



Monthly Newsletter

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Secretary, MCA

Secretary's Desk

The Ministry is exploring the possibility of setting up exclusive forum of regulators from competition law angle so as to create a platform where bodies such as Competition Commission of India (CCI), Telecom Regulatory Authority of India (TRAI), Central Electricity

Regulatory Commission (CERC), Insurance Regulatory and Development Authority (IRDAI) and Petroleum and Natural Gas Regulatory Board (PNGRB) can meet and address competition law related issues through dialogue and discussions. It would also help in addressing issues relating to jurisdiction.

Last year, the Ministry carried out the Know Your Customer (KYC) initiative for directors. So far, out of around 33 lakh directors, 16.35 lakh have completed their KYC and the remaining have been deactivated. The Ministry is now launching KYC for companies on 25th February, 2019. The companies would be required to confirm details relating to registered office, directors, KMPs, statutory auditor and company secretary. The companies that fail to complete their KYC will be marked as non-compliant and certain restraints will be imposed on them. For example, if a company is having non-compliant directors who have not done KYC, the company's own KYC will get held until it either removes the director or makes the director compliant.

The Supreme Court of India has upheld the constitutionality of the provisions of the Insolvency and Bankruptcy Code, 2016 in the Swiss Ribbons v. Union of India case. The key implications of the judgement are (i) The distinction between promoters / management and the corporate debtor has been judicially recognized; (ii) The Supreme Court has concluded that the IBC is a beneficial legislation and is for the benefit of the corporate debtor and therefore the admission of a company into Corporate Insolvency Resolution Process (CIRP) cannot be seen from the traditional lens of adversarial proceedings; (iii) Section 29A has been upheld in its entirety whilst reading down

the list of 'related parties' who have to be tested for the disqualification under Section 29A, to those who have a business connection with the Resolution Applicant. This will help in increasing the number of participants and (iv) In addition to the provision for withdrawal under Section 12A, withdrawal of a corporate debtor from CIRP has been permitted up to the time the Committee of Creditors is constituted with the approval of the National Company Law Tribunal (NCLT). The judgement brings back focus on the intent of the IBC to resolve and revive a corporate debtor and thereby significantly reinforces the efforts of the creditors and other stakeholders to achieve such end. Further, it will also boost the confidence of investors and bidders in acquiring assets through IBC as well as generally improve ease of doing business in India

In a first of its kind judgment of NCLAT on insolvency plea of Rural Electrification Corporation (REC) against Ferro Alloys Corporation, it has reasoned that any corporate guarantee given by a parent company for a subsidiary becomes a debt as soon it is invoked which subsequently renders the corporate guarantor as a debtor under the IBC. A financial creditor under the section 7 of the IBC, can seek to first initiate insolvency proceedings against a corporate guarantor of a company without having proceeded with and exhausted all legal remedies against the principal debtor.

According to the UN's World Economic Situation and Prospects (WESP) 2019, India will continue to remain the world's fastest-growing large economy in 2019 as well as in 2020. India's GDP growth is expected to accelerate to 7.6 per cent in 2019-20 from an estimated 7.4 per cent in the current fiscal ending March 2019. The report states that "Growth (in India) continues to be underpinned by robust private consumption, a more expansionary fiscal stance and benefits from previous reforms. Yet, a more robust and sustained recovery of private investment remains crucial to lift the medium-term growth"

“The NCLAT has reasoned that any corporate guarantee given by a parent company for a subsidiary becomes a debt as soon it is invoked”

Review of Corporate Sector:

As on 31.12.2018, the number of companies registered under the Companies Act was 1,837,345. Of these, 6,54,611 companies were closed, 6,300 companies were under liquidation, 38,542 companies are in the process of being struck-off from the register, 101 companies were in the process of being re-activated and 1,548 companies have so far obtained the "dormant" status according to Section 455 of the Companies Act, 2013. There are 1,136,243 active companies, including 169,433 companies, which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 9,484 companies, including 519 One Person Companies (OPCs), were registered under the Companies Act, 2013 during December, 2018 with authorized capital of ₹ 2,714.54 Crore. The breakup of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in December, 2018	Total Authorized Capital (In ₹ in Crore)
Company limited by Shares	9,446	2,714.54
Of which,		
(a) Private	9,237	2,679.11
Of which,		

One Person Companies	519	15.94
(b) Public	209	35.44
Company limited by Guarantee	38	-
Of which,		
(a) Private	36	-
(b) Public	2	
Unlimited Company	-	0.00
Grand Total	9,484	2,714.54

During the Month of December 2018, Maharashtra had maximum number of company registrations (1,721) followed by Delhi (1,171) and Uttar Pradesh (963). "Business Services" topped the economic activity-wise classification (3,934) of newly registered companies.

