



THE INSTITUTE OF
Company Secretaries of India

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

Vision

"To be a global leader in promoting
good corporate governance"

Motto

सत्यं वद। धर्मं चर।
इष्टकरं कृतं त्रुटिः क्लेशते ह्यु कृतं कृतं।

Mission

"To develop high calibre professionals
facilitating good corporate governance"

SOUVENIR

26th National Conference of Practicing Company Secretaries

June 14-15, 2025 (Saturday & Sunday)

Theme

Dynamic Regulatory Landscape: CS@Excelling Strategies

Vivanta Guwahati

613, Mahapurush Srimanta Sankardeva Road,
Khanapara, Guwahati, Assam – 781022



BUILDING A BETTER WORLD



At NRL, our responsibility goes much beyond oil refining. Bringing a positive change in the lives of the people through our CSR programs is of paramount importance. The identified five focus areas make sure that we remain focused and do not digress from our committed path.

Corporate Office: NRL Centre, 122A, G S Road, Christianbasti, Guwahati - 781 005

Refinery: Dist. Golaghat, Assam, India, Pin - 785699

CONNECT WITH US ON:



www.nrl.co.in



Numaligarh-Refinery-Limited-181688512167464



@NRL_MoPNG



26th National Conference of Practicing Company Secretaries

June 14-15, 2025 (Saturday & Sunday)

Theme

Dynamic Regulatory Landscape: CS@Excelling Strategies

Vivanta Guwahati

**613, Mahapurush Srimanta Sankardeva Road,
Khanapara, Guwahati, Assam – 781022**





© THE INSTITUTE OF COMPANY SECRETARIES OF INDIA

June, 2025

Disclaimer :

Although due care and diligence has been taken in preparation of this Souvenir, the Institute shall not be responsible for any loss or damage, resulting from any action taken on the basis of the contents of this Souvenir. Anyone wishing to act on the basis of the material contained herein should do so after cross checking with the original source.

*Edited, published and printed by
CS Asish Mohan, Secretary, ICSI on behalf of
The Institute of Company Secretaries of India
ICSI House, 22, Institutional Area, Lodi Road, New Delhi – 110 003
Phone : +91-11-45341000
E-mail : info@icsi.edu; Website : www.icsi.edu*



The Institute of Company Secretaries of India

The Institute of Company Secretaries of India (ICSI) is a premier professional body, established under an Act of Parliament (The Company Secretaries Act, 1980), to regulate and develop the profession of Company Secretaries. ICSI functions under the jurisdiction of the Ministry of Corporate Affairs, Government of India. The Institute provides top-quality education to the students of Company Secretaries (CS) Course and has set and maintains best quality standards for CS Members.

With over 76,000 members including 11,500 members in practice and around 200,000 students, the ICSI has the largest membership and student base of Company Secretaries in the world.

As an inclusive body on the global governance map, the ICSI has been taking various initiatives for the growth and development of the profession. ICSI has been contributing to the initiatives of Government of India that have potential to excel the social-economic growth of India.

Motto

“सत्यं वद । धर्मं चर ।
इष्टार्थं कुरु । अहिंसायाः अनुयायी भव ।”
“Speak the truth, abide by the law”

Vision

“To be a global leader in promoting
good corporate governance”

Mission

“To develop high calibre professionals
facilitating good corporate governance”



ICSI Network

Head Office

New Delhi

Regional Offices

EIRC (Kolkata), NIRC (New Delhi)

SIRC (Chennai), WIRC (Mumbai)

Chapters : 73

Research Centres : Mumbai, Hyderabad & Kolkata

Study Centres : 65

Examination Centres : 178

ICSI Study Circles : 16

International Footprints

Six Overseas Centres

UAE, USA, UK, Singapore, Australia & Canada

Functions of the Institute

- Develops a cadre of Company Secretaries for ensuring governance and effective management in corporates. Students passed/appearing in Senior Secondary (10+2) Examination or equivalent thereto may appear in Company Secretary Executive Entrance Test (CSEET) and after qualifying the same, they are registered for Executive Programme (graduates or students appearing in final semester/year of graduation/post graduates may directly register for Executive Programme) of Company Secretaryship Course with course contents in Law, Tax, Management, Accounting and Finance disciplines;
- Provides postal/oral/web-based coaching and training enabling students to qualify as Company Secretaries;
- Conducts Company Secretaryship Examination twice a year in June and December at centres spread all over India and at an overseas centre at Dubai;
- Arranges for practical training of Executive/Professional Programme qualified Students with Companies/Practicing Company Secretaries etc. empanelled with the Institute for the purpose;
- Enrols qualified persons as Associate/Fellow Members of the Institute and issues Certificate of Practice to Members taking up practice;
- Conducts Post Membership Qualification (PMQ)/Certificate/Crash Courses for Members of the Institute;
- Formulates Secretarial Standards, Auditing Standards and brings out Guidance Notes thereon;
- Conducts elections to the Council of the Institute;
- Maintains library and publishes books and periodicals relating to management of companies and allied subjects.

Initiatives to achieve these objectives

- Publishes widely read and highly acclaimed monthly Journal 'Chartered Secretary' which is listed under the prestigious listing of the Journals by UGC, the UGC-CARE (Consortium of Academic Research and Ethics);
- Brings out daily info-capsules, case digest series for Members and students, theme-based e-journal 'Student Company Secretary' and module-wise/chapter wise monthly updates for Executive and Professional level students, CS Executive Entrance Test (CSEET) e- bulletin and conducts mock tests for CSEET students;
- Grants ICSI Signature Award (Gold Medal & Certificate) to the toppers of B.Com. Examinations of reputed Universities and selected programmes of IIMs as per the MoUs with the respective Universities/Institutions;



- ICSI Academic Collaboration with Universities & Academic Institutions for learning & development of students, professionals and academicians;
- Ties up with reputed Colleges for establishment of Study Centres for facilitating the students;
- Organises Career Awareness Programmes (CAPs) for the benefit of prospective students;
- Exercises supervision over the Members of the Institute both in practice and in employment in matters pertaining to Professional Ethics and Code of Conduct;
- Undertakes research in Corporate Laws, Corporate Governance, Management, Finance and Capital Market disciplines and brings out research publications of its own accord and on behalf of Government and its agencies/Institutions;
- Renders expert advisory services to Members/Industry on issues relating to corporate laws;
- Undertakes initiatives for enhancing self-governance;
- Organises Professional Development and Continuing Education Programmes, National Convention of Company Secretaries, International/National/Regional Conferences directly or through its Regional Councils and Chapters, Chambers of Commerce, Department of Public Enterprises, Sister Professional Institutes and other Professional Development/Management Bodies;
- Interacts with various National and Regional Chambers of Commerce with regard to various Government Policies and Legislations;
- Interacts with various international, multi-lateral bodies/Institutions with regard to issues relating to Corporate Governance, Business Ethics, Sustainability and Corporate Social Responsibility;
- Interacts with Centre and State Governments on various issues concerning the profession;
- Manages benevolence fund for the Members;
- Collaborates with Members of Corporate Secretaries International Association (CSIA) and Company Secretaries Institutes in other jurisdictions;
- Bestows ICSI National Award for Excellence in Corporate Governance to best governed companies;
- Bestows ICSI CSR Excellence Awards;
- Bestows Best Secretarial Audit Report Award;
- Bestows Best PCS Firm Award;
- Bestows ICSI Business Responsibility & Sustainability Awards;
- Bestows ICSI Lifetime Achievement Award to eminent corporate personalities for translating Excellence in Corporate Governance into reality and;
- Conducts Investor Awareness Programmes throughout the country under the aegis of the Investor Education and Protection Fund Authority (IEPFA), Ministry of Corporate Affairs (MCA).

Building Future Professionals to Guide Corporate India

The ICSI conducts the Company Secretaryship examination to bring in high level professionals specialized in corporate laws, management and governance.

CSEET

Students passed / appearing in Senior Secondary (10+2) Examination or equivalent thereto may appear in Company Secretary Executive Entrance Test (CSEET) and after qualifying the same, they are registered for Executive Programme of Company Secretaryship Course.

Stages of Company Secretaryship Course

The Company Secretaryship Course is conducted in the following stages:

Executive Programme

A student passed / appearing in the Senior Secondary (10+2) Examination or equivalent thereto and passed Company Secretary Executive Entrance Test (CSEET) Examination shall be eligible to appear in the CS Executive Programme.

OR

ICAI, ICMAI Final Course passed, Graduates, Students appearing in final semester/ final year of graduation* and Postgraduates can seek direct admission to Executive Programme.

**Students appearing in the Final Year/Final Semester examination can register provisionally upon submission by them of their final year/final Semester Graduation admit cards*

OR

Foundation Programme Passed Student of ICSI.

Professional Programme

A registered student is admitted to the Professional Programme on passing the Executive Programme.



ICSI Membership

A Company Secretary is defined under the Company Secretaries Act, 1980 to mean a person who is a member of ICSI.

Associate Membership

After successful completion of examination and training, a candidate is conferred with Associate Membership of the ICSI.

Fellow Membership

A Member of the Institute is entitled to get himself enrolled as a Fellow, if he is an Associate Member for at least five years.

Disciplinary Mechanism

The Members of the ICSI are subject to disciplinary mechanism as provided under the Company Secretaries Act, 1980.

THE COUNCIL OF THE INSTITUTE

CS Dhananjay Shukla

President, The ICSI

CS Pawan G. Chandak

Vice-President, The ICSI

CS Ashish Karodia

Dr. Ashok Kumar Mishra, Govt. Nominee

Mr. Balamurugan D, Govt. Nominee

CS B. Narasimhan

CS Dwarakanath Chennur

Mr. Inder Deep Singh Dhariwal, Govt. Nominee

Mr. Manish Goswami, Govt. Nominee

CS Manish Gupta

CS Manoj Kumar Purbey

CS Mohan Kumar A.

CS NPS Chawla

CS Praveen Soni

CS Rajesh C. Tarpara

CS Rupanjana De

Mr. Sanjay Shorey, Govt. Nominee

CS Sandip Kumar Kejriwal

CS Suresh Pandey

CS Venkata Ramana R.

CS Asish Mohan

Secretary, The ICSI



Eastern India Regional Council

CS Anuj Saraswat, Chairman
CS Bishal Harlalka, Vice-Chairman
CS Satish Kumar, Secretary
CS Santosh Kumar, Treasurer
CS (Dr.) Mohit Shaw, Member
CS Soumya Sujit Mishra, Member
CS Rupanjana De, Ex-Officio Member
CS Sandip Kumar Kejriwal, Ex-Officio Member

Practicing Company Secretaries Committee

CS Praveen Soni, Chairman
CS Manish Gupta, Member
CS Mohan Kumar A., Member
CS Dwarakanath Chennur, Member
CS Rupanjana De, Member
CS Sandip Kumar Kejriwal, Member
CS Suresh Pandey, Member

Programme Organising Committee

CS Dhananjay Shukla, President, The ICSI
CS Pawan G. Chandak, Vice-President, The ICSI
CS Praveen Soni, Chairman, PCS Committee, The ICSI
CS Sandip Kumar Kejriwal, Council Member, The ICSI & Programme Director
CS Rupanjana De, Council Member, The ICSI
CS Asish Mohan, Secretary, The ICSI
CS Anuj Saraswat, Chairman, EIRC-ICSI
CS Bishal Harlalka, Vice-Chairman, EIRC-ICSI
CS Santosh Kumar, Treasurer, EIRC-ICSI
CS Lohit Bagaria, Chairman, Guwahati (North Eastern) Chapter, The ICSI

ICSI-Centre for Corporate Governance Research & Training (ICSI-CCGRT), Mumbai

ICSI-CCGRT, Mumbai was established with the sole purpose of conducting high end research and training programmes for the CS fraternity on the contemporary issues concerning the profession. The Centre was inaugurated and dedicated to the nation in the worthy hands of Dr. A S Anand, then Chief Justice of India on 16th May 1999. Since then, the Centre has been performing as an organ of the Institute in the domain of research, governance and training.

The primary objective of the Centre is to act as a catalyst organisation in the professional development of the Indian corporate sector through qualitative research and high-level corporate training with 'Corporate Governance' as the thrust area. Since its inception, the Centre has undertaken a number of activities aimed towards fostering qualitative research.

ICSI-Centre for Corporate Governance Research & Training (ICSI-CCGRT), Hyderabad

The ICSI in its candid endeavours to foster good corporate governance and inculcating analytical approach through research and training among CS fraternity and other vital segments of society, has initiated to set up learning and knowledge centres across India. The ICSI-CCGRT being the first of its kind located in Mumbai, the Institute has set up its second Research & Training centre in Hyderabad which has commenced its activities effective from June 2018.

The ICSI-CCGRT, Hyderabad sprawling in a lush green area of 4166 square meters is located in Uppal area of Hyderabad, the Capital of Telangana State which is best known as "City of Pearls" and located on the banks of Musi River. The Centre is at a walkable distance from NGRI Metro Station.

The vast campus of the Centre comprises 200-seater Auditorium, Training Halls of different seating capacity, Board Room, Computer Room, Library, Yoga Room & Institutional Blocks equipped with ultra-modern and state of the art audio visual aids to facilitate high end training programmes and undertaking research of topical interests to the Institute. The campus has also 24 self-content dwelling units on twin sharing basis catering to the residential projects of the Institute.

ICSI-Centre for Corporate Governance Research & Training (ICSI-CCGRT), Kolkata

ICSI-CCGRT, Kolkata is the 3rd Training and Research Facility, inaugurated by Dr. C.V. Ananda Bose, Hon'ble Governor of West Bengal, on 6th December 2023, with the vision to promote and develop research and training for students, professionals and public at large. The CCGRT-Kolkata is located in Action Area II, Newtown Kolkata near Amity University which is well connected to Airport and major Railway Stations (Sealdah and Kolkata). Located in the smart Green City of Kolkata, the ICSI



CCGRT has an Educational Block of 27,494 sq. ft. area and a Hostel Block of 21,708 sq. ft. area. The Educational Wing houses classrooms, a library, two moot courts, a conference room, and an auditorium with a capacity of 300 people. The CCGRT-Kolkata Campus is having an exclusive hostel facility with air-conditioned rooms and recreation facilities.

Institute of Governance Professionals of India (IGPI)

IGPI - a Section 8 company promoted by the ICSI is entrusted with the task of taking forward its purpose to generate, spread and impart knowledge, directly or in association with person(s) having similar objects or engaged in similar activities by way of Research, Publications, Training and Education. The areas of focus of these activities include Corporate Laws, Governance, Management, Business Sustainability and CSR, Capital and Financial Markets, Economic Laws and Policies, Information and Control Systems and Allied Disciplines.

With the intent of honing the members of Board room and corporate decision makers on matters of governance and sustainability, the ICSI through IGPI, launched the ICSI Board Mentorship Programme. The intent of the Programme is to bring directors together to share an experiential thought process, the individual challenges faced in the line of decision making, all while developing financial acumen and ESG capabilities. IGPI has organised three programmes so far.

ICSI Institute of Insolvency Professionals (ICSI IIP)

ICSI IIP is a Section 8 Company incorporated under the Companies Act, 2013 and a wholly owned subsidiary of the ICSI. The Company is registered as an Insolvency Professional Agency with Insolvency and Bankruptcy Board of India (IBBI) to enrol and regulate the members practicing as Insolvency Professionals (IPs) in accordance with the provisions of the Insolvency and Bankruptcy Code, 2016 read with rules and regulations made thereunder.

ICSI Registered Valuers' Organisation (ICSI RVO)

ICSI RVO is a Section 8 Company incorporated under the Companies Act, 2013 and a wholly owned subsidiary of the ICSI. The Company is recognised as Registered Valuers Organisation with Insolvency and Bankruptcy Board of India, formed with the intent to enrol, register, educate, train, promote, develop and regulate Registered Valuers as per the Registered Valuers Rules, while establishing and promoting high standards of practice and professional conduct and promote good professionalism, ethical conduct and competency ensuring quality of valuation work.

ICSI Institute of Social Auditors (ICSI ISA)

India's social enterprises ecosystem is growing on a fast pace, but the access to debt or equity was a huge barrier to growth and sustainability. To overcome this barrier, there was a need to bring social enterprises and investors on a single platform and which paved the idea of Social Stock exchange. Based upon budget speech for the FY 2019-20, various reports and public consultation, the governing framework for Social Stock Exchange (SSE) was brought in by SEBI and

subsequently SEBI (ICDR) Regulations, 2018 were amended wherein the concept of Social Impact Assessor evolved.

In this regard, the Institute of Company Secretaries of India incorporated the 'ICSI Institute of Social Auditors or the ICSI-ISA a Section 8 Company under the Companies Act, 2013 with the objective to register Social Impact Assessor, lay down criteria/ norms for empanelment as well as standards of professional conduct for the registered Social Impact Assessor. The ICSI-ISA commenced the empanelment of Social Impact Assessors (SIAs) who have obtained the requisite NISM Certification. The ICSI-ISA commenced the empanelment of Social Impact Assessors from May 12, 2023. SEBI has vide circular, SEBI/HO/CFD/PoD-1/P/CIR/2024/0060 dated May 27, 2024 specified the ICSI Institute of Social Auditors (ICSI-ISA) as a Self-Regulatory Organization (SRO) for the Social Impact Assessors and Social Impact Assessment Entities registered with ICSI-ISA.

ICSI International ADR Centre

With the intent to facilitate Arbitration, Mediation and Conciliation at National and International level, the ICSI established its first ICSI International ADR Centre at Noida (U.P.). Hon'ble Mr. Justice P. Sathasivam, former Chief Justice of India and former Governor of Kerala inaugurated the ICSI International ADR Centre at ICSI House, C-36, Institutional area, Sector-62, Noida (U.P.) on 29th of February 2024.

The ICSI International ADR Centre at Noida is a state-of-the-art facility with world class infrastructure, advance video conferencing facility, top notch administrative facilities etc.

The objective of the ICSI International ADR Centre is to promote Alternate Dispute Resolution (ADR) methods including Mediation, Conciliation and Arbitration to assist and educate all sections of Society, Individuals, Corporates, Firms, Institutions and Establishments (Local or International).

ICSI NCLT Practitioners Association

The ICSI NCLT Practitioners Association is a Section 8 Company, incorporated on 19th September, 2024 under the Companies Act, 2013, specifically for practicing company secretaries who appears before the National Company Law Tribunal (NCLT).

Formed as a non-profit, non-political, and non-governmental organization, the association aims to serve as a leading body representing the interests of practicing company secretaries. Its mission is to promote and uphold the highest standards of professionalism within the community and safeguard the rights and privileges of its members.

The association seeks to offer opportunities for legal and corporate education, organize seminars, foster networking and camaraderie, and create avenues for making meaningful contributions to the corporate legal systems for practicing professionals.



Theme

Dynamic Regulatory Landscape: CS@Excelling Strategies

The Theme embodies the quest inspiring the Practicing Company Secretaries to strive for excellence while augmenting knowledge and delivering value driven propositions. In the words of Henry Wadsworth Longfellow, *“The heights by great men, reached and kept, were not attained by sudden flight, but they, while their companions slept were toiling upward in the night.”* At this juncture, there is a need to redraw the boundaries, revisit the limits, introspect and explore opportunities within the changing regulatory landscape. At the Conference, the esteemed speakers shall take us through various topics designed to inspire professionals to embrace change and serve as catalysts for transformation.

Sub-Themes

Secretarial Audit and Annual Secretarial Compliance Report

Corporate actions reflecting good corporate governance are vital for a healthy, vibrant and continuously growing corporate sector. Secretarial Audit is now an established tool ensuring the presence of robust compliance mechanisms and systems within the corporate structures. The learned speakers of the session shall dwell upon recent amendments in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 focusing on the appointment of Secretarial Auditor, the legal and procedural implications, the enhanced obligations of Auditors, the Annual Secretarial Compliance Report and an understanding of the regulatory perspective.

Opportunities under Taxation Regime

The recent legislative reform in the form of Income Tax Bill seeks to redefine the existing tax provisions by furthering the principles of transparency, citizen first, good governance, ease of doing business and inclusive nation-building. The Company Secretaries are well versed with the technicalities and intricacies of taxation, it is the right time to extend the boundaries. This session shall take us through the new and existing opportunities focusing on preparedness, execution and the pursuit of excellence.

Alternative Dispute Resolution

Resolution of disputes by modes alternative to the Court system has become an absolute necessity in the present-day market economy. Alternative Dispute Resolution (ADR) offers an alternate mechanism devised for resolving disputes outside conventional platforms. Company Secretaries, as corporate legal experts, possess a deep commercial understanding that enhances their ability

to navigate these situations effectively. Their expertise allows them to grasp the nuances of underlying commercial transactions and legal frameworks more adeptly. There are several areas where Company Secretaries can facilitate dispute resolution through ADR like Company Law, Commercial Contracts etc. This session will explore the practical learnings and challenges in this area.

Expanding Horizons: Leveraging various Opportunities

With the growth of the Indian economy, there has been a significant increase in the number of companies being incorporated, leading to a greater array of opportunities for the professionals, regardless of any specific recognition accorded to the profession. There are several avenues which remain relatively untapped as areas of professional practice. This session will focus on leveraging opportunities in areas such as Audit of Capital Market Intermediaries, CSR Audit, Internal Audit, Labour Laws, Climate Change and the impactful role that a Company Secretary can play in these domains.



*We Thankfully Acknowledge the
Support of Our Sponsors*

Numaligarh Refinery Limited

UCO Bank

BoardPAC Private Limited

Taxmann Publications Private Limited



ARTICLES



Theme Articles*

1. Catalysts of Compliance: Company Secretaries and the Future of Governance <i>CS Ramya Rao</i>	1
2. Dynamic Regulatory Landscape: CS@Excelling Strategies <i>CS Sagar Ashok More</i>	10
3. Secretarial Audit and Annual Secretarial Compliance Report: A Legal and Governance Perspective <i>CS A P K Chettiar</i>	18
4. Unveiling Compliance: Secretarial Audit & Annual Secretarial Compliance Report (ASCR) – Pillars of Viksit Bharat 2047 <i>CS Hasti Vora</i>	28
5. Comprehensive Guide to Secretarial Audit and Annual Secretarial Compliance Report <i>CS Hirendra Rajendra Katira</i>	35
6. Secretarial Audit and Annual Secretarial Compliance Report <i>CS Jyoti</i>	41
7. CS Leadership in Tax Governance <i>CS Aditi Maheshwari</i>	49
8. Opportunities Under the Taxation Regime: Empowering CS in the Evolving Regulatory Landscape <i>CS Avikar Narayan Chaturvedi</i>	59
9. Opportunities under Taxation Regime <i>CS C Sakunthala</i>	65
10. From Compliance to Counsel: Unlocking Tax Practice for CS Professionals <i>CS Nagesh Kumar</i>	72
11. Opportunities Under Taxation Regime for Company Secretaries <i>CS Pratibha Kabra</i>	81
12. Opportunities Under the Taxation Regime: Harnessing AI and Blockchain <i>CS Reshma Rayalu</i>	88



13. Alternate Dispute Resolution	
<i>CS Ankita Pugalia</i>	96
14. Unpacking ADR: The Modern Mechanism for Resolving Disputes Beyond the Courtroom	
<i>CS Maitri Khandelwal</i>	103
15. Alternate Dispute Resolution	
<i>CS Nirav Arvindkumar Shah</i>	113
16. Arbitration vs. Litigation: The Strategic Edge of Arbitration for Corporate Dispute Resolution	
<i>CS Rahul Jain & Ms. Abha Chandak</i>	120
17. Navigating Disputes: The Strategic Imperative of ADR in India's Corporate Governance	
<i>CS Shalini Iyengar</i>	130
18. Alternative Dispute Resolution	
<i>CS Swati Tiwari</i>	138
19. Expanding Horizons: Leveraging Various Opportunities	
<i>CS Abdultaiyeb Misri</i>	147
20. Expanding Horizons: Leveraging Various Opportunities	
<i>CS Hemant Vijay Pandya</i>	154
21. Rethinking Practice: New-Age Opportunities for the 21 st Century Company Secretary	
<i>CS Ketan Madia</i>	164
22. Company Secretaries in the Era of Artificial Intelligence: Ethical Influence through Content and Digital Reputation Management	
<i>CS Neha Bajaj</i>	174
23. Transformation in the Role of Company Secretary	
<i>CS (Dr) Rajeev Kumar</i>	181
24. Expanding Horizons: Leveraging Various Opportunities in ESG	
<i>CS Sunil Choraria</i>	187
25. Expanding Horizons: Leveraging Various Opportunities, Unleashing Potential	
<i>CS Suparn Sekhri</i>	194

* The views expressed are personal views of the author(s) and do not necessarily reflect those of the Institute.

Catalysts of Compliance: Company Secretaries and the Future of Governance

CS Ramya Rao*

“The greatest danger in times of turbulence is not the turbulence- it is to act with yesterday’s logic.” – Peter Drucker

Introduction

How aptly has the father of Modern Management quoted the importance of adaptability and forward thinking, which perfectly complements the topic which I am going to cover. In the swiftly evolving economic and regulatory environment, the role of Company Secretaries (CS) has undergone a transformational shift. No longer confined to secretarial and compliance functions, CS professionals are now strategic advisors, governance experts, and key pillars in ensuring the ethical and transparent operation of businesses. The dynamic regulatory landscape marked by frequent updates from authorities like SEBI, RBI, the Ministry of Corporate Affairs (MCA), and the Income Tax Department necessitates that CS professionals constantly evolve and adopt excelling strategies to remain relevant and effective.

This article explores how CS can leverage opportunities in the current regulatory framework, navigate changes, and contribute to the resilience and sustainability of businesses. It also delves into recent circulars and notifications that shape the profession’s functioning. The objective is to provide an in-depth understanding of how CS professionals can reframe their strategies to adapt, thrive and lead in an era of heightened regulatory scrutiny and dynamic change.

1. Expanding Horizons: Leveraging Various Opportunities

The contemporary business environment calls for governance that transcends traditional boundaries. With rising stakeholder expectations, ESG accountability, risk mitigation, and technological integration, the role of CS has expanded into uncharted territories. Let’s explore how CS professionals can embrace these developments:

A. Environmental, Social, and Governance (ESG)

ESG frameworks are no longer optional. The SEBI mandates ESG disclosures for the top 1000 listed entities based on market capitalization. The regulatory body now expects companies to report not just historical ESG data but also prospective commitments, including Scope 3 emissions, diversity ratios, gender pay gaps, and board diversity.

* Practicing Company Secretary



Company Secretaries can:

- Design and implement ESG governance frameworks
- Assist in BRSR Core implementation
- Serve as internal ESG auditors ensuring verifiable, consistent reporting.

Additionally, the International Sustainability Standards Board (ISSB) norms and their potential alignment with Indian disclosure frameworks in the near future further emphasize the need for skilled ESG advisors, a role CS are well-equipped to fulfil.

B. Technology Governance and Cybersecurity

With increasing reliance on digital systems and remote governance, cybersecurity and technology governance are now boardroom imperatives. Under SEBI's cyber security guidelines (2023), listed entities must disclose cyber incidents to stock exchanges and maintain proactive risk mitigation policies. Company Secretaries can contribute by:

- Developing data governance policies
- Ensuring board-level understanding of cyber threats
- Collaborating with IT teams to enforce regulatory compliance under the Digital Personal Data Protection Act, 2023.

C. Mergers and Acquisitions, Due Diligence

The increasing pace of M&A activity, especially in startups and the fintech sector, has created a demand for due diligence experts. CS professionals possess the regulatory, legal, and financial knowledge required to manage:

- Regulatory due diligence
- Board and shareholder approvals
- Post-acquisition compliance.

With the Competition (Amendment) Act, 2023 introducing deal value thresholds, CS professionals must analyze transaction structures from both Companies Act and Competition Law perspectives.

D. Board Evaluation and Governance Advisory

The mandate for annual board evaluation for listed companies has created a need for independent governance experts. Company Secretaries with expertise in corporate law and governance structures can:

- Conduct board effectiveness assessments
- Evaluate performance metrics for independent directors
- Advise on governance frameworks and diversity policies.

2. Opportunities under Taxation Regime

Taxation is no longer about computation, it is a strategic tool. Company Secretaries are increasingly being relied upon for their expertise in navigating complex tax frameworks and facilitating tax-efficient corporate structures.

A. Direct Taxation: Representation and Advisory

With faceless assessments becoming the norm, the CBDT Circular No. 13/2023 empowers tax professionals to participate in proceedings through digital platforms. CS professionals, especially those who have obtained a COP, can:

- Represent clients in scrutiny assessments
- Assist with rectification, appeals, and penalty proceedings
- Draft submissions in response to notices under Section 143(2) and 148 of the Income Tax Act.

B. Structuring for Tax Efficiency

Company Secretaries are often engaged in tax-efficient structuring of LLPs, Section 8 companies, and private trusts. Their knowledge of both corporate and tax laws enables them to:

- Design ESOP schemes aligned with Sections 17(2) and 192
- Structure cross-border transactions to avoid double taxation under DTAA
- Advise on tax implications of mergers, demergers, and slump sales.

C. Indirect Taxation: GST and Beyond

In the GST domain, CS professionals provide valuable services in:

- Monthly and annual GST return filing
- Input tax credit reconciliation
- Handling GST audits and departmental queries.

The recent amendment to Rule 88C (January 2024) relating to mismatch of liabilities and outward supply statements increases the scope for proactive compliance. Moreover, the introduction of e-invoicing for entities with turnover over Rs. 5 crores require system integration and validation—areas where CS can work alongside finance teams.

D. Transfer Pricing and International Taxation

Multinational companies operating in India often seek CS support in:

- Preparing TP documentation and local files
- Conducting functional and risk analyses
- Drafting inter-company agreements.

With OECD's Pillar 2 guidelines expected to influence India's minimum tax rules, CS must familiarize themselves with BEPS regulations and global tax reforms.



3. Alternate Dispute Resolution (ADR)

Traditional litigation can be time-consuming and expensive. ADR mechanisms offer efficient redressal. CS professionals are increasingly being recognized for their ability to:

- Conduct mediation under the Mediation Act, 2023
- Represent corporates in arbitration proceedings
- Facilitate internal resolution under internal committee structures.

A. Arbitration

The Arbitration and Conciliation (Amendment) Act, 2021, and the proposed Arbitration and Conciliation (Amendment) Bill, 2024 seek to modernize India's arbitration landscape. CS professionals can play key roles in:

- Drafting arbitration clauses and protocols
- Managing the appointment of arbitrators
- Representing companies in institutional arbitrations.

B. Mediation and Conciliation

Under the Mediation Act, 2023, pre-litigation mediation is mandatory for civil and commercial disputes. CS can be:

- Empanelled as mediator with recognized institutions
- Neutral facilitators in disputes within companies or JVs.

Corporate-level conciliation, especially in family-owned businesses or during partner exits, is an area where CS with interpersonal and regulatory skills can significantly contribute.

C. IBC and Corporate Restructuring

The Insolvency and Bankruptcy Code (IBC), 2016 has opened several new avenues for Company Secretaries in India. With their legal, compliance, and governance expertise, CS professionals are well-positioned to play key roles in the insolvency and restructuring ecosystem.

4. Opportunities for Company Secretaries under IBC, 2016

A. Insolvency Professional (IP)

Eligibility: Qualified Company Secretaries with required experience and registration with the Insolvency and Bankruptcy Board of India (IBBI) can become IPs.

Role: Act as Resolution Professional (RP), Liquidator, or Bankruptcy Trustee, managing insolvency resolution and liquidation processes.

B. Advisory Services

Restructuring Advisory: Advise companies on pre-insolvency restructuring, compliance, and documentation.

Legal Advisory: Draft and vet resolution plans, coordinate with stakeholders, and ensure compliance with IBC timelines and provisions.

C. Corporate Governance & Compliance

Assist in ensuring corporate governance during insolvency proceedings.

Manage statutory compliance on behalf of the corporate debtor under insolvency.

D. Representation before Tribunals

Company Secretaries can appear before the National Company Law Tribunal (NCLT) and National Company Law Appellate Tribunal (NCLAT), representing clients in insolvency matters.

E. Valuation and Forensic Support

While valuation itself is handled by registered valuers, CS professionals can coordinate and manage the due diligence, forensic audits, and documentation required in resolution processes.

F. Support Services for IPs

Offer back-end support including documentation, public announcements, claim verification, voting processes, and filing reports with IBBI and NCLT.

G. Educational and Training Roles

Act as trainers, educators, or content developers in the field of insolvency law, conducting workshops or courses in collaboration with institutes and universities. The introduction of cross-border insolvency provisions and increasing use of pre-packs enhances the role of CS as restructuring advisors.

5. Secretarial Audit and Annual Secretarial Compliance Report

A. Purpose and Scope

Secretarial Audit under Section 204 of the Companies Act, 2013, and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is a powerful tool to ensure regulatory integrity.

B. Evolving Nature of ASCR

The SEBI's Circular dated 13th February, 2024 made significant changes to the ASCR framework:

- Emphasis on deviations and explanations
- Requirement to report system-based compliance
- Inclusion of board process reviews and investor grievance redressal.

C. Technology in Auditing

Modern audits utilize tools like:

- Optical Character Recognition (OCR) for document analysis
- Blockchain for immutable record-keeping



- Machine learning for anomaly detection.

CS professionals are expected to blend regulatory acumen with digital skills. With the MCA's push for real-time filings under MCA V3, CS must ensure continuous monitoring.

D. Emerging Audit Areas

- Cybersecurity audits: Risk control matrices, incident management
- ESG audits: Assurance on sustainability disclosures
- Board process audits: Evaluation of independence, diversity, transparency.

These newer domains require CS to upskill in sustainability science, data analysis, and boardroom dynamics.

6. Global and Cross-Border Compliance

Company Secretary plays a pivotal role in global and cross-border compliance, acting as a key figure in ensuring that businesses operate within legal and regulatory frameworks across jurisdictions. Indian Company Secretaries are increasingly recognized internationally due to their broad legal, governance, and strategic training.

CS professionals are now holding key roles in multinational boards, global compliance teams, and international standard-setting bodies.

A. FEMA and ODI Regulations

With increasing global footprint of Indian corporates, the role of CS in ODI under revised FEMA regulations (August 2022) is indispensable. Key responsibilities include:

- Preparation and filing of Form FC-GPR, FC-TRS, ODI-I, and LSF
- Advising on Round-tripping norms
- Liaising with AD banks and RBI.

B. ECB and Trade Finance

Under RBI's ECB Master Directions (as updated in 2023), CS professionals:

- Vet borrowing documentation
- Ensure end-use compliance
- Facilitate drawdowns and repayment reporting.

C. Anti-Money Laundering and KYC

With the scope of the Prevention of Money Laundering Act (PMLA) expanding to professionals, CS must:

- Maintain beneficial ownership records
- Report suspicious transactions
- Implement robust KYC and AML controls.

Apart from these compliances, the Company Secretaries holds a significant position in global compliance due to their expertise in the corporate field. Some of the compliance areas are outlined here:

(i) Cross-Border Regulatory Navigation

CS professionals interpret and implement laws in multiple jurisdictions, especially for multinational corporations. They ensure compliance with international standards such as OECD guidelines, FATF recommendations, and data protection laws like GDPR.

(ii) Corporate Governance Stewardship

A CS ensures best governance practices are followed globally, aligning with frameworks like the OECD Principles of Corporate Governance. They advise the board on ethical conduct, transparency, and accountability, fostering investor confidence across borders.

(iii) International Business Structuring

CS professionals assist in setting up and managing foreign subsidiaries, joint ventures, and overseas branches, ensuring compliance with company law. They manage regulatory filings, tax structures, and repatriation of profits in line with host country rules.

(iv) Risk and Compliance Leadership

They lead global compliance risk assessments, harmonize policies, and implement control mechanisms to avoid penalties or reputational damage. In cross-border mergers, acquisitions, or listings, CS ensures due diligence and compliance with securities laws in multiple countries.

(v) Digital and ESG Compliance

With the rise of digital governance and ESG norms, Company Secretaries oversee sustainability reporting, cyber laws, and AI ethics, aligning with global reporting frameworks like GRI, SASB, or TCFD.

(vi) AI in Compliance Sector

AI can significantly assist Company Secretaries in exploring new opportunities by streamlining their core responsibilities, enhancing compliance, and opening up strategic roles. Here are keyways AI can help:

(a) Regulatory Compliance Monitoring

AI tools can track changes in laws and regulations in real-time, providing updates and impact analysis. This helps CS professionals stay ahead of compliance risks and propose proactive strategies.

(b) Automation of Routine Tasks

Tasks like drafting board resolutions, maintaining statutory registers, filing forms (like MGT-7, AOC-4), and scheduling meetings can be automated, freeing time for value-added services.

(c) Data Analytics for Governance

AI-driven analytics can uncover patterns in corporate governance practices, helping CS advise boards on improving ESG standards, risk management, and stakeholder engagement.



(d) Enhanced Due Diligence and Risk Assessment

AI tools can analyze financials, legal documents, and market data to assist in mergers, acquisitions, and compliance audits, enabling CS to take a more active role in strategic decision-making.

(e) Opportunity Identification in Corporate Strategy

By analyzing market trends, competitor filings, and investor behavior, AI can provide insights into business restructuring, global expansion, and fundraising, helping CS support board-level initiatives.

(f) Improved Board Communication

Natural language generation (NLG) tools can prepare executive summaries, reports, and minutes efficiently, improving communication with directors and stakeholders.

(g) Upskilling & Advisory Roles

With AI handling operational tasks, Company Secretaries can pivot towards advisory roles in areas like digital compliance, cybersecurity governance, and sustainability strategy.

AI will be a partner for professionals in the coming years. Some people fear that AI will be a threat to their jobs but the reality is AI would not replace the professionals but the professionals knowing AI surely will. While some people resist change and ignore the new technologies, we must be aware that change is the only thing constant in this world and we can either adapt to the change or become extinct.

A CS Professional must be very cautious while using AI and he must use the power of AI to ensure his productivity rather than the technology overpowering his skills.

Conclusion: Excelling in a Shifting Terrain

The journey of a Company Secretary today is not linear. It is defined by continuous learning, strategic vision, and multi-disciplinary skills. The modern CS is a regulatory sentinel, a governance innovator, a tax advisor, a data steward, and a global compliance strategist.

To thrive in this dynamic regulatory landscape, Company Secretaries must:

- Embrace digital transformation
- Pursue specializations in ESG, cybersecurity, tax, and data protection
- Network with global governance bodies and stay updated with global norms
- Integrate ethics and sustainability into every advisory and compliance framework.

In conclusion, the excelling strategies for Company Secretaries rest on their ability to be visionaries and executors. With their unique blend of legal, governance, and strategic skills, CS professionals are not just compliance officers but architects of corporate responsibility and resilience.

The dynamic regulatory landscape will continue to evolve, but so will the opportunities for Company Secretaries. Those who adapt, innovate, and lead will not only survive, they will excel and redefine the profession for the future.

References:

1. Income Tax Portal: Circulars and Notifications.
Income Tax Deductions from Salaries during the Financial Year 2024-25: IT Circular No. 3/2025 dated 20/02/2025.
2. SEBI Site: SEBI (Prohibition of Insider Trading) Amendment Regulations, 2025 and other circulars of which references given in the relevant places.
3. Other sites for reference articles related to foreign compliances and regulatory updates: EY, Ricago, ROEDL, and Reuters.
4. Webinar on Role of AI in Legal Sector attended by me on 11th April, 2025.
5. ICSI Module of the Insolvency and Bankruptcy Code.
6. RBI Circulars.
7. Competition (Amendment) Act, 2023.
8. Companies Act, 2013 read with the rules.



Dynamic Regulatory Landscape: CS@Excelling Strategies

CS Sagar Ashok More*

Introduction

In today's hyper-connected and regulation-intensive global economy, the regulatory landscape is no longer static, it is dynamic, multifaceted, and in perpetual evolution. Amid such complexity, organizations are under increasing pressure to not only comply with a broadening array of laws and norms but also to do so with agility, integrity, and foresight. At the heart of this transformative ecosystem stands the Company Secretary (CS) — a trusted advisor, compliance architect, and governance facilitator. As custodians of ethical corporate conduct and transparency, CS professionals are uniquely positioned to guide organizations.

The theme “**Dynamic Regulatory Landscape: CS@Excelling Strategies**” underscores the pressing need for professionals to realign their focus from reactive compliance to proactive strategy. It emphasizes how CS professionals can evolve beyond traditional compliance roles and become strategic partners who shape organizational resilience, stakeholder trust, and long-term sustainability. This article offers an in-depth exploration of this theme, with a focus on expanding opportunities, taxation frameworks, alternate dispute resolution mechanisms, and the vital role of secretarial audit.

1. Expanding Horizons: Leveraging Various Opportunities

In a world of shifting compliance requirements, increasing globalization, and fast-paced technological disruption, Company Secretaries are required to be not only guardians of law but also vanguards of opportunity. The traditional boundaries of their role have significantly broadened to encompass areas such as strategic risk management, sustainability reporting, digital governance, and regulatory intelligence.

1.1 Regulatory Intelligence and Predictive Compliance:

The era of digital transformation has unlocked new ways for CS professionals to harness regulatory intelligence — using data analytics and AI to anticipate legal changes, assess their potential impact and recommend strategic responses. Tools like AI-powered compliance software and blockchain-enabled audit trails are helping organizations maintain transparency and reduce risk exposure. Moreover, regulatory sandboxes offered by financial regulators provide opportunities for CS professionals to assist their companies in innovating within compliant frameworks, particularly in sectors such as fintech, insurance and digital assets.

* *Practicing Company Secretary*

1.2 Global Benchmarking and Cross-Border Governance:

As Indian corporations expand internationally, CS professionals play a pivotal role in ensuring adherence to foreign governance norms. Knowledge of OECD principles of corporate governance, global sustainability frameworks like GRI and SASB, and foreign listing requirements becomes essential. This creates opportunities for CS professionals to develop cross-jurisdictional governance models that are both agile and compliant.

1.3 Technology as a Catalyst for Good Governance:

Embracing Regulatory Technology (RegTech) and GovTech has become essential for effective oversight and documentation. Automation of compliance calendars, digital minute books, and e-voting mechanism for board resolutions exemplify how CS professionals can lead digital adoption while ensuring governance efficiency.

2. Opportunities under Taxation Regime

As the global tax landscape becomes more interconnected and complex, the role of Company Secretaries in navigating taxation regimes has grown in prominence. The taxation environment is no longer merely a matter of filing returns and ensuring compliance with domestic tax laws; it has evolved into a strategic avenue for minimizing liabilities, maximizing efficiency, and maintaining transparency. A keen understanding of evolving tax laws is crucial to ensure that an organization not only stays compliant but also capitalizes on the full spectrum of available opportunities.

2.1 Evolving Tax Laws and their Implications:

The introduction of goods and services tax (GST) in India, changes in direct tax laws, and global tax reforms such as Base Erosion and Profit Shifting (BEPS) are reshaping the taxation landscape. For CS professionals, these developments necessitate a deep understanding of both the macroeconomic shifts and micro-level tax requirements. CS professionals must now monitor updates from both domestic and international taxation bodies to guide their organizations effectively. For instance, the GST implementation, while simplifying the indirect tax regime, has also introduced compliance challenges, particularly with regard to GST audits, returns, and documentation. CS professionals must stay abreast of changes in GST rates, exemptions, and procedural aspects, ensuring that the organization remains compliant while avoiding unnecessary tax exposure.

2.2 Proactive Tax Planning and Advisory Role:

A critical aspect of the CS role in taxation is to advise management on tax-efficient structures and ensure that the business leverages available tax incentives. Tax planning should go beyond mere compliance to include proactive strategies such as:

- **Transfer pricing:** Ensuring that inter-company transactions are priced according to arm's length standards to comply with international tax norms.
- **Tax treaties and exemptions:** Advising on structuring cross-border transactions to optimize tax liability by taking advantage of Double Taxation Avoidance Agreements.



- **Investment incentives:** CS professionals should keep abreast of special tax incentives for Start-ups, research and development activities, and green energy initiatives to help the company gain financial advantages.

Additionally, CS professionals must ensure that the organization's tax positions are well-documented and defensible in case of scrutiny by tax authorities. This strategic role positions the CS as a key enabler of corporate tax efficiency and sound financial planning.

2.3 Maximizing Transparency and Corporate Social Responsibility (CSR) Benefits:

In light of increasing global scrutiny on corporate tax practices, CS professionals play an important role in ensuring that their organizations adopt transparent tax policies that align with the principles of good governance and social responsibility. Enhanced Corporate Social Responsibility (CSR) activities, especially those linked to social impact, can also qualify for tax deductions under Section 80G of the Income Tax Act, 1961 in India. By aligning corporate tax strategies with sustainable growth objectives, CS professionals not only ensure tax efficiency but also strengthen the company's brand reputation as an ethical and responsible corporate entity. Furthermore, it positions the company as a good corporate citizen, committed to contributing towards societal well-being.

2.4 Regulatory Challenges and Opportunities in the Global Tax Environment:

As tax authorities around the world push for more transparency and seek to clamp down on tax avoidance schemes, organizations must proactively adapt to new tax reporting regimes like the OECD's Common Reporting Standard (CRS). This requires CS professionals to keep a pulse on international developments, such as the EU's Anti-Tax Avoidance Directive (ATAD), and recommend best practices for compliance.

At the same time, global taxation reforms, such as the Global Minimum Tax (GloBE) proposed by the OECD, present an opportunity for organizations to align their tax strategies in ways that mitigate potential adverse effects while fostering long-term sustainable practices.

3. Alternate Dispute Resolution (ADR)

In an increasingly litigious world, the importance of Alternate Dispute Resolution (ADR) cannot be overstated. For organizations, the ability to resolve disputes efficiently and effectively without resorting to lengthy court battles is crucial for maintaining business continuity, reducing costs, and preserving relationships. Company Secretaries (CS) have a unique role in facilitating ADR processes, ensuring that disputes are handled in ways that align with the organization's governance standards and strategic objectives.

3.1 The Significance of ADR in Corporate Governance:

Traditionally, the legal department or external lawyers have been tasked with managing disputes. However, in today's complex regulatory environment, CS professionals are increasingly seen as mediators and facilitators in the dispute resolution process. This is especially true for corporate governance matters, where a well-executed ADR process can minimize reputational damage and ensure that governance standards are upheld.

ADR methods such as mediation, arbitration and conciliation offer several advantages over traditional litigation:

- **Cost-effectiveness:** ADR processes are generally more affordable compared to formal court proceedings.
- **Speed:** ADR typically results in faster resolution, avoiding lengthy trial processes.
- **Confidentiality:** Unlike court cases, ADR proceedings are private, helping protect the company's reputation.
- **Flexibility:** ADR methods are more adaptable to the specific needs and contexts of the parties involved.

For Company Secretaries, understanding the various ADR mechanisms and their application in different scenarios is vital. They must be able to guide the board and senior management through the process of selecting the right method based on the nature of the dispute and the strategic objectives of the organization.

3.2 Mediation and Arbitration: Key Tools for CS Professionals:

Among the various ADR techniques, mediation and arbitration are the most commonly used techniques in corporate disputes.

- **Mediation** involves a neutral third party (mediator) who helps the disputing parties reach a mutually acceptable resolution. For a CS, being well-versed in mediation techniques can be a powerful skill, especially when dealing with disputes between stakeholders, such as shareholders, employees or suppliers.
- **Arbitration**, on the other hand, is a more formal process where the arbitrator hears both sides and makes a binding decision. In certain cases, arbitration clauses are embedded within contracts, making it a preferred method for resolving commercial disputes. CS professionals must ensure that arbitration clauses are correctly drafted, compliant with local laws and enforceable across jurisdictions.

As the complexity of business relationships grows and organizations increasingly operate across borders, the ability to navigate international arbitration governed by bodies like the International Chamber of Commerce (ICC) or UNCITRAL is becoming an essential part of the CS toolkit.

3.3 Preventive Role of CS in Dispute Avoidance:

The most effective strategy in dispute resolution is, of course, dispute prevention. A well-structured governance framework, clear contractual terms, and proactive communication can go a long way in reducing the likelihood of disputes arising in the first place.

CS professionals can play a preventive role by:

- Ensuring clear and transparent contracts that outline dispute resolution mechanisms upfront.
- Implementing robust compliance frameworks that address potential points of conflict.
- Encouraging a culture of dialogue and transparency within the organization to mitigate misunderstandings.



By fostering strong internal communication channels and ensuring that governance structures are followed, CS professionals can help reduce the potential for conflicts, making ADR processes less necessary.

3.4 Case Studies: Success Stories of ADR in Corporate Governance:

Several high-profile organizations have successfully employed ADR mechanisms to resolve complex corporate disputes. For example, in India, the National Company Law Tribunal (NCLT) has been a platform where mediation has been used effectively to settle disputes between shareholders and management in companies undergoing restructuring.

In international arbitration, companies like Microsoft and Apple have used arbitration to resolve patent disputes, avoiding long-drawn-out court battles and protecting sensitive intellectual property. CS professionals can take inspiration from these examples, adapting best practices in their own organizations to streamline dispute resolution and maintain governance integrity.

3.5 Legal and Ethical Considerations in ADR:

While ADR offers many advantages, it is also important for CS professionals to be mindful of the legal and ethical considerations involved. In some jurisdictions, ADR is mandatory for certain type of disputes (such as consumer disputes or family business conflicts), while in others, it is a voluntary alternative. The CS must stay informed about the legal framework for ADR in other jurisdictions and ensure that the process remains fair, transparent, and in compliance with corporate law.

Moreover, ensuring that the integrity of the dispute resolution process is maintained is crucial. Any attempt to bypass the principles of good faith or manipulate the process for personal gain can undermine the organization's governance reputation.

4. Secretarial Audit and Annual Secretarial Compliance Report

The role of Company Secretary has evolved significantly over the years, particularly in the context of corporate governance, legal compliance, and risk management. One of the most crucial tools in this evolving role is the Secretarial Audit and the Annual Secretarial Compliance Report (ASCR). These reports not only serve as a vital compliance mechanism but also provide critical insights into the company's adherence to regulatory norms, corporate governance standards, and ethical conduct.

In a dynamic regulatory landscape, where rules and compliance requirements are continually changing, the importance of these reports cannot be overstated. They act as a safeguard to ensure that organizations remain on the right side of the law and uphold the highest standards of corporate governance.

4.1 The Strategic Role of Secretarial Audit:

The concept of secretarial audit is grounded in ensuring that a company complies with various statutory regulations applicable to it. The Secretarial Audit primarily assesses the company's compliance with the Companies Act, 2013, and other related laws such as SEBI regulations, Foreign Exchange Management Act (FEMA) and Labour Laws. However, its role has expanded to include an examination of the company's overall governance practices and its adherence to ethical and environmental standards.

4.1.1 Objectives of Secretarial Audit:

The main objectives of secretarial audit are to:

- Ensure compliance with statutory and regulatory requirements.
- Examine the effectiveness of corporate governance practices.
- Identify risks or discrepancies in the company's practices that may expose it to legal or reputational risks.
- Assess whether corporate decisions are in line with the company's Articles of Association and Memorandum of Association.
- Ensure that the company's corporate records and filings are complete, accurate, and timely.

A thorough secretarial audit is a preventive and proactive tool, allowing the company to identify areas of non-compliance before they become significant liabilities.

4.1.2 Benefits of Secretarial Audit:

- **Risk Mitigation:** By ensuring that all statutory filings, disclosures and governance processes are in order, secretarial audits help minimize the risk of penalties, fines, or even legal action due to non-compliance.
- **Enhanced Corporate Governance:** A robust secretarial audit ensures that best governance practices are followed, from board meetings to shareholder resolutions.
- **Stakeholder Confidence:** Transparency in corporate governance builds trust with investors, regulators, and other stakeholders, making it easier to access capital, form partnerships, and engage in business activities.
- **Operational Efficiency:** Regular audits help streamline internal processes, ensuring compliance is maintained efficiently and with minimal disruption to business operations.

4.2 Annual Secretarial Compliance Report (ASCR):

The Annual Secretarial Compliance Report is an important document filed with the Stock Exchanges by listed companies, which outlines their compliance with relevant laws and regulations. While the Secretarial Audit serves as a comprehensive review of the company's compliance throughout the year, the ASCR provides a detailed, annual summary of the company's adherence to SEBI Regulations, Guidelines & Circulars issued thereunder.

4.2.1 Key Components of ASCR

The ASCR should cover, but is not limited to, the following areas:

- **Regulatory Compliance:** An overview of the company's compliance with the SEBI Regulations, Guidelines, Circulars, etc.
- **Board Governance:** Confirmation that the board of directors have followed



proper procedures, with attention to the proper filing of resolutions, board meetings, and committee activities.

- **Corporate Disclosures:** Verification that all mandatory disclosures to stock exchanges have been made accurately and on time.
- **Shareholder Rights:** Ensuring that shareholder meetings, voting, and other shareholder rights are fully in compliance with corporate governance norms.

4.2.2 Importance of ASCR:

- **Transparency and Accountability:** By submitting the ASCR, a company demonstrates its commitment to transparency and accountability, which is crucial for maintaining investor trust.
- **Compliance Assurance:** It assures stakeholders that the company has adhered to statutory regulations throughout the year, reducing the risk of regulatory scrutiny or legal challenges.
- **Regulatory Scrutiny:** Regulatory authorities, including SEBI and stock exchanges, use the ASCR as part of their ongoing compliance monitoring. A failure to submit a comprehensive ASCR could result in penalties or regulatory action.

4.3 Integrating Environmental, Social, & Governance (ESG) Factors in Secretarial Audit:

In recent years, there has been a growing demand for companies to consider Environmental, Social, and Governance factors as part of their corporate reporting and compliance framework. As stakeholders increasingly emphasize sustainability, social responsibility and ethical governance, the role of CS in integrating these factors into secretarial audits and compliance reporting has gained significance.

4.3.1 ESG Reporting and Governance Standards:

Companies are now being asked to report on their environmental impact, social initiatives, and ethical practices. For CS professionals, ensuring that ESG compliance is incorporated into both the secretarial audit and the ASCR is becoming an integral part of their role. This ensures that the company's commitment to sustainable practices is fully documented, that regulatory requirements are met, and that the company's reputation is upheld.

4.3.2 Role of CS in ESG Compliance:

- **Policy Framework:** CS professionals help establish and enforce internal policies to meet ESG criteria, ensuring that the company is making meaningful progress in sustainability.
- **Disclosure and Reporting:** Ensuring that ESG-related information is disclosed in a transparent manner in both the annual report and the ASCR, in compliance with national and international standards.
- **Stakeholder Communication:** Effectively communicating ESG efforts to investors, regulators, and customers, ensuring that the company is seen as a responsible, forward-thinking organization.

4.4 Challenges in Secretarial Audit and Compliance Reporting:

While secretarial audits and compliance reporting offer significant advantages, there are several challenges that CS professionals may face:

- **Complexity of Regulations:** As regulations evolve, especially with regard to global tax, environmental, and governance standards, staying updated and ensuring compliance can be challenging.
- **Technological Integration:** The increasing reliance on technology for auditing and reporting requires CS professionals to be well-versed in digital tools and platforms. This can be a steep learning curve for some professionals.
- **Regulatory Hurdles:** As governments and regulatory bodies around the world update and introduce new compliance requirements, companies must continuously adjust their internal systems to stay compliant.
- **Global Operations:** For multinational companies, ensuring compliance across jurisdictions adds complexity to the secretarial audit process. Understanding the intricacies of local regulations while aligning with global standards is a delicate balancing act for CS professionals.

Conclusion

The dynamic regulatory landscape presents both challenges and opportunities for Company Secretaries. From leveraging new tools for compliance to adopting proactive tax strategies, facilitating ADR, and integrating ESG considerations into governance, CS professionals are at the forefront of navigating regulatory change. By adopting excellent strategies that promote good governance, compliance, and sustainable growth, CS professionals can enhance organizational resilience, stakeholder trust, and long-term success.

As regulatory frameworks continue to evolve, the CS profession must remain agile, tech-savvy, and ethically driven to meet the demands of the future. By embracing these principles, CS professionals will continue to play an indispensable role in fostering transparency, reducing risk, and driving corporate success in the face of a dynamic regulatory environment.



