

India Inc boards expand with more women, independent directors

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Mumbai, 16 December

The boardrooms of India's large listed companies are steadily expanding as corporate governance standards tighten and regulatory compliance rises. Boards of Nifty 100 companies boasted an average of 10.52 members as of FY24, compared to 9.86 in FY21 and 10.48 in FY23, according to the fifth edition of Excellence Enablers' Survey on Corporate Governance, an initiative led by M Damodaran, former chairman of the Securities and Exchange Board of India (Sebi).

The 2024 edition of the survey shows that 14 per cent of Nifty 100 companies in FY24 had 14 or more directors, up from eight such companies in FY21 and 11 in FY23.

Meanwhile, 61 companies reported having between nine and 13 directors in FY24, a slight drop from 65 in FY23 but an increase from 57 in FY21. As a result, 75 per cent of Nifty 100 companies in FY24 had nine or more directors, compared to 65 per cent in FY21.

The survey highlights the benefits of larger boards, emphasising that size significantly impacts board performance and effectiveness. "With five mandatory board committees, there ought to be enough Board members to ensure that committees are properly constituted, and do not have the same members on almost all committees, with resultant information asymmetry, adversely impacting those who are not on committees," says the survey.

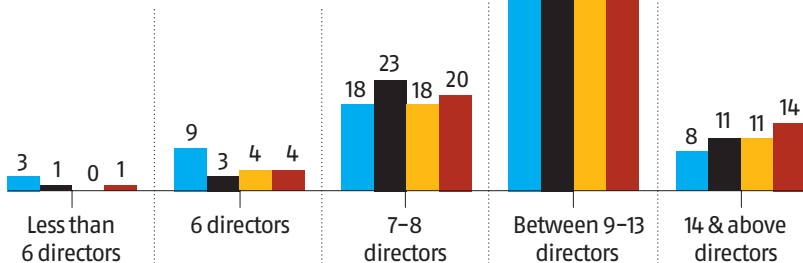
Sebi regulations stipulate that the board of directors of the top 1,000 listed entities (effective April 1, 2019) and the top 2,000 listed entities (effective April 1, 2020) must comprise at least six directors. All Nifty 100 companies, except one, comply with this mandate.

In line with regulatory requirements and the growing demand for external perspectives, companies are appointing more non-executive directors (NEDs).

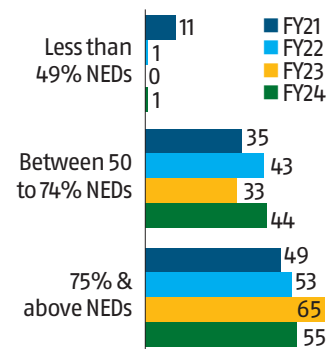
CHANGING PATTERNS

Size of Board

■ FY21 ■ FY22 ■ FY23 ■ FY24



Percentage of non-executive directors, including independent directors on Boards

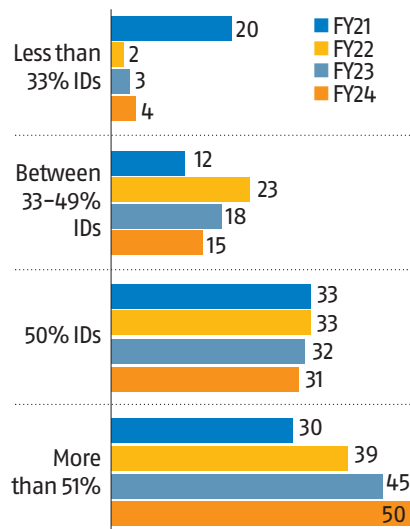


Note for all charts: For FY21, 5 companies; FY22, 3 companies and for FY23, 2 companies were not listed Source: 5th edition of Excellence Enablers' Survey on Corporate Governance report

According to the survey, NEDs accounted for over half of the board in 99 per cent of Nifty 100 companies in FY24, a rise from 84 per cent in FY21.

Similarly, the number of independent directors (IDs) on boards has climbed, with most companies adhering to Sebi's norms on ID representation. IDs constituted 50 per cent or more

Percentage of IDs on Boards



of the board in 81 Nifty 100 companies in FY24, up from 63 in FY21 and 77 in FY23.

Gender diversity has also made strides. Nifty 100 companies reported 200 women directors in FY24, up from 158 in FY21 and 193 in FY23. Of these, 73.5 per cent were independent directors.