

## No Gifts at Shareholders' Meet as it Will Attract Fine Now

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Distribution of gifts at shareholders' meet will soon be a thing of past as the government brings in stringent norms to strengthen corporate governance practices and curb misdoings.

The elaborate and stringent secretarial standards, to be effective from July 1, would also require companies to explain clearly the "objectives and implications" of resolutions that are put for voting by shareholders.

The standards, which have been put in place after extensive deliberations involving various stakeholders, would be compulsory and corporates that fail to comply with these norms could even face penalties under the Companies Act, 2013.

"No gifts, gift coupons, or cash in lieu of gifts shall be distributed to members at or in connection with the meeting," according to the Secretarial Standard on General Meetings.

The norm would be applicable on all types of general meetings as well as those of debenture holders and creditors of registered companies in the country.

These standards have been prepared by the Institute of Company Secretaries of India (ICSI). After approval from the Corporate Affairs Ministry, the same have been notified.

In a move that would help curb instances of dubious deals, a notice sent to shareholders would have to clearly explain in detail each item for which approval is sought by the companies.

The explanatory statement should list out all the facts that would enable the member to understand the "meaning, scope and implications" of the particular item of business.

Further, there should be quorum through the meeting.

With regard to directors who are absent, the chairman would have to explain the same to the concerned members.

Among others, every listed company have to prepare a report on annual general meeting and the same has to be submitted to the Registrar of Companies.

With respect to board meetings, the draft minutes should be circulated to all the members of the board for their comments within 15 days from the date of conclusion of the meeting.

Around 8 lakh companies in the country would have to comply with these secretarial standards to be fully compliant under the Act.

According to ICSI, these standards would help boost investor confidence, particularly fund managers and overseas investors.