iComply

Editorial

In April we spent some quality time on how our website www.ca2013.com can be made useful to entrepreneurs and senior corporate executives. Read more…

OPINION:

What is Hot in Company Law?



Listing of the most viewed sections in the Companies Act for the month of April 2019 based on visitors to our free to use website www.ca2013.com.

Read more…

Compliance calendar

Due dates for Professional tax, Goods and Service Tax, Companies Act, 2013 among others has been captured for your ready reference. View the list…

Gist of Regulatory Changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of April, 2019

Ten Regulatory changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 were made in the month of April.
View the list…

FIRST OF FIRST:

Management Discussion & Analysis: Its Genesis and Importance?



By Shankar Jaganathan

Management **D**iscussion a**n**d **A**nalysis or MDNA as it is popularly called is a relatively new addition to the corporate annual reports, making its debut only in the 1970s.

Read more…

BUT: BLISS Useful Tips for the Month

BUT#64: BLISS generates auto-filled MBP 1 form
BUT#65: BLISS helps you plan your Calendar for the year
BUT#66: Auto-filled Annual Return
BUT#67: Get auto synchronized e-repository for your Secretarial Records with BLISS
BUT#68: BLISS triggers all your compliances required under the Companies Act, 2013!

Editorial

In April we spent some quality time on how our website www.ca2013.com can be made useful to entrepreneurs and senior corporate executives. We thought putting together a list of key words or concepts that they want to know more about and showing them the relevant sections of the Act could be the answer. As we prepare the list, we request you to share any insights you have on this with a mail to me shankar@cimplyfive.com.

In this regard, it is fascinating to see the interest of visitors over time who use www.ca2013.com. In the last five months since we started reporting the top 5 sections of the Companies Act, 2013, viewed each month, section 62-Further Issue of Share capital made the top 5 in all the five months, while section 42 on Private Placements and 179 on Power of the Board made it in four of the five months. Given that INC-22A, ACTIVE form had to be filed in April, section 12 made the list in February, March and April, topping the list in March and April. All other sections appeared only once or twice.

In our series the **First of First,** where we trace the origin of new concepts in Company Law, this month we have covered the genesis and the importance of **Management Discussion and Analysis**, a key element of corporate communication. Our other regular features –**What is Hot in Company Law, Gist of Changes in the Companies Act, 2013** and **Statutory Compliance Calendar** are also included in this Issue.

Please share your feedback on this newsletter with us at contact@cimplyfive.com. We look forward to your feedback with interest and as ever, strive to improve the quality of everything we do.

Happy reading,
Shankar Jaganathan
Editor of iComply
May 6, 2019

OPINION:

What is Hot in Company Law?

Listing of the most viewed sections in the Companies Act for the month of April 2019 based on visitors to our free to use website www.ca2013.com.

April 2019 Company Law Top 5 Chartbuster

Rank in March	Change in Rank	Rank in April	Section reference	Section title
1	↔	**1**	**12**	Registered Office of the Company
-	↑	**2**	**139**	Appointment of Auditors
2	↓	**3**	**62**	Further Issue of Share Capital
5	↑	**4**	**179** **134**	Powers of the Board Financial Statement, Board Report's, etc.
4	↓	**5**	**149**	Company to have Board of Directors

Section 42 'Offer or Invitation for subscription of securities on private placement' has dropped out of the Top 5 Sections and is replaced by Section 134 and 139.

April 2019 LODR Top 5 Chartbuster Regulation

Rank in March	Change in Rank	Rank in April	Regulation reference	Regulation Title
-	↑	**1**	62	Website
-	↑	**2**	47	Advertisements in Newspaper
-	↑	**3**	48	Accounting Standards
-	↑	**4**	37	Draft Scheme of Arrangement & Scheme of Arrangement
-	↑	**5**	26	Obligations with respect to employees including senior management, key managerial persons, directors and promoters

All the top 5 viewed Regulations in March namely, Regulations 17-Board of Directors, 30-Disclosure of Events or Information, 16-Definitions, 33-Financial Results, and 2-Definitions were replaced by new regulations in April 2019.

