

Editorial

"Dividends are the cash flow that provides stability and resilience during the market uncertainty"- Warren Buffet

This is the AGM season and one thing that investors are eager about is the dividend announcements! What signal does a Company send when it declares a dividend? We all know that the dividend is nothing but the distribution of profits to shareholders and serves as a reflection of a company's financial success. A consistent history of paying dividends can indicate a company's profitability, stability, and ability to generate cashflow.

In this backdrop, our team has written a comprehensive article on dividend, shedding light on the legal framework that governs dividend payment and other related provisions pertaining to Investors education and protection fund (IEPF), which we hope you will find informative and relevant.

We have also 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 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 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
July 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 **30 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 June 2023 here is based on visitors to our site.

For the Month of June 2023

Top 5 Chartbusters in the Companies Act, 2013

Rank in May	Change in Rank	Rank in June	Section reference	Section title
1	↔	**1**	179	Powers of Board
N	↑	**2**	62	Further issue of Share Capital
2	↓	**3**	134	Financial Statement, Board's Report etc.
4	↔	**4**	188	Related party transactions
3	↓	**5**	135	Corporate Social Responsibility

Section 62 have replaced section 186 in top 5 Rankings.

LODR Top 5 Chartbuster Regulations

Rank in May	Change in Rank	Rank in June	Regulation reference	Regulation Title
1	↔	**1**	30	Disclosure of Events or Information
2	↔	**2**	17	Board of Directors
5	↑	**3**	34	Annual Report
3	↓	**4**	23	Related Party Transactions
N	↑	**5**	15	Applicability

Regulation 15 have replaced regulation 33 in the top 5 Ranking.

IB Code Top 5 Chartbusters

Rank in May	Change in Rank	Rank in June	Section reference	Section Title
1	↔	1	59	Voluntary liquidation of corporate persons
N	↑	2	53	Distribution of Assets
3	↔	3	5	Definitions
N	↑	4	7	Initiation of corporate insolvency resolution process by financial creditor.
N	↑	5	29	Preparation of information memorandum.

Section 53,7 and 29 have replaced regulation 21,30 and 33 in the top 5 Ranking.

Article of the Month:

'Dividend Declaration and Investor Protection.'

Introduction:

"Dividend", a word which came from the Latin word *dividendum* and to which all the shareholders look forward to, is a distribution of profits by a Company to its shareholders. When a Company earns a profit or surplus, it can pay a portion of this profit as a dividend to its shareholders. Such distribution is a fixed amount per share, in proportion to their shareholding. A dividend is usually paid in cash or it could also be in the form of stocks.

Sources-

Companies Act has prescribed vide Section 123 the sources through which a Company can pay dividend to its Shareholders-

1. out of the profits of the company for that year or any previous financial year/s arrived at only after providing for depreciation or
2. out of money provided by the Central Government or a State Government for the payment of dividend by the company in pursuance of a guarantee given by that Government.

In case of any inadequacy or absence of profits in any year, a company may declare dividend out of free reserves subject to the fulfillment of the following conditions -

1. The rate of dividend to be declared shall not exceed the average of the rates at which dividend was declared by it in the three years immediately preceding that year,
   In case, a company has not earned any profit in any of the 3 preceding years, the dividend may be declared at any rate, subject to the compliance of other conditions prescribed under the Rules. (Proviso to Rule 3(1) of Companies (Declaration and Payment of Dividend) Rules, 2014.)

2. The total amount to be drawn from such accumulated profits shall not exceed one-tenth of the sum of its paid-up share capital and free reserves as appearing in the latest audited financial statement.

3. The amount so drawn shall first be utilized to set off the losses incurred in the financial year in which dividend is declared before any dividend in respect of equity shares is declared,

4. The balance of reserves after such withdrawal shall not fall below fifteen per cent of its paid-up share capital as appearing in the latest audited financial statement.

