



Hyderabad Chapter

# CORPORATE SECRETARY

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## Chairman's Page



*When an idea exclusively occupies the mind, it is transformed into an actual physical or mental state.*

**-Swami Vivekananda**

**Dear Professional Colleagues,**

At the outset, I wish you a very happy, prosperous New Year. The New Year may give each one of us passion, strength, enthusiasm, positive approach to meet all challenges and to seize the opportunities of the life.

I have shared my thoughts on ICSI Vision 2020, change management, the power of positive attitude, client experience, feedback, executive presence, joy of giving back, technology, social media through various editions. And here is the final opportunity to share my thoughts with you through this page as I complete my tenure as Chairman of the ICSI-Hyderabad Chapter.

During the year, I used best of my energies and time for the cause of the profession and Hyderabad Chapter with complete dedication and commitment. A number

of initiatives have been taken during 2012 and a lot needs to be taken to realize our vision. The achievements during the year were the result of team work, the collective wisdom and efforts of the Managing Committee members, members, employees, students and chapter staff. And I am sure, we will continue our efforts to achieve further heights in times to come and take the Hyderabad chapter to the next level.

As I head towards completing my tenure as Chairman of this esteemed chapter with an enduring commitment to serve, I deem it my duty and privilege to provide you the updates on few developments that have taken place and the initiatives taken by the Committee during the year 2012 and please bear me for the long message for this edition and I hope you will give a patient reading.

### **Vision 2020**

I believe that action items and strategy being planned wide ICSI Vision 2020 and the goals of the ICSI council will surely take the leap towards enhancing the emerging role of Company Secretary as Corporate leader and we will be geared up to face the challenges and seize the opportunities. We at Hyderabad Chapter have kept this as the larger theme and have organized various programmes and capacity building initiatives for members and students keep this vision in mind.

### **Strategy & Leadership meeting of Management Committee**

With the intention to build in the thought process of Vision 2020 and also to brainstorm the strategy and

### **Newsletter Committee**

CS R. Ramakrishna Gupta  
Chairman cum Editor

CS R. Venkata Ramana  
Member

CS N Anjaneyulu  
Member

CS Ritesh Heda  
Member

CS Champak Kesari Burma  
Member

CS S. Nihita Nagajayanthi  
Member

CS Rahul Jain  
Member

approach to be adopted by Hyderabad Chapter we organized a 2 day Strategy and leadership meeting for the Managing Committee members and provided training and orientation. Also the top 9 goals of the Hyderabad Chapter have been chalked out based on the various sessions. Hyderabad Chapter staff also participated and contributed in this meeting.

### **PROFESSIONAL DEVELOPMENT PROGRAMMES**

#### **Peer Review**

During the year Training Programmes for Peer Reviewers were organized empanelling peer reviewers from Hyderabad.

#### **Capital Markets Week 2012**

We have celebrated Capital Markets Week from April 23-28, 2012 on the theme 'Capital Market – Growth Drivers', by organizing various programmes such as investor awareness programmes, lectures, panel discussions, interactive meetings.

#### **Corporate Governance Week**

We have organized Corporate Governance week and organized various programs for students and members including a full day seminar on Corporate Governance which covered contemporary topics like sustainability, GRI etc.

#### **Best Chapter award received at 40TH National Convention**

We have received the National Best Chapter Award at the 40th National Convention of Company Secretaries was held on October 04-06, 2012 at Aamby Valley on the theme 'Vision 2020: Transform, Conform and Perform'

#### **37th Southern India Regional Conference of company secretaries**

We had an opportunity to host the 37th Southern India Regional conference of Company Secretaries on the theme "CS- A Proactive Performer" which was well attended by members from Southern India.

#### **Joint programs**

This year also saw a various programs like Vodafone case analysis, International Taxation, Union Budget, MCA updates, LLP, Drafting of Commercial Agreements jointly with FAPCCI, local chapters of International Fiscal Association, Institute of Chartered Accountants and of India, Institute of Cost Accountants of India ASSOCHAM, AP Tax Bar, Institute of Public Enterprises under the Chairmanship of CS P Chiranjeevulu.

#### **Capacity building and unique initiatives**

We have launched the following unique programs

- ❖ **Role model series:** Conversation with professional role models with a learning objective through the interaction and by learning from their experiences.
- ❖ **Communication & Leadership series:** Focusing more on the developing executive presence, communication, leadership and other soft skills
- ❖ **Health & Fitness series:** Program to inculcate the significance of being fit and requirement of take proactive measures on health aspects

We have also organized several programs with unique and different topics like Brand building, Pursuit of Happiness, Intellectual property rights, SME Listing, Cost Audit rules, Professional liability & indemnity, Risk Management, Corporate Criminal liability, Directors & Officers Liability insurance etc under the Chairmanship of CS P Sudheendra Putty.

We have also tried to organize the programs keeping the quality in mind with different formats and approach and also attempted best to share the presentations of the various seminars for the larger benefit of members.

#### **Emerging Thought leadership forum**

We have also tried to encourage the members to take up speaking opportunities and writing opportunities by providing articles. We have also kept an open mind

approach in involving members in various chapter activities and constantly seeking the participation of members

### Companies Bill, 2012

The Companies Bill, 2012 has been passed by the Lok Sabha on 18th December, 2012. The Companies Bill, 2012, on its enactment, would pave the way for a modern legislation for growth and regulation of corporate sector in India.

I am sure that on enactment of the new Company Law, the role of Company Secretaries will undergo a major transformation.

We organized program on Dec 28th 2012 with 290 participants being the very first Chapter among the country to conduct a full day seminar which is a record. We have launched a capacity building series called "Behind the Sections" through which would organize the training programs on Companies Bill 2012 for members, professionals and students

### Chapter Communications

We have made a significant attempt to bring an overhaul in the mode, look, clarity on the chapter communications with a new look and use of better technology. We have used the communications to encourage members to contribute for CSBF

### Newsletter - Corporate Secretary

We have also launched a greening initiative by asking members for opting out of physical newsletter and we have received a good response and currently circulating Newsletter to all the members.

The newsletter committee under the Chairmanship of CS Ramakrishna Gupta has brought the overall change in the look and the contents of the newsletter and I am positive we will continue to enhance the same.

### Social media- Facebook, Twitter,

As an additional communication tool along with email/SMS, Hyderabad Chapter is the first Chapter among the country, now has a presence on Facebook

and twitter and promotes the various activities and initiatives through the facebook, and page is regularly being updated.

### Infrastructure

We have initiated the technology upgrades in various systems for the chapter through investment of upgraded systems and made few attempts to give a push to the infrastructure.

As a long term plan we have already started the process of identifying land for the new chapter building and request all of you to join hands with us to make this dream a reality.

### Social responsibility

During the year we have celebrated International women's day, World earth day, World Environment day by organizing various programs, 5K Green walk, distribution of tree saplings.

### Sankalp

Joy of giving is one of biggest pleasure of life. Joy of giving cannot be explained in words. It has to be experienced.

With this thought of giving back Hyderabad Chapter of Institute of Company Secretaries of India has organizing "Sankalp" a first of its kind unique social initiative to promote and encourage the culture of contribution and giving back to the society and creating awareness of social consciousness.

As part of this initiative we have celebrated CSR WEEK as by engaging all our Members/ Families/ Students/ Well-wishers in following social/ community activities

- ❖ Give Back Walk
- ❖ Road safety awareness
- ❖ Tree plantation
- ❖ Blood Donation
- ❖ Eye donation pledging
- ❖ Financial inclusion awareness

- ❖ Investor protection
- ❖ Career Counseling
- ❖ Winter relief assistance
- ❖ Other social activities

And these activities culminated into “Sankalp” a cultural & Star evening on Dec 23rd at Sathya Sai Nigamagamam, Srinagar Colony, Hyderabad to celebrate the joy of giving back and spread the message to the world around about our responsibility to pay back to the country. The cultural evening was graced by noted Tollywood celebrities like Sri Akkineni Nageswara Rao, Sri Tanikella Bharani, Sri Hem Chander etc. The cultural evening witnessed a record turn out of participants.

### **Brand Building / Media Visibility through media coverage in Newspapers & TV Channels**

With the constant endeavor for brand building to enhance the visibility of the CS profession we were able to gain extensive coverage on the CS Course & Profession in the Electronic media throughout the year by way of various Seminar telecasts / Live Panel discussions / Scrollers ensuring the visibility

We had interviews, Live In programs, on CS course and profession and various activities and initiatives covered on TV 9, Sakshi TV, HMTV, TV5, ETV 2, ABN Andhra Jyothi, Gemini, Metro TV, TV7, Hybiz TV, Ruby Cable, and other local cable channels which is a record for the year.

Also similarly various articles about the course and various programmes were covered by Times of India, The Hindu, Deccan Chronicle, HansIndia, Indian Express, Post noon, Business Line, Eenadu, Sakshi, Vaartha, Andhra Bhoomi, Andhra Jyothi, Andhra Prabha, Praja Shakti, Hindi Milap, Siasat again a record for the year in terms of maximum coverage.

And several social media and web portals have extensively covered the various activities, initiatives

### **Meetings with government, regulatory authorities, etc.**

During the year, the delegation of the Chapter met Hon'ble Union Ministers, Chief Ministers, Regulators, Universities and Chambers of Commerce and Industries. A brief description is given below:

#### **Meeting with Dr M Veerappa Moily**

We had an opportunity to meet Dr. M Veerappa Moily, the then Hon'ble Union Minister of Corporate Affairs and Power and discussed matters of professional interest.

#### **Meeting with Chief Minister, AP**

We had an opportunity to meet Shri N Kiran Kumar Reddy Hon'ble Chief Minister of Andhra Pradesh and apprised him of the activities and initiatives of the Institute towards development of the profession.

