

Editorial

Beneficial ownership regulations continue to evolve and gain traction globally, as they serve as a precursor for a new era of financial integrity. These regulations not only lay the groundwork for reporting mandates but also serve as a testament to our collective commitment to transparency and accountability. Let us embrace this imperative and forge ahead on the path to a stronger, more resilient financial landscape. Provided this backdrop, this newsletter contains an article on Beneficial ownership, regulatory implications, and its way forward. We have also included exciting sections in the newsletter such as quiz 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 March 2024.

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

Happy reading,
Team CimplyFive
March 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***
- ***BLISS Feature Updates***
- ***Test your Gray Matter!***
- ***Compliance Calendar***
- ***Regulatory Changes***

OPINION:

What is Hot in Company Law?

Our free to use website www.ca2013.com has the unique distinction of providing an integrated view of the Companies Act, SEBI (LODR) and IB code. Our site has crossed **36 million page-views** as on date and attracts over 6,000 users accessing around 25,000 pages a day. List of the most viewed sections in the Companies Act, LODR and IB Code in the month of February 2024 here is based on visitors to our site.

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

Rank in January	Change in Rank	Rank in February	Section reference	Section title
1	↔	1	62	Further issue of share capital.
3	↑	2	179	Powers of Board.
2	↓	3	135	Corporate Social Responsibility.
4	↔	4	188	Related party transactions.
N	↑	5	149	Company to have Board of Directors.

Section 186 has been replaced with Section 149 in the top 5 Ranking.

LODR Top 5 Chartbuster Regulations

Rank in January	Change in Rank	Rank in February	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	33	Financial results.
4	↓	5	29	Prior Intimations

Regulation 18 has been replaced with Regulation 33 in the top 5 rankings.

IB Code Top 5 Chartbusters

Rank in January	Change in Rank	Rank in February	Section reference	Section title
1	↔	1	59	Voluntary liquidation of corporate persons
2	↔	2	5	Definitions (Part 2)
N	↑	3	30	Submission of resolution plan
N	↑	4	7	Initiation of corporate insolvency resolution process by financial creditor.
N	↑	5	3	Definitions (Part 1)

Sections 29 and 30have been replaced with Sections 7 and 3 respectively in the top 5 Ranking.

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Article of the Month:

Beneficial Interest, yes, it's significant!

Introduction

Transparent disclosure of beneficial ownership is vital for a strong financial system as it builds investor trust and gains financial integrity, both of which are qualitatively crucial for economic stability and growth. By this, investors are empowered to make well-informed decisions, contributing to a healthier and more prosperous economy. Overall, transparency in beneficial ownership serves as a cornerstone and aims to build a robust regulatory mechanism to prevent malpractice.

Beneficial Interest

Provides a definition for Beneficial Interest under section 89 and 90 of the Companies Act, 2013 ("the Act")

Section 89 and 90 read with The Companies (Significant Beneficial Owners) Rules,20l8 of the Companies Act, 2013 deals with the provisions of Beneficial Interest. Beneficial interest in a share encompasses the right/entitlement, either directly or indirectly, through contracts or arrangements, for an individual alone or with others, to exercise the associated rights of the share and to receive dividends or distributions related to it.

Applicability: Section 89 of the Act

Specifies where it is applicable and where it is not.

In general practices, the Beneficial Interest under section 89, will arise in cases of Wholly Owned Subsidiaries for minimum number of membership requirements and it also involves declaration made by body corporates based on structure.

The Beneficial interest is not applicable to a trust which is created, to set up a Mutual Fund or Venture Capital Fund or such other fund, as may be approved by the Securities and Exchange Board of India ("SEBI").

Owners

Defines who is the real and nominal owner.

Registered Owner is a person whose name is registered in the Register of Members as the holder of shares in that company but who does not hold the beneficial interest in such shares and Beneficial Owner is the one who holds / acquires the "Beneficial interest" as defined under section 89(10) of the Act.

Onus on the Disclosure and Reporting

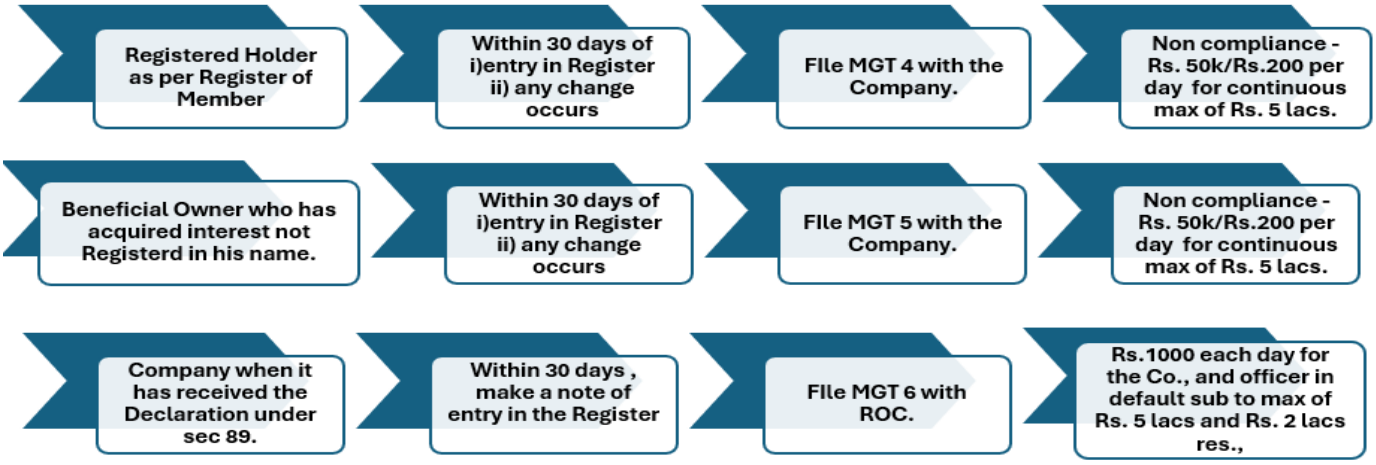
Sets standards for the responsibility of reporting thereby tightening the norms

