



Monthly Newsletter

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Secretary's Desk

MCA strives to provide an efficient regulatory framework to promote greater transparency in corporate governance. In pursuance to this objective, the Ministry has recently notified the Companies (Auditor's Report) Order, 2020

(CARO 2020) which shall be applicable for audit of financial statements for the financial years commencing on or after 1st April, 2019. CARO 2020 has increased the reporting obligation of statutory auditors in order to enhance reliability and transparency of financial statements in giving a true and fair view of the financial situation and performance of a company.

On ease of doing business initiatives, MCA has notified a new Web Form, SPICe+ to replace the existing SPICe forms. This would save a lot of time, procedures and cost of starting a new business in India. SPICe+ would offer 10 services by 3 central Government Ministries & Departments (Ministry of Corporate Affairs, Ministry of Labour and Department of Revenue in Ministry of Finance) and the State Government (Maharashtra). SPICe+ would be an advantage over existing SPICe form in many ways, it would be an integrated Web Form and would have two parts viz.: Part A-for Name reservation for new companies and Part B offering a bouquet of services. The new web form would facilitate on-screen filing and real time data validation for seamless incorporation of companies. SPICe+ will have a new and user friendly dashboard on the Front office for company incorporation application. For ensuring ease while filing, SPICe+ has been structured into various sections. Information once entered can be auto saved and

modified. Registration for EPFO and ESIC shall be mandatory for all new companies to be incorporated through SPICe+ and no EPFO & ESIC registration numbers shall be separately issued by the respective agencies. All new companies incorporated through SPICe+ would also be mandatorily required to apply for opening the company's Bank account through the AGILE-PRO linked web form.

In another step taken towards further providing Ease of Living for Corporates in the country, through the Companies (Amendment) Act, 2019, 16 criminal offences were converted into civil wrongs. Subsequently, the Company Law Committee which was constituted by the Ministry of Corporate Affairs in September, 2019, to further decriminalise the provisions of the Companies Act, 2013 based on their gravity and take other concomitant measures, has recommended amendments in 43 penal provisions of the Companies Act, 2013 to remove criminality in case of procedural and technical defaults as well as defaults which can be determined objectively and which, otherwise, lack the element of fraud or do not involve larger public interest. The amendments seek to provide alternative methods of sanctions in some cases. The amendments include: re-categorisation, omitting and limiting punishment of offences, provision of imprisonment has been replaced by penalty in some offences while in others existing penalty has been reduced.

In order to sensitize Resource Persons (RPs) on Competition law and Competition Commission of India (CCI)'s enforcement and advocacy efforts, CCI organized a training and orientation programme. The training was attended by resource persons from Assam, Himachal Pradesh, Odisha and Puducherry, wherein RPs were encouraged to undertake more and more Advocacy work by organizing seminars, workshops and use competition toolkit developed by them.

Review of Corporate Sector:

A. As on 29.02.2020, the number of companies registered under the Companies Act was 1,989,777. Of these, 744,014 companies were closed, 6,574 companies were under liquidation, 41,974 companies are in the process of being struck-off from the register and 2,170 companies have so far obtained the "dormant" status according to Section 455 of the Companies Act, 2013. There are 1,195,045 active companies, including 194,992 companies, which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 10,429 companies, including 599 One Person Companies (OPCs), were registered under the Companies Act, 2013 during February, 2020 with authorized capital of ₹ 1,779.43 Crore. The breakup of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in February, 2020	Total Authorized Capital (In Rs. Crore)
Company limited by shares	10,377	1,778.66
Of which,		
(a) Private	10,091	1,516.05
Of which,		

One Person Companies	599	24.38
(b) Public	286	262.61
Company limited by Guarantee	52	0.77
Of which,		
(a) Private	48	0.77
(b) Public	4	0.00
Unlimited Company	0	0.00
Grand Total	10,429	1,779.43

During the Month of February 2020, Maharashtra had maximum number of company registrations (1,975) followed by Delhi (1,197) and Uttar Pradesh (1,045). "Business Services" topped the economic activity-wise classification (3,152) of newly registered companies.

During February 2020, 10,377 (out of 10,429) companies were registered as companies limited by shares with authorized capital of ₹1,778.66 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 February, 2020)

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)	46	01	47	46	}	
2.	19(1)(a)	94	05	99	92		@
3.	19(1)(b)	18	00	18	15		
4.	5 & 6	07	08	15	09	*	
4(a)	20(1)	-	01	01	00	**	
Total		165	15	180	162		

Cases remanded by COMPAT

5.	Remanded	10	-	10	10	
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Cases regarding contravention of orders of Commission

6.	Causing fresh inquiry	02	02	02	02	
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Notes and references:

- [*] Combination Cases filed u/s 5 & 6.
- [**] Combination Cases filed u/s 20(1).
- [] Out of 153 pending anti-trust cases, 76 cases are pending with DG and 77 cases (19 cases are at prima facie stage and 58 cases for hearing) are pending with CCI.

