SpencerStuart

2019 India

Spencer Stuart Board Index

ABOUT SPENCER STUART BOARD SERVICES

At Spencer Stuart, we know how much leadership matters. We are trusted by organizations around the world to help them make the senior-level leadership decisions that have a lasting impact on their enterprises. Through our executive search, board and leadership advisory services, we help build and enhance high-performing teams for select clients ranging from major multinationals to emerging companies to nonprofit institutions.

Privately held since 1956, we focus on delivering knowledge, insight and results through the collaborative efforts of a team of experts — now spanning more than 70 offices, over 30 countries and more than 50 practice specialties. Boards and leaders consistently turn to Spencer Stuart to help address their evolving leadership needs in areas such as senior-level executive search, board recruitment, board effectiveness, succession planning, in-depth senior management assessment, employee engagement and many other facets of organizational effectiveness.

For more than 30 years, our Board Practice has helped boards around the world identify and recruit independent directors and provided advice to board chairs, CEOs and nominating committees on important governance issues. We serve a range of organizations across geographies and scale, from leading multinationals to smaller organizations. In the past year alone, we conducted more than 750 director searches worldwide, and in North America one-third of those assignments were for companies with revenues under $1 billion.

Our global team of board experts works together to ensure that our clients have unrivaled access to the best existing and potential director talent, and regularly assists boards in increasing the diversity of their composition. We have helped place women in more than 2,100 board director roles and recruited more than 750 minority executives around the world.

In addition to our work with clients, Spencer Stuart has long played an active role in corporate governance by exploring — both on our own and with other prestigious institutions — key concerns of boards and innovative solutions to the challenges facing them. Publishing the *U.S. Spencer Stuart Board Index* (SSBI), now in its 34th edition, is just one of our many ongoing efforts. Each year, we sponsor and participate in several acclaimed director education programs, including:

- Next-Gen Board Leaders (NGBL), an initiative designed to foster a community of current and aspiring directors to spark discussion around the challenges, opportunities and contributions of a younger generation in today's boardrooms
- The Global Institutes, sponsored by the WomenCorporateDirectors (WCD) Foundation
- The Corporate Governance Conference at Northwestern University's Kellogg School of Management
- The New Directors Program, a unique two-year development program designed to provide first-time, non-executive directors with an exclusive forum for peer dialogue on key issues and "unwritten rules" of corporate boards, produced in partnership with the Boston Consulting Group, Frederick W. Cook & Co., Davis Polk, Lazard and PricewaterhouseCoopers

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Foreword

India was already grappling with a slowing economy. Then, the COVID-19 pandemic hit, adding tremendous challenges to an already complicated macroeconomic landscape. The Indian economy contracted 23.9% in the quarter ending on June 30, 2020, one of the most severe economic declines among the world's top economies. This certainly was a drastic change from what corporate leaders and board members had in mind heading into 2020 for one of the world's fastest-growing major economies.

With India facing its deepest recession since 1996, businesses must rethink their operating models and governance practices to ensure foundations are set for recovery and the next stage of their growth. There is widespread agreement that good corporate governance practices help organizations achieve better financial and operational results, and COVID-19 has brought this into sharper focus for the boardroom. Boards have become more engaged in driving discussions not only on navigating the crisis in the near term, but also on building sustainable organizations in the long term, with higher accountability to safeguard their purpose in the social context. While the march toward good governance has gained momentum over the past few years, progress has been patchy. Corporate governance practices, even in the most reputed listed Indian companies, remain wanting on several dimensions.

This sixth edition of the *India Spencer Stuart Board Index* looks back at conditions from FY2019, at the same time that we brace ourselves for continued uncertainty in the face of the COVID lockdown that has taken place in 2020 and the cautious recovery to come. Several recent changes have made an impact on the boardroom environment in India. The Kotak Committee on Corporate Governance, set up to improve the corporate governance of listed companies in India, submitted its recommendation report to the Securities and Exchange Board of India (SEBI) in mid-2017 and, through an extensive process of consultation, accepted several recommendations and made amendments to the SEBI Listing Obligations and Disclosure Requirements (LODR). Several of these amendments to the SEBI LODR Regulations came into effect between April 2019 and April 2020. For some recommendations, such as the requirement to separate the roles of chairperson and managing director or CEO, the compliance deadline has been extended to April 2022.

This index evaluates key parameters of the board composition and processes of the BSE 100 companies, and draws comparisons between practices in India with those in the United Kingdom and the United States, two of the more advanced markets Indian companies look up to for comparison. Among the findings for 2019, we learned that 58% of Indian companies we studied have a non-executive chairman, in line with the growing trend of the last few years. The average remuneration paid to independent directors has seen a sixfold jump in the last decade from INR 540,000 to INR 3.2 million. Boardroom diversity has evolved through the years as well, as SEBI made it mandatory to have at least one female independent director on the board of directors of the top listed companies. All the surveyed companies have at least one female director on the board. However, it remains to be seen how many of these changes truly incorporate the spirit of the law.

In its quest to foster stronger corporate governance, the Ministry of Corporate Affairs has introduced a slew of regulations. It formulated the National Guidelines on Responsible Business Conduct, urging businesses to actualize the principles in letter and spirit. It also introduced proficiency examinations for independent directors other than those who have been directors on company boards or as key management personnel for 10 or more years. With regulations increasing, independent directors are doing much more due diligence on companies and their boards before joining them.

Going beyond regulatory and business risk, boards are becoming increasingly focused on aspects around cybersecurity, environmental and social governance, their role in senior management succession, crisis response, and organizational culture. There is also a recognition that a healthy board dynamic and culture is an important building block for implementing strong corporate governance and improving board effectiveness.

In addition to our findings, this report includes three special spotlight sections: one featuring a panel of senior board directors discussing board and management responses to the COVID-19 crisis; one on the critical role of the board in CEO succession; and one on board culture.

We hope that you will find plenty of interest in the results of our 2019 *India Spencer Stuart Board Index*. As always, Spencer Stuart remains committed to providing you deep insights into corporate governance practices across the world.

Ritu Kochhar

In the Spotlight

COVID-19 Survival and Beyond: What Boards Should Be Thinking About

The COVID-19 pandemic continues to take its toll on global businesses and economies. While the lockdown in India has been eased, and business activity has seen some upswing, the overall economic situation remains challenging. Boards are playing a critical role in supporting their management teams in navigating the complex macroeconomic landscape and reappraising operating models. Boards have a responsibility to assess how well positioned their organizations are to weather the financial challenges and respond to the fast-evolving situation.

At the end of April 2020, a Spencer Stuart webinar, in partnership with the global consulting firm Alvarez & Marsal, brought together some 35 senior non-executive directors to share their insights about the critical issues on their minds during the COVID-19 crisis. Moderated by Spencer Stuart's **Ritu Kochhar**, the discussion included an eminent group of panelists — **Nikhil Shah**, a managing director at Alvarez & Marsal; **O.P. Bhatt**, chairman, Greenko Energy Holdings; **Sunil Mehta**, chairman and managing director, SPM Capital Advisers Pvt Ltd; and **Shailesh Haribhakti**, chairman at Shailesh Haribhakti & Associates — who discussed the key issues boards and management teams are facing in dealing with the challenges COVID-19 has brought, as well as the shorter- and longer-term implications for business and the evolving role of the board and governance.

This article looks at some of the key takeaways from this virtual event.

DESPITE THE UNPRECEDENTED CRISIS, OVERALL SPIRITS REMAIN HIGH

The gravity of the COVID-19 crisis has been overwhelming, but board members and management remain optimistic that it will pass. What makes this crisis so unique and harsh is that it started as a global healthcare crisis, which then led to a sudden and catastrophic global economic crisis. Although the Indian economy was already showing signs of weakness pre-COVID — with an ongoing credit squeeze, many non-performing assets, a deepening GDP contraction, and a low savings and investment rate — the pandemic-related lockdown crippled the economy and severely impacted those at the bottom of the economic pyramid.

> *"There is a sense of optimism that we have overcome numerous challenges before — and come through them stronger — and there is no reason this time will be an exception."*
>
> **SUNIL MEHTA**
> CHAIRMAN AND MANAGING DIRECTOR, SPM CAPITAL ADVISERS PVT LTD; NON-EXECUTIVE CHAIRMAN, YES BANK; MEMBER OF SEVERAL OTHER BOARDS

With lockdowns easing, but the ever-present possibility of them returning, it will still be difficult for many businesses to operate in the short term due to social distancing regulations, a shortage of migrant labor and fractured supply chains and distribution networks. Companies have focused on establishing alternative arrangements to avoid overreliance on a single source of supply and the companies and their boards need to be prepared for an uncertain environment.

However, as Sunil Mehta said, there remain positive signs. "The overall spirit to face the crisis remains strong as the government, boards and management teams have rallied together," Mehta said. "There is a sense of optimism that we have overcome numerous challenges before — and come through them stronger — and there is no reason this time will be an exception. It will be, however, a different world post-COVID. This beckons an opportunity and the need for reinvention, especially in terms of technology transformation."

PRE-COVID FACTORS IN BUSINESSES' RECOVERY AND LONG-TERM SURVIVAL

A major factor determining businesses' trajectory during this crisis is their state at the onset of the crisis, specifically their financial strength, market standing, operating model flexibility, extent of automation and technology adoption, leadership decisiveness, and agility to respond to change. The financially and operationally stronger businesses will take some knocks but will be in a better position to survive and return stronger.

Companies that were disciplined about financial leverage will be likely to have the liquidity to sustain low revenues for a reasonable period of time. Many also drew down lines of credit at the onset of the pandemic, which will prove prudent. If these companies can use the crisis as a catalyst for adapting operating models and automating processes, they could retain or even grow their market share and increase competitiveness. Some will look for opportunities to acquire new businesses and perhaps diversify into new markets and products.

> *"Boards and leaders need to increase stakeholder communication, focus on health and safety, encourage senior leadership to thoughtfully and constructively motivate employees and stakeholders, and empower employees at all levels to think and provide creative solutions."*
>
> **O.P. BHATT**
> CHAIRMAN, GREENKO ENERGY HOLDINGS

Boards, especially at companies where revenues could be impacted for a longer period, are encouraging management to reduce operating costs and corporate overhead, renegotiate vendor contracts, and optimize capacity and revenue mix.

Companies that were already overleveraged and liquidity-constrained will face funding challenges and some hard decisions around pay cuts and workforce reduction. A few of these companies could potentially face default as the RBI moratorium is lifted. Boards will need to proactively engage with lenders and alternative capital providers to mitigate the risk of default.

BOARD AND MANAGEMENT ENGAGEMENT

The board's role focusing on sustainability, value creation for stakeholders and management oversight has not changed. However, boards must step up now, reinvent themselves and be more involved in helping management navigate the crisis without undermining them. Flexibility and quick decision-making are critical. Things change day-to-day, a board or management decision one month may need to be revisited the next.

"The crisis has changed the form and frequency of engagement and communication," O.P. Bhatt said. "Boards and leaders need to increase stakeholder communication, focus on health and safety, encourage senior leadership to thoughtfully and constructively motivate employees and stakeholders, and empower employees at all levels to think and provide creative solutions."

Boards also need to be comfortable with ambiguity, encourage management to objectively assess the situation, re-evaluate strategy and support them in responding to what is a very complex and evolving situation. Boards must make a proper, honest assessment of the state of the company and its future options, and be constructive in their questioning — without undermining the CEO.

Some management teams have struggled to shift their mindsets to adapt their styles to this crisis. Boards need empower leaders in these situations with the right team and mentors to manage it effectively.

"Boards and companies are redefining their sense of purpose during this crisis. Boards will take a longer-term view, making decisions in best long-term interests of the business, with higher accountability to safeguard the true purpose of the company in the social context."

LEO PURI
CHAIRMAN DESIGNATE, SOUTH AND SOUTHEAST ASIA, J.P. MORGAN;
MEMBER OF SEVERAL OTHER BOARDS

FOCUS ON TECHNOLOGY

The current pandemic has supercharged technology adoption across all aspects of business unlike any other event in history. The sudden shift to work from home presented initial challenges, but many workforces and businesses have adapted well within the context of their operating models. Boards should encourage companies to embrace technology across the entire value chain, including augmented manufacturing, process automation, online customer engagement and digital payments, to name a few.

When we arrive at the "next normal" after this crisis, we will witness faster technological transformation. The paradigm of manufacturing will also change. The convergence of technological developments in India will bring in new cost curves and commoditize certain products and services. In this world, innovation is essential to becoming more nimble and better able to capture the opportunities.

However, companies with unprotected data and poor cybersecurity practices are vulnerable to hacking and data breaches. Cybersecurity awareness and best practices are critical to every business's culture and training for working from home. "Increasing reliance on technology and work-from-home protocols require boards to also focus on risks related to information and data security," said Milind Sarwate, the founder and CEO of Increate Value Advisors.

