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Former SEBI chief M Damodaran launches trust for non-executive directors

BY PTI | UPDATED: JUL 22, 2015, 08.23 PM IST

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MUMBAI: With the new companies Act putting more responsibilities on non-executive directors, former [Sebi chief](#) M Damodaran has set up a trust to address various issues and challenges faced by such individuals.

Non-executive Directors In Conversation Trust (NEDICT) would have five chapters in major cities of India and is the first such institution set up for the purpose of addressing specific requirements of non-executive directors, especially independent directors.

"In number of interactions with NEDs, it was clearly felt that the large number of diverse responsibilities, which they were expected to discharge under Companies Act 2013, had left them unprepared to do justice to their role," M Damodaran, who is the managing trustee of NEDICT, told reporters here.

Lack of role clarity, increasing liabilities under the new companies Act, absence of domain knowledge, inadequacy of financial literacy, inadequate compensation are some of the major concerns that non-executive directors have, according to Damodaran.

Besides, non-executive directors are concerned over absence of timely information, crowding out of important items and spectre of class action suits, among others.

With a view to protect the interests of the stakeholders, the lawmakers have significantly increased the liabilities of persons responsible for the affairs of the company.



With the new companies Act putting more responsibilities on non-executive directors, former Sebi chief M Damodaran has set up a trust to address various issues and challenges faced by such individuals.

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The consequent increase in the liabilities have left the non-executive directors exposed to the risk of litigation and penal consequences without adequate safeguards, as per the assessment by the trust.

The trust would also provide a database of directors which can be accessed by companies.

Besides Damodaran, [Anup S Shah](#) Law firm managing partner Anup S Shah is also a trustee on board NEDICT which will have a managing committee comprising five members.

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