

Editorial

We released on Sept 27, our 20th research report titled '**CimplyFive's Report on Board Evaluation Practices, 2022**' at our event held in Bangalore which was also streamed online via YouTube Live. In the era of BOGO, Buy One, Get One free, we also released a short booklet on **Company Directors Responsibilities & Liabilities** on the same occasion to reach a larger audience. Though we are in the initial days of its release, the response that we got at the event, attended by around 100 people is positive and encouraging.

In the seventh edition of our series **"CCG -Cusps in Corporate Governance"**, we have traced the advent of limiting tenures to two terms for independent directors to retain their independence. In the absence of corporate scandals that triggered its introduction, we see that its adoption is not as widely spread geographically as it is for other corporate governance practices.

In the fifth interview of our new series titled **Discovering Gilt Edged Corporate Governance Practices** we have featured **Prof. Vasanthi Srinivasan,** professor at IIM Bangalore and a leading researcher on women's participation in the corporate boards, who is sharing her insights on corporate governance, value-add of diversity and women's participation on corporate boards.

All 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
October 6, 2022

Discovering Gilt Edged Corporate Governance Practices – 05

Interview with Prof. Vasanthi Srinivasan, IIM Bangalore



CimplyFive: What is your definition of Good Corporate Governance? How is it measured?

Prof. Vasanthi Srinivasan: Good corporate governance is about doing the right thing. It is based on principles of trust, transparency, and accountability. Often Corporate Governance is confused with being compliant. 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

Discovering Gilt Edged Corporate Governance Practices – 05

Interview with Prof. Vasanthi Srinivasan, IIM Bangalore

1. CimplyFive: What is your definition of Good Corporate Governance? How is it measured?

Prof. Vasanthi Srinivasan: Good corporate governance is about doing the right thing. It is based on principles of trust, transparency, and accountability. Often Corporate Governance is confused with being compliant. Being compliant with the laws of the land is the legal duty of any firm. It is expected that corporations will abide by the laws of the land and international standards while doing their business. Law provides the minimum threshold for companies to follow. For me, the narrative for corporate governance begins where the laws end.

As an academic in the Organizational Behavior field, I draw upon the stewardship theory to frame the arguments for good governance. Stewardship theory has its roots from psychology and sociology. The role of a steward is increasingly not just to protect and maximise shareholder wealth through firm performance, but also to ensure that the firm is managed effectively for long term wealth creation. In this perspective, stewards are company executives and managers working together for the long-term success of the organization. This perspective provides board governance with both oversight and strategic responsibility.

Corporate Governance measures often include transparent disclosures, structure of board and governance, shareholder rights, internal controls, and other such structural measures. However, corporate governance is a parameter of Organizational effectiveness and reflect the culture of the organization. Therefore, measures of corporate governance for the board need to include the extent to which the board is engaged in fostering culture through focus on ethics training, examining gross violations, engaged relationship with CEO and top management to imbue good governance principles in to action and leadership succession. The internal audit and their ability to identify and present gaps in the organization and the board's attention to it and subsequent action on it are all key to effective metrics for boards.

2. CimplyFive: The need for Board Diversity is an accepted criteria for corporate governance. How do you measure the effectiveness of Board Diversity? Can we link it to any visible reported parameters or is it more qualitative?

Prof. Vasanthi Srinivasan: Board diversity is a lead measure. The impact of board diversity will be visible over a five or a seven year period. Having been on non-profit boards where board diversity is more visible, I see that it is a qualitative concept. In one of the boards, where we brought in a technologist and a senior business association head into the board for their skills and engagement with the cause, initially, it was a nightmare. The existing directors had seen the seed of an idea grow into an organization, had total trust in the founders and knew their commitment to the cause and were quite forgiving on the lapses in procedural aspects of board governance. The new members, began to question basic issues like how minutes of meeting were drafted, how Action Taken Reports need to be presented, how documentation needs to be strengthened, how technology could be used for more effective governance. In the early days there was significant tensions between the new comers and the older members, however three years later when the need for FCRA approval came up the value of their efforts was acknowledged, when we found our processes streamlined and the entire FCRA journey which is a nightmare for most organization completed effortlessly. In another case, adding one board member with a banking background enabled the social enterprise to reduce their cost of capital.

Benefits of Board diversity is subjective and qualitative, but it is possible to identify such case studies of long term benefits derived from a diverse board. More research needs to be done in this area to show how board's benefit from their diversity for this to become accepted corporate wisdom.

