

Editorial

"The environment is where we all meet; where all have a mutual interest; it is the one thing all of us share"- Lady Bird Johnson

Happy World Environment Day to all the Readers!

The World Environment Day, celebrated on June 5th each year acts as a global call for action for the individuals and business to come together and protect our planet. The Corporate sector encourages environmental stewardship by making CSR contributions to the community and environment. CSR is crucial in encouraging the company to adopt sustainable practices, lessen its ecological impact, and give the environment top priority.

In this newsletter our team has written a comprehensive article on Corporate Social Responsibility, covering the procedural aspects of CSR under Companies Act, 2013, Computational Steps for CSR etc. Hope you will find the article insightful.

We have included couple of interesting sections in the newsletter such as engaging quizzes and mind – bending crossword puzzles.

Our other regular features comprising of Gist of regulatory Changes in the Companies Act, 2013, SEBI's LODR, 2015 and IB Code, 2016, and Statutory Compliance Calendar for the month of June 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
June 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***
- ***Test your Grey Matter!***
- ***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 **29 million page-views** as on date and attracts over 6,000 users accessing around 25,000 pages a day. List of the most viewed sections in the Companies Act, LODR and IB Code in the month of May 2023 here is based on visitors to our site.

For the Month of May 2023

Top 5 Chartbusters in the Companies Act, 2013

Rank in April	Change in Rank	Rank in May	Section reference	Section title
3	↑	**1**	179	Powers of Board
N	↑	**2**	134	Financial Statement, Board's Report etc.
1	↓	**3**	135	Corporate Social Responsibility
4	↔	**4**	188	Related party transactions
N	↑	**5**	186	Loans and Investments by company

Section 134 and 186 have replaced section 62 and 149 in top 5 Rankings.

LODR Top 5 Chartbuster Regulations

Rank in April	Change in Rank	Rank in May	Regulation reference	Regulation Title
2	↑	**1**	30	Disclosure of Events or Information
1	↓	**2**	17	Board of Directors
3	↔	**3**	23	Related Party Transactions
N	↑	**4**	33	Financial Results
N	↑	**5**	34	Annual Report

Regulation 33 and 34 have replaced regulation 40 and 26 in the top 5 Ranking.

IB Code Top 5 Chartbusters

Rank in April	Change in Rank	Rank in May	Section reference	Section Title
1	↔	1	59	Voluntary liquidation of corporate persons
N	↑	2	21	Committee of Creditors
3	↔	3	5	Definitions
N	↑	4	30	Submission of resolution plan
N	↑	5	33	Initiation of Liquidation.

Section 21,30,33 have replaced regulation 6,7and 29 in the top 5 Ranking.

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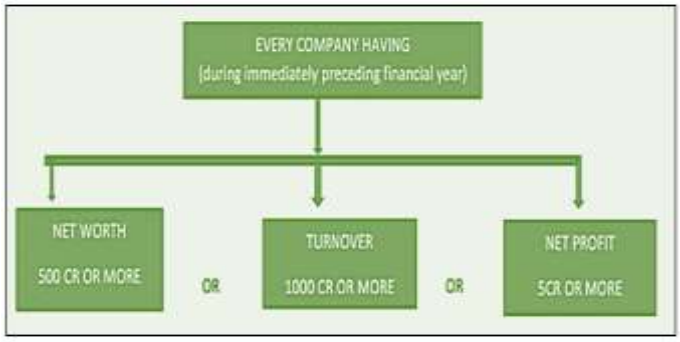
Article on Corporate Social Responsibility: ("CSR")

Introduction:

Corporate Social Responsibility (CSR) refers to a company's commitment in conducting business ethically, contributing positively to the society, and minimizing its impact on the environment. CSR is a management concept whereby companies integrate social and environmental concerns into their business operations and interactions with their stakeholders. This article delves into the procedural aspects of CSR under Companies Act, 2013, illustrates computational Steps for CSR, highlights the beneficial outcomes of CSR initiatives and the penalty for non-compliance.

Procedural Aspects of CSR under the Companies Act, 2013

A. Applicability of CSR



As per Section 135(5) of Companies Act,2013 Every company which needs to comply with the CSR provisions, is required to spend at least 2% of the average net profits made during the preceding 3 Financial years. The computation of Net Profit for CSR is as per Section 198 of the Companies Act, 2013.

B. Eligible CSR Activities that can be carried out by the Companies are prescribed under Schedule VII. Please click here to view the detailed list.