Illustration 1-

ABC Ltd., which has inadequacy of profits, proposes to declare Dividend out of general reserves. Following are the facts of the case:

- *10,000 preference shares of Rs. 100 each fully paid; (Dividend @ 10%)*
- *1,00,000 equity shares of Rs. 50 each*
- *General reserves: Rs. 20,00,000*
- *Capital reserves: Rs. 5,00,000*
- *Securities premium: Rs. 7,50,000*
- *Surplus (P&L): Rs. 1,00,000*
- *Net profit for the year: Rs. 3,50,000*
- *Board of directors of the company wishes to declare 10% Dividend. (Rs. 5,00,000)*
- *Average rate of Dividend during the last three years: 15%*

Solution-

A. *Maximum amount that can be withdrawn from accumulated profits: Rs. 8,10,000 [1/10 of (Rs. 10,00,000 + Rs. 50,00,000 + Rs. 20,00,000+1,00,000]*
B. *15% of total capital Rs 60,00,000 to be retained in the Reserves i.e Rs. 9,00,000*
C. *General reserves- Rs. 20,00,000+ Rs. 1,00,000= Rs. 21,00,000*
D. *Maximum amount that can be taken from reserves- 12,00,000 (Rs. 21,00,000 - Rs. 9,00,000)*
E. *Available profits- Rs. 3,50,000+ Rs. 1,00,000- Rs. 1,00,000 (dividend on preference shares)= Rs. 3,50,000*
F. *Dividend desired to be declared by the Board of the company: Rs.5,00,000*

Although the company has insufficient/ inadequate profits for the year, it can utilize the amount mentioned in pt. D.
Hence, company can declare Dividend @ 10%

Companies Act strictly prohibits the declaration/payment of such dividend-

1. from reserves other than free reserves
2. unless carried over previous losses and depreciation not provided in previous year/s are set off against profit of the company for the current year.
3. If the company has defaulted in and till the time the default is subsisting-
    - Redemption of debentures or payment of interest thereon or creation of debenture redemption reserve,
    - Redemption of preference shares or creation of capital redemption reserve,
    - Payment of Dividend declared in the current or previous financial year(s),
    - Repayment of any term loan to a bank or financial institution or interest thereon,

Procedure for Declaration of Dividend-

Declared by-	**When can the dividend be declared-**	**Prior intimations in case of a listed company-**
The Board of Directors	During any financial year or at any time during the period from closure of financial year till holding of the annual general meeting.	i) 2 working days (excluding the date of intimation and date of the meeting) to stock exchange about the meeting of the board of directors in which declaration/ recommendation of dividend is to be considered. *[Regulation 29 of SEBI (LODR) Regulations, 2015]* ii) 7 days in advance about the intimation of the record date to all the stock exchange(s) at least. *[Regulation 42 of SEBI (LODR) Regulations, 2015]*

Post declaration compliances-

Compliances	**Timelines**	**Penalties-**
The Company to deposit the amount of the dividend, including interim dividend, in a scheduled bank in a separate account. * The amount of dividend recommended for declaration/ declared, should form a part of the Director's Report. * The top 1000 listed entities to disclose on its website a dividend distribution policy, the web-link of which needs to be provided in their annual reports	within 5 days from the date of declaration	
Company to distribute the declared dividend or post the warrants.	within 30 days from the date of declaration	Imprisonment to the directors, which may extend to 2 years and; Fine- not less than Rs. 1,000 for every day during which such default continues and The company shall be liable to pay simple interest at the rate of 18% per annum during the

Compliances	Timelines	Penalties-
		period for which such default continues:
In case the dividend has been declared by a company but has not been paid or claimed within 30 days from the date of the declaration→ The company to transfer the total unpaid or unclaimed amount of dividend to a special account in any scheduled bank to be called the Unpaid Dividend Account.	within 7 days from the date of expiry of the said period of thirty days,	Rs. 1,00,000 and in case of continuing failure, with a further penalty of Rs. 500 for each day during which such failure continues, subject to a maximum of Rs. 10,00,000 and every officer of the company who is in default shall be liable to a penalty of Rs.25,000 and in case of continuing failure, with a further penalty of Rs. 100 for each day after the first during which such failure continues, subject to a maximum of Rs. 2,00,000
Any amount which was transferred to the Unpaid Dividend Account if remains unpaid or unclaimed for a period of seven years from the date of such transfer- The company to transfer with interest accrued, if any, and the corresponding shares by the company to the Fund established under sub-section (1) of section 125.	-	-

INVESTOR EDUCATION AND PROTECTION FUND.

