



Board Composition and Remuneration



PREFACE

At the outset, Stakeholders Empowerment Services (SES) would like to say that this massive study on Board Composition for Companies in India has been able to see light of the day only because of encouragement, support and guidance of National Stock Exchange (NSE). SES wholeheartedly thank NSE & its team for extending this opportunity to SES to compile a study on Board Composition.

This report is culmination of several months effort of SES team which analysed almost 5,00,000 data points on various combinations to draw meaningful conclusions.

Board Composition

It has been more than 5 years since the Companies Act 2013 and the SEBI (Listing Obligation and Disclosure Requirement) (SEBI LODR) Regulations, 2015 metamorphosed framework of Corporate Governance in India. Such changes take time to settle and show their impact. An earlier study made by SES in association with NSE, indicated the transition effects of both the above-mentioned legislations. Post that study the Kotak Committee made further changes in governance landscape, many of which have now been subsumed under the SEBI LODR Regulations and their impact is seen on the governance front. SES believes that good governance will always be a work in process. However, one needs to periodically evaluate impact of changes. This Report is an attempt to take into account changes, evaluate their outcome, analyse and draw conclusions.

As far as possible SES has tried its best to include amendments made by SEBI post our previous study in respect of Board structure which inter-alia include mandatory induction of a woman independent director, minimum Board size, separation of chairman and Executive positions (though yet to be effective), etc. aimed to further enhance the corporate governance standards in India. All these changes auger well for board governance. This Report would analysis and test whether the legislative intent has translated into good governance practice.

This Report has been compiled to analyse the composition, the trends and patterns of NIFTY 500 Index Companies (except Public Sector Banks) on board composition various categories of directors viz. Promoter Executive Directors, Non-Promoter Executive Directors, Promoter Non-Executive Directors, Non-Promoter Non-Executive Directors, Board Chair and Independent Directors for the last three financial years (2017-18 to 2019-20). The Report dwells on composition of the board considering independence, gender diversity, promoter- non-promoter, age, qualification, experience, time commitment of directors etc.

SES has also attempted to link finding of this Report with previous study to highlight changes, continuity and impact over a longer period. This Report has the luxury of looking back at 2015-2017 data-sets and making analysis and observations over a significant period of 6 years' time. It has analysed approx. 4,500 directors occupying over 3,500 positions in Sample companies for each financial year.

End Note

SES hopes that this Report will serve as a compendium for data analysis on board structure for all readers in general and regulators, company boards and the stakeholders in particular, to understand the trends evolving in compensation to directors. However, SES would like to apologise for length of this Report, which despite our best effort could not be reduced as we refrained from compromising on quality and depth of contents.

I express my sincere gratitude to all NSE team Ms. Priya Subbaraman, Mr. Avishkar Naik, Ms Yukti Sharma and Mr. Lokesh Bhandari. Lastly sincere thanks are due to project leader at SES Mr. Varun Krishnan who had to redo analysis and rewrite the report multiple times in an effort to do better and his pain was shared in equal proportion by Mr. Devashish Lulu who sanitized the voluminous data.



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Managing Director
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Study of Nifty 500 Index Companies

Data Period: This study *inter-alia* provides observations and analysis based on data for 3 years of Nifty 500 Index Companies as per NSE data as on December 2020.

Sample constituents & Exclusions: The Report confines analysis to NIFTY 500 companies, however, following **14 Entities** have been left out from our study, although they are part of Nifty 500 Companies for reasons as explained:

➤ **Procter & Gamble Health Ltd:**

Formerly known as Merck Ltd, Procter & Gamble Health Ltd had prepared its financial statement for the period of 15 months ended June 2020, therefore, the Company missed the March 2020 cut off due to change in its financial year, however, it is included in FY 2017-18 & 2018-19 analysis.

➤ **13 PSBs** ([Click here](#) for List at Annexure A):

Most of these PSBs are not 'Company' as per the definition under the Companies Act, 2013, therefore, many of the provisions of Companies Act, 2013 do not apply to such PSBs. While analysis could have been done including these PSBs, however non-availability of the Director Identification Number ('DIN') of a large number of directors of PSBs posed a threat to sanctity of data. Therefore, in order to have undistorted data, all entities from the PSB basket have been excluded from the scope of the Report.

SAMPLE CLASSIFICATION

For comparison, all Companies have been classified based on their parentage/ promoter and based on their relative standing in various Nifty Indices:

Sample Classification – Ownership

Nifty 500 Index Companies have been classified in following categories:

- **MNCs:** Those operating in Multiple Nations and having their headquarters outside India have been referred to as '**MNCs**' or '**Foreign MNCs**'.
- **Indian Corporate:** Companies incorporated in India and operating from India are referred to as Indian Corporates or '**INCs**'.
- **PSUs:** These are Entities pre-dominantly owned by either the Central Govt. or the State Govt. or both Central and State, have been categorised as '**PSUs**'.

Sample Classification – Index Composition:

Nifty 500 Index or Sample Companies have been classified with respect to various Indices of NSE.

- Nifty 50 Index ('Nifty 50')
- Nifty Next 50 Index ('Nifty Next 50' or 'Next 50')
- Nifty Mid Cap Index 150 Companies ('Nifty Mid Cap or Mid Cap')
- Nifty Small Cap Index 250 Companies ('Nifty Small Cap or Small Cap')

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EXECUTIVE SUMMARY

Board Strength

- Average number of Directors on a Board declined 30 basis points in the past 6 years (2014-2020).
- PSUs still have highest Average Board strength at 9.82 directors, although declined by 1.82 last year.
- Nifty 50 has the highest Board size (~11 directors) amongst all Index.

Board Balance

- Nifty 50 houses maximum percentage of Professional EDs (85%), compared to (<65%) other Indices.
- 40% of Directors in PSUs were Executive Directors compared to only 25% in INC and MNCs.

Board Independence:

- 37/50 PSUs fell short of adequate number of IDs as at FY 2019-20 end.
- 7 Companies (Non-PSUs) were non-compliant with IDs requirement as on 30th Sept 2020 also, including 1 MNC.

Director Tenure & Association:

- Average association of IDs in PSUs is hardly 2.5 years, while that in INCs and MNCs is approx. 7-8 years.
- 4 IDs were associated with non PSU companies for over 50 years.

Chair of the Board

- Percentage of Executive Chairperson (Non-PSUs) has reduced from 40% to 36% in past 3 years.
- 84% of PSU Companies still have an Executive Chairperson of the Board.
- Nifty Next 50 has least percentage of ED Chairman (26%), Small Cap have the highest (41%) in Non-PSUs.
- 12 Companies changed their Chairman from ED to NED in past 1 year.

Gender Diversity

- Gender Diversity has risen from 11.5% to 17% in past 6 years (2014-2020).
- Nifty 50 has highest percentage of women directors (19%), Next 50 fares the lowest at 16%.
- Pharma, IT and Consumer Goods Companies have highest percentage of women directors (18-19%).
- Women IDs as percentage of overall women directors have risen from 62% to 70% in past 3 years.
- 2 Companies (1 INC and 1 MNC) were non-compliant with women ID requirement in FY 2019-20.

Educational Qualifications

- Percentage of 'highly qualified' (Post Graduate / Doctorate / Professionals or its equivalent) increased from 40% to 74% in past 3 years.
- 73% of Professional EDs were highly qualified compared to 43% for Promoter EDs.
- 86% of women IDs were highly qualified compared to 61% in case of NID women directors.

Directors Age Profile:

- Average age of women directors has risen from 55.3 to 57 years during past 3 years, avg. Age of Men has remained almost unchanged.
- IDs have average age of 64 years, is still akin to a post retirement job.
- Nifty 50 has eldest directors (62.5 years), directors in Small Cap are youngest (60.3 years).
- Minimum entry age on the Board for EDP has been 30 years vs 41 years for ED-NPs. For NEDs, entry age is 36 for Promoters and 45 years for Non-Promoters.

Time Commitment:

- Avg. time commitment of directors in INC and MNC is approx. 2 Listed Entities, while that in PSU is 1.3 Listed Entities.
- Almost 4% directors hold more than 5 directorships. 70% of directors hold only 1 directorship position in Nifty 500 Index Companies.
- Directors in Nifty 50 have highest time commitment (2.36 Listed Directorships) and Small cap has least at 1.88.

INTRODUCTION

Corporate structure is a three-tier hierarchy. At the top is General Body of shareholders. Followed by the Board of Directors and finally the executive management.

It is the Board of Directors ('Board') who are sandwiched between; Shareholders as their appointor and work in fiduciary capacity on their behalf, and management which reports to the Board and works under their guidance. The Board is the driving force that take strategic decision and guide the business of the Company. Individuals who man the board must have core competence and board composition must be well balanced as directors are the primary link between the Owners (shareholders) and the Management of the Company.

The Board is expected to comprise of individuals from diverse background, expertise, experience, gender, etc., the same is dictated by Corporate Governance practices of the company, which are guided by applicable legislations and best practices.

The Ministry of Corporate Affairs ('MCA') and Securities and Exchange Board of India (SEBI) are constantly updating their respective legislations / regulations in order to encourage the Companies to adopt good corporate governance practices.

The recent COVID 19 pandemic had surely tested the best of the Boards and challenged their quick decision-making ability.

SCOPE OF REPORT AND SAMPLE

Sample for this analysis is limited to 486 Companies for FY 2019-20. As newly listed Companies whose securities have been listed for trading on Stock Exchanges during any past three FYs, have been included in Sample, as a result sample size for earlier FYs (2017-18, & 2018-19) differ from sample size in FY 2019-20. This is mainly due to the lack of information of the respective Companies prior to their listing.

List of new listing IPO/ Restructuring at [Annexure III](#)

Companies having different fiscal year have also been included in the baskets having immediate subsequent cut-off date, as per Table 1.

FY 2017-18 include:		FY 2018-19 include:		FY 2019-20 include:	
462 Companies		476 Companies		486 Companies	
FY ended 31 st March 2018	444	FY ended 31 st March 2019	458	FY ended 31 st March 2020	468
FY ended 31 st Dec 2017	14	FY ended 31 st Dec 2018	15	FY ended 31 st Dec 2019	15
FY ended 30 th Sept 2017	1	FY ended 30 th Sept 2018	1	FY ended 30 th Sept 2019	1
FY ended 30 th June 2017	3	FY ended 30 th June 2018	2	FY ended 30 th June 2019	2

Board Composition 2017 Study:

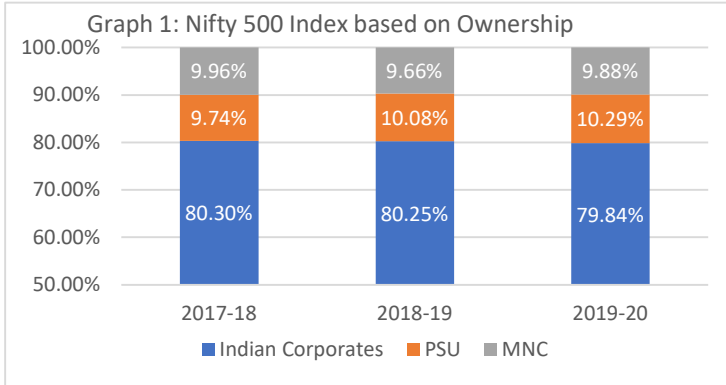
A similar study on Nifty 500 Companies covering 3 years (FYs 2014-17) of data was undertaken in the year 2018. This is second study after for period 2017-2020 in continuation. Wherever relevant, this Report has recapitulated findings of earlier Report to measure or highlight changes during the two period as also to establish, wherever possible 6 years trend.

The Comparison would not only be important but interesting as well as, earlier data was for the period immediately after coming into effect of Companies Act 2013 & also the reformed SEBI LODR and its impact had not fully settled. Further Kotak Committee recommendations had not been implemented. It would in effect measure impact of two important pieces of legislation on Board structure.

While both studies covered 500 top companies, constituents are different as many companies are new entrant, and many have moved down. Present samples also include NIFTY 500 Index companies which also includes some companies not listed in NSE but forming part of top 500 companies market cap wise.

Ownership- Classification:

Graph 1 depicts percentage of Companies based on ownership.



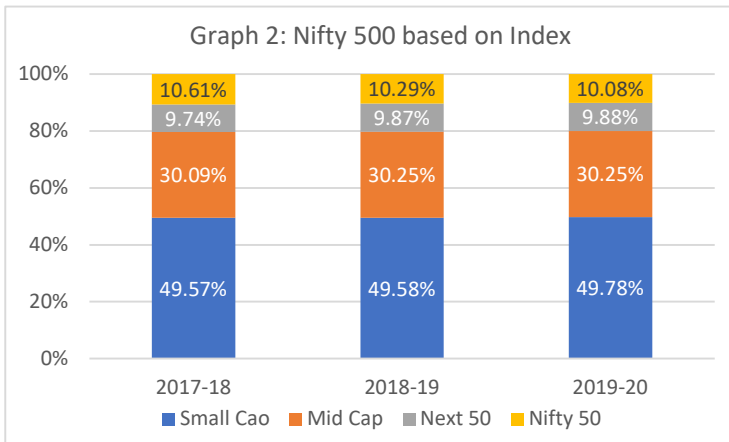
- Almost 80% of the Companies comprise of Indian Corporates ('INCs')
- Remaining 20% is shared between Multinational Companies ('MNC') and Public Sector undertakings ('PSU') almost equally.
- Remarkably, proportion of each has remained almost constant over three-year period.

Table 2, provides number of Companies in each category in absolute and relative terms.

Ownership basis	2017-18		2018-19		2019-20	
	#	%	#	%	#	%
MNC	46	9.96%	46	9.66%	48	9.88%
PSU	45	9.74%	48	10.08%	50	10.29%
Indian Corporates	371	80.30%	382	80.25%	388	79.84%
Total	462	100%	476	100%	486	100%

Nifty Index Classification:

The Master Index (Nifty 500 Index Companies) have been further classified into 4 Indices.



- Nifty 50 Index and Nifty Next 50 Index comprise of ~10% each.
- Nifty Mid Cap 150 Index constitutes of ~30% of the total Sample.
- Nifty Small Cap 250 Index has the highest weight as it comprises of almost 50% of the total Nifty Index 500 Sample Companies.
- Proportion of Companies under each Index has remained largely uniform during the past 3 years.

Table 3, provides number of Companies in each Index category in absolute and relative terms.

Index Basis	2017-18		2018-19		2019-20	
	#	%	#	%	#	%
NIFTY 50	49	10.61%	49	10.29%	49	10.08%
NIFTY Nxt 50	45	9.74%	47	9.87%	48	9.88%
NIFTY Mid Cap 150	139	30.09%	144	30.25%	147	30.25%
NIFTY Small Cap 250	229	49.57%	236	49.58%	242	49.79%
Nifty 500 Index	462	100%	476	100%	486	100%

Sample Companies – Market Capitalisation:

The Sample Nifty 500 Index Companies have a total market cap of ₹ 105.27 lac Crores, representing almost 96% of total market cap of all companies listed on NSE as on 31st March, 2020, thus qualifying to be called a representative sample. Across three-year period Market cap data is revealing a declining trend, which is on account of temporary adverse COVID 19 impact. **The sample (Nifty 500 Index) has present market cap of ₹ 186 lacs crores as on 31st March, 2021, up almost by 80%.**

A broad indication of the Market Cap and consolidated Net Profits of sample is given in Table 4:

Table 4: Market Cap and Consolidated Net Profits (3 years)			
(in ₹ Crores)	2017-2018	2018-2019	2019-2020
Market Capitalisation	1,24,88,959	1,35,59,071	1,05,27,055
Consolidated Net Profits	5,42,181	6,01,254	4,37,616
Number of Companies*	462	476	486
Sample P/E Ratio	23.03	22.55	24.06

Table 5 gives Market Capitalisation contribution of the Nifty Index and their Profits for FY 2019-20

Table 5: Index-wise Market Capitalization & Consolidated Net Profit- 2019-20						
Indices	#	Market Cap		Net Profits		PE Ratio
		₹ Crore	%	₹ Crore	%	
Nifty 50	49	₹ 65,89,374	63%	₹ 3,19,695	73%	20.61
Nifty Next 50	48	₹ 17,09,541	16%	₹ 70,834	16%	24.13
Nifty Mid Cap	147	₹ 16,24,502	15%	₹ 5,148	1%	315.56
Nifty Small Cap	242	₹ 6,03,638	6%	₹ 41,941	10%	14.39
Nifty 500 Index	486	₹ 1,05,27,055	100%	₹ 4,37,618	100%	24.06

As expected, Nifty 50 contributed the major chunk of India Inc. (Listed at NSE) profitability. These 49 Companies shared within themselves a consolidated Net Profits of ₹ 3.19 lacs crores which is approx. 73% of the aggregate Net Profits reported by 486 Companies. The data in Table 5, especially Mid-Cap is distorted due to exceptional losses reported by a few companies in 2019-20

Table 6 lists Companies that have reported losses in excess of ₹ 10,000 crores during FY 2019-20:

Table 6: Companies reporting highest losses during FY 2019-20				
Company Name	Sector	Index	2018-19	2019-20
			Net Profits (in ₹ crores)	
Vodafone Idea Ltd	Telecom	Nifty Mid Cap	-14,603	-73,878
Bharti Airtel Ltd	Telecom	Nifty 50	1,687	-30,664
Yes Bank Ltd	Banking	Nifty Mid Cap	1,709	-16,432
Tata Motors Ltd.	Automobile	Nifty 50	-28,933	-10,975
Total			-40,140	-1,31,950

Figures in red colour indicate incremental losses YoY.

Directorships:

Applicable Regulations

SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 ('SEBI LODR' or SEBI Listing Regulations') have been reproduced at relevant places wherever necessary.

Legal Provisions

SEBI Listing Regulations on Board Composition of a Listed Entity.

Regulation 17. (1) The composition of board of directors of the listed entity shall be as follows:

(a) board of directors shall have an optimum combination of executive and non-executive directors with at least one woman director and not less than fifty per cent. of the board of directors shall comprise of non-executive directors;

Provided that the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020

(b) where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:

Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of directors of the listed entity shall consist of independent directors.

Table 7, indicates total number of directors (category wise as well as total) at the beginning of each of the financial year, mid-year cessations /appointments and directors at the end of each financial year. For analysis purpose Directors at the end of each financial year have been considered.

At end of year 2019-20, there were total 4,485 directors across all categories, with varying board sizes.

- the lowest being 4 directors (2 companies viz., Mishra Dhatu Nigam Ltd & REC Limited both PSUs)
- and highest being 20 directors (1 company viz., Larsen & Toubro Ltd).

Directors	2017-18				2018-19				2019-20			
	ED	NED-NID	ID	Total	ED	NED-NID	ID	Total	ED	NED-NID	ID	Total
At beginning	1,134	977	2,179	4,290	1,150	1,011	2,311	4,472	1,152	1,046	2,371	4,569
Ceased	(119)	(188)	(194)	(501)	(128)	(200)	(300)	(628)	(143)	(214)	(495)	(852)
New appointment	118	172	290	580	133	189	332	654	174	198	396	768
At End of Year	1,133	961	2,275	4,369	1,155	1,000	2,343	4,498	1,183	1,030	2,272	4,485
Accretion	-1	-16	+96	+79	+5	-11	+32	+26	+31	-16	+1	+16

It is seen that maximum addition happened in ID category in 2017-18 (96 IDs) and 32 IDs in 2018-19, as against this in previous three-year period additions were (52), 34 and 70 for FY 2014-15 to FY 2016-17 respectively. This is largely because the reforms were effective from 2014 and gradually every Board has aligned with the new regulations causing major changes in the Independent Director space.

BOARD STRENGTH

The Board of Directors of a Company must comprise of an optimum size that is commensurate with the size and operations of the Company. A Company must ensure that it has directors having relevant and adequate expertise & experience in the respective fields so that such directors can guide the Company and take well-informed decision.

The Law relating to Board strength / size:

Legal Provisions (Minimum & Maximum Directors):

SEBI Listing Regulations:

Regulation 17(1)(c) of the SEBI Listing Regulations states that:

*(c) The board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of **not less than six directors.***

Companies Act, 2013:

149. 1[(1) Every company shall have a Board of Directors consisting of individuals as directors and shall have—

*(a) a **minimum number of three directors** in the case of a public company, two directors in the case of a private company, and one director in the case of a One Person Company; and*

*(b) a **maximum of fifteen directors:***

*Provided that a company may appoint **more than fifteen directors after passing a special resolution***

While the SEBI LODR provides for higher number of minimum number of directors (6) compared to The Companies Act 2013 (3 Directors), it (SEBI LODR) does not provide maximum number of directors, while Companies Act 2013 mandates maximum 15 directors, which can be increased further through a special resolution.

What is the optimum size of the board is very difficult to say however, a very small or a very large board may not be conducive for efficient and effective operations, still one cannot attribute success or failure of any company or difference between performance of companies based on board size alone.

Business complexity as well as diversity plays a factor which may lead to the Board requiring higher number of directors.

Table 8 gives data across three years on number of directors and average board size.

Year	Companies #	Directors #	Average #
2017-18	462	4,369	9.46
2018-19	476	4,498	9.45
2019-20	486	4,485	9.23

The average Board size of the Sample Companies has witnessed steady decrease in last three years from 9.46 Directors in FY 2017-18 to 9.23 directors in FY 2019-20.

Is declining board size a conscious attempt on part of companies to have an optimum board or it is due to any other reason is extremely difficult to say, as companies do not disclose reason for such reduction and one has to do guess work. However, the reduction could be due to

- 75 year age rule for NEDs or
- limiting maximum directorships for IDs or
- downsizing to achieve cost cutting targets.

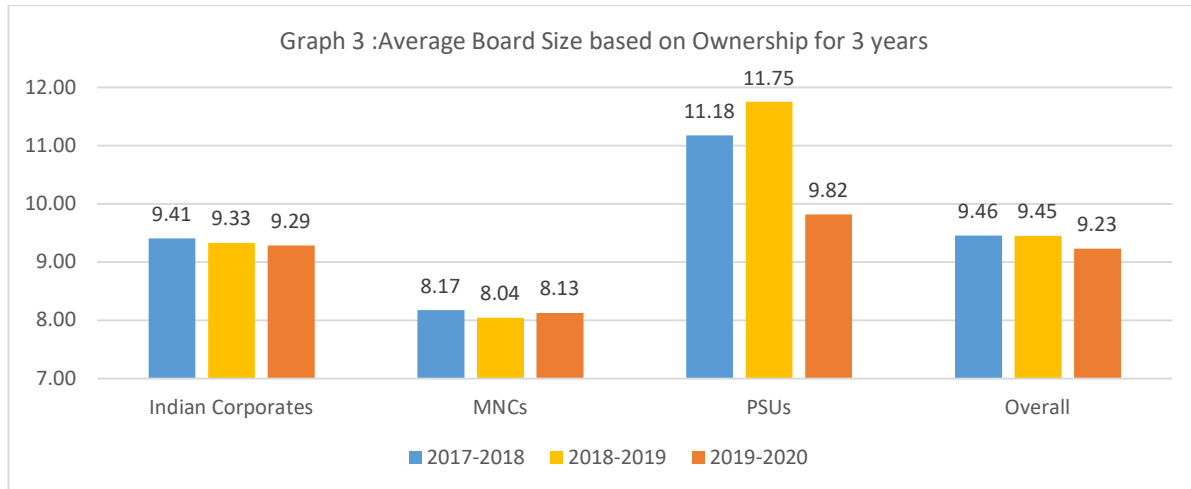
Previous 2017 Study Recap – Average Board Strength			
Table 9: Average Number of Directors			
Year	Number of Companies	Total Directors	Average
2014-15	447	4,262	9.53
2015-16	469	4,426	9.44
2016-17	480	4,508	9.39

6 years Observation:
 Board size has been reducing since past 6 years, except during FY 2017-18, where the Board size increased from 9.39 to 9.46 directors per Company.

Board size – Ownership & Index Analysis:

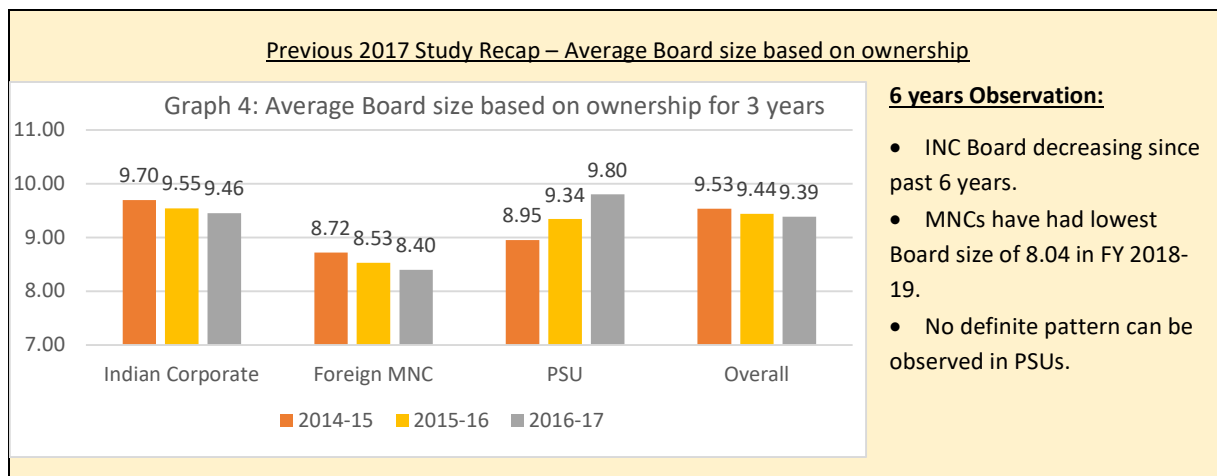
Graph 3 indicates that the average Board size has reduced significantly for PSUs in FY 2019-20 when compared with both the previous years, while for MNCs it has remained stationary and for India INC it has reduced each year.

Graph 3 provides 3 year trend of Board size in Nifty 500 Index Companies based on ownership.



On an avg., around 2 directors in PSUs have ceased in 2019-20 compared to previous year. In most of PSU reduced number is mostly because directors have not been appointed rather than any conscious decision to cut board size. This has also resulted in many PSUs being non-compliant with the Board independence requirement, which is covered in detail in the Board Independence Section. ([click here](#) to read more)

Overall, the Board size has shrunk from approx. 9.45 directors per Company in FY 2017-18 & 2018-19 to 9.25 level in FY 2019-20.

