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Editorial

CimplyFive, your company is now ISO 27001, ISO 27017 and ISO 27018 certified. For our esteemed clients this means their data hosted in our BLISS software is secured by the state of art security systems and processes. Read more…

OPINION:

What is Hot in Company Law?



As many of you may be aware, we provide a free to use website that provides an integrated view of the Companies Act, LODR and IB code. Read more…

Compliance calendar

Due dates for Professional tax, Goods and Service Tax, Companies Act, 2013 among others has been captured for your ready reference. View the list…

Gist of Regulatory Changes in Companies Act, 2013, SEBI (LODR), 2015, SEBI (PIT) 2015 and Insolvency & Bankruptcy Code, 2016 in the month of July, 2019

Twenty-three Regulatory changes in Companies Act, 2013, SEBI (LODR), 2015, SEBI (PIT), 2015 and Insolvency & Bankruptcy Code, 2016 were made in the month of July.
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Tech 4 Company Sec

Cyber-Security for Company Secretaries (CS 4 CS)

By Shankar Jaganathan



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Corporate life without computers and digital records is inconceivable today. Read more…

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CimplyFive's Annual Secretarial Compliance Report of Nifty 50 Companies



CimplyFive released its report on Annual Secretarial Compliance Report of Nifty 50 Companies. Read more…

Editorial

CimplyFive, your company is now ISO 27001, ISO 27017 and ISO 27018 certified. For our esteemed clients this means their data hosted in our BLISS software is secured by the state of art security systems and processes. In July 2019, we got certifications for ISO 27001-for Information Security Management Systems, ISO 27017 -for cloud security services and ISO 27018 -for protection of Personal Identifiable Information on cloud. These certifications are in addition to our earlier initiative of getting SOC2 Type 2 certification for security and availability, a certification devised by AICPA, American Institute of Certified Public Accountants.

Tech 4 Company Sec, our column continues to get good response. In the third article of this series, we have covered the Cyber Security this month, a concept that is very much required for all professionals, especially company secretaries who need to transact confidential information over the internet as part of their job responsibilities.

Our other regular features –**What is Hot in Company Law, Gist of Changes in the Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016** and **Statutory Compliance Calendar** are also included in this Issue.

Please share your feedback on this newsletter with us at contact@cimplyfive.com. We look forward to your feedback with interest and as ever, strive to improve the quality of everything we do.

Happy reading,
Shankar Jaganathan
Editor of iComply
August 5, 2019

OPINION:

What is Hot in Company Law?

As many of you may be aware, we provide a free to use website that provides an integrated view of the Companies Act, LODR and IB code. Over the last three years, this site has generated good traction with 3500+ individuals registering for getting updates and attracts around 3000 users viewing more than 6000 pages a day, every working day to be more precise. As professionals take a break during the weekend, the website viewership is also lower; more pronounced on Sundays, than on Saturdays.

Listing of the most viewed sections in the Companies Act for the month of July 2019 based on visitors to our free to use website www.ca2013.com.

Company Law Top 5 Chartbuster sections in July 2019

Rank June	Change in Rank	Rank July	Section ref.	Section title
2	↑	**1**	**134**	Financial Statement, Board's Report etc.
3	↑	**2**	**139**	Appointment of Auditors
4	↑	**3**	**149**	Company to have Board of Directors
-	↑	**4**	**135**	Corporate Social Responsibility
1	↓	**5**	**73**	Prohibition of Acceptance of Deposits from Public

Section 135 is the only new entrant in the top 5 list. It replaces Section 76 Acceptance of Deposits from public by certain companies.

LODR Top 5 Chartbuster Regulations in July 2019

Rank June	Change in Rank	Rank July	Regulation ref.	Regulation Title
3	↑	**1**	30	Disclosure of Events or Information
1	↓	**2**	17	Board of Directors
-	↑	**3**	33	Financial Results
4	↔	**4**	34	Annual Reports
2	↓	**5**	23	Related Party Transactions

Only Regulation 33 is a new entrant for the month. All the other four regulations retain their position in the top 5 with only changes in their position.

IB Code Top 5 Chartbusters in July 2019

Rank June	Change in Rank	Rank July	Section Ref.	Section Title
4	↑	1	7	Initiation of corporate insolvency resolution process by financial creditors
-	↑	2	2	Application
-	↑	3	14	Moratorium
-	↑	4	21	Committee of Creditors
-	↑	5	3	Definitions

Only Section 7 retains its position in the top 5, all the four sections are new entrants.

