iComply

Editorial

Dear Reader,

April 1st is the beginning of a new financial year for all 'Indian' companies. We at CimplyFive wish you all a very compliant, prosperous and wealthy new year and hope 2017-18 will be better in every aspect than the year that has just gone by. Read more…

Interview with CS Vikas Khare, Partner KANJ & Associates



1. Ease of Doing Business is at the center stage of all discussions and debates on business regulations. Given this importance, what could Company Secretaries (CS) do to promote it?

Making things easy is in the genes of human being, therefore anything seeming complicated is not liked by them and it becomes an irritant. Read more…

Compliance calendar

Due dates for Income tax, Professional tax, Service tax, Companies Act, 2013 among others has been captured for your ready reference. View the list…



Gist of Regulatory Changes in Companies Act, 2013 in the month of March, 2017



Five Regulatory changes in Companies Act, 2013 was made in the month of March.
View the list…

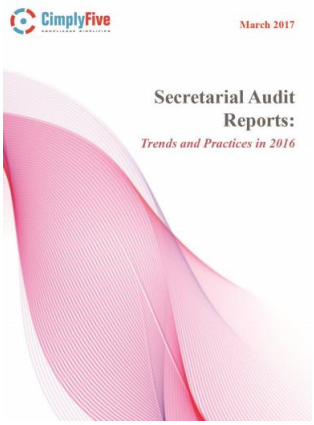
The Four Contours of Corporate Remuneration Philosophy



By Shankar Jaganathan

The recent debate generated by the compensation recommended to the Chief Operating Officer in Infosys has brought into focus the need for defining the contours of a well-crafted Remuneration Philosophy. Read more…

CimplyFive's Release



CimplyFive released its report 'SECRETARIAL AUDIT REPORTS: Trends & Practices in 2016' Read more…

CimplyFive in News

- Times of India- March 17, 2017. Read more…

What's New in BLISS?

1. Create user defined Action Tracker in BLISS.
2. Print Agenda with all its Attachments.
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Editorial

Dear Reader,

April 1st is the beginning of a new financial year for all 'Indian' companies. We at CimplyFive wish you all a very compliant, prosperous and wealthy new year and hope 2017-18 will be better in every aspect than the year that has just gone by.

In this issue we have invited CS Vikas Khare, Partner of KANJ Associates, Pune, one of the leading CS firm in India and the former Vice President of the Institute of Company Secretaries of India to share his views on the role of Company Secretaries in promoting Ease of Doing Business, role of Technology in compliance and what more could be done to realize the full potential of Women CS.

Given the recent controversy that has flared up surrounding the compensation recommended for the COO of Infosys, we have traced the contours of a well crafted remuneration philosophy which places issues like this in perspective. In addition to these two, our other regular features: Compliance calendar and Gist of changes in Company law during the month of March is also included.

I take this opportunity to share some developments in CimplyFive. As we enter our third Financial Year, our team strength has moved into double digits. We have a fine blend of domain strengths and technical skills that is very essential for us to create a world class software product that not only our team but our entire professional community can be proud of. We have made a good start, but have a long way to go before we realize our dream of BLISS becoming the de-facto standard for Secretarial Work in India.

We at CimplyFive are extremely thankful to you and are greatly enthused by your words. Please do share your feedback on this issue of ***icomply*.** You can share your thoughts with us at contact@cimplyfive.com.

Happy reading,
Shankar Jaganathan
Editor
April 5, 2017

Interview CS Vikas Khare, Partner KANJ & Associates

1. **Ease of Doing Business is at the center stage of all discussions and debates on business regulations. Given this importance, what could Company Secretaries (CS) do to promote it?**

   Making things easy is in the genes of human being, therefore anything seeming complicated is not liked by them and it becomes an irritant. For example, for using the toothbrush we can move our neck briskly, left to right and right to left, but everyone chooses easy thing, moving the hand in the manner they like for simple reason that it gives ease of doing the thing. Ease of Doing Business should be looked from this perspective. If something can be achieved by following simple course, then taking complicated course should be avoided. However, making the things easy is not a very simple task. Late Ernst Friedrich Schumacher, an internationally influential economic thinker, statistician and economist of Britain, said "Any fool can make the things complicated, it requires a genius to make things simple". Taking clue from this quote, Company Secretary is the genius professional who has inherent qualities to make the things simple. Merely, by engaging a Company Secretary any organization can move towards ease of Doing Business in corporate decision making and actions. However, looking at Ease of Doing Business from the Macro Level, CS need to continuously interact with the Law Makers and the Law Administrators for bringing on the table both the problem that is creating hurdles in Ease of Doing Business and solutions for increasing Ease of Doing Business without compromising national interests. There are many ways that CS can be part of bringing ease in dong the business.

