

★ iComply ★

Editorial

On September 3rd this week, CimplyFive celebrated its fifth birthday. [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 and Insolvency & Bankruptcy Code, 2016 in the month of August, 2019

Sixteen Regulatory changes in Companies Act, 2013, SEBI (LODR), 2015 and Insolvency & Bankruptcy Code, 2016 were made in the month of August.

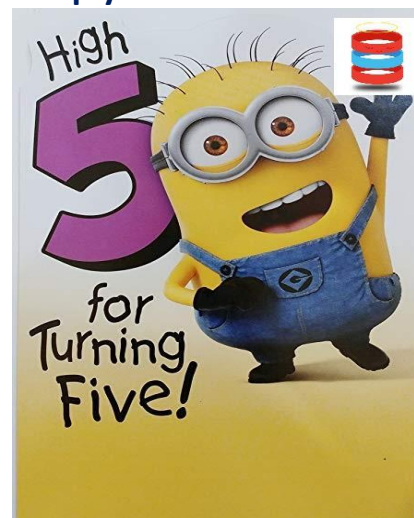
[View the list...](#)

Whats new in BLISS?

1. User-defined document templates for meetings
2. Voting on Circular Resolutions through E-mail
3. Upload .doc files in Past Records
4. Preamble entered in Agenda is available for reference in minutes page
5. Send agenda mails along with Calendar Invite
6. Approval date for Circular Resolution gets auto-updated
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8. Preview captures the name of the user who modifies the doc
9. Enhanced report generation feature in Register of Members and Directors & KMP
10. Only members to access the Committee records
11. Unsubscribe to password reset reminders

[Read more...](#)

CimplyFive turns 5!



Tech 4 Company Sec Disaster Recovery Plan for Company Secretaries (DRP 4 CS)

By Shankar Jaganathan



Introduction

The monsoon fury over the last few years that we have seen is the proof that we live in an uncertain and unpredictable world today. [Read more...](#)

BUT: BLISS Useful Tips for the Month

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Editorial

On September 3rd this week, CimplyFive celebrated its fifth birthday. We thank you all for your support in making our journey exciting and engaging. We seek your continuing support as we march on to make BLISS the de-facto standard for Secretarial Practice in India.

August 2019 was dominated by the legal change that made lapses in CSR spends punishable with imprisonment. Following the widespread dissent expressed against this draconian measure, the regulators responded quickly and in line with the popular demand by announcing the decision to withdraw this penal measure. A welcome move by the regulators in response to the vocal demand.

In the fourth article of the series **Tech 4 Company Sec**, we have covered the Disaster Recovery Plan, a critical concept for all those maintaining their records in electronic form and more so for Company Secretaries who have a legal responsibility to maintain backups for their electronic records.

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
September 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 August 2019 based on visitors to our free to use website www.ca2013.com.

Company Law Top 5 Chartbuster sections in August 2019

Rank July	Change in Rank	Rank August	Section ref	Section title
4	↑	1	135	Corporate Social Responsibility
1	↓	2	134	Financial Statement, Board's Report etc.
2	↓	3	139	Appointment of Auditors
-	↑	4	62	Further issue of share capital
-	↑	5	197	Overall maximum managerial remuneration and managerial remuneration in case of absence or inadequacy of profits

Section 62 and 197 are the two new entrants in the top 5 list. They replace Section 149 Company to have Board of Directors and 73 Prohibition on acceptance of deposits from public.

LODR Top 5 Chartbuster Regulations in August 2019

Rank July	Change in Rank	Rank August	Regulation reference	Regulation Title
1	↔	1	30	Disclosure of Events or Information
2	↔	2	17	Board of Directors
3	↔	3	33	Financial Results
-	↑	4	29	Prior Intimations
-	↑	5	42	Record date or date of closure of transfer books

Regulation 29 and 42 are new entrants for the month. They replace Regulation 34-Annual Reports and 23-Related Party Transactions.