Tech 4 Company Sec

Cyber-Security for Company Secretaries (CS 4 CS)

By Shankar Jaganathan

Introduction

Corporate life without computers and digital records is inconceivable today. Right from the formation of a company to its routine operations and when required, its dissolution, the use of computers and by inference the creation, maintenance, storage and retrieval of digital records is not just desirable, but inevitable.

Company being an economic entity managed for earning profits, the need to maintain confidentiality of information is necessary to enhance and retain its competitiveness and profitability. In addition, assuring its stakeholders privacy of their personal data maintained by the company goes a long way in building sustainability of the company. With corporate data created, maintained and stored in digital form, protecting and assuring cyber security is vital for the well-being of the corporate sector in the economy.

With the advent of cloud infrastructure and the use of internet, cyber security has assumed more importance as the data storage is not in the personal custody of the 'owner' or creator of the data. Hence the need for and the growth in technology to protect and secure data is rapid and expensive. To sum up, the growing use of cloud infrastructure combined with sophisticated technology to secure the data has made data on cloud much safer and provides many other benefits like planned disaster recovery mechanism and 24 by 7 access to data from anywhere using the internet.

Cyber Security, the Concept

Comprehensive information security for data stored and transacted digitally consists of protecting the data at three key stages, namely data at rest, data in transit and data in use.

1. **Data at rest**: A key feature in the digital world is the separation of input-output device from the data storage and data processing devices. This requires that the data storage unit is prevented from being accessed through unauthorized persons or from unauthorized locations.
2. **Data in transit**: Given that for digital data, the place of input-output device is separated from data storage and data processing modules, there is a need to secure the data when it moves to and from the input-output device to the data storage or processing devices. While data-in-transit may not be at significant risk in desktop or laptop computing, it assumes critical dimensions when data is stored and accessed over the internet.
3. **Data in use or Access control**: Regulating access to the computer or the software containing the data. Access control in computers is regulated by using personal authentication mechanisms. Use of passwords and biometrics like fingerprints, face and voice recognition are some of the commonly used mechanisms. For data that requires higher level of security, two-factor or multi-factor authentication systems are used. One Time Password (OTP) is the most

common second factor authentication for access control.

Further for data stored in the cloud or servers located outside the physical control of the user, security is enhanced by the use of firewalls, i.e. shields to prevent intruders, to protect the data and the application software on which is it hosted from unauthorized access by monitoring who is accessing the data by verifying their credentials.

Cyber Security, the techniques

Access controls for Data in Use: For data in use, access control can be built in so that only authorized users are permitted access. Access control can be of three distinct types:

1. an object in the possession of the authorized user to gain access. e.g. like a car or house key or a card used to access in hotels or offices,
2. an information known only to the user like a password or a secret code,
3. a physical part of the user like fingerprints, iris image or facial or voice recognition.

Of the three types enumerated above, the security level increases when we move from type 1 to type 2 and type 3, as the means of inadvertently sharing it is made more difficult, if not impossible. Access security can be further enhanced by using two factor and multi-factor authentication, where a combination of more than one access control techniques is used.

Encryption mechanism for Data at rest: Data in human readable form is called plain text. Data at rest is protected by converting plain text to ciphertext using encryption techniques. Common encryption techniques are substitution, where one set of characters are replaced by another set, and transposition, where the characters are rearranged to displace them from their original location.

Cipher data can be read by humans only after it is reconverted into legible form. Encryption techniques used for this conversion and reconversion are of three types:

1. Symmetric keys: in this the code used for encryption and decryption is the same.
2. Asymmetric keys: where one set of code is used for encryption and another set of code is used for decryption.
3. One-way hash: as the name denotes, it is used only for encryption and cannot be decrypted. Hence, they have limited application and are used for authentication systems like affixing digital signatures which do not need decryption.

Secure http for Data-in-transit: Data-in-transit is more vulnerable as it can be intercepted in transit by hackers and hence needs protection. The most popular form for achieving this is using SSL (Secure Sockets Layer) certificates. When SSL is added to a website, the web address is now prefixed with https, standing for hyper-text-transfer-protocol-secure, by adding the word secure.

SSL ensures data in transit is secure by following the five steps:

1. The user using their browser connect with the secure website and request for its identity
2. The website server sends its SSL certificate and its pubic key
3. The user's browser verifies the certificate and its validity and sends a session key using the public key of the website
4. The website decrypts the session key using its private key and sends an acknowledgement key for the encrypted session to start.
5. All data transmitted between the website and the user's browser are now encrypted using the private key and the secured information flow starts.