C. Constitution of CSR Committee

It is mandatory for those companies for which amount to be spent for CSR Activities exceeds Rs 50 Lakhs and for those companies with any amount in their "unspent CSR account" in terms of ongoing projects to constitute a CSR Committee under 135(6) of Companies Act, 2013.

D. CSR Computation Steps:

In the last couple of years, CSR provisions have been amended significantly. Below is a sample illustration of CSR computation for a Company.

Illustration for Computation of Amount to be spend for CSR.

SL No.	Particulars	FY ending	Amount (in Crores)
A.	Net profit for the financial year 1	Mar-23	200.00
B.	Net Profit for the Financial year 2	Mar-22	(90.00)
C.	Net profit for the Financial Year 3	Mar-21	100
D.	Average of Last three years profits [(A + B+ C)/3]		70
E.	2% of the average profits of last three years [D*2%]		1.40
F.	Surplus generated out of the CSR projects or programmes or activities of the previous financial years	-	-
G.	B/F for set off from immediate three preceding financial years	-	-
H.	**Amount of CSR to be spend [E+F-G]**		**1.4**
I.	**Estimated Amount spent for CSR**	**Mar-23**	**2**
J.	Maximum Allowable impact assessment costs if applicable (2 % of CSR Expenditure for applicable FY or Rs 50 Lakhs, whichever is higher) **Actual Expense: Rs 0.62 Crores (Refer Note 1 and 2)**	-	**0.50**
K.	Maximum Allowable Administrative Overheads if applicable (5% of Total CSR Expenditure) **Actual Expense: Rs 0.15 crore (Refer Note 3)**	-	0.10
L.	Surplus generated out of CSR Program if any	-	0.02
M.	Amount of CSR Spent [I +J+K+ I]	-	2.62
N.	Amount of CSR Unspent	-	-
O.	Amount available for setoff next year [M-H] (Refer Note 4)	-	1.02

Note 1 : Impact Assessment study is mandatory for those companies with CSR obligation of Rs 10 Crores and with project value of Rs 1 Crores

Note 2: The cost of impact assessment is Rs 0.62 crores, however the maximum allowable is 2 % of CSR expenditure (here: Rs 2 Crores) or Rs 50 Lakhs whichever is higher.

Note 3: The cost of the administrative overheads is Rs 0.15 Crores, however the maximum allowable expense is 5% of CSR Expenditure (here: Rs 2 Crores) that is Rs 0.10 Crores

Note 4 : The excess amount available for set off shall not include the surplus arising out of CSR.

Beneficial Outcome of CSR Initiatives

'Sustainability is no longer about doing less harm. It's about doing more good.'

- Jochen Zeitz, Chief Executive Officer of Harley-Davidson

In recent years, the concept of CSR has gained immense traction, with corporates recognizing how critical it is to address the social and environmental issues alongside their financial objective. There are several benefits which both society and the company initiating CSR can derive out of it. Here are few instances of CSR Activities which have had beneficial outcomes.

1. Mama Earth's initiative:- ' Link Every Order To a Tree Which They Will Grow'. Mamaearth had partnered with SankalpTaru Foundation (NGO). Mamaearth announced this initiative with a commitment to plant a sapling towards every order made on their website and is set to plant one million trees in the next five years in this endeavor. This has also acted as an indirect marketing tool for the company wherein the socially conscious consumers have preferred this brand.

2. South Indian bank has contributed for the renovation of North Bus Stand in Thrissur District of Kerala leading to better infrastructure facilities such as toilets and waiting rooms for the common people.



3. Havelles India Limited: - Mid-Day Meal Program The brand joined hands with the Rajasthan government to initiate a mid-day meal program in various government schools of the district. Havells initially served 1500 students of 5 schools, and later the number increased to 60,000 children studying in 693 schools in the Alwar district.



This initiative had met two primary CSR goals, i.e., child education and eradication of hunger & malnutrition.

Penalty for Non-Compliance:



In case of non-compliance with the provisions of Section 135(5) and Section 135(6) of the Companies Act, 2013, the following penalties may be attracted as per section 135(7):

- For the Company - Twice the amount required to be transferred to a fund specified in Schedule VII or Unspent CSR account, as the case may be, or one crore rupees, whichever is less.
- For Every Officer in Default - 1/10th of the amount required to be transferred to a Fund specified in Schedule VII or Unspent CSR account or two lakh rupees, whichever is less.

