CimplyFive's Monthly Newsletter

iComply

March 2022

Editorial

'Every end signals a new beginning' is a popular saying that resonates in the governance and compliance world too. March being the financial year-end, it is the right time for governance and compliance stocktake of the year gone by and for planning new initiatives in the year to come.

Given this context, in our series **5Qs for Corporate Professionals** we have posed five questions that can ensure a comprehensive and effective Annual Governance & Compliance stocktake which is essential for having a continuous improvement system in place. We believe these questions can help companies to identify areas for improvement and promote good corporate governance and compliance practices.

In our interview series, **BLISSCAST**, where we interview corporate governance champions in leading Indian companies, we are featuring **Mr. Vivek M Achwal,** Company Secretary, Shriram Transport Finance Corporation who shares his rich professional insights and learnings from dealing with the unprecedented Covid-19 pandemic situation.

Our other regular features like –**Gist of Changes in the Companies Act, 2013, SEBI's LODR, 2015 and IB Code, 2016** and **Statutory Compliance Calendar** are also included in this Issue.

Please share your feedback on this newsletter with us at contact@cimplyfive.com, we eagerly look forward to it.

Happy reading,
Shankar Jaganathan
Editor of iComply
March 4, 2022

BISSCAST - 10

Interview with Mr. Vivek M Achwal, Company Secretary, Shriram Transport Finance Corporation



CimplyFive: How would you describe the last eighteen months of the pandemic on professional front? What are the main challenges you faced, and your lessons learnt from them?

Mr. Vivek Achwal: The sudden and frequent announcement(s) of lock downs.. Read more…

What's more in this month's Issue

- What is Hot in Company Law?
- 5 Qs for Corporate Professional
- BLISS Tips for the Month
- Compliance Calendar
- Regulatory Changes in the Month

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BLISSCAST - 10

Interview with Mr. Vivek M Achwal, Company Secretary, Shriram Transport Finance Corporation Limited

1. CimplyFive: How would you describe the last eighteen months of the pandemic on professional front? What are the main challenges you faced, and your lessons learnt from them?

Mr. Vivek Achwal: The sudden and frequent announcement(s) of lock downs, travelling restrictions and continued uncertainty posed challenges for working from office. To overcome them, we adopted hybrid methods of Work From Home (WFH) and Work From office (WFO). We made optimum use of technology for interacting with our stakeholders which enabled us to effectively overcome the challenges posed by pandemic.

2. CimplyFive: Given your rich experience as an accomplished corporate leader, how did your experience prepare you to handle this unusual situation?

Mr. Vivek M Achwal: Proper planning, team work, good work culture and right attitude helped us to attain normalcy.

3. CimplyFive: Given the constraints of the pandemic times, is there any initiative you would like to mention that your initiated or were part of to ensure that the governance standards were maintained or if not enhanced?

Mr. Vivek M Achwal: As mentioned above proper planning, team work, right attitude and readiness for change and adaptability helped us in discharging our functions and duties towards share and debenture holders. We could do majority things without availing the relaxations given by the regulator.

4. CimplyFive: What are the top 3 enduring changes brought about by this pandemic to the corporate governance domain that will continue post the pandemic?

Mr. Vivek M Achwal: The pandemic changed our working styles and attitude. We understood importance of adaptation. We experienced that virtual meetings and interactions are more effective, convenient and reduce cost. Digitization and use of technology will continue to be focus areas post pandemic. Greater degree of awareness about cleanliness and social distancing will benefit the society.

5. CimplyFive: What would be your one advice to young budding professionals as they enter the corporate world?

Mr. Vivek M Achwal: Always remain updated, dynamic and ready to change

6. CimplyFive: Can you share your experience with CimplyFive?

Mr. Vivek M Achwal: The experience has been very good. You provide prompt and quality services and charges are commensurate with services. The interaction is very proactive and friendly. We look forward for long term relationship.

Disclaimer: The views and opinions expressed are my own views and do not necessarily represent views of my present and past organization(s).

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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. Our site crossed 17 **million page-views** on January 23, 2022 and it attracts over 6000 users accessing over 22,000 pages a day. Listing of the most viewed sections in the Companies Act, LODR and IB Code in the month of February 2022 here is based on visitors to our site.

