CimplyFive's Monthly Newsletter

iComply

April 2022

Editorial

Wish you all a very prosperous and fully compliant new FY 2022-23. A new year demands new initiatives. Following this principle, from this month, we are replacing our **5Qs for Corporate Professionals** with a new series capturing key elements in the evolution of corporate governance titled **"CCG -Cusps in Corporate Governance"**.

In the first article of the **CCG series**, we have captured the situation that gave rise to the need for the promoters/ board to introspect on their performance through a formal Board Evaluation process and share their findings with their stakeholders. As we are at the time when most Indian corporates conduct their Annual Board Evaluation, we thought this would be a relevant Please do share your feedback on this series and also critical governance practices for which you would like to know the origin. We will be happy to share our research on that subject.

In our interview series, **BLISSCAST**, where we interview corporate governance champions in leading Indian companies, we are featuring **Ms. Seema Thapar,** Company Secretary, Apollo Tyres who shares her rich professional insights and learnings from dealing with the unprecedented Covid-19 pandemic situation.

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
April 5, 2022

BISSCAST - 10

Interview with Ms. Seema Thapar, Company Secretary & Compliance Officer, Apollo Tyres Ltd.



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?

Ms. Seema Thapar: As the saying goes "crisis reveals character", the last eighteen months of the pandemic were really challenging and unprecedented for the corporate world... Read more...

What's more in this month's Issue

- What is Hot in Company Law?
- Cusps in Corporate Governance
- BLISS Tips for the Month
- Compliance Calendar
- Regulatory Changes in the Month

BLISSCAST – 10

Interview with Ms. Seema Thapar, Company Secretary & Compliance Officer, Apollo Tyres Ltd.

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?**

   Ms. Seema Thapar: As the saying goes "crisis reveals character", the last eighteen months of the pandemic were really challenging and unprecedented for the corporate world. When, all of a sudden, lock down was initiated, there was no clarity on how to get things moving. In the new normal way of working, manufacturing companies had to close offices/ factories and employees were asked to work from home (WFH). People had to adapt to the new rules of WFH that required them to work with same degree of efficiency and staying connected as a team.

   I think that the major lesson we learnt was that 'No Challenge Too Tough'. Companies had mobilized their resources to help the fight against the pandemic and ensured that their growth strategy remained intact. New ways, processes, tools/ technology were adopted to overcome the pandemic situation to ensure smooth working. This situation has allowed the companies to work with more flexibility and in a time bound manner.

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

   Ms. Seema Thapar: At times, adversities bring the best in us and it was delightful to see that there was a spirit of empathy and the sense of togetherness as individuals and teams reached out to people inside and outside the organisation to help and support them during those tiring times. Companies ensured constant communication with the employees and shared the challenges of living in a year of pandemic. Given the grim situation of the lockdown and later the low demand during the pandemic, companies focused on the cost reduction and enhancing efficiencies. I saw many organisations relooking at the cost structure and cutting down unnecessary costs, as that is the delta between a profitable and a losing organisation.

3. **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?**

   Ms. Seema Thapar: There were several initiatives undertaken during the pandemic. I think the key one was the focus on Digitalisation. The pandemic saw companies upping the ante on Digitalisation and investing in creating the infrastructure systems and processes to enable WFH, e-learnings, meetings through Video Conference and webinars, approval processes, etc. Other major focus was on mitigation of Risks through Robust Risk management processes. Constant efforts were made to ensure that no governance standards were compromised during Pandemic and the drive remained accentuated to achieve competitive strength and sustained performance at all operational levels.

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?**

   Ms. Seema Thapar: The top 3 enduring changes that was brought by this pandemic are:

   (a) Virtual Meetings – The virtual board meetings were a major change that took place during the pandemic. Companies were allowed to completely conduct the meetings through virtual mode which was a welcome step by the Ministry of Corporate Affairs. The Virtual Annual General Meetings and complete dispatch of Annual Reports electronically was also unprecedented.

   (b) Digitalisation- During this pandemic year, there had been increased digitalisation across industries. Many companies migrated to the cloud for their mail, data and collaboration, which also facilitates the 'new way of working' post the pandemic.

   (c) E-Learnings- There were several trainings and webinars hosted by the companies during the pandemic times for employee engagement and learning & development. Few companies had also conducted mandatory training

sessions to educate the employees on various aspects during the pandemic.

Seemingly, the aforesaid initiatives would continue post the pandemic as well.

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

Ms. Seema Thapar: My advice - have a drive and passion to learn continuously. When you learn continuously, you can gain more skills and become flexible and adaptable in your career path. Possessing a willingness to learn is an attribute that is highly valued in today's workforce. Also, one should have self-belief and perseverance. It is important that you continue to develop so that you can reach your career goals and become a top performer one day.

