

Editorial

As Generative AI quietly enters the boardroom through the Company Secretary's laptop, the profession stands at a defining crossroads — not of relevance, but of responsibility. The CS has weathered every technological shift, from paper registers to MCA21, and emerged stronger each time; AI will be no different, provided the profession leads its governance rather than merely following its convenience. Yet the stakes today are uniquely high — a single unguarded prompt carrying UPSI, personal data of a director, or an undisclosed financial figure can silently breach SEBI's PIT Regulations, the DPDP Act, 2023, and the LODR framework all at once. This article is a practitioner's honest reckoning with that reality — not to alarm, but to equip the CS community with the awareness, frameworks, and regulatory grounding needed to use AI safely, confidently, and accountably.

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

Happy Reading,
Team CimplyFive
June 05, 2026

What's more in this month's issue…

- ***What is Hot in Company Law?***
- ***Article of the Month***
- ***BLISS Tips for the Month***
- ***Test your Gray Matter!***
- ***Compliance Calendar***
- ***Regulatory Changes in the Month***

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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, 2013 ("Companies Act"), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), 2015 ("SEBI (LODR)") and Insolvency and Bankruptcy Code, 2016 ("IB code"). Our website has crossed **64 million page-views** as on date and attracts about 15,000 users accessing around 45,000 pages a day. List of the most viewed sections in the Companies Act, SEBI (LODR) and IB Code in the month of April 2026 here is based on visitors to our website is as follows:

For the Month of May, 2026
Companies Act, 2013 Top 5 Chartbusters

Rank in Apr	Change in Rank	Rank in May	Section	Section Title
1	↔	1	179	Powers of Board
3	↑	2	188	Related Party Transactions
2	↓	3	62	Further issue of share capital
4	↔	4	149	Company to have Board of Directors
N	↑	5	186	Loan and investment by company

Section 184 has been replaced with Section 186 for the month of May 2026.

SEBI (LODR) Top 5 Chartbuster Regulations

Rank in Apr	Change in Rank	Rank in May	Regulation	Regulation title
1	↔	1	30	Disclosure of Events or Information
3	↑	2	23	Related Party Transactions
2	↓	3	17	Board of directors
N	↑	4	52	Financial Results
N	↑	5	62Q	Other corporate governance requirements

Regulations 26 and 7 has been replaced with Regulation 52 and 62Q for the month of May 2026 respectively.

IB Code Top 5 Chartbusters

Rank in Apr	Change in Rank	Rank in May	Section	Section Title
N	↑	1	6	Persons who may initiate corporate insolvency resolution process.
4	↑	2	30	Submission of resolution plan.
5	↑	3	53	Distribution of assets.
5	↑	4	33	Initiation of liquidation.
2	↓	5	5	Definitions

Regulation 7 has been replaced with Regulation 6 for the month of May 2026 respectively.

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Article: AI in the Boardroom: Navigating Governance, Compliance and Data Safety for Company Secretaries

INTRODUCTION

A decade ago, the Company Secretary's desk was defined by thick physical registers, ink-stamped share certificates, and voluminous printed board papers. Then came the digital wave — MCA21 transformed statutory filings, NSDL and CDSL dematerialised shareholding, and video conferencing reshaped board meetings in the post-pandemic era. Each wave of technology was met with a familiar question: Will this replace the CS? Each time, the answer was emphatically the same — technology complemented the role, elevated the function, and freed the Company Secretary to focus on governance advisory rather than clerical compliance.

Today, the same question arrives in a new avatar: Generative Artificial Intelligence (GenAI). But this time, the question deserves a far more nuanced answer. Unlike prior tools — which processed, stored or transmitted information — **GENAI REASONS WITH IT.** It reads your draft resolution, understands the context, suggests edits, and generates entirely new content. When that content involves board-level decisions, unpublished financial projections, merger discussions, or senior personnel changes, the governance implications demand serious professional scrutiny.

This article is not a caution against AI. It is a call for conscious AI adoption — harnessing the transformative power of generative AI for company secretarial work while building a disciplined framework to protect sensitive corporate information, comply with Indian securities law, and uphold the CS's enduring duty as the conscience of the boardroom.

HOW COMPANY SECRETARIES ARE USING GENERATIVE AI

Across all types of companies – many tools are being used for tasks that once consumed hours of careful manual work. The adoption of generative AI among CS professionals is no longer theoretical — it is happening, often informally, in the daily workflow.

1. Drafting and Documentation

Board resolutions, meeting notices, explanatory statements, secretarial audit reports, directors' reports, and annual report narratives can be drafted faster using AI. The CS provides the parameters; the AI provides a structured first draft that the professional then reviews, edits, and signs off.