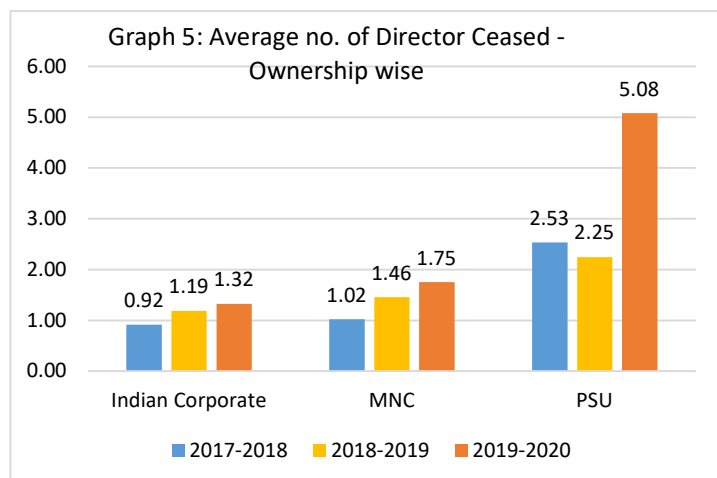


Cessation Analysis:

FY 2019-20 witnessed the highest number of cessations i.e. 852 cessations in FY 2019-20, followed by 2018-19 (628 cessations) whereas there were 499 cessations in FY 2017-18. Since, the sample size has also differed in these 3 years, therefore, an average comparison makes more sense.

Table 10 in the form of Heat Map depicts average number directors ceased in each pocket during the past 3 years based on Index and ownership.

Financial Year	2017-18			2018-19			2019-20		
Ownership	INC	MNC	PSU	INC	MNC	PSU	INC	MNC	PSU
Nifty50	1.10	1.00	4.00	1.64	0.50	2.63	1.97	2.00	7.00
Nifty Next50	0.97	1.00	2.00	1.37	0.57	2.60	1.29	1.86	4.67
Nifty Mid Cap	0.94	0.73	2.31	1.34	1.64	2.88	1.23	1.70	4.71
Nifty Small Cap	0.86	1.47	2.19	0.99	1.73	1.47	1.26	1.75	4.74
Nifty 500 Index	0.92	1.02	2.53	1.19	1.46	2.25	1.32	1.75	5.08



Cessations in PSUs have been by far the highest compared to INC and MNCs. PSUs have reported highest number of Cessations during the past 3 years. Further, the cessations in PSUs during FY 2019-20 have been more than 2 times compared to the previous 2 years.

Average Cessations in Indian Corporates and MNCs have also been increasing YoY in past 2 years (FY 2018-19 & 2019-20).

In 2017-18, Indian Corporates had cessation rate of less than 1 director (0.92) per Company while that of MNCs was 1.02. This

figure has increased in the past 3 years for both Indian Corporates and MNCs.

During 2019-20, 1.32 directors have ceased in Indian Corporates, while the same in MNCs stands at 1.75 directors per Company. In nut shell the number of directors ceased per Company has increased in all the categories, in the past 3 years (except for FY 2018-19 in PSUs).

Reasons for Cessation: Possible reasons for higher cessations could be

- Change in legislation limiting number of directorships
- Mandatory woman ID, replacing man IDs
- First 5 year cycle of ID appointments as per Companies Act 2013 getting over;
- PSUs appointing IDs for term ranging from 1-3 years instead of 5 years in other companies.
- PSUs change their IDs at the will of ministries concerned
- SEBI LODR restricting NEDs above 75 years unless Special resolution passed

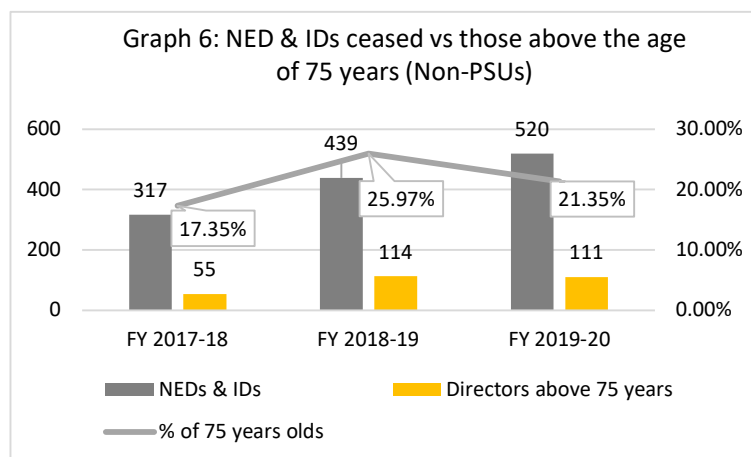
Age of NEDs: Legislative change

Legal Provisions

Regulation 17(1A) of the SEBI LODR

(1A) No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Many directors/ Companies did not seek such approval and many directors *suo-moto* relinquished their position after the law citing the spirit of law.



Graph 6, depicts the proportion of NEDs who have ceased vis-à-vis those who are above 75 years out of those ceased.

Clearly, there is a spike in FYs 2018-19 & 19-20 in the number of NEDs ceased who were also above 75 years of age, reflecting impact of legislative changes.

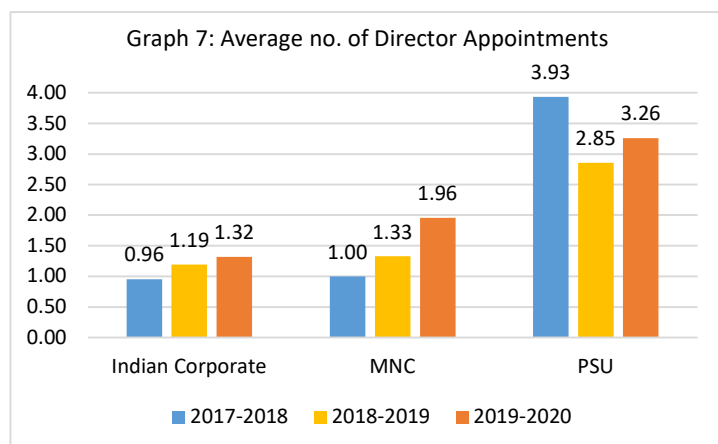
Apart from the above, no pattern or meaningful information could be gathered relating to cessations of directors, as in most of the cases the

reasons mentioned for cessation were very generic e.g. personal reason, time commitment etc.

Cessation of directors cannot be read in isolation, it must be analysed along with appointment pattern and Board size throughout the Nifty 500 Index Companies.

Appointment Analysis:

Except for PSUs, the appointment pattern across Nifty 500 Companies have witnessed a steady increase in the past 3 years.



Appointments in both INC and MNCs have increased YoY. This pattern is similar to that witnessed in cessation above. Since, the avg. appointees is similar to that of ceased directors, therefore, no major change is observed in INC and MNC sections.

However, as far as the PSUs were concerned, the appointments of directors have decreased from 3.93 directors in FY 2017-18 to 3.26 directors in FY 2019-20.

The Table 11 presents a holistic picture of cessation and appointments and net accretion rate in different categories during the past 3 years. Nothing much has changed in INC and MNCs, however, PSUs had a positive net accretion of almost 2 directors per Company in aggregate in FY 2017-18 & 2018-19, however, two years accretion in Board size in PSU reversed in FY 2019-20.

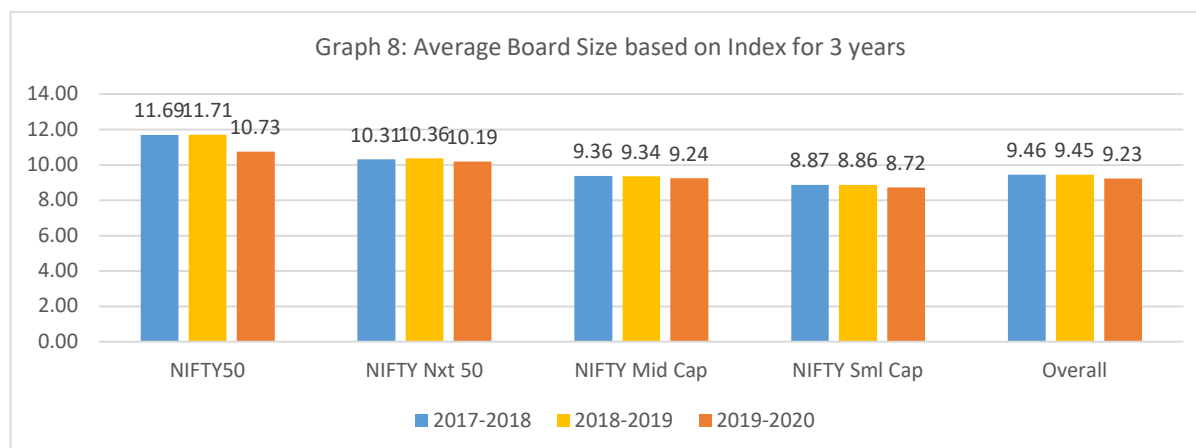
Year	Indian Corporates			MNC			PSU		
	C	A	AC	C	A	AC	C	A	AC
2017-18	0.92	0.96	0.04	1.02	1.00	-0.02	2.53	3.93	1.40
2018-19	1.19	1.19	0.01	1.46	1.33	-0.13	2.25	2.85	0.60
2019-20	1.32	1.32	-0.01	1.75	1.96	0.21	5.08	3.26	-1.82

C - Cessation, A - Appointment, AC - Net Accretion

Average Board size for the past 3 years has been provided in a Heat Map in Table 12 across all spectrum. The data very clearly shows that board size has positive correlation with Market Capitalization, higher the market capitalization, higher the average board size with two exceptions MNC & PSU in 2018-19 & 2019-20 in NIFTY 50, NIFTY Next 50 & Nifty Mid Cap categories.

Financial Year	2017-18			2018-19			2019-20		
	INC	MNC	PSU	INC	MNC	PSU	INC	MNC	PSU
Nifty50	11.3	9.0	14.1	11.3	9.0	14.3	10.8	8.5	11.0
Nifty Next50	10.5	8.6	11.4	10.4	9.7	10.8	10.5	9.9	9.0
Nifty Mid Cap	9.3	8.4	11.2	9.3	8.1	11.6	9.4	8.1	10.1
Small Cap	8.9	7.6	9.6	8.8	7.0	11.1	8.8	7.4	9.4
Nifty 500 Index	9.4	8.2	11.2	9.3	8.0	11.8	9.3	8.1	9.8

Nifty 50 Companies have the highest average Board size compared to the remaining 3 categories, followed by Nifty Next 50, Nifty Mid cap and Nifty Small Cap Companies.



Nifty 50 has the highest Board size at almost 11 directors and the Board size keeps decreasing as we move down the spectrum.

Table No 13 & 14, list companies with Largest and Smallest Board size for FY 2019-20.

Table 13: Largest Boards (FY 2019-20)					Table 14: Smallest Board (FY 2019-20)			
S. No	Company Name	Category	#	Index	Company Name	Category	#	Index
1	Larsen & Toubro Ltd	INC	20	Nifty 50	Mishra Dhatu Nigam Ltd	PSU	4	Small Cap
2	Indian Oil Corporation	PSU	18	Nifty 50	REC Limited	PSU	4	Mid Cap
3	Jagran Prakashan Ltd	INC	18	Small Cap	SpiceJet Ltd	INC	5	Small Cap
4	DLF Ltd	INC	17	Next 50	55 Companies had a Board size of 6 directors during FY 2019-20.			
5	Aarti Industries Ltd	INC	16	Small Cap				
6	Century Plyboards Ltd	INC	16	Mid Cap				
7	PTC India Ltd	PSU	16	Small Cap				
8	Emami Limited	INC	16	Mid Cap				
9	Ambuja Cements Ltd.	INC	15	Next 50				
10	Bajaj Auto Ltd	INC	15	Nifty 50				

#: No. of Directors on the Board.

While Table 12 indicates that on average large Companies generally tend to have a large Board size, the Table 13 indicate that large board size is not limited to Large Cap index only as few Small Caps such as Jagran Prakashan and PTC India are in the ten largest board size list.

Board size: Non-Compliance

In the Sample, 3 companies (Table 15) had board which did not meet regulatory requirement of minimum 6 directors of SEBI LODR. Of these 2 are PSUs and 1 Indian Corporates. Except REC Ltd, remaining 2 are forming part of Nifty Small Cap Companies.

Board size distribution in Nifty 500 Companies across past 3 years. (Table 15)

No. of Directors	FY 2017-18		FY 2018-19		FY 2019-20	
	#	%	#	%	#	%
0-5	17	3.68%	12	2.52%	3	0.62%
6 to 8	156	33.77%	178	37.39%	211	43.42%
9 to 12	243	52.60%	243	51.05%	234	48.15%
13 to 15	33	7.14%	30	6.30%	30	6.17%
above 15	13	2.81%	13	2.73%	8	1.65%
Total	462	100%	476	100%	486	100%

Data from Table 15 clearly shows impact of minimum 6 directors' rule, whereas there were 17 companies having less than 6 directors in 2017-18, the number fell to only 3 in 2019-20. The Board size is getting trimmed over last three years. Till 2017-18 there were about 37% companies having board size up to 8, in 2019-20 the number went upto 44%. Only 1.65% companies had board size of 15+ directors in 2019-20 against 2.81% in 2017-18.

Table 16-21 Lists 3 Companies with highest and lowest number of Directors in each ownership category INC, MNC and PSUs during FY 2019-20:

Company name	Index	No. of Directors
Larsen & Toubro Ltd	Nifty 50	20
Jagran Prakashan	Small Cap	18
DLF Ltd	Next 50	17

Company name	Index	No. of Directors
SpiceJet Ltd	Small Cap	5
Adani Gas Limited	Mid Cap	6
Omaxe Ltd	Small Cap	6

Company name	Index	No. of Directors
Cummins India Limited	Mid Cap	12
Siemens Limited	Next 50	12
Bosch Ltd	Next 50	11

Company name	Index	No. of Directors
ABB Power Products and Systems India Ltd	Small Cap	6
Affle (India) Ltd	Small Cap	6
Esab India Limited	Small Cap	6

Company name	Index	No. of Directors
Indian Oil Corporation	Nifty 50	18
Oil India Ltd	Mid Cap	14
Bharat Electronics Ltd	Mid Cap	13

Company name	Index	No. of Directors
Mishra Dhatu Nigam	Small Cap	4
REC Limited	Mid Cap	4
National Fertilizers Ltd.	Small Cap	6

BOARD COMPOSITION BALANCE

Boards should ideally have a right balance of different category of members, however it is difficult to prescribe what could be an optimum composition of the Board. Yet it can be safely said that a board with diversified experience & expertise, a mixture of youth and old with gender diversity is likely to be more effective given the role and expectation that the stakeholders have from the Board.

Optimum composition of the Board: Relevant parameters

- Executive & Non-Executive distribution,
- Board Independence,
- Tenure/ Association of Directors,
- Promoter and Non-Promoter Directors,
- Chairman
- Managing Director,
- Gender Diversity,
- Expertise and Educational background,
- Age,
- Time Commitments of Directors (Number of directorships).

This Report has analysed Nifty 500 Index Companies Board Composition on the each of the above parameters.

EXECUTIVE & NON-EXECUTIVE POSITION :

Table 22 depicts Board composition of Sample based on directorship ED, NED-NID & ID for three-year period.

Nature of Directorship	FY 2017-18		FY 2018-19		FY 2019-20	
	Number	Percentage	Number	Percentage	Number	Percentage
ED-NP	648	14.83%	670	14.90%	703	15.67%
EDP	485	11.10%	485	10.78%	480	10.70%
Total EDs	1,133	25.93%	1,155	25.68%	1,183	26.38%
NED-NP	565	12.93%	581	12.92%	597	13.31%
NEDP	396	9.06%	419	9.32%	433	9.65%
Total NEDs	961	22.00%	1,000	22.23%	1,030	22.97%
ID	2,275	52.07%	2,343	52.09%	2,272	50.66%
Overall Total	4,369	100.00%	4,498	100.00%	4,485	100.00%

ED – Non-Promoter Executive Director, EDP – Promoter Executive Director, NED – Non-Executive Non-Independent Director, NEDP – Promoter Non-Executive Non-Independent Director, ID – Independent Director.

The increase in total number of directors in 2019-20 over 2017-18 is 116 directors (around 3%), the increase was mainly on account of increase in 50 EDs, 69 NED-NID and marginal decrease in IDs by 3. Although number of companies in Sample increased by 24 Companies or 5%, confirming earlier observation on trimming of board size.

In ED category majority of increase was in ED NP category (55). Does this indicate that promoters are giving up executive position? Or more number of professionally managed companies have entered our sample?

IDs have declined both in numbers as well as in % terms. Their number fell by only 3 but in percentage terms fell by more than 1.40 in FY 2019-20 YoY. Once again PSUs seems to have played spoil sport, therefore analysis without PSUs is in Table 23

Nature of Directorship	FY 2017-18		FY 2018-19		FY 2019-20	
	Number	Percentage	Number	Percentage	Number	Percentage
ED-NP	466	12.05%	466	11.85%	501	12.54%
EDP	485	12.55%	485	12.33%	480	12.02%
Total EDs	1,133	25.93%	1,155	25.68%	1,183	26.38%
NED-NP	479	12.39%	484	12.30%	495	12.39%
NEDP	396	10.24%	419	10.65%	433	10.84%
Total NEDs	961	22.00%	1,000	22.23%	1,030	22.97%
ID	2,040	52.77%	2,080	52.87%	2,085	52.20%
Total	3,866	100%	3,934	100%	3,994	100%

Table 23 data reveals that EDP numbers and percentage both have come down. This probably is an indication that:

- Companies are opting to induct Professional Executive Directors; or
- Promoters are opting to take the Chairmanship role due to the SEBI amendment (w.e.f. 1st April, 2022) to segregate the Chairman and MD position; [Click here](#) to read the Chairman analysis.

Legal Provisions

Regulation 17 of SEBI LODR

(1B). With effect from April 1, 2022, the top 500 listed entities shall ensure that the Chairperson of the board of such listed entity shall –

(a) be a non-executive director;

(b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013

Previous 2017 Study Recap – Average Board size based on ownership

Nature of Directorship	FY 2014-15		FY 2015-16		FY 2016-17	
	Number	Percentage	Number	Percentage	Number	Percentage
ED-NPs	603	14.15%	605	13.67%	616	13.66%
EDP	546	12.81%	557	12.58%	575	12.76%
Total EDs	1149	26.96%	1162	26.25%	1191	26.42%
NED-NPs	347	8.14%	379	8.56%	365	8.10%
NEDP	614	14.41%	622	14.05%	626	13.89%
Total NEDs	961	22.55%	1001	22.61%	991	21.99%
ID	2,152	50.49%	2,263	51.13%	2,326	51.60%
Total	4,262	100.00%	4,426	100.00%	4,508	100.00%

6 years Observations:

- No significant change in the Board composition in past 6 years.
- Total EDs have remained in 26-27% range.
- Total NEDs have remained in the range of 22%.
- IDs have remained in the range of 50-52%.

Distribution: Category of Directors

Executive Director Distribution:

No. of Directors	2017-18		2018-19		2019-20	
	#	%	#	%	#	%
None	11	2.38%	17	3.57%	11	2.26%
1	129	27.92%	132	27.73%	143	29.42%
2	126	27.27%	137	28.78%	139	28.60%
3	104	22.51%	88	18.49%	87	17.90%
4 and above	92	19.91%	102	21.43%	106	21.81%
Total	462	100%	476	100%	486	100%

11 Companies did not have any Executive Directors as at the end of FY 2019-20.

Almost 29% Companies had 1 ED on their Board and around same percentage had 2 EDs on their Board.

22% Companies had 4 or more directors on their Board.

On an overall basis, around 60% of Nifty 500 Index Companies had 2 or lesser EDs on their Board.

Out of 87 Companies having 3 EDs on their Board, 76 belong to Indian Corporates. These 76 Companies employ 228 EDs (76 x 3) and out of these 228, 140 are EDPs and 88 are Professional EDs.

Companies with 4 EDs or more:

Table 26 has distribution of companies with 4 EDs or more

If we do a micro-analysis between EDP vs ED-NPs within the 69 Indian Corporates with 4 or more EDs, we

Financial Year	2017-18		2018-19		2019-20	
	#	%	#	%	#	%
INC	63	68%	62	61%	69	65%
MNC	2	2%	3	3%	1	1%
PSU	27	29%	37	36%	36	34%
Total	92	100%	102	100%	106	100%

observe that:

- There are around 319 EDs in these 69 Companies in Indian Corporates.
- Out of these 319, 203 are Promoter EDs and remaining 116 are ED-NPs.

Therefore, the ratio of EDPs to EDNPs is almost 2x.

Ownership	# with more than 4 EDs	Total Companies in Index	%
Nifty 50	16	49	32.65%
Nifty Next 50	10	48	20.83%
Nifty Mid Cap	34	147	23.13%
Nifty Small Cap	46	242	19.01%
Nifty 500 Index	106	486	21.81%

Table 27 categories Companies having 4 or more EDs on an Index basis.

Except Nifty 50, where 30% Companies are having 4 or more EDs, rest all index have around 20% Companies which comprise of 4 EDs on their Board.

On an aggregate basis, 106 Companies out of 486 have 4 or more EDs on their Board.

Table 28 lists Companies (non-PSUs) having maximum number of EDs on the Board of their Companies during FY 2019-20.

Name of the Company	Board Size	EDs #	ED %	Promoter EDs
Aarti Industries Ltd	16	8	50%	5
Century Plyboards (India) Ltd	16	8	50%	7
Emami Limited	16	7	44%	7

Non-Executive Non ID Director Distribution:

No. of Directors	FY 2017-18		2018-19		2019-20	
	#	%	#	%	#	%
None	48	10.39%	52	10.92%	48	9.88%
1-2	258	55.84%	265	55.67%	274	56.38%
3-4	134	29.00%	129	27.10%	138	28.40%
5-6	21	4.55%	30	6.30%	24	4.94%
Above 6	1	0.22%	0	0.00%	2	0.41%
Total	462	100%	476	100%	486	100%

Almost 10% of the Companies in FY 2019-20 had no NED-NIDs on their Board. These Board comprised of only IDs & EDs.

56% Companies had 1 or 2 NEDs on their Board and 28% Companies had 3-4 NEDs on their Board.

85% of the Companies had 1 to 4 NEDs on their Board during past 3 years. Remarkably the distribution has been almost unchanged across three year period.

Independent Director Distribution:

No. of Directors	FY 2017-18		2018-19		2019-20	
	#	%	#	%	#	%
None	0	0%	0	0%	2	0.41%
1-2	17	3.68%	15	3.15%	23	4.73%
3-4	170	36.80%	187	39.29%	206	42.39%
5-6	213	46.10%	204	42.86%	198	40.74%
Above 6	62	13.42%	70	14.71%	57	11.73%
Total	462	100%	476	100%	486	100%

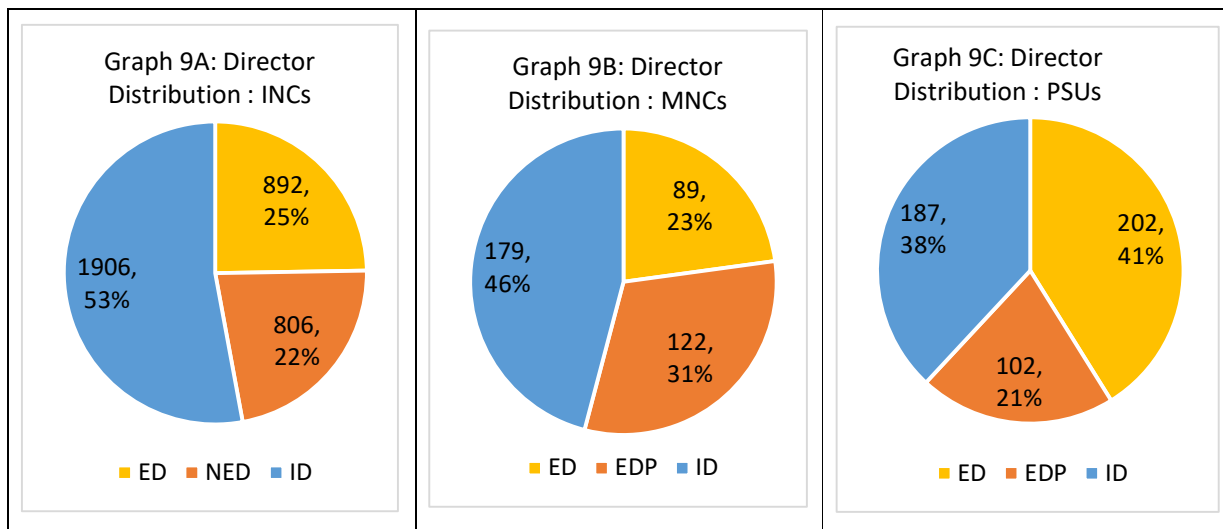
There were no Companies without any Independent Directors on their Board during FY 2017-18 & 2018-19.

However, during FY 2019-20, 2 Companies did not have any IDs on their Board. These are Yes Bank and REC Ltd. While, REC is a PSUs, Board of Yes Bank was superseded by RBI in March. Even till March 2021, no IDs

were appointed in Yes, Bank.

Further, majority of the Companies had at least 5 Independent Directors on their Board during past 3 years.

Graph 9 (A, B & C) gives distribution of ED, NEDs & IDs for FY 2019-20 based on ownership:



MNCs and Indian Corporates have almost same percentage of Executive Directors 2019-20, which is approx. 1/4th of the total Board size.

However, in case of PSUs, the percentage of EDs is much higher at 41%, almost 65% higher compared to Indian companies. More than 1/3rd of the Board of Directors comprise of Executive Directors. It is generally observed that PSUs induct their 'Vertical Heads' on the Board in executive capacity. Indian Oil Corporation for FY 2019-20, had 7 EDs including Director (Finance), Director (HR), Director (Marketing), and so on. Therefore, PSUs end up having a higher proportion of EDs on their Board. In addition, many PSUs do not meet requirement relating to IDs, hence the data is distorted.

Graph 9C also suggests lower proportion of IDs in PSUs when compared with that of INCs and MNCs, which is mainly due to many PSUs being non-compliant.

Out of the above distribution, the data for 2019-20 is further examined to find if the pattern is any different based on ownership.

Table 31 & 32 shows bifurcation of various type of director (excluding IDs) both Promoter and Non-Promoter in MNCs, PSUs and Indian Corporates for 2019-20.

Nature of Directorship	Indian Corporate		MNC		PSU	
	#	%	#	%	#	%
ED-NP	422	47.31%	79	88.76%	202	100.00%
EDP	470	52.69%	10	11.24%	*	0.00%
Total	892	100%	89	100%	202	100%

**All directors in PSUs are considered Non-Promoters, since they are holding office only in their professional capacity.*

It can be seen that while most of the EDs in MNC's are Non-Promoters whereas in case of INCs, Promoter EDs outnumber Non-Promoter EDs.

