CimplyFive's Monthly Newsletter

iComply

February 2022

Editorial

In the Indian corporate world, February is synonymous with the Union Budget. This year too, the Union Budget attracted wide interest and evoked a mixed reaction after it was delivered. While the corporates and stock market enthusiasts rejoiced at the prudent choice of our Finance Minister, those watching the social front were left wanting as the hunger of many fellow Indians remain unmet.

In our interview series, **BLISSCAST**, where we interview corporate governance champions in leading Indian companies, we are featuring **Mr. Anshul Kumar Jain, Chief Compliance Officer & Head-Legal, KFINTECH** who shares his rich professional insights and learnings from dealing with the unprecedented Covid-19 pandemic situation.

In our series **5Qs for Corporate Professionals** we have posed questions to differentiate Governance from Management that is essential for ensuring good corporate governance and accountability. We believe using these questions can help companies to identify good and desirable practices to promote good corporate governance.

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
February 4, 2022

BISSCAST - 09

Interview with Mr.Anshul Kumar Jain, Chief Compliance Officer & Head – Legal, Secretarial, KFin Technologies Private Limited



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. Anshul Jain: It is now actually 22 months. I still remember when we were asked to.. 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 - 09

Interview with Mr. Anshul Kumar Jain, Chief Compliance Officer & Head – Legal, Secretarial, KFin Technologies Private Limited

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. Anshul Jain: It is now actually 22 months. I still remember when we were asked to operate from home, we were informed that it was for 15 days and then for another 15 days, but never imagined that time that it will continue for so long and continuing even today.

Initially, it was a very challenging time working from home. There was no clarity that how are we going to get the documents signed? how the documents will travel? how regulatory representations will be made? And so on.

However, as said, the necessity is the mother of invention, so lot of new initiatives were taken, thanks to regulators, they also understood the problems of stakeholders and came out with various relaxation, etc. Also, thanks to technology because of which we never felt like that we are not connected with our teammates, seniors, etc.

Further, the situation has allowed us to work with more flexibility in terms of location, time, etc. I think now time has come to work on hybrid model of working, this will allow us to work with the best pool of talent without any geographical challenges.

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

Mr. Anshul Jain: According to me, the simplest things to prepare a well-documented plan. A well-documented plan eliminate risk to a large extent. We did a comprehensive introspection first, instead of implementing the things directly. We gave time to ourselves. We prepared a comprehensive document covering all possible issues and then wrote all possible solution of the problem against that. Then we implemented it. We updated our document based on experience we got from time to time. Also, we ensured to increase the interaction with the teams using technologies to have a personal connect with them and gave them the flexibility to work. I am thankful to employers also as they have also done lot of engagement activities to handle the situation.

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. Anshul Jain: The biggest challenge that entire World was facing a never-before situation and as a Governance Professional our primary job was to ensure that this never-before situation should not become a situation where governance standards were compromised. I would say that Government and regulatory authorities acted very fast and gave a lot of relaxations which had given time to plan the activities well without worrying about compromising the standards. We took the initiative to make a very comprehensive plan to manage our activities and monitoring it on daily basis with continuous engagement with the team which had helped us to overcome to the situation.

Now this is become normal for us and unlearning this is going to be difficult….!

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. Anshul Jain: I would say e-meetings, adoption of technology and using of various innovative tools to maintain records, etc. are the key learning during this time and I think this will/should continue post pandemic too.

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

Mr. Anshul Jain: I always say to younger generation that to be successful in our profession, the minimum requirements are (i) continuous reading and learning; (ii) train yourself with mock transactions; and (iii) building good network.

Apart from this it is also very much necessary to have a good senior in life, if someone can spend initial years of career under a good senior, it makes a big difference and help to grow in life in a better way.

Last but not the least, the professional should always try to understand the business and operations well, if that is the case, governance standards can be put in place properly. There is no point in following the best written standard which is not at all relevant to your business rather than following the standard which is related and relevant for the business.

CimplyFive: Can you share your experience with CimplyFive?

Mr. Anshul Jain: Frankly, from tech-implementation point of view, the Corporate Law domain is highly complex to understand and make designer understand. But CimplyFive is successful on both the fronts. This is one of the best and user friendly in its domain. The entire UI is nice. Overall experience is very good.

Disclaimer: The views and opinions expressed are my own views and do not necessarily represent views of my present and past organization(s).

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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. Our site crossed 17 **million page-views** on January 23, 2022 and it attracts over 6000 users accessing over 22,000 pages a day. Listing of the most viewed sections in the Companies Act, LODR and IB Code in the month of January 2022 here is based on visitors to our site.