SHIFT TO ENVIRONMENTAL STEWARDSHIP

Boards globally have shifted toward environmental stewardship, and in the midst of what is essentially a humanitarian crisis, that issue is once again front and center. "This crisis has put the onus on boards to serve serve as better stewards of the environment and bring in a new natural thrust on social responsibility, environmental stewardship and stronger governance led by a whole new technology focus," Shailesh Haribhakti said.

At a more tactical level, funds related to corporate social responsibility are being redirected in India to help with issues related to COVID-19, including fundraising and other active initiatives to support marginalized communities and a migrant population struggling to survive the crisis. "Boards and companies are redefining their sense of purpose during this crisis," Leo Puri said. "Boards will take a longer-term view, making decisions in best long-term interests of the business, with higher accountability to safeguard the true purpose of the company in the social context."

PLANNING FOR WORST-CASE SCENARIOS

Since the start of the crisis, boards and managements have been focusing on business continuity, scenario analysis and planning for the near and medium term. The situation in India was further complicated, given that March was the end of the the country's fiscal year. As a result, management has had to deal with completing performance reviews, annual financial reporting and business forecasting for the next year.

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>
> **SHAILESH HARIBHAKTI**
> CHAIRMAN, SHAILESH HARIBHAKTI & ASSOCIATES;
> CHAIRMAN, L&T FINANCE HOLDINGS;
> MEMBER OF SEVERAL OTHER BOARDS

Many businesses in India had been pursuing a growth agenda for the last few years. As that agenda got recalibrated, companies needed to adapt to the new reality. There is a feeling that management teams in general are optimistic about the recovery, and that could lead to lack of preparedness for worst-case scenarios. "Hope is not a strategy," Nikhil Shah said. "The right approach is to plan for the worst case, which can be recalibrated as operating environment improves."

Boards should request that management provide detailed contingency plans while evaluating far more conservative scenarios that will require tough operating decisions in recalibrating expenses for longer periods of slow demand. Boards should consider forming a subcommittee of financially savvy members to work with management teams on contingency planning for sustaining liquidity. The subcommittees could stress-test the cash-flow forecast, reevaluate assumptions underlying the forecast and, if there is a near-term liquidity issue, engage with advisors, existing lenders and new capital providers such as stressed asset funds to help refinance and mitigate the risk of default.

EXPECTATIONS FROM THE GOVERNMENT AND CENTRAL BANK

Many board members feel that the Indian government needs to step up its support of businesses to help them ride out the crisis. However, given the limited fiscal space coupled with the fact that the pain is most intense at the bottom of the system, there is a feeling that most government initiatives will continue to be directed there, while more targeted and creative solutions will be used to ensure corporate solvency.

A few people pointed out that, although the RBI has increased liquidity, banks have been hesitant in lending, given the uncertainty in the real economy and the ability of companies to repay. The only way for the liquidity to pass through to companies would be if there is a backstop provided by the government (similar to the Troubled Asset Relief Program, or TARP, enacted in the United States in 2008). However, as Shyamala Gopinath pointed out, "While the U.S. experience with TARP was positive, any solution like that needs to be targeted and have a clear exit plan at the right time."

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> **SHYAMALA GOPINATH**
> FORMER DEPUTY GOVERNOR, RESERVE BANK OF INDIA; CHAIRPERSON, HDFC BANK; MEMBER OF SEVERAL OTHER BOARDS

Fiscal constraints point to a need for innovative financial solutions and a creative market mechanism. "In devising innovative financial solutions," O.P. Bhatt said, "it is important to keep in mind any long-term implication on inflation, fiscal deficits, non-performing assets in the banking system, etc., so as not to create a large financial problem in the longer run."

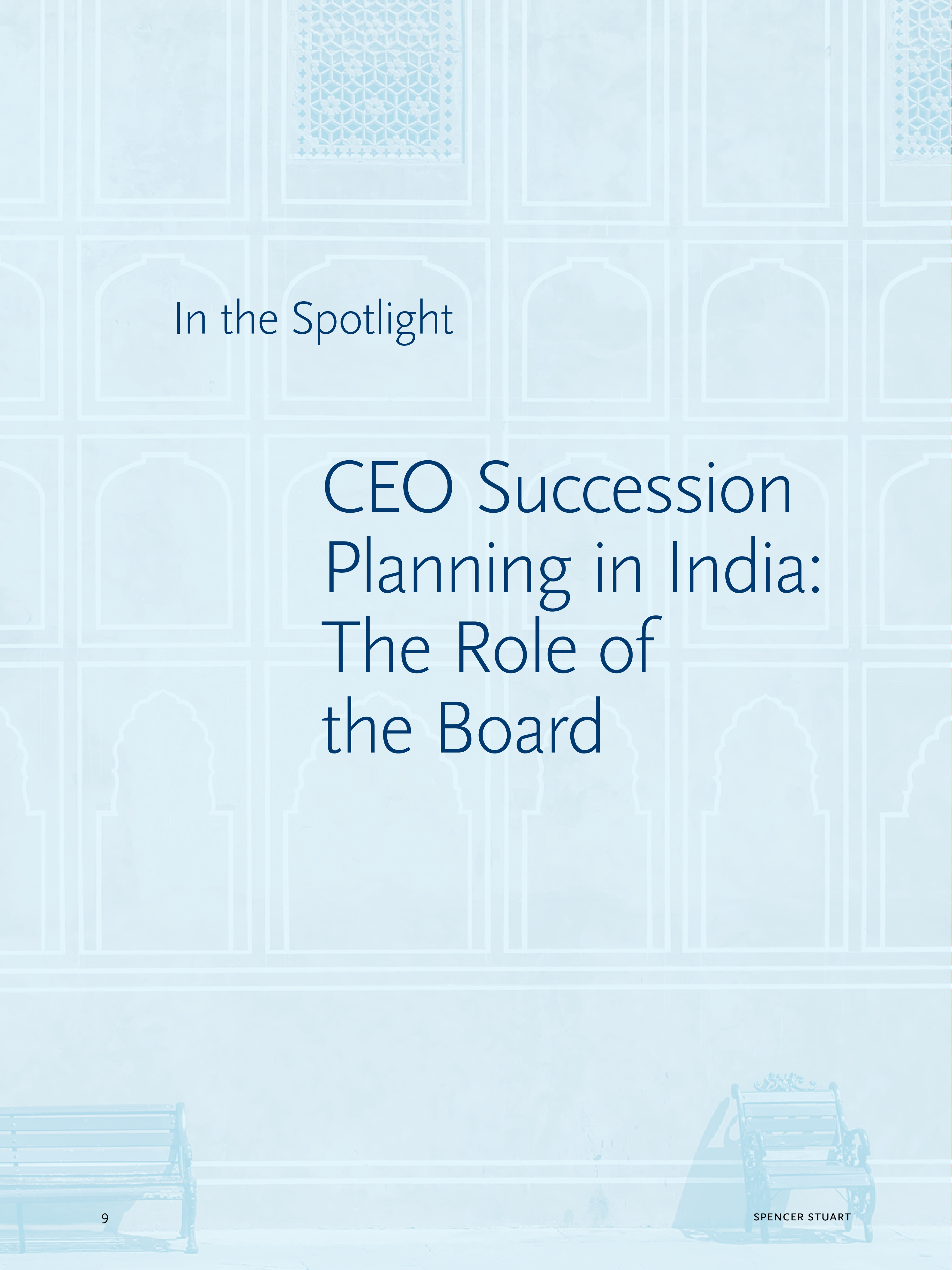
ROLE OF THE BOARD IN START-UPS

The start-up ecosystem has been severely impacted by this crisis. "Board members in start-ups are playing a very hands-on role, leveraging their network, knowledge and resources to help companies survive and navigate the crisis," said Krishnakumar Natarajan, co-founder of the IT company Mindtree. "Decisions have to be taken quickly and board members have to be supportive yet objective in questioning the rationale and lengthening the runway."

Board members and founders of technology start-ups have come together to support start-ups in several ways, such as negotiating with large technology players to lower technology cost and facilitating the setup of a debt fund to help start-ups through liquidity issues. However, the reality is, a number of start-ups will not survive and, in such situations, boards need to ensure that the businesses close in a structured way.

CONCLUSION

This crisis has required boards to step up and become more proactive about engagement and stakeholder communication. Business continuity, employee safety and scenario planning are major topics of discussion for most boards, as they support management in navigating this crisis. Once the crisis has passed, well-led boards should reflect on how they handled the issues — what went well, and what they can learn from them, so that in the post-COVID world they can reinvent operating models, restructure supply chains, drive technology transformation and redefine their sense of purpose.



In the Spotlight

CEO Succession Planning in India: The Role of the Board

CEO succession has become an important topic and key priority for boards in India in recent years. Some of the corporate success stories that emerged from India's economic liberalization reforms are now facing crises of succession, as leadership stability had been taken for granted. India's family businesses have also, arguably for the first time, become more introspective about their future identity and leadership — especially how equipped the next generation of promoter family or professional managers are for maximizing shareholder value in the medium to long term.

A mixed track record of success in organizations' recent succession efforts raises the question — why have some Indian companies succeeded in their succession processes where others have fared less well? Furthermore, what role does the board need to play in order to enable effective CEO succession?

As leadership advisers and partners to boards on CEO selection, succession and effectiveness, observations from our client work and conversations with leaders help shed light on this important topic. Most leaders we engaged with believe strongly that managing CEO succession is one of the most critical responsibilities of the board, and one through which they can have a direct, tangible and long-term impact on the company.

THE SEVEN CRITICAL ELEMENTS OF EFFECTIVE SUCCESSION PLANNING

Timely initiation of the succession planning process

In recent years, most boards in India have initiated the succession planning process in a reactive manner — when the incumbent CEO steps down, is removed or is incapacitated. This emergency succession exercise often leads them to have to look outside the organization for ready-now successors or promote someone from within the organization with serious gaps in experience or capabilities. Such situations could have been avoided if boards had viewed succession planning as an ongoing process consisting of annual reviews that address both short-term and long-term succession needs, including:

1. Contingency planning for scenarios involving the unexpected departure of the CEO, identifying potential ready-now candidates who could step in such situations.
2. Future planning for building the succession pipeline, which — if done regularly and rigorously — will help ensure there are ready-now candidates in place for contingency situations. Starting three to four years before the current CEO is expected to retire/depart, longer-term succession planning focuses on identifying and developing a bench of potential internal candidates and mapping suitable talent in the external marketplace as a benchmark. As the CEO's term end approaches, board discussions become more concrete and formal with specific action items.

Emergency succession exercises can be avoided if boards view succession planning as an ongoing process that addresses both short- and long-term succession needs.

The timing of the succession process can vary depending on external developments and shareholder objectives. For example, for private equity firms, a change in senior management is usually the first item on the agenda after an investment. It is important in such situations that the PE firm make clear to the incumbent CEO/promoter that the investment will lead to a management change.

Reviewing and defining the context in which the company operates

Understanding the "state of play" at the time when the new CEO will step into the role is paramount. In today's fast-paced and ever-changing business environment, the evolving context makes it important for the board to take this into consideration each time they discuss leadership succession. This starts by reviewing the global and local economic outlook and industry landscape. From there, the board and current CEO comprehensively define the company's current and future strategy and culture, business opportunities and challenges, regulatory and competitive landscape, financial health, talent challenges, and any other key aspects that will be critical for the new CEO to steer and navigate in the short to medium term.

With succession processes that begin shortly before the incumbent is due to depart, the board would generally have a good idea of the context but less time to execute the actual succession. On the other hand, in cases of longer-term, planned succession, forecasting the future state and imperatives can be more challenging but is critical.

Run a structured and comprehensive process

While some Indian company boards pursue a more structured succession planning process, the majority still limit this exercise to cursory annual discussions on the topic. As a best practice, chairpeople should include succession planning as part of the agenda annually, along with defining the formal process to commence once the CEO succession is formally initiated.

As a best practice, chairpeople should include succession planning as part of the agenda annually.

Formalizing the succession process consists of numerous tasks, but as mentioned earlier, at its core it requires the board to define the context in which the company is operating, and then align on the set of experiences, capabilities and values that will be key to the success of the next CEO.

In addition to identifying potential internal successors for the CEO role, it is also recommended that the process include a "benchmarking" exercise at regular intervals (three to four years) to gain a more objective perspective on the incumbents and quality of external CEO talent — particularly when the context, competitive landscape and company strategy are changing. This benchmarking exercise can also be useful for the board in creating a "wish list" of external candidates that could be considered when the actual process is triggered.

When thinking about potential external successors in particular, the board should consider not only the individuals' capabilities relevant to the business strategy and financial operations, but also how they align with the values the company stands for and its culture.

Further, while the nomination and remuneration committee (NRC) or, in a few cases, the selection committee (comprising select board members and external experts) are generally tasked with steering the CEO succession process, it is critical for them to brief the entire board, and discuss and review progress with them at regular intervals. Not aligning the board early on can lead to undesirable delays in the succession process. On the other hand, clear and transparent communication with the board — highlighting key risks and issues, and taking inputs from them — can help leverage the collective wisdom of the leaders to drive optimal and timely outcomes and manage any risks that could derail the process.