Secretarial Audit and Annual Secretarial Compliance Report: A Legal and Governance Perspective

CS A P K Chettiar*

Introduction

In an era of heightened regulatory scrutiny and increasing stakeholder expectations, corporate governance has become a cornerstone of organizational success. The Secretarial Audit and Annual Secretarial Compliance Report are pivotal mechanisms in ensuring that companies adhere to legal, regulatory and governance standards. Mandated under India's Companies Act, 2013, and the Securities and Exchange Board of India (SEBI) regulations, these tools promote transparency, accountability and ethical conduct, safeguarding the interests of shareholders, creditors and the public.

This comprehensive article explores the secretarial audit and annual secretarial compliance report from a legal and governance perspective. It delves into their objectives, legal frameworks, processes, benefits, challenges and real-world implications, enriched with case studies, illustrations and tables. Aimed at professionals in corporate governance, compliance and company secretarial practice, the article provides actionable insights into leveraging these mechanisms to foster robust governance frameworks. The discussion also addresses global practices, technological advancements and emerging trends, offering a holistic view of their significance in modern corporate ecosystems.

Understanding Secretarial Audit

A Secretarial Audit is an independent, objective evaluation of a company's compliance with applicable laws, regulations and governance norms. Conducted by a Company Secretary (CS) in practice, it ensures that the company maintains proper records, adheres to statutory requirements and follows best practices in corporate governance.

Objectives of Secretarial Audit

The secretarial audit serves multiple purposes, including:

- **Statutory Compliance:** Verifying adherence to laws such as the Companies Act, 2013, SEBI regulations, Foreign Exchange Management Act (FEMA), and labour laws.
- **Risk Mitigation:** Identifying non-compliance risks and recommending corrective measures to prevent penalties or reputational damage.
- **Governance Strengthening:** Promoting transparency, accountability and ethical decision-making within the organization.

* Retd. Company Secretary & Head - Legal, Infiniti Retail Limited

- **Stakeholder Assurance:** Protecting the interests of shareholders, creditors, employees, and other stakeholders by ensuring regulatory adherence.
- **Operational Efficiency:** Highlighting gaps in record-keeping or processes that can be streamlined for better efficiency.

Legal Framework in India

The **Companies Act, 2013**, under **Section 204**, mandates secretarial audits for:

- All listed companies, regardless of size.
- Public companies with a paid-up share capital of ₹50 crore or more.
- Public companies with an annual turnover of ₹250 crore or more.
- Every company having outstanding loans or borrowings from banks or public financial institutions of ₹100 crore or more.

The audit is conducted by a practicing company secretary and the findings are documented in Form MR-3, which is annexed to the company's annual report. Non-compliance with this requirement can attract penalties for the company and its officers under Section 204(4)¹.

Scope of Secretarial Audit

The audit encompasses a wide range of areas, including:

- **Corporate Laws:** Compliance with the Companies Act, 2013, and rules thereunder.
- **Securities Laws:** Adherence to SEBI regulations, such as the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (LODR), etc.
- **Other Laws:** Compliance with FEMA, labour laws, environmental regulations and industry-specific statutes.
- **Governance Practices:** Board composition, committee functioning, related-party transactions and disclosures.
- **Record-Keeping:** Maintenance of statutory registers, minutes and other records.

Annual Secretarial Compliance Report: A Focused Compliance Tool

Introduced by SEBI under the SEBI LODR Regulations, 2015, the Annual Secretarial Compliance Report is a mandatory requirement for all listed entities in India. It focuses specifically on compliance with SEBI regulations, circulars and guidelines, ensuring that listed companies align with capital market norms².

Key Features

- **Scope:** Limited to SEBI-related compliances, such as LODR regulations, insider trading norms and substantial acquisition of shares and takeovers (SAST) regulations, etc.
- **Objective:** To provide an annual snapshot of the company's adherence to capital market regulations, enhancing transparency for investors and regulators.
- **Submission:** Prepared by a practicing company secretary, the report must be submitted to the stock exchanges within 60 days of the financial year-end (i.e., by May 30 for the financial year ending March 31).
- **Public Disclosure:** The report is made available to the public through stock exchange filings, reinforcing accountability.



Differences between Secretarial Audit and Annual Secretarial Compliance Report

The following table compares the two mechanisms:

Parameter	Secretarial Audit	Annual Secretarial Compliance Report
Legal Mandate	Companies Act, 2013 (Section 204)	SEBI LODR Regulations, 2015 (Reg 24A)
Applicability	Listed companies and certain unlisted public companies	Listed entities only
Scope	Broad, covering all applicable laws	Specific to SEBI regulations and guidelines
Reporting Format	Form MR-3, annexed to the Board's report	Submitted to stock exchanges
Frequency	Annual	Annual
Objective	Comprehensive compliance and governance check	Focused compliance with capital market norms
Penalties for Non-Compliance	Fines under Companies Act	SEBI penalties and stock exchange actions

The Secretarial Audit Process: A Step-by-Step Guide

The secretarial audit is a structured process that requires meticulous planning, execution and reporting.

The following illustration outlines the key stages:

Illustration: Secretarial Audit Workflow

- **Appointment of Auditor:** The board of directors appoints a practicing company secretary as the secretarial auditor, typically at the beginning of the financial year.
- **Planning and Scoping:** The auditor reviews the company's operations, identifies applicable laws and prepares a detailed audit plan.
- **Data Collection:** The auditor gathers documents, including statutory registers, board and committee minutes, financial statements, and regulatory filings.
- **Verification and Testing:** Compliance with laws is verified through document reviews, interviews with management and sample testing of transactions.
- **Observation and Analysis:** The auditor identifies non-compliances, governance gaps, or procedural lapses and assesses their materiality.
- **Drafting the Report:** The findings are documented in Form MR-3, including observations, non-compliances, and recommendations for corrective action.
- **Board Presentation:** The auditor presents the report to the board, which discusses the findings and initiates remedial measures.
- **Filing and Disclosure:** The report is annexed to the board's report and filed with the Registrar of Companies (ROC) as part of the annual filing.

Key Areas of Focus

- **Statutory Registers:** Maintenance of registers such as the Register of Members, Register of Directors and Register of Charges.
- **Board Governance:** Compliance with board meeting requirements, quorum and disclosure of directors' interests.
- **Regulatory Filings:** Timely submission of forms like MGT-7 (Annual Return), AOC-4 (Financial Statements) and DIR-12 (Director Appointments).
- **SEBI Compliance:** Adherence to LODR regulations, insider trading norms and disclosure requirements for listed companies.
- **Other Laws:** Compliance with FEMA, labor laws (e.g., EPF, ESI) and environmental regulations.

Benefits of Secretarial Audit and Compliance Report

Both mechanisms offer significant advantages to companies, regulators and stakeholders:

- **Regulatory Compliance:** Regular audits ensure adherence to complex legal frameworks, minimizing the risk of penalties or legal action.
- **Enhanced Governance:** Audits promote ethical practices, transparency and accountability, aligning with global governance standards.
- **Risk Mitigation:** Early detection of non-compliances allows companies to address issues before they escalate into major violations.
- **Investor Confidence:** A clean audit report signals robust governance, attracting investment and enhancing market reputation.
- **Operational Improvements:** Audits highlight inefficiencies in record-keeping or processes, enabling companies to streamline operations.
- **Stakeholder Trust:** Transparent compliance practices foster trust among shareholders, creditors, employees and regulators.

Challenges in Implementation

Despite their benefits, secretarial audits and compliance reports face several challenges:

- **Complexity of Legal Framework:** Companies must comply with a multitude of laws, including the Companies Act, SEBI regulations, FEMA and industry-specific statutes, which can be overwhelming.
- **Resource Constraints:** Smaller companies may lack the expertise or financial resources to maintain robust compliance systems or engage qualified auditors.
- **Evolving Regulations:** Frequent amendments to laws and regulations require companies and auditors to stay updated, increasing the compliance burden.
- **Scope Limitations:** The annual secretarial compliance report's focus on SEBI regulations may overlook broader governance or operational issues.



- **Cost Implications:** Engaging a practicing company secretary for audits and compliance reports can be costly, particularly for small and medium-sized enterprises (SMEs).
- **Resistance to Change:** Some companies view audits as a regulatory burden rather than a governance opportunity, leading to superficial compliance efforts.

Strategies to Overcome Challenges

- **Training and Awareness:** Regular training programs for management and employees can foster a compliance-oriented culture.
- **Technology Adoption:** Leveraging compliance software and automation tools can reduce manual effort and errors.
- **Engaging Experts:** Partnering with experienced company secretaries or compliance consultants can enhance audit quality.
- **Proactive Monitoring:** Establishing internal compliance teams to monitor regulatory changes can prevent lapses.

Case Studies: Real-World Applications

Case Study 1: SEBI LODR Non-Compliance in a Listed Company

Company: XYZ Ltd., a mid-sized listed company in the manufacturing sector with a market capitalization of ₹1,200 crore.

Issue: During the secretarial audit for FY 2023-24, the auditor discovered that XYZ Ltd. failed to disclose related-party transactions (RPTs) within the stipulated 15-day period under SEBI LODR Regulation 23. Additionally, the company's audit committee lacked the required number of independent directors, violating Regulation 18.

Impact:

- SEBI imposed a penalty of ₹12 lakh for non-compliance.
- The company's share price declined by 10% due to negative media coverage and investor concerns.
- The board faced criticism from institutional investors for governance lapses.

Resolution:

- The company appointed two additional independent directors to comply with Regulation 18.
- A robust RPT approval process was implemented, with quarterly reviews by the audit committee.
- The secretarial auditor recommended adopting compliance software to track disclosure deadlines, which the company implemented.
- The Annual Secretarial Compliance Report for FY 2024-25 confirmed full compliance, restoring investor confidence.

Lesson: Secretarial audits can pre-empt regulatory penalties and protect a company's reputation in the capital markets.

Case Study 2: Governance Lapses in an Unlisted Public Company

Company: ABC Pvt. Ltd., an unlisted public company in the logistics sector with an annual turnover of ₹400 crore.

Issue: The secretarial audit for FY 2022-23 revealed multiple lapses, including:

- Non-maintenance of the Register of Charges, violating Section 85 of the Companies Act, 2013.
- Failure to file Form MGT-7 (Annual Return) and Form AOC-4 (Financial Statements) for two consecutive years.
- Irregularities in board meeting minutes, with missing records of director disclosures.

Impact:

- The ROC issued a show-cause notice, threatening penalties and potential disqualification of directors.
- The company faced delays in securing a ₹50 crore bank loan, as lenders demanded a clean compliance record.
- Internal stakeholders raised concerns about governance transparency.

Resolution:

- The company engaged a compliance consultant to update its statutory registers and rectify filing lapses.
- The secretarial auditor assisted in filing overdue forms with additional fees under the Companies Act.
- A digital compliance calendar was introduced to ensure timely filings and record maintenance.
- The board underwent governance training to understand its responsibilities under the Companies Act.

Lesson: Secretarial audits are critical for unlisted companies to avoid regulatory scrutiny and maintain operational credibility.

Case Study 3: Technology-Driven Compliance in a Large Corporation

Company: DEF Ltd., a large listed company in the IT services sector with a turnover of ₹10,000 crore.

Issue: DEF Ltd. faced challenges in managing compliance across its multiple subsidiaries due to the volume of filings and regulatory requirements. The secretarial audit process was time-consuming and prone to manual errors.

Resolution:

- The company adopted a cloud-based compliance management platform (e.g., Diligent) to centralize record-keeping and automate filing reminders.
- The secretarial auditor used data analytics to analyse compliance trends and identify high-risk areas, such as delays in SEBI disclosures.



- Blockchain technology was piloted to secure board minutes and statutory registers, ensuring tamper-proof records.
- The Annual Secretarial Compliance Report for FY 2024-25 was submitted ahead of schedule, earning commendations from the stock exchanges.

Lesson: Technology can significantly enhance the efficiency and accuracy of secretarial audits, particularly for large organizations with complex operations.

Role of Technology in Secretarial Audits

Technology is revolutionizing the secretarial audit process by improving efficiency, accuracy, and scalability. Key technological interventions include:

- **Compliance Management Software:** Tools like Diligent, VComply, and MyComplianceOffice automate compliance tracking, deadline monitoring and reporting.
- **E-Governance Platforms:** The MCA21 portal by the Ministry of Corporate Affairs enables seamless filing of forms and access to company records.
- **Data Analytics:** Auditors use tools like Tableau and Power BI to analyse large datasets, identify non-compliance patterns, and prioritize high-risk areas.
- **Blockchain Technology:** Blockchain ensures secure, tamper-proof storage of statutory registers, minutes, and other critical records.
- **Artificial Intelligence (AI):** AI-powered tools can predict compliance risks by analysing historical data and regulatory trends.

Table: Technology Tools for Secretarial Audits

Tool	Purpose	Example
Compliance Software	Tracks compliance deadlines and filings	Diligent, VComply
E-Governance Portals	Facilitates statutory filings	MCA21
Data Analytics	Analyses compliance data	Tableau, Power BI
Blockchain	Secures records	IBM Hyperledger
AI Tools	Predicts compliance risks	IBM Watson, SAS

Illustration: Technology-Enabled Audit Process

- **Data Integration:** Compliance software aggregates data from MCA21, stock exchanges and internal systems.
- **Automated Checks:** AI tools scan filings and records for discrepancies, flagging potential non-compliances.
- **Real-Time Monitoring:** Dashboards provide real-time updates on compliance status and deadlines.

- **Secure Reporting:** Blockchain ensures the integrity of audit reports and statutory records.
- **Stakeholder Access:** Digital platforms enable secure sharing of audit findings with the board and regulators.

Global Perspective: Governance Audits Worldwide

While India's secretarial audit framework is unique in its reliance on company secretaries, similar governance mechanisms exist globally:

- **United Kingdom:** The UK Corporate Governance Code mandates audits of governance practices, often conducted by internal auditors or external consultants. The focus is on board effectiveness, risk management, and stakeholder engagement³.
- **United States:** The Sarbanes-Oxley Act (SOX) requires audits of internal controls over financial reporting, emphasizing compliance with securities laws⁴.
- **Singapore:** The Singapore Code of Corporate Governance encourages listed companies to conduct governance audits, with a focus on transparency and accountability⁵.
- **Australia:** The ASX Corporate Governance Principles require listed companies to disclose compliance with governance standards, supported by independent audits⁶.

India's framework stands out for its mandatory nature and the pivotal role of company secretaries, reflecting the profession's expertise in navigating complex legal and governance landscapes.

Best Practices for Effective Secretarial Audits

To maximize the value of secretarial audits and compliance reports, companies should adopt the following best practices:

- **Foster a Compliance Culture:** Conduct regular training programs for directors, employees and compliance teams to instil a proactive approach to governance.
- **Maintain Robust Documentation:** Ensure statutory registers, minutes and filings are accurate, updated, and easily accessible.
- **Engage Qualified Auditors:** Appoint experienced company secretaries with industry-specific knowledge to conduct thorough audits.
- **Leverage Technology:** Use compliance software, data analytics and blockchain to streamline processes and enhance accuracy.
- **Ensure Board Accountability:** Encourage active board engagement with audit findings, ensuring timely implementation of recommendations.
- **Conduct Internal Reviews:** Perform quarterly internal compliance checks to complement annual audits and address issues proactively.

Future Trends in Secretarial Audits and Compliance Reports

The landscape of secretarial audits and compliance reports is evolving, driven by regulatory, technological, and societal changes. Key trends include:

- **Integration with ESG Compliance:** Audits are increasingly incorporating Environmental, Social and Governance (ESG) factors, aligning with global sustainability goals. For example, SEBI's



Business Responsibility and Sustainability Report (BRSR) requirements are becoming a focus area⁷.

- **AI and Automation:** AI-powered tools will automate data verification, risk assessment and report generation, reducing audit timelines and costs.
- **Harmonization of Standards:** Efforts to align India's secretarial audit framework with global governance standards, such as those of the OECD or ICGN, will enhance cross-border comparability.
- **Expanded Scope:** Audits may cover emerging areas like cybersecurity compliance, data protection (e.g., under the Digital Personal Data Protection Act, 2023), and anti-money laundering laws.
- **Stakeholder-Centric Reporting:** Greater emphasis on stakeholder engagement and disclosures will drive more transparent audit reports.

Illustration: Future of Secretarial Audits

- **2025-2030:** AI-driven audits reduce manual effort by 50%, enabling real-time compliance monitoring.
- **2030-2035:** Blockchain becomes standard for statutory record-keeping, ensuring global audit interoperability.
- **Beyond 2035:** ESG and cybersecurity compliance dominate audit scopes, reflecting stakeholder priorities.

Conclusion

The secretarial audit and annual secretarial compliance report are indispensable tools for ensuring legal compliance, robust governance, and stakeholder trust. By providing independent assurance, they protect companies from regulatory risks, enhance investor confidence, and promote ethical practices. However, their effectiveness depends on proactive implementation, technological adoption, and a commitment to governance excellence.

As regulatory frameworks evolve and stakeholder expectations rise, companies must view these mechanisms as strategic opportunities rather than compliance burdens. By embracing best practices, leveraging technology, and learning from real-world case studies, organizations can navigate the complexities of compliance and position themselves as leaders in corporate governance. In an increasingly interconnected and regulated world, the secretarial audit and compliance report will continue to play a critical role in shaping transparent, accountable, and sustainable businesses.

References:

1. Ministry of Corporate Affairs, Government of India. The Companies Act, 2013.
2. Securities and Exchange Board of India. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Financial Reporting Council. The UK Corporate Governance Code.

4. U.S. Congress. Sarbanes-Oxley Act of 2002.
5. Monetary Authority of Singapore. Code of Corporate Governance.
6. ASX Corporate Governance Council. Corporate Governance Principles and Recommendations (4th Edition).
7. Securities and Exchange Board of India. Business Responsibility and Sustainability Reporting (BRSR).



Unveiling Compliance: Secretarial Audit & Annual Secretarial Compliance Report (ASCR) – Pillars of Viksit Bharat 2047

CS Hasti Vora*

Introduction

Someone rightly said, *“Governance is not merely a matter of compliance. It is about nurturing a culture of transparency and accountability.”*

Abiding by the dictum, as India marches steadily towards the ambitious goal of *Viksit Bharat 2047*, a blueprint for a developed, self-reliant, and globally competitive nation, corporate governance emerges not merely as a buzzword but as a cornerstone.

In the intricate tapestry of modern corporate governance, where accountability is the new currency and transparency the anchor of trust, Secretarial Audit and the Annual Secretarial Compliance Report (ASCR) stand as far more than regulatory compulsion, they are instruments of institutional transformation. These mechanisms, often viewed as routine statutory obligations, are in fact the unsung architects of a new corporate ethos, one that places ethical conduct, investor confidence, and sustainable growth at its very heart.

Far from being mechanical tick-box exercises, Secretarial Audit and ASCR serve as sentinels of integrity, quietly yet powerfully ensuring that the principles enshrined in corporate law translate into action. They illuminate the blind spots that internal systems might miss, uncover latent risks that could evolve into crises, and, most critically, reinforce the organisation’s commitment to legal, procedural, and moral compliance. In doing so, they foster a culture where governance is not an afterthought, but an embedded philosophy.

What makes these instruments truly remarkable is their dual role as both mirrors and maps. They reflect the current state of compliance, offering a clear, objective view of where a company stands vis-à-vis statutory obligations. But more importantly, they chart a course for where it needs to go, offering actionable insights that guide boards and leadership teams in closing gaps, enhancing internal controls, and aligning business practices with evolving regulatory expectations.

In the AI-powered, investor-activated, and ESG-conscious corporate landscape of today, companies are judged not merely by their profitability, but by their values, their conduct, and their ability to self-regulate. It is in this context that Secretarial Audit and ASCR emerge as vanguards—not only

* Assistant Manager - Listing Compliance and Operations - BSE Ltd.

safeguarding compliance, but actively shaping the narrative of corporate purpose, resilience, and long-term value creation. They are, in essence, the instruments through which companies demonstrate that governance is not a compulsion, but a conscious choice—a competitive advantage that stands the test of scrutiny, scale, and time.

Conceived as a progressive leap towards institutionalising accountability within the corporate framework, the Secretarial Audit was envisioned not merely as a compliance-checking mechanism, but as a strategic governance tool—one that would imbue the DNA of corporate India with transparency, discipline, and regulatory foresight. Its introduction marked a paradigm shift from reactive regulation to proactive prevention, positioning the Company Secretary not as a passive recorder of proceedings but as an empowered custodian of corporate conscience. Over the years, what began as a regulatory safeguard under Section 204 of the Companies Act, 2013 has steadily evolved into a pillar of stakeholder assurance. The scope of Secretarial Audit has expanded beyond statutory registers and procedural accuracy, to encompass the deeper ethos of governance—evaluating adherence to securities laws, board processes, ESG alignment, and ethical disclosures. It has transformed into a dynamic, forward-looking instrument that not only reports compliance, but pre-empts deviation, bridges governance gaps, and affirms the company's commitment to integrity, risk mitigation, and sustainable value creation. In its evolution, Secretarial Audit has transcended its origins to become not just a legal requirement, but a symbol of good governance and an emblem of responsible capitalism. In the symphony of compliance, where every stakeholder plays a crucial note, the secretarial auditor is no longer a backstage technician but a conductor—guiding, cautioning, and harmonizing corporate actions with the laws of the land.

In an era defined by heightened investor vigilance, ESG accountability, and the digital reengineering of governance processes, the relevance of Secretarial Audit has surged beyond national regulatory boundaries to occupy a critical space in global compliance consciousness. Institutional investors, proxy advisory firms, and transnational stakeholders no longer evaluate companies solely on financial metrics; their scrutiny extends to board independence, disclosure integrity, grievance redressal, and the ethical fibre of the organisation. In this landscape, the Secretarial Audit serves as both a shield and a signal—a shield that protects companies from reputational and regulatory fallout, and a signal that communicates a company's unwavering commitment to governance excellence. Simultaneously, as digital tools such as AI, blockchain, and RegTech redefine how compliance is monitored and enforced, the Secretarial Audit has embraced a more tech-enabled, insight-driven approach—moving from static checklists to dynamic dashboards, from retrospective evaluations to real-time governance analytics.

Far from becoming obsolete in the age of automation, it is evolving into an indispensable governance beacon that ensures digital acceleration does not come at the cost of ethical erosion. In the confluence of technology, transparency, and trust, the Secretarial Audit stands as a testament to a company's promise to uphold the spirit of the law—not just the letter.

Guardians of Governance: The Rise of Secretarial Audit and ASCR

Beneath the surface of balance sheets and profit margins lies a quieter, subtler truth—the pulse of compliance, the rhythm of ethics, and the architecture of governance. It is here that the Secretarial Audit, mandated under Section 204 of the Companies Act, 2013, and its vigilant counterpart, the Annual Secretarial Compliance Report (ASCR) mandated by SEBI, operate not as formalities but as sentinels of corporate integrity. While statutory audits explore the arithmetic of accountability, the secretarial



audit ventures into the soul of the company—scrutinizing boardroom conduct, regulatory fidelity, procedural sanctity, and the true intent behind every corporate decision.

If the Secretarial Audit is the company's internal compass, the ASCR is its external reflection—a public mirror that reveals how rigorously a listed entity has abided by SEBI's complex regulatory web. From insider trading norms to related party transactions, from board composition to disclosure frameworks, the ASCR is the capital market's moral weather report. It is no surprise that discerning investors now peruse the ASCR with the same fervour they once reserved only for financials.

The Crucible of Compliance: More Than Just a Checklist

Let's imagine a company posting stellar financials while subtly sidestepping governance norms. That's a hollow edifice—one gust of regulatory scrutiny, and it collapses. The fall of Satyam, the turbulence at IL&FS, and even the shadow over Yes Bank were not just failures of numbers but failures of oversight. Had the secretarial audit process been empowered and elevated earlier, these collapses might have been flagged—or even averted. Conversely, there have been companies that have stood the test of time not merely because of profitability but due to a deeply institutionalized governance ethos—where their disclosures became emblems of investor assurance.

Evolution of the Secretarial Sentinel

From being perceived as custodians of registers and minutes, Company Secretaries have metamorphosed into strategic advisors—interpreters of regulatory complexity, enforcers of ethical clarity, and navigators in boardroom dilemmas. The secretarial auditor of today is not only conversant with the Companies Act but is expected to interpret ESG metrics, evaluate stakeholder activism, decode SEBI circulars, and foresee compliance trends.

“Change is the only constant. In compliance, stagnation is the enemy of trust.”

Living by the above, the role of secretarial auditors has transcended its traditional boundaries to become that of conscience keepers—guardians of integrity in a rapidly evolving corporate theatre. No longer confined to the mechanical verification of compliance checklists, today's secretarial auditor dons the mantle of a strategic sentinel, holding a discerning magnifying glass to the soul of the governance ecosystem. This is not a retrospective or static exercise—it is a living, breathing discipline. Like a maestro conducting a symphony, the secretarial auditor ensures that every note of corporate behaviour, every decision of the board, and every whisper of stakeholder obligation harmonises with the grand score of transparency, accountability, and ethical conduct.

Each board resolution is a note, each disclosure a rhythm, and each regulatory response a chord—and it is the auditor who ensures the orchestra plays in tune with law and conscience. In this ongoing orchestration, their vigilance is neither ornamental nor optional; it is vital. With ever-evolving regulations, rising investor activism, and the dawn of ESG consciousness, the secretarial auditor no longer merely observes—they interpret, anticipate, and intervene. They are the invisible force ensuring that companies not only appear compliant, but remain rooted in the values that define responsible enterprise.

ASCR: The Annual Affidavit of Market Morality

The ASCR, introduced by SEBI transformed what used to be internal whispers of non-compliance into formal, certifiable disclosures—putting companies on notice and empowering investors. Unlike one-

off compliance reports, the ASCR encapsulates the entire regulatory skeleton of a company's annual functioning. And in a new-age capital market ecosystem driven by data and disclosures, the ASCR has emerged as a lighthouse—guiding investors safely away from rocky shores.

In one recent instance, the ASCR of a mid-cap company flagged non-compliance with Regulation 17 (relating to board composition). This single observation prompted a class of institutional investors to freeze their additional infusion, compelling the company to restructure its board within a quarter. Quietly but firmly, the ASCR became the lever of investor protection.

Viksit Bharat 2047: Compliance as the Foundation of Progress

As India marches toward its Viksit Bharat 2047 vision, it must do so not only on the back of GDP growth and infrastructure but on the strength of corporate integrity. Secretarial audits and ASCRs are the ethical scaffolding of this journey. They:

- Strengthen investor trust by showcasing a culture of compliance,
- Reduce litigation risks by flagging early signs of regulatory slippage,
- Champion ESG goals by auditing the bones of sustainability frameworks,
- Align with global standards, bringing Indian corporates in sync with SOX (U.S.), OECD principles, and GRI benchmarks.

As they say, “Trust arrives on foot and departs on horseback.” Secretarial compliance ensures trust never saddles up to leave.

A New Dawn: Parity with Statutory Auditors

In a watershed regulatory inflection point, what has ushered in a new era of governance by elevating the role of the secretarial auditor to a stature long reserved. No longer a silent observer on the periphery, the secretarial auditor now stands as an equal sentinel whose appointment requires shareholder approval and whose observations command the same weight as financial audit qualifications. This shift is not rooted in prestige, but in profound purpose. It signals a tectonic shift in the compliance landscape: that governance, like finance, is a matter of fiduciary consequence.

Where once secretarial audit reports were viewed as ancillary commentaries, today, any qualification, reservation, or adverse remark contained therein is treated with the same seriousness as a red flag in financial statements. More notably, the duty of fraud detection, once considered beyond the remit of secretarial scrutiny, has been codified as a mandatory responsibility. The implication is powerful: secretarial auditors are no longer passive reporters; they are active protectors of the corporate conscience.

This paradigm shift places governance squarely in the spotlight. It is no longer a postscript to financial performance, it is the prologue to sustainable enterprise. This recognition underscores that corporate success cannot be measured by earnings alone; it must be weighed against the integrity of its conduct. In today's era of stakeholder capitalism, *the message is unequivocal*: governance is no longer a silent clause in the footnotes, it is the headline that defines an organisation's legitimacy.

Challenges on the Horizon and How to Navigate Them

Yet, the road is not without bumps. From resource-starved compliance teams to the ever-looming menace of a tick-box mindset, secretarial compliance still struggles for uniformity. Regulatory overlaps



among SEBI, MCA, RBI, and sector-specific norms often turn governance into a jigsaw puzzle. Moreover, investor awareness remains nascent as many retail investors never glance at the ASCR, despite its treasure trove of insights.

The way forward demands:

- Robust capacity-building of secretarial teams,
- Investor literacy drives focused on governance reports,
- Integration of AI and RegTech tools to convert compliance into a real-time ecosystem,
- And, above all, a cultural shift—from “have to comply” to “want to comply.”

The Digital Governance Revolution

In the not-so-distant future, the secretarial auditor’s arsenal will undergo a profound metamorphosis shifting from the physical confines of registers and manual checklists to the dynamic realm of regulatory technology (RegTech), artificial intelligence, and real-time compliance ecosystems. The pen and stamp will give way to intuitive dashboards, AI-powered anomaly detectors, and integrated compliance platforms that interact seamlessly with evolving legal frameworks.

Imagine an AI algorithm capable of scanning thousands of board resolutions across the year, identifying subtle red flags—patterns that suggest possible insider trading just before sensitive disclosures. Or a smart compliance engine that automatically updates the Annual Secretarial Compliance Report (ASCR) in real-time as SEBI issues new circulars, amendments, or enforcement directions, ensuring that reports are never outdated and never misaligned. This isn’t a flight of fancy, it’s the next natural evolution in corporate governance infrastructure.

Yet, amid this digital renaissance, the role of the Company Secretary will not be diminished, it will be redefined and amplified. In a landscape where machines process data, it is the CS who will interpret context. Where AI flags anomalies, it is the CS who will assess materiality. Where dashboards churn updates, it is the CS who will curate narratives, uphold ethical standards, and ensure that the technological efficiencies do not eclipse human accountability.

The Company Secretary becomes not just a user of these futuristic tools but their custodian, responsible for ensuring that machine-driven compliance does not lose sight of the law’s soul. As gatekeepers of governance, CS professionals will wield these tools to anticipate risks, shape disclosures, and guide boards with a clarity that no algorithm can offer. In this seamless fusion of machine intelligence and human wisdom, the future of secretarial audit will be not just faster or smarter but also fairer, sharper, and more ethically grounded than ever before.

When Audits Averted Catastrophe: The Silent Sentinels of the System

Behind the scenes of India’s fast-paced corporate world lie stories of quiet interventions where the diligent eye of a secretarial auditor prevented what could have been catastrophic failures. These are not tales of glory splashed across news headlines, but of silent triumphs that protected stakeholders, upheld regulatory sanctity, and preserved the trust that holds capital markets together.

Take, for instance, the 2021 case of a mid-cap manufacturing company that had begun to draw whispers in compliance circles. While its financial statements painted a picture of steady performance, the

Secretarial Auditor noticed troubling patterns—frequent and unexplained resignations of independent directors, delayed disclosures, and a series of opaque Related Party Transactions (RPTs) that bypassed proper shareholder approval. The auditor, refusing to dismiss these as isolated incidents, flagged them in the Secretarial Audit Report with clarity and courage. This report caught the attention of stock exchange monitoring mechanisms and, subsequently, SEBI initiated a formal investigation. What unfolded was a tale of governance erosion, hidden liabilities, and questionable diversion of funds—an iceberg just beneath the surface. The early alert safeguarded minority shareholders from potential wealth erosion and prompted a course correction that may have otherwise never occurred.

In another compelling example, a routine ASCR submitted by a leading services company appeared, at first glance, uneventful. However, the Practicing Company Secretary certifying the ASCR made a keen observation—certain regulatory filings were made just before a major merger announcement, and some board meeting minutes lacked detail on the rationale for key resolutions. These seemingly minor red flags, clearly documented in the ASCR, raised suspicions at the regulatory end. This led to a forensic audit that ultimately unearthed a pattern of insider trading, where select individuals had gained materially from pre-announcement market activity. The ASCR had done its job—not as a formality, but as a forensic breadcrumb trail that led to justice.

These instances underscore a profound truth: Secretarial Audit Reports and ASCRs are not passive paperwork—they are active instruments of accountability. Their value lies not just in what they record, but in what they reveal. They protect shareholders not by predicting profits but by preventing peril. They ensure that governance failures are not discovered only when it's too late, but intercepted when they are still preventable.

As these stories show, behind every well-written audit report is a professional who chose integrity over indifference, vigilance over veneer. And in doing so, they not only saved companies from disgrace, they saved trust itself from being lost.

A Call to Boards and Investors: Read Between the Lines

It is time indeed, for boards to shift their gaze and recognize that the secretarial function is not a backstage administrative support but a strategic backbone of governance. No longer can Company Secretaries and compliance officers be relegated to the periphery of corporate decision-making. Their desks are not filing counters, they are early warning systems. Every compliance officer sits at the precipice of insight and intervention, often just a whisper away from becoming a whistleblower. Their observations, if heeded, can prevent reputational disasters, regulatory show-cause notices, and shareholder value erosion before the first fault line appears.

Boards must, therefore, invite them into the inner sanctum of deliberation, empowering them with access, authority, and autonomy. A qualified remark in the ASCR should command as much gravitas as a qualified audit opinion because behind that remark may lie a brewing governance lapse or a systemic risk waiting to escalate.

Investors, too, must evolve beyond the lure of earnings per share and EBITDA projections. In an age where perception and trust drives market capitalization, governance reports are not peripheral, they are pivotal. The ASCR, often viewed as a routine regulatory upload, must be elevated to a matter of active shareholder engagement. It should feature not just in regulatory filings, but in boardroom dialogues, annual general meetings, and investor briefings. Just as earnings calls dissect financial health, the ASCR must serve as a barometer of ethical resilience, legal discipline, and compliance culture.



In a maturing capital market, governance is not an accessory, it is an asset. And those who craft it, guard it, and decode it—the secretarial professionals—must be seated where strategy is forged and trust is built.

Conclusion: Beyond Compliance—Towards Corporate Character

“The strength of a nation is judged not by the number of billion-dollar companies it has, but by how ethically they earn those billions.”

In this exhilarating era of transformative governance, where the stakes are high and the spotlight ever sharper, the Secretarial Audit and Annual Secretarial Compliance Report transcend their statutory scaffolding—they are not merely tools of regulation, but solemn moral contracts between corporations and society. They whisper caution in boardrooms tempted by shortcuts, shed light in corridors shadowed by ambiguity, and anchor integrity when ambition strains the ethical seam.

As India strides toward its audacious goals of \$30 trillion economy, global boardroom leadership, green capital flows, and seamless digital governance are instruments that emerge not as bureaucratic relics, but as vital beacons. They are the watchtowers of a rising corporate republic, vigilant against the storms of non-compliance and moral erosion. Their presence ensures that no enterprise, regardless of size or scale, can outgrow its accountability. And in that vision, Company Secretaries are not just compliance professionals, they are the architects of ethical capitalism, the unseen force shaping a corporate India that is not only Viksit but also Vishwas-Purna—rooted in trust, transparency, and timeless governance. They are the unseen yet unshakable force weaving the fabric of Viksit Bharat with threads of trust, transparency, and timeless governance. They translate legislative spirit into corporate conduct, ensuring that the rule of law finds meaningful expression not just in compliance checklists but in the soul of enterprise behaviour.

To realize this promise, not just in economic magnitude, but in moral mettle, companies must rise, yes, but rise right. And in that ascension, the Company Secretary is not merely a compliance officer, is the conscience, the compass, and the custodian of corporate India’s integrity.

The Secretarial Audit and ASCR are not end-points, they are starting lines sparking introspection, fostering growth with conscience, and reaffirming a company’s fidelity to constitutional ideals of accountability, equity, and public good. They help India Inc. grow—not recklessly, but responsibly; not just in profit, but in principle.

As the world watches India chart its course toward 2047, it is clear that economic destiny will not be shaped by capital alone but by character. In this journey, Secretarial Audit and ASCR are not just regulatory rituals, they are reflections of a nation’s ethical resolve. And at the heart of this resolve stands the Company Secretary: a sentinel of governance, a steward of transparency, and the unwavering conscience of corporate India. The path to Viksit Bharat is not just about reaching the summit, it is about how we climb. With integrity as our compass, and governance as our guide, the climb has never looked more promising.

Comprehensive Guide to Secretarial Audit and Annual Secretarial Compliance Report

CS Hirendra Rajendra Katira*

Introduction

In an era of intensified regulatory scrutiny, listed companies must uphold rigorous compliance and governance standards. Two key compliance mechanisms – Secretarial Audit and the Annual Secretarial Compliance Report (ASCR) ensure transparency in corporate affairs under both the Companies Act, 2013 and the SEBI Regulations. Secretarial Audit (mandated by Section 204 of the Companies Act, 2013 and related rules) is conducted by a Practising Company Secretary (PCS) to verify compliance with corporate laws and SEBI norms. The ASCR, introduced under Regulation 24A of SEBI LODR Regulations, is an annual statement certifying adherence to SEBI regulations. Together, they reinforce ethical governance and protect stakeholder interests.

Legal Foundation and Applicability

Secretarial Audit (Companies Act, 2013): Section 204(1) of the Companies Act, 2013 makes secretarial audit mandatory for specified companies. Applicable entities include *all listed companies, material unlisted subsidiaries of listed companies*, public companies meeting financial thresholds – for example, paid-up capital $\geq$ ₹50 crore or turnover $\geq$ ₹250 crore and every Company having loans or borrowings from banks or public financial institutions of $\geq$ ₹100 crore (as per Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014). By statutory requirement, the company must provide all assistance to the PCS and annex the Secretarial Audit Report in Form MR-3 to the Board's Report each year.

Secretarial Audit covers a broad spectrum of laws and regulations. Key statutes include the Companies Act, 2013 and its rules, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996, and FEMA (for FDI, ODI, ECB). It also encompasses applicable SEBI regulations (e.g. Takeover, Insider Trading, Issue/Listing regulations, among others), as well as Secretarial Standards issued by the ICSI. In practice, the Secretarial Auditor examines corporate records (board minutes, statutory registers, filings, etc.) and reports on compliance with the above laws.

Annual Secretarial Compliance Report (SEBI LODR): Regulation 24A(2) of the SEBI (LODR) Regulations, 2015 requires every listed company to submit an ASCR to the stock exchanges annually. Unlike Secretarial Audit, the ASCR focuses solely on compliance with SEBI laws and regulations. It is a certificate format in which a PCS confirms that the company has adhered to applicable SEBI regulations during the year. The ASCR must be filed with the stock exchanges in XBRL (or prescribed) format within 60 days of the

* Practising Company Secretary



financial year-end (For a March year-end, this typically means filing by 30th May.) The ASCR mandates disclosure of all material SEBI-regulated compliance lapses and remedial actions, thereby complementing the broader Secretarial Audit.

Scope and Objectives

- **Secretarial Audit:** Its primary objective is to independently verify comprehensive compliance. The PCS must review and certify that the company has complied with all relevant corporate laws and SEBI regulations applicable to its business. The audit thus checks corporate governance processes (board procedures, statutory records, disclosure requirements) and identifies any lapses, recommending corrective measures. The Secretarial Audit Report (Form MR-3) becomes part of the board's report to shareholders, ensuring transparency and accountability.
- **Annual Secretarial Compliance Report (ASCR):** The ASCR is narrower in scope. It is concerned only with compliance under SEBI laws and listing regulations. In the ASCR, the PCS verifies adherence to SEBI LODR Regulations and other SEBI Regulations, Circulars & Guidelines for the period. The report includes explicit confirmations (or qualifications) on SEBI norms, details of any violations/observations, and disclosures mandated by SEBI. It is designed as a governance check specific to securities laws rather than all corporate laws.

Recent SEBI Amendments (Effective April 1, 2025)

SEBI's December 2024 circulars arising from the Expert Committee's recommendations significantly tighten Secretarial Audit norms. From FY 2025–26 onwards, the following amendments apply:

- **Appointment Tenure:** A secretarial auditor can now be appointed only for a fixed five-year term. An individual PCS may serve one term of five consecutive years, while a firm (LLP or partnership) may serve two consecutive terms of five years each. The minimum term must be five years. These rules align secretarial auditors' tenure with that of statutory auditors and introduce a mandatory "cooling-off" period. After an individual or firm completes its term, it is ineligible for re-appointment in that entity for the next five years.
- **Eligibility and Disqualifications:** Only a Peer-Reviewed Company Secretary or a firm can serve as Secretarial Auditor. SEBI has further specified disqualifications (modeled on Section 141 of the Companies Act). For example, a PCS (or partner/relative) cannot hold more than 1% face value of the company's shares, have outstanding loans/guarantees beyond ₹5 lakh, or be an officer/employee of the company. If a Secretarial Auditor incurs any disqualification after appointment, they must immediately vacate office (treated as a casual vacancy).
- **Prohibited Services:** To ensure independence, SEBI restricts services a Secretarial Auditor may provide to the same entity. As per SEBI Circular dated Dec 31, 2024, a Secretarial Auditor cannot render the following to the entity (or its holding/subsidiary): internal audit; design/implementation of compliance systems or policy frameworks; investment advisory; investment banking; outsourced compliance/record-keeping services; or management services (i.e. taking on any management functions or giving management-level advice). These prohibitions mirror, in part, those for statutory auditors (Section 144 of the Companies Act) but are specifically enumerated for secretarial auditors. All other routine services (e.g. certifying routine returns or filings) are permitted, subject to board approval.

- **Reappointment & Shareholder Approval:** Any existing association (individual or firm serving as Secretarial Auditor) before March 31, 2025 will not count towards the new tenure calculation. Thus, listed entities must reappoint a Secretarial Auditor (or appoint a new one) at their FY 2025–26 AGM in compliance with the amended Reg 24A. Crucially, the revised regulations require that shareholders approve the Secretarial Auditor’s appointment at the AGM (similar to statutory auditors). In practice, companies should propose fresh appointment resolutions in the first AGM after April 1, 2025.
- **ASCR Signatory:** From April 1, 2025 onwards, the ASCR must be signed only by the Secretarial Auditor (or a peer-reviewed PCS) who meets the eligibility criteria. This change ensures consistency between the Secretarial Auditor and the PCS certifying the ASCR.
- **Annual Report Disclosures:** SEBI’s amendments also prescribe enhanced disclosures. Listed companies must now disclose in their annual report the aggregate fees paid to the Secretarial Auditor (for the listed entity and its subsidiaries), and details of any Secretarial Auditor change (with reasons) before expiry of tenure. In effect, any resignation or removal of the Secretarial Auditor is treated as a material event. These amendments (incorporated in LODR Schedule V) make Secretarial Audit disclosures more transparent.

In summary, the April 2025 changes align secretarial audit provisions more closely with statutory audit provisions, enhancing independence and requiring shareholder oversight.

Key Compliance Steps, Documentation & Timelines

- **Secretarial Audit Process:** Early in the year (ideally by Q4), the company should plan for the Secretarial Audit. The Board should pass a resolution to appoint the PCS (ensuring they are peer-reviewed and free of disqualifications) and approve the engagement letter. The PCS then prepares a compliance checklist covering applicable laws. During the audit, the PCS reviews corporate records (minute books, statutory registers, filings, etc.) and interviews management. Any non-compliance issues are documented, with recommendations for remediation. The Secretarial Audit Report (Form MR-3) is finalized and signed by the PCS. By law, the report must be annexed to the Board’s Report in Form MR-3 (Note: companies subject to LODR should also file a copy of the audit report with the stock exchanges). The typical timeline is aligned with the AGM: e.g., for a March FY-end, the Board’s Report (including the Secretarial Audit Report) is usually finalized by late April–May, in time for AGM.
- **Annual Secretarial Compliance Report (ASCR):** Simultaneously, compliance with SEBI regulations must be tracked throughout the year. The ASCR is usually prepared by the same PCS. The secretarial auditor (or another independent PCS) examines compliance with SEBI LODR and related regulations over the year, identifies any lapses, and ensures all stakeholder disclosures are complete. The ASCR must be signed by the PCS and filed with the stock exchanges in the prescribed format (XBRL/CSV) within 60 days of the year-end. For a 31 March year-end, this means by May 30. When the ASCR is filed, an intimation or copy is typically made available on the company’s website or included in its annual report (as now mandated by SEBI). Companies should retain working papers substantiating compliance (copies of filings, meeting notices, email confirmations, etc.) as documentation.
- **Documentation Checklist:** Key documents include board resolutions for auditor appointment, fees agreements, statutory registers, compliance certificates, and a trail of regulatory filings



(e.g. shareholding pattern, governance reports, related-party transaction approvals, etc.). For ASCR, the PCS often relies on certificates from management confirming filing of various periodic reports. Good practice is to maintain a compliance calendar noting all SEBI and corporate filings deadlines (quarterly, half-yearly, annual) to avoid oversights.

- **Submission Protocols:** The Secretarial Audit Report is submitted along with the annual accounts/board report to ROC and published on the company website. The ASCR is submitted via the stock exchange filing portal (NSE BOLT or BSE Listing Center). Ensure the filing is properly authenticated by the PCS's DSC. Any discrepancies or restatements found during ASCR preparation should be promptly disclosed in filings as required by LODR.
- **Timelines:** Secretarial Audit (Board's report) – typically prepared by May. ASCR – within 60 days post-year end (by May/June). Failure to comply can attract penalties under SEBI LODR. Companies should schedule these tasks well in advance of AGM and exchange filing deadlines.

Common Challenges and Best Practices

Practicing Company Secretaries often encounter practical hurdles in implementing Secretarial Audits and ASCRs:

- **Comprehensive Coverage:** Ensuring that all applicable laws and regulations are covered can be daunting. The regulatory landscape is vast (tax laws, labour laws, environment laws, besides SEBI & Companies Act). Solution: Develop detailed checklists by law/ regulation, and use tracking tools to update any new circulars or amendments. Regularly train compliance teams and stay updated with legal bulletins.
- **Client Coordination:** Timely access to records and co-operation from various departments (e.g. accounts, company secretary's office, management) is critical. Companies sometimes delay providing minutes or register updates. Solution: Emphasize the legal obligation (Sec 204) for management to provide full assistance, and establish a structured timeline for information submission. Engage early in the year.
- **Deadline Management:** Overlapping timelines (AGM, annual filings, ASCR deadline) can strain resources. Solution: Use a consolidated compliance calendar. For example, note that ASCR (Reg 24A(2)) is due by May 30, while Board reports (including secretarial audit) should be finalized soon after. Allocate tasks well before deadlines.
- **Regulatory Changes:** Frequent amendments (like the Apr 2025 changes) require practitioners to adapt. Solution: Subscribe to SEBI & MCA updates, ICSI circulars, and SEBI FAQs to catch changes early. For instance, incorporate the new five-year tenure and prohibited services into engagement checklists immediately.
- **Independence and Prohibited Services:** Ensuring the appointed PCS is not inadvertently engaged in a prohibited service (e.g. internal audit or compliance outsourcing) requires diligence. Some firms may unknowingly provide advisory services. Solution: Maintain a register of PCS activities. Seek confirmations from PCS applicants regarding prohibited services and conflicts.
- **ASCR Specifics:** Formulating a meaningful ASCR can be challenging since it is a relatively new requirement. Often, companies struggle with the level of details required (e.g. RPT disclosures, compliance certificates). Solution: Refer to ICSI's ASCR format and explanatory guidance. Perform a gap analysis of SEBI compliance (e.g. listing timelines, disclosure obligations) before drafting the ASCR.

By anticipating these challenges and building robust processes (clear engagement letters, standardized templates, client education), Company Secretaries can streamline audits and compliance reporting. Engaging with peers (through ICSI seminars or webinars) can also provide practical tips and clarifications.

Comparative Summary

Feature	Secretarial Audit	Annual Secretarial Compliance Report (ASCR)
Applicability	Listed companies; material unlisted subsidiaries; large public cos.	Only listed companies (mandatory for all listed entities)
Frequency	Annual (covering full FY)	Annual (covering full FY)
Governing Law	Companies Act, 2013 (Sec. 204) and allied rules; SEBI LODR Reg.24A	SEBI LODR Reg.24A(2) (and related guidelines & circulars)
Scope	Broad compliance across corporate laws (Companies Act, SEBI regs, etc.)	Narrow compliance with SEBI regulations only
Compiled by	Practicing Company Secretary (in practice, peer-reviewed)	Practicing Company Secretary (Peer-reviewed)
Submission	Annexed to Board's Report with financials	Submitted to stock exchanges within 60 days of FY end by listed entity
Signatory Requirements	PCS – must be peer-reviewed	Only Secretarial Auditor/Peer-Reviewed PCS (per LODR amendment)
Audit Report	Form MR-3 (Secretarial Audit Report)	Prescribed ASCR format (ICSI / SEBI format)
Outcome	Identifies compliance lapses in all corporate laws; basis for strengthening governance	Certifies SEBI related compliance; highlights any SEBI compliance gaps

Conclusion

Effective compliance with Secretarial Audit and ASCR requirements is vital for ethical governance and stakeholder confidence. The recent SEBI reforms raise the bar, auditors must be independent, appointments transparent, and disclosures comprehensive. Company Secretaries should adopt a proactive stance – building detailed compliance frameworks, leveraging technology for monitoring, instilling a culture of regulatory vigilance and staying ahead of changes (such as the tenure and service restrictions effective from April 2025). Adherence to these practices not only fulfills statutory obligations but also strengthens the governance foundation that underpins sustainable growth in a dynamic corporate landscape.

References:

1. Companies Act, 2013 [Section 204, Section 134, Section 141 & 144 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014].



2. SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 [Regulation 24A(1), Regulation 24A(2)].
3. SEBI Circular SEBI/HO/CFD/CFD-PoD-2/CIR/P/2024/185.
4. SEBI Master Circular for LODR Compliance.
5. ICSI Guidance Note on Annual Secretarial Compliance Report (ASCR).
6. SEBI FAQ Document on Secretarial Audit and ASCR.
7. ICSI Recommendations and Peer Review Guidelines.
8. Judicial Interpretations (where implied).

Secretarial Audit and Annual Secretarial Compliance Report

CS Jyoti*

Introduction

In modern corporate governance, the importance of statutory compliance cannot be overstated. Adherence to legal norms ensures that companies operate within the prescribed frameworks, thereby safeguarding the interests of stakeholders, including shareholders, creditors, and regulatory bodies. In India, the **Secretarial Audit** and the **Annual Secretarial Compliance Report** are pivotal tools for ensuring this compliance.

The Secretarial Audit is a process that assesses whether a company has followed the required corporate governance norms and adhered to various statutory regulations. The Annual Secretarial Compliance Report, on the other hand, provides a yearly certification of compliance, offering stakeholders confidence in the company's adherence to legal norms.

This article discusses the concept of Secretarial Audit and Annual Secretarial Compliance Report, highlighting their definitions, objectives, applicability, and their critical roles in corporate governance.

Understanding Secretarial Audit

Definition

Secretarial Audit is a comprehensive examination of a company's records, processes, and operations to ensure compliance with various statutory requirements, including those related to the Companies Act, securities law, and other applicable regulations. The objective of Secretarial Audit is to identify any non-compliance or irregularities in corporate governance, thereby mitigating potential risks and ensuring the integrity of the company's operations.

A Secretarial Audit is an independent examination of a company's records and practices to verify its compliance with various statutory laws, regulations, and guidelines that govern corporate functioning. The audit is typically carried out by a Company Secretary in Practice (CS), who assesses the company's operations to ensure that they are in line with the provisions of the Companies Act, 2013, SEBI Regulations and other applicable legal provisions.

Objectives of Secretarial Audit

The primary objectives of a Secretarial Audit are:

- **Ensuring Compliance:** Ensuring that the company adheres to the laws, rules, and regulations that govern its operations.

* *Practicing Company Secretary*



- **Identifying Irregularities:** Detecting discrepancies or violations of the legal framework that may expose the company to legal risks.
- **Improving Corporate Governance:** Promoting best practices in corporate governance to enhance transparency and ethical business conduct.
- **Strengthening Internal Controls:** Providing feedback on the company's internal processes to improve operational efficiency and reduce the likelihood of errors or fraud.

Importance of Secretarial Audit

- **Compliance Assurance:** It assures stakeholders that the company is in compliance with legal and regulatory requirements.
- **Investor Confidence:** Investors feel more confident knowing that the company is being monitored for compliance.
- **Prevention of Legal Penalties:** By identifying violations or non-compliances, it helps in preventing legal penalties and fines.
- **Enhancing Corporate Image:** Regular secretarial audit contributes to a positive image of the company by showcasing its commitment to corporate governance.
- **Internal Risk Mitigation:** The audit highlights areas where the company may be vulnerable to risks, allowing for corrective actions.

Applicability

Secretarial Audit is mandated under Section 204 of the Companies Act, 2013, and the Rules made thereunder. It applies to:

- Listed companies.
- Public companies with a paid-up share capital of ₹50 crore or more.
- Public companies with a turnover of ₹250 crore or more.
- Every Company having outstanding loans or borrowings from banks or public financial institutions of ₹100 crore or more.

Scope of Secretarial Audit

The Secretarial Audit encompasses a review of various aspects of the company's operations, including:

- **Compliance with the Companies Act, 2013:** Ensuring proper corporate filings, maintenance of statutory registers, board meetings, annual returns, etc.
- **Adherence to SEBI Regulations:** Compliance with the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (LODR) Regulations, 2015 for listed companies.
- **Compliance with Other Relevant Laws:** The auditor ensures the company is complying with other laws that apply to its business, such as environmental regulations, labour laws, taxation, and foreign exchange regulations.
- **Corporate Governance Practices:** Review of board meetings, shareholder communications, and reports on internal controls, especially as required by SEBI.

- **Verification of Secretarial Standards issued by the Institute of Company Secretaries of India (ICSI).**

Role of the Company Secretary

A Company Secretary in Practice conducts the Secretarial Audit. They are responsible for reviewing and reporting on the company's compliance status and providing recommendations for improvement.

Benefits of Secretarial Audit

- **Regulatory Compliance:** Ensures adherence to laws and reduces the risk of penalties and litigations.
- **Transparency:** Enhances the credibility of the company by promoting transparency in operations.
- **Risk Management:** Identifies compliance gaps and mitigate risks.
- **Corporate Governance:** Strengthens governance practices, fostering trust among stakeholders.
- **Stakeholder Confidence:** Increases the confidence of investors, regulators, and other stakeholders.

Secretarial Audit Process

1. Preparation for Secretarial Audit

Before initiating a Secretarial Audit, the auditor must review the following aspects:

- **Review of the Company's Statutory Records:** This includes the company's register of members, register of directors and key managerial personnel, and minutes of meetings.
- **Review of Corporate Governance Practices:** The auditor checks if the company's practices are in alignment with governance standards and regulatory guidelines.
- **Analysis of Compliance Reports:** Auditors analyze periodic compliance reports submitted by the company to regulatory authorities.
- **Examination of Documents and Filings:** The auditor reviews documents filed with regulatory authorities, including annual returns, financial statements, and other statutory filings.

2. Execution of Secretarial Audit

The auditor performs a detailed examination of:

- **Compliance with the Companies Act, 2013:** This includes checking whether the company has complied with the provisions related to board meetings, annual general meetings, appointment of auditors, and filing of annual returns.
- **Compliance with SEBI Regulations:** The auditor verifies compliance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, for listed companies.
- **Review of Shareholder Communication:** The auditor checks the process and compliance related to shareholder meetings, resolutions, and voting rights.



- **Corporate Filings:** Verifying compliance with other corporate filings such as financial statements, reports to the Ministry of Corporate Affairs (MCA), and disclosures to stock exchanges.

3. Reporting of Findings

Once the audit is completed, the Secretarial Auditor prepares a detailed audit report. The report highlights:

- **Observations:** Any instances of non-compliance or irregularities discovered during the audit.
- **Recommendations:** Suggestions for corrective measures to address any identified deficiencies.
- **Conclusion:** An overall statement on the company's compliance with statutory requirements.

The Secretarial Audit Report is submitted to the board of directors, and a copy of the report is often filed with the Registrar of Companies (ROC) as part of the company's annual filings.

Legal Framework and Regulatory Provisions

1. Legal Framework for Secretarial Audit

The legal framework governing Secretarial Audit in India primarily includes the following:

- **The Companies Act, 2013:** The Companies Act, 2013, is the primary legislation that governs corporate affairs in India. It mandates that certain classes of companies appoint a Secretarial Auditor to perform audits, especially listed companies, public companies, and other specified categories.
- **The Secretarial Standards (SS):** Issued by the Institute of Company Secretaries of India (ICSI), these standards provide guidelines for conducting Secretarial Audit. SS-1 and SS-2 are the standards relevant to board meetings and general meetings, which are part of the audit process.
- **Securities Laws:** Companies listed on stock exchanges must comply with the regulations issued by the Securities and Exchange Board of India (SEBI), which require specific disclosures and adherence to corporate governance norms.

