CimplyFive's Monthly Newsletter

iComply

November, 2021

Editorial

Team CimplyFive wishes you all a **very happy Diwali**. May this festival of lights shower you, your family and your business with good health, happiness, and prosperity.

In our interview series, **BLISSCAST**, where we interview company secretaries and corporate governance champions in leading Indian companies, we have featured **Mr. Samir Ashta, CFO, Apraava Energy (formerly CLP India),** the leader in power generation space, who shares his rich professional insights and learnings from dealing with this unprecedented pandemic situation.

As regulatory provisions evolve in India to tighten the scrutiny of Related Party Transactions, in our series **5Qs for Corporate Professionals** we have posed questions that help filter out desirable Related Party Transactions from the potentially dubious ones. We believe using these questions as a filter can help professionals to separate the cheese from the chalk and focus on transactions that need their attention and scrutiny to ensure good governance in their companies.

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
November 4, 2021

BLISSCAST 2021-06

Interview with Mr. Samir Ashta, Apraava Energy (formerly CLP India)



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. Samir Ashta: The power sector witnessed a challenging time amid the peak of COVID-19 pandemic. Read more…

What's more in this month's Issue

- What is Hot in Company Law?
- 5 Questions for Every Corporate Professional
- BLISS Tips for the Month
- What's New in BLISS?
- Compliance Calendar
- Gist of Regulatory Changes in the month of October, 2021

BLISSCAST 2021-06

Interview with Mr. Samir Ashta, Apraava Energy (formerly CLP India)

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. Samir Ashta: The power sector witnessed a challenging time amid the peak of COVID-19 pandemic. However, with the acceleration of vaccination subsequent easing of lockdown restrictions and resuming of industrial activity, power demand is back on track. Some of the issues facing the sector are the balance sheets of state utilities as buyers of power, buying of land, and enhancing transmission networks. Additionally, reforms in the distribution sector will provide depth and clarity to the market from a demand point of view. The disruptions brought about by COVID-19 have given various sectors and organisations, including Apraava Energy, a lot of food for thought. Corporates need to adapt, adopt, and invest in digitalisation and digitisation initiatives, so as to leverage on existing resources while increasing their governance practices and benchmarking them against the best practices.

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

Mr. Samir Ashta: I believe that during the pandemic, Apraava Energy not only continued to excel in its core function but also undertook several broad-based in-house initiatives across its sub-functions, in areas such as digitalisation; innovating project financing; people-centricity; learning and development; and sustainable financing.

We at Apraava Energy believe that people are our most valuable asset for which we focus on the physical and mental well-being of our employees. During the pandemic, we conducted a 360-degree feedback for all the members within the F&A Team, with special emphasis on aspects like self-evolution, re-learning, re-booting and re-skilling. This exercise helped us in planning and implementing self-development and self-learning initiatives that were helpful to the team in their journey of self-development. Most of the team members have enrolled for the edX courses and successfully completed the same.

Besides, we have also embarked on a digital transformational journey that aims to increase the efficiency and productivity of core functions by using data and insights to guide its decision-making processes.

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

Mr. Samir Ashta: Operational Excellence, Respect for all and Sustainability through Responsibility, are the core values of Apraava Energy, which have helped us set a benchmark for excellence – a benchmark we always try to better.

Some of the initiatives were, as under:

- Development of a semi-automated solution to automate certain activities for Fixed Deposit placement. This involves Microsoft Office tools i.e., Excel, Power Query, Share Point and Power Automate. This automation resulted in savings of ~20% man hours monthly leading to increased productivity,
- Implementation of transferable Letters of Credit (LC) structure for our Engineering, Procurement Construction (EPC) contractor. This innovative and one of its kind solutions helped mitigate financial risks.
- Implementation of a robotic process automation for invoice booking and approvals. This automation has eliminated manual intervention in the process, leading to saving of substantial manhours and increased productivity.
- An Action Taken Register, summarizing open, in-progress and closed actions, arising from the previous Board Meetings is presented at each Board Meeting. This has helped maintain corporate accountability as also an aide-memoir for the Directors and the Management.
- Digitalisation of Board evaluation process for one of our debt-listed entity. This helped us metamorphose from a pen-paper based to a completely automatic and secured e-evaluation process. CimplyBest, with its user-friendly interface also led to ease in assimilation and presentation to the Directors.

- Building a compliance monitoring process, wherein a checklist is maintained, containing all Corporate Secretarial compliances. The same is updated on a real-time basis, by the relevant action owner and shared with the functional head/s on a monthly basis, confirming timely compliance and reasons, in case of any deviations.

