iComply

Editorial

After two months of extended lockdowns, the month of June is seeing Unlock 1.0. Bangalore is among the few fortunate cities to see life return to almost normal, except for dine-in restaurants, cinema halls and malls. 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 May, 2020

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

BUT: BLISS Useful Tips for the Month

BUT#119: Grouping of Agenda Items for presentation in BLISS (Updated Feature)
BUT#120: BLISS enables Online Secretarial Audit by providing Digital Secretarial Records
BUT#121: Ready-made Board Agenda Notice for Approval of Accounts

5 Questions for Every Corporate Professional

By Shankar Jaganathan

CimplyFive's Five Qs on Good Governance?



The quality of governance depends on the ethics of the people at the helm of affairs.
Read more…

CimplyFive's Report on CoVID-19 Disclosures by the Companies



CimplyFive released its report on CoVID-19 Disclosures by the Companies.

Read more…

CimplyFive Newsroom

CimplyFive's report on CoVID-19 disclosures covered in TOI.

Read more…

Editorial

After two months of extended lockdowns, the month of June is seeing Unlock 1.0. Bangalore is among the few fortunate cities to see life return to almost normal, except for dine-in restaurants, cinema halls and malls. On the social front, the freeze-out in March is slowly thawing. Along with others, we at CimplyFive join you in your prayers that on the business front too, warmth will return, and we will see businesses thrive as they provide livelihood and nourish our societies to good health and prosperity.

Following the SEBI circular of May 20th requiring debt and equity listed companies to disclose the impact of COVID-19 on their business operations, we at CimplyFive published our report on this topic along with a model disclosure framework for companies to adopt. Happy to share that this report was well received and well covered in the print media. Continuing our Five Qs series, the article for this issue is on the **Five Questions on what constitutes Good Governance.**

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 strive to improve in everything we do.

Happy reading,
Shankar Jaganathan
Editor of iComply
June 5, 2020

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. Proving its utility, it crossed 7 **million page-views** on April 2nd 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 May 2020 is based on visitors to our site.

Company Law Top 5 Chartbuster sections in May 2020

Rank in April	Change in Rank	Rank in May	Section reference	Section title
2	↑	**1**	**62**	Further issue of share capital
1	↓	**2**	**188**	Related Party Transactions
N	↑	**3**	**171**	Members Right to Inspect
N	↑	**4**	**173**	Meetings of Board
N	↑	**5**	**149**	Company to have Board of Directors

Three new sections have occupied 3 of the top 5 sections, replacing sections 135, 42 and 179.

LODR Top 5 Chartbuster Regulations in May 2020

Rank in April	Change in Rank	Rank in May	Regulation reference	Regulation Title
2	↑	**1**	30	Disclosure of Events or Information
1	↓	**2**	17	Board of Directors
3	↔	**3**	24	Corporate governance requirements with respect to subsidiary of listed entity
5	↑	**4**	34	Annual Report
N	↑	**5**	33	Financial Results

Regulation 33 is a new entrant, replacing Regulation 23.

IB Code Top 5 Chartbusters in May 2020

Rank in April	Change in Rank	Rank In May	Section reference	Section Title
N	↑	**1**	7	Initiation of corporate Insolvency resolution process by financial creditors
3	↑	**2**	53	Dissolution of corporate debtor
N	↑	**3**	59	Voluntary liquidation of corporate person
N	↑	**4**	10	Initiation of corporate insolvency process by corporate applicant
4	↓	**5**	6	Person who may initiate corporate insolvency process

Three new Sections 7, 59 and 10 are new entrants, replacing sections 5, 30 and 21.

5 Questions for Every Corporate Professional

By Shankar Jaganathan

CimplyFive's Five Qs on Good Governance?

The quality of governance depends on the ethics of the people at the helm of affairs. Hence the subject of governance is linked with ethics and not morals or law and is rightly called Ethics & Governance. In its essence, governance is the collection of systems, processes and methods for sensitizing decision makers to the price paid by the members on whose behalf they take the decision. High sensitivity in decision makers result in good governance and its absence or indifference in bad or ineffective governance. This definition can be used in multiple domains, for instance in the political sphere the sensitivity of the elected representatives to the interest of their electorate, in corporate circles—directors to the interests of minority shareholders and other stakeholders or in the NGO world—the sensitivity of trustees to the pains of their beneficiaries.

We have formulated five simple questions that will enable you to assess for yourself the state of governance in any of the entities—state, country, company or NGO. Affirmative answers indicate good governance. Ready to take the test to know where your company stands?

1. **Is the decision-making body a fair representation of all the stakeholders?**
   Democracy is seen as the fairest system of decision making as the interest of all the stakeholders are taken into consideration. While direct democracy, where all stakeholders participate is the best system, it is not feasible when the number of stakeholders increase, thereby giving place to representative democracy. In the corporate world, while the interest of the majority shareholders is direct, the interest of other stakeholders is represented by the independent directors.