With effect from December 27th, 2023, new regulations impose a responsibility on companies to designate an individual who is responsible for the reporting of beneficial interest to regulatory authorities. This designated person can be the Company Secretary ("CS"), if any, a Key Managerial Personnel ("KMP"), or every director in the absence of a CS or KMP.

Catch Points:

FOR TIGHTENED NORMS	FOR TRANSPARENCY	FOR UPDATION
- Until such a designation is made, the responsibility falls on specific individuals according to the company's structure, such as the company secretary/ managing director/ manager, or every director, depending on the circumstances.	- The Information of the designated person shall be provided in the Annual Return from Financial Year ending March 31, 2024 onwards.	- Any change in the designated person at any time, to be intimated by the Company to the Registrar in Form GNL-2.

COMPLIANCE WORKFLOW OF THE SECTION 89



(Captures the trigger event, timeline, forms/authority, and the penalty)

Points to ponder over:

- As per Sec 89(8), If the Beneficial Owner does not fulfil their obligation to declare their ownership, they forfeit the ability to legally enforce any rights they may have had regarding that particular share, and this restriction also applies to anyone claiming ownership through them.

- Further, in essence, the provision relating to payment of dividend as per 89(9), ensures that the company's duty to pay dividends to its registered shareholders viz., subscribers to Memorandum of Association, Members as per Registers of Members and Members as per the records of the depository, remains intact and unaffected by the other regulations outlined in the section. Thus, the Registered Owners will be paid the dividends and he can also, by an order, direct the Company to make the payment to the Beneficial Owner, and the other benefits like rights or bonus shall be renounced / made to the Beneficial Owners.

How Section 89 and 90 differ:

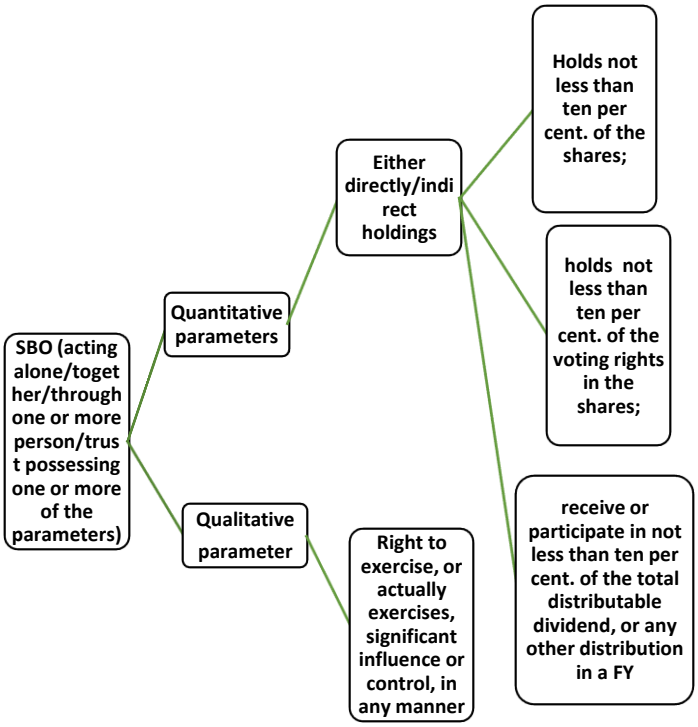
Explains the key differentiation parameters

Section 89 and Section 90 operate within distinct domains. Section 89 pertains to the disclosure of nominal and beneficial interests, whereas Section 90 focuses on the extent of ownership.

Section 89 primarily enables holding companies to assume the role of beneficial owners for their subsidiaries through a nominee, while also adhering to the minimum membership requirement stipulated in the Act. It encompasses disclosures from ***both individuals and corporate entities***. In contrast, Section 90 is aimed at ***identifying individuals*** who hold significant beneficial ownership.

Essence of Significant Beneficial Ownership ("SBO")

It is pertinent to note that the instruments in the form of global depository receipts, compulsorily convertible preference shares or compulsorily convertible debentures shall be treated as 'shares'.



