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Editorial

Dear Readers,

We are overwhelmed by your response to our report **SECRETARIAL AUDIT REPORT: Trends & Practices 2015**. Many of you have appreciated

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Interview with CS Manjunatha Reddy, Founder & Director, LegalMonk Advisors Private Limited and Past Chairman of Bangalore Chapter of ICSI



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Compliance Calender

Due dates for Income tax, Professional tax, Service tax, Companies Act, 2013 etc has been captured for your ready reference.

View the list…

Insolvency and Bankruptcy Bill, 2015: Turbulent Times Ahead



Company law and Bankruptcy law share a common trait, i.e. limited liability. While all entities

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Gist of Regulatory Changes in Companies Act, 2013 in the month of April 2016



Five Regulatory changes in Companies Act, 2013 in the month of April

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Response to our report 'Secretarial Audit Reports: Trends & Practices in 2015'

"I must compliment the authors of the Report for the excellent presentation with a professional touch" -L. Rajgopalan, FCS 62

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Editorial

Dear Reader,

We are overwhelmed by your response to our report **SECRETARIAL AUDIT REPORT: Trends & Practices 2015**. Many of you have appreciated the painstaking effort that the team has taken in compiling this report. In addition, the structure and presentation of the report that has offered concrete recommendations has also been mentioned.

In particular I would like to thank CS L Rajagopalan, FCS no. 62 for his detailed feedback on our report with numerous suggestions that would have enriched our report. Rajagopalan Sir, thank you once again for your suggestions. We will incorporate it in our next reports.

Talking of the next report, we have Board Evaluation in India, A Study of the Top 100 Companies, in the pipeline scheduled for publication this month, May 2016. It looks at the Global best practices in Board Evaluation and ranks Indian companies on a 5-star scale.

Turning to this issue, we have interviewed CS Manjunatha Reddy on the major changes in the life of a CS after the advent of the new Act and Modi government's initiatives on promoting Ease of Doing Business in India. With the new Insolvency and Bankruptcy Bill 2015 scheduled for enactment we have explored the potential challenges it could face in implementation based on our study of similar bills introduced in the USA in the 19th century. Our regular feature Regulatory Gist contains five changes that were effected to the Companies Act, 2013 in the month of April 2016.

We are eager to know what you think of iComply. Please do share your thoughts with us at contact@cimplyfive.com.

Happy reading,
Shankar Jaganathan
Editor
May 5, 2016

Interview with CS Manjunatha Reddy, Founder & Director, LegalMonk Advisors Private Limited and Past Chairman of Bangalore Chapter of ICSI

1. **We are in the first quarter of a new financial year. More important for Company Secretaries, two years have lapsed since the new Companies Act, 2013 came into force. What are the major differences you have seen in the last two years with the advent of this new act?**

   The Companies Act, 2013 has considerably enhanced the role and responsibilities of company secretaries both in employment and in practice.
   With the advent of new Act, there is improved corporate governance, enhanced disclosures and transparency, increased accountability of company managements and auditors, protection of interest of investors particularly small and minority investors, better shareholder democracy, facilitation of Corporate Social Responsibility (CSR) and austere enforcement processes. The increased compliance and exacting penalties foment the role of company secretary. The new law has provided much larger role for the company secretaries in the areas of secretarial audit, restructuring, liquidation, valuation and much more. Company secretaries attract mega penalties for violation of clauses. The Companies Act, 2013 has equated a noble position to the profession of company secretaries.

2. **After the new Modi-government took charge at the Centre, Ease of Doing Business has become a focal point? In your personal experience where have you felt its impact the most?**

   After the Modi-Government took charge, there is really ease in doing business, and lots of positive developments have taken place in this direction. The new Government is very proactive and has taken lot of positive steps to

resolve stake holder's grievances. The whole process of incorporation has been simplified and by filing integrated form INC-29 we can incorporate the company even in one day. New Government has provided various exemptions for Private Companies; this will also help in ease of doing.

3. **Given your rich experience, what are the key factors in a Company Secretary-Client relationship that promote compliance and good governance?**

   The role of the company secretary has developed into much more than the basic statutory requirements. Most notably, the responsibility for developing and implementing processes to promote and sustain good corporate governance has fallen largely within the remit of the company secretary.
   The dynamics of the boardroom are changing and chairmen and directors are realizing that they need specialist skills and technical knowledge in this area and they are looking to company secretaries to provide this expertise. Proper and timely advice from a Company Secretary will promote compliance and good governance.

4. **What role do you see technology play in the job of a Company Secretary today? Going forward, which is the area where you see technology can make a big difference; play a major role in easing the job of a company secretary?**

   By using latest technologies, Company Secretaries can provide more efficient, effective and timely service to the clients.
   Technology can play a major role in preparation and filing of e-forms, drafting of board meeting and general meeting notice, agenda and minutes and also in maintaining of statutory registers of the Companies.

Gist of regulatory changes in Companies Act, 2013 in the month of April, 2016

04.04.2016

Filing of Documents and Forms in Extensible Business Reporting Language Amendment Rules, 2016

- Banking, Insurance, Power Sector, Non-Banking Financial Companies and Housing Finance Companies need not file financial statements in XBRL.

06.04.2016

- Introduced Division II in Schedule III providing general instructions for preparations of financial statements of a company required to comply with Ind AS

12.04.2016

General Circular No 03/2016

- MCA has relaxed additional fees payable on e-forms which are due for filing by companies between 25th March,2016 to 30th April,2016 for the forms filled up to 10th May,2016.

