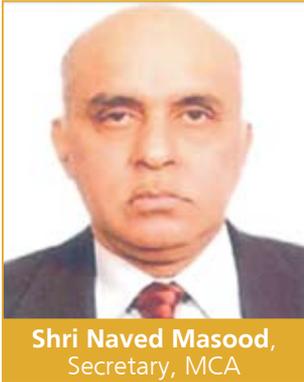




# Monthly Newsletter

Volume - 43

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**Shri Naved Masood,**  
Secretary, MCA

### From The Secretary's Desk

The year 2014 comes to an end leaving behind a series of high points in our political economy. The Government which came with a decisive mandate made several important commitments. Initial announcements for fiscal consolidation, and policy announcements embracing several facets of commerce, industry and economy as a whole has had very salutary results. The BSE Sensex breached the 28,000 mark in the month of November,

2014. Important economic indicators showed signs of recovery. These are reflected in developments like sustained decline in wholesale and retail inflation, containment of Current Account Deficit (CAD) at about 2% of GDP, stability in dollar exchange rate, and strong FII inflows, to name a few.

GDP growth in the 1<sup>st</sup> half of the current fiscal(2014-15) increased to 5.5% from 4.9% realized in corresponding period of the previous year. This is mainly due to 3.5% growth in Agriculture, 3.2% growth in Industry and 7% growth in Services. Industrial growth is yet to pick-up, and much would depend on revival of manufacturing sector. I urge the corporates to make the "Make in India" campaign a success by proving their mettle in bolstering manufacturing growth.

The Ministry of Corporate Affairs made rapid strides during the year in improving the legal framework and simplifying procedures for 'ease of doing business'. For removing doubts and facilitating smooth implementation of the Companies Act, 2013, 15 amendments to various Companies Rules were notified and 45 clarifications issued.

I am happy to note that the Companies Amendment Bill, 2014 has been passed by the Lok Sabha. The Bill proposes to make, *inter alia*, approval for related party transactions simpler, retain the stringent bail provision only for the serious offences of fraud, and rationalize procedural aspects to deal with frauds detected during the course of audit. Once the Bill is enacted, it will bring substantial ease to the business community.

Serious Fraud Investigation Office (SFIO) completed the investigations in the affairs of 17 so-called 'Chit Fund Companies' unravelling their modus operandi. Apart from prosecuting such companies for non-compliance of relevant provisions of Companies Act, evidence gathered has been shared with the CBI which is looking into criminal offences of such companies. We have moved a step forward in investors' protection through proactive disclosure of the list of companies, which are under alert, defaulted in statutory filing, remained dormant etc. on Ministry's website.

MCA-21 e-Governance project has successfully handled the peak filing in the months of October and November, 2014. Steps taken by the

Ministry in this regard have been fruitful. It is relevant to mention that in the month of November, 2014 alone more than 10 lakh filing were received, and in four specific days, filing crossed more than one lakh mark each. I assure that the Ministry would continue to provide high standard service to its esteemed stakeholder in future too.

I wish the readers and the corporate community a very Happy New Year-2015, especially as I see it as a year of hope, growth and prosperity.

**☞ We have moved a step forward in investors' protection through proactive disclosure of the list of companies, which are under alert, defaulted in statutory filing, remained dormant etc. on Ministry's website. ☞**



### Senior Level Appointment:

1. Ms. Anjuly Chib Duggal has assumed charge as Special Secretary, Ministry of Corporate Affairs with effect from 09.12.2014. Ms. Duggal belongs to 1981 batch of Indian Administrative Service, Punjab Cadre.

2. Shri Justice G. S. Singhvi, former Supreme Court judge, has been appointed as Chairperson, Competition Appellate Tribunal with effect from the 25.09.2014 (**Notification S.O. 2878(E)** dated 10.11.2014).

### Cabinet Clears the Companies (Amendment) Bill, 2014:

The Union Cabinet approved the introduction of the Companies (Amendment) Bill, 2014 in Parliament to make certain amendments in the Companies Act, 2013. The Bill seeks to amend 21 provisions (covering 14 issues). The Bill proposes to address some issues raised by stakeholders and facilitate ease of doing business in the country. Important amendments proposed in the Act are as follows: Omitting requirement for minimum paid up share capital at the time of incorporation; prescribing specific punishment for non-repayment of deposits by companies; prohibiting public inspection of Board resolutions filed in the Registry; including provision for writing off past losses/depreciation before declaring dividend for the year; enabling provisions to prescribe thresholds beyond which fraud shall be reported to the Central Government; bail restrictions to apply only for offence relating to fraud under Section 447; winding up cases to be heard by 2-member Bench instead of a 3-member Bench; and Special Courts to try only offences carrying imprisonment of two years or more etc.

