



Monthly Newsletter

VOLUME - 12

OCTOBER-2018



Shri Injeti Srinivas
Secretary, MCA

Secretary's Desk

The growth of real GDP for the first quarter of 2018-19 was 8.2 per cent, reinforcing the upswing in the economy that started since second quarter of 2017-18. Growth rate in terms of Gross Value Added (GVA) at constant basic prices for the Q1 of 2018-19 is estimated to be

8.0 per cent, as against 5.6 per cent in the corresponding quarter of 2017-18 and 7.6 per cent in Q4:2017-18 largely due to acceleration in agriculture and industrial sectors. The economic activities which registered growth of over 7 per cent in Q1: 2018-19 are 'manufacturing, electricity, gas, water supply and other utility services', construction and public administration, defense and other services.

India has improved its ranking on the World Bank's "Doing Business" 2019 report released on 31st October, 2018. As per the report, India has moved up 23 spots to 77th position as compared to 100th position last year by improving its rank in six out of ten parameters relating to starting and doing business in India. Ministry of Corporate Affairs has contributed towards starting a business, insolvency resolution and protection of minority interests.

The Government had constituted a Competition Law Review Committee on 30th September, 2018 to review the Competition Act, in pursuance of its objective of ensuring that legislation is in sync with the needs of strong economic fundamentals and changing business environment. The term of references of the committee are (i) To review the Competition Act/ Rules/ Regulations, in view of changing business environment and bring necessary changes, if required, (ii) To look into international best practices in the competition fields, especially anti-trust laws, merger guidelines and handling cross border competition issues and (iii) To study other regulatory regimes/ institutional mechanisms/ government policies which overlap with the Competition Act.

The Committee of Experts has submitted its report on "Regulating audit firms and the Networks" to the Government of India. The Committee was constituted on 20th April, 2018 pursuant to the directions of the Hon'ble Supreme Court in the matter of S. Sukumar versus The Secretary, Institute of Chartered Accountants of India. The report addresses the issues raised by the Supreme Court with a focus to strengthen the legal regime of auditors and promote development of the audit profession in the country. The Committee scrutinized the networking arrangements adopted by the big four audit firms commonly referred as multi-national accounting firms to understand their legal structure and method of operation. The Committee also addressed serious concerns like conflict of interest and transparency arising out of non-audit services provided by auditors and their network, and suggested necessary checks and balances.

The Insolvency law committee (ILC) has recommended the adoption of the UNCITRAL Model Law of Cross-Border Insolvency, 1997, as it provides a comprehensive framework to deal with cross border insolvency issues. This recommendation formed part of the second report of the Insolvency Law Committee submitted on 22nd October, 2018. The Committee has also recommended a few carve outs to ensure that there is no inconsistency between the domestic insolvency framework and the proposed Cross Border Insolvency Framework. The advantages of the model law are the precedence given to domestic proceedings and protection of public interest. The inclusion of the Cross Border Insolvency Chapter in the Insolvency and Bankruptcy Code of India, 2016, will be a major step forward and will bring Indian Insolvency Law at par with matured jurisdictions.

“The inclusion of the Cross Border Insolvency Chapter in the IBC, 2016, will be a major step forward and will bring Indian Insolvency Law at par with matured jurisdictions.”

POLICY DEVELOPMENTS

Incorporation of Limited Liability Partnership (LLP) made online

MCA has launched another process re-engineering by making incorporation of LLP through a complete online system. From 1st October 2018 onwards through a web service titled "RUN-LLP (Reserve Unique Name – Limited Liability Partnership)". Name can also be allotted to LLP through an e-form titled "FiLiP (Form for incorporation of Limited Liability Partnership).

The LLP Rules have been amended on 18th September 2018 which came into effect from 02nd October 2018. The said amendment rules are (i) Introduction of a Web Service titled 'RUN-LLP (Reserve Unique Name – Limited Liability Partnership)' replacing the erstwhile Form 1 (Application for reservation or change of name) and (ii) Introduction of a new integrated Form christened FiLiP (Form for incorporation of Limited Liability Partnership) replacing the erstwhile Form 2 (Incorporation document and subscriber's statement) combining therein 3 services i.e. Name reservation, Allotment of Designated Partner Identification Number (DPIN/DIN) and Incorporation of the LLP.