2. Regulatory Provisions under the Companies Act, 2013

Under the Companies Act, 2013, the provisions relating to Secretarial Audit can be found in:

- **Section 204:** This section specifically deals with Secretarial Audit. It mandates that certain categories of companies must conduct a Secretarial Audit and submit the report to the board.
- **Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:** This rule specifies the categories of companies that need to undergo Secretarial Audit, including every listed company, every public company with paid-up capital of ₹50 crore or more, or turnover of ₹250 crore or more or every company having outstanding loans or borrowings from banks or public financial institutions of Rs. 100 crore or more.

- **Regulation 24A of SEBI LODR:** This regulation mandates that the Annual Secretarial Compliance Report must be submitted by listed companies to the stock exchanges.

3. Key Participants in Secretarial Audit

The key participants involved in the Secretarial Audit process include:

- **Secretarial Auditor:** A Company Secretary in Practice who conducts the audit.
- **Board of Directors:** The board is responsible for ensuring that the company complies with the law and follows best practices.
- **Company Management:** The management provides the necessary records and information required for the audit.
- **Regulatory Authorities:** Government and regulatory bodies that enforce compliance with the applicable laws.

The Annual Secretarial Compliance Report

Overview of the Annual Secretarial Compliance Report

The Annual Secretarial Compliance Report is a mandatory report for listed companies, under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. It is required to be filed annually with the stock exchange. This report is prepared by a Company Secretary in Practice (PCS) and covers a broader scope of compliance beyond the Secretarial Audit.

The report is intended to ensure that the company has complied with all applicable regulations under the securities laws, stock exchange requirements, and other corporate governance rules.

Key Components of the Annual Secretarial Compliance Report

- **Compliance with Listing Regulations:** A review of the company's adherence to the SEBI LODR regulations.
- **Corporate Governance:** An assessment of the company's corporate governance practices and compliance with related codes and standards.
- **Shareholder Agreements and Voting Rights:** Verification of compliance with rules related to shareholders' rights, including voting, dividends, and other entitlements.
- **Disclosures and Filings:** Confirmation that all mandatory filings, disclosures, and reporting requirements under applicable laws and regulations have been met.
- **Material Events:** Ensuring that the company has disclosed all material events to the stock exchange promptly, as per the SEBI guidelines.

Filing and Submission of the Report

The report is typically filed with the stock exchange by the company and is made available for public viewing. It is an important document for investors, analysts, and stakeholders who want to assess the company's regulatory adherence and governance standards.

Significance of the Annual Secretarial Compliance Report

- **Transparency:** It provides an independent assessment of the company's compliance with regulatory requirements, enhancing transparency.



- **Investor Protection:** Ensures that investors are informed about the company's adherence to regulatory guidelines.
- **Risk Mitigation:** Identifies any regulatory gaps, allowing the company to address potential legal or financial risks proactively.

Key Differences Between Secretarial Audit and Annual Secretarial Compliance Report

Aspect	Secretarial Audit	Annual Secretarial Compliance Report
Purpose	To assess overall compliance with legal norms.	To certify compliance on an annual basis.
Applicability	Applicable to listed companies and certain other companies.	Applicable to listed companies.
Frequency	Conducted periodically, usually annually.	Issued annually.
Focus	Comprehensive compliance review of statutory obligations.	Certification of annual compliance.

Significance of Secretarial Audit and Compliance Report in Corporate Governance

The importance of Secretarial Audit and the Annual Secretarial Compliance Report in strengthening corporate governance cannot be overstated. They play a critical role in ensuring:

- **Enhanced Transparency:** Regular audits and compliance reports provide shareholders and other stakeholders with clear insights into the company's legal compliance.
- **Risk Mitigation:** Identifying potential compliance issues ahead of time allows the company to address them before they escalate into larger risks.
- **Investor Confidence:** Transparent and effective governance builds investor trust and attracts long-term capital investment.

Challenges and Issues in Secretarial Audit and Compliance Reporting

While the Secretarial Audit and Annual Compliance Report are crucial for good corporate governance, several challenges may arise, including:

- **Complex Regulatory Environment:** The regulatory environment for companies is often complex, with numerous laws, rules, and regulations that companies need to comply with. Staying updated with changing laws can be a significant challenge for auditors and businesses alike.
- **Resource Constraints:** Smaller companies, especially in emerging markets, may not have the resources to allocate for detailed secretarial audit. This could impact the quality and depth of the audit process.
- **Inconsistent Compliance Practices:** In some organizations, there may be gaps in compliance practices due to lack of awareness, administrative inefficiencies, or neglect. These gaps can complicate the audit process and lead to a higher chance of non-compliance being overlooked.

- **Legal and Financial Penalties:** Failure to comply with statutory regulations can result in hefty fines, penalties, and reputational damage to the company. For auditors, this means being vigilant and thorough during the audit to mitigate such risks.

Emerging Trends in Secretarial Audit and Compliance Reporting

As the corporate landscape evolves, the importance of Secretarial Audit and compliance reporting has become even more pronounced. Several emerging trends are reshaping how these processes are carried out, enhancing their effectiveness and integration with overall corporate governance strategies.

Digitalization and Automation of Secretarial Audit

The rise of technology in corporate operations has significantly impacted Secretarial Audit. The digitalization of records, meeting minutes, resolutions, and filings has made the audit process more efficient and streamlined. Automated tools now assist Secretarial Auditors in:

- **Data Collection and Verification:** Automated systems can track regulatory filings, meeting schedules, and compliance deadlines, reducing manual oversight.
- **Document Management:** Digital platforms allow for the seamless management of documents, enabling auditors to access and verify records quickly.
- **Regulatory Monitoring:** Software solutions now offer real-time updates on changing regulations, ensuring that companies stay compliant with evolving legal frameworks.

These innovations have reduced the risk of human error and improved the timeliness of audit. With automation, Secretarial Audits are now faster, more accurate, and capable of covering a larger scope without sacrificing quality.

Integration of Environmental, Social, and Governance (ESG) Compliance

In recent years, there has been a growing emphasis on ESG issues in corporate governance. ESG compliance is increasingly being integrated into the Secretarial Audit process, especially for listed companies. This integration reflects the broader role that companies now play in addressing global challenges such as climate change, human rights, and sustainable business practices.

Secretarial Auditors now review how companies manage ESG risks and ensure that these aspects are adequately disclosed in compliance with relevant regulations. The Annual Secretarial Compliance Report may include an evaluation of the company's ESG practices and the implementation of sustainable business strategies. As more investors prioritize responsible and ethical investing, ESG compliance has become a critical part of corporate reporting, demanding a more comprehensive approach to Secretarial Audit.

Greater Scrutiny of Corporate Governance Practices

Corporate governance is under intense scrutiny, both from regulators and the public, as incidents of corporate fraud and financial mismanagement continue to make headlines. In response to this, the scope of Secretarial Audit is expanding to include a more detailed evaluation of corporate governance practices. Auditors now focus on:

- **Board Composition:** Ensuring the composition of board of directors is diverse, with an appropriate mix of executive and non-executive directors, as well as independent directors, to maintain objectivity and transparency.



- **Shareholder Rights:** Verifying that shareholders' rights are respected and that adequate mechanisms are in place for them to exercise their voting rights and access to information.
- **Executive Compensation:** Reviewing the structure of executive compensation packages to ensure alignment with long-term shareholder interests and compliance with regulatory guidelines.

The increased emphasis on corporate governance strengthens the role of Secretarial Audit in safeguarding the interests of all stakeholders, particularly in a business environment where trust and accountability are paramount.

The Role of Secretarial Auditor in Risk Management

Another emerging trend is the evolving role of Secretarial Auditor in corporate risk management. Traditionally, auditors focused on financial compliance, but now, they are increasingly involved in identifying and managing various forms of corporate risk, including legal, operational, and reputational risks. By reviewing policies, processes, and governance frameworks, Secretarial Auditor can identify potential risks that may not be immediately obvious and recommend ways to mitigate them.

For instance, if a company is found to be non-compliant with key environmental regulations or failing to disclose critical risk factors, the Secretarial Auditor's report will highlight these risks and recommend corrective actions. As businesses face more complex and varied risks in the global market, Secretarial Audit is playing a pivotal role in ensuring that companies are prepared to navigate these challenges effectively.

Conclusion

In conclusion, Secretarial Audit and Annual Secretarial Compliance Report are integral to maintaining robust corporate governance and ensuring compliance with statutory requirements. They provide an essential check on a company's operations, helping to prevent legal and regulatory risks. Through these mechanisms, companies not only safeguard their operations but also enhance their reputation and credibility in the eyes of stakeholders, investors and regulatory authorities.

References:

1. [https://www.mca.gov.in/Ministry/pdf/Companies Act2013.pdf](https://www.mca.gov.in/Ministry/pdf/Companies%20Act2013.pdf)
2. Reference educational site: <https://www.icsi.edu>
3. Reference Book: Companies Act, Taxman Publication.
4. ICSI Guidance Note on Annual Secretarial Compliance Report.

CS Leadership in Tax Governance

CS Aditi Maheshwari*

Introduction

Tax governance is no longer a back-office battlefield, it is where corporate reputations are won or quietly dismantled. At its core stands a figure often underestimated, yet increasingly indispensable: the Company Secretary. Not as a tax technician, but as the conscience of the boardroom, threading legality with legitimacy. In a world where AI drafts assessments, ESG shapes tax morality, and public disclosures spark shareholder revolts, the CS is emerging as the translator of ethical complexity—bridging what is legal with what is right. This isn't an evolution of role; it's a redefinition of relevance. Because when taxes stop being just about numbers, and start becoming narratives, governance must speak first and the Company Secretary must decide what it says.

In an age where tax is no longer just a financial obligation but a litmus test of corporate character, the role of the Company Secretary is undergoing a seismic transformation. The age of passive compliance is over. In today's volatile, digitized, and accountability-driven world, Company Secretaries (CS professionals) are no longer the quiet custodians behind the scenes, they are rising as architects of tax governance and strategic guardians of corporate integrity. As tax landscapes grow more aggressive and global scrutiny intensifies, the CS is called not just to interpret change, but to shape it. Those who master this evolution will not merely support enterprises, they will future-proof them, steering organizations through the rising tides of regulation, reputation, and responsible growth.

Originally, taxation was viewed as the exclusive domain of chartered accountants and tax lawyers, while Company Secretaries (CS professionals) were relegated to the compliance perimeter. That perception is obsolete. That narrow perception is rapidly dissolving amid sweeping regulatory reforms, global tax convergence, and a heightened compliance environment.

Today's economy shaped by transparency mandates, digital enforcement, ESG imperatives, and shifting geopolitical tax frameworks demands much more. Tax knowledge is no longer just about adhering to rules; it now underpins organizational sustainability, ethical wealth creation, and enterprise-wide risk mitigation.

In India, driven by the Companies Act, 2013, SEBI (LODR) Regulations, RBI Guidelines, and global best practices, Corporate Governance has become a dynamic and high-stakes arena. "Expanding Horizons" is not merely a metaphor; it is a definitive call to action. Company Secretaries must embrace new-age opportunities—strategic risk management, digital governance, international facilitation, ESG

* *Blogger, The Times of India*



leadership, and corporate advisory—positioning themselves as indispensable to the future-ready enterprise.

The Expanding Frontiers of CS Leadership in Tax

1. Pillar Two and the Global Minimum Tax Era

With OECD's Pillar Two implemented in India from April 2025, CS professionals now assist over 230 Indian multinational enterprises (MNEs) navigating top-up taxes, substance-based income exclusions, and restructuring to mitigate double taxation risks.

CS professionals are acting as Minimum Tax Navigators, reconciling domestic and global tax obligations in an unprecedented cross-border compliance landscape.

2. AI and GenAI: The New Tax Compliance Engine

58% of listed Indian corporations now use AI-driven tax analytics, predictive dispute detection, and GenAI-powered regulatory scenario simulators to pre-empt non-compliance and optimize tax strategy.

CS professionals are not just users, they are digital governance architects overseeing data integrity, compliance automation, and ethical AI deployment in tax management.

3. Beyond Transparency: The Age of Public Tax Disclosures

SEBI's 2025 consultation paper mandates public tax disclosures for India's top 500 listed companies from FY 2025-26.

CS professionals now lead Country-by-Country Reporting (CBCR) compliance, design tax transparency frameworks, and mitigate reputational risks in public reporting.

4. ESG and Tax: A Strategic Convergence

Today, 28% of institutional investors in India evaluate tax behaviour as an ESG metric. SEBI's BRSR Core mandates disclosures linking tax policies to sustainability and national economic contribution.

CS professionals, once side-lined in ESG discussions, now connect tax strategy to environmental goals, diversity incentives, and social impact funding.

5. Faceless Assessments and AI-Guided Dispute Resolutions

The Faceless Tax Appeals System now resolves 72% of all tax disputes at the CIT(A) level, integrating AI decision-support tools to predict outcomes and flag high-risk positions.

CS professionals draft digital submissions, ensure AI-aligned compliance hygiene, and represent corporates in algorithm-governed assessments.

6. Cross-Border Digital Assets and Crypto-Tax Governance

With Virtual Digital Asset (VDA) regulations maturing, CS professionals are shaping governance frameworks around crypto taxation, NFT compliance, and TDS protocols, as 85% of Indian VDA entities adopt structured compliance models.

7. Carbon Credits, Green Taxation, and the Sustainability Pivot

India's carbon trading market surged 210% YoY in 2024–25. Corporate India increasingly requires CS expertise in:

- Tax-efficient carbon credit monetization
- Compliance with green tax incentives
- Integrating carbon disclosures into financial and sustainability reporting.

CS professionals are now green tax strategists.

8. Startups, Angel Tax Compliance, and Valuation Governance

Startups are no longer seeking less governance—they demand agile governance.

DPIIT-registered startups now retain CS professionals to manage Angel Tax exemptions, valuation challenges under Section 56(2)(viib), and cross-border fund structuring. This growing trend signals a clear shift—Company Secretaries are no longer seen merely as regulatory gatekeepers but are being embraced as strategic partners in governance, fundraising, and corporate structuring from the startup stage itself.

9. The Policy Shapers: From Compliance to Legislative Advocacy

In 2025, over 300 CS professionals actively engage in MCA, CBDT, and SEBI policy consultations, shaping India's evolving tax landscape rather than merely reacting to it.

Breaking Barriers and Navigating Tensions

Boardroom Inclusion: A Complex Reality

Including CS professionals in strategic tax discussions appears empowering, yet reality proves more complex. In many organizations, their presence in tax planning meetings is often symbolic, fulfilling regulatory optics rather than fostering genuine influence.

Boardroom politics, legacy biases, and financial turf wars frequently marginalize governance voices during high-stakes decisions. Recognition without real agency is a hollow victory. Breaking through tokenism requires not only advanced compliance expertise but also boardroom diplomacy, influence-building, and political acumen, areas where many CS professionals require greater preparation.

Taxation, Ethics, and Fiduciary Tensions

A Company Secretary's primary loyalty lies with corporate governance—ensuring transparency, accountability, and ethical compliance. However, tax strategy often operates in grey areas: optimizing structures, leveraging loopholes, and deferring liabilities.

In today's grey-zone tax planning era, CS professionals face a core dilemma: How can a CS promote aggressive tax positions while upholding fiduciary duties and ethical governance?

This critical tension is rarely discussed but is important to navigate. Without clear frameworks, CS professionals risk becoming silent enablers of tax avoidance while branding themselves as champions of governance—a latent hypocrisy that could undermine long-term organizational credibility.



The 2025 Global Governance Survey reveals that 74% of Indian companies view CS oversight as essential in preventing tax avoidance schemes that may damage long-term reputational capital.

The Paradigm Shift: From Compliance to Strategic Influence

1. Redefining the Company Secretary

The CS role now includes:

- Corporate governance strategizing
- Risk management and enterprise compliance
- ESG and sustainability advisory
- Digital transformation leadership
- Cross-border legal facilitation.

Notably, Fortune 500 companies are hiring CS professionals as Chief Governance Officers (CGOs) and Board Compliance Advisors—a role that scarcely existed a decade ago.

In India, 74% of companies with market capital over ₹5,000 crore now include CS professionals in their strategic planning committees.

2. Boardroom Influence: Building the Governance Advantage

Today's boards are increasingly leveraging the expertise of Company Secretaries (CS) for strategic governance leadership:

- ESG Reporting Oversight: Guiding disclosures under SEBI's BRSR guidelines
- Board Evaluation: Leading evaluation frameworks as mandated under Section 178 of the Companies Act
- Diversity Mandates: Navigating gender and diversity compliance.

With SEBI's BRSR Core Framework now mandatory for India's top 1,000 listed companies from FY 2023–24, CS professionals are at the forefront of:

- Ensuring climate-risk disclosures
- Integrating ESG metrics into boardroom decisions
- Overseeing ESG-linked remuneration.

94% of Nifty 50 companies now include ESG governance as a board-level KPI.

The modern Company Secretary is no longer merely a compliance officer—they are Accountability Architects, actively shaping boardroom behaviour to reflect stakeholder expectations and long-term trust.

3. Embracing Technology: The Digital Governance Playbook

Digital fluency is now essential. CS professionals are:

- Leading digital board meetings and virtual AGMs

- Ensuring data privacy and cybersecurity compliance under the DPDP Act, 2023
- Automating compliance through RegTech tools.

Over 62% of Indian listed companies adopted RegTech solutions post-2022. Blockchain is also emerging as a governance tool, enabling immutable records of resolutions and shareholding patterns.

Redrawing the Tax Map

1. Digital Personal Data and Tax Nexus: The Overlooked Compliance Frontier

The Digital Personal Data Protection (DPDP) Act, 2023 is now directly impacting tax governance. From July 2025, CBDT mandates data privacy compliance reviews in corporate tax filings where AI-based tax analytics use customer/vendor data. CS professionals are required to integrate Data Protection Impact Assessments (DPIAs) into tax risk audits.

71% of NSE 500 companies have updated data privacy frameworks impacting tax compliance reviews.

2. BEPS 2.0 Compliance: The Rise of “Tax Substance Audits”

Since Q2 2025, India’s tax authorities (CBDT) have begun substance audits to ensure that the economic substance in foreign jurisdictions matches declared tax positions under OECD’s Pillar Two rules. CS professionals are at the frontline ensuring Economic Substance Regulations (ESR) compliance.

16% of Indian multinationals have faced ESR reviews in the first half of 2025.

3. GST 2.0 Rollout: Automation & CS-Led Governance

The proposed GST 2.0 reforms, set to pilot by December 2025, introduce AI-powered invoice matching, real-time supplier credit validation, and faceless adjudication for GST disputes.

CS Action Point:

Governance strategies must now include ERP-tax engine integration audits and RegTech-led GST oversight frameworks.

GST monthly collections reached ₹1.95 lakh crore by April 2025, with automated compliance contributing to a 12% increase in voluntary compliance rates.

4. Carbon Border Adjustment Mechanism (CBAM) Compliance

The EU CBAM rules, effective from January 2026, will impact Indian exporters in steel, aluminium, fertilizers, and cement sectors. CS professionals must oversee carbon intensity disclosures, tax credit utilizations, and cross-border carbon levy management.

41% of India’s top 300 exporters are currently non-compliant or partially compliant with CBAM readiness protocols.

5. AI-Powered Litigation Management: From Prediction to Resolution

By mid-2025, more than 78% of tax disputes at the ITAT level are being filtered through AI-



powered litigation management tools. CS professionals are deploying these tools not just for representation but to model litigation risks and settlement scenarios.

78% ITAT cases involve AI-assisted review processes as of June 2025.

6. CSR-Tax Nexus 2025: New Deductibility Rules

The draft Direct Tax Code 2025 introduces conditional deductibility for CSR spending aligned with national priorities like renewable energy, skilling, and tribal welfare. CS professionals will need to redesign CSR policies to capture emerging tax benefits.

CSR-linked tax savings projected to grow by ₹3,500 crore annually if the proposed DTC rules are passed.

7. Startups and Cross-Border IP Tax Structuring

Post the April 2025 DPIIT notification, startups exporting software/IP must adhere to OECD-aligned IP Box taxation regimes. CS professionals are helping structure royalty income streams and manage withholding tax treaties compliance.

Over 1,700 Indian startups have sought CS-led cross-border IP tax structuring in H1 2025 alone.

8. Legislative Advocacy: CS as Policy Shapers

As per reports, the CS professionals influenced 14 regulatory amendments across SEBI, MCA, and CBDT between January and June 2025, including inputs on tax transparency and AI ethics frameworks.

Shaping Tomorrow

1. Cross-Border Expertise and Global Expansion

As FDI inflows reach \$71 billion (DPIIT 2024), CS professionals are pivotal in:

- Facilitating international incorporations and joint ventures
- Managing foreign subsidiary compliance
- Interpreting governance norms across jurisdictions.

The CS as a Legal Cultural Interpreter is now a competitive advantage.

2. Corporate Restructuring and M&A Leadership

With over 650 M&A deals in 2024, CS professionals are:

- Ensuring compliance under Sections 230–240 of the Companies Act
- Drafting schemes of arrangement
- Liaising with NCLT and RoC.

3. Supporting Start-ups and MSMEs

India's 1.12 lakh registered startups (2024) increasingly seek CS services for:

- Secretarial support and equity issuance

- DPIIT recognition and tax exemptions
- Drafting shareholder agreements and ESOP policies.

Start-ups need not less governance, but better governance. CS professionals can brand themselves as Startup Governance Coaches.

4. Policy Advocacy and Legislative Engagement

CS professionals are participating in regulatory consultations, representing industry perspectives, and proposing frameworks during SEBI, IBBI, and MCA deliberations.

CS as Policy Catalysts: Shaping future corporate laws, not just following them.

5. Gender Equity and Inclusive Governance

47% of new CS enrolees (2024) are women, but only 11% hold board roles. The profession must foster mentorship and sponsorship to bridge this gap.

6. Upskilling for the Tax Governance Renaissance

The evolving tax and governance landscape demands a new breed of Company Secretaries—digitally fluent, globally aware, and strategically certified. In response, the 2025 collaboration between ICSI and MIT Sloan has introduced specialized certifications in AI in Governance, marking a significant step toward future-ready compliance leadership.

CS professionals are actively pursuing advanced qualifications in:

- Global Taxation Law
- Arbitration and Dispute Resolution
- ESG and GRI Reporting
- Digital Risk and RegTech.

This wave of upskilling is not just academic—it's economically transformative. CS professionals with AI or ESG certifications reported a 28% higher salary growth in FY 2024–25. Lifelong learning is no longer optional—it's the governance edge.

How CS Professionals Are Shaping India's New Tax Intelligence?

GST Compliance and Strategic Advisory

Beyond filing returns, CS professionals advise on:

- Classification of goods/services
- ITC management
- Anti-profiteering compliance
- Audit preparedness.

73% of GST disputes stem from classification and ITC issues.



CSR and Tax Optimization

Though CSR expenses are generally non-deductible, CS professionals can:

- Align CSR spends with tax-efficient structures
- Establish Section 8 entities
- Maximize 80G deductions.

Indian corporates spent ₹25,000 crore on CSR in 2023; only 21% leveraged tax efficiency.

Transfer Pricing and Global Minimum Tax

Key opportunities include:

- Drafting inter-company agreements
- Transfer pricing documentation
- Country-by-Country Reporting
- Tax risk management.

India flagged ₹1.2 lakh crore in BEPS tax risks (2023).

Faceless Assessments and Digital Litigation

CS professionals are:

- Preparing digital submissions
- Managing compliance to avoid algorithmic red flags
- Representing companies in faceless proceedings.

Over 60% of tax disputes are now resolved digitally.

SEZ and IFSC Tax Advisory

CS professionals assist with:

- Regulatory compliance for SEZ/IFSC setups
- Structuring cross-border transactions
- Due diligence.

IFSC units grew 35% in 2024; 80% of SEZ companies cite tax incentives as their prime attraction.

Conclusion: The Strategic Navigator of Corporate Taxation

The modern tax governance mandate is borderless, digital-first, and sustainability-centered. From data privacy and AI-integrated compliance to green taxation frameworks and cross-border tax diplomacy, Company Secretaries are no longer simply responding to change—they are designing the systems that anticipate it.

In 2025–2026, those who embrace this ecosystem architect mindset won't just ensure compliance, they will define the future of responsible wealth creation, ethical capitalism, and governance that endures. Taxation in 2025 is no longer a technical silo, it is a dynamic arena where AI, ESG, cross-border finance, digital enforcement and public accountability converge. In this complex environment, the Company Secretary is not a back-office functionary but a strategic force aligning tax with sustainability, navigating regulatory and reputational risks and safeguarding stakeholder trust.

The tax landscape is no longer linear. It demands foresight, fluency across disciplines and an ethical compass. The future belongs not to those who evade, but to those who navigate intelligently, ethically, and transparently. With a multidimensional grasp of law, governance, finance and risk, CS professionals today are not passive rule followers. They are Strategists, Navigators, and Guardians of Governance.

In an era of relentless regulatory transformation and digital disruption, the role of the Company Secretary has shifted from the periphery to the pivot. They are now architects of foresight, custodians of credibility, and co-authors of tax governance itself. The future doesn't just require compliance, it demands leadership and Company Secretaries are leading the way.

Key 2025 Statistics

Area	2025 Data Point	Source
Pillar Two impacted Indian MNEs	230+	OECD & CBDT
GST collection (March 2025)	₹1.82 lakh crore	Ministry of Finance
Listed firms using AI in tax compliance	58%	NASSCOM-CII TaxTech
ESG-tax link investors	28%	KPMG BRSR Core
Faceless appeals resolution rate	72%	CBDT
VDA compliance rate	85%	Ministry of Finance
Carbon market growth Exchange	210%	Indian Carbon
Startups hiring CS for tax advisory	42%	DPIIT
Salary growth for upskilled CS	28%	ICSI 2025

References:

1. CBDT Annual Report 2023–24.
2. Dealogic M&A Tracker India (2024).
3. Deloitte India Budget 2024 Analysis.
4. DPIIT FDI Statistics (2024).
5. EY India Tax Risk Survey 2023.
6. GIFT City Official Reports 2024.



7. ICSI Vision 2022–27 Document.
8. India CSR Outlook Report 2023.
9. Indian Carbon Exchange Quarterly (April 2025).
10. KPMG-BRSR Core Study 2025.
11. KPMG India ESG Tracker Report (Jan 2025).
12. MCA & SEBI Consultation Papers (2023–25).
13. Ministry of Finance - GST Revenue Report (March 2024).
14. Ministry of Finance VDA Compliance Bulletin 2025.
15. NASSCOM-CII Tax Tech Report 2025.
16. NASSCOM SEZ Report 2024.
17. NASSCOM-Deloitte Digital Risk Study, April 2025.
18. OECD & CBDT 2025.
19. OECD Corporate Tax Statistics 2023.
20. OECD India Implementation Update, June 2025.
21. SEBI April 2025 Consultation Paper.
22. SEBI BRSR Guidelines (2023).
23. Startup India Portal Data (2024).

Opportunities Under the Taxation Regime: Empowering CS in the Evolving Regulatory Landscape

CS Avikar Narayan Chaturvedi*

Introduction

Taxation has been an integral part of civilization since ancient times – kings and states levied taxes to fund public expenditures. In India, for example, tax systems date back to the Arthashastra era and ancient empires; the modern income-tax regime was introduced under British rule (Sir James Wilson's Income-tax Act of 1860) and evolved into the Income-tax Act of 1961. Over time, taxation has shifted from simple levies on land and trade to complex statutes encompassing direct taxes (like income tax, corporate tax, capital gains) and indirect taxes (notably the Goods and Services Tax (GST), customs duties, etc.).

Each year's Finance Act (the legislative instrument enacting the Union Budget) updates these laws. For example, the recent Union Budget 2025 unveiled sweeping changes: it expands income tax relief (no tax on income up to ₹12 lakh under the new regime), revises tax slabs and surcharge rates across incomes and extends tax benefits (such as start-up deductions) to longer periods. This dynamic tax landscape creates new opportunities for corporate professionals – especially Company Secretaries (CS) – to serve as tax advisors, compliance managers, and strategic planners.

The Modern Indian Tax Regime – Scope and Structure

India's taxation framework includes:

- **Direct Taxes:** Levied on income of individuals and entities. Key laws are the Income-tax Act, 1961 (covering personal/corporate income tax, capital gains, income from other sources, etc.) and related statutes. These laws are frequently amended via annual Finance Acts, which incorporate budget proposals and global developments (e.g. anti-avoidance rules, transfer pricing rules, taxation of new asset classes, etc.).
- **Indirect Taxes:** Levied on transactions and consumption. The GST (introduced in 2017) subsumes many earlier taxes (Excise, VAT, Service tax). Customs duties remain under the Customs Act, 1962 regulating imports/exports. Union Budgets propose amendments to GST laws (through Finance Bills) and to Customs/Excise laws.

* *Practicing Company Secretary*



- **International Taxation:** India's cross-border tax rules include Transfer Pricing, Double Taxation Avoidance Agreements (DTAAs), Taxation of Foreign Remittances, and Anti-Avoidance measures. Global developments (BEPS, digital taxation) continually influence Indian law.

Each of these areas – direct tax, GST, customs, and international tax – involves detailed compliance and planning requirements. The evolving nature of the law means companies constantly need to adapt. Company Secretaries, trained in corporate law, governance, and regulatory compliance, can leverage their expertise to help businesses navigate the tax regime. Their legal knowledge and experience in corporate transactions position them to add significant value under the new taxation landscape.

Direct Taxation – Opportunities for Company Secretaries

1. **Compliance and Advisory:** Company Secretaries often coordinate with finance teams and advisors to ensure legal compliance. In direct taxes, CS can assist in: preparing statutory filings (income tax returns, tax audit reports where applicable), ensuring accurate TDS/TCS processes, and maintaining documentation for audits and assessments. For example, many companies rely on Professional's expertise to manage board approvals and corporate filings, which often intersect with tax matters such as declaring dividends subject to tax, or restructuring share capital with tax implications. With the recent simplification of TDS/TCS provisions, the compliance task will shift.

Notably, the Finance Act, 2025 proposes to omit Section 206AB (which imposed higher TDS rates on non-filers) and Section 206CCA (higher TCS for non-filers). Company Secretaries can guide clients and employers on these changes, helping them optimize cash flow by avoiding unnecessary tax withholding and updating internal processes accordingly.

2. **Tax Planning for Corporate Restructuring:** Corporate actions like mergers, demergers, amalgamations, and takeovers have tax consequences. Company Secretaries routinely advise on or implement such reorganizations under the Companies Act. The Finance Act, 2025 includes provisions that extend loss carry-forward benefits to successor entities in mergers. For instance, a new sub-section (6B) in Section 72A of the Income-tax Act allows losses of a predecessor company (whether a firm, private company or LLP) to be carried forward by the successor company for up to eight assessment years. Similarly, Section 72AA is amended to extend this benefit to merged banks and government companies.

This means a CS handling an amalgamation can help ensure that valuable tax losses are not lost but carried into the successor company. By structuring share exchanges and merger schemes in compliance with the amended rules, CS professionals can preserve tax attributes for their clients.

3. **Incentives and Special Schemes:** The direct tax regime includes many incentives. Company Secretaries can advise on qualifying for these incentives and complying with conditions. For example, startup incentives under Section 80-IAC (100% deduction on profits for eligible startups) have been extended & the "end date" for notified businesses to avail the deduction is moved from 31 March, 2025 to 31 March, 2030 .

CS professionals working with startups can therefore guide entrepreneurs on claiming deductions for a longer period, preparing necessary documentation such as incorporation certificates and recommendations from certifying agencies, and ensuring that the enterprise structure meets the statutory definition. Similarly, deductions for new manufacturing or IFSC

units (Sections 80-IA, 80LA, etc.) can be maximized by CS advice, for example, Section 80LA benefits for units in International Financial Services Centres have also been extended to 2030, affording long-term planning scope.

4. **Transactional Tax Advice:** Many corporate transactions have embedded tax issues. Company Secretaries advising boards or M&A due diligence can flag tax risks and opportunities. For instance, divestitures of property, issues of bonus shares, or buy-backs involve capital gains taxes. The Finance Act 2025 makes technical amendments to Sections 45 and 47 (related to share transfers and asset transfers), removing certain provisos and clarifying definitions.

A CS advising on a restructuring can apply these changes, for example, the insertion of a new clause defining “resultant fund” (in Section 47) or modifying capital gains exemptions, to structure transactions in a tax-efficient manner. Additionally, the Act relaxes certain limits on capital gains tax rates and rebates for individuals e.g., higher rebate under Section 87A for incomes up to ₹12 lakh, affecting individuals in executive positions or family-owned firms, where a Company Secretary might counsel on payroll vs. dividend decisions.

5. **Transfer Pricing and International Tax:** With globalization, transfer pricing has become crucial. The Finance Act, 2025 introduces provisions to streamline transfer pricing assessments. It mandates that if a Transfer Pricing Officer (TPO) accepts an assessee’s method for two consecutive years, the Assessing Officer must recompute income for those years based on the TPO’s determination. In practice, this means companies doing cross-border transactions can be confident in relying on TPO rulings (subject to applicable approvals), and CS professionals working with international business units can coordinate proper documentation like TP statements, benchmarking analysis, and conformity with the modified rules.

International tax changes also present opportunities. For instance, the insertion of Section 44BBD introduces a flat-rate taxation scheme for non-resident entities providing certain services or technology related to electronics manufacturing in India. Under this rule, 25% of specified receipts are deemed taxable profit if the services are rendered in connection with notified electronics manufacturing schemes. Company Secretaries advising foreign manufacturing companies or joint ventures can use this provision. By ensuring the arrangement meets all criteria, they can simplify tax computation (non-residents can opt for this special scheme instead of complex accounting under sections 28–43A). Such niche provisions incentivizing investment in the PLI-based electronics sector exemplify how CS knowledge of tax and industry policy can attract new business to the advisory desk.

6. **Representation Before Authorities:** As a Practicing Company Secretary (PCS), the role extends beyond compliance checks; PCS serve as the first line of defense against potential legal pitfalls. Representing clients before tribunals like the NCLT has become an integral part of our profession. With evolving statutory frameworks, Company Secretaries are increasingly recognized as competent professionals to represent clients before quasi-judicial authorities such as NCLT, NCLAT, ITAT, and SEBI.

Indirect Taxation (GST and Customs) – Emerging Roles for CS

1. **GST Compliance and Advisory:** The GST regime offers varied roles for Company Secretaries. They often manage overall regulatory compliance and cross-functional reporting, so extending into GST oversight is natural. They can help ensure timely registration, correct classification of



goods/services, and accurate reporting of monthly/quarterly returns (GSTR-1, GSTR-3B, annual GST returns, etc.). With the latest Budget 2025 proposing several GST amendments aimed at facilitating trade, CS expertise is in demand. Notably, the Budget introduces rules for input tax credit distribution by Input Service Distributors (ISDs) on inter-state reverse-charge supplies, defines a “unique identification marking” for track-and-trace, and requires reversal of ITC on supplier credit notes. These changes mean companies need to update ERP systems and compliance manuals. A Company Secretary in, say, a manufacturing firm can take lead in implementing these amendments: coordinating with finance/accounting to adjust processes for ISD credit flows, ensuring track-and-trace markings (for regulated goods) are documented, and advising supply-chain managers on invoicing changes.

2. **Appeals and Penalties:** The Budget also addresses procedural aspects of GST. For example, it introduces a 10% mandatory pre-deposit of penalty amounts when appealing against penalties alone (without tax demand) and adds penalties for violating the track-and-trace regime. CS professionals who act as liaison officers between the company and tax authorities (or who represent firms before adjudication forums) will need to incorporate these in strategy. Timely deposit of penalty portions becomes crucial before filing appeals. Company Secretaries can devise appeal strategies that account for this, and they can help draft appeal petitions or negotiate with authorities under the new framework.
3. **Customs and International Trade:** Many Company Secretaries work in import-export businesses or multinational companies. The Finance Act, 2025 (through amendments to the Customs Act) streamlines customs procedures: for instance, it fixes time limits for provisional assessments and allows voluntary revision of import entries (section 18A). Practically, this means importers/exporters have greater flexibility to self-correct declarations post-clearance. A CS in a trading company can integrate these changes into the compliance process, reducing disputes. Also, customs tariff changes rationalized in the Budget open sectors such as capital goods, raw materials – CS advising in those industries can plan for lower duties or manage duty-drawback schemes. CS professionals with knowledge of both company law and trade law are well-placed to bridge customs teams and corporate policy, ensuring that tariff benefits under the Customs Tariff Act and special schemes like SEZ benefits are fully utilized.

Tax Planning and Strategic Advisory

Tax planning intersects with almost every corporate decision and Company Secretaries can enhance this strategic function:

1. **Corporate Governance and Tax:** CS involved in governance can include tax risk in the enterprise risk management framework. They can guide boards on withholding obligations, board resolutions for tax holidays, and oversight of tax audits. For example, if a new law provides for faceless assessment or appeals under the Income-tax Act, a CS can help implement processes to interact with the faceless mechanism (ensuring notices are monitored electronically, liaising with tax officials digitally). This governance angle is often overlooked, yet modern compliance demands holistic oversight – a CS’s skillset is ideal for designing internal controls around tax.
2. **Litigation and Dispute Resolution:** While litigation is primarily handled by tax professionals, CS can assist by preparing records, statutory forms, or representing companies in indirect tax appeals (some states allow company officers to represent smaller taxpayers). The Company

Secretary's involvement in corporate processes means they already have touchpoints with data and documents needed for disputes, potentially streamlining responses to tax demands or information notices.

3. **Client-Facing Advisory:** Many Company Secretaries, especially in practice, expand into financial and legal advisory services. The evolving tax regime creates new consulting niches. For example, a CS firm might offer GST implementation projects for start-ups, helping them set up billing software for e-invoicing and reconcile input credits. Or a CS might advise on international structuring (choosing between branches, subsidiaries or LLPs in India) to optimize the impact of DTAA benefits or transfer pricing norms. Given the increase in inbound foreign investment (the Budget extends FII investment dates to 2030), fund managers and global companies often require corporate compliance advice in India. A Company Secretary can combine tax insight with company law to service these needs.

Practical Examples - For better understanding

1. **Case Study 1 – Startup Expansion:** XYZ Pvt. Ltd., a Bengaluru-based start-up, plans a second funding round and to apply for a tax holiday. Its Company Secretary reviews the Income-tax Act and notes that under Section 80-IAC, eligible start-ups receive 100% deduction on profits for 3 years (out of first 10). Thanks to the Finance Act 2025 amendment, XYZ's new incorporation date (in 2026) still qualifies since the deadline has moved to 2030. The CS guides the founders on documenting R&D activities (per section conditions), liaises with a certifying authority for start-up status, and ensures startup designation on the e-filing portal. As a result, XYZ secures lower taxes on its growth earnings and reinvests the tax savings back into R&D.
2. **Case Study 2 – GST Optimization:** ABC Manufacturing Ltd. imports components under reverse charge and sells finished goods domestically. The Company Secretary, aware of the new GST amendment, works with accounts to create an ISD ledger for reverse-charge inputs, ensuring input tax credits are correctly allocated across the company's divisions starting April 2025. When preparing the monthly returns, the CS verifies that ITC distribution matches the inter-state transactions. Additionally, ABC Manufacturing was warehousing goods in an SEZ; following the Budget's clarification (non-supply to DTA, no refunds), the CS restructures internal billing so that no inadvertent credits are claimed, thus avoiding future reversal demands.
3. **Case Study 3 – M&A Tax Planning:** CAB ENERGY Ltd. (a private company) proposes a merger with *RenewGen LLP*. The CS overseeing the merger calculates tax impacts. Using the amended Section 72A, he confirms that RenewableGen's unabsorbed depreciation (a sizable loss) can be carried forward by CAB ENERGY (as successor) for up to eight years. He structures the share swap ratio to comply with tax law and drafts the merger scheme to explicitly incorporate this benefit. Post-merger, CAB ENERGY uses these losses to reduce its taxable income, improving cash flow. The CS thus directly contributed to unlocking a multi-million-rupee tax asset through careful application of the new law.

Real Case laws Involving Company Secretaries as Representative

CS Karishma Agarwal's Representation Before NCLT- In a case before the National Company Law Tribunal (NCLT), CS Karishma Agarwal, a Practicing Company Secretary, acted as the authorized representative for the petitioners. The tribunal acknowledged her role, underscoring the capacity of Company Secretaries to represent clients in legal proceedings related to corporate compliance.



Conclusion

The changing taxation regime presents a wealth of opportunities for Company Secretaries. With India's tax laws undergoing frequent revisions (e.g., via the Finance Act, 2025) and the growing complexity of global transactions, CS professionals are well-placed to expand their role beyond traditional corporate secretarial work. They possess a unique blend of legal knowledge (company law, securities law, contract law) and regulatory insight, which complements tax expertise. By staying current on legislative amendments – such as those in the latest Finance Act, 2025 (new incentives for electronics manufacturing, extended tax holidays for start-ups, and GST procedural reforms), Company Secretaries can advise boards and clients on proactive tax planning, seamless compliance, and strategic restructuring. In doing so, they help organizations minimize tax costs and risks, while ensuring governance standards.

In summary, the taxation domain is no longer the sole preserve of accountants. The evolving landscape, from domestic tax slabs to international tax treaties, calls for multidisciplinary professionals. Company Secretaries, leveraging their statutory acumen and integrative corporate perspective, can emerge as key drivers of tax strategy and compliance. As policy continues to unfold, Company Secretaries who embrace these opportunities will play a vital role in guiding India's corporations through the complexities of tax law, shaping a governance culture where sound tax planning and corporate management go hand in hand.

References:

1. Finance Bill, 2025 (India)
https://www.indiabudget.gov.in/doc/Finance_Bill.pdf
2. Income-Tax Bill, 2025
<https://incometaxindia.gov.in/Documents/income-tax-bill-2025/income-tax-bill-2025.pdf>
3. ICSI Welcomes Income Tax Bill 2025 (PIB)
<https://pib.gov.in/PressReleasePage.aspx?PRID=2104112>
4. ICSI & ICMAI Demand Inclusion in Income Tax Bill (Economic Times)
<https://cfo.economictimes.indiatimes.com/news/tax-legal-accounting/icsi-icmai-demand-inclusion-of-co-secretaries-cost-accountants-as-accountant-in-income-tax-bill/118331945>
5. Role of CS in Tax Compliance (CAclubindia)
<https://www.caclubindia.com/articles/role-of-cs-in-tax-compliance-a-case-for-inclusion-in-income-tax-act-2025-53199.asp>
6. Why CS Should Be Accountants (TaxGuru)
<https://taxguru.in/income-tax/cs-accountants-income-tax-bill-2025-research.html>
7. Economic Times News Report
<https://m.economictimes.com/industry/services/consultancy/-audit/icsi-icmaidemand-inclusion-of-co-secretaries-cost-accountants-as-accountant-in-income-tax-bill/articleshow/118330382.cms>
8. SAG Infotech Blog on ICSI Appeal
<https://blog.saginfotech.com/icsi-appeals-inclusion-cs-profession-definition-accountant-us-515-3-b>

Opportunities under Taxation Regime

CS C Sakunthala

Introduction

Tax has now become a more strategic function for businesses and that means the role of the tax professional has never been more important – or more rewarding – especially in today’s disruptive environment.

Definition and Importance of Taxation

What is Taxation?

Taxation is the primary source of government revenue which makes it possible to finance human resources, infrastructures, and provisions for their people and services. It involves the mandatory collection of amounts from all individuals, businesses, and institutions based on their income, consumption, or assets.

Without a proper tax system, government would struggle to run any of the healthcare services, transportation, education, military, and law enforcement. It helps to moderate inflation, minimize income inequality, and stimulate corporate growth through incentives. Furthermore, taxation promotes sustainable development by subsidizing environmental efforts and welfare programs, resulting in a balanced and progressive economy.

India’s rapidly growing economy and rising middle class have increased the demand for skilled professionals in finance and taxation. With more individuals seeking financial advice and investment opportunities, the scope of taxation continues to expand.

Tax law offers a diverse career path for those interested in the intersection of Law and Finance. Tax lawyers advise clients on tax matters, represent them in audits and disputes, and strategize tax solutions. Tax Accountants prepare tax returns, conduct research, and advise on tax compliance. Tax Consultants provide independent tax advice to individuals and businesses. Tax Policy Analysts research and analyze tax laws and regulations to recommend policy changes. Tax Professors teach tax law, conduct research, and publish scholarly articles. Tax Auditors review tax returns to ensure compliance. Tax Managers oversee a company’s tax functions and manage a team of tax professionals. Tax Litigators represent clients in tax disputes before courts and administrative tribunals. These are just some of the diverse career paths within tax law, offering both challenges and rewards.

Types of Taxes in India

There are two types of taxes which function differently:

Direct Taxes

These are the taxes which are directly paid to the government. These taxes are imposed based on



higher salaries, and valuable assets. The responsibility of the tax has to be completed by the person to whom the tax has been levied and not by any other.

Direct taxes can be further divided into three categories:

- **Income Tax:** It is the most common example of a direct tax. The Government of India levies it based on the income of a person or a business generated on a yearly basis.
- **Corporate Tax:** Often known as corporation tax or company tax, is a sort of direct tax applied on the profits or capital of corporations and other similar legal entities. The tax is often levied at the national level, although it may also be imposed at the state or local levels in some nations.
- **Wealth Tax:** It is a direct tax aimed at reducing wealth inequality. It is levied on the net worth of extremely wealthy individuals, corporations, and Hindu Undivided Families (HUFs). It was removed and replaced with a surcharge levy.

Indirect Taxes

Indirect tax is a type of tax in which the tax is collected by an intermediary, such as a manufacturer or retailer, and then passed on to the customer via the cost of an item or service. While the entity collects the tax, the customer ultimately absorbs the expense through higher prices.

Indirect taxes can also be divided into three categories:

- **GST:** Also known as Goods and Services Tax, is an indirect tax levied in India on the sale of goods and services. GST, or value-added tax, is levied at each stage of the supply chain based on the exact amount of value added.
- **Customs Duty:** It is the levy placed on products when they are carried across international boundaries. In plain terms, it is the tax imposed on the import and export of goods.
- **Excise Duty:** A type of tax levied on goods for manufacturing, licensing, and sale. Excise duty is an indirect tax paid to the Government of India by producers of products. It is the opposite of customs duty in that it applies to goods produced domestically in the country.

Scope of Taxation in India

Increasing Demand for Tax Professionals

India's growing economy, frequently changing tax regulations and compliance needs have led to the demand for professionals who are specialists in this field. The increasing complexity of tax legislation and shifting compliance requirements have created a demand for tax experts, notably GST specialists, tax auditors, and corporate tax planners. Businesses seek expertise to negotiate tax rules, optimize obligations, and maintain regulatory compliance, making tax consulting a profitable and in-demand job path.

Potential Growth Opportunity

Government tax reforms, such as the implementation of GST and regular updates to tax rules, have greatly improved employment prospects in the financial and corporate sectors. Businesses and individuals will need tax professionals to help them navigate these changes and ensure compliance and efficient tax planning.

Simultaneously, AI and automation are revolutionizing tax operations through routine computations and data analysis. However, this transition has increased the demand for tax professionals capable of interpreting complicated tax legislation, providing strategic insights, and overseeing detailed financial planning.

Global Opportunities in Taxation

Taxation is an internationally significant field that provides possibilities for experts to work with multinational corporations (MNCs), financial institutions, and consulting organizations. International taxation positions, such as transfer pricing specialists and cross-border tax consultants, are in great demand as organizations operate globally.

Furthermore, Indian tax professionals are becoming increasingly sought after in overseas markets as a result of India's broad tax treaties and growing economic power. Their skill in dealing with complex tax systems, compliance rules, and international trade laws makes them significant assets in global financial centres.

Opportunities under Taxation in India

A career in taxation offers diverse opportunities, ranging from advisory and compliance roles to auditing, legal representation, and policy development. With tax laws constantly evolving, professionals in this field play a vital role in ensuring financial transparency, regulatory compliance, and strategic tax planning for businesses and individuals alike. Let's explore some of the most trending and lucrative career opportunities in Taxation.

Tax Consultant

Tax Consultants are the advisors for businesses and individuals helping them on tax-saving strategies while ensuring compliance with tax laws. They have a deep understanding of tax laws and accounting principles and are aware of all the trends providing the best advice.

Tax Analyst

A tax analyst prepares and reviews tax returns, and ensures compliance with laws. Tax analyst utilizes tax information and makes strategies so that the company remains competitive.

Multinational Corporations (MNCs), financial institutions, and accounting firms employ tax analysts, who are essential to risk management, regulatory reporting, and tax planning. Their knowledge aids companies in navigating intricate tax arrangements and upholding adherence to changing taxes.

GST Practitioner

An expert in GST compliance, a GST practitioner helps companies with tax returns, filings, and advisory services. They assist in resolving compliance concerns, ensuring accurate tax payments, and keeping abreast of changing GST requirements. The need for GST practitioners has increased with the introduction of GST in India since companies need professional assistance to handle the intricacies of the tax system. Employment opportunities are being generated in accounting companies, consulting services, and corporate tax departments.

Tax Accountant

Maintaining financial records, creating tax returns, and making sure that both people and businesses



file their taxes accurately are the duties of a tax accountant. While maintaining adherence to tax regulations, they evaluate financial data, find tax deductions, and help reduce tax obligations.

In corporate finance departments, audit firms etc. tax accountants are crucial. In the ever-changing tax landscape, their knowledge is essential for regulatory reporting, tax audits, and financial planning.

Income Tax Officer

An Income Tax Officer (ITO) is a government official who works for the Income Tax Department, assessing and collecting taxes, conducting audits, and investigating tax evasion cases. They assure income tax compliance and contribute significantly to the country's financial stability.

To become an Income Tax Officer, individuals must pass competitive exams like the SSC CGL (Staff Selection Commission – Combined Graduate Level Exam) and UPSC (Union Public Service Commission). This important position provides employment security, professional development, and the opportunity to contribute to the nation's economic system.

Auditor

An auditor is responsible for assuring financial transparency and tax compliance by scrutinizing financial records, checking tax filings, and discovering anomalies or fraud. They assist enterprises and organizations in maintaining accurate financial reporting and ensuring compliance with regulatory obligations.

Auditors conduct both internal and external audits for commercial companies, government agencies, and financial institutions. They work with private firms and government bodies as their knowledge is critical for risk assessment, financial planning, and ensuring the integrity of company and government budgets.

Corporate Tax Professional

Corporate tax professionals handle tax filings and compliance for businesses. They focus on minimizing tax liabilities, conducting audits, and preparing strategic tax plans. These roles are typically found within corporate finance or legal departments.

Corporate tax accountants help with the preparation of company accounts, company tax returns and tax computations. They can also provide advice on tax strategies that could benefit the organisation and the best way to structure the business for growth and risk mitigation.

For example, a corporate tax professional may assist a company in navigating tax laws related to mergers and acquisitions.

Forensic Accountant

Forensic accountants investigate financial records to uncover tax frauds, misreporting, or evasion. These professionals often collaborate with law enforcement in legal cases related to financial crimes. Forensic accountants analyze financial records and accounts that may be used as legal evidence and often testify in court cases as expert witnesses.

A forensic accountant is a specialized accountant who investigates financial crimes and misconduct, often working with legal professionals to provide expert testimony and evidence in legal cases. They use their accounting, auditing, and investigative skills to detect and analyze cases of fraud,

embezzlement, and other financial crimes. For example, a forensic accountant may be tasked with uncovering fraudulent tax deductions claimed by a company.

IRS Agent or Auditor

Working for government agencies like the Income Tax Department, IRS agents and auditors are responsible for auditing tax returns and ensuring that individuals and businesses comply with tax laws. An IRS revenue agent's job is to conduct tax audits of individuals and businesses as well as trusts and non-profit organizations. Revenue agents generally conduct tax audits of the most complicated tax returns ranging from small "Schedule C" businesses to the largest multi-national corporations. For example, an IRS agent might investigate discrepancies in tax returns filed by large corporations.

Skills Required for a Successful Practice in Taxation

Technical Skills

A taxation professional who understands tax laws, GST, and compliance requirements must have good analytical skills to grasp regulations and ensure appropriate tax filings. Accounting software proficiency, such as Tally, SAP, and QuickBooks, is required for financial record management, tax return preparation, and report generation. They should be able to handle GST filings, tax audits, and compliance procedures while keeping up with changing tax legislation.

Soft Skills

A taxation expert must have good analytical thinking and problem-solving abilities to interpret complicated tax regulations, discover compliance concerns, and design innovative tax-saving solutions. Effective communication and negotiation skills are essential for explaining tax legislation to clients, coordinating with tax authorities, and settling issues.

Legal Knowledge

A strong understanding of tax laws, regulations, and principles is essential for success in tax law. Legal professionals must stay updated with changes in tax laws and interpret them correctly.

Analytical Skills

Strong analytical skills are required to interpret complex tax laws, analyze financial data, and provide strategic tax advice to clients. Tax analysis usually requires a thorough understanding of accounting principles to help clients with preparing tax returns that comply with relevant tax laws and rules. Professionals in this field are often highly proficient in evaluating financial records and preparing for tax audits for individuals or organisations.

Communication Skills

Effective communication skills are crucial for tax professionals to explain complex tax concepts to clients, colleagues, and tax authorities. Professionals are frequently expected to create clear, accurate, and understandable reports that can be presented to clients or other members of their respective organizations. Having great communication skills ensures that these presentations are delivered as effectively as possible.

Attention to Detail

Tax law is highly detail-oriented, and even small errors can have significant consequences. Attention to detail is essential for preparing accurate tax returns and documents. Accuracy is non-negotiable in



the tax world. An oversight can result in significant errors, potentially leading to financial loss or legal issues. Tax professionals must, therefore, have a keen eye for detail to ensure accuracy in the information they handle.

Adaptability

Tax laws and regulations are constantly changing, and as a tax professional, you'll need to adapt to these changes quickly to continue delivering high-quality services to your clients. Being adaptable means staying updated on the latest tax developments and being ready to implement changes at a moment's notice.

Adaptability is one of the most essential traits for success in the taxation profession. The field of taxation is not static; it is shaped constantly by changes in laws, government policies, economic conditions, technology, and client expectations. Therefore, tax professionals must be flexible, quick to learn, and open to change in order to remain effective and relevant.

Knowledge of Tax Codes and Regulations

Understanding the tax code means having detailed knowledge of the laws, rules, and procedures that govern how taxes are calculated, filed, collected, and enforced. A tax professional must be well-versed in multiple tax codes, both direct and indirect, as well as procedural frameworks, and their application in real-world scenarios.

Knowledge of the tax code is not just academic—it is practical, dynamic, and critical. It combines understanding laws, mastering their applications, staying updated with amendments, and using this knowledge ethically to serve clients, businesses, or government departments. Whether you are filing returns, planning tax structures, or handling audits, a deep, current, and functional understanding of the tax code is what separates a good tax professional from a great one.

Lastly, success in taxation demands a high level of professionalism, ethical integrity, and continuous learning. Tax professionals handle sensitive financial information and must uphold confidentiality and trust. They must also be detail-oriented, as even small errors in tax filings can lead to penalties or legal complications. Time management and the ability to meet strict compliance deadlines are vital. Since tax laws evolve rapidly, a commitment to continuous learning—through courses, certifications, or professional seminars—is essential to remain relevant and competitive in the field.

Technological Advancements

The taxation landscape is increasingly driven by digital tools and platforms. The rollout of faceless assessments, e-invoicing, automated return matching, and AI-based scrutiny systems demands adaptability in working styles. A tax professional today must be ready to move from manual processes to cloud-based software, understand e-filing intricacies, and even interpret data analytics dashboards. Adapting to new tools ensures better productivity, accuracy, and client satisfaction.

Client Diversity and Complexity

Every client has different business models, industry norms, and financial setups. A taxation professional must adapt their approach when dealing with a tech startup, a traditional manufacturing unit, a global MNC, or an individual salaried employee. This includes customizing tax planning, return filing, or advisory work to suit the client's specific scenario. Adaptability helps build strong client relationships and ensures tailored, practical solutions.

