

Governance norms shoot down gifts for shareholders

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.

"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 of registered companies in the country. The standard, prepared by the Institute of Company Secretaries of India (ICSI), would be compulsory. Corporates that fail to comply with these norms could even face penalties under the Companies Act, 2013. According to ICSI, these standards would help boost investor confidence.

(Hindustan Times)