2. Legal and Regulatory Research

Querying provisions of the Companies Act, 2013, SEBI LODR Regulations, FEMA, SCRA, or the Insolvency and Bankruptcy Code through conversational AI provides faster, contextualised answers than traditional search. However, AI-generated legal interpretations must always be verified against primary sources — hallucination remains a real risk.

3. Compliance Calendar Management

AI tools can generate compliance timelines based on financial year, listing status, board composition, and applicable regulations — reducing the risk of missed deadlines and improving the reliability of compliance schedules for multi-entity groups.

4. Due Diligence and Summarisation

AI can assist in summarising lengthy agreements, statutory registers, or regulatory filings for board briefings — accelerating due diligence in M&A transactions and reducing the turnaround time on legal reviews.

5. Shareholder Communication

Drafting postal ballot notices, voting reports, investor presentations, shareholder letters, and AGM materials can be significantly streamlined. AI assists in maintaining consistent tone and ensuring regulatory language is included.

6. Training and Knowledge Management

AI tools serve as an accessible first-level knowledge resource for junior secretarial staff and CS trainees on procedural queries, regulatory definitions, and checklist generation — effectively democratising access to specialised knowledge within the secretarial team.

GENERATIVE AI IN SECRETARIAL PRACTICE: USE CASES AND RISKS

The practical risks of AI in the secretarial function emerge sharply when we examine specific, real-world use cases. Each scenario below reflects a type of prompt that CS professionals are, today, routinely using, which needs to be analysed in terms of risk exposed, if any.

Use Case 1: Drafting Resolutions with Company-Specific Details

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Prompt: 'Draft a board resolution approving a related party transaction between [Company Name] and [Subsidiary], involving a loan of ₹75 crores at 9% p.a. for a period of 3 years.'

Risk: This prompt contains the company's identity, transaction size, related party relationship, and financial terms — all of which, if undisclosed, may qualify as UPSI under Regulation 2(1)(n) of the SEBI (Prohibition of Insider Trading) Regulations, 2015. Transmitting this to a public AI tool creates a risk of inadvertent disclosure, particularly if the tool retains user data for model training.

Use Case 2: Summarising Board Papers with Unpublished Financials

Prompt: 'Here is our Q3 board paper. Summarise the financial highlights and flag action points.'

Risk: Quarterly and annual financial results, prior to publication, are explicitly listed as UPSI. Pasting such data into a public AI tool amounts to transmitting UPSI to a third-party system outside the company's information security perimeter — a potential violation that the Compliance Officer and the CS must actively prevent.

Use Case 3: KMP-Related Drafting

Prompt: 'Draft an appointment letter for our new CFO [Name] effective [date], with a CTC of ₹X crores.'

Risk: Changes in Key Managerial Personnel are designated UPSI events under the PIT Regulations. Additionally, the personal data of the individual — name, designation, compensation details — is protected under the DPDP Act, 2023. This prompt violates both regulatory frameworks simultaneously.

AI Vs DPDP and SEBI LODR Frameworks

The Digital Personal Data Protection Act, 2023 (DPDP Act) is India's first structured data protection law with direct implications for secretarial workflows, board processes, and shareholder management. Under the Act, the company is the Data Fiduciary when processing personal data of directors, employees, and shareholders — and the CS, as its officer, carries shared fiduciary accountability. Personal data in secretarial work includes director names, DINs, PANs, remuneration details, KYC documents, and shareholder information — passing any of this to a public AI tool may constitute unauthorised processing. The purpose limitation principle makes this stricter: data collected for an MCA filing cannot be repurposed as AI input without fresh consent. Most public GenAI tools are hosted on servers outside India, raising cross-border data transfer concerns under Section 16 of the DPDP Act — a compliance risk CS professionals must flag at the board level. Penalties under the DPDP Act reach up to hundreds of crores for breaches arising from failure to implement reasonable security safeguards.

Turning to listed companies, the SEBI LODR Regulations, 2015 establish the governance framework within which all AI-assisted processes must operate — Regulation 4(2) mandates board accountability for the integrity of financial reporting, while Regulation 30 requires prompt disclosure, meaning any AI tool that inadvertently retains such information may create an unintended regulatory exposure. Regulation 9 on document preservation requires AI-generated governance documents to be archived, version-controlled, and auditable. Under SEBI's PIT Regulations, 2015, transmitting UPSI to an uncontrolled third-party AI system — even if the model is not a legal "insider" — may expose the individual responsible to investigation. It is therefore imperative that CS professionals advocate for the Code of Conduct under PIT Regulations to be explicitly updated to address AI tool usage and prompt discipline.