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. Samir Ashta: In my opinion, some of the changes which this pandemic has brought upon us and which are here to stay:

Firstly, professionals today are required to possess a higher emotional quotient (EQ) and be more empathetic and supportive towards their peers and colleagues. Leaders need to provide a strong and supportive environment for helping their sub-ordinates navigate personal / professional issues. This behavioral change will help build an emotionally strong and a resilient team.

Secondly, in today's everchanging landscape, Leaders need to be agile and proactive. They need to recognise what each team member brings to the table, their core competencies, and strengths. These need to be holistically leveraged to contribute towards achieving a company's goals.

And lastly, uncertainties of the COVID-19 pandemic have made us realise that technology is an indispensable part of modern-day workforce and how we can constructively leverage the same for achieving, efficiency, greater working capacities, and an uninterrupted workflow.

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

Mr. Samir Ashta: With the corporate workforce getting younger and smarter day-in day-out, the budding corporate professionals need to place utmost emphasis on aspects like self-evolution, re-learning, re-booting and re-skilling. Functions which need man-power today, may become obsolete and completely automated in some years. I feel, Digital transformation is the key to the future, without which any modern-day corporate professional is incomplete and not well placed to face the challenges of the rapidly evolving regulatory and professional landscape.

Towards this end I would urge all budding professionals to envision and adapt to this change and leverage as much as possible on automation of governance processes.

6. **CimplyFive:** Can you share your organisation's experience with CimplyFive?

Mr. Samir Ashta: CimplyFive, a user friendly and an end-to-end secretarial compliance software, services major requirements of a modern day corporate secretarial function. Apraava Energy's association with CimplyFive is ~2 years old and since then, we have used many variants of CimplyFive, resulting in the corporate secretarial function being a power packed and a completely paperless function. Digitisation and inventorisation of all secretarial and financing transaction records, since inception, has resulted in archived documents which are OCR enabled, accessible at the click of a button. Automation of agenda and minutes preparation has led to increased efficiency and reduced manhours. In addition to enabling paperless board meetings, with its cloud-based repository, CimplyFive has offered the Directors and the Management, a round-the-clock access to secretarial documents.

 Copyright © 2021, CimplyFive

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 15 **million page-views** on October 22, 2021 and it attracts over 5000 users accessing around 20,000 pages a day. Listing of the most viewed sections in the Companies Act, LODR and IB Code in the month of October 2021 here is based on visitors to our site.

For the Month of October 2021
Top 5 Chartbusters in the Companies Act, 2013

Rank in Sept	Change in Rank	Rank in Oct	Section reference	Section title
3	↑	**1**	**188**	Related party transactions
2	↔	**2**	**129**	Financial statement
4	↑	**3**	**62**	Further issue of share capital
1	↓	**4**	**135**	Corporate Social Responsibility
5	↔	**5**	**179**	Powers of Board

All the top 5 sections have retained their place, with only change in their ranking.

LODR Top 5 Chartbuster Regulations

Rank in Sept	Change in Rank	Rank in Oct	Regulation reference	Regulation Title
N	↑	**1**	52	Financial Results
2	↔	**2**	17	Board of Directors
1	↓	**3**	30	Disclosure of events or information
N	↑	**4**	33	Financial Results
3	↓	**5**	15	Applicability

Two new regulations have entered the top 5 rank replacing Regulations 2 and 23**.**

IB Code Top 5 Chartbusters

Rank in Sept	Change in Rank	Rank In Oct	Section reference	Section Title
2	↑	**1**	59	Voluntary liquidation of corporate persons
1	↓	**2**	5	Definitions
N	↑	**3**	29	Preparation of information memorandum
4	↔	**4**	3	Definitions
N	↑	**5**	7	Initiation of corporate insolvency resolution process by financial creditor

Two new sections have entered the top 5 ranks. They have replaced sections 4 and 53.

 Copyright © 2021, CimplyFive

5 Questions for Every Corporate Professional

CimplyFive's Five Qs to Ascertain the Desirability of Related Party Transactions (RPTs)

A brief history of corporate governance over the last five hundred years can be concisely encapsulated in three key developments: independent directors as the epitome of fiduciary responsibilities, disclose or abstain principle to eradicate insider trading, and dishonesty being filtered out through stringent approval processes and disclosures of related party transactions.

In the initial days of corporate history, related party transactions were declared void-ab initio, and in one specific judicial decision in the USA, it was held void-ab initio even after obtaining shareholders' approval. In due course, it was realised that related party transactions are per se not undesirable, though it could be a primary conduit for dishonest transactions that deprive shareholders of their rightful gains. This realisation changed the approach of regulators from banning RPTs to regulating them and requiring that these transactions be disclosed in financial statements.