IB Code Top 5 Chartbusters in August 2019

Rank July	Change in Rank	Rank August	Section reference	Section Title
-	↑	1	5	Definitions
-	↑	2	59	Voluntary liquidation of corporate persons
-	↑	3	30	Submission of resolution plan
-	↑	4	25	Duties of resolution professional
-	↑	5	31	Approval of resolution plan

All the five regulations in the top 5 list are new entrants.

Tech 4 Company Sec

Disaster Recovery Plan for Company Secretaries (DRP 4 CS)

By Shankar Jaganathan

The monsoon fury over the last few years that we have seen is the proof that we live in an uncertain and unpredictable world today. As any resident of Mumbai or Chennai would testify, there is no alternative to being prepared for the eventualities. What these residents would also tell us, is that with experience, they are better prepared to handle the fury as they not only know its impact but also the probability of its occurrence. In these cities today, planning for disruption due to weather is not left to chance and is part of a very detailed and deliberate planning process.

What the weather taught our unfortunate residents of Mumbai and Chennai, the IT world confronted it 20 years ago, when they faced the Y2K challenge for which they diligently prepared for about three to four years ahead of the scheduled date. The Y2K challenge brought with it concepts like Business Continuity Plan (BCP), Disaster Recovery Plan (DRP) and data backups, that are routinely used. Soon thereafter, the 9/11

attack involving the World Trade Centre that shook the business world reinforced these concepts in the IT world and made them deeply embedded IT Practices.

DRP the Concept

BCP, DRP and data backups which may sound Greek and Latin to many, are the lingua franca of the IT world. The closest analogy from the real world for these terms is the practice of automobile manufacturers giving their vehicle buyers a spare or duplicate key. This spare key is the equivalent of data backup.

Just because we have a spare key, it does not mean that we are secure when we lose our original key. To be secure, we need to have a defined system of where to keep the second or backup key, who can have access to the second key when required and who are the users who will be kept informed about where the key is kept and how to access it. This process of defining where, who and how to access backups is the essence of DRP.

Further, a good DRP system is also periodically tested to ascertain if the system is working. In our analogy of the second key, this would mean periodically substituting the first key with the replacement key and using the replacement key as the first key. This will ensure that the system of DRP does works, when required.

Two other key elements-RTO (Recovery Time Objective) and RPO (Recovery Point Objective) measure the effectiveness of the DRP system. RTO measures the time it takes for getting the system restarted after disruption. In the case of automobiles, it is the time taken to reach the place where the second or backup key is stored, retrieve it and bring it back to the place where it is required. RPO on the other hand measures the effort and/or cost required to reach the position when the disaster occurred.

BCP is much more than DRP and includes DRP as a subset. Taking the analogy of automobile spare key further, BCP not only defines the process of

where, who and how to access backups, but also covers the surrounding systems that are required to be functional for the DRP system to work. In this analogy, it would be the availability of the transport to go get the replacement key and the personnel to undertake the effort for the same.

DRP in Company law

Company is an entity recognized in law without physical form. Consequently, all actions of the company are manifested only by the documents maintained by the company. Section 120 of the Companies Act, 2013 permits a company to maintain all their records required to be maintained in electronic form with some specific prerequisites for securing the same. Rule 28 of Companies (Management and Administration) Rules, 2014 provides guidance on how to ensure Security of Records Maintained in Electronic Form.

Clause 2 (b) of the said Rules specifies that the person responsible for maintaining the records should “ensure against loss of the records as a result of damage to, or failure of the media on which the records are maintained;”. Further clause (i) specifies the frequency at which backup of data needs to be taken, which is once every day. The clause verbatim reads “ensure that at least one backup, taken at a periodicity of not exceeding one day, are kept of the updated records kept in electronic form, every backup is authenticated and dated and such backups shall be securely kept at such places as may be decided by the Board;”.

While the Act only prescribes backups to be maintained, a prudent company secretary in collaboration with their IT department / IT Service Provider will ensure that the company not only has the backup, but also a functioning DRP and BCP system in place that is periodically tested and available when needed.

