

Editorial

As we navigate to an increasingly complex business landscape, the role of Committees under the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 assumes heightened significance. By upholding principles of accountability, transparency and integrity, these committees serve as beacons illuminating the path towards corporate excellence and stakeholder value maximization. It is imperative for organizations to recognize their pivotal role and empower them to fulfill their responsibilities diligently, thereby fortifying the foundation of corporate governance in India's corporate ecosystem. In this backdrop, this newsletter contains an article on Role of Mandatory Committees in an organization covering the need, requirements, roles & responsibilities of the committees along with the process for convening and conducting smooth Committee meetings.

We have also included exciting sections in the newsletter such as riddles and engaging brain teasers.

Our other 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 April 2024 also form a part of 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
April 05, 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 **37 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 March 2024 here is based on visitors to our site.

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

Rank in February	Change in Rank	Rank in March	Section reference	Section title
1	↔	1	62	Further issue of share capital
2	↔	2	179	Powers of Board
5	↑	3	149	Company to have Board of Directors
4	↔	4	188	Related party transactions
N	↑	5	186	Loan and investment by company

Section 135 has been replaced with Section 186 in the top 5 Ranking.

LODR Top 5 Chartbuster Regulations

Rank in February	Change in Rank	Rank in March	Regulation reference	Regulation title
1	↔	1	30	Disclosure of Events or Information
2	↔	2	17	Board of Directors
3	↔	3	23	Related Party Transactions
N	↑	4	2	Definitions
N	↑	5	7	Share Transfer Agent

Regulations 33 and 29 have been replaced with Regulations 2 and 7 respectively, in the top 5 rankings.

IB Code Top 5 Chartbusters

Rank in February	Change in Rank	Rank in March	Section., reference	Section title
1	↔	1	59	Voluntary liquidation of corporate persons
2	↔	2	5	Definitions (Part 2)
5	↑	3	3	Definitions (Part 1)
N	↑	4	29	Preparation of Information Memorandum.
3	↓	5	30	Submission of resolution plan

Sections 7 has been replaced with Section 29 in the top 5 Ranking.

Article of the Month:

"Driving Accountability: Unveiling the Key Role of Mandatory Committees"

INTRODUCTION

Committees are specialized groups established within the organizational structure to address specific functions or areas of governance mandated by Regulatory Authorities. These Committees are typically composed with Members from the Board of Directors and Senior Management with specific qualifications and expertise relevant to the Committee's area of focus.

The purpose of Committees within an organization is to:

- Enhance Corporate Governance standards.
- Ensure compliance with regulatory requirements.
- Promote transparency in decision making process.
- Address specific areas such as financial reporting, risk management and stakeholder relations.
- Foster trust and credibility among stakeholders.
- Optimize organizational performance through specialized oversight and
- Mitigate legal and regulatory risks.

Overall, the Committees serve as critical governance mechanisms that contribute to the long-term sustainability, credibility and success of the organization.

NEED FOR COMMITTEES

The need for Committees within an organization arises from several critical factors such as:

1. **Regulatory Compliance:** Governing Sections/Regulations under the Companies Act ("CA"), 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) (LODR) mandates the establishment of specific Committees to ensure compliance with legal and regulatory requirements. The Committees ensure that organizations meet these obligations and mitigate the risk of non-compliance, safeguard against legal repercussions and reputational damage.

2. **Risk Mitigation:** Dedicated Committees focused on risk management play a vital role in identifying, assessing and mitigating risks that could impact the organization's objectives and operations. By conducting thorough risk assessments, developing robust control mechanisms and monitoring risk exposure, these committees help safeguard the organizations against potential threats.

3. **Enhanced Governance:** Committees serve as a cornerstone of effective governance within the organizations. They establish clear lines of responsibility, set standards for ethical conduct and monitor compliance with laws, regulations and internal policies.