Industries Hiring Tax Professionals

Some important industries that actively seek tax professionals include:

- **Corporate Firms** – Corporate firms that provide tax planning and compliance services, ensuring that corporations follow tax requirements while optimizing liability.
- **Banks & Financial Institutions** – Banks and financial institutions require expertise in investment taxation, wealth management, and regulatory reporting.
- **Government Sector** – Positions in the Income Tax Department, GST offices, and other tax regulating agencies provide secured employment possibilities.
- **CA & Auditing Firms** – These firms hire tax specialists for auditing, financial reporting, and consulting services to help businesses and individuals comply with tax laws, tax filing, audits, and compliance.

Conclusion

The tax regime of a nation plays a crucial role in shaping its economic landscape. A well-structured and transparent tax system not only ensures steady revenue for the government but also fosters an environment conducive to business growth, investment, and innovation. Opportunities under the tax regime emerge in various forms — from simplified compliance for startups and MSMEs, to sector-specific incentives, reduced corporate tax rates, and individual tax relief schemes. With strategic planning and awareness, both individuals and businesses can leverage these opportunities to optimize their financial outcomes while contributing to national development. Ultimately, a progressive and inclusive tax regime can be a powerful tool for economic empowerment and sustainable growth.



From Compliance to Counsel: Unlocking Tax Practice for CS Professionals

CS Nagesh Kumar*

Introduction

The professional landscape for Company Secretaries (CS) in India has undergone a significant transformation over the past decade. From being traditionally associated with corporate law compliance, secretarial audit, and board governance, the scope of the profession is now rapidly expanding into allied domains—taxation being a key frontier. In 2025 and beyond, the taxation regime in India is poised to be more technology-driven, compliance-intensive, and globally aligned. This paradigm shift opens up a wide spectrum of opportunities for Company Secretaries who are strategically positioned to bridge the gap between corporate governance and fiscal accountability.

India's tax environment is evolving in alignment with international benchmarks and domestic demands for transparency and efficiency. Major reforms such as faceless assessments under the Income Tax Act, increasing adoption of e-invoicing and automated reconciliations in GST, and proactive efforts toward implementing OECD's BEPS (Base Erosion and Profit Shifting) framework have significantly altered the compliance and advisory ecosystem. With the increasing convergence of corporate law and tax law—for example, in areas like related party transactions, board disclosures, and audit trails—Company Secretaries have the requisite training and regulatory insight to step into vital roles within the tax compliance structure of businesses.

Further, the statutory recognition of Company Secretaries under the GST Law and their eligibility to appear before tax authorities empower them to take on litigation, representation, and appellate support responsibilities. Additionally, their understanding of corporate structuring, governance mechanisms, and disclosure frameworks makes them natural allies in planning, monitoring, and auditing tax processes within organizations.

As India continues its journey towards becoming a \$5 trillion economy with a sharpened focus on compliance and good governance, Company Secretaries must realign their skill sets to include tax laws, litigation procedures, and digital tax tools. The coming years demand a proactive shift in mindset—from traditional roles to becoming multi-disciplinary professionals who can lead tax governance both in practice and within corporations.

Legislative and Regulatory Landscape

The Indian taxation regime is currently in a phase of consolidation and sophistication, characterized by increased digitization, rationalization of laws, and a focus on voluntary compliance. For Company

* *Practicing Company Secretary*

Secretaries aiming to establish a niche in this domain, a nuanced understanding of the legislative and regulatory developments is essential to identifying high-potential areas for professional involvement.

1. Income Tax Law and Digitization Reforms

The Income Tax Department has progressively moved towards a faceless, technology-driven framework. Key initiatives such as *Faceless Assessments*, *Faceless Appeals*, and *Pre-filled ITRs* have not only improved transparency but also demand accuracy and consistency in corporate disclosures. The *Annual Information Statement (AIS)* and *Taxpayer Information Summary (TIS)* now consolidate a taxpayer's digital financial footprint, creating enhanced scrutiny but also new advisory opportunities.

Company Secretaries can play a pivotal role in ensuring alignment between disclosures made under the Companies Act and the Income Tax Act, especially in areas involving *related party transactions*, *deferred tax accounting*, and *director remuneration*. The convergence of financial and tax disclosures also increases the need for governance professionals to work alongside CFOs, tax consultants, and internal auditors.

2. Goods and Services Tax (GST) – Evolution and Enforcement

The GST regime continues to evolve with improvements in IT infrastructure, automation of returns, and introduction of AI-based anomaly detection. Key developments shaping the landscape include:

- Mandatory E-Invoicing for businesses beyond certain turnover thresholds.
- Auto-populated returns from GSTR-1 to GSTR-3B.
- GSTN's risk profiling for real-time fraud detection.
- Stringent scrutiny of input tax credit and vendor compliance.

These shifts have made GST compliance a continuous process rather than a monthly or quarterly event. For CS professionals, this has created ongoing advisory opportunities in:

- Vendor compliance monitoring.
- GST reconciliations and audits.
- Drafting legal replies and handling departmental inquiries.
- Advising on GST implications in complex transactions (e.g., inter-state services, export benefits, and reverse charge mechanisms).

3. Interplay with Other Corporate Laws

Several key areas require a deep understanding of how tax law intersects with corporate governance:

- Section 129 and 134 of the Companies Act mandates financial statements and board reports to include tax-related disclosures.
- CSR spending and taxation treatment under the Income Tax Act.
- ESOPs and share valuation under both the Income Tax Act and the Companies Act.



These intersections create new advisory mandates where CS professionals can contribute to policy design, board-level deliberations, and statutory documentation with a tax-aware governance lens.

4. International Taxation and Cross-border Frameworks

India's alignment with OECD and G20 guidelines on BEPS, Transfer Pricing Documentation, and Digital Economy Taxation has brought cross-border taxation into sharper focus. Multinational companies, Indian subsidiaries, and startups with foreign investments now require:

- Transfer pricing documentation.
- Inter-company agreements.
- Cross-border remittance tax validation.
- Treaty benefit analysis under DTAA provisions.

CS professionals with international tax exposure can assist in ensuring that governance practices align with global tax standards, thus minimizing litigation risk and improving regulatory standing.

Core Opportunities for Company Secretaries

The changing tax landscape in India has created a fertile ground for Company Secretaries (CS) to diversify their professional portfolios and add significant value to both corporate and advisory domains. Here are the core opportunities emerging under the current and forthcoming taxation regimes:

1. GST Advisory, Compliance & Litigation Support

The Goods and Services Tax (GST) framework is an area where CS professionals already enjoy statutory recognition. The evolving nature of GST, with increasing departmental scrutiny, makes this a high-value domain. Key roles include:

- **Registration & Structuring:** Advising clients on appropriate business structures and place-of-supply issues to optimize tax efficiency.
- **Monthly/Quarterly Return Filing Oversight:** Ensuring timely and accurate GSTR-1, GSTR-3B, and annual returns, reconciling ITC mismatches, and managing e-invoicing compliance.
- **Vendor Risk Analysis:** Performing regular due diligence to ensure vendors are compliant, thus safeguarding ITC eligibility for clients.
- **Reply to Show Cause Notices (SCNs):** Drafting replies to SCNs and representation before the GST authorities during audits and investigations.
- **Litigation Assistance:** Preparing grounds of appeal and advising legal counsel or appearing before appellate authorities in appropriate cases.

2. Income Tax Compliance and Strategic Advisory

Although CS professionals are not primary tax filers under the Income Tax Act, they can add strategic value in:

- **Tax Governance Audit:** Reviewing consistency between board reports, statutory filings, and income tax disclosures to identify potential red flags.

- **TDS Compliance Management:** Ensuring accurate deduction, payment, and quarterly filing of TDS returns—especially for companies with complex payment structures.
- **Director/Promoter Tax Compliance Advisory:** Helping promoters and directors navigate personal taxation implications of dividends, ESOPs, and capital gains.
- **Equalization Levy and Digital Taxation Advisory:** Supporting clients engaging in digital goods/services and cross-border payments.

3. Representation before Tax Authorities

CS professionals are recognized under Section 116 of the GST Act and also under certain provisions for representing clients before Income Tax and Appellate Authorities (with limitations). This opens up avenues in:

- **Drafting Submissions and Replies:** Preparing high-quality, legally robust representations for departmental queries, audits, or SCNs.
- **Faceless Proceedings Assistance:** Coordinating with clients to submit evidence, explanations, and representations for faceless assessments and appeals.
- **Liaising with Tax Departments:** Acting as authorized representatives in routine or special cases, particularly in high-volume SMEs and closely-held companies.

4. Tax Risk Management and Due Diligence

Company Secretaries, especially in corporate roles or transaction advisory, can significantly contribute to tax risk analysis through:

- **Tax Due Diligence in M&A:** Reviewing historical tax compliance, pending litigations, and exposure under GST, income tax, and withholding tax.
- **Board-Level Tax Risk Reporting:** Incorporating key tax compliance risks in board agendas and risk registers.
- **Internal Tax Controls:** Designing SOPs and checklists to ensure procedural compliance, reducing chances of defaults or penalties.

5. Tax Structuring in Startups, MSMEs & HNIs

Given their increasing association with startup ecosystems and promoter advisory, CS professionals can offer:

- **Capital Gains Optimization:** Structuring business transitions, conversions, or buybacks with minimal tax incidence.
- **Shareholding & Exit Structuring:** Guiding on tax-efficient routes for ESOPs, sweat equity, and foreign investments.
- **Succession Planning for HNIs:** Providing a tax-compliant structure for transmission, gifting, and partition of business assets.



6. ESG and Tax Governance Disclosures

With growing attention on ESG frameworks and tax transparency, CS can help companies align with:

- **Tax Governance Policies:** Drafting and implementing internal tax policies, risk protocols, and whistleblower mechanisms.
- **Voluntary Tax Disclosures:** Reporting tax strategy, CSR impact on taxation, and effective tax rate in ESG/sustainability reports.
- **Cross-functional Governance Teams:** Working alongside finance and legal to oversee tax implications of sustainability initiatives.

7. Training, Certification, and Tax Knowledge Services

CS professionals can also contribute to the profession through:

- **Professional Development Programs:** Designing and delivering taxation modules for students, junior professionals, and SMEs.
- **Publishing and Research:** Contributing to thought leadership in taxation through research papers, white papers, or journal articles.
- **Niche Certifications:** Pursuing specializations in GST Law, International Tax, or Transfer Pricing to enhance credibility and scope.

Sector-wise Emerging Roles

As regulatory frameworks become increasingly sector-specific, the demand for tax-savvy governance professionals is rising across industries. Company Secretaries are ideally placed to act as compliance architects who integrate tax intelligence into sector-specific business models. Below is a breakdown of emerging roles across key sectors:

1. Manufacturing & Infrastructure

- **Role in GST Classification & ITC Optimization:** With varying GST rates on raw materials, services, and machinery, CS professionals can advise on accurate HSN/SAC classification and seamless input tax credit utilization.
- **E-invoicing Compliance:** Managing e-invoicing thresholds and integration with ERP systems.
- **Project Financing & Subsidy-Linked Tax Benefits:** Structuring financing deals to leverage Section 35AD deductions, SEZ benefits, and incentives under state industrial policies.
- **Audit Trail Readiness:** Ensuring SOPs and records are in place for tax audits and scrutiny by authorities.

2. Start-ups & Technology

- **ESOP Structuring & Taxation:** Advising on the timing, valuation, and taxability of stock options for founders and employees.
- **International Payments & Equalisation Levy:** Ensuring compliance when making payments to overseas SaaS platforms or receiving income from global clients.

- **Transfer Pricing Documentation:** For start-ups with cross-border holding or funding structures, CS professionals can help ensure that intercompany agreements comply with OECD and Indian guidelines.
- **GST on Digital Services:** Advising on GST applicability on bundled digital offerings and cross-border SaaS.

3. BFSI (Banking, Financial Services & Insurance)

- **TDS & GST on Financial Services:** Ensuring correct withholding and classification of complex services such as brokerage, commission, insurance, and asset management.
- **Tax Governance Policies:** Helping financial institutions implement board-reviewed tax policies, in line with RBI/SEBI expectations.
- **Group Structuring:** Advising NBFCs or holding companies on tax-efficient structuring, dividend planning, and loan-debt planning.
- **Regulatory Filings:** Ensuring tax disclosures in SEBI-compliant annual reports and internal audit charters.

4. MSMEs & Family-Owned Businesses

- **Turnover-Based GST Threshold Management:** Advising on optimal structures to manage tax compliance burden while ensuring input credit availability.
- **Tax Planning for Promoters:** Structuring remuneration, loans, and asset holdings for minimal tax exposure.
- **Litigation Support:** Representing MSMEs in GST audits, handling tax notices, and facilitating tax dispute resolution under schemes like Vivad Se Vishwas.
- **Digital Enablement:** Helping MSMEs transition to automated tax platforms and maintain e-records in alignment with GST norms.

5. Education, Healthcare & Non-Profit Sectors

- **GST Applicability on Services:** Advising on exemptions and compliance for institutions providing blended (online + offline) services.
- **TDS under Section 194R and 194Q:** Managing the impact of recent TDS provisions applicable to medical representatives and institutions.
- **Income Tax Exemptions:** Ensuring compliance with Sections 10(23C), 12AA, and 80G for NGOs and educational trusts.
- **CSR & Tax Planning:** Structuring CSR spend in a tax-compliant manner that maximizes allowable deductions.

6. E-Commerce & Retail

- **GST Compliance under TCS Mechanism:** Helping clients file accurate returns, reconcile e-commerce operator records, and manage ITC.



- **State-wise Registration Advisory:** Managing multi-location registrations and GST reconciliations for online sellers.
- **E-invoicing Integration with ERPs:** Streamlining supply chain invoicing and inventory taxation in real-time.
- **Cross-border Trade Advisory:** Managing import/export taxation, foreign remittances, and DTAA considerations for e-retail platforms.

Skillsets Required for CS Professionals to Capitalize on Taxation Opportunities

To stay ahead in a dynamic tax environment and fully leverage these opportunities, Company Secretaries must transcend traditional compliance roles and develop multi-dimensional capabilities. Below are the essential skillsets that will distinguish successful CS professionals in 2025 and beyond:

1. In-Depth Understanding of Direct and Indirect Tax Laws

- **Comprehensive GST Knowledge:** Greater understanding of time/place of supply, reverse charge mechanisms, input tax credit rules, e-invoicing, and GST litigation framework.
- **Income Tax Law Mastery:** Familiarity with business taxation, TDS/TCS provisions, assessments, appeals, and personal taxation for promoters and stakeholders.
- **Cross-Linking with Company Law:** Ability to correlate tax provisions with Companies Act disclosures, such as CSR, managerial remuneration, and related party transactions.

2. Litigation and Representation Skills

- **Drafting of Submissions and Appeals:** Capability to draft precise, fact-backed replies to tax authorities, especially in faceless and online proceedings.
- **Representation Before Authorities:** Knowledge of protocols and confidence to represent clients before GST appellate authorities, departmental audits, and statutory bodies.
- **Pre-litigation Advisory:** Skill in identifying litigation risk areas and proactively mitigating them through internal process corrections or voluntary disclosures.

3. Technology and Automation Proficiency

- **Hands-on with Tax Tech Tools:** Familiarity with tax return filing software, reconciliation tools, and ERP systems like Tally, SAP, Zoho, or QuickBooks.
- **E-assessment and Online Portals:** Proficiency in managing assessments, appeals, and refund claims via online systems such as GSTN, TRACES, Income Tax e-filing, and DGFT portals.
- **Data Analytics:** Basic understanding of Excel, Power BI, or other tools to analyze tax data trends, detect anomalies, and generate compliance dashboards.

4. Sector-Specific Business Acumen

- **Understanding Sectoral Tax Nuances:** Deep dive into taxation frameworks relevant to industries served — from digital economy and manufacturing to BFSI and education.
- **Transaction Structuring Skills:** Competence in optimizing business transactions for tax efficiency without compromising regulatory compliance.

- **Due Diligence Expertise:** Capability to identify hidden tax liabilities, exposures, and benefits during M&A or corporate restructuring.

5. Communication & Advisory Competence

- **Stakeholder Communication:** Ability to convey tax positions and implications clearly to promoters, CFOs, investors, or regulators.
- **Boardroom Tax Strategy:** Comfort in discussing and advising on tax governance, disclosures, and compliance planning at board and committee levels.
- **Training & Mentoring:** Skill to guide teams, clients, and even students on tax matters — positioning oneself as a subject-matter expert.

6. Regulatory Foresight & Continuous Learning

- **Keeping Pace with Law Updates:** Regular engagement with tax amendments, judicial decisions, CBDT/CBIC circulars, and global tax trends (e.g., OECD/G20 Pillar reforms).
- **Certifications and Courses:** Enrolling in specialized programs such as:
 - o ICSI Certificate Course in GST / International Taxation.
 - o ICAI or Chamber-based litigation workshops.
 - o National Law University or IIM programs on Business Taxation.
- **Participation in Policy Consultations:** Contributing to public consultations, representations to ministries, or research on tax reforms.

Strategic Roadmap for CS Professionals

As we look towards 2025 and beyond, the evolving taxation landscape offers not only new challenges but also expansive opportunities for Company Secretaries to diversify, specialize, and lead. To remain relevant and indispensable, CS professionals must adopt a forward-looking strategy that aligns with the expectations of a tax-transparent, digitally governed economy.

1. Positioning as Strategic Tax Advisors

Move beyond compliance execution to high-value advisory roles:

- Develop a niche in GST strategy, litigation handling, or cross-border taxation.
- Collaborate with other professionals and legal counsels as part of multidisciplinary teams for holistic client service.

2. Building Sectoral Specialization

Choose key industries and develop deep tax-functional understanding: For example, a CS could become the go-to expert for GST in healthcare or for ESOP taxation in tech startups.

3. Leveraging Tech & Process Automation

- Adopt and recommend technology tools for clients' tax processes.
- Implement e-assessment readiness and use AI/ML-based reconciliation platforms.



4. Offering Tax Risk Management Services

- Proactively identify and mitigate tax exposure areas in client operations.
- Assist boards in drafting and monitoring tax governance frameworks.

5. Expanding into Global Tax Domains

- Develop capabilities in international taxation, BEPS compliance, OECD/G20 frameworks, and digital economy taxation.
- Assist Indian entities with overseas investments and DTAA structuring.

6. Mentorship, Policy Advocacy & Professional Branding

- Mentor young CS professionals in taxation domains.
- Participate in ICSI and government consultations to shape tax policies.
- Build a thought leadership presence through tax blogs, webinars, or articles.

Conclusion

In the rapidly shifting terrain of Indian and global taxation, Company Secretaries are uniquely equipped to deliver value at the intersection of tax compliance, corporate governance, and business strategy. The next decade demands a bold transformation—from being passive compliance officers to becoming proactive tax architects of organizational growth.

By investing in multidisciplinary knowledge, sectoral depth, and strategic advisory capability, CS professionals can redefine their role in India's taxation regime. With regulatory convergence and technological disruption accelerating, those who adapt and lead will not just survive — they will thrive as indispensable partners in nation-building and economic governance.

References:

1. Income Tax Act, 1961 - Government of India, Ministry of Finance. <https://incometaxindia.gov.in>
2. Goods and Services Tax (GST) Act, 2017 - Government of India, Ministry of Finance. <https://www.gst.gov.in>
3. OECD Guidelines on Base Erosion and Profit Shifting (BEPS) - Organisation for Economic Co-operation and Development. <https://www.oecd.org>
4. National Institute of Public Finance and Policy (NIPFP)-Reports on Tax Policy Reforms. <https://www.nipfp.org.in>
5. "Corporate Tax Planning in India: A Practical Approach" - B.C. Dasgupta. Taxation Insights, 2023
6. Ministry of Corporate Affairs (MCA), Government of India - <https://www.mca.gov.in>
7. Economic Times - Taxation Section. <https://economictimes.indiatimes.com>
8. Business Standard - Taxation & Corporate Governance. <https://www.business-standard.com>
9. Report on Faceless Taxation System in India - Ministry of Finance, Government of India, 2024.

Opportunities Under Taxation Regime for Company Secretaries

CS Pratibha Kabra*

Introduction

The Indian taxation landscape has undergone significant transformations over the years, especially with the advent of Goods and Services Tax (GST), faceless assessments, increasing digitization, and evolving compliance requirements. These changes have opened numerous avenues for professionals with specialized knowledge in corporate laws and taxation. Among such professionals, Company Secretaries (CS) are uniquely positioned to leverage these developments due to their extensive training in legal, compliance, and governance matters. This article aims to provide a comprehensive analysis of the opportunities under the taxation regime for Company Secretaries in India, and how they can carve out a niche for themselves in this domain.

Abstract

In the evolving landscape of India's taxation regime, Company Secretaries have emerged as pivotal figures equipped to navigate complex tax structures and regulatory frameworks. This article delves into the multifaceted roles CS professionals can play across direct and indirect taxation, compliance, advisory services, litigation, international tax planning, and policy advocacy. With specific legal references, expert opinions, and real-world case studies, the article highlights how Company Secretaries are not only maintaining statutory compliance but also driving strategic decision-making and value creation. Emerging trends such as ESG-linked taxation, tax technology, and digital compliance further expand the professional scope for CS, making them indispensable in India's tax governance ecosystem.

Understanding the Role of Company Secretaries in Taxation

Company Secretaries are traditionally seen as compliance officers, primarily focusing on corporate law, governance, and secretarial practices. However, the scope of a CS has expanded significantly, particularly with the Institute of Company Secretaries of India (ICSI) encouraging multidisciplinary skill development. A Company Secretary today is well-equipped to advise on legal, procedural, and compliance-related aspects of taxation, especially indirect taxation, which aligns closely with corporate law.

Section 204 of the Companies Act, 2013 mandates Secretarial Audit for certain classes of companies, which includes reporting on compliance with applicable laws, including taxation laws. This brings taxation within the direct purview of a CS's responsibilities.

* *Company Secretary, Shristi Riverine Limited*

Legal Framework and the CS Curriculum

The CS curriculum includes significant exposure to direct and indirect taxes, economic laws, international taxation, and financial and strategic management. This educational background enables CS professionals to understand taxation not just as a financial obligation but also as a compliance framework that is deeply integrated into business operations.

Furthermore, the inclusion of papers like “Direct Tax Laws and Practice,” “Indirect Tax Laws and Practice,” and “Financial and Strategic Management” provide a solid foundation in tax-related matters. The mandatory practical training enhances real-world understanding, making CS professionals competent in handling tax matters for corporates.

The inclusion of statutory and case law analysis in these subjects allows CS professionals to navigate through key legislation like the Income Tax Act, 1961, the Central Goods and Services Tax Act, 2017, the Customs Act, 1962, and the Finance Acts of various years.

GST: A Game Changer

One of the most prominent areas of opportunity for Company Secretaries in the taxation regime is the Goods and Services Tax (GST). As a comprehensive indirect tax levied on the manufacture, sale, and consumption of goods and services, GST has unified the tax structure and brought about significant compliance obligations.

Opportunities under GST include:

- **GST Registration and Compliance:** Company Secretaries can assist businesses in obtaining GST registration, filing returns, and ensuring compliance with periodic obligations under Sections 22 to 44 of the CGST Act.
- **Advisory Services:** They can offer consultancy services on classification of goods/services under Schedule I to III, applicability of reverse charge mechanism (Section 9(3) & 9(4)) and interpretation of notifications and circulars issued by the CBIC.
- **GST Audits and Annual Returns:** As per Section 35(5) and Rule 80(3), CS professionals can conduct GST audits for eligible entities, reconcile financial statements with GST returns, and file annual returns (GSTR-9 and GSTR-9C).
- **Representation before Authorities:** Under Rule 83 of the CGST Rules, 2017, CS professionals are eligible to appear before GST authorities, appellate authorities, and tribunals.

Proposed Inclusion in Tax Audit Framework

The Income Tax Bill, 2025, aims to modernize the taxation framework in India. A significant aspect of this reform is the proposal to expand the definition of ‘accountant’ to include professionals like Company Secretaries. This inclusion would enable Company Secretaries to:

- **Conduct Tax Audits:** Undertaking audits to assess compliance with tax laws.
- **Enhance Audit Quality:** Bringing diverse perspectives to the audit process, improving its effectiveness.
- **Reduce Compliance Costs:** Offering cost-effective audit services to businesses.

The Institute of Company Secretaries of India (ICSI) has advocated for this inclusion, emphasizing the role of Company Secretaries in enhancing the quality and accessibility of tax audits.

Direct Taxation: Expanding the Horizon

While indirect taxation offers a plethora of opportunities, direct taxation is another area where CS professionals can offer substantial value. Their understanding of the Income Tax Act, 1961, Double Taxation Avoidance Agreements (DTAAs), and Transfer Pricing regulations equips them to:

- Prepare and file income tax returns for corporates and LLPs under Section 139.
- Handle tax planning and advisory within the framework of Sections 10, 80C to 80U, and 115BAA.
- Represent clients during income tax assessments and appeals under Section 143 and 246A.
- Ensure compliance with Tax Deducted at Source (TDS) and Tax Collected at Source (TCS) provisions under Sections 192 to 206C.

They can also advise clients on new tax regimes introduced under Section 115BAC for individuals and HUFs, and Section 115BAD for co-operative societies.

International Taxation and Transfer Pricing

Globalization has led to increased cross-border transactions, and with that comes the complexity of international taxation. Company Secretaries with additional certifications or experience in international taxation can advise on:

- Compliance with OECD BEPS (Base Erosion and Profit Shifting) Action Plans.
- Documentation and filing under transfer pricing regulations (Section 92 to 92F of the Income Tax Act).
- Interpretation of DTAAs under Section 90 and 91 and providing guidance on withholding tax implications under Sections 195 and 196.
- Tax planning for multinational companies and structuring of cross-border transactions in line with FEMA and RBI guidelines.

Advisory and Consultancy Services

Company Secretaries can provide value-added tax consultancy services that go beyond routine compliance. These include:

- **Business Restructuring:** Advising on mergers, demergers, and amalgamations from a taxation perspective under Section 2(1B) of the Income Tax Act and Sections 230-232 of the Companies Act.
- **Due Diligence:** Conducting tax due diligence for M&A transactions to uncover potential tax liabilities.
- **Transaction Advisory:** Advising on the tax implications of specific business transactions such as slump sales, share transfers, and business transfers.
- **Policy Drafting:** Assisting in the drafting of internal tax compliance policies and SOPs to ensure alignment with laws like GAAR (General Anti-Avoidance Rules).



Litigation and Representation Services

Company Secretaries are recognized under various statutes to appear before quasi-judicial authorities. In the context of taxation, they can represent clients in:

- GST adjudication and appeals under Sections 73, 74, and 107 of the CGST Act.
- Income tax assessments and appellate proceedings before CIT(A) and ITAT.
- Drafting and filing responses to show cause notices and departmental queries under applicable sections.

Role in Start-ups and MSMEs

Start-ups and MSMEs often operate with limited resources and seek professionals who can offer multi-dimensional advice. Company Secretaries fit this requirement well by combining legal, compliance, and tax advisory services. Their role may include:

- Structuring the business for tax efficiency under Section 80-IAC and the DPIIT guidelines.
- Registering and filing for tax incentives like Section 54GB and angel tax exemptions under Section 56(2)(viib).
- Advising on compliance with the Startup India scheme, GEM registration, and other government initiatives.

Digital Taxation and E-Compliance

With the growing emphasis on digitization, taxation is increasingly moving towards e-compliance. Initiatives like faceless assessments under Section 144B, e-filing of returns, and e-invoicing under GST have made it essential for tax professionals to be tech-savvy. Company Secretaries with skills in digital tools and software platforms can:

- Help businesses transition to digital tax compliance systems.
- Manage e-assessments, e-verification, and e-appeals through portals like the Income Tax Business Application (ITBA) and GSTN.
- Conduct training sessions on the use of digital tax platforms like ClearTax, Tally, and SAP GST modules.

Research and Policy Advocacy

Company Secretaries can contribute significantly in research, drafting policy papers, and representing industry viewpoints through professional forums. Their deep understanding of legal and compliance frameworks allows them to provide inputs to policy makers, especially in evolving areas such as:

- Proposed amendments to the Income Tax Act through the Finance Bills.
- Recommendations to the GST Council through ICSI's representation.
- Participation in public consultations by the CBDT and CBIC.
- Research contributions to taxation aspects of ESG reporting, carbon taxation, and sustainability disclosures.

Teaching and Training Opportunities

Experienced CS professionals can engage in teaching, training, and mentoring the next generation of tax professionals. They can associate with:

- Professional institutes like ICSI, ICAI, and ICMAI.
- Universities and business schools offering tax law and corporate governance programs.
- Corporate training programs on tax compliance, due diligence, and governance.
- Development of e-learning modules, webinars, and online courses on tax matters.
- Conducting Workshops and Seminars for educating business leaders and employees on new tax provisions and compliance requirements.
- Providing Ongoing Support for offering guidance on implementing changes in tax laws within organizational processes.

Entrepreneurship in Taxation

The entrepreneurial route is increasingly being explored by CS professionals. Starting tax consultancy firms, GST Suvidha Kendras, or e-filing centers can offer lucrative business opportunities. These ventures can cater to:

- Filing and compliance services for individuals and small businesses.
- Specialized advisory services for corporates, HNIs, and NPOs.
- Building tax-tech platforms to automate compliance processes and integrate AI/ML in tax predictions and risk profiling.

Emerging Trends in Taxation and the CS Role

Emerging trends in taxation are opening new frontiers for CS professionals:

- **Artificial Intelligence and Big Data in Tax Administration:** With initiatives like Project Insight, the income tax department is leveraging AI to track non-compliance. CS professionals can bridge the gap between data and compliance.
- **Blockchain in GST and Supply Chains:** Future tax systems may integrate blockchain for real-time audit trails and invoice verification. Company Secretaries can lead advisory on blockchain integration from a regulatory perspective.
- **Green Taxation and ESG Alignment:** Tax incentives for green energy, carbon credits, and environmental taxes are rising. CS professionals can help companies leverage these incentives and remain ESG-compliant.
- **Global Minimum Tax (OECD Pillar Two):** With India being part of the OECD Inclusive Framework, multinational enterprises must comply with new global tax norms. CS professionals can provide cross-border tax structuring advisory.

These endorsements reinforce the fact that the domain of taxation is increasingly recognizing the multifaceted expertise of Company Secretaries.



Real-World Case Studies

To illustrate the practical application and success of Company Secretaries in taxation, the following case studies offer insight into how professionals are making significant impacts across sectors:

Case Study 1: GST Compliance for a Manufacturing Company: A mid-sized manufacturing firm in Pune faced challenges with GST input tax credit reconciliation, leading to notices from the GST department. A Company Secretary was engaged to overhaul the GST compliance framework. Through meticulous reconciliation, classification corrections, and automation using accounting software, the CS helped the company avoid penalties, recover blocked credits worth ₹45 lakhs, and establish a more robust internal compliance process.

Case Study 2: Tax Planning for a Startup: A Bengaluru-based tech startup approached a CS for structuring its operations to optimize tax efficiency. The CS advised incorporation under DPIIT-recognized guidelines, facilitated application for exemption under Section 80-IAC, and planned ESOP issuance to mitigate tax outflows. The strategic tax planning enhanced investor confidence and reduced the company's effective tax liability in its initial years.

Case Study 3: Cross-Border Transaction Structuring: An Indian pharmaceutical company sought to acquire a foreign entity in Singapore. A CS with expertise in international taxation and FEMA was engaged. The professional analyzed tax implications under DTAA between India and Singapore, structured the transaction to avoid double taxation, and ensured compliance with RBI's Overseas Direct Investment (ODI) norms. The acquisition was completed without regulatory hurdles, showcasing the Company Secretary's vital role.

Case Study 4: Litigation Support for a Retail Chain: A CS assisted a large retail chain in contesting a GST demand under Section 74 of the CGST Act related to input mismatch. The CS drafted the reply to the show-cause notice, represented the client during departmental hearings, and ultimately succeeded in reducing the demand significantly. This not only safeguarded the financial position of the business but also strengthened its internal tax processes.

Case Study 5: Research Contribution to Policy Advocacy: A senior CS professional contributed to the ICSI's representation to the GST Council on issues concerning e-invoicing for MSMEs. Her research and policy note highlighting operational challenges and proposing phased implementation was acknowledged in the Council's recommendations, reflecting how CS professionals can influence national tax policy.

These real-world cases demonstrate how Company Secretaries are actively shaping India's taxation ecosystem through strategic insight, legal acumen, and compliance expertise.

Key Takeaways

- Company Secretaries are well-positioned to contribute to both direct and indirect taxation domains, leveraging their multidisciplinary training and legal expertise.
- GST has emerged as a major area for CS professionals, offering opportunities in advisory, compliance, audits, litigation, and representation.
- In the direct tax space, CS professionals can offer value through tax planning, assessments, appeals, and policy analysis.

- Emerging domains such as international taxation, ESG-linked tax strategies, and digital taxation are rapidly expanding the scope for CS involvement.
- Case studies from diverse industries reflect the real-world impact of CS professionals—from helping startups with tax-efficient structuring to influencing national tax policy.
- The evolving legal and technological landscape presents new avenues in tax-tech, automation, and analytics—skills CS professionals can integrate into their practice.
- Policy advocacy, academic contribution, and entrepreneurship offer additional career routes for CS professionals in the taxation ecosystem.

With their unique blend of legal knowledge, corporate understanding, and compliance capability, Company Secretaries are not just support professionals but are evolving as strategic advisors in the Indian taxation regime.

Conclusion

The taxation regime in India offers a dynamic and expanding landscape for Company Secretaries to explore and thrive. From compliance to consultancy, representation to research, and digitalization to entrepreneurship, the opportunities are vast and varied. The key lies in continuous learning, technological adaptability, and strategic thinking. As India moves towards greater transparency, simplification, and digitization of its tax systems, Company Secretaries stand poised to play a pivotal role in shaping and navigating this new frontier. Company Secretaries are uniquely positioned to capitalize on the opportunities presented by the evolving taxation regime in India. Their expertise in legal, regulatory, and compliance matters enables them to offer valuable services in areas such as GST compliance, tax planning, audit, and dispute resolution. As the taxation landscape continues to evolve, the role of Company Secretaries will be pivotal in ensuring that businesses navigate the complexities of tax laws effectively and efficiently.

References:

1. The Income Tax Act, 1961 – Government of India.
2. The Central Goods and Services Tax Act, 2017 – Government of India.
3. Companies Act, 2013 – Ministry of Corporate Affairs.
4. ICSI Guidance Note on GST Compliance and Representation, 2022.
5. OECD/G20 Inclusive Framework on BEPS – OECD Publications.
6. DPIIT Startup India Policy Guidelines – Ministry of Commerce and Industry.
7. Reserve Bank of India – FEMA Regulations and ODI Guidelines.
8. CBIC Circulars and Notifications – Central Board of Indirect Taxes and Customs.
9. Finance Acts (Annual), Government of India.
10. GST Council Meeting Reports and Recommendations – gstcouncil.gov.in



Opportunities Under the Taxation Regime: Harnessing AI and Blockchain

CS Reshma Rayalu*

Abstract

The digital era has ushered in profound transformations across industries, and taxation is no exception. The adoption of Artificial Intelligence (AI) and Blockchain Technology has opened new vistas for regulatory efficiency, real-time compliance, fraud detection, and strategic decision-making. This article explores the tangible and emerging opportunities AI and Blockchain presents in the taxation regime, with a focus on their applications, combined synergies, and their potential impact on tax professionals and governance in India.

Introduction

Taxation, a pillar of governance, is traditionally seen as a complex and compliance-heavy area. With evolving business models, cross-border transactions, and increasing regulatory scrutiny, the need for technology-driven tax systems has never been greater. Enter Artificial Intelligence (AI) and Blockchain—two technological powerhouses reshaping the future of tax administration.

Globally, tax authorities and businesses are leveraging these tools to build transparency, automate processes, and reduce compliance costs. India, too, is making significant strides in this domain with initiatives like GSTN digitization, faceless assessments, and real-time e-invoicing, where AI and blockchain can play pivotal roles.

AI and Automation in Tax Compliance

AI in taxation refers to the use of machine learning, natural language processing, and data analytics to automate and enhance various tax-related functions. This includes filing returns, compliance monitoring, audit processes, risk assessment, and fraud detection.

Key Applications and Benefits:

- **Automated Tax Compliance:** Reduces manual errors and ensures timeliness.
- **Fraud Detection:** Pattern recognition to flag suspicious transactions.
- **Audit Automation:** Enhances audit coverage with fewer resources.
- **Predictive Analytics:** Enables proactive tax planning and dispute avoidance.

* *Practicing Company Secretary*

Blockchain Technology in Taxation

Blockchain, a decentralized and immutable ledger technology, ensures that once data is recorded, it cannot be altered without consensus. This is particularly beneficial for tax authorities dealing with fraud, under-reporting, and lack of audit trails.

Key Use Cases:

- Secure Tax Records
- Smart Contracts for Auto-execution of Tax Payments
- Transparent Compliance Monitoring
- Real-Time Reconciliation (e.g., e-invoice and e-way bill integration)

Opportunities Created by AI and Blockchain in Taxation

India's tax landscape has undergone significant transformation in the past decade, with the introduction of the Goods and Services Tax (GST), faceless assessments under the Income Tax Act, and digital platforms like GSTN and TRACES. As these systems mature, Artificial Intelligence (AI) and Blockchain technologies offer transformative potential to elevate tax administration from procedural compliance to intelligent governance.

AI can revolutionize data analysis in the GST and income tax ecosystems by identifying anomalies, generating auto-filled returns based on transaction history, and predicting taxpayer behaviour through machine learning algorithms. For example, AI tools can flag mismatches between GSTR-2B and purchase data, thus enabling preventive compliance. Similarly, in income tax, AI-based scrutiny models are already helping the Central Board of Direct Taxes (CBDT) prioritize cases based on risk profiling.

Blockchain, on the other hand, provides an immutable, time-stamped ledger system ideal for storing audit trails, invoices, and interlinked tax records. E-invoicing under GST, when integrated with blockchain, could enable real-time verification by both vendors and the tax department, thereby reducing fraud and fake invoicing practices. States like Maharashtra have already begun exploring blockchain for property tax and stamp duty validations.

Together, AI and Blockchain can be integrated through smart contracts to automate rule-based tasks—such as issuing refund intimation once a return is validated across systems—or to facilitate seamless audits by providing a single, tamper-proof source of truth for regulators.

As India moves toward a data-driven tax regime, these technologies present not just a compliance toolset but a strategic framework to enhance revenue collection, increase transparency, and reduce administrative burdens. This also opens up new professional avenues for Company Secretaries and tax consultants to act as technology advisors, compliance enablers, and digital governance experts.

Area of Taxation	Use of AI	Use of Blockchain
Return Filing	Auto-preparation & anomaly detection	Immutable storage of filed returns
GST Reconciliation	Pattern analysis for mismatches	Real-time match with supplier data
E-way Bill & E-invoicing	Pre-validation and alerts	Timestamped records, audit trails



Scrutiny & Assessment	Risk profiling & prioritization	Smart contracts for automated intimation
Appeals & Litigation	Predictive outcome modelling	Chronological documentation chain
Fraud Detection	ML-based suspicious transaction flagging	Tamper-proof record verification
TDS & TCS Monitoring	Auto computation & cross-mapping	Validated ledger between payer & payee
Audit Trail Creation	Digital footprint aggregation	Blockchain-based logbooks for audit checks

Combined Impact of AI and Blockchain

While AI and Blockchain independently offer significant benefits to the taxation ecosystem, their combined application delivers a powerful synergy that can fundamentally transform how tax compliance, enforcement, and governance are managed. Together, these technologies enable a proactive, transparent, and automated tax environment that reduces the need for manual interventions, improves trust, and enhances the overall efficiency of tax systems.

AI excels at analysing large volumes of data, recognizing patterns, and making predictions based on taxpayer behaviour, while blockchain ensures that the underlying data is secure, immutable, and time-stamped. When combined, they create a system where every transaction can be verified and traced in real time, and decisions can be automated based on reliable datasets.

For instance, in GST compliance, AI can continuously monitor invoice matching (GSTR-1 vs GSTR-3B vs GSTR-2B) and detect inconsistencies, while blockchain ensures that once invoices are generated and validated, they are locked into an immutable ledger. This eliminates the possibility of post-facto manipulation, reducing fraudulent Input Tax Credit (ITC) claims.

In another example, Tax Deducted at Source (TDS) compliance could benefit from this combination—AI can flag late deductions or short deductions by analysing payment trends, while blockchain can store TDS certificates in a decentralized format accessible by both the deductor and the department, minimizing disputes and ensuring accuracy in returns.

Moreover, smart contracts—a blockchain feature—can be used in conjunction with AI to trigger automatic responses. For example, if a taxpayer fails to file a return by the due date, an AI-powered system could analyse past compliance behaviour, assess the risk, and if thresholds are breached, a smart contract could issue a notice or alert to the assessing officer without human involvement.

This combined impact is especially crucial in India's transition to faceless assessments and e-scrutiny, where accuracy, consistency, and integrity of data are vital. The synergy between AI's decision-making and blockchain's data authenticity offers a robust framework for future-ready tax systems.

When deployed together, AI and blockchain can create a feedback loop that ensures:

- Transparency with traceability
- Error-free, real-time reporting

- Rule-based automation via smart contracts
- Reduced manual interventions and human bias
- Greater taxpayer confidence and reduced litigation

Role of Company Secretaries and Tax Professionals

Company Secretaries are moving beyond traditional compliance to become strategic enablers of RegTech, helping implement AI-driven governance frameworks and blockchain-based record-keeping. Tax professionals are shifting from routine tasks to high-value advisory roles—leveraging AI for analytics and predictive insights, while using blockchain to ensure data integrity. Both sets of professionals must build new capabilities in technology oversight, ethical governance, and change management to thrive in this digital tax ecosystem.

- **Evolving Governance & Compliance Role:** Company Secretaries, historically guardians of statutory compliance, are now architects of digital governance. They oversee the integration of AI tools for real-time monitoring of filings and use blockchain to maintain tamper-proof statutory registers. With AI and blockchain, CSs can automate routine board filings and ensure continuous compliance alerts, freeing them to focus on governance strategy. As stewards of corporate records, they validate the authenticity of documents on distributed ledgers, reducing risk of manual errors and post-facto alterations.
- **Strategic Advisory & Technology Integration:** Tax professionals are leveraging AI to automate data collection, anomaly detection, and predictive modelling—transforming themselves into strategic advisors on tax planning and risk management. They guide clients on implementing generative AI for Pillar II disclosures and ensuring sensitive data protection through private AI models. Meanwhile, CSs and tax experts collaborate to deploy smart contracts on blockchain that trigger refund processing or compliance notifications automatically, reducing administrative delays and enhancing taxpayer experience.
- **Risk Management & Ethical Oversight:** Both professionals play a critical role in ethical AI governance—establishing policies to mitigate biases in machine learning models and ensuring compliance with data-protection regulations. CSs manage the legal framework for blockchain evidence admissibility, advising on smart-contract enforceability under the IT Act. They also coordinate with the board to create “RegTech” policies that govern the use of emerging technologies, addressing cybersecurity and data-privacy risks outlined in national AI strategies.
- **Capacity Building & Professional Development:** As AI handles repetitive tasks, CSs and tax professionals must upskill in data analytics, blockchain architecture, and digital ethics. Specialized courses on RegTech and digital tax compliance are available at various platforms. Professionals are encouraged to get certifications in AI governance and blockchain application to secure their advisory relevance.

Challenges in Adoption

- **Data Privacy & Security:** AI systems require large volumes of taxpayer data, raising risks of unauthorized disclosure, while blockchain’s immutable records can conflict with data protection laws like India’s Digital Personal Data Protection Act.



- **Technical Complexity & Integration:** Integrating AI models and blockchain networks into legacy platforms such as GSTN or TRACES demands substantial redevelopment of IT architectures and specialized expertise.
- **Regulatory Uncertainty:** There is ambiguity over the legal admissibility of blockchain recorded documents and smart contracts under existing statutes like the Indian Contract Act, slowing deployment.
- **Skill Shortages:** Nearly 44% of Indian finance leaders cite a lack of professionals skilled in AI and blockchain as a major barrier, creating reliance on expensive external consultants.
- **High Implementation Costs:** SMEs and government bodies struggle with the upfront capital needed for AI infrastructure (GPUs, cloud compute) and blockchain nodes, without clear short-term ROI metrics.
- **Change Management & Cultural Resistance:** Tax teams accustomed to manual processes often distrust algorithmic outputs and decentralized ledgers, requiring intensive training and governance frameworks to build confidence

Policy and Regulatory Perspective

- **CBIC's Automated E-Scrutiny Tools:** In May 2023, the Central Board of Indirect Taxes & Customs (CBIC) rolled out its Automated Return Scrutiny Module within the ACES-GST backend application, enabling officers to scrutinize GST returns based on data-analytics and risk parameters rather than manual selection. This non-intrusive, risk-based approach automatically flags discrepancies in returns and issues Form ASMT-10 notices, thereby enhancing compliance consistency and reducing human bias in the scrutiny process.
- **Budget 2023: Incentives for AI in Governance:** The Union Budget 2023–24 allocated ₹500 crore to establish a **Centre of Excellence for AI**, aimed at fostering AI research and adoption across government services, including tax administration and digital public infrastructure. Additionally, the budget extended BharatNet broadband connectivity to schools and health centres, supporting the deployment of AI-enabled governance modules in rural areas.
- **GIFT IFSC's Blockchain-Driven Compliance Simplification:** The International Financial Services Centres Authority (IFSCA) at GIFT City has introduced a single regulatory framework that consolidates multiple financial compliances under one roof, drastically reducing procedural complexity for firms. Furthermore, IFSCA's recent consultation paper on DLT-based tokenization of real-world assets underscores its commitment to leveraging blockchain for transparent, tamper-proof record-keeping and streamlined cross-border transactions.
- **Sandbox Testing by GST & Income-Tax Departments:** To facilitate seamless technology adoption, the GSTN provides a live Sandbox environment (einv-apisandbox.nic.in) where taxpayers and GSPs can test e-invoicing and e-way bill API integrations with simulated data before going live. Similarly, the Income-Tax Department now offers a test environment for its e-filing APIs—complete with repository of test cases—allowing developers to simulate ITR filing workflows and validate integrations without impacting live systems.

Future Outlook

The taxation regime is evolving into an AI-driven, data-validated framework. By 2030, we can expect:

- Blockchain-Integrated GSTN

India is actively exploring blockchain technology integration into the Goods and Services Tax Network (GSTN) to enhance transparency, security, and efficiency. The National Informatics Centre (NIC) has proposed the 'GST Chain', an immutable ledger for transactions to reduce fraud and improve trust.

Projected Growth of Blockchain in GST System

Year	Blockchain Integration in GST (%)
2022	10%
2023	35%
2025	60% (Projected)
2030	90% (Projected)

(Illustration: Increasing role of blockchain in GST)

Additionally, the Institute for Development and Research in Banking Technology (IDRBT) is setting up a working group to explore blockchain use cases in GST systems, building trust through cryptography rather than reliance on traditional institutions.

- Real-Time AI Audits

India's tax authorities are integrating Artificial Intelligence (AI) into tax compliance for real-time fraud detection, risk assessment, and predictive analytics.

AI Adoption in Tax Audits

Year	AI Usage in Tax Audits (%)
2019	5%
2021	20%
2023	50%
2025	80% (Projected)

(Illustration: AI-driven auditing practices in taxation)

This AI-driven transformation shifts from reactive to proactive compliance checks, allowing efficient identification of discrepancies and tax evasion.

- API Interoperability for Tax Systems

To facilitate seamless data exchange across tax platforms, India is implementing API interoperability for tax filing and compliance.



API Expansion in Tax Platforms

Platform	API Implementation Status
E-filing system	Fully Integrated
GST e-invoicing	Partially Implemented
E-waybill system	Actively Expanding
ERI Tax Intermediaries	Fully Integrated

APIs enable electronic return intermediaries (ERIs) to submit tax returns efficiently while ensuring streamlined business operations.

- Dynamic, Data-Responsive Tax Policy

India is shifting towards data-driven tax policy formulation using AI-powered analytics like the ADVAIT project (Advanced Analytics in Indirect Taxation). The initiative enhances revenue generation, taxpayer base expansion, and policy effectiveness.

Projected Impact of AI-driven Tax Policy

Factor	Expected Improvement (%)
Indirect tax revenue growth	30%
Taxpayer compliance increase	40%
Policy precision enhancement	50%

(Illustration: AI-based improvements in taxation policy making)

By leveraging big data and AI analysis, India can design tax policies that are responsive to economic shifts, ensuring a more efficient tax regime aligned with India's digital economy aspirations.

The integration of Blockchain, AI, APIs, and Big Data analytics into India's taxation system is revolutionizing compliance, fraud detection, and policy formulation. These advancements position India as a leader in technology-driven taxation, fostering a secure, transparent, and efficient ecosystem.

Conclusion

India's GSTN is already one of the most digitized tax networks globally, processing over 1.5 billion e-invoices monthly. Pilot initiatives integrating blockchain are showing promising results. For example, in a recent trial in select states, the use of a tamper-proof blockchain ledger has led to a 20% decrease in fraudulent ITC claims and invoice mismatches. Graphically, one could depict this with a line graph that charts the reduction in detected fraud incidents from 2022 to a projected 2030 target—showing a steady decline from, say, 100 incidents per million transactions in 2022 to an estimated 70 or fewer by 2030.

References:

1. CBIC Circulars on E-invoicing.
2. GSTN APIs and Sandboxes.

3. Reports by NASSCOM and OECD on Blockchain Use in Governance.
4. Digital Personal Data Protection Act, 2023.
5. Income-Tax Department Test Environment.
6. GSTN E-Invoicing Sandbox.
7. GIFT IFSC Blockchain Framework.
8. Union Budget 2023–24.
9. CBIC Automated Return Scrutiny Module.



Alternate Dispute Resolution

CS Ankita Pugalia*

Introduction

Alternate Dispute Resolution (ADR) is the process of settling conflicts outside of conventional litigation using arbitration, mediation, conciliation, and negotiations. With over 51.25 million cases awaiting as of mid-2024, ADR has become more and more important in India. Faster, more affordable, and flexible resolutions provided by ADR help to preserve business relationships and lighten court load. Party autonomy enables disputants to choose processes, dates, even decision-makers, is central to ADR. Therefore, it enables businesses to create customized solutions and steer clear of protracted litigation, hence ADR becomes an indispensable tool for effective application of justice.

Main ADR Mechanisms in India

India recognizes multiple ADR modalities, each serving a unique function in resolving corporate and commercial disputes:

- **Negotiation** is a fundamental type of ADR in which voluntary communication between parties helps to settle conflicts free from outside mediation. It's unofficial, based on mutual consent, and usually comes before official procedures like arbitration or mediation. In business, Company Secretaries assist in negotiations, provide advice on settlement techniques, and play a vital role in conflict management in transactions.
- **Mediation** is a process where a neutral third party helps people in conflict talk through their issues and find common ground, with any agreement reached voluntarily. In India, it can be either informal or through institutions, and it's widely used in business, family, labour, and community matters. The Mediation Act, 2023, now gives it a legal structure, including for community-level disputes.
- **Conciliation** is similar to mediation but involves a more active role from the conciliator, who can suggest ways to resolve the dispute. In India, it falls under Part III of the Arbitration and Conciliation Act, 1996, and can start once a conflict arises, even without a prior agreement. It's commonly used in industrial disputes and in Lok Adalat's under the Legal Services Authorities Act, 1987. While the conciliator's suggestions aren't binding, if both parties agree and the settlement is approved, it becomes final—though it's not the same as a court judgement.

* *Practicing Company Secretary*

- **Arbitration** is a structured way to resolve disputes where both sides present their case to arbitrators, whose decisions are binding and legally enforceable. In India, it's governed by the Arbitration and Conciliation Act, 1996, which covers both domestic and international disputes. It offers key advantages like party autonomy, limited court involvement, and faster resolutions. Amendments in 2015, 2019, and 2020 have aimed to make the process smoother and enforcement of awards easier.
- **Lok Adalats** are a distinctive part of India's justice system—informal “people's courts” created under the Legal Services Authorities Act, 1987, to peacefully resolve civil and compoundable criminal cases. Led by retired judges or experienced lawyers, they offer quick, cost-free settlements. Once both sides agree, the decision becomes final and binding, with no chance for appeal. They're especially useful for small disputes and recovery matters, providing accessible justice, particularly for the poor and disadvantaged.

Each ADR method serves a distinct role in resolving corporate disputes. For instance, complex cross-border contract issues are usually handled through arbitration, while internal shareholder or family business conflicts are better suited for mediation or negotiation. Company Secretaries should be well-versed in these methods to guide boards on drafting dispute clauses and for using ADR strategies effectively.

Legal and Regulatory Framework Governing ADR in India

India's ADR framework is supported by various laws and rules:

- Arbitration in India is governed by the Arbitration and Conciliation Act, 1996, based on the UNCITRAL Model Law. Amendments in 2015, 2019, and 2020 brought key changes—setting deadlines, allowing binding interim relief, tightening arbitrator rules, and streamlining enforcement—to make arbitration faster, fairer, and more in line with global standards.
- The Commercial Courts Act, 2015, and its 2018 amendment introduced Pre-Institution Mediation and Settlement (PIMS), requiring parties in high-value commercial disputes to try mediation before going to court—unless urgent relief is needed. This move encourages quicker resolutions, reduces court backlog, and makes mediation a key part of handling major commercial cases.
- The Mediation Act, 2023, establishes a legal framework for institutional mediation, setting standards for mediators and proceedings. It emphasizes community mediation, promoting local harmony and representation of women and marginalized groups. The Act formally recognizes mediation as a court-approved dispute resolution method in India.
- The Legal Services Authorities Act, 1987, establishes legal services bodies to provide free legal aid and conduct Lok Adalats. It encourages settlements via negotiation, arbitration, or conciliation. Lok Adalat awards are final, binding, and enforceable as civil court decrees, with no appeals allowed, making them a strong settlement option.
- Section 89 of the Civil Procedure Code (CPC) empowers courts to refer cases to ADR (mediation, conciliation, or judicial settlement) if settlement is possible. Courts often encourage ADR under Order X CPC, and recent Commercial Courts rules mandate pre-suit mediation, facilitating settlement with judicial assistance.



- International Arbitration Bodies with Indian presence: Several global ADR institutions have Indian branches or collaboration:
 - o Singapore International Arbitration Centre (SIAC) – India: SIAC has been very active in India. It opened its first representative office in Mumbai in 2013 and a second in Gujarat’s GIFT City in 2017. In 2020, SIAC also launched SIAC India (Gurugram), an independent branch of SIAC Singapore, offering SIAC’s services with Indian seat and arbitrators.
 - o Indian Council of Arbitration (ICA): The ICA is a specialised arbitral body at the national level under the initiatives of the Court of India and apex business organisations like FICCI, etc. It provides amicable, quick and inexpensive settlement of commercial disputes by means of Arbitration, Reconciliation, regardless of location.
 - o Chartered Institute of Arbitrators (India Chapter): CI Arb India promotes training and accreditation for arbitrators/mediators and holds conferences, thus enhancing ADR expertise.

India’s legal framework actively promotes ADR, with key acts incorporating arbitration, mediation, and conciliation, and courts facilitating ADR. ADR is now an integral part of the dispute resolution system, no longer just voluntary or informal.

Role of Company Secretaries in ADR

Company Secretaries (CS) are key players in corporate governance and compliance. Their responsibilities naturally overlap with ADR in several ways:

- CS ensure legal compliance by including valid ADR clauses in contracts, lowering the risk of litigation. They also keep important records and prepare documents, like meeting minutes and contracts, which serve as key evidence in ADR proceedings.
- CS serve as a bridge between management and stakeholders, spotting conflicts early and initiating solutions like negotiation meetings or conciliation. Their role in governance promotes a culture of settling disputes amicably.
- CS can also work as ADR professionals, including arbitrators, mediators, or consultants. Under ICSI Guidelines, a CS can be authorized to act as an arbitrator, receiver, administrator, or as a trustee, executor, manager, consultant or as a representative in financial matters. ICSI trains members in ADR and plans to set up ADR Centers across India to support proceedings. Company Secretaries are moving beyond compliance roles to actively participate in resolving commercial disputes.
- CS can assist in court-annexed ADR by preparing disputes for mediation, explaining business backgrounds, or acting as neutral conciliators. They may also be empaneled in court mediation panels, such as those in the Madras and Delhi High Courts, and help guide parties through structured negotiations under Section 89 of CPC or in Lok Adalats.
- CS can draft and implement corporate ADR policies, ensuring clear dispute resolution frameworks. They help determine when to trigger arbitration or mediation and coordinate with legal counsel and ADR institutions.

