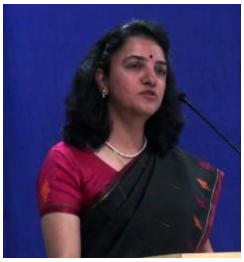
# iComply

## Editorial

Dear Reader,

Our thirst to understand and contribute to evolving good secretarial practices is unquenched. Last week we launched CimplyFive's **first Survey of Secretarial Practices.** We are happy to share that within the first four days we had more than 200 responses.
Read more…

## Interview with Mythily Ramesh, Co-Founder and CEO of NextWealth on her experiences as a woman Board Member



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Read more…

## 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…

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*By Shankar Jaganathan*
*Founder & Chief Executive, CimplyFive*

Digital India
Power To Empower

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Read more…

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

Three Regulatory changes in Companies Act, 2013 in the month of June

View the list…

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**BLISS** has now been updated with seven new features all of which enhances your productivity and ease of use. The list of features added in **BLISS** are:

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# Editorial

Dear Reader,

Our thirst to understand and contribute to evolving good secretarial practices is unquenched. Last week we launched CimplyFive's **first Survey of Secretarial Practices**. We are happy to share that within the first four days we had more than 200 responses. What is more gratifying is that more than two-third of our responses came from Practicing Company Secretaries. We are closing this survey this week and request all of you who have not participated to do so by **clicking on this**. We have planned to publish the survey results in the third week of July.

Turning to this issue, we have interviewed **Mythily Ramesh, CEO of Next Wealth** a Social Venture BPO that leverages rural talent to address the urban needs and an independent director on corporate boards of her experiences both as a Woman Director and a senior woman executive in large corporates. This is a topic on which we intend to do more interviews as we believe this is an area that needs far greater debate.

In addition to our regular features−Gist of Regulatory Changes and Compliance Calendar in this issue we have included an article that analyses the returns filed by Companies in the financial year 2015-16 and look at the relative importance of different returns filed with MCA. From this month we are also publishing a new column on **BLISS** updates of the new features added to **BLISS** during the month.

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
July 5, 2016

# Interview with Mythily Ramesh, Co-Founder and CEO of NextWealth

1. **You have experience both as a CEO and as a director. What are the factors that have helped you settle down as a Director and contribute in corporate Boards?**

   There are lot of similarities between the role of a CEO and a Director while at the same time there are differences too. The basic factor to contribute in both the jobs is to understand the company. I personally believe that more you understand a company the better you can contribute as a Director. It is one thing to know an organization and its business which often is an external view, but it is an entirely different thing to get a taste of its culture. This you can do by meeting its people, visiting its offices and customers.

   Secondly knowing one or two people in the Board always helps to settle down quickly

   Third it is very important that your values and the values of the organizations match. Once you are confident of this it helps you to settle down much faster.

2. **Can you elaborate a bit more on the differences in the role of a CEO and a Board Member? What would be the top three differences?**

   Looking at differences, as a CEO you need to have what I call both the Garuda view and the snake view; a clear overview of the challenge and the ground level details to be effective. And you have to frequently move between the 30000 ft. and 10 ft. view to be able to run a company effectively. However, as a Board member, it is your Garuda view that more often than not comes into play. You have to have the 30000 strategic view, should be able to articulate it well and forcefully.

   The second aspect of difference, I know it does not sound right, but yet it is a fact−As a CEO you feel more ownership as the consequences of a failure hits you hard, which is tough to feel as a non-executive Director as your association is

only during Board Meetings. Finally, as CEO you have no choice but to take a multidimensional view of any given situation, while as a Director you can restrict your contribution from your area of specialization.

3. **As a woman how does the challenge in the two roles differ?**
   As a woman CEO, you rule, you are in-charge. The challenges you face are typical challenges of running an organization – customer acquisition, operations, targets etc. On the softer skills side, certain things that you cannot do – raising your voice, or shouting which would be very well accepted from a man but not from a woman. You have to be assertive and not seen as aggressive.

   As a Woman Director - the fact is many organizations are inducting a Woman Director because they are mandated to do so. This is the unfortunate truth though there are many well qualified women who can contribute equally if not more than many of the existing Board members. Having said that a woman Director cannot be quiet or not value add in Board meetings – she will immediately be type casted as being there in figure only – the same thing from a man will not be seen as such. You have to value add and you have to be seen as value adding and therefore you have to contribute that much more.

