

FOCUS

A MONTHLY JOURNAL FOR CORPORATE EXECUTIVES & PROFESSIONALS

“प्रगतिश्च विकासश्च जीवनं जीवनं खलु।”

VOL. XXX No. 05

May 2013

CAPACITY
BUILDING
AND SKILL
DEVELOPMENT



CS Hitesh Buch

My Dear Professional Friends,

“Efficiency is doing things right; effectiveness is doing the right things.”

- Peter F. Drucker

It is indeed my pleasure that FOCUS has been receiving accolade from members and in this May 2013 issue, we have focused on theme “Capacity Building and Skill Development for CS”. I hope this issue of FOCUS will find place in your library.

During the last one month, ICSI-WIRC conducted two back-to-back Management Skills Orientation Programs and I had the occasion to meet the participants and interact with them. Ministry of Corporate Affairs, Mumbai, convened a consultation meeting of professionals and stakeholders on 6th May 2013 at Mumbai. The meeting was chaired by Shri Amardeep Singh Bhatia, Jt. Secretary, MCA and was attended by Central Council Members from Western Region, Western India Regional Council Members and some other senior members. The object of the meeting was to have deliberations on MCA - 21 and to understand the difficulties and feedback of the stakeholders.

The ICSI Convocation 2013 for Western Region was held on 18th May 2013 at Navi Mumbai where more than 125 awardees were awarded the membership of the ICSI. Dr. N. Ravichandran, Director-IIM Indore graced the occasion as Chief Guest and CS S. Ramesh of Kotak Mahindra Investment Banking graced the occasion as Guest of Honour. CS S. N. Ananthasubramanian, President and CS Harish Vaid, Vice-President, CS M. S. Sahoo, Secretary – ICSI along with CS Umesh Ved, CS Atul Mehta, CS Vikas Khare, Council Members were present on the occasion.

As you are all aware, ICSI – WIRC has commenced the on-line registrations of delegates for programs conducted by it. It is our endeavor to also put in place on-line payment system for payment of fees for programs.

Various programs are being conducted by ICSI – WIRC, Study Circles and Chapters, in respect of which you must have been receiving intimation through emails and SMS.

At the end, I again appeal the members to join CSBF, if they have not joined till date.

With Warm Regards,

CS Hitesh Buch

20th May 2013 - Ahmedabad

APPEAL

Join Company Secretaries Benevolent Fund (CSBF)

Contribute to Fund Raising Initiatives of ICSI-WIRC

Join Professional Membership Scheme (PMS) of ICSI-WIRC

Perceive - Plan - Perform

PREFACE

SPECIAL ISSUE OF FOCUS ON CAPACITY BUILDING & SKILL DEVELOPMENT FOR COMPANY SECRETARIES

Dear Readers,

**“Man often becomes what he believes himself to be.
If I keep on saying to myself that I cannot do a certain thing,
it is possible that I may end by really becoming incapable of doing it.
On the contrary, if I have the belief that I can do it,
I shall surely acquire the capacity to do it even if I may not have it at the beginning.”**

- Mahatma Gandhi

Capacities & skills are different from the natural talent of an individual. Capacities & skills can be adopted, practiced and pursued to multiply talent and convert it into reality.

Capacity Building is a structural and purposeful attempt of enhancing the abilities for achieving goals by understanding the obstacles and limitations. Capacities have to be assembled at individual level then at institutional level and lastly at social level.

Professional skill development refers to a gaining knowledge and implement it for both personal and career development.

Capacities and skills have to be built up on the strong foundation of ethics and principals to have focused effects.

We are living in the era of information overflow. There is a challenge to pick up the right piece of information at right time and use it to build capacities and skills. Knowledge sharing should be a decisive attempt after understanding the ability and talent of the recipient.

Profession of a Company Secretary is standing at a cross road. Industry and society expects us to play a vital role in their growth attempts **as business manager or business consultant**. This pointers to a constant need to gain new skills and develop capacities by **venturing for new Everest and look for new horizons**.

In view of this and to keep pace with the vision 2020 plan adopted by the ICSI, Team Focus has attempted to disseminate the set of knowledge by bringing out the special issue of Focus dedicated to Capacity Building & Skill development. This is an attempt made to identify new areas, wherein we feel that CS professionals can built capacities and acquire skills.

We included **Valuation, Insurance, Finance, Forensic Auditing, Legal Management, Corporate Social Responsibility initiatives (CSR) & Cyber Laws** as offering areas for the professionals. We suggested the authors to draw a road map for company secretaries by providing insight about the area and skill sets expected. We are happy that they have delivered to our expectations.

We also thought fit and added few articles providing hard realities about our profession. These articles critically encompasses the current status of the profession and provides leads for future development. The views expressed by the authors may be debatable but we have to look this as a first steps towards self-introspection. Needless to mention that views of the authors are their own personal views and need not be construed as the views of the institute.

We are confident that you will find this edition of Focus very informative. Do come forward and share your thoughts and contribute for the betterment of the self & profession.

Happy Discovering

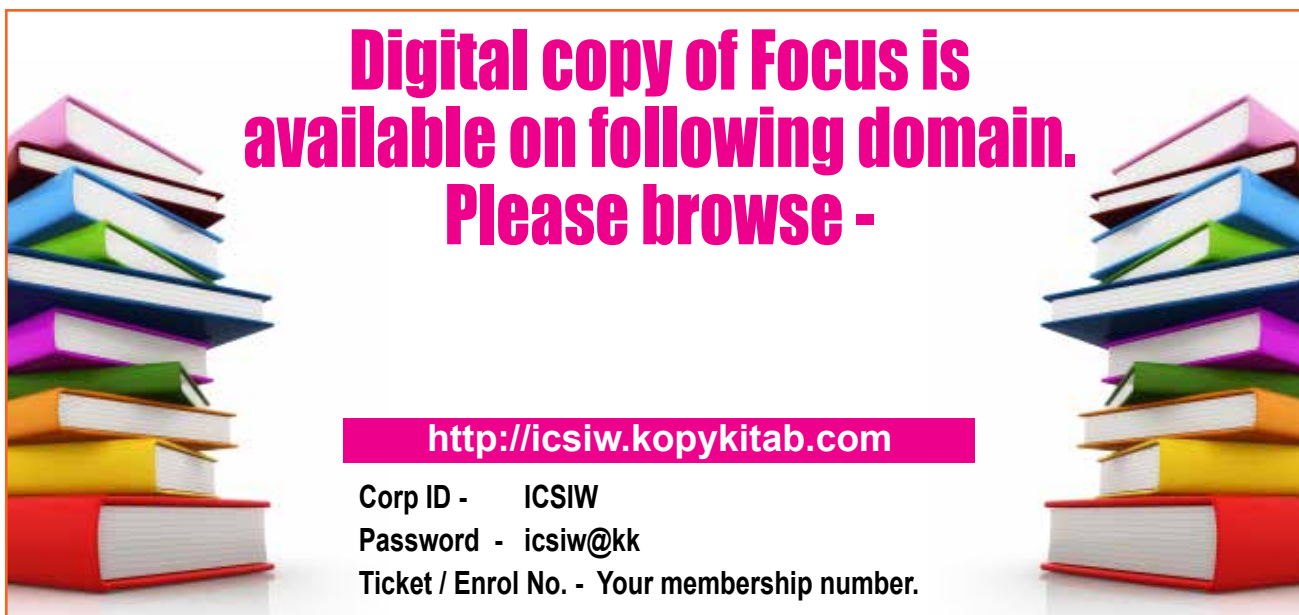
Photo feature – it’s my India



***** Advice *****
No Beta. Under FEMA, general permission has been granted to non-resident investors to subscribe to the Memorandum and Articles of Association of those companies which are covered under the Automatic Route. In respect of other Companies, they have to obtain prior necessary approval of SIA/FIPB in this regard.

***** Query *****
Baba, is RBI permission necessary for foreigner/NRI to subscribe to Memorandum and Articles of Association of an Indian Company..???

ADVICE OF CORPORATE BABA
Captured by CS Ajay Kumar, at Girgaon Chowpathy, Mumbai



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Half Page	12 x 18	8,000	10,000
Quarter Page	12 x 9	5,000	7,000
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Shrirang Tambe,
Managing Director,
OUREA Capital Advisors

VALUATION - REQUIRING SKILL SETS BEYOND ACADEMICS



Our lives are heavily dominated by the word “Valuation”. Whether we are buying a house, a equity stock or even a car. Whether an acquisition is made or an investment is evaluated, valuation plays a pivotal role across the board. Then why is it such a complex subject? Let me start with an example. A promoter walked into my office the other day with a valuation assignment for us. My young fresher who had joined us from a reputed business school was all excited to apply all that he had learnt to this assignment since it was his first as a professional. They handed over the documents to my colleague and then started talking to our client. Within 10 minutes, my excited colleague with a Eureka moment came to my cabin and declared that he has finished the valuation exercise! Both my client and myself were dumbfounded. This guy must be the quickest on earth to complete a valuation exercise. I realised very quickly what must have happened and asked my colleague to discuss it later with me. I was in a tight spot with my client to justify my fees since the valuation was done in 10 mins!!

Well, if valuation was such an easy task – either valuers would have not got paid or Google would have offered it free! Since none of the two scenarios exists, it is definitely something to ponder upon as to why valuation is a challenge most of the times. I realised that my colleague in enthusiasm of his new job had created templates for various valuation formulas and what he did in those 10 minutes were to insert the numbers given by our client into that template and arrived at the valuation. He was only mathematically correct but did not apply his judgement. Valuation is more of a judgement than maths in real life!

Valuation requires very different skill sets, the more correct way to put it is, it requires a very different mindset. It requires the valuer to view things objectively in a more holistic manner. Having the right valuation skills is critical to taking up valuation assignments. As one goes deeper into the subject, one realises that all the formulas and softwares are just tools that saves you the number crunching time, but the true value that can lead to a transaction can only be from your judgement, experience and most importantly sixth sense. However it is imperative that skills for both the tools and a judgmental call needs to be built and having only one of them is not sufficient. These skills play a critical role in pinning down a meaningful valuation range from series of values arrived from various valuation methods. Valuation methods are classified into three types – cash flow based valuation, revenue based valuation and profitability based valuation. Under cash flow based valuation, Discounted Cash Flow technique is highly recommended. Price to Sales is significantly used under revenue based valuation. Under profitability based valuation we have multiple methods such as price to earnings, Enterprise Value to EBITDA. The challenge for any valuer is to arrive at a valuation of the target company from these range of values arrived under different methods. In order to do that, understanding the non financial aspects becomes equally critical and can provide astute insight into the intrinsic value of the target company.

“Everything comes to us that belongs to us if we create the capacity to receive it.” - Rabindranath Tagore

VALUATION

VALUATION - REQUIRING SKILL SETS BEYOND ACADEMICS

1) Understanding industry and eco-system

Any fundamental valuation is highly influenced by the industry in which the company operates and its entire eco system. Since valuation is finally derived from financial numbers, any factor that can influence it needs to be evaluated. It is important to develop key skill sets with respect to understanding the industry trends and cycles. Industry multiple plays a key role in benchmarking multiple based valuation. It is important to analyse the movement of the industry multiple.

Even though the fundamentals of the company are excellent on the standalone basis, if the Industry in which it operates is in recession, it becomes a challenge for the company to attract investments and subsequently a good valuation. This ability to gauge the industry trend also helps in building financial projections that are used in valuing companies on Discounted Cash Flow (DCF) method. The assumptions of the management can be validated and corrected if required based on how industry is performing. If the management has projected exponential growth or high profits, it is important to understand what is different in the business and more importantly in its execution which will make it beat the industry in which it operates in. In the long run, when industry reaches a matured stage, all the players in that industry earn only normal profits and their growth rates are akin to the growth rate of the industry as a whole.

While building up the skill to understand the industry factors such as regulations, pricing pressures, availability of finance, global scenario, competition and reputation of other players also needs to be evaluated.

2) Understanding the target company

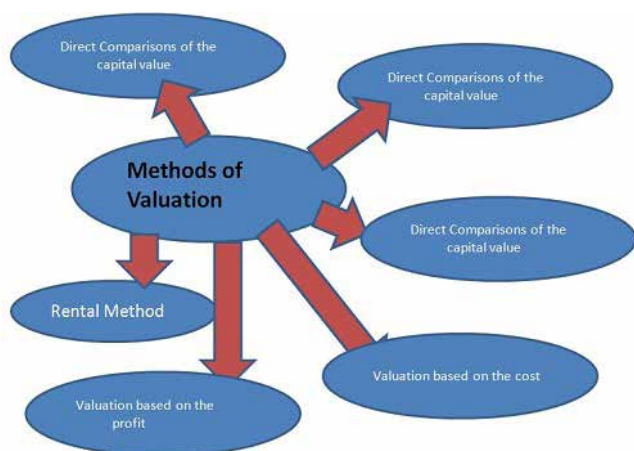
One must develop skills to grasp the understanding the business model of the company which is being valued. Every company is unique and even though we may have worked in that sector before, it is important to understand various drivers pertaining to the client company or the target. Deep dive into areas such as revenue and growth drivers, costing, quality of governance and management, reputation of the management, pricing pressure from vendors, ability to pass on the price increase to the customer, response to industry cycle and trends etc is important to form a view on valuation. Valuation also captures perception and hence how a company is perceived can swing the valuation significantly from the investor or buyer's front. It may also happen that the company is poor on some of the factors as on today but has taken significant

steps to improve on its weakness going forward. Such positive action can be reflected in the projections in the form of improved revenues or margins which can help the valuation, specially DCF since it is the present value of future cash flows. Initiatives taken by management to improve financial and non financial aspects go a long way in forming a view on the valuation. Non financial aspects such as corporate governance, systems and processes, organisation structure, management team and their ability to deliver the promise are scrutinized thoroughly to form an opinion that is reflected in valuation. A benchmark multiple can be revised upward or downward based on this opinion and hence it is important to have a thorough understanding for the same.

3) Competitive valuation and transaction valuation

Another skill sets required in the valuation process is to understand competition and competitive valuation. These are of two types - valuation of companies and valuation arrived through a transaction; either Mergers, Acquisitions, takeover or pure financial investment. The best benchmark for any valuation is the transaction valuation since it is determined at arms length between a willing buyer and a willing seller. More the cases of transaction present in a sector, better the benchmark valuation. The quality of benchmark valuation increases with increase in number of transactions since the outliers can be ignored and an industry median can be established. However they are hard to analyse. Significant level of skill and thought is required to extrapolate this benchmark valuation to our target valuation since no two companies are same even if they operate in the same sector. Hence factors such as size of the companies that have transacted, their margins, quality of financials including debt levels, customer quality, strength in supply chain, management etc are some of the important factors that require adjustment to resemble our target company. All these adjustments are to be made either in the valuation multiple used or the final valuation to make the benchmark realistic and commensurate for the target company. The tougher part is to gain skill and experience to make these adjustments since there is no mathematical formula for the same. It comes by developing our intuition towards the valuation process and make a fair judgement about the adjustments. Sometimes the judgement works and a transaction is successful or sometime it falls apart inspite of best efforts. Such varying probability of success makes the process tougher and hence right set of skills and critical thinking is required to make it a success.

“Strength does not come from physical capacity. It comes from an indomitable will.” - Mahatma Gandhi



4) Methods of valuation

Another area that requires decision making is method of valuation to use. Today we observe a tendency to use all the methods and take a simple average to arrive at one single figure claiming to be the valuation of the company. Unfortunately such simplistic approach can distort the true valuation and its usage significantly. One has to remember that valuation is a deal maker or deal breaker and hence it is to be calculated and projected with utmost prudence. Hence one of the key skills in the valuation exercise is to identify the right method to be used.

There can be many simplistic examples of using valuation. If the company is not profitable, revenue based valuation is preferred. If cash flows of the company are strong, discounted cash flow technique is used. If company has a track record of being profitable, we can use profitable based valuation. Unfortunately most of the times the situation is not so simple and we may have to use multiple methods to arrive at respectable valuation. This requires accurate understanding as to which method to select. If company is profitable and has cash flows, how we mix the cash flow and profitability based ratios? Among the profitability ratios, which one do we select? Answering such questions become critical during the process. The way to go about answering it is to identify the nature of revenues and profits that best replicate or resemble our target company. To assess the financial information qualitatively to ascertain whether we are able to relate the factors to the target company we are valuing. If comparable methods are used, one has to also evaluate if the target company and the comparable companies or transactions depict similar

predictability of cash flows, certainty of profits and quality of revenues.