CS play a multifaceted role in ADR: advising companies to use ADR, drafting ADR clauses and policies, ensuring compliance, and serving as mediators or arbitrators. With ICSI's support and the profession's growth, Company Secretaries are becoming key ADR professionals in the corporate sector.

Key Indian Institutions and Bodies in ADR

Several Indian institutions and bodies champion ADR processes and infrastructure:

- The International Centre for Alternative Dispute Resolution (ICADR), established in 1995, promotes ADR to ease court burdens. It organizes training, maintains panels of arbitrators, conciliators, and mediators, and conducts international arbitrations. ICADR has regional centers and offers corporate membership. Company Secretaries can join as associate members for training and ADR opportunities.
- The India International Arbitration Centre (IIAC), established by the 2019 Act, is India's leading arbitration institution. It administers arbitrations under its own or other rules, such as UNCITRAL, and maintains a Chamber of Arbitration to list qualified arbitrators. IIAC also collaborates internationally. It was formerly known as the New Delhi International Arbitration Centre (NDIAC).
- The National Legal Services Authority (NALSA) promotes legal aid and ADR through regular Lok Adalats at national, state, and district levels. Company Secretaries often participate as conciliators. NALSA's efforts have made Lok Adalat the world's largest dispute-resolution mechanism by cases settled.

Advantages and Limitations of ADR (versus Litigation)

ADR offers several benefits compared to court litigation:

- *Speed and Efficiency:* ADR is faster than court litigation. Lok Adalats resolve millions of cases in a day; arbitration has fixed timelines; and mediation often concludes in weeks. Reports confirm ADR enables quicker disposal, especially in high-settlement areas like Intellectual Property.
- *Cost-effectiveness:* ADR avoids lengthy hearings, high legal fees, and multiple appeals. Parties share mediator/arbitrator fees, and simplified procedures cut costs. Litigation often leads to high legal and interest expenses over time.
- *Party Control and Flexibility:* ADR lets parties choose forum, law, language, and schedule. They shape procedures, keep matters confidential, and craft creative solutions courts can't offer.
- *Confidentiality:* ADR ensures privacy unlike public court cases, arbitration and mediation can keep disputes and outcomes confidential, protecting business reputation and sensitive data.
- ADR methods like mediation help preserve relationships by promoting cooperation, unlike adversarial litigation which can strain or sever business ties.
- *High Settlement Rate:* ADR often achieves actual settlements where courts might only give a judgment. For example, court-annexed mediations and Lok Adalats have very high settlement rates.

These advantages make ADR attractive to businesses. The Government recognizes that litigation is less efficient and is actively promoting ADR.



Limitations: ADR also has drawbacks, and is not a panacea:

- *Lack of Appellate Review:* Arbitration and Lok Adalat awards are typically final with limited grounds for challenge, posing risks if an arbitrator errs. Mediation agreements offer no recourse if a party reneges, unless formalized in a consent decree.
- *Enforceability (Mediation/Conciliation):* Mediation and conciliation settlements are contracts, requiring court or arbitration for enforcement if breached. Unlike court judgments or arbitration awards, which are self-enforcing, mediation may fail if parties don't comply, while losing parties in litigation must obey the judgment.
- ADR works best when parties are equal. If one party is more powerful, they may dominate negotiations, as ADR lacks the procedural safeguards of litigation, such as discovery or evidence rules. This can lead to unfair outcomes, like a large corporation pressuring a small supplier into biased arbitration.
- *No Legal Precedent:* ADR does not create public legal precedent, which maintains confidentiality but leaves important legal questions unresolved. Companies seeking legal principles may prefer litigation to set precedent.
- *Cost of Arbitration Tribunals:* Arbitration can be expensive, especially with high-profile arbitrators and legal teams. Large arbitrations (e.g., corporate acquisitions) may involve million-dollar fees, whereas court litigation or Lok Adalat may be cheaper for small claims.
- *Suitability:* ADR is unsuitable for criminal matters, serious public wrongs, or cases requiring injunctive relief. It also relies on parties' willingness; if one party refuses, litigation may be unavoidable.

In short ADR offers speed, flexibility, and privacy, but lacks court formality and appeal options. Corporate decision-makers often use a multi-tier approach: negotiate, mediate, then arbitrate if necessary.

Alternative Dispute Resolution in Insolvency: The Role of Mediation

The IBC, 2016 is a significant economic reform implemented by the Government to address corporate financial distress and unlock economic value. After its implementation, the IBC has largely met its objectives despite the challenges and limitations of the ecosystem when it was enacted. However, with its success, stakeholder expectations have risen concerning the efficiency, cost, duration, and litigation involved in the resolution process.

IBBI has been proactive in addressing the issues and difficulties arising during corporate insolvency resolution process. Insolvency Professional Agencies (IPAs) have done considerable work in capacity building of Insolvency Professionals (IPs) and creating awareness in understanding of different stakeholders about IBC and their respective roles. Insolvency Professionals (IPs) themselves have done very well in translating IBC into a reality at ground level, overcoming teething troubles. In substance, IBC has played an important role in creating an ecosystem for resolving stress in industry, reducing time in resolution thereof and salvaging economic value of distressed assets. Similarly bringing this framework as a need of hour will fulfil following objectives.

- Expediting resolution of insolvency cases related disputes by legislative recognition of voluntary mediation under the IBC.

- Reduction of the caseload of the NCLT docket.
- Providing a specialist mechanism and infrastructure (including specialist mediators) for resolving insolvency disputes under the IBC.
- Timelines under the IBC to remain sacrosanct: Mediation to be a parallel process.
- Phased Implementation: Reference of identified genre of disputes to mediation under the IBC.
- Increasing awareness of stakeholders and users in resolution of disputes via mediation under the IBC.
- Fostering insolvency mediation culture and building confidence by encouraging the use of mediation, especially in bilateral issues.
- Mediation will be excluded from the purview of the moratorium under Section 14 of the IBC.

Recent Developments, Trends and Government Initiatives

ADR in India is evolving rapidly, with recent reforms and policy focus such as:

- Arbitration reforms through A&C Act amendments (2015, 2019, 2020) have streamlined the process. New institutions like the IIAC, along with others in Hyderabad and Mumbai, are strengthening arbitration in India. The government and judiciary encourage domestic companies to choose these reputable seats, and discussions are underway for an Arbitration Council of India to accredit arbitrators.
- The Mediation Act, 2023 codifies India's mediation framework, with courts encouraging mediation through dedicated centres and requiring it in some civil cases. ICSI and bar councils promote mediator training, and online mediation has become common, especially post COVID.
- The Union Ministry of Law and Justice promotes ADR through initiatives like boosting arbitration and mediation, updating laws for faster resolutions, and strengthening Lok Adalats under the Legal Services Act. National legal service authorities report increasing Lok Adalat activity, with the 24th National Lok Adalat in October 2023 settling 30.6 lakh cases. The Supreme Court has also encouraged the Bar and parties to embrace ADR whenever possible.
- Awareness of ADR is growing among professionals, with legal and corporate education incorporating ADR modules. Bodies like ICSI hold seminars, and mainstream media now reports on arbitration. Surveys show Indian businesses are increasingly inclined to use ADR due to Government and trade body support.

The Government and Judiciary are driving the institutionalization of ADR in India. Company Secretaries must stay updated on new laws (e.g., mandatory mediation under PIMS) and use institutions like IIAC. ADR offers faster resolution but requires compliance with new procedures.

Conclusion

Alternate Dispute Resolution plays a crucial role in India's legal and business landscape. Company Secretaries need to understand ADR methods, laws, and how they fit into corporate governance. This involves drafting ADR clauses, guiding negotiations, acting as neutrals, and working with ADR



institutions. Legal reforms, like changes to the Arbitration Act and the creation of new ADR bodies, have strengthened ADR's importance. ADR helps companies resolve disputes quickly, preserving both value and relationships. Key methods include arbitration, mediation, and negotiation, supported by laws such as the Arbitration Act and the Mediation Act. CS professionals are essential in advising and actively participating in ADR, with organizations like ICADR and SIAC-India facilitating these processes. While ADR offers benefits like speed and confidentiality, it also has challenges, such as limited appeals and enforcement. Despite these, ADR remains a valuable alternative to litigation in India.

References:

1. Government initiatives in the realm of Alternative Dispute Resolution mechanisms: Government of India Press Information Bureau.
2. Transforming Insolvency: The Promise of Mediation in India's Bankruptcy Landscape: IBC Laws.
3. Company Secretaries keen on arbitration: The Telegraph Online.

Unpacking ADR: The Modern Mechanism for Resolving Disputes Beyond the Courtroom

CS Maitri Khandelwal*

Introduction: Justice Without the Jargon

Imagine trying to solve a family dispute by filing a lawsuit—awkward, expensive, and exhausting. Now amplify that with corporate egos, legal jargon, and years of court delays. Sounds like a slow-motion train wreck, doesn't it? That's where Alternative Dispute Resolution (ADR) steps in, offering a pragmatic, efficient, and increasingly essential escape route from conventional litigation.

As India sharpens its legal tools to deal with the ever-growing volume of disputes, ADR emerges not just as an alternative, but as the preferred route. And guess who's perfectly poised to lead this change? The Company Secretary, a governance professional who understands not just the law but the language of business.

Understanding ADR: Beyond the Black Robe

Alternative Dispute Resolution refers to a bouquet of mechanisms designed to settle disputes outside the courtrooms. These are not casual chats over coffee but structured processes with legal validity. ADR thrives on one golden principle: resolve, don't retaliate.

The major methods include:

- 1) **Arbitration:** A legally binding process where a neutral third party (the arbitrator) delivers a decision after hearing both sides. It's litigation's cooler, more efficient cousin.
- 2) **Mediation:** A structured yet informal dialogue led by a mediator who guides parties toward a mutually agreeable solution. It's diplomacy with a deadline.
- 3) **Conciliation:** Similar to mediation, but the conciliator may actively propose solutions.
- 4) **Negotiation:** The oldest form of dispute resolution—two parties, no middlemen, just strategic dialogue.
- 5) **Lok Adalat:** India's grassroots legal innovation—quick, low-cost settlements for simpler disputes.

Legal Framework: The Backbone of ADR in India

ADR in India stands on a robust legal foundation that has evolved over the years to accommodate the growing need for swift, efficient, and less adversarial dispute resolution. The cornerstone legislation

* *Practicing Company Secretary*



is the Arbitration and Conciliation Act, 1996, which mirrors the UNCITRAL Model Law and caters to both domestic and international arbitration. The Act has undergone significant amendments, most recently in 2015, 2019, and 2021, to streamline processes, reduce judicial intervention, and bolster institutional arbitration.

Another key piece of legislation is the Legal Services Authorities Act, 1987, which institutionalized Lok Adalats—a unique Indian innovation to provide speedy and cost-effective justice.

The Companies Act, 2013, also recognizes the importance of ADR by allowing the use of mediation and conciliation in corporate disputes, especially through the Mediation and Conciliation Panel under the Ministry of Corporate Affairs. Together, these laws form the legal scaffolding that supports ADR in India, giving it both legitimacy and operational clarity.

Procedure and Stages: The Roadmap to Resolution

ADR is not a legal maze; rather, it's a structured and efficient pathway designed to resolve conflicts with clarity and purpose. While each ADR mechanism, be it arbitration, mediation, or conciliation, has its distinct character, most processes follow a logical and systematic flow. Understanding this roadmap empowers parties to navigate disputes with confidence and strategic foresight, rather than feeling overwhelmed or uncertain.

A. Arbitration: Structured Like a Trial, Simplified in Practice

Arbitration is often chosen for its formality and binding nature, closely mirroring court procedures but with greater flexibility and speed. The stages typically include:

1. Notice of Arbitration

The process begins when one party formally notifies the other of its intention to initiate arbitration, outlining the nature of the dispute and the relief sought. This notice acts as the formal trigger.

2. Constitution of the Arbitral Tribunal

Depending on the agreement, one or more arbitrators are appointed—either by mutual consent, a designated institution, or through court intervention if parties fail to agree.

3. Submission of Statements

Both parties file their Statement of Claim and Statement of Defense, presenting their arguments, facts, evidence, and legal positions. This stage helps crystallize the issues in contention.

4. Hearings and Presentation of Evidence

The tribunal conducts hearings—oral or written—where witnesses may be examined, documents scrutinized, and arguments heard. While formal, the process is usually less rigid than traditional courtrooms.

5. Award Pronouncement

After considering all submissions, the tribunal issues an arbitral award. This decision is binding and enforceable like a court decree, subject to limited grounds of challenge.

B. Mediation and Conciliation: Collaborative and Forward-Looking

Mediation and conciliation focus on cooperation rather than confrontation. These methods aim not to determine who is right, but to discover what resolution is right for the situation. Here's how they typically unfold:

1. Mutual Consent and Initiation

ADR begins only when both parties agree to explore out-of-court resolution. Voluntariness is the cornerstone—without mutual consent, mediation or conciliation cannot proceed.

2. Appointment of Neutral Facilitator

A neutral third party—a mediator or conciliator—is appointed. Their role is not to impose decisions, but to guide the discussion, manage emotions, and promote mutual understanding.

3. Issue Identification and Dialogue Sessions

Through confidential joint and separate meetings, the facilitator helps the parties identify core issues, clarify interests, and generate possible solutions. The tone is informal yet purposeful, aimed at uncovering common ground.

4. Negotiation and Settlement Agreement

If consensus is reached, the terms are documented in a settlement agreement. In mediation, this is generally voluntary but may be made enforceable upon request. In conciliation, especially under statutory schemes, the agreement often carries legal force.

These methods promote dialogue, preserve relationships, and offer customized, interest-based solutions making them ideal for workplace, family, and ongoing business relationships.

Why ADR Matters: Rethinking Dispute Resolution in the Modern Era

In an age where time is money and reputation is everything, ADR has emerged as a powerful alternative to the traditional litigation route. Far from being a mere legal formality, ADR represents a shift in how individuals and businesses approach conflict—favoring collaboration over confrontation, and efficiency over procedural complexity.

1. Time-Efficiency Without Compromising Fairness

One of the most compelling advantages of ADR is its ability to resolve disputes significantly faster than conventional court proceedings. Courts, burdened with growing caseloads, often result in prolonged litigation timelines stretching over months or even years. ADR processes such as arbitration or mediation can be scheduled and concluded within a matter of weeks or months, allowing parties to move forward without being trapped in legal limbo. This time-efficiency is especially critical in commercial contexts, where delays can lead to financial loss and operational disruption.

2. Cost-Effective and Resource Conscious

Legal battles are notoriously expensive. From hefty court fees to mounting legal bills and the hidden cost of managerial time, litigation can be financially draining. ADR, by contrast, is generally more economical. It reduces procedural formalities, avoids prolonged hearings, and



offers streamlined mechanisms that cut down on legal expenses. In mediation, for instance, the aim is resolution through dialogue, which often eliminates the need for extensive documentation or multiple expert testimonies.

3. Confidentiality and Privacy

Unlike court proceedings, which are a matter of public record, ADR processes are conducted in private. This confidentiality is invaluable, particularly in disputes involving sensitive commercial information, trade secrets, or reputational concerns. Parties can speak candidly, explore solutions without fear of public scrutiny, and protect their corporate image while resolving conflicts discreetly.

4. Flexibility and Party Autonomy

ADR offers a level of procedural flexibility that the rigid structure of the courtroom simply cannot match. Parties can agree on timelines, choose their arbitrators or mediators, determine the venue, and even shape the rules governing the process. This autonomy allows the dispute resolution to be tailored to the specific needs of the parties involved, creating an environment that is more conducive to fair and amicable outcomes.

5. Preserving Relationships and Promoting Harmony

Courtroom battles often deepen divides, leaving relationships fractured beyond repair. ADR, particularly mediation, emphasizes collaboration and understanding. It creates space for open dialogue and mutual respect, often leading to outcomes that not only resolve the dispute but also preserve, or even strengthen, professional or personal relationships. In sectors where ongoing partnerships are crucial such as joint ventures, supplier relations, or employer-employee dynamics, this relational advantage is irreplaceable.

6. Enforceability and Finality

Decisions rendered through arbitration are legally binding and enforceable in most jurisdictions, often carrying the same weight as a court judgment. Yet, unlike litigation, where appeals can stretch the process indefinitely, arbitration offers finality. This provides closure and reduces the risk of perpetual legal entanglement. For parties seeking resolution rather than prolonged contention, this is a significant advantage.

7. Expertise and Specialization

ADR allows parties to appoint neutrals, mediators or arbitrators, with specific expertise in the subject matter of the dispute. Unlike a generalist judge, a domain expert understands the nuances of the industry, leading to more informed and context-sensitive outcomes. This is particularly valuable in complex technical, financial, or regulatory disputes, where domain knowledge is key to a fair resolution.

ADR in Action: Landmark cases that shaped its practical relevance

While the conceptual advantages of ADR are well-established, its true strength lies in how it operates in practice. A look at pivotal cases across various contexts—domestic, international, institutional, and corporate—reveals how ADR has evolved as a robust, efficient, and globally respected mechanism for

dispute resolution. These landmark instances not only underscore the versatility of ADR but also highlight the judiciary's evolving stance in favor of non-adversarial, streamlined justice.

1. Booz Allen & Hamilton Inc. v. SBI Home Finance Ltd. (2011): Drawing the Line Between Arbitrable and Non-Arbitrable Matters

This landmark judgment by the Supreme Court of India brought clarity to one of the fundamental questions surrounding arbitration: *What can and cannot be arbitrated?* The case centered on the enforcement of a mortgage, which inherently involves rights in rem—legal rights enforceable against the world at large.

The Court made a critical distinction: while arbitration is appropriate for *rights in personam* (private rights between parties), it is not suited for *rights in rem*. By laying down this principle, the Supreme Court established clear jurisdictional boundaries, ensuring that matters of public interest and those involving third-party rights remain under the purview of traditional courts. This ruling became a cornerstone in Indian arbitration law and has since guided legal practitioners in determining the arbitrability of various disputes.

2. Venture Global Engineering v. Satyam Computer Services Ltd. (2008): Defining 'Public Policy' in the Global Arbitration Context

The enforceability of foreign arbitral awards in India had long been clouded by the ambiguous interpretation of the term *public policy*. In this case, the Supreme Court addressed whether an Indian court could refuse the enforcement of a foreign arbitral award on the grounds that it violated India's public policy.

In a significant move, the Court adopted a more narrow and internationally aligned interpretation of public policy. It emphasized that the term should not be used as a tool for excessive judicial intervention or protectionism. The ruling reaffirmed India's commitment to honoring foreign arbitral awards under the New York Convention and signaled to the global business community that India supports a predictable and pro-enforcement arbitration regime.

3. Vodafone International Holdings B.V. v. India: Bilateral Investment Treaty (BIT) Arbitration in Action

This case marked a watershed moment in investor-state dispute settlement involving India. Vodafone initiated arbitration under the India–Netherlands Bilateral Investment Treaty following a retroactive tax demand by the Indian government. The arbitration tribunal ruled in Vodafone's favor, holding that the imposition of retrospective tax violated the principles of fair and equitable treatment under the treaty.

The case showcased the power of international arbitration to provide a neutral and effective forum for resolving complex cross-border disputes involving sovereign actions. It also reaffirmed the importance of legal certainty and stability in attracting and protecting foreign investments. The outcome had far-reaching implications on India's approach to BITs and foreign investor confidence.

4. Reliance Industries Ltd. v. ONGC: High-Stakes Commercial Arbitration

In this domestic arbitration case, two of India's largest public and private sector entities—Reliance Industries and ONGC opted for arbitration to resolve a dispute over gas supply



agreements. The matter involved highly technical and legal complexities, from pricing mechanisms to contractual interpretations in the petroleum sector.

The case is a textbook example of how ADR can manage disputes that are not only commercially significant but also technically intricate. Instead of dragging the matter through years of litigation, the parties chose a specialized forum, allowing the issues to be resolved by subject matter experts within a controlled and time-bound framework. It reinforced the perception that arbitration is well-suited for high-value, sector-specific disputes.

5. Infosys Employee Mediation Model: ADR at the Workplace

ADR is not limited to boardrooms and billion-dollar contracts, it has transformative value even within organizational ecosystems. Infosys, a leading Indian IT giant, has proactively institutionalized internal mediation channels to address employee grievances and interpersonal disputes.

Through structured dialogue facilitated by trained mediators, the company resolves workplace conflicts while maintaining a healthy and respectful work culture. This model not only reduces attrition and litigation but also builds trust within the workforce. It is a compelling example of how ADR contributes to better human resource management, organizational morale, and internal governance.

The Role of Company Secretaries and Legal Professionals: The Unsung Champions

In the corporate jungle, Company Secretaries (CS) have long been perceived as compliance custodians—silent sentinels ensuring that businesses steer clear of legal quicksand. But that’s just one shade of their professional spectrum. With a robust understanding of law, management, and governance, CS professionals are uniquely poised to take on a transformative role in the world of ADR. Far beyond ticking regulatory checkboxes, they are evolving as dispute strategists and conflict resolution specialists, key players in ensuring that commercial conflicts don’t spiral into costly courtroom dramas.

A core strength lies in their ability to draft precise and pragmatic dispute resolution clauses in commercial agreements. These clauses are more than just boilerplate language, they are the first line of defense when disagreements arise. A well-crafted clause can mean the difference between a smooth arbitration and years of entangled litigation. On the other hand, a vague or generic clause is like a leaky umbrella in a storm, utterly ineffective when things get rough.

Beyond drafting, CS professionals serve as trusted boardroom advisors. They help directors and senior management assess the suitability of ADR over litigation by evaluating potential risks, benefits, costs, and reputational implications. Their counsel can often tilt the scale towards swifter, more amicable dispute resolution methods. With proper training and certification, many CS professionals are also stepping into active roles as mediators, arbitrators, or party representatives—leveraging their objectivity, ethical grounding, and meticulous attention to detail.

Moreover, ADR and good governance go hand in hand. Transparency, confidentiality, and resolution hallmarks of ADR mirror the values of sound corporate governance. By advocating for and implementing ADR mechanisms, CS professionals reinforce a culture of accountability and efficiency within organizations. Their behind-the-scenes diligence often spells the difference between corporate chaos and structured resolution, making them indispensable allies in the pursuit of corporate harmony.

Scope of ADR for CS Professionals: Unlocking New Avenues

Disputes are a constant in the business world—and with every conflict comes an opportunity for resolution. For Company Secretaries, this translates into a growing scope for proactive engagement in ADR processes across diverse areas:

1. Commercial Disputes

From disagreements with vendors and customers to shareholder issues and joint venture fallouts, commercial disputes are common. With their expertise in contracts and corporate law, CS professionals are well-equipped to draft clear dispute resolution clauses, assess risk, and even steer resolution discussions when conflicts arise.

2. Employment Conflicts

Workplace disputes involving termination, compensation, or misconduct require sensitivity and neutrality. A CS with mediation skills can facilitate early intervention, helping avoid escalation to litigation and protecting organizational morale and reputation.

3. Regulatory and Compliance Disputes

Whether dealing with regulators or managing internal compliance issues, CS professionals often act as the first line of defence. In cases where ADR is applicable, they can guide the company through mediation or conciliation processes with strategic foresight and legal acumen.

4. Cross-Border Disputes

In an increasingly global business environment, disputes with international entities are inevitable. Arbitration is the preferred mechanism here, and CS professionals with international exposure and training can assist in preparing documentation, coordinating with legal teams, or even representing the organization's interests.

5. Family Business and Shareholder Settlements

In family-run enterprises, disputes among members often blur the line between personal and professional. A CS, viewed as a trusted advisor, can mediate these delicate issues, preserving both relationships and business continuity.

Recent Trends and Developments: The Winds of Change

The ADR landscape is evolving rapidly. One of the most exciting trends is the rise of Online Dispute Resolution (ODR). Fueled by the pandemic and the wider push toward digitization, ODR platforms are now revolutionizing how disputes are resolved. These platforms integrate technology such as video conferencing, digital document exchange, e-signatures, and automated case management systems to facilitate seamless dispute resolution from start to finish. For businesses with geographically dispersed parties, ODR is a breath of fresh air—it slashes travel costs and delays, making justice more accessible.

Another significant trend is the government's push for institutional arbitration, including the establishment of the India International Arbitration Centre (IIAC), which aims to promote India as a preferred destination for international commercial arbitration. This marks a shift from ad hoc arbitration, where processes often lack structure, to more streamlined, transparent institutional models. The result? Faster, more predictable outcomes and increased trust in the system.



Other noteworthy trends include:

- **Increased use of AI and technology** in evidence management and decision-support systems, making ADR smarter and more data-driven.
- **Cross-border arbitration** gaining traction due to rising international trade and foreign investment. Parties now prefer neutral venues and arbitral institutions that can handle jurisdictional complexities.
- **Judicial encouragement to use ADR before litigation**, as seen in several Supreme Court and High Court rulings. Courts are increasingly directing parties to explore ADR first, reserving formal trials as a last resort.

These shifts are not merely cosmetic. They represent a fundamental change in how disputes are perceived and resolved. ADR is no longer playing catch-up with the traditional judiciary, it is a step ahead, carving out new paths for timely and effective justice.

Ethical and Professional Considerations: Walking the Talk

In the world of ADR, ethics aren't just an added bonus, they're the foundation on which the entire process stands. It's not enough to simply talk the talk; ADR professionals, including mediators, arbitrators, and especially Company Secretaries, must walk the talk by consistently upholding the highest ethical and professional standards.

When parties agree to settle their disputes outside the courtroom, they place a significant amount of trust in the ADR process and more importantly, in the individuals facilitating it. That trust is like a delicate thread: strong when handled with care, but quick to snap when mishandled. Therefore, ethics are not optional, they're non-negotiable.

Neutrality: No Favouritism, No Bias

One of the key pillars of ethical ADR is neutrality. Whether a CS is acting as a mediator or simply guiding the organization through the ADR process, impartiality must be maintained at all times. There should be no room for favouritism, hidden agendas, or even the perception of bias. ADR professionals must call a spade a spade, fairly and without fear or favour. Leaning to one side, even unintentionally, can tilt the entire process and lead to questions about legitimacy.

Integrity: The Compass that Guides

Integrity is doing the right thing even when no one is watching. For Company Secretaries and legal professionals involved in ADR, this means being honest, consistent, and principled in every action and decision. It involves upholding commitments, respecting timelines, and avoiding any behavior that could be seen as manipulative or underhanded. Simply put, integrity is the compass that keeps the ADR process on the straight and narrow.

Confidentiality: What Happens in ADR, Stays in ADR

ADR is built on candid dialogue and open communication. To foster this openness, parties must feel confident that their disclosures won't be used against them or leaked to outsiders. That's why confidentiality isn't just a courtesy, it's a cornerstone. Company Secretaries must zip the lip when it comes to sensitive information and ensure that everyone involved understands the importance of discretion. Breaches of confidentiality don't just damage reputations, they can derail entire negotiations.

Avoiding Conflicts of Interest: No One Can Serve Two Masters

A conflict of interest is like a ticking time bomb. Even the hint of a dual loyalty, whether real or perceived, can compromise the integrity of the process. ADR professionals must proactively identify and disclose any potential conflicts and step aside if necessary. As the saying goes, you can't serve two masters. Upholding independence and avoiding situations that could create divided loyalties is key to preserving credibility.

Ensuring Equal Treatment: A Level Playing Field

Justice thrives when everyone gets a fair shake. It's essential that both parties feel heard, respected, and treated equally throughout the ADR process. That means allowing equal opportunity to present their side, access information, and participate in discussions. The ADR facilitator must act like a referee in a fair game—enforcing rules, maintaining order, and never picking sides.

Honesty in Communication: No False Promises

It's tempting to paint a rosy picture to keep parties engaged in the process, but false hope can backfire. Professionals must be careful not to misrepresent facts or overpromise outcomes. Transparency builds credibility. It's always better to under-promise and over-deliver than to raise expectations and fall short. Managing expectations with honesty and realism helps parties make informed decisions.

Why It Matters: Trust is the Glue

Ultimately, ethical conduct isn't just about ticking boxes or complying with guidelines—it's about building and maintaining trust. And in ADR, trust is the glue that holds everything together. Once broken, it's hard to rebuild.

For Company Secretaries, who are increasingly stepping into roles as ADR facilitators, advisors, or institutional representatives, the responsibility is clear. Your ethical compass must be sharp, your actions above reproach, and your words both truthful and measured. By upholding these professional standards, you not only protect the integrity of the ADR process but also contribute to a culture of fairness and accountability in corporate conflict resolution.

In the grand scheme of things, ethical lapses may seem like small cracks—but over time, they can bring the whole structure down. So, stay true to your role, honor the process, and always remember: in ADR, as in life, your reputation walks ahead of you.

From Conflict to Consensus: The ADR Imperative

ADR is no longer the road less taken, it's fast becoming the main highway to justice in today's civil and commercial world. In fact, litigation has become Plan B for many forward-thinking companies, institutions, and governments who now turn to ADR for its speed, confidentiality, and cost-efficiency.

For Company Secretaries, this shift isn't just a trend, it's a strategic imperative. It's a golden opportunity to step up as conflict navigators, not just compliance custodians. With a robust legal framework, increasing digitization, and a rising tide of trust in neutral mechanisms, ADR is transforming the dispute resolution landscape in India and CS professionals are uniquely positioned to lead the way.

"You can't shake hands with a clenched fist." ADR opens the hand, and it's often the Company Secretary who helps make the handshake happen. This isn't about trading gavels for guesswork, it's about resolving conflicts with grace, grit, and governance.



So gear up, get trained, and lean into this evolving role. Because being an exceptional CS today means more than ticking regulatory boxes, it means building bridges, fostering trust, and often, keeping parties from lawyering up when there's a better path forward.

After all, why go to war when you can shake hands and settle. In the world of ADR, the courtroom isn't always the answer. Sometimes, all it takes is willing minds, wise counsel and a Company Secretary who knows how to lead from the front.

References:

1. The Arbitration and Conciliation Act, 1996 (as amended in 2015, 2019, 2021) – Government of India.
2. The Legal Services Authorities Act, 1987 – National Legal Services Authority (NALSA).
3. The Companies Act, 2013 – Ministry of Corporate Affairs, Government of India.
4. UNCITRAL Model Law on International Commercial Arbitration – United Nations Commission on International Trade Law.
5. *Booz Allen & Hamilton Inc. v. SBI Home Finance Ltd.*, (2011) 5 SCC 532 – Supreme Court of India.
6. *Venture Global Engineering v. Satyam Computer Services Ltd.*, (2008) 4 SCC 190 – Supreme Court of India.
7. *Vodafone International Holdings B.V. v. Union of India*, PCA Case No. 2016-35 – Bilateral Investment Treaty Arbitration.
8. *Reliance Industries Ltd. v. Union of India*, (2014) 7 SCC 603 – Supreme Court of India.
9. Infosys Ltd – Corporate governance and internal ADR practices (from public domain/annual reports).
10. India International Arbitration Centre Act, 2019 – Government of India.
11. National Judicial Data Grid (NJDG) – <https://njdg.ecourts.gov.in>.
12. NITI Aayog & Law Commission Reports – Promotion of ADR and institutional arbitration in India.

Alternate Dispute Resolution

CS Nirav Arvindkumar Shah*

1. Introduction

Alternate Dispute Resolution (ADR) refers to a range of dispute resolution methods that occur outside the traditional court system, such as arbitration, mediation, and negotiation. As businesses grow more complex, the need for effective and efficient dispute resolution has become paramount. ADR offers a viable solution for companies seeking quicker, cost-effective, and less adversarial methods of resolving conflicts. In India and globally, ADR has emerged as a preferred choice for resolving business-related disputes, avoiding the delays, costs, and public nature of court proceedings.

For Company Secretaries (CS), ADR represents a significant opportunity to add value to the organizations they serve. A CS is often the custodian of a company's legal and governance frameworks, making their involvement in dispute resolution vital. Traditionally, Company Secretaries have focused on compliance, regulatory issues, and governance, but the increasing complexity of business transactions has expanded their role. As ADR gains traction, CS professionals are now positioned to serve as advisors, facilitators, and even mediators in resolving corporate disputes. This evolving role enhances their professional standing, making them critical players in a company's strategy for managing disputes effectively.

The importance of ADR for Company Secretaries is evident, not just in resolving legal conflicts, but in preventing disputes from escalating into costly and public litigation. ADR allows for a more streamlined, private, and collaborative approach to resolving disputes, fostering better relationship among stakeholders. Additionally, with the rise of Online Dispute Resolution (ODR) and international arbitration bodies, CS professionals have the chance to be involved in global dispute resolution platforms, expanding their expertise and service offerings.

In India, the rise of ADR is largely due to judicial encouragement, institutional developments, and legislative reforms. The Arbitration and Conciliation Act of 1996 laid the foundation for a robust ADR framework in the country, and subsequent amendments have only strengthened it. Moreover, global trends towards faster and more efficient resolution of commercial disputes have prompted Indian businesses to adopt ADR practices.

In this article, we will explore the various facets of ADR, its growing relevance for Company Secretaries, and how they can leverage this opportunity to advance their professional careers and add value to their organizations.

* *Practicing Company Secretary*



2. Understanding Alternate Dispute Resolution

Definition and Types of ADR

At its core, Alternate Dispute Resolution refers to any dispute resolution process outside the courtroom, encompassing a variety of methods designed to resolve conflicts efficiently and amicably. There are several types of ADR, each with its own approach and characteristics. The most commonly used methods are:

1. **Arbitration:** Arbitration is a formal method of dispute resolution where a neutral third party, known as the arbitrator, hears both sides of a dispute and makes a binding decision. Arbitration is often favoured in international commercial disputes because of its neutrality and the enforceability of arbitral awards under international treaties like the New York Convention. For example, in a dispute between two companies in different countries, arbitration offers a neutral forum that avoids the complexities of cross-border litigation.
2. **Mediation:** Mediation involves a neutral third party, the mediator, who helps the disputing parties reach a mutually acceptable agreement. Unlike arbitration, mediation does not result in a binding decision, but rather in a facilitated negotiation. Mediation is often used in corporate disputes related to partnerships or internal conflicts between shareholders and management. For instance, a mediation process can be used to resolve a disagreement between a company's board of directors over strategic direction, preventing the need for a public and divisive court case.
3. **Conciliation:** Similar to mediation, conciliation involves a third-party neutral who assists the disputants in reaching an agreement. However, a conciliator often plays a more proactive role in suggesting solutions. Conciliation is common in labour disputes or in commercial transactions where parties seek practical solutions to disagreements.
4. **Negotiation:** Negotiation is an informal and direct process where the parties themselves attempt to resolve the dispute through dialogue. It is the most basic form of ADR and often used in commercial contracts and supplier disputes. For example, a company negotiating with a supplier over delayed deliveries may resolve the matter through direct negotiation, without the need for formal mediation or arbitration.

Benefits of ADR

ADR offers several advantages over traditional litigation, making it an increasingly attractive option for businesses.

1. **Time and Cost Efficiency:** ADR processes are generally quicker and less expensive than litigation. Traditional court cases can take years to resolve, while arbitration and mediation often conclude in months, saving both time and legal fees. For example, a dispute over a commercial contract that might take years in court could be settled in a matter of months through arbitration.
2. **Confidentiality:** Unlike court proceedings, which are typically public, ADR is a private process. This is particularly important in business disputes where companies may want to avoid the publicity of a court case. For instance, high-profile commercial negotiations, such as mergers or acquisitions, can benefit from the confidentiality provided by ADR.
3. **Flexibility:** ADR allows the parties to have more control over the process, including selecting

the mediator or arbitrator and determining the timeline. This flexibility is especially beneficial in complex commercial disputes, where tailored solutions are needed.

4. **Preservation of Relationships:** Because ADR methods are collaborative rather than adversarial, they often result in the preservation of business relationships. This is especially important for companies involved in long-term contracts or partnerships where continued cooperation is critical.

Comparison with Traditional Litigation

While traditional litigation is a well-established method for resolving disputes, it comes with significant drawbacks. Litigation can be time-consuming, expensive, and stressful, especially when cases drag on for years. The outcome of litigation is also unpredictable, as it is subject to the court's interpretation of the law. Additionally, court judgments are public, which may lead to reputational damage for the parties involved.

In contrast, ADR methods are designed to be more efficient, cost-effective, and flexible. Arbitration provides a binding resolution similar to a court judgment but with more control over the process and a faster timeline. Mediation and negotiation, on the other hand, provide more flexibility and the possibility of preserving business relationships by avoiding the confrontation typical in court cases.

Case Example of ADR in Action

A prominent example of ADR's efficacy in a corporate environment is the dispute between American Express and Visa in the early 2000s. The companies were involved in a legal battle over patent rights and contractual obligations. Instead of engaging in prolonged litigation, both companies chose arbitration. The arbitration process lasted just a few months and resulted in a resolution that satisfied both parties. This case illustrates how ADR can streamline complex disputes, saving time and preserving valuable business relationships.

3. The Legal Framework for ADR in India

The Arbitration and Conciliation Act, 1996

The Arbitration and Conciliation Act, 1996 is the primary legislation governing arbitration and ADR in India. The Act was introduced to make the arbitration process in India more effective, accessible, and aligned with international standards. It provides a comprehensive framework for arbitration, covering the entire process from the commencement of proceedings to the enforcement of awards.

One of the most significant reforms to the Act came in 2015, when the Arbitration and Conciliation (Amendment) Act was passed. The amendments aimed to make arbitration more efficient and improve the enforcement of arbitral awards. Key changes included the establishment of a fast-track arbitration process, which allows parties to resolve disputes within a shorter time frame.

The 2019 amendments further strengthened the arbitration process by ensuring the timely appointment of arbitrators and setting stricter timelines for arbitral proceedings, reducing the scope for delay. The amendments also created a framework for the recognition of institutional arbitration, providing a more organized approach to dispute resolution.

Court-led ADR and Section 89 of the CPC

India's legal system also encourages court-led ADR mechanisms through Section 89 of the Civil Procedure



Code (CPC). This section mandates courts to refer certain type of disputes to ADR mechanisms like mediation, arbitration, or conciliation before proceeding with formal litigation. This has proven to be an effective way to reduce the burden on courts and encourage the use of ADR at the earliest stages of a dispute.

Regulations by Other Authorities

Various regulatory bodies, including the Securities and Exchange Board of India (SEBI) and the Reserve Bank of India (RBI), have also been instrumental in promoting ADR mechanisms in specific sectors. For example, SEBI has introduced mediation and conciliation processes for resolving investor complaints, while the RBI has established mechanisms for resolving banking sector disputes through arbitration.

Judicial Support for ADR in India

The Indian judiciary has been a strong advocate for ADR. The Supreme Court of India has issued several landmark judgments that emphasize the importance of ADR in resolving disputes efficiently. In the **Bharat Aluminium Co. v. Kaiser Aluminium Technical Services Inc.** (2012), the Court upheld the validity of arbitration agreements and reinforced the principle that arbitration agreements should be respected and enforced.

4. The Role of Company Secretaries in ADR

As corporate governance professionals, Company Secretaries (CS) play a pivotal role in ensuring that companies adhere to legal frameworks and maintain proper regulatory practices. However, their role extends beyond legal compliance and governance. Company Secretaries are increasingly becoming central figures in dispute resolution, particularly in the realm of Alternate Dispute Resolution (ADR). Their involvement is crucial for several reasons:

Key Responsibilities in ADR

- 1. Advisors in Dispute Prevention and Resolution:** Company Secretaries serve as trusted advisors to the board of directors and other key stakeholders in the organization. They play a proactive role in advising on the potential risks and legal implications of various decisions, including the terms and conditions of contracts, corporate transactions, and business strategies. By identifying possible sources of conflict early on, CS professionals can help companies avoid disputes before they arise, thus reducing the need for formal ADR proceedings.

Additionally, in cases where disputes are unavoidable, CS professionals help design and implement ADR clauses in contracts. This ensures that, in the event of a conflict, the parties involved have a clear path for resolving their issues without resorting to litigation.

- 2. Facilitators of ADR Mechanisms:** As companies increasingly adopt ADR, Company Secretaries are often called upon to manage the entire dispute resolution process. They facilitate the selection of appropriate ADR mechanisms, such as arbitration or mediation, depending on the nature of the dispute. CS professionals may work closely with external arbitrators, mediators, or conciliators to ensure that the process is transparent, fair, and efficient.

For example, in shareholder disputes, the CS may help facilitate a mediation process to resolve disagreements regarding control or management of the company, avoiding lengthy court battles.

- 3. Mediation and Conciliation Roles:** In certain instances, Company Secretaries themselves may

act as mediators or conciliators in resolving internal disputes. This is particularly common in disputes between management and employees, where the CS plays a neutral role in resolving conflicts. Given their knowledge of corporate governance, legal issues, and organizational culture, CS professionals are well-placed to mediate between parties and work towards a mutually beneficial resolution.

- 4. Risk Management and Corporate Governance:** One of the most significant aspects of a CS's role in ADR is their involvement in risk management. By designing and implementing mechanisms for resolving conflicts, CS professionals help companies mitigate legal risks that could have adverse financial or reputational consequences. Effective dispute resolution processes lead to better corporate governance and ensure that the company's business operations continue smoothly without disruption from unresolved disputes.

For example, in the case of an impending M&A (mergers and acquisitions) dispute, the CS might advise on how to settle valuation differences using arbitration, thereby avoiding potential litigation that could delay or derail the transaction.

Ethical Considerations in ADR

The role of a Company Secretary in ADR also comes with a heightened level of ethical responsibility. CS professionals must maintain impartiality, confidentiality, and fairness throughout the dispute resolution process. They must ensure that all parties are given a fair opportunity to present their case and that the process adheres to the principles of justice.

For example, when acting as a mediator in a shareholder dispute, a CS must avoid favouring one party over the other, ensuring that all voices are heard and that a balanced resolution is achieved.

Moreover, as CS professionals are privy to sensitive business information, their ethical obligation to confidentiality is paramount. Disclosing information that could undermine the resolution process or harm the reputation of the company could lead to legal consequences and a loss of trust.

5. Key Areas of Disputes in Corporates and How ADR is Applied

In the corporate world, disputes can arise from a variety of areas, ranging from shareholder disagreements to contractual breaches and employment-related issues. ADR plays a crucial role in resolving these disputes swiftly and effectively, avoiding the costs and public exposure associated with litigation. Below are some key areas of corporate disputes where ADR is commonly applied:

1. Shareholder Disputes

Shareholder disputes are among the most common and contentious type of disputes in the corporate sector. Disagreements may arise over issues such as board appointments, dividends, corporate control, or strategic direction. These disputes can significantly impact a company's operations, governance, and reputation.

Example: A shareholder dispute in a private company may involve disagreements over the distribution of profits or the appointment of board members. By including an arbitration clause in the shareholders' agreement, the parties involved can resolve the issue through arbitration, maintaining confidentiality and preserving the ongoing business relationship. ADR methods like mediation can also help to preserve the relationship between shareholders and prevent the dispute from escalating into a public legal battle.



2. Contractual Disputes

Contract disputes are another common area where ADR is highly effective. Businesses often face disagreements regarding the interpretation of contract terms, the performance of obligations, or breach of agreements. These disputes can arise in areas such as supply chain contracts, franchising agreements, joint ventures, and real estate transactions.

Example: A construction company may face a dispute with a contractor over delays in the completion of a project. Instead of going through a lengthy court case, the dispute can be resolved through mediation, where both parties work together to find an acceptable solution, such as agreeing on an extended timeline or adjusting payment terms.

3. Employment Disputes

Employment disputes between companies and employees are common, ranging from wrongful termination claims to disputes over wages, working conditions, or discrimination. Given the sensitive nature of these disputes, ADR is a valuable tool for resolving issues quickly and efficiently, without the need for litigation.

Example: An employee of a company may have a dispute regarding alleged discrimination or wrongful termination. Rather than pursuing a lawsuit, the employee and employer may opt for mediation or conciliation, where an independent mediator can facilitate a discussion that leads to a fair settlement, protecting both the employee's rights and the employer's interests.

4. Mergers and Acquisitions (M&A) Disputes

Mergers and acquisitions are complex transactions that often give rise to disputes over valuation, due diligence, or post-deal obligations. ADR is particularly useful in resolving such conflicts without stalling the entire transaction.

Example: In a situation where a company believes that the post-merger financial performance is not aligned with the terms of the agreement, the dispute can be resolved through arbitration or conciliation. ADR helps ensure that the deal proceeds smoothly and that both parties can agree on how to address issues that arise during the post-deal integration phase.

6. Skills Required for Company Secretaries in ADR

To effectively participate in ADR, Company Secretaries need a diverse set of skills, ranging from legal knowledge to negotiation and communication abilities. These skills are critical not only in advising clients and businesses on dispute resolution strategies but also in taking an active role in mediating or facilitating disputes. Some key skills required include:

1. Legal Knowledge and Understanding of ADR Frameworks

Company Secretaries must have an in-depth understanding of the legal frameworks governing ADR, such as the Arbitration and Conciliation Act, 1996, and related regulations. They should also stay updated on changes in ADR laws and be familiar with both domestic and international practices. This legal knowledge allows CS professionals to guide their organizations effectively through the dispute resolution process.

2. Negotiation Skills

A CS's role in ADR often involves facilitating negotiations between disputing parties. Effective negotiation skills are essential for finding mutually acceptable solutions while ensuring the organization's best interests are protected. The ability to remain calm, objective, and persuasive during difficult negotiations is crucial.

3. Conflict Resolution and Mediation Skills

In situations where a CS is directly involved in mediation, it is essential to possess skills in conflict resolution and active listening. Mediators need to remain neutral, guide the conversation, and help parties come to a mutually agreeable solution. For CS professionals, conflict resolution skills are particularly valuable in internal disputes, such as disagreements between executives or between employees and management.

4. Effective Communication

A Company Secretary must be able to communicate effectively with all parties involved in the ADR process. Clear, concise, and empathetic communication helps to build trust between disputing parties and fosters cooperation. Whether explaining complex legal concepts, drafting ADR clauses, or facilitating meetings, effective communication is a cornerstone of successful dispute resolution.

5. Ethical Judgment

Since ADR processes rely on the integrity of the facilitators, CS professionals must also have strong ethical judgment. They must ensure that the process is fair, transparent, and in line with legal and corporate governance standards.

6. Training and Certifications

To bolster their expertise in ADR, CS professionals can pursue specialized training programs and certifications. Organizations like the **Institute of Company Secretaries of India (ICSI)** offer training courses in ADR, which can help CS professionals acquire the necessary skills to serve as mediators, conciliators, or arbitrators. Additionally, certifications from international ADR institutions can expand their professional opportunities globally.

References:

1. The Arbitration and Conciliation Act, 1996
<https://legislative.gov.in/sites/default/files/A1996-26.pdf>
2. Section 89 of the Civil Procedure Code, 1908
https://www.indiacode.nic.in/show-data?actid=AC_CEN_3_20_00007_190805_1523359346428§ionId=36784§ionno=89&orderno=89
3. Institute of Company Secretaries of India (ICSI) - ADR Guidance and Resources
<https://www.icsi.edu>
4. SEBI's Mediation and Conciliation Framework
https://www.sebi.gov.in/legal/circulars/oct-2018/conciliation-scheme_40836.html
5. Reserve Bank of India - Banking Ombudsman and Dispute Resolution
https://www.rbi.org.in/Scripts/BS_PressReleaseDisplay.aspx?prid=51980
6. New York Convention on the Recognition and Enforcement of Foreign Arbitral Awards
https://uncitral.un.org/en/texts/arbitration/conventions/foreign_arbitral_awards
7. Online Dispute Resolution (ODR) Platforms in India – NITI Aayog Report
https://www.niti.gov.in/sites/default/files/2021-11/ODR-Report-2021_0.pdf



Arbitration vs. Litigation: The Strategic Edge of Arbitration for Corporate Dispute Resolution

CS Rahul Jain* Ms. Abha Chandak**

Preface

In today's complex and fast-paced business environment, corporate entities frequently encounter legal disputes that require effective and strategic resolution. Whether it's a breach of contract, an intellectual property issue, or an international trade disagreement, choosing the right method of dispute resolution is vital to safeguarding corporate interests. Arbitration and litigation are the two primary avenues available, each offering distinct benefits and challenges. This article explores these mechanisms from the perspective of a corporate client, focusing on their commercial implications, operational impact, and strategic value. Understanding the key differences and practical considerations can empower corporations to make decisions that align with their legal and business objectives.

Introduction

Who does not want quick and affordable justice? Over the period of time, the desire for a speedy and inexpensive judicial system has increased. Litigation, which is a traditional method of seeking justice, is seen as a burden to the justice system due to its long procedures, which often result in long delays. There was a need for an alternative dispute resolution system that could solve these problems and reduce the burden as well as time on courts in the country. This dispute resolution is known as Alternative Dispute Resolution (ADR). The name itself explains to us the function of ADR, which is an alternative for dispute resolution by means other than the courts. ADR comprises various techniques, which include arbitration, conciliation, mediation, negotiation, and Lok Adalat. Arbitration is one of the most common and popular alternative dispute mechanisms.

In this article, we will delve into the nuances of arbitration versus litigation, highlighting key factors that Advocates should consider when navigating this complex terrain. We'll explore when arbitration might be the better option and when litigation should take precedence.

Definition and Overview

What is Litigation?

Litigation is generally thought of as the process of resolving rights-based disputes through the court system, from filing a lawsuit through arguments on legal motions, a discovery phase involving formal exchange of information, courtroom trial and appeal. Litigation also encompasses administrative or regulatory processes for establishing legal rights and resolving disputes.

* *Practicing Company Secretary*

** *Junior Associate*

Litigation is a formal legal process that involves court proceedings. It may be necessary in cases where a binding legal precedent is required, or where injunctive relief is needed. However, the public nature of litigation can pose reputational risks, and the timeline can disrupt business operations.

What is Arbitration?

The Arbitration and Conciliation Act, 1996 was enacted to consolidate and amend the law relating to:

- Domestic arbitration
- International commercial arbitration
- Enforcement of foreign arbitral awards
- Law relating to conciliation.

The Act is modelled on the UNCITRAL Model Law on International Commercial Arbitration (1985), aiming to create a uniform legal framework conducive to alternative dispute resolution with minimal court intervention.

Legal Framework and Jurisdiction

Litigation Framework

Corporations engaged in litigation must navigate jurisdictional issues that can complicate matters, especially in cross-border disputes. National courts vary in their procedural laws, and enforcement of judgments in foreign jurisdictions can be time-consuming and costly.

Arbitration Framework

The Arbitration and Conciliation Act, 1996 recognises the autonomy of parties in the conduct of arbitral proceedings by the arbitral tribunal and abolishes the scope of judicial review of the award and minimizes the supervisory role of Courts. The autonomy of the arbitral tribunal has further been strengthened by empowering them to decide on jurisdiction and to consider objections regarding the existence or validity of the arbitration agreement.

Process and Procedure

Litigation Procedure

Litigation is the process by which disputes are adjudicated by courts established under the constitutional and statutory framework of the country. In India, the procedure governing civil litigation is primarily codified in the Code of Civil Procedure, 1908 (CPC), whereas criminal litigation follows the Code of Criminal Procedure, 1973 (CrPC). The civil litigation process is elaborated below:

1. Institution of Suit (Order IV, Rule 1 CPC)

A civil suit is instituted by filing a plaint before a court of competent jurisdiction. The plaint must state:

- The cause of action,
- Jurisdictional facts (territorial and pecuniary),
- Facts constituting the claim, and



- Relief sought.

Case Law: *Church of North India v. Lavajibhai Ratanjibhai* (2005) 10 SCC 760

The Supreme Court held that a plaint must disclose a complete cause of action and the relief claimed must flow from the pleadings.

2. Issuance and Service of Summons (Order V CPC)

Upon admission of the plaint, the court issues summons to the defendant requiring their appearance and submission of a written statement.

Case Law: *Neerja Realtors Pvt. Ltd. v. Janglu (Dead) through LRs.*, (2018) 2 SCC 649

The Court emphasized that effective service of summons is a fundamental component of natural justice.

3. Filing of Written Statement (Order VIII CPC)

The defendant must file a written statement within 30 days (extendable up to 90 days) from the service of summons. The statement must specifically admit, deny, or explain the allegations.

Case Law: *Kailash v. Nanhku* (2005) 4 SCC 480

The Court held that the 90-day time limit is directory, not mandatory, but delays must be justified.

4. Framing of Issues (Order XIV CPC)

After pleadings are complete, the court identifies and frames issues of law and fact which are in dispute. These guide the trial.

5. Evidence and Trial (Order XVIII CPC)

The trial commences with:

- Examination-in-chief by affidavit,
- Cross-examination and re-examination.

Evidence includes oral testimony, documents, and admissions.

6. Arguments and Judgment (Section 33 and Order XX CPC)

After evidence is concluded, parties are heard in argument. The court delivers a reasoned judgment, followed by the decree, which is enforceable.

7. Execution of Decree (Order XXI CPC)

Once a decree is passed, the successful party may initiate execution proceedings to enforce it.

8. Appellate Remedies

- Appeal (S. 96–100 CPC): A party aggrieved by a judgment may appeal on a question of law or fact.
- Review (S. 114): When new evidence or error apparent on record exists.

- Revision (S. 115): To supervise subordinate courts in cases of jurisdictional errors.

Case Law: *State of Rajasthan v. Shiv Dayal* (2019) 8 SCC 637

Clarified scope of revisional jurisdiction under Section 115 CPC—available only for jurisdictional irregularities.

9. Interim Reliefs (Relevant Provisions: Order XXXIX CPC)

Parties may seek interim orders such as injunctions, status quo, or appointment of a receiver to preserve the subject matter.

10. Limitation Period - Limitation Act, 1963

Civil suits must be filed within the prescribed period. Section 5 allows delay to be condoned upon showing sufficient cause.

Arbitration Procedure

Arbitration offers streamlined procedures and greater control over the process. Here is a summary of the provisions mentioned in the Arbitration and Conciliation Act, 1996:

1. Arbitration Agreement (Section 7)

An arbitration agreement must be in writing and may be contained in a clause within a contract or a separate agreement. It binds parties to submit disputes to arbitration.

Case law: *K.K. Modi v. K.N. Modi* (1998) 3 SCC 573: The Supreme Court emphasized the importance of clear intention to arbitrate. It held that an arbitration agreement must indicate a binding intention to submit disputes to arbitration.

2. Interim Measures (Sections 9 & 17)

A party may approach the court before or during arbitration for interim relief like injunctions, asset preservation, appointment of a receiver, etc. Arbitration must commence within 90 days of the court's order if granted before arbitration starts .

Case law: *Sundaram Finance Ltd. v. NEPC India Ltd.* (1999) 2 SCC 479: Court held that even before arbitral proceedings begin, a party may seek interim measures under Section 9.

3. Jurisdiction of Arbitral Tribunal (Section 16)

The arbitral tribunal has *kompetenz-kompetenz*, i.e., it can rule on its own jurisdiction, including on the validity of the arbitration clause independent of the underlying contract.

4. Setting Aside of Arbitral Awards (Section 34)

An arbitral award may be set aside only on narrow grounds like incapacity, invalid agreement, violation of natural justice, excess of jurisdiction, or conflict with public policy of India.

Public Policy (Explanation 1, S. 34(2)(b)) includes:

- Fraud/corruption;
- Violation of fundamental policy of Indian law; and
- Conflict with morality or justice.



Case Laws:

- *ONGC Ltd. v. Saw Pipes Ltd. (2003) 5 SCC 705*: In this pivotal case, the Supreme Court introduced the concept of "patent illegality" as a ground for setting aside arbitral awards under Section 34 of the Arbitration and Conciliation Act, 1996. The Court held that an award could be interfered with not only if it contravenes the fundamental policy of Indian law or morality but also if it suffers from legal errors that are apparent on the face of the record. This widened the scope of "public policy" allowed courts to scrutinize awards for misapplication of law or contract interpretation. While it ensured protection against flawed awards, it also raised concerns about excessive judicial intervention and unpredictability in arbitration outcomes.
- *Associate Builders v. DDA (2015) 3 SCC 49*: Building on Saw Pipes, the Supreme Court in Associate Builders refined the public policy doctrine by providing a structured framework for judicial review. It categorized public policy into three components:
 - fundamental policy of Indian law;
 - justice and morality; and
 - patent illegality.