This fund, as the name suggests, was established for the education, protection, and awareness of the shareholders, by the Central Government.

The amounts deposited into this fund shall be used only for the following mentioned purposes-

1. unclaimed dividends, matured deposits, matured debentures, the application money due for refund and interest thereon;
2. promotion of investors' education, awareness and protection;
3. distribution to any eligible and identifiable applicants for shares or debentures, shareholders, debenture-holders or depositors who have suffered losses due to wrong actions by any person, in accordance with the orders made by the Court which had ordered disgorgement;
4. reimbursement of legal expenses incurred in pursuing class action suits under sections 37 and 245 by members, debenture-holders or depositors as may be sanctioned by the Tribunal; and
5. for any other purpose incidental thereto.

Any amount required to be credited by the companies to the Fund as per sub-section (2) of section 125 of the Act shall be remitted online along with a Statement in Form No. IEPF 1 containing transfer related details to the Authority within a period of thirty days of such amounts becoming due to be credited to the Fund.

For the smooth and effective functioning and administration of this fund, the Central Government has constituted an authority consisting of a Chairperson and such other members, not exceeding seven and a Chief Executive Officer. The authority shall be competent to spend money out of the Fund for carrying out the objects specified the Act.

The IEPF authority has prescribed the following forms for the mentioned purposes vide the IEPF Rules, 2016-

Purpose	E-form	Timelines
Statement of amounts credited to Investor Education and Protection Fund	IEPF Form-1	Within a period of 30 days of such amounts becoming due to be credited to the Fund.
Statement of unclaimed and unpaid amounts	IEPF Form-2	Within a period of 60 days after the holding of Annual General Meeting or the date on which it should have been held as per the provisions of section 96 of the Act, whichever is earlier and every year thereafter till completion of the seven years period.
Statement of shares and unclaimed or unpaid dividend not transferred to the IEPF	IEPF Form-3	Within 30 days from the end of financial year.
Statement of shares transferred to the IEPF	IEPF Form-4	Within 30 days of the corporate action taken.
Application to the Authority for claiming unpaid amounts and shares out of IEPF		
Statement of amounts credited to IEPF on account of shares transferred to the fund	IEPF Form-7	Within 30 days from the date of remittance.

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BLISS Tips for the Month

BLISS Tips #268: With BLISS, Store your financial year related documents in user defined folders.

BLISS helps in storing the secretarial and legal documents in a structured manner financial year-wise. It enables user to upload digitized secretarial records for the past years, i.e. from the year of incorporation of the Company till the financial year for which they have subscribed to. In addition to the pre-defined categories in the past records section, user can create customized folder as required by the Company to upload and store the documents. Admin can also lock the Past Records repository so that other users do not tamper with these records, thereby ensuring the security and confidentiality of the data stored in the BLISS e-repository.

Click here to view the detailed steps to upload documents in past records.

BLISS Tips #269: With BLISS, restrict the view of confidential agenda items for select users of BLISS.

BLISS helps with restricting access to sensitive data for different categories of users, to ensure that the confidentiality of data is maintained.

1. **Access restriction for users with Editor rights:** Access to an agenda item can be restricted for a user with editor rights by the Admin, to maintain confidentiality of sensitive information. The Editor will be able to view the list of agenda item numbers which are restricted for his/ her access and will be allowed to edit only those items where access is permitted.

2. **Access restriction for Directors/Invitees:** BLISS enables the user with Editor or Admin rights to restrict users with Director or Invitee rights from viewing any selected Agenda item/(s) of the Board and/or Sub-Committee Meetings that contains sensitive or personal information that is not intended for their viewing.

