

Editorial

CimplyFive had conducted "The RPT Challenge", in the month of February 2023, to gather feedback from professionals on the challenges and present a lucid case to the regulators for reconsideration. Thanks to the participants who took time to participate in this survey. We are happy to share that we will be releasing a research report on RPT this month, which will contain the survey response and our findings, along with other interesting sections.

Our team has also written a comprehensive article on Structured Digital Database("SDD") covering the maintenance, reporting requirement, possible violations in SDD maintenance and Consequences of Non-Compliance. SDD is a concept which was introduced in the April 2019 to ensure there is a database of Unpublished Price Sensitive Information("UPSI") which is shared both inside and outside the organization. Hope you will find the article insightful.

Our other regular features comprising of Gist of Changes in the Companies Act, 2013, SEBI's LODR, 2015 and IB Code, 2016, latest enhancements to our software and Statutory Compliance Calendar for the month of May 2023 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,
Team CimplyFive
May 05, 2023

What's more in this month's Issue.

- ***What is Hot in Company Law?***
- ***Article For the Month***
- ***BLISS Tips for the Month***
- ***BLISS New Feature / Enhancements Release for the Month***
- ***Compliance Calendar***
- ***Regulatory Changes in the Month***

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 **28 million page-views** as on date and attracts over 6,000 users accessing around 25,000 pages a day. Listing of the most viewed sections in the Companies Act, LODR and IB Code in the month of April 2023 here is based on visitors to our site.

For the Month of April 2023

Top 5 Chartbusters in the Companies Act, 2013

Rank in March	Change in Rank	Rank in April	Section reference	Section title
1	↔	**1**	**135**	Corporate Social Responsibility
2	↔	**2**	**62**	Further issue of Share Capital
3	↔	**3**	**179**	Powers of Board
5	↑	**4**	**188**	Related party transactions
4	↓	**5**	**149**	Company to have Board of Directors

All the top 5 sections remained the same as in earlier month; only their positions changed.

LODR Top 5 Chartbuster Regulations

Rank in March	Change in Rank	Rank in April	Regulation reference	Regulation Title
2	↑	**1**	**17**	Board of Directors
1	↓	**2**	**30**	Disclosure of Events or Information
3	↔	**3**	**23**	Related Party Transactions
N	↑	**4**	**40**	Transfer or transmission or transposition of securities
N	↑	**5**	**26**	Obligations with respect to employees including senior management, key managerial persons, directors and promoters

Regulations 40 and 26 have replaced Regulations 16 and 18 in the top 5 Ranking.

IB Code Top 5 Chartbusters

Rank in March	Change in Rank	Rank in April	Section reference	Section Title
1	↔	**1**	**59**	Voluntary liquidation of corporate persons
N	↑	**2**	**6**	Persons who may initiate corporate insolvency resolution process.
2	↓	**3**	**5**	Definitions
N	↑	**4**	**7**	Initiation of corporate insolvency resolution process by financial creditors
N	↑	**5**	**29**	Preparation of Information Memorandum

Regulations 6,7 and 29 have replaced Regulations 33,53 and 30 in the top 5 Ranking.

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Article on Structured Digital Database ("SDD")

Introduction:

With an aim to track the flow of Unpublished Price Sensitive Information ("UPSI"), Structured Digital Database ("SDD") was introduced vide the Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018 which came into effect from April 01, 2019. Regulation 3(5) of the SEBI (Prohibition of Insider Trading) Regulations, 2015 states that the board of directors or head(s) of the organization are required to handle UPSI is required to maintain SDD. Accordingly, every entity which has issued listed securities (including Debt listed entities)/ is proposed to be listed are required to maintain a database containing names of the person/ entity with whom price sensitive information is shared along with their PAN/ other identifier if PAN is not available.

The database is to be maintained with adequate internal controls and checks such as time stamping and audit trail to ensure non-tampering of database. Further, to make the compliance more stringent, the regulation was amended vide Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2020 to include in the database, the nature of unpublished price sensitive information shared and the names of persons who shared the information. The amendment also requires the database to be maintained internally by the entity and prohibits outsourcing of the same.

Maintenance of SDD:

The SDD, once maintained is required to be preserved for a period of at least eight years after completion of relevant transactions and in the event of investigation/ enforcement proceedings, the database shall be maintained until the completion of such proceedings. In addition to listed entities, companies which are in the process of listing, intermediaries and fiduciaries who handle the UPSI of the listed entities in the course of business operations are required to maintain SDD. Companies forming a part of a group are required to maintain SDD on an independent basis. Even, Companies undergoing Corporate Insolvency Resolution Process are required to maintain SDD.

Recording of sharing of information is required to be done even if the information is shared within the organisation. Additionally, entries made in SDD, cannot be altered, or modified. Alteration of entry, if required to be made, should be done by way of a separate entry citing reference to the earlier one with full corrected details and the reasons for correction.