3. CimplyFive: Given that women representation on the corporate board is now mandated for listed companies, what are some of the prerequisites required to promote effective board participation by the women members on the Board?

Prof. Vasanthi Srinivasan: "One woman on the board is a woman, two on the board become women professionals, and when there are three women on board, then they become board members". This quote captures the essence of what is required to ensure effective participation by women members on the board. However, with an overwhelming majority of boards having just one token women director to meet the statutory requirement, the role of Chairperson becomes very critical in ensuring their effective participation. Our research shows that the Chairperson usually plays two distinct roles to enhance effective women participation–

- In the board meetings, explicitly seek inputs from women, making sure that they participated in all discussions and more important seek their inputs first especially before a contested topic is tabled, and
- Outside the board meetings, by seeking their feedback. On some boards, where women felt that they could not get their point of view across, Chairperson would meet the women directors pre-meeting or during coffee break to solicit their perspectives.

Most women feel that the role of chairperson is very crucial when there are only one or two women on the board. To have an effective diverse board, we need to have not only women directors but also a chairperson who believes in diversity.

4. CimplyFive: What is the role you foresee of technology in promoting good governance? Are there some best practices that you would like to share with us?

Prof. Vasanthi Srinivasan: Technology has an important role in promoting good governance by reducing human errors of omission and commission. However, technology by itself cannot deliver if the stakeholders do not understand or engage with technology in the intended manner. For instance, I have found that different stakeholders are at different levels of understanding technology resulting in their moving at different speeds and in different directions. Hence consensus building on technology initiatives is the key. Further, decentralization and disintermediation, two key elements of governance need new technology initiatives to promote effectiveness which should be a major area of focus in using technology.

5. CimplyFive: CimplyFive's vision is to leverage technology to promote good governance? Where do you think CimplyFive can do more to realise this vision?

Prof. Vasanthi Srinivasan: Good corporate governance needs conscious time and effort of the board of directors. Today, a large part of the board's time is spent in compliance related issues. CimplyFive can play a key role in reducing the time spent on compliance by automating it so that the board is free to look at more discretionary issues of business to create value or the earnings, and of corporate governance, i.e., enhancing earnings multiplier, the valuation.

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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 **23 million page-views** in September 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 September 2022 here is based on visitors to our site.

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

Rank in August	Change in Rank	Rank in September	Section reference	Section title
4	↑	**1**	**135**	Corporate Social Responsibility
1	↓	**2**	**134**	Financial statement, Board's report etc.
2	↓	**3**	**188**	Related party transactions
3	↓	**4**	**139**	Appointment of Auditors
5	↔	**5**	**179**	Powers of Board

All the top 5 sections have retained their place, only their positions have interchanged.

LODR Top 5 Chartbuster Regulations

Rank in August	Change in Rank	Rank in September	Regulation reference	Regulation Title
1	↔	**1**	30	Disclosure of Events or Information
2	↔	**2**	17	Board of Directors
4	↑	**3**	23	Related Party Transactions
N	↑	**4**	44	Nature of shares or debentures
N	↑	**5**	29	Public offer of securities to be in dematerialized form

Regulations 44 and 29 have replaced Regulations 33 and 34 in the top 5 Ranking.

IB Code Top 5 Chartbusters

Rank in August	Change in Rank	Rank In September	Section reference	Section Title
N	↑	**1**	5	Definitions
N	↑	**2**	7	Initiation of corporate insolvency resolution process by financial creditor
N	↑	**3**	29	Preparation of information memorandum
4	↔	**4**	33	Initiation of liquidation
5	↔	**5**	3	Definitions

Section 5, 7 and 29 have replaced sections 10, 21 and 59 in the top 5 Ranking.

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CCG - Cusps in Corporate Governance

CCG-7: Limiting the Tenure of Independent Directors to RETAIN their Independence

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 last 500 years reveals that most good governance practices are triggered by regulators in aftermath of a corporate fraud or a scandal, thus mandating the voluntary practice of a pioneer, to reduce if not prevent such frauds or scandals. This series traces key episodes of such change.

Since the advent of 1990s, after the Cadbury's Committee recommended the appointment of Independent Directors on corporate Boards, Independent Directors have become the key custodians of good corporate governance. While the concept of independence is clear, its definition in the regulatory world is evolving with the experience gained not just from the corporate world but also other spheres where the need for regulating good governance arise.