In situations where there is a selection committee comprising NRC members and external members formed for steering a CEO succession process, the selection committee needs to maintain clear and transparent communication with the board, highlighting key risks and issues, and obtaining input from the collective wisdom of the board on an ongoing basis. This is essential to ensure an optimal and timely outcome and foresee any risks that could derail the process.

Similarly, in the case of regulated entities where the regulator may have established a certain process and would need to approve the final candidate, engaging the relevant stakeholders early on and getting their view on relevant prospects is critical.

Communicate with internal and external stakeholders frequently

While the importance of timely and appropriate communication with internal and external stakeholders cannot be overstated, the frequency, content and scope of communication will vary depending on the stakeholder(s) and the stage of the succession planning process.

For instance, too much focus on succession when a new CEO has just taken over could have the unintended consequence of creating uncertainty in senior management and insecurity for the CEO. At this point, discussions should be more focused on developing the CXO pipeline rather than imminent succession.

On the other hand, if a transition is near, the board should engage a wider set of external stakeholders — investors, regulators and media. Proactively communicating and controlling the messages both internally and externally, rather than being reactive or non-communicative, is important to avoid speculation. The board's ability to walk a tightrope between transparency and confidentiality is often crucial to the process.

Effective onboarding and team support is key to the new CEO's success

A strong succession process does not end with placing the new CEO — it also includes a plan for effective onboarding. The board will play a major role in supporting and guiding the leader's smooth introduction and transition.

In founder-driven organizations, succession and transition planning should also include a formal agreement and delineation of the roles of both the outgoing promoter CEO (who often becomes the chairperson) and the new CEO. While many chairpeople and their professional CEOs maintain healthy working relationships, upfront

A strong succession process does not end with placing the new CEO — it should also include a plan for effective onboarding.

discussion and formalization of roles, responsibilities and decision jurisdictions can help foresee and address any issues that could imperil their relationship and impact the company as a whole.

Engage internal candidates in an objective and thoughtful manner

The reality of any CEO succession process is that there can only be one CEO. The eventual selection of one of many internal aspirants or an external candidate is bound to create some disappointment among the other internal contenders. The shifting internal power dynamics can lead to the departure of key senior executives — many of whom have a key role to play in the current or future success of the company.

The board can help prevent such "collateral damage" by running a process that is honest, transparent and seen as fair and robust by candidates. Engaging external leadership assessment experts could enable the objective evaluation of both internal and external candidates — and help internal perceptions about the fairness of the process. Clear and continual communication and mentoring are key to building trust with internal candidates. It is important that they receive the right kind of advice from board members they trust. Having a feedback loop in these situations is important for internal candidates who do not get the top role.

Leadership discussions should go beyond the CEO position to cover the CEO's direct reports as well as emerging, high-potential executives.

The board should think through various scenarios, including evaluating the organizational structure and changing it if required to retain key talent and support the CEO for long-term success in his or her role. It should also place special emphasis on structuring and articulating the internal communication, so that senior management as well as other employees feel appreciated and are comfortable with the final outcome.

Continued board engagement on developing the C-suite

Leadership succession discussions should go beyond the CEO position to cover the CEO's direct reports as well as emerging, high-potential executives. When directors invest time and effort in reviewing the performance of key C-suite executives and assessing and developing them on an ongoing basis, not only will the company have a stronger bench of talent for any planned or unplanned succession, but it can also enable the board to foresee and address any key talent risks in a timely manner.

Overall, the succession process should not be limited to building a list of viable backups for the CEO but be part of a holistic leadership development approach, which could include the mentoring of key talent by board members, purposeful job rotation, and assessment, coaching and development for high-potential future leaders. Having an annual review of the pipeline of future leaders and discussions on how to enable their development is an absolute must.

COMMON HURDLES — AVOIDING THE PITFALLS

Clearly, industry leaders' perspectives about what constitutes a good succession process seem to align. However, very public succession failures at some of India's most respected companies indicate that there are some real challenges to getting succession planning right.

Industry leaders' perspectives about what constitutes a good succession process seem to align. However, some very public succession failures in India point to the real challenges to getting it right.

Low comfort with candid feedback in the Indian corporate culture

Many directors who have served on both international and Indian boards observe that when compared with company and board cultures in the West, Indian culture and executives tend to be less comfortable with direct feedback, with senior management also often less receptive to criticism. Indian societal norms and perceptions of a "cliquish" Indian corporate world at the senior levels sometimes lead directors to avoid being seen as disagreeable by their peers — especially those with whom they may also have social or external professional relationships.

This dynamic between the board and senior management is understandably counterproductive as it may delay or altogether preclude necessary course correction when the CEO performance falters. In such an untenable situation, it becomes imperative that the board give direct feedback to the CEO or take a strong stance with the CEO, if required, to live up to its fiduciary responsibility. The independent chairperson (where there is one), the lead independent director and, in particular, independent directors need to ensure that such feedback discussions take place in a timely and appropriate manner.

Procrastination on succession discussions

Founder leaders and professional CEOs often find it hard to acknowledge the idea of their aging/mortality or recognize how another leader could be more suitable for the role of CEO as the business context changes. Therefore, the onus is on the board and NRC to ensure that succession planning is not overlooked. Putting in place a process for identifying and developing internal successors for CEO and other CXOs and annually reviewing their performance can help keep them on track.

Assumptions about family businesses often lead to the expectation that the CEO mantle will pass from one generation to the next. However, this expectation may overlook the on-the-ground realities.

Company succession is confused with family succession

Societal norms often lead to the expectation, even from promoters of large corporates, that the CEO mantle will pass from one generation to the next. This expectation at times may overlook on-the-ground realities, such as the next generation of the promoter family either not interested or poorly suited for participating in the family business. In this scenario, an assertive board that can give its views to the promoter directly can help alleviate the problem. The promoter needs to keep his or her eye on the bigger picture and focus on doing what's best for the company; the board's role is to provide the counsel and assertiveness to keep the decisions of the family anchored to the long-term health of the business.

CONCLUSION

Managing a CEO succession planning exercise presents many challenges and complexities. A successful outcome is when the new CEO not only has a positive impact on the financial performance, but also on the culture, people and values of the company, and is surrounded by a capable and aligned senior management team. A well-run succession process is key to the long-term sustainability and growth of any company.

The board of directors, as fiduciaries of company stakeholders, must own and drive the succession process. Embracing the critical elements of a timely, structured and thoughtful process and avoiding the pitfalls improve the probability of a successful outcome.

Corporate governance in India is seeing winds of change blowing in the right direction, and in the coming years, more boards will oversee enlightened and effective succession processes that produce exceptional CEOs and senior management teams.

Highlights of the 2019 India Spencer Stuart Board Index

94%

Proportion of companies that comply with Clause 49

Clause 49 of the Listing Agreement on corporate governance came into effect in 2005, calling for independent directors to make up one-third of boards with non-executive chairs and half of boards with executive chairs. Even after 14 years, this critical governance directive still has not achieved 100% compliance.

16.3%

Proportion of female directors on Indian boards

Gender diversity continues to progress at a steady pace in India. Clause 149 in Companies Act 2013 requires at least one female director on listed companies' boards, and 100% of companies in 2019 achieved that, up from 94% in 2015. Interestingly, 52% of BSE 100 companies have two or more women on their boards. However, women account for only 16.3% of all directors in India.

6x

Increase in independent director remuneration

The average remuneration paid to the Independent directors has jumped almost sixfold in the last decade, from INR 540,000 to INR 3.2 million. Remuneration levels need to reflect the risk and responsibility directors assume for the role while rewarding the value they bring to boards.

6.9%

Proportion of foreign directors on Indian boards

Foreign directors can bring perspectives to the board for more robust discussions and Indian companies continue to invite individuals from overseas to serve on their boards. While 34 percent of companies surveyed had at least one foreign director on their board, there has been no significant change in the last five years.

58%

Proportion of companies having a non-executive chairman

The number of companies with a non-executive chair increased to 58% from 55% in 2015, in line with the trends of the last few years, where the number of non-executive chairs has continued to rise.

Our Survey Approach

The purpose of the 2019 *India Spencer Stuart Board Index* is to provide an overview of governance practices in India's largest listed companies by market capitalization. The index analyzes data published by companies listed in the BSE 100 index between June and August 2019.

The Board Index analyses data from the most recent annual reports and from BoardEx, a global board intelligence database. The analysis is based on data taken from annual reports of companies whose financial years ended during the twelve months up to and on March 31, 2019.

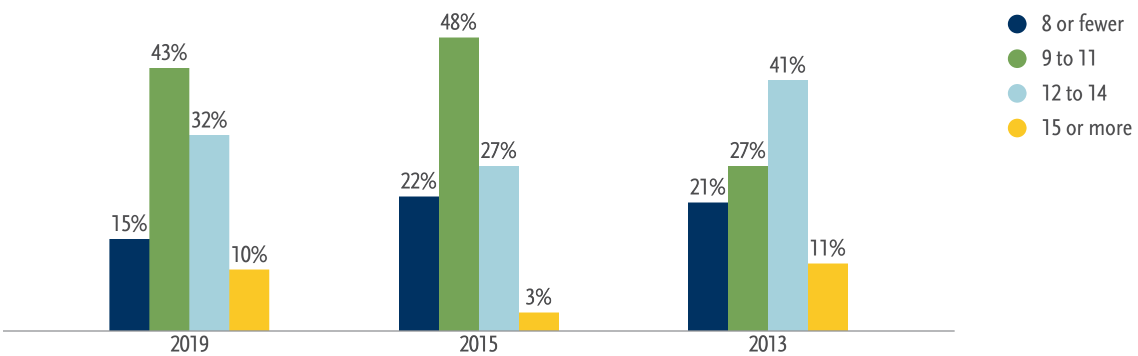
Throughout our analysis we compare practices in India with those of the US and the UK, drawing on data from the most recent Spencer Stuart Board Indexes from each country, which cover the S&P 500 and FTSE 150 respectively.

Board Structure and Composition

MARGINAL INCREASE IN AVERAGE BOARD SIZE

The average board size increased to 11.3 members in 2019, compared with 10.3 four years earlier. In particular, the proportion of companies with boards comprising more than 15 members has increased substantially, from 3% in 2015 to 10% in 2019. By comparison, average board size on the S&P 500 is 10.7 and on the FTSE 150 is 10.3. In line with Kotak Committee recommendations, SEBI mandated that there be a minimum of six directors in the top 1,000 listed entities by April 1, 2019, and the top 2,000 by April 1, 2020.

Board Size



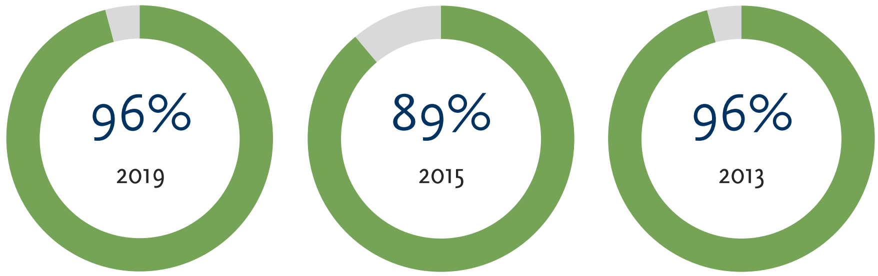
Full compliance with Clause 49 yet to be achieved

While steady progress has been made in complying with Clause 49 of the SEBI Listing Agreement since its implementation in 2005, full compliance has not yet been achieved. Clause 49 says that on boards with a non-executive chairman, independent directors should account for one-third of the board; on boards with an executive chairman, independent directors should account for 50% or more of the board. (The Companies Act, 2013 does not contain any specific requirement for the percentage of independent directors where the board has an executive chairman. Unlike the listing agreement, the Act states that at least one-third of all directors of listed companies must be independent directors, with any fraction to be rounded off as one.)

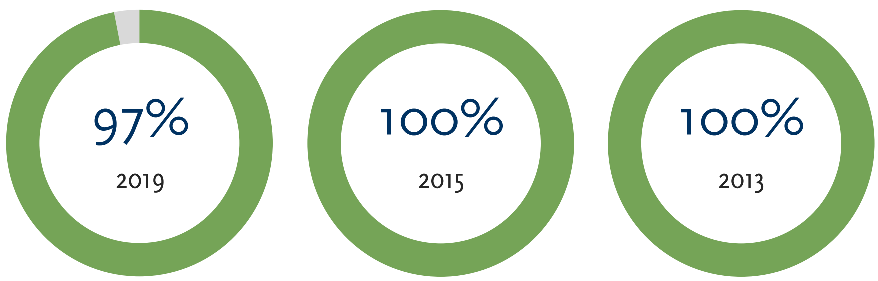
Of the BSE 100 companies we surveyed, 94 were fully compliant with Clause 49. On the 58 boards with a non-executive chair, 97% (56) complied with Clause 49, down slightly from 100% in 2015. The presence of a non-executive chairman and sufficient numbers of independent directors reflects a commitment to more robust board governance processes. On the 42 boards with an executive chair, 90% (38) complied with Clause 49, compared with 76% in 2015. All four non-compliant companies are public-sector companies.