CS 4 CS (Cyber Security for Company Secretary)

Computers, internet and Company Secretaries go hand-in-hand. Hence awareness about cyber security is a must for all company secretaries as corporate information, including confidential and price sensitive information are shared over the internet in the form of board presentations,

agenda and minutes for the board meetings and subcommittee meetings.

Company Secretaries should be aware of the risks associated with the means they use to communicate over the internet to ensure that it is trustworthy. For this at a minimum they should look for the following:

- "https" certification of websites before accessing them and/or transferring information over the internet.
- As cyber security is quite technical, ensure that they use software and services that are certified for cyber security. In this context, certifications like SOC (Service Organization Controls) certifications and ISO 27000 certifications are authentic for validating security.

  SOC2 certification is for organization's information security system prescribed by AICPA (American Institute of Certified Public Accountants) and ISO 27001, 27017 and 27018 certifies Information Security Management Systems (ISMS), Information Security on Cloud and protecting Personal Identifiable Information in Cloud respectively.

Board Leaders Integrated Software Solutions



BLISSPLUS

BLISS is a Cloud hosted software that automates the routines, provides an e-repository, timely alerts and a real-time dashboard, all aimed at ensuring compliance and good corporate governance. By doing so, it provides complete peace of mind to the Board of Directors and assurance to professionals by providing them with real-time compliance status with respect to the Companies Act,2013

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

LISTED

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 for Global Corporate Secretarial teams which helps in handling compliances for companies incorporated across the world by providing Risk Management DashBoard, activity tracker and e-repository of secretarial records.

BLISSDOCS

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

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, 2015 and LODR, 2015. The site and app is updated daily at 10AM for changes in the Act & Regulations. For more details, please visit www.ca2013.com

Compliance Calendar

August 7th	TDS payment for July
August 15th	Pay PF contribution for July
	ESIC payment for July
	Submission of quarterly and year-to-date standalone financial results along with Limited Review Report or Audit Report as applicable to the stock exchange by Listed Companies
August 20th	GST Payment for July - GSTR 3B
	Professional Tax payment
August 25th	PF Return for month of July
August 31st	Annual return to be filed yearly by taxpayers registered under GST: GSTR-9(2017-2018)
	Annual return to be filed once in a year by taxpayers who have opted for the Composition Scheme under GST for a particular financial year: GSTR-9A(2017-2018)

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 in the month of July, 2019

- **01.07.2019**

➢ **The Nidhi (Amendment) Rules, 2019 w.e.f., 15/08/2019**

Following are the key amendments made to the existing Nidhi Rules, 2014

(a) Every company that is declared as Nidhi or Mutual Benefit Society u/s 406(1) has now been brought under the purview of the Rules.

(b) Definition of "Nidhi" has been introduced, which refers to companies incorporated with the object of cultivating the habit of thrift and saving, lending and receiving deposits for the mutual benefits of their members only;

(c) Rule 3A has been inserted that mandates, incorporated Nidhi companies to file e-Form NDH-4 within the stipulated amount of time failing which it would not be allowed to file e-Form SH-7 and PAS-3;

(d) Rule 5(1) and proviso to 5(3) are amended and inserted respectively, as per which Nidhi Companies has to comply with the stipulate requirements contained therein within a period of one year from the date of its incorporation; Regional Director can, however, grant extension for a period of one year from the date of application in Form NDH-2.

(e) Prohibition from accepting deposits under Rule5(4) due to non-compliance has been made stringent for it shall also been forced on failure of Nidhi Companies in getting itself declared u/s 406(1) of the Act.

(f) Rule 7(1) has been amended, stipulating explicitly that Nidhi Companies shall issue only 'Full Paid Up' equity shares to raise share capital.

(g) The power to enforce compliance on Nidhi Companies under Rule 23 will vest with Central Government and not with RD.

(h) Rules 23A and 23B are inserted, mandating every Nidhi Companies registered prior to commencement of these rules and under the erstwhile Companies Act to file declaration in Form NDH- 4 within the time frame mentioned therein, failing which it will not be allowed to file e-Form SH-7 and PAS-3.

➢ **The Companies (Amendment) Act, 2017**

The Ministry notifies that the provisions of Section81 pertaining to Nidhis and its application shall come into force w.e.f. 15th August 2019.

