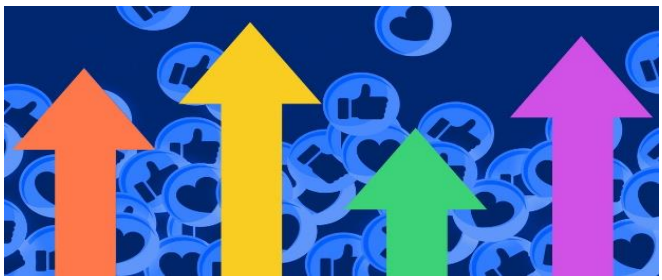
# iComply

## Editorial

March 1st marks the start of vaccination program to provide us the COVID-shield, which also marks the first anniversary of the series of lock down that began a year ago. Read more…

## OPINION:

## What is Hot in Company Law?



Our free to use website www.ca2013.com has the unique distinction of providing an integrated view of the Companies Act, LODR and IB code. 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 February, 2021

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

## BLISS Tips for the Month

**#157: Circulate Meeting Agenda along with Inline Attachments with BLISS (Updated Feature)**

**#158: Finalize Board Dockets Using BLISS**

**#159: BLISS enables Invitees to Contribute to Board/Sub-committee Meetings**

**#160: Restrict the View of Confidential Agenda items for Select Users of BLISS**

## MCA21 3.0: Can it be the Catalyst for Good Corporate Governance in India

By Shankar Jaganathan

Just as 20-20 format transformed cricket in the 21st century, can MCA21 v.3.0 be the catalyst for good corporate governance in India? Read more…

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**BLISS, BLISSPLUS and BLISSLISTED:**

1. View the related Registers, Returns and Action Trackers triggered for a particular Agenda Item.
2. Trigger Registers, Returns and Action Trackers at the draft stage of agenda.
3. Search Filter for pending Action Trackers.

**BLISSPLUS and BLISSLISTED**

1. Customize display of Attendance details in the Minutes document.

**BLISSGLOBAL:**

1. Refined search of the Repository

Read more…

## Our Report released in February 2021




CimplyFive released its new Report on Effectiveness of Virtual AGM in 2020. Read more…

## Our Report Scheduled for March 2021

CimplyFive's Report on Directors Induction & Familiarization Programs of Nifty 50 Companies.

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## Editorial

March 1st marks the start of vaccination program to provide us the COVID-shield, also marks the first anniversary of the series of lock down that began a year ago. Nothing can restore the loss of life and hardship suffered by many during this one-year period. For a moment, if we ignore the dark clouds and look at the silver linings, we can count among the many a healthier lifestyle, reduce commute and increased use of technology as the positives. Hope we build on these as we get back to normal, with the vaccination in place in the next few months.

Our first infographic report released last month on the Effectiveness of Virtual AGM in 2020 was very well received and the feedback we got is very encouraging. This month, we plan to release our Report on Directors Induction and Familiarization Programs of Nifty 50 companies that has some interesting findings. We look forward to your continuing feedback and critique as always.

In this issue, we have included an article on the impact of **MCA21 v.3.0** that was formally announced in the Union budget by our Finance Minister Ms. Nirmala Seetharaman. We believe that this initiative by enabling autodetection of non-compliances and automating e-notice generation has the potential to dramatically change the compliance landscape across Corporate India thereby laying a strong foundation for good corporate governance. Along with this, our other regular features like –**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 it.

Happy reading,
**Shankar Jaganathan**
**Editor of iComply**
March 5, 2021

## OPINION:

## What is Hot in Company Law?

Our free to use website www.ca2013.com has the unique distinction of providing an integrated view of the Companies Act, LODR and IB code. This site crossed **One Crore page views on January 11th, 2021** and attracts over 3000 users accessing around 6000 pages a day. Listing of the most viewed sections in the Companies Act, LODR and IB code for the month of February 2021 tabulated here is based on visitors to our site.