**MCA21 Handles Peak Filing:** The months of October and November every year are the peak filing months for statutory filing with Government through MCA21 System by companies. Several initiatives have been taken by the Ministry to handle the load on the electronic system, viz., upgrading the infrastructure, software optimization and publicity campaign with requests to the companies to stagger their filings. With the help of these initiatives, the MCA21 system's performance during the month of November, 2014 was quite stable. The filing received for the month of November, 2014 was more than 10 lakh which is 54% higher than November, 2013 (6.65 lakhs filings). There were four specific days in month of November and one day in October when filing count crossed one lakh filing per day.

**National Seminar on "Indian Financial Code":** The Institute of Company Secretaries of India (ICSI) in association with Bombay Stock Exchange organized a National Seminar on 'Indian Financial Code' in Mumbai on 29.11.2014 to spread awareness on the financial sector reforms suggested by the Financial Sector Legislative Reforms Commission (FSLRC). The Seminar was inaugurated by Shri Arun Jaitley, Hon'ble Minister for Finance, Corporate Affairs, and Information & Broadcasting. In his inaugural address, the Hon'ble Minister appreciated the initiatives taken by the ICSI in organising the Seminars and Workshops to discuss

the various recommendations of FSLRC. Hon'ble Justice Shri B N Srikrishna, Former Judge, Supreme Court of India and Chairman, FSLRC was the Guest of Honour. The seminar was attended by a galaxy of other eminent personalities on the subject.



*Shri Arun Jaitley, Hon'ble Union Minister for Finance, Corporate Affairs and Information & Broadcasting addressing at the ICSI National seminar.*

**Extension of Date for Filing e-Form CRA-2:** As per rule 6 (2) of the Companies (Cost Records and Audit) Rules, 2014, companies are required to inform appointment of cost auditor to the Central Government by filing e-Form CRA-2, within a period of thirty days of the Board meeting in which such appointment is made or within a period of one hundred and eighty days of the commencement of the financial year, whichever is earlier. Considering delay in availability of e-Form CRA-2 on the MCA website, the Ministry has extended the date of filing of the e-Form CRA-2 up to 31.01.2015 without any penalty. The e-Form CRA-2 will be made available on the MCA website shortly. And companies which have filed e-Form 23C for appointment of Cost Auditor for the financial year 2014-15 need not file e-Form CRA-2 afresh for the financial year 2014-15 (**General Circular No. 42/2014** dated 12.11.2014).

### FCCBs and FCBs are not regulated by the Companies Act, 2013:

Stakeholders had sought clarity on applicability of provisions of Chapter III of the Companies Act, 2013 on issuance of Foreign Currency Convertible Bonds (FCCBs) and Foreign Currency Bonds (FCBs) by Indian companies exclusively to persons resident outside India. Chapter III of the Companies Act, 2013, is related to prospectus and allotment of securities. The matter was examined in consultations with Ministry of Finance and SEBI and it is clarified that issue of FCCBs and FCBs is regulated by the Ministry of Finance's *Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipts Mechanism) Scheme, 1993* and Reserve Bank of India's directors/regulations. It is also clarified that unless otherwise provided in the said Scheme or the directions/regulations issued by RBI, provisions of Chapter III of the Companies Act, 2013, shall not apply (**General Circular No. 43/2014** dated 14.11.2014).

**Company Law Settlement Scheme, 2014:** The Ministry of Corporate Affairs has further extended the 'Company Law

Settlement Scheme 2014 (CLSS-2014)' up to 31.12.2014. CLSS-2014 provides a one-time opportunity for defaulting companies to file their annual statutory documents, with granting immunity from prosecution and reduced fee (**General Circular No. 44/2014** dated 13.11.2014).

#### Extension of Time for Holding AGM in Jammu & Kashmir:

In view of unprecedented floods in the state of Jammu & Kashmir in September, 2014, many companies could not hold Annual General Meeting in time. Various stakeholders including Industry Chambers of Kashmir have requested the Ministry for extension of time for holding AGMs. Keeping this exceptional circumstances in view, Ministry of Corporate affairs has granted extension of time to hold their AGMs (other than first AGM) for the financial year 2013-14 up to 31.12.2014 for companies registered in Jammu & Kashmir (**General Circular No. 45/2014** dated 18.11.2014).

