
preface to the second edition

The long period between the First Edition and this Edition of the book has seen many developments impacting on Company Directors. Both the Law and the general perception about Company Directors have become more serious in their approach. Corporate Governance has become a subject of serious discussion in many parts of the world and I dare say that Government and Company interventions in strengthening Corporate Governance practices would have a great bearing on the role of Company Directors. With globalization and the consequent competitive pressures, the job of a Company Director is going to become very demanding and onerous. Gerontocracy which is ruling the roost in India as far as Company Boards are concerned can no longer sustain competitive pressures on Companies' Governance. The emerging concept of an independent Director has finally to evolve into an institutional mechanism of impregnable sturdiness in Corporate Governance Law can but be a first step to facilitate this evolution. The audit function has come under severe criticism in various countries. Sarbanes Oxley Act, 2002 passed by the U.S. Senate shows how the audit function is sought to be disciplined by the State. However, no amount of Law or Government intervention in the ultimate analysis will make either Corporate Governance practices or audit function meaningful unless ethics is practiced as a way of life in business. Anything short of this may even threaten the very concept of a Corporate structure for business.

Against this background, the Book has been revised extensively to cover almost all the facets of Law and Practice relating to Company Directors.

I express my sincere thanks to the editorial staff of Wadhwa & Company, Shri P.R. Ramesh, Chartered Accountant & Senior Partner of Deloitte Haskins & Sells and Sri R. Remesh Chandra, Company Secretary for their assistance in bringing out this Edition. Last but not the least, my sincere thanks to Wadhwa & Company, the Publishers for publishing this Edition.

I trust this Edition is found useful by all concerned.

15th November, 2002

L V Visweswaran Iyer

preface to the first edition

A Company Director, willy-nilly has to subject himself to the straight jacket of Corporate regulations set out in wearisome detail under the Companies Act, 1956. The prolixity and complexity of the Companies Act, 1956 increase his dependence on Company lawyers. His case is no different from what Alexander WOOLLCOTT said: "One listens to one's lawyer prattle on as long as one can stand it and then signs where indicated". His predicament is not the least attenuated by the numerous clarifications issued by the Department of Company Affairs. Buffeted by the avalanche of rules, regulations and clarifications, the Company Director almost develops a sense of paranoia. The Company Counsel who comes to the rescue of the Company Director does not find clarity as one of the virtues of these Corporate regulations. As he explores the inner crannies of these regulations, he however, discovers that there are many emergency exist routes.

A Company Director who does not meet the high standards of conduct required by law can be subject to a formidable array of penal consequences. In this book, an attempt has been made to present in a comprehensive form the law relating to Company Directors for the Company Directors, Company Secretaries, Company Lawyers and Company Counsel. I dare say this proves useful to them.

Some portions of the book have been taken from the 'Guide to the Companies Act' by A Ramaiya with the kind permission of the publishers.

The Author acknowledges with gratitude the help rendered by Mr. Arvind P. Datar, Advocate, Madras, in the presentation of the subject-matter of the book.

The Author also places on record his grateful thanks to Mr. R. Balasubramaniam, practising Company Secretary, Madras, for his efforts in compiling the subject index.

The Author sincerely hopes that this book proves useful as a reference book on the law relating to Company Directors.

Madras
15th April, 1992

L V Visweswaran Iyer
