iComply

Editorial

Welcome to the second issue of **iComply**. Our focus in this issue is on professionals, for a profession is only defined by its professionals.

Read more…

Gist of regulatory changes in Companies Act, 2013 in the moth of March 2015



Ten regulatory changes in Companies Act, 2013 in the month of March.

View the list…

Interview with CS Ganapathi Bhat



How do you spot a company with good governance?

Good corporate governance is reflected in the quality of its board and the transparency in its operations to the stakeholders. For me there is no better judge for good governance than these two parameters.

Read the full interview…

Compliance Calender

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

Read more…

4 steps for effective CA-CS interactions for smooth audit.



Statutory audit for a business is both a boon and a bane, with only the time horizon separating the two. Even the most favourably disposed will consider going through audit a pain as it involves additional work, requires work discipline and demands explanations for all deviations. Even at a later date benefits do not 'emerge', for absence of problems related to the audit period is the only gain.

Read more…

Among the first few initiatives to develop a software package to automate company secretary's more repetitive tasks such as completing statutory form and register maintenance was in 1984 by the Institute of Chartered Secretaries and Administrators (ICSA), UK. The result was BLUEPRINT Company Secretary Software package launched in 1986.

Editorial

Welcome to the second issue of **iComply.** Our focus in this issue is on professionals, for a profession is only defined by its professionals.

Starting this issue, we will be interacting with a leading professional and bring you their insights on professional challenges and opportunities. We start this series with Mr.Ganapathi Bhat, a seasoned Company Secretary with two decades of rich experience. His wide interest gave him a ringside view of CimplyFive, as he has seen our journey from the day we inaugurated our office on December 1, 2014.

April is the first month of audit and accounts closing season. It is the time when Auditors and Company Secretaries join hands to assist their clients be compliant. Given this need to collaborate we have compiled the best practices in CA-CS interactions for your ready reference. An interesting aspect of this collaboration is that it is required irrespective of whether the CS is an employee or an external advisor.

The spate of regulatory changes in the Companies Act, 2013 continues. Ten0 circulars were issued in March covering a wide range of subjects ranging from administrative issues like extension of time limits for compliance and delegating adjudicating powers on penalties to substantive issues like clarification on deposits accepted by companies. A summary of these changes is captured in our Regulatory Gist for your ready reference.

We feast on your feedback. Please do let us know what you think of **iComply** at contactus@cimplyfive.com

Cicil Joseph
April 14, 2015

Interview with CS Ganapathi Bhat



CS. Ganapathi is a Fellow Member of the ICSI having more than 20 years' experience in the field of Corporate Laws, Company Secretarial matters, FEMA related compliances, handling of Public Issues, Representation before the various authorities like the Ministry of Corporate Affairs, New Delhi, and Office of Regional Directors across India and Company Law Board. He has been consultant for the Indo – German Chamber of Commerce, FKCCI and BCIC. Ganapathi was elected to the Bangalore Chapter of ICSI for two consecutive terms of four years since 2007, held various positions and was CHAIRMAN of Bangalore Chapter of ICSI in 2011. He is currently an elected member of SIRC of ICSI for the term 2015 - 2018.

Good evening Mr.Bhat. Thanks for the opportunity to interact with you. As a leading Company Secretary with rich experience can you share some of your insights into the Companies Act, 2013?

Good evening… Companies Act, 2013 is a very good legislation coming to us after six decades. Though it will take some more time for the various stakeholders including the corporates to get used to it and implement it in full, it is a very good initiative as it has increased the focus on governance and given higher importance to transparency and disclosures.

Compliance has always been a challenge? As a Company Secretary how

do you see companies adopt to stringent compliance provisions?

Yes, I agree that compliance under the new Companies Act is a challenge. The change in governance practice and culture required is quite sharp. It will take some time for professionals and corporate executives to get used to it. The transitional time for switch over to new legislation is limited. Added to this, the limit on the number of companies in which a director or an auditor can be appointed is an additional factor. This leads to shortfall in the number of directors/professionals required, as the number of directors/auditing firms who are experienced is quite limited. This puts a strong onus on the company secretaries to educate the new directors/ in house professional on the need for compliance and the benefits derived from it. The other challenge I perceive is the lack of clarity in certain provisions of the legislation which creates in ambiguity.

In your twenty year experience as a Company Secretary, what are the major technological changes you have seen?

When I started my career, I used to see my emails just once a week. Whereas now I check my emails every minute. Emails forced us to become techno-savvy and be more communicative and responsive to our clients.
Looking at recordkeeping, today use of electronic records is a must for maintaining Register of Members in companies with a large number of shareholders. There is no alternative to electronic record keeping.
The presence of Google is another change of significant magnitude. When you ask any youngster a question, unlike us who went to the get the bare act or the rule book, they turn to Google and zero in on their requirement. This is a big change.