Nature of Directorship	Indian Corporate		MNC		PSU	
	#	%	#	%	#	%
NED-NP	414	51.37%	81	66.39%	102	100.00%
NEDP	392	48.63%	41	33.61%	*	0.00%
Total	806	100%	122	100%	102	100%

**All directors in PSUs are considered Non-Promoters, since they are holding office only in their professional capacity.*

As far as Non-Executive Directors are concerned, there is vast difference in the proportion of Promoter and Professional in MNCs and Indian Corporates. The NED and NEDP in Indian Corporates are almost 50% each, however, in case

of MNCs, it can be seen that Professional NEDs are almost twice the percent compared to Promoter NEDs.

Directorship distribution based on index:

Table 33 captures various categories of directors based on 4 Index of Nifty.

Nature of Directorship	Nifty 50		Nifty Nxt 50		Nifty Mid Cap		Nifty Small Cap		Nifty 500 Index	
	Number	%	Number	%	Number	%	Number	%	Number	%
ED	117	22.24%	78	15.95%	225	16.56%	283	13.41%	703	15.67%
EDP	23	4.37%	42	8.59%	139	10.23%	276	13.07%	480	10.70%
Total EDs	140	26.62%	120	24.54%	364	26.78%	559	26.48%	1,183	26.38%
NED	69	13.12%	69	14.11%	191	14.05%	268	12.70%	597	13.31%
NEDP	44	8.37%	62	12.68%	127	9.35%	200	9.47%	433	9.65%
Total NEDs	113	21.48%	131	26.79%	318	23.40%	468	22.17%	1,030	22.97%
ID	273	51.90%	238	48.67%	677	49.82%	1,084	51.35%	2,272	50.66%
Total	526	100%	489	100%	1,359	100%	2,111	100%	4,485	100

Table 33 data reveals that Nifty 50 has the highest Board Independence across 4 Indices and has highest percentage of Professional EDs (see table 34). Board Independence stands almost at 52% in Nifty 50, however, what is surprising is that second spot for Board Independence is taken by Nifty small cap Companies.

The data in table 33 reveals as one goes down the market cap, promoter dominance on the Board increases, for example in NIFTY 50 EDPs and NEDPs were only 12.74% much lower than NIFTY 500 figure of 20.35%, whereas in small cap the number increases to 22.54%

Nature of Directorship	Nifty 50		Nifty Nxt 50		Nifty Mid Cap		Nifty Small Cap		Nifty 500 Index	
	Number	%	Number	%	Number	%	Number	%	Number	%
ED-NP	117	83.57%	78	65.00%	225	61.81%	283	50.63%	703	59.43%
EDP	23	16.43%	42	35.00%	139	38.19%	276	49.37%	480	40.57%
Total ED	140	100%	120	100%	364	100%	559	100%	1,183	100%

Executive Directors comprise of about 1/4th of the Board size in all 4 Index (Table 33). However, the interesting fact is that percentage of promoter EDs is increasing as one moves down the list based on Market Cap.

For instance, ED-NP/EDP ratio in Nifty 50 Companies is more than 5 times, while the same in Nifty Small Cap is about 1.03 times only (Table 34). And overall ED-NP/EDP for Nifty 500 Index stands at around 1.5 times.

To check whether higher Non-Promoter ED % is due to the fact that Nifty 50 houses many Professional Companies which do not have any identified Promoters such as HDFC, HDFC Bank, ITC, ICICI Bank, L&T, etc. Table 35 analysed NIFTY 50 Index Companies composition by ownership criteria.

Nature of Directorship	INC-Promoter dominated		INC-Professional		MNC		PSU	
	Number	%	Number	%	Number	%	Number	%
ED-NP	55	71%	17	100%	6	100%	39	100%
EDP	23	29%	0	0%	0	0%	0	0%
Total ED	78	100%	17	100%	6	100%	39	100%

All the EDPs form part of the INC (Non-Professional or Promoter dominated) category. None of the other categories of Companies had any Promoter Executive Director.

Table 36: Non-Executive Director (P vs NP) distribution based on Index basis								
Nature of Directorship	Nifty 50		Nifty Nxt 50		Nifty Mid Cap		Nifty Small Cap	
	Number	%	Number	%	Number	%	Number	%
NED-NP	69	61.06%	69	52.67%	191	60.06%	268	57.26%
NEDP	44	38.94%	62	47.33%	127	39.94%	200	42.74%
Total NED	113	100%	131	100%	318	100%	468	100%

Not much could be read into NEDs analysis, as Nifty 50 and Nifty Small Cap both share almost similar ratio of NED/ NEDP ratio.

Table 37 Nifty 50 NED vs NEDP distribution (excluding IDs)								
Nature of Directorship	INC-Promoter dominated		INC-Professional		MNC		PSU	
	Number	%	Number	%	Number	%	Number	%
NED-NP	45	51%	8	100%	0	-	16	100%
NEDP	44	49%	0	-	0	-	0	-
Total NED	89	1	8	1	0	-	16	1

Observation in NEDs is also similar to that of EDs. There are no NEDPs in categories other than INC (Non-Professional or Promoter dominated).

Also, there are no NEDs in MNCs (Nestle and HUL) as Board of Companies in Nifty 50 comprise of only EDs and IDs.

BOARD INDEPENDENCE:

The Board of a Company must comprise of optimum number of Independent Directors so that the decisions of the Board are conflict free. Board Independence is governed by provisions of Companies Act 2013 and SEBI LODR:

Legal Provisions

Section 149(4) of the Companies Act 2013:

*Every listed public company shall have **at least one-third of the total number of directors as independent directors** and the Central Government may prescribe the minimum number of independent directors in case of any class or classes of public companies.*

Regulation 17 of the SEBI LODR:

(1) The composition of board of directors of the listed entity shall be as follows:

(a) ----

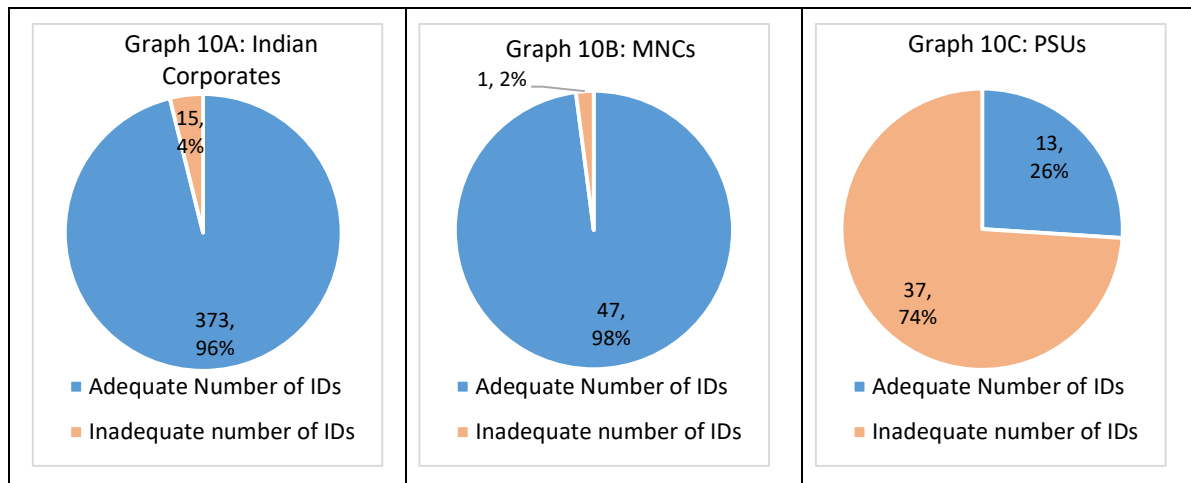
Provided that the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020;

.....

(b) where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors and where the listed entity does not have a regular non-executive chairperson, at least half of the board of directors shall comprise of independent directors:

The law requires that at least 50% of the Board must consists of Independent Directors if the Chairman of the Company is an ED or is NEDP or related to Promoters. it is noticed that during FY 2019-20, certain Companies have failed to comply with SEBI LODR provisions.

The Graph 10 (A. B & C) depicts Board Independence status of Sample Companies based on ownership for FY 2019-20, both percentage and in number terms.



As on 31st March 2020, 37 out of the 50 PSUs were having inadequate number of Independent Directors on the Board. Only 26% of PSUs had adequate number of IDs on the Board, while as much as 74% were short of requisite number of IDs.

Ideally, PSUs being Govt. owned must set the benchmark of good corporate governance norms, for other companies to follow however, the ground reality is completely opposite, rather than being leaders they are laggards.

The Secretarial Auditors have time and again, highlighted the non-compliance in PSU. It is argued on behalf of PSUs that the onus of appointing IDs on the Board lies with the respective Ministry and companies cannot be faulted. This reflects poor Corporate Governance practice and one of the major compliance issues.

As far as Indian Corporates are concerned, 4% (15) of the total Companies (388) are short of requisite number of IDs as on March 2020 (Refer Graph 10A).

MNCs have fared the best out of all the Sample Companies. Only one Company (Grindwell Norton) was short of requisite number of IDs on the Board.

Top 10 PSUs with least percentage of IDs Table 38:

S. No	Name of the PSU	Legal Requirement	Independence %
1	REC Limited	50%	0%
2	NBCC (India) Ltd.	50%	14%
3	National Fertilizers Ltd.	50%	17%
4	ONGC	50%	18%
5	BPCL	50%	22%
6	MMTC Ltd.	50%	22%
7	NMDC Ltd	50%	22%
8	NALCO Ltd.	50%	22%
9	SJVN limited	50%	22%
10	Coal India Ltd.	50%	22%

All the Companies in Table 38 were short of appointing requisite number of Independent directors on their Board. These were short of requisite IDs not only as on March 2020 as also in June and Sept 2020 quarter.

Among the non-compliant companies were 3 Nifty 50 Companies which ideally must represent creme de la creme of Indian Corporates.

Further, it was observed that 16 Non-PSU companies had inadequate number of IDs on their Board as on 31st March, 2020. Whether

these 16 were compliant or non-compliant is analysed in Table 39.

Legal Provisions

Regulation 25(6) of the SEBI Listing Regulations

An independent director who resigns or is removed from the board of directors of the listed entity shall be replaced by a new independent director by listed entity at the earliest but not later than the immediate next meeting of the board of directors or three months from the date of such vacancy, whichever is later:

As the law does provide time for appointment in case of casual vacancy and majority of these 16 companies appointed IDs in time to meet the regulatory norm they remained compliant with the law. Table 39, list out MNCs and Indian Corporates that were not having requisite proportion of IDs as on 31st March 2020:

S. No.	Company Name	Chairman	Index	INC / MNC	% ID as on 31 st March, 2020	Status as on 30 th Sept, 2020*
1	Yes Bank Ltd	NED	Mid Cap	INC	0%	Non-Compliant
2	Hindustan Zinc Ltd	NEDP	Nifty Nxt 50	INC	29%	Non-Compliant
3	Petronet LNG Ltd	NEDP	Nifty Nxt 50	INC	38%	Non-Compliant
4	Sundaram Finance Ltd	NEDP	Mid Cap	INC	42%	Compliant
5	Jai Corp Ltd	NEDP	Small Cap	INC	43%	Compliant
6	Tasty Bite Eatables Ltd	NEDP	Small Cap	INC	43%	Non-Compliant
7	Maruti Suzuki India Ltd	NED	Nifty50	INC	27%	Compliant
8	Adani Ports & SEZ Ltd	EDP	Nifty50	INC	44%	Compliant
9	Finolex Cables Ltd	EDP	Small Cap	INC	45%	Compliant
10	Godrej Industries limited	NEDP	Mid Cap	INC	45%	Compliant
11	L&T Infotech Ltd	NEDP	Nifty Nxt 50	INC	45%	Compliant
12	Aster DM Healthcare Ltd	EDP	Small Cap	INC	45%	Compliant
13	Gujarat Fluorochemicals Ltd	NEDP	Small Cap	INC	45%	Non-Compliant
14	Alok Industries	ID	Small Cap	INC	29%	Compliant
15	Bajaj Auto Ltd	NEDP	Nifty50	INC	47%	Compliant
16	Grindwell Norton Ltd	ID	Small Cap	MNC	30%	Non-Compliant

Six companies including 1 MNC, were found non-compliant with requisite number of IDs on their Board even as on 30th Sept, 2020, which is a clear case of non-compliance, of which 3 Companies (Yes Bank Ltd, Hindustan Zinc Ltd & Petronet LNG Ltd) have direct / indirect involvement of the Govt.

For rest viz., Tasty Bite Eatables Limited, Gujarat Fluorochemicals Ltd and Grindwell Norton Ltd buck stops at the Company's door steps for non-compliance.

Index Basis – Independence

Table 40 depicts Board independence data in the form of Heat map on the basis of Index.

Index / Year	Aggregate Average **			Average of Company independence %***		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Nifty 50	53.93%	54.36%	51.90%	54.58%	55.17%	52.08%
Nifty Next 50	48.71%	50.10%	48.67%	47.60%	49.36%	48.38%
Nifty Mid Cap	52.27%	52.12%	49.82%	52.39%	52.21%	49.55%
Nifty Small Cap	52.19%	51.91%	51.35%	52.32%	52.01%	51.44%
Nifty 500 Index	52.07%	52.09%	50.66%	52.12%	52.13%	50.63%

** Aggregate average- total IDs/ Total Directors
 *** Average of % of all companies- Company % = IDs in Company/ Total Directors in the Company.

During FY 2019-20, Nifty 50 and Small Cap has had the highest and second highest rank on both aggregate and per company basis.

Since, there isn't much difference between independence percentage during FY 2019-20 on both total director and per Company basis, indicates that Board independence is quite evenly distributed within that particular index.

On an overall basis, independence in across all spectrums has decreased in FY 2019-20 and has been lowest when Compared on the basis of total director or per Company average. The data on independence as given in Table 40 is a bit distorted due to non-compliance at PSU level.

Table 41 has distribution of IDs in Sample companies excluding PSUs.

Index / Year	Aggregate Average **			Average of Company independence %***		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Nifty 50	55.22%	56.09%	54.79%	55.91%	56.31%	55.09%
Nifty Next 50	49.14%	50.81%	49.66%	48.05%	50.06%	49.39%
Nifty Mid Cap	53.03%	52.46%	51.43%	53.09%	52.40%	51.18%
Nifty Small Cap	52.80%	52.82%	52.66%	52.93%	52.72%	52.79%
Nifty 500 Index	52.07%	52.87%	52.20%	52.80%	52.75%	52.20%

** Aggregate average- total IDs/ Total Directors
 *** Average of % of all companies- Company % = IDs in Company/ Total Directors in the Company.

Among the bad boys, there were good boys as well who went beyond statutory requirement and had board independence well above 50% (33%) requirement.

Table 42, list companies which have highest percentage (75% or more) of independent Directors on their

S. No	Company Name	Index	No of IDs	Total Directors	%
1	City Union Bank Limited	Mid Cap	9	10	90%
2	The Ramco Cements Ltd	Mid Cap	6	7	86%
3	Capri Global Capital Limited	Small Cap	5	6	83%
4	CARE Ratings Limited	Small Cap	5	6	83%
5	Dr. Reddy's Laboratories Ltd	Nifty50	8	10	80%
	KEC International Ltd	Small Cap	8	10	80%

Board. All of the companies belong to Indian Corporates category. City Union Bank Ltd. has a board which has 90% of IDs, followed by The Ramco Cements Ltd which has 86% Board independence.

Table 43 lists Top 5 Companies with highest number of Independent Directors on their Board – FY 2019-20.

Company Name	Nifty Index	ID Count	Number of Directors	ID %
Larsen & Toubro Ltd	Nifty 50	10	20	50.00%
Bandhan Bank Ltd	Next 50	9	12	75.00%
HCL Technologies Ltd	Nifty 50	9	12	75.00%
City Union Bank Ltd	Mid Cap	9	10	90.00%
Jagran Prakashan Ltd	Small Cap	9	18	50.00%

Although, Larsen & Toubro has only 50% of their Board as Independent Directors, however, since they have the largest Board in Nifty 500 Index Companies, therefore, L&T is at the top of the list.

The List has 2 Banks which have over 75% (City Union Bank has 90%) of their Board as IDs.

Table 44 to 47 provide Top 5 Companies with highest number of Independent Director within each Index.

Table 44: Top 5 Companies with highest number of IDs (Nifty 50)				
Company Name	Ownership	Directors	IDs	ID %
Larsen & Toubro Ltd	INC	20	10	50.00%
HCL Technologies Ltd	INC	12	9	75.00%
Dr. Reddy's Laboratories Ltd	INC	10	8	80.00%
ICICI Bank Ltd	INC	12	8	66.67%
Indian Oil Corporation Ltd.	PSU	18	8	44.44%

Table 45: Top 5 Companies with highest number of IDs (Nifty Next 50)				
Company Name	Ownership	Directors	IDs	ID %
DLF Ltd	INC	17	9	52.94%
Bandhan Bank Ltd	INC	12	9	75.00%
Piramal Enterprises Ltd	INC	13	8	61.54%
Dabur India Ltd	INC	13	7	53.85%
Godrej Consumer Products Ltd	INC	14	7	50.00%

Table 46: Top 5 Companies with highest number of IDs (Nifty Mid Cap)				
Company Name	Ownership	Directors	IDs	ID %
City Union Bank Limited	INC	10	9	90.00%
Aarti Industries Ltd	INC	16	8	50.00%
Emami Limited	INC	16	8	50.00%
Glenmark Pharmaceuticals Ltd	INC	12	8	66.67%
Bharat Forge Ltd.	INC	14	7	50.00%

Table 47: Top 5 Companies with highest number of IDs (Nifty Small Cap)				
Company Name	Ownership	Directors	IDs	ID %
Jagran Prakashan Ltd	INC	18	9	50.00%
Century Plyboards (India) Ltd	INC	16	8	50.00%
DCB Bank Limited	INC	13	8	61.54%
K E C International Ltd	INC	10	8	80.00%
PTC India Ltd	INC	16	8	50.00%

TENURE/ ASSOCIATION OF DIRECTORS

Law restricts tenure of IDs, however there is no law relating to tenure of Non-Independent directors except in case of Banks where until recently tenure restriction applied to all director except Chairperson and EDs.

Independent Directors

Companies Act 2013 ('the Act') in the year 2014 introduced a concept of Independent Director for the first time. Amongst many factors prescribed to determine independence of director, the Act prescribed that an ID cannot be appointed for more than 2 terms of up to 5 years each. The idea was that prolonged association of the ID with the Company adversely impacts independence of the ID.

Legal Provisions

Section 149 of Companies Act 2013

(10) Subject to the provisions of section 152, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.

(11) Notwithstanding anything contained in sub-section (10), no independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director:

While it remains a debatable point whether long tenure impacts independence or not, yet association or tenure is the best quantitative measure until a better measure is found.

The Companies Act, 2013 excludes any tenure prior to 1st April 2014 for calculating association of IDs with the Company for 2 terms of up to 5 years each. This means that a person associated with a Company as an Independent Director for any length of time prior to 31st March, 2014, can effectively serve for another 10 years on the Board of the same Company. While, such re-appointment is permitted under the law, it is not in consonance with the spirit behind the statute.

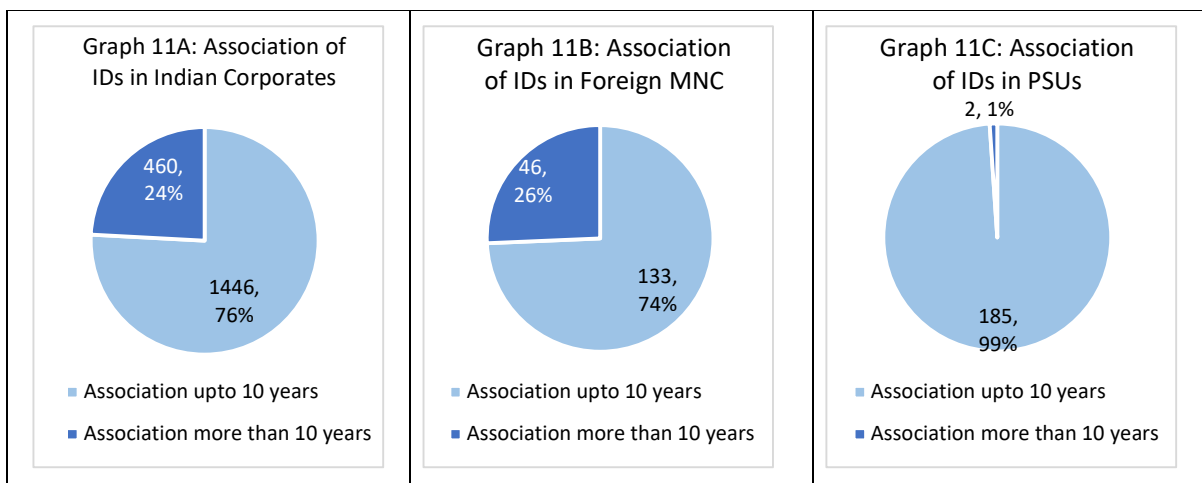
Table 48 depicts average association of IDs with their Company. Table categorises association based on ownership and Index for past 3 years. Tenure of the director with the Group Company is also considered as association for the purpose of this Report. Therefore, one can say that the data depicts both direct and indirect association of the director with the Company.

Financial Year	2017-18			2018-19			2019-20			
	Ownership	INC	MNC	PSU	INC	MNC	PSU	INC	MNC	PSU
Nifty50		9.45	7.60	2.09	8.35	8.00	2.13	7.21	6.73	2.45
Nifty Next 50		7.52	16.19	1.77	7.34	12.47	1.96	6.94	9.29	1.86
Nifty Mid Cap		8.20	9.01	2.38	7.49	8.92	2.55	6.87	8.43	2.68
Nifty Small Cap		8.43	11.68	2.14	8.06	10.46	2.23	7.40	7.91	2.12
Nifty 500 Index		8.42	10.82	2.17	7.87	9.94	2.30	7.19	8.32	2.35

In case of Non-PSU Companies, the average ID association is between 7 to 11 years. This average has been reducing over the past 3 years in Nifty 500 Index Companies. However average association was highest in case of MNC across all indices with the exception of NIFTY 50 companies.

On the contrary, association of IDs in PSU is hardly even 3 years.

As averages can hide extreme points of data, Graphs 11 (A, B & C) depicts association of less than 10 years or more than 10 years of IDs across Companies with different ownerships for FY 2019-20:



As on 31st March, 2020, around 1/4th of total Independent Directors in Indian Corporates and MNCs were associated with the Company for more than 10 years, indicating that only 3/4th of ID are independent in accordance with the spirit of law.

Graph 11A & 11B reveals that there is not much difference in percentage of IDs having tenure of 10+ years, yet Table 48 revealed that on an overall basis in Nifty 500 Index, MNC tenure of IDs is more compared to INC. This indicates that among the IDs having 10+ years tenure, IDs in MNC have tenure which is higher than INC IDs tenure. (see Table 48)

PSUs

PSUs are a different story altogether with almost 99% IDs having tenure less than 10 years.

Only 2 IDs (1% or so) of the total 187 IDs have managed to remain associated with their Company more than 10 years as ID in PSUs. Both belong to the same Company, viz., Gujarat Gas Ltd. (incidentally which is not a pure PSU)

IDs in PSUs barely get to complete their quota of 5 years in a term. In fact, their appointment is also made in such a way that the Government can anytime issue a letter/ order and declare their tenure as over. In fact, strictly speaking appointment of IDs in PSU does not comply with the law both in letter and spirit.

One can consider IDs in PSUs as an outlier and not indicative of the actual tenure of IDs in their individual capacity since, their tenure is at the mercy of Govt. Circular. Table 49 is without the outlier data of PSUs and provides distribution of Association of Independent Directors for FY 2019-20 (without PSUs):

Association in years	Number of IDs	%
50+	4	0.19%
40- <50	8	0.38%
30- <40	25	1.20%
20- <30	68	3.26%
10- <20	401	19.23%
0 - <10	1,579	75.73%
Total	2,085	100.00%

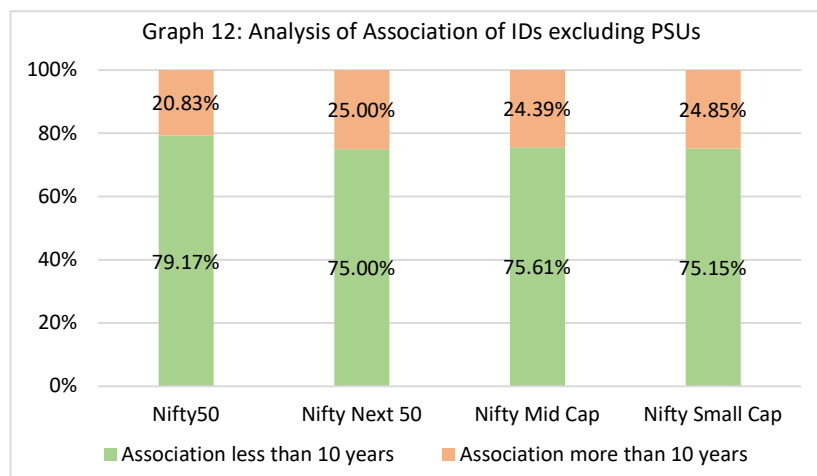
Out of 2,085 IDs, more than 75% IDs are complying the law in both letter and spirit i.e., their association with the Company is for a period less than 10 years as on FY 2019-20 end. In other words, almost 25% ID are associated with the Company for over 10 years.

Around 105 (almost 5%) IDs have been associated with their Companies for over 2 decades. And 4 IDs have been associated for over 50 years.

In nutshell, we can say that if regulations were to be implemented in their spirit, around 25% of IDs have tenure more than the permissible tenure. A major chunk of non-compliant directors is in 10-20 years bracket, mainly because of provisions of Act.

Association of IDs based on Nifty Indices

Graph 12, shows association of IDs with Companies based on various Indices. PSUs have been excluded from the below Graph, for reasons already stated.



Nifty 50 Index has highest proportion of IDs who are following the law in both letter and spirit.

Almost 80% of IDs are compliant with the law in both letter and spirit. However, this percentage drops to 75% when we take IDs outside Nifty 50.

Not much of difference is seen between Nifty Next 50, Nifty Mid Cap & Nifty Small Cap Companies.

Table 50 gives list of ten IDs with longest tenure.