#### Companies General Rules and Forms (Amendment)

**Rules:** The Government of India has amended the Rule 12A of the Companies (central Government's) General Rules and Forms, 1956, changing the nomenclature of 'Joint Director (Accounts)' to 'Joint Director' (**Notification G.S.R. 815(E)** dated 17.11.2014).

#### Four more Appeals Added to List of Appeals to CLB:

The Government of India has amended the Company Law Board (Fees on Applications and Petition) Rules, 1991 to include four more appeals under the ambit of the Company Law Board (CLB) along with fees charged for these appeals. The newly incorporated appeals are as follows: i). Allowing any period other than April to March as financial year (fee is Rs. 5000); ii). Rectification of register of members (fee is Rs. 500); iii). Directing the company to pay the sum due or for any loss or damage incurred as a result of such non-payment (fee is Rs. 100); and iv). Allow further time as considered reasonable to the company to repay the deposit (fee is Rs. 5000) (**Notification G.S.R. 772(E)** dated 03.11.2014).

**Companies Details on MCA Website:** As a part of its efforts to protect the interests of investors and bring more transparency, the Ministry of Corporate Affairs has now hosted specific company level information on its website (<http://www.mca.gov.in/MinistryV2/masterdatareport.html>). Following information are freely available from MCA's website and these information will be updated periodically:

Sl. No	Information Available on MCA Website
1	List of Companies Under Alert (which include list of MLM Companies, list of vanishing companies, list of disqualified directors, list of defaulter companies, list of defaulter directors, list of defaulter secretaries, list of dormant companies, list of companies/LLPs under process of strike off, and list of companies not filed Form 51NV)
2	Details of the signatories of company/LLP, and 'Register of Charges' for the companies/LLPs
3	Details of companies/directors under prosecution
4	Master details of Companies/LLPs struck-off/closed

Sl. No	Information Available on MCA Website
5	Master details of company/LLP (which include company's CIN, name, category, authorized and paid-up capital, date of incorporation, address, last AGM, e-filing status, charges registered, signatories of the company etc.)
6	Total Companies/Foreign Companies/LLPs registered-year and state wise
7	Distribution of active Companies-Economic Activity wise
8	Distribution of Companies Paid up capital Range wise and other statistics

#### 11<sup>th</sup> National Awards for Excellence in Cost Management:

The Institute of Cost Accountants of India (ICoAI) organised "11<sup>th</sup> National Awards for Excellence in Cost Management-2013" on 25.11.2014 in New Delhi. The Hon'ble Union Minister of State for Finance Shri Jayant Sinha, who graced the occasion as Chief Guest, presented the awards to 22 companies for excellence in cost management practices. Shri M.J. Joseph, Additional Secretary, Ministry of Corporate Affairs, graced the occasion a Special Guest and addressed the gathering.



Hon'ble Union Minister of State for Finance, Shri Jayant Sinha, Shri M.J. Joseph, Additional Secretary, MCA, Shri P.V. Bhattad, Vice president, ICoAI, and DR. A.S. Durga Prasad, President, ICoAI releasing a Souvenir highlighting the cost management practices adopted by the successful awardees on the occasion of '11<sup>th</sup> National Awards for Excellence in Cost Management-2013' on 25.11.2014 in New Delhi.

#### Investor Protection and Awareness:

- A. In collaboration with the three Professional Institutes (i.e., Institute of Chartered Accountants of India, Institute of Company Secretaries of India, and Institute of Cost Accountants of India), 55 Investor Awareness Programmes were conducted in different towns/cities of the country during November, 2014.
- B. Till the end of November, 2014, as many as 3292 companies have uploaded information about unpaid and unclaimed amounts of investors (share application moneys, dividends, debentures, deposits etc.) lying with them on the website [iepf.gov.in](http://iepf.gov.in). This website has been set up for companies to file details of unpaid and unclaimed amounts of investors for the last seven years or less, which are yet to be transferred to the Investor Education and Protection Fund, so as to enable the investor to reclaim the said money from the company. The total amount reported by companies by end November, 2014 amounts to Rs. 4131.53 crore.