CCI Amendment Regulations, 2018

CCI has further amended the Combination Regulations on 09th October 2018. This amendment inter alia provide certainty & transparency and expedites faster disposal of combination cases before CCI. The provisions of the Competition Act, 2002 ("Act") relating to the regulation of combinations as well as the Combination Regulations have been in force with effect from 1st June 2011. A key change brought about by the present amendments is that the parties to combinations can now submit remedies voluntarily in response to the notice issued under Section 29(1) of the Act. If such remedies are considered sufficient to address the perceived competition harm, the combination can be approved. This amendment is expected to expedite disposal of such combination cases. In another significant amendment, where the notice is found to exhibit significant information gaps, parties to combinations are allowed to withdraw the notice and refile the same. With this amendment, the parties could address the deficiencies without facing an invalidation by CCI. Further, fee already paid in respect of such notice shall be adjusted against the fee payable in respect of new notice, if the refiling is done within a period of 3 months.

CCI Policy Note

Considering the implications of Competition Issues in Healthcare and Pharmaceutical Sector, the Commission issued a policy Note titled "Making Markets Work for Affordable Healthcare". The policy Note was also shared with Ministry of Health and Family Welfare, Department of Pharmaceuticals and NITI Aayog.

Review of Corporate Sector:

As on 30th September, 2018, the number of companies registered under the Companies Act was 1,803,277. Of these, 646,097 companies were closed, 6,208 companies were under liquidation, 39,791 companies are in the process of being struck-off from the register, 102 companies were in the process of being re-activated and 1,523 companies have so far obtained the "dormant" status according to Section 455 of the Companies Act, 2013. There are 1,109,556 active companies, including 167,316 companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).

A total of 13,396 companies, including 667 One Person Companies (OPCs), were registered under the Companies Act, 2013 during September, 2018 with authorized capital of ₹ 2,653.59 Crore. The breakup of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in September, 2018	Total Authorized Capital (In ₹ in Crore)
Company limited by Shares	13,337	2,653.59
Of which,		
(a) Private	13,065	1,532.20
Of which,		
One Person Companies	667	18.30
(b) Public	272	1,121.39
Company limited by Guarantee	59	-
Of which,		
(a) Private	55	-
(b) Public	4	-
Unlimited Company	-	-
Grand Total	13,396	2,653.59

During the Month of September, 2018, Maharashtra had maximum number of company registrations (2,558) followed by Delhi (1,693) and Uttar Pradesh (1,308). "Business Services" topped the economic activity-wise classification (5,761) of newly registered companies.

During September, 2018, 13,337 (out of 13,396) companies were registered as companies limited by shares with authorized capital of ₹ 2,653.59 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 October-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)	102	01	103	100	
3.	19(1)(b)	12	01	13	13	
4.	5&6	10	06	16	10	*
TOTAL		212	08	220	211	

Cases remanded by COMPAT

5.	Remanded	11	-	11	11	
----	----------	----	---	----	----	--

Cases regarding contravention of orders of Commission

6.	Causing fresh inquiry	01	-	01	01	
----	-----------------------	----	---	----	----	--

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 of Indian Corporate Law Service (ICLS) were promoted to HAG and SAG and posted respectively: (i) Shri Sanjay Bose posted as ROC-cum-OL (Uttarakhand) and (ii) Ms. Lata Sisodiya Saxena posted as Deputy Registrar of Companies (Delhi)

Notifications:-

(i) Vide notification no. S.O. 5099 (E) dated 1st October, 2018 the Ministry has constituted National Financial Reporting Authority (NFRA) w.e.f. 1st October, 2018.

(ii) Vide Notification number S.O. 5098 (E) dated 1st October, 2018 sub-sections (1) and (12) of section 132 of Companies Act, 2013 which relate to constitution of NFRA and its head office to be in New Delhi has been brought into force w.e.f. 1st October, 2018.