➢ **The Companies (Significant Beneficial Owners) second Amendment Rules, 2019**

Through this notification, the Ministry has substituted the existing BEN-2 form with revised e-Form- BEN 2.

- **16.07.2019**

Modification to circular dated September 24, 2015 on 'Format for compliance report on Corporate Governance to be submitted to Stock Exchange(s) by Listed Entities'

SEBI has modified the format for Compliance Report on Corporate Governance vide its Circular dated 16.07.2019 which will be effective from quarter ended 30.09.2019-

Modifications made in Annexure I (Quarterly Corporate Governance Report format)

Additional columns added for Meetings of the Board & Committee:

1. Confirmation on the presence of Quorum for meeting
2. Number of Directors present at the meeting
3. Number of Independent Directors present at the meeting
4. Date(s) of meeting of the committee in the previous quarter

Modifications made in Annexure II (Corporate Governance Report format submitted at the end of a financial year)

Addition of a column capturing weblink of the particular disclosure of a compliance that is available on the Company website or to give the reason if any of the given compliance is not applicable.

Modifications made in Annexure III (Corporate Governance Report format submitted within six months from end of a financial year)

Affirmation regarding the presence of Chairperson of the Stakeholder Relationship committee at the Annual General Meeting as per regulation 20 (3) of LODR.

- **17.07.2019**
  - **Designation of Special Court for the State of Maharashtra vide notification**

The Central Government with the concurrence of the Chief Justice of the High Court, Bombay, has designated 'Court of District Judge-1 and Additional Sessions Judge, Pune' as special court for the state of Maharashtra to ensure speedy disposal of trials in cases where the offence is punishable with imprisonment of two years or more.

  - **Modification of circular dated July 18, 2017 on 'Disclosure of divergence in the asset classification and provisioning of Banks' with immediate effect**

In line with the RBI's modified disclosure requirements, SEBI has also modified the disclosure requirement for banks which have listed specified securities by requiring them to disclose to the stock exchanges 'divergences in the asset classification and provisioning', if either or both of the following conditions are satisfied:

a. the additional provisioning for NPAs assessed by RBI exceeds 10 per cent of the reported profit before provisions and contingencies for the reference period, (which earlier was 15 per cent of the published net profits after tax for the reference period) and
b. the additional Gross NPAs identified by RBI exceed 15 per cent of the published incremental Gross NPAs for the reference period.

- **19.07.2019**
  - **SEBI Circular on Procedure and formats for limited review / audit report of the listed entity and those entities whose accounts are to be consolidated with the listed entity**

In order to align the independent auditor's report format with the revised Standards of Auditing (SA) 700 issued by ICAI, SEBI has provided the illustrative formats to be used by listed entities (separate formats for banks have also been provided for) on a quarterly/yearly basis, as the case may be. This circular shall be applicable with respect to the financial results for the quarter ending September 30, 2019 and after.

  - **Standardizing Reporting of violations related to Code of Conduct under SEBI (Prohibition of Insider Trading) Regulations, 2015 by Listed Entities' with immediate effect**

Through this circular SEBI aims to standardize the process relating to the code of conduct violations by the listed companies, their intermediaries and fiduciaries by:

a. Reporting of such violations by designated person and their immediate relatives in the format prescribed;
b. Maintaining a database of the violations of code of conduct by designated person and their immediate relatives that would help in initiating appropriate actions against them.

- **23.07.2019**
  - **IBBI (Engagement of Research Associates and Consultants) (Amendment) Regulations, 2019**

Schedule I of IBBI (Engagement of Research Associates and Consultants) (Amendment) Regulations, 2017 is substituted to widened the scope of discipline of Research Associate/Consultant by including Insolvency and Valuation. Further, the desirable qualifications for existing disciplines viz., Economics/Public Policy,

Law and Business Management is expanded to include a wider net of academic skill sets.

- **Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Amendment) Regulations, 2019**

IBBI has amended the Insolvency and Bankruptcy Board of India (Insolvency Professionals) Regulations, 2016. Highlights are:

a. **Regulation7A:** An Insolvency Professional (IP) shall not accept any assignment after 31stDecember, 2019 unless the IP holds a valid authorization issued by an IPA.

b. **Regulation10(1):** IPA to inform the Board about the renewal /issue /suspension /cancellation/revocation/acceptance/surrender of an authorisation for assignment by an IP within one working day. Earlier it was within seven days from the approval of application.

c. **Regulation11(8)** pertaining to the order disposing of a show cause notice against the IPs, now include 'suspension or cancellation of authorisation for assignment' issued to IP as an additional disciplinary action to be taken by the Board.

d. **In First Schedule under regulation 7(2)(h)**- Code of Conduct for IP:·
Insertion of clause 3A: IP to disclose conflict of interest, if there is any during the assignment;
Substitution of clause 23: Clause 23 is substituted to make employability restrictions on an IP more stringent by restricting them from taking services or employing their relatives for an assignment under this Act.