Once we have established the set of methods to use, the first major hurdle is crossed. However, if each of the method is throwing up a value, how do we pin down to one single value that needs to be communicated to the client or target company? Well, the answer may not always lie in coming up with that one magical number. The process can many times lead to a range of values. Transaction taking place on any of the values mentioned in the range is acceptable. However if there is an obsession from the target to arrive at one single value, we need to assign appropriate weights to the values derived from each of the methods and then take a weighted average. These weights play a special role. They again form a part of valuer’s judgement rather than any arithmetic. The judgement depends on the understanding of the business and related numbers by the valuer. If the company has an ability to generate free cash flow on a consistent basis, higher weight may be given to the value derived from DCF. If the company has strong margins reflecting in its EPS, higher weights can be assigned to profitability multiples. This assignment requires thorough understanding across board from macro to micro factors influencing valuation.

5) Final Valuation – a framework

Valuation is a complex process involving complex matrix of datapoints. It can be as easy as an excel calculation and as complex as it can get. As the subjectivity in the process increases, so does the complexity. The challenge to maintain a balance between practicality and subjectivity will always remain. An astute valuer will balance it out skilfully. I haven’t seen any transaction going through exactly at the value determined by the valuation exercise but what it does is that it provides method to madness. It provides a framework that forms a starting point for negotiations and deliberations between the interested parties.

Like any painting or music, a valuer takes time to nurture and cultivate the art of carrying out a good valuation, and inspite of that, like not all concerts succeed and not all paintings get sold, not all transactions based on such valuation go through; this is the power of subjectivity embedded in the process and hence there is a constant need to build and sharpen the skill sets to carry it out.



Glass Wall Systems (I) Pvt. Ltd. Requires as full time Company Secretary to its Mulund office. Interested candidates having 2 to 3 years of experience may send their bio-data to HR department on 718/719, Corporate Center, Mulund Lifestyle, LBS Road, Mulund (W), Mumbai – 400080 or at hr@glasswallsystem.com

“Leadership is the capacity to translate vision into reality.” - Warren G. Bennis



CS. Anand Varma,
Company Secretary

FINANCIAL RISK MANAGEMENT AND VALUE-AT-RISK (VAR) TECHNIQUE TO MANAGE IT

1 Impact of financial markets

Financial markets are a fascinating reflection of the people behind them. Usually interesting, occasionally irrational, markets take on a life of their own, moving farther and faster than models predict and sometimes concluding with events that are theoretically unlikely.

2 Introduction to financial risk management

It is a process to deal with the uncertainties resulting from financial markets. It involves assessing the financial risks facing an organization and developing management strategies consistent with internal priorities and policies. Financial risk management has been a challenge for as long as there have been markets and price fluctuations. Financial risks arise from an organization's exposure to financial markets, its transactions with others, and its reliance on processes, systems, and people.

Terms *risk* and *exposure* have subtle differences in their meaning. *Risk* refers to the **probability** of loss while *exposure* is the **possibility** of loss, although they are often used interchangeably. *Risk* arises as a result of *exposure*. Put another way, financial risk is the *probable variability of returns*.

3 Understanding financial exposure and risk as a precursor to manage it

Since it is not always possible or desirable to eliminate risk, understanding it is an important step in determining how to **manage** it. Identifying exposures and risks forms the basis for an appropriate financial risk management strategy.

Potential (possible) size of loss	Probability of loss
Potential for large loss	High probability of occurrence
Potential for small loss	Low probability of occurrence

As can be seen from the above table, there are two components to **assessing** financial risk. The first component is an understanding of *potential* loss as a result of a particular rate or price change. The second component is an estimate of the *probability* of such an event occurring.



4 Scope of financial risk management

Company Secretaries by training would be able to identify major financial risks. These are for example **market risks** which arise out of changes to financial market prices such as exchange rates, interest rates and commodity prices. These areas are regarded as potential market risks. Other important related financial risk are operational risk, credit risk, liquidity risk and systemic risk.

Interactions of several risks can alter or magnify the potential impact to a business entity. For example, an entity may have both *commodity price risk* and *foreign exchange risk*. If both markets move adversely, entity may suffer significant losses as a result.

5 Extant and limitation of this write up

This article is intended for Company Secretaries, business or finance professional to bridge a gap between an overview of financial risk management and the many technical, though excellent, resources that are often beyond the level required by a non-specialist.

Since the subject of financial risk management is both wide and deep, contents of this article are necessarily selective and the focus is on the **methods** often used to **manage** those risks with a view to equip Company Secretaries, finance and risk professionals with skills necessary in business application.

There is tremendous value in a qualitative, as well as a **quantitative**, approach to risk management. Risk

“The principles of living greatly include the capacity to face trouble with courage, disappointment with cheerfulness, and trial with humility.” - Thomas S. Monson

Financial Risk Management and Value-at-Risk (VaR) technique to manage it

management cannot be reduced to a simple checklist or mechanistic process. In risk management, the ability to question and contemplate different *outcomes* is a distinct advantage –see para 9 onwards.

6 How does financial risk arise and its impact

Financial risk arises through countless transactions of a financial nature, including sales and purchases, investments and loans, and various other business activities. It can arise as a result of legal transactions, new projects, mergers and acquisitions, debt financing, the energy component of costs, or through the activities of management, stakeholders, competitors, foreign governments, or weather.

When financial prices change dramatically, it can increase costs, reduce revenues, or otherwise adversely impact the profitability of an organization. Financial fluctuations may make it more difficult to plan and budget, price goods and services, and allocate capital.

7 Two components of assessing financial risk

There are two components to **assessing** financial risk. The first component is an understanding of *potential loss* as a result of a particular rate or price change. The second component is an estimate of the *probability* of such an event occurring.

8 Risk management policy as a tool to manage

Risk management policy is a framework that allows an entity to grow by building decision-making processes instead of treating each decision independently. The policy is a **tool** for communicating what constitutes an acceptable level of risk to individuals throughout an organization.

Risk management policy supports *financial risk management* and its questions:

(Mostly answered by VaR technique in paragraph 9 onwards below).

- How are we at risk?
- What is an acceptable level of risk?
- How much will it cost to manage risk?
- What are our risk management policies?
- How do we manage risk within our policies?
- How do we communicate information in a timely and accurate manner?

Although publicly traded companies in many countries have increased requirements to establish policies and procedures to manage risk, all organizations should develop risk management policies to identify and manage risks that reflect their business and industry. The alternative, to do nothing, is to accept all risks by default.

9 Technique to measure and manage financial risk –skill sets required of Company Secretaries

Value at Risk (VaR) is a widely used **risk measure** of the **risk of loss** on a specific **portfolio** of financial

assets, in **financial risk management**. VaR determines *risk capital* to entity’s total losses. Company Secretaries could play a key role in (i) quantifying an estimated **average** potential within a firm (like a commercial bank, insurance entity) or *investment portfolio*, and (ii) ensure that risk is not taken beyond this level of financial risk (*VaR*) at which the firm can absorb *losses* of a *probable worst outcome*.

10 What is Value-at-Risk (VaR)

In its most general form, the Value at Risk measures the **potential loss** in value of a **risky asset** or portfolio over a defined period for a given confidence interval. For example, a financial firm may determine that it has a 5% one month *value at risk* of \$100 million. This means that there is a 5% chance that the firm could lose more than \$100 million in any one given month. Therefore, a \$100 million loss should be expected to occur once every 20 months ($\$100m \div 5 = 20$ months) at 95% confidence level.

In its adapted form, the measure is sometimes defined more narrowly as the possible loss in value from “normal market risk”. However, VaR is used to measure **all** risk types.

11 How does a financial market risk arise

Most popular and traditional measure of **risk** is **volatility**. Volatility is a measure of the **dispersion of returns** for a given security or market index. Volatility can either be measured by using the **standard deviation** or **variance** between **returns** from that same security or market index. Commonly, the higher the volatility, the riskier is the security. Higher volatility means that a security’s value can potentially be spread over a large range of values. Lower volatility means that a security’s value does not fluctuate dramatically, but changes in value at a **steady pace** over a period of time.

12 What is my worst case scenario of losing money due to volatility risk

Main problem with **volatility**, however, is that it does **not** care about the **direction** of an **investment’s movement**: a stock can be volatile because it suddenly jumps higher. Of course, investors are not distressed by gains! For investors, **risk** is about the **odds of losing money**, and **VaR** is based on that common-sense fact. By assuming **investors** care about the **odds** of a really **big loss**, **VaR** answers the question, “What is my **worst-case scenario**?” or “How much could I lose in a really bad month?” VaR is only a **minimum expected loss** say of 5% of time on CL of 95% and not a maximum expected loss. Ignoring this will lead to a false sense of security.

13 Who uses VaR

While Value at Risk can be **used** by any entity to measure its **risk exposure**, it is used **most often** by **commercial** and **investment banks**, to capture the **potential loss** in **value** of their traded **portfolios**, from adverse market movements over a specified period. This can then be **compared** to their **available capital** and cash reserves to ensure that **potential losses** can be covered without

“Wealth is the product of man’s capacity to think.” - Ayn Rand

Financial Risk Management and Value-at-Risk (VaR) technique to manage it

putting the firms at **risk**. Distinction should be made between market and non-market risk and between normal and abnormal risk.

14 Purpose of use of VaR by banks

Its **use** in **banks**, reflects their fear of a **liquidity crisis**, where a low-probability catastrophic occurrence creates a loss that wipes out the capital and, creates a client exodus.

15 What triggered the use of VaR

Demise of Long Term Capital Management, the investment fund with top pedigree Wall Street traders and Nobel Prize winners, was a trigger in the widespread **acceptance** of **VaR**.

16 Can VaR be used by non-financial firms

The answer is yes. We could compute the **VaR** for a large **investment project** for a firm in terms of competitive and **firm-specific risks** and, VaR for a gold mining company in terms of gold **price risk**. Use of **VaR** by non-finance firms is besides use of VaR by financial firms to **measure** market risk like, interest rate changes, equity market volatility and economic growth.

17 Three components of VaR

VaR **Volatility** statistic has **three components**:

- A **time period** (expected to lose in any given day, month or year) - reflected on Y-coordinate,
- A **confidence level** (after which *probable worst case outcome* would appear) and,
- A **loss amount** (or loss **percentage**) expected to occur once every day, month, year - reflected on X-coordinate.

VaR answers the following question:

- What is the maximum **amount** (\$100 m) or **percentage** (2%) I can - with a **95%** or **99%** level of confidence - expect to **lose** in **dollars** on any given day, month or year?
- This probable frequency of loss occurrence - say 20 months- is calculated by dividing potential loss by excess of 100 over *confidence level* ($100-95=5$). This step in VaR calculation gives investors an indication that *worst case loss outcome* is expected to occur once every day, month or year making use of confidence level component of VaR.

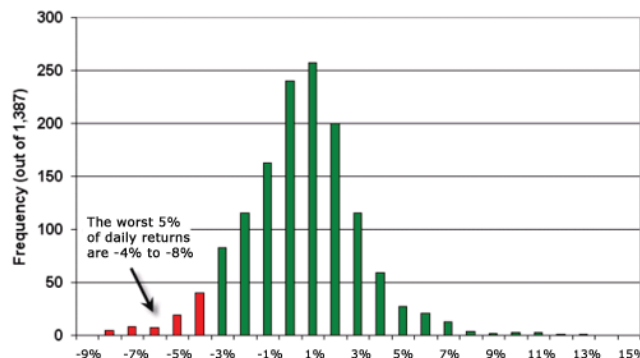
18 Three methods to measure VaR -The Historical Method

Historical method simply re-organizes actual **historical returns**, putting them in order from **worst** to **best** and from left to the right on the X-coordinate. It then assumes that history will repeat itself, from a risk perspective.

Example:

QQQ Index started trading in Mar 1999, and if we calculate each daily **return**, we produce a rich data set of almost **1,400** points (of daily returns). Let's put them in a **histogram** that compares the frequency of return "buckets". At the **highest point** of the histogram (the highest bar), there were more than **250** days when the

Distribution of Daily Returns
NASDAQ 100 - Ticker : QQQ



Historical Returns arranged from Worst to the Best or left to the right

daily return was between **0%** and **1%**. At the far right, you can barely see a tiny bar at **13%**; it represents the one single day (in Jan 2000) within a period of five-plus years when the daily return for the QQQ was a stunning **12.4%**!

Explanations to the Histogram showing daily returns at 95% Confidence over 1387 trading days:

- Notice the **red bars** that compose the "left tail" of the **histogram**. These are the lowest 5% of daily returns (since the returns are ordered from **left** to **right**, the **worst** are always the "left tail"). VaR is a calculated number and not pre-determined.
- Interpret relationship of each returns outcome with a specified period, to quantify potential **loss** (or gain) of (i) how **worst** or good **returns** you expect in **each** returns outcome and (ii) actual historical time period **over** which a returns outcome is expected to occur.
- Above potential risk will let you decide whether to make or stay in or exit from a financial asset or investment project, or how much more capital banks may need.
- Red bars run from daily **losses** of **4%** to **8%**. Because these are the **worst 5%** ($4-8=5\%$) of all daily **returns**, we can say with **95%** ($100-5=95\%$) **confidence** that the **worst** daily **loss** will not exceed **4%** (on any given one day period; loss is expected to occur once every 35 days ($=1387\div 4$)).
- Put another way, we expect with **95%** confidence that our gain will exceed **4%**. That is VaR in a nutshell. Let's re-phrase the statistic into both percentage and dollar terms:
- With **95% confidence**, we expect that our **worst** daily **loss** will **not** exceed **4%** in return in any given one day period & loss of \$100 should be expected to occur once every 35 days.

If we invest **\$100**, we are **95%** confident that our **worst** daily **loss** will not exceed **\$4** in returns ($\$100 \times 4\%$) in any given one day period. Histogram also shows worst 5% of daily returns. **VaR** is \$4 or 4%.

Likewise, to the Histogram showing daily returns at 99% Confidence over 1387 days:

"As is our confidence, so is our capacity." - William Hazlitt

Financial Risk Management and Value-at-Risk (VaR) technique to manage it

- ✓ With **99%** confidence, we expect that the **worst** daily **loss** will not exceed **-7%** for an **investment** made on **any one day** say over a period of 1387 days in our example. **VaR** is \$7 or 7%.
- ✓ Or, if we invest **\$100**, we are **99% confident** that our **worst** daily **loss** will **not** exceed **\$7** for that **one** investment in any given one day period & loss of \$7 should be expected to occur once every 198 days ($1387 \div 7$).

Aggregate of days' frequency of all the bars is **1387** daily return **outcomes** (5+years).

19 The Variance-Covariance Method

This method assumes that **stock returns** are **normally distributed**. In other words, it requires that we estimate only two factors -

- An **expected** (or average) **return** and,
- A **standard deviation** - which allow us to plot a **normal distribution** curve. Here we plot the normal curve against the same **actual return** data.

Idea behind the **variance-covariance** is similar to the ideas behind the **historical method** - except that we use the familiar **curve** instead of actual **data**. Advantage of the normal curve is that we automatically know where the **worst 5%** and **1%** of the **number of loss outcomes/frequency** lie on the **curve** on any 1 day. They are a function of our **desired confidence level** and the **standard deviation** (σ):

It is necessary to understand the assumption of Normal Distribution of Returns which enables to calculate the average maximum expected loss or minimum gain, and thus plotting a **normal distribution curve**, based on **actual standard deviation** of daily returns, against the actual return data. The idea narrated here has been depicted in the following flow diagram:

- (a) **Expected average return** -first component of drawing a normal distribution curve:

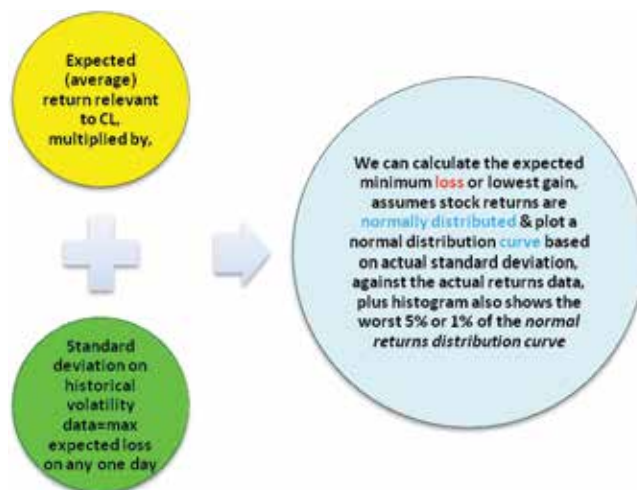
Amount, one would anticipate receiving on an **investment** that has various known or expected rates of return. For example, if one **invested** in a **stock** that had a **50%** chance of producing a **10% profit** and a **50%** chance of producing a **5% loss**, the **expected return** would be **2.5%** ($0.5 * 0.1 + 0.5 * -0.05$). It is important to note, however, that the **expected return** is usually based on **historical data** and is **not** guaranteed.

Expected return is a **tool** used to determine whether or not an **investment** has a **positive** or **negative average net return outcome**,

- It is not a hard and fast figure of **profit** or **loss**.
- In the example above, for instance, the **2.5% expected return** cannot, in fact, be **realized** - it is merely an **average**.