However, in case of any other non-compliance/default under any other provision of the section, or Rules, then the provisions of general penalty under section 450 of the Act shall be applicable.

Conclusion:

Even though CSR has many benefits for the Companies such as reputation enhancement, competitive advantage, bolstered public trust and every company must navigate the challenges associated with balancing objectives and resource allocation. The Companies must also stay abreast with emerging trends such as sustainability, social impact investing and Diversity Equity and Inclusion (DEI) to contribute to a more sustainable and equitable future.

BLISS Tips for the Month

BLISS Tips #266: Plan your calendar compliances effectively with BLISS.

With BLISS, users can plan compliances for the year with the calendar-based action tracker. It consists of pre-populated calendar-based action trackers like filing of form DPT-3 (Return of deposits) on or before 30th of June and DIR-3 KYC for directors on or before 30th of September. In addition to the pre-populated action trackers, users can add company-specific compliances to the calendar. This feature enables the user to stay prepared and plan the compliance activities well in advance. The users will:

- Get email reminders for the dates scheduled at pre-determined frequency.
- Assign the activity and add an approver for the same.
- Update the status of the activity on completion of the same.

Click here to view the detailed steps for creating a Calendar based compliance tracker.

Click here to view the detailed steps for finalizing the Calendar based compliance tracker.

BLISS Tips #267: With BLISS, build institutional email memory.

BLISS enables user to email secretarial documents to the directors on the email IDs entered in the Register of Directors and KMP. To ease the process of emailing, list of email IDs of directors is prompted to which the documents can be circulated. This feature saves time and ensures error-free transmission of documents. Proof of delivery as required by the Secretarial Standards is captured for all emails sent using the software along with time stamping.

Click here to see detailed steps to know how to email a Notice/Agenda and how BLISS stores these emails in its repository.

Note: The steps to email Minutes/Circular resolutions and access these records are similar.

Does your Gray Matter? Take our Company Law Quiz and Crossword Puzzle to find out !

1. **Threshold for Applicability of CSR committee**
   a. Every company having:
   Net-worth of Rs.500 crore or more, or
   Turnover of Rs. 1000 crore or more or
   Net Profit of Rs. 5 crore or more
   during immediately preceding financial year

   b. Every company having:
   Net-worth of Rs.500 crore or less, or
   Turnover of Rs. 1000 crore or less or
   Net Profit of Rs. 5 crore or less
   during the immediately preceding financial year

   c. Every company having:
   Net-worth of Rs.500 crore or more, or
   Turnover of Rs. 100 crore or more or
   Net Profit of Rs. 5crore or more
   during immediately preceding financial year

   d. Every company having:
   Net-worth of Rs.500 crore or more, and
   Turnover of Rs. 1000 crore or more and
   Net Profit of Rs. 5 crore or more
   during any 3 preceding Financial years

2. **Contribution of any amount directly or indirectly to any political party working towards social justice under section 182 of the Act, shall be considered as CSR activity. True or false?**
   a. True b. False

3. **As per Section 89(3), Where any change occurs in the beneficial interest in such shares, the person referred to in sub-section (1) and the beneficial owner specified in sub-section (2) of Section 89 shall, within a period of_____ days from the date of such change, make a declaration to the company in ____ form**
   a. 30 days and Form MGT-6
   b. 15 days and Form MGT-6
   c. 15 days and Form MGT-2
   d. 30 days and Form MGT-5

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4. As per Section 76A every Officer of the company who is in default shall be punishable with imprisonment which may extend to _____ which shall not be less than twenty-five lakh rupees but which may extend to two crore rupees.