**For the Month of February 2021**

**Top 5 Chartbusters in the Companies Act, 2013**

| Rank in Jan | Change in Rank | Rank in Feb | Section reference | Section title |
|---|---|---|---|---|
| 1 | ↔ | **1** | **135** | Corporate Social Responsibility |
| 5 | ↑ | **2** | **62** | Further issue of share capital |
| N | ↑ | **3** | **149** | Company to have board of directors |
| N | ↑ | **4** | **188** | Related party transactions |
| N | ↑ | **5** | **173** | Meetings of board |

Three new sections have entered the top 5 ranks, replacing Sections 149, 173 and 188.

**LODR Top 5 Chartbuster Regulations**

| Rank in Jan | Change in Rank | Rank in Feb | Regulation reference | Regulation Title |
|---|---|---|---|---|
| 2 | ↑ | **1** | 30 | Disclosure of events or information |
| 1 | ↓ | **2** | 17 | Board of Directors |
| 5 | ↑ | **3** | 18 | Audit Committee |
| N | ↑ | **4** | 47 | Advertisements in newspaper |
| N | ↑ | **5** | 2 | Definitions |

Three regulations have retained their top 5 ranks with the two new entrant replacing Regulation 23 and Regulation 29

**IB Code Top 5 Chartbusters**

| Rank in Jan | Change in Rank | Rank In Feb | Section reference | Section Title |
|---|---|---|---|---|
| N | ↑ | **1** | 5 | Definitions |
| N | ↑ | **2** | 4 | Application of this part |
| N | ↑ | **3** | 3 | Application |
| N | ↑ | **4** | 1 | Short title, extent and enforcement |
| N | ↑ | **5** | 2 | Definitions |

All the five sections are new entrants. They have replaced sections 33, 30, 59, 7, & 21.

## MCA21 3.0: Can it be the Catalyst for Good Corporate Governance in India

By Shankar Jaganathan

Just as 20-20 format transformed cricket in the 21st century, can MCA21 v.3.0 be the catalyst for good corporate governance in India? Looking for similarities, both are 3G versions of the concept. While in cricket, Test Matches and ODI or 50 over matches were the v.1.0 and v.2.0, MCA21 had in 2006 its v.1.0 and in 2015-16 its v.2.0. Beyond this cursory comparison with cricket, as an avid student of Good Corporate Governance, my belief in its potential to transform is based on the idea that at its core, good corporate governance starts with a compliant corporate, that meets not just the letter of law, but also aspires to embrace the spirit of law.

Compliance culture in a society has three dimensions. While ethical conduct relies on the education system and moral conduct on the social sanctions, legal compliance is directly proportionate to certainty of law enforcement. A key element of ensuring certainty in enforcements is to remove human interface by automating compliance management. The impact of this principle is most visible in enforcement of TDS (Tax Deducted at Source) system of the Indian Income Tax laws, where electronic filings along with automated computation of late payment interest and penalties have significantly improved compliance levels. Likewise, I believe that MCA21 v.3.0 has the potential to raise the standards of core compliance thereby strengthening the foundation for good corporate governance. My belief in its ability to raise the culture of compliance is based on five key reasons all of which ensures detecting non-compliance and makes enforcement of penalty more certain:

1. **System based compliance tracking**: A key component of MCA v.3.0 is its Compliance Management module. Page 28 of the MCA Vision 2019-24 document lists the objectives of the Compliance Management System as:
   - **i.** Auto detection of noncompliant companies and directors,
   - **ii.** Assistance in acting against the defaulters, and
   - **iii.** Provide facility to submit response through electronic platform, i.e. e-Communication Platform.

   While the focus in initial period could be on calendar-based compliances like filing MSME forms, KYC for directors and filling of Annual Return and financial statements, with time, event-based compliances like director appointments & separations, compliance related to fund raising and inter-company transactions would be the most likely aspects of compliance to be covered.

2. **Automated serving of notice for non-compliances:** Detection of non-compliance itself may not ensure certainty of enforcement. What will make enforcement certain is automated serving of notice for non-compliant companies/ defaulters.

   Post Union Budget 2021, MCA has updated its website with more details on MCA21 v.3.0. It explicitly mentions that its Compliance Management module will be enabled to 'identify non-compliant companies/ Limited Liability Partnerships (LLPs) and issue e-notices to the defaulters.' Combining auto detection of rule based non-compliance with serving of e-notices, will ensure certainty of enforcement.