- (b) **Standards deviation** second component of drawing a normal distribution curve:

Standard deviation is a measure of the **dispersion** of a set of **data** from its **mean**. More spread apart the



Normal distribution of returns Model

data, the higher the **deviation**. Standard deviation is calculated as the **square root of variance** σ (actual return σ minus mean of the returns μ in amounts or percentage). In finance, **standard deviation** σ is **applied** to the annual rate of **return** of an **investment** to **measure** the investment's **volatility**.

20 Monte Carlo Simulation Method of measuring VaR

This method involves developing a **model** for **future stock price returns** and running multiple **hypothetical trials** through the model. *Monte Carlo simulation* refers to any method that **randomly** generates **trials**, but by itself does not tell us anything about the underlying methodology. For most users, a Monte Carlo simulation amounts to a "black box" generator of **random outcomes**.

21 Summary of quantification of expected loss on a stock or investment under VaR

Remember that $VaR_{1\%}$ denotes a **daily loss \$100** that will be **equaled** or **exceeded** only **1** percent of the **time** (say such a loss is expected to occur once in **100** days i.e., (loss return $\$100 \div 1$)). Putting it slightly differently, there is a **99** percent chance that tomorrow's daily **portfolio value** will **exceed** today's value less the $VaR_{1\%}$.

Similarly, $VaR_{5\%}$ denotes the minimum **daily loss \$100** that will be **equaled** or **exceeded** only **5** percent of the **time** (say such a loss is expected to occur once in **20** days i.e., (loss return $\$100 \div 5$), such that tomorrow's **daily losses** will be **less** than $VaR_{5\%}$ with a **95** percent probability.

Institutional investors use **VaR** to evaluate **portfolio risk**.

22 Do's and Don'ts of financial risk management

- Do have an ERM system in place integrated with business plan.
- Do set up a suitable risk appetite like VaR and risk tolerance.
- Do identify outcomes that haven't happened in the past and probability of future happening.

"Responsibility walks hand in hand with capacity and power." - J. G. Holland

Financial Risk Management and Value-at-Risk (VaR) technique to manage it

- Don't let management pile up too much paper work for the Board, insist on easy to understand executive summary giving entity's risk, potential impact, underlying assumptions and techniques to measure risks and economic capital.

and good governance, and remain afloat in the worst case scenario of losses.

(Source: Investopedia for histogram graph in paragraphs 18).



VaR: "How much can we lose on our trading portfolio by tomorrow's close?" - Dennis Weatherstone, then Chairman, J. P. Morgan Chase.

23 Concluding comments

Company Secretaries could quantify risk limit of commercial banks, insurance companies, other investors and non-financial firms with widely used VaR loss techniques and ensuring availability of market-consistent *economic capital* in investment decision-making, reflecting financial risk management modeling

Focus (Newsletter of WIRC of ICSI) Editorial Policy

- A: "FOCUS" published monthly as a magazine aims to be a forum for members of the Western India Regional Council of the Institute of Company Secretaries of India (WIRC of ICSI) for;**
- disseminating information,
 - communicating developments affecting the Institute and its members in particular and the CS profession in general,
 - articulating issues of contemporary concern to the members of the profession.
 - cementing and developing relationships across membership by promoting discussion and dialogue on professional issues.
 - discussing and debating issues particularly of public interest, which could be served by the CS profession.
 - facilitating Members of the profession to share their views on matters of professional interest by way of articles and write-ups.
- B: The WIRC of ICSI recognizes the fact that;**
- There is a growing emphasis on the globalization of the CS profession;
 - There is an imminent need to position the profession in a business context which transcends the traditional and specific CS applications.
 - The Institute members increasingly will work across the globe and in global context.
- C: Given this background the WIRC of ICSI strongly encourage contributions from the following groups of professionals;**
- Membes of other Professional bodies across the globe
 - Regulators and Government officials
 - Professionals from allied professions
 - Academia
 - Professionals from other disciplines whose views are of interest to the CS profession
 - Business leaders
- D:** The magazine also seeks to keep members updated on the activities of the Institute including events on the various practice areas and the various professional development programmes on the anvil
- E:** The WIRC of ICSI while encouraging stakeholders as in Section C to Contribute to the Magazine, it makes it clear that responsibility for authenticity of the contents or opinions expressed in any material published in the Magazine is solely of its author and the WIRC of ICSI, council members, any of its editors or members of Editorial Team & Advisory Board, the staff working on it or "FOCUS" is in no way holds responsibility there for. In respect of the advertisements, the advertisers are solely responsible for contents of such advertisements and implications of the same.
- F:** Finally and most importantly WIRC of ICSI strongly believes that the magazine must play its part in motivating students to grow fast as Members of tomorrow to be capable of serving the Legal & Compliance area within ever demanding customer expectations.

"Be a member of Benevolent fund of ICSI"

PROGRAMME MEMBERSHIP SCHEME OF ICSI-WIRC Company Secretaries Benevolent Fund

Details are now available on WIRC Child Portal at link: <http://www.icsi.edu/wiro/Home.aspx>

"Courage is the capacity to confront what can be imagined." - Leo Rosten

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Rajiv R. Joshi,
Vice President
Deccan Insurance & Reinsurance
Brokers, Mumbai

INSURANCE AND RISK MANAGEMENT

A) INTRODUCTION

Corporates have always laid great emphasis on **RISK MANAGEMENT** to ensure steady growth over a period of time and Insurance forms an essential tool in the Risk Management exercise as it is one of the best known and time-tested method of Risk Transfer to the professional Insurers for a premium. It is pertinent that Company Secretaries, who play a pivotal role as advisers to the Top Management, appreciate the nuances of Insurance and Risk Management and use these insights to develop a robust and comprehensive Risk Management Programme for their Organisation.

B) CONCEPT OF RISK

The term Risk is usually associated with dangerous situations and unpleasant events. In simple words, Risk is the exposure to Danger. Risk may be defined from the Industry standpoint as the structures, processes, rules, circumstances and events which could have an adverse effect on the capacity of the Organisation to fulfill its goals or on its ability to do so efficiently and cost-effectively.

In Insurance parlance, Risk means the **UNCERTAINTY OF A FINANCIAL LOSS**. The different physical features that exist are called Hazards. Physical hazards increase the probability of a peril occurring. Risks are classified as **Pure risks** and **Speculative risks**. Speculative risks may result in loss or gain and are not Insurable, but Pure risks which may result in only losses are Insurable.

C) RISK AND UNCERTAINTY IN BUSINESS

Risk Management is concerned with the planning, arranging and controlling of activities and resources

in order to minimize the impact of uncertain events. Every trade has certain hidden risks which may be called '**Organisational Risks**'. These risks affect the profitability of the business and can be divided into-

1. **Business Risks** which may be further divided into :
 - a) *Financial Risks*
 - b) *Marketing and Distribution Risks*
 - c) *Political Risks*
 - d) *Personnel Risks*
 - e) *Reputation Risks*
2. **Operational Risks** which may arise due to various physical hazards and extraneous and operational factors, administrative failures, inadequate systems and/or defective control mechanisms leading to inventory losses, injury to employees, physical loss/damage to property, consequential losses etc.
3. **Legal Risks** arising out of contractual liability, public liability, statutory liability, pollution liability, product liability, employers liability, Directors and Officers liability, etc.
4. **Environmental Risks** arising out of natural calamities or changes in the social/cultural/ legal and statutory environment.

The Risk Manager's basic job is to "**ensure financial sufficiency of the Organisation against the consequences of different types of risks at the lowest possible cost**". All Business Organisations have well defined Objectives/Goals. One of the major objectives is the **MAXIMISATION OF PROFITS** and a comprehensive and robust Insurance and Risk Management Programme helps



"No work or love will flourish out of guilt, fear, or hollowness of heart, just as no valid plans for the future can be made by those who have no capacity for living now." - Alan Watts



the Organisation to tide over even the worst case loss scenario and ensure that the profits are not eroded.

The size of loss which an Organisation can tolerate without financial embarrassment will depend upon its cash flow, profitability, liquidity, capital reserves and assets which could be used to finance losses. Therefore, in considering its risks the Organisation should pay regards to the following four important factors:-

- 1) *The probability of a loss producing event occurring*
- 2) *The severity of the loss*
- 3) *The size of loss it can tolerate and*
- 4) *The potential degree of variation in actual outcomes from expected outcomes*

D) RISK MANAGEMENT PROCESS

The Risk Management Process involves the following steps:

- 1) *Risk Identification*
- 2) *Risk Evaluation*
- 3) *Risk Control*
- 4) *Risk Financing*
- 5) *Risk Review*

The Procedural Aspect will encompass the following activity---

- **Identification and Evaluation of Risk Exposures-**
The Risk Manager will conduct the Risk Identification and Evaluation exercise with the active involvement of the concerned departments.
- **Determination of Insurable Amounts-**Valuation of assets like Building/Plant & Machinery and decision to insure on RIV or Market Value basis, selection of Standing Charges and Indemnity

period for Fire/ MB Consequential Loss Policy, Basis of Valuation for Marine Insurance, AOA/ AOY limits under Public/ Product liability policies, amount of coverage and Sum Insured under P.A./ MEDICLAIM policies etc.

- **Selection of the appropriate Risk Management Technique or combination thereof--**Depending upon the solvency position, liquidity, working capital, long-range capital fund requirements and a thorough **cost-benefit exercise**, the Organisation can decide to combine the Risk Management techniques to obtain the best overall result.

The detailed Risk Management Process can be broken down into three elements which follow a logical sequence. They are as follows:

- **Risk Analysis**
- **Risk Control**
- **Risk Financing**

A) Risk Analysis:-

This is a **TWO-STEP** Process comprising of **Risk Identification and Risk Evaluation**.

- 1) **Risk Identification--.** Risk Identification requires a knowledge of the Organisation, the market in which it operates, the legal, social, economic, political and climatic environment in which it does its business, its financial strength and weaknesses, its vulnerability to unplanned losses, the raw material, finished products, the manufacturing process and the management systems, plant and premises, suppliers and customers, methods of distribution and business mechanism by which it operates **Risk identification helps in identifying what could go wrong that could impact the business significantly.**

The task of Risk Identification breaks down into two parts namely:-

- 1) *The perception of RISK i.e. the ability to perceive that there is an exposure and*
- 2) *The identification of the operative causes or perils and the likely results*

The popular techniques normally used for identification and analysis of **Risk Exposure** are as follows-

- 1) **Check Lists-** are used as an *aide memoire* where each peril is considered in relationship to the Business operations. Check Lists must be prepared after a detailed Inspection of the Plant and after collecting all relevant information about the assets owned (both tangible and intangible), personnel employed, facilities utilised such as public utility supplies/rail and road access/water and

“It is strange that the years teach us patience; that the shorter our time, the greater our capacity for waiting.” - Elizabeth Taylor



electricity etc., sources of exposure to loss-producing events and the physical, legal, social, natural, economic and political environment in which the Organization operates. Similarly, in analyzing fire and explosion risks, special consideration will have to be given to the originating and contributory hazards associated with the potential sources of ignition or explosion from both inside and outside the premises.

- 2) **Flow Charts** - A flow chart is a graphic representation of the production and distribution process. Flowchart analysis reveals the firm's relations with suppliers, customers, utilities and modes of transportation. Risk Managers analyse flow charts to spot production bottlenecks. Flowcharts also help to reveal the consequential impact of losses.

II) **Risk Evaluation** - which is the second step in the Risk Analysis process and consists of the assessment of-

- (a) *the probability of a loss occurring and*
(b) *its severity.*

Risk evaluation serves two important purposes-

- 1) It helps to evaluate the loss potential due to the perils identified and decide upon the Risk Control measures to be adopted.
- 2) It involves information regarding values at risk or potential liabilities, and the estimated frequency of losses of differing size, including business interruption losses.

B) Risk Control :

This is the **second element** in the Risk Management process and covers all those measures which are aimed at avoiding, eliminating or reducing the chances of loss-producing events occurring, or limiting the severity of the losses, if at all they arise.

Physical Risk control involves the use of one or more of the following Risk Management tools-

- **Risk Avoidance**
- **Risk Prevention**
- **Risk Minimisation/Reduction**

1) **Risk Avoidance:** Risk avoidance means the possibility of loss has been eliminated. In practice, it may mean not introducing a new product, ending the production of an existing product, discontinuing some operations, or selecting a business location where a particular peril is not present. The basic rule is - **When the frequency of loss is high and loss severity is also high, avoidance is often the best, and sometimes the only practical alternative.**

2) **Risk Prevention:** Successful Risk/Loss prevention activities lower the frequency of losses. The more effective the loss prevention, the lower the insurance premiums. Examples of loss prevention activities include the use of tamper-resistant packaging, no-smoking regulations, driver training, safety education programmes, installation of burglar alarms and posting of security guards etc.

3) **Risk Minimisation /Reduction:** Successful Risk/loss reduction activities reduce the severity of loss. Loss reduction activities aim at minimizing the impact of losses. Examples of loss reduction devices includes fire walls and doors, installation of fire extinguishing appliances, salvaging operations etc. When the severity of loss is high and when the loss cannot be prevented, loss reduction measures are the only recourse. Risk Reduction measures may be preventive/protective or quasi-preventive/minimizing/salvaging. Risk Reduction through prevention/minimization is concerned with achieving a reduction in either the probability of a loss-producing event occurring or in the size of the ensuing loss, if any.

C) Financial Risk Control / Risk Financing:

Risk financing determines when and by whom loss costs are to be borne. Risk Financing includes the following alternatives.

- Risk Retention
- Insurance

1. **Risk Retention:** Often risk assumption is a deliberate risk management decision. That is, the assumption of the risk is undertaken with the full understanding of the consequences of the potential

loss. Sometimes, however risk is assumed because the potential loss was not identified before it occurred.

Business firms assume risks when loss costs are small and can be funded from current cash flow or from reserve/contingency fund. The risks may be retained by the business enterprise through internal financing by -

- a. *Charging of losses to operating costs as they occur*
 - b. *Formation and operation of internal Contingency Funds*
 - c. *Formation and operation of Captive Insurance Companies*
2. **Insurance:** From the Risk Managers’s view point, Insurance represents a contractual transfer of risk. **Insurance is an especially appropriate Risk Management tool when the probability of loss is low and the severity is high.** Many situations facing both business firms and individuals meet these two criteria, and thus insurance is widely purchased. The benefit of Insurance is that it converts uncertainty to certainty, because by payment of a definite amount of premium the Organisation can transfer the financial cost of uncertain loss-producing events, which may seriously affect the Business, to the Insurer.

Summary of the Risk Management Process:

A successful Risk Management Programme should proceed according to the following sequence of events-

- 1) *All exposures to Risk must be **Identified***
- 2) *After **Identification**, the exposures need to be **Evaluated** according to their respective probabilities and severities*
- 3) *In respect of those exposures where probabilities and severities are high, the possibility of **Avoiding** or eliminating should be investigated, and if feasible, the appropriate steps should be taken*
- 4) *In the case of other exposures, **Risk Reduction/Prevention** measures need to be explored and implemented*
- 5) *The residual Risks need to be evaluated in terms of frequency/severity, so that decisions can be taken as to whether they can be **Retained** or **Transferred***
- 6) *The results of the whole programme need to be **monitored and reviewed** on a regular basis so as to keep pace with the changing circumstance*

Risk Review: After the potential sources of loss have been identified and plans to deal with them Implemented the Risk Manager must review the programme regularly to be sure that it meets current needs.

The essentials of the Risk Management Process are summarized in the Matrix given below-

		FREQUENCY/PROBABILITY OF LOSS:	
		LOW	HIGH
SEVERITY OF LOSS	LOW	Risk Retention	Risk Prevention/ Minimisation combined with Risk Retention
	HIGH	Insurance combined with Risk Retention and Risk Prevention/ Minimisation	Risk Avoidance

To conclude.....

*Risk Management makes an effective contribution to the achievement of Corporate Objectives and the purpose of Risk Management is to achieve **MAXIMUM PROTECTION AGAINST RISK EXPOSURE AT MINIMUM COST***

E) RISK AND INSURANCE

INSURANCE is the best method of Risk Transfer globally. In Insurance the losses of a few are shared by many. The loss of the individual is made good by all those who are likely to face a situation of loss. Insurance Operations are governed by the **LAW OF LARGE NUMBERS.** The Law of Large Numbers is a **MATHEMATICAL PRINCIPLE** whereby with the increase in the number of cases, the difference between the Actual Future Losses and Estimated Future Losses will become less and less. The Insurers apply this Principle while studying Past Loss Experience as this will help them to anticipate future losses more accurately and fix the premium rate accordingly with proper margins for changing conditions and Market trends.

Insurance is broadly categorized into Life and General Insurance Business and the Insurance Market worldwide was **US \$4597 billion as on 31/12/2011.** **Global insurance penetration (premiums per gross domestic product) was 6.6 %.** The Advanced Markets accounted for 86 % of global premiums and the Emerging Markets controlled 14%.

