“To know, is to know that you know nothing. That is the meaning of true knowledge.”

Socrates

“To know what you know and what you do not know, that is true knowledge.”

Confucius

Dear Professional Colleagues,

The wireless but integrated flat world provides opportunities and challenges for professionals never seen before. These call upon the professionals to operate in the zone of unknown unknowns and render innovative, value added, application of mind oriented solutions with promptitude and accuracy matching the expectations of clients or employers. The range of services keeps on expanding even as traditional services are being taken over by machines. As a consequence the role of professionals gets continuously redefined. The profession of company secretaries is no exception – it has metamorphosed from record keeper, compliance manager, business manager, board adviser, governance officer, strategist, solution provider, key managerial personnel, etc. He is now the key provider of business solutions on real time basis.
The Companies Act, 2013 has delineated distinct role for company secretaries either in practice or employment and confers distinction on them. They are broadly three kinds of key managerial personnel, namely chief executive officer, chief finance officer and company secretary. While any professional can be a chief executive officer or a chief finance officer, only a member of the Institute can be a company secretary. Further, the functions of company secretary are very precisely specified in the statute, while those of other key managerial personnel are not. The Act and the Rules made thereunder require the company secretary to report to Board about compliance with the provisions of all laws applicable to the company, ensure compliance with secretarial standards and discharge a wide range of governance responsibilities. Though not so explicitly stated in the statute, company secretary is the defacto chief governance officer of the company. The Rules require every public company with a paid up capital of Rs.10 crores and above to have all three kinds of key managerial personnel on whole time basis. However, every company with a paid up capital of at least Rs.5 crores shall have a whole time company secretary. The Gazette Notification dated 9th June, 2014 issued in this regard is published elsewhere in this issue.

On realisation of the growing importance of compliance in governance, the law mandates secretarial audit for big companies and such audit can be carried out only by members of the Institute. This mandate along with the provisions of pre-certification of e-forms, certification of annual returns, representation services before Tribunals, internal audit, valuation, voluntary liquidation, etc. have catapulted practising company secretaries as governance professionals and opened up opportunities for them to many value added services. This would, of course, require much higher level of diligence, skill and expertise and accountability.

The emerging paradigm requires company secretaries to do competency mappings at regular intervals to remain relevant at all times and to deliver the cutting edge services. They need to display professionalism, perhaps hitherto unseen, unheard and unspoken, to meet the challenges of the new law. When calibration of competencies is change driven, the task becomes enormous as it is difficult to quantify, understand and estimate the extent and speed of change. This identification of opportunities and calibration of competencies, through effective and continuous bench marking should go hand in hand with real time response. This cannot be achieved in isolation and calls for effective knowledge management. Creating a professional value chain through sharing of knowledge would create a pool of resources that would result in overall competitive advantage for the profession. I would request all my colleagues to effectively contribute and benefit through information value chain, by sharing their innovative solutions.

To master or thrive on changing dynamic world, we need to embrace perpetual growth and development through continuous learning, and constant improvement in the areas where we practise, learn and professionalize in the emerging areas, so that the diversification of profession happens at the individual and the institutional level. The Institute has been taking various initiatives to create platform for such information value chain in the form of professional development programmes. It has scheduled hundreds of professional programmes all over the country to build the capacity of members. In particular, it is organising master classes on the Companies Act, 2013 across the length and breadth of the country through regional offices and chapter offices. It has developed detailed backgrounders covering the various chapters of the Companies Act, 2013 for use in these master classes.

I am conscious of the difficulties being encountered by the members in implementation of the new company law. While the rules are being notified and modified and various clarifications are being issued by MCA to address the difficulties, the Institute has set up a dedicated e-mail id (companiesact2013@icsi.edu) for receiving operational difficulties and views relating to Companies Act, 2013 and Rules made thereunder. It has also set up another e-mail id, viz., efiling@icsi.edu for
receiving queries on MCA-21 e-filing. Several pertinent and relevant queries have been received from the stakeholders. The issues requiring clarification from MCA have been taken up with them. Certain queries have been clarified by the Institute in the form of Frequently Asked Questions (FAQs) placed on its website.

Mr. M. J. Joseph, Additional Secretary, Ministry of Corporate Affairs invited the Presidents of the three professional institutes to discuss facilitation of implementation of the provisions in the Companies Act, 2013 relating to Corporate Social Responsibility, Database of Independent Directors, and One Person Company and Organizing Investor Awareness Programmes across the country. The Institute has committed to organize 400 Investor Awareness Programmes over July – September 2014 to be organised by the Institute through its Regional Offices, Chapter Offices and resource persons. I urge upon all of you to meet the commitment of the Institute and attend in large numbers to make these programmes a success. As regards One Person Company, the Institute has brought out a ready reckoner which was released at the 15th National PCS Conference at Mumbai and is available on the website. It is also having a session on One Person Company in its nationwide capacity building programmes being organized through Regional Offices and Chapter Offices. The August issue of the Chartered Secretary will carry in-depth articles on One Person Company.