4. **Stakeholder Confidence:** Committees provide a platform for engaging with various stakeholders including investors and regulators. Through regular meetings and feedback sessions, Committees facilitate dialogue, address concerns and build stronger relationships with stakeholders.

TYPES OF MANDATORY COMMITTEES AS PER CA, 2013 AND SEBI (LODR) REGULATIONS, 2015



REQUIREMENTS OF VARIOUS MANDATORY COMMITTEES

The requirements of various Committees are mentioned in the table presented below. *Further, the abbreviations used in the table are as follows:*

1. *Paid up share capital as PUSC.*
2. *Crore as Cr.*
3. *Minimum as Min, Maximum as Max.*
4. *Independent Directors as ID(s).*
5. *Non-Executive Directors as NED(s).*
6. *General Meeting as GM(s).*
7. *Annual General Meeting as AGM.*
8. *Company Secretary as CS.*
9. *Board of Directors as BOD.*
10. *Financial Year as FY.*

Requirement of Various Mandatory Committees

Name of the Committees	Applicability	Composition	Quorum	Frequency of Meetings
Audit Committee **(AC)**	Under CA, 2013: • Every Listed Public Company. • Public Companies having PUSC of Rs. 10 Cr or more; or • Public Companies having turnover of Rs. 100 Cr or more or; • Public Companies having in aggregate outstanding loans, debentures and deposits exceeding Rs. 50 Cr.	Under CA, 2013: • Min. 3 Directors. • ID(s) shall form majority. Under SEBI (LODR) Regulations, 2015: • Min 3 Directors as Members. • >= 2/3rd of Members shall be ID(s) and in case of a listed entity having outstanding SR equity shares, the AC shall only comprise of ID(s). • Chairperson shall be ID and must be present at the AGM to answer shareholder's queries. • CS shall act as Secretary.	Under SEBI (LODR) Regulations, 2015: 2 or 1/3rd of the Members, whichever is higher and at least 2 ID(s).	Under SEBI (LODR) Regulations, 2015: • >=4 meetings must be held in a year. • Max. gap between 2 meetings must not exceed 120 days.
Nomination & Remuneration Committee **(NRC)**	Under CA, 2013: • Every Listed Public Company. • Public Companies having PUSC of Rs. 10 Cr or more; or • Public Companies having Turnover of Rs. 100 Cr or more; or • Public Companies which have, in aggregate, outstanding loans, debentures and deposits exceeding Rs. 50 cr.	Under CA, 2013: • 3 or more NED(s) out of which not less than ½ shall be ID(s). • Chairperson of the Company (whether executive or non-executive) may be appointed as a Member of the NRC but shall not Chair such Committee. Under SEBI (LODR) Regulations, 2015: • At least 3 Directors; • All shall be NED(s) and • At least 2/3rd shall be ID(s). • Chairperson shall be ID.	Under SEBI (LODR) Regulations, 2015: 2 or 1/3rd of the Members, whichever is greater and at least 1 ID.	Under SEBI (LODR) Regulations, 2015: At least once in a year.
Stakeholder's Relationship Committee **(SRC)**	Under CA, 2013: Applies to Company which consists of more than 1000 shareholders, debenture-holders, deposit-holders and any other security	Under CA, 2013: • Chairperson shall be a NED and • Such other Members as may be decided by the Board. • The Chairperson or, in his absence, any other Member of the Committee authorized by him in this behalf shall attend the GM(s) of the Company.	Not explicitly specified by Law.	Under SEBI (LODR) Regulations, 2015: At least once in a year.