NUTSHELL OF SECTION 90

Requirement	Compliance	Relevant provisions/penalties
Every individual who is an SBO as on commencement of rules or Who acquires such interest later and any change thereof.	**Responsibility: SBO individual** BEN 1 to company within 30 days of acquiring / change arise. (90 days on commencement of rules)	Penalty – 50 K and Rs. 1000 per day if its continuing one, subject to max of 2 Lacs. furnishes any false or incorrect information or suppresses any material information liable under sec 447
To maintain a register of the interest declared.	**Responsibility: Company** BEN 3 – register to be maintained capturing details of SBO.	Open to inspection by any member of the company on payment of such fees as may be prescribed not exceeding Rs.50 Penalty – Rs. 1 lac and Rs. 500 per day if its continuing one, subject to max of Rs.5 Lacs and for Officer in default – 25k and Rs. 200/ day, subject to max of Rs.1 lac
To report the declaration made by SBO	**Responsibility: Company** Company to report in form BEN 2 to RoC within 30days of receipt of declaration	Same penalty as point no.2
To identify an individual who is a significant beneficial owner	**Responsibility: Company** To identify and make him comply with the provision.	Same penalty as point no.2
To issue notice to person who could be SBO	**Responsibility: Company** BEN 4 to be issued to person to whom the company knows or has reasonable cause to believe	30 days' time provided for the concerned person to respond.89(6)
To apply to tribunal, in case, the information is not received/not sufficient as per above notice.	**Responsibility: Company** To tribunal directing an order requesting to place restrictions and suspensions.	The aggrieved person / co., can apply to Tribunal for lifting restrictions within 1 year, else the shares get transferred to authority constituted under sub-section (5) of section 125

Way forward

A beginning to a robust disclosure!

By strengthening the disclosure of beneficial ownership information, these regulations bolster efforts to combat money laundering, terrorist financing, and other illicit activities. Systematic framework like BODS (Beneficial Ownership Data Standards), a tool which serves as a structured framework for presenting data on individuals, corporations, and their interconnections in a standardized format, ensuring replicability across diverse countries and systems to enable better tracking. These standards serve as the foundation for reporting mandates in numerous countries. As beneficial interest regulations continue to evolve and gain traction globally, they have a significant impact in fortifying the integrity of financial systems in the near future!

BLISS Tips for the Month

BLISS Tips #285: With BLISSDOCS, Directors can view and annotate on Meeting Records using their phone/ tablet!

BLISSDOCS is an Android/IOS app for Directors integrated with BLISSPLUS & BLISSLISTED. The app enables the Secretarial Team to conduct paperless Board and Sub-committee meetings. Users may provide BLISSDOCS access to their Directors/ Invitees and further can also customize the access of the records, define the access validity period and the Committees based on their membership in a Committee. This provides the Directors with quick and easy access to review and annotate on Meeting documents, which helps in free flow of communication resulting in enhanced productivity.

BLISS Tips #286: Send multiple board evaluation surveys in a single mail using CIMPLYBEST!

CIMPLYBEST is a tailor-made software designed for Board Evaluation, seamlessly blending the requirements of Indian Corporate Law with Global Best Practices. It encompasses custom-built surveys tailored for Indian Corporates, covering areas such as the Board, Chairperson, Sub-committees, Independent Directors, and Executive Directors, in accordance with the stipulations of SEBI Regulations.

BLISS Tips #287: With BLISS, Replicate the Searched Agenda Item from e-repository.

BLISS enables the user to search across the secretarial documents available in the e-repository of the company. Once the user prompts a search for an agenda item, the searched agenda item is displayed along with the type of meeting and the same can be replicated by clicking on the replicate button next to each Agenda. The agenda item gets replicated in the new agenda created in the company within seconds. With this, user can save time since duplication of work is reduced.

BLISS Feature Update!

BLISSLISTED, BLISSPLUS & BLISS -

1. **Increase in file size of signed documents:** On customer requirement we have now increased the acceptable file size under 'Signed Documents' icon from 10 mb to 25 mb. This will enable the users to upload signed documents up to 25 mb under both the Agenda and Minutes modules. *This enhancement helps the secretarial team to save their time and effort without requiring them to split or compress the files before uploading.*

2. **MIS Reporting enhanced to capture more info:** In order to make the MIS Report more ready-to-use and comprehensive, MIS to have the below additional details –
   A. Status of Action Trackers – Whether pending to be completed or pending to be approved and with whom the actions are pending will be available.
   B. Colour coded Compliance Status – For better presentation, the compliance status whether completed on-time, delayed or pending as on date will now show up in Green, Red and Yellow colour respectively.

3. **Filter & Downloadable Activity log:** The Activity log module that captures the time stamping and audit trail of all the activities done in the system can now be filtered to view the activity of a particular user and these details can even be downloaded in excel format. *This feature helps in controlling the activity on the software with downloadable records.*

4. **Enhancements in Registers:** On customer requirement we now provide the users with the below flexibilities in the Member, Director & KMP and Charge Registers –
   A. Users can choose to update the existing register details by just uploading the excel with additional details without requiring the users to delete the existing entry and upload updated file.
   B. Registers can now be downloaded for a particular time period using the 'from' and 'to' filters. *This feature enhances usability and user-experience of maintaining the Registers on BLISS.*

5. **Enhancement in Director & KMP Register:** On customer requirement and in the interest of providing the preliminary/primary details needed at first go, BLISS now enables the Users to download the Register of Director & KMP, with dates of Appointment and Cessation, if any in the Part – C of the register. *This feature makes the register details complete with accurate info.*

   Addition of VC Meeting details: Understanding the changing requirements we now allow our users to update the VC meeting details such as, Meeting link, Meeting id and Meeting Passcode in their Agenda Docket in addition to the Contact number. *This helps the Director to click on the link and join the meeting from the agenda file with all*

the required details provided in the Agenda Doc handy.

BLISSLISTED & BLISSPLUS -

1. **Custom Attendance template:** On customer requirement, BLISS will now provide its users to have their customized Attendance Register output for all the meetings according to their preference and practices. This feature makes the template customization feature more comprehensive.

