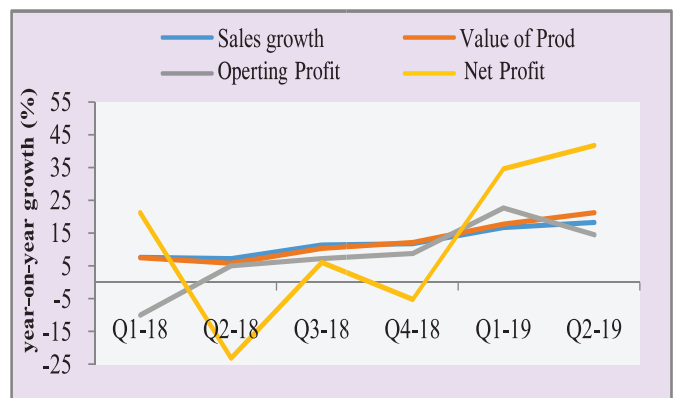
The Eight Core Industries comprise 40.27 per cent of the weight of items included in the Index of Industrial Production (IIP). The combined Index of Eight Core Industries stood at 128.5 in November, 2018, which was 3.5 per cent higher as compared to the index of November, 2017.



Source: DIPP

Growth in Sales, Value of Production and Operating Profits

Trends in the selected corporate performance indicators published by RBI of a sample of non-government non-financial listed companies are as below:



Source: RBI