For the Month of January 2022

Top 5 Chartbusters in the Companies Act, 2013

Rank in Dec	Change in Rank	Rank in Jan	Section reference	Section title
1	↔	**1**	**188**	Related party transactions
4	↑	**2**	**62**	Further issue of share capital
N	↑	**3**	**179**	Powers of Board
N	↑	**4**	**186**	Loan and Investment by company
N	↑	**5**	**68**	Power of company to purchase its own securities

2 sections have retained their place in the top 5 and three sections -134,135 & 139 were displaced

LODR Top 5 Chartbuster Regulations

Rank in Dec	Change in Rank	Rank in Jan	Regulation reference	Regulation Title
2	↑	**1**	17	Board of Directors
1	↓	**2**	23	Related Party Transactions
N	↑	**3**	18	Audit Committee
4	↔	**4**	2	Definitions
N	↑	**5**	52	Financial Results

Two new regulations have entered the top 5 rank replacing Regulations 30 and 16**.**

IB Code Top 5 Chartbusters

Rank in Dec	Change in Rank	Rank In Jan	Section reference	Section Title
1	↔	**1**	59	Voluntary liquidation of corporate persons
4	↑	**2**	3	Definitions
N	↑	**3**	29	Preparation of information memorandum
N	↑	**4**	12	Time limit for completion of insolvency resolution process
N	↑	**5**	7	Initiation of corporate insolvency process by financial creditor

Three new sections have entered the top 5 ranks. They have replaced sections 4, 21 & 18.

5 Questions for Every Corporate Professional

CimplyFive's Five Qs to Separate Governance from Management

Separating governance and management is essential for effective and efficient functioning of companies. While the Board of Directors are responsible for Governance, the CXO leadership team is responsible for management. Where Executive Directors are members of both the Board and the CXO leadership or where non-executive directors are or were CXO leaders there could be a blurring of roles. However, clarity between the two roles is vital in fixing accountability that ensures appropriate rewards are provided while at the same time highlighting best practices that can be emulated.

Where distinction between Governance and Management is blurred and the roles get mixed up, it is an ideal recipe for disaster. Given the severe implication, we believe these five questions could help the readers separate Governance from Management thereby contributing to better corporate governance and performance.

How does the role of Governance and Management differ in Goal Setting?

Goal setting has the inherent element of selecting the risk profile for the operations. Representing the shareholders who provide risk capital, the board of directors have the primary task of goal setting considering shareholders risk appetite, environment conditions, capability of the management team and the resources available. The management on the other hand, has the role of identifying the execution plan to realise the goals set and where required to interact with the Board to re-calibrate the defined goals. Nevertheless, the ultimate responsibility for goal setting remains that of the Board.

How does the role of Governance and Management differ in realising performance?

The role of governance is primarily advisory and like that of a Coach, while the full credit for successful performance goes to the management team, who like players are on the field and have full discretion to take any decision within their delegated authority as they think appropriate without any restraint. Except in very isolated cases of crisis or scandals like that of Satyam episode, the Board remains in the background and lets the management run the company. Only in these exceptions, for a limited period, the board plays the dual role of both the governance and management and steps back into their traditional role once the crisis is resolved.

How does the role of Governance and Management differ in enhancing performance?

As most of us know, back-seat driving is quite problematic and can result in accidents. Likewise, the role of the board is that of an interest passenger, who wants to ensure that they reach the goal, safely and in time. To ensure this the board should share its guidance and instructions to the management team that is driving the corporate vehicle without disrupting them when they are engaged in driving. Where the management team does not perform to the expectation of the board in realising the set goals, the board has the right to change the leadership but at no point should co-drive or take charge and drive the vehicle to realise the goal, as it would dilute accountability when the results are not in line with the expectations.

How does the role of Governance and Management differ in making appointments?

Regarding personnel appointment, the role of governance is to pick the leadership team and where required the second level that may succeed the leadership team in the medium term. At the operating levels it is the management that has the full autonomy to make all appointments, without any interference from the governance leadership. This ensure that the management is solely responsible for execution and this accountability is not diluted in anyway thereby retaining their total accountability for realising the goals.

How does the role of Governance and Management differ in ensuring Compliance?

Like in a cricket match, where the role of on-field umpire and the match referee is clearly demarked, in the corporate world too, the role of management is akin to on-field umpire and the directors are the match referee. Despite watching the match proceedings,

match referees do not act unless an issue is placed before them for their decision. Likewise on the compliance front, the role of Directors like a match referee is not to run on to the field or act on their own, but to wait for reports from the on-field umpires and act decisively on it. The on-field umpires on their part, need to highlight all the non-compliances in their match report without any bias to the match referee and they can also share their opinion on what needs to be done. This differentiation is essential for fixing accountability for performance as the Directors as custodian of governance need to have a sense of detachment.

