

07 May 2019, Hotel Regenta Central Deccan, Chennai

IOD, Chennai Region organised a Members Meet for all IOD members of the region. **Mr. V. Mahesh**, Vice Chairman, IOD-Chennai Region delivered the welcome remarks. He mentioned about the activities of IOD at the global level and also its flagship Masterclass for Directors which has crossed more than 230 batches across India and trained thousands of Directors.

Mr. G. K. Raju, Member, Institute Of Directors and Partner, K Gopal Rao & Co. gave the introductory remarks. He mentioned that IOD has been doing yeomen service by taking initiatives for the professional development of Directors and he thanked IOD for inviting him for the Members' Meet.

Mr. Raju mentioned that India has moved up many ranks with respect to 'Ease of Doing Business' in the recent past and regulators like ROC have an important role to play in its success. He also mentioned that ROCs have a critical role in the restructuring of Companies. He spoke about the growing significance of 'Sustainability Reporting' and in the future, information other than the financial perspectives will also be sought from smaller companies too.

Mr. A. S. Ponraj, Registrar of Companies, Tamil Nadu and Andaman & Nicobar Islands spoke about the importance of compliance which is the bedrock of Corporate Governance and mentioned that Companies should at least file their returns on time and informed the audience that Chennai is already 91% compliant. He shared his insights on why the concept of Independent Directors emerged and spoke about the significance of having a dissenting voice in the Boardroom if any decision that affects the stakeholders is discussed. Mr Ponraj mentioned about the process to be followed during the Removal of Directors and the compliances in that regard.

During the interaction with the members, one of the members questioned the ROC regarding the intended purpose of the Registrar of Companies. Mr. Ponraj answered that it is first Compliance and then enforcement. If the compliance part is not met, then

enforcement comes in and that is where ROC plays an important role. He also mentioned that ROC is basically a custodian of documents and the contents filed by the Companies is upto the Companies and the certifying professionals like Chartered Accountants and Company Secretaries. He mentioned about the importance of filing the basic two documents for any type of Company i.e. Balance Sheet and Annual Return.

One of the questions raised was regarding the best practices in the financial services sector for Corporate Governance. Mr Ponraj mentioned that Corporate Governance basically revolves around transparency and the concept of good governance has not been defined anywhere in the Companies Act. That is the reason some important concepts like the Audit Committee, Independent Directors and Disclosures regarding the Related Party transactions were introduced.

One of the members shared his practical experience regarding the Boardroom incident where the dissent or an opinion of the Independent Director was not intentionally recorded and minuted and asked about the remedy available to Independent Directors in such situations. The members present agreed that the only thing an Independent Director can do is to send his/her resignation or discontinue from his/her Directorship as in the present Companies Act there is no specific remedy or recourse mentioned in such a situation.

A question was asked regarding the number of Companies in which an individual can become a Chairman as he/she will not be able to justify his/her role in multiple numbers of Companies. It was mentioned that the Act does not prescribe a limit for the number of Companies in which an individual can be a Chairman, but an individual can be a Director in a maximum of 20 Companies including 10 public Companies and hence for Chairmanship too the limit comes to 20.

When a member asked regarding the globally followed best practices



Mr G K Raju, Chartered Accountant and Partner, K Gopal Rao & Co. giving the introductory remarks.



Mr A.S.Ponraj, Registrar of Companies, Tamil Nadu and Andaman & Nicobar Islands, being welcomed by one of the members.



A section of the audience during the interactive session with Registrar of Companies

and is there any practice followed to compare our practices with that of the globally benchmarked practices so that ours can be improved. It was answered that it is not necessary that the global practices or the practices of the developed countries are far better than ours and actually our Indian system is better compared to theirs.

A participant raised a question regarding the compliance by the Companies on the mandatory appointment of women directors in the Boards of certain classes of Companies and mainly with respect to Tamil Nadu. Mr Ponraj mentioned that Tamil Nadu is compliant with respect to this requirement under the act though majority of them are women from the families of the Promoters. He said though this is a good beginning to see women Directors in the Boards, having Independent Women Directors may need a change in mindset and will take time. He also mentioned that he was talking about the unlisted Companies which come under the purview of ROC and listed Companies will be dealt by SEBI.

When answering about the real role of an Independent Director, Mr Ponraj mentioned about the importance of the Independent Directors to raise their voice if they come across any wrong doing in the Company as they represent the interest of wider stakeholders. A member mentioned that many Independent Directors resigned last year without mentioning any concrete reason for the resignation and asked the reason for it. Mr Ponraj mentioned that just statistics regarding the number of people resigned without concrete reasons alone may not indicate a clear position as just a word about his/her intention to resign would do as he/she may resign due to personal reasons too. It is up to the individual Director to mention his/her

reason when they send their resignation.

The discussions also revolved around the centralisation of filing processes within the MCA and the challenges regarding that as earlier it used to be decentralised. One of the important questions raised was regarding the mandatory provision to appoint a whole time Company Secretary for a Company if the Paid Capital is beyond Rs Five Crores. There is a challenge due to the limited availability of Company Secretaries in the market and even if they are available, small Companies may not have major compliances and the Company Secretary concerned will not have a big role to play. But still the Company has to appoint a Company Secretary and pay him/her as per the industry standards and only if they appoint a Company Secretary, they will be able to file Form 22 A. Mr Ponraj mentioned that the Institute of Company Secretaries of India was duly consulted regarding the availability of sufficient number of Company Secretaries before incorporating this mandatory provision into the act. He agreed that it is a challenge since most of the Company Secretaries are based out of Cities or may go for Practice instead of employment.

Mr R Srinivasan, Regional Director, thanked the members for participating in the Interactive Session and mentioned that more such interactions and Members' meet will be organised by the IOD-Chennai Region in the near future.

Compiled by:
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INSTITUTE OF DIRECTORS

AGM NOTICE 2019-2020

Kind Attn: All Active Members of IOD

Dear Members,

The Next Annual General Meeting (AGM 2019-2020) of the Institute Of Directors will be held on **Saturday, 22nd June 2019 at 1700 hrs** at the Conference hall of the IOD, M-56 A, Greater Kailash Part-II (Market), New Delhi – 110048, The agenda for the meeting, is as under:-

- a) Confirmation of the minutes of Annual General Meeting (AGM 2018-2019) held on 27/06/2018
- b) Presentation of Annual Report of IOD for the year 2018-2019.
- c) Presentation of the Audited Balance sheet, Income & Expenditure Account for the Financial Year 2018-2019.
- d) Presentation of Financial Budget for the Financial Year 2019-2020.
- e) Appointment of Auditors for the year 2019 – 2020.
- f) Any other points, with the permission of the chair

for Institute Of Directors

Sd/-

Manoj Raut

Secretary General- IOD (2017-2020)

Place : New Delhi

Date: May 14, 2019 ■