CimplyFive's Monthly Newsletter

iComply

December 2021

Editorial

2021 is an action-packed year, especially on the IPO front. With a red-hot capital market, the regulatory front too was buzzing, keeping corporate professionals on their toes. We believe our newsletter would in some way help you to keep abreast of changes.

In our interview series, **BLISSCAST-07**, where we interview corporate governance champions in leading Indian companies, we feature Mr. **Sachin Shinde, Interim Chief Executive Officer, Indian Financial Technologies & Allied Services, A Reserve Bank of India subsidiary,** the company that provides the backbone for RTGS and NEFT in India, who shares his rich professional insights and learnings from dealing with this unprecedented pandemic situation.

In our series **5Qs for Corporate Professionals** we have posed questions on Board composition that goes beyond the regulatory mandate to help identify the ideal blend that can steer corporates through this dynamic world to the path of sustainable growth and profitability. We believe using these questions can help not just the listed companies which are mandated, but also the unlisted companies in evaluating an ideal Board for their business.

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.

Shankar Jaganathan
Editor – iComply | December 3, 2021

BLISSCAST 2021-07

Interview with Mr. Sachin Shende, Interim CEO, IFTAS, A Reserve Bank of India Subsidiary



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. Sachin Shende: The last eighteen months of the pandemic has been an exceptional and challenging year in the history of our evolution. Read more…

What's more in this month's Issue

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

BLISSCAST 2021-07

Interview with Mr. Sachin Shende Interim CEO, IFTAS, a Reserve Bank of India, Subsidiary

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

Mr. Sachin Shende: The last eighteen months of the pandemic has been an exceptional and challenging year in the history of our evolution. We have faced continuous challenges to man and material in terms of resource mobilisation, remote working with secured access, stringent Implementation timeline and Governance.

With the advent of Covid-19 pandemic, we were aware, alert, sensitive and rapidly responded to the emerging situations. We also proactively executed the coherent Business Continuity Management in the early stage of pandemic and devised swift, innovative, and new ways of work to carry out critical payment and communication services. This ensured that the financial lifeline of the country is up and running. This also kept the morale of the employees high and ensured the continuous operation of the critical services running without any interruptions.

The biggest lesson which the pandemic has taught is to keep employees wellbeing at centre stage and always be ready by regularly doing planning, scenario analysis, as well as executing the stress scenarios to identify and mitigate the gaps. This ensures that the necessary preparedness both in terms of man and materials are in place. Although, we can never be able to fully shield ourselves from the adversities but having a forward-looking plan/process with empowered employees would always save a hassle.

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

Mr. Sachin Shende: Based on my experience, I have always believed in four mantras which has always helped me navigate this/ any unusual situation and these are; to accept, adopt, simplify, and sustain. Many a times we run hither tither and jump into problem solving without giving consideration on what the situation really implies and what really matters; hence as a first step the willingness to accept the current situation is a must which provides you the necessary strength and courage to embark upon the relentless journey. The next step is to have an eagerness to adopt new ways, processes, tools/ technology which can arrest the current situation and set upon a course correction path in alignment with the long-term objectives.

With the first two approaches in place, next is to focus on simplifying things which can then be well addressable to not only to the stakeholders but for easier information propagation both upstream and downstream. As a last step, I work towards building a sustainable solution/ approach which can bring in the efficiency, function as a self-enabler for any pre-emptive measures to address similar situations in future.

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

Mr. Sachin Shende: We at Indian Financial Technology and Allied Services (IFTAS), believe that Corporate Governance is based on transparency, accountability, fairness, and responsibility. It has been our constant endeavour to adhere to all the applicable statutory provisions and meet the deadlines.
During the pandemic we introduced an application to automate the compliance requirements which acted as a one-stop solution for all the Board and Board level Committee meetings. Considering the social distancing norms due to outbreak of COVID-19, the solution ensured the smooth conduct of the meetings by seamlessly transmitting agendas in real time basis. Their proactive alerts have helped us in maintaining the governance standards during the COVID-19 outbreak.

 Copyright © 2021, CimplyFive

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. Sachin Shende: The pandemic has no doubt made a repercussion in the ways of doing business, but it has also been a catalyst to rapidly adopt to ways/ practices/ technologies which in normal times had a high turn-around time. The top three enduring changes brought about by this pandemic which will continue post the pandemic are:

1. Acknowledging employee well-being as the centre of focus, will not only boost up the morale but also keep up their productivity levels. This measure will turn aid in carrying out the necessary critical business services even during the testing times.
2. Automation and process improvements are here to stay, hence streamlining and institutionalize the processes by introduction of new tools will enhance the operational efficiency of the organization and build a customer-driven culture throughout the entire value chain. With the rapid changes of time, a flexibility and innovation led mindset to be inculcated for not only accepting these changes but also to propagating them effectively.
3. A regular stakeholder communication well backed up with action plans and strategies for a swift decision making in the fast-changing business environment.