(To be Contd. in Next Issue)



“Using the power of decision gives you the capacity to get past any excuse to change any and every part of your life in an instant.” - Tony Robbins



Madhuri Lele,
CEO, Services N Solution

THE THRESHOLD - CSR STRATEGY

The business community in India is having rounds of heated discussions on the so called 'Mandatory CSR' while the world is waiting and watching out for the outcomes as India will be the first country to (apparently) make Mandatory CSR. Everyone is waiting for clarity on 'The New Game Changer' and contemplating how to apprehend 'CSR in the Boardroom'! The clarity anxiously sought for is just round the corner once the bill is passed by the Rajaya Sabha.

How we wish we had a far more aware and equally committed consumers (being one of the significant most stakeholders) for 'shared values' who would have looked at this as a great opportunity as the ultimate power will be now vested in them. I feel it is only a matter of time for them to realize and capture the same.

The question is why have we reached such a stage of 'Mandatory CSR' when from the time of inception of industrialization in India, philanthropy and huge genuine charities have gone hand in hand? In fact India has most outstanding examples of giving back to society selflessly and much before the western world could even think of it. The legacy of giving back to society has been continued by many business houses even today, Tatas, Birlas, Bajaj and we have many names from industrialists and service sector of current era too.

The most exemplary of all is Tata group and their trusteeship. Sir Ratanji bequeathed his assets worth about Rs. 80 lakh (8 million rupees) to the Sir Ratan Tata Trust which was founded in 1919. Even today about 66% of the equity capital of Tata Sons is held by philanthropic trusts endowed by members of the Tata family.

Before we look into the company bill and relevant sections and the impact on how corporates will need to change the perception as the meager 2% will amplify the manner in which rest 98% of profits are brought to kitty.

Let's have a look at extremes; that's today's India: First the Success Story:

'There is broad consensus that the global center of economic growth is moving to Asia, and as a large emerging nation with a growing middle class, India has captured the attention of developed economies looking for new investment and trade opportunities. By some estimates, India's economy will grow from its current \$1.8 trillion GDP (Gross Domestic Product) to be the world's third largest in 2030, with a GDP of close to \$30 trillion. A recent report by the National Intelligence Council (Global Trends 2030: Alternative Worlds) states that by 2030, "India could be the rising economic powerhouse

that China is seen to be today.'" (India's Emerging Economy: Sector by sector - U.S.- India Insight December 2012)

Unfortunately 'The Feel Good' factor ends right here, let's have a look at the other side of India: Mr. Sankaran Krishna brings out very clearly in his article 'The great number fetish' (The Hindu, Saturday Essay, January 26, 2013).

'One of the most prominent features of India's middle-class-driven public culture has been an obsession about our GDP growth rate, and a facile equation of that number with a sense of national achievement or impending arrival into affluence. In media headlines, political speeches, and everyday conversations, the GDP growth rate number - whether it is five per cent or eight per cent or whatever - has become a staple of our evaluations of the state of national well-being and future trajectory. Ever since Goldman Sachs (an investment banking firm headquartered in New York city) released a report in 2003 ("Dreaming with BRICs: the path to 2050") touting Brazil, Russia, India and China (BRIC) as the harbingers of a new wave of global accumulation, we Indians have been afflicted by an optimism disease with little empirical traction. Since then, the GDP number's implications for India's development, her attractiveness as an investment site, our standing relative to China, and our competitiveness in the games nations play have become an inescapable part of our social lives.'

"Ever since Goldman Sachs released a report in 2003 touting Brazil, Russia, India and China (BRIC) as the harbingers of a new wave of global accumulation, we Indians have been afflicted by an optimism disease with little empirical traction." File photo shows Goldman Sachs headquarters in New York.



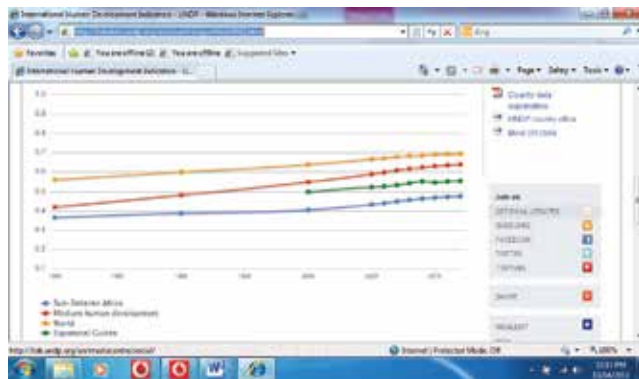
In the same article there are some more distressing revelations: Fast growth, limited results

'Yet, in a recent essay, the eminent economists Amartya Sen and Jean Drèze pointed to an important problem with equating India's economic performance with its GDP growth rate. They noted: "There is probably no other example in the history of world development of an economy growing so fast for so long with such limited results in terms of broad-based social progress." Sen and Drèze were referring to the fact that for about 32 years now (since 1980), India has averaged annual GDP growth rates of approximately six per cent – whereas, the nation's ranking in terms of the Human Development Index has remained unchanged over that period: we were ranked an abysmal 134 in 1980, we were ranked exactly that in 2011.'

And as if this is not enough let us see 'UNDP brackets India with Equatorial Guinea in human development index'

'India has been ranked 136 among 187 countries evaluated for human development index (HDI) – a measure for assessing progress in life expectancy, access to knowledge and a decent standard of living or gross national income per capita.'

The Human Development Report of the United Nations Development Programme (UNDP) for 2013, released on Thursday, puts India's HDI value for the last year at 0.554, placing it in the medium human development category, which it shares with Equatorial Guinea. (The Hindu, NEW DELHI, March 15, 2013, Special Correspondent)



Somehow we need to keep an eye on our HDI and not get flabbergasted by euphoria of higher GDP and look within for improving HDI index as well. The picture and caption captures it all:

The Hindu, SATURDAY ESSAY, The great number fetish, Sankaran Krishna January 26, 2013.

India as a nation and society, we need to look within for answers and find new equations and ways so that GDP and HDI are at least at equally promising levels. The need of the hour is coming together of the government, industry, enterprise and civic society comprising all areas including NGOs.

Before we look in to significance of CSR let us see where India stands in "the results in cooperation with the Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ). This collaboration proves the importance CSR has recently gained for private and public sector actors. Cooperation is both the basis of this study and the principle underlying CSR.

The CSR Navigator - Public Policies in Africa, the Americas, Asia and Europe: Profiling and Navigating CSR public policies in Africa, the Americas, Asia and Europe

"The present international study – the first of its kind – is a systematic analysis of CSR policy in 13 different countries and it aims to demonstrate which policy tools are best able to promote corporate social engagement." Political, economic and social leaders need to join together to meet the social, ecological and cultural challenges of globalization. Whether in Europe, Africa, Asia or the Americas, it is becoming more and more important that all societal actors contribute to solving the complex problems we face. This means we must redefine the rules determining how we live and work together.

Businesses can be particularly effective in helping to improve living conditions for people throughout the world. Thus, more than ever before, long-term entrepreneurial planning and action must be coupled with a sense of social responsibility. This core conviction has always informed the Bertelsmann Stiftung's project work.

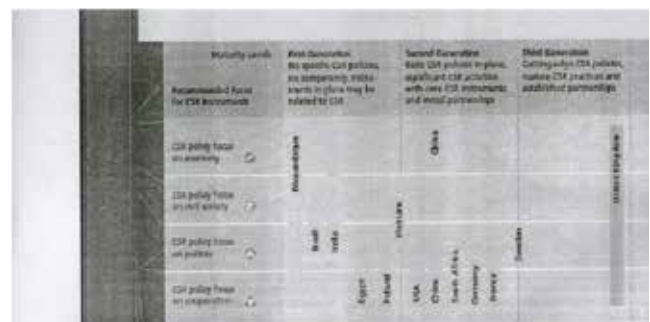
"We are convinced that such cooperative efforts are the key to shaping globalization in a sustainable way."

The study states 'CSR policymaking can develop when it builds on a country's existing instruments and identifies.

Deficits in key focal points: the economy, civil society, politics and strategies for cooperation.

The diagram below depicts the focus of future CSR development in the countries investigated.

I - 01 CSR Generations



"Empathy is really the opposite of spiritual meanness. It's the capacity to understand that every war is both won and lost. And that someone else's pain is as meaningful as your own." - Barbara Kingsolve

- The internet & Social media
- Public recognition of climate change
- Evolution of the phenomenon called 'Stakeholder Engagement'
- Communication and dissemination of information not dependent on pure literacy

To add to above major drivers for CSR, there are many other reasons which demand adherence to CSR

- CSR pressure is increasingly bottom up, not top down
- As the world's top brands rush to adopt new marketing methods better suited to digital media, most
 - ◆ companies are continuing to utilize the same dry, dull approaches to convey their efforts in CSRs
 - ◆ Social responsibility and sustainability:
 - An annual report buried deep in some back page of a corporate website
 - Boring statistics and percentages proving a reduced eco footprint since last quarter
 - Enough jargon to guarantee alienating everyone outside of seasoned, though still yawning - professionals
- 'What matters to your customer has to now matter to your business' - will have to be concerned what matters to your customers and make a note of it
 - Learning how to create 'shared values' is not a strategy, but a necessity for any business looking to thrive in a market driven by new media
- CSR is Here to Stay - The fact remains that, despite its critics, a rapidly growing number of companies in the world practice some form of CSR: At last count, more than 3,500 companies were part of the Global Reporting Initiative, and had issued more than eight thousand environmental and social sustainability reports. This number was less than 1400 just two years ago. In a 2008 Economist online survey of 1,192 global executives, an estimated 55 percent reported that their companies gave high priority to corporate responsibility. The number was projected to increase to 70 percent by 2010, demonstrating that a rapidly increasing number of companies across the globe are committed to CSR practice, and many more are increasingly entering the fray.

With passing of time they will have to pay attention, rather look at stakeholders' demands out of deference and just not the obligation.

Potential challenges can also emerge from a recalcitrant attitude towards CSR. Further down in this article I have covered 'What is the business case for CSR and Key potential benefits for implementing CSR' - missing out on one or many could be detrimental to the organization.

To substantiate points covered above let us look at the vulnerability of corporates who take the decisions based on pure business strategy and are forced to bring the

commercial/ industrial activity to a complete halt. The days of 'might is right' seem to be losing its weight, today one has to carry every one along with the road of prosperity and care for those at whose instance and displacement one manages to amass unreasonable wealth due to sheer power.

We cannot afford to miss quoting of a timely and most appropriate article to illustrate what has been written above. The Economic Times, April 19, 2013, Friday on page 5, Corporate states "SC Leaves Vedanta Projects's Fate in the Hands of Gram Sabhas - Gram Sabhas to take a call on Niyamgiri mining; go to get final word after 5 months". An eye opener for any person interested in understanding what it means when we talk of 'Sustainability'. The article further states, "...the question whether Schedule Tribes and other traditional forest dwellers (TFDS) Dongaria Kondh, Kutia kandha and others have got any religious rights - rights of worship over Niyamgiri hills ... have to be considered by the gram sabha," the bench said.

On Page 14, The Edit Page is an interesting article 'The Niyamgiri lesson for the Vedanta chief: even bold dealmakers have to manage perceptions - Being Anil Agarwal' an interview with Mr. R Sriram. The article reads 'Hostile Global NGOs - Tribals are often smarter than city dwellers. They know the advantages of proper schools, housing and a decent standard of living, and are unlikely to dismiss sincere outreach efforts. But for that to happen, Agarwal needs to be sensitive to their religious feelings.

'Here's the reason why he needs to do this: Vedanta has somehow acquired this public image of being hostile to environment and the habitats of tribals and villagers. It has faced a lot of flak from global NGOs that have accused it of riding roughshod over tribal rights, and this has started to affect Vedanta's reputation.'

Do we need to elaborate further? What will happen to brand equity, stocks and over all position of the company?

Company Bill & CSR

With the above description we can now look at Company Bill with reference to CSR. The changes in the bill have created a serious debate on apparently 'Mandatory' status of the feature. There are different views expressed by experts and the debate will go on for a while. One needs to interpret the section in holistic perspective and though word 'shall' is used in the section the thrust is on words in sub-section 5 which states "**Provided that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending**".

According to this the emphasis is on management's reporting the failure of capturing the opportunity to strategically contribute to the community and go beyond seeing only 'shareholders' interest. This should bring in the concept of 'stakeholder engagement' and moving towards it systematically. 'Stakeholder engagement' is a more matured approach that alone can bring 'sustainability' and is being seen as the just way all over the world.

Even otherwise when businesses are inter-dependent globally either as customer, supply-chain, finance &

"Genius at first is little more than a great capacity for receiving discipline." - George Eliot

investors and service providers, businesses in India of all sizes & sector, will have no option to look at CSR with serious commitment lest they may have to opt-out of the global business fraternity. Europe is looking forward for structured & strategic changes for bringing in CSR reporting by the business. There are number of plans and activities taking place, let me quote here some remarkable facts from Europe 2020 Strategy:

“Chapter three can be seen as the most important progress that the new CSR Communication provides, as the Commission **puts forward a new definition for CSR which creates a really new perspective**. While the previous communication (and a great number of publications which took up this perspective) defined CSR as “a concept whereby companies integrate social and environmental concerns in their business operations and their interaction with their stakeholders on a voluntary basis”, the new Communication defines CSR as “the responsibility of enterprises for their impacts on society”.

To emphasize the need that European CSR policy should be made fully consistent with **internationally recognized principles and guidelines**, several of them are quoted. Compared to the previous Communication, several new international documents were integrated into this list of references (e.g. Single Market Act, Public Procurement Directives, UN Principles for Responsible Investment). However, two of the most important reference documents of sustainable development policy are no longer quoted in the new Communication: the European Sustainable Development Strategy (EU SDS) and the Millennium Development Goals (MDGs). This remarkable fact might be explained by a loss of practical importance of the EU SDS

compared to the Europe 2020 Strategy (which is quoted several times), and by the high importance of Human Rights (which might be perceived as the business responsibility while the MDGs might be seen rather as the responsibility of states and international organizations). From the content point of view, several objectives of the EU SDS (e.g. biodiversity, resource efficiency) are emphasized in the chapter on the multidimensional nature of CSR, while most of the objectives of the MDGs are not touched (e.g. global partnership, fighting poverty and hunger; health is just limited to employee health).”

(Focus CSR: The New Communication of the EU Commission on CSR and National CSR Strategies and Action Plans)

Not only Europe, even Japan and many other countries are focusing on CSR as strategy to be followed.

Will Business Inc. of India be able to disregard the new reckoning and still prosper or rather even survive is a question.

Mandatory, voluntary, applicable to who, why and how to go about it are some of the common questions being asked by the businesses today. Mandatory or not including CSR as a strategy will by and large change our mindset and the way we conduct our enterprises today. It will integrate community and business in true sense as they become integral part of the society and learn to trust each other for common welfare. And hopefully this new learning will manifest in an all-inclusive & matured society, obviously a far better place to live. The details of the section are as per Annexure A.

(To be Contd. in Next Issue)

ICSI - WIRC PUBLICATIONS

The image displays a collection of five book covers from ICSI-WIRC. The covers are arranged in a collage. The top-left cover is pink and white, titled 'Related Party Provisions under the Companies Act and Other Laws'. The middle-left cover is white with a handshake image, titled 'A REFERENCER ON LIMITED LIABILITY PARTNERSHIP IN INDIA'. The top-right cover is white with blue and brown accents, titled 'THE COMPETITION ACT, 2002: KEY COMMENTARIES'. The middle-right cover is purple and white, titled 'SUPREME COURT CASES AND COMMENTS ON SEBI RULES AND REGULATIONS'. The bottom-right cover is white with blue and purple accents, titled 'THE INSTITUTE OF Company Secretaries of India IN PURSUIT OF PROFESSIONAL EXCELLENCE'. Each cover includes the ICSI logo and contact information for the Western India Regional Council.

“Age is an issue of mind over matter. If you don't mind, it doesn't matter.” - Mark Twain



R. V. Pore,
Practicing Company Secretary, Pune

COMPANY SECRETARY IN IDENTITY CRISIS

After completing the CS course, a person justifiably feels proud of himself. He has put in long hours of study and gone through 15 months of practical training to acquire the CS title. He now aspires to be part of the top management and a strategically important person in the organization.

But after entering the job market, he is in for a shock. What he finds? There are not enough jobs. The package offered is dismal. Job in a listed company is very scarce.

Then, with lot of efforts he manages to get a job. In fact, accepts the first job offered to him. Once inside, what does he find?

- His job profile is very opaque. Nobody really knows what a Company Secretary does.
- The Secretarial work does not keep him occupied for the day, so mundane task are assigned to him.
- Management looks at him as obligatory compliance of section 383A of the Act.
- He is seen as unproductive, a burden on the resources of the Company.
- Other Department Heads feel that he is strategically far less important than them.
- Some see him as glorified clerk filling the forms and registers, doing monotonous work.
- He is viewed as a naysayer.