- ❖ Sri Damodhara Raja Narasimha, Deputy Chief Minister.
- ❖ Sri Mohammad Majid Hussain, Mayor, Greater Hyderabad Municipal Corporation
- ❖ Sri A. K. Khan, IPS, Commissioner of Police
- ❖ Sri K Vijay Anand, IAS Managing Director, AP Genco
- ❖ Sri Dr K.S. Jawahar Reddy, IAS, Special Secretary to Chief Minister
- ❖ Sri Suthirtha Bhattacharjee, IAS, Principal Secretary to AP Government, Infrastructure & Investment
- ❖ CSC Partha Sarathy, Chairman, Karvy Group
- ❖ Sri Marri Shashidhar Reddy, Vide Chairman – National Disaster Management Authority
- ❖ Sri C Narsing Rao, IAS, CMD, Coal India Ltd
- ❖ Sri P K Sharma, IFS, Addl. Prl. Chief Conservator of Forests (IT),
- ❖ Sri PK Jha, IFS, Addl Prl Chief Conservator of Forests / Spl. Secy. to Govt. MA & UD Dept.
- ❖ A delegation met the following dignitaries on the eve of World Environment – 5 K Run and at

other opportunities

- ❖ Sri Capt. N. Uttam Kumar Reddy, Minister for Housing, weaker Section Housing Programme, AP Cooperative Housing Societies Federation and AP Housing Board Govt. of Andhra Pradesh.
- ❖ Sri Sridhar Babu, Hon'ble Minister Legislative Affairs. Govt. Of AP
- ❖ Sri N RaghuveeraRedy, Hon'ble Minister of Agriculture
- ❖ Sri NadendlaManohar, Hon'ble speaker for AP Legislative Assembly.
- ❖ Sri PinakiSubash Chandra Bose, Chief Justice, AP High Court
- ❖ Sri MalluBattiVikramarka, Deputy Speaker, AP Assembly
- ❖ Sri BotsaSatyanarayana, Minister for Transport , Andhra Pradesh
- ❖ Prof. KC Reddy, Vice Chairman, Reecap and Chairman Reemap
- ❖ Sri G. Raj Kumar, Deputy Mayor, GHMC
- ❖ Sri S. Bale Rao, Prncipal Secretary ,AP Fisheries Dept
- ❖ Sri BA Prabhakar, CMD, Andhra Bank
- ❖ Sri Hari Narayana, Chairman, IRDA
- ❖ Sri A. Samba Siva Rao, RD, RBI
- ❖ Sri SV Kumar, Principal, Chief Conservator of Forest
- ❖ Sri D. Sudhakar, Additional Principal Chief Conservator of Forest & CGM
- ❖ Sri Dharma Reddy, ED, APIIC
- ❖ Sri ThotaNarasimham, Hon'ble Minister for Stamps & Registration, Govt. of Andhra Pradesh,
- ❖ Sri Neerabh Kumar Prasad , IAS, Commissioner

Hyderabad Metro Development Authority

### Meeting with Vice Chancellors

A delegation of the chapter also met Vice chancellors of various universities like Nalsar, Telangana, Kakatiya etc also various senior officials of academic institutions and apprised them of initiatives taken by the Institute towards growth and development of the profession of Company Secretaries, including Corporate Governance, CSR.

### Students activities & action

The year saw a tremendous action and splurge from the Students, Oral Coaching & Students facilities and initiatives committee under Chairmanship of CS Vasudeva Rao Devaki.

We have organized an increased number of Student induction programs and Executive Development programs considered the demand. And more importantly the quality of the programs and involvement and interaction levels of the students significantly enhanced. These programs significantly helped the students to understand the course, profession and the skills needed to excel. During the year chapter saw a splurge in increase of Students activities and more participation in various programmes. CS Students Mahotsav was organized by students involving various activities. Students were given empowerment to organize various programs and to help them develop leadership, organization, communication skills.

The recent program being Kaun Banega Corporate Gyani a game show for students on corporate law, contemporary and current corporate affairs.

### 13th All India Students conference

After a gap of 12 years Hyderabad Chapter hosted 13th All India Students conference on the theme "CS- The Corporate Leader". The conference saw huge involvement from students and also unique themes and format encouraging students to take the lead. The conference broke all national records in terms of

participation, quality, innovation and have set a trend. For the first time in the country the program was webcasted live to all members and students which was appreciated by all.

### **Career Awareness**

Career awareness initiatives under the Chairmanship of CS Kavitha Rani continued and we could complete close to 100 career awareness programs in various schools, colleges etc. We have also taken this opportunity to organize special orientation to the faculty, principals of the various colleges.

### **Training & Campus placement**

Under the Chairmanship of CS A V Rao few special programmes for trainees was organized and we evangelized corporates to enroll for training. We have also organized a campus placement program for freshers and also trainees and we have seen a good participation by corporates, trainers, members and students.

### **Investor Awareness Programs**

The record number of 27 Investor awareness programs were organized under the dynamic Chairmanship of PG Isaac Raj organized with a close collaboration with Ministry of Corporate Affairs.

### **Ideas and thoughts**

We have regularly shared and provided various ideas to head quarters on various topics of profession, administration etc and also the ICSI Direct idea of using conference call to promote co-ordination between all the stakeholders of ICSI came from Hyderabad chapter

### **Way Forward**

Collectively, we have adopted a vision "To Be a Global Leader in Promoting Good Corporate Governance". It was in this direction, I have been emphasizing the various thoughts in my previous communications,

Therefore, I once again re-emphasize that the strength of our profession is in the hands of each one of us and

let us work together to make it stronger, following the core values enshrined in the ICSI Vision 2020.

### **Acknowledgements**

No one walks alone and when one is walking on the journey of life just where do you start thank those who joined you, walked beside you and helped you along the way. I wish to express my sincere gratitude to –

I take immense pleasure in thanking Mr E Selva Raj, then RD (South East) MCA, Mr Mahesh Kuvadiah, the current RD (South East), Mr Chakra Narayan then ROC, Mr N Krishnamoorthy current ROC, AP and all the officials of ROC, RD for their guidance and support in the growth and development of the profession.

I also wish to thank the officers/officials of various Ministries and Offices of the Central Government, particularly the Ministry of Corporate Affairs, Ministry of Finance, Ministry of Commerce and Industry and SEBI, Stock Exchanges, RBI, IRDA, CBDT, CBEC and other regulatory authorities for their help, guidance and support in development of the profession and encouraging the activities of the Chapter during the year.

I place on record my thanks to State Government, Financial/Industrial/Investment Institutions/Corporate Sector, various Chambers of Commerce, Trade Associations/Universities and other agencies in general in availing the services of members of the Institute and in recognizing their expertise.

I would like to thank my colleagues of the management committee and Chairmen of various subcommittees for their help, co-operation and strong hand in supporting me throughout for various initiatives for the growth and development of Profession

I sincerely thank CS Ramakrishna Gupta, Vice Chairman, CS Vasudevarao Devaki, Secretary CS PG Isaac Raj, Treasurer for providing great support with lot of passion and energy.

I thank for the encouragement provided by my first

corporate guru and the Chairman, SIRC CS SS Marthi for his guidance and providing his unique ideas which I always look forward to.

I cannot thank enough CS Sudhir Babu, Central Council member and CS AV Rao, CS Sudheendra Putty for providing their strategic approach and challenging thoughts.

I am equally thankful to my predecessor CS Chiranjeevulu for his valuable support and guidance as and when required.

I am thankful to President, Vice President, Secretary, CEO and council members of the Institute, various directorates at Head Quarters, members of various Regional Councils and Chapters for extending their whole hearted support and cooperation.

Words are inadequate in offering my sincere thanks to each and every member of the Team ICSI Hyderabad Chapter for their commitment, dedication and zeal in achieving highest quality of results under the leadership of Shri CS R Chandra Sekhar, Executive Officer along with the able and dedicated staff V S Raju, V P Sharma, VijayaLaxmi, Praveen, Rayudu, Ismail the backbones and real people who execute.

I take this opportunity to sincerely thank my mentor CS V Ahalada Rao, Former chairman, Hyderabad chapter, a great friend and professional who I always look upon for new ideas and different perspectives and thank for his constant support to chapter activities. I must say that I was encouraged to serve the chapter and actually got motivated to take up active role in chapter activities during his chairmanship.

I express my heartfelt thanks to my office colleagues, friends and relatives for their help and good wishes. I am grateful to father Ali Bin Gafoor, mother

Khairunnisa Begum and my family for being responsible for where I am today and being my mentors and constant source of motivation. I cannot forget the sacrifice of my wife Tajammul, and my 3 year old son Fauzaan, who inspired, encouraged and fully supported me to discharge my responsibilities as a Chairman of this great Chapter.

I want to thank the leadership of my organization Deloitte for providing me the flexibility and motivating me to take up the role and contribute, share and learn. I placed on record the support of my mentor at Deloitte, CS Pashupati Kumar and my colleagues and my team Ankit, Divyana, Saumyajit, Soumya at Deloitte who always motivated, encouraged and supported me to perform my best.

I thank almighty god for giving me this opportunity in life to Give back and do my little bit for my beloved Hyderabad chapter

**ONCE AGAIN THANKS A LOT TO ALL OF YOU FOR SUPPORTING ME.**

Signing off as Chairman and look forward to continue to support, stay active and work with you more albeit in a different capacity

I congratulate CS R Rama Krishna Gupta, Chairman Elect, ICSI Hyderabad Chapter and the new team the very best for the new roles. I am sure CS R Rama Krishna Gupta will lead us in continuing all the initiatives Hyderabad chapter has taken till now and take us towards new growth path.

With kind regards,  
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## ARTICLES

### WHY SEBI NOW MOOTS TOUGHER NORMS FOR CORPORATE GOVERNANCE?



By **K P C Rao**, LLB., FCMA., FCS  
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#### I. INTRODUCTION

Corporate governance is perhaps one of the most important differentiators of a business that has impact on the profitability, growth and even sustainability of business. It is a multi-level and multi-tiered process that is distilled from an organization's culture, its policies, values and ethics, especially of the people running the business and the way it deals with various stakeholders.

Creating value that is not only profitable to the business but sustainable in the long-term interests of all stakeholders necessarily means that businesses have to run-and be seen to be run-with a high degree of ethical conduct and good governance where compliance is not only in letter but also in spirit.

"Corporate governance processes presently in convention are designed with a view to serve the shareholders and protect them from managerial excesses. However, this premise is turned on its head when companies are run by a dominant shareholder or group. A corporate governance regime which involves strengthening board processes alone would be rather irrelevant to solve the problems of governance abuses by dominant shareholders".

At the time of Independence in 1947, India had functioning stock markets, an active manufacturing sector, a fairly developed banking sector, and also a comparatively well developed British-derived convention of corporate practices. From 1947 through 1991, the Indian Government pursued markedly socialist policies when the State nationalized most banks and became the principal provider of both debt and equity capital for private firms.