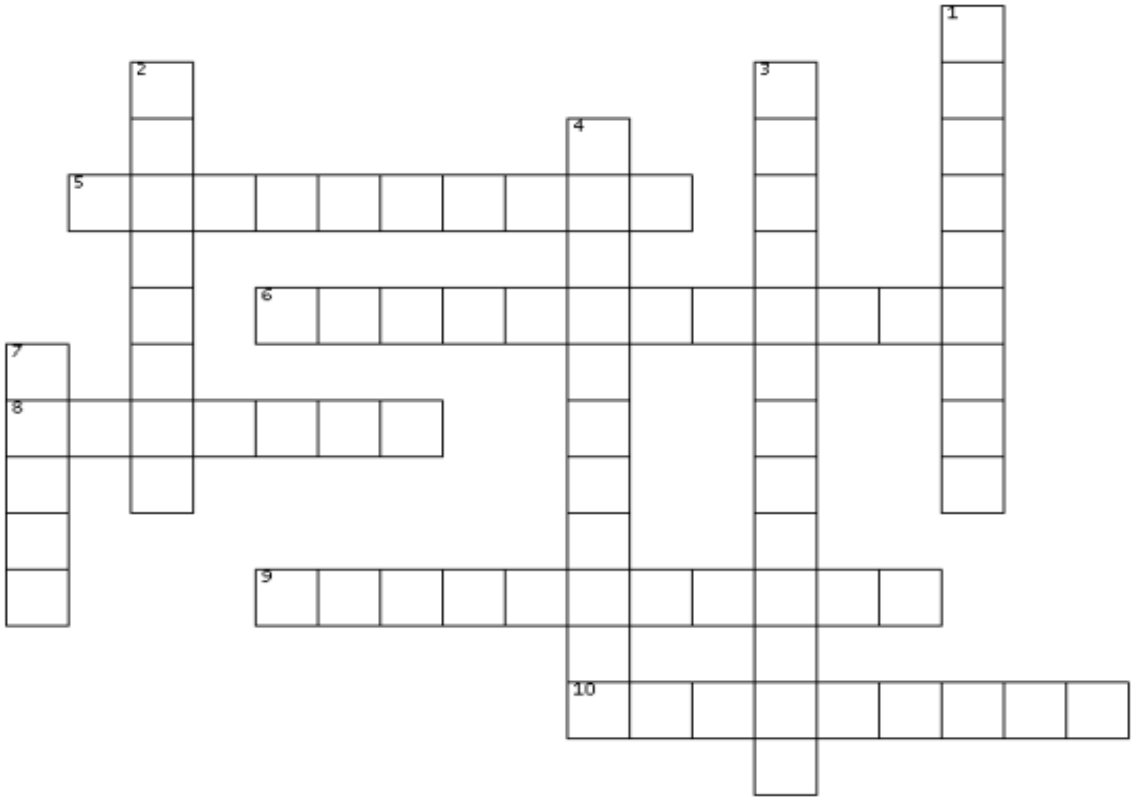
To know how BLISS facilitates this, please click on the below links: Restrict access for users with Editor rights. Restrict/ hide agenda for select users.

Test your Gray Matter!! Take our Quiz and Crossword Puzzle to find out!

1. **For how long the Company needs to maintain the data in its structured digital database**
   a. 3 Years
   b. 6 Years
   c. 8 Years
   d. 10 Years
2. **Within how many days does the KMP have to disclose his/her appointment to the stock exchange?**
   a. 3 days
   b. 5 days
   c. 12 days
   d. 7 days
3. **Name the policy which is adopted by the companies to prevent the misuse of confidential information which separates those areas of organization which routinely have access to confidential information, from those areas which deal with sale/marketing/investment advice or other departments providing support services.**
   a. Chinese Wall policy
   b. Whistle Blower Policy
   c. UPSI Policy
   d. Firewall Policy
4. **Are PIT Regulations applicable on transmission of shares?**
   a. Yes
   b. No
5. **What must be the value that the designated person should mention while reporting trades to the Company?**
   a. Value of trade less Brokerage, Commission etc.
   b. market rate
   c. Net of taxes and all transaction charges
   d. Market rate plus transaction charges.

