



Board seats 5

Tuesday, January 7, 2003

# SEBI to re-examine norms on company directorships

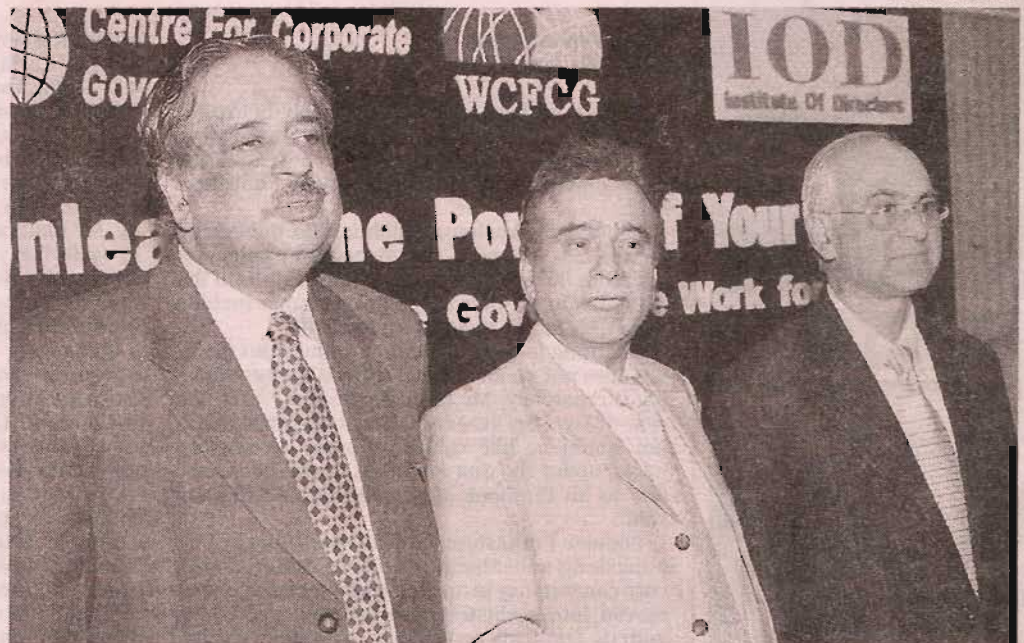
Our Bureau  
MUMBAI, Jan. 6

THE Securities and Exchange Board of India (SEBI) Chairman, Mr G.N. Bajpai, today said SEBI was taking a fresh look at certain issues of corporate governance such as the number of directorships a person can hold, bloated agendas of director boards and reporting requirements of companies.

Speaking to newsmen on the sidelines of a seminar on maximising corporate governance organised by the Centre for Corporate Governance (CCG), Mr Bajpai said, "We are taking a re-look at the number of directorships individuals can hold at the same time and also reporting requirements." A SEBI committee headed by Mr N.R. Narayana Murthy, Chief Mentor, Infosys Technologies, is currently looking at corporate governance guidelines that are in practice.

The SEBI chief was responding to the UTI Chairman, Mr M. Damodaran's observation that some people held too many directorships to do any justice to each one of them. Mr Damodaran also expressed concern over the crammed agendas of corporate boards that hampered their efficient functioning.

Mr Damodaran said many items that are required by regulations to be deliberated upon by company boards need lengthy reviews which in normal course



Mr M. Damodaran, Chairman, UTI (left), along with Dr Madhav Mehta, President, World Council for Corporate Governance, and Mr G.N. Bajpai, Chairman, SEBI, at a workshop in Mumbai on Monday.

become cumbersome and impractical.

"This leads to 'checklist' governance, which is nothing but making sure that the company has done everything that the regulator says should be done and is not pulled up for non-compliance.

Several corporates indulge in checklist corporate governance because of the regulatory requirement", the UTI chief, who

also chairs the western chapter of CCG, told the seminar.

Mr Damodaran told the session that was also addressed by the SEBI Chairman, that regulators should not be too obsessed with quarterly results of corporates. It requires lengthy reviews and huge efforts, especially if the company is large and diversified, to put together a quarterly review of performance. Such mandatory require-

ments put enormous pressure on companies and could force people to put out information that may not be entirely accurate, he said.

Earlier, Mr Bajpai said the need and significance of good corporate governance could be emphasised by the size and influence of corporates, some of which are larger than State Governments. He gave the example of LIC in this regard.

Shashi Ashwal