Reporting Requirement:

Initially, Companies were required to submit a quarterly compliance certificate stating compliance with the SEBI (PIT) regulations, 2015 pertaining to the maintenance of Structured Digital Database certified by the Compliance Officer or a Practicing Company Secretary as per the schedule below:

- For the quarter ended September 2022- By November 18, 2022
- For the quarter ended December 2022- By January 21, 2023

With effect from the quarter ended March 2023, only listed entities to whom provisions of Regulation 24A of SEBI (LODR) Regulations, 2015 are not applicable are required to continue to submit SDD compliance certificate within 21 days of end of each quarter.

Possible violations in SDD Maintenance:

- No Audit Trail
- No Time Stamping
- Outsourcing of SDD maintenance to third party or
- Capable of being tampered/ instance of actual tampering
- Entry for certain instance of sharing UPSI not captured
- Entry made by person not authorized;
- Entries not maintained for 8 years or till completion of proceedings, as the case may be
- Non-submission of compliance certificate
- Incorrect reporting made in compliance certificate.

Inspection by Exchange and Consequences of Non-Compliance:

The Exchanges shall inspect the SDD system maintained by the company after providing 1 working day notice. Non-compliance, if any observed, with respect to

maintenance of SDD, will lead to initiation of appropriate action by the Exchange.

Further, in the event of non-compliance of the provisions of Regulation 3(5) and 3(6) of the SEBI (PIT) Regulations, 2015, the Exchange where the entity is listed shall display on the 'Get Quote' section of its website that the entity is non-compliant with SDD, along with the details of the Compliance Officer of the entity, from the next trading day of non-compliance till the day Exchanges have satisfactorily verified that the entity is compliant.

BLISS Tips for the Month

BLISS Tips #264: With BLISS, Generate Auto-Filled DIR-8 and MBP-1 with the Click of a Button

As the financial year begins, directors are required to submit disclosures in forms MBP-1 and DIR-8. With BLISS, auto-filled MBP-1 and DIR-8 can be generated with the click of a button. The pre-requisite to generate these pre-filled documents is to maintain updated Register of Directors and Key Managerial Personnel in BLISS.

BLISS Tips #265: With BLISS, get pre-populated resolutions for approval of annual accounts

With an aim to reduce time and effort in drafting resolutions, BLISS provides for curated resolutions for approval of annual accounts as required under the SEBI (LODR) Regulations, 2015 for listed entities, in addition to the Companies Act, 2013 and Secretarial Standards for unlisted entities. It also helps in tracking and receiving automated alerts for various event-based compliances associated to the respective agenda items. These ready-to-use agenda items are available under the following categories in the Board Meeting:

a. For unlisted companies– Meeting in which Accounts are approved.
b. For listed companies- Board Meeting convening the AGM

BLISS New Feature/Enhancements Release for the Month

CimplyBest - Board Evaluation Software

In our constant endeavor to serve you better, we have enhanced CimplyBest- our Board Evaluation software. The enhancements are:

A. **Create and Share Multi Director survey and generate comparative reports:**

Users now have an option to create and share a survey with specific columns for all the director's evaluation as well as the self-evaluation questionnaire in a single survey (i.e, one survey will contain separate columns for evaluating all the directors individually and self-evaluation too). Once the directors have responded to the survey the reports can be generated on a comparative basis or for a specific director. This feature eliminates the creation of multiple Self and individual Director Evaluation Survey questionnaires and also generate Comparative and Standalone Reports of the Evaluation.

B. **Rate with Comment:**

On customer requirement, we have now enabled the option to include a comment with the 'Rating' (5 and 10 Star Scale) type of question. This will help the directors offer their reasoning for a particular rating given by them, resulting in actionable feedback.

C. **Sequencing of questions:**

Users will now be able to select the positioning of a survey question right at the time of adding it. This feature eases the survey creation process and eliminates the effort of sequencing every time after a new question is added.

Board Leaders Integrated Software Solutions



BLISS is a Cloud hosted software that automates the routines, provides an e-repository, timely alerts, and a real-time dashboard, all aimed at ensuring compliance and good corporate governance. By doing so, it provides complete peace of mind to the Board of Directors and assurance to professionals by providing them with real-time compliance status with respect to the Companies Act, 2013