2. **Downloadable Meeting Scheduler:** Users will now be able to download the meetings that are tentatively proposed for a year in excel format. This feature helps to download and share the entire excel sheet of the upcoming meetings or FY meetings with the directors or other stakeholders by a click of a button.

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

1. Which of the following is correct with regard to applicability of PIT Regulations on transmission of Shares ?

   a) Exempted Fully.
   b) Applicable, only disclosure requirements.
   c) Exempted from Trading window, pre-clearance, and contra trade.
   d) Both B and C.

2. What percentage of voting shares is required for the resolution professional to file an application to extend the corporate insolvency resolution process beyond one hundred and eighty days, as instructed by a resolution passed at a committee of creditors meeting?

   a) 76%
   b) 66%
   c) Simple majority
   d) 75%

3. What percentage of voting shares is required for the resolution professional to file an application to extend the corporate insolvency resolution process beyond one hundred and eighty days, as instructed by a resolution passed at a committee of creditors meeting?

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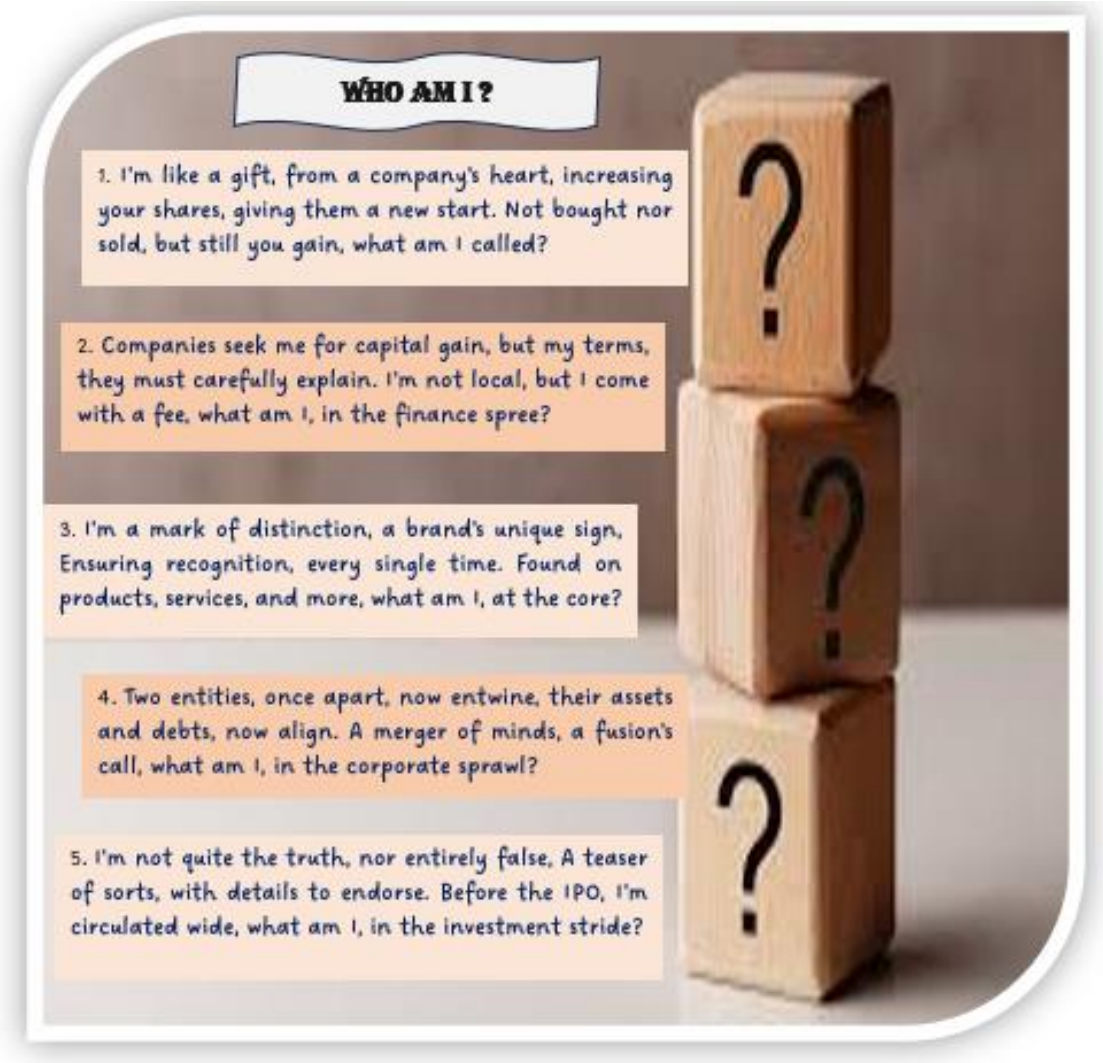
4. Under Sec 461, the Central Government submits a general annual report and lays before each House of Parliament within one year of the close of the year to which the report relates. What does this report deals with?

   a) Working and administration of Act, 2013.
   b) Report on Expert Committee on Company Law.
   c) Report on Classification and Registration of Companies.
   d) Report on Investigation under the Companies Act.

