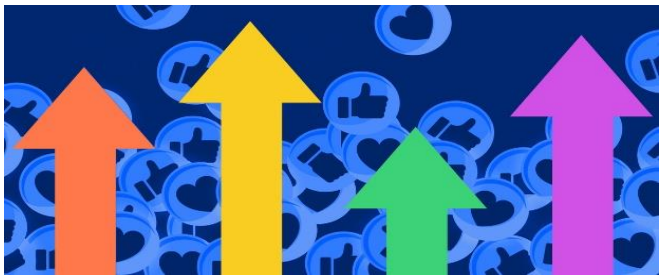
iComply

Editorial

We wish you a happy new year 2021 and may the birth of this new decade 2020s usher in good health and prosperity in our world. 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 December, 2020

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

BLISS Tips for the Month

#148: Get auto-filled Annual Return (MGT-7) using BLISS
#149: Creation of Agenda for Board Meetings with BLISS-Key Features
#150: Board Portal Access for Agenda and Minutes to Directors on Tablets & Smart Phones
#151: Customised and Editable Templates for Generating User Defined formats for preparing and circulating Board, Committee and Shareholder Meeting related documents
#152: Use BLISS email to circulate Agenda/Minutes and get ready mailing lists

5 Questions for Every Corporate Professional

By Shankar Jaganathan

CimplyFive's 5Qs to Evaluate an Independent Directors' Effectiveness

Independent Directors play a vital role in the current corporate governance setup, by being the conscience keepers of the company. Disconnected from monetary gains, they are expected to do what is right and not be swayed by personal material benefits. Read more…

What's New in BLISS?

BLISSPLUS and BLISSLISTED:

1. User-defined document templates for Shareholder Meetings

BLISS, BLISSPLUS and BLISSLISTED:

2. Enhanced Email id List for ease of circulation

BLISSPLUS, BLISSLISTED and BLISSDOCS:

3. Enhanced Comment and Vote feature with Circular Resolutions

BLISSDOCS:

4. Draft Docs visibility for Directors
   Read more…

Cimplyfive's Report on India Secretarial Practice 2020



CimplyFive released its new Report on **India Secretarial Practice 2020, a study of Nifty 50 companies**. This is the fifth in this series of reports started in the year 2015.

Read more…

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Editorial

We wish you a happy new year 2021 and may the birth of this new decade 2020s usher in good health and prosperity in our world. With the vaccine-shield being organized, let us hope that we retain the gains from the 2020 lockdown of virtual meetings, digital adoption, and the resulting benefits of protecting our environment.

On December 23, we released our report **India Secretarial Practices 2020.** Thanks for your excellent response, we had over 600 report downloads in the first week of its release. The fifth annual report in this series, analysing practices of the Nifty 50 companies, which we started in 2015, has interesting findings. Look forward to your feedback on the same.

In this issue, we have included an article **Five Questions to Evaluate the performance of an Independent Director,** where the director themselves or any other person can judge their performance in contributing to good governance. With our free to use website www.ca2013.com now getting a million pages every 100 days, in a first, we have ranked the top 5 viewed sections for the year 2020 in our regular feature **What is Hot in Company Law**, for this issue, in addition to our monthly rankings. No surprises, it contains all the key operating sections that professionals refer to. In contrast, for the month of December, we have few seasonal variants that figure in it.

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
January 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 9 **million page-views** on **October 13**, 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 year 2020 and in the month of December 2020 tabulated here is based on visitors to our site.

Top 5 Chartbuster sections in the year 2020 (January to December)

Companies Act, 2013

Rank in 2020	Section reference	Section title
1	188	Related Party Transactions
2	62	Further issue of share capital
3	179	Powers of Board
4	149	Company to have Board of Directors
5	139	Appointment of Auditors

SEBI's LODR, 2015

Rank in 2020	Regulation reference	Regulation Title
1	30	Disclosure of events or information
2	17	Board of Directors
3	33	Financial Results
4	23	Related Party Transaction
5	34	Annual Report

IB Code, 2016

Rank In 2020	Section reference	Section Title
1	5	Definitions
2	59	Voluntary liquidation of corporate persons
3	11	Persons not entitled to make application
4	3	Definitions
5	30	Submission of resolution plan

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For the Month of December 2020

Top 5 Chartbusters in the Companies Act, 2013

Rank in Nov	Change in Rank	Rank in Dec	Section reference	Section title
1	↔	**1**	**188**	Related Party Transactions
3	↑	**2**	**62**	Further issue of share capital
N	↑	**3**	**139**	Appointment of Auditors
2	↓	**4**	**134**	Loan and investment by company
N	↑	**4**	**135**	Corporate Social Responsibility

Two new sections have entered the top 5 ranks, replacing Section 179, & 186.

