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**Company Secretaries: More than Compliance Officers are True Governance Professionals**

*“Governance and leadership are the yin and the yang of successful organisations. If you have leadership without governance you risk tyranny, fraud and personal fiefdoms. If you have governance without leadership you risk atrophy, bureaucracy and indifference.”*

*– Mark Goyder (CEO and Founder of Tomorrow’s Company)*

Have you heard of this scenario where a renowned company suddenly faces allegations of financial irregularities, leading to a sharp decline in its share prices? Like the most recent fall of Paytm Payments Bank cracked out by RBI revealing its irregularities in KYC (know your customer) norms, compliance issues and related party transactions. Such incidents strike reminders of the consequences when companies start prioritizing short-term gains over long-term sustainability. On the other hand, there are shining stars like Tata Group, Mahindra Group, Hindustan Unilever Limited, amongst others, who have set high benchmarks for excellence in governance by displaying transparency, upholding ethical principles and integrity towards its stakeholders.

Before understanding the role of Company Secretaries in “Governance” as Governance Professionals, let’s first understand these terms. Governance is a system put in place in every organisation for identifying the persons who shall be the decision makers, who shall have the authority to act on behalf of the organisation, who shall be the executors and ultimately who shall be accountable for the organisation’s performance.

Typically, it needs involvement of the promoters and the top-level management. Governance is necessary for every organisation irrespective of its size, business activity, whether it is profit-making or a not-for-profit organisation. A person or a group of people having such expertise and in-depth knowledge in the secretarial and legal field as well as possessing such governance principles appropriate for the role can be called as “Governance Professionals”.

In the context of corporates, the Board of Directors and the executive management team looks after the affairs of the Company. A Company Secretary (hereinafter referred to as “CS” for brevity) is said to be a true confidante of the Board of Directors as it assists the Board in not only complying with various applicable laws and regulations but also advising the Board in understanding the implications of the proposed decisions in relation to Corporate, Business, Legal and Secretarial matters. CS is responsible for making the Board aware of the various legal and regulatory changes along with its impact on the organisation. Hence, he/she should keep himself abreast of such changes/amendments in law and advise the Board wherever needed.

A Company Secretary is typically responsible for carrying out the following secretarial activities such as:

- organising and supporting board and committee meetings;
- keeping proper records of board decisions in the form of minutes, so that actions can be taken on them;
- preparing the annual report and organising the AGM;
- ensuring the organisation meets all legal and regulatory requirements;
- maintaining statutory registers and allowing its inspections by various stakeholders as per the law;
- executing the board decisions in the form of corporate actions;
- making fair, timely and adequate disclosures to the regulators, shareholders and other stakeholders relating to material matters;
- such other duties as may be imposed by the Board.

However, as a Governance Professional, he/she shall also advise the Board on following significant matters with a broader perspective of good governance:

- financial and strategic reporting
- risk management and reporting
- board diversity
- boardroom dynamics and board effectiveness

- organisational culture
- recruitment and induction of directors
- succession planning

Governance professionals work closely with the board of directors and establish an effective system of governance with the executive management team. Further, they play an important role in stakeholder engagement as it serves as a communication link between the Board and various stakeholders of the organisation.

The events like mergers, amalgamations, demergers, diversifications, fund raising, initial public offerings amongst others, which have major bearing on the corporates requires active involvement of a governance professionals for handling the extensive compliances and liaising with various authorities, in order to ensure smooth implementation of the corporate actions.

Governance professionals always have to be on their toes, in order to swiftly respond to the ever-changing regulatory environment. They should have an eye on the regulatory action taken on other entities, to understand what kind of compliances to be done and the level of transparency it expects to be maintained by the corporates. This can be done by tracking the various adjudication orders and judgements passed by the regulators which can give them the insights about the probable non-compliances to be avoided. It can also help them to develop internal systems to ensure absolute compliances with various laws, regulations, guidelines and standards.

Governance professionals' support for the board also becomes even more critical at times of crisis and change. In order to be in the position to provide apt solutions while addressing issues or crisis, he/she shall have problem solving abilities and better understanding of risks involved therein. They shall also assist the Board of Directors in placing a robust risk management system which shall be commensurate with the size and operations of the organisation. For this, the governance professionals should better understand the business of its organisation, the industry in which it operates and the inherent risks prevailing in that business sector. Only then, they would be in a better position to sit down with the Board for evaluation of the possible risks that the organisation can face and the effective mitigation tools to be adopted. Regular checks on effective functioning of the risk management system becomes more important to ensure that these are working as intended.

Governance Professionals ultimately steer the wheels of the organisation in the direction of transparency in financial reporting, timely and fair disclosures of material events having significant impact on the investors, active engagement with stakeholders and board's independence in decision making process.

This breadth and variety mean that governance professionals' role is quite inclusive and have has scope for personal and professional development across their careers. It provides them opportunities to expand their knowledge base, hon their communication skills through drafting policies & various compliance reports, learn entrepreneurial skills, adapt to technological changes and practice integrity in true sense.