The government agencies that provided capital to private firms were evaluated on the basis of the amount of capital invested rather than on their returns on investment. Competition, especially foreign competition, was suppressed. Private providers of debt and equity capital

faced serious obstacles in exercising oversight over managers due to long delays in judicial proceedings and difficulty in enforcing claims in bankruptcy. Public equity offerings could be made only at government-set prices. Public companies in India were only required to comply with limited governance and disclosure standards enumerated in the Companies Act of 1956, the Listing Agreement, and the accounting standards set forth by the Institute of Chartered Accountants of India (ICAI).

Faced with a fiscal crisis in 1991, the Indian Government responded by enacting a series of reforms aimed at general economic liberalization. The Securities and Exchange Board of India (SEBI)-India's securities market regulator-was formed in 1992, and by the mid-1990s, the Indian economy was growing steadily, and Indian firms had begun to seek equity capital to finance expansion into the market spaces created by liberalization and the growth of outsourcing.

The need for capital, amongst other things, led to corporate governance reform and many major corporate governance initiatives were launched in India since the mid- 1990s; most of these initiatives were focused on improving the governance climate in corporate India, which, at that time, was somewhat rudimentary.

*"Corporate governance processes presently in convention are designed with a view to serve the shareholders and protect them from managerial excesses. However, this premise is turned on its head when companies are run by a dominant shareholder or group. A corporate governance regime which involves strengthening board processes alone would be rather irrelevant to solve the problems of governance abuses by dominant shareholders".*

#### II. CODIFYING GOOD GOVERNANCE NORMS

The first major initiative was undertaken by the Confederation of Indian Industry (CII), India's largest



industry and business association, which came up with the first voluntary code of corporate governance in 1998. More than a year before the onset of the East Asian crisis, the CII had set up a committee to examine corporate governance issues, and to recommend a voluntary code of best practices.

Drawing heavily from the Anglo-Saxon Model of Corporate Governance, CII drew up a voluntary Corporate Governance Code. The first draft of the code was prepared by April 1997, and the final document titled "Desirable Corporate Governance: A Code", was publicly released in April 1998. The code was voluntary, contained detailed provisions and focused on listed companies.

Although this Code was welcomed with much fanfare and even adopted by a few progressive companies, it was "felt that under Indian conditions a statutory rather than a voluntary code would be far more purposive and meaningful, at least in respect of essential features of corporate governance". Consequently, the second major corporate governance initiative in the country was undertaken by SEBI. In early 1999, it set up a committee under Kumar Mangalam Birla to promote and raise the standards of good corporate governance.

The Birla Committee specifically placed emphasis on independent directors in discussing board recommendations and made specific recommendations regarding board representation and independence. The Committee also recognized the importance of audit committees and made many specific recommendations regarding the function and constitution of board audit committees. In early 2000, the SEBI board accepted and ratified the key recommendations of the Birla Committee, which were incorporated into Clause 49 of the Listing Agreement of the Stock Exchanges.

The Naresh Chandra committee was appointed in August 2002 by the Department of Company Affairs<sup>1</sup> (DCA) under the Ministry of Finance and Company Affairs, to examine various corporate governance issues. The Committee submitted its report in December 2002. It made recommendations in terms of two key aspects of corporate governance: (1) financial and non-financial disclosures, and (2) independent auditing and board oversight of management.

It also made a series of recommendations regarding, among other matters, the grounds for disqualifying auditors from assignments, the type of non-audit services

that auditors should be prohibited from performing, and the need for compulsory rotation of audit partners.

The fourth initiative on corporate governance in India is in the form of the recommendations of the Narayana Murthy Committee. This committee was set up by SEBI under the chairmanship of Mr. N.R. Narayana Murthy, in order to review Clause 49, and to suggest measures to improve corporate governance standards. Some of the major recommendations of the committee primarily related to audit committees, audit reports, independent directors, related party transactions, risk management, directorships and director compensation, codes of conduct and financial disclosures.

The Murthy Committee, like the Birla Committee, pointed that international developments constituted a factor that motivated reform and highlighted the need for further reform in view of the recent failures of corporate governance, particularly in the United States, combined with the observations of India's stock exchanges that compliance with Clause 49 had up to that point been uneven.

Like the Birla Committee, the Murthy Committee examined a range of corporate governance issues relating to corporate boards and audit committees, as well as disclosure to shareholders and, in its report, focused heavily on the role and structure of corporate boards, while strengthening the definition of director independence in the then-existing Clause 49, particularly to address the role of insiders on Indian boards. In its present form, Clause 49, called 'Corporate Governance', contains eight sections dealing with the Board of Directors, Audit Committee, Remuneration of Directors, Board Procedure, Management, Shareholders, Report on Corporate Governance, and Compliance, respectively. Firms that do not comply with Clause 49 can be de-listed and charged with financial penalties.

In the light of the clear consideration of Anglo-American standards of governance by both the Birla and Murthy Committees, it is not surprising that India's corporate governance reform effort should contain provisions similar to the reform efforts undertaken outside India that adopted such models. In its final report, the Birla Committee noted its dual reliance on international experiences-both as an impetus for reform following "high-profile financial reporting failures even among firms in the developed economies", and as a model for reform.

<sup>1</sup> Now, Ministry of Corporate Affairs (MCA)

Significantly, the Birla Committee singled out the corporate governance reports and codes being applied in the US and UK, such as the Report of the Cadbury Committee, the Combined Code of the London Stock Exchange, and the Blue Ribbon Committee on Corporate Governance in the US. The Committee even directly sought out the input of Sir Adrian Cadbury, chair of the Cadbury Committee, commissioned by the London Stock Exchange, in addition to Indian business leaders.

While the report of the Murthy Committee did not explicitly cite the Anglo-American models of governance, it was clearly a reaction to events in the United States, particularly given the timing of the report, which followed just a few months after the enactment of the Sarbanes-Oxley Act (SOA). There are striking similarities between Clause 49 and the leading Anglo-American corporate governance standards, in particular the Cadbury Report, the OECD Principles of Corporate Governance, and Sarbanes-Oxley.

India's corporate governance reform efforts did not cease after the adoption of Clause 49. In parallel, the review and redrafting of the Companies Act, 1956 was taken up by the Ministry of Corporate Affairs (MCA) on the basis of a detailed consultative process and the Government constituted an Expert Committee on Company Law under the Chairmanship of Dr. J.J. Irani on 2nd December 2004 to offer advice on a new Companies Bill.

Based, among other things, on the recommendations of the Irani Committee, the Government of India introduced the Companies Bill, 2008, in the Indian Parliament, which sought to enable the corporate sector in India to operate in a regulatory environment characterized by best international practices that foster entrepreneurship and investment. However, due to the dissolution of the Fourteenth Lok Sabha, the Companies Bill, 2008, lapsed but since the provisions of the Companies Bill, 2008 were broadly considered to be suitable for addressing various contemporary issues relating to corporate governance, the Government decided to re-introduce the Companies Bill, 2008, as the Companies Bill, 2009, without any change in it except the Bill year.

In January 2009, the Indian corporate community was rocked by a massive accounting scandal involving Satyam Computer Services (Satyam), one of India's largest information technology companies. The Satyam scandal

prompted quick action by the Indian government, including the arrest of several insiders and auditors of Satyam, investigations by the MCA and SEBI, and substitution of the company's directors with government nominees.

For corporate leaders, regulators, and politicians in India, as well as for foreign investors, this necessitated a re-assessment of the country's progress in corporate governance. As a consequence of various corporate scams, India's ranking in the CLSA Corporate Governance Watch 2010 slid from third to seventh in Asia<sup>2</sup>.

Shortly after the news of the scandal broke, the CII began examining the corporate governance issues arising out of the Satyam scandal and in late 2009, the CII task force listed recommendations on corporate governance reform. In his foreword to the Task Force Report, Mr Venu Srinivasan, President of CII, while emphasizing the unique nature of the Satyam scandal, suggested that it was a one-off incident and that the overwhelming majority of corporate India does business in a sound and legal manner. Nonetheless, the CII Task force put forth important recommendations that attempted to strike a balance between over-regulation and promotion of strong corporate governance norms by recommending a series of voluntary reforms.

The Institute of Company Secretaries of India (ICSI) has also put forth a series of corporate governance recommendations. In addition to the ICSI, a number of other corporate groups have joined the corporate governance dialogue. The National Association of Software and Services Companies (NASSCOM) also formed a Corporate Governance and Ethics Committee chaired by N.R. Narayana Murthy, a leading figure in the field of Indian corporate governance reforms. The Committee issued its recommendations in mid-2010, focusing on the stakeholders in the company. The report emphasized recommendations relating to the audit committee and a whistle blower policy, and also addressed the issue of the need to improve shareholder rights.

Inspired by industry recommendations, the MCA, in late 2009, released a set of voluntary guidelines for corporate governance. These Voluntary Guidelines address myriad corporate governance matters, including the independence of the boards of directors; the responsibilities of the board, the audit committee, auditors,

<sup>2</sup> CLSA Asia-Pacific Markets ('CLSA'), Asia's leading, independent brokerage and investment group, has released its Corporate Governance (CG) Watch 2010, the 8th survey of corporate governance in Asia since 2000. Produced in collaboration with the Asian Corporate Governance Association (ACGA), the report examines 580 Asia-listed companies and 11 countries, including Japan, to produce the most comprehensive assessment of corporate governance performance, issues and trends in Asia.

and secretarial audits; and mechanisms to encourage and protect whistle blowing. The MCA also indicated that the guidelines constituted a first step in the process of facilitating corporate governance and that the option to perhaps move to something more mandatory remains open.

In parallel, subsequent to the introduction of the Companies Bill, 2009 in the Lok Sabha, the Central Government received several suggestions for amendments in the said Bill from the various stakeholders and the Parliamentary Standing Committee on Finance who also made numerous recommendations in its report. In view of the large number of amendments suggested to the Companies Bill, 2009, arising from the recommendations of the Parliamentary Standing Committee on Finance and suggestions of the stakeholders, the Central Government decided to withdraw the Companies Bill, 2009 and introduce a fresh Bill incorporating the recommendations of Standing Committee and suggestions of the stakeholders.