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

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

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 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

September 7th	TDS payment for August
September 15th	Pay PF contribution for August
	ESIC payment for August
September 20th	GST Payment for August - GSTR 3B
	Professional Tax payment
September 25th	PF Return for month of August

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

- **02.08.2019**

[SEBI Circular on Streamlining issuance of SCORES authentication for SEBI registered intermediaries](#)

Through this circular, SEBI has automated the generation of SCORES user id and password, which will be sent through an auto-generated email to the registered email ID, for all new SEBI registered intermediaries, upon online approval of their registration, dispensing with the need to submit FORM B. Further, all existing and new SEBI registered intermediaries will now be able to update their primary e-mail address and registered address on their own.

- **05.08.2019**

[The Insolvency and Bankruptcy Code \(Amendment\) Act, 2019](#)

Eight sections are amended, as detailed:

i. The Corporate insolvency resolutions process mandatorily must be completed within 330 days from the insolvency creation date including the extension period. Further, if the resolution process of any corporate debtor is not completed within 330 days, then it should be completed within 90 days from the notification of this amendment.

ii. Debt payment of operational creditors is streamlined. Further, this amendment recognises the debts of the financial creditors who do not vote in favour of the resolution for payments.

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

- **06.08.2019**

➤ [IBBI \(Continuing Professional Education for Insolvency Professionals\) Guidelines, 2019 w.e.f., 1st January 2020](#)

The Board has mandated Continuous Professional Education (CPE) for an Insolvency Professional (IP) to maintain and upgrade his professional knowledge and skills, which would be monitored by the Insolvency Professional Agency. An IP shall undertake CPE in compliance with these Guidelines to keep his registration valid, failing which he would be in contravention of the IBBI (IP) Regulations, 2016.

➤ [IBBI \(Medical Facility to Chairperson and Whole-time Members\) Scheme Rules, 2019](#)

The Board has issued rules with regards to Medical Facility to Chairperson and Whole-time Members, which provides provisions to the Chairperson and the whole-time members for Re-imbursment of expenses incurred on outdoor treatment and Annual cover for Group Medclaim policy along with the Exercise option available to beneficiary.

- **07.08.2019**

[Circular on Disclosure of reasons for encumbrance by promoter of listed companies w.e.f., 01/10/2019](#)

To bring in more transparency, SEBI directs the Promoters of every listed company to specifically disclose within 2 working days the detailed reasons for encumbrance of shares if the combined value of encumbrance by the promoter along with Persons Acting in Concert (PACs) with them equals or exceeds:

- a) 50% of their shareholding in the company; or
- b) 20% of the total share capital of the company.

The format for this disclosure is prescribed in this Circular. This disclosure shall be made to:

- a) every stock exchange where shares are of the company are listed; and
- b) the listed company;

Further every listed company shall disclose this information on their websites within two working days of receipt of such disclosure.

- **13.08.2019**

- [Valuation under the Insolvency and Bankruptcy Code, 2016: Appointment of Registered Valuer](#)

a. The Board has clarified that appointment of any person as a registered valuer other than a valuer registered under Companies (Registered Valuers and Valuation) Rules, 2017 to conduct any valuation under this code, is illegal and amounts to violation of this circular.

b. The payment in the form of fees or otherwise paid to any person other than the registered valuer would not be considered as a part of insolvency resolution process costs or liquidation cost.

- **14.08.2019**

- [The Companies Amendment Act, 2019](#)

MCA in reference to the ordinance issued in the Companies Act, 2013 dated 31/07/2019 notifies that the sections 6, 7 and 8, clauses (i), (iii) and clause (iv) of section 14, sections 20, section 31, sections 33, 34 and 35, sections 37 and 38 shall come to force on 15th August, 2019.

- [Filing of Forms for the purpose of monitoring corporate insolvency resolution process and performance of insolvency professionals under the IBBI Code, 2016 and regulations made thereunder](#)

Keeping in view the responsibilities of an IPs, the Code now obligates them to forward/submit following information and records relating to CIRP to the IBBI:

a. All records relating to the conduct of the CIRP and the resolution plan;

b. A copy of records of every proceeding after the Adjudicating Authority.

The detailed description of the forms is included in the circular.