This article poses five questions for determining if a RPT is desirable or harmful for the "unrelated" shareholders or stakeholders

1. **Is there alignment of beneficial interests between the decision makers and the shareholders?**
   A key concept in evaluating RPT is the **alignment of beneficial interest** between the decision makers and the shareholders. For instance, in a transaction with a Wholly Owned Subsidiary, the beneficial interests of the shareholders of the holding company and a WOS are one and the same. Hence these transactions are not detrimental to the interest of the shareholders, despite commercial interests favouring one party at the cost of another.

2. **Are there benchmarks for comparing the fairness of a transaction with the Related Party?**
   The desirability of a RPT from good governance viewpoint is based on the fairness of transaction for both the parties. A transaction in the **ordinary course of business** provides the benchmark for judging the fairness of the sale transaction due to the availability of price lists and discount policies applicable for all customers which can be used to judge the fairness of a sale transaction versus the Related Party. Likewise in case of purchases of raw materials and items of regular consumption, comparable price paid to other vendors provides the benchmark, thereby enabling transactions in the ordinary course of business to be judged whether it is at arms' length basis or not.

3. **Is there genuine economic benefit obtained from the transaction with the related party?**
   In large groups, the presence of a corporate office with many centralised corporate functions provides the **benefit of specialisation and economies of scale**. Given these benefits, a RPT for shared services may not be detrimental to shareholders' interest, if the terms or the parameters determining the proportion of shared expenses remain consistent over longer periods of say 5 years or more.

4. **Is the transaction essential for the business?**
   RPTs for employment of **KMPs and Directors are essential for the effective and efficient management** of business. The basis for judging its fairness is the compensation paid by its peers for fulfilling similar roles and responsibilities.

5. **Is the transaction commercially prudent?**
   Inter-corporate loans and advances are a regular feature among the RPTs in large groups. Often loans and advances are a means to provide financial support to the entity that may not be readily available from third party lenders. Hence terms on which the loan is given is critical as it needs to cover the **risk associated with the venture to make it commercially prudent**. This will ensure that the unrelated parties are not adversely affected by this transaction.

Due to the taint associated with its origin and repeated use for dishonest transactions that costs unrelated shareholders, all RPTs are looked at with a hint of suspicion. The five questions posed above could help the prudent decision makers to separate the cheese from chalk and promote good governance in their companies.

 Copyright © 2021, CimplyFive

BLISS Tips for the Month

#192: With BLISS get a graphic Compliance Dashboard with the option to download detailed Compliance Report

#193: With BLISS Email Facility Create an Institutional Memory

#194: With BLISS Eliminate the Chance of missing out on updating Registers & Returns

#195: Get Auto-filled form MGT-7A for Small Companies using BLISS

What's New in BLISS?

BLISS, BLISSPLUS and BLISSLISTED:

1. **Provision to modify the Associated Compliances:** The users will now be able to view and edit, add or delete the associated compliances i.e., Registers, Returns and Action Trackers for a particular agenda item. The user can add-on to the compliances already triggered in BLISS in order to include additional to do list/ workflow or compliances under other acts apart from the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015 (for Listed Cos.). *This feature makes the compliances trigger part more flexible and helps the user to plan its completion promptly.*

2. **Capture details and history of Cost Auditor:** BLISS now allows the users to enter and maintain the appointment details and history for the Cost Auditors. The same details will also be available for download in Excel format for Group Cos. or for a single entity under the Report Generator module as required by the users. *This feature makes the Master data and report generation functionality of BLISS more comprehensive.*

3. **Download Auto-filled MGT-7A:** BLISS enables the users to download auto-filled Abridged Annual Return for Small Companies i.e., the e-Form MGT 7A with just a click of a button. The steps to utilize this triggered prefilled form is listed below:

   - Create an Annual General Meeting (AGM) agenda
   - The AGM agenda to contain a pre-populated resolution for 'Approval of Financial Statement and Board's Report by the Small Companies'
   - Enter the meeting details and save the AGM agenda
   - The auto-filled Form MGT-7A would trigger as pending under the Returns page
   - Click on the download button under the head 'Pre-filled Download' corresponding to the triggered Form MGT-7A
   - After filing the return with ROC, filed return and challan can be stored in BLISS e-repository for company records.

   This feature makes the Form auto-fill function of BLISS more comprehensive. It also eliminates the effort and time required by the users in filling the form manually. Each time the auto-filled return is downloaded it will be on the latest version of the form as available on MCA.