A critical element of retaining 'independence' is linked to the tenure of independent directors, where the current wisdom is to limit it to a maximum of two terms of four or five years each. This idea to limit the tenure is adopted from the political world where longer continuous terms are seen as potential for democracies to degenerate into autocracies.

The Trigger

'Report on the Committee on The Financial Aspects of Corporate Governance' more popularly known as the Cadbury Committee on Corporate Governance, taking a leaf out of the 22nd amendment identified the challenge faced in providing long tenure to independent directors and remarked "Nonexecutive directors may lose something of their independent edge, if they remain on a board too long. Furthermore, the make-up of a board needs to change in line with new challenges. We recommend, therefore, that non-executive directors should be appointed for specified terms." While recognizing the need to limit the term, they did not specify the two terms limit.

At the time limiting the tenure of independent directors in India was voluntarily proposed, i.e. in the year 2009, the practice in regulatory environments varied:

- The Netherlands prohibited re-election of any supervisory board member beyond 12 years, since its Corporate Governance Code provides that a member can only be appointed for a maximum of three four-year terms.
- In France, Hong Kong, Italy, Turkey and the UK had specified a maximum tenure – ranging between 7 and 12 years, with an average of 10 - after which an independent board member can either: (a) remain on the board but cannot be considered as independent (France, Hong Kong, Italy and Turkey); or (b) can remain as an independent board member if re-elected as such annually (the UK).
- In Australia and Spain independent board members were not deemed to automatically lose their independence after 12 years, but it was recommended that their tenure should not exceed this period.
- In Italy, the time limit is calculated on a cumulative basis, so that no board member is considered independent if he/she has been a board member for more than 9 years in the last 12-year period.

In the US, limiting the tenure of independent directors is not mandated for the NYSE and NASDAQ listed companies, however proxy advisory firms and many pension funds in the US vote

against independent directors with long tenures thereby indirectly bringing in this feature.

The Pioneer

The Constitutional Convention of 1787 which debated the term for the President of the United States considered the two extremes of lifetime presidency or limiting it to two terms on the ground long tenures could result in accumulation of too much power in the hands of one person thereby being a threat to democracy. Finally, these debates culminated in the mid-path of neither recommending lifetime presidency nor limiting the tenure of the president and kept the issue open-ended. The first president of the United States, George Washington retired after his two terms, thereby setting a precedent, which was upheld by three other US Presidents in the next two centuries, who retired after serving their two terms.

Unprecedented events like the Great Depression followed by the Second World War, saw this voluntary two-terms limit that was set by convention being broken by Franklin Roosevelt who was elected for the fourth time in 1944, triggering the debate on threat to democracy through concentration of power in the hands of one individual. This concern resulted in the 22nd amendment to the US Constitution in 1951 that legally limits the tenure of a president to two terms of four years each.

In India

Corporate Governance Voluntary Guidelines, 2009 issued by MCA for the first time prescribed a maximum term of 6 years for an individual to remain as an Independent Director. After a gap of three years, the same individual could be reappointed as an Independent Director for another period of six years. With the requisite gaps, an individual could serve for a maximum of three terms. As the name suggests, this was the first time in India, where a maximum term was prescribed for independent directors for voluntary adoption.

Current Provision

Section 149 (10) of the Companies Act, 2013 mandates the maximum tenure of an independent director to two terms of five years each, with the specific requirement that their reappointment needs a special resolution and disclosure of such appointment in the Board's report. The two term limit specified here, reflects the wisdom of the 22nd amendment of the US Constitution. While Indian corporate law has imposed this two term maximum tenure, in the political sphere, the same wisdom is not captured in our Indian constitution or voluntarily adopted through convention.

BLISS Tips for the Month

#239: BLISS provides users with multiple options to download and/or circulate Notice & Agenda for Meetings
#240: Significant Enhancements to Registers Module in BLISS.
#241: Use BLISSGLOBAL for Monitoring Compliance for LLPs & Overseas entities
#242: BLISS enables Directors to access records of Sub-committee meeting in which they are Invitees

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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 Companies Act, 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

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

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

- **13.09.2022**

IBBI prescribes minimum fees and performance incentive for Interim Resolution Professionals (IRPs)/Resolution Professionals(RPs) under CIRP Regulations.