S. No	Director Name	Company Name	Ownership Category	Association with the Company (in years)
1	Rajendra Ambalal Shah	P & G Hygiene and Health Care Ltd	MNC	56
2	Rajendra Ambalal Shah	Pfizer Ltd	MNC	54
3	Rajendra Ambalal Shah	BASF India limited	MNC	52
4	Vandana Walvekar Ramchandra	TTK Prestige limited	INC	45
5	Arvind Singh Mewar	JK Tyre & Industries Ltd.	INC	45
6	Bansidhar Sunderlal Mehta	P & G Hygiene and Health Care Ltd	MNC	41
7	Prafulbhai Anubhai Shah	Vardhman Textiles Ltd	INC	40
8	Dilip Piramal Gopikisan	Alkyl Amines Chemicals Ltd	INC	40
9	Shyam Bhupatirai Ghia	Alkyl Amines Chemicals Ltd	INC	40
10	Dara Nadirshaw Damania	KSB Ltd	MNC	39

Mr. Rajendra Ambalal Shah leads the list with 3 companies wherein his total association has exceeded 5 decades. He has been associated with P & G Hygiene, Pfizer and BASF for 50+ years. Indicating, he joined the Board of these 3 Companies in 1960s, when the concept of Independent Director was not so much evolved. He is also presently NED-NID (ID till 2016) on the Board of Godfrey Phillips where his association is 51 years.

Mr. Shah ceased from the Board of Colgate-Palmolive on 31st March, 2020 as an Independent Director after serving for 37 years.

However, despite the Companies Act in force now, while technically independent, SES treats any director having tenure/ association more than 10 years to be non-independent.

TENURE/ ASSOCIATION OF NON-INDEPENDENT DIRECTORS

Unlike in case of Independent Directors where the spirit behind law states that association of a directors beyond a certain time period may impact his independence, similar benchmark cannot be applied for Non-Independent Directors. Non-Independent Directors may either be Executive or Non-Executive.

TENURE – Executive Director

Table 51 depicts average association of Executive Directors during past 3 years on the basis of ownership and index.

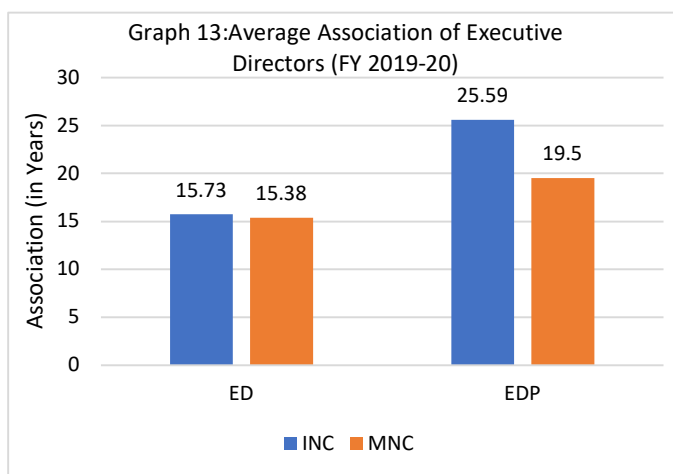
Financial Year	2017-18			2018-19			2019-20		
Ownership	INC	MNC	PSU	INC	MNC	PSU	INC	MNC	PSU
Nifty 50	22.96	15.57	20.61	24.44	22.00	26.93	23.04	18.16	26.56
Nifty Next 50	18.27	17.53	13.50	20.95	17.07	12.68	21.11	18.53	14.40
Nifty Mid Cap	19.88	10.84	14.55	20.30	11.36	18.41	20.56	14.56	16.48
Nifty Small Cap	19.82	14.41	15.98	20.52	10.89	13.35	20.66	15.77	12.17
Nifty 500 Index	20.03	13.48	16.21	20.92	13.13	17.59	20.93	15.84	16.62

It is observed that overall association of EDs in Nifty 500 Index is highest in case of Indian Corporates, followed by PSUs. EDs in MNCs appear to have a comparatively shorter stint.

Another observation is that EDs at the higher end of the spectrum have longer association with the Company when compared with that of lower end. One reason could be that many companies may not be even 20+ year old in lower market cap.

TENURE-EDs-Promoter vs Non-Promoter

EDs in Indian Corporates have the highest association (Table 51), does this has any relationship with ownership of INC and data is distorted because many Indian Corporates are Promoter driven.



Graph 13 gives data divided into promoter & non-promoter EDs for INCs and MNCs. Avg. Association of Professional EDs is around 15-16 years for both INCs and MNCs while that of Promoter ED is more than 25 years for INCs and almost 20 years in case of MNCs.

It may be noted that there are very few EDPs in case of MNCs, therefore, overall average association is also close to that of the ED-NPs.

This conforms that data was distorted (in Table 51) due to clubbing of Promoter and Non Promoter EDs in one bracket.

Table 52 provides comparison of association of Promoter EDs and Non-Promoter EDs with the Company as on end of FY 2019-20 for entire Nifty 500 Index Companies.

Association in years	Number of EDPs	%	Number of ED-NPs	%
50+	10	2.08%	0	Nil
40- <50	38	7.92%	9	1.28%
30- <40	111	23.13%	126	17.92%
20- <30	162	33.75%	122	17.35%
10- <20	118	24.58%	125	17.78%
0 - <10	41	8.54%	321	45.66%
Total	480	100.00%	703	100.00%

Data suggests that more than 45% of ED-NPs have been associated with their Companies for less than 10 years only. Same number in case of EDPs stand at only 8.5%.

No ED-NP has been associated with the Company for more than 50 years, however, there are around 10 EDPs who have been there with their Company for over five decades.

Table 53 & 54 depicts 5 longest associated Promoter and Non-Promoter EDs with their Companies at end of FY 2019-20. No Non-Promoter ED has crossed 50 years tenure in association with a particular Company.

Table 53: Promoter ED Association				Table 54: Non-Promoter ED Association			
Director Name	Company Name	Assoc-iation	Age at the Time of Appointment	Director Name	Company Name	Assoc-iation	Age at the Time of Appointment
Prithviraj Singh Oberoi	EIH Ltd	69	22	Gopal Krishan Agarwal	Bharat Forge Ltd.	44	25
Mohan Anand	FDC Ltd	62	22	Ganesh Narayan Nayak	Cadila Healthcare Ltd	43	22
Sumant Patel	NESCO Ltd.	61	24	Nakul Anand	ITC Ltd	42	21
Kushal Pal Singh	DLF Ltd	57	32	Rajendra Kumar Dalmia	Century Textiles & Industries Ltd	42	24
Suresh Govind Kare	Indoco Remedies Ltd	57	24	Renu Sud Karnad	Housing Development Finance Corporation Ltd	42	26

TENURE-Non-Executive Non-Independent Directors (NE-NIDs)

Table 55 depicts average association of NE-NIDs during past 3 years based on ownership and Index.

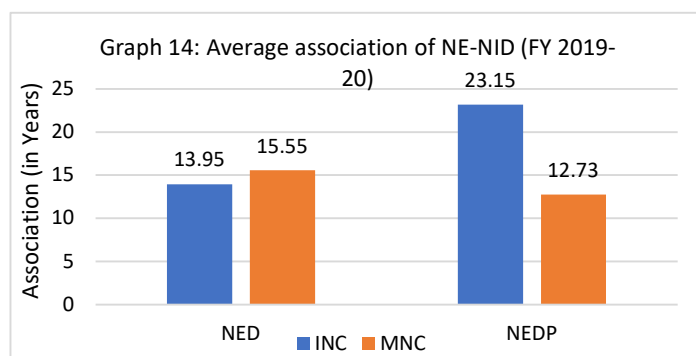
Financial Year	2017-18			2018-19			2019-20		
Ownership	INC	MNC	PSU	INC	MNC	PSU	INC	MNC	PSU
Nifty50	22.27	13.00	2.71	23.21	NA	7.61	24.18	NA	5.81
Nifty Next50	17.06	15.68	1.78	19.31	11.32	6.25	19.19	17.52	11.83
Nifty Mid Cap	18.24	9.21	3.28	18.49	11.32	3.15	18.27	12.06	3.51
Nifty Small Cap	15.28	15.95	2.03	15.96	15.96	2.41	16.90	16.92	3.37
Nifty 500 Index	17.15	12.58	2.56	17.97	13.80	3.98	18.42	14.60	4.80

Here again, we observe that NEDs in Indian Corporate have the longest association with their Companies, followed by MNCs and then PSUs. NEDs in PSU are generally nominees of Govt. of India or that of the respective Ministry. Therefore, their position is generally that of ex-officio.

Promoter vs Non-Promoter

As the association of NEDs (NID) in INCs has been highest, Promoter vs Non-Promoter NEDs, to find whether the distribution of tenure is uniformly high across promoter & Non-Promoter category?

Graph 14 depicts average association of NED NIDs of INCs and MNCs. Taking NEDs in PSUs would have distorted the observation therefore, PSUs have been excluded from the below Graph.



As far as INCs are concerned, association of Promoter NEDs stands at 23+ years, while that of Non-Promoter NED stands at 14 years.

However, in case of MNCs the story is different. Non-Promoter NEDs appear to be associated with the Company for a longer period.

This is mainly due to the fact that NEDP in MNCs are Promoter nominees representing

the parent Company. They neither draw any remuneration and their positions is rotated by the overseas parent Entity.

Table 56 provides distribution of association of NEDs (Promoter vs Non-Promoter) as on end of FY 2019-20. PSUs have been excluded for reasons already explained earlier in the Report.

Association in years	NEDPs		NED-NPs	
	#	%	#	%
50+	12	2.77%	10	2.02%
40- <50	35	8.08%	9	1.82%
30- <40	84	19.40%	56	11.31%
20- <30	108	24.94%	75	15.15%
10- <20	71	16.40%	83	16.77%
0 - <10	123	28.41%	262	52.93%
Total	433	100.00%	495	100.00%

Table suggests that almost 53% of NED-NP are associated with the Company for less than 10 years as on end of FY 2019-20. However, the same percentage in case of NEDPs stand at 28%.

More than 30% of NEDPs have been associated with their Company for over 30 years. The same proportion in case of NED-NPs stand at around 15%.

Table 57 & 58 depict list of longest associated Promoter and Non-Promoter NEDs.

Table 57: Non-Promoter NED				Table 58: Promoter NED			
Director Name	Company Name	Association	Appointment Age	Director Name	Company Name	Association	Appointment Age
Shailendra Jain Kumar	Grasim Industries Ltd	55	21.32	Kanaiyalal Maneklal Sheth	Great Eastern Shipping Company Ltd	68	20.18
Anilkumar Manibhai Naik	Larsen & Toubro Ltd	55	22.81	Yusuf Khwaja Hamied	Cipla Ltd	60	23.68
Munir Shaikh	Abbott India Ltd	52	25.08	Bhupinder Singh Jauhar	Jamna Auto Industries Ltd	55	32.13
Rajendra Ambalal Shah	Godfrey Phillips India limited	51	37.73	Narendrakumar Kalyanji Parekh	Pidilite Industries Ltd	55	26.95
Arun Kumar Nanda	Mahindra Holidays & Resorts India Ltd	47	24.05	Raghupati Singhania	JK Lakshmi Cement Ltd	53	20.63

Board composition- impact of Shareholding

SEBI ICDR Regulations define term “Promoters”. As per definition of Promoters, these are individuals or entities which exercise control over the Company and include founding members of the Company. 80% Companies in our sample are Indian Corporates. Indian corporates have largely been Promoter driven. Does ownership pattern impact Board composition is a natural question and this analysis aims to find an answer to the question.

For obvious reasons PSUs have been excluded. Professionally managed companies have also been removed as there is no identifiable promoter, as a result our sample size for 2019-20 is 419 (Excluded 50 PSUs & 17 Professionally Managed)

[Promoter Director vis-à-vis Promoter shareholding – Board Capture](#)

As per Rule 19A of the Securities Contracts (Regulation) Rules, Promoter shareholding in an Entity can be up to 75% of shareholding in a Company, while the remaining 25% has to be held by the Public. Rule 19A states that:

Legal Provisions

Rule 19A of Securities Contracts (Regulation) Rules

19A. (1) Every listed company other than public sector company shall maintain public shareholding of at least twenty five per cent.

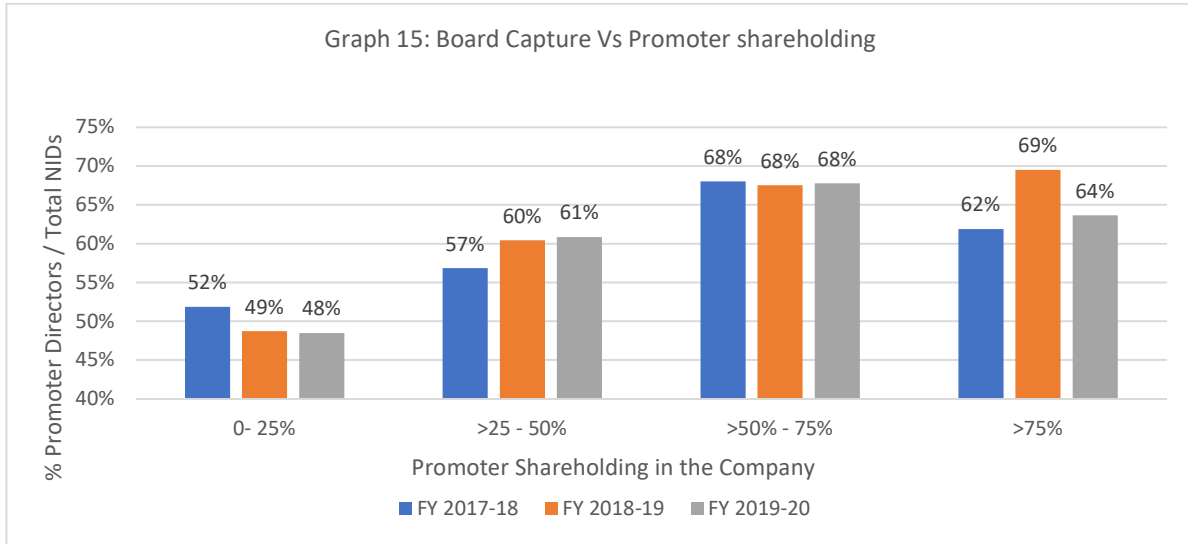
Provided that every listed public sector company which has public shareholding below twenty-five per cent. on the commencement of the Securities Contracts (Regulation) (Second Amendment) Rules, 2018, shall increase its public shareholding to at least twenty-five per cent, within a period of three years from the date of such commencement, in the manner specified by the Securities and Exchange Board of India.

10 Companies (excluding PSUs) as on March 2020 (4 Companies for March 2019) had Promoter shareholding in excess of 75%, which is the maximum limit for Promoter shareholding as per the SEBI regulations. 6 are Indian Corporates and 4 are MNCs. Majority of these Companies are those which have either recently listed or have gone through either restructuring or change of management and have time period to bring their Promoter shareholding below the regulatory thresholds.

It is generally expected that a Company having greater Promoter shareholding will tend to have more Promoter Directors on the Board so that their interest is adequately represented on the Board of the Company.

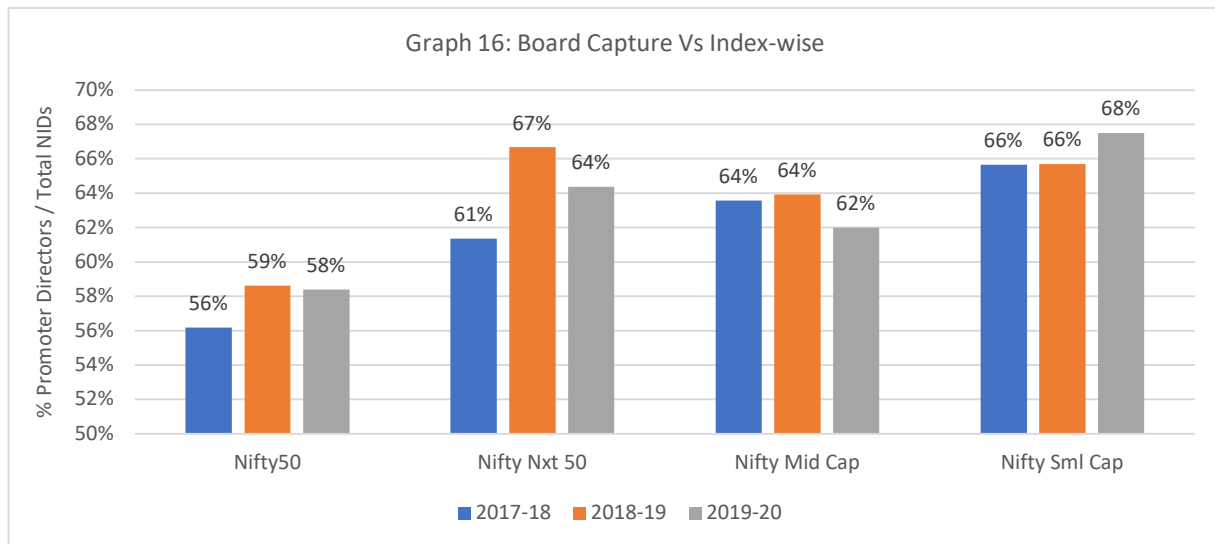
Board capture is defined by SES as percentage of Promoter Directors vis-à-vis Total Board (excluding IDs).

Graph 15, depicts proportion of Promoter Directors vis-à-vis total Directors (IDs excluded) based on Promoter shareholding for the past 3 years.



Data suggests that percentage of Promoter Directors on the Board is directly related to the level of Promoter shareholding in the Company.

Graph 16 depicts concentration of Promoter Directors on the Board of the Companies across different indices as on 31st March, 2020.



Least number of Promoter Directors could be witnessed in Nifty 50 category. Apart from that nothing much could be seen in other 3 Index. Promoter Directors occupy 60-70% of the total Board (excluding IDs) in Nifty Next 50, Mid Cap and Small Caps.

Table 59 to 64 shows companies with maximum percentage of promoter directors on the Board.

Table 59: 5 Companies with highest percentage of Promoter Directors vis-à-vis Total NIDs					
Company name	MNC/ INC	Index	Promoter Directors	NIDs	Promoter %
Emami Ltd	INC	Mid Cap	8	8	100%
MRF Ltd	INC	Mid Cap	7	7	100%
Asian Paints Ltd	INC	Nifty 50	6	6	100%
Alkem Laboratories Ltd	INC	Next 50	6	6	100%
Cummins India Ltd	MNC	Mid Cap	6	6	100%

Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director.

There were **85 Companies with 100% NIDs** as Promoter Directors. However, top 5 having highest Board size (NIDs) have been indicated above.

Table 60: 5 Companies with lowest percentage of Promoter Directors vis-à-vis Total NIDs					
Company name	MNC/ INC	Index	Promoter Directors	NIDs	Promoter %
Axis Bank Ltd	INC	Nifty 50	1	6	17%
Finolex Cables Ltd	INC	Small Cap	1	6	17%
HDFC Bank Ltd	INC	Nifty 50	1	6	17%
JSW Steel Ltd	INC	Nifty 50	1	6	17%
Exide Industries Ltd	INC	Mid Cap	1	5	20%

Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director.

Promoter Executive Directors Board Capture:

Table 61: 5 Companies with highest percentage of EDPs vis-à-vis Total NIDs					
Company name	MNC/ INC	Index	EDPs	NIDs	Promoter %
Alkem Laboratories Limited	INC	Next 50	6	6	100%
Himadri Speciality Chemical Ltd.	INC	Small Cap	6	6	100%
Muthoot Finance Ltd	INC	Next 50	5	5	100%
Apollo Hospitals Enterprise Ltd	INC	Mid Cap	5	5	100%
FDC Ltd	INC	Small Cap	5	5	100%

Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director.

There were **20 Companies with 100% NIDs as Promoter EDs**. However, top 5 having highest Board size (NIDs) have been indicated in Table 64.

Table 62: 5 Companies with lowest percentage of EDPs vis-à-vis Total NIDs					
Company name	MNC/ INC	Index	EDPs	NIDs	Promoter %
Galaxy Surfactants Ltd	INC	Small Cap	1	8	12.50%
Bajaj Auto Ltd	INC	Nifty 50	1	8	12.50%
Petronet LNG Ltd	INC	Next 50	1	8	12.50%
IIFL Wealth Management limited	INC	Mid Cap	1	7	14.29%
Grindwell Norton limited	INC	Small Cap	1	7	14.29%

Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director.

Promoter Non-Executive Directors Board Capture:

Table 63: 5 Companies with highest percentage of NEDPs vis-à-vis Total NIDs					
Company name	MNC/ INC	Index	Total Promoter Directors	Board size excluding IDs	Promoter %
Supreme Petrochem Ltd	INC	Small Cap	4	4	100%
Inox Leisure Ltd	INC	Small Cap	4	4	100%
Aditya Birla Capital Limited	INC	Small Cap	3	3	100%
Cholamandalam Financial Holdings limited	INC	Small Cap	3	3	100%
Godrej Agrovet Ltd	INC	Mid Cap	6	7	86%

Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director.

Table 64: Top 5 Companies with lowest percentage of NEDPs vis-à-vis Total NIDs					
Company name	MNC/ INC	Index	Total Promoter Directors	Board size excluding IDs	Promoter %
Emami Limited	INC	Mid Cap	1	8	13%
Avanti Feeds Ltd	INC	Small Cap	1	7	14%
Reliance Industries Ltd	INC	Nifty 50	1	7	14%
Dhanuka Agritech Ltd	INC	Small Cap	1	7	14%
Axis Bank Ltd	INC	Nifty 50	1	6	17%

Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director.

Executive Chairperson Analysis

Corporate structure envisages three layers, at the top is General Body of shareholders, which guides and approves proposal of the Board, second in line is the Board, which is directed by General body, AoA and MoA and which sets agenda for Management, lays down policy, future plans. The Board is headed by Chairman. The Management which is at the bottom of pyramid is headed by Managing Director/ CEO, who is responsible for day to day management and operational issues. If the position of Chairperson of the Board and that of Managing Director is held by the same person, it may lead to concentration of powers in the hands of a single person and blur the demarcation between board and management.

Proviso to Section 203 of the Companies Act, 2013 stated that:

Legal Provisions

Proviso to Section 203 of the Companies Act, 2013

Provided that an individual shall not be appointed or reappointed as the chairperson of the company, in pursuance of the articles of the company, as well as the managing director or Chief Executive Officer of the company at the same time after the date of commencement of this Act unless,—

(a) the articles of such a company provide otherwise; or

(b) the company does not carry multiple businesses:

Provided further that nothing contained in the first proviso shall apply to such class of companies engaged in multiple businesses and which has appointed one or more Chief Executive Officers for each such business as may be notified by the Central Government.

While, the above provision under Companies Act, provided exemption to Companies carrying multiple businesses or in case articles of association provided otherwise, however, the SEBI Listing Regulations have been amended, for separation of Chairman and Managing Director for all Companies except those which are professionally managed.

SEBI amended the regulation 17 of the Listing Regulations to include provision that Chairperson of the board shall not hold Executive position. The provision shall be effective from 1st April, 2022:

Legal Provisions

Regulation 17(1B) of the SEBI LODR:

(1B). With effect from April 1, 2022, the top 500 listed entities shall ensure that the Chairperson of the board of such listed entity shall –

(a) be a non-executive director;

(b) not be related to the Managing Director or the Chief Executive Officer as per the definition of the term “relative” defined under the Companies Act, 2013

The above regulations not only require that the Chairperson be Non-Executive Director, it also mandates that the Chairperson shall not be related to the Managing Director or CEO of the Company.

This effectively means that both the positions shall not be held by persons in the same family.

Executive Chairman of the Board could either be Managing Director or Whole-time Director. However, for the purpose of this study, both MD and WTD are taken at par since we intend to study data in relation to Executive Chairman.

Table 65 provides Chairmanship data in absolute numbers, in the three-year period under review. Only those Companies which had a designated Chairmen have been considered. And PSUs have not been considered. Analysis of PSUs have been carried out separately at the end of this section.

Category	FY 2017-18	FY 2018-19	FY 2019-20
MD (C) or CMD	104	102	95
WTD (C)	61	58	60
Executive (C)	165	160	155
NED (C)	248	260	274
Total Chairmen	413	420	429

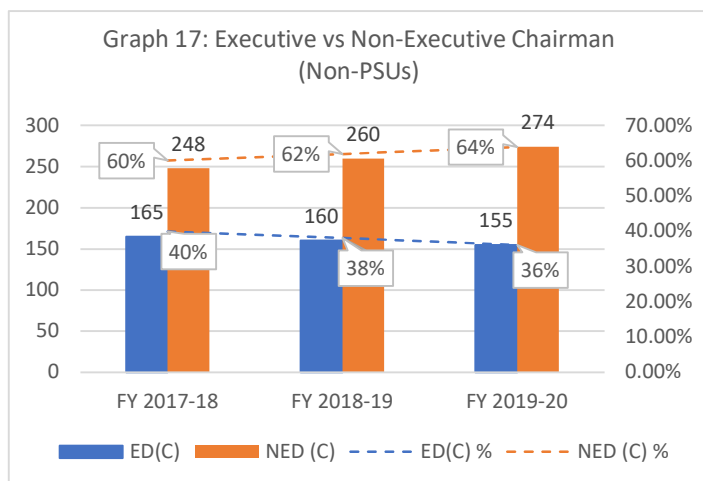
Executive Chairman positions have decreased marginally from 165 to 155, on the other hand, NED (including ID) Chairman has increased from 248 to 274.

Since the law is not yet effective, presently, there is no legal prohibition for an individual to be appointed as Executive Director as far as the

Listing Regulations are concerned. However, data seem to suggest that the impact of the proposed amendment is already visible in the Nifty 500 Companies. Graph 17 captures the relative percentage of:

- Executive Chairperson Positions; and
- Non-Executive (including ID) Chairperson Position.

Executive Chairperson numbers is decreasing YoY *albeit* marginally and there appears to be a compensatory increase in number of NED Chairman.



This clearly indicate that few Companies have already started to take pro-active steps in order to comply with the law which shall be effective next year (April 2022).

Executive Chairman - Promoter and Non-Promoter

Executive Chairperson (ED(C)) positions have further been analysed to observe the positions held by Promoter and Non-Promoter. The Table 66 depicts the number of Promoter and Non-Promoter Executive Chairmen positions in FY 2019-20. (PSUs have been excluded).

Promoter / Non-Promoter	#	%
Promoter Executive Chairman	148	95.48%
Non-Promoter Executive Chairman	7	4.52%
Total	155	100%

Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director.

Out of 155 Executive Chairperson positions, more than 95% of the positions are occupied by Promoter Directors.

Only 7 (including 1 Professional Company) (Table 66) out of 155 positions are occupied by Non-Promoter Directors.

This very clearly establishes that demarcation between board and management is blurred besides establishing control of promoters on the Board.