Major Event:

Mutual Recognition Agreement (MRA) between the Institute of Chartered Accountants of India (ICAI) and the Institute of Chartered Accountants of Nepal (ICAN) was approved by the Cabinet on 19th February, 2020.

The Indian Institute of Corporate Affairs (IICA), School of Corporate Governance & Public Policy has organized a two day workshop on "Governance of Corporate Social Responsibility Initiatives" in Goa on 3rd and 4th February, 2020, which was attended by Independent Directors & CSR Professionals from 28 Companies (PSUs & Private Companies).

IICA, Centre for MSME has organized a customized Capacity Building Programme on "Procurement (Bidding Procedures based on GFR, GeM& E-Procurement) and Contract

Management: Challenges in Implementation" on 3-6 February, 2020 at Srinagar exclusively for the officers of J&K Bank.

Memorandum of Understanding signed between IICA and National Institute of Communication Finance (NICF) on 28.02.2020 to provide each other advocacy, research support, technical and handholding assistance and capacity building services in the various areas of competition law, corporate law, corporate governance, Insolvency and Bankruptcy law, leadership, organizational effectiveness, procurement procedures, Finance for non-Finance Officers, Telecommunication Policies, Spectrum Auction etc. on need based and mutually agreed terms.

Notifications:-

- Vide notification No.S.O. 525(E) dated 3rd February, 2020 the provisions of sub-sections (11) and (12) of section 230 of the Companies Act, 2013, which relates to takeover of unlisted companies were brought into force.
- Vide notification No.G.S.R.79(E) dated 3rd February, 2020 the Companies (Compromises, Arrangements and Amalgamations) Amendment Rules, 2020 were notified prescribing requirements and procedure for making a takeover offer of unlisted companies under sub-section (11) of section 230 of the CA-13.
- Vide notification G.S.R.80(E) dated 3rd February, 2020 the National Company Law Tribunal (Amendment) Rules, 2020, the procedure for filing application to NCLT in case of any grievance with respect to takeover offer of an unlisted company was prescribed in pursuance of sub-section (12) of section 230.
- Vide Notification No. G.S.R.81(E) dated 3rd February, 2020 the Ministry has made amendment to the Nidhi Rules, 2014 was made substituting existing Form NDH-1, NDH-2 & NDH-3 with relevant e-forms.
- The Nidhi (Second Amendment) Rules, 2020 were notified on 14th February, 2020 vide notification G.S.R.114 (E) wherein the period prescribed under Rule 23A of the Nidhi Rules, 2014 for requiring certain Nidhis to get themselves declared as such by Central Government was increased from "six months" to "nine months".
- In view of the recommendations of the IFSC Task Force set up by the Government under the chairmanship of Hon'ble MOS (Finance & Corporate Affairs), the Companies (Issue of Global Depository Receipts) Rules, 2014 were amended on 13th

February, 2020 to modify definition of 'overseas depository' in context of recognizing IFSC as an additional jurisdiction for issue of Global Depository Receipts [GDRs] and to allow companies to remit proceeds of GDR issues in the IFSC Banking Units (IBUs) vide notification No.G.S.R.111(E).

- Companies (Appointment & Qualification of Directors) Rules, 2014 were amended vide notification No.G.S.R.145(E) dated 28th February, 2020 to allow additional period of two months to existing independent directors to get their names included on the IDs databank and also to provide that experience in the bodies corporate listed on recognize stock exchanges shall also be counted for the purpose of exemption from passing the online proficiency self-assessment test.
- Vide Notification G.S.R.127(E) dated 18th February, 2020 amendment to the Companies (Registration Offices and Fees) Rules, 2014 was made substituting existing Form GNL-2 with relevant e-forms.
- Vide Order S.O.849(E) dated 25th February, 2020, the Ministry, after consultation with the National Financial Reporting Authority (NFRA) has notified the Companies (Auditor's Report) Order, 2020 to improve the quality of reporting by the auditors on the financial statements of the companies and inserted some new clauses and modified the existing clauses to seek detailed comments from the auditors.
- Vide notification G.S.R.128(E) dated 18th February, 2020 the Companies (Incorporation) Amendment Rules, 2020 were notified and effective from the 23rd February, 2020. Through the said notification the Rule 9, Rule 10, 12, 38, 38A and annexure to the said rule have been amended to brought in new eforms namely SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus) AGILE-PRO (Application for Goods and services tax Identification number, employees state Insurance corporation registration plus Employees provident fund organization registration, Profession tax Registration and Opening of bank account) and RUN (For change of name only) in place of forms "e-form No. INC-32 (SPICe), e-form NO.INC-35 (AGILE) and RUN respectively.