2. **Are decisions made in the entity considering the interest of all stakeholders and not just the most dominant or the most vocal one?**
   On paper, independent directors may be present on the board, but the real question to ask is how sensitive the independent directors are to other stakeholders especially, minority shareholders, employees, customers, suppliers, and the community. Their sensitivity has to be reflected in the decision making and communication with the concerned stakeholders.

3. **Does the organization communicate willingly in a balanced and transparent manner with its stakeholders?**
   Transparent and balanced communication is one of the most visible hallmarks of good governance. The intent is evident when the communication is made at the earliest opportunity and is balanced with both the prospects and risks communicated in equally clear terms. Transparency is also reflected in the medium and methods used to communicate with the focus being on effectiveness and efficiency.

4. **Is the long-term and short-term interests balanced while taking decisions, with a visible bias towards longer term consideration?**

Most organizations are established to achieve long term goals. Hence the decisions makers primary concern would be to ensure achievement of the organization's objective, while consciously building the organization for achieving its longer-term goals.

5. **Is there a culture of thrift and simplicity in operating style of the decision makers that reflects a healthy respect for resources?**
   Decision makers have control over resources that belong to the organization. Hence thrift and frugal use of the organization's resources when they need to use it themselves amplifies their respect for resources and heralds the presence of good governance.

Answers to these five questions may vary from person to person. Just as good governance depends on the persons at helm of affairs, judging good governance too depends on the individual and their context. What appeared quite fair in bull markets often looks shady in bear markets as the perspective changes.

 Copyright © 2020, CimplyFive

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 provides secure access to Board documents on Tablets/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

June 7th	TDS payment for May
June 15th	Pay PF contribution for May
	ESIC payment for May
June 20th	Professional Tax payment
June 25th	PF Return for May
June 30th	GSTR 7- Monthly return to be filed by the persons required to deduct TDS under the GST.

Due to Covid-19, MCA and SEBI have extended certain compliance requirements. Click here for details.

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015, SEBI (PIT), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of May, 2020

- **05.05.2020**

MCA allows Companies to conduct Annual General Meetings (AGMs) for the calendar year 2020 through Video Conferencing facility due to CoVID-19 pandemic

Through this circular, MCA has permitted Companies to hold AGMs for the calendar year 2020 though electronic means. Below are the highlights of the said circular:

Companies which intends to hold AGM through electronic mode to adhere to the framework provided in circulars 13/2020 and 17/2020 issued on 08/04/2020 and 13/04/2020 respectively, dealing with conducting of Extra ordinary General meetings and manner of issuing notices.

Auditor's report and other meeting related documents to be sent to the members and other entitled persons via email only.

Information as prescribed in the said circular with respect to convening of AGM via electronic mode should be published in the newspaper, prior to sending the notice and other meeting documents to members etc.

Companies to make adequate provisions to enable the members give their mandate for receiving dividends directly in their bank accounts through the Electronic Clearing Service (ECS) or any other means.

Companies, which are not required to provide e-Voting facility under the Companies Act, can conduct AGMs via electronic means subject to satisfying the criteria specified in the aforesaid circular.

- **11.05.2020**

Relaxation with respect to Dispatch of Notice towards Rights Issue under Companies Act, 2013 by Listed Entities for Rights Issue opening upto 31/07/2020

In line with various procedural relaxations granted by SEBI with respect to Rights Issue opening upto 31/07/2020 vide its circular dated 06/05/2020 due to CoVID-19 pandemic, MCA, too, has clarified that the inability of listed entities to dispatch notices through postal or courier service under Section 62(1)(a)(i) of the Companies Act, 2013 would not be viewed as violation of Section 62(2) of the Act, which requires notice to be dispatched through registered post or speed post or through electronic mode or courier or any other mode having proof of delivery to all the existing shareholders at least three days before the opening of the issue.

- **12.05.2020**

Additional relaxation in relation to compliance with certain provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 due to Covid-19 pandemic

Following is the summary of relaxations granted by SEBI –

Regulation	Relaxation
Requirement of sending physical copies of annual report to shareholders under Regulation 36 (1)(b) and (c) & Regulation 58 (1)(b) and (c) (entities which have listed their NCDs and NCRPs)	Physical dispatch of necessary documents under the said regulations are dispensed with for listed entities who conduct their AGMs during the calendar year 2020 (i.e. till December 31, 2020).
Requirement of proxy for general meetings under Regulation 44 (4), requiring sending of proxy forms to holders of securities in all cases mentioning that a holder may vote either for or against a resolution.	For listed entities who conduct their AGMs through electronic mode during the calendar year 2020 (i.e. till December 31, 2020), this requirement is waived off

Requirement of dividend warrants/cheques under Regulation 12, where 'payable at par' warrants or cheques to be physically dispatched in case it is not possible to use electronic modes of payment	The requirements of this regulation will apply upon normalization of postal services. In cases where email addresses of shareholders are available, listed entities shall endeavour to transfer electronically, as prescribed under the Regulations
Publication of advertisements in newspapers, as required under regulation 47 and 52(8)	Publication of advertisements in newspapers are extended for all events scheduled till June 30, 2020 (as against the original extended date of May 15, 2020)
In case a listed entity has subsidiaries, the listed entity shall submit quarterly/year-to-date consolidated financial results, under Regulation 33(3)(b)	a) Listed entities which are banking and / or insurance companies or having subsidiaries which are banking and / or insurance companies may submit consolidated financial results under regulation 33(3)(b) for the quarter ending June 30, 2020 on a voluntary basis. However, they shall continue to submit the standalone financial results as required under regulation 33(3)(a) of the LODR. b) If such listed entities choose to publish only standalone financial results, they shall give reasons for the same.

