



# THE INSTITUTE OF Company Secretaries of India

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## PRESS RELEASE

### CHIEF OF BUREAU

**Shri Sachin Pilot, Hon'ble Minister of Corporate Affairs (I/C), Government of India addressed the FICCI – ICSI Joint Programme on the Companies Act, 2013: A New Law for a New Era at New Delhi today.**



### **FICCI-ICSI Conference on Companies Act, 2013**

On the Dias (From Left to Right) : **Ms. Vijaya Sampath**, Chairperson, FICCI's Corporate Law Committee and Senior Partner, Lakshmi Kumaran & Sridharan, **Shri Sidharth Birla**, Senior Vice-President, FICCI and Chairman, Xpro India Limited, **Shri Sachin Pilot**, Hon'ble Minister of Corporate Affairs (I/C), Government of India, **CS S. N. Anathasubramanian**, President, Council of the ICSI and **Dr. A Didar Singh**, Secretary General, FICCI

**Shri Sachin Pilot, Hon'ble Minister of Corporate Affairs (I/C), Government of India addresses the FICCI – ICSI Joint Programme on the Companies Act, 2013: A New Law for a New Era, at New Delhi today.**

**While addressing the gathering of corporate professionals, company secretaries and legal luminaries on the new Company Law, the Minister said he would take up the case for incentivizing CSR projects by the Corporate through tax exemption and reliefs with the Finance Ministry.**

While highlighting the important features of the Companies Act, 2013, he acknowledged that the Act is the result of intensive consultative process by Ministry with industry, professionals, corporates and other stakeholders. The new Law focusses on the global best practices and meeting the legitimate expectations of all stakeholders. It is a 21st century legislation that has the potential to unleash huge economic and social value.

**He said that the new legislation is investment friendly and would allow freedom to small investors like craftsman and villagers to get the credit facility and other facilities by forming a legal entity i.e. one person company.**

On the draft rules which have been placed at the website of Ministry, he invited any number of suggestions to have best rules in place and assured that every suggestion would be given due consideration. The Corporate Affairs Minister also emphasized that India has a huge untapped investment potential and foreign investors need to get the signal that India is a safe and profitable investment destination.

**Shri Sidharth Birla, Senior Vice-President, FICCI and Chairman, Xpro India Limited** in his address explained that the Act, emphasizes accountability, sound governance, the fiduciary role of directors, and explicit recognition of stakeholders. He also shared certain issues under the Act which need to be addressed for bringing more clarity.

Mr. Birla said sometimes genuine concerns, fully appreciated by MCA, do not pass muster with the law ministry not due to a substantive point of law but more due to either language or non-alignment with realities. This leaves gaps in intent and interpretation, which can lead to hardship. Exactness and perception must not be mixed up and we believe it is important to balance freedom and accountability on both sides of the fence.

“In an anxiety to provide enhanced protection for minority investors, I feel there are some conflicts with time-tested principles of majority rights. A majority must be held accountable if there is a collateral agenda to hurt minority; but there can be no logic or sanctity in forcing minority over majority. In essence, it is vital that noise does not drown reason. MCA and SEBI need to look at this issue objectively and in sync, before judicial challenge or a no-confidence vote by serious investors hurts us,” he said.

**CS S. N. Anathasubramanian, President Council of the ICSI** in his speech appreciated the extraordinary stewardship of Ministry officials which has lead to frutification in the form of notification of the new Company Law. He expressed that the new legislation is innovative; self regulatory; contemporary and transformative in nature which is expected to erase the culture of cynicism. He related the historical day of 8<sup>th</sup> August, 1942 when father of the nation Mahatma Gandhi gave a call for ‘Quit India Movement’ with 8<sup>th</sup> August, 2013 on which date Hon’ble Minister Mr. Pilot gave a call for ‘Quit Command and Control Regime’.

**He termed the Act of 2013 as contemporary, transformative, innovative and aspirational all at once.** It is contemporary as it is now on par with those elsewhere and brings in many improvements in doing business with ease ; transformative as it makes every participant in corporate affairs be it the Board, the Professional, the Institutional Investor, the Stakeholder and not to forget even the Regulator, to think, act and perform afresh many times without precedence maybe; innovative, as apart from containing several new concepts such as One Person Company, KMP, CSR, Class Action Suits and so on and so forth, the drafting of this legislation also makes this exercise very modern by virtue of Rule Making Power 416 as may be prescribed- to hit moving targets even as it stays relevant at all times as Secretary, ICSI put it succinctly in a recent article in financial express and finally aspirational as the central theme is Grow with Trust.

He viewed that this single piece of legislation should, hopefully be the much needed harbinger of change to possibly erase the culture of cynicism and herald a climate of mutual trust and confidence among various stakeholders. He was sure, that the world bank is watching this momentous transformation and India would figure next year much higher in the league table for doing business in India.

Further he cautioned the corporates and professional fraternity by saying that It is not that all is music and honey for all of us- the underlying principles are demanding, the penalties are steep, the regulation and enforcement is expected to be preventive , qualitative and strict and finally the compliance standards far more substantive than prescriptive and contrived.

**Dr. A Didar Singh, Secretary General, FICCI also welcomed the Hon'ble Minister and the distinguished gathering.**

**Ms. Vijaya Sampath, Chairperson, FICCI's Corporate Law Committee and Senior Partner, Lakshmi Kumaran & Sridharan** proposed a vote of thanks to the Hon'ble Minister, senior officials of Ministry of Corporate Affairs and distinguished participants.

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