

Editorial

Environmental, Social, and Governance (ESG) considerations have become integral components in evaluating the sustainability and ethical impact of businesses and investments. Stakeholders, including investors, consumers, employees, and regulators, increasingly recognize the importance of ESG factors in decision-making processes. In this backdrop, this newsletter contains an article on Environmental Sustainability and Environmental, Social Governance covering various regulations and the recent trends, and its disclosure requirements.

Our regular features comprising of Gist of Changes in the Companies Act, 2013, SEBI's LODR, 2015 and IB Code, 2016, and Statutory Compliance Calendar for the month of February 2024 have been included in the Newsletter.

Please share your feedback on this newsletter with us at contact@cimplyfive.com, we eagerly look forward to it.

Happy reading,
Team CimplyFive
February 06, 2024

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 Gray 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, SEBI (LODR) and IB code. Our site has crossed **36 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 January 2024 here is based on visitors to our site.

For the Month of January 2024
Companies Act, 2013 Top 5 Chartbusters

Rank in December	Change in Rank	Rank in January	Section reference	Section title
1	↔	1	62	Further issue of share capital
4	↑	2	135	Corporate Social Responsibility
2	↓	3	179	Powers of Board
3	↓	4	188	Related party transactions
5	↔	5	186	Loan and investment by company

There were no new sections in the top 5, however the rankings have changed.

LODR Top 5 Chartbuster Regulations

Rank in December	Change in Rank	Rank in January	Section reference	Section title
1	↔	1	30	Disclosure of Events or Information
2	↔	2	17	Board of Directors
3	↔	3	23	Related Party Transactions
5	↑	4	29	Prior Intimations
N	↑	5	18	Audit Committee

Regulation 18 replaced regulation 2 in the top 5 rankings.

IB Code Top 5 Chartbusters

Rank in December	Change in Rank	Rank in January	Section reference	Section title
1	↔	1	59	Voluntary liquidation of corporate persons
3	↑	2	5	Definitions
4	↑	3	29	Preparation of information memorandum
N	↑	4	30	Disclosure of events or information
2	↓	5	33	Initiation of liquidation

Section 3 has been replaced with Section 30 in the top 5 Ranking.

 Copyright © 2024, CimplyFive

Article of the Month:

'Environmental Sustainability'

Introduction:

"Meeting the needs of the present, without compromising the ability of future generations to meet their own needs." - United Nations Brundtland Commission's definition of sustainability.

Environmental Sustainability is one among the three pillars of Sustainability which involves maintaining the balance of ecosystems, minimizing environmental impact, and ensuring the long-term health of the planet. Achieving this with dedication from Individuals, businesses, governments, and organizations, play a crucial role in promoting environmental sustainability. Governments have enacted and enforced regulations that promote sustainable practices such that businesses can adopt environmentally friendly policies, and individuals can make conscious choices in their daily lives to reduce their ecological footprint. The goal is to create a world where current and future generations can thrive in a healthy and balanced environment.

Historic steps to Environmental, Social and Governance compliance for Corporates (ESG)

Generally, there is a particular regulation or a framework which provides for adherence to the compliance. However, in case of the ESG, there is no particular framework, regulations or act to adhere. It forms a part of various acts, rules and regulations.

In case of Companies Act, 2013, in section 134 (Financial statement, Board's report, etc), there is a clause which requires details of conservation of energy to be mentioned in the Board's Report, and further, Section 135 (Corporate Social Responsibility) read with Companies (Corporate Social Responsibility Policy) Rules, 204 requires the corporates to contribute to the social wellbeing of the community mandatorily in case they cross a certain threshold.

In case of Securities Exchange Board of India (SEBI), in the year 2012, based on the Market capitalization, the top 100 listed entities were required to file Business Responsibility Report **(BRR)** showing the non-financial status based on ESG aspects. The report was upgraded w.e.f. the financial year of 2022-2023 in the form of Business Responsibility and Sustainability Report (BRSR), wherein the top 1000 Listed entities based on market capitalization shall include the same in their Board's report. With the introduction of BRSR Core, the reporting requirements have become more in-depth as compared as compared to BRR.

Investments on ESG has been introduced by a way of Green deposit framework, Green Debt Securities and ESG mutual find Schemes.

