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Editorial

Dear Reader,

We at CimplyFive wish you all a very happy new financial year. In addition, we wish you abundant growth and prosperity.

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Interview with CS J Sundharesan, Founder & Chief Advisor, J.Sundharesan & Associates



The definition of Small Companies is sought to be enlarged by doubling the Share Capital threshold from Rs.5 crores to Rs.10 crores and increasing the turnover by five times from Rs.20 crores to Rs.100 crores. What do you think will be the impact of this change on companies?

It is a welcome change. This change can be seen as a step to synchronise the definitions of small enterprise as per the MSME Act, and Companies

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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…

Board Evaluation: A New Business Opportunity for Practicing Company Secretaries?



The Companies (Amendment) Act, 2016 recently passed in the Lok Sabha has created an emerging business opportunity for corporate professionals. Section 178 of the Act is now amended to permit an independent external agency to assist/conduct

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



Eight Regulatory changes in Companies Act, 2013 in the month of March

View the list…

CimplyFive Press Release

CimplyFive releases its report **'SECRETARIAL AUDIT REPORTS: Trends & Practices in 2015'**

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Editorial

Dear Reader,

We at CimplyFive wish you all a very happy new financial year. In addition, we wish you abundant growth and prosperity.

Lok Sabha passed the Companies (Amendment) Act, 2016 in the last week of March. Many of the changes in this amendment were triggered by difficulties faced while implementing the Act. In a short article in this report we identify a new business opportunity that has come up of facilitating Board Evaluation for companies that are mandated to do it. We think this is an opportunity that every professional connected with the corporate world could be looking at. We have interviewed CS J Sundharesan on two specific changes identified in the Companies (Amendment) Act, 2016 and the role of technology in the life of PCS. Our regular feature Regulatory Gist contains eight changes that were effected to the Companies Act, 2013 in the month of March 2016.

We are happy to share with you that our free to use website www.ca2013.com that provides updated and integrated Company law, CAIRR crossed 50,000 page views on February 29th and as of March 31 has crossed 63,000 page views and looks well set to cross the 100,000 page views by June 2016. We look forward to your continuing support and patronage.

Our report titled **SECRETARIAL AUDIT REPORT: Trends & Practices 2015**, covering the Secretarial Audit Reports of the S&P BSE 500 Companies is being released today. The report covers four aspects: the Auditee, the Auditor, the Report and the Mandates and is structured into four parts –the Mandate, the Practice, CimplyFive's Learning and Our Recommendation.

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

Interview with CS J Sundharesan, Founder & Chief Advisor, J.Sundharesan & Associates

Companies (Amendment) Bill, 2016 which was passed by the Lok Sabha last week can potentially have a major impact on the practice of Company Secretaries. What do you see as the impact of these two provisions in particular?

1. **The definition of Small Companies is sought to be enlarged by doubling the Share Capital threshold from Rs.5 crores to Rs.10 crores and increasing the turnover by five times from Rs.20 crores to Rs.100 crores. What do you think will be the impact of this change?**

   It is a welcome change. This change can be seen as a step to synchronize the definitions of small enterprise as per the MSME Act, and Companies Act; thereby bringing uniformity between the different legislations. Further given the impact of inflation and other economic pressures, Rs.5 Crore capital and Rs.20 Crore turnover were very meager amounts.

2. **Section 178 is now amended to permit Board evaluation to be done by an independent external agency. Who do you think is the right agency to do it -Company Secretaries, Chartered Accountants, Proxy Advisory Firms or Management Consulting firms?**

   The intent of the law is to remove any discrepancy in the evaluation process, whether in connivance or otherwise and to avoid the element of conflict of Interest and hence the requirement of an independent external agency is being proposed.

   As regards the right agency to perform the evaluation, in my view the following criteria are important:

   i. Should have the ability to read and understand Financial Statements.
   ii. Should be capable to analyses the prospective business strategy.
   iii. Have an acumen to ascertain the risk involved for business of the Company.

iv. Knowledge of the prevailing HR Policy in the respective industry
v. Knowledge of best trade practices of the industry in India and Global.

Any person having sufficient knowledge and experience in the above matters and co-relate the same with the company to gauge the performance of the directors is the right person/agency to perform the Board Evaluation.

This evaluation may be done by CS, CA or other Management Advisor firms with academic and practical insights.

3. Technology has invaded most spheres of human life, however its impact on the life of a Company Secretary is quite limited compared to other professionals. Do you agree with this observation?

No I do not agree. Technology has come as a boon to many. Gone are the times when CS used to line up at the office of Registrar of Companies, to make the necessary filing; these filings are now easily done on the MCA 21 portal, the public search option is also made available to the users online. With the help of computers preparation and storage of documentations is also easy. Cloud Computing makes such documents available to the users at any time and any place. Technology is a way of life going forward.

4. If you were given one wish by the technology fairy to ease your job as a Practicing Company Secretary, what would you ask for and why?