Percentage of Companies Meeting Required Clause 49 Criteria

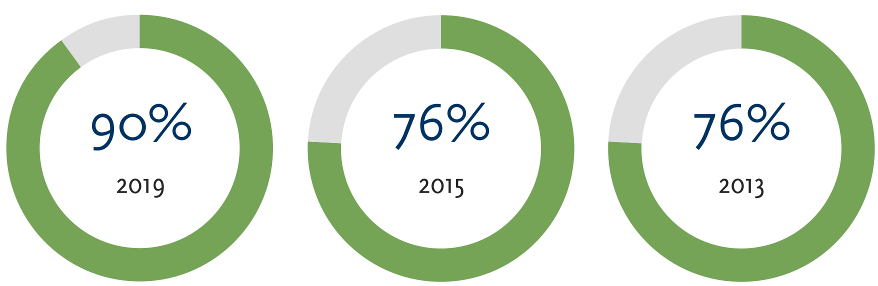
AT LEAST 50% OF THE BOARD SHOULD BE NON-EXECUTIVE



WHERE CHAIRMAN IS NON-EXECUTIVE, INDEPENDENT DIRECTORS ACCOUNT FOR ONE-THIRD OF THE BOARD



WHERE CHAIRMAN IS EXECUTIVE, INDEPENDENT DIRECTORS ACCOUNT FOR HALF OF THE BOARD



Executive versus non-executive chairmen

In 2019, the number of companies with non-executive chairmen increased to 58% from 55% in 2015, continuing the trend in which more companies have non-executive chairmen. SEBI had accepted the Kotak Committee's recommendation that listed companies with more than 40% public shareholding should separate the chair and MD/CEO roles by April 1, 2020. After 2020, SEBI may consider extending the requirement to all listed entities by April 1, 2022.

As of March 31, 2019, 73 of the 100 companies reviewed had separated the chairman and managing director roles.

Of the 18 public sector companies (PSUs) in the BSE 100, 12 are led by a chairman who also served as managing director. In 2015, 17 out of 22 public sector companies were led by a chairman who also served as managing director.

DIVERSITY ON BOARDS

Female directors

India continues to make progress in terms of gender diversity in the boardroom. Clause 149 in the Companies Act 2013 states that all listed companies should have at least one woman director on their board — a hallmark achieved in 2019 when all companies surveyed had at least one female non-executive or executive director. In 2015, the rate was 94%, and in 2014 it was 64%.

In the UK, 100% of FTSE 150 companies had at least one female director in 2019, and in the United States, 99% of S&P 500 companies had at least one female director.

As of March 2019, there were 6 women in top leadership positions at BSE 100 companies.

Women in Top Leadership Roles

Name	Role	In current role since
Suneeta Reddy	Managing Director, Apollo Hospitals Enterprise Ltd	July 2014
Kiran Mazumdar Shaw	Chair, Biocon Ltd	November 1999
Nisaba Godrej	Chair, Godrej Consumer Products Ltd	May 2017
Vibha Padalkar	Managing Director & CEO, HDFC Life Insurance Co. Ltd	September 2018
Renu Sud Karnad	Managing Director, HDFC Ltd	January 2010
Vinita Gupta	Chief Executive Officer, Lupin Ltd	September 2013

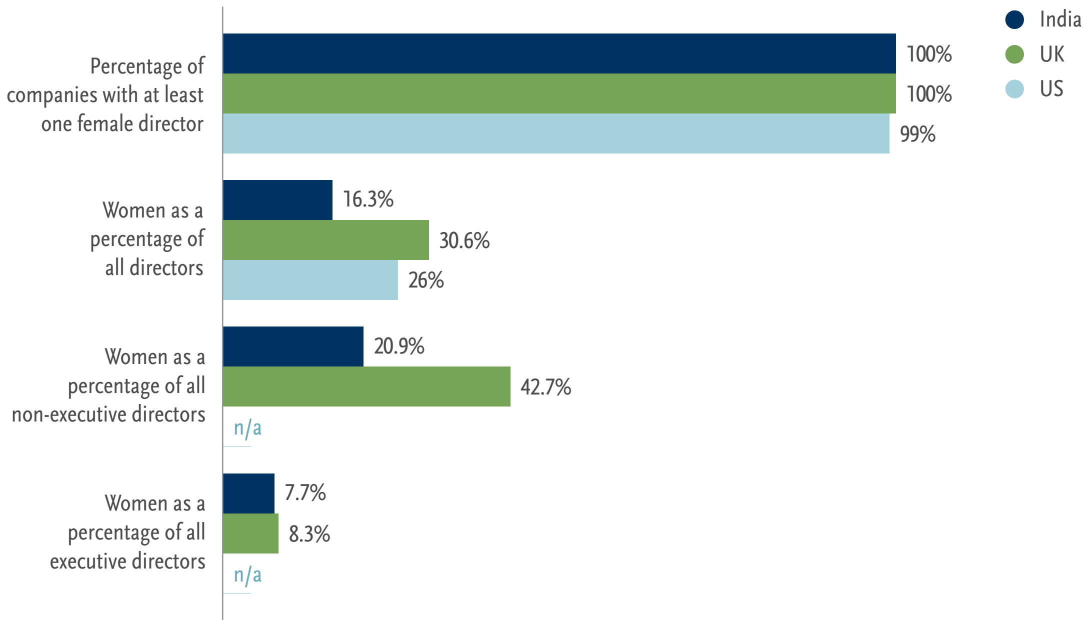
Women now account for 16.3% of all directors in the BSE 100 companies, up from 12.3% in 2015. In 2019, women accounted for 30.6% of all UK directors, while women accounted for 26% of all US directors in 2019.

Looking at board committee chair diversity, females comprise 5% of audit committee chairs, 11% of nomination and remuneration committee chairs, and 20% of risk committee chairs.

Across BSE 100 companies, 53% of directors are independent; of these, 27.5% are women, an increase from 20.5% in 2015. Women accounted for 20.9% of all non-executive directors in 2019, an increase from 16.1% in 2015.

A little more than half (52%) of BSE 100 companies have two or more women on their boards. The highest number of female directors on any BSE 100 board is four.

Female Representation on India Boards



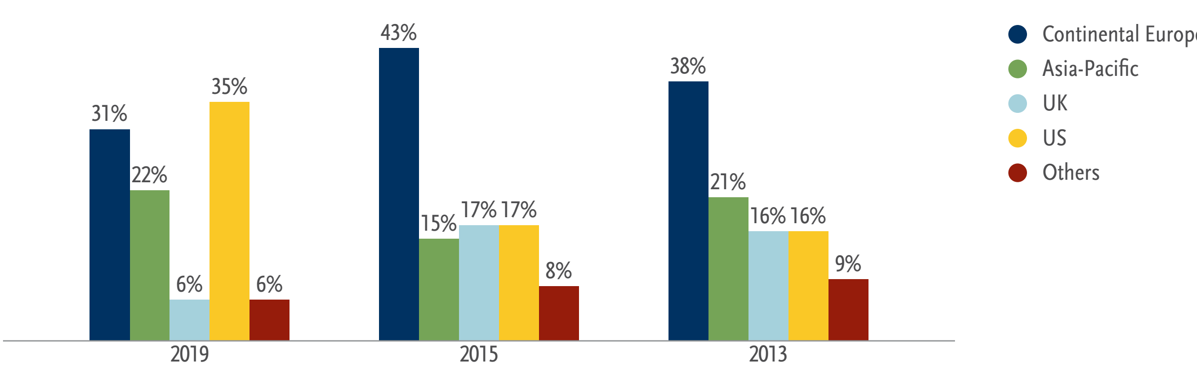
Foreign directors

The number of foreign directors on Indian boards has dropped slightly since 2015. Among the BSE 100, 6.9% were foreign in 2019, compared with 7.6% in 2015.

In 2019, 34% of surveyed companies had at least one foreign director on their board, compared with 33% in 2015. Four percent (4%) of chairmen were foreigners, as were 5% of CEOs/MDs.

An analysis of the profiles of foreign directors reveals that almost 35% are American, a significant increase from 17% in 2015. This is followed by directors from Europe (31%), Asia-Pacific (22%) and the UK (6%).

Nationality of Foreign Directors on Indian Boards (%)



AGE AND TERM

The average tenure of all BSE 100 chairs is 16.7 years. Nearly 57% of BSE 100 chairs have been in their current role for more than 10 years.

Independent directors in India have an average tenure of 6.2 years, down from 6.7 years in 2015. Among those directors, 58.4% have held their roles for one to five years, a sharp increase from 36% in 2015. Twenty-one percent (21%) have been in their roles for five to 10 years, and 20.6% for more than 10 years.

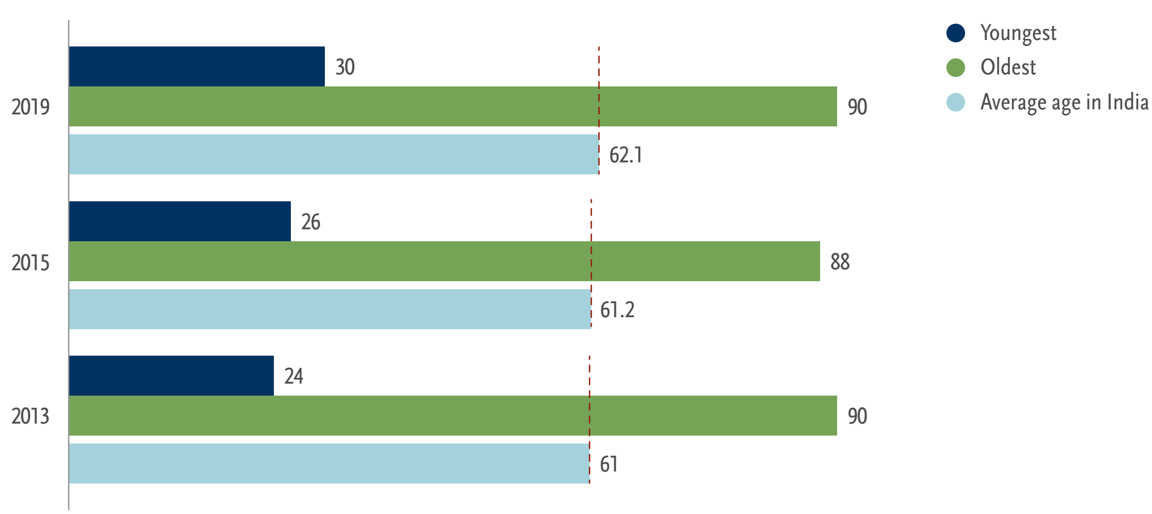
Section 149 of the Companies Act 2013 states that independent directors can be appointed for a maximum tenure of two consecutive periods of five years each, but they can be reappointed after a three-year gap, during which period they should not be associated in any form either with the company or its subsidiaries or its associate companies.

The average age of board chairs in India is 64.6 years. The average board member age is 62.1 years, with independent directors an average of 64.9 years old. By comparison, in 2015, the average age of board chairs in India was 60, board members were 61, and independent directors were 65.