- [IEPFA \(Accounting, Audit, Transfer and Refund\) Second Amendment Rules, 2019 w.e.f., 20.08.2019 except for rule 6\(i\),\(iv\),\(v\),\(vi\),\(vii\),\(viii\) effective from on 20.09.2019](#)

i. **Rule 5** is amended, wherein companies which have transferred any amount to IEPF under the Companies Act, 1956 but have not filed the statement or have filed the statement in any format other than in the specified excel template, shall file the same in Form

No- IEPF- 1A along with excel template within sixty days of this notification.

ii. **Rule 6** is amended, which requires every company to send a statement to the Authority in Form No. IEPF- 4 within thirty days of transferring the shares to IEPF for which dividend is not claimed or paid for seven consecutive years or more.

iii. **Rule 7** is amended, which provides that upon submission for refund to claimants in Form IEPF- 5 the same shall be transmitted online to the Nodal Officer of the company for verification of claim. The rule now specifies that the Nodal Officer shall be a Director or Chief financial Officer or Company Secretary of the company.

iv. The **Schedule II** (Documents to be submitted to the Authority to register transmission of securities), **Schedule III** (Documents to be submitted to the Authority in case of loss of securities held in physical mode) and **Schedule IV** (Procedure to be followed while disposing the claims) have been inserted.

- **16.08.2019**

- [The Companies \(Share Capital and Debenture\) Amendment Rules, 2019](#)

i. Rule 4(c) has been substituted which required the companies limited by shares not to issue equity shares with differential rights as to dividend, voting or otherwise, in excess of 26% of the total post-issue paid-up equity share is now revised to '74% of total voting power at any point of time'.

ii. Rule 12(1) is amended to extend the exemption period for start-up companies, for issue of Employee Stock Options to 'its employee who is a promoter or a person belonging to the promoter group or a director who either himself or through his relative or through anybody corporate, directly or indirectly, holds more than ten percent of the outstanding equity shares of the company' from five years to ten years from the date of its incorporation or registration.

iii. Rule 18(7) has been substituted to revise the limits for maintaining the debenture Redemption Reserve (DRR) and investments or deposits. No DRR is required to be maintained by NBFCs registered with RBI and Housing Finance Companies registered with National Housing Bank in case privately placed debentures are issued.

- [The Insolvency and Bankruptcy Code \(Amendment\) Act, 2019](#)

In line with the IBBI (Amendment) Act, 2019 issued on 5th August 2019 the Insolvency Board notifies that the provisions of this Act shall come into force with effect from 16th August 2019.

- **21.08.2019**

[MCA Circular on clarification under section 232\(6\) of the Companies Act, 2013](#)

Through this Circular, the Ministry has clarified the 'appointed date' under the scheme of merger and amalgamation of the companies, could be calendar date or may be tied to the occurrence of an event which is clearly mentioned in the scheme before its approval.

The Ministry further clarifies that in case the appointed date is based on occurrence of any event and if this event takes place subsequent to the filing of the order with the Registrar then the Company shall file the intimation within 30 days of such scheme coming into force.

- **26.08.2019**

[Applicability of the IBBI \(Liquidation Process\) \(Amendment\) Regulations, 2019](#)

The IBBI clarifies that the amendment made to the liquidation process on 25/07/2019 is applicable prospectively, i.e., the liquidation processes which have commenced on or after 25/07/2019.

- **28.08.2019**

➤ [The companies \(Incorporation\) Seventh Amendment Rules, 2019](#)

Through this notification, Form RD-1 (Form for filing application to Regional Director) and Form RD GNL-5 (Form for filing addendum for rectification of defects or completeness) provided for in the Companies (Incorporation) Rules, 2014 are being substituted. The revised forms are annexed to the said notification.

➤ [Designation of Special Court for Pune, Ahmednagar, Kolhapur, Solapur, Satara, Sangli, Ratnagiri and Sindhudurg districts of the State of Maharashtra](#)

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 Pune, Ahmednagar, Kolhapur, Solapur, Satara, Sangli, Ratnagiri and Sindhudurg districts of the State of Maharashtra to ensure speedy disposal of trials in

cases where the offence is punishable with imprisonment of two years or more.