GOVERNANCE FRAMEWORK FOR RESPONSIBLE AI ADOPTION

The answer to AI risk is not prohibition — it is governance. Company Secretaries are uniquely positioned, both by their professional mandate and their organisational proximity to the board, to champion an AI governance framework within their organisations.

1. Data Classification Before AI Interaction

Classify all corporate information into four tiers: Public, Internal-General, Confidential, and Restricted/UPSI. Only Public and Internal-General information should ever be processed through public AI tools. Confidential and UPSI data must be restricted to enterprise-grade or private AI deployments with contractual data isolation.

2. Enterprise AI vs. Public AI

Enterprise versions of AI tools — Microsoft Copilot for Microsoft 365, Google Workspace Gemini for Business, or private cloud large language model deployments — offer contractual data isolation, where the company's data is not used to train the model, and data residency

can be configured. CS professionals should push for organisation-wide adoption of enterprise AI tools rather than individual use of free public platforms.

3. Prompt Hygiene Policy

Develop and implement a Prompt Hygiene Policy — a clear, simple set of rules governing what information can and cannot appear in AI prompts. Core rules: never include company name, CIN, or undisclosed financial figures in a public AI prompt; replace specific names with generic placeholders; do not paste board papers, audit reports, or financial statements into any public AI tool.

4. Board-Approved AI Usage Policy

The CS must drive the creation of a formal AI Usage Policy, approved by the board, covering: approved tools, prohibited use cases, data handling protocols, review and sign-off requirements for AI-generated outputs, training requirements for secretarial staff, and incident reporting procedures.

5. Audit Trail for AI-Assisted Governance Documents

Every document touched by AI in the governance process — a resolution, a statutory notice, a directors' report — must carry an internal audit note recording that AI assistance was used, which tool was used, and that a qualified CS reviewed and validated the final output. This protects both the professional and the organisation in any subsequent regulatory inquiry.

6. Training and Continuous Awareness

The CS and the secretarial team must be trained not only in using AI tools effectively but in understanding their risk architecture — what data the tool retains, where servers are located, what the privacy policy says about corporate inputs, and how to identify when a task crosses the risk threshold for public AI use.

REGULATORY GUIDANCE AND BEST PRACTICES

While specific ICSI guidance on Generative AI is still evolving, the following existing frameworks provide relevant guidance for CS professionals:

· **ICSI Secretarial Standards:** ICSI Secretarial Standards (SS-1 and SS-2) mandate specific procedures for board and general meetings. AI-generated minutes and resolutions must fully comply with these standards — AI does not substitute for professional compliance, and the CS remains accountable for the accuracy and legality of every document.

· **SEBI Master Circular on LODR:** The SEBI Master Circular on LODR continues to evolve. CS professionals of listed companies must monitor SEBI communications for AI-specific advisories, particularly around investor communication, material event disclosure, and the integrity of board processes.

· **MCA Digital Initiative Framework:** The Ministry of Corporate Affairs has been progressively digitising corporate governance. CS professionals should engage with ICSI to advocate for formal AI governance guidelines under the Companies Act, 2013 framework, before regulatory gaps become enforcement risks.

· **EU AI Act — International Reference:** The EU AI Act (2024) classifies AI systems used in regulated financial contexts as high-risk, requiring conformity assessments, transparency documentation, and mandatory human oversight. India's AI governance policy may draw from these frameworks — CS professionals should anticipate analogous requirements in Indian corporate law.

· **NIST AI Risk Management Framework:** The NIST AI Risk Management Framework (USA) offers a practical Govern–Map–Measure–Manage model for AI risk that translates directly to the CS's governance advisory role, even as a voluntary international best-practice reference.

PRACTICAL RECOMMENDATIONS FOR COMPANY SECRETARIES

Based on the regulatory analysis and risk assessment above, the following eight practical steps are recommended for every CS professional, regardless of the size or listing status of their company:

1. **Never enter UPSI into public AI tools; if the information is not publicly available, do not use it in an AI prompt.**
2. **Promote the adoption of enterprise-grade AI solutions with robust data security, contractual safeguards, and data residency controls.**
3. **Update the Insider Trading Code of Conduct to specifically address AI usage and the handling of UPSI through digital platforms.**
4. **Implement a Board-approved AI Policy covering governance, data classification, usage protocols, and risk management.**

5. **Ensure all AI-generated resolutions, notices, and governance documents undergo professional review before use.**
6. **Maintain a documented audit trail of AI-assisted activities to demonstrate accountability and regulatory compliance.**
7. **Continuously monitor developments from SEBI, MCA, ICSI, and the DPDP framework to stay aligned with evolving regulations.**
8. **Actively contribute to AI governance discussions and policy consultations to help shape practical regulatory frameworks.**

CONCLUSION

The Company Secretary has always been the custodian of corporate conscience — the professional who ensures that power is exercised within the bounds of law, ethics, and governance best practice. That fundamental role has not changed. What has changed is the environment in which it is exercised.

