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Editorial

Acceptance of technology is not quick, especially in matters involving law and courts. Digital documents, digital signatures and video presence have slowly but surely entered the domain of corporate law.
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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. 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 July, 2020

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

What's New in BLISS?

For All Users:

1. Enhanced Password Policy
2. Enhanced Support System

In **BLISSDOCS**

3. Single Sign-On for BLISSDOCS

Read more…

5 Questions for Every Corporate Professional

By Shankar Jaganathan



- **CimplyFive's 5Qs for determining if you are the right candidate for being an Independent Director?**
- **CimplyFive's 5Qs to KMP/ Director to determine if their dissent should be recorded in the Board minutes?**

Read more…

BUT: BLISS Useful Tips for the Month

BUT #126: Conduct Paperless Board Meetings with BLISSDOCS for Directors
BUT #127: Seamless Integration with MS Word Agenda and Minutes files for editing
BUT #128: Enriched and Enhanced BLISS User Guide & Ticketing System
BUT #129: Get the Updated Companies Act & SEBI regulations on your fingertips free with CAIRR
But #130: BLISS helps Retrieve Your Records from the E-repository using Keyword search

CAIRR crosses 8 million page views

CAIRR Page View Milestones
CimplyFive's Website www.ca2013.com

Milestone	Date	# of Days	Total	View/Day
-	05-10-2015	0		
50,000	29-02-2016	147	147	340
5,00,000	29-05-2017	602	749	668
10,00,000	19-11-2017	174	776	1,289
20,00,000	27-06-2018	220	996	2,008
30,00,000	31-12-2018	187	1183	2,536
40,00,000	10-05-2019	130	1,313	3,046
50,00,000	10-09-2019	123	1,436	3,482
60,00,000	19-12-2019	100	1,536	3,906
70,00,000	02-04-2020	105	1,641	4,266
80,00,000	13-07-2020	102	1,743	4,590
Companies Act, 2013	05-10-2015			
IB Code integrated	17-04-2017			
LODR Integration	23-03-2018			

Editorial

Acceptance of technology is not quick, especially in matters involving law and courts. Digital documents, digital signatures and video presence have slowly but surely entered the domain of corporate law. July saw extension provided for many of these digital formats as the impact of Covid-19 looks to be more prolonged than anticipated. Is it prudent to expect that these extensions will remain entrenched in law not just for 2020 but beyond as a part of the routine? We in CimplyFive believe adoption of technology is not only cost effective but also beneficial to all stakeholders and hope the day is not far-off before we see this acceptance without any time limit.

The two articles included in this issue are the **Five Questions for Corporate Professionals** on the Qualities Required for Being an independent director and Guidance on Recording Dissent for Directors. 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
August 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. This site crossed 8 **million page-views** on July 15 2020 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 July 2020 is based on visitors to our site.

Company Law Top 5 Chartbuster- July 2020

Rank-June	Change in Rank	Rank-July	Section reference	Section title
3	↑	**1**	**134**	Financial statement, board's report etc.
5	↑	**2**	**179**	Powers of Board
1	↓	**3**	**188**	Related Party Transactions
N	↑	**4**	**139**	Appointment of auditors
N	↑	**5**	**62**	Further issue of share capital

Two new sections have occupied the top 5 slots, replacing sections 149 and 179.

LODR Top 5 Chartbuster Regulations-July 2020

Rank-June	Change in Rank	Rank-July	Regulation ref.	Regulation Title
3	↑	**1**	33	Financial Results
2	↔	**2**	30	Disclosure of events or information
4	↑	**3**	34	Annual Report
1	↔	**4**	17	Board of Directors
5	↔	**5**	24	Corporate governance requirements with respect to subsidiary of listed entity

All the five regulations have retained their top 5 spots.

IB Code Top 5 Chartbusters- July 2020

Rank-June	Change in Rank	Rank-July	Section reference	Section Title
N	↑	**1**	29	Preparation of information memorandum.
N	↑	**2**	33	Preparation of information memorandum.
N	↑	**3**	7	Initiation of corporate insolvency resolution process by financial creditor
N	↑	**4**	30	Submission of resolution plan
2	↓	**5**	3	Definitions in the Code

The four new entrants are Sections 29, 33, 7 and 30, replacing sections 5, 6, 10 and 59

5 Questions for Every Corporate Professional

By Shankar Jaganathan

CimplyFive's 5Qs for determining if you are the right candidate for being an Independent Director?

