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## PRESS RELEASE

### **LIMITS ON MAXIMUM NUMBER OF DIRECTORSHIPS AND NOMINEE DIRECTORS HAVE SIGNIFICANT IMPACT: INDIANBOARDS.COM**

SEBI had announced new Corporate Governance norms with reference to independent directors in April 2014. Some amendments were made to the same in September.

**Number of Directorships:** SEBI had stipulated that a person can serve as an independent director on the boards of a maximum of 7 listed companies and a maximum of 3 listed companies in case he is also holding a whole time directorship position. According to Pranav Haldea, Managing Director, PRIME Database, which runs **indianboards.com, a joint initiative of PRIME Database and NSE**, “this has resulted in as many as 277 independent directorship positions being vacated in NSE-listed companies since February 2014 when SEBI first made this announcement. Presently, there are only 6 independent directorship positions in NSE-listed companies occupied by 5 persons which need to be vacated to be in compliance with the SEBI requirement (independent/wholetime status of directorships in BSE-listed companies is not captured by us)”.

The persons with the maximum number of directorships in listed companies at both NSE and BSE are Mr.Rajendra Ambalal Shah and Mr. Srinivasan Natesan with 10 directorships each.

### **Maximum Number of Directorships in companies listed on NSE & BSE (independent and wholetime)**

Director Name	No.of Directorships
MR.SRINIVASAN NATESAN	10
MR.RAJENDRA AMBALAL SHAH	10
MR.SANJAY KHATAU ASHER	9
MR.NARESH RAMA KANT CHANDRA	9
MR.BANSIDHAR SUNDERLAL MEHTA	9
MR.RADHA KRISHNA PANDEY	9
MR.AMBALAL CHHITA PATEL	9
MR.PRADIP PANALAL SHAH	9
MR.DILIP JAYANTILAL THAKKAR	9
MR.RADHEYSHYAM DALCHAND AGARWAL	8
MR.ATUL MANU DESAI	8
MR.SANJIV RAMA GOENKA	8
DR.OMKAR MIHIR GOSWAMI	8
MR.SATISH CHANDRA GUPTA	8
MR.RAJENDRA PRASAD KANDIKATTU	8
MR.PRADIP KUMAR KHAITAN	8
MR.PRAKASH VASANTLAL MEHTA	8
MR.CYRUS PALLONJI MISTRY	8
MR.NASSER MUKHTAR MUNJEE	8
MR.PEJAVAR MURARI	8
PROF.(DR.) INDIRA JITENDRA PARIKH	8
MR.SURENDER KUMAR TUTEJA	8

Source: [indianboards.com](http://indianboards.com)

**Nominee Directors and compliance with Clause 49:** More worrying, though, is the present state of compliance with Clause 49 of the Listing Agreement regarding composition of board. According to Mr. Haldea “as many as 15 per cent of the NSE-listed companies (213 companies) are presently non-compliant. This number has gone up after SEBI’s new norm of not treating nominee directors as independent, which was made effective 1<sup>st</sup> October 2014.

**Tenure of Directors:** The recent SEBI amendment has made the tenure of Independent Directors in line with the new Companies Act which had mandated that an Independent Director cannot serve on the board of a company for more than 2 successive terms of 5 years each, this is on a prospective basis, which means that this provision would take effect only after ten years (April 2024). According to Mr. Haldea, “while a fixed term for independent directors is conducive for renewing boards, it would have served a better purpose in case the Companies Act and SEBI would have made this provision applicable retrospectively, with of course a compliance leeway of one or two years given to companies. Effectively, no new independent director faces are likely to be seen at least for the next 10 years as a result of this provision”.

According to **indianboards.com**, **1297 of a total of 5999 independent directorship positions (22 per cent) in as many as 660 of the 1449 companies listed on NSE had already crossed tenure of 10 years as on 1<sup>st</sup> April 2014.**

The longest serving Independent Director on the board of a company is Mr. Klaus Carl Uebel having been on the board of Hercules Hoists Ltd. for over 52 years.