Generative AI is a powerful ally for the modern CS — but only when wielded with the same discipline and professional rigour that the role has always demanded. The risks — UPSI exposure through unguarded prompts, DPDP Act non-compliance, LODR governance gaps — are real, but they are manageable. The answer lies in informed, policy-driven, professionally supervised AI adoption.

BLISS Tips for the Month

BLISS Tips #343: Stay Ahead of Secretarial Auditor Tenure Deadlines

You can now easily update and track the tenure end date of your Secretarial Auditors directly from the Company Profile. No more last minute rush or missed timelines.

With timely alerts as the tenure approaches its end, your Secretarial Team can proactively plan reappointments and stay fully compliant without any stress.

☑ Avoid last-minute compliance gaps

☑ Get timely reminders for smoother planning

☑ Ensure continuous auditor engagement without disruptions

To add the tenure just go to the company profile page and update the tenure.

BLISS Tips #344: Bulk Download Is Here. Audit Smarter

Records are systematically organized under each Financial Year into sections such as Board Meetings, Sub-Committee Meetings (with separate sub-heads for each committee), Shareholder Meetings, Circular Resolutions, Returns, Action Tracker, Calendar Events, User-Specific Folders, and Registers.

- All records include e-mail proof in HTML format, wherever applicable, for easy reference and audit trail verification.
- Presentations, signed documents, and supporting files are neatly categorized for quick access.
- Documents are available in multiple formats including PDF, Excel, and Word for operational convenience.

Stay ahead of Secretarial Audit deadlines with structured tracking and centralized record management.

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

1. What is the maximum time frame for completing the CIRP under the IBC?

a) 180 days
b) 270 days
c) 330 days
d) 365 days

2. What is the revised timeline for public announcements following the filing of the draft offer document under the SEBI (ICDR) Regulations, 2015?

a) Within 3 working days
b) Within 5 working days
c) Within 7 working days
d) Within 2 working days

3. What is the minimum period for which a trading plan must be given under SEBI's regulations?

a) 6 months
b) 12 months
c) 18 months
d) 24 months

4. Which form must an individual submit to a company to declare their status as a Significant Beneficial Owner?

a) Form DIR-3
b) Form BEN-1
c) Form MGT-14
d) Form INC-22

5. Under Section 62(1)(a), who is eligible to subscribe to shares in a rights issue?

a) Only existing equity shareholders
b) Existing equity shareholders and their relatives
c) Existing equity shareholders and employees
d) Anyone, including the general public

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Board Leaders Integrated Software Solution

BLISSPLUS

BLISSPLUS 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. It also has 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

BLISSLISTED is 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.

BLISSDOCS

BLISSDOCS is an Android/IOS based Board app for Directors which provides secure access to Board documents on Tablets/mobile phones, enhancing Directors productivity and making the Board meetings efficient & effective

CIMPLYBEST

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

Clear Compass

Clear Compass is an All-law Compliance Software to ascertain, track and manage all the applicable state, central and industry-specific laws.

CAIRR LODR Integrated

CAIRR is a free to use website from CimplyFive that provides at your fingertips, an integrated view of the Companies Act, 2013, IB Code, 2016 and LODR, 2015. The site and app are 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 June 2026

Compliances under Companies Act 2013		
DPT-3: Return of Deposit	Section 73 of the Companies Act, 2013 read with Rule 16 of the Companies (Acceptance of Deposits) Rules, 2014	To be filed on or before 30th June, 2025

Gist of regulatory changes in Companies Act, 2013, SEBI (LODR) 2015, SEBI (PIT) Regulations, 2015 and Insolvency & Bankruptcy Code, 2016 in the month of May 2026.