6. CimplyFive: Can you share your experience with CimplyFive?

Ms. Seema Thapar: We are beginners on the CimplyFive Secretarial Tool but find it as an easy-to-use application. The other products provided by CimplyFive (such as their website www.ca2013.com) are also quite user friendly and help to obtain instant credible information. It would be apt to state that their support team did a good job in transitioning the application.

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 18 **million page-views** on March 10, 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 March 2022 here is based on visitors to our site.

For the Month of March 2022
Top 5 Chartbusters in the Companies Act, 2013

Rank in Feb	Change in Rank	Rank in Mar	Section reference	Section title
1	↔	**1**	**135**	Corporate Social Responsibility
2	↔	**2**	**188**	Related party transactions
5	↑	**3**	**186**	Loan and Investment by company
N	↑	**4**	**149**	Company to have board of directors
4	↓	**5**	**179**	Powers of Board

Section 149 has displaced section 62 in the top 5 Ranking.

LODR Top 5 Chartbuster Regulations

Rank in Feb	Change in Rank	Rank in Mar	Regulation reference	Regulation Title
1	↔	**1**	23	Related Party Transactions
2	↔	**2**	17	Board of Directors
3	↔	**3**	30	Disclosure of events or information
4	↔	**4**	2	Definitions
N	↑	**5**	18	Audit Committee

Regulation 18 has replaced Regulation 52**.**

IB Code Top 5 Chartbusters

Rank in Feb	Change in Rank	Rank In Mar	Section reference	Section Title
1	↔	**1**	3	Definitions
2	↔	**2**	5	Definitions
3	↔	**3**	21	Committee of creditors
4	↔	**4**	53	Distribution of assets
5	↔	**5**	6	Persons who may initiate corporate insolvency resolution process

For the first time since we started tracking the top 5 sections viewed, the five sections of IB Code has remained the same for two consecutive months.

CCG -Cusps in Corporate Governance

CCG-1: Board Evaluation: Introspection the Sign of Good Corporate Governance

The idea 'necessity is the mother of invention' holds true in most situations, and the field of corporate governance is no exception. Analysis of the corporate history over the last 500 years reveals that most good governance practices are triggered by regulators in the aftermath of a corporate fraud or a scandal mandating the voluntary practice of a pioneer, to reduce if not prevent such frauds or scandals.

Given that quarter-1 is the time when most Indian corporates conduct their Annual Board Evaluation, CCG-1 has traced the need for and identified the trigger for Corporate Board Evaluation.

The Trigger

In Canada between 1992 and 1994 three life insurance companies - Les Cooperants-1992, Sovereign Life-1993, and Confederation Life-1994, all failed causing enormous hardship to over 3 million policy holders. The cause for their failure was excessive concentration of their investment in real estate segment. When real estate market collapsed on the back of economic downturn, it resulted in the insurers inability to meet their liabilities. In response to this crisis, the regulators set up a commission under the stewardship of Peter Dey, which published the Dey Report, or more popularly titled 'Where were the Directors?' highlighting the absence of directors in discharging their oversight duty on investment activity of the insurers.

In 1995, Toronto Stock Exchange adopted fourteen governance practices recommended in the Dey Report titled the **Guidelines for Improved Corporate Governance**. These guidelines were not mandatory, but only required a company to comply or explain their reasons for non-compliance. The fifth recommendation of the Dey Report read "Every board of directors should implement a process to be carried out by the nominating committee or other appropriate committee for assessing the effectiveness of the board as a whole and of the committees of the board and for assessing the contribution of individual directors."

The Pioneer

Campbell Soup Co., is acknowledged as among the first, if not the first company to adopt a formal board evaluation practice in 1992 and publish the results of their evaluation to their shareholders. Their practice received wide acclaim when the Business Week's first ranking of the best and worst Board in Corporate America carried in their November 25, 1996, issue listed Campbell Soup Co., at the top of the list as the best run Board. Among the many innovative practices of good governance was the adoption of a voluntary Code of Corporate Governance in 1992. Business Week's article reports that Campbell Soup Co. not only publicly disclosed the fact that it conducted Board Evaluation but also shared the improvement areas identified therein. Among the issues identified for improvement were not devoting enough time to long-range strategic planning, some colleagues not speaking up enough in the meetings, quality of some committee reports needing upgrade and the need to spend more time broadening and diversifying the skills of directors.

The Spread

Soon the idea of Board Evaluation caught on with Corporate Governance Committees across the world advocating it and Regulators mandating it. In UK the 1998 Hampel Report on Corporate Governance advocated it with the Combined Code on Corporate Governance, 2003 accepting it. In the US, National Association of Corporate Directors (NACD) advocated it in its Report of the NACD Blue Ribbon Commission on Board Evaluation: Improving Director Effectiveness in the year 2001. In India too, the Report of the SEBI Committee on Corporate Governance, more popularly known as the Narayana Murthy Committee Report in 2003 recommended the evaluation of non-executive directors to be done by the board excluding the member being evaluated. It was prescribed as a non-mandatory recommendation.