LODR Top 5 Chartbuster Regulations

Rank in Nov	Change in Rank	Rank in Dec	Regulation reference	Regulation Title
N	↑	**1**	33	Financial Results
2	↔	**2**	17	Board of Directors
5	↑	**3**	23	Related Party Transaction
N	↑	**4**	18	Audit Committee
3	↓	**5**	29	Prior intimations

Three regulations have retained their top 5 ranks with two other Regulation 30 and 34 dropping out.

IB Code Top 5 Chartbusters

Rank in Nov	Change in Rank	Rank In Dec	Section reference	Section Title
3	↑	**1**	5	Definitions
N	↑	**2**	10	Initiation of corporate insolvency resolution process by operational creditors
N	↑	**3**	59	Voluntary liquidation of corporate persons
N	↑	**4**	33	Initiation of liquidation
N	↑	**5**	35	Powers and duties of liquidator

Four new sections have entered the top 5 ranks, replacing sections 3, 4, 7 and 53.

5 Questions for Every Corporate Professional

By Shankar Jaganathan

CimplyFive's 5Qs to Evaluate an Independent Directors Effectiveness

Independent Directors play a vital role in the current corporate governance setup, by being the conscience keepers of the company. Disconnected from monetary gains, they are expected to do what is right and not be swayed by personal material benefits. Further, with an assured tenure as independent director they cannot be penalized for standing up for the interest of minority shareholders against the interests of promoters or executive management and doing what is right. While their position in law is crystal clear, how can Independent Directors assure themselves that they have fulfilled their role as the 'conscience-keeper' for their company and how can others judge this? Answer these five questions to assess the situation for yourself.

1. **Do they devote adequate time for their role as Independent Director?**

   Independent Directors do not have beneficial interests in the company. However, they hold a fiduciary responsibility, representing the interests of minority shareholders and other stakeholders. As fiduciary 'owners' the diligence they exhibit in routine decision making is a critical indicator of how they discharge their responsibilities. This in turn translates to devoting adequate time to prepare for and attend meetings, by reading all the papers circulated and speaking up where required to ensure decisions are made after considering the interest of all the stakeholders.

2. **Do they speak up in the meetings and voice their opinion representing the interests of minority shareholders and other stakeholders in a constructive manner for effective decision making?**

   The presence of independent directors by itself does not ensure effective decisions making in the corporate board room. Promoters and executive management play a lead role by presenting their proposals for consideration. Independent directors may need to supplement the information required representing the minority shareholders and/or other stakeholders' views in a constructive manner, keeping the interest of the company as a distinct entity, foremost.

3. **Do they play their role as the 'Other party' in evaluating Related Party Transactions to ensure fairness of consideration paid or received?**

   The challenge of related party transactions is that the decision maker in the company is also the beneficiary of a transaction in which the company is the counterparty. While ensuring fairness of such transactions, it is essential that the Independent Directors play a constructive role in representing the interest of the company by 'negotiating' the best deal for the company.

4. **Do they engage experts to evaluate where required, and take informed decisions on highly subjective matters?**

   The idea that promoters and executive management have the best interest of the company can be presumed by independent directors and there is no need to question this in the absence of any contrary evidence. But, when faced with decisions that are highly subjective and questionable, it is appropriate, if not necessary for independent directors to validate these decisions for themselves and where they do not have the expertise, they should consult or engage experts to validate the same.

5. **Do they consciously ensure that the information shared by the company is balanced by presenting both the positives and the drawbacks to ensure fair decision making?**

   Communication to stakeholders including shareholders is a key element of Board's responsibility. Independent Directors have a major role in ensuring that the information provided to stakeholders is balanced including both the positive or upsides and the concerns or challenges likely to be faced, for them to take an informed decision in dealing with the company.

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 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

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, 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

January 7th	TDS payment for December
January 13th	GSTR 1- Quarterly return filed by every registered dealer
January 15th	Pay PF contribution for December
	ESIC payment for December
January 18th	CMP 08- To be filed by a taxpayer who has opted for the composition scheme
January 20th	Professional Tax payment
January 20th, 22nd, 24th	GSTR 3 B (based on turnover and principal place of business)
January 25th	PF Return for December

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

- **01.12.2020**
  MCA extends deadline for submission of Cost Audit Report by the auditor to the Company for the FY 2019-20 to 31/12/2020

  Further to the extension granted by the MCA Circular dated 10/09/2020 vide no. 29/2020, the timeline for submission of cost audit report by the Cost Auditor to the Board of Directors has been extended again to 31/12/2020 from 30/11/2020.

- **02.12.2020**
  SEBI issues Operational guidelines for Transfer and Dematerialization of re-lodged physical shares

  Further to the SEBI Circular dated 07/09/2020 fixing 31/03/2021 as the cut-off date for re-lodgement of transfer requests and stipulating that such transferred shares shall be issued only in DEMAT mode, SEBI has now issued the operational guidelines in this regard to be followed by the Registrar and Transfer Agents (RTAs), Investors and Depository Participants (DPs).

