

ICAI supports changes to Cos Act

The Institute of Chartered Accountants of India (ICAI) has said that it supports the NDA government's decision to amend the Companies Act, 2013, by making it easier to get approvals for related party transactions by non-related shareholders through a simple resolution, instead of special resolutions.

In an interaction with Deccan Herald, ICAI President K Raghu said, "The new Companies Act aims at improving corporate governance. More responsibilities have been entrusted to directors and auditors. Today, companies are looking at ease of doing business. Towards this end, the amendments proposed by the Union Cabinet are necessary to prevent undue hardship to companies."

According to regulator Sebi's amended Clause 35B of the equity listing agreement, listed companies are now expected to provide e-voting facility to shareholders to vote in all resolutions. Several e-voting providers have come up to service this requirement. The ICAI chief has lauded the development.

"E-voting promotes better shareholder participation in the decisions of a company and is a progressive measure," he said.

Raghu's views were also sought on the new trend abroad of companies moving away from quarterly reporting since they consider it a distraction from their focus on long-term goals. In fact, the EU's revised transparency directive which comes into effect in November 2015 would do away with this requirement in the bloc. Britain's Financial Control Authority has already scrapped the requirement last year.

In India, however, listed companies are expected to submit their quarterly financial reports to the stock exchanges as per clause 41 (b) of the Sebi equity listing agreement.

The ICAI chief supports this requirement and does not consider quarterly reporting as burdensome.

(Deccan Herald)