Frustrated, he soon starts looking for another job. But the scene there is not very different. He then finds himself in an identity crisis. Whether he was correct in choosing this profession? Or did he make a mistake?

What went wrong? Why is Company Secretary seen as less strategic than other support functions?

Part of Company Secretary's image problems relate to the prevailing fuzzy thinking on the subject. What is the role of Company Secretary in an organization? If you go by theory, you can get a lot of high sounding jargon on the role of a Company Secretary. He is a Compliance Officer, he is a Governance Officer, he is next to the Board of Directors in line, and he is a very important person. However, in practice Company Secretary's role as a strategic partner is largely given a go-by, whereas his role as Compliance Officer gets maximum exposure.

CS has given itself an identity crisis because a lot of students chose it for wrong reason.

What is the remedy? Is the situation totally lost?

No. A Company Secretary has to reorient himself.

Get to the core

One has to be a business person first. Compliance and Corporate Governance should form only a part of his repertoire and not its only component. Company Secretary must connect his work to the revenues that a Company earns. Don't get carried away

by the hype about Corporate Governance. Good Corporate Governance is the function of the Board of Directors, not the Company Secretary. Company Secretary can facilitate it, not enforce it.

Secondly, Company Secretary needs to stay with a Company. He needs to do a lot of internal marketing. He must create goodwill. He should familiarize himself with the business; get a handle on the business. He must relate his work with business performance. Your salary is paid by management and not by the Government. Take up a business role and succeed. Talk in the language of profits and performance. Show how good corporate governance practices impact business functions and are in sync with larger goals of the organization. Be viewed as fair and knowledgeable. Otherwise, Company Secretary becomes just a by-stander noting the performance rather than being a partner to it.

The problem lies with the CS professionals who do not perceive their role as important. They get busy with mundane tasks.

Expand the circle

A Company Secretary should expand the circle of his influence beyond corporate laws. He should voluntarily offer leadership in areas where he can contribute to the profits or performance of the Company. There are many areas beyond the domain of the CFO or HR which the Company Secretary can easily get into. These areas are such that the CFO or HR Manager would willingly concede to the Company Secretary. Some of such areas can be:

- Insurance & Risk management
- Property Title protection
- Mortgages and loan documentation
- Drafting of agreements and commercial contracts
- Investment strategy / Wealth Management for the Company
- Advise to the Directors on personal finance
- Economy and Industry analysis
- IPR protection
- Role of the Spokesperson of the Company/ Board of Directors
- Conciliation between directors
- Creation of wealth for stakeholders through capital structuring

It is really not difficult picking up the areas of influence if the Company Secretary puts his mind to it. Once you identify an area, get more knowledge about it, get training. Become a valuable aid in decision making.

I believe with these initiatives a Company Secretary would be soon be viewed as potential material for the post of CEO. ■■■

“Never underestimate the capacity of another human being to have exactly the same shortcomings you have.” - Leigh Steinberg



Vijay R. Jadeja,
Practising Company Secretary, Bhavnagar

ENTREPRENEURSHIP QUALITIES -AN PRE-REQUISITE FOR ESTABLISHING PRIVATE PRACTICE

In today's Era, being a talented professional is not enough to ensure the success of your private practice; you also need to be an enthusiastic, talented businessperson.

Not only do you need to make good Secretarial decisions, you also need to make good business decisions. Making business decisions inherently involves some risk, and risk taking has a tendency to make us feel uncomfortable. However, if your professional aspirations include private practice, you will need to deal with feeling uncomfortable on occasion. Feeling uncomfortable may come from competing with other existing professionals in private practice, ensuring collection of your fees, justifying to a managed care company why they should pay you, promoting yourself to the public, public speaking, or other ways of demonstrating the confidence you have in your own abilities. On the plus side, being uncomfortable will make you a better businessperson.

Getting ready for private practice

- ❖ Cultivate an Entrepreneurial mindset.
- ❖ Develop your knowledge base
- ❖ Learn from others but don't copy.
- ❖ Develop your skills
- ❖ Consider developing a Niche
- ❖ Start Networking - Market yourself
- ❖ Be bold and dynamic - "It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change."
- ❖ Respect your worth
- ❖ Diversify- Be cautious of putting of all your eggs in one basket.
- ❖ Foster your professional and personal Development.

The future private practitioners requires an Entrepreneurial approach, determination, perseverance, initiative, self confident, decision making skills, ability to face the uncertainties and the above of all he/she must be self directed, action oriented and energetic.

Most Company secretaries in private practice would agree that there are three qualities needed to run a successful practice: excellent skills, great client service and the ability to find and retain clients. In other words: ability, hard work and an entrepreneurial mind-set. It is the latter that can be the most challenging for younger practitioners as they receive little or no training in business development. The challenge of business development is the primary reason many

talented Company secretaries want to move to in-house positions. They want to be an employee not an owner.

Being a skilled Company secretary, working hard and giving excellent client service may not be enough to create a sustainable practice if you practice within a competitive business community. The key for many young Company secretaries is to work with others who can give advice or support. We aren't all born with an entrepreneurial gene but we can develop it, if we seek out help along the way.

One has to develop an entrepreneur qualities to set private practice and run it successfully because:

- Entrepreneurs see opportunities, not constraints.
- Entrepreneurs do enjoy what they do and they are highly Determinate and have strong work ethics.
- Entrepreneurs are optimistic, positive and comfortable with ambiguity.
- Entrepreneurs get involved in whatever they do and create a competitive advantage.
- Entrepreneurs dislike rules, while most people find the presence of rules comforting.
- Entrepreneurs are passionate about their idea or achieving their. Failure is never an option.
- Entrepreneurs do not like risk. They seek to minimize risk in pursuit of their idea.

Someone has rightly said Build your own dreams, or someone else will hire you to build theirs.

You don't become successful without encountering and overcoming a number of extremely challenging problems.

Most aspiring entrepreneur fails due to 3 reasons:

1. Limited Resources (No time and Money).
2. fear of Failure.
3. Disorganisation.

Yet, why are so many practitioners struggling to get clients and make a living? They are motivated by ideals, not profits. They shy away from calling attention to themselves, preferring to be of service to their clients. They resist marketing and are uncomfortable asking for money. They undervalue their services, and therefore, their services are undervalued.

The reality is that entrepreneurship is not a simple and overnight action that will make u Millionaire right away. However, it is an opportunity to be self employed, build

"Courage is not the absence of despair; it is, rather, the capacity to move ahead in spite of despair." - Rollo May

your own business, and create a significant income within a short period of time. But you do have to make sacrifices and work hard but do remember “an entrepreneur spends a few years of his life as most people won’t so that he can spend the rest of his life as most people can’t”. The real glory of private practice will be soon realized, you will be able to work directly with your own policies/ values without them being diluted by other values, You will be working the way you wanted with philosophical and integrity, being a sharper professional, less complacent, and more confident.

Thing that aspires for private practice to me is belief that When you work for someone else, you’re laboring in another man’s field.

Toughest job - Market a Private practice

Abiding by the Advertisement Guidelines issued by the Institutes with which professionals are associated, Private practitioner find marketing and building their practice

the extremely challenging. Sometimes Self-Promotion can feel self serving and conflict with the values of your work. Sometimes you might be so frustrated that you might not be motivate to market, but never do the mistake of becoming an allergic to marketing you will end up repelling the clients that you can serve the best.

To overcome your fears and negative attitudes about marketing and self-promotion you have to learn the techniques to market your private practice successfully while honoring your integrity. You need to discover the cutting edge and highly effective methods for attracting clients while remaining authentic and honoring your integrity and the integrity of your profession. The result will be you will feel proud to promote your knowledge and service, flooded with the clients whom you wanted to work with who are both willing and able to pay you what you are worth.



**Report on
Stakeholders Consultation
Organized by Ministry of Corporate Affairs**

Mumbai 6th May, 2013

Ministry of Corporate Affairs (MCA) had organized a stakeholders consultation on 6th May, 2013 at Mumbai to have deliberation on MCA 21 and to collect the feedback from the user in order to improve the current status of MCA portal and its services and also to undertake improvements in the next phase of MCA 21, an e governance initiative of ministry.

After its launch in the year 2006 the MCA 21 project has undergone several changes and improvements, in terms of technology and delivery model and has reached to a satisfactory stage. However since last few months the portal has started giving lot of troubles to the users. MCA & new vendor Infosys has made several efforts to overcome the problems and improve the position of MCA portal and service delivery.

In continuation with its efforts and in order to understand the difficulties and problems faced by the stakeholders (professionals and company users) this meet was organized. Selected professional of three institutes were invited to represent the problems of stakeholders and to provide suggestions for improvements.

Shri. Amardeep Singh Bhatia, Joint Secretary MCA, Shri Anil Kumar Bhardwaj, Director MCA, Shri M.A. Kuvadia, Regional Director (West) MCA and senior officials of Infosys were present for the consultation for the meet.

Institute of Company Secretaries of India (Western Region) was represented by S/ Shri. Makarand Lele, Regional Council Member, Gopal Chalam, Dean CCGRT, Atul Mehta, Central Council Member, Prakash Pandya, Regional Council Member, Hitesh Kothari, Regional Council Member and senior professionals Ms. Shashikala Rao, S/Shri Ramesh Shenoy, Sanjay Rathi, Narayan Shankar, Prashant Diwan, Shankar, A. Anjeneyan, Pramod Shah, Kaushik Zaveri.

The problems faced by Company Secretaries and Companies were presented in detail. Several issues relating to technology, refund cases, non-filing of forms, errors & defects in the functioning, LLP filing issues, help desk problems were highlighted. Suggestions for improvement of service delivery (physical and electronic) were given. ICSI representatives insisted MCA & Infosys that there is a need to have swift, reliable and efficient system for doing compliances under the Company law. Representatives also agreed to extend their full support to ministry in their efforts to provide best services to stakeholders.

While responding to the stakeholders MCA & Infosys officials admitted that there were problems in portal and service delivery. However they are constantly taking efforts to restore the position to normal. They assured that very soon the portal will function in normal manner and there will not be any problems to stakeholders. They also assured that the coming peak filing season will be smooth.

MCA noted all suggestions for further improvement and assured that each and every suggestion will be responded positively.

“Get your facts first, then you can distort them as you please.” - Mark Twain



CS Sumit Khanna,
Partner Sark and Associates,
Practicing Company Secretary,

THINK FRESH

What Should I say? I wanted to talk business and he only talked about compliance? What is the outcome of my meeting with client? I was just given some bag full of filings with some applications and notice and once again Board Meeting notices and din applications. Hey my boss called me this time. And I thought I may get some fruitful assignment? Please check this procedure online and try to submit these documents with SEBI on time. Oh no not again! I have an idea this can add profit to my company's/ client's business, but what can I do?

Scenario I – Where a CS is an employee

I was very glad and excited that now ROC has become online and filing has become very easy. At least now I can file forms and various other documents as attachment sitting at home or office and work would get done! Wow! May be this can change my boss view. Now I can expect something more than the routine work. But...

Employee CS: Sir, I want to come out of all this stuff. Can we talk on Business or strategies or ventures? I mean today can we think over and above compliance.

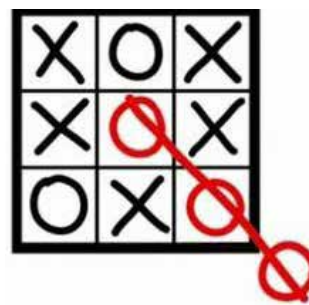
Boss: What do you mean? You know it is our company's policy that every employee needs to fulfil his/ her duty in the limits drawn by the company. No one, over here is allowed to interfere in other department's work. What I can suggest is that if you are tired take a break or stop doing regular ROC work. Oh yes, you may start with the SEBI compliances. Also, before leaving today don't forget to hand over to me the write up on FEMA Notifications.

Just a month back I was tired doing SEBI. Then he had told me to switch on to ROC work. For heaven's sake, when will this merry-go-round stop?

Scenario II – Where a CS is into practice

I was with my client who wanted to meet me for consultation. I don't know why all expect only one thing from me that is compliance, compliance and compliance. I am CS but I can think business too and can run various ventures. I know the business rules and also know the market. I can analyse the practical situations and further I know what the deal is.

To all my associates, friends, colleagues, and fellow members, what I mean to say here is that why is it that a Company Secretary is asked to do a stipulated kind of work. Why are we not allowed to explore our potentials and try our hand at managing business too. Leave that aside, many people here are still ignorant about a professional called Company Secretary.



If we say that the world is one village and it is managed and run by professionals. But who these professionals are? My fellow professional friends are all very busy doing filings, doing assessments, keep noting, reading guidelines, etc. everyone is managing the records and some are trying

pampering their clients for want of fee.

Yes, we all know as practising professionals we connect with our clients on grounds of procedures and compliances like formation of company, facilitating registration under Income Tax Act, etc and further, we may also get the work of drafting minutes and the rest of routine work follows. Rest nobody asks us for expanding business, creating business ventures, etc.

In today's corporate world, we are moving to new aspects of trade and industry strategy where capital, communications, economic and trade policy, human resources, marketing, advertising all have wide scope with respect to the current as well as future market conditions. These changing business policies demand continuous learning, planning, confronting various kinds of challenges, regulating the values in terms of assets as well as social variations in outlook towards the business plans, policies and attitude towards the tackling of market situations.

According to the preceding paragraph, the value as well as requirement of the professional from various fields such as Company Secretary, Chartered Accountants, Cost Accountants is enhanced to maintain and upgrade the flow of business activities in all manners.

"Since God knows our future, our personalities, and our capacity to listen, He isn't ever going to say more to us than we can deal with at the moment." - Charles Stanley

However, with respect to the Indian law and corporate structure, no where has it been mentioned the exact range of every professional pertaining to their expert areas. In other words, every professional is not able to take active participation in the business as well as in corporate management format respect to his / her expertise.

With respect to the said observations, as a Company Secretary, we can state that the ability, knowledge of Company Secretary is ignored by many corporates due to many reasons such as getting overshadowed by other departments, which may or may not include other professionals, cost cutting approach by corporates or to suppress as many legal compliances as possible, in each matter so that the management can carry out some activities in their own manner as they desire. But most of the corporates engage CS in Legal and Secretarial compliances in which certification of CS is mandatory as per



the provision of the Companies Act, 1956. Hence, as per the market review, the role of CS is only restricted to "Legal and Compliance officer of the Company". Therefore, Company Secretary is not accepted as a member of the management of the company who can actively participate in each and every discussion process.

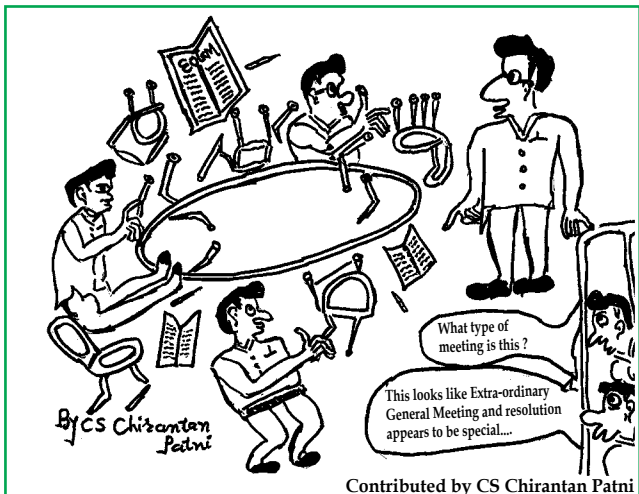
As we are completely aware about the expertised areas in which CS are eligible to take active participation in any kind of corporate management system which is constituted to accomplish various kinds of business activities. They are formulation of Business policy strategy and planning, formulation of organisational structure, advisory services for brand equity and image building and reviewing of financials of the company, administrative activities, regularity in communication with shareholders - both individual and institutional through circulars and notices, and ensure the payment of dividends and interest, active participation in decision making process regarding expansion of business of the company in view of market as well as financial conditions.

Let us understand the need of growth and focus ourselves on the move of this world. There are many other venues we all can explore. With company law issues along with SEBI, FEMA and lot more compliance, we can think beyond and touch the surface as well as root of entrepreneurship, Fund managers, etc. and free ourselves from the labels of just a "compliance officer" or "legal consultant".

We need to change the appearance and portray ourselves with more horizons and spectrum.



SAY CHEESE !!!