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CORSSWORD PUZZLE



ACROSS

5. In case of changes to the annual report, the revised copy shall be sent to the shareholders within _____ hours of the AGM
6. The Chairperson of the Stakeholders Relationship Committee shall be a _____ director
8. _____ percent security cover is required to be maintained in case of secured listed non-convertible debt securities
9. The maximum voting rights of SR shareholders in the issuer upon listing pursuant to an Initial Public Offer shall be _____ percent
10. In case of any change or appointment of a new share transfer agent the listed entity shall intimate such appointment, to the stock exchange(s) of entering into the agreement

DOWN

1. The statement of utilization of funds is required to be submitted by a listed 'Not for Profit Organization' on a _____ basis
2. The top _____ entities based on market capitalization shall formulate a dividend distribution policy
3. _____ policy is required to be formulated for directors and employees to report genuine concerns.
4. Vacancy in the office of CEO shall be filled within _____ from the date of such vacancy
7. A person who is a whole-time director in a listed company shall not be appointed as an independent director in more than_____ companies

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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 July 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	Extension granted till 31st July, 2023. (Original due date: 30th June, 2023)
2.	DIR-3 KYC- KYC of Directors	Rule 12A Companies (Appointment and Qualification of Directors) Rules, 2014	on or before 30th September every year.
SEBI (LODR) Regulations, 2015 Compliances			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1	Regulation 13 (3) - Statement of Grievance Redressal Mechanism	13(3)	Within 21 days from the end of the quarter.
2	27(2)(a) – Corporate Governance Report :	27(2)(a)	Within 21 days from the end of the quarter.
3	Regulation 31 (1) (b)- Shareholding Pattern :	31(1)(b)	Within 21 days from the end of the quarter.
4	Reconciliation of share capital audit report: SEBI (Depositories and Participants) Regulations, 2018	76	Within 30 days from the end of the quarter.
SEBI (PIT) Regulations, 2015			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1	Continual Disclosures by Every promoter, and director of every 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	7(2)	Within two trading days of receipt of the disclosure or from becoming aware of such information
2	SDD Compliance Certificate or a Practising Company Secretary (PCS).	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 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

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Sl. No.	Compliance requirement	Regulation reference	Timeline
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 June 2023

- **31-05-2023**

  MCA notifies Companies (Accounts) Second Amendment Rules, 2023 w.e.f 02/06/2023.

  The MCA has notified Companies (Accounts) Second Amendment Rules, 2023 and has stipulated that for the financial year 2022-23, Form CSR-2 shall be filed separately on or before 31/03/2024 after it has duly filed its Annual Financial Statements in the format applicable to that particular company i.e. AOC-4, AOC-4 NBFC or AOC-4 XBRL.

- **05-06-2023**

  Guideline for constitution of Panel of Insolvency Professionals under IB Code, 2016.

  The Insolvency and Bankruptcy Board of India ("the Board") has issued guidelines known as 'Insolvency Professionals to act as Interim Resolution Professionals, Liquidators, Resolution Professionals and Bankruptcy Trustees (Recommendation) Guidelines, 2023', to provide the procedure to constitute a panel of Insolvency Professionals (IPs) to act as Interim Resolution Professionals (IRPs), Liquidators, Resolution Professionals (RPs) and Bankruptcy Trustees (BTs) in order to avoid administrative delays in the appointment of IP. The panel of IPs constituted as per these guidelines will be effective from 1st July 2023 to 31st December 2023.

  Guidelines for empanelment constitution:

  1. IPs to satisfy the eligibility criteria as specified in the guidelines.

  2. The Board is required to obtain the Expression of Interest (EOI) from the IPs to act as the IRP, Liquidator, RP, and BT. The eligible IPs to submit the EOI by June 25, 2023 in the prescribed format.

  3. The Board to prepare a common Panel of IPs for appointment as IRP, Liquidator, RP and BT and share the same with the Adjudicating Authority (Hon'ble NCLT and Hon'ble DRT). The Panel will have a validity of six months.

  4. The Guideline has also specified the scoring criteria for the IPs.

  5. The inclusion of the name of the IP in the panel will be deemed acceptance to act as IRPs, Liquidator, RP or BT. The IPs to not withdraw their consent or refuse to accept the appointment unless otherwise permitted by Adjudicating Authority or surrender his registration or membership during the validity of the panel.

