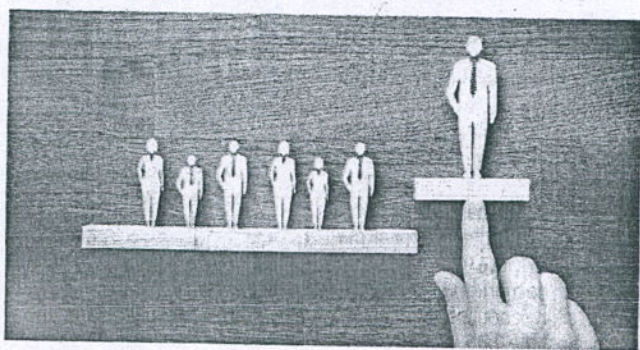


IF KOTAK PANEL RECOMMENDATIONS ARE IMPLEMENTED...

Listed Cos may Have to Rejig Corp Structures



Our Bureau

Mumbai: The recommendations of the Securities and Exchange Board of India (Sebi) panel on corporate governance, if implemented, are likely to have significant implications on Indian listed corporates. For example, 15% of the companies listed on the NSE would have to increase the size of their board beyond five to comply with the panel recommendation of not less than six directors on board, data compiled by Prime Database showed.

The segregation of role of chairperson and managing director, which was one of the key recommendations of the panel, needs to be done by 38% of the companies. As many as 640 companies currently have one person as chairperson and managing director/ chief executive officer.

The data tracker analysed 1,670 companies on the NSE.

The 25-member Uday Kotak-led committee on corporate governance submitted its report to Sebi on October 5 and has invited public comments on the changes by November 4. The panel proposed sweeping changes aimed at tightening standards, including splitting the posts of chairman and managing director and

amending rules on independent directors, disclosures, and accounting and auditing practices.

"Presently, 154 companies (9%) have 5 directors on their board, 82 companies (5%) have 4 directors on their board, 19 companies (1%) have 3 directors on their board and 1 company has just 2 directors on their board. As such, 379 new directors shall have to be appointed in these companies," Prime

Database said.

Further, if companies are to comply with the panel recommendation of at least 50% of the board comprising of independent directors, as many as 20% of the companies (326 companies) would have to change the composition of the board.

Of the companies listed on the NSE, 51% have a chairperson who is an executive director. As the panel recommends the chairperson be a non-executive director, these companies will have to change to achieve that. As many as 638 companies or 38% of listed firms will have to appoint an independent woman director in accordance with the panel's recommendation that each board should have at least one independent woman director. Companies will also have to move to comply with the recommendation on the age of non-executive directors.

Corporate Governance Overhaul Notes

According to Prime Database, if Uday Kotak-led committee recommendations are implemented...

15%

NSE-listed cos would have to increase board size beyond 5

38%

Need to segregate the role of chairperson and MD

20%

Have to change board composition to add more independent directors

51%

Have to change their chairperson to be a non-executive director

38%

Have to appoint an independent woman director