  As per this guideline, RTAs, upon receiving the transfer re-lodgement request, are required to issue a Letter of Confirmation (LoC) to the investor (the transferee), who has to submit the same along with the Demat Request to the DP within 90 days of receipt of LoC. Format of LoC is annexed to the said circular.

- **04.12.2020**
  Computation of fee payable for delay in filings under regulation 40B of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016.

  IBBI has clarified that a fee of Rs. 500 shall be payable for filing of each form under Regulation 40B of CIRP Regulations, 2016, only for the period that lapses between the due date of filing a form or 1st October, 2020, whichever is later, and the actual date of filing the said Form.

  Any instance of fee paid higher than the stipulated amount under Regulation 40B, as indicated in the said clarification, will be refunded by the Board.

- **09.12.2020**
  SEBI Issues circular to increase participation of non-institutional shareholders in e-Voting Facility Provided by Listed Entities

  Pursuant to regulation 44 of SEBI (LODR) Regulations, 2015, listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions. However, it has been observed that the participation by the public non-institutional shareholders/retail shareholders is at a negligible level.

  To facilitate the seamless authentication and to enhance ease and convenience of participating in the e-voting process, SEBI has come out with the following broad initiatives to be implemented in 2 Phases:

  Phase 1 (to be implemented by 9 June, 2021) –
  1. Enable e-voting for all demat account holders by way of a single login credential through their demat accounts
  2. Direct registration with depositories and E-voting Service Provider (ESP) to enable authentication at depository level. This will increase the efficiency of the voting process more secure, convenient, and simple for shareholders.

  Phase 2 (to be implemented within 12 months of completion of Phase 1)
  1. To enhance the security of e-voting by enabling two-factor authentication such as Email or Mobile based OTP.

  With this SEBI ultimately intends to eliminate the key challenge of registration on various ESPs and maintenance of multiple user IDs and passwords by

the shareholders and eventually increase participation.

- **17.12.2020**
  MCA notifies applicability of Companies (Auditor's Report), Order 2020 with effect from FY 2021-22

  The Companies (Auditor's Report) Order, 2020 shall be made applicable from the financial year 2021-2022 instead of being applicable from the already revised timeline of FY 2020-2021, as notified earlier.

  MCA notifies the procedure to purchase shares from minority shareholders holding shares in DEMAT form under Companies Act, 2013

  Through this amendment to Companies (Compromises, Arrangements and Amalgamations) Rules, 2016, the company shall within two weeks from the date of receipt of the amount equal to the price of shares to be acquired by the acquirer shall notify the minority shareholders through necessary means, including publishing of such notice in the newspaper, indicating the cut-off date by which the shares shall be debited from the minority shareholders' accounts and instruct the Depository accordingly to initiate the necessary action towards transfer of the minority shares to the DEMAT account of the Company.

  Upon debiting the shares from the minority shareholders' accounts, the Company shall immediately disburse the price of the shares so transferred and inform the depository to transfer the shares of such shareholders, kept in the designated DEMAT account of the company, to the DEMAT account of the acquirer.

- **18.12.2020**
  MCA amends provisions with respect to online assessment exam to be cleared by the Independent Directors under the Companies Act, 2013

  Through this amendment, the Independent Directors-
  i. shall pass an online proficiency self-assessment test conducted by the institute, obtaining a minimum of 50% (as against 60%) in aggregate, within a period of 2 years (as against 1 year) from the date of inclusion of one's name in the data bank
  ii. are not required to take the online proficiency self-assessment test when he has served for a total period of not less than 3 years (as against 10 years) in the prescribed list of entities as on the date of inclusion of one's name in the data bank

- **21.12.2020**
  MCA notifies the commencement of specified sections in the Companies (Amendment) Act, 2020

  Through this notification, MCA has notified the effective date of 43 specified sections, including Share Capital related provisions, Debentures, Charges in the Companies (Amendment) Act, 2020.

- **22.12.2020**
  SEBI Circular on scheme of arrangement by Listed Entities under Listing Regulations

  Through this Master Circular, SEBI has issued a compilation of relevant and updated circulars issued by SEBI which deal with schemes of arrangement.

  The Circular lists out the requirements to be fulfilled by Listed Entities desirous of undertaking scheme of arrangement or involved in a scheme of arrangement for sanction by the National Company Law Tribunal (NCLT), Obligations of Stock Exchange(s) and Processing of the Draft Scheme by SEBI under LODR, 2015.

  Further, the Circular also details the procedure and conditions precedent to avail relaxation under Sub-rule (7) of rule 19 of the Securities Contracts (Regulation) Rules, 1957.