Many see Independent Directors (ID) as top honchos in the corporate world, with lucrative rewards and perks for the little time they expended in board meetings. Others who are acquainted with the darker side, view the role with trepidation; a job with hidden hazards that can expose an individual to the harsh scrutiny of the media and regulators when things go wrong, often making them a social outcast.

There is a strong lure to be an ID among many professionals. We have framed five questions to assess individuals for ID's role. Please answer these questions to ascertain if the role of ID is an ideal fit for you or anyone else who aspires for it.

1. **Do you have specialisation in any specific area of value to the corporate world?**

   Corporate finance, accounting, corporate law, marketing, and human resources are the traditional areas represented in the corporate board rooms. Increasingly, emerging areas like digital marketing, automation, risk management, product management and investor communication are sought out areas of expertise. Doctorate, post-graduate, or professional academic qualification is a basic requirement for this role.

2. **Do you have exposure to the specific area in which you have the expertise?**

   Academic degree is only a required but not the defining qualification. Specialisation combined with exposure makes the candidate more desirable. Exposure to the specific industry, and/or to international markets addressed by the company adds considerable weight to the resume.

3. **Do you have the connect in the ecosystem of your domain?**

   With the academic degree and the exposure comes the ecosystem connect. Candidates with a higher degree of networking skills and connections in the decision-making circles that comes from studying in elite institutions like Harvard, Stanford or London School of Economics or closer home in IIMs and IITs are valued. Work exposures in the top accounting or legal firms or the market leaders among corporates can to a large extent substitute the ecosystem connect for those who come from lesser known alma mater.

4. **Do you have the time and energy to invest in this role of Independent Director?**

   An ID's role is entrusted with significant responsibilities. It requires the candidate to invest considerable time and energy in going through all the papers that are circulated, going though it diligently and forming informed views on the subject. A half-a-day board meeting can require even a full day preparation. More important when you come across matters beyond comprehension, you may need to consult other board members or the management team to get a fair idea of what is happening. Inability to invest this time and energy can prove costly as lack of diligence can provide to be very costly.

5. **Do you have the conviction and tact to say the unacceptable in an agreeable way?**

   IDs are expected to bring in fresh thinking and a new perspective to validate the direction and pace of growth of the company. As the new perspective and fresh thinking may at times conflict with the thinking of the promoters, a critical value-add of the ID is to express their views with conviction and tact, i.e. say the unacceptable in the most agreeable way.

Finally, independent directors need to realize that the compensation they receive has two elements— value add they provide and a premium for risk inherent in their role. Lower their value-add, higher will be the risk premium for which they are being compensated.

CimplyFive's 5Qs to KMP/ Director to determine if their dissent should be recorded in the Board minutes?

Independent thinking is desirable for an individual, but essential in a professional. As a Director or Key Managerial Personnel (KMP) of a company, this requirement to think independently is enshrined in law and at times is required to be documented. A latent requirement when the going is smooth, it shields the professional when the going gets tough.

Independent thinking can result in disagreements with the promoter /management. When it arises, what is the right thing to do? This note recommends a course of action in different circumstances. Do you concur with these views? Please share your thinking for a constructive dialogue on these issues.

1. **Should a KMP/Director have their differences on business risk perceptions recorded in the minutes of the Board Meeting or Sub-committee meetings?**

   Entrepreneurs and promoters by nature are not risk averse. A key to their success is their ability to manage risks profitably. In contrast, a professionals' competence may lie in arriving at a considered opinion in select domains. Hence it is likely that a professionals' perception of risks would be higher than that of the promoter/ entrepreneur. If the risk is in their area of expertise, the responsibility would be to voice that risk and ensure it is considered in the decision-making process. Once voiced and heard, their responsibility ends. It need not be recorded in the minutes of the meeting.

