



NSE-Yogi Saga: M Damodaran says NSE should look at all names in SEBI order and take them out

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Saying he would not comment on who the 'yogi' was, Damodaran said the SEBI's observations were on transgressions of the SEC. An EY report has claimed the yogi was Subramanian himself. Damodaran said the SEBI needs to see if adequate checks and balances are in place and should revisit the powers given to individuals. SEBI should change the public interest directors, he said.



Former Securities and Exchange Board of India (SEBI) Chairman M Damodaran has spoken out on the corporate governance failures at the National Stock Exchange (NSE), its former CEO Chitra Ramkrishna, and the mysterious 'Himalayan yogi'.

"There have been multiple corporate governance failures at NSE over a period of time (2013-2016), and this impacts the credibility of India's capital markets," Damodaran told CNBC-TV18 in an exclusive interview. "Confidential information was being passed on to persons not entitled to receive it."

Questioning the onboarding of Anand Subramanian, he asked: "Where did Anand Subramanian come into the picture? Who pushed his candidature? These are questions that need to be looked into. I suspect there is much more to the case than the SEBI order."

A forensic audit by consultancy firm E&Y claimed Subramanian himself was the yogi behind the email (rigyajursama@outlook.com) Ramkrishna was taking advice on governance issues. Subramanian, who had no exposure to capital markets and was a mid-level manager at Balmer and Lawrie earning Rs 15 lakh per annum, was onboarded at NSE with a Rs 1.68-crore package.

Refusing to speculate who the 'yogi' was, Damodaran said the SEBI's observations were on transgressions of the SEC and that his views were solely based on what was in the public domain and the SEBI's report.

"Everyone seemed to know what was happening, but no one thought it fit to challenge. No one seemed to bother, and no one questioned Subramanian's phenomenal power," the former SEBI chairman said.

Emphasising the NSE board should have questioned when management actions didn't measure up, Damodaran said the market regulator should look at what safeguards need to be put in place to prevent such failures.

"We need to investigate how governance lapses happened in NSE thoroughly. The NSE management got an easy pass, and the board gave itself a long rope. SEBI is questioning why confidential information was passed on to outsiders," he said.

"The NSE board should revisit the powers given to individuals. And, the SEBI needs to see if adequate checks and balances are in place and should change the public interest directors," Damodaran, who has been a pioneer in promoting corporate governance, said. "NSE should look at all those names in the SEBI order and take them out."

Tarun Bhatia, managing director and head of South Asia in the Forensic Investigations and Intelligence practice of Kroll, said exchanges are looked upon as quasi regulators.

He said the case was concerning as the board had wide-ranging representation, including the government. Bhatia said SEBI's order will give confidence to those who have been quiet so far.

"This is a good opportunity to use these cases as examples. Ban from the capital market is what one could do," Bhatia said, adding the case should not be just a knock on the knuckles, and examples should be set.

The income tax department searched Ramkrishna's residence in Mumbai on Thursday. The search comes days after SEBI imposed a penalty of Rs 3 crore on Ramkrishna for sharing confidential information with an unknown person and hiring-related irregularities.

As per the SEBI report, Ramkrishna was being guided by a Himalayan 'yogi' on Subramanian's compensation decisions. After the lapses came out in the open, the NSE, in a statement, said the SEBI order relates to certain issues at NSE from 2013 to 2016—the year Ramkrishna quit the exchange.

"In this regard, over the past few years, there have been several changes at the board and management level at NSE," the statement said. "We wish to reiterate that NSE is committed to the highest standards of governance and transparency and will extend full co-operation to the regulator for a satisfactory closure of the matter."

Source: <https://www.cnbctv18.com/market/nse-yogi-saga-m-damodaran-says-nse-should-look-at-all-names-in-sebi-order-and-take-them-out-12531432.htm>