 Copyright © 2024, CimplyFive

	holders at any time during a FY.	Under SEBI (LODR) Regulations, 2015: • At least 3 Directors and at least one being ID as Member. • In case of listed entity having outstanding SR Equity shares, it shall consist of 2/3rd ID(s). • Chairperson shall be NED and shall be present at the AGM(s) to answer queries of the security holders.		
Corporate Social Responsibility Committee **(CSR)**	Under CA, 2013: Applies to Company having – • Net worth of Rs. 500 Cr or more; or • Turnover of Rs. 1000 Cr or more; or • Net Profit of Rs. 5 Cr or more. During the immediately preceding FY.	Under CA, 2013: • 3 or more Directors out of which at least 1 shall be ID. • In case Company not required to appoint ID u/s 149(4), it shall consist of 2 or more directors. • In case of private Company having only 2 Directors, it shall consist of 2 Directors. • In case of foreign Company, it shall consist of at least 2 persons of which 1 Person shall be Indian Resident authorized to accept documents and notices on behalf of Foreign Company. Other Person shall be nominated by Foreign Company.	Not explicitly specified by Law.	Not explicitly specified by Law.
Risk Management Committee **(RMC)**	Under SEBI (LODR) Regulations, 2015: • Applies to Top 1000 Listed Entities determined on basis of market capitalization as at the end of the immediate preceding FY and • A 'high value debt listed entity'.	Under SEBI (LODR) Regulations, 2015: • Shall be constituted by BOD. • Minimum 3 Members with majority of them being Members of BOD including at least 1 ID. • In case of entity having outstanding SR Equity shares, it shall consist of 2/3rd ID(s). • Chairperson shall be a member of BOD and Senior Executives of the Listed Entity may be Members of the Committee.	Under SEBI (LODR) Regulations, 2015: 2 or 1/3rd of the Members, whichever is higher including at least 1 Member of the BOD in attendance.	Under SEBI (LODR) Regulations, 2015: • At least twice in a year. • Max gap between 2 consecutive meetings must not exceed 180 days.

ROLES AND RESPONSIBILITIES OF VARIOUS COMMITTEES

Each Committee has specific roles and responsibilities to ensure good governance, transparency and protection of stakeholders' interests. The summary of the key Committees and their functions are provided here under:

AUDIT COMMITTEE (AC)

Role: To oversee the financial reporting process, ensure the integrity of financial statements, review internal control systems and assess the independence and performance of auditors.

Responsibilities:

- Reviewing and monitoring the financial statements.
- Oversight of the Company's financial reporting process.
- Reviewing the adequacy and effectiveness of internal control systems.
- Recommending the appointment, remuneration and terms of appointment of auditors.
- Reviewing the audit plan and findings with the internal and external auditors.
- Investigating any matters within its scope or referred to it by the Board.

NOMINATION & REMUNERATION COMMITTEE (NRC)

Role: To ensure that the Board comprises of individuals with appropriate skills, experience and expertise and to recommend the remuneration of Directors and Senior Management Personnel.

Responsibilities:

- Identifying individuals qualified to become Board Members.
- Recommending to the Board the appointment and removal of Directors and Senior Management Personnel.
- Evaluating the performance of the Board, its committees and individual Directors.
- Formulating criteria for determining qualifications, positive attributes and independence of directors.
- Reviewing and recommending the remuneration policy for Directors and Senior Management.

STAKEHOLDER RELATIONSHIP COMMITTEE (SRC)

Role: To address and redress grievances of shareholders, debenture holders and other security holders of the Company.

Responsibilities:

- Reviewing and addressing complaints received from shareholders.
- Ensuring timely redressal of shareholder grievances related to transfer of shares, non-receipt of dividends, etc.
- Ensuring compliance with the requirements of the Companies Act, 2013 and SEBI LODR (Regulations), 2015 regarding shareholders' grievances.
- Monitoring the performance of the Company's Registrars and Transfer Agents.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE (CSR)

Role: To formulate and monitor the implementation of the Company's CSR policies and programs.

Responsibilities:

- Formulating and recommending to the board CSR policies and programs.
- Monitoring the implementation of CSR activities in accordance with the Companies Act, 2013 and SEBI (LODR) Regulations, 2015.
- Reviewing and approving CSR budgets and expenditures.
- Reporting on CSR activities in the Company's Annual Report.