April 2019 IB Code Top 5 Chartbusters

Rank in March	Change in Rank	Rank in April	Section	Section Title
-	↑	1	30	Submission of Resolution Plan
2	↔	2	9	Application for initiation of corporate insolvency resolution process by operational creditor
3	↔	3	7	Initiation of corporate insolvency resolution process by financial creditor.
-	↑	4	33	Initiation of Liquidation
1	↓	5	59	Voluntary liquidation of corporate persons

Section 21-Committee of Creditors and Section 3-Definitions have dropped out of the top 5, while Section 30 and Section 33 are new entrants.

As many of you may be aware, we provide a free-to-use website (ca2013.com) that provides an integrated view of the Companies Act, LODR and IB code. Over the last three years, this site has generated a good traction with 3500+ professionals registering for getting updates and attracts around 2000 users viewing more than 5000 pages a day, every working day to be more precise. As professionals take a break during the weekend, the website viewership is also lower; more pronounced on Sundays, than on Saturdays.

THE FIRST OF FIRST:

Management Discussion & Analysis: Its Genesis and Importance?

Management **D**iscussion a**n**d **A**nalysis or MDNA as it is popularly called is a relatively new addition to the corporate annual reports, making its debut only in the 1970s. Despite its recent entry, MDNA has a key role in corporate communications, especially for its value to indicate future trends of financial performance by sharing the second level details and the context in which this performance is delivered.

Equity analysts and serious investors look to MDNA for it not only provides the building blocks of the past financial performance, but also reveal the leading indicators on how the company could be expected to perform going ahead.

Like good knives, which are sharp and cut with precision, good MDNA's too are expected to be insightful and incisive by providing the reader with valuable insights. MDNA too like blunt knives can be ineffective, if its purpose is not fully understood. Given this context, it is essential to know the genesis and the purpose for mandating MDNA.

The Concept

Scorecards, commentators and experts sharing their views on a cricket match is illuminating. However, the views of the Man of the Match and the captains of the two teams reveal a lot more insights and capture what their thinking was, which cannot be provided by others.

Like scorecards, financial statements are only a dry trail of the journey completed. The Management team, like players in a cricket match can provide interesting insights of what transpired. **M**anagement **D**iscussion a**n**d **A**nalysis is the management's point of view of its performance. A well-crafted MDNA provides substantial insights into the business and increases the level of transparency, which cannot be achieved through any other means.

The First of First

In the face of stock market turbulence in mid-1960s, the SEC in 1968 required the management of the US listed companies to discuss and share views on unusual and non-recurring items in their earnings statement so that the investors would not be misled by it. This requirement for a narrative from the management to explain a part of the financial statement seeded the MDNA section we see today in Annual reports.

A year later in 1969 based on the recommendation of security analysts, SEC set up a Disclosure Policy Group, also known as Wheat Commission to study disclosure issues, including the question 'should companies be permitted to make forward looking statements in their SEC filing?' The Commission concluded that forward looking statements are critical for making future estimates. However, this can be costly due to potential litigation, onerous requirements to update, and undue reliance placed by the investors on these statements.

In parallel attempts to make financial statements meaningful continued. In 1974, SEC expanded the narrative disclosures by requiring the management to discuss operational trends. But this additional requirement did not add much value, as in most companies, financial ratios were discussed with an arithmetic bent, without going into the business reasons for the change in ratios over the years.

After much deliberations and work by a committee appointed for this purpose, SEC brought in the Safe Harbour rule in 1979, to protect companies and encourage them to discuss trends in their financial performance with a prospective flavour of what was to come.

The Safe Harbour rule provided protection to the management for making specific forward-looking statements that had a reasonable basis and were made in good faith. With the Safe Harbour rule in place, on September 2nd, 1980, SEC expanded the disclosures required. Companies were now required to discuss their business from their individual viewpoint in the industry and not take a generic view. In specific it required a discussion on the Results of Operations, Financial conditions, and Liquidity and capital resources, thus fleshing out the MDNA in full.

The expanded requirement of MDNA was to provide an opportunity for the users of financial statements to see the company operations through the eyes of the management, to supplement the quantitative 'dry' financial statements.

