

Resignation letter to chairman from a 'bored' director: I didn't know I had to work

Former SEBI chief M Damodaran pens a fictional resignation letter from an imaginary 'bored' director.

Moneycontrol Contributor
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Former SEBI chief M Damodaran pens a fictional resignation letter to the chairman from an imaginary 'bored' director. Damodaran is chairman of Excellence Enablers, a portal on corporate governance. Reproduced with permission from Excellence Enablers' newsletter.

Dear Chairman,

You might wonder why I have chosen to resign from the Board of Directors all of a sudden without any immediate provocation. For quite some time, I have been feeling that I do not contribute enough to the deliberations of the Board, leading me to ask myself whether I really belong here.

The reasons for my wanting to leave are many and varied. The Companies Act, 2013 requires me to give detailed reasons for my resignation. Like many others who have left Boards in the recent past, I propose to state that the resignation is on account of “personal reasons”.

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Should I be asked, which is very unlikely, to expand on the term “personal reasons”, I will, without embarrassing you, me or the rest of the Board, state that the reasons are far too personal to be disclosed in public and have no bearing on public interest. I need to leave before April 1, 2019.

If I wait till then, and leave thereafter, I will be required to confirm, in terms of the amended SEBI LODR Regulations, that in addition to the stated reasons, “there is (sic) no other material reasons other than those provided.” In order to persuade you to immediately act on my resignation, which in any case takes effect from the date of receipt of the communication, I am sharing with you the text of the resignation letter that I would have to write after April 1, 2019, if I stayed on till then.

“As mentioned to you earlier, I intend to step down from the Board of Directors. In the name of the LODR, I am setting out herein below all material reasons for my resignation.

When I joined the Board, I assumed that it was a cakewalk and that no effort would be required on my part to understand the agenda items and to contribute to boardroom deliberations. I have discovered that that was never the case.

As an ID, I have often watched, with the benefit of a courtside seat, serious exchanges between Board members, much in the manner of a spectator moving his head from side to side, while witnessing baseline rallies on the tennis court and wondering when the point will end.

You asked me to serve on Board Committees. After several years of serving on committees, pre-superannuation, I thought committees were diversionary tactics. How was I to know that committees even took decisions?

Recent events have brought home to me the shocking realisation that I can be held guilty of criminal conduct even if my only contribution in the boardroom was studied silence.

At the beginning of each year, I am required to sign several forms, some of which pertain to my close relatives, in order that they do not trade in shares of the company during the closed periods. I have often asked myself the question that Cain asked the Lord, "Am I my brother's keeper?" I know by now that when it comes to brothers-in-law, I can perhaps hide under a technicality.

I have faithfully signed above my name on the quarterly and annual accounts without having the faintest notion of what I was endorsing, and drawing comfort from the several other signatories who I know will make excellent co-accused in a criminal trial.

Being on the Board severely impacts on my freedom of expression since I cannot share extremely important and topical information with friends outside the boardroom.

I am expected to be present at AGMs and smile knowledgeably when shareholders, who have invested in the company, ask difficult questions. Smiling knowledgeably and interminably is a tough task, and I can say this without checking with the air hostesses who do it throughout the day.

For all my pains, I am compensated with a sitting allowance, and my friends who are knowledgeable tell me that the risk-reward relationship is adverse to my interest.

During all the time that I have spent in the boardrooms, I could have pursued hobbies that I had to abandon till my superannuation. The Board assignment got in the way and I have no intention of echoing John Milton who said, “and that one talent which is death to hide, lodged with me useless.”

You mentioned that my evaluation results were unsatisfactory. But I never promised you that I would add value.

My dietician told me that cookies and nuts (the edible variety!) that cry for attention in boardrooms are bad for health. It is about time that I placed my health above that of the company.

As you and I know, I joined the Board to make up the numbers so that you have a quorum. Now that you have enough persons on the Board, I thought I should not overstay my welcome.”

And finally, I am comforted by the thought that neither you nor I intend to disparage each other. That said, I believe that we must enter into non-disparagement agreements. Before I am accused of adding to the company's workload, let me mention that there is a recent specimen of such a letter, that you could choose to work on.

As Engelbert Humperdinck sang, "Please release me, let me go."

Yours sincerely,

XYZBored (Board) Director