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COIMBATORE – 641049

Department of commerce with professional accounting

21UCP552 – CORPORATE LAW

Unit 3

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Disqualifications of Company Secretary

Corporate Law | Lecture Series

A Company Secretary plays a critical governance role in any corporation. Understanding the legal grounds for disqualification is essential for compliance, corporate integrity, and sound governance practice. This lecture explores the statutory framework, real-world implications, and professional responsibilities tied to this vital office.

CORPORATE LAW

UNDERGRADUATE LECTURE

INTERACTIVE SESSION



Topics We'll Cover Today

This session is structured to build your understanding progressively – from legal foundations to practical disqualification scenarios. Each topic is followed by a classroom activity to reinforce learning.

1

Who Is a Company Secretary?

Role, responsibilities, and statutory definition under corporate law

2

Legal Framework for Disqualification

Applicable statutes, sections, and regulatory provisions

3

Grounds for Disqualification

Insolvency, criminal conviction, professional misconduct, and more

4

Consequences & Reinstatement

Legal penalties, removal procedures, and pathways to reinstatement

5

Case Studies & Real-World Examples

Interactive analysis of landmark corporate governance failures

🕒 Each topic is paired with a timed classroom engagement activity – come ready to participate!

Grounds for Disqualification of a Company Secretary


Corporate law prescribes specific conditions under which a person is disqualified from holding the office of Company Secretary. These provisions exist to protect shareholders, regulators, and the public interest.

Statutory Grounds

- Declared insolvent or bankrupt by a competent court
- Convicted of a criminal offense involving moral turpitude or fraud
- Removal from the register of Company Secretaries by the Institute
- Found guilty of professional misconduct under professional body rules
- Lack of prescribed qualifications (non-member of ICSI or equivalent)

Additional Disqualifying Conditions

- Unsoundness of mind declared by a court of competent jurisdiction
- Involvement in fraudulent corporate activities or shell company operations
- Violation of fiduciary duties causing material harm to the company
- Failure to disclose conflicts of interest or related-party transactions
- Non-compliance with continuing professional education (CPE) requirements

 **Real Example:** In the Satyam Computers scandal (2009), the company secretary's failure to discharge fiduciary duties contributed to one of India's largest corporate fraud cases.

Classroom Interaction & Engagement Activities

1. Quick Poll

3 min – Which disqualification ground do you think is most commonly triggered in real corporations? Vote now!

2. Think–Pair–Share

3 min – With a partner, discuss: Should a past bankruptcy permanently disqualify someone from serving as Company Secretary?

3. Word Cloud

3 min – Submit one word that describes what "professional misconduct" means to you. View the live cloud together.

4. Reflection

2 min – Write down one disqualification you believe is most preventable and why. Share with the class.

Interactive Case Studies & Group Activity

Apply your knowledge through real-world scenarios. These cases draw from actual corporate governance failures where the role and conduct of the Company Secretary was brought into question.



Case Study 1: The Phantom Secretary

A mid-sized listed company appointed a Company Secretary who had been deregistered by the professional body due to misconduct. The appointment was undisclosed to regulators for two years.

Discussion: What compliance failures occurred? Who bears liability – the board, auditors, or the appointee? What governance safeguards should have been in place?



Case Study 2: Conviction & Continuity

A Company Secretary of a public-sector enterprise was convicted of tax fraud in a personal capacity. The board argued the conviction was unrelated to corporate duties and retained the individual.


Discussion: Does a personal criminal conviction trigger disqualification? What does "moral turpitude" mean legally? How should the board have responded?



Group Activity: Governance Audit

In groups of 4, review the provided fictional company profile and identify all potential disqualification risks for its current Company Secretary. Present your findings with recommended remediation steps.

Outcome: Each group submits a one-page "Disqualification Risk Report" – graded for accuracy, legal reasoning, and practical recommendations.

 **Group Activity Outcome:** Groups will present their risk report findings to the class for peer critique and instructor feedback – mimicking a real corporate compliance review process.

Summary, Key Takeaways & Assignments

Key Learning Points

- A Company Secretary must hold prescribed qualifications and remain in good standing with the professional body at all times
- Insolvency, criminal conviction, and professional misconduct are the primary statutory grounds for disqualification
- Disqualification protects corporate integrity, shareholder interests, and regulatory compliance
- Boards have an independent duty to verify eligibility before and during appointment
- Reinstatement is possible but subject to regulatory approval and demonstrated rehabilitation

Take-Home Assignment

Select any publicly reported corporate governance controversy (domestic or international) involving a Company Secretary. Write a 500-word analysis covering:

1. The specific disqualification ground(s) triggered
2. The legal and financial consequences for the company
3. Governance reforms implemented (or recommended) afterward

Submit via the course portal by next class. Be prepared to present a 2-minute summary to the group.

Final Q & A

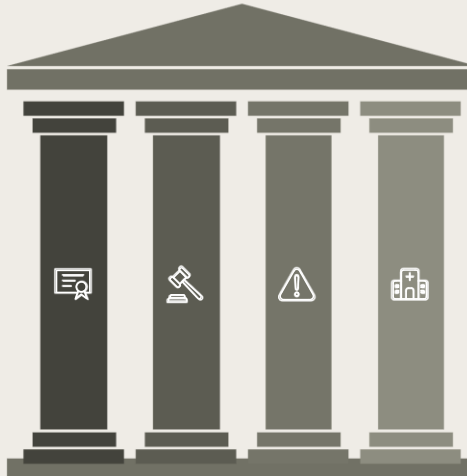
Open floor – bring your questions, challenges, and observations from today's material. No question is too basic; clarity now prevents costly errors in professional practice.

Qualification Failure

No valid membership or prescribed qualifications

Professional Misconduct

Removed from professional register for misconduct



Criminal Conviction

Conviction for fraud or moral turpitude

Incapacity

Insolvency or unsound mind affecting duties

These four pillars form the cornerstone of disqualification law – understanding each one equips future corporate professionals to identify risks, advise boards proactively, and uphold the governance standards that protect all stakeholders.