IBBI has notified the defined fee structure payable to IRPs and RPs who are appointed on or after 1st October 2022. It constitutes-

1. **Minimum fixed fee payable every month**, based on the quantum of claims admitted, starting from Rs. 1 lakh to a maximum of Rs. 5 lakhs. This shall be paid till such period as prescribed in the schedule. The Corporate Debtor or the committee may also decide to fix higher amount of fee for the reasons to be recorded, taking into consideration market factors such as size and scale of business operations etc.;

2. **Performance linked incentive:**
   - performance-linked incentive for timely submission of the resolution plan, which may range from 0.50% to 1% of the realisable value;
   - performance-linked incentive fee for value maximisation, in cases where the realisable value is more than the liquidation value and a sum of 1% on the difference shall be paid as the incentive towards value maximisation.
   - It is to be noted that the performance-linked incentive shall not exceed Rs 5 Crores.

IBBI amends Code of Conduct guidelines of Insolvency Professionals(IPs)

Through this notification, IBBI has amended the code of conduct to be abided by an IP, requiring him/her not to accept /share any fees or charges from any professional and/or support service provider who are appointed under the resolution/liquidation/bankruptcy processes.

- **15.09.2022**

Central Government revises the prescribed maximum share-capital and Turnover for a Small Company

A Small Company is now defined as a company, other than a public company,—

i. paid-up share capital of which does not exceed Rs 4 crore (as against Rs 2 Crore earlier)
ii. turnover of which as per profit and loss account for the immediately preceding financial year does not exceed Rs 40 crore (as against Rs 20 Crore earlier)

The companies falling under this definition can benefit from exemptions granted under the Act w.r.t number of Board Meetings, Auditor Rotation, Submission of Cash Flow Statements etc.

- **16.09.2022**

IBBI amends CIRP Regulations

Key highlights of the amendment are as follows:

1. Opening of a separate email account: The interim resolution professional (IRP) shall open an email account and use it for all correspondences with stakeholders, and in the event of his replacement by another resolution professional, handover the credentials of the email to him/her.

2. Communication of appointment to creditors: IRP shall send a communication along with a copy of public announcement made under regulation 6, to

all the creditors as per the last available books of accounts of the corporate debtor through post or electronic means.

3. Information Memorandum (IM) to be filed within 95 days from the commencement of CIRP, as opposed to the existing requirement where RP has to file the IM within two weeks of his appointment, but not later than 54 days from the insolvency commencement date, whichever is earlier. Further, IM to include additional information highlighting snapshot of business performance, key contracts, key investment highlights etc. Where the corporate debtor has a book value of total assets exceeding Rs. 100 Crores, the details of business evolution, industry overview and key growth drivers etc. to also be captured.

4. Strategy for marketing of assets of the corporate debtor: The RP shall submit a strategy for marketing of the assets of the corporate debtor in consultation with the committee, where the total assets as per the last available financial statements exceed Rs. 100 Crores. The implementation of the strategy, including the cost associated with it, is subject to the approval of the committee.

5. Factors to be considered for Liquidation: In the application submitted by the RP to Adjudicating Authority, the factors considered by the committee in arriving at the decision have to be recorded, which includes, but are not limited to, non-operational status for preceding three years, goods produced or service offered or technology employed turning obsolete, absence of any assets, lack of any intangible assets or factors which bring value as a going concern over and above the physical assets like brand value, intellectual property, accumulated losses etc.

6. The model timelines for procedure for dealing with preferential transactions, preparation and submission of IMs, Expression of Interests etc., have been further revised to include amendments made vide this notification.

IBBI amends Voluntary Liquidation Process regulations

Key highlights of the amendment are as follows:

1. **Additional declaration for initiation of liquidation:** The applicant shall provide that the Corporate Person has made provision for preservation of its records after its dissolution.

2. **Preservation of records:**
   - The list of documents to be preserved by the liquidator includes liquidator's appointment letter, public announcement, cost of voluntary liquidation process, statutory filings with Board and insolvency professional agencies etc.
   - The physical copies to be preserved for a minimum period of 3 years and electronic records, for a minimum of 8 years.
   - In case of replacement of liquidator during the process, the outgoing liquidator shall handover the records to the new liquidator.
   - The liquidator shall preserve the records at a secure place and shall produce the records, as required under the Code and its regulations.
   - The requirement under this regulation shall be applicable to records pertaining to the period of a liquidation process during which the liquidator acted as such, irrespective of the fact that he did not take up the assignment from its commencement or continue the assignment till its conclusion.

IBBI amends Liquidation Process Regulations

Key highlights of the amendment are as follows:

1. The liquidator shall file the proposal within thirty days of the order of liquidation, where recommendation to explore proposal of compromise or arrangement has been made by the committee under CIRP Regulations.