- End–to–End solution in compliance
- Real time guide/ interactive facility in filling and filing of applications
- Status tracking–real time movement of files with statutory agencies (when a courier/ cab company can track through GPS why not MCA)

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

10.04.2016

a) Companies (Share Capital and Debentures) Amendment Rules, 2016

In the report to Directors for Buy back of Shares, where the audited accounts is older than six months, the calculations with reference to buy back shall be based on the un-audited accounts, which are subjected to limited review by the auditor of the company, not older than six months from the date of the offer document

23.04.2016

a) The Central Registration Centre (CRC) is given functional jurisdiction for territories all over India of processing and disposal of e-forms and all related matters pertaining to registration of companies under section 7, 8 and 366 of the Companies Act, 2013

b) Companies (Incorporation) Second Amendment Rules, 2016

The format of INC-11 (Certificate of Incorporation) was amended to include Registrar of Companies, Central Registration Center as the authority for approval of registration of companies under section 7, 8 and 366 of the Companies Act, 2013

29.04.2016

a) Companies (Share Capital and Debentures) Second Amendment Rules, 2016

A Buy Back offer was required to be kept open for a minimum of 15 days. But now a proviso is inserted whereby the offer can be kept open for a shorter period, where all the members of a company agree to such reduction

b) Companies (Removal of Difficulties) Order, 2016

Central Government Provided that until the National Financial Reporting Authority is constituted under section 132, the Central Government may hold consultation required under this sub-section with the Committee chaired by an officer of the rank of Joint Secretary or equivalent in the Ministry of Corporate Affairs and the Committee shall have the representatives from the Institute of Chartered Accountants of India and Industry Chambers and also special invitees from the National Advisory Committee on Accounting Standards and the office of the Comptroller and Auditor-General

c) Companies (Auditor's Report) Order, 2016

This order revises the content required to be included in the Auditor's Report presented to the Members of the Company for the financial year 2015-16

30.04.2016

a) Companies (Indian Accounting Standards) (Amendment) Rules, 2016

The Companies (Indian Accounting Standards) Rules, 2015 is amended substantially. Please see the detailed notification for changes

b) Companies (Accounting Standards) Rules, 2016

The Companies (Accounting Standards) Rules, 2006 is amended to include revised Accounting Standards. Please see the detailed order for the changes

Compliance Calendar

April 5, Tuesday	Physical payment of Excise duty, Non SSI for the month of March,2016
April 6, Wednesday	E-payment of Excise duty, Non SSI for the month of March,2016
April 15, Friday	Pay PF contribution for March,2016
April 20, Wednesday	Professional Tax payment
April 21, Thursday	ESIC monthly deposit
April 25, Monday	PF return Filing- Monthly
	Service Tax Return for the period October 2015 to March 2016
April 30, Saturday	TDS/TCS payment (March 2016)
	PF Return- Annual
	PT Payment- Annual

Board Evaluation: A New Business Opportunity for Practicing Company Secretaries?

By Shankar Jaganathan[1]

The Companies (Amendment) Act, 2016 recently passed in the Lok Sabha has created an emerging business opportunity for corporate professionals. Section 178 of the Act is now amended to permit an independent external agency to conduct evaluation of the performance of Board, its Committees and Independent Directors. While this amendment has not yet come into force, but it soon will, opening up a new revenue stream.

At the core of evaluating the performance of a Board are the three key questions: Why, What and How? A discerning reader would notice the absence of the fourth logical question –Who?

[1] Shankar Jaganathan is the Founder & Chief Executive of CimplyFive Corporate Secretarial Services Private Limited a company with the vision to eliminate procedural non-compliance for entities incorporated under the Companies Act, 2013.

In the initial stages itself, it was realized that 'No one can evaluate a Board but the Board itself'. Further they also realized that while self-evaluation is essential, self-evaluation need not be self-serving. This realization is the primary trigger for the other three questions being raised and answered.

Campbell Soup Company in early 1990s was the first company, if not among the first few companies, to start the practice of evaluating the performance of its Board of Directors. At a time when the concept of Shareholder Value Creation and Economic Value Add were emerging, the Board of Campbell Soup Company started to evaluate its performance to see how it measured up to the task of value creation. Even today, best results are obtained when a company starts evaluation of Board performance as a need for self-improvement. Statutory mandate as the trigger is a poor substitute for Board Evaluation as it would only lead to compliance with the letter of law but not give the benefits that come from complying with the spirit of law.

What should be evaluated is very clear and not much debated. A simple issue of identifying essential inputs, defining correct processes, getting targeted outputs to get the desired outcome. For Board Evaluation, the desired outcome often translates to building a growing and sustainable business.

Given this outcome, Board Evaluation is usually centered on getting the right balance among Board Members and devoting adequate time to help formulate the company's strategy, develop and monitor their risk management systems, have in place a succession management process and build strong stakeholder relationships to withstand the potential potholes that lie on the company's path.

The toughest question in Board Evaluation is therefore not who, why or what is to be done, but how the evaluation process is being carried out. Even here, while different options like self-evaluation, peer evaluation, group discussions and third party evaluation are all available, getting the blend right is only one of the key ingredient. As the essential criteria is to get full and frank participation of all the members without any fear or favour, the process by which their opinions are collected and summarized is equally important. A process that preserves the participant's confidentiality goes a long way in creating a strong and effective Board Evaluation system.

Given the challenge of complying with the mandate and the enormous benefit that an involved Board Evaluation can create, we are in for an interesting time. Is the CS Professional ready to step up to the wicket and bat?

CimplyFive

APRIL 2016

Secretarial Audit Reports:
Trends & Practices in 2015

Different - Distinct - Diverse



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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