In short, other than while setting the goal or appointing the leadership team or acting decisively on governance issues brought to its notice, the role of the board is reactive and effective governance mainly involves providing the confidence and assurance to the management leadership to lead while the board remains in, the background, except when compelled to step up during crisis or scandals.

BLISS Tips for the Month

#205: Create One-time Standard E-Mail Content in BLISSPLUS and BLISSLISTED for repeated mailing of Agenda/Minutes to Directors

#206: Update details of Compliance officer and Administrator in BLISS

#207: CIMPLYBEST- Board Evaluation Survey Tool

#208: Tracking Associated Compliances with Resolution/Meetings

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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, 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

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Compliance Calendar

February 7th	TDS Payment for January
February 11th	GSTR 1 (Jan'22)- Optional for those opted quarterly filing as per QRMP scheme
February 15th	Pay PF contribution for January
	ESIC payment for January
February 20th	Professional Tax payment
February 20th, 22nd, 24th	GSTR 3 B (based on turnover and principal place of business)
February 25th	PF Return for January

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of January, 2022

- **07.01.2022**

Applicability of RPT disclosures to High Value Debt Listed Entities

SEBI, vide its circular dated 22/11/2021, had prescribed the information to be furnished by the listed entity for Audit Committee's review, shareholders' consideration and had also notified the format of such disclosures to be filed with the Stock Exchanges. SEBI has now extended the applicability of the above circular to High Value Debt listed entities, as Regulation 23 of LODR shall be applicable to such entities as well, on comply or explain basis until March 31,2023, as notified vide SEBI's notification dated 07/09/2021.

- **11.01.2022**

Up to 50% Higher Additional Fees in case of delayed filing of certain forms from 1st July, 2022

MCA has notified the amount of additional fees, which is up to 6 times higher over the standard additional fees of up to 12 times and which shall be payable if there is a delay in filing of e-form INC-22 or PAS-3, as the case may be, on two or more occasions, within a period of 365 days from the date of filing of the last such belated return. INC-22/PAS-3 filed prior to the effective date of 01/07/2022 shall not be reckoned for the purposes of determining higher additional fee. Further, wherever higher additional fee is levied, the standard additional fees shall not be charged.

Commencement of provisions relating to additional fees payable for delayed filing under Companies Act, 2013 from 1st July, 2022

MCA has notified the commencement of provisions amending Section 403 of the Companies Act, 2013 dealing with the applicability of fees payable and manner of levy of such fees in case of delayed filing, which were notified by the Companies Amendment Act, 2017 and the Companies Amendment Act, 2020.

(Read more - Section 56 of Companies (Amendment) Act, 2020, Section 80 of Companies (Amendment) Act, 2017)

- **24.01.2022**

SEBI amends LODR regulations

Key highlights of the amendment are as follows:

1. Board of Director/Manager appointment: Shareholders' approval is required for appointment of 'a manager' at the next general meeting or within 3 months from the appointment date, whichever is earlier. Further, appointment or re-appointment of a person in the Board including MD, WTD or a manager, who was earlier rejected by the shareholders, shall be done only after prior shareholders' approval. Explanatory statement to notice of such meeting to obtain shareholders' approval to contain justification by NRC and Board for such person's recommendation.

2. Monitoring agency's report on utilization of funds from a public/rights issue shall be placed before the audit committee on a quarterly basis (as against existing requirement of 'annual' basis).

3. Share certificates/receipts/advices, in case of subdivision, split, consolidation, issuance of duplicates thereof etc. or issuance of new certificates/ receipts/advices, in cases of lost or worn-out certificates etc. or credit to an allottee after due verification of his/her request of unclaimed shares shall be issued in dematerialized form only.

4. Transmission or transposition of securities held in physical or dematerialised form shall be effected only in dematerialised form. Existing provision to effect transmission in physical mode is done away with.

- **25.01.2022**

Operational procedure to be followed by Listed Entities/RTA in case of issuance of securities in Demat mode.

To enhance the ease of dealing in securities markets by investors, SEBI vide its notification dated 24/01/2022 mandated listed entities to issue securities in Demat mode only while processing the investor service requests related to duplicate certificate issuance, subdivision, consolidation, split, transmission etc. In this connection, SEBI has now issued an operational circular prescribing the procedure to be followed by the Listed Entities/RTA in processing such investor requests and issuance of dematerialized securities.

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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



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