3. **De-criminalization of most company law offenses:** In the past, corporate law violation enforcements were long drawn-out affairs as many of the non-compliances prosecuted were under criminal law that required a higher level of evidence for obtaining convictions. As a result, only in a handful of cases, penalties were levied. However, with the recent initiatives in 2020 of de-criminalization of company law offences, most of the penalties in the Companies Act, 2013 are now defined in monetary

terms. This is intended to result in quick and predictable levy of penalties, thereby acting as an effective deterrent. This step by itself would not have been as effective as it is when combined with system-based detection of non-compliance and automated issuance of e-notices to defaulters.

4. **Face-less compliance enforcement:** A critical element of compliance management is the speed with which defaulters' cases are adjudged. Face-less compliance e-adjudication facility envisaged in MCA21 v.3.0, like the face-less Income Tax assessments introduced in the last few years, substitutes elements of persuasive eloquence of advocates with hard facts of compliance records, thereby leaving little scope for defaulters to wriggle out of penalties.

5. **Automation tools available for in-time compliance:** The atom-bomb, in a crude way by wreaking untold damages promoted peace by bringing the element of deterrence to the fore. Similarly, regulators who use Artificial Intelligence and Machine Learning to detect non-compliance, automate serving of e-notices on defaulters with provision for e-submission and face-less compliance enforcement have the same potential to wreck untold damages. The only cover against this destruction is for the regulated entities to adopt automated compliance systems that keeps pace with the automated rule based non-compliance detectors.

With MCA21 v.3.0 ushering in automated detection and enforcement, Compliance Software for corporate entities in India are no longer good to have software, but they become must have software. In its absence, a professional using Word and Excel to fight the AI/ML armed automated regulator is like a foot soldier with a sword fighting the might of the Rafale Aircraft and Arjun tanks combined.

## What's New in BLISS?

**BLISS, BLISSPLUS and BLISSLISTED:**

1. **View the related Registers, Returns and Action Trackers triggered for a particular Agenda Item:** The user can now view the connected Registers, Returns and Action Trackers with their due dates that are triggered for a particular agenda item by clicking on the icon for 'Associated Compliances' on the agenda and minutes header row. The due dates will be populated after the meeting date is entered in BLISS. This feature provides *greater comfort to users* by seeing the related compliance for each Agenda item.

2. **Trigger Registers, Returns and Action Trackers in draft stage of Agenda:** In continuation of Feature No. 1, the user will now be able to see the pending Registers, Returns and Action Trackers even when the Agenda or minutes are in the draft stage. This feature *helps in knowing the activities that needs to be completed even when the agenda/minutes are in draft stage*.

3. **Search Filter for pending Action Trackers:** The user can now set filters for Action Trackers falling due for a specific period and/or for a specified person. This feature is available for both event and calendar-based Action Trackers. This feature makes BLISS *more user-friendly* and enables planning their activity to optimise their time.

**BLISSPLUS and BLISSLISTED:**

1. **Customize display of Attendance details in the Minutes document:** The users can now customise how the attendance details are displayed in the minutes for Board/Sub-committee/Shareholder meetings by choosing the sequence in which the following details appear - names of Directors, designation, mode of attendance and location of attendance, by defining it once in the minutes template. This feature makes BLISS *flexible and customised to the user requirement*.

**BLISSGLOBAL:**

1. **Refined search of the Repository:** User can search the e-Repository with multiple tags thereby saving time in retrieving their required documents. Now the user will be able to search records which are associated with a tag/s in any identified section/s without even entering the key words. This feature provides the users with an *advanced search functionality*.

# Board Leaders Integrated Software Solutions



**BLISSPLUS**

**BLISS LISTED**

**BLISSGLOBAL**

**BLISSDOCS**

**CIMPLYBEST**

**BLISSTAT**

CAIRR LODR Integrated

**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** is 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

**BLISSLISTED** 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** is a cloud hosted key document management solution with Action Tracker that provides master data capture of the entity, e- repository for document management, Automated Tracker for managing event based and calendar-based activities.