BLISSPLUS

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

Compliance Calendar for the month of May 2023

Annual compliances for companies under Companies Act, 2013			
Sl. No.	**Compliance Requirement**	**Section/ Rules**	**Due Date**
1	Form MBP-1- Disclosure of interest	184(1)	At the first meeting of the Board,in each Financial Year, the Director shall disclose his interest in the other entities
			Fresh MBP-1 to be filed when there is a change in the disclosures already made by the director
2	Form DIR-8: Disclosure of non-disqualification	164(2) and Rule 14(1) of the Companies (Appointment and Qualification of Directors) Rules, 2014	To be disclosed by the director each financial year
3	Form MSME-1- Half yearly MSME Return	Companies (Furnishing of information about Payment to Micro and Small Enterprise Suppliers) Order, 2019	30.04.2023 (For the half year: October 2022 to March 2023)
4	PAS-6: Reconciliation of Share Capital Audit Report (To be filed by unlisted public company for reconciliation of share capital audit report on half yearly)	Rule 9A of the Companies (Prospectus and Allotment of Securities) Rules, 2019	30.05.2023 (For half-year ending on 31st March)
SEBI (LODR) Regulations, 2015 Compliances			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1	Statement of deviation(s) or variation(s).	32(1)	Within 45 days from the end of the quarter and Within 60 days from the end of the last quarter
2	Financial Results along with Limited review report/Auditor's report	33(3)(a)	Within 45 days from the end of the quarter and Within 60 days from the end of the last quarter
3	Secretarial Compliance Report	24A	Within 60 days from the end of the financial year
4	Financial Results along with Auditor's Report	33(3)(d)	Within 60 days from the end of the financial year
5	Prior intimation of Board meeting for Financial Results	29(2)(a)	At least five days prior to the Board Meeting (excluding the date of the intimation and date of the meeting)
6	Newspaper Publication of Financial Results	47(1)(b), 47(3) and 47(4)	Within 48 hours of the conclusion of the Board Meeting

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SEBI (PIT) Regulations, 2015			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1	Continual Disclosures:Every promoter, and director of the company shall disclose to the company number of securities acquired or disposed, if the value of the securities traded, in a calendar quarter, exceeds traded value in excess of 10 Lac	Regulation 7(2)	Within two trading days of receipt of the disclosure or from becoming aware of such information
SEBI (SAST) Regulations, 2011			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1.	Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to 5% or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company	29(1)	Within 2 Working days of receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company
2.	Any acquirer, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose every acquisition or disposal of shares of such target company representing two per cent or more of the shares or voting rights in such target company	29(2)	within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company
3.	The Promoter shall disclose details of shares in such target company encumbered by him or by PAC's with him in such form as may be specified.	31(1)	Within 7 working days from the creation of encumbrance
4.	A Promoter shall disclose details of invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.	31(2)	Within 7 working days from the invocation or release of encumbrance as the case may be

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of April 2023

- **03-04-2023**

Filing of Disclosures in XBRL Mode

Following disclosures under the regulation 30 of the SEBI (LODR) Regulations, 2015 are required to be filed by the listed entity in XBRL format on the NEAPS platform of NSE and BSE Listing Centre within 24 hours of submission of the PDF filing w.e.f. 01/04/2023:

1. Issuance or forfeiture of securities, split or consolidation of shares, buyback of securities, any restriction on transferability of securities or alteration in terms or structure of existing securities including forfeiture, reissue of forfeited securities, alteration of calls, redemption of securities etc.
2. The prescribed agreements which are binding and not in normal course of business, revision(s) or amendment(s) and termination(s) thereof.
3. Fraud/defaults by promoter or key managerial personnel or by listed entity or arrest of key managerial personnel or promoter.
4. One time settlement with a bank.
5. Resolution plan/ Restructuring in relation to loans/borrowings from banks/financial institutions (Inter-Creditors Agreement).
6. Corporate Debt Restructuring.
7. Notices of Shareholders Meeting. Click here...

Introduction of Issue Summary Document (ISD) for Further Issue

SEBI has introduced ISD for the following 'Further Issues', in XBRL (Extensible Business Reporting Language) format, effective from April 03, 2023. The ISD filing shall be done in the utility as developed by Stock exchanges for the following:

1. Preferential issue
2. Qualified institutions placement (QIP)
3. Rights issue
4. Issue of American Depository Receipts (ADR)
5. Issue of Global Depository Receipts (GDR) and
6. Issue of Foreign Currency Convertible Bonds (FCCBs)

Further ISD shall be mandatory for following application submitted on or after April 03, 2023:

1. Applications obtaining in-principle approval under reg 28(1) of SEBI (LODR) regulations, 2015
2. Applications obtaining in-principle listing approval post the allotment of securities.

The utilities for facilitation of filing of ISD and the manner of submission of details in relation to ISD is provided for in the circular.

Revision of Annual Listing Fees by the BSE

The Bombay Stock Exchange (BSE) has revised its Annual Listing Fees to be paid by the listed entities for listing its securities on the exchange effective from April 01, 2023. The schedule of the annual listing fees from FY 2023-24 is provided in the circular.