## Review of Corporate Sector:

- A.** As on 30.11.2014, the number of companies registered under the Companies Act was 14.32 lakhs. Of these, 2.62 lakh companies were closed and 27,841 companies are in the process of being closed. As many as 1.40 lakh companies have not filed their Annual Returns/ Balance Sheets (i.e., Annual Statutory Filings) for more than three consecutive years. In other words, there are about 10.01 lakh active companies, including 1.17 lakh companies which were incorporated within the preceding eighteen months (not due for Annual Statutory Filings).
- B.** A total of 5,471 companies, including 213 One Person Companies (OPCs), were registered under the Companies Act, 2013 during November, 2014 with authorized capital of Rs. 4,084.65 crore. The break-up of the newly incorporated companies by type is as follows:

Type of Company	No. of Companies registered in November, 2014	Total Authorised Capital (in ₹ Crore)
(1)	(2)	(3)
<b>Company limited by shares</b>	<b>5449</b>	<b>4084.19</b>
Of which,		
(a) Private	5326	503.58
Of which,		
One Person Companies	213	5.36
(b) Public	123	3580.61
<b>Company limited by guarantee</b>	<b>20</b>	<b>0.31</b>
Of which,		
(a) Private	18	0.21
(b) Public	2	0.10
<b>Unlimited company</b>	<b>2</b>	<b>0.15</b>
Of which,		
(a) Private	2	0.15
(b) Public	0	0.00
<b>Grand Total</b>	<b>5471</b>	<b>4084.65</b>

- C.** Under the category of companies registered as limited by shares, Maharashtra had maximum number of registrations (1,070) followed by Delhi (773) and Uttar Pradesh (505). Economic activity-wise maximum number of companies (2,486) were registered under Business Services.
- D.** During November, 2014, six State Level Public Enterprises (SLPEs) were registered under the Companies Act, 2013, with authorized capital of Rs. 1020.36 crore. The SLPEs incorporated are: 1. Noida

Metro Rail Corporation Limited; 2. Chhattisgarh Road Development Corporation Limited; 3. Chhindwara City Transport Services Limited; 4. Telangana State Industrial Development Corporation Limited; 5. Dewas City Transport Services Limited; and 6. Sagar City Transport Services Limited. 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](http://mca.gov.in/MinistryV2/InformationBulletin.html).

## Major Events Attended by Senior Officers of the Ministry:

1. Shri Naved Masood, Secretary, MCA, attended the 157<sup>th</sup> Securities Exchange Board of India (SEBI) meeting in Mumbai on 19.11.2014.
2. Shri Naved Masood, Secretary, MCA, attended the meeting of the Committee of Secretaries (CoS), regarding 'Improving Ease of Doing Business in India' on 26.11.2014 in New Delhi.
3. Shri Naved Masood, Secretary, MCA and Shri M.J. Joseph, Additional Secretary, MCA, attended the 'First Meeting of the Apex Committee on the Digital India Program' chaired by the Cabinet Secretary on 26.11.2014 in New Delhi.
4. Shri M.J. Joseph, Additional Secretary, MCA, attended a meeting on Implementation of Recommendations of the Special Team of Secretaries on NSEL on 10.11.2013 in New Delhi.
5. The Committee on Subordinate Legislation, Rajya Sabha, visited Hyderabad, Bangaluru and Mumbai during November, 9-11, 2014, to examine, *inter alia*, compliance of CSR provisions of the Companies Act, 2013. The Committee interacted with various corporates, especially PSUs, to understand their experience in adhering to the provisions. Smt. Sibani Swain, Economic Adviser, MCA and Shri Animesh Bose, Assistant Director accompanied the Committee during the visit.

## Major Events at CCI:

1. Shri S.L. Bunker, Member, participated in 'the 2014 International Competition Network (ICN) Advocacy Strategies & Assessment' during November, 6 -7, 2014 in Port Louis, Mauritius.
2. Dr. Seema Gaur, Adviser (Economics), attended 'the Sixth Trade Policy Review of India by WTO' on 20.11.2014 in New Delhi.
3. 'Competition Tracker-2013', a compendium of the orders of CCI, containing the decisions given under Section 26(2), 26(6), 26(7), 27 and 31(1) of the Competition Act, during the period from January-December, 2013 (including rectifications made in these orders) has been published in two volumes.
4. As a part of the Advocacy Series, a Booklet on "Provisions relating to Public Procurement" was published by Competition Commission of India (CCI) for the benefit of the stakeholders.