MDNA, first introduced in the United States soon spread to the rest of the world. On a non-mandatory basis, it was introduced in England initially in 1992 for large companies and renamed as the Operational and Financial Review. India too followed suit in the year 2000 requiring all the listed companies to have a MDNA section, specified in Clause 49 of the listing agreement.

MDNA in India

Regulation 34 2 (e) of LODR, 2015 requires every listed company to include management and discussion analysis report in its annual report. Neither the Companies Act nor SEBI's LODR define the contents of MDNA. The only guidance, if any, that is available on MDNA in India is in ICSI's Referencer on Board's Report, which is a crisp gist of the MDNA requirements specified by the SEC.

Many MDNA's seen today in India are ritualistic compliance fulfilling the regulatory requirement but fail to serve their intended purpose. Exceptions are companies that are listed in the US or companies that are followed by the global analysts, which provide more information makings their MDNA purposeful.

Board Leaders Integrated Software Solutions



BLISS is a Cloud hosted software that automates the routines, provides an e-repository, timely alerts and a real-time dashboard, all aimed at ensuring compliance and good corporate governance. By doing so, it provides complete peace of mind to the Board of Directors and assurance to professionals by providing them with real-time compliance status with respect to the Companies Act,2013

BLISSPLUS

An advanced variant of BLISS with multiple premium features like Directors view, facility to store past Secretarial records, automated compliance tracker for size-based compliance under the Companies Act,2013

BLISS LISTED

An advanced variant of BLISSPLUS for Listed Companies with Companies Act,2013 and SEBI's LODR 2015 compliances integrated to provide a single point compliance automation, risk manager & e-repository for secretarial records including past secretarial records.

BLISSGLOBAL

BLISSGLOBAL for Global Corporate Secretarial teams which helps in handling compliances for companies incorporated across the world by providing Risk Management DashBoard, activity tracker and e-repository of secretarial records.

BLISSDOCS

An Android/IOS based Board app for Directors which helps to conduct paperless Board Meetings by providing secure access to Board documents on Tablets/iPads/mobile phones, enhancing Directors productivity and making the Board meetings efficient & effective

CAIRR LODR Integrated

CAIRR is a free-to-use website from CimplyFive that provides at your fingertips, an integrated view of the Companies Act, 2013, IB Code, 2015 and LODR, 2015. The site and app is updated daily at 10AM for changes in the Act & Regulations. For more details, please visit www.ca2013.com

Compliance Calendar

May 7th	TDS payment for April
May 10th	Return detailing Tax Deducted at Source - GSTR 7
	Return filed by e-commerce operators detailing supplies effected through e-commerce platform and amount of tax collected at source - GSTR 8
May 11th	Monthly return for month of April by registered persons with aggregate turnover exceeding Rs. 1.50 crores – GSTR 1
May 13th	Monthly return filed by an Input Service Distributor - GSTR 6
May 15th	Pay PF contribution for April
	ESIC payment for April.
May 20th	GST Payment for April - GSTR 3B
	Periodic return filed by Non-Resident Taxable Person - GSTR-5
	Return filed by Online Information and Database Access or Retrieval service providers, for the services provided from a place outside India to non-taxable persons in India - GSTR-5A
	Professional Tax payment
May 25th	PF Return for month of April
May 29th	File MSME Form I, giving details of all outstanding dues existing as on Jan 22, 2019 to Micro or small enterprises suppliers.
May 30th	Submit annual audited standalone financial results along with Auditor's Report to the Stock Exchanges
May 31st	TDS return filing for quarter ended January – March

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of April, 2019

- **04.04.2019**
  - **MCA Circular on filing of e-form CRA-2, Intimation of appointment of cost auditor by the Company to Central Government in a Financial Year**

  Through this Circular, Ministry has extended the date for filling the form CRA-2 to 31.05.2019 without payment of additional fees for such companies where company has been mandated to get their cost records audited for the first time under the Companies Act, 2013.

- **12.04.2019**
  - **MCA Circular on filing of one-time e-form DPT-3, Return of deposits with the Registrar**

  Through this circular, Ministry has extended the last date to file one-time e-Form DPT-3 for 30 days from the date of the deployment of the said form on MCA21 Portal. Based on a revised notification issued by MCA on April 30th, the form is made available on MCA21 Portal and the due date for filing this form is June 29, 2019.