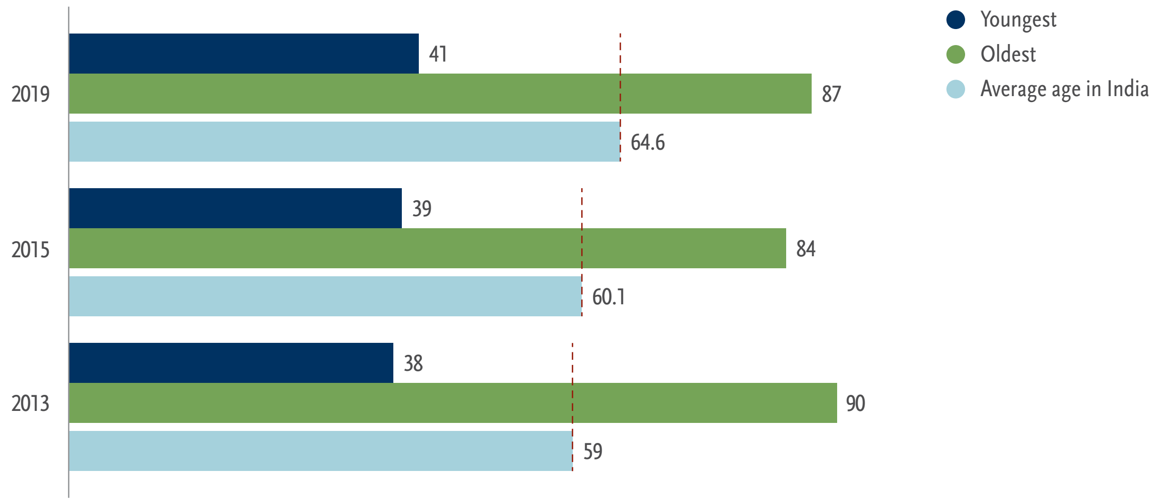
Average Age (% of Chairman and Independent Directors)

	below 50		50 to 59		60 to 69		70 or above	
	Chairs	Independent directors	Chairs	Independent directors	Chairs	Independent directors	Chairs	Independent directors
2019	7.4%	3.9%	29.5%	20.8%	32.6%	51.9%	30.5%	23.4%
2015	16.8%	5.8%	37.9%	19.1%	28.4%	41.9%	16.9%	33.2%
2013	15.8%	5.6%	45.3%	17%	25.3%	47.3%	13.7%	30.2%

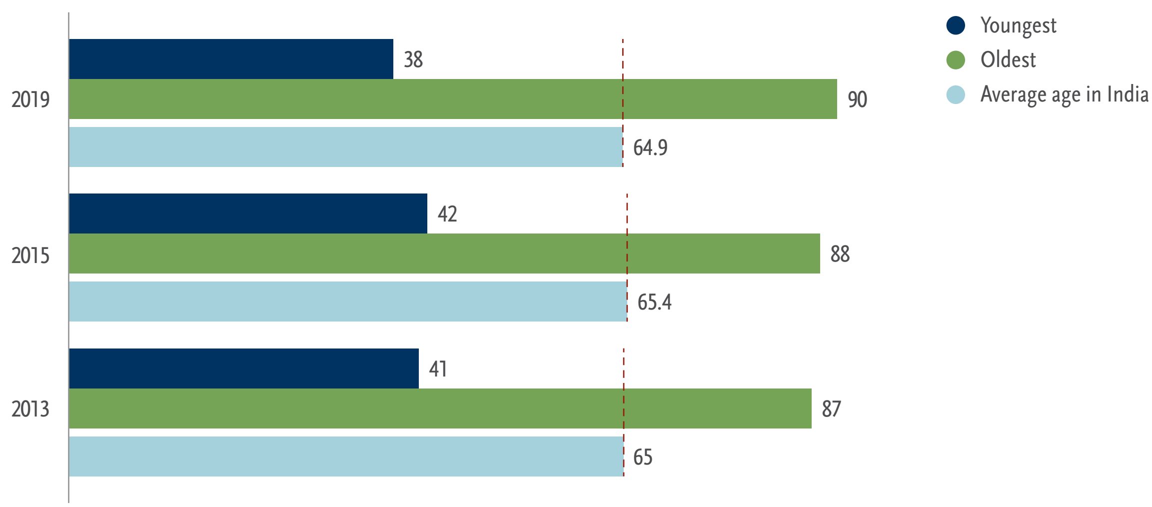
Board Member Age Comparison (Years)



Chair Age Comparison (Years)



Independent Director Age Comparison (Years)



BOARD COMMITTEES

The number of board committees varies widely from company to company. But in this analysis, we will focus on the audit and nomination and remuneration committees, since both are mentioned in Clause 49.

Eighty-five percent (85%) of companies have an independent director as chair of the audit committee, and 90% have an independent director as chair of the nomination and remuneration committee.

Every company we looked at for the 2019 index has an audit committee and a remuneration committee. For audit committees, 44% comprise only independent directors, compared with 36% in 2015; for remuneration committees, 28% have only independent directors, compared with 24% in 2015. While it is mandatory in both the US and the UK for the audit committee to have only independent directors, in India the requirement is for two-thirds of audit committee members to be independent and 50% of the nomination and remuneration committee members to be independent.

Remuneration

Board remuneration levels continued a significant upward trend, with all categories of directors benefiting from higher fees.

India Board Director Remuneration

	Non-executive director			Independent director			Chair		
	Lowest	Highest (million)	Average (million)	Lowest	Highest (million)	Average (million)	Lowest	Highest (million)	Average (million)
2019	20,000	219.9	4.2	20,000	23.4	3.2	20,000	804.1	57.1
2015	20,000	190.6	2.9	20,000	25.2	2.2	20,000	446.2	50.5
2013	15,000	270	2.5	15,000	13.8	1.5	15,000	550	47.5

Figures in INR

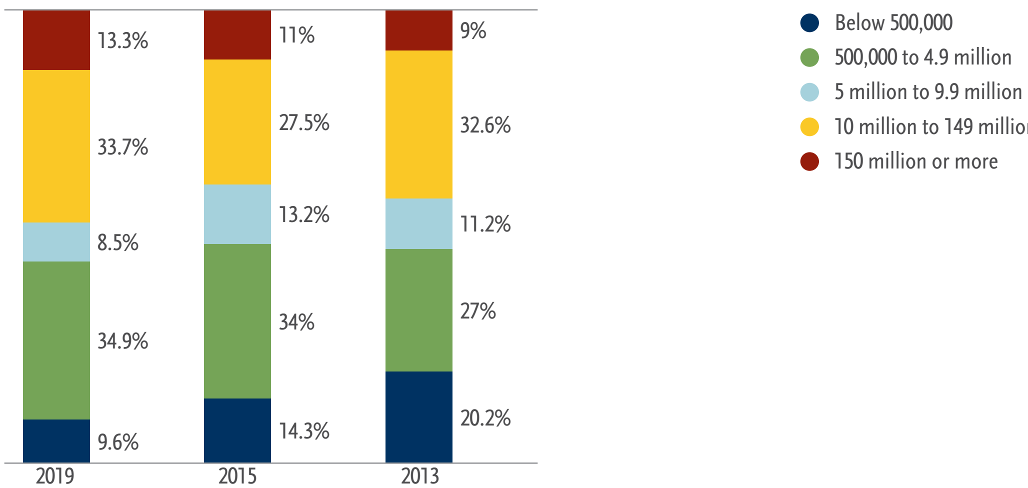
NON-EXECUTIVE DIRECTORS

Average total remuneration for non-executive directors was INR 4.2 million in 2019, compared to INR 2.9 million in 2015. The minimum sitting fee per meeting paid to non-executive directors in 2019 was INR 20,000. In the companies surveyed, non-executive directors received an average commission of INR 3.8 million in 2019, a dip from INR 4.2 million in 2015.

BOARD CHAIRS

The average remuneration for Indian board chairs was INR 57.1 million in 2019, up from INR 50.5 million in 2015. The percentage of chairs receiving remuneration of more than INR 150 million was 13.3% in 2019, up from 11% in 2015, while the number of chairs who received remuneration of less than INR 500,000 declined to 9.6%, compared to 14.3% in 2015.

% of Chairs, By Compensation Range



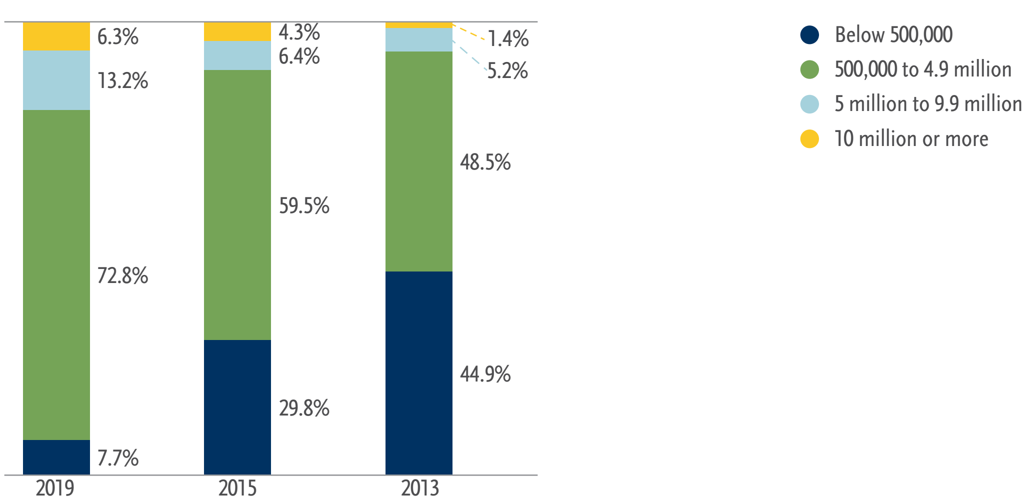
Figures in INR

INDEPENDENT DIRECTORS

The highest paid independent director in the index received INR 23.4 million in 2019, marginally lower than INR 25.2 mn in 2015. The average remuneration paid to independent directors in 2019 was INR 3.2 mn, a substantial increase from 2.2 mn in 2015. The data also highlights the continuing differential on Indian boards between a few highly paid independent directors and the majority.

The percentage of independent directors receiving less than INR 500,000 fell sharply, to 7.7% in 2019, compared with 29.8% in 2015, while the percentage of independent directors with remuneration between INR 5 million and 9.9 million increased to 13.2% in 2019, compared to 6.4% in 2015.

% of Independent Directors, By Compensation Range

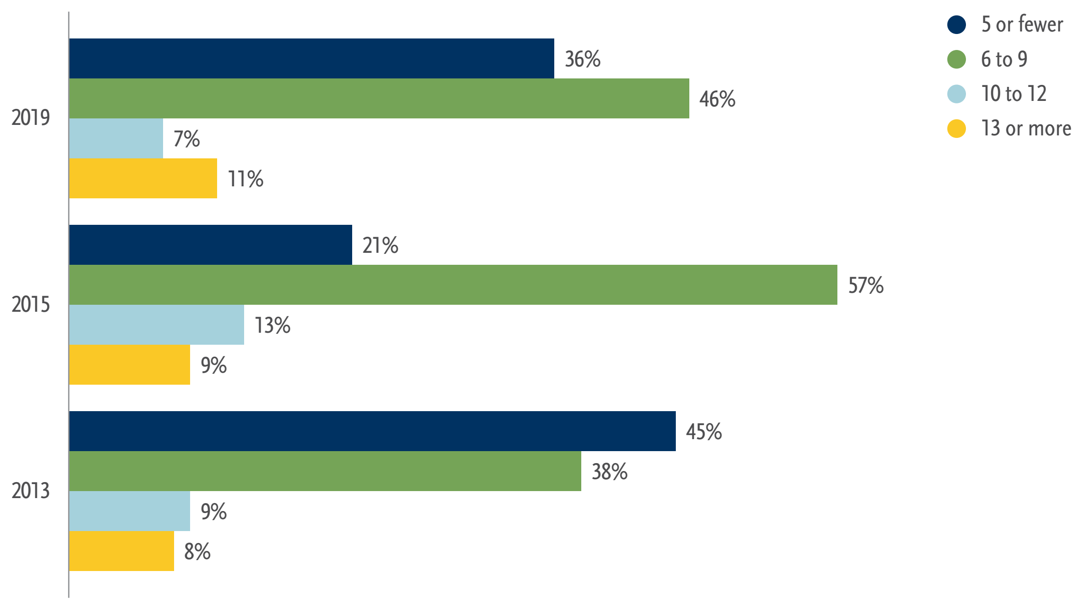


Figures in INR

Board Meetings

The average number of board meetings was 7.5 in 2019, compared with 7.7 in 2015. Almost half of boards (46%) met six to nine times in a year, compared with 57% in 2015.

Number of Board Meetings Per Year



In a New Era for Boards, Culture Is Key

POINT of VIEW

SpencerStuart


£3

A healthy board culture is increasingly recognized as an important element of board performance. But unlike other areas of board governance — composition, risk, succession and strategic planning or financial reporting, for example — board culture is less clearly defined and understood.

When asked about their culture, boards tend to speak in generalities, describing it in terms such as "collegial" and "engaged." While true, those descriptions apply to many boards and don't go deep enough in distinguishing one board from another — or provide the insight boards need to understand the role the culture is playing in overall board performance.

Two related forces have made the topic of board culture more urgent for many boards: growing stakeholder scrutiny on board performance and increasing board diversity.

In the past several years, shareholder activism has been gaining momentum. Investors around the world have become more active and vocal, seeking deeper engagement with the companies they invest in, using their influence to drive improvements in governance and holding boards to account on a wide range of issues, from strategy and performance to composition and CEO pay.

With less implicit understanding among directors about how the board should behave, it's more important than ever to define and manage a board culture.

In some regions, the increase in board diversity is an outgrowth of investor pressure on performance. With research showing that companies with more diverse boards perform better, many investors are pushing boards to increase their diversity, especially gender diversity. Boards themselves recognize the value of injecting a broader set of perspectives into boardroom conversations, and are adding directors from other countries or different industries or increasing the gender, ethnic or age diversity of their composition.