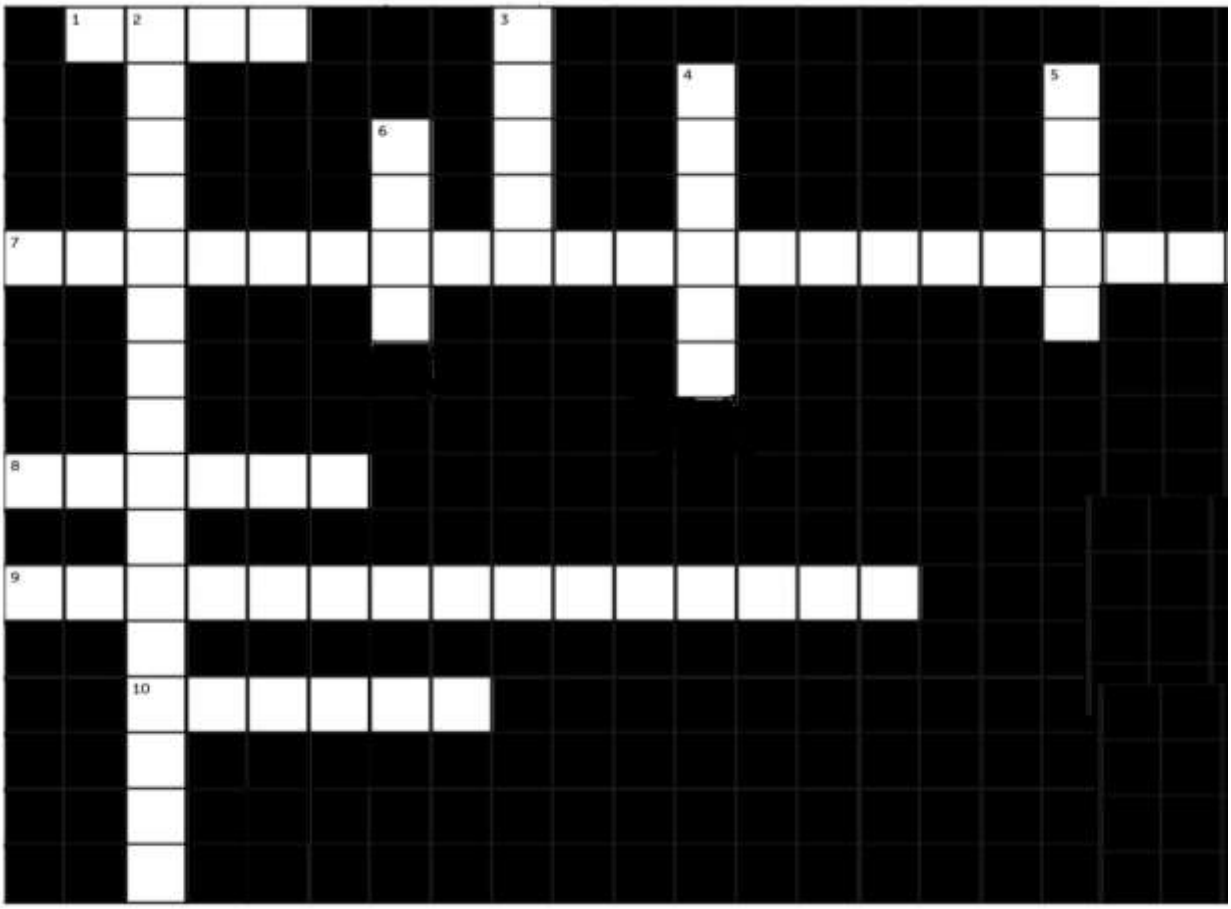
a. 5 Years and with fine
b. 5 Years or fine
c. 7 years and with fine
d. 3 Years or fine

5. ABC Ltd had made an allotment on private placement basis on May 20, 2020 and subsequently utilized these funds in June 2020 but ran into losses in the end of FY 2020-21. From FY 2022 onwards, the management decided that they should halt operations until further notice and therefore did not file financial statements or annual returns since then. What is the best option available to the Company now?

a. Compounding of Offenses for non-filing of returns
b. Register as a Dormant Company
c. Arbitration with MCA
d. File all returns with additional fees for delayed filing.

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CORSSWORD Puzzle



Across

1 _____ Register to be maintained for loans, Guarantee, security and acquisition made by a company.

7 ____ is the document which does not include complete particulars of the quantum or price of the securities has to be issue

8 A company shall have its Registered Office within _____ days of its incorporation.

9 All business transacted at EGM is known as ____

10 Which Table is for memorandum of association of a company limited by guarantee and not having a share capital

Down

2 ___ has the proper authority to call General meeting

3 Maximum days that can be given by the company to respond to Circular Resolution.

4 The offer for buy-back shall remain open for a period not exceeding __ days from the date of dispatch of the letter of offer

5 A Proxy can act on behalf of Members not exceeding ____and holding in the aggregate not more than 10 percent of the total shares

6 ___is the Form which is used to intimate the ROC about disqualification of a director of a company.