The 15th National Conference of Practising Company Secretaries with the theme ‘PCS: The Facilitator of Corporate Growth” held at Mumbai on June 27-28, 2014 was a resounding success. Mr. P. K. Malhotra, Secretary, Ministry of Law and Justice, Government of India inaugurated the Conference. In his inaugural address, he expressed that with rights comes the duties and obligations and that the good corporate governance leads to good business regime. He said that company secretaries are the backbone of every company and they should rise to the occasion. The valedictory address, which is published elsewhere in this issue, was delivered by Shri G. Padmanabhan, Executive Director, Reserve Bank of India. Many eminent speakers deliberated on aspects such as Governance and E-Governance, Enhancing Quality of Professional Services, Exploring New Areas of Practice, Independent Director & Related Issues, Corporate Valuer, Related Party Transactions, Secretarial Audit & Annual Returns. The videos of these deliberations are available on the Institute’s website. The Conference was attended by over 300 paid delegates. Mr. P. K. Malhotra Chief Guest of the occasion released four publications, namely, (i) Competition Law in India (In Nutshell with Checklist); (ii) One Person Company (Ready Reckoner); (iii) Guidance Note on Annual Return (Release 1.1); and (iv) Guidance Note on Secretarial Audit. Mr. Malhotra also released a Souvenir - cum- Backgrounder of the Conference. I wish to thank CS Anil Murarka, Chairman, PCS Committee and CS Atul Mehta, Chairman, PCS Conference Committee for making this conference a grand success.

The Institute has taken yet another capacity building initiative in the form of the fortnightly e-journal called “e-CS Nitor” for sharing and dissemination of knowledge among the members and students on the emerging topics and ideas. This e-journal for the year 2014 is devoted to the Companies Act, 2013. The technical resources for the e-Journal come mostly from the Directorates of the Institute. This carries articles of relevance for the profession from members. Apart from articles of thematic significance, there will be readers’ column for exchange of ideas and views. I appeal to the members of the Institute to contribute to this venture for mutual benefit.

The capital market plays a pivotal role in the development of economy. The healthier the capital market, the better the prospects of economic development. Hence, a developed, dynamic and vibrant capital market immensely contributes to economic growth and development. It was in this backdrop that the Institute organized Capital Markets Programme on the theme 'Capital Market – The Growth Engine’ at Ahmedabad on June 21, 2014 and at Mangalore on June 25, 2014. The Programme at Ahmedabad was inaugurated by Shri P. K. Laheri, IAS (Retd.), Former Chief Secretary, Government of Gujarat. Dr. C. K. G. Nair, Adviser, Ministry of Finance was the key note speaker at the programme. The Programme at Mangalore was inaugurated by Shri R. K. Dubey, Chairman & Managing Director,
Canara Bank, while CS M. S. Sahoo, Secretary of the Institute was the key note speaker. Distinguished experts, including senior officers of SEBI, addressed a very learned audience at both the places. I wish to place on record my sincere appreciation to my colleagues on the Council, particularly CS Atul Mehta, Chairman, Financial Services Committee, CS Umesh Ved, Programme Director at Ahmedabad, CS Sudhir C. Babu, Programme Director at Mangalore, and Chairmen of Regional Councils and Chapters for extending their whole hearted support in making these two Capital Markets Programmes a grand success.

On the eve of the Capital Market Programme at Mangalore, I had an interaction meeting with students and members on 24th June, 2014. Many interesting issues were discussed. A few members felt that the small companies need not have full time company secretary and these could be served by practising company secretaries. The Chapter was urged to conduct oral coaching classes for our students more often and also professional development programmes for members outside Mangalore.

I attended a seminar on “Raising of Capital and Related Party Transactions” under the Companies Act, 2013 organised jointly by the SIRC and Coimbatore Chapter on June 2, 2014 at Coimbatore. I also availed the opportunity to address the press and media and interact with the members and students of Coimbatore. I also attended annual regional conference of the Western India Regional Council on the theme “Ministerial to Managerial: Challenges and Opportunities” which had very rich deliberations on Board and Board Committees, Managerial Remuneration, CS as Key Managerial Personnel, Clause 49 of the Listing Agreement, Related Party Transaction, and other critical issues of the Companies Act, 2013. It was a unique opportunity for me to meet my professional colleagues from western region and to discuss concerns, challenges and opportunities for the profession of company secretaries with them.

The Institute in its endeavor to make global presence in the area of governance has associated with various international organizations and sister institutions abroad, including the International Corporate Governance Network (ICGN) of which Institute is a member as well as country correspondent for India since January, 2013. To strengthen the Institute’s presence at global platform, I alongwith CS Sudhir Babu C. and CS Sanjay Grover, Council Members, attended the ICGN Annual Conference on “Expectations for investors and companies in the face of 21st century challenges” at Amsterdam during June 16-18, 2014. While the conference discussed the global issues and challenges in corporate governance, it brought together the participants interested in corporate governance from around the globe including the leading institutional investors from USA, Asia and Europe alongside regulators, policy makers and leading commentators which provides us the opportunity to appreciate and interact with the global personalities and institutional bodies and to make ICSI presence at the International forums.

