

Adhere to Clause 49 by Dec 31, says SEBI chief

Mumbai, September 14

Listed companies would have to adhere to Clause 49 stipulations of having 50 per cent independent directors on their boards by December 31 and there should be a four-month time gap between two board meetings, SEBI chairman M. Damodaran announced today.

"I am confident that the corporate sector would find more independent directors than what it requires," Mr Damodaran said after inaugurating a CII-initiated website, primedirectors.com, with which SEBI is also involved.

"With the launch of this website, I don't think we need to ask this question whether we will find enough people," Mr Damodaran said dismissing apprehensions that it is difficult to find enough independent directors.

The website, of which SEBI is the chief patron and whose two main sponsors are BSE and NSE, aims to give a list of eligible independent directors for India Inc by providing a database of eligible persons.

He was not in favour of giving full authority to the board of directors or the management of companies in nominating independent directors on the board.

As per the estimates, as many as 30,000 independent directors are required by the industry to comply with Clause 49 stipulations.

The SEBI chief, however, said that to maintain the integrity of the independent directors, it should be ensured that they are not over-compensated.

"If you give a little, you won't attract the right persons. If you give too much, they won't remain independent," he said though adding, the companies should refrain from over-compensating them.

Taking note of timing and veracity of stock-sensitive announcements made by some companies, including from the oil sector, market regulator SEBI today said "standards are required" to determine what needs to be shared in the public domain and at what time.

"Clearly, it is good to have systems in place which let us know what is the right time to make an announcement, when is something pre-mature and when mature," Mr Damodaran said.

The SEBI chief, however, asserted that action would be taken in case it received a formal complaint about manipulation in any company. "If we get a complaint, we will act on it," he said. — PTI



Govt not to appoint ONGC Directors

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Rejecting the proposal of the Petroleum Ministry, the Department of Public Enterprises (DPE) said it should not proceed with its proposal to appoint two