The format for disclosures under ESG is based on the nine principles stipulated in the "National Guidelines on Responsible Business Conduct" (RBC Guidelines) of which principles w.r.t. ESG are listed below:

Principles	Basis of Disclosure	Criteria
Principle-1: Businesses should conduct and govern themselves with integrity, and in a manner that is ethical, transparent, and accountable. **Principle-4:** Businesses should respect the interests of and be responsive to all its stakeholders. **Principle-7:** Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent.	Governance Disclosures	- **Board Structure:** Information on the composition of the board, including diversity, independence, and the roles of key board members. - **Executive Compensation:** Disclosure of executive pay structures and alignment with company performance. - **Anti-Corruption Policies:** Information on measures taken to prevent corruption, bribery, and unethical business practices.

 Copyright © 2024, CimplyFive

Principles	Basis of Disclosure	Criteria
Principle-2: Businesses should provide goods and service in a manner that is sustainable and safe. **Principle-6:** Businesses should respect and make efforts to protect and restore the environment.	Environmental Disclosures	- **Carbon Emissions:** Companies may disclose their greenhouse gas emissions, energy consumption, and efforts to reduce their carbon footprint. - **Resource Usage:** Information on water consumption, waste generation, and other resource-related metrics may be disclosed. - **Biodiversity Impact:** Companies may disclose their efforts to protect biodiversity and minimize negative impacts on ecosystems.
Principle-3: Businesses should respect and promote the well-being of all employees, including those in their value chains. **Principle-5:** Businesses should respect and promote human rights. **Principle-8:** Businesses should promote inclusive growth and equitable development. **Principle-9:** Businesses should engage with and provide value to their consumers in a responsible manner.	Social Disclosure	- **Labor Practices:** Information on employee relations, working conditions, and efforts to promote diversity and inclusion. - **Human Rights:** Companies may disclose how they address human rights issues within their operations and supply chain. - **Community Engagement:** Disclosure of community involvement, philanthropy, and efforts to contribute positively to local communities.

Principles	Basis of Disclosure	Criteria
General Disclosures	General	**Data and Reporting:** - **Data Accuracy:** Assurance that disclosed information is accurate, reliable, and verifiable. - **Periodic Reporting:** Companies may provide regular reports on their ESG performance, often in annual sustainability reports. - **Standards Compliance:** Disclosure of adherence to recognized ESG reporting standards such as the Global Reporting Initiative (GRI) or Sustainability Accounting Standards Board (SASB). **Risk Management:** - **Identification of ESG Risks:** Companies may disclose how they identify and manage environmental, social, and governance risks that could impact their business. **Stakeholder Engagement:** - **Communication with Stakeholders:** Information on how the company engages with and responds to the concerns of its various stakeholders. **Supply Chain Practices:** - **Supply Chain Transparency:** Disclosure of efforts to ensure responsible and sustainable practices throughout the supply chain.

BLISS Tips for the Month

BLISS Tips #283: Board Evaluation made easy with CimplyBest!

CimplyBest (CimplyFive's Board Evaluation Survey Tool) is a custom-built software for Board Evaluation crafted to fuse the requirements of Indian Company Law and Global Best Practices. With our board evaluation tool, the user will get multiple configurable, pre-populated surveys for Board, Chairperson, Sub-committee, Independent Directors, and Executive Directors. User can choose multiple question types for optimal feedback like Yes/No, Single or Multiple line, MCQ, Check box, Drop down or Rating.

BLISS Tips #284: With BLISS, retrieve Secretarial documents within seconds!

With the e-repository module of BLISS, all the records created using the tool get automatically stored financial year wise and meeting wise. Further, the records of Circular Resolutions, Finalized Registers, Returns and approved Actions are also automatically stored in distinct folders of that financial year. It also enables users to securely store past secretarial records in a digitized as well as standardized format, encompassing the period from the Company's inception to the subscribed financial year. These Records are downloadable in a Zip folder.

Test your Gray Matter!! Take our Quiz to find out!

1. Stakeholders Relationship Committee is required to be constituted if the Board of Directors of a Company consists of more than _____ shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year?
   a. One hundred
   b. One thousand
   c. Five hundred
   d. Five thousand

2. Within what timeline is the listed entity required to submit the Shareholding Pattern to the stock exchange(s) in case of capital restructuring which results in a change exceeding two percent of the total paid-up share capital?

a. Within 15 days
b. Within 21 days
c. Within 10 days
d. Within 7 days

3. The top ___ listed entities are required to provide one-way live webcast of the proceedings of the annual general meetings.
   a. 1000
   b. 50
   c. 100
   d. 150

4. A Resolution Professional shall make available any financial information so required by Committee of Creditors within a period of _____ days of such requisition.
   a. Ten
   b. Fifteen
   c. Five
   d. Seven