2. **Should a KMP/ Director have their differences on regulatory 'grey' areas recorded in the minutes?**

   There is a zone of uncertainty while dealing with new areas of business or new laws that do not have adequate precedence. As a specialist in the area, if the company is undertaking an activity that is pushing the envelope, where does the responsibility end? Given that it is an emerging area, and the executive team is a pioneer, getting a positive written opinion from a person of repute in that field and have it on their records will ensure that due diligence is exercised prior to approving the plan. With the written opinion in place, the concerns need not be recorded in the minutes of the meeting.

3. **Should a KMP/Director have their differences on inadequate disclosure recorded in the minutes?**

   Adequate disclosure is one of the three main pillars of good governance. 'When in doubt, disclose' is a golden rule that has stood the test of time. Given this ethical construct, whom does the non-disclosure benefit, is a key question to ask. If it benefits only the decision makers holding fiduciary responsibility, then the onus on the KMP/ Director is to press for its disclosure. When overruled, it is within their right to have their dissent recorded in the minutes to force a rethink, if not to capture it for future reference.

4. **Should a KMP/ Director have their differences on issues of conflict of interest recorded in the minutes?**

   Conflict of interest is one of the most visible signs of mis-governance. A key responsibility of the KMPs/Directors is to guard against misuse of assets and information by persons in position of power. A vigilant and vocal professional is an adequate safeguard against this misuse. Hence it is essential that the voice of the professional is loud and distinctly heard on issues involving conflict of interest. When a professional stands-up to it, it is rare for a company to go ahead with the deal despite the dissent. In the remote instance of a company disregarding the dissent and going ahead with the transaction, the professional should have their dissent recorded in the minutes. If the trend continues, the professional should resign from their position to uphold good governance.

5. **Should a KMP/ Director have their differences recorded in minutes when information flow to the board / sub-committee is being regulated or filtered?**

   Trust is at the core of all governance roles. An important element of creating and nourishing trust is in ensuring free and smooth flow of communication to the decision makers. Where the KMP/Director feels information flow to them is being regulated or filtered, they could voice their concerns to their fellow professionals and later to the promoter/Chairperson. If it persists a prudent option is for them to step down from their role.

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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

August 7th	TDS payment for July
August 15th	Pay PF contribution for July
	ESIC payment for July
August 20th	Professional Tax payment
	GSTR 3 B
August 25th	PF Return for July
August 31st	GSTR 4 (Return filed by the taxpayers opting for Composition Scheme on an annual basis)
	GSTR 7 (Return filed by the persons who is required to deduct TDS
	GSTR 8 (Return filed by e-commerce operators)

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

- **01.07.2020**
  Amendment to SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011

  Following are the key highlights of the notification-

  - In case of indirect acquisitions where public announcement is required to be made under Regulation 13(2)(e) of the Takeover code,
    - an amount equivalent to hundred per cent of the consideration payable in the open offer shall be deposited in the escrow account.
    - deposit of securities will not be treated as an eligible escrow balance
  - Acquirer shall pay interest @10% p.a. for the period of delay to all such shareholders whose shares have been accepted in the open offer, in case the acquirer is unable to make payment to the shareholders who have accepted the open offer within such period, unless the Board waives it off.

- **06.07.2020**
  MCA extends due date by another 60 days for filing of Form NFRA – 2 for FY 2018-19 to 04/09/2020

  MCA vide this circular has extended the deadline for filing of Form NFRA – 2 from 210 days (vide its circular dated 30 April 2020) to 270 days from the date of deployment of the aforesaid form on NFRA website, which is 09/12/2019.

  With this extension, the revised due date for filing the form shall be 04/09/2020.

- **17.07.2020**
  SEBI amends provisions with respect to Maintenance of Structured Digital Database by Listed Entities and inclusions to the Code of Conduct under SEBI's Insider Trading Regulations.

  Key highlights of the notification are as follows:

  1. Structured Digital Database: The database shall -

  a. capture the nature of unpublished price sensitive information shared along with the data points on the names of who have share and with whom it has been shared, with their PAN or other authorized identity information as already required by the regulations.

  b. be maintained in-house and not outsourced, with adequate internal controls, audit trails etc. and for atleast 8 years after the completion of relevant transaction, which can be further extended in case of any investigation or enforcement proceeding.