For the Month of February 2022

Top 5 Chartbusters in the Companies Act, 2013

Rank in Jan	Change in Rank	Rank in Feb	Section reference	Section title
N	↑	**1**	**135**	Corporate Social Responsibility
1	↓	**2**	**188**	Related party transactions
2	↓	**3**	**62**	Further issue of share capital
3	↓	**4**	**179**	Powers of Board
4	↓	**5**	**186**	Loan and Investment by company

Section 135 has displaced section 68 in the top 5 Ranking.

LODR Top 5 Chartbuster Regulations

Rank in Jan	Change in Rank	Rank in Feb	Regulation reference	Regulation Title
2	↑	**1**	23	Related Party Transactions
1	↓	**2**	17	Board of Directors
N	↑	**3**	30	Disclosure of events or information
4	↔	**4**	2	Definitions
5	↔	**5**	52	Financial Results

Regulation 30 has replaced Regulation 18**.**

IB Code Top 5 Chartbusters

Rank in Dec	Change in Rank	Rank In Jan	Section reference	Section Title
2	↑	**1**	3	Definitions
N	↑	**2**	5	Definitions
N	↑	**3**	21	Committee of creditors
N	↑	**4**	53	Distribution of assets
N	↑	**5**	6	Persons who may initiate corporate insolvency resolution process

Four new sections have entered the top 5 rankings replacing sections 59. 29, 12 and 7.

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5 Questions for Every Corporate Professional

CimplyFive's Five Qs to Ask to make Annual Compliance & Governance Stocktake Comprehensive & Effective

March month not only marks the end of the financial year for most companies, but it is also the month when stock take for the year and plans for the next year are drawn up. The domain of compliance and governance is no exception, where the objective of stocktake and planning is for building a more effective and efficient system of compliance and governance. This article identifies the five contours or questions that we need to ask to ensure that the stock take is not only comprehensive, but also effective in building a more robust system for the year ahead. While the business can only generate Earnings Per Share (EPS), it is a good compliance and governance systems that adds the multiplier of a higher Price-Earnings Ratio to create higher shareholder value.

1. **What were the non-compliances during the year and why did they occur?**

A good compliance and governance system is built on three or more layers of checks and balances. At the operational level, it could be as elementary as maker-checker approval system or a sophisticated automated compliance management system. At the review level, it would be the leadership team and the board scrutiny and at the tertiary level, the domain of auditors - internal, secretarial, and statutory who provide external validation of the compliance system.

In companies with institutionalised compliance system, while the scope for non-compliance is limited, every case of non-compliance is a subject for incisive root cause analysis to prevent its recurrence. An assurance that there were no non-compliances during the year is the best answer once could get to this question.

2. **What are the changes in the team responsible for compliance and governance? How does this change affect the implementation of compliance and governance practices?**

Effective compliance and governance system is a result of two forces at play- effective and well defined systems coupled with a competent and committed team. The importance of the team is vital in ensuring that the system works as defined. Hence a key element of annual review is to take stock of the team in place and plan for changes that have happened in the year gone by or for changes anticipated or scheduled for the next year. This would involve identifying competent individuals and providing them with adequate training and exposure to ensure that the team works as desired to ensure that there are no shocks or unpleasant surprises that could arise, going forward.

3. **What are the compliance and governance policies in operations? Is there a need to review the same?**

Any system of compliance and governance is only as good as it is designed for. Hence, it is essential for the annual stock taking exercise to review the inventory list of all the compliance and governance policies and thoroughly scrutinise them for any shortcomings or improvement to be made to ensure that they stand up to the test in the years ahead. Where required, as part of the annual stock take, external specialists or benchmarking with the leaders would be an essential part of this exercise.

4. **What are the changes in the regulatory environment and is there a need to add/enhance any practice for the next year?**

We live in a dynamic world and the regulatory environment is no exception, often mirroring the development in the business world is as dynamic as the real world if not more. In the Indian context, especially the corporate law consisting of the Companies Act, 2013 and SEBI regulations, there were more than 100 changes each of the last three years. Given this state of flux, the annual stock take exercise should account for the regulatory changes that have taken place and validate if all these changes are accounted for in the system and compliance calendar that is planned for the year ahead.

5. **What were the major/visible mis-governance events during the last one year and how is our company insulated / learning from it?**

'Wise men learn from the mistakes of others' is a popular idiom that has much more relevance in the field of compliance and governance. There is a huge price to be paid for non-compliance and misgovernance, which in some extreme cases can impair the very existence of the entity. Hence learning from the case of compliance and governance failures in other entities both in India and overseas and enhancing the governance systems is essential to ensure that non-compliance and misgovernance is kept at bay for the benefit of all stakeholders of the Company.