- **14-06-2023**

  Filing of Annual Secretarial Compliance Report (ASCR) in XBRL format on BSE Listing Center.

  BSE has informed that the facility to file ASCR in XBRL mode will be made available on its portal from 15/06/2023 onwards. The due date for the filing of the ASCR for the financial year ended 31st March, 2023 is 30/06/2023.

  SEBI notifies Listing Obligations and Disclosure Requirements (Second Amendment) Regulations, 2023 w.e.f 15/07/2023.

  Key highlights of the amendments made to SEBI LODR are as follows:

  1. **New Definition is inserted to define the scope of Mainstream Media**, which shall include print or electronic mode of newspaper, news channels, content published by news channels etc.

     Further, SEBI now requires that the top 100 listed entities with effect from 01/10/2023 and thereafter the top 250 listed entities with effect from 1/04/

2024 shall confirm, deny or clarify any reported event or information in the mainstream media which is not general in nature and which indicates that rumours of an impending specific material event or information are circulating amongst the investing public, as soon as reasonably possible and not later than twenty four hours from the reporting of the event or information. If confirming such rumours, it shall also provide the current stage of such event.

2. **Timeline for filling of vacancies of:**

a) **Compliance officer or** Chief Executive Officer, Managing Director, Whole Time Director, Manager or the Chief Financial officer shall be carried out not later than 3 months. No appointment shall be made in interim capacity unless such appointment is according to laws applicable in case of a fresh appointment of a Compliance Officer and obligations under such law has been made applicable on the person so appointed.

b) **The Director** shall be filled at the earliest but not later than 3 months. However, if the listed entity becomes non-compliant with the Board composition requirement due to expiration of the term of office of any director, the resulting vacancy shall be filled by the listed entity on the same date. The requirement of this provision will not be triggered if the composition of the Directors on the Board of listed entity is in order without filling the vacancy.

3. **Applicability of Regulations 15 to Regulation 27 of SEBI(LODR) to a 'high value debt listed entity'** shall be on a 'comply or explain' basis until March 31, 2024.

4. With effect from 01/04/2024, **continuation of a director serving on the board of directors** of a listed entity shall be subject to the approval by the shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment. For the directors who are on board as on March 31, 2024, without the approval of the shareholders for the last five years or more shall be subject to the approval of shareholders in the first general meeting to be held after March 31, 2024.

This requirement however shall not be applicable to WTD, MD, Manager, Independent Director or a Director retiring by rotation if the approval of the shareholders for the reappointment or continuation of the aforesaid directors or Manager is provided for by the Companies Act, 2013 and has been complied with.

This requirement shall also be not applicable on following persons:

i) Director appointed pursuant to an order of court or Tribunal.

ii) Nominee Director of the Government on board of a listed Company.

iii) Nominee Director of a financial Sector regulator.

iv) Director nominated by a financial institution registered with the RBI.

v) A Debenture Trustee registered with the SEBI.

5. Disclosures to Stock Exchanges:

A. Listed entities to disclose the details of cyber security incidents or breaches or loss of data or documents along with the Corporate Governance Report submitted to the Stock Exchanges.

B. The listed entity to also include omission of an event or information, whose value or the expected impact in terms of value, exceeds the lower of the following as

material information for the purpose of disclosure to the stock exchange:

i) two percent of turnover, as per the last audited consolidated financial statements of the listed entity;

ii) two percent of net worth, as per the last audited consolidated financial statements of the listed entity, except in case the arithmetic value of the net worth is negative;

iii) five percent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed entity.

6. **Revision of Timelines for disclosure of material events /information is as follows:**
   I. thirty minutes from the closure of the meeting of the board of directors in which the decision pertaining to the event or information has been taken.
   II. twelve hours from the occurrence of the event or information, in case the event or information is emanating from within the listed entity.
   III. twenty four hours from the occurrence of the event or information, in case the event or information is not emanating from within the listed entity.
7. Regulation 30A has been introduced which states that all the parties to the agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity or of its holding, subsidiary or associate company, among themselves or with the listed entity or with a third party, solely or jointly, which, either directly or indirectly or potentially or whose purpose and effect is to, impact the management or control of the listed entity or impose any restriction or create any liability upon the listed entity, must disclose to the listed entity about the agreements in which the company is not a party within 2 working days of entering into such contracts or agreements. The Company further shall disclose all such agreements to the stock exchange.