4. **Is there any specific advice you would like to give women who are contemplating accepting Board membership?**

   From my personal experience as a Director, firstly it is important to understand the organization fully by meeting the various senior members as well as junior staff, visiting the plant, the floor, visiting one or two customers (if possible), understanding the P&L, B/S etc - this gives you an idea about how well the company is doing, their future plans and directions, their value systems as well as the "smell of the place "

   Second, have your positioning in the Board clear – what is the value add you bring to the Board, your own area of specialization that is acknowledged and recognized in your appointment as a Director.

   Third, build the relationship with other Board members even before you get onto the Board – understand their views on the organization and the Board. It helps to connect with the other board members both in and outside the Board meeting to build relationships and to appreciate what they bring to the table and have your experience appreciated.

## Compliance Calendar

| | |
|---|---|
| **July 5, Tuesday** | Physical payment of Excise duty, Non SSI for the month of June, 2016 |
| **July 6, Wednesday** | E-payment of Excise duty, Non SSI for the month of June,2016 |
| | E-payment of Service Tax |
| **July 7, Thursday** | TDS Return for the month of June |
| **July 15, Friday** | Pay PF contribution for June,2016 |
| | Regulation 27 (2) - Corporate Governance |
| **July 20, Wednesday** | Professional Tax payment |
| **July 21, Thursday** | ESIC monthly deposit |
| | Regulation 13 (3) - Statement of Investor complaints |
| | Regulation 31 - Shareholding Pattern |
| **July 25, Monday** | PF return Filing-Monthly |
| **July 30, Saturday** | Reconciliation of Share Capital Audit Report |

# A Numeric View of MCA 21: Company Law Compliance in India

By Shankar Jaganathan
Founder & Chief Executive, CimplyFive

4R's form the basis for enforcement of any law; Companies Act, 2013, is no exception. Registration, the first R give the registrant a right which is denied to others. Company law too requires registration for giving registrants the benefit of limited liability by giving them a certificate of incorporation along with a unique Company Identification Number (CIN).

The second and the third Rs are Remittances and Registers. Remittances that require the registrant to pay a levy that either give them a further right or is a prerequisite for continuing to enjoy their existing rights. Fee payable on increasing authorized capital by a company is an example of remittance that gives further rights. Likewise Registers maintained by a company is the conclusive evidence on what is recorded. Companies Act, 2013 prescribes a dozen Registers to be maintained by companies. However not all of them are applicable to all companies, with Register of Members and Register of Directors & KMPs being the most used.

Returns, the fourth R for enforcing compliance in Companies Act, 2013 is not only the most numerous, with the count going over fifty, but also the most externally visible as it is filed with the Ministry of Company Affairs, with specific deadlines and stiff penalties for non-compliance.

eTaal, an acronym for **e**lectronic **T**ransaction **a**ggregation and **a**nalysis **l**ayer is a web portal introduced by the Ministry of Communications and IT to measure and disseminate real time statistics on National and State level IT projects. One of the statistics reported is the portal pertains to Returns filed by companies in MCA 21, the portal of Ministry of Company Affairs.

A tabulation of the returns filed for the financial year 2015-16 in MCA 21 is quite revealing on the activity levels of the Indian Corporate Sector.

**Top 10 Returns filed in MCA 21 during Financial Year 2015-16**

| Rank | # in lakhs | Form description |
|---|---|---|
| 1 | 6.48 | Annual Returns filing by companies with share capital |
| 2 | 3.97 | Appointment of Statutory Auditors |
| 3 | 3.86 | Appointment of Directors & Secretaries |
| 4 | 2.89 | Resolutions & Agreements filed with RoC |
| 5 | 2.27 | DINs approved |
| 6 | 1.11 | Notice of situation of Regd. Office |
| 7 | 0.68 | Return on Allotment of Shares |
| 8 | 0.65 | Registration of Charges created |
| 9 | 0.55 | Intimation of Related Party Entities |
| 10 | 0.45 | Registration of Charges Modified |

Seen in isolation while the volume of returns filed looks large, in the context of companies registered and active in India it is otherwise. As of March 2015, i.e. the beginning of the financial year 2015-16, India had 10,22,011 companies registered and active in India of which 10,15,601 were companies limited by shares and the balance consisting of companies limited by guarantee and unlimited companies.

Given the fact that limited liability is a right given by the society through legislation to the business and the society pays the price for corporate failures with its employees, suppliers and lenders bearing the brunt of unpaid claims, it is worth contemplating on what corporate professionals can do to ease the process by which companies can be more compliant.