RISK MANAGEMENT COMMITTEE (RMC)

Role: To identify, assess, monitor and mitigate various risks faced by the Company.

Responsibilities:

- Identifying and assessing various risks faced by the Company including financial, operational, strategic and compliance risks.
- Developing and implementing risk management policies and procedures.
- Monitoring and reviewing the effectiveness of risk management processes.
- Reporting to the Board on significant risks and mitigation measures.

 Copyright © 2024, CimplyFive

CONVENING AND CONDUCTING COMMITTEE MEETINGS

Convening and conducting Committee Meetings is a crucial aspect of effective governance and decision-making within the organizations. The extract of the key points for smooth conduct of the Committee meetings as prescribed by the Companies Act, 2013 & Secretarial Standard-1 are provided below:

1. **Notice-** The notice serves as a formal invitation to Committee Members, informing them of the date, time, location, and purpose of the meeting. It should be sent well in advance to ensure that the Members have sufficient time to prepare and attend. It should adhere to the requirements specified in the organization's bylaws, Articles of Association or Committee charter and any other regulatory requirements.

2. **Agenda -** The agenda outlines the topics to be discussed during the meeting thereby providing a roadmap for the discussion. It helps maintain focus and ensures that all necessary matters are addressed within the allotted time. The agenda should be distributed along with the meeting notice, allowing Members to review and prepare accordingly.

3. **Quorum -** It refers to the minimum number of Committee Members required to be present to conduct business and make decisions. It is typically defined in the organization's bylaws, Articles of Association, or Committee charter. Meetings cannot proceed without quorum, emphasizing the importance of attendance for effective decision-making.

4. **Attendance –** Recording of attendance are required to ensure compliance and accountability. Alternative arrangements for remote participation should be made for Members who are unable to attend in physical mode.

5. **Chairperson's Role -** The Chairperson leads the meeting, ensuring that discussions proceed in an orderly and efficient manner. Responsibilities include introducing agenda items, facilitating discussions and encouraging participation from all the Members while managing time constraints. The Chairperson maintains impartiality, enforces meeting rules and manages any conflicts or disruptions that may arise.

6. **Minutes of the meeting -** Minutes serve as a formal record of the meeting proceedings, documenting key discussions, decisions and action items. They should be accurate and concise capturing the essence of the discussions. Minutes are typically prepared by the Company Secretary or any other designated individual and circulated to Committee Members for review and approval.

7. **Confidentiality and Disclosure-** Committee Members must maintain confidentiality regarding sensitive information discussed during the meetings. Any disclosure requirements or restrictions must be communicated to the Members in advance.

8. **Follow-up Actions-** Follow-up actions are tasks or decisions that arise from the meeting discussions and require further attention or implementation. Responsibilities for follow-up actions are assigned to specific individuals along with deadlines and reporting mechanisms. Follow-up items on the agenda for future meetings to track progress should be included for better corporate governance.

CLOSING REFLECTIONS

In essence, Committees mandated by the Companies Act, 2013 and SEBI (LODR) Regulations, 2015, stand as cornerstones in the architecture of corporate governance. These Committees play a critical role in overseeing key aspects of organizational operations from financial reporting to director appointments and stakeholder engagement.

By adhering to regulatory requirements and best practices, Committees help mitigate risks, uphold ethical standards and safeguard stakeholders' interests. Their role extends beyond regulatory compliance, they serve as custodians of organizational integrity, ensuring that Companies operate in accordance with legal and regulatory frameworks.

In conclusion, Committees are not just regulatory obligations, they are fundamental components of effective corporate governance. Their commitment to upholding ethical standards, promoting transparency and fostering accountability is paramount in building resilient and sustainable organizations in today's dynamic business environment. These committees serve as dedicated platforms for addressing critical issues, facilitating informed decision-making, and upholding ethical standards within an organization.