- **IBBI (Procedure for Governing Board Meetings) (Amendment) Regulations, 2019**

IBBI has increased the notice period for Governing Board Meetings from "7 working days" to "10 days".

- **IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2019**

Through this notification, following amendments have been for existing regulations :·

- In Regulation 5(8), age restriction for an independent director to serve on the Board of Insolvency Professional Agencies (IPA) has been increased from 70 to75 years.
- In the Schedule to the said Regulation,

a. clause4(a) under Definitions is substituted to include the definitions of 'assignment', 'authorisation of assignment', and 'certificate of membership'.

b. in addition to the existing list of items to be maintained in the Register by an IPA under clause 12 under 'Register of Professional Members', a new register entry "date of issue, renewal, suspension, revocation of suspension, cancellation and acceptance of surrender of authorisation for assignment and authorisation number;" also needs to be maintained;

c. a new clause 12A is inserted to deal with the eligibility and application procedure on 'Authorisation for Assignment' for a professional member under the Bye-Laws of the agency;

d. a new clause 23A under Disciplinary Proceedings is inserted to handle disciplinary actions related to Authorisation for Assignment;

e. Clause26 is substituted under 'Surrender of Authorisation for Assignment' to specify the procedure for Surrender of Authorisation for Assignment by a professional member;

f. In the Annexure to the Schedule, a new form, 'Form B' for granting "Authorisation for Assignment" is inserted.

- **Insolvency and Bankruptcy Board of India (Insolvency Professional Agencies) (Amendment) Regulations, 2019**

Regulation 5(2)(c) is substituted to provide that an IPA shall pay annual fee to the Board within 15 days from the date of commencement of the financial year. In case of any delay, simple interest at the rate of 12 percent per annum till the date of payment shall be paid.

- **25.07.2019**
  - **Companies (Appointment and Qualification of Directors) Third Amendment Rules, 2019 with immediate effect**

a. MCA extends the due date for submitting the e-Form DIR-3 KYC for a financial year, by a Director from 31st July to 30th September of the subsequent financial year.

b. If a Director has filed his KYC with MCA in e-form DIR-3 KYC in the previous financial year, for

subsequent years, they can submit web-form DIR-3 KYC-WEB through the web service to be compliant. For updating personal information like change in mobile number and e-mail ID, they would have to file e-Form DIR-3 KYC

➢ **Companies (Registration Offices and Fees) Fourth Amendment Rules, 2019**

No fee shall be paid if e-Form DIR-3KYC-Web is filed by the individual within 30th September of every year, failing which, Rs. 5000 shall be paid as delayed filing fees.

- **25.07.2019**

➢ **Registration offices**

MCA notifies the establishment of Registrar of Companies at Guwahati relocating it from Shillong and giving it the territorial jurisdiction over the whole states of Assam, Meghalaya, Manipur, Tripura, Mizoram, Nagaland and Arunachal Pradesh for discharging functions under this Act.

➢ **IBBI (Liquidation Process) (Amendment) Regulations, 2019**

i. The amendments require completion of liquidation process within one year of its commencement, notwithstanding pendency of applications for avoidance transactions. These provide a model timeline for each task in the liquidation process.

a. It specifies a maximum time of 90 days from the order of liquidation for completion of compromise or arrangement, if any, proposed by the stakeholders under section 230 of the Companies Act, 2013.
b. Procedure for Public Announcement under Regulation 12(2) is substituted to include the provision for claimants to update their claims that are already submitted;

ii. In Regulation 16 Submission of Claim, the amendments require that a stakeholder may submit its claim or update its claim submitted during the corporate insolvency resolution process, as on the liquidation commencement date. Along with submission of claim, a secured creditor shall inform the liquidator of its decision to relinquish its security interest to liquidation estate or to realise its security interest.;

iii. New Regulations for constitution of a Stakeholders' Consultation Committee having representation from secured financial creditors, unsecured financial creditors, workmen and employees, government, other operational creditors, and shareholder/partners to advice the liquidator on matters relating to sale. However, the advice of this committee is not binding on the liquidator.