The revised Bill, namely, the Companies Bill, 2011 was introduced in the Lok Sabha on 14th December 2011; however the same was withdrawn by the Government on 22nd December and sent back for consideration by the Standing Committee on Finance. Thereafter, on 18th December, 2012 the Lok Sabha has approved the much-awaited amendments to the Companies Bill, 2011, making it mandatory for profit-making companies to spend on activities related to Corporate Social Responsibility (CSR). In case, a company is not doing so, it will have to explain the reasons for shortfall<sup>3</sup>.

The Bill, aimed at improving corporate governance, also contains provisions to strengthen regulations for corporates as well as auditing firms. Moving the Bill for consideration, Minister of State (Independent Charge) for Corporate Affairs Sachin Pilot said private companies, while maximising their growth, also have responsibility towards society besides equitable and sustainable growth of the country. The changes in the Bill include provisions making it mandatory for companies to spend 2% of their average net profit on CSR activities. However, only companies reporting Rs 5 crore or more profits in the last three years have to make the CSR spend. Companies failing to meet the obligation will have to explain and disclose reasons in their annual books of account. Otherwise, companies would face action, including penalty.

Though the corporate governance efforts in India have been spearheaded by SEBI over the last decade, the more recent steps have been taken by the MCA. Also there has been an effort to consolidate corporate governance norms into the Companies Act, 1956. Towards that end, the Companies Bill, 2011, does contain several aspects of corporate governance which have hitherto been the mainstay of Clause 49. This represents a trend towards legislating on corporate governance rather than leaving it to the domain of the Listing Agreement. It also signifies a shift in corporate governance administration from SEBI, which oversees the implementation of Clause 49, towards the MCA, which administers the Companies Act.

### III. CORPORATE GOVERNANCE IN INDIA -FULL CIRCLE

A significant feature of the corporate governance reforms in India has been its voluntary nature and the active role played by public listed companies in improving governance standards in India. Organisations like ICSI and CII, (which is dominated by large public listed firms) had played an active role in the development of India's corporate governance norms in India.

What began as a voluntary effort soon acquired mandatory status through the adoption of Clause 49, as all companies (of a certain size) listed on stock exchanges were required to comply with these norms, a trend which was further reinforced by the introduction of stringent penalties for violation of the prescribed norms. While the Voluntary Corporate Governance guidelines of 2009 represented a move back to a voluntary framework for corporate governance, recent efforts to consolidate corporate governance norms into the Companies Act, 1956 marks a reversal of the earlier approach. In that sense, the corporate governance norms in India appear to have completed two full cycles of oscillating between the voluntary and the mandatory approaches.

### IV. REGULATORY FRAMEWORK FOR CORPORATE GOVERNANCE IN INDIA

As a part of the process of economic liberalization in India, and the move towards further development of India's capital markets, the Central Government established regulatory control over the stock markets through the formation of the SEBI. Originally established as an advisory body in 1988, SEBI was granted the authority to regulate the securities market under the Securities and Exchange Board of India Act of 1992 (SEBI Act).

<sup>3</sup> Business Standard, New Delhi Dec 18, 2012

Public listed companies in India are governed by a multiple regulatory structure. The Companies Act is administered by the Ministry of Corporate Affairs (MCA) and is currently enforced by the Company Law Board (CLB). That is, the MCA, SEBI, and the stock exchanges share jurisdiction over listed companies, with the MCA being the primary government body charged with administering the Companies Act of 1956, while SEBI has served as the securities market regulator since 1992.

SEBI serves as a market-oriented independent entity to regulate the securities market akin to the role of the Securities and Exchange Commission (SEC) in the United States. The stated purpose of the agency is to protect the interests of investors in securities and to promote the development of, and to regulate, the securities market. The realm of SEBI's statutory authority has also been the subject of extensive debate and some authors have raised doubts as to whether SEBI can make regulations in respect of matters that fall within the jurisdiction of the Ministry of Corporate Affairs.

SEBI's authority for carrying out its regulatory responsibilities has not always been clear and when Indian financial markets experienced massive share price rigging frauds in the early 1990s, it was found that SEBI did not have sufficient statutory power to carry out a full investigation of the frauds. Accordingly, the SEBI Act was amended in order to grant it sufficient powers with respect to inspection, investigation, and enforcement, in line with the powers granted to the SEC in the United States.

A contentious aspect of SEBI's power concerns its authority to make rules and regulations. Unlike in the United States, where the SEC can point to the Sarbanes-Oxley Act, which specifically confers upon it the authority to prescribe rules to implement governance legislation, SEBI, on the other hand, cannot point to a similar piece of legislation to support the imposition of the same requirements on Indian companies through Clause 49. Instead, SEBI can look to the basics of its own purpose, as given in the SEBI Act, wherein it is granted the authority to "specify, by regulations, the matters relating to issue of capital, transfer of securities and other matters incidental thereto . . . and the manner in which such matters shall be disclosed by the companies." In addition, SEBI is granted the broad authority to "specify the requirements for listing and transfer of securities and other matters incidental thereto."

Recognizing that a problem arising from an overlap of

jurisdictions between the SEBI and MCA does exist, the Standing Committee, in its final report, has recommended that while providing for minimum benchmarks, the Companies Bill should allow sectoral regulators like SEBI to exercise their designated jurisdiction through a more detailed regulatory regime, to be decided by them according to circumstances. Referring to a similar case of jurisdictional overlap between the RBI and the MCA, the Committee has suggested that it needs to be appropriately articulated in the Bill that the Companies Act will prevail only if the Special Act is silent on any aspect.

Further the Committee suggested that if both are silent, requisite provisions can be included in the Special Act itself and that the status quo in this regard may, therefore, be maintained and the same may be suitably clarified in the Bill. This, in the Committee's view, would ensure that there is no jurisdictional overlap or conflict in the governing statute or rules framed there under.

## V. ENFORCEMENT OF CORPORATE GOVERNANCE NORMS

The issue of enforcement of Corporate Governance norms also needs to be seen in the broader context of the substantial delay in the delivery of justice by the Indian legal system on account of the significant number of cases pending in the Indian courts.

A research paper by PRS Legislative Research<sup>4</sup> places the number of pending cases in courts in India, as of July 2009, as 53,000 pending with the Supreme Court, 4 million with various High Courts, and 27 million with various lower courts. This signifies an increase of 139 per cent for the Supreme Court, 46 per cent for the High Courts and 32 per cent for the lower courts, from the pending number of cases in each of them in January 2000. Furthermore, in 2003, 25 per cent of the pending cases with High Courts had remained unresolved for more than ten years and in 2006, 70 per cent of all prisoners in Indian jails were under trials. Since fresh cases outnumber those being resolved, there is obviously a shortfall in the delivery of justice, and a consequent increase in the number of pending cases. In addition, the weight of the backlog of older cases creeps upward every year.

This backlog in the Indian judicial system raises pertinent questions as to whether the current regulatory framework in India, as enacted, is adequate to enable shareholders to recover their just dues.

<sup>4</sup> PRS Legislative Research (PRS) is a not-for-profit, non-partisan research initiative based in New Delhi. PRS Legislative Research (PRS) is a not-for-profit, non-partisan research initiative based in New Delhi, India. It aims to strengthen the legislative debate by making it better informed, more transparent and participatory. Founded in 2005, PRS is the first initiative of its kind in India.

This concern is also articulated in the recent pleadings (filed in January 2010) in the United States District Court, Southern District of New York<sup>5</sup>, on the matter relating to the fraud in the erstwhile Satyam Computer Services, wherein US-based investors were seeking damages from defendants that included, among others, Satyam and its auditors, PricewaterhouseCoopers (PwC) and has thrown up some very interesting and relevant issues. This case was filed on behalf of investors who had purchased or otherwise acquired Satyam's American Depository Shares (ADS) listed on the New York Stock Exchange and investors, residing in the United States, who purchased or otherwise acquired Satyam common stock on the National Stock Exchange of India or the Bombay Stock Exchange.

In their pleadings, the plaintiffs submitted declarations of two prominent Indian securities law experts: Sandeep Parekh, former Executive Director of SEBI, and Professor Vikramaditya Khanna of the University of Michigan Law School, a leading expert in the United States on the Indian legal system, who filed individual affidavits in which they detailed very cogent and compelling reasons as to why Indian courts cannot redress the harm done to the Class plaintiffs and why India itself does not provide a viable alternative forum for settling the claims of Class members.

It is pertinent to mention here that in their depositions, among other things, Sandeep Parekh and Vikramaditya Khanna have explained that:

- ❖ The substantive laws of India provide no means of individual or class recovery for private investors in securities fraud matters because the civil courts in India are barred from hearing such cases where, as here, SEBI is empowered to act;
- ❖ Even if it did provide a substantive means of recovery, Indian law provides no viable class action mechanism under which investors' claims can be litigated; and
- ❖ Indian law does not recognize the fraud-on-the-market presumption of reliance in private civil actions, so that, even if both a substantive means of recovery and a viable class action mechanism existed under Indian law, investors would still be required to demonstrate individual reliance, thus effectively depriving the vast majority of Class members of any prospect of relief.

- ❖ Khanna stated in his declaration that "The lengthy delays in the Indian Judicial System would leave plaintiff shareholders with effectively no recovery even assuming, *arguendo*<sup>6</sup>; there might be a potential cause of action."
- ❖ Sandeep Parekh argued on behalf of the plaintiff shareholders that, not only, as "private parties have no right to sue to recover damages resulting from the Satyam fraud under Indian statutory or common law because the Indian civil courts have no power to hear disputes where, as in this case, SEBI is empowered to act", but also that the Satyam investors would "not be able to use the representative action procedure to recover damages because Indian law bars their substantive claims in civil court and the representative action is only a procedural mechanism that cannot create any substantive rights". Furthermore, Parekh added that any penalties collected by SEBI related to the Satyam fraud would not go to shareholders of Satyam under the Indian securities law and, unlike the Fair Fund introduced in the United States; penalty amounts collected by SEBI go to the Consolidated Fund of India. He concluded that even if SEBI imposed monetary penalties against the various persons alleged to be a part of the fraud, Satyam shareholders cannot expect any relief from such action.
- ❖ In 2011, the class action suit was settled by Satyam Computer Services; also Satyam Computer Services Ltd and its former auditor PricewaterhouseCoopers agreed to settle U.S. probes and Price Waterhouse Bangalore, PricewaterhouseCoopers Private Limited, and Lovelock & Lewes (PW India firms) and PwC U.S. and PwC International agreed to settle the New York securities class action suit.
- ❖ The proceedings in the United States District Court, Southern District of New York, on the Satyam issue have thrown up a number of issues as regards the admissibility and enforceability of the claims of investors many of which remain unresolved and would be tested in the future when similar cases are tried in courts.

