

SOURCE; BUSINESS STANDARD 24-04-2015

Companies will soon have to follow stringent norms such as providing detailed explanation on implications of particular resolutions while conducting board and shareholders' meetings. These provisions are part of new Secretarial Standards, which will have to be mandatorily followed by companies from July 1. After elaborate deliberations, the Institute of Company Secretaries of India (ICSI) has prepared these standards, which have been approved by the Corporate Affairs Ministry. Compliance with the strict rules -- that would help strengthen corporate governance practices and help curb corporate misdoings -- would be ensured by company secretaries. During the general meeting, the company's chairman would be required to explain the objective and implications of a particular resolution before being put to vote. There should also be quorum throughout the meeting and not just at the beginning. With regard 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. These standards, which have been notified, would be effective from July 1. The Secretarial Standards with respect to general and board meetings would be applicable on all entities that are registered under the Companies Act. One Person Companies (OPCs) are exempted. ICSI President Atul H Mehta today said these rules would lead to "higher standard of corporate governance". Around 8 lakh companies in the country would have to comply with these Secretarial Standards to be fully compliant under Companies Act 2013, he noted. He was speaking at a function where the new standards were formally unveiled. Company Law Board Justice Dilip Raosaheb Deshmukh and Vibhu Bhakhru, Senior Judge at the Delhi High Court unveiled the standards. According to ICSI, these standards would help boost investor confidence, particularly fund managers and overseas investors. Pavan K Vijay, Chairman of the Secretarial Standards Board set up by ICSI, said new standards are planned for other matters including those related to Corporate Social Responsibility (CSR) and mergers.