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

Compliance Calendar for the month of June 2023

Compliances for Companies under Companies Act, 2013			
Sl. No.	**Compliance Requirement**	**Section/ Rules**	**Due Date**
1	E-form DPT-3: Return of Deposit	Section 73 Rule 16 of the companies (Acceptance of Deposits) Rules, 2014	on or before 30th June
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	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)
4	Newspaper Publication of Financial Results	47(1)(b), 47(3) and 47(4)	Within 48 hours of the conclusion of the Board Meeting
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
2	SDD Compliance Certificate or a Practicing Company Secretary (PCS).	Regulation 15(2)	21 days from end of each quarter
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	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

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Sl. No.	Compliance requirement	Regulation reference	Timeline
	aggregate shareholding and voting rights in such 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 May 2023

- **15-05-2023**

MCA amends Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 with effect from 15/06/2023.

Through this amendment, MCA has prescribed the following timelines for issue of objections or suggestions & Confirmation Order w.r.t mergers or amalgamations of certain class of companies:

- All the objections or suggestions from the Registrar of Companies (RoC) or the Official Liquidator shall be given within 30 days of receipt of copy of the scheme of merger or amalgamation under Section 233 of CA 2013, to the Central Government (CG).
- The CG shall issue the Confirmation order in Form CAA 12 within 15 days after the expiry of the said 30 days or where there is no objection/suggestion from the RoC & the Official Liquidator or the objection/ suggestions are not sustainable and the scheme is in the interest of Creditors and Public.
- Where CG is of the opinion that it is not in the public interest or in the interest of creditors, whether based on the objections or suggestions received or otherwise, it may within 60 days of the receipt of the scheme, file an application before the Tribunal in form CAA 13 to consider the scheme under Section 232 (Merger and amalgamation of companies) of CA, 2013
- Where the Confirmation order has not been issued by the CG within 60 days of receipt of scheme, it shall be deemed that it has no objection to the scheme and a confirmation order shall be issued accordingly.

NSE issue FAQs pertaining to the filing of announcements under Regulation 30 of SEBI LODR.

- The Stock Exchanges have notified the FAQs clarifying the procedural aspects around XBRL filing of disclosures under Regulation 30 of LODR. Key highlights of FAQs which addresses the technical and general queries of the said filings are listed below:
- Both PDF and XBRL submissions are required till such period, as may be notified by the stock exchange. Presently, the PDF submission will only be considered from Compliance point of view.
- Corresponding XBRL filing shall be done within 24 hours of filing the PDF, as required under Regulation 30 of LODR.
- The list of events & subjects that are currently covered under XBRL filing and respective utility name for them are provided for ease of reference.
- Clarification around few fields relating to Day, Date & Place etc. to be mentioned in the XBRL filing in case of Allotment of Securities & Notices of Shareholder's meeting has been provided.

- **16-05-2023**

BSE issue FAQs pertaining to the filing of announcements under Regulation 30 of SEBI LODR.

The Stock Exchanges have notified the FAQs clarifying the procedural aspects around XBRL filing of disclosures under Regulation 30 of LODR. Key highlights of FAQs which addresses the technical and general queries of the said filings are listed below:

- Both PDF and XBRL submissions are required till such period, as may be notified by the stock exchange. Presently, the PDF submission will only be considered from Compliance point of view.
- Corresponding XBRL filing shall be done within 24 hours of filing the PDF, as required under Regulation 30 of LODR.

- The list of events & subjects that are currently covered under XBRL filing and respective utility name for them are provided for ease of reference.

- Clarification around few fields relating to Day, Date & Place etc. to be mentioned in the XBRL filing in case of Allotment of Securities & Notices of Shareholder's meeting has been provided.

- **25-05-2023**

  SEBI Issues Model Tripartite Agreement under Regulation 7(4) of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

  In case of any change or appointment of a new Share transfer agent, the listed entity shall enter into a tripartite agreement between the existing share transfer agent, the new share transfer agent and the company itself. In this regard, SEBI has prescribed a model Tripartite agreement in consultation with Registrar Association of India (RAIN) and some issuer Companies for the benefit of stakeholders. The model format of the agreement has been attached to the circular.

  SEBI has advised RTAs & listed Companies to publish the format of the tripartite agreement on their respective websites and submit compliance of the same to SEBI vide email at rta@sebi.gov.in by June 01, 2023 along with the link of their website containing the format of tripartite agreement.

Solution for Quiz:

Q1. a	Q2. b	Q3. d	Q4. c	Q5. b

Solution for Crossword:

1. MBP2	2. Board of Directors
3. Seven	4. Thirty
5. Fifty	6. DIR 9
7.Red herring Prospectus	8. Thirty
9.Special Business	10. Table B

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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