S. No	CMD Name	Company Name	INC /MNC
1	Amar Kaul	Ingersoll-Rand (India) Ltd	INC
2	Sanjiv Mehta	Hindustan Unilever Limited	MNC
3	Suresh Narayanan	Nestle India Ltd.	MNC
4	Sanjiv Puri	ITC Ltd	INC
5	Gurmeet Singh Sethi	Johnson Controls-Hitachi Air Condition India Ltd	MNC
6	Deepak Amitabh	PTC India Ltd	INC
7	Akhil Kumar Gupta	Bharti Infratel Ltd	INC

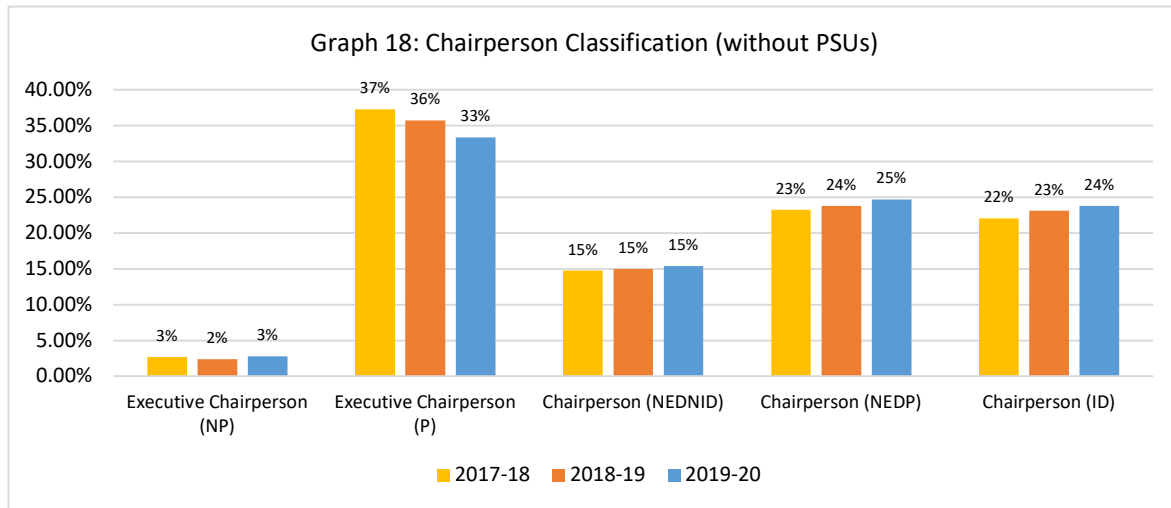
Since, ITC is a professional managed Company, therefore, it can legally continue with its Executive Chairperson's positions since the SEBI regulations exemptions such Companies. Rest all (including the 43 PSUs) will have to segregate their CMD positions.

Chairperson Overall Distribution

Table 65 / Graph 15 revealed trend that the average number of NEDP had increased in the past 3 years, while the average number of EDP was decreasing. Data was hinting that it could possibly on account of SEBI mandate to segregate the position of Chairman and Executive position.

Many Promoter directors who were earlier occupying the position of ED as well as chairman of the Board would eventually be required to select one as and when law comes into force.

The Graph 18 provides an overall distribution of Chairperson distribution in the Nifty 500 Index Companies. Chairperson of the Board divided into each category for past 3 years.



Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director.

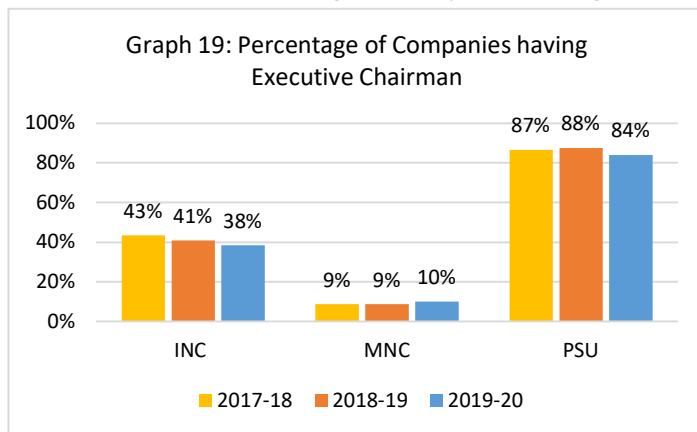
In the Promoter category, one can see that EDP Chairman position is decreasing YoY. At the same time, positions of NEDP Chairman is increasing YoY.

If this observation is linked with the SEBI mandate relating to requirement of NED Chairman, we can conclude that Promoters are rather opting for Chairperson position and sacrificing the Executive position.

Independent directors as chairman of the Board have also increased marginally during the past 3 years.

Executive Chairperson- Distribution Ownership Basis:

Graph 19 depicts the relative percentage of Companies that are having their Chairman of the Board as Executive Director. Percentage of Companies having Executive Chairman in Indian Corporates & PSUs have decreased over the past 3 years. However,

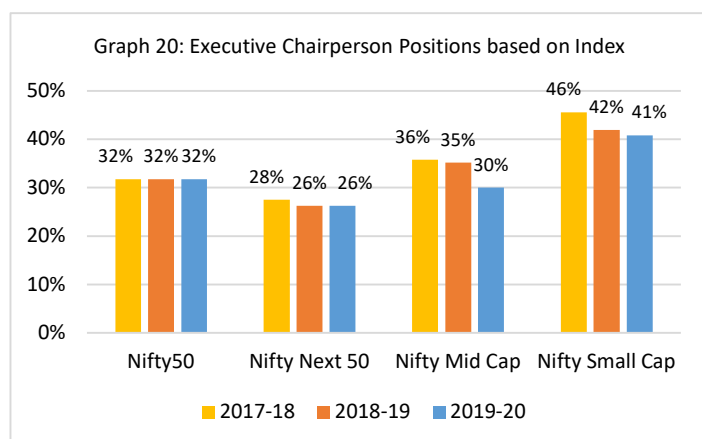


there has been a slight increase in that of MNCs. Having said that, it must be noted that MNCs have the lowest percentage of Executive Chairman. Only 10% Companies have ED chairman.

In MNCs, the percentage of Executive Chairman is already lowest amongst the 3 categories.

CMD positions based on Index

Graph 20, depicts number of Companies having Executive Chairperson positions in Sample across various Indices.



The percentage of Companies having Executive Chairperson in Nifty 50 has remained unchanged in the past 3 years. However, one can see a declining trend in the remaining 3 indices. This trend is consistently witnessed in all 3 indices for all 3 years. If one excludes Nifty 50, Small Cap Companies have the highest percentage of Executive Chairman positions, followed by Mid Caps and then Next Nifty 50. Therefore, the percentage of Executive Chairman positions seems to be decreasing with increase in size

of the Companies, until Nifty 50 Index Companies.

Chairman and Executive Positions-Separation

The SEBI Regulation relating to separation of powers was to be effective initially from 1st April, 2020 (now postponed to 1st April, 2022). Few companies have geared up for the separation mandate and already embraced the law in spirit.

Table 68 list companies that have separated their Chairman from Executive powers and appointed a non-Executive Director as the Chairperson of the Board.

Table 68: Change in Chairperson in 2020 vis-à-vis 2019			
S. No	Company Name	2019	2020
		Chairman Classification	Chairman Classification
1	Essel Propack Limited*	CMD	ID
2	Maharashtra Seamless Limited	ED(C)	NEDP
3	The Phoenix Mills Limited	CMD	NEDP
4	Vakrangee Limited	ED(C)	ID
5	HCL Technologies Limited	CMD	NEDP
6	Divis Laboratories Ltd	CMD	ID
7	Mindtree Limited*	ED(C)	NED
8	Motilal Oswal Financial Services Ltd	CMD	NEDP
9	Jyothy Laboratories Ltd.	CMD	ID
10	Indiabulls Housing Finance Limited	ED(C)	ID
11	Syngene International Limited	CMD	NEDP
12	Indiamart InterMesh Ltd.	CMD	NED

5 of these Companies have designated Independent Directors as the Chairperson of their Board.

In 5 Companies Promoter have taken the NED Chairman position.

Mindtree Ltd and Indiamart InterMesh are headed by a Non-Promoter NED Chairman.

- These companies had management change and have become non promoter dominated companies.

CMD Analysis in PSUs:

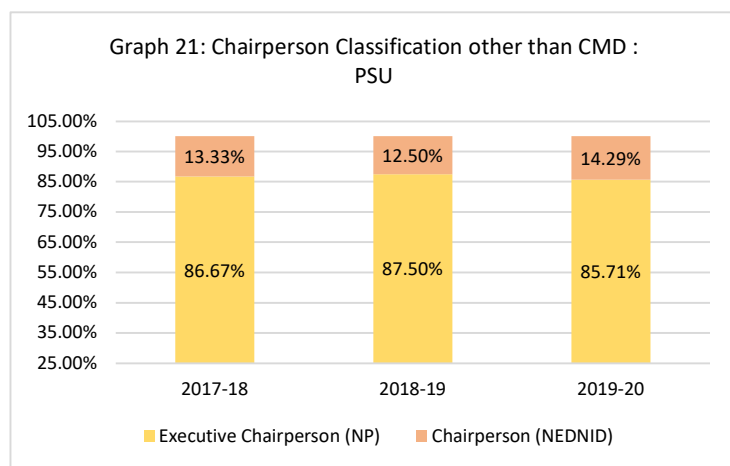
Table 69 provides Chairmanship data in absolute numbers, in the three-year period under review.

Financial Year	FY 2017-18	FY 2018-19	FY 2019-20
MD (C) or CMD	35	36	37
WTD (C)	4	6	5
Executive Chairman	39	42	42
NED (C)	6	6	7
Total Chairman	45	48	49

Data indicates that majority of PSUs have clubbed positions of Executive Director and chairman.

While, the Table 69 depicts absolute number of ED Chairman positions, **Graph 21** shows that more than 85% of PSUs have clubbed positions of Chairman and Executive Director. MMTC did not have a designated Chairman as on end of the FY 2019-20, therefore, only 49 PSUs out of 50 is considered in the above Table.

While, the Table 69 depicts absolute number of ED Chairman positions, **Graph 21** shows that more than 85% of PSUs have clubbed positions of Chairman and Executive Director. MMTC did not have a designated Chairman as on end of the FY 2019-20, therefore, only 49 PSUs out of 50 is considered in the above Table.



Only 7 Companies (14% of total PSUs) during FY 2019-20 had a Non-Executive Director as its Chairman. If SEBI law was to be in force as on 31st March, 2020, 42 PSUs (85%) would have been non-compliant with the SEBI provision relating to separation of powers.

Table 70 provides list of few PSUs which have already separated the position of Chairman and Executive Director as on 31st March 2020.

Name of the PSU	Name of the NED Chairman
SBI Cards and Payment Services Limited	Rajnish Kumar
SBI Life Insurance Company Limited	Rajnish Kumar
Chennai Petroleum Corporation Ltd	Sanjiv Singh
General Insurance Corporation of India	Devesh Srivastava
Gujarat Mineral Development Corporation Ltd	Manoj Kumar Das
Mangalore Refinery and Petrochemicals Ltd	Shashi Shanker
Gujarat Gas Ltd	Jagadip Narayan Singh

In most of these companies, chairman is nominated by parent, hence chairman is NED. Therefore, it is not because of good governance that the position is separated.

GENDER DIVERSITY:

While almost half the population comprise of women, yet boards of listed companies or for that matter most companies, unlisted included, did not reflect the position. To remove gender bias Ministry of Corporate Affairs (MCA) and SEBI have laid lots of emphasis on gender diversity by way of legislation.

The Companies Act, 2013 has mandated at least one-woman director on the Board of a Listed Company with effect from 1st April, 2014. Relevant Rule to the section 149(1) of the Companies Act, states that:

Legal Provisions

Section 149(1) of the Companies Act, 2013

The following class of companies shall appoint at least one woman director-

(i) every listed company;

Around 5 years later, SEBI has on the recommendation of the Kotak committee, has gone one step further and recommended that at least one-woman ID must be appointed on the Board of Top 500 Listed Company by market cap w.e.f. 1st April, 2019.

Legal Provisions

Proviso to Regulation 17(1)(a) of the SEBI Listing Regulations states that:

Provided that the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020;

Explanation: The top 500 and 1000 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.

Gender diversity is seen to make a positive impact in the decision-making process and management of a Company. This emphasis is not only limited to the Indian Companies, even around the globe, similar emphasis is seen as well.

Focus on analysis would be to see progress that has been made on gender diversity in Nifty 500 Index Companies. And examine whether MCA and SEBI have been able to make any difference to the traditional men domination?

Nifty 500 Index	2017-18	2018-19	2019-20
Total Directors	4,369	4,498	4,485
Women Directors	608	688	748
% women	13.92%	15.30%	16.68%
Relative Growth rate %		9.91%	9.04%

Table 71 has data of the number of women directors, which indicates gradual increase in women directors both in absolute and percentage terms in Nifty 500 Companies.

Percentage of women director in Nifty 500 Companies was around 14% in FY 2017-18, which now stands close to 17%. Women directors on boards have grown at a CAGR of almost 10% in past 2 years.

Women director distribution

Table 72 provides distribution of number of women directors on a board for past 3 years.

# of woman director per board	Companies					
	2017-18		2018-19		2019-20	
	#	%	#	%	#	%
None	7	2%	8	2%	16	3%
1	334	72%	297	62%	257	53%
2	97	21%	136	29%	163	34%
3	18	4%	24	5%	37	8%
4 or Above	6	1%	11	2%	13	3%

Number of Companies having more than 1 women director had increased significantly over the past 2 years from 121 (26%) in 2017-18 to 213 (45%) in 2019-20.

50 Companies had more than 3 or more women director on their Board. This number was 35 in FY 2018-19.

There were 16 Companies which did not have a single woman Director as at end of FY 2019-20. All these may not necessarily be non-compliant as the Companies Act, 2013 (though SEBI Listing Regulation is silent) does

Name of the Company	Date	Date	Compliant / Non-Compliant
	Cessation	Vacancy filled	
Yes Bank Ltd*	5 Mar 2020	Not Yet	Non-Compliant
Alok Industries	None in FY 2019-20	14 Sep 2020	Non-Compliant
Larsen & Toubro Infotech Ltd	16 Mar 2020	19 May 2020	Compliant
Zee Entertainment	20 Mar 2020	24 Apr 2020	Compliant

*RBI superseded the Board of Directors on 5th Mar 2020.

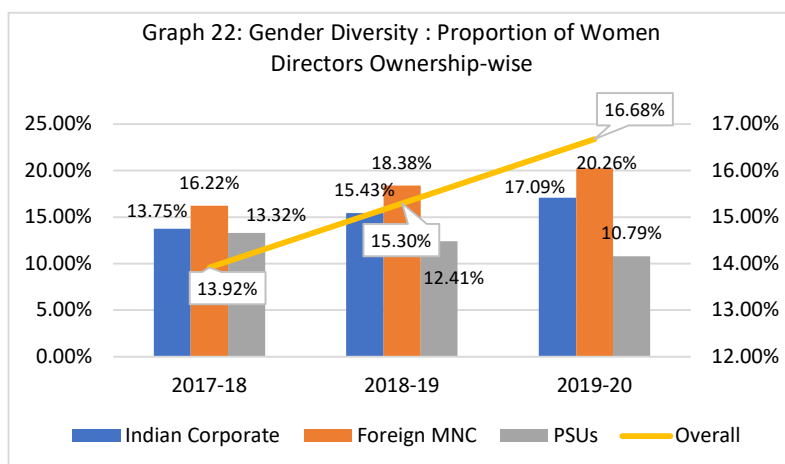
provide time period for make appointments in case of any sudden resignation / removal.

However, out these 16 Companies, 12 are PSUs. The other 4 Companies (Table 73) are Yes Bank and Alok industries which were non-compliant with the requirement of women director

on the Board of the Company.

Gender Diversity- Ownership Basis

Data on women directors in sample companies (differentiated on ownership basis) is given in Graph 22, it can be seen that there has been a steady increase in the percentage of woman directors in the Sample Companies during the past 3 years with the exception of PSUs.

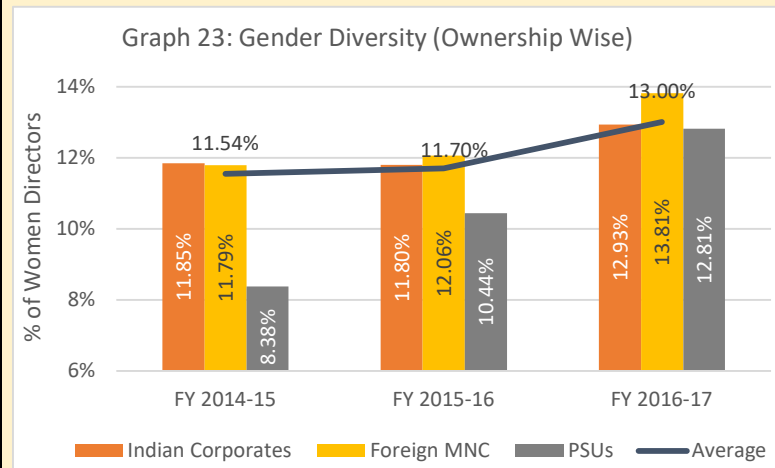


Percentage of women directors in PSUs have declined from 13% in FY 2017-18 to less than 11% in FY 2019-20.

MNCs have the highest percentage of women director on their Board. Around 20% of the Board of directors in MNCs comprise of woman directors in FY 2019-20, while the same stands at 17% for Indian Corporates.

Gender diversity at PSUs stands at around 11% (10.8% to be more precise) which is a 3-year low percentage and lowest amongst all categories.

Previous 2017 Study Recap – Gender Diversity – Ownership wise

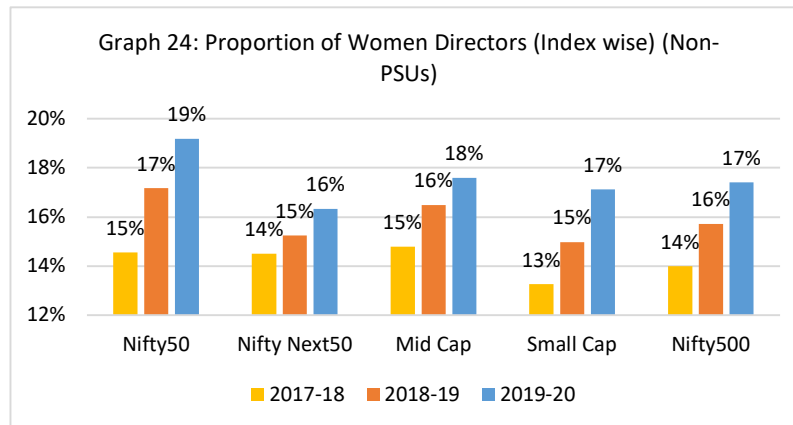


6 years Observation:

- Gender Diversity has been on a continuous improvement since FY 2014-15.
- Percentage of women directors have jumped from 11.54% in FY 2014-15 to 16.7% in FY 2019-20.
- Gender diversity increased in PSU in first 3 years of past 6 years, however, the same has decreased in the past 3 years.
- Gender Diversity in MNCs has almost doubled in past 6 years. (11.8% to 20.3%)

Gender Diversity – Index Basis

Gender diversity based on various Nifty Index is analysed in Graph 24 and shows how various Companies based on Index categorisation have fared in terms of Gender Diversity. PSUs have not been considered.



All the Indices has witnessed an increasing trend in Gender Diversity in the past 3 years.

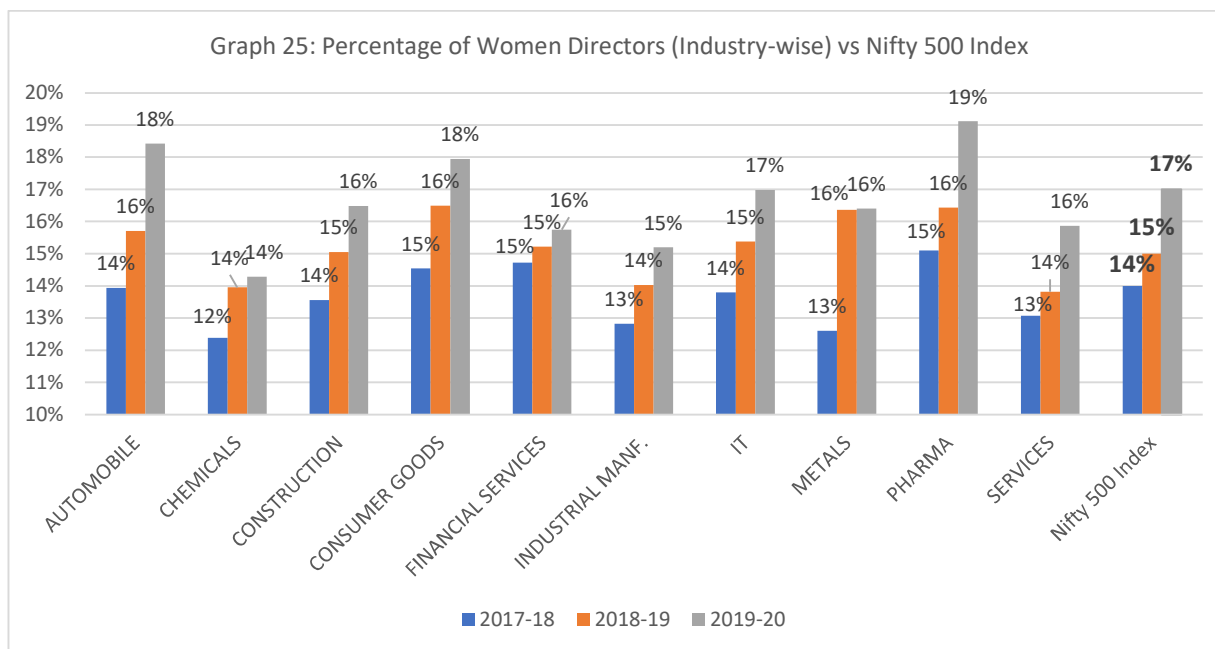
Nifty 50 Index Companies have the highest proportion of women directors (19%), which is highest amongst all other Index.

Nifty Next 50 Index Companies have the least percentage of women directors as at end of FY 2019-20.

Gender Diversity – Sectoral

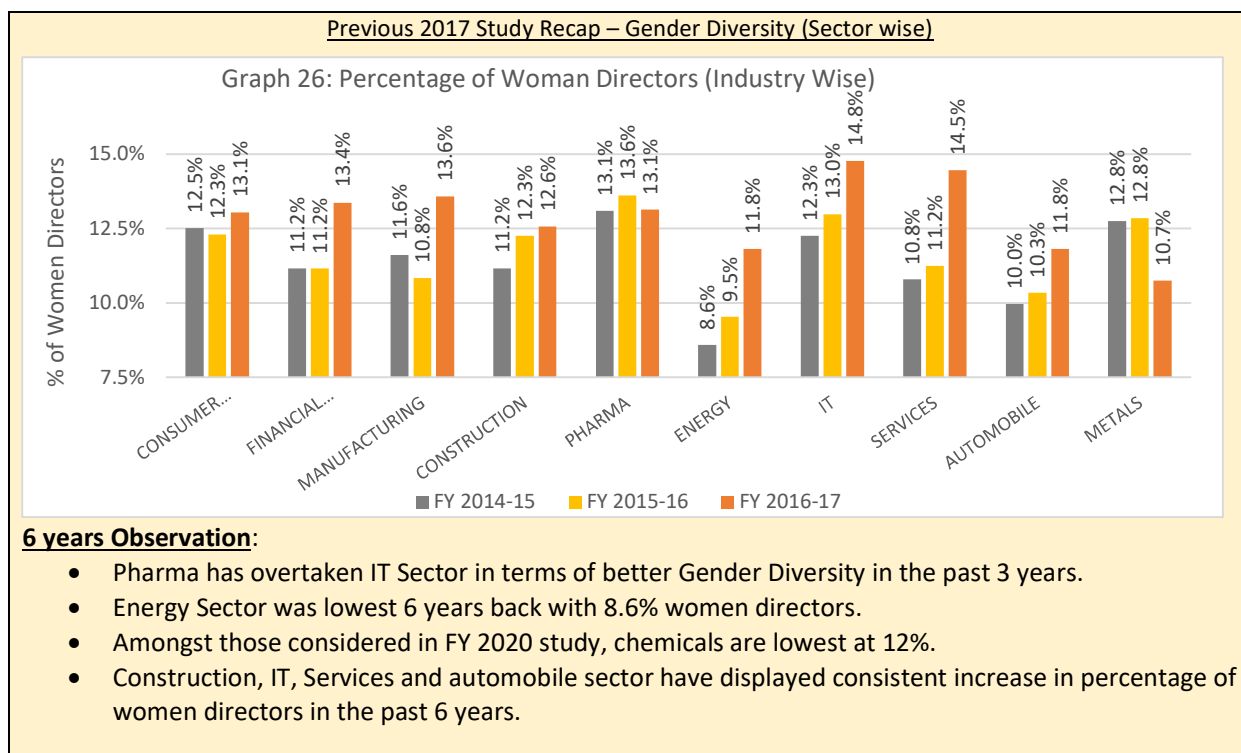
Is gender diversity possible across all sector? Or there are specific sectors, where gender diversity is difficult to achieve, as many people believe? What is progress and data of NIFTY 500 companies has been analysed on the basis of industry as categorised by NSE.

Graph 25 indicates percentage of woman director on the Boards of Companies in various industries/ sector. Only those industries which have at least 20 Companies as part of Sample have been considered. Gender diversity and its trends for 3 years has been collated across 10 different industries.



On sectoral front, the percentage of women directors in every sector has seen a positive trend in the past 3 years without any exception. Pharma and Automobile had the highest Board Gender Diversity in FY 2019-20. Chemical industry was seen having least percentage of women directors at 14.3% (FY 2019-20) although it has made significant growth from its FY 2017-18 percentage of 12.4%.

The data busts the myth that gender diversity across all spectrum of industry is not possible, at least as far as board rooms are concerned, with Automobiles having the second largest diversified board (gender diversity)



Women Director- Category

The next question after examining increase in gender diversity uniformly across all indices, sector and ownership with exception of PSUs, the next questions comes, whether the increase is in related women directors or independent women directors? What is the distribution? Table 74 answers all questions.

Out of total number of women directors (748), almost 70% are Independent Directors in FY 2019-20. This percentage was less than 62% in FY 2017-18.

Data suggests that the number of women EDs has increased marginally in absolute terms, however, in relative terms, their % has decreased.