➤ [Amendment to Notification No. S.O. 1796\(E\) dated 18.05.2016](#)

In order to give effect to the above notification, MCA has amended the Notification No. S.O. 1796(E) to provide that "Presiding Officers of Court No's. 37 and 58 of the City Civil and Sessions Court, Greater Mumbai" shall now have Jurisdiction as Special Court for whole State of Maharashtra except Pune, Ahmednagar, Kolhapur, Solapur, Satara, Sangli, Ratnagiri and Sindhudurg districts of the State of Maharashtra.

Whats New in BLISS?

In BLISSPLUS and BLISSLISTED:

1. **User-defined document templates for meetings:** On customer demand, we now enable you to define your templates for Board and Committee Meeting's Agenda, Minutes and Circular Resolution. This feature helps you generate documents confirming to your style guide: the design, look and feel the way you want by just defining it once. This feature **enhances the productivity and usability** of BLISSPLUS and BLISSLISTED.
2. **Voting on Circular Resolutions through E-mail:** On customer requirement, BLISS now enables the Directors and Members of Board and Committees respectively, to vote For /Against / Abstain from voting on a Circular Resolution just by clicking a button in the mail. Subsequently, an auto-generated mail intimating the voting status is sent to the Admin. This feature **eliminates the effort** of secretarial Team in coordinating with the directors and members for approval on any Circular Resolution.
3. **Upload .doc files in Past Records:** Now the users can upload .doc files in the Past Records tab of the repository. This feature **enhances the utility** of our e-repository.

In BLISS, BLISSPLUS and BLISSLISTED:

4. **Preamble entered in Agenda is available for reference in minutes page:** On customer requirement and to help the users to draft the minute's gist following the preamble entered in the Agenda, BLISS displays the preamble part in the minutes for easy reference. This feature **saves time**

and increases the productivity of the secretarial team.

5. **Send agenda mails along with Calendar Invite:** On customer requirement, we have introduced this feature wherein the Company Secretary will be able to send the Agenda notice mails for the upcoming meeting along with Calendar invite enabling the directors and invitees for the meeting to add the event to their calendar and be reminded of the meeting. This feature allows the directors and invitees to plan and ensure participation in the meeting.
6. **Approval date for Circular Resolution gets auto-updated:** On customer requirement, we have introduced a new feature wherein based on the number of Directors and members on the Board or Committee, respectively, the approval date for the Board and Committee Circular Resolution gets updated on obtaining majority votes in favor. Directors can now vote even through BLISS web application. CS can now view the voting details from the Records screen. This feature relieves the secretarial team from manual entries and increases their productivity.
7. **Provision to Create Circular Resolution for Committees:** Users can now create and mail Circular Resolution for all their constituted Committees with facility for auto-updating approval date based on the day majority of members of the committee voted in favor of the Circular Resolution. This feature makes BLISS more comprehensive and eases the process for obtaining approval on Circular Resolution.
8. **Preview captures the name of the user who modifies the doc:** On customer requirement, BLISS and its variants now captures the name of the user who has edited the Agenda in the Preview mode. This feature helps in tracking the changes (who and what) in the Agenda docs.
9. **Enhanced report generation feature in Register of Members and Directors & KMP:** User can now select any of the fields from Register of Members (either for Equity/Preference Shareholder) and from Register of Directors & KMP (either for Directors/KMP) according to the user's requirement and download the details in excel format as on a given date. This feature eases the data download process and saves time for the secretarial team.

10. **Unsubscribe to password reset reminders:** On multiple customer requests, we have added a new feature for the user to unsubscribe from getting password reset reminder mails. This feature permits the users to define their own security levels with respect to the frequency of password changes.

In BLISSDOCS:

11. **Only members to access the Committee records:** Only those directors who are members of the Committee will receive a push notification when the Agenda, Minutes and Voting records (Circular Resolution) for that Committee is made available. This feature ensures that the records are available only to current members of the Committee.

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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