

Webinar

'Indian Independent Directors' Independence- Challenging times'

On August 22nd, 2019, a webinar was organised by Legasis Group, in association with Bombay Chambers of Commerce and Industry, highlighting the theme 'Indian Independent Directors' Independence- Challenging times'. The event was an initiative of **Mr. Suhas Tuljapurkar**, Founder-Director, Legasis Services Pvt. Ltd. And Founder-Partner, Legasis Partners, with the support of **Ms. Usha Maheshwari**, Additional Director, Bombay Chamber. There were 40 delegates who attended the webinar.

Ms. Maheshwari shared the brief introduction to the Bombay Chamber of Commerce and Industry and association with Legasis Services. The session began with Mr. Tuljapurkar defining the scope of the discussion, which included the challenges being faced by the Indian corporate today and the roots from which such challenges emanate, the reason behind the emphasis on Independent Directors and outlining the primary responsibilities and focus areas where the corporate can make a difference from the governance perspective, with the legal implications, being the primary focus. Mr. Tuljapurkar brought into light the recessionary trend being experienced by the Indian economy, which is under stress due to several reasons-domestic, international, alike. The times are equally challenging for the businesses due to their stressed assets and the increased emphasis on the resultant insolvency resolution process. Although there is dearth of empirical evidence to prove the direct co-relation of the stock prices of a company with its governance practices, but it is definitely not inverse, as established through various instances of failures of corporate governance practises in corporates. The other implication of failure of Corporate Governance, for businesses, is that, recession increases investment opportunities, but such opportunities are shut as soon as there are incidences noted for failure of corporate governance and the investors take a back-foot. The recent emphasis on the importance of the role of Independent Directors in maintaining better governance practices in corporates has emerged due to the inevitable contribution that can be rendered by Independent Directors in upholding the four pillars of corporate governance- Accountability, Transparency, Fairness and Independence. India Inc. requires a huge number of Independent Directors than those presently functional. The frequent exits by Independent Directors, especially in 2019, raise alarms that are still kept unheard. The Kotak Committee's recommendations on providing detailed reasons by Independent Directors on resigning, and the subsequent confirmation, though effective from April 2019, has not proved to be a boon in realising the root cause. Dire need has arisen to read between the lines and identify the true cause behind the resignations and map if there are any red flags that need to be addressed.

A recent survey conducted by the firm proved that despite the recent amendment brought forth in the SEBI (Listing Obligations and Disclosure Requirements), under Regulation 30 (7B), with respect to disclosing detailed reasons to the Stock Exchanges, by Independent Directors, it has merely been treated as a formality to shrug off their accountability in cases of corporate failures. Times are here already, when the Independent Directors, the only link between the outside world and the corporate, realise their true role and instead of resignation, raise the right concerns at the right time and prevent failures in the corporate governance practices. The webinar ended with question & answer session and concluding remarks by Ms.Usha Maheshwari.