**BLISSDOCS** is an Android/IOS based Board app for Directors which provides secure access to Board documents on Tablets/mobile phones, enhancing Directors productivity and making the Board meetings efficient & effective

**CimplyBest** is a tailormade software for Indian Corporates in conducting Corporate Board Evaluation which will optimize Board's Time & Effort with confidentiality assured.

**BLISSTAT** Is a cloud hosted custom built software to automate Direct Tax assessment processes and provide a comprehensive action tracker enabling workflow automation with a e-repository for storing all tax assessment records.

**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

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## Compliance Calendar

| | |
|---|---|
| **March 7th** | TDS payment for February |
| **March 15th** | Pay PF contribution for February |
| | ESIC payment for February |
| **March 20th** | Professional Tax payment |
| **March 20th, 22nd, 24th** | GSTR 3 B (based on turnover and principal place of business) |
| **March 25th** | PF Return for February |

## Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015, SEBI (PIT), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of February, 2021

- **01.02.2021**

**MCA amends criteria for a company to be classified as a Small Company under the Companies Act, 2013 with effect from 1st April, 2021**

Through this amendment, any Company, other than a public Company, with paid up capital and turnover as per profit and loss account for the immediately preceding financial year not greater than Rupees two crores (as against earlier threshold of fifty lakhs) and Rupees twenty crores (as against earlier threshold of two crore) respectively shall be considered as a Small Company under the Companies Act, 2013 and its Rules.

**MCA allows merger of Start-ups under Section 233 of the Companies Act, 2013**

Through this notification, MCA now allows a scheme of merger or amalgamation under section 233 of the Act to be entered into between any of the following class of companies,

namely:-

(i) two or more start-up companies; or

(ii) one or more start-up company with one or more small company.

For the purpose of this amendment, "start-up company" shall mean a private company incorporated under the Companies Act, 2013 or Companies Act, 1956 and recognised as such in accordance with notification number G.S.R. 127 (E), dated the 19th February, 2019 issued by the Department for Promotion of Industry and Internal Trade.

**MCA eases norms for One Person Company (OPC) incorporated under the Companies Act, 2013 and its Rules with effect from 01/04/2021**

Key highlights of the Companies (Incorporation) Second Amendment Rules, 2021 are:

1. Non-resident Indians can also incorporate OPC and the minimum residency period has been brought down to 120 days from 180 days for the Indian Citizens.
2. Automatic cessation of the validity of the OPC upon exceeding paid up capital of fifty lakh rupees and average annual turnover (during the relevant period) of two crore rupees has been dispensed with, which means it can continue to grow and operate as an OPC forever.
3. OPC can convert itself into a Public or Private Company, at any point of time, by altering its memorandum and articles by passing a resolution in accordance with the provisions of the Act to give effect to the conversion and to make necessary changes incidental thereto. Form INC-6 shall be filed with the Registrar in this regard.

- **02.02.2021**

**Applicants can submit a copy of the application via online to the Board under Rule 9 of the Insolvency and Bankruptcy (Application to Adjudicating Authority for Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) Rules, 2019**

Through this Circular, IBBI allows applicants initiating insolvency resolution process of a personal guarantor to a corporate debtor under the above mentioned Rule, 2019, to submit a copy of the application filed under sub-section (1) of section 94 or sub-section (1) of section 95 of the Insolvency and Bankruptcy Code, 2016 (Code) to the Board for its record via ONLINE.

The format and the step-by-step guide for submission of the application are provided in the Circular.

- **09.02.2021**

**SEBI notifies revised disclosure formats by specified persons under Regulation 7 of the PIT Regulations, 2015**

Further to the amendments made to Regulation 7 of the PIT Regulations, 2015, requiring member of the promoter group and designated person (in place of 'employee') submit disclosures under the said Regulation, SEBI has prescribed the revised formats

for Initial Disclosures, Continual Disclosures and Disclosures by Connected Persons.

The said formats are annexed to the circular, which is integrated in our free-to-use website www.ca2013.com for your ready reference.

