

Over 200 firms yet to comply with Sebi rules

BSE, UBI among those who haven't complied with rules to boost governance

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MUMBAI

More than 200 firms in India have failed to comply with a key initiative of the Securities and Exchange Board of India (Sebi) to enhance corporate governance at listed companies.

Data compiled by NSEinfobase.com showed that 212 companies have not appointed a woman as independent director by the 1 April deadline set by Sebi.

Of these companies, 52 rank among the top 500 companies in India. These include HDFC Asset Management Co. Ltd, Inter-Globe Aviation Ltd, Jindal Steel and Power Ltd, Union Bank of India (UBI), Indian Overseas Bank, and BSE Ltd.

Most of the non-compliant companies are public sector enterprises, according to NSEinfobase.com, an offering of PRIME Database, a primary market tracker.

Sebi had on 28 March 2018 approved at least 40 proposals, based on a October 2017 report by a Uday Kotak-led panel, to boost governance at listed firms. Some of these provisions had to be met by April 2019.

The proposals include appointing at least one woman as independent director, ensuring that no director is more than 75 years old and that there are at least six directors on the board.

"Partly this represents an attitude issue. In the past, we have seen that larger-sized companies tend to take regulations seriously and are compliant. The second issue is that the consequence of non-compliance is generally very small. It is usually negligible monetary penalties," said Amit Tandon, chief executive officer of proxy advisory firm Institutional Investors Advisory Services.

Four years ago when faced with a similar issue of having at least one woman director, Sebi helped out companies by extending

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Reality check

Sebi had on 28 March 2018 approved at least 40 proposals to boost corporate governance at listed firms

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212

Firms out of top 1,000 listed firms that still don't have a woman independent director

342

Firms that are yet to propose a special resolution for the removal of 537 directors aged above 75 on their boards

35

Firms that are yet to meet Sebi's mandate of having at least 6 directors on their boards

Source: NSEinfobase.com

PHOTOGRAPH BY ABHIJIT BHATLEKAR/MINT; GRAPHIC BY NAVEEN KUMAR SAINI/MINT



the deadline by six months. A financial penalty was imposed on companies that were non-compliant even after the extended deadline.

"It is surprising that many of the top 500 firms are not compliant. The biggest surprise is about directors who continue to be on the board of listed firms despite attaining the age of 75. There are 342 companies

cial resolutions for removing 463 directors.

However, the result of special resolutions for 15 other companies having 26 directors are still pending. These include Reliance Industries Ltd, Maruti Suzuki India Ltd, Colgate-Palmolive (India) Ltd, Berger Paints India Ltd and TVS Motor Co.

Also, at least 35 firms are still to meet Sebi's mandate of having at least six directors on their board.

"Many companies are banking on getting an extension on the date of compliance. However, no communication has come from Sebi on extending the deadline," said a lawyer who is consulting with companies on compliance with the

FIRMS MISS 1 APRIL DEADLINE

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PROPOSALS were based on a report by the Uday Kotak panel. Some of these had to be met by Apr 2019

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who are yet to propose a special resolution for the removal of these ageing non-executive directors," said Pranav Haldea, managing director, PRIME Database Group.

As of Tuesday, 1,026 non-executive directors in 614 listed firms were at least 75 years old, the age set by Sebi for retirement. Of these, 257 companies have passed spe-

governance norms.

Another important change recommended by Sebi was to split the role of the managing director and chief executive officer. The companies have time till April 2020 to comply in this regard, but as of Tuesday at least 154 companies were still to do so.