5. What is the minimum (months) and maximum (years) term of imprisonment for individuals found guilty of fraud involving an amount of at least ten lakh rupees or one percent of the turnover of the company, whichever is lower under section 447?

   a) 2, 3
   b) 6,10
   c) 6,3
   d) 2,5

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WHO AM I ?
1. I'm like a gift, from a company's heart, increasing your shares, giving them a new start. Not bought nor sold, but still you gain, what am I called?
2. Companies seek me for capital gain, but my terms, they must carefully explain. I'm not local, but I come with a fee, what am I, in the finance spree?
3. I'm a mark of distinction, a brand's unique sign, Ensuring recognition, every single time. Found on products, services, and more, what am I, at the core?
4. Two entities, once apart, now entwine, their assets and debts, now align. A merger of minds, a fusion's call, what am I, in the corporate sprawl?
5. I'm not quite the truth, nor entirely false, A teaser of sorts, with details to endorse. Before the IPO, I'm circulated wide, what am I, in the investment stride?

Board Leaders Integrated Software Solution



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 March 2024

Compliances for Companies under Companies Act, 2013			
Sl. No.	**Compliance Requirement**	**Section/ Rules**	**Due Date**
NIL			
SEBI (LODR) Regulations, 2015 Compliances			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
NIL			
SEBI (PIT) Regulations, 2015			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1	Trading restriction period shall be made applicable from the end of every quarter till 48 hours after the declaration of financial results.	Clause 4 of Schedule B read with Regulation 9	Before the end of every Quarter
2	Continual Disclosures by Every promoter, and director of every company shall disclose to the company number of securities acquired or disposed, if the value of the securities traded, in a calendar quarter, exceeds traded value in excess of 10 Lac	7(2)	Within two trading days of receipt of the disclosure or from becoming aware of such information
SEBI (SAST) Regulations, 2011			
Sl. No.	**Compliance requirement**	**Regulation reference**	**Timeline**
1.	Any acquirer who acquires shares or voting rights in a target company which taken together with shares or voting rights, if any, held by him and by persons acting in concert with him in such target company, aggregating to 5% or more of the shares of such target company, shall disclose their aggregate shareholding and voting rights in such target company.	29(1)	Within 2 Working days of receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company
2.	Any acquirer, who together with persons acting in concert with him, holds shares or voting rights entitling them to five per cent or more of the shares or voting rights in a target company, shall disclose every acquisition or disposal of shares of such target company representing two per cent or more of the shares or voting rights in such target company.	29(2)	Within two working days of the receipt of intimation of allotment of shares, or the acquisition of shares or voting rights in the target company
3.	The Promoter shall disclose details of shares in such target company encumbered by him or by PAC's with him in such form as may be specified.	31(1)	Within 7 working days from the creation of encumbrance
4.	A Promoter shall disclose details of invocation of such encumbrance or release of such encumbrance of shares in such form as may be specified.	31(2)	Within 7 working days from the invocation or release of encumbrance as the case may be

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

- **31-01-2024**

Insolvency and Bankruptcy Board of India ("IBBI") notifies the Insolvency and Bankruptcy Board of India (Voluntary Liquidation Process) (Amendment) Regulations ("Regulations"), 2024

1. As per Regulation 3 of the said regulations, for the purpose of initiation of liquidation proceedings of a corporate person, a declaration from majority of Designated Partners (In case of LLP) or Individuals constituting the governing body (In case of other corporate persons) is to be obtained which shall be verified by an affidavit. The contents of this affidavit have been modified to include that the corporate person has made sufficient provision to meet the obligations arising on account of pending matters mentioned in clause (b) sub-clause (iii).
2. The corporate persons are now required to provide a disclosure about pending proceedings or assessments before statutory authorities, and pending litigations, in respect of the corporate person.
3. The requirement to hold a contributories meeting has been mandated if the liquidation process continues for more than 270 days (In case special resolution has been passed for voluntary liquidation of the corporate person or ordinary resolution is passed for voluntary liquidation of corporate person in case of expiry of its period as fixed in the Articles of Association or occurrence of event upon which the Company is to be dissolved as per its Articles of Association) or 90 days (In the other cases) as against the earlier requirement of holding a contributories meeting in case the process exceeds twelve months.
4. The contributories meeting shall be held within 15 days of the end of the 270 days or 90 days as the case maybe and at the end of every succeeding 270 days or 90 days as the case maybe.
5. The Status Report to be submitted in case the liquidation process exceeds the duration specified is to be for the said period and it shall no longer be called the Annual Status Report.
6. The content of the Status Report to now include 'the reasons for not completing the process within stipulated time period and the additional time required for completing the process.'
7. The liquidator is required to file the Status Report with the IBBI within 7 days of the meeting of the contributories.
8. The process for claiming the amount deposited into the Corporate Voluntary Liquidation Account has been revised and the same is provided for in the circular.

Insolvency and Bankruptcy Board of India ("IBBI") notifies the Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) (Amendment) Regulations, 2024 ("Regulations")

As per Regulation 3 of the Insolvency and Bankruptcy Board of India (Bankruptcy Process for Personal Guarantors to Corporate Debtors) Regulations, 2019, an Insolvency Professional shall be eligible to be appointed as a Bankruptcy Trustee if the Insolvency Professional Entity of which he is a partner or director or any other partner or director of such Insolvency Professional Entity does not represent any party in the bankruptcy process.

Further, the regulations permit the Bankruptcy Trustee to appoint accountants, registered valuers, advocates, or other professionals, as may be necessary, to assist him in the discharge of his duties, obligations and functions for a reasonable remuneration. An insolvency professional who has acted or is acting as an interim resolution professional, a resolution professional or a liquidator in respect of the corporate debtor could not be appointed for the same.

