CEO SPEAK

Rana Kapoor
CEO & Managing Director, YES Bank

The 'One Person Company: While the Bill will bring the unorganised sector of proprietorship in the organised private sector, it will also help them push financing and further entrepreneurship in micro, small and medium enterprises, especially for new age e-commerce and online ventures. It will also provide a fillip to the indispensable small- scale sector of our economy.

Corporate Governance: The Bill will help lead a paradigm shift corporate governance practices in organisations through amendments to provisions on independent directors, duties of other directors, regulating related party transactions, etc. This will positively impact regulatory oversight and also help attract more investors with increased shareholder activism, transparency and accountability.

Capital Raising: The Bill makes capital raising more precise by providing clarity across different types of companies Public, Private, Unlisted Public, etc. and all forms of securities. This is critical, as attracting quality capital is the need of the hour.

Subsidiaries: As the Bill moves closer to enactment, some provisions that need further clarity and refinement, including limiting the levels of subsidiaries for investment purposes to two. This may curb the flexibility of corporate entities, particularly in infrastructure, where subsidiaries or SPVs (special purpose vehicles) are a norm. Also, M&A (merger and acquisition) activity can get severely affected.

N. Gopalaratnam
Chairman & Managing Director, Seshasayee Paper

Corporate Governance: The new Company Law, in line with global economic environment, lays great emphasis on corporate governance. It sees an effective role for independent directors. It conceives of a number of committees, such as Nomination & Remuneration, Stakeholder Relationship and CSR for better oversight. It grants professional immunity to independent directors and mandates rotation of audit firms and partners

CSR: Mandating a spend of 2% of average net profits of previous three years on Corporate Social Responsibility is welcome and will bring corporates closer to society.

Deposits: Stringent provisions on acceptance of deposits will ensure safety of depositors' money and penalise erring corporates and their managements.

Depreciation: Stringent provisions on charging of depreciation are retrograde. The number of years of useful life of various assets woes set arbitrarily. It also differentiates between industries. Hence the bottomline of most industries will take a big hit. It will also distort many of the financial ratios and make it impossible for the corporates to source funds not just to fund projects but also working capital.

CSR: Transfer of the unspent CSR obligation to Prime Minister's Relief Fund or Chief Minister's Relief Fund will defeat the object of the provision itself, that is, for development of the community near the location of the corporates.

Class action suits: Introduction of provision for class action suits will unnecessarily increase the number of obligations that may not be genuine in a number of cases.