(iii) Vide notification no. G.S.R. 1022 (E) dated 11th October, 2018 the Ministry has amended the Schedule III to the Companies Act, 2013 to insert Division III relating to financial statements for a Non-Banking Financial Company (NBFC) whose financial statements are drawn up in compliance of the companies (Indian Accounting Standards) Rules, 2015.

(iv) Vide Notification number S.O. 5385(E) dated 24th October, 2018 sub-sections (2), (4), (5), (10), (13), (14) and (15) of section 132 of Companies Act, 2013 which relate to functions, appeal, accounts, reports etc. of NFRA has been brought into force w.e.f. 24th October,2018.

(v) Vide notification no. S.O. 5457(E) dated 26th October,2018 the Ministry has established the Office of the Registrar of Companies at Vijayawada, having territorial jurisdiction in the whole State of Andhra Pradesh with effect from 29th October,2018.

(vi) Vide notification no. S.O. 5458(E) dated 26th October, 2018 the Ministry has established the Office of the Registrar

of Companies-cum-Official Liquidator at Dehradun, having territorial jurisdiction in the whole State of Uttarakhand with effect from 29th October,2018.

(vii) Vide Notification No. S.O.5429(E) dated 26th October, 2018).The Companies (Adjudication of Penalties) Rules, 2014 has been amended to substitute the word "Nainital" with the word "Dehradun" and to include the words "Registrar of Companies, Vijayawada" with effect from 29th October, 2018.

Circulars:-

(i) A circular no. 09/2018 dated 5th October, 2018 was issued to relax the additional fees payable to companies having registered office in the State of Kerala on e-forms AOC-4, AOC (CFS), AOC-4 XBRL and e-Form MGT-7 up to 31st December, 2018, wherever additional fees is applicable.

(ii) A circular no. 10/2018 dated 29th October, 2018 was issued to relax the additional fees payable by companies on e-forms AOC-4, AOC (CFS), AOC-4 XBRL and e-Form MGT-7 up to 31st December, 2018, wherever additional fees is applicable.

Events

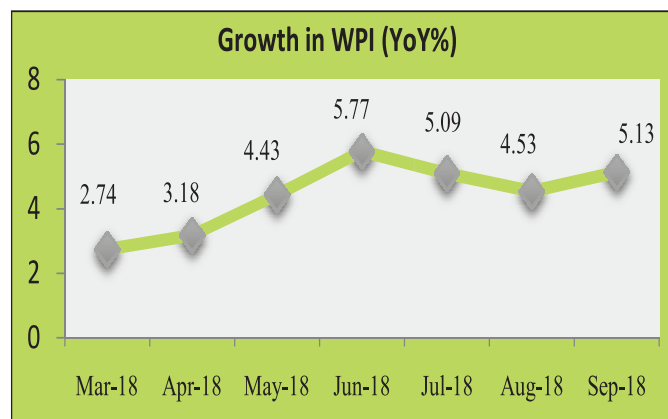
1. MCA celebrated Vigilance Awareness Week during 29th October, 2018 to 3rd November, 2018. Integrity Pledge was administered to all the employees of MCA by Secretary MCA on 29th October, 2018. Similar activities were also undertaken in field offices of the Ministry during the week.

2. CCI organized 1st Roadshow on Competition Law along with Indian Institute of Corporate Affairs (IICA), Manesar and Confederation of Indian Industry (CII) on 15th October, 2018 at Mumbai. Shri Sudhir Mital, Chairperson; Shri Augustine Peter, Member; Smt. Smita Jhingran, Secretary and senior officers of the Commission participated in the event. Shri Injeti Srinivas, Secretary, Corporate Affairs was present on behalf of the Ministry.