During December 2018, 9,446 (out of 9,484) companies were registered as companies limited by shares with authorized capital of ₹ 2,714.54 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/Information Bulletin.html](http://mca.gov.in/MinistryV2/InformationBulletin.html).

MONTHLY MIS REPORT FROM COMPETITION COMMISSION OF INDIA

(As on January-2019)

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	87	#
2.	19(1)(a)	81	02	83	79	
3.	19(1)(b)	14	-	14	13	
4.	5&6	11	13	24	12	*
TOTAL		194	15	209	191	

Cases remanded by COMPAT

5.	Remanded	11	-	11	10	
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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

Shri P K Singh, Adviser, CCI was appointed as Secretary, CCI w.e.f 1st January, 2019.

Events

A meeting was organized by MCA on 21.01.2019 with Resolution Professionals (RPs) and Committee of Creditors (CoC) members of 12 companies referred by RBI under Insolvency and Bankruptcy Code (IBC) along with officials of IBBI to discuss reasons for delay in the resolution process of said cases and also identify the best practice evolving out of successful resolved cases. Secretary, MCA stressed that these cases be completed within this financial year to strengthen and increase the confidence in entire IBC system.

Notifications:-

i. Amendments have been made in The National Company Law Tribunal 2016 on 15.1.2019 to make changes in Rule 71(3)(b) and 71(4) to replace the words "Central Government" with the words "Regional Director". Pursuant to this amendment, the notices in respect of applications under section 61(1)(b) of the Act shall be served on RD concerned instead of on Central Government, earlier provided.

ii. The Companies (Prospectus and Allotment of Securities) Rules, 2014 have been amended on 22.01.2019 and a new sub-rule (11) has been inserted in Rule 9A. The said new sub-rule provides exemption to NIDHIs, Government companies and wholly owned subsidiary companies from the requirements of said Rule 9A which mandates issue/ transfer etc of securities of unlisted public companies only in dematerialised form.

iii. Vide Notification no. 368(E) dated 22.01.2019 an Order called the Specified Companies (Furnishing of information about payment to micro and small enterprise suppliers) Order, 2019 under section 405 of the Companies Act, 2013 has been notified whereby the Specified Company shall file in MSME Form1 details of all outstanding dues to micro or small enterprises suppliers within 30 days from the date of publication of this notification and it shall also file a return as per MSME Form 1, by 31st October for the period from April to September and by 30th April for the period from

October to March.

iv. Vide notification no. GSR 42(E) dated 22.01.2019, the Companies (Acceptance of Deposits) Amendment Rules, 2019 has been notified whereby Real Estate Investment Trust has been inserted in rule 2, in sub-rule 1, in clause (c), in sub-clause (xviii) and further sub-rule (3) has been inserted in rule 16A, whereby every company other than Government company shall file a onetime return of outstanding receipt of money or loan by a company but not considered as deposits, in terms of clause (c) of sub-rule 1 of rule 2 from the 1st April, 2014 to the date of publication of this notification in the Official Gazette, as specified in Form DPT-3 within ninety days from the date of said publication of this notification along with fee as provided in the Companies (Registration Offices and Fees) Rules, 2014. Further, by the said rules, form DPT-3 has been substituted and companies are required to give particulars of receipts of money or loan by a company but not considered as deposits, at the end of financial year, in terms of clause (c) of sub-rule 1 of rule 2 of Companies (Acceptance of Deposits) Rules, 2014.

v. The provisions of section 465 of the Companies Act, 2013 in so far as they relate to the repeal of the Companies Act, 1956 (1 of 1956) [that in except in so far as they relate to the repeal of the Registration of Companies (Sikkim) Act, 1961 (Sikkim Act 8 of 1961)] were brought into force on 30.01.2019.

Circular:

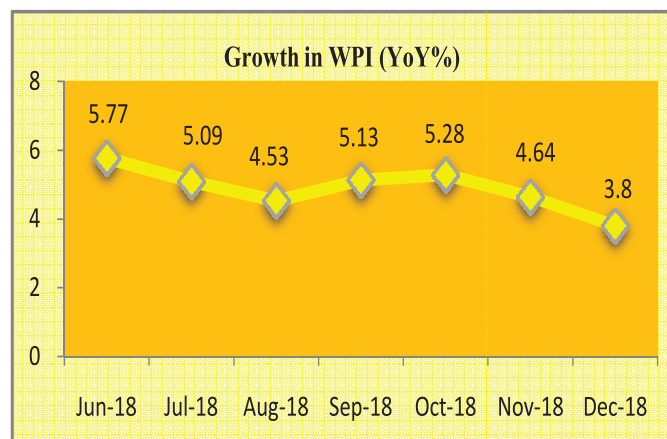
Call for research proposals is made for funding under research component of the central plan scheme CDM under the broad theme of "**Credit Stress in Indian Economy: A sectoral Analysis**" (on a new topic) from competent and expert researchers/institutes.