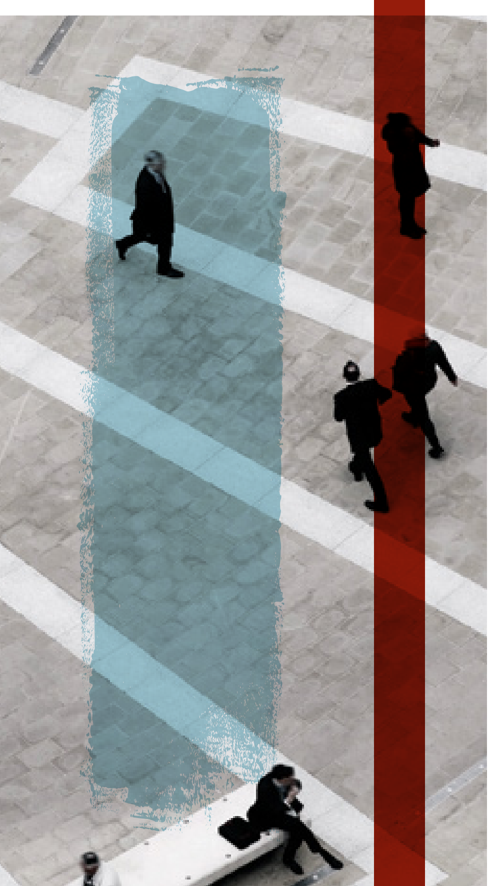
Boards are adding new perspectives to enhance board deliberations and improve outcomes, but greater diversity also increases the opportunities for misunderstanding and conflict among directors with different points of view and backgrounds. In the past, boards tended to be more homogeneous and, as a result, there typically was more implicit agreement about how directors should interact and behave. Directors' shared assumptions and similar experiences made decision making more efficient.

Today, with less implicit understanding among directors about how the board should behave, it's more important than ever to define and manage a board culture to facilitate constructive interactions between board members. For boards striving to be more dynamic, performance-oriented and shareholder focused, getting culture right is key. What is board culture?

Board cultures tend to be more heavily weighted in one of four main culture styles: Inquisitive, Decisive, Collaborative or Disciplined.

What is board culture?

A board's culture is defined by the unwritten rules that influence directors' interactions and decisions. These include the mindsets, hidden assumptions, group norms, beliefs, values and artifacts (such as the board agenda) that influence the style of director discussions, the quality of engagement and trust among directors, and how the board makes decisions. Board culture also is influenced by the style of the board chair and/or the CEO. Boards can vary by region; in some national or regional cultures, for example, a more direct style is well-accepted, but in others, a more "diplomatic" approach is expected in the boardroom. Absent a dramatic change to composition — from a merger or addition of activist-backed directors, for example — board culture tends to evolve slowly because boards meet and interact intermittently.



We have developed a model for diagnosing and understanding board culture, drawing on extensive research showing that there are two dimensions of culture: attitudes towards people (individual versus collective) and change (flexible versus stable). These same dimensions can be used to evaluate organizational and team cultures as well. In fact, a comprehensive study[1] of organizational culture and outcomes found that companies can define and create an optimal culture that leads to better business outcomes when they have a framework for evaluating culture and the tools to manage it. We have found that many of the same principles apply equally well in the boardroom.

In practice, we observe a wide range of working styles and dynamics in the boardroom, yet in our experience, board cultures tend to be more heavily weighted in one of four main culture styles:

- **Inquisitive:** These boards value the exchange of ideas and the exploration of alternatives.
- **Decisive:** These boards are focused on measurable results, driving a focused agenda and outcome-oriented decisions.
- **Collaborative:** These boards value consensus and having a greater purpose.
- **Disciplined:** These boards emphasize consistency and managing risks and prioritize planning and adherence to protocols.

1 "The Leader's Guide to Corporate Culture." Groysberg, Lee, Price and Cheng. *Harvard Business Review*. January/February 2018.

None of these styles is objectively better or worse than any other. The culture of a board should align with the business strategy and broader business environment and the requirements for working effectively with management. For example, companies in very dynamic industries, when strategy must be reviewed and reinvented frequently, may benefit from a board culture that is more inquisitive and flexible, where directors question assumptions and value the exchange of ideas. When managing risk is a top priority, boards may need to be more disciplined about monitoring results and performance, and following established protocols to ensure the accuracy of disclosures.

How to change board culture: four questions to consider

Because board culture is an important driver of board performance, a natural time to assess board culture and how it supports strategy is during the board's annual self-assessment. Using an agreed-upon framework and vocabulary like the one Spencer Stuart has developed, boards can diagnose their current board culture and agree on a target culture. A board may want to evolve its culture if it is underperforming, when there is a new CEO or its own composition is changing, or when the business strategy is changing. For example, in a crisis or turnaround situation, a board may want to be more decisive and results-driven. At a strategic inflection point — when the organization needs to figure out new markets, new products, where to invest in acquisitions or innovation — a board may need to be more inquisitive and flexible.

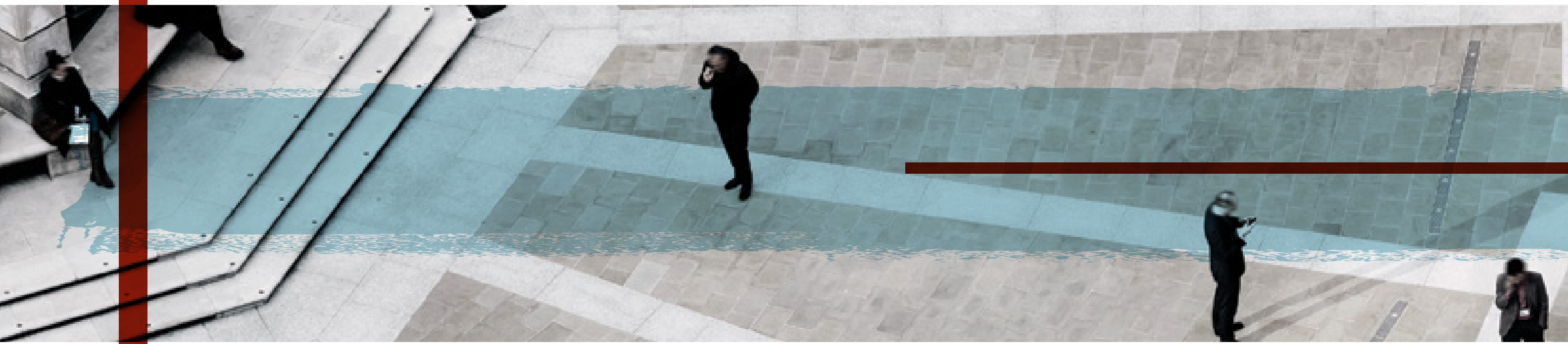
Once the board has identified a target culture, directors can ask the following questions to help shift the board culture.

Do we have the right people in the boardroom?

Boards consider a variety of factors when recruiting a new director. When they want to evolve board culture, boards can consider an additional lens: how a director would help shift dynamics in the boardroom toward the desired culture. For example, a board that wants to become more decisive and results-driven may want the next director to have a no-nonsense, by-the-numbers style, perhaps a CFO profile. A board wanting to become more adaptive and inquisitive may look to add an entrepreneur or an innovator.

Are we structuring our discussions and assignments to focus on the right issues and activities?

Boards can reinforce their priorities by structuring committee and board assignments and meeting agendas in a way that supports the culture they want to create. A board seeking greater collaboration and openness to the ideas of all members may want to close discussions by "going around the table" and soliciting comments from each director.



Do board and committee leaders model the desired board culture?

The board chair has a profound role in shifting the board culture. The chair (or lead independent director) can move topics requiring the most board focus and energy earlier in the agenda, leaving the less strategic items to later in the meeting. If the board needs to become more inquisitive, the chair may decide to reduce the time devoted to operational reviews to leave time for the exploration of strategic alternatives. On a board that has decided to become more disciplined, the chair can direct a change in the board materials and build more structure around discussion topics.

The board chair or lead independent director and the committee chairs also can influence culture by how they model the desired culture. When a shift is needed, board leaders can guide discussions differently, encouraging or cutting off discussion as appropriate. They also may evolve pre-meeting activities, for example, creating a mechanism for directors to ask questions in advance of a board meeting.

Do we as individual directors consider how we are contributing to the culture?

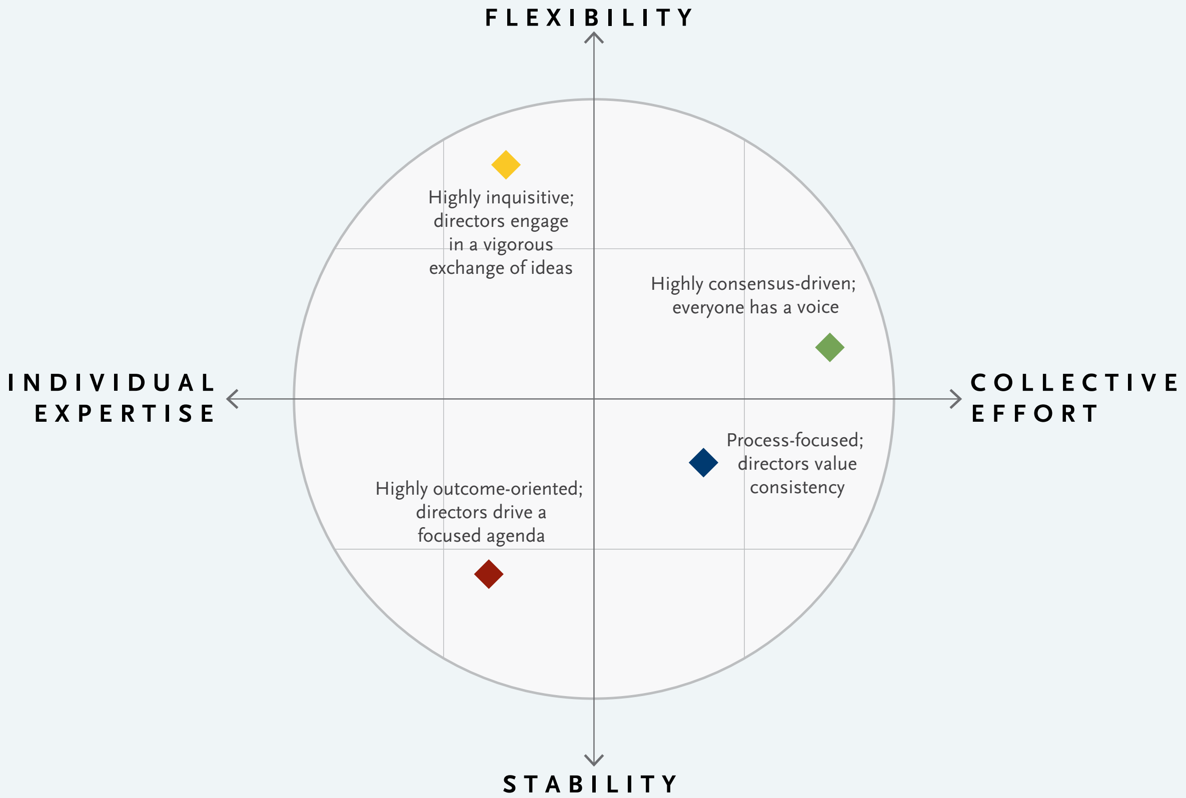
As directors become more comfortable with the language of culture and more self-aware of how they are promoting or working against the target culture, they can provide feedback to one another on behaviors that may need to change. Just calling attention to directors' habits and assumptions can help the board adapt its behaviors. Depending on what's needed, the board also could provide a coach, group training or individual training on topics such as decision making, trust building or communication styles. Boards can use their annual self-assessment to evaluate their progress in moving toward the preferred culture.

On an individual basis, directors can reflect on their own behaviors and whether they are helping to shift the culture. On a board that's overly collegial or collaborative, for example, directors can consider whether they need to weigh in on every topic. Or if the board wants to become more inquisitive, directors can decide to speak up more.

A board may want to evolve its culture if it is underperforming, when there is a new CEO or its own composition is changing, or when the business strategy is changing.

Starting to understand your board culture

When it's able to diagnose culture, a board can evaluate the role culture plays in board performance and consider whether there are elements of the culture that need to change. Having a common language about the culture and identifying directors' preferred styles helps board members understand and adjust to the preferences of one another and make better decisions about the potential culture fit of new director candidates. To provide a sense of various board cultures based on our model, we have plotted several examples of board culture below.



