

Analysis of ROC Adjudication Orders – Key Learnings for Company Secretaries and Compliance Professionals

Introduction

The Companies Act, 2013 introduced a structured adjudication mechanism to ensure effective enforcement of corporate compliance requirements and to address statutory violations in a timely manner. Through Section 454 of the Act, Registrars of Companies (RoCs) have been empowered to adjudicate penalties for various defaults without resorting to lengthy prosecution proceedings. Over the years, ROC adjudication orders have emerged as an important source of guidance for companies and professionals, highlighting regulatory expectations and identifying common areas of non-compliance. The webinar on “**Analysis of ROC Adjudication Orders**” provided valuable insights into recent adjudication orders and their implications for Company Secretaries, Directors, and compliance professionals.

Regulatory Framework

The adjudication framework is primarily governed by Section 454 of the Companies Act, 2013, read with the Companies (Adjudication of Penalties) Rules, 2014. The webinar also examined the significance of Section 205 of the Companies Act, 2013, which prescribes the functions and responsibilities of a Company Secretary. These provisions collectively emphasize the importance of corporate governance, statutory compliance, and professional accountability. The discussion highlighted how regulatory authorities are increasingly focusing not only on companies but also on the role played by professionals responsible for ensuring compliance with applicable laws and Secretarial Standards.

Role and Responsibility of Company Secretaries

A key aspect discussed during the webinar was the evolving role of Company Secretaries in the corporate compliance ecosystem. Section 205 places a statutory obligation on Company Secretaries to ensure compliance with the provisions of the Companies Act and other applicable laws, facilitate effective governance practices, and advise the Board on legal and regulatory matters. The webinar emphasized that regulators now expect Company Secretaries to adopt a proactive and preventive approach towards compliance rather than limiting their role to routine filings and procedural activities. Recent adjudication orders demonstrate that lapses in governance and compliance may also lead to scrutiny of professionals entrusted with compliance responsibilities.

Analysis of Significant ROC Adjudication Orders

One of the important adjudication orders discussed during the webinar related to **Madras Fertilizers Limited**. The order highlighted the regulator's approach towards procedural and governance-related non-compliances and reinforced the principle that statutory requirements cannot be treated as mere technical formalities. The adjudicating authority emphasized that compliance obligations are integral to transparency, accountability, and stakeholder protection. The case serves as a reminder that even where there is no fraudulent intent, failure to comply with statutory requirements may attract regulatory action and monetary penalties.

Another significant order examined during the session involved **Sun Pharmaceutical Industries Limited**, particularly from the perspective of the responsibilities of Secretarial Auditors. The discussion focused on the importance of professional diligence, independent verification, and maintenance of adequate audit documentation. The order underscored that Secretarial Auditors are expected to exercise professional judgment and cannot rely solely on management representations without carrying out appropriate verification procedures. The case

highlighted the growing expectations of regulators regarding the quality and depth of secretarial audits and professional certifications.

Common Compliance Lapses Identified

An analysis of recent ROC adjudication orders reveals several recurring compliance deficiencies. Delays in statutory filings continue to be one of the most common reasons for adjudication proceedings. Many companies also face regulatory action due to non-compliance with Secretarial Standards relating to Board Meetings and General Meetings. Inadequate maintenance of statutory registers, incomplete records, and deficiencies in governance documentation have also attracted penalties in several cases. The webinar further highlighted that weak internal compliance monitoring systems often result in avoidable defaults and recurring non-compliances. Additionally, regulators have increasingly stressed the need for professionals to exercise adequate diligence while certifying or auditing compliance-related matters.

Practical Insights for Compliance Professionals

The webinar emphasized that adjudication orders should not be viewed merely as enforcement actions but also as valuable learning tools for companies and professionals. Organizations should establish robust compliance management systems supported by compliance calendars, periodic reviews, and internal monitoring mechanisms. Proper maintenance of records and documentation is essential not only for demonstrating compliance but also for defending regulatory scrutiny. Company Secretaries and Secretarial Auditors must ensure adherence to Secretarial Standards and maintain adequate working papers to support their professional conclusions. A culture of preventive compliance, supported by timely identification and rectification of lapses, can significantly reduce regulatory risk and strengthen corporate governance practices.

Key Takeaways

The analysis of recent ROC adjudication orders demonstrates that regulators are placing greater emphasis on accountability, transparency, and professional responsibility. Company Secretaries are expected to play a strategic role in ensuring compliance and governance, while Secretarial Auditors are required to exercise enhanced due diligence and professional skepticism. Procedural lapses, delays in filings, and governance deficiencies can result in significant penalties and reputational consequences. Accordingly, companies must focus on strengthening their compliance frameworks and ensuring continuous monitoring of statutory obligations.

Conclusion

The adjudication mechanism under the Companies Act, 2013 has become an important regulatory tool for promoting compliance and corporate governance. The ROC adjudication orders discussed during the webinar provide valuable insights into the expectations of regulators and the responsibilities of companies and professionals alike. These orders reiterate that compliance is not merely a statutory requirement but an essential component of good governance. By adopting a proactive approach, maintaining robust compliance systems, and exercising professional diligence, companies and compliance professionals can effectively mitigate regulatory risks and contribute to a stronger governance framework.

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