<sup>5</sup> A concise summary of the case and the pleadings before the United States District Court, Southern District of New York (Satyam—case in the USA) can be accessed at: <http://www.legallyindia.com/201102181822/Analysis/exclusive-satyams-settled-us-class-actionhad-no-recourse-in-india>.

<sup>6</sup> *Arguendo* is a Latin legal term meaning for the sake of argument.

## VI. THE COMPANIES BILL, 2011 AND ITS IMPACT ON CORPORATE GOVERNANCE IN INDIA

The foundations of the comprehensive revision in the Companies Act, 1956 was laid in 2004 when the Government constituted the Irani Committee to conduct a comprehensive review of the Act. The Government of India has placed before the Parliament a new Companies Bill, 2011 that incorporates several significant provisions for improving corporate governance in Indian companies which, having gone through an extensive consultation process, is approved in the Lok Sabha on 18th December, 2012.

The new Companies Bill, 2011 proposes structural and fundamental changes in the way companies would be governed in India and incorporates various lessons that have been learnt from the corporate scams of the recent years that highlighted the role and importance of good governance in organizations.

Significant corporate governance reforms, primarily aimed at improving the board oversight process, have been proposed in the new Companies Bill; for instance it has proposed, for the first time in Company Law, the concept of an Independent Director and all listed companies are required to appoint independent directors with at least one third of the Board of such companies comprising of independent directors.

The Companies Bill, 2011 takes the concept of board independence to another level altogether as it devotes two sections to deal with Independent Directors. The definition of an Independent Director has been considerably tightened and the definition now defines positive attributes of independence and also requires every Independent Director to declare that he or she meets the criteria of independence.

In order to ensure that Independent Directors maintain their independence and do not become too familiar with the management and promoters, minimum tenure requirements have been prescribed. The initial term for an independent director is for five years, following which further appointment of the director would require a special resolution of the shareholders. However, the total tenure for an independent director is not allowed to exceed two consecutive terms. The new Companies Bill, 2011 also expressly disallows Independent Directors from obtaining stock options in companies to protect their independence.

The new guidelines which set out the role, functions and duties of Independent Directors and their appointment,

resignation and evaluation introduce greater clarity in their role; however, in certain places they are prescriptive in nature and could end up making the role of Independent Directors quite onerous.

In order to balance the extensive nature of functions and obligations imposed on Independent Directors, the new Companies Bill, 2011 seeks to limit their liability to matters directly relatable to them and limits their liability to "only in respect of acts of omission or commission by a company which had occurred with his knowledge, attributable through board processes, and with his consent or connivance or where he had not acted diligently". In the background of the current provisions in the Companies Act, 1956 which do not provide any clear limitation of liability and have left it to be interpreted by Courts, it is helpful to provide a limitation of liability clause.

The new Bill also requires that all resolutions in a meeting convened with a shorter notice should be ratified by at least one independent director which gives them an element of veto power. Various other clauses such as those on directors' responsibility statements, statement of social responsibilities, and the directors' responsibilities over financial controls, fraud, etc, will create a more transparent system through better disclosures.

A major proposal in the new Bill is that any undue gain made by a director by abusing his position will be disgorged and returned to the company together with monetary fines.

Other significant proposals that would lead to better corporate governance include closer regulation and monitoring of related-party transactions, consolidation of the accounts of all companies within the group, self-declaration of interests by directors along with disclosures of loans, investments and guarantees given for the businesses of subsidiary and associate companies.

A significant first, in the proposals under the new Companies Bill, is the provision that has been made for class action suits; it is provided that specified number of members may file an application before the Tribunal on behalf of members, if they feel that the management or control of the affairs of the company are being conducted in a manner prejudicial to the interests of the company or its members. The order passed by the Tribunal would be binding on the company and all its members. The enhanced investor protection framework, proposed in the Bill, also empowers small shareholders who can restrain management from actions that they believe are

detrimental to their interests or provide an option of exiting the company when they do not concur with proposals of the majority shareholders.

The Companies Bill, 2011 seeks to provide clarity on the respective roles of SEBI and the MCA and demarcate their roles - while the issue and transfer of securities and non-payment of dividend by listed companies or those companies which intend to get their securities listed shall be administered by the SEBI all other cases are proposed to be administered by the Central Government. Furthermore, by focusing on issues such as Enhanced Accountability on the part of Companies, Additional Disclosure Norms, Audit Accountability, Protection for Minority Shareholders, Investor Protection, Serious Fraud Investigation Office (SFIO) in the new Companies Bill, 2011, the MCA is expected to be at the forefront of Corporate Governance reforms in India.

## VII. CONSULTATIVE PAPER ON REVIEW OF CORPORATE GOVERNANCE NORMS IN INDIA<sup>7</sup>

In order to keep pace with fast changing business scenario, to align with the provisions of Companies Bill 2012 and to adopt international best practices relating to Corporate Governance, SEBI has come out with a consultative paper on 4th January, 2013 on Corporate Governance norms in India. The paper brings suggestions which will have far reaching effect and will completely change the landscape of Corporate Governance in case of listed companies.

The market regulator has suggested measures such as rationalising CEO pay packets, better compliance for the benefit of small investors, making whistle blower mechanisms a compulsory requirement and disclosing the same, implementation of an orderly succession planning among others.

SEBI has also sought greater powers for minority shareholders and wants companies to bring in diversity of thought, experience, knowledge, understanding, perspective, gender and age in the board of companies. As per the proposed guidelines, all listed companies must appoint an independent director as a lead director, who could chair the meetings of independent directors and act as a liaison between independent directors and management/board/shareholder.

The SEBI also pointed out that the board should set a corporate culture and the values by which executives throughout a group will behave. The board should eliminate policies that promote excessive risk-taking for the sake of short-term increases in stock price performance and ensure that a risk/crisis management plan is in place.

The market regulator has also suggested hefty penalties for non-compliance of the revised corporate governance norms. Stating that delisting would affect investors and prosecution was a costly and time-consuming process, the SEBI, to strengthen the monitoring of the compliance, has suggested carrying out of corporate governance rating by credit rating agencies, inspection by stock exchanges/ SEBI for verifying the compliance made by the companies. The SEBI has further stated that the provisions of listing agreement are being converted into regulations for better enforcement.

Major proposals in this Consultative Paper are:

- (1) Appointment of independent directors by minority shareholders: listed companies beyond a market cap need to be mandated to have at least one small shareholder director
- (2) Cumulative voting for appointment of Independent Director: Cumulative voting allows shareholders to cast all of their votes for a single nominee for the board of directors when the company has multiple openings on its board
- (3) Formal letter of appointment to Non- Executive Directors (NEDs) and Independent Directors with specific roles and responsibilities
- (4) Certification course and training for independent directors
- (5) Treatment of nominee director as Non-Independent Director
- (6) Mandate minimum and maximum age for Independent Directors
- (7) Mandating maximum tenure for independent director to be two consecutive terms of 5 years in line with Companies Bill
- (8) Requiring Independent directors to disclose reasons of their resignation

<sup>7</sup> SEBI has placed a consultative paper "Review of Corporate Governance Norms in India" on the SEBI website on 4TH JANUARY, 2013. Comments on the discussion paper have been solicited on or before January 31, 2013. Link is produced below for your reference;  
<http://www.sebi.gov.in/sebiweb/home/detail/25107/yes/PR-SEBI-issues-a-Consultative-Paper-on-review-of-Corporate-Governance-norms-in-India>.

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|--|---|
| <ul style="list-style-type: none"> <li>(9) Clarity on liabilities and on remuneration of independent directors</li> <li>(10) Performance evaluation of independent director</li> <li>(11) Appointment of one of the independent director as Lead Independent Director</li> <li>(12) Separate meetings of Independent Directors at least once in a year</li> <li>(13) Maximum number of public companies in which an individual may serve as an Independent Director should be restricted to seven</li> <li>(14) Separating the position of Chairman and that of the Managing Director/CEO</li> <li>(15) Diversity and formally laid out succession plan for Board</li> <li>(16) Framing a risk management plan, its compulsory monitoring and reviewing by a Board/Board Committee and the disclosure thereof to the shareholders at periodic intervals (preferably on annual basis) be laid down in the Listing Agreement.</li> <li>(17) Making Whistle Blower Mechanism a compulsory requirement</li> <li>(18) Mandating e-voting for all resolutions of a listed company</li> <li>(19) Measures for preventing abuse of related Party Transactions</li> </ul> | <ul style="list-style-type: none"> <li>(20) Lay down specific fiduciary responsibilities of controlling shareholders, mandating relationship agreement between the company and the controlling shareholder specifying the duties and responsibilities of controlling shareholders</li> <li>(21) Provision for regulatory support to class action suits</li> <li>(22) Detailed guidelines on Role of Institutional Investors</li> <li>(23) Enforcement for non-compliance of Corporate Governance Norms</li> </ul> |
|--|---|

### CONCLUSION

The objective of the Consultative Paper is to entice a wider debate on the governance requirement for the listed companies so as to adopt better global practices. While it needs to be ensured that the proposals suggested would not result in increasing the additional cost of compliances by huge margin and that the cost should not outweigh the benefit of listing, at the same time, it is necessary to bring back the confidence of investors back to the capital market, for channelizing savings into investment, which is the need of the hour.

Though some of these proposals are already provided for in the Companies Bill, 2011, and the Bill is waiting for Parliamentary nod, the SEBI proposed to advance the implementation of these proposals to listed companies to make them acclimatize to these provisions. SEBI has sought public comments on the subject on or before 31st January, 2013.

### Puzzle No: 03

How can you throw a ball as hard as you can and have it come back to you even if it doesn't hit anything there is nothing attached to it and no one else catches or throws it?

### Congratulations to the Winner of Puzzle - 02

✳ **G. V. Suresh, ACS, Membership No: 7513**

### Answer to Puzzle No: 02

The query was only misleading. The question of original \$15 does not arise, since \$3 was returned to the three men.

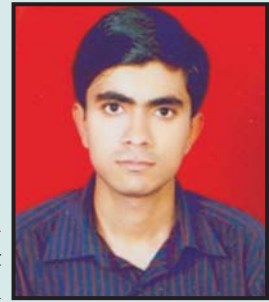
✳ Thus, the three men together gave (3 & \$4) = \$12

✳ Less: Amount taken by the Chef = \$10

✳ The balance \$2 has gone to the waiter.