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

**29.06.2016**

**Companies (Acceptance of Deposits) Amendment Rules, 2016.**

i. Rule 2 of Companies (Acceptance of Deposits) Amendment Rules, 2015 amended by exempting certain transaction from coming under the ambit of deposits:
   a) Issue of compulsorily convertible debenture upto 10 years (Which was 5 years before amendment)
   b) Issue of compulsorily convertible debentures which does not constitute a charge on the assets of the company and are listed on a recognized stock exchange
   c) Any non-interest bearing amount received and held in trust
   d) Any advances received as per written agreement for providing future services in the form of warranty or maintenance contract. If the period of providing the service is less than 5 years or as per common business practice whichever is less.
   e) Subscription amount received by the Chit Companies
   f) Amount received under collective investment schemes framed by SEBI
   g) Amount received by start-up companies of Rs. 25 lakhs or more as convertible note (convertible into equity or repayable within 5 years) in a single tranche

ii. No company shall accept deposits, if the amount of such deposits together with the amount of other deposits outstanding as on the date of acceptance or renewal of such deposits exceeds 35% of the aggregate of the paid-up share capital, free reserves and securities premium account of the company. With an exception that a Private Company can accept deposits from its members up to 100 % of aggregate of the paid up share capital, free reserves and securities premium account if it files the details of money accepted to the Registrar.

iii. The credit rating which the company is required to obtain every year should not be below than minimum investment grade rating.

iv. All companies, other than a private company, shall disclose in its financial statement about the money received from their director.

**30.6.2016**

**a. Companies (Appointment and Remuneration of Managerial Personnel) Amendment Rules, 2016.**

i. A company need not file return of appointment (i.e. Form-MR-1) for the appointment of CEO, CFO and Company Secretary

ii. In the Board Report following details need not be given any more:
   a. The explanation on the relationship between average increase in remuneration and company performance.
   b. Comparison of the remuneration of the Key Managerial Personnel against the performance of the company
   c. Variation in the market capitalization of the company, price earnings ratio as at closing date of the current financial year
   d. Comparison of the remuneration of the key Managerial Personnel against the performance of the Company
   e. The ratio of the remuneration of the highest paid directors to that of the employees who are not directors but receive remuneration in excess to the highest paid directors during the year.

iii. The Board's Report should include the following
   a. Names of the Top ten employees in terms of the remuneration drawn
   b. Names of all the employees whose remuneration exceed Rupees one crore and two lakhs if employed for full financial year and Rupees Eight lakhs fifty thousand per month if employed for part of the year

b. MCA has clarified that all the companies, existing on or before the commencement of this Act, which are required to comply with the provisions relating to rotation of Auditors have extended time beyond the initially prescribed three-year period from the commencement of the Act till the time of the first AGM held after this three-year period

## BLISS (Board Leaders Integrated Software System) Update

**BLISS** has now been updated with seven new features all of which enhances your productivity and ease of use. The list of features added in **BLISS** are:

1. **Drafter**, a new category of user added. Drafter has the right to View, create and save documents and records. However, the Drafter cannot finalize a record. This feature enables junior staff to create documents for review by senior staff and partners, thereby enhancing productivity of both the senior staff and the junior staff.
2. **Standard templates** like DIR-2 for Directors consent letter and MBP-1 for Declaration of Directors Interest is provided in **BLISS**. In addition specific provision is also made for company specific templates in word, excel or PDF that are repeatedly used to be uploaded in **BLISS**. This feature enhances productivity and make the work of CS easier.
3. **Smart search** options with auto-prompt in Dashboard, Agenda & Minutes to search for companies and resolution based on keywords. This feature enhances productivity by reducing search time or the need to rely on memory to find a resolution.
4. **Director's DSC validity** date is tracked and reminders are sent for renewal 30 days prior to the expiry of the Digital Signature Certificate. This feature ensures that all DSCs are available when required by enabling renewal in time, prior to expiry.
5. In the Records page now you can enter the gist of **critical decision** taken for particular meetings. This feature enables easy recall of critical decisions in specific meetings.
6. Entries in Registers can be **copied and pasted** from one company to another. This feature reduces the data entry required where common directors or shareholders are involved across companies.
7. On passing a circular resolution, BLISS will automatically populate the same resolution which needs to be noted in the subsequent Board Meeting. This feature ensures that no circular resolution is missed out from being noted for your ease of usage and enhanced user experience

## 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