Contributed by CS Chirantan Patni

Smile Please

FUNNY FACTS ABOUT STAYING "HEALTHY":

- 1) If walking / cycling is good for health, Postman would be immortal;
- 2) A whale swims all day, only eats fish, drinks water and is fat;
- 3) A rabbit runs and hops almost the whole day; but only lives for 15 years;
- 4) A tortoise does not run, does nothing.. yet lives for 450 years



Contributed by CS Gaurav Pingale

"Anger is an acid that can do more harm to the vessel in which it is stored than to anything on which it is poured." - Mark Twain



CS Kiran M. Chitale,
Company Secretary, Pune

LEGAL CAPACITY BUILDING

Company Secretary is established to be a profession ensuring compliances in the realm of corporate laws and providing various services related to that. Starting with the course structure corporate laws play a significant role in building a profession of and professional like Company Secretary. Traditionally, Legal practitioner is perceived to be a lawyer practicing in the Courts (whether dealing with civil or criminal matters). A lawyer is typically said to be helping cross section of people and dealing with variety of niceties wrapped around by procedural laws. While corporate laws do form part of the subject of law, Company Secretary as a profession has identified its distinct position when it comes to dealing with compliances suited to corporate form of business or corporate environment as such. It will not be incorrect to state that a profession of Company Secretary and a Lawyer go hand-in-hand with an arm's length. While this sounds to be a contradicting position, if you look at it carefully, you may tend to agree that while there are specialties or areas where each profession plays its notch, from a macro perspective both the professions are dominated by the kingdom of Law in one form or the other.

It is not impossible for a Company Secretary to get into the field of law (as is seen by the Lawyers), while it would be certainly challenging for a Company Secretary to work as a Lawyer more than Company Secretary. If a Company Secretary desires to become a legal practitioner, he would certainly need to have requisite qualifications/ eligibility conditions (e.g. to become a member of the Bar etc.). As it stands today, a person cannot act as a whole-time Company Secretary in practice as well as an Advocate practicing in the courts. One may however, explore other forms of business such as company, limited liability partnership etc. to cover it up to some extent.

It would be interesting to note that there have been a number of company secretaries who have shouldered the responsibility of Head of Legal function in an organization; though percentage of total number of company secretaries may not be great so far. It has been an exciting challenge to handle both these functions in an organization as I perceive. If developing capability to handle Legal function is not driving against all odds, it certainly means making your way in the crowd. It does involve you to develop certain skill sets to be able to master both the functions. A qualified person may or may not get a chance to work as head of Secretarial

as well as Legal functions based on the legacy, organization structure, group practices, cost pressures, management bandwidth and availability of multi-skilled people within an organization. In India, industry would consider a degree in law as a pre-requisite to become an in-house Legal Counsel. Having stated that depending on urgencies of business, we do get to see exceptions where a person qualified as Company Secretary (and not qualified as a law graduate) does get a chance to lead both these Functions.

Apart from the statutory requirements and code of conduct for practicing as a Company Secretary and as an Advocate, it is imperative to understand that practicing in courts is certainly a different ball game and requires unique skills of handling matters in the courts of law. There are typical areas of practice that are placed in the hands of an Advocate e.g. land matters, civil matters, drafting of documents such as Affidavits, Power of Attorney, Wills and so on. Having stated that there are a few areas where both these professions could cross paths e.g. drafting of contracts, mergers and amalgamations, corporate advisory support etc. On the other hand, in the corporate form of business, Company Secretary stands out to be a statutory position closer to the Board of Directors. A Head of Legal by whatever designation called, certainly complements and supplements Company Secretary to act as a conscience keeper and in protecting interests of the organization from legal governance perspective.

Subject to organization structure, practices, hierarchy etc., a Company Secretary in an organization typically focused on the matters primarily getting in the way of corporate laws including Company Law, FEMA, SEBI Guidelines, corporate restructuring.....in particular, whereas a Head of Legal could typically look into the areas of intellectual property rights, litigations, property matters, labour laws, commercial contracts and statutory compliances (outside the purview of company secretarial role), in addition to criminal matters related to the organization.

For a Company Secretary to develop Legal capability in an organization, it is useful to understand following points:

a) Concepts in law

Company Secretary should have clarity of concepts in law so as to ensure that he does not make a conceptual mistake or mistake in fundamental understanding of legal concepts. Any such mistakes would prove

"English is necessary as at present original works of science are in English. I believe that in two decades times original works of science will start coming out in our languages. Then we can move over like the Japanese." - Abdul Kalam

dangerous to him as a professional and for the client/ employer organization as well.

b) Awareness about procedural aspects

While it is ideal for a Company Secretary to have completed understanding on legal processes when it comes to enforcement, filing of suits, making applications to local statutory authorities for matters relating to intellectual property, civil matters, property matters etc., a Company Secretary should at least have reasonable awareness around the procedures to be followed in such matters. This will help him providing quick inputs internally, when he is faced with any queries around the process involved etc.

c) Knowledge update

This is no different than what a Company Secretary would do in his core area relating to Secretarial Function. However, this requires him to put in additional efforts to subscribe to legal magazines/ journals/ databases and to make a point to keep him up-to-date to ensure that he is aware of changes related to properly laws, stamp duty, labour laws etc. Most of the circulars, notifications, clarifications, etc. would usually contain procedural stuff. A Company Secretary would need to check relevance of such updates for his client or employer organization.

d) Drafting and negotiation of contracts

As a consultant or in-house Legal professional, a Company Secretary would also need to up-skill himself in the areas of drafting and negotiation of various contracts for his client or employer organization. To build this capability certainly requires a lot of efforts since this would not only require him to deploy legal acumen but also, push him to learn commercial and business aspects relating to the deal/ contracts. This would bring him closer to business teams and help building better rapport with the client or various business functions within the organization.

e) Record keeping

While Company Secretaries would understand the importance of record keeping and are trained to maintain Secretarial records, if a Company Secretary (in practice or in employment) has a Legal role to play, he would need to ensure that all appropriate records are maintained by his client/ employer organization as applicable under various laws e.g. industrial laws, economic laws, labour laws etc. If he is not well versed with the level of granularity in maintaining the records, he should at least have ability to cross verify the records with the requirements stipulated under various laws, rules etc. While I would recommend that respective functions (such as HR, Finance, Admin etc.) should be responsible for maintaining relevant

statutory records, Company Secretary having Legal role should be in a position to conduct internal audit or test checks to ensure there are no material non-compliances or conceptual deviations in maintaining records by respective functions. If needed, a Company Secretary may consider seeking support from an external law firm in conducting legal audit, which would certainly put him and the organization to comfort zone.

f) Statutory Compliance

Traditionally, a Company Secretary would present statutory compliance report as part of routine agenda item at the Board meetings. While he may consider presenting an exception report to capture non-compliances, it is imperative to have detailed statutory compliance list capturing various compliances applicable to the client/ employer organization. Such list needs to be updated from time to time to ensure strict compliance of applicable laws. Here again, Company Secretary may seek professional support from a law firm.

g) Putting in Legal policies/ processes

Developing capability around Legal aspects or a Legal function entails putting in place policies and processes pertaining scope of Legal Function e.g. policy relating to intellectual property rights developed by employees, signing of documents on behalf of the company etc. Also, it is desirable to set up processes for reporting of non-compliances by respective functions, for circulating legal updates to concerned stakeholders in the organization, for handling litigation by or against the client/ employer organization.

h) Engagement with law firms

A Company Secretary may need to engage with law firms for conducting legal audits, for reviewing statutory compliance list and certainly for litigation matters. It is desirable to build rapport with law firms having capability in various areas in the Legal field via attendance to seminars, programs etc.

i) Legal training

To speed up the process of gaining Legal skills, it would be useful to attain formal training through attending courses in law, seminars, study circle meetings etc.

I believe, the above points would certainly help a Company Secretary to build Legal capability and related skills and expand his portfolio. For a professional like Company Secretary who is trained to work professionally and with his in-depth knowledge, gaining Legal capability is no more a barrier.

Note: Views expressed in this article are personal views of the author and have no connection with his employer organization.



“Courage is not the absence of despair; it is, rather, the capacity to move ahead in spite of despair.” - Rollo May



CS Rishikesh Vyas
Compliance & Governance Personnel

CYBER LAWS

“The modern thief can steal more with a computer than with a gun. Tomorrow’s terrorist may be able to do more damage with a keyboard than with a bomb.”

Preface

With the invention of the internet the life of a common has changed a lot. The internet has provided a medium to interact with the people worldwide. It has brought the world closer to every man who has access to it. It has proved to be repository of the enormous information which a common man could not access easily. It has also given new dimension to life both in economics and socially. Cyberspace is a technical term used for the electronic medium of computer networks, in which online communication takes place. It comes alive only when two or more computers are networked together. The term has a very wide meaning and is not only restricted to the internet but also includes computers, computer networks, the internet, data, software etc. Cyber law is the law that governs the crimes committed within the cyberspace. The crimes that are committed by using the computer as an instrument, or a target or a mean for perpetuating further crimes falls within the definition of cyber crime. The widespread use of internet has also given a new face to the crime and a new medium to the bad elements to commit crime.

Cyber law is a generic term, which denotes all aspects, issues and the legal consequences over the Internet, the World Wide Web and cyber space. The technological development has given rise to a cyber world constituting cyber space. India is the 12th nation in the world that has cyber legislation apart from countries like the US, Singapore, France, Malaysia and Japan. Cyber Law is the sphere which is intersection of technology, risk, and law. The Information Technology Act, 2000 (IT Act) has done a very good job at somewhat restricting the cyber crimes that takes place every hour in India. Cyberspace is not a chattels of a single nation per se but rather it’s a space which every country shares. The law at its embryonic phase is presumed as a wall that will stop crimes that take place all over the world, but then why it hasn’t been successful? That’s because we don’t know how to get into scheme of things or how to get a single legislation enacted which could govern every act of cyber crime around globe at the same time. The logic is quite clear, when cyberspace does not belong to a single nation then how a national level legislation would be efficient in curbing cyber crime?

There is limited awareness of computer security among domestic as well as business users. The systems which aren’t protected sufficiently are the soft targets. A study reveals that although 80% had a firewall but 90% of them did not follow the recommendations to update their systems regularly. Sometimes we dig huge holes for ourselves and fall in it easily.

But the major issue that needs to be addressed is to decide what the final limit is. India is emerging superpower and a leader in outsourcing. This industry faces the worst blow when it comes to cyber crime. If we want to see our country shining infinity then the lawmakers of this country should take very strict measures while enacting these type of very important laws or the day isn’t very far when India will start losing its sheen.

The area of Cyber Laws is an area which I feel personally is not only an upcoming area for professionals’ including Company Secretaries but is an area which is going to improve and get more complex with passage of time. In India still the law is at its neophyte stage and with elapse of time it is going to be overhauled. At present the infrastructure is not adequate and will have to be improved and also awareness’ of Cyber Laws have to spread.

Legislation -

Information Technology act 2000 Following the UN Resolution(United Nations Commission on International Trade Law Resolution A/RES/51/162, dated 30 January 1997) India passed the Information Technology Act 2000 in May 2000 and notified it for effectiveness on October 17, 2000.



“True genius resides in the capacity for evaluation of uncertain, hazardous, and conflicting information.” - Winston Churchill

Information technology Act 2000 consisted of 94 sections segregated into 13 chapters. IT is an act to provide legal recognition for transactions carried out by means of electronic data interchange and other means of electronic communication, commonly referred to as “electronic commerce”, which involve the use of alternatives to paper-based methods of communication and storage of information, to facilitate electronic filing of documents with the Government agencies and further to amend the Indian Penal Code, the Indian Evidence Act, 1872, the Bankers’ Books Evidence Act, 1891 and the Reserve Bank of India Act, 1934 and for matters connected therewith or incidental.

CHALLENGES

Cyber space is witnessing considerable advancement with the rapid increase in the information technology. The growth in the field of information and communication technology (ICT) indicates the numerous trends and challenges in cyber law. It is always hard to determine or predict something in the future in an accurate manner. However, on the basis of development of jurisprudence and emerging trends, it can be conjured that some broad cyber law trends are likely to emerge. There is a possibility to consolidate the technological advancements in the past. The internet users are increasing tremendously every year and at the same time there is also rise in the number of people using mobiles and smart phones. Cyber law is likely to experience various emerging trends with the increased usage of digital technology.

LEGAL ISSUES OF CYBER SECURITY

The emerging cyber law trend is the need for enacting appropriate legal frameworks for preserving, promoting and enhancing cyber security. The cyber security incidents and the attacks on networks are increasing rampantly leading to breaches of cyber security which is likely to have serious impact on the nation. However, the challenge before a lawmaker is not only to develop appropriate legal regimes enabling protection and preservation of cyber security, but also to instill a culture of cyber security amongst the net users. The renewed focus and emphasis is to set forth effective mandatory provisions which would help the protection, preservation and promotion of cyber security in use of computers, allied resources and communication devices.

CLOUD COMPUTING LAW

With the growth in internet technology, the word is moving towards cloud computing. The cloud computing brings new challenges to the law makers. The distinct challenges may include data security, data privacy, jurisdiction and other legal issues. There pressure on the cyber legislators and stakeholders would be to provide appropriate legal framework that could benefit the industry and enable effective remedies in the event of cloud computing incidents.

CHALLENGES IN MOBILE LAWS

Today, there are lots of activities in the mobile ecosystem. The increasing competition has introduced new models of

mobile phones, personal digital assistants (pda), tablets and other communication devices in the global market. The intensive use of mobile devices has widened the mobile ecosystem and the content generated is likely to pose new challenges for cyber legal jurisprudence across the world. There are no dedicated laws dealing with the use of these new communication devices and mobile platforms in a number of jurisdictions across the world as the usage of mobile devices for input and output activities is increasing day by day. With the increasing mobile crimes, there is an increasing necessity to meet the legal challenges emerging with the use of mobile devices and ensure mobile protection and privacy.

SOCIAL MEDIA AND LEGAL PROBLEMS

The social media is beginning to have social and legal impact in the recent times raising significant legal issues and challenges. A latest study indicates the social networking sites responsible for various problems. Since the law enforcement agencies, intelligence agencies target the social media sites, they are the preferred repository of all data. The



inappropriate use of social media is giving rise to crimes like cyber harassments, cyber stalking, identity theft etc. The privacy in social media is going to be undermined to a great extent despite the efforts by relevant stake holders. The challenge to the cyber legislators would be to effectively regulate the misuse of social media and provide remedies to the victims of social media crimes. Social Media Litigations are also likely to increase concerning the association or nexus with the output of social media. The litigations regarding defamation, matrimonial actions are popularly increasing and with the data, information resident on social media networking there is an emerging trend of various other litigations in the coming years.

SPAM LAWS

There is considerable growth of spam in emails and mobiles. Many countries have already become hot spots for generating spam. As the number of internet and mobile users increase the spammers make use of innovative methods to target the digital users. It is therefore necessary to have effective legislative provisions to deal with the menace of spam.

“Do we not realize that self respect comes with self reliance?” - Abdul Kalam

CYBER LAWS

Cyber Laws

LIABILITY OF BODY CORPORATE TOWARDS SENSITIVE PERSONAL DATA

New amendment was brought in changes in section 43 of IT Act 2000 in which for the first time any body corporate which deals with sensitive personal information does not have adequate controls resulting in wrongful loss or wrongful gain to any person is liable to pay damages to that person to the tune of five crores. Introduction of virus, manipulating accounts, denial of services etc made punishable Section 66 has been amended to include offences punishable as per section 43 which has also been amended to include offences as listed above; punishment may lead to imprisonment which may extend to three years or with fine which may extend to five lakh rupees or with both. This is a change from earlier position where introduction of virus, manipulating some ones account has been made punishable with imprisonment for the first time.

CYBER DEFAMATION

Cyber defamation is a crime which is conducted in cyberspace mostly through the medium of Internet with an aim to defame a person or a company. With increasing use of Internet around the globe, the graph of cyber defamation is increasing like anything. All countries are incorporating cyber laws and amending them in order to combat against this very serious cyber crime called as Cyber Defamation.

VARIOUS CRIMES

Crimes Against Network	Crimes Over Network
Worms, Viruses, Attacks	CyberStalking
Hackers	Fraud, Auctions,
DOS	Gambling
Wireless Malware	Hoaxes
Cyberwar	ID Theft
Network Reliability	Offensive Words
Infrastructure Protection	Phishing

Opportunities:

There are enormous opportunities for the Company Secretaries to put themselves into the area of Cyber Laws. Cyber Laws are not merely a general piece of legislation but to practice in it, technical aspects are required to be understood. With the launch of MCA 21 the Company Secretaries communities have not only equipped themselves with the knowledge in the domain of Information Technology but also have equipped themselves with the requisite infrastructure. Whether Company Secretaries are in Employment or in practice, in both the domains the Company Secretary can contribute immensely. With the expertise in diverse fields i.e. Law, Accounts, Taxation, Finance and Commerce, the field of Information Technology provides the Company Secretaries with the apposite synergy. The field of Information Technology is very much at its nascent phase and thus Company Secretaries do not have much catching up to do with other professions but

provides a perfect stage for them to ink their expertise in this area of law.