## LLP – AN OVERVIEW



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### Background:

Concept of LLP has its origin in 1991 in USA. LLPs are the most common form of business existing in USA, UK, Germany, Canada, Australia and Singapore and other developed countries.

Partnership is the relationship between two or more persons who have agreed to share the profits of a business carried on by all or any of them acting for all. In a partnership the liability of the partners is unlimited and extends to their personal property in case the assets of the partnership are unable to meet its liabilities.

In order to overcome this demerit of the partnership form of business the Naresh Chandra Committee on Regulation of Private Companies and Partnerships and J.J. Irani Committee on Company Law have encouraged the formation of Limited Liability Partnerships (LLPs) in India.

LLP entities, the worldwide recognized form of business organization has been introduced in India by the way of the LLP Act, 2008. Indian LLP Act is mainly based on the UK LLP Act, 2000 and the Singapore LLP Act, 2005.

### Features of LLP:

1. LLP combines the advantages of both Company form of business and a partnership form of business
2. The law relating to General Partnership (i.e. Indian Partnership Act, 1932) is not applicable.
3. LLP permits individual partners to be shielded from joint liability created by other partner's decision or misconduct. Thus every partner of an LLP is the agent of the LLP but not of other partners.
4. Any change in the partners of a limited liability partnership shall not affect the existence, rights or liabilities of the LLP.
5. An LLP has at least two designated partners one of whom shall be resident in India.

6. There is no limitation on the maximum number of partners.
7. An LLP and Company (including a foreign company) can also be a partner in an LLP.
8. An obligation of the limited liability partnership whether arising in contract, or otherwise is solely the obligation of the LLP. However, the personal unlimited liability of a partner for his own wrongful act or omission remains which are not done for and on behalf of LLP.
9. LLPs enjoy the same tax status as that of a general partnership.
10. An LLP shall have either the words "Limited Liability Partnership" or the acronym "LLP" as the last words of its name.

### Advantages of LLP:

- ❖ Easy to establish and manage.
- ❖ Limited liability of the partners.
- ❖ LLP has separate legal entity by virtue of which the liability of the partners is limited to the extent of their contribution.
- ❖ There is no principal agent relationship between the partners.
- ❖ No personal liability of the partners except in case of fraud.
- ❖ Easy to exit.
- ❖ Audit is not required except where the contributions exceed Rs. 25 lakhs or turnover exceeding Rs. 40 lakhs.
- ❖ Less government intervention.
- ❖ No restrictions on the maximum number of partners..

- ❖ No requirements of minimum capital contribution.
- ❖ No formalities of board meetings, general meetings, registration of charges, restrictions on managerial remuneration, issue and transfer of shares, election of directors, restrictions on powers of Board etc.
- ❖ Procedures are much fewer compared to Companies Act. However, there is scope for further reduction in procedures.

### Disadvantages of LLP:

- ❖ Costs of running LLP are high compared to traditional partnership under Indian Partnership Act. Various documents are to be filed periodically with Registrar of LLP and accounts and records have to be maintained.
- ❖ Very heavy penalty (of Rs 100 per day) for late filing of returns.
- ❖ LLP cannot raise funds from Public
- ❖ Any act of the partner without the other may bind the LLP.
- ❖ Under some cases like fraud, misrepresentation, etc., liability may extend to personal assets of partners.
- ❖ No separation of Management from owners

### II) Taxation of LLPs:

Section 10(23) of Income Tax Act states that 'firm' shall include LLP, 'partner' shall include partner of LLP and 'partnership' shall include LLP. So, LLP incorporated in India will be assessed as if it is a partnership firm w.e.f. Assessment year 2010-11

As per section 10(2A) of Income Tax Act, the share of profit of LLP will be exempted from tax in the hands of the partners.

LLPs are taxed at a rate of 30.90% There is no surcharge to be levied on the income tax of LLPs. Profit will be taxed in the hands of the LLP and not in the hands of the partners.

Minimum Alternate Tax and Dividend Distribution Tax will not be applicable for LLP

The 2011-2012 Union Budget has introduced a new Chapter XII-BA under the Income Tax Act 1961 which provides for levy of Alternate Minimum Tax @ 18.5% (plus surcharge) on the adjusted total income of LLPs.

As per the provisions of the chapter XII-BA, where the

regular income tax payable by a LLP for a particular financial year is less than the corresponding alternate minimum tax computed at the rate of 18.5% on its adjusted total income; such alternate minimum tax shall be deemed to be the income tax liability of such LLP.

Adjusted total income shall be the total income as increased by the deductions claimed under any section included in chapter VI-A ( C ) (deductions in respect of certain income) and deductions claimed under section 10AA (deduction available to SEZ units).

Designated Partners will be liable to sign and file the Income Tax return.

The tax treatment of the remuneration and interest to partners of LLP is as follows:

**1) Remuneration to partners** – Remuneration paid to partners is deductible at the hands of LLP within limits prescribed under section 40(b) of Income Tax Act, if requirements of section 184 are satisfied.

As per section 185 of Income Tax Act, if the requirements of section 184 are not satisfied, firm will be assessed as firm but shall not be eligible for deduction of remuneration or interest to partner. Remuneration to partners will be taxed as "Income from Business & Profession" in the hands of the partners.

**Conditions for allowing deduction of remuneration:** The conditions for allowing deduction of remuneration are as follows:

- (a) Remuneration should be paid only to working partner
  - (b) Remuneration must be authorised by the partnership deed and should be in accordance with terms of partnership deed
  - (c) Remuneration should not pertain to period prior to partnership deed and
  - (d) Remuneration should not exceed the permissible limit.
- 2) Interest to partners – Interest paid to partners is deductible at the hands of LLP within limits prescribed under section 40(b) of Income Tax Act if requirements of section 184 are satisfied. As per section 185 of Income Tax Act, if the requirements of section 184 are not satisfied, firm will be assessed as firm but shall not be eligible for deduction of

remuneration or interest to partner. Interest paid/credited to partner will be allowable as deduction to LLP and it will be taxed at the hands of partner o LLP.

**Conditions for allowing deduction of interest :** The conditions for allowing deduction of remuneration are as follows:

- a Payment of interest should be authorised by the LLP Agreement and should be in accordance with terms of LLP Agreement
- b Interest should not pertain to period prior to partnership agreement and
- c Interest should not exceed 12%.

Indian LLPs are not liable to tax under the Wealth Tax Act as Wealth Tax Act deals with taxation of individuals and Companies (company does not include LLP)

LLPs cannot avail presumptive taxation scheme under sections 44Ac or 44AD of the Income Tax Act.

### III) FDI in LLPs:

The FDI Policy in India is administered by the Government of India and regulated by the Reserve Bank of India. For LLPs to avail FDI the capital contribution from the partners should be only in the form of cash. In LLPs 100% FDI is allowed with the prior approval of the FIPB in sectors where 100% FDI is allowed under automatic route. However FDI in LLPs is not allowed in the following sectors:

- ❖ Sectors where FDI – linked performance conditions are attached. By FDI-linked performance related conditions, it is meant that in sectors, where conditions like minimum capitalization etc are prescribed like sectors like power, roads, information technology, manufacturing, development of Townships, NBFC etc.,
- ❖ Agriculture or plantation activities
- ❖ Print media
- ❖ Real Estate

The investment bought in through foreign sources should be in cash only. If the investment is to be bought otherwise than in cash then Government approval is required.

LLPs cannot avail External Commercial Borrowings.

Foreign institutional Investors /Foreign Venture Capital Investors are not permitted to invest in LLPs.

LLPs with FDI are not allowed to make downstream investments which mean LLP having FDI, cannot make further investment in LLP or companies engaged in any business, even though 100% FDI is allowed under those sectors. However Indian companies with FDI are permitted to make downstream investment in LLPs only if both the Indian company and the LLP operate in sectors where 100% FDI is permitted under automatic route and no FDI-linked conditions are attached.



## SERVICE TAX UPDATE

### Dear Professional Colleagues

Wish you a very happy and Prosperous New Year 2013 and Happy Pongal.

\* Government has clarified that transportation of milk by rail/vessel from one place to another is covered under the category of 'foodstuff' appearing in notification

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no. 25/2012-ST dated 20.6.2012 and accordingly is covered under the mega exemption and no service tax is attracted.

\* Clarification has been issued that no tax point arises on sending reminders/notices for insurance policies to the LIC policy holders/others and it would not attract levy of service tax. Only when the invoice has been issued finally then the point of taxation rules would accordingly apply.

## LEGAL SCAN

(January, 2013)



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### Disclaimer:

For proper appreciation of issues and legal position, it is strongly recommended to have access to the full text of the judgments before using them by readers. Due to space limitation, entire facts of the case could not be discussed. The points reproduced / highlighted need to be understood in the totality of discussions contained in the relevant judgments.

### 1. Pondicherry Protection of Interests of Depositors in Financial Establishments Act, 2004

**Citation:** *New Horizon Sugar Mills Ltd., vs. Govt. of P0ondicherry (2012) 10 SCC 575*

Points held: The Hon'ble Supreme Court, inter alia, held that the expression 'any person' is wide enough to cover both a natural person as also a juristic person, which would also include a company incorporated under the Companies Act, 1956. (ref. para 57).

### 2. Press and Media Laws – coverage of court proceedings – matters sub judice – safeguarding presumption of innocence

**Citation:** *Sahara India Real Estate Corpn. Ltd., and others vs. SEBI (2012) 10 SCC 603*

**Background of the case:** The judgment in the present case was the outcome of unsolicited media publicity given by a TV channel to private communication between the appellant and the respondent while the matter was pending before the Supreme Court. As suggested by the Court, the parties were negotiating on the security in the form of an unencumbered asset, which the appellant should offer to the respondent SEBI in order to obtain stay of the two impugned orders passed by SEBI. However,

one day before the next date of hearing, a TV channel flashed details of the proposal made by the appellant to SEBI. The TV channel also named the valuer who had valued the assets proposed to be offered as security. The Court took exception to unnecessary media interference and decided to clarify the law relating to media reporting of court proceedings.