When you see technology, do you see a conflict between productivity, quality and customization?

I do not see technology driving our profession even in the future. In our offices, we have a guru-shishya relationship between the Company Secretary and our trainees. The process of learning to draft a resolution, or interpret a section is learnt through personal interaction and debates. Drafting skills and ability to understand a client need cannot be provided by technology. I see technology increase our productivity and reliability. Company Secretary professional cannot entirely be driven by Technology, but we can adopt technology which can maximise the efficiency of the team besides enhancing professional skills. It will not become the central driver in our profession.

How do you spot a company with good governance?

Good corporate governance is reflected in the quality of its board and the transparency in its operations to the stake holders. For me there is no better judge for good governance than these two parameters.

If there is only one thing you could do to improve the quality of corporate governance in India, what would it be?

I would improve the coordination between professionals and corporate executives to promote good governance. All professionals should understand the business needs better and the corporate executives should appreciate the thought behind compliance practices. Better understanding and communication between professionals and corporate executives is the key to improving the quality of corporate governance in India.

What would you advice a new company secretary starting their practice?

I believe a new company secretary needs to have proficiency in the Companies Act and understand the implications of what their client is doing. So that he can advice the Company on the need of Compliances. This is the essence of a successful professional. Technology tools can only help them to improve their productivity.

4 steps to effective interactions between CA-CS for smooth audit



Statutory audit for a business is both a boon and a bane, with only the time horizon separating the two. Even the most favourably disposed will consider going through audit a pain as it involves additional work, requires work discipline and demands explanations for all deviations. Even at a later date benefits do not 'emerge', for absence of problems related to the audit period is the only gain.

Audit-pain can grow exponentially when two experts have a differing view on a given compliance issue. Often the difference could be between the company secretary who has implemented a given business decision and the statutory auditors who feels otherwise. These differences can lead to missed timelines, lost business opportunities and additional costs. Pre-empting differences or when differences emerge addressing them at early stages is the most viable way out. In practice this translates to having these four steps in place:

1. Scheduled meetings at predefined intervals, say each quarter or half-year, without any specific agenda. This can be a good forum for not only strengthening their personal relationship, but also nipping any issues as they crop up.
2. Identifying potentially contentious issues before taking decision and involving the two professionals in the decision making process. Illustrations of such issues can be private placement of shares, capital restructuring, using new borrowing instruments and effecting managerial compensation changes among others.
3. Once a difference has cropped up, recognize the difference and plan to resolve it. This involves documenting the difference and its implications as a preparatory step to the meeting for resolution.
4. Prudence demands that a backup plan be agreed on identifying what will be the planned action should the situation turn unfavourable, which is agreed to between the two professionals.

As in all issues involving interpersonal relationship, while processes help avoid or minimize issues, the perfect solution is in the parties involved taking an objective view and use the cushion of personal goodwill to resolve the difference.

Disclaimer: The contents of this newsletter are only a summary for information and has not dealt with issues in detail. Any action taken or proposed to be taken by the reader must be in consultation with a professionals and not merely based on the articles or news updates. CimplyFive disclaims all liability on actions taken without professional advice

Gist of regulatory changes in Companies Act,2013 in the month of March 2015



31.03.2015

Delegation of powers to RDs u/s 94(5) read with section 458 of CA, 2013

Regional Directors can direct an inspection of registers and returns and authorize extracts required to be taken from the registers and returns of a company. This notification shall come into effect from the date of its publication in the official Gazette.

31.03.2015

The Companies (Acceptance of Deposits) Amendment Rules, 2015

1. Share application money received prior to April 1, 2014 will not be considered as deposits if

- They have been disclosed as such in the balance sheet for the financial year ending prior to March 31, 2014, and
- The company either allot shares or returns the money before June 1, 2015

2. Companies may accept deposits without deposit insurance contract till 31 March, 2016 or till the availability of a deposit insurance product, whichever is earlier.

30.03.2015

General Circular No.05/2015 Amount received by private companies from their members, directors or their relatives before 1st April, 2014 - Clarification regarding applicability of Companies (Acceptance of Deposits) Rules, 2014

Clarified that these amounts shall not be treated as deposits subject to the private company disclosing in its notes to financial statement for the financial year commencing on or after April 1, 2014 the figure of such amounts and the accounting head in which such amounts have been shown in the financial statement.

Any renewal or acceptance of fresh deposits from 1st April, 2014 shall be in accordance with the provisions of Companies Act, 2013 and rules made thereunder.

24.03.2015

Appointment of RoCs as adjudicating officers with jurisdiction and their appellate authorities' u/s 454 of CA 2013.