  2. Code of Conduct: The Code of Conduct formulated by the Boards of Listed Entities and the intermediaries shall be suitably amended to include the following revisions:

  a. Any sum recovered under the Code, shall be remitted to the Board, which in turn shall deposit it to the IEPF account.

  b. Any violation of the Code shall be promptly communicated to the Stock Exchanges (as against the Board, as per earlier provision), where the reporting company's stocks are traded.

- **24.07.2020**
  MCA amends Companies (Indian Accounting Standards) Rules, 2015

  Through this notification, MCA has amended the following accounting standards-

  Ind AS 1 on Presentation of financial statements, Ind AS 8 on Accounting policies, changes in accounting

estimates and errors, Ind AS 10 on Events after the reporting period, Ind AS 34 on Interim financial reporting, Ind AS 37 on Provisions, contingent liabilities and contingent assets, Ind AS 103 on Business combinations, Ind AS 107 on Financial instruments: Disclosures, Ind AS 109 on Financial Instruments, and Ind AS 116 on Leases.

Some of the Key Highlights of the notification are:

1. Revised definition of term Business shall be applicable to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after the 1st April, 2020 and to asset acquisitions that occur on or after the beginning of that period and prescribed Fair value concentration test may be opted for assessing the value of business/assets.
2. A lessee shall factor in the amendments issued with respect to rent concessions occurring as a direct consequence of the covid-19 pandemic for annual reporting periods beginning on or after the April 1st, 2020. In case a lessee has not yet approved the financial statements for issue before the issuance of this amendment, then the same may be applied for annual reporting periods beginning on or after the April 1st, 2019.
3. Definition of the word Material has been revised.

- **27.07.2020**

SEBI further extends the relaxation 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 December 31, 2020

Through this circular, SEBI has extended the relaxations granted 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, vide its earlier circular dated 14/05/2020, and it shall now be applicable to open offers and buy-back tender offers opening up to December 31, 2020 (as against the earlier deadline of July 31,2020).

- **29.07.2020**

Extension of deadline for the Listed Entities towards submission of financial results for the quarter/half year/financial year ended 30/06/2020 to 15/09/2020

SEBI has extended the timeline for submission of financial results under Regulation 33 of the LODR Regulations, for the quarter/half year/financial year ended 30/06/2020 to 15/09/2020 (as against the original deadline of 14/08/2020).

- **31.07.2020**

SEBI clarifies that investors with physical securities are allowed to tender shares in buybacks, open offers and delisting of securities.

SEBI clarifies that shareholders holding securities in physical form are allowed to tender shares in open offers, buy-backs through tender offer route and exit offers in case of voluntary or compulsory delisting and the restriction under Regulation 40(1) of LODR Regulations shall not apply.

SEBI allows extension on use of digital signature certifications for authentication/certification of filings/ submissions made to Stock Exchanges till 31/12/2020

SEBI has permitted Listed entities to authenticate/certify any filing/submission made to stock exchanges on or after July 1, 2020 under the LODR Regulations, using digital signature certificates (DSCs) till December 31, 2020.

Earlier SEBI had permitted the same until June 30, 2020 vide its circular dated April 17, 2020.

What's New in BLISS?

For All Users:

1. **Enhanced Password Policy:** Given the confidentiality and sensitive nature of secretarial records, we have enhanced our password policy to further secure user access. Accordingly, every user will be mandatorily required to change their password every 90 days to a password with at least 8 characters of lower case, upper case, number or symbol. This feature makes BLISS more secure and reliable.
2. **Enhanced Support System:** In order to speed up and enhance the user experience with respect to issue resolutions we are moving to a new system of Support wherein the Users will be able to create the

issues faced by them or post any product related queries which will be attended by our Support Team and users will also be able to track the status of its resolution. This makes using BLISS more blissful and user friendly.

BLISSDOCS Users:

3. **Single Sign-On for BLISSDOCS:** In the previous release, we enabled Single Sign-On (SSO) for BLISS. In this release, we extend the SSO feature to BLISSDOCS, a mobile app for board members to conduct a paperless board meeting.

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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