

Sebi on HDFC Bank issue: Insinuations without evidence should not be made

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Sebi chief Tuhin Kanta Pandey cautions against unsubstantiated claims amid HDFC Bank chairman exit, stresses protection of minority shareholders.

Following HDFC Bank board exits, Sebi reiterates disclosure norms and duties of independent directors under LODR and Companies Act.

The out-of-the-blue exit of HDFC Bank's part-time chairman has raised concerns about the protection of minority shareholders' interests.

"Nobody is expected to make any insinuations without proper evidence," Securities and Exchange Board of India (Sebi) Chairman Tuhin Kanta Pandey said on Monday. "You just can't say anything and go; you have to substantiate," he said.

Independent directors of companies are required to report concerns about unethical behavior, actual or suspected fraud, or violation of the company's code of conduct or ethics policies, he said while responding to queries about Atanu Chakraborty, who also exited as the independent director of HDFC Bank.

Any comments about ethical issues in an entity impact minority shareholders, he highlighted.

Code for independent directors

There is a code for independent directors which is encompassed in Sebi's Listing Obligations and Disclosure Requirements (LODR) and Companies Act, 2013. "Where there are any concerns regarding the running of a company or a proposed action, it is required to be ensured that these are addressed with the board and insist that the concerns are recorded in the minutes of the board meeting," Pandey said.

They are also required to be protective of the interests of minority shareholders, he added.