   Please Note: *The Auto-fill of Form MGT-7A is based on the records updated for previous financial year and financial information details of the company.*

BLISSLISTED and BLISSPLUS:

1. **Enhanced Circular voting facility:** On customer demand, we have now enhanced the voting functionality to caution the Director user from inadvertently voting on the same circular resolution. Further the vote function will be disabled after the expiry of the scheduled time for voting. *This feature makes the Director's voting functionality more comprehensive and user friendly for both directors and the Secretarial Team.*

2. **Lock feature in Past Records:** We have now enabled the admin user to lock/ unlock the past records either for an entire Financial Year or for a particular meeting/s. This will enable the admin to prevent any further unauthorised uploading or deletion of records by any team member in a locked FY or in a finalised meeting. *This feature enhances control over the past records by providing the flexibility to the admin for making changes.*

 Copyright © 2021, CimplyFive

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, 2015 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

 Copyright © 2021, CimplyFive

Compliance Calendar

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

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

- **01.10.2021**

  Formats for Corporate Governance Disclosures by High value debt listed entities under Listing Regulations

  Further to recent LODR amendment on 07/09/2021 defining 'High Value Debt Listed Entities' and notifying the applicability of specific provisions relating to Corporate Governance to such entities, BSE has notified the references to the disclosure formats of Annual Secretarial Audit Report and secretarial compliance report, quarterly format for reporting on Corporate Governance, and other prescribed disclosures under Schedule V of LODR. Such entities shall submit these disclosures in PDF format through BSE for the quarter ended September 30, 2021. It is to be noted that these disclosures are applicable on a comply or explain basis until March 31, 2023.

- **05.10.2021**

  Revised formats for filing of financial information by entities with listed non-convertible securities under Listing Regulations

  Further to recent LODR amendment on 07/09/2021 requiring entities with listed non-convertible securities to disclose financial results on a quarterly basis, and to file half-yearly statement of assets & liabilities and cash flows, SEBI has notified the revised formats for filing such disclosures. These formats including the formats for publishing the financial results in the newspaper are available in the said circular.

  If there is a delay in filing of disclosure of financial results, the entity shall submit the reasons for such delay to the Stock Exchange and publish it on the entity's website, within the specified timelines. It is to be noted that Banking Companies and Insurance Companies shall disclose financial information as per the formats prescribed under the respective Acts/ Regulations as prescribed by their Regulators.

- **18.10.2021**

  SEBI advises Registrar and Share Transfer Agents (RTAs) of Listed Companies to transmit securities to joint holders on demise of one or more joint holder(s)

  SEBI observed that due to counterclaim / dispute from the legal representative of one of the deceased holder, the RTAs of Listed Companies have not effected transmission to the surviving joint holder(s).

  It therefore advises RTAs to transmit securities in favour of surviving Joint holder(s), in the event of demise of one or more joint holder(s), as per provisions of Section 56 (1) and (4) of the Companies Act, 2013 and provided that there is nothing contrary to the same in the Article of Association of the company.

- **19.10.2021**

  BSE vide its circular dated 06/09/2021 required listed companies to file RPT only in XBRL mode from the half year ended 30/09/2021

  It has now notified that the same shall not be applicable for listed banking companies for the half year ended 30/09/2021 and listed banking companies can file RPT disclosures in PDF format for the said period.

  Other listed entities shall continue to file RPT Disclosures in XBRL form as mandated by BSE.

- **26.10.2021**

  No additional fee payable for delayed filing of Form 8 by Limited Liability Partnerships (LLPs) upto 30th December, 2021

  LLP Act requires LLPs to file Form 8 (the Statement of Account and Solvency) within 30 days from the end of the six months of the financial year, i.e October 30th. MCA has now waived off the additional fee in case of delayed filing of Form 8 for the Financial Year 2020-21 upto 30th December, 2021.

 Copyright © 2021, CimplyFive

- **29.10.2021**

No additional fee payable for filing of e-forms relating to Annual Return and Financial Statements for the FY 2020-21 upto 31st December, 2021

MCA has waived off the additional fee payable on e-Forms AOC-4/AOC-4 (CFS)/AOC-4 XBRL and MGT-7/MGT-7A for the FY 2020-21 upto 31/12/2021.

MCA extends deadline for submission of Cost Audit Report for the FY 2020-21 to 30/11/2021

The timeline for submission of cost audit report by the Cost Auditor to the Board of Directors of the Company has been extended to 30/11/2021 from the earlier revised deadline of 31/10/2021 and therefore, Form CRA-4 shall be filed within 30 days from the receipt of such cost audit report by the Company.

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

BLISS

Board Leaders Integrated Software Solution

Automation of Corporate Secretarial Work

E - Repository for All Secretarial Records

Risk Management Dashboard & Email Alerts

Request a free demo now!

080-23441212 www.cimplyfive.com contact@cimplyfive.com

To view the previous issues of *iComply* click here