   The Company shall also disclose such number of agreements and their salient features including the link to webpage where complete details of the agreements are available in its annual report relating to F.Y 2022-23 or for F.Y 2023-24.
8. Regulation 31B has been inserted which states, any special right granted to a shareholder subsisting on the date of this notification or any special right granted after this amendment shall be approved by the shareholders in a general meeting by way of a special resolution once in every five years starting from the date of publish of this notification and date of grant of such right respectively. This shall not be applicable on the special rights granted by the Company to a Financial Institution or a Debenture Trustee if they become shareholders.
9. The listed entity, subsequent to its listing, shall disclose its financial results for the quarter or the Financial Year immediately succeeding the period for which financial statements have been disclosed in the offer document.
10. The Voluntary requirement for the top 1000 listed entities based on market capitalisation to submit **Business Responsibility and Sustainability Report** has now been made compulsory. Business Responsibility Report as required to be submitted earlier, is done away with. The said entities are now mandatorily required to submit a Business Responsibility and Sustainability Report in the

format specified by the Board. Further, the listed entities are also required to make disclosures and obtain assurance for their value chain as per the Business Responsibility and Sustainability Core.

Regulation 47A has been newly introduced titled **'Sale, lease or disposal of an undertaking outside Scheme of Arrangement'.** The regulation provides that prior approval of shareholders by way of special resolution is required to be obtained for sale, lease or disposal of whole or substantially whole of the undertaking. The statement annexed to the notice sent to the shareholders shall contain object and commercial rationale for the said sale/ lease/ disposal and shall specify the manner of utilization of proceeds. The requirement for approval of shareholders by way of special resolution shall not be applicable in case of sale/ lease/ disposal of an undertaking by a listed entity to its wholly owned subsidiary whose accounts are consolidated with the listed entity.

11. The schedule of the analysts or institutional investors meet shall be disseminated on the website of the listed entity at least two working days in advance (excluding the date of intimation and the date of meet).
12. Part A of Schedule III has been amended to include the following disclosures to be made to the stock exchanges, to name a few:

A. Events to be disclosed without the application of guidelines of materiality:

a. In addition to the existing requirement of disclosing to the stock exchange sale/ disposal of units, division or subsidiary, listed entities are now required to disclose sale/ disposal of whole or substantially whole of the undertaking and sale of any stake in its associate company.

b. Agreements entered into by the shareholders, promoters, promoter group entities, related parties, directors, key managerial personnel, employees of the listed entity, its holding company, subsidiary company or associate company among themselves, or with the listed entity or with a third party, whose purpose is to impact the management or control of the listed entity.

c. In addition to frauds/ defaults by promoter, key managerial personnel, listed entity or arrest of the key managerial personnel or promoter, frauds/ defaults by director, senior management or subsidiary or arrest of senior management or director, whether occurred in India or not, is required to be disclosed to the Stock exchanges.

d. Letter of resignation along with detailed reasons of resignation in case of resignation of key managerial personnel, senior management, compliance officer, or director other than independent director.

e. Unavailability of the Managing Director or CEO to fulfil requirements in a regular manner for more than forty five days in any rolling period of ninety days.

f. Voluntary revision of financial statements or report of the Board of Directors of the listed entity under section 131 of the Companies Act, 2013.

B. Events to be disclosed upon application of guidelines of materiality:

a. Pendency of any litigation/ dispute or outcome which has an impact on the listed entity.

b. Delay or default in the payment of fines, penalties, dues, etc. to any regulatory, statutory, enforcement or judicial authority.

Non- applicability of the moratorium to the corporate debtor in the event of specified transactions, arrangements, or agreements-

As per Section 14 (1) of the Insolvency and Bankruptcy Code, 2016, the Adjudicating Authority can declare moratorium on the suits, transactions related to assets, any security interest and recovery of property.