Authors

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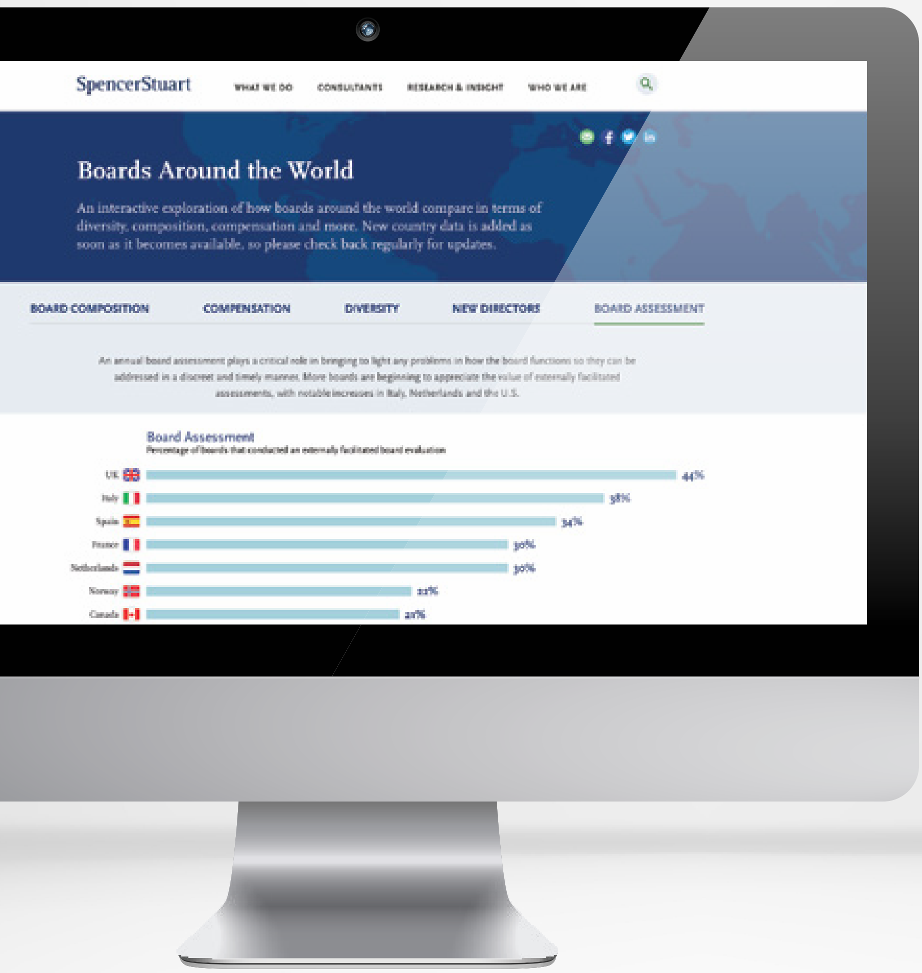
Boards Around the World

Spencer Stuart publishes Board Indexes covering more than 25 countries around the world. The majority of these Board Indexes are published annually, with a few appearing on alternate years.



We have compiled key data from all these countries into our **Boards Around the World** feature — an interactive data exploration tool.

Compare nationally aggregated data from leading companies from North and South America, Europe and Asia Pacific across a wide range of measures.

Our more detailed **International Comparison** data set, previously published in printed editions of our Board Indexes, is now available online only.

Visit **spencerstuart.com/bgt** for more details.

Comparative Data Tables

Number of Directors, Meetings and Committees

BSE 100 COMPANY NAME	NUMBER OF DIRECTORS: TOTAL DIRECTORS ON BOARD	NON-EXECUTIVE DIRECTORS (EXCLUDING THE CHAIRMAN)	INDEPENDENT NON-EXECUTIVE DIRECTORS	FEMALE NON-EXECUTIVE DIRECTORS	FOREIGN NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS (EXCLUDING THE CHAIRMAN)	FEMALE EXECUTIVE DIRECTORS	FOREIGN EXECUTIVE DIRECTORS	MEETINGS AND COMMITTEES: BOARD MEETINGS IN THE YEAR	CHAIRMAN IS EXECUTIVE — YES/NO	AUDIT COMMITTEE HAS ONLY INDEPENDENT NON-EXECUTIVE DIRECTORS — YES/NO	REMUNERATION COMMITTEE HAS ONLY INDEPENDENT NON-EXECUTIVE DIRECTORS — YES/NO	NUMBER OF OTHER LISTED BOARDS ON WHICH CHAIRMAN SERVES	NUMBER OF LISTED BOARDS ON WHICH CEO/MANAGING DIRECTOR SERVES
ACC	12	10	6	1	3	1	0	0	6	No	No	No	2	0
ADANI PORTS & SPECIAL ECONOMIC ZONE	10	7	5	2	0	2	0	0	5	Yes	No	No	5	5
AMBUJA CEMENTS	15	13	5	2	5	1	0	0	7	No	No	No	2	0
APOLLO HOSPITALS ENTERPRISE	10	5	5	1	0	4	4	0	5	Yes	Yes	Yes	1	2
ASHOK LEYLAND	8	6	6	1	3	1	0	0	5	No	Yes	No	0	0
ASIAN PAINTS	14	12	7	3	0	1	0	0	7	No	No	No	1	0
AUROBINDO PHARMA	10	4	4	2	0	5	0	0	6	No	Yes	Yes	0	0
AVENUE SUPERMARTS	7	3	3	2	0	3	0	0	5	No	No	No	2	0
AXIS BANK	13	9	6	2	0	4	0	0	12	No	No	No	1	0
BAJAJ AUTO	16	12	8	2	0	3	0	0	8	Yes	Yes	No	3	4
BAJAJ FINANCE	13	11	8	1	0	1	0	0	8	No	No	No	3	0
BAJAJ FINSERV	10	8	5	1	0	1	0	0	6	No	Yes	No	3	4
BAJAJ HOLDINGS & INVESTMENT	11	9	5	1	0	1	0	0	6	No	No	No	3	4
BANK OF BARODA	10	5	3	1	0	4	1	0	17	No	No	No	0	0
BHARAT FORGE	14	8	7	1	0	5	0	0	4	Yes	No	No	4	4
BHARAT HEAVY ELECTRICALS	11	5	4	0	0	5	0	0	8	Yes	No	No	0	0
BHARAT PETROLEUM CORPORATION	12	7	5	1	0	4	0	0	16	Yes	Yes	No	1	1
BHARTI AIRTEL	11	9	6	3	3	1	0	0	6	Yes	No	N/A	0	0
BHARTI INFRATEL	11	9	6	2	0	1	0	0	6	Yes	No	No	0	0
BIOCON	10	8	6	1	6	1	1	0	6	Yes	Yes	No	4	4
BOSCH	10	6	5	1	1	3	0	0	5	No	No	No	5	1
BRITANNIA INDUSTRIES	14	12	9	2	1	1	0	0	6	No	No	No	2	1
CADILA HEALTHCARE	8	5	4	1	0	2	0	0	8	No	No	No	3	9
CIPLA	10	7	5	2	1	2	1	0	5	No	No	No	0	0
COAL INDIA	14	9	7	2	0	4	0	0	21	Yes	No	No	0	0
COLGATE-PALMOLIVE (INDIA)	10	6	6	3	0	3	0	0	5	No	Yes	No	0	0
CONTAINER CORP.OF INDIA	14	9	7	1	0	4	0	0	7	Yes	No	No	0	0
CROMPTON GREAVES CONSUMER ELECTRICALS	8	6	4	2	0	1	0	0	7	No	No	No	3	0
CUMMINS INDIA	12	10	6	2	4	1	0	0	5	No	No	No	0	0
DABUR INDIA	13	10	7	1	1	2	0	0	4	No	Yes	No	1	0
DIVI'S LABORATORIES	11	6	6	1	0	4	1	0	6	Yes	Yes	Yes	0	0
DR.REDDY'S LABORATORIES	10	8	8	2	2	1	0	0	5	Yes	Yes	Yes	0	0
EDELWEISS FINANCIAL SERVICES	13	9	7	3	0	3	0	0	6	Yes	Yes	Yes	0	0
EICHER MOTORS	6	3	3	1	0	2	0	0	5	No	No	Yes	3	0
EXIDE INDUSTRIES	10	5	5	1	0	4	0	0	5	No	Yes	No	4	0
FEDERAL BANK	10	8	8	2	0	2	0	0	9	No	Yes	Yes	1	0
GAIL (INDIA)	15	10	8	1	0	4	0	0	13	Yes	No	Yes	0	0
GLENMARK PHARMACEUTICALS	12	9	7	2	2	2	1	0	5	Yes	Yes	No	0	0
GODREJ CONSUMER PRODUCTS	15	12	8	4	1	2	1	1	4	Yes	Yes	Yes	2	1
GRASIM INDUSTRIES	14	12	7	3	0	1	0	0	4	No	No	No	5	0

Number of Directors, Meetings and Committees

BSE 100 COMPANY NAME	NUMBER OF DIRECTORS: TOTAL DIRECTORS ON BOARD	NON-EXECUTIVE DIRECTORS (EXCLUDING THE CHAIRMAN)	INDEPENDENT NON-EXECUTIVE DIRECTORS	FEMALE NON-EXECUTIVE DIRECTORS	FOREIGN NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS (EXCLUDING THE CHAIRMAN)	FEMALE EXECUTIVE DIRECTORS	FOREIGN EXECUTIVE DIRECTORS	MEETINGS AND COMMITTEES: BOARD MEETINGS IN THE YEAR	CHAIRMAN IS EXECUTIVE — YES/NO	AUDIT COMMITTEE HAS ONLY INDEPENDENT NON-EXECUTIVE DIRECTORS — YES/NO	REMUNERATION COMMITTEE HAS ONLY INDEPENDENT NON-EXECUTIVE DIRECTORS — YES/NO	NUMBER OF OTHER LISTED BOARDS ON WHICH CHAIRMAN SERVES	NUMBER OF LISTED BOARDS ON WHICH CEO/MANAGING DIRECTOR SERVES
HAVELLS INDIA	14	10	7	1	0	3	0	0	5	Yes	No	No	0	0
HCL TECHNOLOGIES	10	9	8	3	3	0	0	0	9	Yes	Yes	No	0	0
HDFC BANK	10	8	5	1	0	2	0	0	9	No	No	No	7	0
HDFC LIFE INSURANCE CO.	13	10	7	2	1	2	1	0	6	No	No	No	4	1
HERO MOTOCORP	8	6	4	1	1	1	0	0	4	Yes	No	No	0	0
HINDALCO INDUSTRIES	13	10	7	2	0	2	0	0	7	No	Yes	No	5	0
HINDUSTAN PETROLEUM CORPORATION	13	9	7	1	0	3	0	0	13	Yes	No	Yes	0	0
HINDUSTAN UNILEVER	9	5	5	1	0	3	0	0	8	Yes	Yes	No	0	0
HOUSING DEVELOPMENT FINANCE CORPORATION	10	6	6	1	0	3	1	0	6	No	Yes	Yes	4	5
ICICI BANK	13	9	8	2	0	4	1	0	18	No	Yes	Yes	2	0
INDIABULLS HOUSING FINANCE	11	6	6	1	0	4	0	0	5	Yes	No	Yes	2	1
INDIAN OIL CORPORATION	17	10	8	1	0	6	0	0	12	Yes	Yes	No	2	5
INDUSIND BANK	9	8	7	2	0	1	0	0	12	No	Yes	No	3	0
INFOSYS	9	6	6	3	0	2	0	0	12	No	Yes	Yes	0	0
ITC	15	11	8	2	0	3	0	0	8	Yes	No	No	0	0
JSW STEEL	12	8	6	2	1	3	0	0	4	Yes	No	No	2	2
KOTAK MAHINDRA BANK	10	6	5	1	0	4	0	0	8	No	Yes	No	5	0
LARSEN & TOUBRO	22	15	11	2	0	6	0	0	9	No	Yes	No	3	3
LIC HOUSING FINANCE	10	8	7	1	0	1	0	0	7	No	Yes	Yes	1	0
LUPIN	10	7	6	2	3	2	1	1	4	No	No	Yes	0	0
MAHINDRA & MAHINDRA	10	8	7	1	2	1	0	1	5	Yes	Yes	Yes	1	1
MAHINDRA & MAHINDRA FINANCIAL SERVICES	8	5	4	1	1	2	0	0	6	No	No	No	3	0
MARICO	9	7	5	1	0	1	0	0	7	No	No	Yes	4	0
MARUTI SUZUKI INDIA	12	7	4	2	3	2	0	1	5	No	No	No	1	1
MOTHERSON SUMI SYSTEMS	10	8	5	1	2	1	0	0	7	No	No	No	1	0
MRF	16	11	9	3	0	4	0	0	4	Yes	Yes	No	0	0
NESTLE INDIA	8	5	5	3	0	2	0	0	8	Yes	Yes	Yes	1	1
NMDC	13	8	6	2	0	4	0	0	8	Yes	No	Yes	0	0
NTPC	16	9	8	1	0	6	0	0	12	Yes	Yes	Yes	0	0
OIL & NATURAL GAS CORPORATION	18	11	9	1	0	6	1	0	10	Yes	No	No	2	2
PAGE INDUSTRIES	14	9	7	1	3	4	0	2	4	No	Yes	Yes	0	0
PETRONET LNG	12	9	5	1	0	2	0	0	5	No	Yes	No	0	1
PIDILITE INDUSTRIES	12	7	6	1	0	4	0	0	8	Yes	No	No	2	1
PIRAMAL ENTERPRISES	14	10	9	1	1	3	2	0	5	Yes	Yes	No	0	0
POWER GRID CORPORATION OF INDIA	11	7	6	1	0	3	1	0	13	Yes	Yes	No	1	1
PUNJAB NATIONAL BANK	9	4	2	1	0	4	0	0	16	No	No	No	0	2
RBL BANK	8	6	5	0	0	2	0	0	4	No	Yes	Yes	0	0
RELIANCE INDUSTRIES	14	9	8	2	2	4	0	0	7	Yes	Yes	Yes	0	0
RURAL ELECTRIFICATION CORPORATION	8	6	4	1	0	1	0	0	16	Yes	No	Yes	1	1