26.04.2016

- Telangana is added to the jurisdiction of Regional Director, South East Region Directorate, Headquarter at Hyderabad

27.04.2016

General Circular No 04/2016

- The Companies (Accounting Standards) Amendment Rules, 2016 will be applicable to accounting period starting from 1st April, 2016.

Compliance Calendar

May 5, Thursday	Physical payment of Service Tax
	Physical payment of Excise duty, Non SSI for the month of April,2016
May 6, Friday	E-Payment of Service Tax
	E-payment of Excise duty, Non SSI for the month of April,2016
May 7, Saturday	Pay Tax Deducted at Source(TDS) for Tax Deducted in April,2016
May 15, Sunday	Pay PF contribution for April,2016
May 20, Friday	Professional Tax payment
	VAT Payment
May 21, Saturday	ESIC monthly deposit
May 25, Wednesday	PF return for the month of April,2016

Insolvency and Bankruptcy Bill, 2015: Turbulent Times Ahead

By Shankar Jaganathan
Founder & Chief Executive, CimplyFive

Company law and Bankruptcy law share a common trait, i.e. limited liability. While all entities incorporated under the Companies Act get limited liability, it is provided to other entities like individuals and partnerships only on meeting certain conditions. Further, it is a strong prevailing belief that where effective corporate and bankruptcy laws prevail economic growth will flourish as it provides an impetus to entrepreneurship and risk taking which drives private enterprise fueling economic growth.

Given the focus of the governments to promote economic growth, it is no wonder that India is witnessing the enactment of a new Bankruptcy law. If history is anything to go by, we should be aware that this is not going to be a smooth journey. The hiccups we will see are likely to be pronounced with many back and forth movement, before bankruptcy laws are calibrated for smooth functioning.

Looking back at history, bankruptcy laws had an interesting trigger. Prior to the first enactment of this law in England, Lenders could take the defaulting borrower as a bonded worker. What was seen as a deterrent to the borrower soon turned out to be a bigger burden to the lenders in times of acute famine, as they had to feed and maintain the defaulting borrowers.

In response to this predicament, England enacted in 1542 a law that required the defaulting borrower to be sent to a prison. By 1570s, the debtors' prisons were full, requiring a new bankruptcy law to be enacted that that provided relief to the lenders. This new act provided that

- Only a lender could initiate proceedings
- Only a merchant borrower could be proceeded against
- All the borrowers assets were seized and sold; there was no discharge for the balance amount which could still be recovered

Even as the English bankruptcy laws evolved over the next two centuries, USA the new country tried to emulate it in a short time providing us with interesting learnings, showing the need for calibration.

- In 1800 the first Bankruptcy law was enacted in the US. As prominent speculators benefitted, it was repealed in 1803.
- On the back of a depression that left many defaulting borrowers, 1841 act was passed, which allowed defaulting borrowers to initiate the proceedings. In 1843, the law was repealed as many lenders suffered, which was contrary to the intent.
- In 1867 a revised law was enacted. This too had a short life, being repealed in 1878 as it

was expensive and did not benefit the lenders.

- In 1898, another revised law was passed, which with some modifications has stood the test of time, though it was modified in 1938 and 1978.

While it is prudent to expect that learning from history India may not need a hundred years to refine its bankruptcy law, human behaviour suggests caution. If the Indian bankruptcy law is effective, some undeserving will benefit. This will create an uproar to plug the loopholes negating the overall benefits to the economy. On the other hand, if the law is very strict and narrow even the deserving may not get any relief with the status quo prevailing. Should we err on the side of being liberal to progress?

Response to our report 'Secretarial Audit Reports: Trends & Practices in 2015

L. Rajagopalan
FCS 62

"I must compliment the authors of the Report for the excellent presentation with a professional touch"

Sudhir V Hulyalkar
FCS 6040
Practicing Company Secretary

"Your report has come out fantastic. You could have also highlighted on the qualifications, observations and also on improvements that could have been made in these reports"

S Samdani (Sushil Samdani)
Partner, Samdani Shah & Associates
Ex-Chairman of the Vadodara Chapter of ICSI

"It's indeed a timely required survey done, as India is passing through a conversion process to set an example before the world community that by ethical and governance practices any one can lead in true sense. I will certainly convey in the context soon. Thank you once again for doing the tremendous job."

Dvmgopal & Associates

"The process you followed to analyze is good"

Tushar Shridharani
FCS 2690
Founder, Tushar Shri & Associates

"Have gone through attachment. The team of CimplyFive have made an impressive and meticulous exercise. I appreciate"

Jatin S. Popat
Partner, BNP & Associates

"Thank you to the entire team of CimplyFive for efforts done which will pave a good path for all Listed Entities in India as well as Company Secretaries (in employment as well as practice). It will also guide for improvements where require to take SA Report at next level during evolution."

CS (Dr.) D.K.Jain
Company Secretaries

"I appreciate the coverage study of Secretarial Audit Report of S&P and BSE 500 Companies and congratulate the efforts made by the team for such research."

About us

CimplyFive Corporate Secretarial Services Pvt Ltd

Vision:

Eliminate procedural non-compliance risk for entities incorporated under 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

BLISS (Board Leaders Integrated Software Solution)

Our product BLISS (Board Leaders Integrated Software Solutions)

- A digital productivity tool for Compliance with the Companies Act,2013
- Provides comprehensive coverage of Board meetings, Shareholder meetings and Sub-committee meetings
- Rich bank of curated but editable resolutions
- Fully integrated modules- Agenda, Minutes, Registers and Returns
- Timely alerts and reminders
- Rich and real-time dashboard

www.ca2013.com: Company law at your fingertips. A free to use website, integrating Companies Act with Rules, Notification, Orders and Circulars that is real time and online

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CAIRR

