

## PSUs LAG IN FILLING BOARD POSITIONS

**NEW CORPORATE GOVERNANCE** norms that would be aligned to the Companies Act are to come into force from October 1, bringing in changes on independent directors and related transactions in listed firms. But a closer look reveals that corporate governance, particularly on the number of independent directors is loosely followed by many listed public sector firms.

**ACCORDING TO CLAUSE 49** of the Sebi listing agreement, at least one-third of the board of a company must comprise of independent directors if the chairman of the board is the non-executive director. For firms where the chairman is the executive director, at least half the board should consist of independent directors.

**WHILE MANY PSUs** are fully compliant with the provision on independent directors, others claim helplessness over the vacancies pointing out that it is up to the nodal ministry to appoint these directors.

**NON-COMPLIANCE WITH** the provisions also delay listing and disinvestment of government equity in PSUs until the vacancies are filled.

**EARLIER, THE DEPARTMENT** of public enterprises had decided to step in and appoint independent directors in case the nodal ministry did not act on a vacancy within four months.

"Even though there is much focus on independent directors by Sebi and the Companies Act, it is surprising that non-compliance of the provision is quite rampant by PSUs."

**Prithvi Haldea**, chairman PRIME Database, said, adding that compliance from private sector companies also becomes difficult to enforce.

MIXED BAG

PSUs	Independent Directors	Nominated and Functional Directors
ONGC	6	8
BHEL	1	6
NMDC	4	7
Indian Oil Corp	8	5
Coal India	6	6
SAIL	9	8
NHPC	7	6
MMTC	8	7
Power Grid Corporation	7	5

SOURCE: COMPANY WEBSITES