5. The Promoter of every target company shall declare on a yearly basis that he, along with persons acting in concert, has not made any encumbrance, directly or indirectly, other than those already disclosed during the financial year. The said declaration shall be made within _____ working days from the end of each financial year.
   a. Two
   b. Seven
   c. Five
   d. Ten

 Copyright © 2024, CimplyFive

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 February 2024

Compliances for Companies under Companies Act, 2013			
Sl. No.	**Compliance Requirement**	**Section/ Rules**	**Due Date**
NIL			
SEBI (LODR) Regulations, 2015 Compliances			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
NIL			
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
SEBI (SAST) Regulations, 2011			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1.	Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to 5% or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company.	29(1)	Within 2 Working days of receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company
2.	Any acquirer, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose every acquisition or disposal of shares of such target company representing two per cent or more of the shares or voting rights in such target company.	29(2)	Within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company
3.	The Promoter shall disclose details of shares in such target company encumbered by him or by PAC's with him in such form as may be specified.	31(1)	Within 7 working days from the creation of encumbrance
4.	A Promoter shall disclose details of invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.	31(2)	Within 7 working days from the invocation or release of encumbrance as the case may be

 Copyright © 2024, CimplyFive

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of January 2024.

- **24-01-2024**

Introduction of Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024.

MCA vide this notification has introduced the Companies (Listing of equity shares in permissible jurisdictions) Rules, 2024 with immediate effect.

For the purpose of this rule, Permissible Jurisdiction means International Financial Services Centre in India and Permitted Stock Exchange means India International Exchange, NSE International Exchange.

- Applicability- The provisions of these rules are applicable only to
    - unlisted public companies
    - listed public companies, as long as they are in accordance with regulations framed or directions issued in this regard by the Securities and Exchange Board or the Authority, which issue their securities for the purposes of listing on permitted stock exchanges in permissible jurisdictions.

  Following companies shall not be eligible to issue its equity shares for listing in accordance with the said rules-

    - Section 8 companies, Nidhi companies under Section 406 of the Companies Act, 2013 ("The Act");
    - Company limited by guarantee and having share capital.
    - has any outstanding deposits accepted from the public as per Chapter V of the Act.
    - has a negative net worth.
    - has defaulted in payment of dues to any bank or public financial institution or NCD holder or any other secured creditor. This shall not apply if the default has been made good and two years had lapsed since then.
    - has applied for winding-up or for resolution or winding-up under the IBC, 2016 (31 of 2016) and in case any of its proceedings are pending.
    - In case a company has defaulted in filing of annual return or financial statement within due timelines.
    - An eligible public company not having partly paid-up shares can issue equity shares (including offer for sale of equity shares by existing shareholders) for the purposes of listing on a stock exchange in a permissible jurisdiction. Such a company shall file the prospectus in e-Form **LEAP-1** specified in the Second Schedule of the said Rules within 7 days after the same has been finalised and filed in the permitted exchange.
    - Post listing of its equity shares on any of the stock exchanges in a permissible jurisdiction, the company shall comply with IND-AS in preparation of their financial statements, in addition to any other accounting standard, as may be applicable.
    - Listing of equity shares on permitted stock exchanges in permissible jurisdiction by an unlisted public company which also intends to get its equity shares listed with any recognized stock exchange shall also comply with the conditions as may be specified by the SEBI.

25-01-2024

Extension of timeline for verification of market rumors by listed entities.

In furtherance to the SEBI Circular SEBI/HO/CFD/CFD-PoD-1/P/CIR/2023/162 dated September 30, 2023, regarding verification of market rumours by Top 100 and 250 Listed entities by market capitalization w.e.f. February 1, 2024 and August 1, 2024 respectively, SEBI vide this Circular has extended the timeline for effective date of implementation of the aforesaid provision for Top 100 Listed entities to June 1, 2024 and for Top 250 listed entities, to December 1, 2024.

- **30-01-2024**

Applicability of the framework to restrict the Designated Persons ("DPs") from trading by freezing PAN at security level to all BSE, NSE and MSEI listed companies w.e.f. April 1, 2024

With reference to the SEBI circular dated July 19, 2023 for laying down the framework for developing a system to restrict the trading by Designated Persons (DPs) by way of freezing the PAN at security level during Trading Window closure period was implemented in a phased manner, in accordance to the glide path mentioned

therein, BSE and NSE have issued a circular for the implementation of the same to all the companies listed on BSE, NSE and MSEI w.e.f. April 1, 2024.

Further, Companies that qualify must include all equity ISIN and ISINs that are convertible into equity.

Solution for Quiz:

1. b	2. c
3. c	4. d
5. b	

 Copyright © 2024, CimplyFive

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



To view the previous issues of *iComply* click here