Circulars:-

- (i) Through the General Circular No. 4/2020 dated 17.02.2020, the Ministry has clarified the procedures for filing of forms in the Registry (MCA-21) by the Insolvency Professional (Interim Resolution Professional (IRP) or Resolution Professional (RP) or Liquidator) appointed under Insolvency Bankruptcy Code, 2016 (IBC, 2016) keeping in view the requirements for statutory compliances by such companies under the Companies Act, 2013.
- (ii) The Ministry is taking necessary action for amending the Companies Act, 2013 (CA-13) to implement the recommendations made by Company Law Committee (2019) to remove criminalization in 46 penal provision of the CA-13 as well as to facilitate ease of living to law abiding corporates. The Cabinet Note in this regard was sent to the Cabinet Secretariat on 10.12.2019. Subsequently pursuant to review of certain proposals, a Supplementary Cabinet Note has been sent to the Cabinet Secretariat on 15.01.2020. A second supplementary note has been sent on 27.02.2020. Cabinet is yet to approve the proposal.

Some Macro Indicators

Wholesale Price Index (WPI)

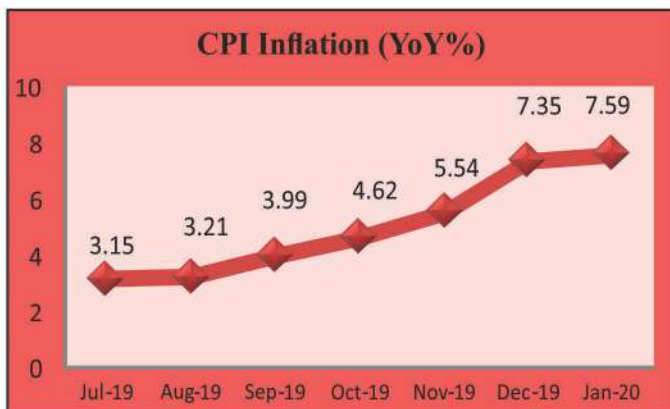
The annual rate of inflation, based on monthly WPI, stood at 3.1% (provisional) for the month of January, 2020 (over January, 2019) as compared to 2.59% (provisional) for the previous month and 2.76% during the corresponding month of the previous year.



Source: DIPP

Consumer Price Index (CPI)

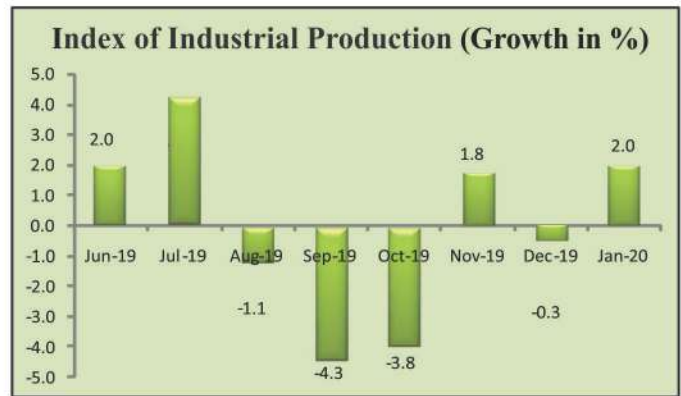
The CPI (Combined) on Base 2012=100 is being released for the month of January 2020. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e., January 2020 over January 2019) given below:



Source: MOSPI

Index of Industrial Production

The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of January, 2020 stands at 137.1, which is 2 percent higher as compared to the level in the month of January 2019.



Source: MOSPI

Index of Eight Core Industries

The combined Index of Eight Core Industries stood at 137.5 in January, 2020, which increased by 2.2 per cent as compared to the index of January, 2019.



Source: DIPP

Performance of Selected indicators of Listed Non-Government Non-financial Companies (in Percent)

Trends in the selected corporate performance indicators published by RBI of a sample of non-government non-financial listed companies for the FY 2017-18 & 2018-19 as below:

Indicator		2017-18	2018-19
Components of Expenditure to Sales	Cost of Raw Materials to Sales	50.1	51.6
	Staff Cost to Sales	10.5	10
Profit Allocation Ratios	Interest Burden	24.8	20.9
	Tax Provisions to EBT	24.2	24.9
	Other Income to Net Profit	47.9	46
Profitability Ratios	Operating Profits to Sales	15.3	14.9
	EBITDA to Sales	18.6	18.2
	EBIT to Sales	14.5	14.6
	Net Profit to Sales	6.7	7

Source: RBI