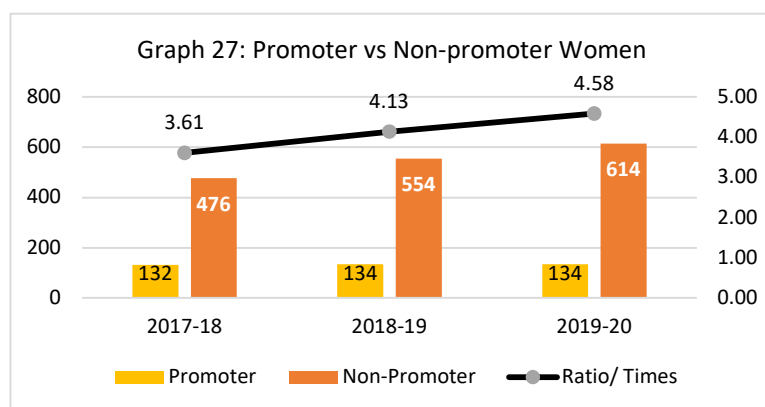
In case of NE-NIDs, percentage has decreased from 1/4th to less than 1/5th of total women directors in Nifty 500 index Companies.

Year / Category	2017-18		2018-19		2019-20	
	#	%	#	%	#	%
ED(W)	79	12.99%	81	11.77%	83	11.10%
NE-NID(W)	154	25.33%	140	20.35%	144	19.25%
ID(W)	375	61.68%	467	67.88%	521	69.65%
Total	608	100.00%	688	100.00%	748	100.00%

Total women IDs have risen from 375 to 521 (almost 40%) women IDs in past 3 years. This appears largely because of the SEBI mandate to induct Independent women directors on the Board of Listed Entities.

Women Directors – Promoter vs Non-Promoter:

The Graph 27 is indicative of the fact that there is no scarcity of qualified women directors in India. There is



almost no change in the number of Promoter women directors in the past 3 years, however, the number of Professional women directors have increased by almost 30%.

The increase in non-promoter women director was seen at 138, from 476 non-promoter women directors in 2017-18 to 614 in 2019-20.

Table 75 presents percentage of Promoter women director to Non-Promoter women directors for past 3 years based on Index. Professional Companies and PSUs have not been considered since they do not have Promoters.

# women Category / FY	Promoter Women			Non-Promoter Women			Promoter / Non-Promoter		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Nifty50	10	10	11	8	7	8	1.25	1.43	1.38
Nifty Next 50	14	13	12	9	9	9	1.56	1.44	1.33
Nifty Mid Cap	43	40	42	22	16	19	1.95	2.50	2.21
Nifty Small Cap	65	71	69	26	20	21	2.50	3.55	3.29

Data suggests that the ratio of Promoter / Non-Promoter women director is lower as the size of the Company increases.

Women Independent Director

This section analyses data related to women IDs on the Board of Nifty 500 Index Companies during past 3 years. Table 76 depicts percentage of women IDs for the past 3 years based on Index.

Index / Year	Based on Total Directors			Based on per Company average		
	2017-18	2018-19	2019-20	2017-18	2018-19	2019-20
Nifty 50	8.90%	11.50%	12.74%	9.73%	12.34%	13.60%
Nifty Next 50	8.84%	9.86%	11.04%	8.84%	10.17%	11.58%
Nifty Mid Cap	9.15%	11.30%	11.26%	9.69%	11.84%	11.78%
Nifty Small Cap	8.07%	9.61%	11.70%	8.41%	9.94%	12.33%
Nifty 500 Index	8.58%	10.38%	11.62%	8.97%	10.78%	12.21%

Data suggests that the percentage of women IDs is steadily increasing year on year, based on both total directorship and per Company basis within all Index. Since, the SEBI amendment was applicable from 1st April, 2019, therefore, many Companies would have appointed women IDs in FY 2018-19 so that they are compliant with the law on the date of its effectiveness. Remaining Companies which could not appoint women ID in time, would have appointed them in FY 2019-20. This fact is reflected by the Table 79.

Nifty 50 Index Companies have the highest number of women IDs on both the above basis, followed by small cap index. Women IDs in Small Cap Index has seen a rapid surge in FY 2019-20. Small Cap Companies have jumped from last spot in FY 2017-18 to second place in FY 2019-20.

There is not much of a difference between Nifty Next 50 Index and Mid Cap Index Companies, in FY 2019-20. However, the gap was quite wide in FY 2018-19 & FY 2017-18, with Next 50 Companies behind Mid Cap Companies.

Women ID Distribution

Table 77 depicts women ID distribution across all Nifty 500 Index Companies for past 3 years.

# of ID (W)	2017-18	2018-19	2019-20
0	137	73	36
1	280	346	383
2	40	50	61
3 or Above	5	7	6

While, the number of Companies not having any women ID has decreased significantly from 137 in FY 2017-18 to 36 in FY 2019-20. These are Companies which did not have a woman director on its Board as on end of their relevant financial years. Total 67 companies had more than 1 woman ID, much beyond legal mandate.

During the end of FY 2019, 36 Companies were found wanting of woman ID appointment. 75% (24) of these are PSUs. Since, the law was in force for Top 500 Companies with effect from 1st April, 2019 to appoint women IDs on the Board, therefore, Table 78 lists 12 Companies (Non-PSUs) that did not have a women ID on their Board as on end of FY 2019-20.

Name of the Company	C / NC / NA	Cause of cessation of women ID
Yes Bank Ltd	NC	RBI superseded
Alok Industries	NA	-
Hindustan Zinc Ltd	NC	-
Future Consumer Limited	C	Resignation
Poly Medicare Limited	NA	-
Godrej Industries limited	C	Resignation
Larsen & Toubro Infotech Ltd	NC	Retirement
Glaxosmithkline Pharma Ltd	NC	Retirement
Metropolis Healthcare Ltd	NA	-
Advanced Enzyme Tech	NA	-
Zee Entertainment	C	Resignation
SpiceJet Ltd	NA	-

Note: NA: Not Applicable since Company not within Top 500 Entities. Compliant (C) and Non-compliance (NC) has been determined on the basis, that whether the Company has filled the intermittent vacancy caused by resignation of women ID within 3 months or next Board meeting, whichever is later.

Out of 12 (Non-PSUs) companies not having any women ID on their Board as at the end of FY 2019-20,

- Law was not yet applicable to 5 Companies
- 3 Companies had no Women ID due to resignation and the Board made timely appointments.
- Yes Bank and Hindustan Zinc have still not appointed women IDs and are non-compliant.
- Larsen & Toubro Infotech Ltd & Glaxosmithkline Pharma Ltd were non-compliant since vacancy was caused by retirement and not resignation.

Table 79 & 80 lists Companies having highest number of women Independent Directors (Absolute and Relative)

Company Name	INC /MNC	Nifty Index	ID Count	Women ID Count	% Women IDs Compared to Total IDs
Colgate-Palmolive (India) Ltd	MNC	Next 50	4	3	75.00%
UltraTech Cement Ltd	INC	Nifty 50	5	3	60.00%
Nestle India Ltd.	MNC	Nifty 50	5	3	60.00%
Tech Mahindra Ltd	INC	Nifty 50	6	3	50.00%
Godrej Agrovet limited	INC	Mid Cap	7	3	42.86%
Godrej Consumer Products Ltd	INC	Next 50	7	3	42.86%

Company Name	INC/ MNC	Nifty Index	ID Count	Women ID Count	% Women IDs Compared to Total IDs
Colgate-Palmolive (India) Ltd	MNC	Next 50	4	3	75.00%
Aavas Financiers Limited	INC	Mid Cap	3	2	66.67%
Abbott India Ltd	MNC	Next 50	3	2	66.67%
ICRA Ltd	MNC	Small Cap	8	3	66.67%
Jai Corp Ltd	INC	Small Cap	7	3	66.67%

BOARD DIVERSITY – EXPERTISE AND EDUCATIONAL BACKGROUND:

A Board must also have an optimum balance of individuals from different backgrounds that are concerned with the Company. A sound Board will have an appropriate mix of directors from diverse fields such as Legal, Finance, Administration, etc. Schedule V of the SEBI Listing Regulations require that Companies must make the following disclosure in the Corporate Governance Report of their Annual Report:

Legal Provisions

Schedule V to the SEBI Listing Regulations:

(2) Board of directors:

.....

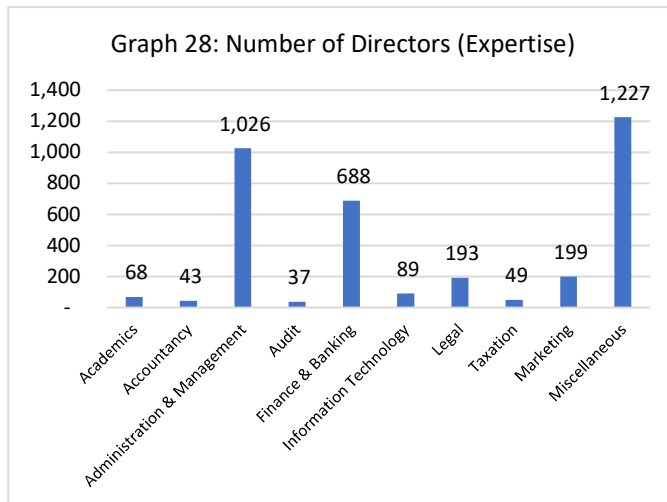
(h) A chart or a matrix setting out the skills/expertise/competence of the board of directors specifying the following:

(i) With effect from the financial year ending March 31, 2019, the list of core skills/ expertise/ competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board; and

(ii) With effect from the financial year ended March 31, 2020, the names of directors who have such skills / expertise / competence

Board Diversity-Expertise

The idea behind this is that the Company has all its bases covered in terms of expertise, when it comes to having a comprehensive Board. Further, disclosure of the matrix will also help shareholders understand the Board better and take informed voting decision in case of appointment / removal of directors.



Graph 28 gives expertise distribution of 3,619 individuals who are holding 4,485 positions within Nifty 500 Index.

If one ignores misc. section, directors having expertise in Management and Administration are dominating the Board of Sample Companies, followed by director’s expert in Finance & Banking.

Other field relating to finance i.e., Accounts, Audit and Taxation share some 130 directors between them.

Expertise that were specific to the respective

business of the Companies and those which could not be categorised under any specific heads have been categorised under Miscellaneous.

Board Diversity – Education Background

Table 81 & 82 and also Graph 27, presents distribution of Educational qualifications of 4,468 directors out of total universe of 4,485 directors in Sample Companies. Education qualification of 17 positions could not be located. Unlike in the Expertise section, here data represents education qualification based on position of the

director and not on individual basis. Since, these are mapped with ownership of Companies, therefore, a director may be holding directorship in both MNC and INC, hence, position wise educational qualification taken.

Category (Companies)	Diploma and Below	Graduates and Equivalents	PG, Doctorates, Professionals and Equivalents	Total
INCs (389)	60	950	2,586	3,596
MNCs (49)	0	76	306	382
PSUs (50)	2	88	400	490
Total (486)	62	1,112	3,291	4,468
Percentage	1.39%	24.89%	73.66%	100%

In terms of educational qualifications, majority of directors are Post Graduates / Professionals / Doctorate or Equivalents, which is around 74% of directors.

Table 82 depicts Directors qualification distribution based on Ownership on the basis of percentage.

Category (Companies)	INCs (389)	MNCs (49)	PSUs (50)	Total (486)
Diploma and Below	1.67%	0.00%	0.41%	1%
Graduates and Equivalents	26.42%	19.90%	17.96%	25%
PG, Doctorates, Professionals and Equivalents	71.91%	80.10%	81.63%	74%
Total	100.00%	100.00%	100.00%	100%

Around 1,112 directors have done their graduates or have equivalent qualifications. These comprise of around 1/4th of the total number of directorships in the Nifty 500 Index Companies.

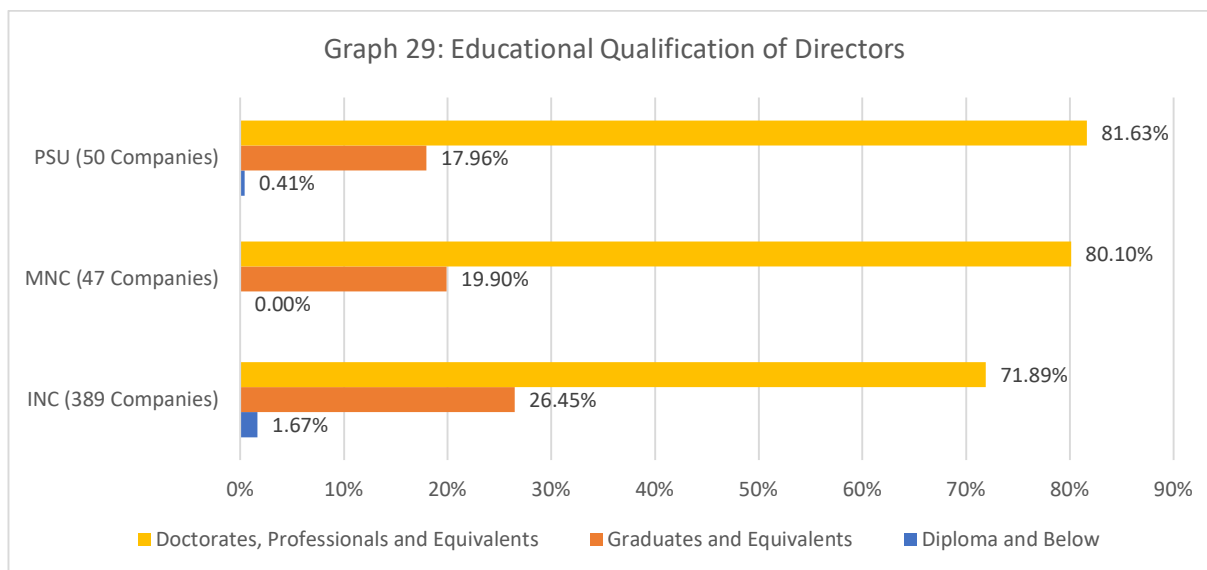
And only 62 directors (1.4%) are those who have done Diploma in

their qualification.

Previous 2017 Study Recap – Educational Qualification				
Table 83: Expertise Count based on Positions				
Category	Diploma & below	Graduates & Equivalents	Doctorates, Professionals & Equivalents	Total
INC	35	2,167	1,363	3,566
MNC	3	182	161	346
PSU	0	231	139	370
Total	38	2,580	1,663	4,282
Percentage	0.89%	60.25%	38.84%	100.00%
Table 84: Directors Qualification distribution %				
Category (Companies)	INCs (389)	MNCs (49)	PSUs (50)	Total (486)
Diploma and Below	0.98%	0.87%	0.00%	1%
Graduates and Equivalents	60.77%	52.60%	62.43%	60%
PG, Doctorates, Professionals and Equivalents	38.22%	46.53%	37.57%	39%
Total	100%	100%	100%	100%

6-years Observation:

- Number Post Graduates have increased quite significantly.
- Graduates were higher 3 years back, however, now directors who are holding post-graduation / professional or equivalent have increased almost 3 times of those having only graduation or equivalent qualification.
- In percentage terms, the proportion of Diploma & below have remained more or less the same at around 1-1.5%.
- Post Graduates / Professionals and equivalents have increased from 40% in FY 2016-17 to almost 75% in FY 2019-20.



81.63% of directors in PSUs are Doctorates, Professionals or holding master’s degree or equivalents. Proportion of such directors in the MNCs and Indian Corporates categories is around 80% and 72% respectively.

Directors only done Diploma are highest in Indian Corporates which is 1.67%, none in MNCs and 0.41% in PSUs.

Education Qualification – Distribution Men vs Women Directors

Table 85 presents data on qualification matrix of Men & Women directors. Not much of a difference is

Table 85: Educational Qualification (Gender Basis)				
Education category	Men		Women	
	#	%	#	%
Diploma and Below	54	1.45%	8	1.07%
Graduates and Equivalents	958	25.75%	156	20.86%
PG, Doctorates, Professionals and Equivalents	2,708	72.80%	584	78.07%
Total	3,720	100%	748	100%

observed between the qualification of men and women director on the Board of Nifty 500 Index Companies.

73% of Men are PG / Professional and equivalents, while the percentage stands at 78% for their women counterparts.

Education Qualification – Independent Directors (Men vs Women)

Analysis of Education qualification of 2,266 Independent Directors categorised into men and women as at end of FY 2019-20 is tabulated at Table 86.

Table 86: Educational Qualification of IDs (Gender basis)				
Education category	Men ID		Women ID	
	#	%	#	%
Diploma and Below	5	0.29%	2	0.38%
Graduates and Equivalents	317	18.17%	73	14.01%
PG, Doctorates, Professionals and Equivalents	1,423	81.55%	446	85.60%
Total	1,745	100.00%	521	100

Not much of a difference is observed in the educational qualifications of men and women IDs.

Almost 86% of women IDs are Post Graduate or equivalent, however, the same is around 82% in case of men IDs.

Education Qualification – Promoter ED vs Professional ED

Table 87 presents distribution of Professional EDs and Promoter EDs based on education qualifications. One can observe stark difference as 72% of Non-Promoter EDs are PGs as against 43% of Promoter EDs.

Education category	ED-NP		EDP	
	#	%	#	%
Diploma and Below	6	0.85%	32	6.71%
Graduates and Equivalentents	186	26.46%	239	50.10%
PG, Doctorates, Professionals and Equivalentents	511	72.69%	206	43.19%
Total	703	100%	477	100%

This clearly reflects that education may be important but is not the sole criteria for success as most of the Promoter EDs are highly successful. Probably a mixture of education, experience and background is best solution.

Education Qualification – Distribution Women Directors (NID vs ID)

Data suggests that as far as educational qualification is concerned, women IDs are much more qualified than their Non-Independent counterparts.

Education category	Women (NID)		Women ID	
	#	%	#	%
Diploma and Below	6	2.64%	2	0.38%
Graduates and Equivalentents	83	36.56%	73	14.01%
PG, Doctorates, Professionals and Equivalentents	138	60.79%	446	85.60%
Total	227	100%	521	100%

86% of women IDs are Post Graduate (or equivalent) or above, while the same percentage stands at 61% for women NIDs.

DIRECTORS – Age Profile

A Board must comprise of a decent mix of experience and energy of young directors. Analysis of average age of the directors on the Board of a Company, cumulative experience of all the Board members put together as also average age of directors has been analysed and findings presented in this section.

Age *per se* may not be an element of proficiency and ability of a director, however, advanced age may at times act as a drain if time commitments are high. It may also be an important factor while undertaking a succession planning.

The Companies Act, 2013 has stipulated that no Executive Director be appointed or re-appointed post attainment of 70 years unless a special resolution by the shareholders is passed in this regard. Section 196(3) of the Companies Act, 2013 states that:

Legal Provisions

Section 196 of the Companies Act, 2013

(3) No company shall appoint or continue the employment of any person as managing director, whole-time director or manager who —

*(a) is below the age of twenty-one years or has attained the **age of seventy years:***

*Provided that appointment of a person who has attained the age of **seventy years may be made by passing a special resolution** in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such person;*

Provided further that where no such special resolution is passed but votes cast in favour of the motion exceed the votes, if any, cast against the motion and the Central Government is satisfied, on an application made by the Board, that such appointment is most beneficial to the company, the appointment of the person who has attained the age of seventy years may be made.

Similarly, based on the recommendation of Kotak Committee, SEBI introduced similar provision for Non-Executive Directors also. Any NED over the age of 75 years, if wishes to continue on the Board, has to seek shareholders' approval by way of a special resolution. Regulation 17(1A) states that:

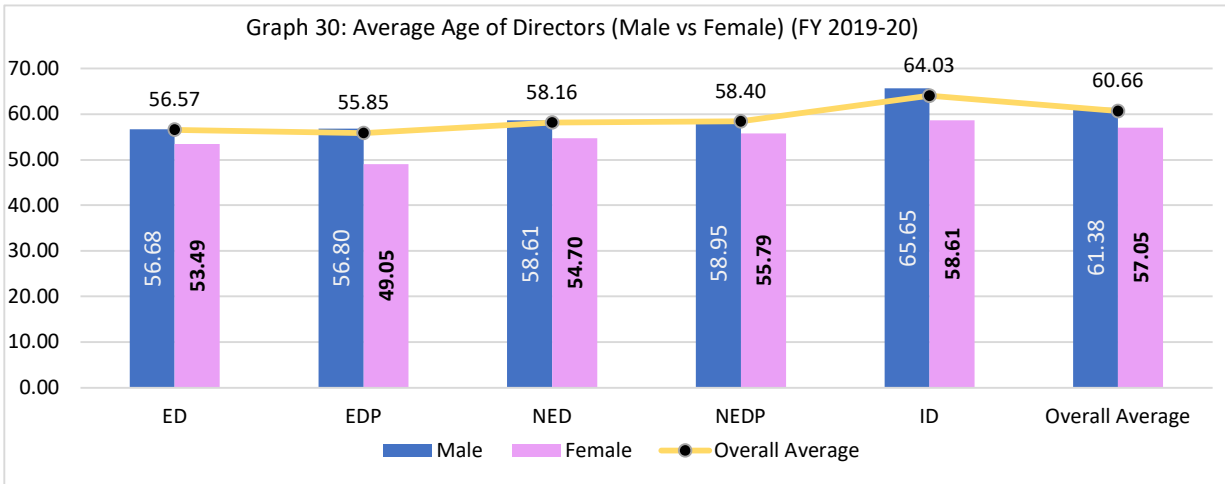
Legal Provisions

Regulation 17(1A) of the SEBI Listing Regulation

*(1A) No listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of **seventy five years unless a special resolution** is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.*

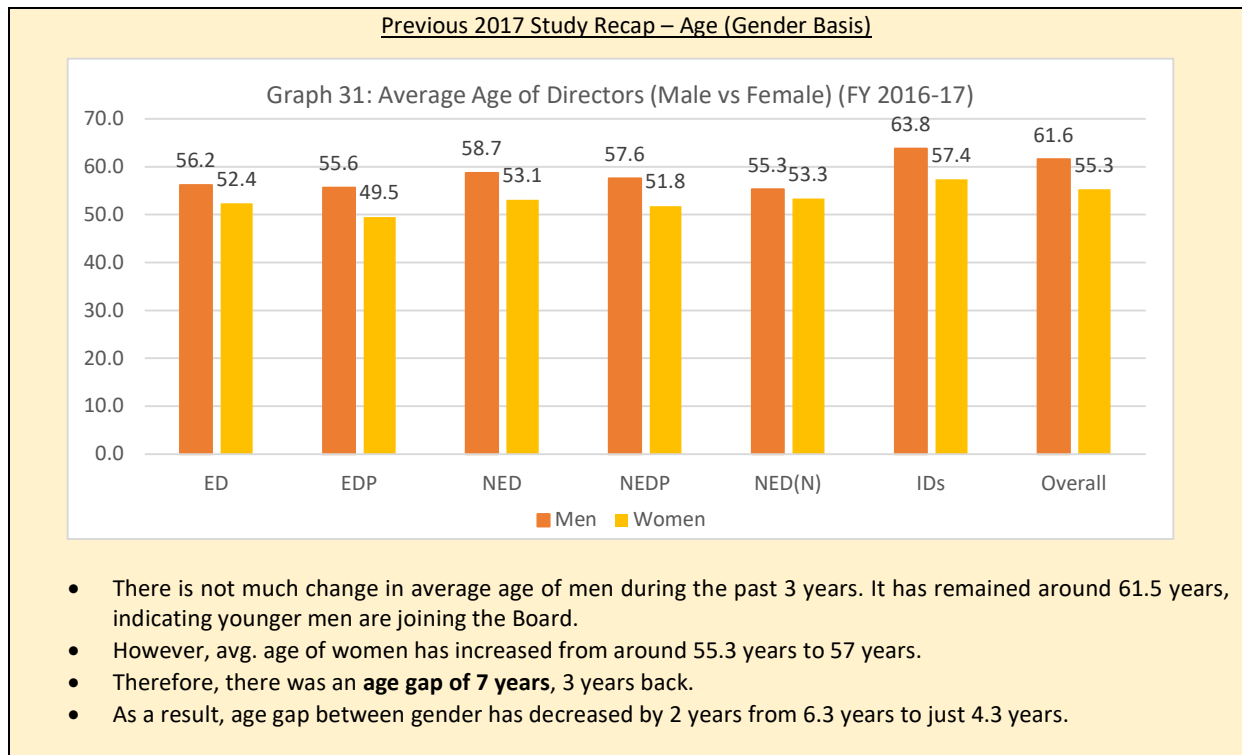
Directors' Age Profile -Directorship Wise:

Graph 30 depicts the data on age of Directors including Promoter Executive Directors ('EDP'), Non-Executive Non-Independent Promoter Directors ('NEDP') and Independent Directors ('ID') based on Gender, of Nifty 500 Index Companies as on 31st March, 2020.



Overall in the Sample, average age of male directors is 61.38 years, whereas average age of women directors is 57.05 years, with a clear gap of around 4 years. In other words, female directors on an average is 4 years younger to their male counterpart.

This gap is evident across all category of directors. In case of IDs, the gap is higher than the overall average of 4 years. Gap in case of IDs is more than 7 years. Whereas on average Women Promoter EDs are youngest of the lot.



On an overall basis, IDs are the senior most individuals in the Sample Companies. Going by their average age, it appears that the Institution of ID is dominated by retired individuals since the average age is more than 65 years for male and 58+ for women directors.

Table 89 & 90 provides a list of eldest & youngest directors across all categories in Nifty 500 Index Companies as at end of FY 2019-20.

Table 89: 10 Eldest Directors on the Board of Sample Companies during FY 2019-20				
Ranking	Director Name	Company name	Age	Nature of Directorship
1	Seetharamaiah Devineni	Heritage Foods Ltd.	94	ID
2	Dhruba Narayan Ghosh	Birla Corporation Ltd	92	ID
3	Dharam Vir Kapur	DLF Ltd	92	ID
4	Yogendra Premkrishna Trivedi	Emami Limited	91	ID
		Reliance Industries Ltd	91	ID
		Supreme Industries Ltd.	91	ID
5	Prithviraj Singh Oberoi*	EIH Ltd	91	EDP
6	Devendra Kumar Jain*	Gujarat Fluorochemicals Ltd	91	NEDP
7	Late. Mr. Jyotindra Bhagwanlal Mody* @	J B Chemicals & Pharmaceuticals Ltd	91	EDP
8	Julio Francis Ribeiro	Glenmark Pharmaceuticals Ltd	91	ID
9	Osamu Suzuki*	Maruti Suzuki India Ltd	90	NED
10	Amal Chandra Chakrabortti	La Opala RG Ltd.	89	ID

*Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director. | * Promoter Family. | @ since deceased*

6 out of Top 10 eldest are serving as Independent Directors.

Mr. Seetharamaiah Devineni at 94 years, is the senior most director amongst the Sample Companies. Top 10 eldest directors are directors in 12 Companies (with 8 ID positions).

Mr. Yogendra Premkrishna Trivedi who is 91 years of age, holds Independent Directorship in Emami Limited, Reliance Industries Ltd & Supreme Industries Ltd.

