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Sebi asks listed cos to appoint lady directors by month-end

Stepping up its pressure, regulator Sebi has asked all listed companies to mandatorily appoint at least one woman director on their boards by the end of this month, failing which they would face regulatory action. The regulator, which has found that nearly one-third of the top-500 listed companies do not have any woman member on their respective boards, has also asked the stock exchanges to ensure strict adherence to the timeline. With just a fortnight left to meet the deadline, Sebi has also proactively written to more than 160 such companies to ensure compliance.

Sources said that some of the companies have already replied to Sebi, stating that they were taking necessary steps to meet the timeline. Besides, Sebi has also written to the Corporate Affairs Ministry, requesting it to inform the registered companies of ensuring compliance to the requirement for all listed companies to have at least one woman director before April 1. The Institute of Company Secretaries of India (ICSI) has also been asked to tell its members to ensure compliance, as the company secretaries generally serve as 'compliance officers' in the companies for adhering to listing norms.

Under new corporate governance norms, announced early last year, Sebi had initially asked all listed companies to have at least one woman director on their boards by October 1, 2014. However, the deadline was later extended to April 1, 2015. Having already given a six-month extension from the earlier deadline, Sebi is very serious on the compliance to these norms and the companies would have to face the music by the stock exchanges and the regulator if they fail to meet the deadline, sources said.

Sebi had adopted a similar multi-pronged approach, including the direct engagement with the non-compliant companies, when it had put in place the new minimum public shareholding norms for the listed firms. In the woman director matter, Sebi earlier this year had sought details from the stock exchanges about the compliance in the top-500 companies. After it found that over 160 of those did not have any woman director, the regulator initiated a detailed framework to ensure compliance within the given timeline.

The exchanges have been now asked to ensure adherence to the timeline by all listed companies and to initiate action against those failing to appoint at least one woman on their respective boards by the end of this month. After Sebi's direction in February last year, many companies had stepped up their efforts to have women directors on their boards and nearly 500 female members were nominated to the boards till December 2014, although many of them happen to be family members of the promoters. Still, a large number of companies are yet to comply.

Sebi have the extension last year to align its corporate government norms with the related Companies Act provisions. The norms were finalised after detailed discussions between Sebi and concerned stakeholders for over a year and involve stronger regulations for listed companies than those prescribed under the Companies Act for non-listed entities. These include clarification on rules relating to appointment and qualification of directors and independent directors, matters relating to related party transactions, and the rules governing meetings of board and its powers.