CONCLUSION:

Criticisms of the Act It is argued that legal enforceability of electronic contracts is open to challenge and legal jurisdiction of contracts involving international parties is not defined. The Act is also silent on issues regarding taxation of electronic transactions. Customs duty for cross border taxation, sales tax, etc. (indirect taxation) for goods and services delivered electronically are not clearly spelled out Cyber crimes which are not fully covered are an area of concern for the growth of e-commerce. In this context it is also argued that Law enforcement Agencies are not fully equipped and trained to deal in cyber crimes IT Act is silent on the issue of protection of intellectual rights (patents, trademarks, copyrights) including domain names. The Act seeks to bureaucratize the entire process of controlling electronic commerce. This is likely to result into consequences of delays and other related problems., The Information Technology Act,2000 is a great achievement and a remarkable step ahead in the right direction. The IT Act is a first step taken by the Government of India towards promoting the growth of electronic commerce so that Electronic Commerce in India can leap frog to success. Despite all its failings, it is a first historical step. The other steps have to follow.

REQUIRED

A Public Limited Company having its registered office in Mumbai, require a qualified Company Secretary, being Associate Members of the Institute of Company Secretaries of India (ICSI) with a minimum post qualification experience of 2-3 years. The prospective candidate should have a good knowledge of corporate secretarial, compliance, legal and corporate laws matters.

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“Age is an issue of mind over matter. If you don't mind, it doesn't matter.” - Mark Twain



Prof. Abhijeet Kelkar,
Vishwakarma Institute of Management, Pune

FORENSIC ACCOUNTING AS NEED OF AN HOUR, A MYTH OR TRUTH?

Data have been the major factor for decision making. Irrespective of the nature, quantum and quality of the data, the need and necessity of the data remain undoubted. It is the backbone of any activity in which human element is involved. Especially with reference to the investment decisions, routine functioning of the organization, projections with reference to the future and so on information has been a crucial factor. Authenticity, genuineness and adequacy of the information make presentation, analysis and decision making easy.

Over a period of time, due to growing scale, nature and complexity of the businesses, the quality and scope of data collection have been showing a declining trend. The concealment of material facts or inclusion of extra facts give an opportunity to present more rosy picture, earn some easily earned income and affect the decision making of the users of the information. Creators and presenters of the information play a vital role in any decision making process. Recently unearthed scams including Satyam have clearly shown the importance of the presentation of the information and its long term implications in stock markets.

Thus, merely the accounting and auditing do not suffice the purpose. Even though conceptually they might, the creators and implementers of the same have made it impossible. India is not the only nation in which this fact is revealed. The need of having something more than the routine Accounting and Auditing was initially observed by United Kingdom and United States of America. These nations immediately proceeded with the formalization of the concept in the form of their Acts and Laws. This 'something more' is nothing but one of the emerging fields 'Forensic Accounting'. As the orbit of Forensic Accounting is inclusive, it has different areas in it including Accounting, Auditing, Taxation, Management Information System (MIS), Project Management, Investigative Analysis and many more.

CONCEPT

Auditors are not blood hounds but watch dogs is a commonly accepted notion. However, with the lapse of time and with the changing nature, scale, area of operation and increased complexities of the businesses, there is a need to verify the authenticity of the entire Accounting and Auditing system. So far as Indian scenario is concerned, automation has changed the business landscape to the point whereby in India especially in 90s, the volume and speed of business transactions necessitated faster means of

generating financial statements and auditing them. This in turn provided momentum to the implementation of task on the basis of authenticity and deadline rather than on compliance.

This does not imply that proficiency and skill sets of Auditors and Accountants started diminishing but overdependence and over reliance were matters of concern. In this scenario, loyalty and integrity of Accountants and Auditors play a major role.

Auditors have been the watch dogs from the emergence of the concept of auditing. However, the present situation demands to have an Owl to keep an eye on watch dogs as well. Recently unearthed scandals including Satyam clearly showed the involvement of Auditors and this has necessitated formal establishment of Forensic Accounting System in India and world over.

Forensic Accounting does not mean to bring in auditor over the auditor but it is a need which has to be catered in the light of bigger complexities in the whole accounting and financial system.

Forensic Accounting is basically an integration of accounting, auditing and investigative skills in a systematic manner. This concept was firstly coined by Mr. Maurice E Peloubet who said "Financial statements have some but not all the characteristics of forensic accounting"

'Forensic Accounting is the application of accounting principles, theories and discipline to facts or hypothesis at issues in a legal dispute and encompasses every branch of accounting knowledge.' (Definition by American Institute of Certified Public Accountants)

Forensic accounting is a science (i.e., a department of systemized knowledge) that deals with the application of accounting facts gathered through auditing methods and procedures to legal problems usually dealing with financial and valuation issues.

(Ref. Article by Grippo, Frank J. & Ibex in 'National Public Accountant' June 2003 edition)

For want of the formalized and structured uniformity in the field of Forensic Accounting, it is being practiced in various ways and with various titles. Investigative Audit, Forensic Audit, Forensic Systems are all the concepts which got evolved from time to time and revolve around the common concept of an additional eye for confirmation. Forensic

"Get your facts first, then you can distort them as you please." - Mark Twain

Accounting Practices are distinct and unique in their own ways. They are not merely extensions of the existing internal checks and controls. Forensic Accounting Systems act as a robust wall which will not only keep an eye on external factors but also concentrate on internal factors as well. Undoubtedly, the line of difference between the internal checks and controls procedure and Forensic Accounting Practices is very thin however the purpose and the scope of the Forensic Accounting Practices make them distinguished from the others.

Dictionary meaning of the word 'Forensic' is 'anything which can be produced in a court of law.' This can be linked with enforceability of any wrong doing in the eyes of law. May it be an Inventory / Purchases / Cash / Receivables / Preparation of Financials / Preparation of Financials Forensic Accounting has a role to play everywhere. Right from the assigned task of periodical checking, validation of the material receipts in the organization to analysis and interpretation of already published or ready to publish Financial Data, anything can be under the scope of Forensic Accounting. It is up to the Management and those who devise the Forensic Accounting Practices to decide the scope and ambit of the Forensic Accounting.

In short, Forensic Accounting is confirmation and validation of many expressly mentioned or impliedly understood matters relating to the overall functionality of the organization thereby confirming its existence and desired way of implementation. This acts as a separate confirmatory tool in the hands of the management. Forensic Accounting is not a post mortem exercise. Even though it involves the detection of fraud or post fraud investigation, at the same time, it also has an essence of prevention of fraud.

There are mainly three stakeholders of the entire process

- a) Investors
- b) Management &
- c) Auditors

Every stakeholder might have different interests and queries with regard to the information relating to the organization. Merely Accounting and Auditing sufficed the purpose till date however the increased scams, scandals and unearthed irregularities have started putting questions on the genuineness of the Financials, integrity of the Auditors and Management.

ACCOUNTING & AUDITING - AN OVERVIEW

Accounting and Auditing have been significant activities since the introduction of both these concepts. Accounting is an ancient Art, certainly as old as money even though the Art must have been rudimentary in the beginning. A business house must keep the track of all the entered transactions so that at any moment of time, it can answer the queries like:

- a) What is the result of the activities carried on in the form of expenses incurred and incomes earned, whether a profit or loss?

- b) Where does the firm stand in the market in terms of its financial status and profitability?

Accounting deals with recording, classifying, summarizing and presenting the data for a particular period of time whereas auditing deals with the evaluation of the accounting, persons responsible for accounting, organization and general system. Auditing is a vital part of accounting. Auditing provides a reasonable assurance that the statements are free from material errors. It can't provide a full assurance due to certain practical constraints including time and cost. Traditionally Auditing has been focusing mainly on the financial factors whereas recently auditing has entered certain non-financial aspects like security, information systems and environmental concerns.

When the Auditing in general and Auditor's role in particular have been changing on one hand, Financial frauds have become a usual phenomenon and every time smart and unique ways are found to indulge in illegal and irregular activities characterized by intentional deception. Accountants and in a few cases Auditors too are part and parcel of the frauds and scandals, the very existence of which directly questions the authenticity, genuineness and a typical true and fair picture of Financials. Frauds have been in observance since the inception of the concepts of accounting and auditing.

Internationally as well as in India, frauds have been in existence. Running of fare meter with an increased speed than prescribed, filling of vacancies at governmental departments, manipulation in Financials, maintenance of law and order and so on, everywhere frauds have role to play. Due to detection of frauds, the creditworthiness of the organization, genuineness and authenticity of the financials, stability of capital markets and investment perspective of the investors all get affected. There have been several frauds which are unearthed till date. These scams have been the great news of their times and have left adverse effects in either of the above mentioned aspects. **Even though the levels of impacts for these frauds have been different, the effects are long lasting and adverse.**

Unearthed Scandals and Frauds on Global and Domestic levels can be observed from the following Tables:

FRAUDS AND SCANDALS - GLOBAL SCENARIO

Frauds Title	Country of origin	Year of detection	Overall effects
Enron	United States of America	2001	Loss of shareholders' value and Bankruptcy of an organization mainly due to insider trading, money laundering, securities' fraud, material misstatement of information in financials.
World Com	United States of America	2002	Loss of shareholders value and bankruptcy mainly due to capitalizing the revenue items, bogus accounting entries and overstated cash flows

“Great dreams of great dreamers are always transcended.” - Abdul Kalam

Frauds Title	Country of origin	Year of detection	Overall effects
Bank of Credit & Commerce Inter-national	United Kingdom	1991	Closing of a bank mainly due to the material misrepresentation of financials, manipulation in Income and Expenses, funding for the illegal ways and fake organizations, unlawful activities
Nortel	Canada	2003	Distribution of ill advised bonuses to top 43 officials, improper restructuring of an organization, Illegal breach of trust in Health & Welfare Trust
Waste Management Inc.	United States of America	1999	Misstatement of financials mainly in the fields of depreciation accounting, inflated earnings, violation of Anti-Trust Law in USA
Xerox	2000	United States of America	Material misstatement in the form of recognition of revenue, understatement of liabilities
AOL	2002	United States of America	Inflated Sales, Auditor's involvement in material misstatement of facts in Financials
Anglo Irish Bank	2008	Ireland	Under secured or non-secured disbursement of loans to the borrowers in return for the money, overstatement of advances
Lehman Brothers	2009	United States of America	Cosmic changes in Financials by executives in the form of temporary repurchase of securities, material misstatement of facts in financials
Harshad Mehta Scam	India	1991	Drastic decline in the stock prices, huge losses for banks dealing with Harshad Mehta, violation of Banking Regulation Acts in the form of cheques in personal name rather than bank's name, squeezing of some portion of capital of the bank,
Ketan Parekh	India	2001	Defrauding Bank of India for over 30 Million Dollars, MNCB bank was also charged as an ally to ketan parekh, Pledging of low priced and low liquidity stock to banks for borrowing.
Satyam Computers	India	2009	Inflated cash and bank balances in consultation and with the knowledge of auditors and Finance department, deliberately enhanced liquidity position and increased profits

It can be observed that in most of the cases, Management in association with the Auditors has played a major role in manipulating the results or misappropriating the funds. India is no more an exception to the cases. It is one of the misconceptions of the people that low frauds means no frauds. In fact low frauds could be more frauds as well. The awareness of the concept of Forensic Accounting and lack of required expertise allow many frauds remaining undetected and it goes on. The first and the foremost observation in this is involvement of human beings. Antagonists of the concept of Forensic Accounting often say, frauds and manipulations will remain forever. Moreover, they will exist till the humans exist.

ROLE OF COMPANY SECRETARIES IN FORENSIC ACCOUNTING

Professionals like Chartered Accountants and Cost Accountants are directly involved in the Accounting and Auditing Process and have a major role to play in the overall process. Company Secretaries have got a major role to play in the field of Forensic Accounting. Even though the Forensic Accounting remains to be the emerging concept and the scope and entrants in the field are not confined by any formal legislation, it is subject to one of the inherent limitation of the concept. In the sense, unearthing of wrong doing by any expert can be done by none other than the other expert. Hence, proficiency and in depth subject knowledge are prerequisites of the good Forensic Accountant. As Company Secretaries remain to be the vital link at various levels between different stakeholders, their eye on the overall systems, processes and procedures of the organization can be of great help to the field of Forensic Accounting. The fact remains that all the scams and scandals uncovered till date were being performed when all the Accounting and / or Auditing Standards, Regulatory Authorities and Norms were in operation. Even if we assume that all the authorities were working efficiently and without any direct involvement in the wrongdoings, the scandals have taken place. The two questions remain:

- Should we create one more filter of checks and controls for Accounting and Auditing?
- or
- Should we ensure to strengthen the existing filter of checks and controls for Accounting and Auditing?

Perhaps the most logical option is second one. We should strengthen the existing set of filters rather than creating altogether new set. A few experts say that we can never stop the occurrence of the frauds as involvement of humans itself makes this impossible. However, we can reduce the occurrence to the maximum possible extent. Hence strengthening of the existing set is always more feasible and cost conscious option. Forensic Accounting is does not aim to create more and more such firewalls for protection but aims to make the existing firewall more stronger.

Transparency, Independence, Accountability, Responsibility, Fairness and Social Awareness are the major players in

“Suppose you were an idiot, and suppose you were a member of Congress; but I repeat myself.” - Mark Twain

the concept of the Corporate Governance. Corporate Governance addresses the relationships between the owners and other stakeholders of a business and those who operate a business in order to achieve good reputation and confidence to grow and develop the business. The company secretary is a key corporate participant. Corporate Governance is a supplementary to the concept of Forensic Accounting. Good Governance and sound Forensic Accounting Practices always aim at the minimization of frauds and scandals. Even though Company Secretaries have got vital role in the Accounting and Auditing processes in one or the other ways, their direct role in implementation remains limited. Rather, their role of confirmatory nature is more active.

Company Secretary is a communicator, facilitator, arbitrator, trainer and advisor to the board, the shareholders and the regulatory authorities. While playing the different roles, he/she has to have a fool proof system as an assistant which will help the Secretary to perform his functions effectively. As Company Secretary holds office based on the concept of independence and trust, it certainly requires the true and unbiased functionality. The role also involves the confidentiality of many facts and figures. He / She is a key to the application of best practice in corporate governance which can be validated by Forensic Accounting.

Even though the professionals like CAs, CPAs, CWAs & CSs have got proficiency in their respective fields, depth, intensity and honesty with which the expertise and skills are utilized are all big question marks at least in the last couple of years. Joining of hands together by Auditors and Management has been a weird but commonly observed feature now-a-days. Company Secretaries by virtue of their post, qualification and knowledge base can certainly break this vicious chain and emerge as a main player in the field of Forensic Accounting. Secretaries need not be whole and sole Forensic Accountants by virtue of the designation but assisting the implementation of Forensic Accounting Practices in whatsoever manner would also suffice the purpose.

Forensic Accounting is not a particular department or a person driven function, it is a continuous process and expects the contribution by all those who believe in the 'true and fair' functionality of the organization. However the involvement of professionals will make the implementation of Forensic Accounting Practices more effective with the guaranteed expected results.

Need for Forensic Accounting is undoubtedly a truth even though appears to be the myth!



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"Life is a difficult game. You can win it only by retaining your birthright to be a person." - Abdul Kalam



M.A. Kuvadia, Regional Director,
Western Region, Ministry of Corporate Affairs

MCA UPDATES

Dear Readers,

This is the first time I am addressing professionals after occupying the office of the Regional Director (Western Region), Ministry of Corporate Affairs, Mumbai on 8th March, 2013.

In its endeavour to facilitate corporate growth, MCA has been continuously taking various steps towards endorsing good Corporate Governance, Investor Education & Promotion and encouraging for adoption of Corporate Social Responsibility(CSR).

Corporate sector continues to make a very important contribution to the processes of nation building. Therefore, it has been our continuous attempt to provide companies with a non-cumbersome, customer friendly and transparent regulatory environment to enable them to function efficiently and productively and also to fulfill their social obligations.

1) XBRL taxonomies for exempted class of companies:

ICAI in consultation with other organizations is developing XBRL (eXtensible Business Reporting Language) taxonomies for exempted class of company's i.e. banking, insurance, NBFC and Power. The draft taxonomies for NBFC, Power and Banking companies developed by ICAI are being examined in the Ministry.

2) Investor Education and Protection Related Activities:

i) Till the end of February, 2013, 8541 companies have uploaded their data on a new website www.iepf.gov.in set up for companies to file details of unpaid and unclaimed amounts of investors for the last seven years, which are yet to be transferred to the Consolidated Fund of India. Any investor can search information about unpaid or unclaimed dividend by typing his/her particulars using the 'Search' facility of the website.

ii) During February, 2013, 146 Investor Awareness Programmes were held at different locations in the country by the three Professional Institutes viz., Institute of Chartered Accountants of India(ICAI), Institute of Company Secretaries of India (ICSI) and Institute of Cost Accountants of India (ICAI).