None of these directors (except Mr. Prithviraj Singh Oberoi & Late. Mr. Jyotindra Bhagwanlal Mody) are holding any Executive Directorship in any Listed Company in the Sample as on 31st March, 2020.

8 out of the 12 directorships as per the above table is Independent. It can be said that companies not only continue with old and seasoned promoter directors but continue with old and seasoned IDs as well.

Table 90 lists out youngest directors in Nifty 500 Index Companies. Age as on FY 2019-20 end.

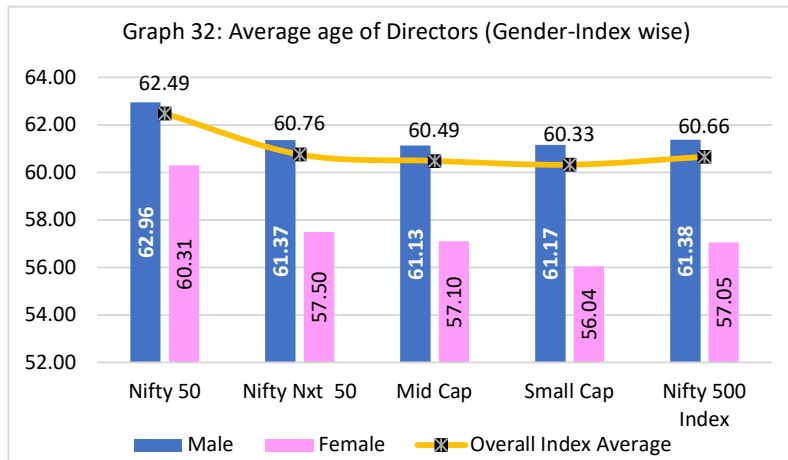
Table 90: 10 Youngest Directors on the Board of Sample Companies during FY 2019-20				
Ranking	Director Name	Age (in Years)	Company Name	Nature of Directorships
1	Sagar Prahladbhai Patel*	24	PSP Projects Ltd	EDP
2	Aniket Damle	26	Essel Propack limited	NEDP
3	Ruchir Kumar Modi*	26	Godfrey Phillips India limited	NEDP
4	Sagar Rajeshbhai Adani*	26	Adani Green Energy Ltd	EDP
5	Pooja Prahladbhai Patel*	27	PSP Projects Ltd	EDP (W)
6	Akshit Diviaj Gupta	28	KEI Industries Ltd	EDP
7	Pallon Shapoorji Mistry*	28	Sterling and Wilson Solar Ltd	NEDP
8	Vikas Gupta*	28	IOL Chem and Pharma Ltd.	EDP
9	Mihir Hiten Parekh*	28	Nilkamal Ltd	EDP
10	Kaviya Kalanithi Maran*	28	Sun TV Network Ltd	EDP (W)

*Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director. | * Promoter Family.*

Mr. Sagar Prahladbhai Patel of PSP Projects Ltd is the youngest with only 24 years as on 31st March, 2020. In 10 youngest directors, there are 2 women directors also. Not surprising that all directors (except Mr. Aniket Damle) belong to promoter family. Mr. Aniket Damle is a nominee of the Blackstone Group, promoter / promoter group of the Essel Propack.

Directors' age Profile – Index wise

Graph 32 presents distribution of age of directors based on Indices. Age of directors in Nifty 50 Companies is the highest when compared with the Companies of remaining 3 indices. Average age of male directors is close

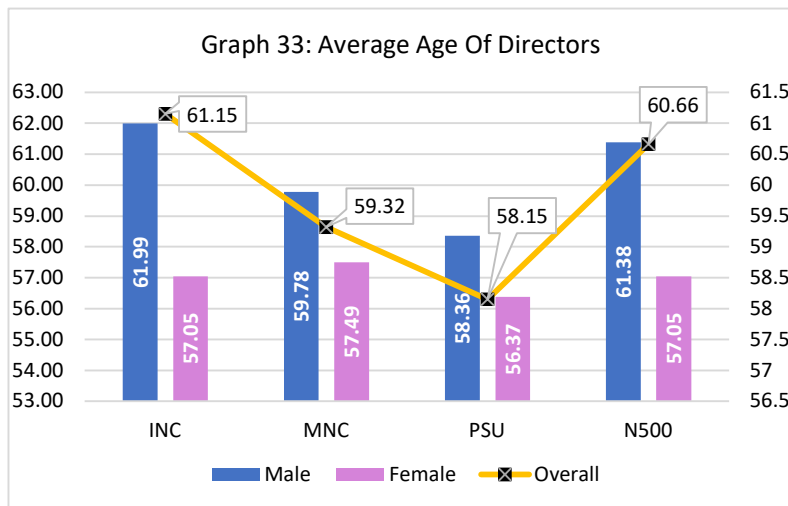


to 63 years. Similarly, age of women directors in Nifty 50 Companies is almost 3 years higher than the woman directors of other indices.

Not much difference is observed between Nifty Next 50, Mid Cap or Small Cap Companies. Overall average age of directors in Nifty 500 Index is approx. 60 years. Again, women directors are approx. 3-4 years younger than their male counterparts.

Directors' Age Profile – Ownership wise:

While the data till now has suggested that age of male directors has remained more than that of the women directors, however, it may also be pertinent to study the age difference between Indian Corporates, Foreign MNCs and PSUs.



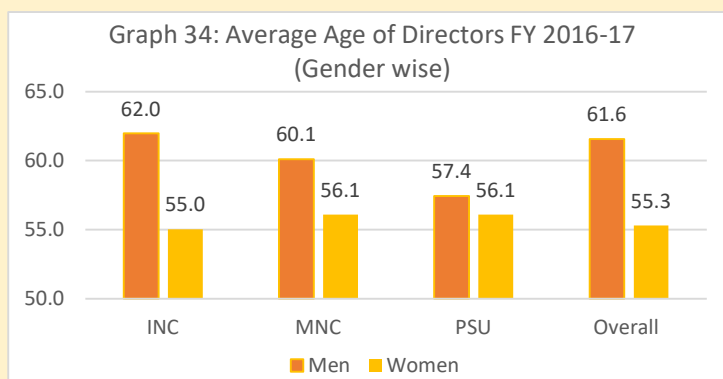
Graph 33, indicates average age of Directors across different ownership & women & Men distribution as well.

Although not much difference is observed, however, male directors on average are oldest in Indian Corporates. PSUs generally have a retirement policy in line with the Government Policy therefore, very rarely can one see a director more than 62-65 years old in PSUs.

Further, the Indian Corporates appear to have the highest

difference in the age of male and female directors. The age difference in Indian Corporates is more than 4 years, while the difference in MNCs is around 2.5 years.

Previous 2017 Study Recap – Age based on ownership (Gender Basis)



Observation:

- Nothing much has changed in terms of age of Men directors, indicating that younger people are joining the Board since, the Average age is same 3 years after also.
- However, as far as women directors are concerned, average age has increased from 55.3 to 57 years.

Table 91 has Index wise distribution of Executive Directors above 70 years of age (Men & Women) for FY 2019-20.

Age > 70 years	Men ED			Women ED		
	#	Total #	%	#	Total #	%
Nifty 50	5	133	3.76%	0	7	0.00%
Nifty Next 50	6	115	5.22%	0	6	0.00%
Nifty Mid Cap	20	333	6.01%	0	31	0.00%
Nifty Small Cap	45	520	8.65%	1	39	2.56%
Nifty 500 Index	76	1,101	6.90%	1	83	1.20%

There is only 1 women ED (Ms. Bina Modi of Godfrey Phillips) who is above 70 years of age in the entire Nifty 500 Index Companies

On the other hand, there are 76 men EDs who are above 70 years of age comprising of almost 7% of the total men ED.

Of 76 Men EDs above 70 years of age, maximum are in Small Cap companies followed by Nifty Mid Cap, probably indicating promoter EDs continuing as also reflecting succession planning issue.

Low number of Women EDs above 70 years is indicative of the fact that boards have started appointing Women ED quite late hence most have not yet reached 70 year milestone.

Or is it a case that only efficiency of men is agnostic to advanced age.

Promoter vs Non-Promoter EDs

Age > 70 years	ED-NP			EDP		
	#	Total #	%	#	Total #	%
Nifty 50	1	107	0.93%	4	33	12.12%
Nifty Next 50	0	76	0.00%	6	45	13.33%
Nifty Mid Cap	3	210	1.43%	17	154	11.04%
Nifty Small Cap	7	252	2.78%	39	307	12.70%
Nifty 500 Index	11	645	1.71%	66	539	12.24%

Data in Table 92 suggests that around 11-13% of EDPs are above 70 years of age in each Index, compared to very negligible proportion in case of Non-Promoter EDs almost 1/6th compared to promoter EDs

Promoter EDs tend to stay on the Board holding Executive positions for a longer time period, compared to their professional counterparts. Or is it a case that Non Promoter EDs after a successful career opt to retire, whereas promoter being owner finds it difficult to retire.

While 12.24% of EDPs are above 70 years of age, however, the same percentage stands at less than 2% in case of Non-Promoter EDs.

Directors' Age Profile -Non-Executive directors – Gender Bias

Table 93 data suggests that Men NEDs appear elder compared to their women NED counterparts.

Table 93: Age Profile of Men vs women NEDs (including IDs)						
Age > 75 years	Men NED (including ID)			Women NED (including ID)		
	#	Total #	%	#	Total #	%
Nifty 50	33	148	22.30%	3	33	9.09%
Nifty Next 50	26	175	14.86%	1	19	5.26%
Nifty Mid Cap	72	446	16.14%	3	53	5.66%
Nifty Small Cap	105	672	15.63%	2	78	2.56%
Nifty 500 Index	236	1441	16.38%	9	183	4.92%

While, 16% of NED men are above 75 years of age, the same percentage stands at 5% in case of women NEDs in Nifty 500 Index Companies.

Nifty 50 index Companies houses most NEDs in their advanced age in relative terms. 22% of Men

NEDs in Nifty 50 are above 75 years of age, while the same percentage stands at only 9% in case of women NEDs. Is it because most retired bureaucrats, regulators, bankers, judges and other professionals get appointed on prestigious large market cap companies?

Directors' Age Profile -Non-Executive directors (Promoter vs Non-Promoter)

Table 94 indicates that there is not much of a difference when it comes to age between NED-NP and NEDP.

Table 94: Age Profile of Men vs women NEDs (excluding IDs)						
Age > 75 years	NED-NP (excluding ID)			NEDP (excluding ID)		
	#	Total #	%	#	Total #	%
Nifty 50	6	28	21.43%	11	85	12.94%
Nifty Next 50	1	23	4.35%	5	107	4.67%
Nifty Mid Cap	5	79	6.33%	18	238	7.56%
Nifty Small Cap	8	144	5.56%	18	324	5.56%
Nifty 500 Index	20	274	7.30%	52	754	6.90%

Almost 7% of total NED (NEDPs & NED-NPs) are above 75 years of age.

Once again it is seen that max number of NED > 75 years are in NIFTY 50 companies.

Directors' Age Profile -Independent Director – Gender Bias

In the Independent Director category also, we observe similar data pattern as we observed in case of men vs women (ED & NED).

Table 95: Age Profile of IDs (Men vs women)						
Age > 75 years	Men ID			Women ID		
	#	Total #	%	#	Total #	%
Nifty 50	22	206	10.68%	2	67	2.99%
Nifty Next 50	22	184	11.96%	1	54	1.85%
Nifty Mid Cap	63	524	12.02%	2	153	1.31%
Nifty Small Cap	103	837	12.31%	4	247	1.62%
Nifty 500 Index	210	1,751	11.99%	9	521	1.73%

Almost 12% of men IDs are above 75 years of age, while only 9 women IDs comprising of only 2% are above 75 years.

Directors' Age Profile – Age & Time Commitment

SEBI Regulations also state that any appointment of director (NED) who is above the age of 75 years must be passed vide special resolutions. While, age may be no bar for performance, however, advance age may limit time commitment of the directors. Table 96, links the Directorship distribution with average age.

Table 96: Time Commitment with Age of directors	
Time Commitment (Listed Entities)	Avg. Age (in years)
1	58.87
2	61.12
3	63.67
4	65.25
5	65.87
6	63.77
7	64.76

The data very clearly establishes that probably age is no bar when it comes to demand for experience. It appears more is the experience higher is the demand, as time commitments (number of directorships) increase as age increases. Age seems to defy capability.

However, avg age decreases post 5 directorships, indicating that Companies prefer younger director with higher time commitment than, an elder director with excessive time commitment.

Time Commitment of directors in Nifty 500 Index Companies is studied in more details in next section of this Report.

Board – Age Profile

Board must ideally comprise of young and experienced directors, not only to have an optimum mix, but also as a matter of succession planning. The foregoing section analysed age of directors in Nifty 500 index Companies. This section would study the age of the Board as a whole.

Table 97 has data on average age of the board of Sample across different ownership and indexes. Average age was calculated for each company by adding age of all board members and dividing by number of directors. This average age data of each board was tabulated and analysed.

Financial Year	2017-18			2018-19			2019-20		
Category	INC	MNC	PSU	INC	MNC	PSU	INC	MNC	PSU
Nifty50	63.78	62.51	58.06	63.44	63.13	58.50	63.04	60.82	58.95
Nifty Next 50	60.41	61.77	58.78	60.85	61.06	59.74	60.83	59.52	59.49
Nifty Mid Cap	61.22	58.35	58.86	60.85	58.38	59.19	60.80	58.74	58.54
Nifty Small Cap	60.74	60.86	57.39	60.68	60.62	57.93	60.46	59.27	56.96
Nifty500	61.16	59.87	58.18	61.02	59.72	58.64	60.84	59.12	58.12

All across PSUs stand out as having youngest board, be it index wise or year wise. Answer is that PSU data cannot be taken as representative data, as all EDs in PSU retire at 60 years and PSUs have more EDs than any other company. This brings down average age of the Board.

Age wise it appears that INCs have the most experienced Board out of the Nifty 500 Index Companies, followed by MNCs. Boards of Nifty 50 appears to be the most experienced out of the other Indices.

On a 3 years span, experience of directors has been reducing in INCs and MNCs *albeit* marginally. Possible reason is many directors who turned 75 years+ did not opt for continuation due to SEBI Regulation

Table 98, lists Top 10 Eldest Boards in Nifty 500 Index as at FY 2019-20.

S. No	Name of the Company	No. of Directors	Average Age
1	Supreme Industries Ltd.	10	74.80
2	Birla Corporation Ltd	9	73.94
3	J K Cement limited	12	72.89
4	Supreme Petrochem Ltd	9	72.85
5	JK Lakshmi Cement Ltd	10	72.58
6	Swan Energy Ltd	9	72.52
7	Shree Cement Ltd	11	71.28
8	Atul Ltd	11	70.84
9	JK Paper Ltd	13	69.71
10	JM Financial limited	8	69.51

All the companies are from Indian Corporates category. Boards of these 10 companies are member of super 70's club, as average age of all the board members is almost 70, with highest being 75 years in case of Supreme Industries Ltd.

Table 99, lists Top 10 youngest Boards in Nifty 500 Index as at FY 2019-20.

Table 99: Top 10 Youngest Board (FY 2019-20)			
S. No.	Name of the Company	No. of Directors	Average age
1	Hathway Cable & Datacom Ltd	9	44.23
2	PSP Projects Ltd	8	45.36
3	Essel Propack limited	9	47.29
4	AAVAS Financiers Limited	9	49.16
5	Affle (India) Ltd	6	49.18
6	Shilpa Medicare Ltd	9	49.53
7	The Phoenix Mills limited	8	49.81
8	Omaxe Ltd	6	49.83
9	WABCO India Ltd	6	50.02
10	Mahindra Logistics Ltd	8	51.38

Hathway cables & Datacom has an average board age of only 44.23 years as on end of FY 2019-20, which is the youngest in Nifty 500 Index Companies.

Director' Age Spread – Youngest vs Eldest age gap

This section studies difference in age / age spread of the youngest and eldest director in each Company, across Nifty 500 Index Companies. This range effectively reveals the difference in age between the most experienced and newly joined Board member.

Table 100 captures average age spread in Nifty 500 Companies during past 3 years.

Table 100: Average age spread of the Board									
Financial Year	2017-18			2018-19			2019-20		
Category	INC	MNC	PSU	INC	MNC	PSU	INC	MNC	PSU
Nifty50	28.91	27.25	19.88	28.32	27.25	19.83	27.85	24.60	17.48
Nifty Next 50	30.89	38.33	16.12	30.98	36.80	17.03	30.15	31.09	16.16
Nifty Mid Cap	30.66	27.01	19.94	29.38	28.22	20.42	29.63	26.44	19.80
Nifty Small Cap	31.79	33.36	19.47	31.10	33.25	18.43	30.21	29.04	16.14
Nifty500	31.10	30.81	19.34	30.33	31.13	19.18	29.81	27.91	17.60

It can be observed that PSUs have the shortest spread between the eldest and youngest age of directors. PSU age spread is in the range of 16-20 years during past 3 years across all Index.

There are hardly any director in PSU who is beyond 60s, as their superannuation is governed by Govt. Policy on retirement. As a result, their age spread in PSUs is significantly lower than that of MNCs and INCs.

In case of INCs and MNCs, no significant difference is observed in the age spread. Age spread in Nifty 500 Entities for INC and MNCs is in the range of 28-31 years.

Table 101 & 102 depict Top 5 Companies with highest and lowest age Spread.

Name of the Company	Min. Age	Max. Age	Age Spread
Godfrey Phillips India Ltd	26	89	63
Heritage Foods Ltd.	32	94	62
Phillips Carbon Black Ltd	30	88	58
Avanti Feeds Ltd	29	86	57
Nilkamal Ltd	28	84	56

Godfrey Phillips India Ltd features in the list of Top 5 Companies having youngest Directors (Table 93). Mr. Ruchir Modi is 26 years of age and the eldest is Mr. R A Shah who almost 90.

Table 102 depicts Companies with lowest Age spread in their Board.

Name of the Company	Min. Age	Max. Age	Age Spread
Orient Electric Ltd	58	66	9
ABB Power Products and Systems India Ltd	54	64	10
Whirlpool of India Ltd	52	62	10
Polycab India Ltd	59	69	10
Cholamandala Financial Holdings Ltd	54	65	11

Having a lower Board spread indicates that the Company may lack adequate succession planning at the Board level.

In all these Companies, even the youngest directors are above 50 years of age, indicating that there may not be any dearth of experience in the Board, however the same cannot be said when it comes to passing on the baton to younger directors.

Age at Entry to Board

This section analysis the age of directors at the time of their first appointment. This is calculated by subtracting total association from age of director. PSUs have been excluded since there are no Promoter directors

Category	ED	EDP	Differ.	NED	NEDP	Differ.	ID
Nifty 50	37.08	29.93	7.15	44.49	30.97	13.52	58.42
Nifty Next 50	40.02	27.78	12.24	40.08	38.58	1.50	57.67
Nifty Mid Cap	39.75	30.05	9.70	44.41	37.41	7.00	57.63
Nifty Small Cap	42.70	30.88	11.82	46.15	35.92	10.23	56.19
Nifty 500 Index	40.59	30.32	10.27	44.73	36.23	8.50	57.02

Table 103 reveals the age of entry for EDs and NEDs into the Board of Nifty 500 Index Companies.

Age of entry for ED-NPs has remained quite higher than that of the EDPs.

In case of Nifty 50 Index Companies, the difference in case of ED is 7+ years, however, the same is 13+ years for a Non-Executive position. For EDs, the age gap increases to 10-12 years in case of Index other than Nifty 50. On an overall basis, the entry age is 10.27 years higher for Professional EDs, when compared to Promoter EDs in Nifty 500 Companies.

For Non-Executive position, age of entry for NED-NPs is 44.73 while that of NEDPs is 36.23 years. A gap of 8.5 years could be seen here also.

This gap of 10 years, probably indicates that Professional directors are required to toil hard to attain to the level where Promoters might have comparatively easier access to.

Previous 2017 Study Recap – Average Board size based on ownership

Table 104: Average Age at the Time of Appointment (in years)							
Category	ED	EDP	Differ.	NED	NEDP	Differ.	ID
Nifty Top 500	50	38	12	51	43	8	58

Observation:

- The age of entry gap in case of ED has reduced from 12 years to just above 10 years.
- In case of NEDs, the entry age has increased marginally from 8 years to 8.5 years in FY 2019-20.

Table 105 lists names of Top 10 EDs who joined the Board at a very early age.

Table 105: 10 Longest Associated Promoter EDs (in years)						
S. No.	Director Name	Company Name	Nature of Directorship	Association with the Company (A)	Age as at FY 2019-20 end (B)	Age at Appointment (B - A)
1	Prithviraj Singh Oberoi*	EIH Ltd	EDP	59	91	32
2	Suresh Govind Kare*	Indoco Remedies Ltd	EDP	57	81	24
3	Kushal Pal Singh*	DLF Ltd	EDP	57	89	32
4	Mahavirprasad Surajmal Taparia*	Supreme Industries Ltd.	EDP	56	82	26
5	Raghupati Singhania*	JK Tyre & Industries Ltd.	EDP	53	73	20
6	Madhukar Balvantray Parekh*	Pidilite Industries Ltd	EDP	48	74	26
7	Basudeo Narayan Singh*	Alkem Laboratories Limited	EDP	47	79	32
8	Shri Paul Oswal*	Vardhman Textiles Ltd	EDP	47	78	31
9	Bijon Nag*	IFB Industries Ltd	EDP	45	78	33
10	Mahendra Mohan Gupta*	Jagran Prakashan Ltd	EDP	45	79	34

* Promoter Family.

While data was analysed for entire sample (INC/ MNC/PSUs) and across both EDNP & EDP, it very clearly hits on face that all the veterans are promoters - reflecting no retirement policy and will to continue as long as possible. Is this good or bad? One leaves it to individuals' perception and judgement.

Mr. Prithviraj Singh Oberoi (91) of EIH is the eldest Executive Director in the Sample Companies. He joined the Board of EIH at an age of 32 years and is still continuing as an Executive Directors of the Board after 59 years.

Average age of the above EDs is 80 years. It is important here to note that these people are not just on the Board attending meetings, they are rather Executive Directors working every day and drawing monthly salary from the Company.

As all the companies listed in Table 105 are valuable companies, one can certainly not brush off the contribution of these EDs in nurturing these companies. However, one is bound to pose a question, are these people still as effective as they were decades back or if they are crucial to existence of company even at this age? In either case the question would remain what after them?

This leads to issue of succession planning or lack of it.

The average age of these promoter EDs on the date of their first appointment was 29 years and the youngest appointee was Mr. Raghupati Singhania who joined the Board of Directors of JK Tyre & Industries just past his teens (20 years).

Many of the above Companies were incorporated in 1970s when the above generation of entrepreneurs started their venture and many did not get position of EDs on platter. If one excludes these veterans, the average date of first appointment of Promoter EDs decreases to 26 years from 29 years.

Table 106 gives longest serving Non-Promoter EDs in Nifty 500 Index Companies as at end of FY 2019-20.

Director Name	Company Name	Association as a Director (A)	Age as at FY 2019-20 end (B)	Age at Appointment (B – A)
Hawa Singh Chaudhary	Jindal Saw Ltd	32	66	34
Pankaj Mital Kumar	Motherson Sumi Systems Ltd.	30	54	24
Rajesh Kumar Gupta	Havells India Ltd	28	63	35
Keki Minoo Mistry	Housing Development Finance Corporation Ltd	27	65	38
Manoj Mulji Chheda	Aarti Industries Ltd	27	57	31
Ajay Baldawa	Century Plyboards (India) Ltd	26	63	37
Ajit Kumar Jain	Ipca Laboratories Ltd.	26	65	39
Nimmagadda Venkata Ramana	Divis Laboratories Ltd	26	63	37
Sandeep Agrawal	Gujarat Ambuja Exports Ltd	25	48	23
Harit Pragji Shah	Aarti Drugs Ltd	25	56	32

It is observed that all have served as Executive Directors in their respective Companies for more than 25 years.

All these Companies are Indian Corporates and include a professionally managed Company in HDFC Ltd.

As per the Table 109, the average age when a Professional ED joins a Board is 33 years, compared to 26 years in case of Promoter EDPs (Table 105).

Similar analysis has been done for longest Association of Non-Executive Director (both Promoter and Non-Promoter) with the Company, the data is presented in Table 107:

Director Name	Company Name	Nature of Directorship	Association as a Director (A)	Age as at FY 2019-20 end (B)	Age at Appointment (B – A)
Suresh Krishna*	Sundram Fasteners Ltd	NEDP	56	83	27
Bhupinder Singh Jauhar*	Jamna Auto Industries Ltd	NEDP	55	87	32
Chirayu Amin*	Alembic Ltd	NEDP	53	73	20
Nusli Neville Wadia*	Bombay Dyeing & Manufacturing Co. Ltd.	NEDP	52	76	24
Azim Premji *	Wipro Ltd.	NEDP	52	75	23
Rajendra Ambalal Shah	Godfrey Phillips India Ltd	NED-NP	51	89	38
Narendrakumar Parekh*	Pidilite Industries Ltd	NEDP	51	82	31
Kanaiyalal Maneklal Sheth*	Great Eastern Shipping Company Limited	NEDP	50	88	38
Ashwin Suryakant Dani*	Asian Paints Ltd	NEDP	50	77	27
Yusuf Khwaja Hamied*	Cipla Ltd	NEDP	48	84	36

Note: Directors holding directorships in the Promoter Company, Nominees / representatives of Promoters and those related to Promoters, are considered Promoter Director. | * Promoter Family.

Longest serving 10 NEDs are also found in only Indian Corporates, with one exception i.e. Godfrey Phillips India Ltd which can be treated as both as MNC or Indian owned.

Mr. Rajendra Ambalal who is longest serving NED NP in the list of longest serving director is having unique distinction as he has been associated with 4 companies as ID/ NID for almost 5 decades.

Longest association is observed in case of Mr. Suresh Krishna who has been a director for 56 years. He joined the Board of Sundram Fasteners at an age of 27 only. He is followed by Mr. Bhupinder Singh Jauhar, who has been a director for almost 5.5 decades, presently in his late 80s.

The average age of appointment of these 10 directors was 26 years, which is quite similar to the average age of Promoter EDs.

Youngest EDs

Further data was collated to find 10 youngest Promoter EDs. Table 108 contain data on 10 youngest promoter EDs in Sample.