2. **You were one of the early experimenters and advocates of using technology in Company Secretary Profession; can you share some of your experiences in this endeavor?**

In the year 1999, after spending 16 years in Company Secretarial Practice, I realized that information technology can be effectively implemented for carrying out Secretarial Functions, as 90% of the Company Secretarial procedures and actions has a fixed flow and 10% procedures and actions are dynamic and may not move in a flow. Thus, I was tempted to attempt a software for CS with one of my IT friend. The software was almost ready, but at that time Microsoft Windows entered the market and Cobol and Foxpro were almost making an exit from the market (again "Ease of Doing" impact). At that time, we could not further invest in converting the Foxpro programmes in Window and therefore, the idea sadly died before it born. The theme of that software was avoiding clerical and repetitive work, 100% accuracy in records and registers keeping, 100% legal compliance and efficient reports generation and standardization in service delivery. It had a theme of converting service into goods. Anyway, I am happy to see that an organization like CimplyFive has developed and is passionately working on the same idea and ideology.

3. **Given the current mandate for compliance including compliance with Secretarial Standards, what do you see is the role of technology in Company Secretary Profession?**

Today, no organization can survive and thrive in the long run without effective use of Information Technology. With the use of technology, a Company Secretary can keep the cost of compliance at optimum level and he can see phenomenally increase in the quality of compliance. It is said "a stitch in time saves nine". Use of smart technology will help in preventing noncompliance. If we see today the huge penalties imposed by SEBI, NCLT, Competition Commission or prescribed by the statute itself, it is imperative that any Corporate or Practicing CS walks extra mile to do timely and proper compliance without the smallest glitch, and here the technology comes into play. My personal view is that Secretarial Standards should not be applicable for small and medium size private limited companies for very reason of Ease of Doing Business. Bigger and Listed Companies only shall be subjected to Secretarial Standards and the prescriptions shall not come in the way of Ease of Doing Business. Any way about 90% of the Secretarial Standards are exactly matching with the provisions of the Companies Act, 2013, therefore if you make compliance with the provisions of the Companies Act, 2013 you are also making automatically 90% compliance with the Secretarial Standards. Information Technology will certainly provide a nice tool to comply with the remaining 10% of the Secretarial Standards which are not part of the statute.

4. **March 31, the last day of the financial year has great significance for CFOs and Chartered Accountants. Does this day hold any specific significance for Company Secretaries in employment or Company Secretaries in Practice? If so why? If not, is there any other day in the year for a company that is significant for CS community?**

31st March being the closing of the financial year and penultimate day of New Financial Year, Company Secretaries in employment or Company Secretaries Practice being part of top level management team have their roles to play. They, depending upon their respective rolls, must fix the schedule under various laws for approval and audit of quarterly and year end results, SEBI and LODR Compliances with respect to year end as well as new year, finalizing schedule for ensuing annual general meeting, planning and scheduling Secretarial Audit, fixing schedule for next year's Board Meetings and host of other activities and legal compliances under various laws as applicable to the Company. Really speaking, 31st March is like any other day for Company Secretaries in employment or Company Secretaries in Practice as their job is to make the company which they represent "legally compliant". Therefore, every hour of 365 or 366 days in the year is significant for CS community.

5. **43% of the members in CS profession are women and this number is growing. Given this widespread acceptance, what is your advice to young women professionals who are starting out on their career?**

As rightly pointed out 43% of the members in CS profession are women, and this percentage is steadily increasing over the years. My first advice to all CS, whether men or women is same, build enviable professional capacity and skill so that profession of CS would be front runner and will have prime acceptance from the trade or business. My second advice is in addition to Company Law, CS should develop expertise at least in one more field which may be GST, IPR, FEMA, Income Tax, Capital Market and any other law or subject of her/his interest.

However, my observation with respect to women CS is due to family responsibilities they are required to go on mandatory vacation from the active profession and may be required to be totally away from the profession from one year to three years. Considering the speed of change and frequency of amendments in laws that are taking place, making re-entry in active profession is very-very challenging for Women CS. Therefore, there is need to have special "Welcome Back Technical Sessions" for women CS who were on long leave. For example, those women CS who went on long leave in the year 2014 and are wishing to come back in active profession in 2017 will have a tough time as the Companies Act, 1956 is replaced by the Companies Act, 2013 and whole environment of legal compliances has drastically changed. These sessions can be conducted by ICSI or it may be taken up by CimplyFive through "Online Tutorials". This will help the august profession of CS retain its talent in the profession. Thus, Women CS need to have in place change management of switching off from and switching on to active profession. But for this, there is no difference between men CS and women CS as both are main stream professionals.