In the above background, the Hon'ble Supreme Court inter alia held that 'the right to negotiate and settle in confidence is a right of a citizen and has been equated to a right of the accused to defend himself in a criminal trial.' (para 53).

### Constitution of India – Art.226 – Exercise of inherent powers – Judicial process – Reasoned judgment

**Citation:** *Board of Trustees of Martyrs Memorial Trust and another vs. Union of India and another (2012) 10 SCC 734*

**Points held:** The Hon'ble Supreme Court inter alia held that 'brevity in judgment writing has not lost its virtues. All long judgments or orders are not great nor brief orders always bad. What is required of any judicial decision is due application of mind, clarity of reasoning and focused consideration. A slipshod consideration or cryptic order or decision without due reflection on the issues raised in a matter may render such decision unsustainable.

## CS PRESS REPORTER

### A Report on the activities of Hyderabad Chapter

#### Report on 21st Student Induction Programme's Inaugural session (SIP)

On 17th December, 2012 Chapter organized an inauguration of 21st Student Induction Programme at the Chapter Premises. CS Shujath Bin Ali, Chairman of the Hyderabad Chapter presided the function. He welcomed the gathering and congratulated the students who have chosen CS as a Career. He spoke on importance and purpose of the Student Induction Programme. Sri P. Suresh Raju, Founder of Vaada Foundation was the Chief Guest. He spoke on duties and responsibilities towards the society. He advised the students to follow traffic rules and also conducted a small quiz about the road safety. He interacted with the students and shared his knowledge.

CS Vasudeva Rao Devaki, Secretary of the Chapter proposed a vote of thanks.

#### Report on CSR Week – 17 – 22 December, 2012.

The Chapter organized a Corporate Social Responsibility week from 17th to 22nd December, 2012.

During the week, Chapter organized Road safety awareness, Tree Plantation, Blood Donation & eye donation pledging, Financial inclusion awareness, Investor Protection, Career Awareness Programme and other social activities. CS Balachandra, CS Mohit Kamdar, CS Manjunath, CS Vikas Sirohiya, CS Kumar Ankit and CS Rahul Jain have actively participated in the CSR Week Celebrations.

#### Report on "Corporate Social Responsibility & Role of Company Secretary"

On 17th December, 2012 Chapter organized a programme on "Corporate Social Responsibility & Role of Company Secretary". Dr. V. Raghunathan, Chief Executive – GMR Varalshkmi Foundaton & Sri P. Seshadri, Management Consultant & Trainer were the speakers. They spoke on Corporate Social responsibility, Corporate Citizen ship, its implication etc.

#### Report on "Financial inclusion -investment planning" A SEBI financial education workshop

On 20th December, 2012 Chapter organized a A SEBI

financial education workshop on "Financial inclusion - investment planning" at Chapter Premises.

CS Shujath Bin Ali, Chairman invited the speaker CS Ahalada Rao, SEBI Resource Person, Mr. Srikanth, AGM-SEBI and Mr. Venkatesh, Manager, SEBI, Hyderabad.

Members and students of ICSI-Hyderabad Chapter and Company Secretaries from the Twin Cities have participated in the programme.

Mr. Srikanth explained the concept of Vision & Mission and SEBI Financial Education.

CS Ahalada Rao.V, Resource Person, spoke on the importance of Investment Planning for Executives.

The Securities and Exchange Board of India (SEBI) is the regulator and promoter for the securities and capital market in India.

In 1998 the Securities and Exchange Board of India (SEBI) was established by the Government of India through an executive resolution, and was subsequently upgraded as fully autonomous body (a statutory board) in the year 1992 with the passing of the Securities and Exchange Board of India Act (SEBI Act) on 30th January, 1992.

Controller of Capital Issues was the regulatory authority before SEBI came into existence. It derived its authority from the Capital Issued (Control) Act, 1947. Under it 'Investment' has been defined in many ways. In finance, Investments can be referred to as the purchase of a financial product or other item of value with an expectation of favorable future returns. In general terms, investment means the use of money in the hope of making more money. In business, it is the purchase by a producer of a physical good, such as durable equipment or inventory, in the hope of improving future business.

CS Ahalada Rao.V, Resource Person spoke in detail on Financial Education, Financial Planning, inflation, investment, Risk & Return, Smart Goals, Compounding Rule of 72, Products, how not to lose money and RETIREMENT PLANNING

He explained about SEBI's feedback practices.

SEBI has launched a toll free helpline service for the investors on December, 30, 2011. The services were available in 11 languages—English, Hindi, Marathi, Gujarati, Tamil, Bengali, Malayalam, Telugu, Urdu, Oriya and Punjabi initially.

The regulators also provide assistance on transfer of shares and IPOs. However, it does not offer legal opinion or investment advice. Investors may dial toll free number 1800 22 7575 from Monday to Friday between 9.30 am and 5.30 pm for availing of this service.

During the Session, Mr. Ahalada Rao.V., Resource Person called the toll free number. In spite of best efforts, he could not contact as it reported “switched off”.

The audience comprised of Members and Students of ICSI-Hyderabad Chapter and Company Secretaries of Twin Cities numbering more than 120.

The entire session was lively and interactive. The appropriate and humorous clippings at the respective topics evoked much interest in the subject. All the doubts raised by the students present over there were clarified by the Financial Resource Person.

The programme was well received and appreciated by the Members and Students of ICSI-Hyderabad Chapter. Mr. Shujat Bin Ali, Chairman, ICSI-Hyderabad Chapter highly appreciated Mr. Srikanth, AGM-SEBI, for his detailed deliberations and the way he responded to each every query of the Students of ICSI-Hyderabad Chapter.

The programme concluded by appreciating remarks and vote of thanks by Mr. Venkatesh, Manager SEBI-Hyderabad.

### Report on Valedictory session of 21st Student Induction Programme (SIP)

On 26th December, 2012 Chapter organized the Valedictory Function of 21st Student Induction Programme. CS Shujath Bin Ali Chairman of the Chapter spoke on The importance of training in the life of a professional. He emphasized that training is the first step into the corporate world. It imparts the basic qualities required to be a perfect professional. Training makes a professional a true professional.

Sri JLN Murty, Genral Counsel (Asia Pacific) Red Bull was the Chief Guest and he emphasized the importance of taking success as a habit. He further shared his views on the importance of hard work in achieving one's own goals and the importance of training as part of the curriculum

of a professional course. He further shared some of his experiences and gave the participants a few valuable tips on the qualities required to be a successful professional. The Best Participant award was presented to Mr. A. Subrahmanyam, bearing registration 320005264

Chief Guest and other dignitaries distributed the Certificates to the students who have completed their training then a Group photo of all the participants, with Chief Guest and Managing Committee Members in the valedictory function was taken.

CS Vasudeva Rao Devaki also shared his valuable thoughts on the occasion and proposed vote of thanks.

### Report on Sankalp Cultural & Star Evening

On 23rd December, 2012 Chapter organized a Sankalp Cultural & Star Evening. The show was conducted by renowned Tollywood Singers, Mr. Hema Chandra, Mr. Simha, Ms. Sudha Mayi and dance performances by Mr. Aditya, Cine Actor, by Bobby dance troupe including comedy act by Mr. GalipatalaSudhakar and others.

Dr. Akkineni Nageswara Rao, Padma Vibhushan Award Winner was the Chief Guest and Sri Tanikella Bharani, Allu Ramalingaiah National Award Winner was the Guest of Honour.

Donations for the pioneering programme poured in despite the economic recession and global melt down. With the active participation of various members, the Chapter also brought out a Souvenir to mark the occasion for which 43 practising company secretaries donated about Rs. 5000/- each.

The programme was attended by about 900 participants from various walks of life including officers from ROC, Bank Officials etc. Sponsors were immensely satisfied with the turnout and enthusiasm of the overwhelming crowd.

### Report on Full Day Seminar on Curtain Raiser to Companies Bill, 2012

On 28th December, 2012 Chapter organized a Full Day Seminar on Curtain Raiser to Companies Bill, 2012 held at Katriya Hotel. CS Shujath Bin Ali, Chairman of the Chapter welcomed the gathering and spoke on the highlights of the Companies Bill.

CS C. Sudhir Babu, Council Member of the ICSI, spoke on enhanced role of CS and responsibilities that have been inserted in the New Companies Bill as well as the opportunities that are available in the form of NCLT.

Sri P. R Ramesh, Chairman - Deloitte India being the Chief Guest of the function inaugurated and lighted the Lamp. In his address he welcomed the New Legislation. He emphasized that it is in tune with the present times. However he was reprehensive about the excessive delegated legislations. He concluded that only upon knowing the various prescriptions that are described various provisions, the real picture could emerged.

Sri Sanjay Kumar Jain, Partner, Walker, Chandiook & Co presented the overview of Accounts of the Company, - Books of accounts, Financial statements, Boards report, Corporate social responsibility, Audit and auditors, Appointment of auditor(s), Mandatory rotation rules, Auditors report, Non-audit services etc.,

CS Pavan Kumar Bhattiprolu, Proprietor ,BPK & Associates, Company Secretary spoke on the policy decisions, Key Managerial Personnel, Promoter, Related party, Accounting Standards, Associate Company, Auditing Standards, Authorized Capital, Books Of Accounts, Independent Director, Interested Director and Global Depository Receipt etc.,

CS S. Chidambaram, Company Secretary in Practice emphasized on Chapter XV – Compromises,

Arrangements and Amalgamations, Chapter XVI – Prevention of Oppression and Mismanagement , Chapter XXVII – National Company Law Tribunal and Appellate Tribunal.

CS Rahul Jain, Company Secretary in Practice, in his address spoke on Management & Administration, New concepts, Modified provisions, 'Status quo' provisions, Removed provisions, Interpretation issues / Practical problems etc.,

CS G. Raghu Babu, Company Secretary in Practice in his address emphasized on appointment and remuneration of Managerial personnel, Approval process,

Appointment of MD/WTD/Manager, Overall Maximum Remuneration, Managerial remuneration, Appointment of key managerial personnel, Secretarial Audit, Function of CS, etc.,

CS P. S. Rao, Company Secretary in Practice spoke on prospectus and allotment of securities, Issue of shares, Public offer & Private Placement, (Section 23), power of SEBI, Shelf Prospectus, Red Herring Prospectus, private placement, share capital and debentures, Debentures, Dividend, prospectus and allotment of securities etc.,

**The Managing Committee of the ICSI- Hyderabad Chapter heartily congratulates the following Members on their recent election as office bearers of the ICSI- Hyderabad Chapter for the year 2013.**



**CS R. Ramakrishna Gupta**  
(Chairman)



**CS Vasudeva Rao Devaki**  
(Vice – Chairman)



**CS P.G. Issac Raj**  
(Secretary)



**CS Kavitha Rani S**  
(Treasurer)

Chairman & Managing Committee of the ICSI- Hyderabad Chapter express their Gratitude and Thankfully acknowledge the support of the Sponsors for Sankalp Cultural Star Evening held on 23rd December, 2012.