➢ **IBBI (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2019**

i. The amendments specify the process for withdrawal of applications before constitution of committee of creditors (CoC), after constitution of CoC but before issue of invitation for expression of interest, and after issue of invitation for expression of interest.

ii. The amendments require that while approving a resolution plan or deciding to liquidate the corporate debtor, the CoC may:

a. approve a plan providing for contribution for meeting the liquidation costs,
b. recommend sale of the corporate debtor or sale of business of the corporate debtor as a going concern, and
c. fix, in consultation with the RP, the fee payable to the liquidator, if an order for liquidation is passed by the Adjudicating Authority.

➢ **IBBI (Information Utilities) (Amendment) Regulations, 2019**

i. Regulation 6(2)(e) has been substituted wherein certificate of registration would be granted on the payment of 50 lakh rupees to the Board within 15 days from the commencement of the financial year;

ii. Age restriction for Independent Directors on the governing Board of IBBI has been extended from70 to 75 years in Regulation 9(7);

iii. Regulation21 on Information Default is substituted with detailed procedure to deliver or remind the debtor, the information of default and its confirmation and the recording of the debtor's response and intimation to the same to appropriate stakeholders.

➢ **SEBI (Prohibition of Insider Trading) (Second Amendment) Regulations, 2019**

SEBI has amended the Schedules B and C of Regulation 9 ("Code of Conduct") to mandate restriction of trading for the designated persons and their relatives from the end of every quarter till48 hours after the declaration of financial results. Earlier companies were permitted to fix their own restricted trading windows, which could be for a longer period.

It also defines the excluded transactions during the trading window period by the designated persons

and re-defines the definition of "material financial relationship", whose details the designated person has to disclose as and when a change arises.

- **29.07.2019**
  - **MCA Circular on extension of date for filing of e-Form BEN-2**

Through this circular, MCA has extended the last date to file e-Form BEN-2 (every company shall file a return of significant beneficial owners to the company and the changes therein) till30th September 2019 without the payment of additional fee, failing which additional fees shall be payable.

  - **SEBI (LODR) (Fourth Amendment) Regulations, 2019**

Provisions pertaining to companies that have issued Superior Voting Rights equity shares introduced. A listed entity having SR equity shares issued to its promoters/ founders, may issue SR equity shares to its SR shareholders only through a bonus, split or rights issue in accordance with the provisions of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 and the Companies Act, 2013.

The Amendment requires majority of the Board of a company that has SR Equity shares outstanding to be Independent Directors. Further, the Audit committee needs to consist only of Independent Directors and other committees to have higher number of Independent Directors than that prescribed for companies without SR Shares outstanding.

- **31.07.2019**

The Companies (Amendment) Act, 2019

Ministry of law and Justice has issued the above Amendment, to give a continued effect to the provisions of the Companies (Amendment) Second Ordinance, 2019 dated 21st February 2019 by repealing the said Ordinance.

The provisions of this Act shall be deemed to have come into force on the 2nd November, 2018 except sections 6, 7 and 8, clauses (i), (iii) and clause (iv) of section 14, sections 20 and 21, section 31, sections 33, 34 and 35, sections 37 and 38 which are yet to be notified.

All the amendments made through this Amendment Act are integrated with the Companies Act, 2013 and are available in our site CAIRR (http://ca2013.com/).

CimplyFive's Annual Secretarial Compliance Report of Nifty 50 Companies

The report, Annual Secretarial Compliance carries an in-depth analysis of the reports filed by the companies constituting NIFTY 50® Index of the National Stock Exchange by analyzing their content. The key findings of the reports are:

- 22%, 11 of the Nifty 50 companies reported non-compliances during the year 2018-19. Of the eleven, seven were public sector companies.
- A total of 26 deviations were reported by these 11 companies. The maximum non compliances were 7 for public sector companies reported by SBI and 3 for private sector companies reported by Larsen & Turbo.
- Based on their nature, the 26 non-compliances fall under 14 different categories. Inadequate representation on the board of independent directors tops the list with 6 companies, closely followed by 5 companies that did not conduct an evaluation for their independent directors.
- Stock exchanges had taken penal action against five companies for six non-compliances, out of the eleven companies reporting 26 non-compliances reported.

Click Here to download the full Report.

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



CAIRR

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