 Copyright © 2024, CimplyFive

BLISS Tips for the Month

BLISS Tips #288: With BLISS, Eliminate Non-compliance by Tracking Pending Registers

Companies Act, 2013 mandates maintenance of statutory registers and it is the responsibility of the secretarial team to ensure timely updation of the same. With the wide array of transactions being undertaken by the Company and the number of meetings being held, it gets difficult to track and maintain all the registers.

The electronic preservation of secretarial records is considered due compliance, therefore with our secretarial automation software BLISS, users get prompt reminders to update the statutory registers. Further, the registers can be maintained on the tool with a provision to download it in excel and PDF format and generate sub-sets of the same.

BLISS Tips #289: Directors can view and generate survey reports with ease using CimplyBest!

CIMPLYBEST is a specialized software designed specifically for Board Evaluation, integrating the mandates of Indian Corporate Law with Global Best Practices. It offers tailored surveys catering to the needs of Indian Corporates, addressing aspects including the Board, Chairperson, Sub-committees, Independent Directors, Non-executive and Executive Directors, in compliance with SEBI Regulations and ICSI guidelines for Board evaluation. Users can create and circulate surveys seamlessly. With CIMPLYBEST, Directors gain access to survey reports, thereby enhancing governance effectiveness, enabling informed decision-making, and fostering enhanced organizational performance.

Test your Gray Matter!! Take our Riddles and Brain teasers to find out!

1. Acquires shares or control over a target company- **CIURQREA**

2. The sale of shares or control over a target company by a government entity – **SEITIVENTMDN**

3. The value of a company calculated as market capitalization plus debt, minority interest, and preferred shares, minus total cash and cash equivalents- **ESRREPIENTAVUL**

4. The date used for determining shareholders eligible for a letter of offer - **ITENDIIFEAD TDAE**

5. Directly or indirectly, acquiring or agreeing to acquire shares or voting rights in, or control over, a target company - **UCIAIOSTQNI**

 Copyright © 2024, CimplyFive

1. I'm assembled within a week's time,
When insolvency's rhythm starts its climb. Claims confirmed, the list does hold, For creditors, I'm the tale to unfold !

2. I'm a corporate entity, in debt I'm bound,
To any person, my dues are found.
Not an individual, but a legal entity grand,
Who am I? In financial demand.
What am I?

3. I am a set of rules, but not from afar,
Crafted by those who manage the bar. In the realm of finances, I hold sway, Yet I'm not from the law, so they say. What am I?

4. I'm owed a debt, a figure in the red,
By financial, operational, a variety I'm fed.
Secured or unsecured, I claim what's due,
In court, with a decree, my rights renew .

5. In realms of law, where debts entwine, For corporations and those who sign, I hold the gavel, justice's might, Where corporate homes find their rightful plight.



Board Leaders Integrated Software Solutions



BLISSPLUS

BLISS LISTED

BLISSGLOBAL

BLISSDOCS

CIMPLYBEST

BLISSTAT

CAIRR LODR Integrated

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

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 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 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 is a tailormade software for Indian Corporates in conducting Corporate Board Evaluation which will optimize Board's Time & Effort with confidentiality assured.

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 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 April 2024