- **05/05/2026**

Update of single filing system through API-based integration between Stock Exchanges:

Vide the aforesaid circular, the Stock Exchange has extended the Single Filing System to cover the following additional disclosures, w.e.f May 05, 2026:

1. Initiation of Forensic Audit
2. Prohibition of Insider Trading

The single filing system is already available for the following disclosures:

1. Investor Grievance Report
2. Corporate Governance Report
3. Reconciliation of Share Capital Audit Report
4. Meetings of shareholders and Voting Results
5. Integrated Filing (Governance)
6. Annual Secretarial Compliance Report
7. Integrated Filing-Financials
8. Issue Summary Document (ISD)- Buyback- Open and Tender Route
9. Resolution plan/ /Restructuring in relation to loans/borrowings from banks/financial institutions (Inter-Creditors Agreement) and One time settlement (OTS)
10. Corporate Debt Restructuring
11. Fraud/Default/Arrest
12. Closure of Trading Window
13. Prior Intimation for Board Meeting
14. Business Responsibility and Sustainability Report
15. Resignation of Independent Director, Director, KMP, SMP, Compliance Officer
16. Resignation of Statutory Auditor
17. Change in directors, key managerial personnel (Managing Director, Chief Executive Officer, Chief Financial Officer, Company Secretary etc.), senior management, Auditor and Compliance Officer, Registrar to an issue and share transfer agent
18. Acquisition/Amalgamation/Merger/De-merger /Sale or disposal/Other Restructuring
19. Annual Report-XBRL
20. Loss of Share Certificate/Issue of Duplicate Share Certificate
21. Awarding, Bagging/receiving, amendment or termination of orders not in the normal course of business -Para B
22. Issuance/Allotment/Alteration/Restriction on transferability of securities-Para A
23. Corporate Insolvency Resolution Process events
24. Notice of Shareholders Meeting.
25. Agreements/Contracts/ Arrangements/ MOU- Para A
26. Outcome of Board Meeting for Dividend, Buyback, Bonus and Voluntary Delisting events

- **14/05/2026**

IBBI (Model Bye-Laws and Governing Board of Insolvency Professional Agencies) (Amendment) Regulations, 2026.

1. Nominee Director on Governing Board (Reg. 5)

• IBBI to nominate one individual as Nominee Director on the Governing Board of each IPA.
• Added as new category (d) in Board composition; excluded from the minimum 7-director count.
• Nominee director has same status, rights, duties, and responsibilities as other directors.

2. Disqualifications for Independent Directors (Reg. 5, sub-reg. 6)

• Cannot be a member of a statutory regulator that sponsors/promotes or controls, directly or indirectly, the IPA.
• Cannot simultaneously be an independent director of any other IPA.

3. Second Term of Directors (Reg. 5, sub-reg. 9)

• Second term required only a satisfactory performance review of first term by the Governing Board , now requires a prior approval of IBBI too.

4. Managing Director Appointment (Reg. 5A, New sub-reg. 6A)

• IPA now must forward at least 2 names to IBBI for prior approval.
• To be submitted at least 1 month before expiry of the existing MD's tenure.

- **22/05/2026**

Insolvency and Bankruptcy Board of India (Liquidation Process) (Third Amendment) Regulations, 2026:

For corporate debtors that qualify as micro, small, or medium enterprises (MSMEs) under the MSMED Act, 2006, the liquidator is now required to appoint just one registered valuer per asset class during the liquidation process, aimed to reduce the compliance and cost burden on smaller businesses.

However, if the liquidator after consulting with the consultation committee is of the opinion, that two valuers are necessary, then appointment shall be made, provided the reasons for doing so are recorded in writing.

- **22/05/2026**

Insolvency and Bankruptcy Board of India (Pre-packaged Insolvency Resolution Process) (Second Amendment) Regulations, 2026:

Earlier, the resolution professional was mandatorily required to appoint **two sets of registered valuers** within three days of appointment to determine the fair and liquidation value of the corporate debtor. The amended regulation now reduces this to **one set as the default** - However, the committee retains the flexibility to decide on appointing two sets, provided the reasons are **recorded in writing**.

Consequently, the fair value and liquidation value estimates will be determined and treated based on whether one or two sets of registered valuers have been appointed, accordingly.

- **22/05/2026**

Insolvency and Bankruptcy Board of India (Insolvency Resolution Process for Corporate Persons) (Second Amendment) Regulations, 2026.

For corporate debtors that qualify as micro, small, or medium enterprises (MSMEs) under the MSMED Act, 2006, the resolution professional, now, shall appoint just one set of registered valuers. However, after consulting with the committee and with reasons recoded in writing, the resolution professional shall appoint two sets of registered valuers, if necessary.

About CimplyFive

Mission

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

Vision

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

Solution for Quiz
1. c
2. a
3. b
4. b
5. a



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