The Four Contours of Good Corporate Remuneration Philosophy

By Shankar Jaganathan

The recent debate generated by the compensation recommended to the Chief Operating Officer in Infosys has brought into focus the need for defining the contours of a well-crafted Remuneration Philosophy. While opinions can vary, what needs to be assessed is the consistency with which the articulated remuneration philosophy is practiced. This need is recognized in the corporate law and provisions exist for a clear articulation of the same to ensure consistent practice and dispel unwarranted criticism.

Section 178 (3) of the Companies Act, 2013 among other things requires the Nomination and Remuneration Committee to recommend to the Board a policy relating to the remunerations of Directors, Key Managerial Personnel and other employees. This policy, which is in the nature of remuneration philosophy for the company is on par with the Vision and Mission statement of the company in its contribution to realise corporate goals. But what should the contours of a good compensation policy be?

An effective compensation philosophy should be able to attract, retain and enrich talent required for realizing the business goals and at a minimum meet the following criteria:

1. Be in sync with company's business strategy and corporate goals by defining compensation structure.
2. Be cognizant of the competitive environment in which it operates by identifying where to position the company on the quantum of compensation.
3. Promote the creation of a conducive corporate culture by defining the range of compensation.
4. Be sensitive to employees' perception of equity and fairness by taking in to account the contributions of various individuals and groups and defining what to include in benefits that are available to all employees.

Given these criteria, the contours or the four dimensions are encapsulated in the distinct choices that a company makes in designing its employee remuneration. To start with, a company's business strategy and corporate goals may require it to give a

higher weightage to one of the two contrasting choices, namely:

- Current and deferred compensation –based on the gestation period between efforts and results. Projects with long lead time like IP developments and R&D may have a higher deferred compensation.
- Fixed and variable compensation –based on the difference individual efforts make to the final result. For instance, functions like sales have traditionally had a higher variable compensation.

The second element of compensation philosophy is in being cognizant of the competitive position the company has in its industry. The company may need to define where it will place itself in the compensation spectrum. Should it be in the top quartile of the highest paymaster in their industry fighting for the best talent? Or should they be in the third quartile where they leverage their corporate brand to attract the best talent using not just with money but with other elements too or should they place themselves outside the top half of the compensation spectrum with a rationale and distinct appeal for attracting their talent pool.

It is often said that the differentiator between a successful company and a not-so-successful company is its culture. One of the main aspects that contribute to the corporate culture is the remuneration policy. This is because human behavior is influenced not by words but by deeds. Companies often say that they value team work, but if their remuneration and incentive structure promotes individual contribution, it is not hard to see which will win. Hence the decision on weightage to be given to Team and individual compensation is extremely critical for it shapes the company culture.

A feeling of oneness and unity of purpose is essential in all successful teams. Business is no exception. A critical factor contributing to this is the feeling of fairness and equity felt by the large mass of employees. This is one of the basic reasons why public companies are required to report the ratio that director's remuneration bears to that of median remuneration of employees.

In short higher weightage to current and variable remuneration, which is in the top quartile with focus on high individual differentiation contributes to creating a high-performance culture. This is excellent in bull markets and when things are going well. But when the markets turn adverse and the going gets tough, it extracts a very high price. While there is no common prescription that suits all companies, each board has to decide for themselves what their company needs and Corporate Remuneration Philosophy is a good place for companies to start defining what they stand for. Communicating this Philosophy to their stakeholder's make it clear to all as to what the company stands for.

Compliance Calendar

April 5, Wednesday	Physical payment of Excise duty, Non-SSI for the month of March, 2017
April 6, Thursday	E-payment of Excise duty, Non-SSI for the month of March, 2017
April 15, Saturday	Pay PF contribution for March, 2017
	Submit Corporate Governance Report to the Stock Exchanges
April 20, Thursday	Professional Tax payment
April 21, Friday	ESIC monthly deposit
	Submit Shareholding Pattern with the Stock Exchanges
	Statement of Investor complaints
April 25, Tuesday	Service Tax Return for the period Oct.2016-Mar. 2017
April 30, Sunday	Certificate from Practicing Company Secretary under Regulation 40 (9) of LODR
	PF Return- Annual
	Professional Tax Payment- Annual

Gist of regulatory changes in Companies Ac, 2013 in the month of March, 2017

- **17.03.2017**
  Companies (Indian Accounting Standards) (Amendment) Rules, 2017
  MCA vide its notification has amended Indian Accounting Standard (Ind AS) 102, Share-based Payment and Indian Accounting Standard (Ind AS) 7, Statement of Cash Flows.