However, the above-mentioned requirements have been omitted vide the amendment regulations.

Insolvency and Bankruptcy Board of India ("IBBI") notifies the IBBI (Insolvency Resolution Process for Personal Guarantors to Corporate Debtors) (Amendment) Regulations, 2024 ("Regulations")

An insolvency professional shall be eligible to be appointed as a resolution professional for a resolution process, if-he, the insolvency professional entity of which he is a partner or a director, and all the partners and directors of the said insolvency professional entity are independent of the guarantor. One of the criteria for considering the person as independent of the guarantor is that he has not acted or is not acting as interim resolution professional, resolution professional or liquidator in respect of the corporate debtor.

However, the said requirement has been omitted vide the amendment regulations.

Further, Regulation 17A has been introduced which requires the Resolution Professional to place the repayment plan in the meeting of creditors for its consideration. If no repayment plan has been received, the same is to be notified in the meeting of creditors.

Insolvency and Bankruptcy Board of India ("IBBI") notifies the Insolvency and Bankruptcy Board of India (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2024 ("Regulations")

The authorization for assignment issued or renewed by the Insolvency Professional Agency shall be valid for a period of one year from the date of its issuance or renewal as against the earlier provision of one year from the date of its issuance or renewal or till the date the professional member attains the age of seventy years, whichever is earlier.

In case the expiry of the period of one year falls in between 1st of January to the 30th of June, the authorisation shall be valid till 30th of June and if the expiry of the period of one year falls in between 1st of July to the 31st of December, the authorisation shall be valid till 31st of December.

During this period, if the Professional member attains the age of seventy, the authorization of assignment shall be valid until such date.

Insolvency and Bankruptcy Board of India ("IBBI") notifies the Insolvency and Bankruptcy Board of India (Insolvency Professionals) (Amendment) Regulations, 2024 ("Regulations")

An insolvency professional ("IP") is now allowed to resign from the assignment, subject to the recommendation of the committee of creditors in a corporate insolvency resolution process, consultation committee in liquidation process, the debtor or the creditor in the insolvency resolution process of personal guarantor to the corporate debtor, as the case may be, and the approval of the Adjudicating Authority.

The IP shall however, continue to discharge his duties, functions and responsibilities till approval of the resignation by the Adjudicating Authority. An insolvency professional is not allowed to engage or appoint any of his relatives or related parties, for or in connection with any work relating to any of his assignment. However, the insolvency professional which is an insolvency professional entity may engage or appoint its partners or directors, as the case may be, for or in connection with any work relating to any of its assignment other than work related to valuation and audit of the debtor.

Further, an insolvency professional shall not provide any service for or in connection with the assignment which is being undertaken by any of his relatives or related parties. However, the insolvency professional which is an insolvency professional entity may provide any service, other than service related to valuation and audit, for or in connection with the assignment which is being undertaken by any of its partners or directors, as the case may be.

- **12-02-2024**

Insolvency and Bankruptcy Board of India ("IBBI") notifies the Insolvency and Bankruptcy Board of India (Liquidation Process) (Amendment) Regulations ("Regulations"), 2024

a. Following powers can be exercised by the liquidator only after advice/recommendation/consultation with the Consultation Committee:
   a. Filing proposal of compromise or arrangement under regulation 39BA of the IBBI (Insolvency Resolution Process for Corporate Persons) Regulations, 2016. The said proposal shall not be filed after expiry of thirty days from the liquidation commencement date.
   b. Application for early dissolution of the corporate debtor to the Adjudicating Authority with a detailed report incorporating the views of the said committee.
   c. Continuation or initiation of any legal proceeding only after presenting the economic rationale for the proposal to the consultation committee. Further, mandatory information that needs to be presented in every meeting of the consultation committee has been provided for in the said circular.
   d. Obtain fresh valuation of the assets or business intended to be sold only if the Consultation Committee is of the opinion for the same.
   e. Run the affairs of the corporate debtor as a going concern to the extent approved by the Consultation Committee.

   Confirm to the buyer about the private sale under Schedule I in para 2 under Clause 3A.

f. The scope of matters on which the consultation committee can advise has been increased to include additional matters such as review of marketing strategy in case of failure of sale of corporate debtor as a going concern; continuation or institution of any suits or legal proceedings by or against the corporate debtor and extension of payment of balance sale consideration as provided in clause(12) of Para 1 of Schedule I, beyond ninety days, to be disclosed in the auction notice.

g. The consultation committee shall hold at least one meeting in each quarter and the gap between 2 meetings should not exceed 30 days from the previous meeting unless extended by the Committee.

h. The definition of the term "voting" has been explained to mean voting cast by the representatives of the consultation committee.

i. Sale of the corporate debtor as a going concern cannot be offered as the only option for bidders after the first auction.

j. The liquidator will now be required to seek prior consultation with the consultation committee to sell the assets of the corporate debtor by means of private sale. Further, the said consultation has been omitted in case the asset is sold at a higher price than the reserve price of a failed auction.

k. Where the liquidator is of the view that a fresh valuation is required, the registered valuer shall explain the methodology for arriving at such valuation in a meeting facilitated by the liquidator before the finalisation of the Report and the confidentiality of the same shall be maintained. In case the deviation is more than twenty-five percent, the difference shall be explained in a meeting by the registered valuers.