Overall, the annual compliance stock-take provides valuable inputs enhancing compliance system for the years to come. Planned and systematically executed, this exercise can also be used to induct new members into the compliance system thereby creating value on multiple fronts.

BLISS Tips for the Month

#209: Create and Track Circular Resolution in BLISS
#210: Customize your Sub-Committees in BLISS
#211: BLISS auto triggers Registers, Returns and other Actions required for Agenda Items
#212: Convert PDFs into machine-readable (OCR) format, while uploading files under Past Records
#213: Enhanced automation for Sub-Committees

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Board Leaders Integrated Software Solutions



BLISSPLUS

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 CompaniesAct,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

BLISS LISTED

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

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

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

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

BLISSTAT

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 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, 2016 and LODR, 2015. The site and app is updated every business day by 11 AM 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 13th	GSTR 1 (Feb, 22)- Optional for those opted quarterly filing as per QRMP scheme
March 15th	Pay PF contribution for February
	ESIC payment for February
March 18th	CMP 08- A special statement-cum-challan filed by Composition Dealer
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 and Insolvency & Bankruptcy Code, 2016 in the month of February, 2022

- **28.02.2022**

MCA notifies amendment to the National Financial Reporting Authority [NFRA] Rules regarding the Salary and allowances of its chairperson and members. Highlights of the amendment:

Salary and allowances
The Chairperson and a time full time member of NFRA shall have the option to draw either a consolidated monthly salary of Rs. 4,50,000 and Rs. 4,00,000 without house and car respectively. Alternatively, such Chairperson and fulltime member may opt for the pay and allowances as are admissible to a Secretary /Additional Secretary to the Government of India, respectively.

If they opt for pay and allowances, they shall be entitled to

- **House rent allowance**. - at the same rate as is admissible to a Central Government officer holding a Group 'A' post carrying the same pay unless a General Pool Residential Accommodation which has been allotted.
- **Transport allowance. -** the facility of staff car for journeys for official and private purposes in accor dance with the facilities as are admissible to a Central Government officer holding a Group 'A' post carrying the same pay as per the provisions of applicable staff car rules.

- **14.02.2022**
Extension of timeline for Additional Fee waiver towards filing of e-forms relating to Financial Statements and Annual Return for the FY 2020-21 upto 15/03/2022 and 31/03/2022 respectively

MCA has for the third time extended the timeline with respect to additional fee waiver towards filing of e-Forms AOC-4/AOC-4 (CFS)/AOC-4 XBRL and MGT-7/MGT-7A for the FY 2020-21 upto 15/03/2022 and 31/03/2022 respectively.

- **11.02.2022**

Requirement to file Report on CSR in Form CSR-2 by 31st March, 2022

i. MCA now requires every Company to which provisions of CSR is applicable u/s 135 of the Companies Act, 2013 to file a report on CSR in Form CSR-2 (whose format is prescribed in the notification), as an addendum to Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.

ii. It is to be noted that for the preceding financial year (2020-2021), Form CSR-2 shall be filed separately on or before 31st March 2022, after filing Form AOC-4 or AOC-4 XBRL or AOC-4 NBFC (Ind AS), as the case may be.

- **09.02.2022**
IBBI amends Corporate Insolvency Resolution Process(CIRP) Regulations

Key highlights of the amendment are:

1. **Meeting of the Committee:**
a. Resolution Professional (RP) may convene a meeting of the committee at the request of members representing at least 30% of the voting rights, only if RP considers it necessary (as against the earlier obligation to convene a meeting when RP receives such request).
b. RP shall place the proposals received from the committee members representing atleast 30% of the voting rights in the meeting and in any other case, RP may do so if he/she considers it to be necessary.

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2 Preservation of Records by RP/IRP:

a. The indicative list of records which shall be maintained by the IRP/RP is specified, in addition to the general requirement to preserve all records in connection to the CIRP.

b. Such copies shall be preserved in electronic and physical formats for a minimum period of 8 years and 3 years respectively from the date of completion/conclusion of proceeding of CIRP.

c. IRP/RP shall preserve such records for the specified time irrespective of the fact that he/she didn't take up the assignment from its commencement or continued till its conclusion.

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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



Say hello to

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