Compliances for Companies under Companies Act, 2013			
Sl. No.	**Compliance Requirement**	**Section/ Rules**	**Due Date**
1.	MBP-1- Disclosure of interest	184(1)	First Meeting of the Board of Director in each Financial Year shall disclose his interest in the other entities.
2.	Form DIR - 8: Disclosure of non-disqualification.	164(2) and Rule 14(1)	1st April 2024
3.	MSME-1- Half yearly MSME Return for October to March period	Companies (Furnishing of information about Payment to Micro and Small Enterprise Suppliers) Order, 2019	30th April 2024
SEBI (LODR) Regulations, 2015 Compliances			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1.	Statement of Grievance Redressal Mechanism	13 (3)	Within 21 days from the end of the quarter. By 21st April 2024
2.	Corporate Governance Report	27(2)(a)	Within 21 days from the end of the quarter. By 21st April 2024
3.	Shareholding Pattern	31 (1) (b)	Within 21 days from the end of the quarter. By 21st April 2024
4.	Compliance certificate w.r.t. maintenance of Share Transfer Facility	7 (3)	Within 30 days from the end of the financial year By30th April 2024
5.	Compliance certificate w.r.t. Transfer or transmission or transposition of securities	40 (10)	Within 30 days from the end of the financial year BY30th April 2024
6.	Board of Directors – Continuation of Directors subject to approval of Shareholders in a general meeting at least once in every five years from the date of their appointment or reappointment	17 1(D)	With effect from April 1, 2024

 Copyright © 2024, CimplyFive

SEBI (PIT) Regulations, 2015			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1	SDD Compliance Certificate	3(5)	Within 21 days from the end of each quarter. By 21st April 2024
SEBI (SAST) Regulations, 2011			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1	Every Person together with PAC holds shares or voting rights aggregating to 25% or more of the voting rights in a target company	30 (1)	Within 7 working days from the end of each financial year By April 7th 2024
2	The Promoter together with PAC holding shares or voting rights in a target company shall disclose their aggregate shareholding.	30(2)	Within 7 working days from the end of each financial year By April 7th 2024

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

- **19-03-2024**

Revision in Secretarial Standard-1 ("SS-1") and Secretarial Standard-2 ("SS-2") w.e.f. 1st April, 2024

The key highlights of the amendments in SS-1 are as follows:

1. Under the applicability clause of SS-1, the exemption to a Section 8 Company and the specific exemptions given to a private company shall be provided only if the company has not committed any default in filing its Financial Statements or Annual Return with the Registrar of Companies.

2. For discussion on restricted matters, the participation of Directors through electronic means shall not be permitted unless there is a Quorum in the Meeting through physical presence of Directors.

3. In cases where the Director intimates his/ her intention of participating in meetings through electronic means at the beginning of the calendar year such intimation shall not debar him/ her from participating in the Meeting in person provided an intimation is given to the company sufficiently in advance.

4. The definition of UPSI now stands revised to the extent that it no longer includes "material events in accordance with the listing agreement".

5. The requirement of holding only 1 (One) Board meeting in each half of a Calendar Year and the gap between the two Board Meetings not being less than 90 (Ninety) days, is now extended to private company which is recognized as start-up. Further the definition of "start-up" has also been inserted in the said standards.

6. The revised SS-1 has put forth that the Independent Directors will hold their meeting at least once in the Financial year, as opposed to the Calendar year, and that too in the absence of Non-Independent Directors and members of management.

7. A Director is neither reckoned for Quorum nor he is allowed to participate in respect of an item of business in which he is interested. However, an exception has been provided for private companies, wherein a Director is entitled to participate in respect of such item after disclosure of his interest. The revised SS-1 further extends this exemption and states that such a Director shall also be reckoned for Quorum.

8. Directors participating through Electronic Mode in a Meeting are counted for the purpose of Quorum. Earlier the Directors were excluded for any items of business if any Act or any other law stated so. However, this has now been revised and the physical presence of Directors is mandated for ascertaining the quorum for discussing the restricted items.

9. The Chairman of a private company, along with continuing the Chair, will also be reckoned for quorum in addition to being allowed to participate in the proceedings of any item of business that he is interested in.

10. The companies are required to maintain the proof of sending and delivery of the draft of Circular Resolutions and the necessary papers for a period which is not less than 3 years from the date of circulation of such Resolution instead of date of the Meeting.

11. All the companies, as opposed to only the Public companies, are required to approve the appointment of Director(s) in casual vacancy in the immediate next general meeting.