The securities market is critical for corporate performance and economic development. Quite a large number of our members – both in employment and in practice - are engaged in rendering services in securities market. The company secretaries of listed companies are compliance officers under the listing agreement. SEBI is in the process recasting the listing agreement into listing regulations and developing systems and procedures for disclosure of price sensitive information. CS Atul Mehta, Chairman of the Financial Services Committee of the Institute along with company secretaries of leading listed companies had two rounds of discussions with senior officials of SEBI and provided very useful inputs which were greatly appreciated by SEBI.

I am glad to inform you that UP VAT authorities have amended the definition of the term “Accountant” given under Rule 2 (e) of the Uttar Pradesh Value Added Tax Rules, 2008 on 27th June 2014 to include company secretaries and accordingly company secretaries are now eligible to practice and appear before the VAT Authorities in the State of U.P.
At the invitation of Ministry of Finance, CS Vikas Khare, Vice President along with a few other Council Members made a pre-budget presentation to Chairman, Central Board of Direct Taxes on June 9, 2014. In particular, they impressed upon the Ministry to retain the definition of ‘Accountant’ in the Direct Tax Code. I also met the concerned Joint Secretary to pursue the matter.

With a view to build capabilities of our members in niche areas, the Institute has been taking several initiatives. It hosted a National Seminar on Laws and Economics of Competition on 13th June, 2014 at Delhi which was inaugurated by Shri Ashok Chawla, Chairman of the Competition Commission of India (CCI). Key note address was delivered by Shri V. K. Dhall, former Chairman of CCI. The distinguished speakers included Shri Peter Augustine and Shri S. L. Bunker, Members of CCI, Justice S. N. Dhingra, Professor Ajay Shah and many others. At the inaugural session of the seminar, the Institute launched a Post Membership Qualification on ‘Competition Law’ for members of the profession at the hands of Shri Chawla. The course aims at capacity building of company secretaries in the area of legal, procedural and practical aspects of competition law and matters related thereto. I urge the members to take advantage of this course particularly in view of the fact that the competition is a fast emerging area of practice and holds huge potential for the profession.

With a view to render prompt and accurate service to our students, we moved to fully online registration and enrolment services from January, 2014. In order to harness further gains from technology, the Institute conducted computer based examination for the foundation level in June 2014. About 22,000 students took this examination. This enabled us to declare results of this level on 25th June, 2014, exactly two months before the usual date for declaration of results. This enabled students to take admission to executive level and to move in the course faster. Further, students had open book examination in five elective papers of the professional level in June 2014 examination.

With a view to groom all round competent professionals, who can take leadership positions, the Institute has launched a three year full time residential company secretary course at CCGRT, Mumbai. Thirty one students have been admitted to the course after selection through an all India competitive written examination, interview and group discussion. The course commenced on 1st July, 2014.

While use of technology has drastically improved level of our services towards our students and members and reduced the number of grievances received by us, the Institute has launched a Helpline which is available from 7AM to 11PM on all days. I urge the students and members to use the Helpline in case of need on telephone 011-33132333.

I am pleased to inform that in order to streamline the process of taking thoughts, ideas and suggestions for reforms and changes in the sphere of governance, to the next stage and seek better coordination, a special section “Interact with the Hon’ble PM” has been created on the website of the Prime Minister’s Office, to serve as place to receive the various ideas and suggestions. I request all of you to make full use of this website to send your thoughts, ideas and suggestions for reforms and changes in the sphere of governance.

I am also pleased to inform that the Ministry of Corporate Affairs has set up an Eco-system Innovation Centre (EIC) with the objective of encouraging stakeholders to offer constructive suggestions and new ideas for simplifications of Rules/Forms notified under the Companies Act, 2013. A Web link for receiving Feedback and Suggestions has been enabled on the MCA homepage under the caption “Stakeholers Corner”. I request all of you to make full use of this website to send your thoughts, ideas and suggestions for further improvements to MCA Work Process.

The Companies Act, 2013 requires companies to appoint independent directors from a database of independent directors maintained by an agency approved by Central Government. In consultation with and under the guidance of the Central Government, the three professional Institutes, namely, the
Institute of Company Secretaries of India, the Institute of Chartered Accountants of India and the Institute of Cost Accountants of India are jointly in the process of setting up a database. I strongly feel that our members are best equipped to become independent directors. You may, therefore, consider empanelling yourself in the database of independent directors. The Institute has plans to provide training to groom our members to play the role of independent directors effectively.

Friends, building future of a profession would need an unclouded commitment on the part of the professionals. This should move beyond motivation to generating personal volition to building up the future. As professionals, company secretaries need to discover and identify choices they have which might have been insufficiently exploited and pursued. As strategic managers, they should be more aware of their choices and make conscious use of them in order to extend their freedom to act. The need of the hour is to be responsive and innovative in providing creative solutions to corporates meeting the aspirations of dynamic environment.

With kind regards.

Yours sincerely,

( CS R. Sridhram )
President
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1st July, 2014