l. The Stakeholders who claim to be entitled to any amount deposited into the Corporate Liquidation Account may File Form-I (in replacement to From J) prior to the dissolution of the corporate person.

m. Wherever the corporate debtor has given possession to an allottee in a real estate project, such asset shall not form a part of the liquidation estate of the corporate debtor.

n. The liquidator is now required to mention in the auction notice, the period extended beyond ninety days for payment of balance sale consideration.

o. The Amount prescribed for reduction in reserve price fixed in accordance with Regulation 35 where an auction fails, has been reduced from twenty-five percent to not more than ten percent at a time. Further, if the reserve price of the failed auction of the asset was fixed as per the valuation under sub-regulation (1) of regulation 35, the liquidator may reduce the reserve price up to twenty-five percent, once during the process only after advice of the consultation committee.

p. The timeline for payment of the balance sale consideration has been changed to provide that the said consideration shall be paid within ninety days, or such period as mentioned in the auction notice failing which the sale shall stand cancelled.

q. The Form A provided under principal regulations in Schedule II has been substituted, copy of which has provided in the said circular.

- **13-02-2024**

Reporting / Sharing of information in the Voluntary Liquidation process of Financial Service Provider.

As the definition of 'corporate person' excludes financial service provider ("FSP"), the Insolvency and Bankruptcy (Insolvency and Liquidation Proceedings of Financial Service Providers and Application to Adjudicating Authority) Rules, 2019, allows FSPs to undergo a voluntary liquidation process only after being notified by the Central Government under Section 227 of the Insolvency and Bankruptcy Code, 2016 and obtaining prior permission of the appropriate financial regulator.

The Liquidator has been directed to submit a copy of Form H and the final report filed before the Adjudicating Authority, along with the order for dissolution to the Board to the email ID: liqvol@ibbi.gov.in.

Insolvency and Bankruptcy Board of India ("IBBI") notifies the IBBI (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2024

The following changes have been notified by way of the aforementioned regulations:

1. The Interim Resolution Professional ("IRP") or the Resolution Professional ("RP"), shall operate a separate bank account for each real estate project where the corporate debtor has any/multiple real estate projects.
2. Earlier, the RP had the discretion to convene a committee meeting if he considered it necessary. However, the RP has now been mandated to convene a committee meeting before thirty days from the last meeting. The committee may, however, decide to extend this interval between the meetings provided that there shall be at least one meeting in each quarter.
3. The Committee has been given the discretion to decide the timespan for which the voting will be kept open to seek votes of the members who did not vote at the meeting, by electronic voting system in accordance with Regulation 26 which shall not be less than 24 hours and shall not exceed 7 days from the circulation of the minutes. Upon creditors' request for extension the same shall be extended in increments of 24 hours period. Further, the RP shall not allow the voting window period to be extended if the matters listed for voting have already received the requisite majority vote and an extension has already been given after the receipt of requisite majority vote.
4. Approval of the committee for insolvency resolution process costs shall be obtained by the Insolvency Professional ("IP") by placing the operational status of the corporate debtor in each meeting of the committee.
5. The registered valuers shall now in addition to the existing procedure, also explain the methodology being adopted to arrive at the valuation to the members of the committee before computation of estimates.
6. The undertaking that is received from the members before providing them fair value and the liquidation value by the RP will now also cover the non-usage and maintenance of confidentiality of the valuation report along with the fair value and the liquidation value.
7. The information memorandum which is submitted to the prospective resolution applicant shall now also include the fair value. If the non-disclosure is considered to be more beneficial for the resolution process, the committee may decide not to disclose.
8. The RP after the approval of the committee may invite a resolution plan for each real estate project or group of projects of the corporate debtor.
9. The committee may, for the purpose of implementing the resolution plan, require a monitoring committee and the same maybe constituted with the RP or propose another IP, or any other person as its members while approving the resolution plan. Further, the monthly fee payable to RP shall not exceed the monthly fee received by him during the corporate insolvency resolution process.
10. If an application is made to the Adjudicating Authority for the extension of corporate insolvency resolution process period, the RP shall continue to discharge his responsibilities under the corporate insolvency resolution process, till the application is decided by the Adjudicating Authority.

Deposit and withdrawal of unclaimed dividends and / or undistributed proceeds during the voluntary liquidation process.

The circular has listed the following details to be submitted by the Liquidator, through Form-I, to process the request received from a stakeholder who claims any amount deposited into the Corporate Voluntary Liquidation Account for withdrawal before the dissolution of the corporate person:

1. Name and CIN/LLPIN of the Corporate Person
2. Voluntary Liquidation Commencement Date
3. Date and amount of Deposit into the Corporate Voluntary Liquidation Account
4. Acknowledgement number issued by the Board
5. Amount (Rs.) being requested for withdrawal
6. Name of the stakeholder to whom the amount proposed to be distributed and the Serial

Number at which his name appeared in the list submitted to the Board.

7. Reason for earlier non-distribution of such an amount and the Justification for the present request
8. Details of the account where the amount is to be refunded.

- **14-02-2024**

Introduction of a Central Processing Centre by the Ministry of Corporate Affairs

This notification has introduced a Central Processing Centre vide Companies (Registration Offices and Fees) Amendment Rules, 2024 w.e.f. 16th February 2024. Certain application or e-Form or documents mentioned in this notification have to be examined by the Registrar of the Central Processing Centre and decided with within 30 days from the date of its filing.