The key highlights of the amendments in SS-2 are as follows:

1. Under the applicability clause of SS-2 the exemption to a Section 8 Company and the specific exemptions given to a private company shall be provided only if the company has not committed any default in filing its Financial Statements or Annual Return with the Registrar of Companies.

2. The definition of the term 'Ordinary business' earlier included appointment and ratification of auditors. However, now ordinary business includes only appointment of auditors and not their ratification.

3. Earlier, Annual General Meetings (AGMs) were permitted to be held either at the registered office of the company or at some other place within the city, town, or village in which the registered office of the company is situated. With the amendment, Annual General Meetings of an unlisted company may be held at any place in India, if prior consent is given by all the members either in writing or by Electronic Mode and it is to be made sure that such consent shall be received before the Meeting. In case of a wholly owned subsidiary of a company incorporated outside India,

Extra-Ordinary General Meetings may be held outside India.

4. Now, the SS-2 allows sending of Financial Statements and other documents required to be annexed to the General meeting at a shorter notice if the following conditions are satisfied:

a. **In case of Annual General Meeting for company with share capital**: Consent is to be given by majority in number of members entitled to vote and represent not less than 95% of such part of the paid-up share capital.

b. **In case of Annual General Meeting for company without share capital:** Consent is to be given by Members having not less than 95% of the total voting power exercisable at such Meeting.

c. **In case of Extraordinary General Meeting for Company with share capital:** Consent is to be given by majority in number of members entitled to vote and represent not less than 95% of such part of the paid-up share capital of the company.

d. **In case of Extraordinary General Meeting for Company without share capital:** Consent is to be given by the Members having not less than 95% of the total voting power exercisable at such Meeting.

5. Earlier, none of the members who were related party were allowed to vote on a resolution relating to approval of any contract or arrangement in which such Member is a related party. Vide the amendment, the standard allows voting by related party in case ninety percent or more Members, in number, are relatives of promoters or are related parties. Further in case of wholly owned subsidiary, the resolution passed by the holding company shall be sufficient for the purpose of entering into the transactions between wholly owned subsidiary and holding company.

6. The SS-2 provides for a list of items that shall be passed only by way of postal ballot. This is applicable to companies with less than or equal to 200 members wherein such items shall be passed only by way of postal ballot instead of transacting such business at a General Meeting. However, with the amendment, such item of business may be transacted at a General Meeting by a company which is required to provide e-voting facility to its Members.
7. Earlier, a Resolution passed by postal ballot could be rescinded only by way of a Resolution passed subsequently through postal ballot. Now, it can also be rescinded by way of resolution passed at General Meeting by a company that is required to provide e-voting facility to its members.

- **28-03-2024**

Intimation of changes in the Corporate Grouping of Listed Companies through NEAPS application

NSE vide this circular introduces an online module to facilitate the listed companies, which were required to file the intimation of any change of its corporate group pursuant to any event such as Corporate Restructuring, Takeover, Merger, Demerger, Acquisition, Delisting etc. within 2 Working Days of the Effective Date of the change.

The listed companies will now be required to intimate these changes within the said period through NEAPS application.Link: https://neaps.nseindia.com/NEWLISTINGCORP/login.jsp). The path and the procedure of the same has been laid down in the Annexure of relevant circular.

This corporate group repository has been formulated solely for the purpose of compliance with the SEBI circular dated August 24, 2023 and is not to be considered as a legal interpretation/ definition of the terms such as 'group/ related party/ associate companies' mentioned in any other SEBI Regulation/ Circular/ Act, etc.

Solution for Riddle	**Solution for Jumbled Words**
1. CoC	**1.** Acquirer
2. Charge	2. Disinvestment
3. Creditor	3. Enterprise value
4. Adjudicating Authority	4. Identified Date
5. Bye- laws	5. Acquisition

About CimplyFive

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

Vision

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



To view the previous issues of *iComply* click here