3) MCA -21 Technical Defects:

Further, MCA has asked Tata Consultancy Services for temporary assistance to resolve glitches related to the electronic filing system MCA-21, which is currently being implemented by Infosys w.e.f. January 17, 2013. In order to serve stakeholders, MCA at several instances has extended the last day of filing various forms and relaxed payment of additional filing fees.

4) Public Search of Trademark:

In order to provide enhanced services to its stakeholders, MCA jointly with the Trademark Department has provided a facility for searching the trademark database before applying for name availability. Thus, before applying for a company name, stakeholders can verify that the name is not subjected to any trademark or pending for trademark registration.

5) Expeditious distribution of Rs. 3,270 crore, realized from the assets of Defunct Companies to Claimants:

Minister of Corporate Affairs has directed that the sum of Rs. 3,270 crore, realized by selling off the assets of defunct companies and lying with the banks at different places should be expeditiously distributed amongst all the claimants including workers, creditors and other stakeholders. Delay in winding up of companies and distribution of dues to claimants not only discourages further investment in the industrial sector domestically but also sends negative signals to investors abroad.

6) Clarifications under Companies Act, 1956:

MCA in consultation with various stakeholders including relevant regulators has issued clarification on Section 372A(3) (MCA General Circular No. 6/2013) and Debenture Redemption Reserve (MCA General Circular No.4/2013) for better interpretation and clarity to the stakeholders.

7) The Ministry has decided to extend the last date of filing till 15.04.2013 and relax the additional fees applicable on forms as per provisions of the Companies Act. The relaxation is applicable to Companies which were required to make on-line filing after transition of MCA-21 to the Replacement Operator w.e.f. 17.01.2013, but could not be filed due to technical glitches faced by the portal. On receipt of requests from the company, the Regional Director/Registrar of Companies are authorized to allow such extension of time for filing form.(General Circular No.08/2013 dt.10.04.2013).

The Government has clarified the requirements with regard to 'adequacy' of Debenture Redemption Reserve(DRR).

(General Circular No.04/2013 dt.11.02.2013).

The ultimate objective of such initiatives taken by the MCA is to achieve the best compliance rate comparable to other countries across the globe.

8) Last but not Least:

Ministry is preparing a Manual for the Guidance of Official Liquidators in order to streamline their functions and improve their efficiency and bring uniformity in their working. All members are requested to contribute to the preparation of the Manual by sending their suggestions on E-mail to rdwest@mca.gov.in.



"To succeed in your mission, you must have single-minded devotion to your goal." - Abdul Kalam



CASE LAWS AT A GLANCE

RECENT JUDGEMENTS ON COMPANY LAW



CS Ajay Kumar,
Ajay Kumar & Co.,
Practising Company Secretaries

1) MEETINGS AND PROCEEDINGS - ANNUAL GENERAL MEETING

A Company can convene an Annual General Meeting beyond time stipulated under section 166 but subject to payment of penalty. In a dispute regarding management of appellant company, Supreme Court passed an order, dated 11.08.2006 to convene board meetings and AGM. On 28.05.2008, company issued notices to convene AGM. Respondent filed an application before CLB to restrain holding AGM. CLB by impugned order restrained company from holding AGM. Since there was delay in convening and holding meetings, board of directors had lost power given to them by order of Supreme Court to convene Annual General Meeting. However, such delay could not be said to be so fatal that any Court would not be able to condone it. Therefore, delay was to be condoned and AGM was to be convened and impugned order was to be set aside. - **RUBY GENERAL HOSPITAL LIMITED V. SAJAL DUTTA.** [2012] 112 SCL 620 (CAL.)

2) ALLOTMENT OF SHARES TO BE LISTED ON STOCK EXCHANGE

Appellant-company was directed to refund amount collected from investors and to submit documents to SEBI by an order, dated 31.08.2012. Appellant sought for extension of time for implementing directions. Since appellant neither paid amount indicated in order nor submitted documents within stipulated time, appellant was to be directed to immediately deposit entire amount with SEBI. However, time for filing documents was to be extended by a period of 15 days. - **SAHARA INDIA REAL ESTATE EXCHANGE CORPN. LTD. V. SECURITIES & EXCHANGE BOARD OF INDIA** [2013] 117 SCL 338 (SC)

3) FOREIGN COMPANIES

Respondent No. 3 was a foreign bank which had provided funds on loan to Petitioner. Later, bank merged with another bank and a new entity emerged. According to Respondent, it had filed Form No. 49 with ROC under section 593 and had brought on record factum of change of name. Respondent No. 3 filed recovery Petition against Petitioner. Petitioner filed instant writ Petition stating that post merger a new bank came into existence and Respondent No. 3 had failed to file Form No. 49 with ROC on time. Petitioner prayed

for a writ to treat all filings of Respondent No. 3 as null and void and to initiate prosecution under IPC against Respondent No. 3 and its directors. Documents showed that Respondent No. 3 had filed original Form No. 49 with ROC and had also filed a duplicate Form No. 49 when it was asked to do so and, therefore, Petition being devoid of merits was to be dismissed. - **KLEN & MARSHALLS MANUFACTURERS & EXPORTERS LTD. V. UNION OF INDIA** [2013] 118 SCL 93 (DELHI)

4) DOES WITHDRAWAL OF MANAGERIAL POWERS IN ACCORDANCE WITH ARTICLES OF ASSOCIATION CONSTITUTE ACT OF OPPRESSION - SECTION 397/398 READ WITH SECTIONS 402, 403, 406, 407 AND 408

Articles of Association of a public limited company provide that the Board of Directors of the company has power either to confer the managerial powers or withdraw the same, no act of oppression can be found when managerial powers are taken out of the Petitioner in accordance with the articles. The Petitioner, being managing director, has signed all the balance sheets of the company, he cannot contend that he has no access to the records of the company, being a party to all the decisions of the company. - **JAGDISH CHANDRA MANSUKHANI V. MAN INDUSTRIES (INDIA) LTD.** [2012] 107 CLA 403 (CLB)

5) WHEN PETITIONERS ARE TO BE HELD NOT ENTITLED TO GET ANY RELIEF IN VIEW OF REASONS DISCUSSED - SECTION 397/398 READ WITH SECTION 111A

The Petition under section 397/398 read with section 111A was filed with some collateral purpose, extraordinary general meeting was properly held with the Petitioner attending the meeting, amendment made to Memorandum and Articles of Association for increasing authorised capital of the company was valid, the Petitioners were not bound by the non-compete clause, and they were offered the agreed sale price for their shares, the impugned Board Meetings would not be liable to be declared illegal, and the impugned transfer of Petitioners' shares would be upheld. For all such reasons discussed in the judgment, the Petitioners would not be entitled to get any relief under section 397/398. - **PRADEEP PACHIKARA V. DOHA BROKERAGE AND FINANCIAL SERVICES LTD.** [2012] 107 CLA 425 (CLB)



"It is better to remain silent and be thought a fool than to open one's mouth and remove all doubt." - Mark Twain



ICSI - WIRC PROGRAMME	
Date	Saturday 13 th April, 2013
Venue	ICSI WIRC Premises
Topic	Service Tax Updates & Compliance
Chief Guest / Speakers	Shri Kalidas Ramaswami Company Secretary Reliance Power Shri Smitesh Desai Practising Company Secretary
Delegates	47

ICSI- WIRC STUDY CIRCLE MEETING	
Date	Wednesday 17 th April, 2013
Venue	ICSI WIRC Premises
Topic	Supreme Court Judgment on Rejection of Novartis Patent Application
Chief Guest / Speakers	Dr. Ravindra Shetty, Practising Patent Attorney
Delegates	40

ICSI - WIRC PROGRAMME	
Date	Saturday 20 th April, 2013
Venue	ICSI WIRC Premises
Topic	Foreign Direct Investment(FDI)
Chief Guest / Speakers	Shri Jayesh Thakur, Associate Director, PricewaterhouseCoopers Pvt. Ltd. Shri. Rajesh Athavale, Partner, B K Khare & Co
Delegates	57

ICSI - WIRC WORKSHOP	
Date	Saturday 27 th , 28 th & 4 th , 5 th April, 2013
Venue	ICSI WIRC Premises
Topic	Enhance your Effectiveness
Chief Guest / Speakers	Mr Pramod Palekar (Management Educator, With 33 yrs of Training Industry Experience) Associate : Mr. Sameer Shelar
Delegates	27

ANDHERI STUDY CIRCLE MEETING	
Date	Sunday 28 th April, 2013
Venue	A.C. Room (2nd Floor) Sardar Vallabhbai Engineering College, Andheri (West),
Topic	Interface With New Regional director
Chief Guest / Speakers	Shri Mahesh Kuwadia Hon. Regional Director- Western Region
Delegates	92

BORIVALI STUDY CIRCLE MEETING	
Date	Sunday 14 th April, 2013
Venue	A V Hall, Don Bosco High School, Borivali (West), Mumbai – 400091
Topic	'Personal Financial Planning'
Speakers	Mr. Sanjoy Gupta
Delegates	137 participants
Other features	Mr. Sanjoy Gupta highlighted the key segments pertaining to Personal Financial Planning. Following topics were briefed by him: 1. Fundamentals of Financial Planning 2. Importance of Personal Financial Planning 3. Investment in various sectors 4. Balance between outflow and inflow of funds He further explained how an individual should apply the framework of personal financial planning to monitor his own finances, with special emphasis on lifecycle-specific topics, such as saving for education, student loans, or wealth management and estate planning, etc.

BHAYANDER CHAPTER PROGRAMME	
Date	Saturday 6 th April, 2013 & Sunday 7 th April, 2013
Venue	Maxus Mall ground Bhayander(W)
Topic	Sanjeevni Career Fair Awareness Programme
Chief Guest / Speakers	Mr. Sanjeev Naik (Member of Parliament)
Delegates	80
Other features	Sanjeevni Career Fair Awareness Program for the benefit of student and public at large. Various Institute i.e. ICAI, ICWA etc. has taken part. Amongst The institute of Company Secretaries of India also got certificate.

GHATKOPAR STUDY CIRCLE MEETING	
Date	Friday 19 th April, 2013
Venue	AV Hall, 2nd Floor, New SNDT, Cama Lane, Ghatkopar (W)
Topic	Companies Bill
Chief Guest / Speakers	Mr. Prakash Pandya, PCS & Chairman, PDC, ICSI- WIRC
Delegates	51

"Let us more and more insist on raising funds of love, of kindness, of understanding, of peace. Money will come if we seek first the Kingdom of God - the rest will be given." - Mother Teresa

AURANGABAD CHAPTER EVENTS	
Date	Saturday 6 th April, 2013
Venue	Catalyst Professional Academy, New Gulmandi Road, Aurangabad
Topic	Press Conference for opening of PPP Centre and Career Guidance
Chief Guest / Speakers	CS Laxmikant Jaipurkar, Chairman, Abd Chapter, CS Mahesh Singhi, Member, PR Committee-WIRC, CS Anurag Geete, Secretary, Abd, CA Sumeet Saboo, Director of Catalyst Academy
Delegates	20 press reporters from Daily Lokmat, Daily Sakal, Daily Divya Marathi, Daily Punyanagari, Samana, Loksatta, Times of India, Dainik Bhaskar, etc
Other features	The Press conference was organized to announce the PPP Centre for the oral coaching of CS Course at Catalyst Professional Academy. In this programme, a press note is distributed among reports on the CS profession, activities of chapter and opportunities available in Marathwada region. The news was published in Daily Sakal, Daily Punyanagari, Bhaskar, etc.

PUNE CHAPTER SCM ON LATEST AMENDMENTS IN SEBI & SECURITIES REGULATIONS	
Date	Saturday 6 th April, 2013
Venue	MMCC Auditorium, Pune
Topic	Latest Amendments in Sebi & Securities Regulations"
Chief Guest / Speakers	CS Sarang Deshpande
Delegates	93
Other features	One Credit Hour was allotted to members attending the same

PUNE CHAPTER SCM ON TAXATION ASPECTS OF ISSUE, TRANSFER, BUY BACK OF SECURITIES & RELATED PARTY TRANSACTIONS	
Date	Saturday 13 th April, 2013
Venue	Dnyanganga College of Education, Pune
Topic	Taxation aspects of Issue, Transfer, Buy Back of Securities & Related Party Transactions
Chief Guest / Speakers	CA Chintamani Deshpande
Delegates	83
Other features	One Credit Hour was allotted to members attending the same

PUNE CHAPTER SCM ON LOCAL BODY TAX	
Date	Saturday 20 th April, 2013
Venue	Hotel Ratnalok, Akurdi, Pune
Topic	Local Body Tax
Chief Guest / Speakers	Adv Govind Patwardhan
Delegates	28
Other features	One Credit Hour was allotted to members attending the same

PUNE CHAPTER SCM ON CONTRACT LABOUR ACT- PRACTICAL ASPECTS	
Date	Saturday 27 th April, 2013
Venue	YMCA, Pune
Topic	Contract Labour Act- Practical Aspects
Chief Guest / Speakers	CS Amit Kulkarni
Delegates	33
Other features	One Credit Hour was allotted to members attending the same

NASHIK CHAPTER PROGRAMME	
Date	Monday 22 nd April, 2013
Venue	Prasanna Arcade, Nasik
Topic	Securities Laws
Chief Guest / Speakers	CS Vrushal Saudagar
Delegates	25
Other features	Practical Aspects of the subject was discussed in detail. Students found the topic interesting

RAJKOT CHAPTER OF WIRC OF THE ICSI SEMINAR	
Date	Saturday 27 th April, 2013
Venue	Rajkot Chamber of Commerce and Industry, Centre Point, Karansinhji Road, Rajkot
Topic	Art of Pleading before the NCLT/CLB & Merger & Amalgamation
Chief Guest / Speakers	CS Navin Pahwa, Advocate, Ahmedabad
Delegates	120 (Members and Students)
Other features	Ms. Hardika Trivedi, CS Professional Student, welcomes the speaker and all participants present at the Seminar, CS Minal Shah introduced the Speaker and at last vote of thanks was given by CS Purvi Dave, Committee Member.

"A man who was completely innocent, offered himself as a sacrifice for the good of others, including his enemies, and became the ransom of the world. It was a perfect act." - Mahatma Gandhi

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ICSI Convocation 2013 - Western Region held on 18.5.2013



BHAYANDER CHAPTER

Borivali Study Circle Meeting



CS Prakash Pandya & Shri Sanjoy Gupta

Full Day Seminar held on 21.4.2013



Mr. Rajeev Joshi, CS Uma Mondal,
CS Praveen Soni,

Sanjeevani Career Fair awareness programme on 6.4.2013 & 7.4. 2013



PROGRAMMES ORGANIZED BY PUNE CHAPTER

SCM on latest Amendment in Sebi & Securities Regulations held 6.4.2013



CS Sarang Deshpande

FULL Day Seminar on SME, SME listing & SME Funding on 4.5-2013



CS Shiipa Dixit, CS Makarand Lele,
Mr. Anant Sardeshmukh



CS Devendra Deshpande

Andheri Study Circle Meeting Welcomes New Regional Director (MCA), Western Region on Sunday 28.4.2013



CS Kaushik Jhaveri, CS Mahesh Kuwadia
CS Atul Mehta, CS Suresh Thakurdesai

SEMINAR AT RAJKOT



CS Purvi Dave, CS Dhvani K. Vithalani,
CS Navin Pahwa, and CS Jayesh Dobaria,

ICSI - WIRC Photo Gallery

ICSI National Seminar on "Indian Financial Code" on 27.04. 2013 at BSE International Convention Hall, Mumbai



CS S. N. Ananthasubramanian and other dignitaries



Shri Ashish Chauhan, Justice Shri B.N. Srikrishna, CS S.N. Ananthasubramanian



CS Atul Mehta, CS Sudhir Babu, Shri Ashish Chauhan, CS S.N. Ananthasubramanian, Dr. Ajay Shah



CS Umesh Ved, Dr. Anup Wadhawan and Dr. K.P. Krishnan



CS Makarand Lele, Mr. R.K. Nair, Dr. (Ms.) Susan Thomas, and Dr. V.R. Narasimhan



CS Ashish Doshi, Dr. C.S. Mohapatra, Dr. K.P. Krishnan and Dr. Kanagasabapathy, Director

Program on Practical Aspect of Mergers & Demergers held on 4.5.2013



CS R Ramchandran, CS Pramod Shah, CS Prakash Pandya, CS Manoj Sonawala.

Program on Enhance Your Effectiveness (EYE) on April 27 & 28 & May 04 & 05, 2013



CS Prakash Pandya, Shri Pramod Palekar & CS Sanjay Gupta

Program on Buyback, Insider Trading & Takeovers on 11.05.2013



CS Atul Mehta, CS Roberty Pavry, CS Hitesh Kothari, and CS Prakash Pandya

Views expressed by contributors are their own and the Institute/ WIRC does not accept any responsibility.

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