- **23.03.2017**
  Designation of Special Court for the state of Telangana and Andhra Pradesh

- **30.03.2017**
  - Companies (Audit and Auditors) Amendment Rules, 2017 **and** Amendment to Schedule III
    Companies are required to disclose their holdings and dealings in demonetised notes (Rs.500 and Rs.1000) during the period from 8th November, 2016 to 30th December, 2016 in their Financial Statements.

  - Companies (Meetings of Board and its Powers) Amendment Rules, 2017
    Rule 15 (Contract or arrangement with a related party) is amended to provide greater clarity by substituting the words 'exceeding ten per cent' to 'amounting to ten per cent or more' and 'ten per cent of turnover' to 'ten per cent or more of turnover'.

CimplyFive in News & Events

- Times of India, March 17, 2017



India Inc has been largely compliant in adhering to a wide gamut of corporate and securities laws, as also allied industry-specific laws, according to an analysis of secretarial audit reports of the S&P BSE 500 companies for financial year 2015-16.

Read more at:
http://timesofindia.indiatimes.com/business/india-business/19-of-bse500-didnt-fulfil-secretarial-audit-norms/articleshow/57678874.cms

Secretarial Audit Reports: Trends & Practices in 2016

SECRETARIAL AUDIT REPORTS: TRENDS & PRACTICES in 2016 carries an in-depth analysis of the Secretarial Audit Reports of companies that form part of S&P BSE 500 companies. The findings are reported under three major heads: findings on Secretarial Audit Reports, compensation of Company Secretaries and concentration of audits among Secretarial Auditors.

Some of the key findings in the report are:

- 480 of the S&P BSE 500 companies underwent a Secretarial Audit in 2016. Of this, 81% had an unqualified or 'clean' report, up from 72% in 2015. In absolute numbers the companies with unqualified report increased from 335 to 387.

- The average annual compensation for Company Secretaries in our sample was Rs.56.68 lakhs, an increase of 14% over the earlier year of Rs.49.61 lakhs. The highest compensation was of Rs.902.32 lakhs and the lowest was at Rs.3.00 lakhs.

- Top 6 Secretarial Auditors conducted 76 audits compared to 80 in 2015. The top ranked Auditor, Ms. Parikh & Associates Mumbai, conducted 19 audits.

To Read full report, click here:
http: //www.cimplyfive.com/wp-content/uploads/2017/03/Secretarial-Audit-Reports-Trends-Practices-in-2016.pdf

What's New in BLISS?

BLISS (Board Leaders Integrated Software Solutions) is updated with six new features to enhance productivity, ease of use and enhanced security. The features added are:

1. **Create user defined Action Tracker in BLISS: Primary Benefit:** Enhanced Functionality as a limited work flow system: Now a user can Create, Assign and Manage new tasks under the Action Tracker module, enhancing the functionality of BLISS as a limited workflow system.

2. **Print Agenda with all its Attachments:** Primary Benefit: Productivity: Now you can print all your annexures attached to the agenda at the time of printing Agenda.

3. **Option to select Returns and Registers for Customized Agenda item:** Primary Benefit: Flexibility and Ease of Use: For Customized agenda item created by the user, the user can pick the concerned Registers and Returns that should be triggered as pending Registers and Returns.

4. **Date of Entry in Minutes Book:** Primary Benefit: Enhanced Compliance: Now you can also capture date of entry of the minutes in the Minutes module (equivalent of Minutes book).

5**. Print All option available in excel/word:** Primary Benefit: Productivity: To have local backup of all Secretarial Records, as Admin of the company in addition to having to have a PDF download, you also have the option of downloading the secretarial records in its original form -excel and word formats as well.

6. **Restricted Access:** Primary Benefit: Enhanced Security: Company Admin can restrict access to BLISS for any user to a selected IP address, for instance office IP address. This enhances the ability of the Admin to provide access in BLISS to new trainees/ employees without fear of them accessing it 24 by 7.

Team CimplyFive





About us

CimplyFive Corporate Secretarial Services Pvt Ltd

Vision:
Leverage research and technology to eliminate procedural non-compliance risk for entities regulated by the 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



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