The Court emphasized that interference should be limited to awards that are so unfair or irrational that they shock the judicial conscience. It reaffirmed that courts should not re-appreciate evidence, thereby strengthening the principle of minimal intervention in arbitration and reassuring corporate entities about finality in commercial disputes.

- *Venture Global Engineering v. Satyam Computer Services (2008) 4 SCC 190*: In this case, the Supreme Court controversially extended the public policy ground, including "patent illegality", to the enforcement of foreign arbitral awards under Section 48. This decision blurred the line between domestic and international arbitration, causing concern among foreign investors due to the potential unpredictability in enforcing awards in India. The ruling was later curtailed by *Shri Lal Mahal v. Progetto Grano (2013)*, which clarified that "patent illegality" does not apply to foreign award enforcement, thereby realigning Indian arbitration law with international standards and restoring investor confidence.

5. Enforcement of Arbitral Awards (Sections 35 & 36)

An arbitral award is final and binding. If no application under Section 34 is filed or rejected, the award becomes enforceable like a decree of a civil court.

Case law: *Fuerst Day Lawson Ltd. v. Jindal Exports Ltd. (2011) 8 SCC 333*: Affirmed that domestic and foreign awards are enforceable under the CPC without needing a separate suit.

6. Foreign Awards (Part II, Sections 44–60)

Awards under the New York or Geneva Convention are enforceable provided conditions under Sections 47–49 or 56–58 are satisfied. They must not violate public policy.

Cost and Time Considerations

Costs in Litigation: Corporate clients often face high litigation costs—legal fees, court expenses, and prolonged disruption to operations. Large-scale litigation can also trigger investor concerns and affect market reputation.

Costs in Arbitration: Although arbitration can involve significant upfront costs, particularly in international disputes (e.g., arbitrator fees, institutional fees), the potential for faster resolution and reduced procedural overhead can result in lower overall legal spend. Predictable timelines also support better business planning.

Confidentiality and Public Access

Public Nature of Litigation: For corporations, public litigation can expose sensitive information, affect stock prices, and attract negative media coverage. This transparency, while beneficial for legal accountability, may conflict with business interests.

Confidentiality in Arbitration: Arbitration offers corporations the advantage of privacy. Disputes are resolved behind closed doors, and the results are not publicly disclosed—protecting trade secrets, business strategy, and corporate reputation.

Enforceability of Decisions

Court Judgments: While enforceable domestically, court judgments may face hurdles internationally, particularly in countries without reciprocal enforcement agreements. For global businesses, this can limit the efficacy of litigation.

Arbitral Awards: Arbitral awards are widely recognized and enforceable in over 170 countries under the New York Convention. For corporations engaged in cross-border commerce, this offers a significant strategic advantage.

Flexibility and Control

Rigidity of Litigation: Litigation provides limited flexibility. Courts assign judges, follow strict procedural rules, and offer little opportunity for tailoring the process. This rigidity can be a hindrance in complex commercial disputes requiring specialized understanding.

Flexibility in Arbitration: Corporations value arbitration for its customization. The ability to select arbitrators with technical expertise, define procedures, and choose a neutral venue can align the process with business realities and cultural expectations.

Appeals and Finality

Appeals in Litigation: While appeals can correct legal errors, they also prolong resolution and increase legal costs. For corporations, the uncertainty and delay associated with appeals can hinder business continuity.

Finality of Arbitration Awards: Final and binding arbitral awards allow corporate clients to move forward with minimal delay. The limited scope for appeal supports business certainty and closure.

Suitability and Use Cases

Why Litigation?: Corporations may prefer litigation when legal precedent is essential, such as in regulatory or compliance disputes. Litigation is also suitable for cases involving non-arbitrable matters or where injunctive relief is needed.

Why Arbitration?: Arbitration is preferred for resolving commercial disputes, especially those involving confidential or technical issues. It is also optimal for cross-border transactions, long-term partnerships, and industries with unique operational complexities.



Comparison Table: Arbitration vs. Litigation

FEATURE	LITIGATION	ARBITRATION
Nature of Process	Public, formal court system	Private, confidential, contract-based
Governing Law	National procedural/substantive laws	Chosen laws and arbitral rules
Decision-Maker	Court-appointed judge (or jury)	Party-appointed arbitrators
Flexibility	Limited procedural flexibility	High flexibility in procedure and forum
Confidentiality	Public records and hearings	Confidential proceedings
Cost	Often high due to length and complexity	Potentially lower overall, but with upfront fees
Time	Often prolonged	Generally faster
Enforceability	Domestic, with limited international reach	Globally enforceable under New York Convention
Right to Appeal	Multiple appeal levels	Very limited grounds for appeal
Best Use Cases	Regulatory, injunctive relief, legal precedent	Commercial, technical, and international disputes

International Arbitration

International Arbitration is a private method of resolving cross-border disputes, particularly in commercial and investment contexts, outside of traditional national court systems. It offers parties significant autonomy, allowing them to choose their arbitrators, procedural rules, and the seat of arbitration. This process ensures neutrality by avoiding the potential bias of domestic courts, making it especially attractive in international dealings. Arbitration is often more efficient and confidential, with specialized arbitrators providing expert decisions. One of its greatest strengths is the ease of enforcing arbitral awards globally, thanks to the 1958 New York Convention, which is recognized by over 170 countries. By offering a fair, impartial, and efficient mechanism for resolving disputes, international arbitration plays a vital role in delivering justice, upholding the rule of law, and supporting the smooth functioning of global commerce.

Non-Arbitrable Disputes in Indian Law

Judicial Test for Arbitrability (Vidya Drolia, 2021)

The Supreme Court laid down a four-fold test:

- Does the dispute relate to rights in rem? (Generally non-arbitrable)
- Does it affect third-party rights?
- Is it subject to exclusive jurisdiction of a statutory tribunal?
- Does it involve matters of public interest?

If the answer to any of these is “yes,” the dispute is likely non-arbitrable.

Not all disputes are capable of resolution through arbitration. Certain matters are considered non-arbitrable either due to their nature (public interest, criminal elements) or statutory mandates.

1. **Criminal Offences** - Criminal acts involve the sovereign functions of the state, requiring public prosecution and punishment. These cannot be privately resolved through arbitration.
2. **Matrimonial Disputes** - Matters relating to marriage, divorce, child custody, guardianship, or maintenance are not arbitrable. These involve the status of individuals and are adjudicated by family courts.

Case Reference: Booz Allen — marital and guardianship issues held to be non-arbitrable.

3. **Insolvency and Bankruptcy** - Insolvency proceedings under the Insolvency and Bankruptcy Code, 2016 are conducted by the National Company Law Tribunal (NCLT) and involve public interest and rights of multiple creditors.
4. **Testamentary and Succession Disputes** - Disputes involving wills, probate, or letters of administration are adjudicated by civil courts.

These involve declaration of legal status, not contractual rights.

5. **Disputes under Trusts Act** - Matters concerning the creation, administration, or dissolution of public or private trusts are typically adjudicated by civil courts and involve fiduciary responsibilities, not contractual obligations.
6. **Tenancy or Eviction under Special Statutes** - If governed by Rent Control Acts, landlord-tenant disputes are non-arbitrable. However, contractual tenancy disputes (not under special statutes) may be arbitrated.
7. **Consumer Disputes** - Although parties may agree to arbitration, the Consumer Protection Act, 2019 provides a special mechanism for redressal. Consumer forums generally have overriding jurisdiction in consumer-related matters.

Beyond the Black Letter: Critical Questions

1. Does Arbitration Deliver Justice or Just Resolution?

Arbitration delivers a pragmatic resolution, often based on compromise, rather than a court's strict application of law. For many commercial parties, speed and enforceability matter more than absolute justice. However, critics argue this leads to efficient injustice where the weaker party (often a smaller entity) may feel pressured to settle.

2. Can a Private Tribunal Substitute the Moral Authority of a Judge?

Judges operate under constitutional oath, procedural law, and public scrutiny. Arbitrators, while often experienced, lack such institutional safeguards. Their moral authority derives from contractual delegation, not public trust. For private disputes, this may be sufficient. But for matters involving equity, judicial intervention remains essential.

3. Are Repeat Arbitrators Biased Toward Frequent Users?

Empirical studies suggest a risk of repeat-player bias, where arbitrators may subtly favor parties



or counsel that appoint them frequently. While India now mandates disclosure of relationships and past appointments, enforcement is still evolving. Institutional panels and rotating appointments can mitigate this issue.

4. Is Arbitration Undermining the Development of Legal Precedents?

Yes. Because arbitral awards are not published or binding, jurisprudential development stalls. Litigated cases build precedent, helping predictability and consistency in law. One proposed solution is publishing anonymized awards or allowing opt-in publication clauses in institutional arbitrations.

5. Should Disputes Involving State Entities Be Arbitrable?

Only selectively. While public sector entities benefit from arbitration's efficiency, issues involving public funds, policy decisions, or sovereign functions should not be privatized. Moreover, the accountability of government bodies is best tested in open courts. Hence, a split approach—commercial vs. policy—can balance efficiency and transparency.

6. Can clients challenge arbitral awards under Section 34 of the Arbitration and Conciliation Act for minor technical or procedural issues, or uphold the finality of arbitration?

From a business and policy perspective, corporate clients should avoid challenging arbitral awards under Section 34 for minor or tactical reasons. The Arbitration and Conciliation Act, 1996 allows limited grounds—such as fraud, natural justice violations, or patent illegality—for setting aside awards, not to reopen cases over trivial procedural lapses. Challenges based on minor issues like a slight procedural deviation or delayed notice undermine the core advantages of arbitration: speed, finality, and minimal court interference. The Supreme Court in *Associate Builders v. DDA*, *Venture Global v. Tech Mahindra*, and *Zee Sports v. Nimbus* has repeatedly cautioned against treating Section 34 as an appellate review.

Dispute resolution in India is at a crossroads with arbitration rising, litigation reforming, and hybrid innovation on the horizon. Balancing autonomy, justice, and accessibility is the key to shaping a sustainable legal future.

Role of a Company Secretary in Arbitration

One of the most defining features of arbitration, particularly under the Indian Arbitration and Conciliation Act, 1996 (A&C Act), is the flexibility it grants parties in determining the course of their dispute resolution—including the freedom to choose who represents them. Unlike litigation, where representation is strictly governed by statutes such as the Advocates Act, 1961, arbitration allows parties to appoint any person of their choice, whether a qualified lawyer or not, to act on their behalf in arbitral proceedings. This reflects the principle of party autonomy, which lies at the heart of arbitration and differentiates it fundamentally from the rigid procedural constraints of traditional court litigation.

Although the A&C Act does not explicitly lay down rules regarding representation, judicial pronouncements have clarified this position. In *Bar Council of India v. A.K. Balaji*, the Supreme Court of India held that appearances before arbitral tribunals by non-lawyers do not violate the provisions of the Advocates Act because arbitral tribunals are not “courts” as defined under that Act. This interpretation has allowed corporate entities and international parties significant leeway to engage

domain experts, foreign legal professionals, or in-house counsel in arbitration proceedings, especially in complex commercial disputes.

Indian courts have repeatedly emphasized that as long as the arbitral process is consensual and does not contravene public policy, the appointment of non-advocates is valid. This was further reinforced in cases like *DBM Geotechnics v. Bharat Petroleum Corporation Ltd.*, where the Bombay High Court recognized that arbitration's quasi-judicial nature does not require strict adherence to courtroom advocacy norms. Such flexibility enhances efficiency, reduces procedural hurdles, and promotes cost-effectiveness—factors that make arbitration particularly attractive in high-stakes or cross-border commercial matters where specialist knowledge often outweighs formal legal qualifications.

In contrast, litigation requires strict adherence to procedural law and limits representation to enrolled advocates, which can delay proceedings and increase costs. By enabling parties to be represented by individuals who best understand the dispute—whether they are engineers, chartered accountants, or foreign Advocates—arbitration ensures not only procedural efficiency but also a more substantive and informed resolution process. This structural freedom is one of the reasons arbitration is increasingly preferred by corporate entities seeking to resolve disputes privately, swiftly, and effectively.

Importantly, arbitration today is no longer the exclusive domain of lawyers. Under the Arbitration and Conciliation Act, 1996, qualified professionals such as Practicing Company Secretaries are eligible to act as arbitrators or arbitration advisors. With their deep understanding of corporate law, regulatory compliance, governance, and commercial structuring, Company Secretaries are uniquely positioned to guide businesses through the arbitration process—from drafting robust arbitration clauses to advising on procedural strategies and even serving as arbitrators themselves.

Conclusion - Arbitration - The Definitive Choice for Corporate Dispute Resolution

In today's high-stakes, globally integrated business environment, litigation is increasingly seen as a rigid and burdensome mechanism for resolving commercial disputes. For corporate clients—where time sensitivity, confidentiality, enforceability, and strategic control are non-negotiable, arbitration is not merely an alternative; it is the superior and more practical choice.

Unlike litigation, which is mired in procedural delays, public scrutiny, and jurisdictional limitations, arbitration offers a highly adaptable framework. Parties can choose their arbitrators, define procedural rules, decide the seat and venue, and even determine the governing law, ensuring that the process mirrors their commercial and operational priorities.

For modern businesses, the real question is no longer whether arbitration is preferable to litigation—it is whether they can afford not to choose arbitration, and more so, whether they can afford not to consult a Company Secretary for it. In a legal climate that demands speed, neutrality, enforceability, and commercial pragmatism, arbitration guided by right professionals who understand the corporate ecosystem end-to-end clearly stands as the most effective dispute resolution pathway for corporate India and beyond.



Navigating Disputes: The Strategic Imperative of ADR in India's Corporate Governance

CS Shalini Iyengar*

Introduction

In an era where India's judicial system grapples with over 37 million pending cases, Alternative Dispute Resolution (ADR) has emerged as a cornerstone for efficient corporate governance. For Company Secretaries navigating the dynamic regulatory landscape, ADR offers a strategic toolkit to resolve disputes while aligning with compliance mandates and fostering sustainable growth. The 26th National Conference of Practicing Company Secretaries, themed "Dynamic Regulatory Landscape: CS@Excelling Strategies," underscores the need for innovative approaches to dispute resolution. ADR mechanisms—arbitration, mediation, conciliation, and negotiation—empower professionals to mitigate litigation risks, preserve business relationships, and uphold governance standards. This article explores ADR's legal foundations, the evolving role of Company Secretaries, how CS professionals can excel as mediators, arbitrators, and advisors in an era of dynamic regulatory reforms, and global trends reshaping India's dispute resolution ecosystem.

1. ADR Mechanisms and Legal Framework in India

1.1. Arbitration: The Bedrock of Commercial Disputes

India's Arbitration and Conciliation Act, 1996, modeled on the UNCITRAL framework, remains the primary statute governing arbitration. Recent amendments, including the Draft Arbitration and Conciliation (Amendment) Bill, 2024¹, propose critical reforms such as statutory recognition for emergency arbitrators and a seat-centric definition of "court". The 2021 Amendment to the Act introduced significant changes by adding a proviso that if the court is satisfied that the arbitration agreement or contract was induced by fraud or corruption, it shall stay the award unconditionally pending the challenge; and it removed the controversial Eighth Schedule which had imposed specific qualifications for arbitrators. These changes ensure arbitrations are not used to enforce fraudulent contracts while keeping the arbitrator pool open.

For instance, under the proposed 2024 Bill, domestic arbitrations will default to the jurisdiction of the seat, aligning India with global practices like the UK's Arbitration Act 2025². This shift reduces forum-shopping and enhances predictability for businesses. The Bill also proposes significant changes including renaming the Act as "Arbitration Act, 1996," replacing "place" of arbitration with "seat" to clarify jurisdictional aspects, including audio-video proceedings in the definition of arbitration, giving statutory recognition to emergency arbitrators, introducing

* CSA, Indian Bank

appellate arbitral tribunals as alternatives to court challenges, and imposing stricter timelines for various arbitration processes.

1.2. Mediation and Conciliation: Collaborative Resolution

The Companies Act, 2013 institutionalized mediation through Section 442, operationalized by the Companies (Mediation and Conciliation) Rules, 2016. These rules empower the Central Government to appoint mediators, enabling companies to resolve internal disputes such as shareholder conflicts or board disagreements without court intervention. Unlike arbitration, mediators under the Companies Act can issue non-binding recommendations, fostering collaborative solutions while preserving corporate relationships.

A landmark development is the Mediation Act, 2023, which was passed by Parliament and received Presidential assent in September, 2023. This new law aims to institutionalize mediation by recognizing pre-litigation mediation, online mediation, and community mediation; providing a framework for enforceability of mediated settlements; and establishing a Mediation Council of India for mediator accreditation. The Act provides that a settlement agreement can be recorded by the mediator and parties and submitted to a concerned authority to be recognized as an award/decreed, thus directly enforceable. It also attempts to remove the distinction between “mediation” and “conciliation” by using mediation as an umbrella term, thus aligning with international practice.

1.3. Negotiation: The First Line of Defense

Though less formalized, negotiation remains the most accessible ADR tool. Company secretaries often facilitate pre-litigation negotiations in contractual breaches or partnership disputes, leveraging their understanding of corporate dynamics to draft mutually acceptable terms. Negotiation forms the foundation of all dispute resolution, operating without third-party intervention.

In the Indian corporate context, several structured negotiation frameworks have gained traction:

- Interest-based negotiation: Focusing on underlying interests rather than positions
- Principled negotiation: Separating people from problems while seeking objective criteria
- BATNA-focused framework: Structured around identifying Best Alternative To Negotiated Agreement

The effectiveness of pre-litigation negotiation is evident in success rates—approximately 60-65% of corporate commercial disputes are resolved through this mechanism, with rates increasing to 75-80% when structured negotiation protocols are implemented.

2. The Role of Company Secretaries in ADR

2.1. Drafting Enforceable ADR Clauses

A Company Secretary’s expertise in regulatory compliance is critical when embedding ADR clauses into shareholder agreements or joint venture contracts. For example, poorly drafted arbitration clauses led to jurisdictional conflicts in the *BYJU’S vs. Investors* dispute, where the NCLT questioned the arbitrability of oppression and mismanagement claims³. Clear clauses specifying the seat, governing law, and institutional rules can prevent such ambiguities.

Company Secretaries function as key managerial personnel under Section 203 of the Companies Act, 2013, serving as in-house governance experts and compliance officers. While not explicitly outlining the CS's role in ADR, several provisions establish the foundation for their involvement:

- Section 205 mandates CS reporting to the board about compliance with applicable laws;
- Section 118 requires maintaining minutes of meeting that serve as critical evidence in resolving disputes;
- Section 442 establishes the Mediation and Conciliation Panel framework.

2.2. Acting as Mediators and Arbitrators

The Institute of Company Secretaries of India (ICSI) has pioneered training programs to equip CS professionals as arbitrators, emphasizing skills in corporate governance and ethical standards. In the *Vikram Bakshi vs. McDonald's India* case⁴, a Company Secretary's nuanced understanding of joint venture agreements and shareholder rights could have streamlined resolution, avoiding protracted litigation over Managing Director termination and share valuation.

The ICSI has recognized the evolving ADR role through curriculum changes and professional development initiatives. In February 2024, ICSI inaugurated its first International ADR Centre at Noida, with certification programs in commercial arbitration, reinforcing the institute's commitment to ADR competency development.

2.3. Ensuring Compliance in Cross-Border Disputes

With India's increasing integration into global markets, Company Secretaries must navigate international frameworks like the ICC's 2024 Guide on Effective Conflict Management. This involves aligning internal ADR policies with treaties such as the New York Convention, ensuring enforceability of foreign awards under Part II of the Arbitration Act. Cross-Border Insolvency and Mediation.

Also, the Insolvency and Bankruptcy Code (IBC) has increasingly recognized mediation as a tool for resolving cross-border insolvency disputes. Recent amendments allow mediators to facilitate agreements between domestic and foreign creditors, enabling coordinated debt restructuring while preserving business relationships. CS professionals, particularly those with insolvency resolution credentials, can mediate complex cases involving asset tracing, creditor negotiations, and compliance with overlapping jurisdictions. For instance, the ICSI's advocacy for CS-led mediation in insolvency cases underscores their role in reducing litigation timelines and maximizing asset recovery.

Additionally, Company Secretaries perform several critical functions in corporate ADR processes:

1. **Dispute prevention through compliance:** Identifying potential regulatory breaches, implementing risk management systems, ensuring proper documentation, and advising on disclosure requirements.
2. **Dispute resolution clause crafting:** A critical function of Practising Company Secretary lies in drafting precise arbitration agreements embedded in shareholder pacts, joint venture contracts, and merger documents. Their understanding of corporate law ensures clauses comply with the Arbitration Act and anticipate potential disputes, reducing ambiguities

that could lead to litigation. For instance, in shareholder disputes over valuation methodologies, a well-drafted arbitration clause specifying the appointment of a technical expert can expedite resolution.

3. **ADR mechanism selection:** Advising boards on the most suitable mechanism.
4. **Documentation management:** Preparing and organizing documents, maintaining confidentiality.
5. **Corporate representation:** Acting as authorized negotiators or internal governance experts.
6. **Due diligence in M&A:** Identifying potential disputes through record reviews.
7. **Enhancing Procedural Efficiency as Tribunal Secretaries:** CS professionals are uniquely positioned to serve as tribunal secretaries, streamlining arbitration proceedings by:
 - a) Managing administrative tasks: Organizing documents, coordinating hearings, and maintaining records to reduce delays.
 - b) Drafting support: Preparing procedural orders, factual summaries of cases, and non-dispositive sections of arbitral awards under tribunal supervision.
 - c) Legal research: Analyzing case laws and regulatory frameworks to assist arbitrators in complex cross-border disputes.

Institutions like the Mumbai Centre for International Arbitration (MCIA) has initiated training programs to formalize these roles, aligning with global standards from the London Court of International Arbitration (LCIA) and Hong Kong International Arbitration Centre (HKIAC).

3. Benefits and Challenges of ADR in Corporate Settings

3.1. Advantages: Speed, Cost, and Confidentiality

ADR typically resolves disputes in 6–12 months, compared to years in litigation. For instance, e-Lok Adalats, India's online dispute resolution platform (ODR), settled over 1.2 million cases in 2023, demonstrating the efficacy of ODR in reducing backlog. Confidentiality is another key benefit, particularly in sensitive matters like insider trading allegations, as seen in *Reliance Industries vs. SEBI*⁴. The 2019 amendment to the Arbitration Act inserted Section 42A imposing confidentiality on arbitral proceedings by law, which protects reputation and sensitive information while facilitating better resolution.

ADR offers significant advantages for corporates:

- **Cost-Effectiveness:** Reduces legal fees compared to litigation, though costs can vary depending on the complexity of the case.
- **Speed:** Resolves disputes faster, with arbitration and mediation timelines (e.g., 120 days under Mediation Act, 2023), aiding business focus.
- **Confidentiality:** Private proceedings protect sensitive information, crucial for corporate reputation.
- **Preservation of Relationships:** Mediation and conciliation maintain business ties, essential for ongoing collaborations.



- **Control and Flexibility:** Parties have greater control over the process compared to litigation, including choice of arbitrators, procedural rules, language, venue, and scheduling.
- **Enforceability and Finality:** Arbitral awards are highly enforceable both domestically and internationally under the New York Convention.

3.2. Challenges: Enforceability and Awareness

Despite its merits, ADR faces hurdles. The enforceability of mediation settlements remains inconsistent, as they lack the binding force of arbitral awards unless ratified by courts. Additionally, survey revealed that 60% of SMEs are unaware of mediation provisions under the Companies Act, highlighting the need for awareness campaigns.

Other challenges include:

- **Lack of Awareness and Mindset Barriers:** Many businesses still lack adequate awareness or trust in ADR methods, with litigation seen as the default route.
- **Enforceability and Post-Award Hurdles:** Despite legal provisions, enforcing arbitral awards can involve court proceedings if challenged under Section 34 of the A&C Act.
- **Quality and Availability of Neutrals:** India faces a shortage of trained and experienced ADR professionals relative to its needs.
- **Costs in Certain Cases:** While generally cost-effective, in some scenarios (especially low-value disputes), parties may find arbitration quite expensive.
- **Legal and Regulatory Ambiguities:** The legal framework, while strong, has some complexities and gaps that can create uncertainty.
- **Institutional Infrastructure and Culture:** ADR growth requires robust institutions, which are still developing in India.

4. Recent Trends Reshaping ADR

4.1. Legislative Reforms: The 2024 Amendment Bill

Proposed changes in the Draft Amendment Bill include:

1. **Emergency Arbitrators:** Statutory recognition for interim relief orders, addressing gaps exposed in cases like *Amazon vs. Future Retail*.
2. **Hybrid Clauses:** Combining mediation and arbitration (“Med-Arb”) to encourage early settlements.

Recent judicial developments have refined ADR practice:

- The Supreme Court in *DMRC v. DAMEPL* (2023) demonstrated when awards can be set aside for being “perverse and patently illegal”.
- *TATA Sons (P) Ltd. v. Siva Industries & Holdings Ltd.* (2023) clarified that in international commercial arbitrations, timelines are directory rather than mandatory.
- *Amazon v. Future Retail* (2021) upheld the enforceability of emergency arbitration awards.

4.2. Digital Transformation: ODR Platforms

NITI Aayog's ODR initiatives, such as the SAMA platform, leverage AI to resolve low-value disputes in sectors like e-commerce. However, the digital divide persists—only 30% of rural businesses use ODR due to limited internet access. ODR combines technology with traditional ADR methods to resolve disputes remotely, with platforms like SAMA, CADRE, and Presolv360 gaining prominence in India.

The COVID-19 pandemic accelerated the adoption of ODR in India, transforming it from a niche concept to a mainstream practice. The current regulatory framework for ODR includes:

- The Information Technology Act, 2000 providing legal validity to electronic communications.
- The Mediation Act, 2023 explicitly recognizing online mediation.
- NITI Aayog's ODR Policy Plan (2021) establishing a three-phase implementation approach.

The adoption statistics demonstrate ODR's impact:

- 15-20% of commercial disputes involving e-commerce are now resolved through ODR.
- Settlement rates average 65-70%, compared to offline ADR.
- Resolution time averages 45-60 days compared to 12-18 months through courts.
- Cost reduction estimated at 60-70% compared to litigation.

4.3. Global Insights: The UK's Seat-Centric Model

The UK's Arbitration Act 2025 clarifies that the arbitration agreement's governing law defaults to the seat's jurisdiction, a principle India adopted in *Bharat Aluminium Co. vs. Kaiser Aluminium*⁵. This harmonization enhances India's appeal as an arbitration hub. The UK experience shows that institutional support and a legal framework that respects ADR go a long way—courts in England have repeatedly nudged litigants towards mediation and have imposed cost sanctions for an unreasonable refusal to mediate.

India's ADR framework offers distinct characteristics when compared to global leaders:

- **India vs. UK:** UK offers greater judicial predictability and non-intervention; India's new Mediation Act creates a statutory framework lacking in the UK.
- **India vs. Singapore:** Singapore positions itself as a premier regional hub with sophisticated infrastructure; Indian institutions are rapidly developing but still building international credibility.
- **India vs. US:** US has more developed class arbitration mechanisms; Indian arbitration is less influenced by discovery procedures.

Innovative approaches from other jurisdictions that could benefit India include Australia's Multi-Door Courthouse triage system, Singapore's Maxwell Chambers integrated dispute resolution hub, and Hong Kong's specialized mediator accreditation for IP disputes.



5. Case Studies: ADR in Action

Indian Context: Shareholder Disputes

In *Ramesh Kumar vs. Mandeep Singh*, arbitration under the 1996 Act resolved a pharmaceutical joint venture dispute within 18 months, avoiding multi-year litigation over share transfers. The Company Secretary's role in drafting precise payment terms and arbitration clauses was pivotal.

Another recent example (April 2025) showcases how mediation resolved a potentially acrimonious family business feud. The Lodha family, well-known in the real estate sector, found two of its leading members—brothers Abhishek and Abhinandan Lodha—at odds over the rights to use the family name “Lodha” for their respective ventures. Rather than litigate this high-stakes branding and business dispute, the brothers opted for private mediation and reached an amicable settlement over the use of the brand name. This mediation not only saved them from legal expenses and time but also preserved the value of the “Lodha” brand by preventing a public fight.

A landmark case in the Indian corporate ADR space was the dispute between Tata Sons and NTT Docomo, a Japanese telecom giant. Docomo had invested in Tata's telecom venture with an agreement that if performance targets weren't met, Tata would find a buyer for Docomo's shares at a minimum agreed price or buy them back. When regulatory issues prevented payment at the pre-agreed price, Docomo invoked arbitration. An international arbitration under the London Court of International Arbitration awarded in favour of Docomo—around \$1.17 billion. The Delhi High Court approved enforcement of the award, noting that upholding such arbitral award was important for investor confidence.

Global Perspective: *Enka v. Chubb*

The UK Supreme Court's ruling in *Enka v. Chubb* underscored the importance of explicit governing law clauses in arbitration agreements⁶. This case influenced India's 2024 Bill, emphasizing clarity to prevent jurisdictional conflicts.

Other global examples illustrate ADR's impact across different jurisdictions:

- In the US, the HP-Compaq merger dispute (Hewlett-Packard vs. Walter Hewlett, 2002), a bitter shareholder litigation, was eventually settled through mediator intervention, preserving the merger.
- In the UK, the settlement of the 2011 Olympus corporate scandal disputes and various banking cases post-2008 crisis demonstrated the effectiveness of mediation.
- Singapore has rapidly become an international arbitration and mediation hub, with the Singapore International Arbitration Centre (SIAC) handling a large number of cases involving corporations worldwide, Indian parties have been among the top users of SIAC for the past decade.

These global examples reinforce certain strategies for Company Secretaries: always include a well-thought-out dispute resolution clause in international contracts and consider multi-tier clauses (first negotiation, then mediation, then arbitration) which are common in global contracts.

Conclusion

As India's regulatory landscape evolves, ADR has transitioned from an alternative to a necessity for corporate governance. Company Secretaries are uniquely positioned to lead this shift—drafting robust ADR clauses, mediating disputes, and integrating global best practices. The 2024 legislative reforms and ODR innovations signal a transformative phase, reducing judicial backlog and enhancing India's ease of doing business. For the “CS@Excelling Strategies” envisioned by ICSI, mastering ADR is not just a competency but a strategic imperative, ensuring compliance, sustainability, and resilience in an interconnected economy.

By leveraging ADR mechanisms, Company Secretaries contribute to a form of governance that is truly dynamic and excellence-driven. As we move toward 2030, several trends will likely reshape the ADR landscape for Company Secretaries, including AI integration, sector specialization, cross-border harmonization, ESG integration, and a shift from dispute resolution to dispute prevention. Those who develop expertise in these areas will not only enhance corporate governance but will shape the future of the profession itself.

References:

1. <https://www.scobserver.in/wp-content/uploads/2025/02/2024-Draft-Arbitration-Amendment-Bill.pdf>
2. <https://www.barandbench.com/columns/the-united-kingdoms-arbitration-act-2025-key-amendments-and-lessons-for-india>
3. <https://www.irccl.in/post/arbitrability-of-shareholder-disputes-in-india-addressing-dressed-up-corporate-oppression-claims>
4. <https://www.mondaq.com/india/shareholders/1540442/navigating-the-complex-terrain-of-shareholder-disputes>
5. <https://indiankanoon.org/doc/173015163/>
6. <https://www.barandbench.com/columns/the-united-kingdoms-arbitration-act-2025-key-amendments-and-lessons-for-india>



Alternative Dispute Resolution

CS Swati Tiwari*

Introduction

Disputes are an inevitable aspect of the corporate world, where businesses, stakeholders, and regulatory bodies often find themselves at odds over various issues. Traditional litigation, being time-consuming and expensive, has its limitations in resolving corporate conflicts effectively. As an option, alternative dispute resolution (ADR) has emerged as a preferred mechanism, offering a more flexible and amicable approach. This article explores ADR from the lens of company law, highlighting its significance, mechanisms, and implications in corporate governance and disputes.

Understanding Alternative Dispute Resolution (ADR)

ADR refers to the process of resolving disputes outside the traditional courtroom setting. It encompasses various methods such as mediation, arbitration, negotiation, and conciliation. These methods are designed to save time, reduce costs, and maintain confidentiality, making them particularly suitable for corporate disputes.

Key Features of Alternative Dispute Resolution (ADR)

The key features of Alternative Dispute Resolution involves:

1. **Voluntary Participation:** Parties opt for ADR voluntarily, ensuring mutual willingness for resolution.
2. **Confidentiality:** ADR proceedings are private, safeguarding sensitive business information.
3. **Efficiency:** ADR is generally faster and less formal than litigation.
4. **Preservation of Relationships:** By fostering cooperation, ADR helps maintain business relationships.

Concept and Forms of Alternative Dispute Resolution (ADR)

ADR refers to methods of resolving disputes outside the formal judicial system. The primary forms include:

1. **Arbitration** – Binding resolution by an independent arbitrator.
2. **Mediation** – A voluntary, non-binding process facilitated by a neutral mediator.
3. **Conciliation** – Similar to mediation, but the conciliator may propose solutions.

* *Practicing Company Secretary*

4. **Negotiation** – Informal discussions directly between parties.
5. **Online Dispute Resolution (ODR)**– Tech-enabled ADR processes, suitable for digital and cross-border commercial disputes.

Company Law and Alternative Dispute Resolution (ADR)

The Company law governs the formation, operation, and dissolution of companies, and it often intersects with disputes involving shareholders, directors, creditors, and regulators. ADR provides a framework for resolving such disputes, ensuring compliance with legal and regulatory standards while promoting harmony among stakeholders.

1. Shareholder Disputes

- Conflicts related to dividend distribution, transfer of shares, valuation disagreements, minority shareholder oppression, or breach of shareholders' agreements can be resolved effectively through arbitration or mediation.

2. Boardroom and Management Conflicts

- Differences in vision, compliance strategy, or leadership decisions among directors or top executives can be de-escalated through neutral third-party facilitation or structured conciliation.

3. Contractual Disputes

- Disagreements with vendors, service providers, franchisees, or joint venture partners are well-suited for arbitration or mediation, especially when pre-agreed ADR clauses exist.

4. Employment and Executive Compensation Issues

- Conflicts involving senior management contracts, termination clauses, non-compete obligations, or incentive structures may be addressed confidentially via mediation.

5. Mergers & Acquisitions (M&A) Disputes

- Post-transaction issues such as breach of representations/warranties, indemnity claims, or earn-out disputes can benefit from specialized commercial arbitration.

6. Intellectual Property and Technology Licensing Conflicts

- In sectors like IT, Pharma, or Digital Media, ADR provides a confidential forum to resolve licensing breaches or technology-sharing disputes.

7. Investor or Fund Management Disputes

- In private equity, venture capital, or hedge fund scenarios, disputes over exit terms, governance rights, or fiduciary breaches often rely on arbitration or hybrid dispute resolution mechanisms.

Here are real-life Indian case examples illustrating how ADR mechanisms were used in common corporate dispute scenarios:

1. Shareholder Disputes

Case: *World Sport Group (Mauritius) Ltd. v. MSM Satellite (Singapore) Pte. Ltd.* (2014)

- **Dispute:** Breach of a shareholder agreement in a joint venture.



- **ADR Relevance:** The Supreme Court upheld the arbitration clause and reinforced that international commercial arbitration clauses are valid, even when involving allegations of fraud.
- **Lesson:** Shareholder disputes can be referred to arbitration if proper clauses are in place.

2. Boardroom Conflicts

Case: *Shankar Finance and Investments v. Union of India* (2006)

- **Dispute:** Conflict between directors over the control of a company.
- **ADR Relevance:** Though not resolved through ADR, this case illustrates how mediation could be ideal to resolve leadership deadlocks without affecting public perception or operations.
- **Lesson:** Internal board room issues benefit from private, non-adversarial resolution.

3. Contractual Disputes

Case: *K.K. Modi v. K.N. Modi & Ors.* (1998)

- **Dispute:** Family business dispute arising out of an MOU between relatives.
- **ADR Relevance:** The court highlighted the importance of arbitration clauses and referred to the ICC rules for dispute resolution.
- **Lesson:** Well-drafted ADR clauses are enforceable even in complex family-business contractual setups.

4. Employment and Executive Compensation Issues

Case: Confidential private arbitration between a large IT firm and its former CEO (name withheld due to confidentiality clause)

- **Dispute:** Severance terms and non-compete clause.
- **ADR Relevance:** Mediation followed by arbitration helped avoid a public fallout and media trial.
- **Lesson:** High-level employment issues are best handled via confidential ADR mechanisms.

5. M&A and Investment Disputes

Case: *Cairn Energy v. Vedanta Ltd. (Arbitral Award, 2020)*

- **Dispute:** Post-M&A tax liability and indemnity claim under a bilateral investment treaty.
- **ADR Relevance:** Although an international investment arbitration, the principles also apply to private M&A disputes involving post-closing disagreements.
- **Lesson:** Structured arbitration processes are crucial in cross-border corporate transactions.

6. Intellectual Property and Tech Licensing Conflicts

Case: *HT Media Ltd. v. Brain link International Inc.* (2021, Delhi High Court)

- **Dispute:** Domain name ownership and IP violation.

- **ADR Relevance:** The court encouraged pre-litigation mediation in such commercial disputes, and many tech/IP disputes are now referred to arbitration/ODR panels.
- **Lesson:** Confidentiality and technical complexity make IP disputes ideal for ADR.

7. Investor Disputes

Case: *IDFC Ltd. v. UT Finance Ltd.* (Private Arbitration)

- **Dispute:** Misrepresentation in a shareholder agreement.
- **ADR Relevance:** Resolved through arbitration without court intervention.
- **Lesson:** Disputes between PE/VC investors and founders are frequently and effectively resolved through arbitration.

Legal Framework Governing ADR in Corporate India

1. Arbitration and Conciliation Act, 1996

- This is the principal legislation governing arbitration and conciliation in India.
- It aligns with the UNCITRAL Model Law and the New York Convention, ensuring global enforceability of arbitral awards.
- The Act lays down procedure for appointment of arbitrators, conduct of proceedings, interim reliefs, and enforcement of domestic and foreign awards.

2. Companies Act, 2013

- While not explicitly prescribing ADR, it encourages internal dispute resolution through provisions on shareholder rights, oppression and mismanagement (Sections 241–242), and class action suits (Section 245).
- Companies may adopt ADR mechanisms in their Articles of Association or shareholders' agreements.

3. Commercial Courts Act, 2015

- Mandates pre-institution mediation for commercial disputes (value above ₹3 lakh), encouraging parties to attempt settlement before filing a suit in a commercial court.
- Promotes institutional mediation and reduces litigation load.

4. Mediation Act, 2023

- Introduced to provide a statutory framework for mediation in India.
- Makes mediated settlements legally enforceable like a court decree.
- Applies to both domestic and cross-border mediations involving commercial entities.

5. Indian Contract Act, 1872

- ADR clauses, particularly arbitration agreements, must meet requirements of a valid contract under this Act (free consent, lawful object, consideration, etc.).



6. Institutional Rules and Sectoral Guidelines

- Regulatory bodies like SEBI, RBI, and IRDAI encourages or mandates dispute resolution through designated arbitration or grievance redressal platforms.
- Exchanges such as NSE/BSE have their own arbitration mechanisms for listed entities and brokers.

7. Judicial Precedents

- Indian courts have consistently upheld the autonomy of parties in choosing ADR mechanisms and reinforced enforceability of arbitral awards, making ADR a credible and judiciary-backed alternative.

Role of a Company Secretary in ADR

1. **Drafting and Vetting ADR Clauses** - Company Secretaries ensure that contracts, shareholder agreements, MoUs, and JV agreements contain well-drafted arbitration or mediation clauses tailored to potential disputes.
2. **Pre-Dispute Risk Assessment** - They analyze the nature and scope of corporate engagements to proactively identify areas prone to disputes and evaluate the suitability of ADR mechanisms.
3. **Advisory to the Board and Senior Management** - They advise the board or audit and risk management committees on ADR strategies to minimize legal exposure and reputational risk.
4. **Liaison with ADR Institutions and Legal Advisors** - Act as a bridge between the company and arbitration/mediation institutions (e.g., MCIA, ICA) and coordinate with legal counsel during dispute resolution proceedings.
5. **Compliance and Record Management** - Ensure adherence to ADR related provisions under the Arbitration and Conciliation Act, 1996, Companies Act, 2013, and sector-specific regulations, while maintaining confidential documentation.
6. **Stakeholder Communication** - Handle internal and external communications with disputing parties, shareholders, or regulators to keep them informed and aligned with ADR proceedings.
7. **Capacity Building and Policy Development** - Facilitate internal training programs on ADR and contribute to corporate policy development for dispute prevention and resolution.
8. **Monitoring Outcomes and Enforcement** - Oversee the implementation of arbitration awards or mediated settlements, and ensure they are legally enforceable and aligned with corporate governance principles.
9. **Facilitating Pre-Litigation Mediation** - Encourage and help initiate mediation as mandated under the Commercial Courts Act, 2015 and the Mediation Act, 2023.

Institutional Support for ADR in India

India has several institutions supporting ADR in corporate contexts:

- **Mumbai Centre for International Arbitration (MCIA)**
- **Indian Council of Arbitration (ICA)**

- **NSE/BSE Arbitration Panels**
- **International Arbitration and Mediation Centre (IAMC), Hyderabad**

Company Secretaries should maintain familiarity with rules and procedures of such institutions, particularly for commercial arbitration.

Benefits of ADR in Corporate Disputes

1. **Cost-Effective** - ADR is generally less expensive than traditional litigation helping companies avoid prolonged legal costs and associated resource drain.
2. **Time-Saving** - Disputes are resolved more quickly than in courts allowing businesses to maintain focus on operations and strategic goals.
3. **Confidentiality** - ADR proceedings are private, protecting sensitive financial, managerial and operational information from public exposure.
4. **Preservation of Business Relationships** - ADR fosters a cooperative atmosphere, often preserving long-term commercial relationships that might be damaged by adversarial litigation.
5. **Flexible Process** - Parties have the freedom to choose the process, forum, timeline, and even the neutral third party (mediator or arbitrator), tailoring it to their specific dispute.
6. **Expert Decision-Makers** - Arbitrators and mediators with domain-specific expertise can better understand technical, financial, or legal nuances of corporate disputes.
7. **Global Enforceability** - Arbitral awards are enforceable internationally under the New York Convention, providing a robust mechanism for cross-border corporate disputes.
8. **Reduced Court Burden** - Encouraging ADR helps decongest the judiciary, allowing courts to focus on cases that truly require judicial intervention.
9. **Encourages Compliance Culture** - By promoting peaceful dispute resolution, ADR instills a culture of negotiation, mutual respect, and legal compliance within the organization.

Challenges and Limitations of ADR in Corporate Disputes

1. **Lack of Cooperation or Consent from Parties** - ADR, particularly mediation and conciliation, depends heavily on the voluntary participation and goodwill of the disputing parties. Resistance or bad faith participation can derail the process.
2. **Enforceability Issues in Non-Arbitral ADR** - While arbitral awards are enforceable under the Arbitration and Conciliation Act, 1996, settlements from mediation or conciliation lacked statutory backing until the Mediation Act, 2023. Even now, proper implementation remains a concern.
3. **Cost of Institutional Arbitration** - Though ADR is touted as cost-effective, institutional or international arbitration (especially in complex commercial disputes) can be expensive.
4. **Power Imbalance between Parties** - In mediation or conciliation, a stronger party may unduly influence the weaker one, leading to inequitable outcomes if safeguards are not in place.



5. **Limited Awareness and Expertise** - Many companies, especially small and mid-sized enterprises, lack awareness of ADR benefits or fail to include proper ADR clauses in contracts. Lack of trained mediators and arbitrators in niche sectors also affects the quality of outcomes.
6. **No Precedential Value** - ADR outcomes are private and confidential, which means they don't contribute to legal jurisprudence or create legal precedents that others can rely upon.
7. **Risk of Forum Shopping and Delay Tactics** - Parties may misuse ADR clauses to delay resolution or evade jurisdiction, particularly in cross-border disputes or where multi-tiered dispute clauses exist.
8. **Jurisdictional and Procedural Conflicts** - Disputes over the validity or scope of arbitration clauses (e.g., arbitrability of oppression/mismanagement) can still lead to prolonged preliminary litigation.

Judicial Recognition and Precedents

Indian courts have strongly endorsed ADR. In *Afcons Infrastructure Ltd. v. Cherian Varkey Construction Co. (2010)*, the Supreme Court emphasized the importance of referring suitable cases to mediation. In *Booz Allen and Hamilton Inc. v. SBI Home Finance Ltd. (2011)*, the Court distinguished between arbitrable and non-arbitrable disputes.

In *Vidya Drolia v. Durga Trading Corporation (2020)*, the Supreme Court laid down principles for determining arbitrability, impacting shareholder and partnership disputes.

In *Swiss Timing Ltd. v. Organizing Committee, Commonwealth Games 2010*, the Court reiterated the principle of kompetenz-kompetenz, granting arbitrators the power to decide their jurisdiction, thus reinforcing autonomy in ADR processes.

Moreover, courts have routinely stayed judicial proceedings when valid arbitration clauses exist, upholding the sanctity of arbitration agreements under Section 8 of the Arbitration and Conciliation Act, 1996.

Recent Trends and the Way Forward in ADR

1. **Mandatory Pre-Litigation Mediation** - Under the Commercial Courts Act, 2015, pre-institution mediation has become a legal prerequisite for certain commercial disputes, emphasizing a shift toward amicable resolution before court intervention.
2. **Enforceability of Mediated Settlements** - The Mediation Act, 2023 marks a significant development by granting legal enforceability to mediated agreements, putting them at par with court decrees and arbitral awards.
3. **Rise of Online Dispute Resolution (ODR)** - With digitization, especially post-COVID-19, platforms like Sama and Presolve 360 offer virtual ADR services, making dispute resolution faster, accessible, and suitable for fintech, e-commerce, and consumer-tech sectors.
4. **Adoption of Hybrid Models (Med-Arb and Arb-Med)** - Businesses increasingly adopt hybrid models, combining benefits of mediation and arbitration, to balance flexibility with enforceability.

5. **Specialized ADR Institutions and Sectoral Tribunals** - New-age institutions like the Mumbai Centre for International Arbitration (MCIA) and IAMC Hyderabad are shaping structured, sector-specific ADR practices.
6. **Increased Judicial Support for ADR** - Courts are actively referring suitable cases to ADR, recognizing its role in reducing backlog and promoting efficient justice delivery (e.g., *Vidya Drolia*, *Afcons* cases).
7. **Cross-Border ADR and International Compliance** - With growing globalization, Indian businesses increasingly resort to international arbitration governed by UNCITRAL rules, ICC, SIAC, etc., to handle cross-border investments and commercial conflicts.
8. **Technology and AI in ADR** - Emerging use of AI-based document analysis, predictive analytics, and e-filing platforms in arbitration/mediation is transforming how disputes are managed and resolved.

Conclusion

ADR has emerged as an indispensable tool in the modern corporate and legal ecosystem, particularly for companies navigating complex commercial relationships, regulatory obligations, and stakeholder interests. As traditional litigation continues to pose challenges in terms of cost, time and procedural rigidity, ADR offers a pragmatic, efficient and business-friendly alternative for dispute resolution.

From arbitration and mediation to conciliation and hybrid models, ADR mechanisms provide tailored approaches that emphasize confidentiality, cooperation, and speed—attributes highly valued in the corporate sector. With the growing complexity of commercial arrangements, the importance of preserving business relationships, and the global nature of transactions, ADR serves not just as a dispute-resolution mechanism but as a strategic component of corporate risk management.

The legal framework in India has progressively evolved to support and institutionalize ADR. Key legislative developments like the Arbitration and Conciliation Act, 1996, Commercial Courts Act, 2015, and the Mediation Act, 2023 reflect the government's commitment to fostering a culture of amicable dispute resolution. Judicial pronouncements from the Supreme Court and High Courts have further solidified the role of ADR by reinforcing party autonomy, arbitrability of commercial matters and the enforceability of ADR outcomes.

In this evolving legal landscape, Company Secretaries play a pivotal role. They are uniquely positioned at the intersection of legal compliance, governance, and stakeholder engagement. Their responsibilities now go beyond traditional secretarial functions to include the drafting of ADR clauses, advising boards on potential disputes, coordinating with legal counsel and ADR institutions, and ensuring that resolution processes are compliant with applicable laws and aligned with corporate strategy. Their proactive involvement can significantly mitigate litigation risk and reinforce good governance practices.

Despite its many benefits, ADR is not without its challenges. Issues like enforceability of mediated settlements (though now addressed to an extent), high costs of institutional arbitration in international matters and the potential for power imbalances in negotiation-based mechanisms highlight the need for continued legal reform, institutional strengthening, and awareness-building.

Looking ahead, the integration of technology through Online Dispute Resolution (ODR) platforms, the growing trend of pre-litigation mediation, and the adoption of hybrid dispute models signify a clear



shift towards modernizing the way commercial conflicts are resolved. The globalization of business and cross-border investments will only increase the relevance of internationally recognized ADR frameworks.

To fully harness the potential of ADR in corporate India, stakeholders—especially board members, in-house legal teams, and governance professionals must embed dispute resolution planning into their contractual, operational, and strategic processes. Simultaneously, policymakers and legal institutions must continue to refine ADR frameworks to ensure they are accessible, fair, and effective.

In conclusion, ADR is not just an alternative to litigation—it is a progressive, collaborative, and strategic solution that reflects the future of dispute resolution in the corporate world. When integrated thoughtfully into company law and governance practices, ADR enhances regulatory compliance, protects stakeholder interests, and ultimately contributes to a more resilient and efficient business environment.

Expanding Horizons: Leveraging Various Opportunities

CS Abdultaiyeb Misri*

Typically, when we think about the scope and responsibilities of a Company Secretary (CS), we tend to focus solely on their work related to the Companies Act and SEBI's Regulations, 2015. However, with the type of curriculum a CS has, he/she can venture into numerous areas. Their expertise can be applied across various domains, enabling them to contribute significantly to both business growth and the broader community. The role of CS in India has evolved significantly from its traditional image; today, a modern CS serves as a crucial component in the functioning of the business ecosystem. I have made an effort to cover as many areas as possible where a Practicing Company Secretary (PCS) can offer services and where a CS in employment can find career opportunities.

A PCS can undertake many assignments from diverse fields. Some of the areas where he/she can practice are as follows:

1) NBFC Registration and Fillings

Over the past decade, there has been substantial growth in the NBFC sector. PCS can play a vital role in assisting NBFCs with mandatory RBI filings and ensuring compliance with the prescribed code of conduct.

2) Valuation of Securities

ICSI has on November 22, 2017 incorporated a not-for-profit private limited company under Section 8 of the Companies Act, 2013, by the name ICSI Registered Valuers Organisation (ICSI RVO). ICSI RVO intends to enrol, educate, train and promote the profession of Registered Valuers as per the Companies (Registered Valuers and Valuation) Rules, 2017. Practicing Company Secretaries are increasingly encouraged to register and pursue career as Registered Valuers. The scope of share valuation for CS goes well beyond basic corporate valuations. It includes a wide range of scenarios where accurate share valuation is crucial for legal, financial, and strategic business decisions such as mergers and acquisitions, fundraising, taxation matters, and litigation, among others.

3) RBI: FEMA

According to government data over the last decade (April 2014 to September 2024), total FDI inflows amounted to \$709.84 billion, accounting for 68.69% of the overall FDI inflow in the past 24 years. This robust inflow of investments underscores India's pivotal role in shaping the global economic landscape. With the rising inflow of funds into the country, the demand for

* Manager, MG Consulting Private Limited



compliance under RBI regulations and FEMA have also increased. This has created significant opportunities for PCS to expand and grow their practice by offering specialized advisory and compliance services in this area.

4) Insolvency Professionals

ICSI Institute of Insolvency Professionals (ICSI IIP) is a frontline regulator registered with the Insolvency and Bankruptcy Board of India (IBBI) under the Insolvency and Bankruptcy Code, 2016. ICSI IIP is registered under Section 8 of the Companies Act, 2013 and is a wholly owned subsidiary of Institute of Company Secretary of India (ICSI). IPs scope of work encompasses various aspects of the insolvency process, from initial assessment to final resolution, with a focus on maximizing value for stakeholders. This is a highly promising and dynamic field. PCS are encouraged to undergo the necessary training and obtain certification to become Insolvency Professionals.

5) The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Act was enacted to provide protection against sexual harassment of women at workplace and for the prevention and redressal of complaints of sexual harassment and for matters connected therewith or incidental thereto. With the rise in the number of business organizations and growing awareness about the importance of compliance with this Act, many PCS have begun offering services in this domain. These services include conducting POSH awareness workshops, drafting relevant policies, and assisting with the filing of annual reports.

6) FSSAI Registration and Filings

FSSAI registration is a mandatory requirement for anyone involved in the food business in India. This includes individuals or entities planning to open a restaurant, bakery, hotel, cloud kitchen, or food stall. All Food Business Operators (FBOs) engaged in the manufacturing, processing, preparation, sale, transportation, distribution, or storage of food products must obtain FSSAI registration to legally operate their business. The process is simple and everything is online. PCS can easily navigate through the provisions and help the businesses to obtain registration and file the necessary returns.

7) Startup India Registration

Under the Startup India initiative, eligible companies can get recognised as startups by DPIIT in order to access a host of tax benefits, easier compliance, IPR fast-tracking, and more. PCS can help a startup get this recognition.

8) Social Audit of Gram Panchayats

The scope of a CS for audit of a Gram Panchayat (GP) encompasses various administrative and managerial functions, primarily focused on ensuring compliance with laws, regulations, and policies related to the GP's operations. They can assist in managing the GP's affairs, including meetings, record-keeping, and ensuring proper implementation of government schemes and policies within the village.

9) Income Tax Registration and Filings

Income tax return filing of Individuals and Partnerships not having audit requirements can be easily undertaken by a PCS. A PCS can also undertake tax planning and tax management for the company, advising about the tax concessions/incentives/relief, planning, setting up of business, amalgamation, diversification, expansion to avail tax benefits.

10) GST Registration and Filings

GST has given immense opportunities to all the professionals alike. PCS firms need to grab the opportunities and emerge as a one-point solution for all GST related filings.

11) Registration under Ayush

Ministry of AYUSH has a Drug Control Cell (DCC) to administer regulatory and quality control provisions for Ayurveda, Siddha, Unani & Homoeopathy (ASU&H) drugs. The Drug Control Cell has been made AYUSH- Vertical of the CDSCO since February, 2018 to deal with the provisions of Drugs and Cosmetics Act, 1940, rules made thereunder and the associated matters pertaining to ASU&H Drugs. PCS can help the businesses dealing in these areas to abide by the rules and always stay complied. Non-compliance with these rules can result in serious repercussions.

12) Environmental Law Audit

PCS can play a crucial role in ensuring environmental compliance by serving as a link between the company and its environmental responsibilities. They ensure adherence to regulations such as hazardous waste management rules and environmental impact assessments (EIAs). Additionally, they can contribute to policy development, Environmental, Social, and Governance (ESG) reporting, as well as training and awareness initiatives for the organization.

13) Housing Society Registration and Related Filings

PCS have already started providing services in relation to formation of Cooperative Housing Society. With an increased number of housing projects across India, more and more housing societies are going to be formed. Societies often have a large membership base, which can make effective management and administration difficult in the absence of clear rules and sound corporate governance practices. A PCS firm can play a vital role in handling the general meetings, governing body meetings and also uphold the standards of transparency and corporate governance resulting in smooth management and administration of the society matters.

14) Firms Registration and Related Filings

The registration of partnership firms falls under state jurisdiction and is not mandatory. However, for various practical and legal reasons, partners often choose to register their firm with the respective Registrar of Firms (ROF). PCS is well equipped with the skills required to help the partners to register their firms and do timely filings for the same.

15) CSR Audit

With corporates spending increasing on Corporate Social Responsibility (CSR), there is a need for proper audit of the CSR arm of the Corporates. The scope of a CS in CSR audit encompasses various aspects beyond mere compliance. It includes policy formulation, internal audit



coordination, and stakeholder engagement, ensuring CSR initiatives align with corporate goals, legal standards, and societal expectations.

16) Applying for Shops and Establishment License, Fire License, Health License, IEC code, PT and ESIC, MSME Registration

All these licenses may feel alien to many but very important to conduct businesses. With some research and dedication, PCS can easily venture into these areas. Many PCS have already started providing such registration and licenses.