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

Mr. Sachin Shende: My advice to the young budding professionals as they enter the corporate world shall be to keep an open-mindedness to learn, unlearn and relearn as they get a first-hand experience while working, even though sometimes results would not go in the way intended, having a positive frame of mind will be utmost essential. The young professionals should also strive to remain relevant in the current times by investing in specialised and marketable knowledge and create a niche of their own. With time, all the exposure & knowledge inculcated shall propel the young professionals to become confident, poised, and resilient leader.

CimplyFive: Can you share your experience with CimplyFive?

Mr. Sachin Shende: During the pandemic, Team CimplyFive in real sense has simplified things for us. Our collaboration with them helped us in adhering the governance standards. Their BMS application acts as an e-repository which facilitates in safekeeping of board documents and other related documents at one place. The team at CimplyFive have the right blend of domain & technology expertise for providing automation solution related to compliance. The team has been extremely supportive since from the requirement mapping, application testing till the successful go-live of the application. We are thankful for their continued support for addressing and resolving the issues in a timely manner.

 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 November 2021 here is based on visitors to our site.

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

Rank in Oct	Change in Rank	Rank in Nov	Section reference	Section title
1	↔	**1**	**188**	Related party transactions
5	↑	**2**	**179**	Powers of Board
4	↑	**3**	**135**	Corporate Social Responsibility
N	↓	**4**	**134**	Financial Statement, Boards Report etc.
3	↓	**5**	**62**	Further issue of share capital

4 sections have retained their place in the top 5 and only one, Section 129 has been displaced.

LODR Top 5 Chartbuster Regulations

Rank in Oct	Change in Rank	Rank in Nov	Regulation reference	Regulation Title
N	↑	**1**	23	Related Party Transactions
2	↔	**2**	17	Board of Directors
N	↑	**3**	50	Intimation to stock exchange(s)
N	↑	**4**	2	Definitions
1	↓	**5**	52	Financial Results

Three new regulations have entered the top 5 rank replacing Regulations 15, 30 and 33**.**

IB Code Top 5 Chartbusters

Rank in Oct	Change in Rank	Rank in Nov	Section reference	Section Title
2	↑	**1**	5	Definitions
5	↑	**2**	7	Initiation of corporate insolvency resolution process by financial creditor
N	↑	**3**	33	Initiation of liquidation
1	↓	**4**	59	Voluntary liquidation of corporate persons
N	↓	**5**	9	Application for initiation of corporate insolvency resolution process by operational creditor

Two new sections have entered the top 5 ranks. They have replaced sections 3 and 29.

5 Questions for Every Corporate Professional

CimplyFive's Five Qs to Assess the Ideal Board Composition

The role of the Board of Directors (Board) in shaping the development of a corporation is multifaceted and covers among others governance, business, and the culture in the organisation. For listed companies in India, there is regulatory requirement on what is the desired composition of the Board, which includes among others, the presence of women directors, majority of independent directors and for certain companies, separation of the role of Chairman of the Board from the Chief Executive of the organisation. However, for unlisted companies, there is no regulatory requirement on the composition of Boards.

This article poses questions on the five distinct elements of Board composition and answers what value that these distinct elements add to the governance, business, and culture of the corporation. Despite it not being mandatory, Corporate Professionals would do well to consider these five distinct elements in their Board composition as they assess their Board in its ability to realise its corporate vision and goals.

1. **Are all the key specialisations required for the business to perform optimally available in the Board?**

   The health of a corporation is directly related to the health of its business. While support functions like finance, legal and HR are necessary for a business to thrive, the core of the business is to create products or service of value to customers/ clients and provide it to them at an affordable price, while making profits. This requires that all the key decisions of the company are made considering the market realities and technology required to produce these goods and services at an optimal cost for making profits. Periodic assessment of the specialisations required to run the company and benchmarking it with the talent available in the Board is essential for retaining balanced decision making by the Board.

2. **Is there infusion of fresh blood into the Board with infusion of new members every couple of years?**

   A company exists at its will, with the oldest company in India being more than 150 years old. While there is no limitation placed on the tenure of executive or promoter directors, only for independent directors, the maximum tenure is of two terms of five years each. Given this, there is a possibility that the same Board may exist for a block of five years or more. Hence evaluating the Board composition for infusion of fresh blood is essential if the vitality of the Board to assess changes in environment or 'see' the business operations with a fresh sight is required. Hence evaluating the frequency at which new members of the Board are inducted is a key part of ensuring Board vitality and ensuring fresh insight is available in the decision-making process of the Board.