S. No.	Director Name	Company Name	Association as a Director (A)	Age as at FY 2019-20 end (B)	Age at Appointment (B – A)
1	Sagar Prahladbhai Patel*	PSP Projects Ltd	1	24	23
2	Sagar Rajeshbhai Adani*	Adani Green Energy Ltd	5	26	21
3	Pooja Prahladbhai Patel*(W)	PSP Projects Ltd	5	27	22
4	Akshit Diviaj Gupta*	KEI Industries Ltd	3	28	25
5	Mihir Hiten Parekh*	Nilkamal Ltd	5	28	23
6	Kaviya Kalanithi Maran*(W)	Sun TV Network Ltd	4	28	24
7	Mohit Goel*	Omaxe Ltd	6	30	24
8	Arjun Tarang Jain*	Varroc Engineering Ltd	7	30	23
9	Keshav Bhajanka*	Century Plyboards (India) Ltd	4	31	27
10	Nikita Bansal*(W)	Century Plyboards (India) Ltd	3	31	28

* - Promoter Family; (W): Women Director

The average age at appointment of these 10 youngest ED was 24 years against average age of 26 at the time of appointment of longest serving EDs, who would have been appointed in 1950's or 1960's. This indicates that not much has changed in the last 70 years as far as appointments of Promoter directors on the Board without much experience is concerned.

In fact, average age at the time of appointment has come down by 2 years.

Youngest of the lot at the time of appointment is Mr. Sagar Rajeshbhai Adani who was appointed at the age of 21 years. Incidentally, there are three women in the list, indicating signs of changing times, where women have equal rights in family.

Table 109 details of youngest Non-Promoter EDs in Nifty 500 Index companies:

S. No.	Director Name	Company Name	Association as a Director (A)	Age as at FY 2019-20 end (B)	Age at Appointment (B – A)
1	Abhishek Bansal	Just Dial Ltd	35	6	29
2	Preeti Mohanty ^(W)	Ingersoll-Rand (India) Ltd	38	1	37
3	Charles Alexis Billard ^(W)	Sanofi India Ltd.	39	7	32
4	Pinank Jayant Shah	Indiabulls Ventures limited	41	9	32
5	Jagadish Nangineni	Sobha Limited	41	11	30
6	Lakshay Kataria	Akzo Nobel India Ltd.	41	1	40
7	Siddharth Mittal	Biocon Ltd	42	7	35
8	Anuj Kumar	Affle (India) Ltd	42	14	28
9	Jitesh Devendra	Solara Active Pharma Sciences Ltd	42	3	39
10	Mohit Malhotra	Godrej Properties Ltd.	42	5	37

(W): Women Director

The average age at the time of appointment of these directors is 34 years, whereas for promoter EDs it was observed to be 24 years. This proves the theory that non-promoter candidates generally have to work much harder to get to ED stage. Youngest at the time of appointment is Mr. Abhishek Bansal of Just dial Ltd at 29 years.

TIME COMMITMENT OF DIRECTORS

Time Commitment of directors on the Board of the Company is a very important parameter in analysing the Board's performance. Directors having excessive time commitment may not be able to devote sufficient time towards the affairs of the Company.

Both MCA and SEBI have prescribed maximum limits on directorships that an individual can have. While the limit prescribed by MCA is for all Public and Private Companies, SEBI limits are applicable to listed directorships only.

<u>Legal Provisions</u>	
<u>Section 165 of the Companies Act, 2013 - Number of Directorships</u>	
<i>(1) No person, after the commencement of this Act, shall hold office as a director, including any alternate directorship, in more than twenty companies at the same time:</i>	
<i>Provided that the maximum number of public companies in which a person can be appointed as a director shall not exceed ten.</i>	
<u>Regulation 17A of SEBI LODR - Maximum number of directorships.</u>	
<i>17A. The directors of listed entities shall comply with the following conditions with respect to the maximum number of directorships, including any alternate directorships that can be held by them at any point of time -</i>	
<i>(1) A person shall not be a director in more than eight listed entities with effect from April 1, 2019 and in not more than seven listed entities with effect from April 1, 2020:</i>	
<i>Provided that a person shall not serve as an independent director in more than seven listed entities.</i>	

Since, the Sample Companies (Nifty 500 Index) are Listed Entities, therefore, this study predominantly focussed on Listed directorships for assessing the time commitment of directors.

SEBI Regulations mandate that a director must not hold office in more than 7 Listed Entities, presently. This is exactly aimed at restricting time commitments of directors such that duty of care prevails and adequate amount of time is spent by directors towards the Company affairs. **Time Commitment – Index and ownership**

Table 110 depicts average time commitment of directors in Nifty 500 Index.

Table 110: Total Commitment Distribution			
Ownership	2019-20		
	INC	MNC	PSU
Nifty 50	2.57	2.00	1.42
Nifty Next50	2.30	1.86	1.46
Nifty Mid Cap	2.17	2.09	1.35
Nifty Small Cap	1.95	1.81	1.21
Nifty 500 Index	2.12	1.96	1.32

The Table depicts time commitment of directors based on various Index and ownership. Since, a director may be holding directorship in multiple Companies across INC / MNC /PSU or multiple Index, therefore, positions (not individual director) are considered to calculate average time commitment.

It can be observed that director in the PSUs have the least time commitment. This is because directors in PSUs are generally holding positions within State / Centre owned Companies. Very

few directors of PSUs are holding directorship outside PSUs, as can be seen in Table 111.

Time commitment of directors in INCs appear to be stretched as avg. time commitment of each position is around 2-2.5 Listed Entities. Avg. time commitment in MNCs is in the range of 1.8-2 Listed Companies.

Time Commitment – PSU directorship in Non-PSU Company

This sections analysis whether directors of PSUs are directors in Non-PSUs as well.

Table 111 provides a list of directors who are directors in Non-PSUs also.

Table 111: Directorship in Non-PSUs of PSU Directors		
Directorship in Non-PSUs	PSU Directors	
	#	%
None	435	93.95%
1	23	4.97%
2	4	0.86%
3	0	-
4	1	0.22%
Total	463	100.00%

435 directors in PSUs do not hold any directorship in a Non-PSUs Entity. 23 directors held 1 directorship each during FY 2019-20.

These are predominantly entities which are partially owned by Govt. (either Centre or State).

Mr. Nilesh Vikamsey, is ID on the Board of SBI Cards and SBI Life Insurance appear to be an outlier in the list with 4 directorships in Companies outside PSUs. These are viz., IIFL Finance Ltd, IIFL Wealth Management Ltd, Navneet Education Ltd and PNB Housing Finance Limited.

Directorship-Distribution Matrix

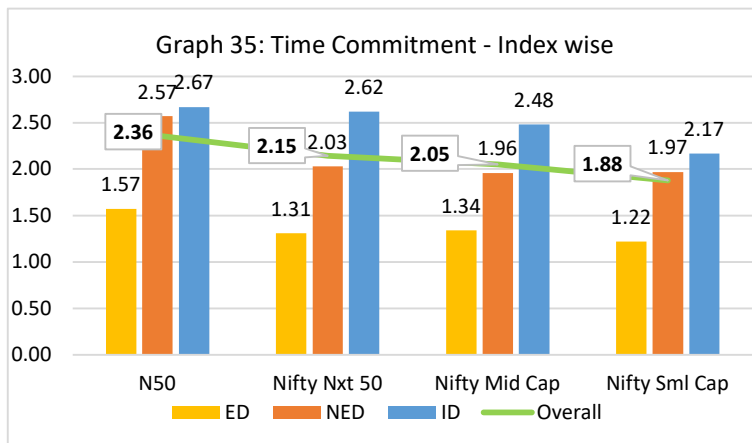
In total there are 3,619 unique individuals occupying 4,485 directors' position in Nifty 500 Index companies for FY 2019-20. From this, a straight answer comes that average directorship is approx. 1.25 directorship/individual director. However, this is not a correct statement as in addition to NIFTY 500 companies many of these individuals are directors in companies which are not part of the Nifty 500 Index. Table 112 analyses distribution of directorships in Sample companies.

Table 112: Listed Directorship Distribution (FY 2019-20)			
Total Listed Directorships	Total Positions in NIFTY 500	Individuals	Percentage
1	2,512	2,512	69.41%
2	801	592	16.36%
3	456	259	7.16%
4	271	118	3.26%
5	246	81	2.24%
6	132	39	1.08%
7	67	18	0.50%
Total	4,485	3,619	100.00%

It can be seen that only a handful number have directorships in 5 or more companies. Only 138 (almost 4%) of individuals have 5 or more listed company directorships. A major chunk i.e. 3,104 (85.77%) have 2 or less number of directorships.

Time Commitment- Index wise:

The Graph 35 presents data on average directorship Index wise to get more clarity of directors as per Indices:



Time Commitment of directors in Nifty 50 is the highest amongst all the Indices. This is seen consistently in all forms of director whether it is ED or NED or ID. Directors in Nifty 50 are generally veterans of their industry and probably are in higher demand.

With respect to the Executive category, time commitment is seen highest in Nifty 50. Nifty Next 50 and Mid Cap Companies have almost similar time commitment for EDs. EDs of Small Cap

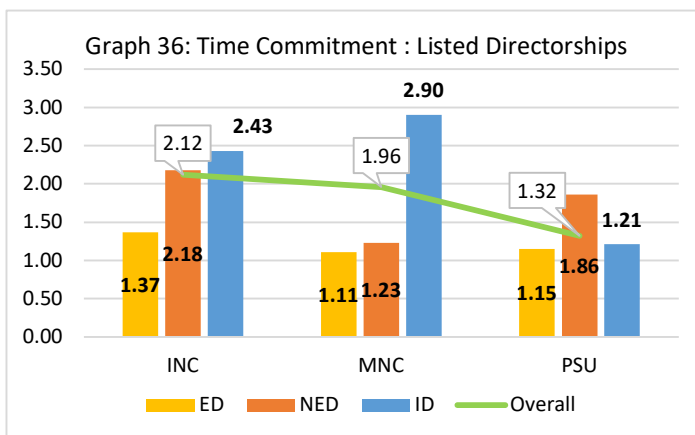
Companies have the lowest time commitment out of all the 4 Indices.

On an overall basis, time commitment of Nifty 50 Directors is stretched comparatively than Companies in other Indices. One reason as already discussed, could be the demand for such directors, due to their experience / expertise.

For IDs, directors in Nifty 50 have the highest time commitment, followed by Nifty 100, Nifty 200 and Nifty 500.

Time Commitment- Ownership wise:

The graphs 36 represent the time commitment of Directors as per company categorisation based on ownership:



Time commitment of Executive Directors in Indian Corporates appears more stretched, when compared with that of PSUs and MNCs. This is not surprisingly, since Promoter EDs in Indian Corporates generally tend to occupy Executive positions in subsidiary / Group Companies also.

On an overall basis also, average time commitment in Indian Corporate is 2.12 Listed Directorships, compared to 1.96 in MNCs and 1.32 in PSUs. As expected PSUs

have directors with least time commitment out of the 3 categories.

Time Commitment of IDs in MNCs is the highest comparatively. And that of EDs is the lowest, indicating that full-time work is given more focus and attention. And IDs who have probably proved their contribution elsewhere are taken up on the Board.

Time Commitment -Executive Director:

This section analyses the time commitment of Executive Directors in Listed Entities. Both MCA and SEBI have provided restrictions on time commitment of Executive Directors which is provided hereinbelow:

Legal Provision	
<u>Section 203 of the Companies Act, 2013</u>	
<i>(3) A whole-time key managerial personnel shall not hold office in more than one company except in its subsidiary company at the same time:</i>	
.....	
<i>Provided also that a company may appoint or employ a person as its managing director, if he is the managing director or manager of one, and of not more than one, other company and such appointment or employment is made or approved by a resolution passed at a meeting of the Board with the consent of all the directors present at the meeting and of which meeting, and of the resolution to be moved thereat, specific notice has been given to all the directors then in India.</i>	

According to Companies Act, 2013 an ED cannot serve as ED in more than 2 full-time positions. Table 113 provides a list of Executive Directors who are holding 2 or more full-time positions in Nifty 500 Index Companies.

Table 113: EDs holding more than 1 full-time positions (P vs NP)						
S. No.	Director Name	Full-time Positions		NED-NID	ID	Total Listed Directorships
		NP	P			
1	Gautam Shantilal Adani	-	3	2	0	6
2	Sanjiv Bajaj	-	2	3	0	5
3	Rajesh Shantilal Adani	-	2	2	0	5
4	Bharat Hari Singhania	-	2	1	0	5
5	Sanjeev Kumar	2	-	1	0	3
6	Rashesh Gogri	-	2	0	0	2
7	Sanjay Agarwal	-	2	0	0	3
8	Sajjan Bhajanka	-	2	0	0	3
9	Abhyuday Jindal	-	2	0	0	2
10	Sajjan Jindal	-	2	0	0	3
11	Dilip Shantilal Shanghvi	-	2	0	0	2
12	Samir Uttamlal Mehta	-	2	0	0	2
13	Gopalan Madhusudan	2	-	0	0	2
14	Rahul Joshi	2	-	0	0	2

Except Mr. Gautam Adani, who is holding 3 full-time positions, all other directors in Table 113 are holding 2 full-time positions in Nifty 500 Companies. The law permits only holding 2 full-time positions, therefore, holding Gautam Adani's 3 full-time positions is not in accordance with the law.

None of these Executive directors are holding any Independent Directorship in any Nifty 500 Index Companies, however, top 5 are holding Non-Executive Directorship in various Companies.

Except 3, all the remaining 11 are Promoter EDs.

Mr. Sanjeev Kumar is holding full-time position in Gujarat Gas Ltd & Gujarat State Petronet Ltd.

Mr. Gopalan Madhusudan is ED in Gillette India Limited & Procter & Gamble Hygiene and Health Care Ltd, while Mr. Rahul Joshi is ED on the Board of Network 18 Media & Investments Ltd & TV18 Broadcast Ltd.

Professional EDs hold full-time positions generally when there is a JV with some other entity, and they opt for Executive role in JV also.

To the contrary, Promoter EDs generally occupy more full-time roles than their Professional counterparts. They generally take up ED (or at least NED) role in almost all of their Group Companies. Ideally, EDs must not hold more than 1 full-time positions, unless the other Company happens to be a subsidiary with similar business, otherwise, it may hamper the performance of the Directors and eventually the Company.

Part-time commitments of Executive Directors

This section analyses part-time commitment of Executive directors on other Companies. While, MCA specifically does not prescribe any NED position limits, SEBI Listing Regulations does place a limit on number of Listed ID positions an ED can hold.

Legal Provision

Regulation 17A of the SEBI LODR

*(2) Notwithstanding the above, any person who is serving as a whole time director / managing director in any listed entity shall serve as an independent director in **not more than three listed entities**.*

Regulation 17A of the SEBI Listing Regulations states that no Executive Director of a Listed Entity shall serve as ID in more than 3 Listed entities.

The intention of law is that directors who are already holding Executive position are engaged with their Companies 365 x 7. Therefore, such EDs may not be able to devote adequate time towards affairs of Company where they are Independent Directors. Especially, when IDs are subject to added scrutiny nowadays, therefore, excessive time commitment must be avoided.

Table 114 maps time commitment of directors in addition to single Executive position. First test is to examine if there is any breach of law by EDs in respect of holding more than permitted positions of IDs

Independent Directorships:

Table 114: EDs holding only 1 Full-time positions				
ID positions				
# of ID positions	ED-NP	%	EDP	%
0	682	98%	437	96%
1	14	2%	14	3%
2	1	0%	5	1%
3	0	0%	1	0%
Total	697	100%	457	100%

Table 114 depicts Independent Directorship of Directors who are holding One full-time position, during FY 2019-20.

Around 97% of EDs (including ED-NPs and EDPs) do not hold any Independent Directorship in any other Listed Entity within the Nifty 500 Index.

28 EDs are holding Independent Directors in another Listed Entity and 6 EDs (including 5 EDPs) are holding 2 ID positions.

Only Mr. Sunil Lalbhai, EDP of Atul Ltd is holding 3 ID positions along with his 1 full time position.

However, no instance of non-compliance in terms of excessive ID positions have been observed in the Nifty 500 index Companies.

Non-Independent Directorships (including IDs)

Unlike limiting number of IDs position for an ED to 3, the law permits total 7 positions of directorship in listed companies, ED, NED NID and ID, all put together.

Table 115: EDs holding only 1 Full-time positions NED (including IDs)				
# of NED positions	ED-NP	%	EDP	%
0	649	93%	412	90%
1	36	5%	30	7%
2	8	1%	10	2%
3	2	0%	1	0%
4	1	0%	4	1%
5	1	0%	0	0%
Total	697	100%	457	100%

As per the data, no ED is holding directorship in 6 Listed Entities, therefore, Table 115 considers only till 5 NED positions.

Around 92% of EDs (including ED-NPs and EDPs) do not hold any Non-Executive positions in any of the Nifty 500 Index Companies.

Highest number of directorships for an ED in Nifty 500 Index Companies is Ms. Renu Sud Karnad. Apart from holding full-time position in HDFC Ltd, she is a holding 4 NED-NID positions and an ID position.

Not much of a difference is observed between time commitments of ED-NPs and EDPs as far as NED positions are concerned.

Time Commitment – Directors with highest time commitment during FY 2019-20

List of directorships of all directors of NIFTY 500 Companies for FY 2019-20 has been collated from MCA database. The Directorships has been gathered post the date of Notice of the respective AGM.

Table 116 and 117 list out individuals with maximum Directorships. While, Table 116 considers only Listed Entities, Table 117 considers 'Total directorships' across all spectrum (whether Listed or Unlisted / Private or Public):

Table 116: Top 10 Directors with maximum directorship in Listed Companies		
S. No.	Director Name	Listed Directorship
1	Shailesh Vishnubhai Haribhakti	7
2	Pradip Panalal Shah	7
3	Sanjay Khatau Asher	7
4	Chandra Kumar Dhanuka (P)	7
5	Nand Gopal Khaitan	7
6	Ashok Bhandari	7
7	Muthuswami Lakshminarayan	7
8	Shailendra Swarup	7
9	Murugappan Murugappan Muthiah (P)	7
10	Pratip Chaudhuri	7

Table 117: Top 10 Directors with maximum Total directorships across all spectrum		
S. No.	Director Name	Total Directorship
1	Rajesh Sharma (P)	20
2	Akshay Rajan Raheja (P)	20
3	Roshni Nadar Malhotra (P)	20
4	Shiwani Singh (P)	20
5	Srivishnu Raju Nandyala	19
6	Sunil Kant Munjal	19
7	Viren Rajan Raheja (P)	19
8	Shikhar Neelkamal Malhotra (P)	19
9	Tushar Choudhary (P)	19
10	Ravindra Kishore Sinha (P)	19

(P): Indicates that they are also Promoters & Director in Nifty 500 Index Companies

Time Commitment – Boards with highest / Lowest time commitment during FY 2019-20

Table in this section depicts Average time commitment of Board of directors. Time commitment of each Board members is added and then divided by number of directors on the Board to arrive at average time commitment of the Board.

Listed Directorships Only

Table 118 depicts Top 10 Board whose directors have highest time commitment in terms of Listed Directorships.

Table 118: Top 10 Companies whose Directors have maximum Listed Directorships					
S. No.	Company Name	Index	Total no. of directors	Total number of Listed Directorships	Average Listed Directorships
1	Bajaj Holdings & Investment Ltd	Next 50	10	49	4.90
2	Bajaj Finserv Ltd	Nifty 50	8	38	4.75
3	CESC limited	Mid Cap	10	45	4.50
4	Bombay Dyeing & Manufacturing Co. Ltd.	Small Cap	9	38	4.22
5	Tube Investments of India Ltd	Mid Cap	7	29	4.14
6	Firstsource Solutions Ltd	Small Cap	10	40	4.00
7	Mahindra & Mahindra Ltd	Nifty 50	10	40	4.00
8	Bajaj Auto Ltd	Nifty 50	15	59	3.93
9	Bajaj Finance Ltd	Nifty 50	12	47	3.92
10	JK Lakshmi Cement Ltd	Small Cap	10	39	3.90

All the 10 companies are Indian Corporates. In the list there are 4 Bajaj Group companies. On an average each director in this sample of 10 companies have approx. 4-5 Listed directorships. 50% of these companies are part of NIFTY 50 index, once again showing demand side of such directors.

Table 119 details Companies with minimum Listed directorship for entire board.

Table 119: Top 13 Companies whose Directors have minimum Listed Directorships					
S. No	Company Name	Index	Total no. of directors	Total number of Listed Directorships	Average Listed Directorships
1	Venkys (India) Ltd	Small Cap	10	10	1.00
2	KRBL Ltd	Small Cap	10	10	1.00
3	Aurobindo Pharma Ltd	Next 50	10	10	1.00
4	South Indian Bank Ltd	Small Cap	10	10	1.00
5	Kaveri Seed Company Ltd	Small Cap	10	10	1.00
6	Bharat Rasayan Ltd	Small Cap	10	10	1.00
7	Sun TV Network Ltd	Mid Cap	13	13	1.00
8	Oracle Financial Services Software Ltd	Next 50	10	10	1.00
9	VRL Logistics Limited	Small Cap	12	12	1.00
10	City Union Bank Limited	Mid Cap	10	10	1.00
11	Karur Vysya Bank Ltd	Small Cap	10	10	1.00
12	BEML Ltd	Small Cap	10	10	1.00
13	Hindustan Aeronautics Ltd	Mid Cap	13	13	1.00

There were 34 Companies where the directors of the Company are holding directorship in only that Company. Out of those 34, only those Board which have at least 10 directors have been depicted above.

The directors of these Companies are not director anywhere else. While, this appears very good practice, purely from a time commitment point of view, however, one can interpret the data differently also.

The other theory could be that these individuals have not been offered directorship by any other company and only this company has been able to recognise talent?

Probably the performance and governance of the Company, could determine which theory is applicable to which Company.

Of the 13, 2 are PSUs, 3 are Banks where RBI has control over appointments, rest 8 can be said to have chosen board keeping in mind time commitments.

Total Directorships across all Spectrum (whether Listed or Unlisted / Private or Public)

The Table 120 gives information on average number of directorships of board member a company has. All the 10 companies are Indian Corporates.

S. No.	Company Name	Index	Total Number of Directors	Total No. of Directorships	Average Directorships
1	Delta Corp Ltd	Small Cap	8	91	11.38
2	SpiceJet Ltd	Small Cap	5	55	11.00
3	Aditya Birla Capital Limited	Mid Cap	7	75	10.71
4	Capri Global Capital Limited	Small Cap	6	61	10.17
5	TV Today Network Ltd.	Small Cap	7	71	10.14
6	Amara Raja Batteries Limited	Mid Cap	6	60	10.00
7	Bajaj Holdings & Investment Ltd	Next 50	10	99	9.90
8	Escorts Limited	Mid Cap	9	89	9.89
9	Apollo Hospitals Enterprise Ltd	Mid Cap	10	96	9.60
10	Prestige Estates Projects limited	Mid Cap	9	86	9.56

Delta Corp Ltd is leader in the pack with average directorships by each director of almost 11.40, followed by Spicejet Ltd.

Board having minimum number of Total directorships (Listed and Unlisted) is indicated below:

S. No.	Company Name	index	Total Number of Directors	Total No. of Directorships	Average Directorships
1	Relaxo Footwears Ltd	Mid Cap	8	8	1.13
2	ITI limited	Mid Cap	11	12	1.18
3	Garden Reach Shipbuilders & Engineers Ltd	Small Cap	10	11	1.20
4	Oil India Ltd	Mid Cap	14	15	1.21
5	National Aluminium Company Ltd.	Mid Cap	9	9	1.22
6	Mishra Dhatu Nigam Ltd	Small Cap	4	4	1.25
7	Hindustan Aeronautics Ltd	Mid Cap	13	13	1.38
8	Shipping Corporation of India Ltd	Small Cap	13	14	1.38
9	Sanofi India Ltd.	Small Cap	9	10	1.44
10	Bharat Dynamics Ltd	Mid Cap	9	10	1.44

7 out of 10 Companies are PSUs. Directors in PSUs are generally nominated by the Govt. and they are focussed to that particular Company only.

List of 13 PSBs that form part of the NIFTY 500 Index, however, have not been considered for the Report are:

S. No	Company Name	Entity Status
1	State Bank of India	Bank
2	Bank of Baroda	Bank
3	Punjab National Bank	Bank
4	Bank of India	Bank
5	Canara Bank	Bank
6	Union Bank of India	Bank
7	Bank of Maharashtra.	Bank
8	Central Bank of India	Bank
9	Indian Bank	Bank
10	Indian Overseas Bank	Bank
11	UCO Bank	Bank
12	Jammu and Kashmir Bank Ltd	Company
13	IDBI Bank Ltd	Company

List of Companies (FY 2019-20) as per Industry wise:

Industry / Sector	Total No. of Companies
AUTOMOBILE	29
CEMENT & CEMENT PRODUCTS	15
CHEMICALS	24
CONSTRUCTION	30
CONSUMER GOODS	73
FERTILISERS & PESTICIDES	12
FINANCIAL SERVICES	72
HEALTHCARE SERVICES	7
INDUSTRIAL MANUFACTURING	50
IT	23
MEDIA & ENTERTAINMENT	12
METALS	21
OIL & GAS	18
PAPER	2
PHARMA	41
POWER	13
SERVICES	28
TELECOM	7
TEXTILES	9
Total	486

Annexure III

S. No.	Newly Listed entities included in FY 2018-19	Reason
1	AAVAS Financiers Limited	Initial Public Offer
2	Adani Gas Ltd	Restructuring
3	Adani Green Energy Limited	Restructuring
4	Chalet Hotels Limited	Initial Public Offer
5	Dalmia Bharat Limited	Restructuring
6	Garden Reach Shipbuilders & Engineers Ltd	Initial Public Offer
7	HDFC Asset Management Company Limited	Initial Public Offer
8	IIFL Wealth Management Ltd.	Restructuring
9	Indiamart InterMesh Ltd.	Initial Public Offer
10	IRCON International Limited	Initial Public Offer
11	Polycab India Ltd	Initial Public Offer
12	Rail Vikas Nigam Limited	Initial Public Offer
13	Solara Active Pharma Sciences Ltd	Restructuring
14	TCNS Clothing Co. Ltd	Initial Public Offer

S. No.	Newly Listed entities included in FY 2019-20	Reason
1	ABB Power Products and Systems India Ltd	Restructuring
2	Affle (India) Ltd	Initial Public Offer
3	CSB Bank Ltd	Initial Public Offer
4	Gujarat Fluorochemicals Ltd	Restructuring
5	Indian Railway Catering and Tourism Corporation Ltd	Initial Public Offer
6	Metropolis Healthcare Ltd	Initial Public Offer
7	SBI Cards and Payment Services Ltd	Initial Public Offer
8	Sterling and Wilson Solar Ltd	Initial Public Offer
9	Sumitomo Chemical India Ltd	Restructuring
10	Suven Pharmaceuticals Ltd	Restructuring
11	Ujjivan Small Finance Bank Ltd	Initial Public Offer

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