State Bank of Hyderabad  
 NMDC Limited  
 Andhra Bank  
 Sri Chakra Cements  
 Bharathi Cement Corp. Pvt Limited  
 Aparna Constructions & Estates Ltd  
 GKC Projects Limited  
 Institute of Public Enterprise  
 TATA Projects Limited  
 Surana Group  
 Mylan  
 Spectra Foods & Beverages Private Limited  
 Bharat Heavy Electricals Ltd.,

Care Hospitals  
 Jaya Projection  
 Sri Rachapudi Naga Bhushanam Degree & PG College  
 Ravi Tours & Travels  
 Sri Sai Nath Caterers  
 Port Ware India Pvt. Ltd  
 Vitech Systems Asia Private Limited  
 IT Convergence Professional Services Private Ltd  
 Oorijita Villa Project.  
 Infotech Enterprises Limited  
 Photon Energy Systems Limited  
 M.G. Automotives Pvt. Ltd

### Forthcoming Programmes:

Day, Date & Time	Programmes Details	Venue
Saturday 26.12.2012 04.00 pm onwards	Annual Fellowship Meet, 2013	IAS Officers' Association, Besides CM Camp Office, Begumpet, Hyderabad.

## LOOKING FOR LAND FOR CHAPTER PREMISES

The ICSI Hyderabad Chapter is urgently looking for a plot/building around 1000-2000 Sq yards at the centrally located place to build a proposal for upgrading the infrastructure of the Chapter. Preferably in Somajiguda, Ameerpet, Narayanaguda, Himayat Nagar, BasheerBagh, BanjaraHills or any other easily accessible location through public transport.

Please immediately reach out to or refer to **9848202338**  
if you are aware of any land which meets above requirements.



**Chairman & Managing Committee of the ICSI- Hyderabad Chapter Expresses Heart full Thank you for the Generous contributions received from the following Company Secretaries for the to the Company Secretary Benevolent Fund.**

S. No.	Organization/ Name
1	Ch. Veeranjanyulu & Associates, Company Secretaries
2	Komal Marda & Associates, Company Secretaries
3	CS B. Sudheendra Kumar, Company Secretary in Practice
4	CS Ajay Kishan, Company Secretary in Practice
5	Marthi & Co, Company Secretaries
6	CS Ajay S Shrivastava, Company Secretary in Practice
7	Jayaraman Radha Krishna Associates
8	MSK & Associates, Company Secretaries
9	Narendra & Associates, Company Secretaries
10	GMVDR & Associates, Company Secretaries
11	PK.S & Associates
12	CS Gopinath Surey, Company Secretary in Practice
13	CS V. Shankar, Company Secretary in Practice
14	Popat & Popat, Company Secretaries
15	A.S. Ram Kumar & Associates, Company Secretaries
16	CS B. Krishna Veni, Company Secretary in Practice
17	Nekkanti S.R.V.V.S. Narayana & Co
18	D.S.M.R. & Associates, Company Secretaries
19	S.S. Reddy & Associates
20	A.V.Rao & Associates
21	CS M.V.M Murthy, Company Secretary in Practice
22	CS S. Chidambaram, Company Secretary in Practice
23	CS K.V. Chalama Reddy, Company Secretary in Practice
24	G.P. Associates
25	CS Madhuri Hima Bindu, Company Secretary in Practice
26	CS. N. Muneyya, Company Secretary in Practice
27	CS V. Pavan Srinivas, Company Secretary in Practice
28	Savitha Jyothi Associates

S. No.	Organization/ Name
29	Devineni Sujatha & Associates
30	VSS & Associates
31	Naresh Kumar Chanda, Company Secretary in Practice
32	K. Srinivasa Rao & Co
33	CS R. Mohan, Company Secretary in Practice
34	CS G. Ravi Kanth, Company Secretary in Practice
35	J.V. Rama Rao & Co
36	D.V.M. Gopal & Associates
37	Ravi & Subramanyam, Company Secretaries
38	K.P. Shinod & Co, Company Secretaries
39	N. Sudheer & Associates
40	KPC Rao & Associates
41	CSV. Venkatachalam, Company Secretary in Practice.
42	V.K.Bafna & Co; Company Secretaries
43	Ahalada Rao. V & Associates
44.	CS B. Gopichand

### VOLUNTARY SERVICES EXTENDED BY THE MEMBERS DURING THE MONTH OF DECEMBER, 2012

Sl.No	Name of the Members	Nature of the Support/Services Rendered
1	CS V. Ahalada Rao	<p style="text-align: center;">For arranging sponsorship for Sankalp held on 23rd December, 2012.</p>
2	CS KVS Subramanyam	
3	CS N. Uma Shankar	
4	CS Narasimha Karthik CP	
5	CS V. Sheela	
6	Dr. Raja Mogili	
7	CS G. Raghu Babu	
8	CS Kumar Raghavan	
9	CS Vinamrata Jodhani	
10	CS N.Anjaneyulu	
11	CS Srinivas Arun	
12	CS Ajay S Shrivastava	
13	CS T. Anil Kumar	
14	CS A. Lalitha Kumar	
15	CS Ravi Kumar Nukala	
16	CS Lalith Mohan Chandna	
17	BHEL CS Arun kumar	

## PHOTO GALLERY 2012



A delegation led by CS P. Chiranjeevulu, Chairman of the Chapter met Hon'ble Sri Mohammad Majid Hussain, Mayor Greater Hyderabad Municipal Corporation at his office on 12.01.2012



CS P. Chiranjeevulu, Chairman of the Chapter, presenting a Memento to Sri R.V. Vishnu Raju, Chairman & Managing Director, Anjani Portland Cement Ltd at First Andhra Pradesh State Company Secretaries Conclave on Role of Family Business in corporate sector on 18th January, 2012 at Minerva Grand, Secunderabad



CS Nesar Ahmad, President, The ICSI addressing the members during President with Members on 5th March, 2012 at Katriya Hotel.



CS Shujath Bin Ali, Chairman of the Chapter presenting a memento to Prof. B. Venkat Rathnam, Vice-Chancellor, Kakatiya University at MSOP valedictory session 29 March, 2012.



CS Sudhir Babu, Council Member, the ICSI presenting a book to CS Pavan Kumar Vijay, Past President- The ICSI and MD, Corporate Professionals Capital Pvt Ltd at Talk on "Brand CS & Brand you- Opportun"



CS Vasudeva Rao Devaki, Secretary of Hyderabad Chapter



Cultural Programme by Geetha Ganeshan Dance Academy on 29.06.2012 at ni-msme



Sri K. Ramachandra Murthy, Editor-in-Chief, The Hans India, hmtv Addressing addressing at MSOP valedictory session 29 March, 2012.



Sri Mahesh Kuwadia, Regional Director, South East, Ministry of Corporate Affairs addressing at Interactive talk on "Recent MCA Updates, Revised forms, Delegation of Powers to RD" jointly with Institute



Sri Nandendra Manohar, Hon'ble Speaker of Andhra Pradesh Assembly inaugurating the 37th Regional Conference on 29th June, 2012 at ni-msme



Tree Sapling Gifted to CS C Partha Sarathy, Chairman, Kavya Group



Tree Sapling Gifted to Sri C Narsing Rao, IAS, CMD, Coal India Ltd



Tree Sapling Gifted to Sri Marri Shashidhar Reddy, Vice Chairman - National Disaster Management Authority



Tree Sapling Gifted to Sri P K Sharma, IFS, Addl. Pri.



Tree Sapling Gifted to Sri Suthirtha Bhattacharjee, IAS, Principal Secretary to AP Government, Infrastructure & Investment



Pandit Elchuri Venkata Rao addressing the gathering at Health Programme on Ayurveda for Everyone



Group photo of 6th Management Skills Orientation Programme participants held on 27.09.2012 at Valedictory Session, at Chapter Premises.



Group photo of 17th Student Induction Programme held at Chapter premises on 15.05.2012



Managing Committee Members of The ICSI- Hyderabad Chapter receiving National Best Chapter Award for the year, 2011 from Mr. M V Tanksale, Chairman & Managing Director, Central Bank of India at 40TH NAT



Glimises of 13th All India Students Conference



Glimises of 13th All India Students Conference



Glimises of 13th All India Students Conference



Glimises of 13th All India Students Conference



CSR WEEK CELEBRATIONS 17-22, December, 2012



A delegation met Dr. Akkineni Nageswara Rao, Padmavibhushan Award Winner on 09.12.2012 at his residence for inviting him as Chief Guest for Sankalp on 23rd December, 2012.



PHOTO GALLERY OF SANKALP, 2012



**THE INSTITUTE OF  
Company Secretaries of India**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**  
Statutory body under an Act of Parliament

HYDERABAD  
CHAPTER

# Annual Fellowship Meet, 2013

on  
**Saturday, January 26, 2013**  
4.00 pm onwards



**Venue:**  
IAS Officers ' Association Club,  
Besides CM Camp Office  
Begumpet, Hyderabad



On or before	Adults	Child(between 3 and 6 Years)
24.01.2013	350	200
26.01.2013	450	300

Mimicry by

**Sri Hari Kishan**



## Key Attractions:

- ❖ Close to green nature
- ❖ Activities for members & Kids
- ❖ ICSI Parivar Talent showcase
- ❖ Entertainment, Fun & masti
- ❖ And more.....
- ❖ Details to follow- Keep watching this space.



Members who are interested to perform / showcase their talents or their spouses/children may give their names to the Chapter on or before 23rd January, 2013 for consideration.

## PRINTED MATTER - BOOK POST

To.

From :



**THE INSTITUTE OF  
Company Secretaries of India**

**IN PURSUIT OF PROFESSIONAL EXCELLENCE**  
Statutory body under an Act of Parliament

An ISO 9001 : 2000 Chapter

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HYDERABAD  
CHAPTER

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