- **11.02.2021**
  **MCA notifies change in timeline for acceptance of right issue offer w.e.f 1st April, 2021**
  Where right issue of shares is proposed, the offer shall be made to existing shareholders by notice specifying the number of shares offered and the time limit not being less than seven days (as opposed to fifteen days) and not exceeding thirty days from the date of the offer within which the offer, if not accepted, shall be deemed to have been declined w.e.f 1st April, 2021.

**MCA notifies commencement of Chapter XXIA and insertion of Rules governing Producer Companies w.e.f 11th February 2021**

- Commencement of Chapter XXIA of the Companies Amendment Act 2020 and repeal of the provisions of Part IX A of the Companies Act,1956 governing Producer Companies w.e.f 11th February 2021
- Insertion of Producer Companies Rules, 2021 w.e.f 11th February 2021

**Key highlights of the Rules are as under:**

- **Change of place of registered office from one State to another**
  The rules 27, 30 and 31 of the Companies (Incorporation) Rules, 2014, including the forms stated therein i.e Form INC-22 (Notice and Verification of Change of Situation of the Registered Office), INC-23 (Shifting of Registered office from one State or Union Territory to another state), INC-28 (Obtaining Central government approval for transfer of registered office of the company from one State to another) shall be applicable for the change of registered office of a Producer Company as well.

- **Investment of general reserves**
  A Producer Company shall make investments from and out of its general reserves in any one or a combination of approved securities, fixed deposits, units and bonds issued by the Central Government or State Governments, co-operative societies, co-operative banks, scheduled bank, securities specified in the Indian Trusts Act, 1882, in the shares, securities or assets of public financial institutions.

- **12.02.2021**
  **Revisions to the NCLT benches constituted by the Central Government under the Companies Act, 2013**
  Further to the recent amendments to the constitution of Indian Union Territories, the Central Government has notified the following changes to its notification on constitution of NCLT Benches dated 01/06/2016–
  - rephrased the term State of Jammu and Kashmir as "(2a) Union territory of Jammu and Kashmir. (2b) Union territory of Ladakh.", which would fall under National Company Law Tribunal, Chandigarh Bench.
  - Clubbed the entries- Union territory of Dadra and Nagar Haveli and Union territory of Daman and Diu- into Union territory of Dadra and Nagar Haveli and Daman and Diu, which falls under National Company Law Tribunal, Ahmedabad Bench.

- **19.02.2021**
  **MCA exempts certain class of Companies from the definition of 'Listed Company' under the Companies Act, 2013 with effect from 01/04/2021**
  In a move to further improve the ease of doing business in India by reducing compliance burden, MCA has excluded the following class of companies from the definition of Listed Company under Section 2(52) of the Companies Act, 2013 –
  - Public limited companies which have not listed their equity shares on a recognized stock exchange in India but have listed their non-convertible debt securities and/or non-convertible redeemable preference shares issued on private placement basis
  - Private limited companies having listed non-convertible debt securities on a private placement basis and
  - Public companies who have listed their equity shares in the permitted stock exchanges in permissible foreign jurisdictions but not in the recognized stock exchange in India.

## Our Report released in February 2021

Effectiveness of Virtual AGM in 2020 analyses the key data points reported by the Nifty 50 companies on AGM covering the schedule, duration, number of shareholders, change in shareholding between promoters, institutional holders and the public, attendance and voting across the three segments of shareholders.

The top three key findings of the reports are:

- **Increase in public shareholders participation:**
  - The average shareholder attendance across Nifty 50 Companies in the AGM increased 6x, i.e. six time compared to 2019. Most of this increase was in Reliance Industries, where 307,582 shareholders participated in 2020 compared to 1190 in 2019. Excluding Reliance Industries, the attendance declined by 71% in 2020.
  - Despite the decline in attendance, voting by public shareholders increased by 3.6% compared to 2019.
- **Institutional shareholding increase:**
  - Institutional Shareholders increased their shareholding by 1.2% across Nifty 50 companies, at the cost of both promoters and public shareholders.
- **Increase in shareholder:**
  - There was a 37% increase in the average number of shareholders across the Nifty 50 companies in 2020 compared to 2019 as on the cut-off date for e-voting.

'Click here' to read the full report.

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## 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

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