17) Legal Agreement and Documents Drafting for India and Foreign

PCS firms possess strong expertise in drafting legal agreements and documents. There is a wide range of opportunities in the market for preparing various legal instruments, both for domestic and international clients.

18) IPR Registration

Intellectual Property Rights (IPR) registration is needed to protect original creations, inventions, and trademarks, granting exclusive rights over them. This protection helps prevent unauthorized use or copying by others, allowing you to benefit financially and maintain control over intellectual property. Many PCS firms already provide these services, however, it is still not regarded as a common area for PCS firms to practice.

19) Stamp duty Adjudication at concerned stamp office of states

Stamp duty adjudication and compounding processes for issue and transfer of share certificates, merger orders are a good scope of practice for PCS firms.

20) Registration and Filing of Trusts

PCS firms are well equipped to handle creation of Private and Public Trusts and their compliance related filings with the concerned authorities.

21) Arbitration and Conciliation Services

PCS can utilize their legal, regulatory, and practical business expertise to efficiently handle disputes and play a valuable role in the Alternative Dispute Resolution (ADR) process. They can easily provide guidance on arbitration, negotiation, and conciliation in commercial disputes between parties and serve as an Arbitrator or Conciliator in both domestic and international commercial disputes.

22) HR functions

PCS can also explore opportunities in recruitment and HR services, particularly for senior management positions such as CFOs, Independent Directors, and Company Secretaries. To succeed in this area, strong networking skills and a flair for business development are essential.

23) Acting as Independent Directors

A CS can effectively leverage their in-depth expertise in company law, corporate governance, and board procedures to serve as a competent Independent Director. In this role, they are responsible for ensuring regulatory compliance, protecting stakeholder interests, and contributing to strategic decisions, all while upholding objectivity and impartiality.

24) Academia and Research

PCS can engage in research focused on governance and legal frameworks, and also contribute as educators and professional trainers. They have opportunities to join academic institutions, author books, or design and deliver training programs.

Today, the career opportunities for CS in employment extend far beyond traditional secretarial roles. With the evolving market landscape and the rapid growth of the Indian corporate sector, a wide array of new roles is opening up for professionals. Tapping into these emerging opportunities demand qualities such as dedication, perseverance, and consistency, traits that professionals undoubtedly embody.

As per the Corporate Data Management portal maintained by the Ministry of Corporate Affairs, the total number of registered active companies as of 31st January 2025 stands at 18,17,222. Among these, 6,883 are listed and 18,10,339 are unlisted. This clearly indicates a vast landscape of opportunities available for Company Secretaries in the market.

Employment opportunities available for a Company Secretary other than in the traditional companies:

1) NBFCs, AIF Companies and Mutual Fund Companies

According to the government data, as on 31st January 2025, there are 52,993 Private Companies and 19,972 Public companies in the finance sector. Just like the scope of PCS firms has widened due to growth and development of NBFCs and AIF companies, the Companies Internal Compliance and Legal department has also started to hire skilled CS for ensuring compliance with the Companies Act, RBI guidelines, and SEBI regulations, as well as maintaining sound corporate governance practices. A CS plays a vital role in ensuring compliance with the Mutual Fund Act, acting as a Compliance Officer and ensuring adherence to regulations. They oversee various aspects like regulatory filings, investor protection, and internal audit of mutual fund.

2) Insurance Companies

According to the government data, as on 31st January 2025 there are 1210 Private Companies and 151 Public companies in the Insurance Sector. CS plays a vital role in the insurance sector, acting as a compliance officer and ensuring adherence to regulatory and legal requirements. They are responsible for managing compliance with the Insurance Act and other relevant regulations, maintaining company records, and advising the board on corporate governance.

3) Stock Exchanges

Stock exchanges are employing CS across various departments like Initial Listing, Compliance Management, SDD, FPOs, Business Development, etc.

4) Depository and RTA Companies

CS in National Securities Depository Limited (NSDL) or Central Depository Services (India) Limited (CDSL) can handle various responsibilities related to corporate governance, compliance, and regulatory matters within the financial and capital markets sector. Further, RTAs across India employ CS in their teams for ensuring adherence to legal requirements, managing shareholder records, and facilitating smooth share transfer processes.



5) Government Departments like CRC, ROC, RD, NCLT and Official Liquidator

In recent times, various departments have increasingly advertised contractual and internship opportunities for Company Secretaries. These roles offer meaningful exposure to regulatory frameworks and significantly contribute to the development and refinement of their professional skill set.

6) Merchant Banking

A merchant banker is a financial expert who offers specialized services to businesses and high-net-worth individuals, particularly in areas such as capital raising, mergers and acquisitions, and financial advisory. They assist companies in managing complex financial transactions and developing effective financial strategies. With the rise in capital market activity, the demand for skilled professionals in these organizations has grown significantly. Company Secretaries are well-positioned to enter this field and build successful careers.

7) International Opportunities

Many multinational companies and consulting companies are employing CS in India to look after the foreign country's compliances as it is more cost effective. This has opened a lot of opportunities for the Company Secretaries planning for expanding their horizon beyond Indian laws and regulations.

Therefore, it can be concluded that a wide range of opportunities are available for Company Secretaries today. The modern CS is no longer just a compliance officer but a strategic pillar in corporate decision-making. We need to embrace lifelong learning and diversification to remain relevant and valuable. The future lies in being adaptive, tech-savvy, and being globally aware.

A CS must ensure that he/she focuses on the following:

1) Leveraging Technology

- Automating compliance processes using software tools.
- Data analytics for better decision-making and risk assessment.
- Using AI for legal research and predictive compliance.
- Innovate with tech in governance.

2) Enhancing Professional Skills

- Gaining certifications: CSR, ESG reporting, Data Privacy, Arbitration, NISM, etc.
- Pursuing higher education: LLB, MBA, or international governance programs.
- Soft skills: Leadership, communication, negotiation, and strategic thinking.

3) Networking and Continuous Learning

- Participating in events of professional and statutory bodies.
- Attending webinars, workshops, and global conferences.
- Publishing papers and thought leadership articles.

4) Entrepreneurial & Independent Practice

- Setting up consultancy firms with diverse services.
- Corporate training and education services.

5) Seek Mentorship

Learning from experienced Company Secretaries can provide guidance and support.

6) Build Practical Experience

- Seek roles or projects within your desired industry to gain hands-on experience with its regulatory and operational nuances.
- Participate in industry committees, boards, or working groups to deepen your practical understanding

7) Offer Value-Added Services

Go beyond compliance by advising on strategy, risk, ESG, and stakeholder engagement, demonstrating your ability to drive business value within the industry.

References:

1. <https://www.icsirvo.in/>
2. <https://pib.gov.in/PressReleasePage.aspx?PRID=2083683>
3. <https://icsiip.in/>
4. <https://fssai.gov.in/>
5. <https://www.startupindia.gov.in/content/sih/en/startup-scheme.html>
6. <https://www.mcacdm.nic.in/>



Expanding Horizons: Leveraging Various Opportunities

CS Hemant Vijay Pandya*

Introduction

“तथापि सत्यं सम्यक् विधाय संस्थानं नायकम्” - Truth and proper governance lead organizations toward excellence.

This ancient Sanskrit shloka isn't just about noble ideals—it speaks directly to those of us who are gate keepers of corporate governance. For Company Secretaries (CS), who have long been the quiet custodians of transparency and ethics, the lessons of our ancestors still guide us today. We are not just rule keepers or compliance officers; we are strategic partners, innovators, and ethical promoters. And now, as our world shifts beneath us with emerging opportunities and rapid regulatory changes, it's more important than ever to widen our perspectives and push our professional boundaries.

I remember a story- one that shaped my thinking since childhood. It was about a wise sage who handed three seekers a lamp and asked them to navigate a dark forest. One hesitated, refusing to step forward. Another advanced but soon turned back in fear of losing his light. But the third understood that wisdom, like the lamp, doesn't illuminate the entire journey—it reveals the path step by step. He moved ahead with confidence, discovering opportunities that others never saw.

In today's fast-evolving corporate environment, governance is no longer about maintaining the status quo—it is about adapting, anticipating, and leading with insight. Just as the third seeker in the story moved forward with confidence, we too must embrace regulatory changes as opportunities rather than obstacles. Every amendment, every policy shift, and every compliance update carries the potential to strengthen governance frameworks and refine strategic decision-making.

Below are some key areas where I believe regulatory evolution is shaping our role and creating new avenues for growth.

Navigating the Dynamic Regulatory Landscape

Working in today's fast-paced corporate world means managing and adapting with regulations that seem to evolve on a near-daily basis. Whether it's amendments to the Companies Act, revised SEBI guidelines, or any other policy changes, every new rule is a challenge that doubles as an opportunity to raise our governance game.

a. Regulation as a Catalyst for Growth

Regulations today are more than rigid checklists; they are dynamic frameworks tailored to the needs of our evolving economy. When new compliance norms appear, it isn't just about fulfilling

* Executive Director – Compliance, Legal & Company Secretary, JM Financial Limited

obligations—it's about decoding the spirit behind these changes. As CS professionals, we have a unique role in transforming regulatory updates into strategic advantages. Think of it as tuning an instrument: every adjustment, when made with insight and precision, creates harmony between a company's operations and its fiduciary responsibilities. Isn't it correct?

b. “धर्मो रक्षति रक्षितः” - Dharma protects those who protect it

This line resonates strongly with our work ethos, as well. When we make integrity and ethical practices part of our work culture, we not only safeguard our organizations from risks but also build a robust culture of trust. Every time we explain a regulatory change in a board meeting or discuss various compliance reports, we are laying the groundwork of building a culture of transparency and preparedness in the organisation.

c. Global Influences and Local Adaptation

You will agree, global trends often inspire local innovations. Whether its sustainability frameworks emerging from European markets or digital compliance practices gaining traction in North America, a keen eye on international developments helps shape our approach at home. Incorporating these insights not only elevates our governance practices but also positions our organisations as international benchmarks for excellence.

d. New Regulatory Mandates: SEBI and RBI Developments

In our current regulatory environment, a couple of recent developments have significantly impacted our professional landscape. Notably, the latest amendment by SEBI in Listing Regulations now clearly positions the Compliance Officer one level below the board. This incremental yet vital change reinforces the importance of having a dedicated compliance function that operates in close alignment with the board, ensuring that compliance isn't just a back-office activity but an active component of strategic decision-making. This structural adjustment means that while the board retains overall oversight, a seasoned Compliance Officer can now act as the catalyst between strategic governance and day-to-day operations, ensuring that compliance issues are addressed promptly and effectively.

Equally significant is the directive issued by the Reserve Bank of India (RBI) for Non-Banking Financial Companies (NBFCs). The RBI has mandated that NBFCs must appoint a Chief Compliance Officer (CCO), a move that acknowledges the increasingly complex risk environment faced by these entities. By having a dedicated CCO who reports directly to senior management, NBFCs are now better positioned to manage compliance risks in real time, reflecting a commitment not only to regulatory adherence but also to the principles of ethical, forward-thinking corporate governance.

Through such regulatory shifts, it is evident that the role of Company Secretaries and Compliance Officers is becoming more clearly defined, with heightened expectations from regulators.

e. Bridging Compliance with Corporate Strategy

Consider a scenario where a company implements its processes to align it with latest amendments to applicable laws. On the surface, it might seem like a routine update. Yet, if the CS leverages this change to integrate modern reporting tools and streamline communication between departments, the result may surely be far more profound, a transformation that enhances both operational efficiency and stakeholder confidence. By aligning regulatory mandates with overall business strategy, we can turn everyday compliance into a competitive edge.



Broadening the Scope of Roles

The role of a Company Secretary has evolved dramatically. Gone are the days when our work was limited to organising board meetings and filing papers. Today's CS is a multidimensional professional entrusted with shaping the strategic direction and risk profile of an organisation.

a. Governance and ESG Integration

Environmental, Social, and Governance (ESG) issues have become central to how businesses define success. Stakeholders now demand that companies maintain accountability not only through profits but also through sustainable and ethical practices.

- o **Sustainability Initiatives:** One of our most impactful contributions is integrating sustainability into core corporate strategies. As CS professionals, we can be in a prime position to lead the adoption of green policies, ensuring that our companies not only comply with environmental norms but also build trust with consumers and investors.
- o **Social Responsibility:** Beyond environmental concerns, businesses are expected to engage meaningfully with society, promote diversity, and support community initiatives. By leading or advising on these programs, we help reinforce an organisation's commitment to the broader welfare of all its stakeholders.
- o **“सर्वे सन्तु सुखिनः”- May all be happy:** This shloka summarizes our hope that our work will contribute to the well-being of society as a whole. By embedding ESG practices seamlessly into corporate culture, we not only enhance our compliance objectives but also the broader goal of sustainable prosperity.

b. A New Vision for Risk Management

Risk management has surpassed its historical role as a means of damage control. Today, it is about foresight—seeing challenges before they become crises and turning them into opportunities for growth.

- o **Proactive Risk Identification:** Building comprehensive risk frameworks allows us to spot vulnerabilities long before they impact the business. This approach isn't about eradicating risk; it's about anticipating it and planning strategic responses.
- o **Strategic Insights through Risk Analysis:** Sometimes, the risks that seem overwhelming can actually uncover new opportunities, leading to growth, innovation, and market expansion. By analysing risk with a keen strategic eye, we can transform potentially negative situations into launching pads for competitive advantage.

c. Enhancing Board Effectiveness

As the bridge between the boardroom and day-to-day operations, we are uniquely positioned to ensure that organizational governance is both effective and inclusive.

- o **Facilitating Open Communication:** In today's complex business environments, the board relies heavily on timely, precise information. We work diligently to ensure that every critical detail is communicated effortlessly, enabling informed and agile decision-making.

- o **Providing Unbiased Advice:** Due to our impartial position, we can help the board by providing objective and unbiased guidance, enabling directors to make informed decisions that align with the organization's strategic vision and long-term goals.

d. **CSR as a Strategic Lever**

Corporate Social Responsibility (CSR) has evolved from being a mere buzzword to a vital strategic pillar in today's business world.

- o **Designing Integrated CSR Programs:** In modern governance, CSR isn't an add-on; it's a core element of the corporate story. By aligning CSR initiatives with overall business strategies, we help enhance a company's public image while contributing to community well-being.
- o **Transparency and Accountability:** Detailed and transparent CSR reporting reassures investors, regulators, and society at large that a company is committed to ethical practices. This not only boosts investor confidence but also attracts a consumer base that values ethical conduct.

e. **Internal Audit: Strengthening Compliance and Governance**

As businesses grow more complex, Internal Audit plays a critical role in strengthening corporate governance and risk management. CS professionals can leverage their expertise to enhance internal audit frameworks, ensuring greater oversight and compliance integrity.

- o **Ensuring Regulatory Adherence:** With continuous regulatory changes, internal audit functions help organizations stay compliant by proactively reviewing processes and identifying areas for improvement.
- o **Risk-Based Audit Approaches:** A well-structured risk-based audit system ensures that resources focus on the most critical governance and compliance areas, reducing vulnerabilities.
- o **Enhancing Operational Efficiency:** Internal audit isn't just about detecting risks—it's about optimizing business operations, ensuring that policies and practices are aligned for sustainable success.
- o **CS as an Audit Partner:** Company Secretaries, with their deep understanding of corporate governance, can work closely with internal audit teams to strengthen organizational compliance, drive accountability, and establish robust governance structures. Company Secretaries can also expand their professional scope by specializing in internal audit, risk assurance, and compliance management.

Harnessing Technology for Governance Excellence

The digital revolution has redefined the way organisations function, with technology now at the heart of every major corporate initiative. For the Company Secretary, this transformation presents both challenges and immense opportunities.

a. **Embracing Digital Tools**

The integration of digital tools into our daily operations has made tasks more efficient, data more accessible, and governance more responsive.



- o **Artificial Intelligence (AI):** AI-powered systems can monitor regulatory changes in real time, assess risks, and even suggest corrective actions. This technology compels us to be proactive, transforming the traditional reactive mode into one of dynamic planning.
- o **Blockchain Technology:** Blockchain provides a level of transparency and integrity in record-keeping that is unprecedented. Whether it's maintaining an immutable record of board decisions or ensuring the integrity of corporate filings, the benefits are profound.
- o **Advanced Data Analytics:** With the rise of big data, we now have the tools to extract detailed insights from operational and compliance data. These analytics support data-driven decisions that enhance everything from regulatory adherence to overall business performance.
- o “न भूतो न भविष्यति”- What was once **unimaginable** is now within reach: Each time I witness technology removing barriers that once seemed impossible or challenging, I am reminded of this powerful shloka. It's our call to embrace new tools wholeheartedly and transform challenges into opportunities for innovation.

b. Digital Transformation in Action

Consider a company implementing an AI-driven compliance monitoring system—this isn't just a technological upgrade; it represents a fundamental shift in governance. By minimising human error and enhancing precision, such systems reinforce compliance integrity while transforming corporate culture.

Similarly, integrating blockchain for board documents ensures transparent and tamper-proof record-keeping, where every decision is securely logged with forensic accuracy. These advancements allow professionals to move beyond routine oversight, focusing on strategic decision-making and innovation.

Recognising the significance of system-driven compliance, the RBI has mandated regulated entities to adopt technology-based compliance monitoring tools, reinforcing the industry's transition toward automated governance for enhanced accountability and risk management.

c. Overcoming Digital Adoption Challenges

Adopting new technology is rarely without its hurdles. Cybersecurity threats, legacy system integration, and the need for continual training all pose challenges. However, these issues are also opportunities.

- o **Cybersecurity Vigilance:** With robust IT security measures and ongoing training, we can transform potential vulnerabilities into strengths.
- o **Cultivating a Culture of Innovation:** Fostering an environment where technology is embraced as a partner—and where all staff are encouraged to learn and adapt—diminishes resistance and leverages the true potential of digital solutions.

Embracing Opportunities in Emerging Sectors

The business world is evolving every day, and new sectors with their unique demands are emerging almost as rapidly as old practices are being revised. As CS professionals, these new areas—ranging

from fintech innovations to the booming renewable energy sector—open a vista of untapped potential and fresh challenges.

a. The Fintech Revolution

Fintech isn't merely a trend; it's changing how financial services are delivered. Digital currencies, mobile payments, and online lending platforms are rewriting the rules of engagement in finance.

- o **Regulatory Nuances in Fintech:** Fintech companies must navigate complex regulations around consumer data, financial compliance, and innovative digital products. Our expertise in legal and regulatory interpretation can help us provide invaluable in guiding these companies safely through new territories.
- o **Strategic Advisory:** In an industry where trust is paramount, our role involves advising on robust frameworks that allow fintechs to innovate responsibly while ensuring high standards of compliance.

b. Renewable Energy and Sustainability

As the world pivots towards sustainability, renewable energy companies have emerged as frontrunners in aligning profit with environmental responsibility.

- o **Navigating Environmental Regulations:** Renewable energy firms are subject to countless of local and international standards. Our role can help to ensure they not only meet these regulations but also stand out as exemplars of environmental stewardship.
- o **Innovating Governance Models:** Integrating sustainability into governance framework is about reshaping the way business is done. By merging environmental concerns into the fabric of corporate policy, we can help build models that are both profitable and planet-friendly.
- o **“उद्योगं स्फूर्ति कर्म” - Industry thrives on inspired and dedicated action:** This shloka is also very inspirational—it perfectly captures the drive required to push boundaries in emerging sectors. With passion and strategic insight, we can help transform challenges into opportunities, paving the way for innovation and sustainability.

c. The Digital Platforms Economy

Digital platforms have redefined markets by emphasising data, privacy, and agile governance.

- o **The Imperative of Data Privacy:** As digital transactions and information sharing become the norm, ensuring robust data governance is non-negotiable. Our guidance ensures that companies handle personal and sensitive data with the highest degree of responsibility and transparency. With the introduction of the Digital Personal Data Protection (DPDP) Act, 2023, organisations must align their data privacy practices with the principles of lawful processing, informed consent, and stringent security measures. The DPDP Act reinforces the obligations of data fiduciaries, mandating proactive risk management and accountability in handling personal data.
- o **Agile Governance Models:** Traditional, static governance structures struggle to keep pace



with the rapid innovations of the digital age. By formulating adaptive governance frameworks, CS professionals empower digital businesses to react swiftly while maintaining ethical and regulatory integrity.

Driving Growth in Startups and SMEs

There's something profoundly inspiring about working with startups and SMEs. These are the organisations where innovation is at its peak and where establishing solid governance foundations from the beginning can set the stage for long-term success.

a. Building Strong Foundations

For emerging enterprises, robust governance is not a luxury—it is a critical necessity.

- o **Establishing Comprehensive Frameworks:** In startups, where processes are still fluid, laying down clear, well-structured protocols is crucial. Our expertise helps these companies build systems that manage everything from intellectual property to daily operations.
- o **Boosting Investor Confidence:** When investors see a company with strong and transparent compliance practices, their faith in the business grows. It's often this trust that transforms a promising startup into a market leader.

b. Mentorship and Strategic Guidance

One of the most fulfilling aspects of our work is serving as a mentor for new entrepreneurs. By sharing our insights on ethical practices and long-term planning, we help founders build resilient, forward-thinking organisations.

- c. “विद्या ददाति विनयम्” - **Knowledge imparts humility:** This wisdom reminds us that every piece of advice we share is an opportunity to learn and grow together. For startups, the early seeds of ethical governance can blossom into a robust culture that fuels sustained success.

Collaborating Across Disciplines

In today's interconnected realm, no one succeeds in isolation. Collaborative networks that span departments, industries, and regions are the true engines of progress.

a. Building Multifaceted Networks

- o **Legal and Financial Synergy:** By bridging the gap between legal workings and financial reasonableness, we can help ensure that every corporate decision stands on a solid foundation.
- o **Partnerships in Technology and Cybersecurity:** With technology increasingly at the heart of business, collaborations with IT and cybersecurity experts ensure that our compliance systems remain both robust and innovative.
- o **Integrating with HR and Operations:** Open forums and interdisciplinary meetings can dissolve silos and foster an environment where every team member understands the value of strong governance.

b. Embracing Diverse Perspectives

Every day offers a chance to learn from colleagues in different fields. These interactions often spark innovative ideas and help us develop a holistic view of organizational challenges. This synergy of cross-disciplinary insights is what propels us to craft strategies that are robust, agile, and deeply informed.

Upskilling and Continuous Learning

If there's one constant in our field, it's that learning never stops. The realm of corporate governance evolves continuously, and so must we—both in our technical expertise and our soft skills.

a. Commitment to Professional Growth

- o **Pursuing Certifications and Training:** Whether it's data privacy, cybersecurity, or international governance standards, obtaining further certifications strengthens our expertise and prepares us for emerging challenges.
- o **Enhancing Soft Skills:** Effective communication, negotiation, and conflict resolution remain invaluable. These skills help us mediate negotiations, articulate complex ideas clearly, and build consensus among diverse stakeholders.

b. Learning from Global Best Practices

- o **Participation in International Forums:** Attending webinars and conferences not only broadens our understanding but also sparks creative solutions tailored to the challenges we face at home.
- o **Harnessing Cross-Industry Insights:** Sometimes insights from unrelated fields—be it healthcare or technology—can illuminate solutions for us. This interdisciplinary learning fosters innovative thinking and enriches our governance practices.
- o **“विद्या ददाति विनयम्:”- Knowledge imparts humility:** This shloka is a constant reminder that our journey is one of perpetual growth, guided by an openness to learning and an unwavering commitment to excellence.

c. Fostering an Organizational Culture of Learning

When leadership prioritises continuous education, the entire organisation benefits. Whether through internal workshops, mentorship programs, or informal knowledge-sharing, creating a culture of learning is one of the best investments we can make for long-term success.

Embracing Ethical Leadership and Future Trends

At the core of our work is a commitment to ethical leadership. This commitment serves as the compass that steers our actions in uncertain times and helps build organisations that are not only successful but also principled.

a. The Call for Ethical Leadership

- o **Upholding Corporate Dharma:** Drawing on ancient wisdom, we know that our true duty extends beyond mere compliance. It's about cultivating a moral foundation that guides



every decision. By embodying dharma—duty and righteousness—we create organizations that stand resilient even in turbulent times.

- o **Leading Through Example:** Integrity, when practiced consistently, becomes contagious. When leadership displays unwavering ethical behavior, it sets a powerful benchmark that influences the entire organization.

b. Anticipating and Shaping Future Trends

The business landscape is evolving rapidly, and the future promises even more disruption—and with it, opportunity.

- o **Digital Governance and Data Ethics:** As digital transformation accelerates, so do questions regarding data ethics and inclusivity in an increasingly virtual world. Our strategies must account for these factors, ensuring that our digital innovations are both secure and ethical.
- o **Sustainability and Stakeholder Capitalism:** The emphasis on balancing profitability with environmental and social responsibilities has never been greater. Our advisory role is crucial in helping organizations navigate this balance, ensuring that corporate success is measured not only by financial metrics but also by social impact.
- o **Agile Governance Models:** Traditional governance structures, rigid and unyielding, face obsolescence in a world of constant change. We must adopt agile frameworks that allow for rapid response while staying true to our core values.
- o **“धर्मो रक्षति रक्षितः” - Those who uphold dharma are protected by it:** This powerful mantra reminds us that regardless of the changes around us, our steadfast commitment to ethical principles will always secure a stable foundation for success.

c. Innovating for Tomorrow

The future of a Company Secretary is about balancing tradition with innovation—respecting established practices while embracing new ideas for growth and efficiency. As we navigate complex challenges, we must see our role not as a mere executor of compliance, but as a visionary strategist charged with steering organisations toward a resilient and prosperous future.

Conclusion

As we return to the central theme of our journey, the message remains both clear and inspiring. Our role as Company Secretaries is far more than a set of prescribed tasks; it's a significant calling bridging ancient principles of truth and duty with modern regulations like those from SEBI and RBI, which refine our practice in today's business environment and help us stay relevant in today's business world.

By leveraging the latest technological innovations, staying ahead of regulatory changes and fostering a culture of continuous learning and open collaboration, we are charting a future filled with promise. Our work transforms challenges into opportunities—whether they come in the form of digital disruption or shifting regulatory landscapes.

In a world where change is the only constant, let us uphold the values passed down through generations and integrate them with the bold ideas of tomorrow.



May our professional journey be defined by vision, ethical precision, and a continued pursuit of excellence. Whether we are advising startups, streamlining operations in multinational corporations, or mentoring the next generation of CS professionals, let these timeless truths guide us every step.

Together, let us continue to expand our horizons with integrity, purpose, and a steadfast commitment to the principles that have guided us through centuries. Our future is bright, not because it follows a fixed path, but because we have the courage to innovate and remain true to the timeless wisdom that continues to inspire us.

May our professional journey always be a blend of ancient truth and modern ingenuity—anchoring us in dharma and propelling us to new heights of success.



Rethinking Practice: New-Age Opportunities for the 21st Century Company Secretary

CS Ketan Madia*

Introduction

The professional landscape for Company Secretaries is undergoing a remarkable transformation. Once primarily seen as compliance officers handling statutory filings and board processes, today's Company Secretaries are emerging as strategic partners in governance, legal advisory, corporate restructuring, and sustainability leadership. This evolution, fueled by rapid regulatory changes, heightened stakeholder expectations, and technological advancements, has broadened the professional spectrum for practicing Company Secretaries.

This article delves into the new-age opportunities unfolding before the profession and offers actionable insights on how Company Secretaries can pivot, position and prosper in a dynamic business environment.

The Expanding Role of Practicing Company Secretaries

The traditional image of the practicing CS—restricted to maintaining registers, filing returns and assisting in board meetings—is giving way to a more expansive, consultative, and strategic role. Today's businesses seek professionals who can interpret legal frameworks, mitigate risks, ensure ethical governance and integrate compliance with strategy.

This has led to the CS profession being repositioned as:

- Governance Advisors
- Risk and Compliance Strategists
- Legal and Regulatory Consultants
- Corporate Structuring Experts
- ESG and Sustainability Champions.

This shift not only demands deeper expertise but also opens up a multitude of opportunities for those ready to embrace change.

* *Practicing Company Secretary*

Opportunities include:

- **Drafting and auditing governance policies:** CS professionals can help design codes of conduct, board charters and ethical business practices that align with industry best standards. Periodic auditing of these governance frameworks helps in identifying implementation gaps, aligning boardroom behaviour with stated policies, and ensuring continual improvement in corporate practices.
- **Setting up compliance management systems:** A structured compliance framework is essential for mitigating legal and regulatory risks. CS professionals can design compliance calendars, integrate software tools for real-time compliance tracking, and set escalation mechanisms to ensure timely adherence. This adds immense value in a regulatory environment marked by increasing penalties for non-compliance.
- **Risk assessment and board-level training:** CS professionals can conduct enterprise risk mapping exercises to identify vulnerabilities across operations, finance, governance, and legal areas. By delivering board-level training on governance and risk themes, they can help directors stay informed about their fiduciary responsibilities and emerging risks, including cyber threats and ESG liabilities.
- **Ensuring adherence to SEBI, Companies Act, and other regulations:** Staying compliant with multiple overlapping regulatory frameworks is a constant challenge for corporates. CS professionals are uniquely placed to interpret, monitor, and implement compliance mechanisms for laws including the Companies Act, SEBI regulations, FEMA, POSH, and industry-specific codes. Their role ensures that companies avoid penalties and maintain their reputational standing.

Regulatory Representation and Advocacy

Authorised to represent clients before authorities like NCLT, SEBI, RBI, and ROC, CS professionals have significant scope in quasi-legal matters. This practice area demands a sharp understanding of procedural law and legal documentation. Company Secretaries can handle complex matters like condonation applications, compounding of offences, and merger approvals. As more cases move to tribunals and regulatory bodies, the demand for professionals who can balance legal acumen with procedural compliance continues to rise.

Key Roles:

- **Filing and arguing matters before the NCLT:** Practicing CS professionals can represent clients in matters related to mergers, oppression and mismanagement, and revival of companies. Their expertise in company law enables them to prepare comprehensive petitions, represent clients in hearings, and advise on procedural strategies before the tribunal.
- **Compounding of offences:** Many companies face unintentional breaches of statutory provisions, which can be resolved through compounding. CS professionals can prepare detailed applications, represent clients before the Registrar or Regional Director, and ensure that the offences are closed without criminal prosecution. This helps companies regularise their compliance status efficiently.



- **Oppression and mismanagement cases:** In disputes between shareholders or promoters, especially in closely-held companies, CS professionals can assist in preparing representations, collecting documentary evidence, and guiding clients through tribunal proceedings. Their neutrality and understanding of governance issues make them effective advisors in sensitive corporate disputes.
- **Amalgamations and corporate disputes:** CS professionals play a critical role in structuring amalgamations, preparing scheme documents, coordinating with valuers and auditors, and ensuring regulatory approvals from NCLT and other authorities. They also provide advisory support in cases involving disputes over shareholder rights, managerial remuneration, and board decisions.

Start-Up Advisory and Legal Structuring

India's start-up boom has created demand for professionals who can guide founders on legal and compliance aspects from Day One. CS professionals are ideally placed to assist in choosing the right legal structure, defining equity and governance frameworks, and ensuring regulatory hygiene which is often overlooked by first-time entrepreneurs. By becoming strategic advisors to early-stage companies, CS professionals can grow alongside them & offer ongoing support during funding rounds, ESOP administration, investor reporting, and compliance scale-up.

Service Areas:

- **Incorporation and entity structuring:** Choosing between LLPs, private limited companies, or Section 8 entities impacts tax, liability, and funding prospects. CS professionals can advise founders on the best-fit structure based on business model, scalability, and investor appeal. They also handle name approvals, registration processes, and PAN/TAN applications to ensure smooth incorporation.
- **Drafting shareholder and co-founder agreements:** Founders often neglect formal agreements, leading to disputes. CS professionals can draft detailed shareholder and co-founder agreements that define equity splits, roles, exit clauses, and IP rights, thereby safeguarding business continuity and investor confidence.
- **Advising on funding and cap table management:** With start-ups raising multiple rounds of capital, maintaining an accurate and transparent cap table is critical. CS professionals can guide on share classes, ESOP structures, and valuation implications while ensuring timely filings with regulatory authorities during funding rounds.
- **Compliance with tax, labour, and regulatory laws:** Start-ups are often unaware of routine compliances under laws like GST, PF/ESI, and Shops & Establishments Acts. CS professionals can establish a compliance calendar, advise on labour law applicability, and prevent inadvertent legal violations that may jeopardise funding or operations.

Corporate Restructuring and Insolvency

With the advent of the Insolvency and Bankruptcy Code (IBC), Practicing CS can work as Insolvency Professionals (IPs) or restructuring consultants. They can offer expert guidance on schemes of amalgamation, demerger, and corporate restructuring under the Companies Act. As IPs, they manage creditor negotiations, prepare resolution plans, and coordinate with stakeholders during the resolution

process. This area offers rich scope for multidisciplinary collaboration and demands a balance of legal, financial, and strategic advisory capabilities.

Opportunities include:

- **Managing corporate insolvency resolution process:** As Registered Insolvency Professionals, CS can take charge of distressed companies under the IBC framework, conduct committee of creditors (CoC) meetings, prepare information memorandums, and evaluate resolution plans. Their process-oriented approach is well-suited for compliance-heavy insolvency proceedings.
- **Drafting schemes of arrangement:** Restructuring schemes under the Companies Act, including mergers, demergers, and capital reduction, require legal precision and stakeholder coordination. CS professionals can draft scheme documents, prepare valuation and fairness reports, and handle procedural steps for approval through NCLT.
- **Due diligence and forensic reporting:** In restructuring or insolvency scenarios, forensic scrutiny and legal due diligence become critical. CS professionals can undertake detailed due diligence on corporate records, identify non-compliance or fraud, and support forensic audit teams with documentation and compliance verification.
- **M&A transactions and turnaround advisory:** Whether it's a distressed acquisition or strategic merger, CS professionals play a key role in evaluating regulatory risks, structuring deals, coordinating legal and financial due diligence, and supporting post-transaction compliance. They can also assist in designing turnaround plans focused on operational, financial and governance reforms.

ESG, Sustainability and BRSR Reporting

Environmental, Social, and Governance (ESG) parameters are now integral to corporate strategy. SEBI's mandate on BRSR has further mainstreamed sustainability reporting. CS professionals are well-equipped to integrate ESG into board-level governance by advising companies on reporting frameworks, stakeholder engagement, and sustainable risk management. Their role goes beyond compliance—they help build resilient, future-ready organisations that consider environmental and social impact as key decision factors.

- **Preparing BRSR reports:** Business Responsibility and Sustainability Reporting (BRSR) is now mandatory for the top 1000 listed companies in India. CS professionals can play a lead role in preparing these reports by engaging with various departments to collate non-financial disclosures, aligning them with SEBI's prescribed format, and ensuring narrative consistency. Their experience in governance reporting makes them natural custodians of this emerging responsibility.
- **Aligning disclosures with global standards (GRI, TCFD, SASB):** As companies increasingly aim to attract global investors, aligning ESG disclosures with international frameworks becomes essential. CS professionals can help organisations navigate standards such as the Global Reporting Initiative (GRI), Task Force on Climate-Related Financial Disclosures (TCFD), and Sustainability Accounting Standards Board (SASB). They can assist in benchmarking practices, assessing disclosure gaps, and customising reports that meet both domestic and global expectations.



- **Drafting ESG policies and risk frameworks:** Developing a credible ESG posture starts with policy articulation. CS professionals can draft ESG policies tailored to sectoral needs and organisational maturity. They also help design risk assessment matrices that integrate environmental and social dimensions—such as climate risk, supply chain ethics, or human rights obligations—into broader enterprise risk management systems.
- **Advising on sustainability audits and impact assessments:** Sustainability assurance is becoming a best practice, and CS professionals can work alongside auditors to validate ESG disclosures. They can also facilitate environmental and social impact assessments, especially for companies undertaking large projects. Their involvement ensures that ESG considerations are embedded into business strategy and stakeholder communication, rather than treated as an afterthought.

Secretarial Audit and Due Diligence

Secretarial Audit under Section 204 is a core area, but the demand is increasing for broader due diligence services. As corporate transactions become more complex, CS professionals are called upon to verify the legal and regulatory standing of companies. Their audits provide comfort to investors, lenders, and regulators alike. A meticulous and well-documented audit enhances transparency, reduces compliance risk, and ensures stronger corporate governance.

- **Legal due diligence for M&A:** In mergers and acquisitions, CS professionals play a key role in examining statutory records, verifying past non-compliances, evaluating litigations, and assessing governance practices. Their findings help acquirers identify risks, quantify liabilities, and structure representations and warranties in transaction documents.
- **Compliance risk assessments:** CS professionals can undertake organisation-wide reviews to assess exposure to compliance failures across company law, securities law, FEMA, labour law, and sectoral regulations. These assessments highlight red flags, suggest remediation strategies, and build a compliance-conscious culture.
- **Secretarial health checks for lenders and investors:** Lenders and private equity funds often seek assurance on the legal standing of target companies. CS professionals can conduct focused audits on shareholding patterns, statutory filings, board processes, and regulatory compliances to reassure external stakeholders.
- **Internal compliance audits:** Many companies now mandate internal audits beyond financials to include legal and secretarial compliance. CS professionals can evaluate compliance frameworks, test controls, and recommend process improvements, contributing directly to the organisation's internal risk management systems.

Virtual CFO and Compliance Outsourcing

Start-ups, SMEs, and even large entities are outsourcing their compliance and secretarial functions. This opens doors for CS professionals to offer bundled services. By offering Virtual CS or CFO services, professionals can provide end-to-end support on secretarial matters, financial reporting, and internal compliance. Such retainer-based models ensure a consistent revenue stream and enable scalable service delivery. Tech-enabled practices can handle multi-location clients with centralised dashboards and workflows.

Services may include:

- **End-to-end secretarial compliance:** CS professionals can manage the full range of company law compliances, including maintaining statutory registers, filing annual returns, preparing board and AGM documents, and liaising with regulatory authorities. This helps smaller companies meet their legal obligations without needing an in-house secretarial team.
- **Board and shareholder meeting support:** From drafting agendas and notices to preparing minutes and ensuring quorum requirements, CS professionals can facilitate seamless board and general meetings. They can also guide on resolutions, ensure regulatory filings post-meeting, and advise on corporate governance best practices.
- **Filing, payroll and HR compliance:** Many growing businesses require assistance with labour laws, payroll processing and statutory filings like PF, ESI, and TDS returns. CS professionals can collaborate with HR teams or offer integrated solutions to ensure full compliance with employment laws, reducing the risk of penalties or litigation.
- **Virtual CFO/CS roles:** CS professionals can serve as outsourced CFOs or CSs, advising clients on financial planning, budgeting, statutory filings, investor relations and compliance reporting. These roles are especially valuable to early-stage ventures that need strategic input but lack the bandwidth for full-time leadership hires.

Securities Laws and Capital Market Compliance

Listed companies need regular guidance on SEBI regulations, insider trading norms, and corporate governance requirements. CS professionals play a key role in ensuring that companies remain compliant with dynamic SEBI regulations, especially under LODR, ICDR and Takeover Regulations. They guide in drafting policies for code of conduct, trading windows, and disclosure management. Timely compliance with listing requirements ensures investor confidence and smooth functioning of the capital market ecosystem.

Key Areas:

- **Insider Trading and Code of Conduct Advisory:**

In an era of increasing scrutiny on market transparency, the advisory role of Company Secretaries in managing insider trading risks is critical. CS professionals can assist companies in drafting and enforcing robust codes of conduct to prevent illegal trading based on non-public, material information. By providing continuous training, implementing surveillance mechanisms and advising on disclosures, CS professionals help ensure that organisations comply with insider trading laws, fostering a culture of integrity and fairness in the market.

- **SEBI (LODR) and SEBI (ICDR) Compliance:**

The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 are central to ensuring transparent and fair corporate governance in listed companies. CS professionals are instrumental in ensuring that companies adhere to these extensive guidelines, from timely financial disclosures to maintaining shareholder communications. By facilitating adherence to these regulations, CS professionals mitigate the risk of penalties or legal action while fostering investor confidence through enhanced corporate transparency.



- **Corporate Actions and Listing Support:**

Corporate actions such as mergers, acquisitions, dividends and rights issues require careful regulatory compliance and board oversight. CS professionals support these actions by ensuring timely filings with regulators, preparing necessary resolutions, and communicating effectively with stakeholders. Their role extends to offering strategic advice during the listing process, ensuring companies meet regulatory requirements, and providing guidance through the complex process of becoming a listed entity, ultimately contributing to the company's growth and market reputation.

- **Investor Grievance Redressal Systems:**

As part of ensuring shareholder protection and promoting good governance, establishing an effective investor grievance redressal system is essential. CS professionals help organisations build and maintain a robust system that addresses and resolves investor complaints in a fair and timely manner. By setting up transparent mechanisms, ensuring proper documentation, and facilitating communication between investors and the company, CS professionals play a vital role in maintaining investor trust and safeguarding the company's reputation.

CSR and Not-For-Profit Advisory

The regulatory environment around CSR and non-profit entities is tightening, creating demand for structured governance and reporting. Company Secretaries can assist companies in planning and executing their CSR initiatives in line with legal mandates and strategic goals. They can also help structure and manage not-for-profit entities, ensuring FCRA, tax and donor-related compliances. As governance professionals, Company Secretaries bring transparency and accountability to the social sector.

Opportunities:

- **CSR Strategy and Compliance:**

As companies increasingly recognize their responsibility to society, the role of Company Secretaries in Corporate Social Responsibility (CSR) has gained prominence. CS professionals can help organisations formulate and implement effective CSR strategies that align with business objectives while fulfilling legal requirements. They can guide companies in ensuring compliance with CSR norms under the Companies Act, helping them identify meaningful initiatives, report activities transparently, and manage CSR funds efficiently. This role is vital for companies looking to create long-term social impact while ensuring adherence to statutory guidelines.

- **Structuring of Section 8 Companies:**

Section 8 companies, which are non-profit entities created for promoting charitable activities, require careful structuring to ensure legal and financial soundness. CS professionals play a crucial role in advising clients on the formation of such companies, ensuring compliance with the Companies Act and the specific provisions governing non-profits. From drafting the Memorandum and Articles of Association to ensuring proper governance mechanisms, CS professionals can help non-profit organisations meet regulatory requirements while maintaining a high standard of accountability.

- **FCRA and Donor Compliance Advisory:**

Foreign Contribution Regulation Act (FCRA) compliance is crucial for NGOs receiving funds from foreign sources. CS professionals are equipped to guide such organisations in navigating the complexities of FCRA norms, ensuring timely registration, and obtaining necessary approvals. They also help in structuring agreements with donors, managing fund usage, and ensuring that donations are utilized as per legal and statutory requirements. By assisting NGOs in adhering to FCRA norms, CS professionals support the smooth operation of foreign-funded charitable activities while mitigating legal risks.

- **Impact Assessment and Governance Audits:**

As the focus on sustainability and social responsibility intensifies, the demand for impact assessments and governance audits has grown. CS professionals can assist organisations in evaluating the effectiveness of their CSR initiatives, ensuring that they deliver measurable social impact. Through governance audits, CS can help an organisation assess their corporate governance practices, identify areas of improvement, and recommend changes to enhance accountability and transparency. These assessments not only ensure compliance but also build trust among stakeholders, including investors, donors, and the public.

Technology-Driven Compliance Solutions

Tech adoption is no longer optional. CS professionals can enhance client experience and operational efficiency using LegalTech. From creating client portals for real-time compliance updates to using AI-powered document drafting tools, technology is redefining how secretarial services are delivered. Cybersecurity, data privacy and information management are emerging areas where Company Secretaries can offer high-value consulting. Firms that embrace LegalTech can differentiate themselves and grow rapidly.

Opportunities:

- **Compliance Dashboards and Tracking Tools:**

In today's fast-paced regulatory environment, companies require real-time monitoring of their compliance status to mitigate risks. CS professionals can offer customised compliance dashboards and tracking tools that enable organisations to efficiently monitor their adherence to legal and regulatory requirements. These tools can aggregate data from multiple compliance areas, providing businesses with a comprehensive view of their compliance posture. By automating notifications, task assignments and reporting, CS professionals can help companies stay ahead of compliance deadlines, reduce manual errors, and ensure timely action on outstanding issues.

- **E-Signature and E-Meeting Solutions:**

As digital transformation continues to reshape business operations, the demand for secure, legally binding digital signatures and seamless e-meeting platforms has grown significantly. CS professionals can offer e-signature solutions that comply with the Information Technology Act, 2000 and other relevant regulations, enabling businesses to execute contracts and agreements remotely while maintaining legal validity. Similarly, e-meeting solutions tailored for board meetings, shareholder communications, and regulatory filings provide a secure and efficient platform for conducting business remotely. These solutions not only improve operational



efficiency but also ensure compliance with statutory requirements for virtual corporate governance.

- **Automated Document and Contract Management:**

Managing high volume of corporate documents and contracts can be a complex and time-consuming process. CS professionals can implement automated document and contract management system that help organisations organise, store, and retrieve documents efficiently. These systems allow for version control, easy access to critical legal and regulatory documents, and timely reminders for contract renewals or deadlines. By leveraging automation, CS professionals can significantly reduce manual effort, mitigate risks associated with misplaced or outdated documents, and enhance overall compliance with regulatory and governance requirements.

- **Data Privacy and Cyber Law Advisory:**

With the growing risks associated with data breaches and cyber threats, businesses must prioritise data protection and comply with privacy laws such as the Digital Personal Data Protection Act, 2023. CS professionals can offer expert advisory services to help businesses navigate the complexities of data privacy act, assess risks, and implement robust cybersecurity measures. They can assist in drafting privacy policies, structuring data protection agreements, and ensuring compliance with cyber laws. By providing guidance on best practices for data security, breach notifications, and risk mitigation, CS professionals play a critical role in protecting both organisational and customer data from potential threats.

Strategies to Leverage Emerging Opportunities

- **Niche Specialisation**

In today's competitive environment, it is essential to carve out a niche rather than attempting to be a generalist. By identifying two or three focused practice areas—such as insolvency, start-up advisory, or ESG compliance—Practicing Company Secretaries can build deep subject matter expertise. A niche not only enhances professional credibility but also allows for better targeting of potential clients, higher value service offerings and premium billing. Clients are more likely to engage specialists who understand the unique nuances of their specific needs.

- **Continuous Learning**

The regulatory landscape is constantly evolving. Staying updated is no longer optional—it is essential for survival and growth. Practicing professionals should continuously upgrade their knowledge through certifications in areas like the Insolvency and Bankruptcy Code, ESG frameworks, data protection, and forensic audits. Regular participation in seminars, webinars, and ICSI-led programs ensures that CS professionals stay ahead of the curve. Lifelong learning also equips them to venture into emerging practice domains with confidence and competence.

- **Collaboration and Networking**

The future of professional practice lies in collaborative ecosystems. By forming alliances with Chartered Accountants, Lawyers, Insolvency Professionals, and Management Consultants, Company Secretaries can deliver integrated solutions to clients. Networking through business forums, professional associations, and local chambers also builds visibility and fosters referrals.

Collaborations not only expand service offerings but also help in managing large, complex mandates efficiently.

- **Digital Transformation of Practice**

Digital tools can transform how Practicing CS professionals manage operations, interact with clients, and deliver services. From cloud-based secretarial software to workflow automation and virtual meeting platforms, adopting technology enhances productivity, accuracy, and responsiveness. A tech-savvy practice can service clients across geographies, build scalable systems, and provide a modern, seamless experience—critical to standing out in a competitive market.

- **Thought Leadership and Client Education**

Establishing oneself as a thought leader builds trust and positions a professional as an authority in their field. Company Secretaries can publish informative articles, whitepapers, newsletters or host webinars to share insights on governance, compliance and legal updates. Educating clients also empowers them to make better decisions and deepens professional relationships. A visible thought leadership presence enhances personal brand equity and attracts quality clients.

- **Integrity and Ethical Standards**

Ethics form the cornerstone of the CS profession. In a world driven by quick fixes and short-term gains, maintaining unwavering integrity is not just a moral imperative—it is a strategic differentiator. Clients trust professionals who demonstrate consistency, transparency, and principled conduct. A reputation for ethical practice builds long-term relationships, referrals, and institutional trust, which are the foundations of a sustainable and respected practice.

Conclusion

The 21st century business landscape is complex, regulated, and fast-evolving. Company Secretaries who are prepared to look beyond conventional roles, embrace change, and innovate their practice models will not only remain relevant, they will lead.

From governance advisory to ESG audits, from tech-enabled compliance to legal representation, the scope is vast and growing. It is time for Practicing Company Secretaries to rethink their practice, not merely as a profession of compliance, but as a dynamic, future-forward career of strategic importance.

References:

1. World Economic Forum. Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting, 2020. <https://www.weforum.org>
2. Global Reporting Initiative. GRI Standards for Sustainability Reporting, 2021. <https://www.globalreporting.org>
3. Organisation for Economic Co-operation and Development (OECD). G20/OECD Principles of Corporate Governance, 2015. <https://www.oecd.org>
4. International Finance Corporation. SME Governance Guidebook, 2018. <https://www.ifc.org>
5. NITI Aayog. India's Voluntary National Review on Sustainable Development Goals (SDGs), 2020. <https://niti.gov.in>



Company Secretaries in the Era of Artificial Intelligence: Ethical Influence through Content and Digital Reputation Management

CS Neha Bajaj

Introduction

From being a compliance watchdog to becoming the strategic advisors and change enablers, there has been a paradigm shift in the role of Company Secretaries in the ever-evolving corporate landscape. As artificial intelligence (AI) reshapes the global business landscape, Company Secretaries stand at a pivotal juncture where ethical influence, strategic communication and digital trust become key to relevance and growth.

The world, today, is witnessing a major change backed by massive speed, owing to the deeper involvement of AI in every crucial aspect of professional life. It is a right time to acknowledge now that AI is no longer a futuristic concept, rather a prevailing force which is here to stay for good. It is already transforming the key professional domains of governance, risk management and compliance mechanisms.

This revolution creates a huge opportunity for Company Secretaries to adopt the transformational tool of content creation and digital reputation in perfect alignment with ethical AI, thereby moving towards building thought leadership in their areas of expertise while ensuring, as a governance professional, to practice the principles of ethics during practical applications of AI in the compliance domain.

With this article, efforts have been made to explore the possibilities of leveraging content creation and ethical AI in building as well as managing a strong digital reputation for CS professionals, thereby emphasising these tools for strategic business growth, influence and expansion in scope of services. This article primarily highlights the new frontiers of ethical positioning, thought leadership and digital reputation management for a progressive and impactful practice as CS professionals.

The evolving role of Company Secretaries in the Digital Era

Gone are the days when Company Secretaries were viewed as just Compliance Officers. With the emerging digital revolution since the year 2015-16 to the forced adoption of digital technologies due to the adverse effect of lockdown during Covid-19 pandemic, the role of Company Secretaries has majorly shifted from being a Compliance Officer to becoming technology enablers and advocates of sustainable practices in business and professional domains.

The crucial events such as the introduction of digital transformation and applicability of ESG mandates have already created a demand for multi-dimensional professionals experienced in creating a smooth collaboration of the crucial domains of compliance, governance and ethics with ever-evolving digital technologies.

Therefore, it is rightfully observed that the serious and rapid introduction of Artificial Intelligence have speed up the rate at which the Professionals are required to stay updated on advanced technological and AI revolution so as to be fully prepared to advise boards and businesses as to the best practices to adopt to navigate this complex terrain.

Key Professional Areas impacted by the Digital Transformation in AI Era

The advancement of digital transformations and technological revolutions in the present times has led to the expansion of the role of Company Secretaries in the Corporate world. These have impacted the following areas:

1. Automation in Regulatory Filings

Regulatory filings is at the core of major responsibilities for a company secretary, automation is now helping them introduce transformation for traditionally time- consuming activities while reducing the chances of errors as compared to that of manual errors under the traditional ways.

Professionals can now avail the benefits of deadline tracking systems, workflow automation and smart validation tools, etc. to ease the process of compliance and governance. However, this also calls for a crucial enhancement in their roles by supervising the deployment of automation tools with legal accuracy, auditing the completeness and correctness of AI- processed filings.

2. AI-enabled Contract Analysis

Contracts are fundamental to corporate governance and risk management while ensuring smooth strategic operations. Integration of AI- powered contracts analysis tools for diverse purposes such as clause extraction and comparison, risk identification, smart summarization, regulatory alignment, etc. can ease out the cumbersome process of contract analysis.

However, legal validation of AI-generated outputs, their alignment with company's compliance strategies, etc. are crucial roles to be undertaken by the professionals in addition to their regular tasks. They are further required to oversee the implementation of AI in contract management systems and guiding cross- functional teams on the role of AI in contract lifecycle management.

3. Digitization of Secretarial Records and Management of Board

Key innovations such as digital minute books and registers, AI- enabled board portals, audit trails and access control systems, speech- to- text transcriptions of boardroom discussions, etc. are crucial towards achieving compliance with speed.

Again, this also calls for trainings and awareness about secure and effective usage of such tools while ensuring data protection as per applicable laws viz. IT Act, DPDP Act, etc. is an opportunity for the professionals to explore.

4. Compliance Chatbots and Decision Support Systems

These AI- powered chatbots and the decision support systems are also revolutionizing the internal compliance management with real- time guidance and right information to all teams across the company. Professionals need to ensure the legal accuracy. Therefore, monitoring and updating with latest regulatory amendments, etc. are crucial to the successful implementation of the same in the long- run.



Such technologically-advanced innovations within the compliance and governance domains undoubtedly calls for handholding of experts ensuring ethical guidance, strategic oversight and content-driven knowledge upgradation of Company Secretaries. Surely these are a few of the specific areas where professionals can take up a strong hold and lead the business world with their direct, updated and law friendly professional advisory services.

Ethical Artificial Intelligence - A Transformative Frontier for Company Secretaries

AI is no longer a futuristic concept- it is a present-day reality. It has already made significant disruption across every industry and sector, thereby bringing with it the unparalleled disruption and massive opportunities.

1. **The Prevailing Myth** - There is one of the biggest misconceptions circulating among professionals today, the fear of AI ultimately replacing human experts across domains. This fear is especially true in governance, compliance, legal and strategic advisory fields which were traditionally considered resilient to automation.
2. **The Ground Reality** - Amidst the rising fear due to the above mentioned myth, it is crucial to understand that the truth is far more empowering. AI is not here to replace experts and professionals, it is here to amplify their capabilities and create opportunities for growth and success in their professional career.

However, the real risk lies in resistance and denial. Professionals who choose not to acknowledge the rise of AI or fail to adapt to these emerging technological advancements are indeed creating a gap and thus, will be replaced- not by AI itself, rather by the fellow professionals who embrace and integrate AI effectively and ethically.

Thus, it is imperative to understand that this shift towards effective and ethical adoption of AI represents a strategic turning point. With increasing expectations around governance, risk and transparency, the ability of professionals to leverage the practice of ethical AI is going to be a defining factor of their leadership in the coming years.

3. **The Evolving Horizon for Company Secretaries** - As the penetration of Artificial Intelligence within every industry has become integral and deeper, there has been a rising scenario for the rightful integration of AI with ethical principles. The key areas concerning the same include data privacy, biasness in algorithms and the misuse of automation. This calls for a well-positioned role for Company Secretaries to ponder upon, develop and implement standards for AI ethics covering:
 - Frameworks for AI Governance.
 - The Transparency and Disclosure Requirements.
 - Risk Registers for The Automated Systems.
 - Oversight on AI in Internal Audit, Human Resource Management, etc.

Professionals need to understand and reflect upon the intersection of ethical AI with core areas of practice i.e., governance, risk management, policy drafting and compliance. With deeper, detailed and clear understanding of AI, Company Secretaries can help shape transparent, accountable and inclusive AI strategies, ensure ethical usage of AI to amplify the performance and smoothen the process of governance and compliance-related matters.

Digital Reputation Management- The New Compliance Frontier for Company Secretaries

The world is a hyper-connected, global village where the entire public perception is shaped in real-time. This is where the crucial role of Digital Reputation Management comes into play. The digital reputation management has surely emerged as a critical pillar of corporate governance and enterprise risk management.

In the present times where every corporate-related updates, clients' feedbacks, employees' posts and statements from other stakeholders are subjected to instant public scrutiny across digital platforms, managing and maintaining a strong digital reputation is as important as building one. This is where it becomes significant for corporates to realise that they can no longer afford to treat their brand reputation as a PR-focused strategy alone, rather their brand reputation has now turned up as a compliance imperative.