Registrars of Companies appointed as adjudicating officers for penalties under the provisions of the Companies Act 2013 for their respective jurisdictions.

19.03.2015

The Companies (Management and Administration) Amendment Rules, 2015

Provisions for E-voting made applicable only for companies with 1000 or more members

Further clarifications provided on E-voting and its implementation. The provisions of this rule are applicable to

all General meetings for which notices are issued from the date of commencement of this rule.

18.03.2015

Companies (Share Capital and Debentures) Amendment Rules, 2015

1. Where there is a contradiction or conflict between regulations framed by SEBI and MCA, SEBI regulations shall prevail for listed companies and MCA regulations will apply for unlisted public companies and private companies.
2. Where a Company Secretary is appointed, any person authorised by the Board or Secretary can sign the share certificate.
3. Time limit for issue of duplicate share certificates is extended from 15 days to 45 days.
4. Employee includes employees of a subsidiary and holding company for the purpose of ESOP and for this purpose the employees of the associate company shall not be considered.
5. Rule 13, a new provisio introduced. In case of any preferential allotment made by a company to its existing members, there is no requirement of making open offer in Form PAS 4 and filling thereof with the ROC/SEBI. However, complete record of private placement offers in Form PAS 5 is required to be maintained.
6. Security for the debenture can be created on any specific movable property or specific immovable property wherever situated or whatever interest. In case of non-banking financial company, the charge or mortgage may be created on any movable property, it need not be specific.
7. Issue of debentures by a government company which is fully secured by the guarantee given by the Central Government or one or more State Government or by both, the requirement for creation of charge under this sub-rule shall not apply.
8. Where any loan is availed by a subsidiary company from any bank or financial institution, its holding company is allowed to offer its property as security.The time period allotted for creating a trust deed is extended from 60 days to three months from the date of allotment
9. A new sub clause added to Rule 18 which deals with debentures by which these rules are made not applicable to funds raised by issue of commercial paper or any other similar money market instruments or FCCB or FCB.
10. Format of Form SH 13 and Form SH14 has been revised – now it includes details of nominee, in case minor nominee dies before attaining age of majority.

18.03.2015

The Companies (Meetings of Board and its Powers) Amendment Rules, 2015

The following decisions which were required to be taken only at a meeting of the Board of Directors are now permitted to be passed as circular resolutions:

1. to take note of appointment(s)or removal(s)of one level below the Key Management Personnel;
2. to take note of the disclosure of director's interest and shareholding;

3. to buy, sell investments held by the company (other than trade investments), constituting five percent or more of the paid up share capital and free reserves of the investee company;
4. to invite or accept or renew public deposits and related matters;
5. to review or change the terms and conditions of public deposit;
6. to approve quarterly, half yearly and annual financial statements or financial results as the case may be.

12.03.2015

Inviting applications for filling up the posts of two Members of the Competition Appellate Tribunal.

10.03.2015

General Circular 4/2015: Clarification with regard to section 185 and 186 of the Companies Act, 2013 - loans and advances to employees

Loans and/or advances made by the companies to their employees, other than the Managing Director or Whole Time Directors are not governed by the requirements of Section 186 of the Companies Act, 2013. However such loans and/or advances to employees need to be in accordance with the remuneration policy and in the offer document/ appointment letter.

03.03.2015

General circular 03/2015: Clarification in relation to filing of Form DIR-11& DIR-12 under the CA 2013

In the absence of authorised signatories, even after resignation as a director, the resigned director is permitted to sign DIR-12 (Particulars of appointment of directors and the key managerial personnel and the changes among them) to facilitate compliance.

Complaince Calender

April15	Payment of Professional Tax for the Half year ended October to March
	EPF Monthly remittance
	Clause 49 - Corporate Governance Report (Listed Companies)
April 20	Submission of VAT return along with the Payment due for the previous month after considering input credit
April 21	ESI monthly deposit
	Clause 35 - Shareholding Pattern as on 31.3.15 (Listed Companies)
April 25	Filing of Service Tax Returns for the Half year ended October to March.
	Payment of Renewal fee for Professional Tax
April 30	Tax Deducted at Source (TDS) payment for the month of March.
	Reconciliation of Share Capital Audit Certificate by Practicing Company Secretary (Listed Companies)
May 5	Pay Service Tax for April, 2015
May 7	Pay Tax Deducted at Source(TDS) for Tax Deducted in April, 2015
May 15	Filing of Tax Deducted at Source (TDS) returns for IV Quarter
May 30	Clause 41 - Audited Financial Results for the quarter and year ended 31st March 9 (Listed Companies)
	Issue of Form 16A for IV Quarter
May 31	Issue of Form 16
May 31	Issue of Form 16

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 Solutions)

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

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