Practice Today

Annual Board Evaluation is mandated in India, and in the last five years it has gained momentum with more companies embracing the spirt of board evaluation by going beyond the letter of law.

Our study reveals three key elements that reflects a company practicing board evaluation in its spirit:

1. Use of technology in conducting the board evaluation process that provides the responding directors anonymity required for a free and frank feedback
2. Publishing the improvement areas identified in the corporate board evaluation process
3. Committing to a timebound action plan for acting the corrective action required for implementing the feedback.

BLISS Tips for the Month

#213: Enhanced automation for Sub-Committees
#214: Enhancement for Print All feature
#215: Enhancement for Cimplybest Software
#216: Schedule your meetings in advance and create a calendar invites for the same.
#217: BLISS helps in maintaining Statutory Registers Electronically and Generating Reports from the Registers

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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

April 13th	GSTR-1 (Jan-Mar, 2022) – Return with details of all outward supplies.
April 15th	Pay PF contribution for March
	ESIC payment for March
April 18th	CMP 08- A special statement-cum-challan filed by Composition Dealer
April 20th	Professional Tax payment
April 20th, 22nd, 24th	GSTR 3 B (based on turnover and principal place of business)
April 30th	Annual PF Return
	TDS payment

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

- **07.03.2022**

Amendments to System Driven Disclosure requirements under Takeover Code, 2011 w.e.f 01/07/2022

SEBI vide its notification dated 13/08/2021 amended Takeover Code doing away with disclosure requirement w.r.t encumbered shares where such encumbrance is undertaken in a depository. This circular prescribes list of transactions where manual disclosures shall be filed.

The depositories shall also devise an appropriate mechanism to record all types of outstanding encumbrances in the depository system by June 30, 2022. Further, the Market Institutions such as Depositories and Stock Exchanges shall co-ordinate for data dissemination w.r.t SDD amongst them. Reconciliation of such data shall be conducted by listed companies, stock exchanges and depositories at least once in a quarter or immediately whenever a discrepancy is noticed.

- **22.03.2022**

Separation of roles of Chairperson and MD/CEO is now voluntary under LODR Regulations

SEBI vide its notification dated 01/04/2019 mandated that the top 500 listed entities shall appoint separate and unrelated persons for the Chairperson and MD/CEO roles from 01/04/2022. Through this notification, SEBI has made this provision voluntary for the listed entities to adopt.

- **23.03.2022**

MCA amends Companies (Indian Accounting Standards) Rules, 2015 w.e.f 01/04/2022

Key highlights of the amendment are:

The following standards are amended to give effect to the Annual Improvements to IndAS (2021) and the Conceptual Framework for Financial Reporting under Indian Accounting Standards (Ind AS), issued by the Institute of Chartered Accountants of India, details of which can be viewed in the hyperlinked notification - Ind AS 101(First time adoption of IndAS), 103 (Business Combination), 109 (Financial Instruments), 16 (Property, Plant and Equipment), 37(Provisions, Contingent Liabilities and Contingent Assets) and 41 (Agriculture).

- **29.03.2022**

IBBI permits online delivery of educational courses and Continuing Professional Education(CPE) by Insolvency Professional Agencies(IPAs) and Registered Valuers Organizations (RVOs) till 30/09/2022

IBBI has permitted Insolvency Professionals(IPs), Registered Valuers and prospective IPs to undergo online classes delivered by IPAs and RVOs, to enable them fulfill the requirements w.r.t pre-registration educational course, CPEs under IBC, 2016, its Regulations, and Companies Act, 2013 and its Rules, by extending the validity of its guidelines on online delivery of classes by IPAs and RVOs till 30/09/2022 (from its earlier extended deadline of 31/03/2022)

- **30.03.2022**

Clarification on requirement of Shareholders' approval for material RPTs under LODR Regulations, 2015 w.e.f 01/04/2022

SEBI vide its notification dated 09/11/2021 required that w.e.f April 1, 2022, all material related party transactions and subsequent material modifications shall require prior approval of the shareholders

through resolution. In this connection, SEBI has now clarified that-

1. An existing RPT that has been approved by the audit committee prior to April 1, 2022 which continues beyond such date and becomes material as per the revised materiality threshold shall be placed before the shareholders in the 1st General Meeting held after April 1, 2022, as per regulation 23(8) of LODR. No fresh approval is required for an RPT that has been approved by the audit committee and shareholders prior to April 1, 2022.

2. An RPT for which the audit committee has granted omnibus approval shall continue to be placed before the shareholders if it is material in terms of Regulation 23(1) of the LODR.

- **31.03.2022**

Extension of deadlines for filing of CSR-2 and implementation of accounting software with audit trail under Companies Act, 2013

MCA has extended the deadline for filing of form CSR-2 for the preceding financial year (2020-2021) to 31/05/2022 (as against earlier deadline of 31/03/2022). It has also extended the time line for implementation of accounting software with audit trail feature to 01/04/2023 (as against the earlier extended deadline of 01/04/2022).

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

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