NCLT mandates Financial Creditors to file Default Record from Information Utility under Insolvency and Bankruptcy Code, 2016.

Through this Order, NCLT requires every new petition filed under Section 7 of the IBC, 2016 to be accompanied with Default Record from the Information Utility. Authorized representatives/ parties whose petition are pending for admission should also comply with this Order before the next hearing.

- **14.05.2020**

SEBI relaxes applicability of SEBI Circular dated October 10, 2017 on non-compliance with the Minimum Public Shareholding (MPS) requirements

Through this circular, SEBI has relaxed the applicability of its earlier circular dated 10/10/2017, which laid down the procedure to be followed by the recognized stock exchanges/depositories with respect to MPS non-compliant listed entities, their promoters and directors, including levy of fines, freeze of promoter holding etc.

As per this circular, Stock Exchanges are advised not to take any penal action towards any non-compliance by the Listed entities for whom the deadline to comply with MPS requirements falls between the period from March 1, 2020 to August 31, 2020. Penal actions, if any, initiated by Stock Exchanges from March 1, 2020 till date for non-compliance of MPS requirements by such listed entities may be withdrawn.

SEBI grants relaxations relating to procedural matters on Takeovers and Buy-back due to CoVID-19 pandemic pertaining to open offers and buy-back tender offers opening upto July 31, 2020

Through this circular, SEBI has granted relaxations with respect to service of the letter of offer and/or tender form and other offer related material to shareholders, which may be undertaken by electronic transmission as already provided under Regulation 18(2) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 and Regulation 9(ii) of SEBI (Buy-back of securities) Regulations, 2018, subject to the guidelines prescribed in the said circular with respect to electronic dispatch of forms and related material, pertaining to open offers and buy-back tender offers opening up to July 31, 2020.

- **20.05.2020**

SEBI issues advisory on disclosure of material impact of CoVID–19 pandemic on listed entities under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('LODR')

Through this advisory, SEBI has emphasized the need for listed entities to ensure the availability and access to information on the impact of CoVID-19 and its consequences on the company and its operations and timely communication of the same to its investors and stakeholders. This requirement on material disclosure is already mandated by:

  - Regulation 30(3) of the LODR which specifies that a listed entity shall make disclosures of events specified in Para B of Part A of Schedule III of LODR,

based on application of the guidelines for materiality,

- Guidance issued by SEBI vide Circular No. CIR/CFD/CMD/4/2015 dated 09/09/2015 on disclosures causing disruptions of operations due to natural calamity, force majeure and other events and
- Regulation 51(1) of the LODR which requires prompt dissemination to the stock exchange(s) by entities that have listed NCDs and NCPRs, of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend.

In this context, having regard to the requirements of Regulation 4(2)(e) of the LODR on disclosure and transparency, SEBI has provided an illustrative list of qualitative and quantitative information that listed entities may consider disclosing, subject to the application of materiality. Further, listed entities may specify/include the impact of the CoVID-19 pandemic on their financial statements, while submitting its financial statements under Regulation 33 of the LODR.

- **26.05.2020**

MCA amends Schedule VII of the Companies Act, 2013 to include 'PM CARES Fund' as an eligible CSR expenditure, with effect from 28/03/2020

Through this notification, MCA has now amended the Schedule VII of the Act, to explicitly include 'Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES Fund)' as an eligible CSR expenditure under item no (viii) of Schedule VII of the Companies Act, 2013.

This is further to the clarification vide Office memorandum F. No. CSR-05/1/2020-CSR-MCA dated 28th March, 2020, which stated that Contribution made by a Company to 'PM CARES Fund' can be treated as a CSR expenditure under item no (viii) of Schedule VII of the Act, which enumerates Contribution to any fund set up by the Central Government for socio-economic development and relief as eligible CSR expenditure.

CimplyFive's Report on CoVID-19 Disclosures by the Companies

Where fair disclosures are the desired objective, it must go beyond the limits set in law, which is the bare minimum that companies need to comply with to avoid penalties. Hence CimplyFive's Model Disclosures for Covid-19 is designed with the objective of providing fair disclosures to all existing and potential investors. The disclosures would cover three distinct sections—the Context, the Impact and Disclosure.

To read full report, click here.

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: 080-2332-4212
www.cimplyfive.com

To view the previous issues of *iComply* click here