Some Macro indicators

Wholesale Price Index (WPI)

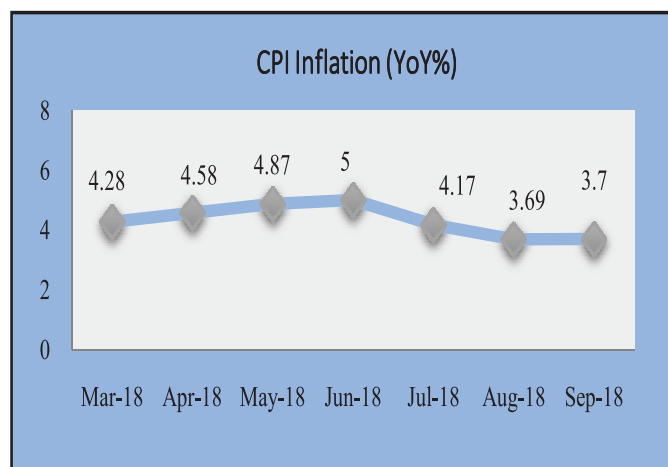
The annual rate of inflation, based on monthly WPI, stood at 5.13% (provisional) for the month of September, 2018 (over September, 2017) as compared to 4.53% (provisional) for the previous month and 3.14% during the corresponding month of the previous year.



Source: DIPP

Consumer Price Index (CPI)

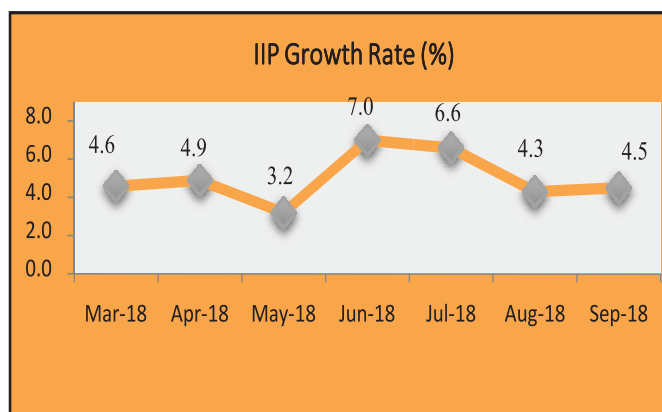
The CPI (Combined) on Base 2012=100 has been released for the month of September 2018. All India Inflation rates (on point to point basis i.e. current month over same month of last year, i.e., September 2018 over September 2017) given below:



Source: MOSPI

Index of Industrial Production

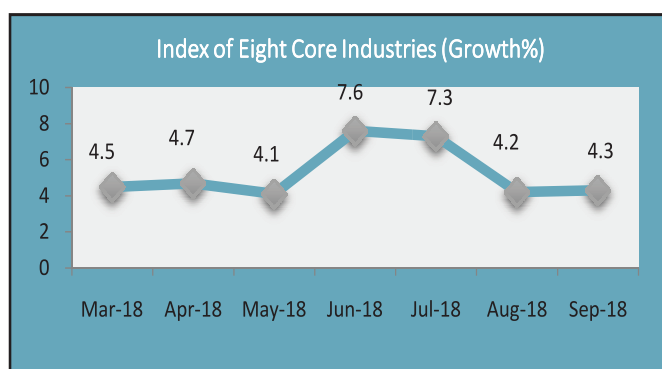
The Quick Estimates of Index of Industrial Production (IIP) with base 2011-12 for the month of September 2018 stands at 128.6, which is 4.5 percent higher as compared to the level in the month of September 2017.



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 127.2 in September, 2018, which was 4.3 per cent higher as compared to the index of September, 2017.



Source: DIPP

Selected Ratio of few indicators of listed non-government non-financial Companies (in Percent)

Indicators		Q1: 2017-18	Q4: 2017-18	Q1: 2018-19
No. of Companies		2,744	2,723	2,724
Components of Expenditure to Sales	Raw Materials Cost to Sales	50.7	50.9	51.5
	Staff Cost to Sales	10.6	9.9	10.1
Profit Allocation Ratios	Interest Burden	33.3	23.3	25
	Tax Provisions to EBT	24.7	23.9	26.6
	Other Income to Net Profit	58.2	65	36.1
Profitability Ratios	Operating Profits to Sales	14	14.6	15.7
	EBITDA to Sales	17.2	18.2	18.5
	EBIT to Sales	13	14.3	14.6
	Net Profit to Sales	5.5	5.5	7.7

Source: RBI