3. **Is there an appropriate blend of experienced and young professionals' members in the Board?**

   While age and experience are not and cannot be considered synonymous, even the most astute observer will admit that the perspective brought in by an experience professional and young professional is different. In todays' digital tech and social media dominated world, often the perspective brought in by a young professional can add significant value, especially if it is tempered with the wisdom of the experienced professionals on the Board. Hence evaluating the Board composition by the different decades of their members age is a good indicator of the Board vitality.

4. **Is the gender balance in the Board adequate to hear the voice of women in different stakeholder groups?**

   The participation and influence of women in all the stakeholder groups is on the rise, especially in the work team, customer decision making and public perception of the company. Hence corporate decision making needs to consciously represent women in the apex decision making body and have them participate in the decision making process to ensure that the company creates a sustainable and profitable business. While the role of different stakeholders varies in different industries, there is no industry where their presence is not felt and hence regulators have played a defining role in including them on the Boards of listed

 Copyright © 2021, CimplyFive

companies. Unlisted companies too would benefit by inducting women on their Board.

5. **Is there balance between executive members and non-executive members in the Board?**

Executive Board members bring in the ground realities and take responsibility for executing decisions taken at the Board level, while non-executive Board members bring the expectations of stakeholders from the company thereby creating an healthy tension that augurs well for the company's performance. A Board without executive directors presence could take non-implementable decisions and set unrealistic goals, Board lacking non-executive members may lack the ambition and connect withs stakeholders being limited by the ground realities. Hence a balanced Board is essential in creating a healthy business.

Being utopian, it is rare to see a company's Board that is balanced across all the five fronts. However, it is not unrealistic to expect balance on at least on 3 of the five elements identified above, when we benchmark a company's Board that is aiming to be sustainable and profitable.

BLISS Tips for the Month

#196: Enhance and Customise the list of compliances for an Agenda

#197: Feature for Directors and Members of Committees to vote for Circular Resolution using BLISS with a single click

#198: With BLISS you can Lock Your Past Records in the E-repository to prevent it from being tampered

#199: Use BLISS to update and generate reports on Dividend

#200: Use BLISS to maintain the database of Auditors and generate reports

 Copyright © 2021, CimplyFive

Board Leaders Integrated Software Solutions



BLISSPLUS

BLISS
LISTED

BLISSGLOBAL

BLISSDOCS

CIMPLYBEST

BLISSTAT

CAIRR LODR Integrated

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

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

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 is a free to use website from CimplyFive that provides at your fingertips, an integrated view of the Companies Act, 2013, IB Code, 2016 and LODR, 2015. The site and app is updated every business day by 11 AM for changes in the Act & Regulations. For more details, please visit www.ca2013.com

 Copyright © 2021, CimplyFive

Compliance Calendar

December 7th	TDS Payment for November
December 13th	GSTR 1 (Nov,21)- Optional for those opted quarterly filing as per QRMP scheme
December 15th	Pay PF contribution for November
	ESIC payment for November
December 18th	CMP 08- A special statement-cum-challan filed by Composition Dealer
December 20th	Professional Tax payment
December 20th, 22nd, 24th	GSTR 3 B (based on turnover and principal place of business)
December 25th	PF Return for November

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

- **01.11.2021**
  Standard Operating Procedure (SOP) for the listed entities in filing application for Scheme of Arrangements under LODR Regulations, 2015

  BSE has issued Standard Operating Procedure (SOP) to be followed by the entities listed with it in filing application for Scheme of Arrangements under Regulation 37 of LODR Regulations, 2015. It has indicated various timeline by which the listed companies shall complete prescribed activities. If appropriate responses towards clarification raised are not received from the entities by the Exchanges within the timelines, the Company may be asked to file a fresh application and any fees paid towards processing of the earlier application shall be forfeited by the Exchange/Regulator.

- **9.11.2021**
  MCA amends Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016

  The key highlights of the amendment are as follows:

  1. To ease the procedural compliance with respect to filing of supporting documents such as succession certificate/will/letter of administration or Decree etc. to effect transmission of securities held in physical / DEMAT mode, MCA has increased the threshold value of the securities per issuer company requiring such filings to Rs 5 Lakhs from Rs. 2 Lakhs.