2. **Email account for communication:** The liquidator shall operate the process email account handed over to him by the RP, as required under CIRP Regulations and in the event of his replacement, the credentials of such email ID shall be handed over to the new liquidator.

3. **Verification of claims:** The liquidator shall also verify the claims collated by the IRP/RP during the CIRP but not submitted during the liquidation process, within thirty days from the last date for receipt of claims

during liquidation process and may either admit or reject the claim, in whole or in part.

4. **Stakeholders' Consultation Committee:**

   a. The scope of stakeholders' consultation committee is widened to include advising the liquidator on remuneration of professionals who are appointed during the liquidation process, fees of the liquidator, valuation of assets or businesses intended to be sold etc..
   b. The consultation committee, after recording the reasons, may, by a majority vote of not less sixty-six per cent., propose to replace the liquidator and shall file an application, after obtaining the written consent of the proposed liquidator in the required format (Form AA, which is prescribed in this notification), before the Adjudicating Authority for replacement of the liquidator.

   c. The manner of conducting of committee meetings including serving of notice, requirement of quorum and voting, under CIRP shall be applicable for Stakholders' Consultation committee which is constituted under Liquidation process, as well.

5. **Preservation of Records:** The records pertaining to the liquidation process shall be preserved as prescribed in the regulations.

6. **Manner and Timelines for conducting an auction:** Timelines for various events in conducting an auction has been notified. Further, the liquidator shall complete the auction process within 35 days from the issue of public notice for auction.

- **19.09.2022**

SEBI notifies disclosure norms for Non-Profit Organizations (NPOs) listed on the Social Stock Exchange (SSE)/ that have raised funds through it

I. SEBI prescribes the following disclosures to be made by the NPOs on an Annual Basis (i.e.) within 60 days from end of Financial Year as per Regulation 91 E of SEBI LODR:

[1] Disclosures on General aspects:

1. Name of the organization (legal and popular name)
2. Location of headquarters and location of operations
3. Vision / Mission / Purpose
4. Organizational goals, activities, products and services
5. Outreach of organization (Type and number of direct, indirect and institutional beneficiaries / stakeholders reached)
6. Scale of operations (Including Employee and Volunteer strength)
7. Details of top donors or investors of organisation - List of Top 5 donors or investors (budget wise)
8. Details of top 5 programs in disclosure period - List of Top 5 interventions/programs (budget wise)

[2] Disclosures on Governance aspects:

1. Ownership and legal form
2. Governance Structure (outlines board and management committee structures, mandates, membership, charters, policies and internal controls)
3. Details of governing body including names of the members of the body
4. Executives with key responsibilities
5. Number of meetings by governing body and other committees formed by them along with attendance and the process of performance review
6. Organisation level potential risks and mitigation plan.
7. Reporting of related party transactions.
8. Mechanisms for advice and concerns about ethics, along with conflict of interest and communicating other critical concerns
9. Remuneration Policies
10. Stakeholder grievance, process of grievance redressal and number of grievance received and resolved
11. Compliance management process and statement of compliance from senior decision maker
12. Organisation registration certificate and other licenses and certifications.

[3] Disclosures on Financial aspects:

1. Financial Statement (Balance Sheet, Income statement and Cash Statement) and program wise fund utilization for the year
2. Auditors report and auditor details.

II. SEBI prescribes the following disclosure norms for Annual Impact Report as per Regulation 91E of SEBI's LODR:

1. All NPOs will have to provide duly audited Annual Impact Report (AIR) to SSE within 90 days from the end of Financial Year
2. The AIR shall capture:
   - the qualitative and quantitative aspects of the social impact generated by the entity
   - the impact that is generated by the project
   - In case an NPO is only registered without listing any security: significant activities (including projects covered under a listed security), intervention, programs during the year and the methodology for determination of its significance.
   - In case of a Social Impact Fund where the underlying recipients of funds are SEs which have raised funds using SSE: an overall AIR for the fund covering all investee/grantee organizations where the fund is deployed.
     a. Strategic Intent and Planning
     b. Approach
     c. Impact Score Card

   A detailed guidance note in respect of these disclosures is provided in the notification.