However, these rules shall not confer any power of Inspection, production, and evidence of documents on the Registrar of the Central Processing Center in case of applications, e-Forms or documents filed and the Registrar having territorial jurisdiction shall continue to exercise his powers under the respective section.

- **15-02-2024**

Insolvency and Bankruptcy Board of India ("IBBI") notifies the IBBI (Insolvency Resolution Process for Corporate Persons) (Amendment) Regulations, 2024

The following changes have been notified by way of the aforementioned regulations:

1. The Interim Resolution Professional ("IRP") or the Resolution Professional ("RP"), shall operate a separate bank account for each real estate project where the corporate debtor has any/multiple real estate projects.

2. Earlier, the RP had the discretion to convene a committee meeting if he considered it necessary. However, the RP has now been mandated to convene a committee meeting before thirty days from the last meeting. The committee may, however, decide to extend this interval between the meetings provided that there shall be at least one meeting in each quarter.

3. The Committee has been given the discretion to decide the timespan for which the voting will be kept open to seek votes of the members who did not vote at the meeting, by electronic voting system in accordance with Regulation 26 which shall not be less than 24 hours and shall not exceed 7 days from the circulation of the minutes. Upon creditors' request for extension the same shall be extended in increments of 24 hours period. Further, the RP shall not allow the voting window period to be extended if the matters listed for voting have already received the requisite majority vote and an extension has already been given after the receipt of requisite majority vote.

4. Approval of the committee for insolvency resolution process costs shall be obtained by the Insolvency Professional ("IP") by placing the operational status of the corporate debtor in each meeting of the committee.

5. The registered valuers shall now in addition to the existing procedure, also explain the methodology being adopted to arrive at the valuation to the members of the committee before computation of estimates.

6. The undertaking that is received from the members before providing them fair value and the liquidation value by the RP will now also cover the non-usage and maintenance of confidentiality of the valuation report along with the fair value and the liquidation value.

7. The information memorandum which is submitted to the prospective resolution applicant shall now also include the fair value. If the non-disclosure is considered to be more beneficial for the resolution process, the committee may decide not to disclose.

8. The RP after the approval of the committee may invite a resolution plan for each real estate project or group of projects of the corporate debtor.

9. The committee may, for the purpose of implementing the resolution plan, require a monitoring committee and the same maybe constituted with the RP or propose another IP, or any other person as its members while approving the resolution plan. Further, the monthly fee payable to RP shall not exceed the

monthly fee received by him during the corporate insolvency resolution process.

10. If an application is made to the Adjudicating Authority for the extension of corporate insolvency resolution process period, the RP shall continue to discharge his responsibilities under the corporate insolvency resolution process, till the application is decided by the Adjudicating Authority.

- **19-02-2024**

Introduction of Change Request Form (CRF) on MCA-21

The MCA has made available a web-based, Change Request Form (CRF) on its V3 portal for requesting any changes to the Registrar of Companies (RoCs) like the Master Data correction and to comply with certain directions of Courts/Tribunals, which ordinarily cannot be complied with through existing functionality of forms or services on MCA-21 system.

Users are requested to note that this form is to be used only under exceptional circumstances which cannot be catered through any existing form or services or functionality available either at Front Office level (users of MCA-21 services) or Back Office level (RoCs) and is neither a substitute to any reporting, application, and registry requirements as per CA, 2013, and LLP Act, 2008, nor for any approval related and registration related queries for which existing tickets and help desk facilities must be used.

The Form will be processed by RoCs within 03 days of its filing, after which it will be forwarded to Joint Director (e-governance cell), who will process and decide the matter within a maximum time of 07 days.

- **22-02-2024**

Deposit and withdrawal of unclaimed dividends and / or undistributed proceeds during the Corporate liquidation process.

The circular has listed the following details to be submitted by the Liquidator, through Form-I, to process the request received from a stakeholder who claims any amount deposited into the Corporate Liquidation Account for withdrawal before the dissolution of the corporate person:

1. Name and CIN/LLPIN of the Corporate Person
2. Liquidation Commencement Date
3. Date and amount of Deposit into the Corporate Liquidation Account along with the Acknowledgement number issued by the Board
4. Amount (Rs.) being requested for withdrawal
5. Name of the stakeholder to whom the amount proposed to be distributed and the Serial Number at which his name appeared in the list submitted to the Board.
6. Reason for earlier non-distribution of such an amount and the Justification for the present request
7. Details of the account where the amount is to be refunded.

Enhancing Transparency and Stakeholder Engagement in Liquidation Process

IBBI has taken the following measures to enhance the transparency and engagement with the stakeholders during the liquidation process-

1. The Liquidator is now directed to share the progress reports with the members of the Stakeholders' Consultation Committee (SCC) which earlier was shared only with the Adjudicating Authority (AA) and the IBBI / Board till the filing of the final report.
2. The liquidator will now seek the suggestions / observations of the members of the SCC while preparing the Preliminary Report and finalise the Preliminary Report only after considering such suggestions / observations, and thereafter, submit it to the AA, Board and members of SCC.
3. Further the Liquidator will now be required to submit a copy of Form H along with the final report which is filed before the AA, and the order for process closure/dissolution to the Board to the email ID: liq.cirp@ibbi.gov.in.

Solution for Quiz:

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

Riddle Solution:

1. Bonus shares	2. External Commercial Borrowings (ECB)
3. Trademark	4. Amalgamation
5. Red Herring Prospectus	

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About CimplyFive

Vision

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

Mission

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



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