  2. In case of loss of securities held in physical mode, self-attested copy of FIR containing the prescribed information is sufficient proof (as against the earlier requirement to submit notarized document). Further, the copy of the newspaper advertisement shall be submitted only if the market value of the shares is greater than Rs. 5 Lakhs (current limit is Rs. 10,000).

  3. Format of IEPF-5 (Application to the Authority for claiming unpaid amounts and shares out of Investor Education and Protection Fund) is revised to give effect to these procedural changes and is annexed to the notification.

- **09.11.2021**
  SEBI notifies stringent norms for Related Party Transactions under LODR Regulations, 2015 with effect from 1st April 2022 (unless otherwise mentioned)

  The key highlights of the amendment are as follows:

  1. **The term "Related Party" is widened to include:**

     a) Any person or entity belonging to the promoter or promoter group (irrespective of its/their shareholding) in the listed entity;
     b) Any person or entity holding 20% or more of the equity shareholding, whether directly or indirectly, in the listed entity
     c) Any person or entity holding 10% or more of the equity shareholding, whether directly or indirectly, in the listed entity (w.e.f. April 1, 2023)

  2. **Broadened scope of Related Party Transactions (RPTs):**
     Earlier, a transaction involving a transfer of resources, services or obligations between a listed entity and its related party. Now, transactions between:

     a) listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand; or
     b) a listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, benefitting a related party of the

listed entity or any of its subsidiaries (w.e.f April 1, 2023) are also brought under the ambit of RPTs.

However, few of the corporate actions such as payment of dividend, preferential, bonus or right issue of securities, buy-back of securities and acceptance of deposits by NBFCs/banks at par with unrelated parties are excluded from the definition.

3. Threshold of material RPT:

RPT shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a FY, exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

4. Enhanced role of Audit Committee:

a) AC to define "material modifications" and disclose it as part of the policy on materiality of related party transactions and such material modifications shall require prior approval of AC.

b) RPTs where the subsidiary is a party but the listed entity is not a party requires prior approval of AC, whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity; With effect from April 1, 2023, RPTs exceeding such limits applied on the annual standalone turnover as per the last audited financial statements of the subsidiary shall require AC's prior approval.

c) AC's approval is not required where RPT is entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval

5. Stricter RPT Disclosure timelines for listed entities:

a) With effect from April 1, 2022, within 15 days (as against existing timeline of 30 days) from the date of publication of standalone/ consolidated financial results for the half year.
b) With effect from April 1, 2023, on the same date of publication of the financials.

6. Additional disclosure by listed entity (excluding listed banks) and its subsidiaries **in the Corporate Governance Report,** forming part of Annual Report regarding 'Loans and advances in which directors are interested by name and amount'.

- **16.11.2021**

Additional requirements to be fulfilled by Listed Entities w.r.t filing a Scheme of Arrangement under Listing Regulations

SEBI requires the listed entity to submit the following documents with the Stock Exchange (SE), in addition to the ones prescribed in its circular dated 22/12/2020:

1. An undertaking that no material event impacting the valuation has occurred during the intervening period of filing the scheme documents with SE and period under consideration for valuation
2. Declaration on any past defaults of listed debt obligations of the entities forming part of the scheme
3. No Objection Certificate from the lending scheduled commercial banks/financial institutions

This circular also prescribes the procedure to deal with fractional entitlements arising out of the scheme of arrangement and disclosures to be filed in this regard.

- **22.11.2021**

Information to be furnished by the Listed Entity to Audit Committee and Shareholders for approval/consideration of Related Party Transactions (RPTs) w.e.f 01/04/2022

Further to recent amendment to RPT provisions of LODR, SEBI has prescribed the information to be furnished by the listed entity for review of the audit committee/consideration of the shareholders for approval of a proposed RPT. The audit committee shall also review the status of long-term (more than one year) or recurring RPTs on an annual basis. The revised format for half-yearly disclosure on RPT to be filed with the Stock Exchanges is annexed to this circular.

- **24.11.2021**

Revised Format for filing of list of creditors for the Corporate Insolvency Resolution Process and list of Stakeholders for Liquidation of Corporate Debtors.

Regulation 13 (2) (ca) of IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016 and Regulation 31 (5) (d) of IBBI (Liquidation Process) Regulations, 2016 requires the insolvency professional

(IP) to file list of creditors and stakeholders respectively on the electronic platform of IBBI for dissemination on its website within three days of preparation of the list or modification thereof.

The format prescribed for filing this list contained, the particular "Identification No." for seeking identification details of creditors/stakeholder where sensitive personal data such as Aadhaar, PAN card, etc was being filed for public dissemination.

Hence, this format is now revised to exclude this particular from being revealed in the public domain and is annexed with this circular.

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