  - **IBBI Circular on IBBI (Insolvency Professionals) Regulations, 2016 for filing of e-form E and G**

  Through this circular, the Board requires that Form-E (Annual statement of professional fee of insolvency profession) and form-G (Annual statement of turnover of insolvency professional entity) shall be submitted electronically by every Insolvency Professional(s)/ Insolvency Professional Entities for the FY 2018-19 even if he/she has not earned any professional fee or does not have turnover during 2018-19.

- **25.04.2019**
  - **The Companies (Incorporation) Fourth Amendment Rules, 2019**

  Ministry has extended the due date for filing e-Form ACTIVE by every company incorporated on or before 31st December 2017 from 25th April 2019 to 15th June 2019.

➢ **The Companies (Registration Offices and Fees) Second Amendment Rules, 2019**

Consequent to the extension given, the fee for delayed filling of e-Form ACTIVE of Rs 10,000, shall be applicable only for forms filed after 15th June 2019.

- **30.4.2019**

➢ **The Companies (Appointment and Qualification of Directors) Amendment Rules, 2019**

The Ministry has extended the due date for filing e-Form DIR-3 KYC by every Director who has been allotted DIN as on 31st March of a financial year from on or before 30th April to on or before 30th June of immediate next financial year.

➢ **The Companies (Acceptance of Deposits) Second Amendment Rules, 2019**

The Ministry has notified that every company other than a Government Company, shall file e-Form DPT-3 within 90 days from 31st March 2019, for any outstanding money or loan which is not considered as deposits by the company from 1st April 2014 to 31st March 2019 which earlier was for the period 1st April 2014 to 22nd January, 2019.

➢ **The Companies (Registration of Charges) Amendment Rules, 2019**

Rule 3(2) is substituted: Where the company has not filed the e-form CHG-1 and CHG-9 for creating or modifying the charge within 30 days then the same can be filed only after payment of additional or the newly introduced advalorem fee ranging from 0.025% to 0.05% with a cap of Rs.1 lakh and Rs.5 lakh respectively for Small and One Person Company and other Companies.

Rule 3(3) is substituted: To explicitly provide that charge-holder will now be entitled to recover the amount of any fees or additional fees or advalorem fees paid by them to the Registrar for the purpose of registration of charge, where the Company has failed to register the same.

Rule 4 is substituted – To eliminate the concept of condonation of delay by Registrar for filing of e-Form for registration of creation or modification of charge after 30 days and within 300 days from the date of creation or modification. Now the filing can be done in delayed cases only after making the payment of additional or advalorem fees.

Rule 12 is substituted – To eliminate the concept of condonation of delay by Central Government for filing of e-Forms pertaining to charges after 300 days, from creation or modification and satisfaction of charge.

The amended Rule provides that an application to central government in e-Form CHG-8 shall be made for direct rectification of the omissions or misstatement of particulars of the charges which were previously recorded with the Registrar and to obtain direct extension of time for filing satisfaction of charge if not filed within 300 days from the date of such payment or satisfaction.

Forms CHG-1, CHG-8 and CHG-9 are revised w.e.f., 1st August 2019.

➢ **The Companies (Registration Offices and fees) Third Amendment Rules, 2019**

The Ministry has amended the said Rules to make these in line with the above amended Rules pertaining to charges by tabulating specific fee structure for filing charge documents.

➢ **The revised e-Form DPT-3 and e-form MSME are now deployed on the MCA portal:**

The e-Form DPT-3 and MSME-1 are available on the MCA portal for filing purposes w.e.f., 1st May 2019. Accordingly, the due dates for filing e-Form MSME-1 is 29th May 2019 and for e-Form DPT-3 is 29th June 2019.

About CimplyFive

Vision
Leverage research and technology to eliminate procedural non-compliance risk for entities regulated by the Indian Companies Act, 2013.

Mission
Provide a cost-effective, secure web-based, menu driven, subscription services that provides curated resolutions, timely alerts and informative dashboards to free the management bandwidth for pursuing business goals



CAIRR

Contact us at:

Email: contact@cimplyfive.com
Phone: 080-23441212
www.cimplyfive.com

To view the previous issues of *iComply* click here