Revision and updation of the Frequently Asked Questions (FAQs) issued by SEBI in relation to SEBI (PIT) Regulations, 2015

With an objective to provide clarity on general concepts related to SEBI (PIT) Regulations, 2015, SEBI has issued revised and updated FAQs.
Key highlights of the FAQs are as below:

1. Inclusion of creation/ invocation/ revocation of pledge in the term trading.

2. UPSI:
   - The requirement to maintain Structured Digital Database (SDD) is applicable to listed entities, intermediaries and fiduciaries who handle UPSI of a listed company.
   - Details regarding what constitutes UPSI, mode and period of maintenance of the same in SDD is provided for.

3. Grant of ESOP shall not be considered as trading and hence can be made during the trading window closure period.

4. Contra-trade:
    - Acquisition of securities by way of Rights Issue, Follow-on Public Offer, Offer for Sale (OFS), Bonus Issue, Share split, Merger/ Amalgamation, Demerger and disposal of securities by way of Buy-back, Open offer, Exit offer, Merger/ Amalgamation would not attract restriction of 'contra-trade', provided the initial transaction of acquisition was completed in accordance with the PIT Regulations.
    - The restriction on execution of contra-trade shall be applicable to designated persons of the listed company, designated employees of market intermediaries, and other persons who are required to handle UPSI in the course of business transactions.
    - The compliance officer of the listed entity may grant relaxation from contra-trade transactions for reasons to be recorded in writing, provided it does not violate the provisions of these regulations.
5. The whole-time director/ managing director of the holding company shall be added as designated person of the subsidiary company.

This circular rescinds the earlier FAQs/ clarifications/ guidance notes listed as Annexure-A in the circular.

MCA notifies Companies (Indian Accounting Standards) Amendment Rules, 2023 w.e.f. 01/04/2023

MCA has mandated corporates to disclose material accounting policy information in lieu of significant accounting policies. Accounting policy information is considered material if it can be expected to reasonably influence decisions of the primary users of general purpose financial statements and if the users of an entity's financial statements need it to understand other material information in the financial statements. Information related to immaterial transactions need not be disclosed. This is done with an aim to provide a more meaningful disclosure of accounting policies.

The notification also includes amendments related to Deferred Tax and Accounting Estimates.

- **11-04-2023**

Revision of the affirmation to be provided by PCS in the Annual Secretarial Compliance Report

In the Annual Secretarial Compliance Report, the PCS is required to affirm that the compliances of the listed entity are in accordance with the applicable Secretarial Standards (SS) issued by the Institute of Company Secretaries of India (ICSI) as against the earlier requirement of affirming that the listed entity has complied with the Auditing Standards issued by the ICSI. Click here...

NSE and BSE issues guidelines w.r.t FAQs pertaining to the details to be filled in the quarterly Corporate Governance Report

Key highlights of the FAQs, which addresses technical and procedural aspects of the Corporate Governance (CG) report, are as below:

1. The field for the date of re-appointment is mandatory for Independent Directors. In case the independent director is yet to be re-appointed i.e., first term is in subsistence, then the date of re-appointment shall be the same as initial date of appointment.
2. For calculating the total chairmanship limit of 5 committees per director, chairmanships in Audit Committee and Stakeholder Committees in public limited companies whether listed or not should be counted.
3. If a director was appointed as a Member of the Committee and later in the reconstitution of the Committee, he/she is appointed as the Chairman of the Committee, the date of appointment will be the date of appointment as the Member of the Committee. However, the company shall mention in the notes section about the change of the Chairperson in the committee.

4. Membership Count in a Committee shall include the count of chairmanships in committees.

5. Where invitees are attending the committee meetings, the Company is not required to furnish the details of invitees in the CG report.

In order to revise the already submitted Corporate Governance Report, the companies are requested to send an email over nsexbrl@nse.co.in/ bse.xbrl@bseindia.com, as the case may be, along with the details of reason for the Revision. Click here...

- **19-04-2023**

MCA notifies Companies (Removal of Names of Companies from Register of companies) Amendment Rules, 2023

In order to facilitate quick exit process of Companies, MCA has notified Companies (Removal of Names of Companies from Register of companies) Amendment Rules, 2023 with effect from 01/05/2023.

Through this amendment, the following changes have been introduced:

1. Introduction of Centre for Processing Accelerated Corporate Exit: The newly constituted Centre for Processing Accelerated Corporate Exit shall act as the Registrar of Companies for the purposes of exercising functional jurisdiction of processing and disposal of applications made in form no. STK-2 and all matters related thereto. Therefore, applications for removal of name of a company shall be made to the above-mentioned authority in Form No. STK-2.

2. The requirement of attaching a copy of the special resolution by the directors of the company/ consent of seventy-five per cent of the members of the company with form STK-2 has been done away with.

3. The forms STK-2, STK-6, STK-7 have been revised, formats of which are enclosed in the notification.

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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