Note : Details of application for funding of research proposals can be seen at Guidelines for funding research and studies, workshops and conferences etc. under the plan scheme "Corporate Data Management" on the MCA's website (www.mca.gov.in) at Annexure I of http://www.mca.gov.in/Ministry/pdf/GuidelinesMCA_final_12022018.pdf. Research proposals may be sent at cdm.research@mca.gov.in

Some Macro indicators

Wholesale Price Index (WPI)

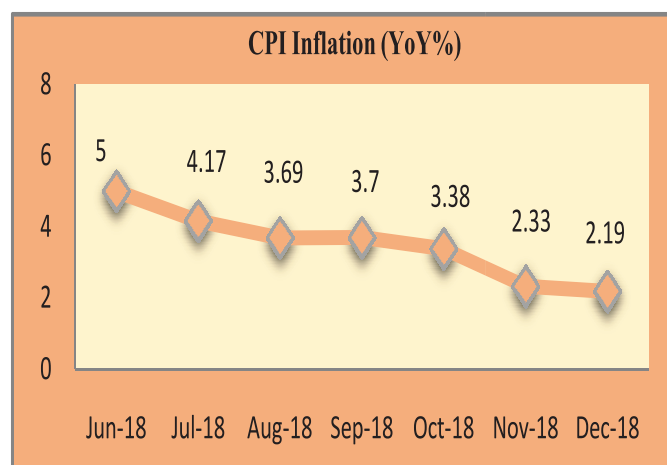
The annual rate of inflation, based on monthly WPI, stood at 3.80% (provisional) for the month of December, 2018 (over December, 2017) as compared to 4.64% (provisional) for the previous month and 3.58% during the corresponding month of the previous year.



Source: DIPP

Consumer Price Index (CPI)

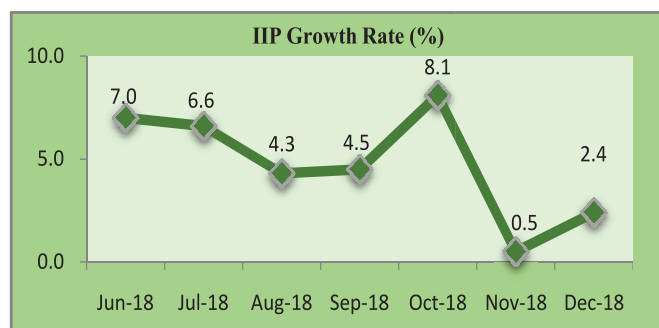
The CPI (Combined) on Base 2012=100 is being released for the month of December 2018. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e., December 2018 over December 2017) given below:



Source : MOSPI

Index of Industrial Production

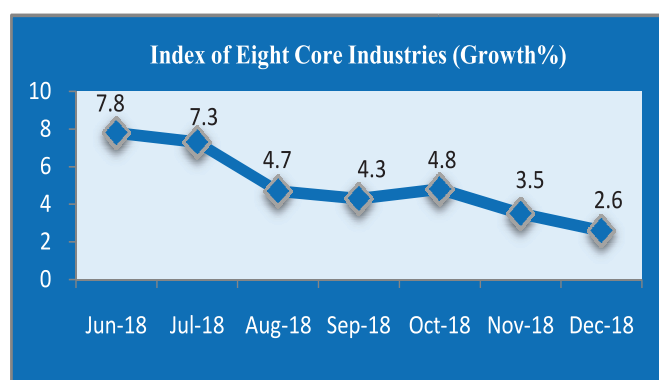
The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of December 2018 stands at 133.7, which is 2.4 percent higher as compared to the level in the month of December 2017.



Source: MOSPI

Index of Eight Core Industries

The combined Index of Eight Core Industries stood at 132.1 in December, 2018, which was 2.6 per cent higher as compared to the index of December, 2017.



Source: DIPP

Yearly Selected Ratios of listed Non-Government No-financial Companies (Percent)

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

Indicator		2017-18
Components of Expenditure to Sales	Cost of Raw Materials to Sales	50.1
	Staff Cost to Sales	10.5
	Interest Burden	24.8
Profit Allocation Ratios	Tax Provisions to EBT	24.2
	Other Income to Net Profit	47.9
	Cash Coverage Ratio(times)	5.2
Interest linked Ratios	Interest Coverage(times)	4
	Interest to Sales	3.6
	Profitability Ratios	Operating Profits to Sales
EBITDA to Sales		18.6
EBIT to Sales		14.5
Net Profit to Sales		6.7

Source: RBI