3. The AIR shall be audited by Social Auditors and the NPOs shall disclose the report of the Social Auditor along with AIR

III. Listed NPOs shall submit statement of utilisation of funds to SSE, within 45 days from the end of quarter.

- **20.09.2022**

MCA amends CSR rules

Key highlights of the amendment are:

1. **Requirement to constitute a CSR Committee:** MCA has done away with blanket relaxation from constituting a CSR committee for companies not falling under the prescribed CSR thresholds for a consecutive period of 3 FYs. Instead, MCA now requires a company having any amount in its Unspent Corporate Social Responsibility Account as to constitute a CSR Committee and comply with the provisions contained in 135(2) to 135(6) of the Act, dealing with role of the CSR Committee, manner of utilisation of CSR amount and disclosure requirements.
2. **Impact Assessment:** A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed 2%(earlier, 5%) of the total CSR expenditure for that financial year or 50 lakh rupees, whichever is higher (earlier, lower of the two was the eligible expenditure).
3. Eligible entities through which CSR can be carried out is now extended to entities which fall under specified categories of trusts/institutions as mentioned under 10(23C) (iv) to 10(23C)(via) of IT Act, 1961.
4. Format for the Annual Report on CSR Activities to be included in the Board's Report has been revised, whose format is enclosed in this circular.

IBBI enhances Fees payable by an Information Utility (IU) w.e.f 01/10/2022

Fees payable by an IU is enhanced as indicated below:

1. **Registration/Renewal Fee:** Fee towards registration/renewal of registration as an IU by an eligible applicant has been increased to 10 Lakhs (from 5 Lakhs).
2. An amount of 1 Crore (earlier, 50 lakhs) shall be paid to the Board, within fifteen days of receipt of intimation of registration or renewal from the Board, as applicable.
3. **Annual Fee:** As opposed to the existing norm of fixed fee of Rs. 50 lakhs payable every year following the year of registration, an IU is now required to pay to the Board, a fee calculated at the rate of 10% of the turnover from the services as an IU rendered in the preceding FY on or before 30th April every year, failing which a simple interest at 12% until payment shall be levied.

IBBI enhances Fee payable by Insolvency Professional(IP)/ Insolvency Professional Entities(IPEs) w.e.f 01/10/2022

Fees payable by an IP is enhanced as follows:

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1. Non-refundable Fee for registration as an IP: Increased to Rs. 20,000 from Rs. 10,000.
2. Application fee for Registration as an IPE: Increased to Rs 2 Lakhs from Rs.50,000.
3. Recurring Fee, which is payable every five years, on or before the 30th April of the year it falls due: The IP, if individual, shall pay a fee of Rs. 20,000 rupees, and in case where the IP is a an insolvency professional entity, a fee of Rs. 2 Lakhs is payable.
4. Fee as a percentage of Professional Service rendered by IP/IPE: Increased to 1% from 0.25%.
5. Regulatory Fee: This is a new fee head that is payable where in CIRP, if the realisable value is more than liquidation value as per the approved resolution plan. In such cases, a regulatory fee of 0.25% of the realisable value shall be paid within a period of 30 days, after end of each quarter or upon closure of the processes whichever is earlier, along with a statement in the prescribed format (Form EA of the Second Schedule). This is applicable for resolution plans approved on or after 01/10/2022.

Further, regulatory fee calculated at the 1% of the cost being booked in insolvency resolution process costs in respect of hiring any professional or other services by the interim resolution professional or resolution professional, as the case may be, for assistance in a CIRP, shall also be payable to the Board. (Read more...)

- **28.09.2022**

IBBI notifies additional rules for IPEs which intend to get appointed as IPs under Insolvency Professionals Regulations

Key highlights of the amendment are:

1. **Eligibility criteria for an Insolvency Professional Entity (IPE)**- No IPE shall be eligible to be registered as an insolvency professional, if the entity and/or any of its partner or director, as the case may be, is not fit and proper person, as prescribed under the Regulations.
2. **Application for certificate of registration:** IPE, desirous of being appointed as an IP, is required to make an application to the Board in Form AA, whose format is prescribed, along with a non-refundable fee of Rs. 2 lakhs.
3. **Pre-requisites for registration as an IP**: An IPE shall allow only a partner or director, as the case may be, who is an insolvency professional and holds a valid authorisation for assignment to sign and act on behalf of it.
4. In case an IPE is a Company, then in addition to holding the majority of the equity shares, its directors (who are the IPs) shall also hold majority of voting rights.

5. Where an IPE is enrolled with the Insolvency Professional Agency(IPA), in addition to intimating the Board, it shall also intimate the IPA on Appointment/cessation of its Directors/Partners, to update its Register of Professional Members.

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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