However, the Central Government vide Section 13 (3) (a) has the power to exempt any transactions, arrangements or agreements from such moratorium declared by the Adjudicating Authority. Hence, the Central Government vide MCA notification dated 14.06.2023 has stated that the declaration of moratorium by the Adjudicating Authority shall not be applicable to the following–

1. The Production Sharing Contracts, Revenue Sharing Contracts, Exploration Licenses and Mining Leases made under the Oilfields (Regulation and Development) Act, 1948 (53 of 1948) and rules made thereunder; and
2. Any transactions, arrangements, or agreements, including Joint Operating Agreement, connected or ancillary to the transactions, arrangements or agreements referred to in clause (i).

- **21-06-2023**

Relaxation of additional fees towards filing DPT-3 for the FY ended 31st March 2023.

On account of the transition of MCA-21 Portal from Version -2 to Version -3, the authorities have decided to extend the due date of filing the Return of deposits (Form DPT-3) for the FY ended 31st March 2023 to 31st July 2023 from 30th June 2023, without paying additional fees.

- **28-06-2023**

BSE & NSE notifies Framework for restricting trading by Designated Persons by freezing PAN at security level w.e.f Quarter ended 30/09/2023.

In reference to the SEBI notification dated 05/08/2022 regarding restriction of trading by Designated Persons during notional trading window closure period, BSE & NSE has notified the framework which shall be effective from the quarter ending 30/09/2023, for restricting such trade by Designated Persons of the listed entities.

As it was effective initially only for the entities forming part of SENSEX 30 & NIFTY 50, going further, the provisions of said SEBI circular has now been made applicable to declaration of financial results by the listed company in following phased manner:

- For Quarter ending on 30/09/2023- list of Companies shortlisted shall be shared by 21/07/2023.
- For Quarter ending on 31/12/2023- list of Companies shortlisted shall be shared by 20/10/2023.
- For Quarter ending on 31/03/2024- It will be applicable to all the listed entities**.**

Listed entities are also required to designate one of the depositories as its designated depository and provide the information including PAN of Promoter(s), promoter group, director(s) and designated person(s) in the manner as specified by the depositories according to SEBI circular no– SEBI/HO/ISD/ISD/CIR/P/2020/168 dated September 9, 2020. Further, listed entities shall update their designated person list in the manner specified by the depositories on regular basis. (Read more..) Click here for SEBI Circular.

- **30-06-2023**

  SEBI and Exchanges notifies updated Master Circular compilation for Listed entities.

  - Multiple circulars have been issued, over the years, covering the operational and procedural aspects of the continuous disclosure requirements for issuers of listed Non-convertible Securities, Securitized Debt Instruments and Commercial Paper prescribed by SEBI(LODR) Regulations 2015.
  - For effective regulation of the corporate bond market and to enable the issuers and other market stakeholders to get access to all the applicable circulars at one place, a Master Circular has been issued by SEBI on 30th June 2023, compiling all the relevant existing circulars, with consequent changes.
  - On similar grounds, the NSE and BSE have also prepared a Master circular for Listed Companies which is a compilation of relevant and updated circulars/guidelines as on May 31, 2023 and June 14, 2023 respectively relating to –
    - Listing Approvals ie. IPO, Further Issues, Scheme of arrangement etc,
    - Listing Compliance ie. Listing Regulations (Equity and Debt), SAST and PIT
    - which are operational as on date of this circular.

Solution for Quiz:

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

Solution for Crossword:

1. Quarterly	2. Thousand
3. Whistle Blower	4. Three Months
5. Forty-eight	6. Non-executive
7. Three	8. Hundred
9. Seventy-Four	10. Seven days

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About CimplyFive

Vision

Leverage research and technology to eliminate procedural non-compliance risk for entities regulated by the Indian Companies Act, 2013

Mission

Provide a cost-effective, secure web-based, menu driven, subscription services that provides curated resolutions, timely alerts and informative dashboards to free the management bandwidth for pursuing business goals



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