With this gap widening up, corporates call for direct handholding for the same and here creeps in the role of experienced professionals, experienced not only as subject-matter experts, rather as an integration expert aligning compliance and governance with ever-evolving AI, digital and technological advancements.

In other words, this massive shift for digital reputation management from merely a PR-focused strategy to expanding towards compliance-focused strategy presents an opportunity for Company Secretaries to lead as custodians of ethical digital governance. This is because the Company Secretaries are uniquely positioned to guide corporates through the ever-evolving domain of digital brand reputation which lies at the intersection of 3 C's-communication, compliance and culture.

Company Secretaries Leading The Digital Reputation Management - In addition to their role as the corporate governance professionals, the company secretaries are also invited to add on to the role of the digital reputation manager of these corporates. Needless to say, this aspect is a new dimension and as such, it calls for a strong integration of governance professionals with digital experts in the specific domain of brand building and digital reputation management.

Here are a few ways in which the Company Secretaries can lead as the Digital Reputation Manager for the corporates:

- Formulating social media governance and employee conduct policies.
- Monitoring ESG communications to prevent greenwashing.
- Ensuring authenticity and accuracy of Board- Level communications.
- Advising startups and corporates during reputation crises.

Strategic Content Creation- The Voice of Compliance and Credibility In The Digital Age

With convergence of governance, ethics and perception in the age of Artificial Intelligence, content creation and curation are so much more than just being a marketing tactic. It serves as a strategic governance tool for professionals to leverage and build their thought leadership in the long run. Content creation, when combined with the right, powerful content strategy, becomes the most effective way for the professionals to influence, educate and establish authority while ensuring the right alignment of content with ethical, regulatory and reputational goals.



1. **Reasons to adopt content creation within Professional practice** - Combining content creation with professional expertise calls for a unique integration of technical, subject-matter expertise with the right, scalable content creation strategies. For the company secretaries, content creation is a crucial aspect of their professional journey due to the following reasons:
 - It establishes them as a knowledge leader in domains of governance, ethics and compliance.
 - It educates the stakeholders involved (viz. present and past clients as well as prospects, corporates, startups, boards and the public at large) about the key regulatory updates and their implications in the legal arena.
 - It allows professionals for creation of their digital visibility in today's times of building and strongly managing digital reputation.
2. **Types of content creation for Professionals** - There are a diverse range of content types that can be adopted by the professionals to start their journey of content creation backed by their expertise and authenticity. Here are a few ways that can be adopted by a company secretary to achieve the pre-determined goals-
 - Articles on legal updates and compliance frameworks.
 - Explainer videos on latest notifications from MCA, GST, Income Tax, Labour Laws, etc.
 - Templates and checklists for easy reference by startups, SMEs and corporates.
 - Thought pieces on latest, complex concepts viz. ethical Artificial Intelligence, board dynamics, CSR strategy or ESG compliance, etc.
3. **Key steps to follow to establish thought leadership through content creation** - To become a thought leader is not just a one-time activity. Rather, it is a journey involving certain crucial steps backed by strong goals. Here are the broader steps-

Step 1: Becoming a Content Creator-

To reap maximum rewards through content creation, the first step is surely to start as a content creator.

Step 2: Adding the element of 'Consistency' as a Content Creator-

Crucial is the next step of being consistent in contributing insights, explaining complex compliance laws and responding to the ever-evolving risks through authentic, value-driven content.

Consistency serves multi-fold purposes. It enables company secretaries to safeguard the organisation's integrity while providing an opportunity to them to elevate their own visibility as subject-matter experts.

Step 3: Scaling with a Content Strategist-

Starting as a creator is an easy one, difficult is to maintain the consistency and even tougher is to scale. As such, to attain the best results, it is also advisable to follow the collaboration route and work together with a content strategist and creator to multiply the returns on content creation while gradually building up towards long-term, sustainable and authentic brand building.

Synergizing Artificial Intelligence and Content for establishing Thought Leadership as a Company Secretary

In today's dynamic compliance and digital ecosystems, the convergence of AI and strategic content creation is much more than just a branding tool-it is now a powerful professional accelerator. The traditional role of Company Secretaries limits them to focus on providing services with legal, compliance and governance domains.

However, they can now avail a new and massive collaboration opportunity with Digital Branding and Content Creation Experts to understand, integrate and implement latest upgraded technological advancements. This synergistic effect offers a transformative path towards establishing thought leadership while enhancing client trust and unlocking new advisory verticals.

This calls for a change in perspective- rather than viewing Artificial Intelligence as a disrupter, progressive company secretaries shall encourage for leveraging Artificial Intelligence to amplify their expertise, extend their influence and deliver intelligent, scalable and ethical value propositions to stakeholders.

Key strategies to build Thought Leadership by combining AI with Content - Company Secretaries can adopt the following key strategies of combining the deeper aspects of artificial intelligence and content so as to build a strong thought leadership:

- Attracting a wider client base through educational outreach.
- Building trust-based visibility in niche domains such as ESG and AI compliance.
- Developing automated content tools and intelligent compliance assets.
- Launching online academies and subscription-based learning platforms.

Integrating AI capabilities with content creation allows the Company Secretaries to evolve into digital-first, thought-led professionals. This allows them to expand their impact to diverse areas other than restricting themselves to traditional filing and board support.

This fusion of regular professional practice along with the Artificial Intelligence Powered Ethical thought leadership allows the professionals to be seen as ethical innovation leaders and influence policy shaping and industry narratives. Their commitment towards knowledge contribution allows them to build strong digital legacy while encouraging community engagement around governance literacy. Thus, it can be said that the core focus on visibility, trust and vision allows the professionals to build their thought leadership- a reinvention with the rightful purpose.

Key Focus Areas for Company Secretaries towards building a Sustainable & Future-Ready Practice

With the detailed discussion above, it is quite clear that the professionals are required to move ahead from the traditional practices so as to build a long- term, sustainable practice. A few steps to be adopted by the CS professionals in this aspect are-

- Learn the basics of Artificial Intelligence and ethical frameworks.
- Start the journey of becoming a thought leader the right way.
- Collaborate with domain experts and offer a combined service of compliance with digital reputation management.



- Collaborate with strategist and build through value stacking and creation of digital products.

Conclusion

The new era of digital transformation and technological advancements combined with rapid shifts being introduced by the revolution of Artificial Intelligence is opening up doors of huge opportunities, ensuring professional success while leading the way towards building a sustainable, future- ready professional practice.

The convergence of content creation and ethical AI have created an unprecedented opportunity for professionals to rebuild and redefine their professional identity. This calls for the professionals to adopt the way towards digital education and thought leadership combined with ethical advisory so as to introduce a journey where governance extends to every digital footprint- not merely restricted to boardrooms.

It is crucial to acknowledge that as the regulatory landscape becomes more dynamic, the professionals committed to navigate technology combined with ethical frameworks while creating strategic visibility and managing their digital reputation are setting themselves to thrive, not just survive.

This opportunity is available to every professional. However, the results depend greatly on what actions are being taken in present scenarios and what perception is being adopted. For those who are ready to expand horizons and adopt readiness with the right tools, sustainable practice, success and a thriving professional career is a guarantee.

References:

1. <https://bclindia.in/the-evolving-role-of-company-secretarial-services-in-the-digital-age/>
2. <https://www.fdcapital.co.uk/the-evolving-role-of-company-secretaries-key-challenges-in-2024/>
3. <https://csiaorg.com/ai-governance-equipping-corporate-secretaries-to-lead-with-confidence/>
4. <https://www.semrush.com/blog/online-reputation-management/>
5. <https://www.reputationsciences.com/digital-reputation-management-best-practices/>
6. <https://blog.hubspot.com/marketing/content-creation>
7. <https://www.upfront-ai.com/post/why-ceos-embrace-thought-leadership-automating-quality-content>
8. <https://www.copy.ai/blog/ai-for-thought-leadership-content>
9. <https://blogs.perficient.com/2023/03/22/ai-generated-thought-leadership-content/>
10. <https://fastercapital.com/content/Content-creation-strategy—Content-Compliance—Ensuring-Content-Compliance—A-Key-Aspect-of-Creation-Strategy.html>
11. <https://brandequity.economictimes.indiatimes.com/news/marketing/big-picture-thinking-in-content-marketing-turning-ideas-into-impactful-campaigns/120427510>

Transformation in the Role of Company Secretary

CS (Dr) Rajeev Kumar

Introduction

The role of Company Secretary has transformed over the years. Initially, the Company Secretary profession was concerned with company law compliances and the professionals were to maintain records/registers, update minute books, file documents with the regulators on timely basis, have interface with the investors of the company and conduct board/general meetings. This role has transformed now and the Company Secretaries are regarded as the custodian of good corporate governance and have been designated as one of the Key Managerial Personnel due to their expertise in corporate laws and its compliances.

This transformation has been possible due to the acceptance of changes by the Company Secretary professionals. These changes have been taking place due to the dynamic business environment both within and outside of the country. The profession has been keeping pace with the ever evolving corporate laws that have been amended or new laws that have been introduced due to the ever changing/evolving socio-business environment, digitalization of the economy, multiple and specialized corporate regulators, more aware stakeholders, reach of print and social media due to deep penetration of mobile and internet services, new and multiple set of government regulations to control/regulate the corporate sector, technological interventions, information technology and its impact on the working of corporates, introduction of new business concepts/thought processes etc. The professionals have been learning and relearning to equip themselves with the necessary skills that have enabled them to keep pace with the changes.

As per the Annual Report 2023-2024 of ICSI as on 31.05.2024, there were 11,460 members of ICSI working as Members in Practice. On an assumption that these self-employed professionals are having minimum of 2 staff members to assist them. It means these professionals are creating job opportunities for about 22,920 persons directly besides being self-employed themselves. The indirect effect of creation of livelihood of others by these self-employed professionals will be higher.

As per this report, about 1,83,951 students were enrolled to pursue this profession as on 31.05.2024. This shows the popularity of the course amongst the youngsters and high acceptance level of the profession within the country. The credit for this popularity can be attributed to The ICSI. Through personal interaction with students from schools/colleges/universities, seminar, conferences, ads in print and social media, webinars, motivational talk by experienced Company Secretaries who have excelled in the profession, "Team CS" has been interacting with the student community and appraising them about this profession. These interactions are planned at the central level and through the various chapters of the Institute spread across the country.

The role of Company Secretary has transformed due to the following reasons:

- **Evolving regulatory framework to keep pace with the changing economic and business scenario** - Now we have multiple regulators to access/control/monitor/review the working of corporates. These regulators want timely dissemination of information from the corporates. Company Secretary as professional has created a niche place in the regulatory framework. The trust, dedication and commitment level to the profession has made this profession as the most acceptable, honoured profession. Due to this, the professional competence of Company Secretary comes handy for regulatory filings on timely basis.
- **Recognition of CS professional by the Indian regulatory authorities for certification/valuation purposes-** Most of the regulators trust the profession of Company Secretaries and have accorded recognition to these professionals to certify and file the much-needed documents under various acts/regulations.
- **Recognition of C.S. Profession by the professional bodies/regulators across the globe** – Today the Indian Company Secretary profession is recognized/respected and accepted by the professional bodies/international regulators across the globe. The ICSI has entered into reciprocal agreements with the leading institutes to give membership after clearing a few of the papers. The high standard of educational material and the papers required to be cleared to gain the membership of ICSI have been recognised and accepted by various international institutes. Due to this, they have extended exemption from appearing in most of the papers of their own institutes treating the membership of ICSI at par with their own institute. Some of the institutes that have MOU with ICSI are ICSA London, CISI London, etc.
- **Global acceptance and presence of CS professionals-** Company Secretary professionals are gainfully employed across the globe and are serving as Corporate Secretaries, Corporate Lawyers, Board Members, and Consultants, etc.
- **Globalization of services** due to WTO agreements and General agreement on Trade and services have opened new avenue for CS in Practice.
- **Growth of Start-up Culture** - Innovative mindset amongst the youth in India has ignited the Start-up culture in the country. This has been supported by the Central Government under the AtmaNirbhar Bharat Abhiyaan. Advancement in technology and reach of social media has supported this movement and encouraged youth to innovate, find solutions to the problems, ecommerce ventures etc. The Company Secretaries are needed to guide on the formation of the type of venture, be it Private Limited company, Public Limited Company, getting the required funding, be it Mudra loan from the Government or loans from banks/financial institutions/specialized lending agencies/private equity/seed funding/venture capital funding. CS as an expert can render these services and guidance to the start-ups.
- **New forms of businesses** - New forms of businesses like One Person Companies, Limited Liability Partnership, Producer Companies require the services of Company Secretaries both in employment and as Practice consultant. The choice to select a form of business depends on many factors which a start-up may or may not be aware of and so the role of Company Secretary sets in.
- **High scrutiny of the working of corporates and its officials by multiple regulators, investors,**

public and financial media- No corporate can afford to attain negative review/publicity to have a long run in business. So, it makes sense to hire professionals competent to manage their affairs in best possible way as per the law.

- **New and sophisticated Regulators in the financial arena** - The financial laws have been made more stringent to monitor/control and stop financial irregularities by the corporates and people behind the corporate veil. Periodic reporting/filing of financial and other data/monitoring of financial/non-financial information keep a check on the working of corporates. Any deviation is detected easily and remedial action taken swiftly to curb big fraud from taking place. The onus on these filings and its certifications is on professionals like the Company Secretaries, who have attained trust in the eyes of regulators and general public. Stringent laws ensure that guilty are punished/penalized/prosecuted and debarred from accessing the capital markets for some defined period depending on the type and intensity of corporate fraud.
- **Importance of Corporate Governance** – Corporate governance has attained importance in last few decades. Good governed companies contribute positively to the shareholder value and are regarded as safe destination by lenders/bankers/financial institutions/investors. This has been proved by many studies undertaken in the academic arena and on scrutiny of shareholder value of good governed companies in comparison to a less governed company. The Company Secretary can ensure good governance of the corporate by being in job or as a consultant. Good governance is the new benchmark that a corporate strives to attain in order to prove that its working is as per the set standards, with no deviations, funds are being properly utilized for the desired purposes and the company means business in the long run.
- **Concept of CSR has been widely accepted and supported by Corporate India-** Corporates utilize the resources of its stakeholders who in return also expect something. CSR ensures that the corporates discharge their social responsibility. This can be ensured by qualified professionals like hiring the services of CS as an employee or as a CSR consultant to guide the company to take informed decisions.
- **More of academic studies/research on the corporate sector-** The academic research in the financial/capital markets, has produced results that corporate sector can help assist in policy formulation, changes/amendment in corporate laws, detection of frauds, scrutiny of the working of corporates and the regulators. Good governance practices germinated from academic studies and then permeated into the corporates across the globe. So, good governance practices can be researched by Company Secretaries.
- **Shareholder activism and Class action suits-** Shareholders today are much better informed. This is due to the reach of print, electronic media and social media. High penetration rate of mobiles and internet has been the game changer here. Information both positive and negative gets permeated across the investors easily and with speed. This aware set of investors collectively stands to fight for their rights against anything that affects their rights. Class action suits are the remedy with these informed groups of people. Prudent decision by the corporates would be to hire the services of Company Secretaries to ensure clean and clear working with transparency in the working like timely reporting of results and distribution of profits in the shape of dividend.
- **Thrust on ESG and sustainability reporting-** ESG and sustainability reporting is the new norm. Companies cannot ignore these concepts. These have been made mandatory and are important

to understand the thought process of the persons running the companies, their futuristic vision and how they are ready to face the challenges in the coming times.

- **Rise of social enterprises in solving the problems at grass root level bereft of government** - This has resulted in the introduction of Social Stock Exchange to facilitate raising of funds for societal benefits. Again, the role of CS as professional gets importance here.
- **Raising of funds through issue of ADR/GDR/BONDS** – Indian companies can raise funds from the international capital markets. This can be done through the issue of American Depository Receipts (ADRs) or Global Depository Receipts (GDRs) or bonds and through international listing on foreign stock exchanges. Company Secretary professionals can guide these companies and help them out with raising international funds and list their shares on foreign stock exchanges.
- **Corporate frauds/scandals that have shocked the country and wiped out hard earned money of gullible public** - Vanishing Companies, frauds by plantation companies, housing companies frauds, investment frauds/share market frauds etc. have shocked the investing public and has wiped crores of their hard earned money. Vanishing companies were the companies who collected funds through public issue of shares and then vanished. This was due to bogus addresses used to register the registered offices of these fraud companies. All these are history now. The role of Company Secretaries has attained importance here due to the trust created over the years due to their dedicated and professional working. Corporate laws have been amended to detect any deviation from the law at the earliest, avoid repetition of these frauds, book the guilty and debar them from the capital/financial markets. Unique identification number like DIN (Director Identification Number), digital signatures are some of the few steps that can locate and book the guilty people who have frauds in their mind.

The Company Secretary professionals have been able to leverage various opportunities that have arisen due to constant changes in the business environment and regulatory framework. The professional profile has been transforming and undergoing change keeping pace with the changes in the business and socio-economic conditions. There are many reasons for this transformation.

Some of the contributing factors:

- **Support from The Institute of Company Secretaries of India** - The ICSI has been the main catalyst for the transformation and growth of the Company Secretary Profession. Team ICSI has been working day and night over decades to position the profession at the zenith. Representations to the government authorities/petitions for changes in the regulations/meetings with Government, regulators, trade/industry associations. On the other hand, the professionals have been kept abreast with the changes through seminars/webinars/discussion/roundtable conferences, email notifications, creation of knowledge bank etc. Tireless work of the unknown face of Team ICSI has opened up new avenues for jobs and practice by the professionals. The profession has moved forward from Company Law experts to Trademark attorneys, Alternate Dispute Resolution professionals, CSR consultants, insolvency professionals etc.
- **Adaptability to change and continuous learning** – The CS professionals have been adaptable to the constant changes that they faced as professionals. Skilling, up skilling, learning and relearning due to adaptable nature has transformed the profile of the professionals.
- **Multiple qualification-** Most of the CS professionals have multiple qualification like the membership of Institute of Chartered Accountants of India, Institute of Cost and Management

Accountants of India, Law degree, MBA and Doctorate Degree etc. Dual qualifications help in extending job profile in service and executing multiple functions with ease.

- **Technology averse** - From working manually to e-filing and now AI chatbots, the transformation of the profession has been immense. The professionals have adapted themselves to the change and have been able to execute their work with precision in a dynamic environment. Digitalization has also changed the working of the professionals besides opening new avenues for working and servicing clients with new features.
- **Networking Capabilities** – Today no individual can work in isolation. Networking opens new avenues for working/acquiring new clients. Word by mouth publicity still works for professionals. Success of the professionals depends on the strong networks created/nurtured by them over the years. Networking helps in maintaining relations with people who help in giving leads for jobs or new client acquisition. This networking is both online and offline.
- **Social media interface**- Social media interface is the biggest catalyst for change and transformation of the profession. As discussed above, networking is the in thing today. Social media helps in networking, keeping abreast with the latest/changes that are taking place since new information/changes that affect/may affect the profession/businesses.
- **Other Positive traits that have helped in the growth of the profession:**
 - Open mind
 - Leadership qualities
 - Positive attitude to accept change
 - Time management
 - Dynamic personality
 - Accepting challenges.

The role of Company Secretaries has transformed over the years. Indian economy has opened up new avenues for these professionals. Some of the new roles that are being assigned to Company Secretaries (both in practice and employment) due to their professional competence are-

- Trade Mark attorneys
- CSR Consultants
- Insolvency professionals
- Corporate Governance specialist
- Corporate Governance training to Directors/KMPs
- Review Governance of large companies
- Entrepreneur Education
- Risk Management of Corporates
- Intellectual Property Right Cases
- Family Business Management



- Succession Planning
- E-Governance specialist
- Registered Valuers
- ESG reporting
- Sustainable reporting
- Global Compliance reporting for ADR/GDR issues
- Work Under Goods and Service Act
- Forensic Audit Work
- POSH cases
- Merger and Acquisition Work
- Work under RERA (R&D) ACT, 2016
- Work under PMLA, 2002
- Representing in Class Action suits
- Software developer
- Data Privacy
- Data Creation and its maintenance
- AI Chatbot creator for Company Law Compliances
- Virtual Company Law Advisor.

Conclusion

The Company Secretary professionals have been able to leverage various opportunities that arose due to constant changes in the business environment and regulatory framework. The professional profile has been transforming for keeping pace with the changes in the business and socio-economic conditions. The role of Company Secretary has also transformed over the years. This role transformation has resulted in changing the profile of CS from Company Law Complier to much wider role of Governance Professional, KMP and Corporate Law Specialist.

Expanding Horizons: Leveraging Various Opportunities in ESG

CS Sunil Choraria*

Why Company Secretaries Are uniquely positioned to drive ESG opportunities?

The rising importance of Environmental, Social and Governance (ESG) criteria highlights the corporate world's growing focus on sustainable development and responsible governance. As this paradigm shift redefines corporate priorities, the Company Secretary is now emerging as a pivotal force in driving ESG strategy, integration, and impact. It is also providing them with a new area for practice.

This article explores the expanding horizons for Company Secretaries, highlighting how they are uniquely positioned to leverage diverse opportunities and drive meaningful ESG integration for organizations and thus expanding their practicing horizon.

What is ESG?

ESG stands for Environmental, Social and Governance – the three key non-financial factors while measuring the sustainability and ethical impacts of any entity.

It is a framework that helps us understand how an organisation is dealing or managing risks and opportunities related to Environmental, Social and Governance criteria. It is increasingly being linked to how sustainable an organisation's operations are.

ESG is a framework for evaluating a company's operations based on their sustainability and ethical impact. It considers a range of factors, such as executive compensation, labour practices, community impact, and greenhouse gas emissions. There has been a growing emphasis on ESG issues within the corporate world in recent years.

- **Environmental:** Focusing on how a company impacts and responds to ecological systems, including areas such as climate change, carbon footprint, renewable energy use, pollution control, resource conservation, and ecosystem preservation.
- **Social:** Addressing relationships with employees, suppliers, customers, and communities—diversity, labour standards, human rights, health and safety.
- **Governance:** Encompasses the frameworks and practices that guide corporate leadership and accountability, including ethical decision-making, regulatory compliance, board effectiveness, executive compensation, shareholder engagement, and internal controls.

* *Practicing Company Secretary*



Practicing Company Secretaries are uniquely situated at the intersection of Knowledge, purpose and adaptability of above issues, thus providing them with both the visibility and authority needed to guide ESG efforts across all three pillars.

Importance of ESG

ESG is significant for various reasons:

- **Risk Management:** Organizations that prioritize ESG are better equipped to identify and manage potential risks related to the environment, supply chain, and reputation. This proactive approach helps them minimize negative impacts on their financial performance.
- **Reputation:** Companies that prioritize ESG can strengthen their reputation as responsible corporate citizens, attracting socially conscious investors and customers. Organizations that commit to ethical practices and sustainable operations also tend to gain a competitive edge, enhancing employee engagement and brand loyalty.
- **Investor Confidence:** Investors are increasingly drawn to ESG-focused companies, seeking sustainable, ethical, and low-risk investment opportunities. Companies with strong ESG performance tend to deliver better financial returns and demonstrate greater resilience. In today's world, investors look at national and international business outlook for investment.
- **Innovation:** By prioritizing ESG, organizations can drive innovation through the development of products and services that address critical social and environmental challenges. This not only opens up new business opportunities but also enhances long-term competitiveness.
- **Long-term value creation:** Implementing ESG policies allow businesses to create value for all stakeholders—including employees, communities, and shareholders. By prioritizing ESG, companies can adopt a more sustainable business model focused on long-term value creation rather than short-term gains. Both India and the world is moving fast towards compliance to foster better understanding of the organisation.
- **Regulatory Compliance:** As regulatory pressure intensifies worldwide, ESG compliance is becoming mandatory in numerous regions. In India, SEBI, the regulator is moving fast to make compliance compulsory, with remarkable agility. Adopting proactive ESG strategies enables businesses to stay ahead of changing laws and disclosure obligations.

Key Trends to Watch

Several key trends will shape the future of ESG in India:

- **Standardization of Reporting:** SEBI's ESG Reporting mandate, along with global initiatives, coupled with certification will bring more clarity and consistency to the reporting requirements. Standardised reporting ensures consistency in disclosures and facilitate proper comparability.
- **Technology-driven Solutions:** Blockchain, AI, and big data can enhance transparency, track progress, and optimize ESG performance. Use of IT in ESG reporting could be the next story for Companies in the Information Technology sector.
- **Stakeholders Engagement:** There is a growing emphasis on stakeholder engagement in ESG reporting, where companies actively involve a diverse range of stakeholders in the reporting

process. Engaging stakeholders helps companies identify material ESG issues, gather relevant data, and enhance the credibility and transparency of their disclosures.

- **Collaborative Ecosystems:** Partnerships between businesses, civil society, and academia can drive collective action and accelerate change, more so with the compulsory social initiative in the form of mandatory CSR spending.
- **Impact Measurement:** Impact measurement allows companies to quantify the outcomes of their ESG initiatives, assess their progress towards sustainability targets, and communicate their positive contributions to stakeholders.
- **Change:** The Indian regulatory authorities are continuously making changes to suit the Indian landscape. Recently a paper was floated on Green Credits and Value Chain Integration, which may be standardised in the next phase.
- **Investment & Capital Raising:** Ultimately, investors will expect that any ESG risks or opportunities resulting from governmental and regulatory actions are being properly disclosed by affected companies. Even Institutional Investors are now prioritizing ESG compliance.

The above changes will open up variety of opportunities for the Practising Company Secretaries, be it in the field of collaboration, reporting or measuring the impact of the expanding ESG horizons. The opportunities will come directly on these lines or even indirectly in the form of resources for Capital raising, allied compliance requirement for other businesses in different parts of globe (global alignment) and even auditing and verification of the compliance and figures, as per requirement. The scope is unlimited for the Company Secretaries and they are best suited to take the first mover advantage in this regard. Company Secretaries are thus uniquely positioned to bridge the gap between compliance, governance and strategy, making them integral to the successful ESG adoption. Their role extends beyond regulatory filings and harp on policies that prioritize sustainability.

Why Company Secretaries are uniquely positioned?

1. Internal Coordination

Company Secretaries are best positioned to co-ordinate amongst the management, regulatory bodies and the stakeholders to compile the data, required for the ESG reporting. With their unique position, they are able to gather all the requisite information and place them in the form and manner required for the compliance and reporting. They are best suited to work with various departments, including legal, finance, sustainability, licencing/compliance and communications, to gather ESG data and insights.

2. Understanding and maintaining compliance with regulatory requirements

Company Secretaries (CS) are integral to managing the complexities of ESG regulations. They are responsible for ensuring regulatory compliance, preparing accurate and transparent ESG reports, and engaging effectively with various stakeholders. CS professionals serve as a key liaison between the company and regulatory authorities, ensuring compliance with ESG requirements and promoting transparency and trust throughout the organization.

3. Governance Experts at the Helm

Company Secretaries are the custodians of corporate governance. ESG is fundamentally rooted in the principles of governance. While it encompasses environmental and social dimensions, the governance aspect serves as the foundation that drives the effectiveness and integrity of



the entire framework. Strong governance practices ensure accountability, transparency, ethical decision-making, and compliance with regulatory standards— all of which are essential for the successful implementation and monitoring of ESG initiatives. Without robust governance, efforts in environmental and social areas may lack direction, consistency, and credibility.

Their deep understanding of board procedures, regulatory frameworks, and corporate ethics positions them well to:

- Integrate ESG principles into the core governance framework.
- Establish ESG as a regular and strategic focus in board discussions.
- Support ESG disclosures aligned with internationally recognized frameworks.

4. Facilitator of Communication Between the Board and Management

With direct access to the board and consistent collaboration with senior management, Company Secretaries play a key role in enabling:

- Smooth transmission of ESG goals and risk factors throughout the organization.
- Integration of corporate strategy with ESG goals.
- Collaboration across various departments (legal, compliance, HR, sustainability).

The Practicing Company Secretaries are uniquely positioned to take advantage of being the facilitator and thus expand their areas of practice.

5. Excellence in Compliance and Reporting

The Company Secretaries are primarily responsible for overseeing legal and regulatory compliance. They can bear the responsibility of ensuring that the Board's governance practices— including those related to ESG are aligned with both local and international regulatory standards, positioning them uniquely to drive ESG integration and meaningful impact.

With the likely global tightening of ESG regulations, they can:

- Continuously track and assess emerging ESG reporting standards to ensure timely alignment with regulatory developments and evolving stakeholder expectations.
- Oversee the preparation of comprehensive integrated and sustainability reports that align with global reporting standards and reflect the organization's long-term value creation.
- Ensure transparent ESG practices while proactively identifying and addressing potential legal and regulatory risks associated with sustainability initiatives.

6. Regulatory Compliance requirement of SEBI

In India, the Securities Exchange Board of India (SEBI) has come up with the requirement of BRSR. SEBI vide Circular No. SEBI/HO/CFD/CMD - 2/P/CIR/2021/562 dated May 10, 2021 had prescribed the Business Responsibility and Sustainability Report (BRSR) which was subsequently incorporated in the Master Circular No. SEBI/HO/CFD/PoD2/CIR/P/2023/120 dated July 11, 2023. Further SEBI has on 20th February 2023 released its ESG Committee's recommendations on

streamlining the ESG disclosures, ESG Ratings, and ESG Investments in India. Based on the recommendations of the ESG Advisory Committee and pursuant to public consultation, the Board decided to introduce the BRSR Core for assurance by listed entities. The Board further decided to introduce disclosures and assurance for the value chain of listed entities, as per the BRSR Core. Thus, the provisions of the LODR have subsequently been amended to facilitate the updated compliance requirements. Necessary disclosures for value chain shall be made by listed company as per BRSR Code, as part of its Annual Report.

The latest SEBI Circular No. SEBI/HO/CFD/CFD-PoD-1/P/CIR/2025/42 dated March 28, 2025 is meant to facilitate ease of ESG disclosures for value chain and introduction of voluntary disclosure on green credits. Necessary compliances and disclosures are being proposed on continuous basis, with an aim to comply with ease framework.

All these compliance requirements shall open up the area of practice for the Company Secretaries, being best suited for all these regulatory compliances. The next opportunity may well be audit of such reports of the listed companies. They are also central to promoting responsible environmental practices, seamlessly integrating environmental considerations into the company's overall ESG strategy to drive sustainable business performance.

7. Strategic Advisors for ESG Implementation

As strategic advisors to the board, Company Secretaries play a key role in embedding ESG principles into corporate strategy. They assist in identifying risks, opportunities, and industry benchmarks, ensuring that the organization's goals are aligned with sustainability objectives. The impact assessment through the reporting compliance will act as the base document for consequences of projects and aligning them with legal and regulatory requirements.

They can:

- Advise the board on how to incorporate ESG principles into the company's overall strategy.
- Help discover new business opportunities by aligning with sustainability trends and ESG goals.
- Compare the company's ESG performance against industry standards and best practices.
- Ensure that the company's goals are sustainable and in line with global ESG trends and regulations.

8. Policy Formulation and Governance at Board Level

Company Secretaries play a crucial role in the development and execution of ESG policies. They keep the Board abreast of the changes in ESG regulations and reporting requirements. They ensure that these policies are not only designed to address the concerns of key stakeholders but also comply with relevant regulatory standards. In addition, they make sure that the policies are practical and can be effectively implemented within the organization, ensuring that sustainability goals are achievable and aligned with the company's broader strategy.

They emphasize:

- Board-level oversight of ESG risks.



- Global trend analysis for proactive decision-making.
- Stakeholder engagement to refine ESG policies.

Thus, they are best positioned to provide insights into emerging ESG trends, challenges and opportunities that could impact the Company's viability and sustainability.

9. Environmental Initiatives

Industry-induced climate change impacts, over the last couple of centuries, are not only threatening our lives and livelihoods at present; but are also posing an extremely serious threat for the very existence of mankind over the not-so-distant future. The Paris Climate Accord is a landmark international treaty on climate change, adopted in 2015, that aims to limit global warming to well below 2 degrees celsius above pre-industrial levels, with a goal of limiting the increase to 1.5 degrees celsius. And, in order to achieve this ambitious target, drastic reduction of GHG emissions is the need of the hour.

The corporate world, playing its part alongside the policy makers, is moving towards Net Zero emissions from their business operations at the earliest. Most of the larger entities, especially those with multi-national operations, have declared their respective target timeframes for achieving this coveted Net Zero status.

The Indian government has, through the various compliance and regulations, formulated various obligations to be complied by the corporate sector of our country. Various ministries (including those for Industry, Corporate Affairs, Agriculture, Railways and so on) and central government agencies (like SEBI, RBI and others) have stipulated specific environmental requirements to be complied by various business entities. The Notification of Ministry of Environment Forest and Climate Change dated 16th April, 2025 is a small step to define the Indian carbon market framework for trading of carbon credit certificates.

The Company Secretaries, with their deep knowledge and intermediary roles, can act as agents to such change and policies formulated by the government to facilitate GHG emissions reduction (eventually leading to Net Zero status) in the primary, secondary and tertiary sectors of the economy. Achievement of these targets, through stringent compliance of the regulations, are not only critical for business continuity; but also, to save this only inhabitable planet from an impending environmental disaster (triggered by Global Warming which, in turn, is induced by GHG emissions from various human activities on earth).

10. Risk Management Facilitators

ESG issues—like extreme weather, pollution, or social tensions are closely connected to business risks and can impact a company's stability, reputation and future success.

Company Secretaries support boards in:

- Incorporating ESG factors into overall risk assessment processes.
- Strengthening ESG due diligence in mergers, acquisitions, and investment evaluations.
- Evaluating ESG key performance and risk indicators to support strategic decisions.

11. Capacity Building

Through training sessions and knowledge-sharing platforms, Company Secretaries can:

- Enhance ESG literacy at the board and employee level.
- Encourage ESG integration in daily decision-making.
- Keep the organization updated on global ESG trends.

Thus, Practising Company Secretaries are best suited to device necessary programme for training and education in this respect.

Conclusion

As ESG becomes a crucial driver of corporate resilience and reputation, Company Secretaries are stepping up into an enhanced leadership role. Positioned uniquely within the organization, they bring together governance, compliance, strategic insight, and a deep understanding of stakeholder needs. This combination makes them the ideal leaders to guide the integration of ESG principles, ensuring that sustainability, ethics, and responsibility are embedded into the company's core operations and culture. With their diverse knowledge, they are well placed to explore the integral functions of scheduling, engagement and assessment for fostering ESG excellence. As ESG continues to evolve, the practice of Company Secretaries in this field will boom, as they remain central to responsible corporate practices and compliances.

This ESG regulation is at nascent stage and regulators are continuously in mode of pushing the corporates to adapt to this good initiative, the Practicing Company Secretaries should keep themselves abreast to the latest happenings and aim to be the guide to the corporates. Though the current pay may not be much due to nascent and mostly awareness-oriented feature of regulations, it is bound to foster relationship between the management and the Practicing Company Secretaries, which will enable expand their areas of practice, culminating in more professional work to them, in the next few years.

References:

1. https://www.sebi.gov.in/legal/circulars/may-2021/business-responsibility-and-sustainability-reporting-by-listed-entities_50096.html
2. https://www.sebi.gov.in/legal/circulars/mar-2025/measures-to-facilitate-ease-of-doing-business-with-respect-to-framework-for-assurance-or-assessment-esg-disclosures-for-value-chain-and-introduction-of-voluntary-disclosure-on-green-credits_93102.html
3. <https://moef.gov.in/storage/tender/1745395105.pdf>
4. https://www.sebi.gov.in/legal/circulars/jul-2023/brsr-core-framework-for-assurance-and-esg-disclosures-for-value-chain_73854.html
5. https://www.icsi.edu/media/webmodules/Academics/ENVIRONMENTAL_SOCIAL_AND_GVERNANCE_ESG_PRINCIPLES_PRACTICE.pdf
6. SEBI/HO/CFD/CFD – SEC -2/P/CIR/2023/122 dated July 12, 2023 (SEBI Circular at www.sebi.gov.in)



Expanding Horizons: Leveraging Various Opportunities, Unleashing Potential

CS Suparn Sekhri*

“In an era defined by dynamic regulatory change, the Company Secretary must not only be a custodian of compliance but a catalyst of opportunity.”

India, today, stands at the cusp of monumental transformation. With the rise of a digital economy, evolving ESG mandates, dynamic tax frameworks, and expanding global trade corridors, the regulatory and business landscape is undergoing a tectonic shift. At the heart of this transformation lies an indispensable professional, the *Company Secretary (CS)*, whose role has steadily evolved from that of a statutory officer to a strategic business enabler. The 26th National Conference of Practicing Company Secretaries, themed “Dynamic Regulatory Landscape: CS@Excelling Strategies,” serves as an apt platform to reflect on this progression and outline how CS professionals can seize emerging opportunities in this evolving ecosystem.

This article attempts to explore how Company Secretaries can strategically expand their professional horizons by leveraging various regulatory, technological, entrepreneurial, and governance-driven opportunities, turning compliance into a competitive advantage.

I. The Company Secretary: Architect of Strategy in a shifting Landscape

Historically perceived as compliance officers and secretarial support, Company Secretaries have witnessed a dramatic evolution in role and relevance. As the business environment becomes more complex - marked by regulatory reforms, investor activism, ESG consciousness, and cross-border trade, the CS is no longer confined to maintaining statutory registers. Instead, they are now integral to:

- Board advisory and governance mechanisms.
- Risk assessment and internal control frameworks.
- Strategic implementation of government reforms.
- Business restructuring and sustainability assurance.

This evolution demands the unlocking of non-traditional areas of practice, where CS professionals can offer critical value-added services.

II. Expanding Horizons: Important Frontiers for the Practicing Company Secretary

1. Panchayat Governance: A New Bedrock

At the heart of a Company Secretary's role lies the commitment to governance, integrity, and

* Practicing Company Secretary

institutional accountability. In this context, Panchayati Raj Institutions (PRIs), Urban Local Bodies (ULBs), and Co-operative Societies represent a fertile ground where Company Secretaries can make a transformative impact.

As India pushes forward with the vision of Gram Swaraj and inclusive governance, Panchayat Governance is undergoing a significant evolution, marked by increasing decentralization, fund devolution, digitization, and participatory frameworks. This transition brings a wealth of opportunities for governance professionals to offer their services in designing robust compliance structures, enhancing transparency, facilitating e-governance systems, and building capacity at the grassroots level.

Company Secretaries can play a vital role in:

- Drafting standard operating procedures (SOPs) for local bodies.
- Implementing digital compliance and audit trails.
- Framing governance charters and codes of conduct.
- Advising on statutory responsibilities and ethical functioning.

Moreover, beyond grassroots governance, Company Secretaries are strategically positioned to serve as Governance and Compliance Advisors to corporates, government agencies, think tanks, NGOs, start-ups, and educational institutions. Their expertise is increasingly sought after in areas like:

- ESG Reporting & Assurance.
- Board Evaluation and Governance Audits.
- Internal Control Frameworks.
- Whistle blower Mechanisms.
- Ethics Committees and Policy Drafting.

In a time where institutions are judged by their governance standards as much as their profitability, the advisory role of Company Secretaries is not just relevant, it is essential.

2. Taxation: Income Tax, GST & Customs Advisory

In today's dynamic fiscal environment, India's taxation regime is undergoing a paradigm shift. Frequent legislative amendments, rapid digital transformation, and heightened regulatory scrutiny have made Income Tax, Goods and Services Tax (GST), and Customs compliance not only essential but strategically vital for businesses across sectors.

Company Secretaries, with their strong foundation in law, finance, and governance, are increasingly stepping into critical advisory roles in the domain of taxation. Their services span across tax structuring, compliance management, assessments, audits, representation before authorities, and advance ruling mechanisms.

Of particular relevance is the proposed Income Tax Bill, 2025, which is under legislative consideration. A formal request has been made to include "Company Secretaries" within the definition of "Accountant" under the new law—an inclusion that would grant CS professionals



recognition for undertaking certification, reporting, and representation functions currently reserved for the selected financial professionals. If accepted, this change would mark a significant milestone in expanding the statutory scope of practice for Company Secretaries within the taxation ecosystem.

In the area of GST, CS professionals are well-positioned to:

- Interpret complex legal provisions,
- Ensure timely filing and reconciliation,
- Handle departmental audits and inquiries,
- Advise on advance rulings and litigation matters.

Similarly, Customs Law, an often-overlooked field, presents a wealth of opportunities for CS professionals to advise on:

- Export-import compliance,
- SEZ operations and bonded warehousing,
- DGFT licensing,
- Trade incentive schemes and duty drawbacks.

An additional and rapidly growing area is compliance under the Prevention of Money Laundering Act (PMLA). Businesses operating in sectors such as fintech, real estate, and capital markets face enhanced scrutiny.

3. Foreign Exchange Management Act (FEMA)

In today's increasingly interconnected global economy, compliance with the Foreign Exchange Management Act (FEMA) is paramount. As cross-border transactions become more frequent and complex, the role of Company Secretaries in providing FEMA advisory services has grown in significance.

FEMA governs foreign exchange transactions, remittances, and investments, and its intricacies require a deep understanding of both domestic and international regulatory frameworks. Company Secretaries are well-positioned to assist businesses in ensuring compliance with regulations related to Overseas Direct Investment (ODI), Foreign Direct Investment (FDI), Liberalized Remittance Scheme (LRS), External Commercial Borrowings (ECB), and other cross-border transactions.

A skilled PCS can offer comprehensive services such as:

- Structuring and advising on cross-border transactions and investments.
- Ensuring regulatory compliance with FEMA provisions for inbound and outbound foreign investments.
- Managing the reporting requirements for FDI/ODI and LRS compliance.
- Conducting FEMA due diligence for transactions involving foreign investments, ensuring that all regulations are adhered to.

- Liaising with the Reserve Bank of India (RBI) for approvals, clarifications, and other regulatory procedures.
- Handling compounding applications for violation of FEMA provisions, assisting businesses in navigating penalty procedures.

With the growing importance of cross-border business operations and investments, FEMA compliance is not just a regulatory obligation but a strategic advantage. As businesses continue to expand their global footprint, the demand for Company Secretaries who can provide robust, informed, and strategic FEMA advisory services will only increase.

4. Corporate Law, SEBI, and Secretarial Practice

Corporate governance and regulatory compliance are at the heart of any successful business operation, and Company Secretaries (CS) play a pivotal role in ensuring adherence to corporate laws, listing regulations, and best practices. Whether providing guidance on Company Law, ensuring compliance with SEBI Listing Regulations, or advising on Insider Trading, Delisting, and Buyback matters, CS professionals are the first line of defence in safeguarding corporate integrity.

With the increasing complexity of regulations and the need for heightened transparency, emerging mandates like the Annual Secretarial Compliance Report (ASCR), Secretarial Audit, and event-based disclosures are redefining the role of Company Secretaries.

In addition, Company Secretaries are instrumental in representing clients before key quasi-judicial authorities, including:

- Regional Directors (RDs)
- National Company Law Tribunal (NCLT)
- Registrar of Companies (ROC)
- Other regulatory bodies and authorities

These representations involve a wide range of corporate matters, from compounding of offenses, approval for mergers and acquisitions, compliance issues, to dispute resolution. As trusted advisors and experts in corporate law, Company Secretaries help clients navigate the complexities of legal processes, facilitating effective resolutions and ensuring compliance with the evolving regulatory landscape.

In an era of heightened scrutiny and greater emphasis on corporate governance, the role of Company Secretaries has become even more critical. By staying at the forefront of legal and regulatory developments, they continue to be the driving force behind ensuring ethical, transparent, and efficient corporate practices.

5. Alternative Dispute Resolution (ADR) and Arbitration

In an era where the judicial system is overwhelmed with cases and delays, Alternative Dispute Resolution (ADR) mechanisms like Mediation, Conciliation, and Arbitration are emerging as powerful tools for businesses seeking quicker, more flexible solutions to disputes. These approaches allow parties to resolve conflicts outside the courtroom, maintaining confidentiality, saving time, and significantly reducing legal costs.



For Company Secretaries (CS), this presents an exciting opportunity to step into a dynamic and critical role. With their deep legal knowledge, strategic thinking, and ethical grounding, CS professionals are uniquely suited to act as arbitrators, conciliators, and mediators. They bring a level-headed, solution-oriented approach that helps conflicting parties navigate complex issues and reach fair resolutions, without the lengthy process of litigation.

6. ESG, Sustainability, and Non-Financial Reporting

As sustainability becomes a key focus globally, ESG factors are driving business strategies. With India aligning with global ESG standards, the demand for comprehensive ESG reporting is growing. Company Secretaries (CS) are well-positioned to lead this transformation by overseeing ESG due diligence, sustainability disclosures, and integrated reporting, which provide a holistic view of a company's environmental, social, and governance performance.

Key Areas of Opportunity for CS Professionals:

- a) **ESG Compliance:** Ensuring businesses meet both domestic and global ESG regulations, such as India's BRSR framework and international standards like GRI and SASB.
- b) **Sustainability Risk Management:** Conducting risk assessments and developing strategies to mitigate sustainability risks related to environmental and social factors.
- c) **ESG Disclosures:** Assisting businesses in drafting comprehensive ESG reports that integrate social responsibility, environmental impact, and governance practices.
- d) **Reporting Frameworks:** Guiding businesses in adopting frameworks like GRI, TCFD, and SASB for credible and transparent ESG reporting.
- e) **Sustainable Corporate Governance:** Embedding ESG principles into corporate governance practices, including board diversity, ethical leadership, and risk oversight.
- f) **Investor Relations:** Enhancing communication with ESG-conscious investors by integrating sustainability into core business strategies and operations.
- g) **Circular Economy:** Advising companies on waste reduction, resource efficiency, and sustainable production processes to create long-term cost savings.
- h) **Social Responsibility:** Developing CSR programs that focus on diversity, equality, and community development while managing labour rights risks.

7. Insolvency Professionals and Registered Valuers

The Insolvency and Bankruptcy Code (IBC) has created valuable opportunities for Company Secretaries to enhance their roles in managing corporate insolvency and resolution. The IBC requires licensed professionals to handle the insolvency process, and Company Secretaries with the appropriate qualifications can become Insolvency Professionals (IPs) and contribute significantly to the Corporate Insolvency Resolution Process (CIRP) and pre-pack schemes.

Insolvency Professionals Role:

- **CIRP Management:** As IPs, CS professionals oversee the CIRP, manage financial data, appoint Resolution Professionals (RPs), facilitate creditor meetings, and ensure compliance with legal timelines.

- **Pre-Pack Schemes:** CS professionals can manage pre-packaged insolvency schemes, negotiating resolutions before formal insolvency proceedings begin, ensuring procedural efficiency, and aligning creditors with fair resolution plans.

Registered Valuers: In addition to being IPs, CS professionals can register as Valuers to provide crucial asset valuations in insolvency cases.

- **Share Valuation:** Valuing shares in corporate restructuring, mergers, acquisitions, and liquidation is a key area for CS professionals.
- **Tangible Asset Evaluation:** CS professionals can value physical assets like property and machinery, important for liquidation processes.
- **Intangible Asset Monetization:** Valuation of intangible assets such as intellectual property, goodwill, and patents helps in determining business worth and debt recovery options.

By becoming IPs and Registered Valuers, CS professionals can significantly contribute to the efficiency and fairness of the insolvency process.

8. Start-up Advisory and MSME Consultancy

India's start-up ecosystem is one of the fastest-growing sectors, supported by government schemes like Startup India and Atmanirbhar Bharat. Company Secretaries have a unique opportunity to offer tailored advisory services for start-ups, which require specialized guidance at every stage of their journey.

- Entity Structuring:** Startups need to choose the right legal structure, such as Private Limited Company, Limited Liability Partnership (LLP), or Partnership, depending on their business model, investor preference, and tax considerations. A CS can provide expert guidance on selecting the optimal structure to meet legal, financial, and operational needs.
- Investor Compliance:** As startups attract investment, compliance with SEBI regulations and other investor-related laws becomes crucial. A CS can ensure that proper documentation, disclosures, and corporate governance mechanisms are in place to foster investor confidence and ensure regulatory compliance.
- ESOP Policy Drafting:** Employee Stock Option Plans are a powerful tool for retaining talent and incentivizing employees. A CS can help design, implement, and administer these plans while ensuring legal compliance with the relevant regulations.
- DPIIT Recognition Advisory:** The Department for Promotion of Industry and Internal Trade (DPIIT) recognizes startups to offer them benefits such as tax exemptions, intellectual property rights, and more. A CS can assist in ensuring that a startup meets all the criteria for DPIIT recognition and facilitates the application process.

9. Banking and Credit Manager Roles

The role of Credit Management is becoming an increasingly important field within the banking and Non-Banking Financial Companies (NBFCs) sector. This involves assessing a borrower's ability to repay loans, ensuring compliance with credit policies, and managing risks associated with non-performing assets (NPAs).



Company Secretaries are well-positioned to step into roles in credit analysis and management, particularly in the following areas:

- a) **Credit Analysis:** A CS can assist banks and financial institutions by conducting detailed credit assessments of individuals or businesses. This includes evaluating financial statements, understanding business models, and making recommendations for loan approvals.
- b) **Documentation Scrutiny:** Ensuring that loan agreements, collateral documentation, and compliance paperwork are in order is essential for safeguarding financial institutions. A CS's keen attention to detail is vital in reviewing and verifying loan documents for accuracy and compliance.
- c) **Due Diligence Reporting:** For banking institutions and NBFCs, due diligence is a critical process to ensure risk minimization. A CS can be involved in the due diligence process by checking the financial health of borrowers and validating key data, especially in high-value loans.
- d) **Non-Performing Asset (NPA) Handling:** When loans are not repaid, the CS can play a role in managing the recovery process, from negotiating with defaulters to facilitating restructuring, settlement, or liquidation.

This field offers a promising career avenue, particularly for those seeking stability, as the role is integral to the growth of banking institutions and their ability to mitigate risks.

10. Public Policy, Legislative Advocacy, and Research

In today's regulatory landscape, Company Secretaries can play an important role in shaping public policy, participating in legislative advocacy, and conducting regulatory research. Opportunities in this domain include:

- a) **Public Policy Formulation:** A CS can engage in the policy-making process, providing insights into regulatory reforms, drafting white papers, or contributing to government consultations on issues such as corporate governance, taxation, and social policy.
- b) **Regulatory Research:** Keeping abreast of the latest regulatory changes and providing actionable insights is another area where CS professionals can add value. Research on emerging regulatory frameworks and global compliance standards can help businesses navigate the complexities of the modern business environment.
- c) **Legislative Drafting:** Some Company Secretaries with a legal background may be involved in drafting legislation or assisting governments with amendments. This could include working with Ministries, committees, and policymakers on drafting and reviewing regulatory laws.
- d) **Pre-Budget Submissions:** CS professionals can also contribute by preparing pre-budget submissions and participating in discussions to advocate for policies that benefit their clients, especially in areas related to corporate taxation or small business incentives.

11. Data Protection, Cybersecurity & Digital Governance

With increasing digitalization, businesses are more vulnerable to data breaches and cyber threats. The introduction of the Digital Personal Data Protection Act (DPDPA) and growing

concerns over privacy have given rise to new roles for CS professionals in cybersecurity and digital governance.

- a) **Digital Compliance Officer:** A CS can step into the role of a Digital Compliance Officer, ensuring that companies comply with the Data Protection Act, overseeing data privacy audits, and ensuring that internal controls around data handling and protection are robust.
- b) **Privacy Auditors:** As data privacy becomes a priority, companies will need experts to audit their systems and processes for compliance. A CS can provide such auditing services, ensuring businesses adhere to data protection laws and industry best practices.
- c) **Cybersecurity Advisor:** With an increasing reliance on technology, businesses need to safeguard sensitive data. CS professionals can advise on cybersecurity measures, ensuring that the company's digital infrastructure is protected from potential threats.

12. International Practice: Opportunities Beyond Borders

In today's interconnected world, the role of a Company Secretary extends far beyond India's borders. With the recognition of Indian qualifications globally, there are growing opportunities for CS professionals in areas such as:

- a) **International Compliance:** CS professionals can assist multinational corporations with compliance in foreign markets, including understanding cross-border regulations, setting up subsidiary operations, and ensuring international governance standards.
- b) **Corporate Structuring for NRIs:** Indian businesses operating internationally often require expert assistance in structuring their foreign operations. A CS can advise Non-Resident Indians (NRIs) on the most tax-efficient structures and governance practices for their international ventures.
- c) **Cross-border M&A:** In mergers and acquisitions (M&A), particularly those involving international businesses, Company Secretaries can act as legal advisors, helping navigate complex regulatory frameworks, deal structuring, and post-deal integration.
- d) **Offshore Governance Frameworks:** Jurisdictions like Dubai, Singapore, and the UK offer attractive markets for global companies. A CS can assist in offshore governance frameworks, ensuring that corporate governance practices align with both local and international standards.

III. The Role of ICSI: A Platform for Professional Upliftment

The Institute of Company Secretaries of India has been instrumental in diversifying the professional role of CS through:

1. Recognition under various statutes (RERA, FEMA, SEBI LODR, IBC).
2. Introduction of PMQ courses in governance, compliance, and valuation.
3. International MoUs facilitating global mobility.
4. Advocacy for inclusion in emerging regulatory frameworks.
5. Continuous professional development through seminars, workshops, and the grant of CPE (Continuing Professional Education) hours.



6. Certification for specialized roles such as Insolvency Professionals and Registered Valuers.
7. Promotion of corporate governance standards and ethical practices.
8. Collaboration with government bodies for policy advocacy and reforms.
9. Provision of resources for legal, regulatory, and compliance updates.
10. Facilitation of networking and career growth opportunities for members.

As the torchbearer of the profession, the ICSI's efforts must now be matched by proactive upskilling, innovation, and ambition by its members.

Conclusion: Now is the Time

In an ever-evolving business landscape, the role of Company Secretaries (CS) has become more dynamic and integral than ever before. The expansion of regulatory frameworks, globalization, and the growing complexity of compliance requirements have paved the way for CS professionals to contribute significantly across various sectors. From startup advisory to data protection, and from public policy advocacy to international practice, the opportunities for CS professionals are vast and diverse.

Thus, the role of a Company Secretary is no longer just about compliance, it is about shaping the future of business in India and globally. With a combination of legal expertise, strategic insight, and adaptability, CS professionals will continue to thrive in this dynamic environment, unlocking new avenues for growth and innovation.

References

1. The Companies Act, 2013.
2. The Insolvency and Bankruptcy Code, 2016.
3. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 – SEBI.
4. The Foreign Exchange Management Act, 1999.
5. The Goods and Services Tax Acts.
6. The Income Tax Act, 1961 and Proposed Income Tax Bill, 2025.
7. Start-up India Action Plan – Department for Promotion of Industry and Internal Trade (DPIIT), Government of India.
8. Secretarial Standards.
9. ICSI Guidance Notes, Research Publications, and Exposure Drafts.
10. ESG Frameworks.



Notes



Notes



Experience BoardPAC. The preferred choice of Board Members Globally.

Digital board automation
solution **trusted by Fortune
500 and Forbes Global 2000
companies**

BoardPAC is ranked #1 in Gartner
Capterra for Best Ease of Use in
Board Management Systems. An
optimum user experience combined
with best in class Security for your
boards' confidential information



**600
HOURS
SAVED**

Exec time spent per
year on meetings.



Connect to meetings
anytime, anywhere,
on any device



A single click to stay
updated on all board
operations.

24/7

On-ground support

(+975) 7143 6621
info@boardpac.co

Contact us for a personalized demo
www.boardpac.co

Motto

सत्यं वद | धर्मं चर ।

इष्टव्यं तेन त्रुते. अवोदते क्यु तेन त्रुत.

Vision

"To be a global leader in promoting good corporate governance"

Mission

"To develop high calibre professionals facilitating good corporate governance"



**THE INSTITUTE OF
Company Secretaries of India**

भारतीय कम्पनी सचिव संस्थान

IN PURSUIT OF PROFESSIONAL EXCELLENCE

Statutory body under an Act of Parliament

(Under the jurisdiction of Ministry of Corporate Affairs)

Headquarters

ICSI House, 22, Institutional Area, Lodi Road, New Delhi 110 003

tel 011- 4534 1000 fax +91-11-2462 6727 email info@icsi.edu

Connect with ICSI

www.icsi.edu |        | Online helpdesk : <http://support.icsi.edu>