  Extension of Suspended time period for initiation of Corporate Insolvency Resolution application for defaults arising on or after 25/03/2020 to 25/03/2021

  The Central Government has notified that fresh application for initiation of Corporate Insolvency Resolution process under Section 10A of IBC, 2016 for defaults arising on or after 25/03/2020 shall be suspended till 25/03/2021 (as against the earlier revised deadline of 25/12/2020).

- **24.12.2020**
  Extension of validity of reserved name subject to payment of additional fees under Companies (Incorporation) Rules, 2014 w.e.f. 26/01/2020

  Through this notification, the Registrar shall extend the period of a name reserved under rule 9 by using web service SPICe+ (Simplified Proforma for Incorporating Company Electronically Plus: INC-32),

upto a maximum of 60 days, subject to payment of fees as specified in the notification.

MCA revises e-Form SH-7 to notify Registrar of any alteration of share capital under Companies Act, 2013

Through this notification, MCA has revised e-Form SH-7, to include new fields to capture the information pertaining to alteration of capital under Companies (Share Capital and Debentures) Rules 2014.

- **30.12.2020**
  Extension of relaxation with respect to dealing of restricted items in Meetings held through Video Conferencing to 30/06/2021

  MCA vide this notification has extended the relaxation with respect to dealing of restricted matters such as approval of the financial statements, Board's report, prospectus, etc. in Meetings held through video conferencing or other audio-visual means within the framework provided under Companies Act, 2013 from 31/12/2020 to 30/06/2021.

What's New in BLISS?

BLISSPLUS and BLISSLISTED:

1. **User-defined document templates for Shareholder Meetings:** On customer demand, we have now enabled template-based Agenda, Minutes, extract and Shorter Notice Consent generation for Shareholder Meetings in addition to Board and Committee Meeting's Agenda, Minutes, extract and Circular Resolution. This feature helps you generate documents conforming to your style guide: the design, look and feel the way you want by just defining it once. This feature *enhances the productivity and usability of BLISS*.

BLISS, BLISSPLUS and BLISSLISTED:

2. **Enhanced Email id List for ease of circulation:** On customer demand, we have enhanced our mailing contact list function by enabling the list to contain the mail ids of only those Directors, Committee Members, Invitees and Shareholders who are associated with the company during the Agenda creation date. This feature helps the user get a ready list of mail ids to whom the Agenda, minutes and other docs need to be circulated. It further *saves the secretarial team's time and effort* by providing a ready mailing list for sharing the docs to relevant persons/authorities.

BLISSPLUS, BLISSLISTED and BLISSDOCS:

3. **Enhanced Comment and Vote feature with Circular Resolutions:** We have enhanced Circular Resolutions by providing the comment feature to Directors while voting. Directors can use this to provide reasons behind their decision. Directors' comments and votes are also instantly communicated to users with Admin and Editor roles via email. This feature *eliminates the secretarial team's effort in coordinating with the Directors* for approval of a Circular Resolution.

BLISSDOCS:

4. **Draft Docs visibility for Directors:** The users can now allow a Director using BLISSDOCS to access even draft documents for their review or approval without requiring to share draft docs through emails etc. This feature *eases document finalization and saves time* for the Secretarial Team and the easy annotation feature provides comfort to the Directors.

Cimplyfive's Report on India Secretarial Practice 2020

The report, CimplyFive's India Secretarial Practices, 2020 carries an in-depth analysis of the nine facets of corporate governance namely, Board composition, Frequency of Board Meetings, Sub-committees of the board, Non-executive directors' compensation, Statutory auditors and audit fees, Secretarial Auditors, Company Secretaries, CSR spends and contours of Annual General Meetings of the NIFTY 50 Index of the National Stock Exchange.

The top three key findings of the reports are:

- **Reduction in the Board size:** The average number of directors in the Nifty 50 companies reduced from 12 to 11. This reduction was across the board with 26 companies having a smaller board, with only 6 companies having a larger board in 2019-20. This could reflect better governance with individuals who were unable to devote time and energy dropping out of the boards.
- **Increase in Statutory Audit fees:** The average audit fees paid by the Nifty 50 companies increased by 17% over the fees paid in the previous year. Further the increase was seen in 31 companies. This increase could reflect higher diligence by the audit firms and the audit firms pricing in the regulatory risks.
- **Higher compliance level on the CSR front:** Total CSR spends by the Nifty 50 companies was at 108% of the mandated amount, reflecting a increase over the last six years of the mandate. The number of companies

spending in excess of the mandate also increased from 39 in 2018-19 to 47 in the year 2019-20. These trends validate the Comply or Explain principle used to mandate CSR spends. The 'Comply or Explain' principle should be used for other corporate governance measures for the first five years before they are mandated to ensure greater compliance by the companies.

Click here to download the full report.

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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