Number of Directors, Meetings and Committees

BSE 100 COMPANY NAME	NUMBER OF DIRECTORS: TOTAL DIRECTORS ON BOARD	NON-EXECUTIVE DIRECTORS (EXCLUDING THE CHAIRMAN)	INDEPENDENT NON-EXECUTIVE DIRECTORS	FEMALE NON-EXECUTIVE DIRECTORS	FOREIGN NON-EXECUTIVE DIRECTORS	EXECUTIVE DIRECTORS (EXCLUDING THE CHAIRMAN)	FEMALE EXECUTIVE DIRECTORS	FOREIGN EXECUTIVE DIRECTORS	MEETINGS AND COMMITTEES: BOARD MEETINGS IN THE YEAR	CHAIRMAN IS EXECUTIVE — YES/NO	AUDIT COMMITTEE HAS ONLY INDEPENDENT NON-EXECUTIVE DIRECTORS — YES/NO	REMUNERATION COMMITTEE HAS ONLY INDEPENDENT NON-EXECUTIVE DIRECTORS — YES/NO	NUMBER OF OTHER LISTED BOARDS ON WHICH CHAIRMAN SERVES	NUMBER OF LISTED BOARDS ON WHICH CEO/MANAGING DIRECTOR SERVES
SHREE CEMENT	11	7	7	1	0	3	0	0	4	No	No	Yes	0	0
SHRIRAM TRANSPORT FINANCE CO.	8	6	4	1	1	1	0	0	5	No	No	No	0	0
SIEMENS	12	9	6	2	0	2	0	0	6	No	No	No	4	0
STATE BANK OF INDIA	14	9	7	1	0	4	1	0	15	Yes	No	No	1	1
SUN PHARMACEUTICAL INDUSTRIES	8	4	3	1	2	3	0	1	5	No	No	No	0	1
TATA CHEMICALS	8	5	4	2	0	2	0	0	9	No	No	No	4	1
TATA CONSULTANCY SERVICES	9	6	5	2	2	2	0	0	6	No	No	No	5	0
TATA GLOBAL BEVERAGES	11	8	7	3	0	2	0	0	7	No	No	No	5	0
TATA MOTORS	6	4	3	2	2	1	0	1	7	No	Yes	No	5	0
TATA POWER COMPANY	12	10	7	2	0	1	0	0	7	No	No	No	5	0
TATA STEEL	10	7	5	1	1	2	0	0	7	No	No	No	5	2
TECH MAHINDRA	9	7	6	3	0	1	0	0	5	No	Yes	No	1	0
TITAN COMPANY	12	10	6	2	1	1	0	0	8	No	No	No	2	4
TVS MOTOR COMPANY	12	9	6	2	0	2	0	0	5	Yes	Yes	No	3	3
ULTRATECH CEMENT	10	6	5	4	0	3	0	0	7	No	No	No	5	0
UPL	10	8	5	2	0	1	0	0	5	Yes	Yes	Yes	2	3
VEDANTA	11	8	6	2	1	2	0	0	10	Yes	Yes	No	1	0
VOLTAS	11	8	6	1	1	2	0	0	9	No	Yes	No	4	0
WIPRO	9	7	6	2	3	1	0	0	5	Yes	Yes	Yes	0	0
YES BANK	11	10	6	2	0	1	0	0	13	No	No	No	0	0
ZEE ENTERTAINMENT ENTERPRISES	8	6	4	1	0	1	0	0	7	No	No	No	0	2

Compensation (INR)

BSE 100 COMPANY NAME	REMUNERATION OF CHAIRMAN (CTC)	REMUNERATION OF HIGHEST-PAID DIRECTOR	MAXIMUM SITTING FEES PAID	TOTAL COMMISSION PAID TO NON-EXECUTIVE DIRECTORS	TOTAL REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS
ACC	40.58	534.83	6.68	239.25	278.93
ADANI PORTS & SPECIAL ECONOMIC ZONE	280.00	961.67	9.30	36.00	62.90
AMBUJA CEMENTS	41.63	822.26	8.78	236.75	384.72
APOLLO HOSPITALS ENTERPRISE	0.00	0.00	0.00	0.00	0.00
ASHOK LEYLAND	1011.90	13702.00	14.80	1446.49	1531.79
ASIAN PAINTS	47.35	1180.81	8.20	397.00	483.31
AUROBINDO PHARMA	0.00	0.00	0.00	0.00	0.00
AVENUE SUPERMARTS	26.50	455.18	6.50	53.33	75.43
AXIS BANK	0.00	483.03	33.50	0.00	245.50
BAJAJ AUTO	1142.23	3231.02	18.00	160.50	247.50
BAJAJ FINANCE	13.50	2126.37	8.50	310.00	375.00
BAJAJ FINSERV	38.00	792.23	9.00	61.50	103.00
BAJAJ HOLDINGS & INVESTMENT	0.00	1913.39	7.50	166.00	204.00
BANK OF BARODA	1.25	55.25	9.50	0.00	42.40
BHARAT FORGE	1947.66	1947.66	6.25	64.50	95.75
BHARAT HEAVY ELECTRICALS	0.00	0.00	0.00	0.00	0.00
BHARAT PETROLEUM CORPORATION	105.37	177.49	19.20	0.00	78.80
BHARTI AIRTEL	3100.55	3100.55	10.00	0.00	33.00
BHARTI INFRATEL	888.75	888.75	0.00	110.00	110.00
BIOCON	280.90	382.70	6.00	256.50	302.50
BOSCH	31.50	767.66	1.50	157.33	164.73
BRITANNIA INDUSTRIES	535.60	910.03	13.20	1060.40	1155.80
CADILA HEALTHCARE	18.00	2564.00	23.00	173.00	262.00
CIPLA	202.00	1503.00	9.00	858.00	1203.00
COAL INDIA	53.30	57.48	18.30	0.00	105.50
COLGATE-PALMOLIVE (INDIA)	0.00	892.14	9.20	58.33	106.38
CONTAINER CORP.OF INDIA	87.88	87.94	8.05	0.00	35.35
CROMPTON GREAVES CONSUMER ELECTRICALS	6.00	351.00	6.00	0.00	17.00
CUMMINS INDIA	0.00	246.43	5.75	78.75	107.75
DABUR INDIA	0.00	0.00	0.00	0.00	0.00
DIVI'S LABORATORIES	5881.00	5881.00	13.00	0.00	51.00
DR.REDDY'S LABORATORIES	855.88	1238.70	0.00	801.92	801.92
EDELWEISS FINANCIAL SERVICES	126.60	2504.80	4.80	78.00	98.00
EICHER MOTORS	61.70	1270.00	4.20	90.64	101.54
EXIDE INDUSTRIES	43.75	457.08	6.75	140.00	178.50
FEDERAL BANK	0.00	146.73	21.80	0.00	127.09
GAIL (INDIA)	105.86	133.86	12.40	0.00	66.60
GLENMARK PHARMACEUTICALS	0.00	0.00	0.00	0.00	0.00
GODREJ CONSUMER PRODUCTS	520.00	1310.00	6.00	317.00	367.00
GRASIM INDUSTRIES	1333.60	1333.60	5.95	1650.00	1679.15

Compensation (INR)

BSE 100 COMPANY NAME	REMUNERATION OF CHAIRMAN (CTC)	REMUNERATION OF HIGHEST-PAID DIRECTOR	MAXIMUM SITTING FEES PAID	TOTAL COMMISSION PAID TO NON-EXECUTIVE DIRECTORS	TOTAL REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS
HAVELLS INDIA	2019.34	2019.34	8.40	90.00	131.40
HCL TECHNOLOGIES	128.00	128.00	3.00	822.00	841.00
HDFC BANK	0.00	1367.05	30.00	0.00	197.00
HDFC LIFE INSURANCE CO.	10.00	498.01	25.00	0.00	190.00
HERO MOTOCORP	8041.00	8041.00	23.00	328.00	426.00
HINDALCO INDUSTRIES	0.00	0.00	0.00	0.00	0.00
HINDUSTAN PETROLEUM CORPORATION	100.03	156.19	12.70	0.00	61.40
HINDUSTAN UNILEVER	1888.00	1888.00	7.80	165.27	198.57
HOUSING DEVELOPMENT FINANCE CORPORATION	249.00	1362.41	17.00	427.25	516.25
ICICI BANK	0.00	3018.22	48.00	0.00	258.49
INDIABULLS HOUSING FINANCE	0.00	0.00	0.00	0.00	0.00
INDIAN OIL CORPORATION	87.98	132.53	11.20	0.00	68.40
INDUSIND BANK	0.00	534.40	23.90	85.54	230.04
INFOSYS	0.00	2467.00	0.00	646.00	646.00
ITC	616.00	1662.30	16.50	480.00	2234.90
JSW STEEL	7027.00	7027.00	4.40	269.14	287.54
KOTAK MAHINDRA BANK	0.00	352.82	19.40	0.00	113.10
LARSEN & TOUBRO	815.50	4845.40	12.60	870.50	1319.50
LIC HOUSING FINANCE	0.00	56.75	13.05	0.00	45.65
LUPIN	36.00	1936.80	3.70	303.40	2252.90
MAHINDRA & MAHINDRA	867.01	1219.22	15.20	247.17	329.07
MAHINDRA & MAHINDRA FINANCIAL SERVICES	38.00	612.11	11.10	112.00	158.80
MARICO	493.90	921.92	14.50	643.90	724.40
MARUTI SUZUKI INDIA	0.00	0.00	0.00	0.00	0.00
MOTHERSON SUMI SYSTEMS	0.00	258.29	8.20	175.00	208.70
MRF	2751.14	2751.14	2.40	0.00	10.10
NESTLE INDIA	0.00	0.00	0.00	0.00	0.00
NMDC	0.00	0.00	0.00	0.00	0.00
NTPC	152.27	152.27	11.90	0.00	73.50
OIL & NATURAL GAS CORPORATION	0.00	0.00	0.00	0.00	0.00
PAGE INDUSTRIES	8.50	507.40	1.80	49.50	58.30
PETRONET LNG	0.00	0.00	0.00	0.00	0.00
PIDILITE INDUSTRIES	373.00	2482.00	8.40	139.40	168.02
PIRAMAL ENTERPRISES	1279.34	1279.34	11.00	255.00	314.50
POWER GRID CORPORATION OF INDIA	92.92	143.05	11.00	0.00	37.20
PUNJAB NATIONAL BANK	6.70	50.53	11.65	0.00	37.15
RBL BANK	0.00	28.28	10.30	31.00	96.89
RELIANCE INDUSTRIES	1500.00	2057.00	36.00	1485.00	1677.00
RURAL ELECTRIFICATION CORPORATION	0.00	0.00	0.00	0.00	0.00

Compensation (INR)

BSE 100 COMPANY NAME	REMUNERATION OF CHAIRMAN (CTC)	REMUNERATION OF HIGHEST-PAID DIRECTOR	MAXIMUM SITTING FEES PAID	TOTAL COMMISSION PAID TO NON-EXECUTIVE DIRECTORS	TOTAL REMUNERATION PAID TO NON-EXECUTIVE DIRECTORS
SHREE CEMENT	36.00	4624.26	8.25	264.00	319.50
SHRIRAM TRANSPORT FINANCE CO.	11.90	66.97	4.65	37.50	59.00
SIEMENS	31.75	706.95	4.50	81.25	96.50
STATE BANK OF INDIA	105.74	114.77	11.10	0.00	63.75
SUN PHARMACEUTICAL INDUSTRIES	9.00	142.33	15.00	0.00	61.79
TATA CHEMICALS	3.60	658.99	7.20	310.00	343.20
TATA CONSULTANCY SERVICES	3.60	1602.85	7.50	1175.00	1208.30
TATA GLOBAL BEVERAGES	2.20	388.51	5.70	265.00	293.90
TATA MOTORS	6.00	2632.08	13.20	395.00	457.40
TATA POWER COMPANY	3.00	444.55	5.40	350.00	389.90
TATA STEEL	4.80	1122.63	9.60	687.00	735.00
TECH MAHINDRA	0.00	506.60	0.00	652.70	1097.10
TITAN COMPANY	2.18	986.86	6.00	422.50	463.00
TVS MOTOR COMPANY	2377.17	2377.17	3.00	128.80	144.80
ULTRATECH CEMENT	1556.50	1556.50	3.50	1800.00	1824.50
UPL	1333.00	1333.00	4.00	60.00	76.65
VEDANTA	3070.76	3070.76	11.50	450.00	2704.30
VOLTAS	4.50	517.10	6.75	170.00	206.30
WIPRO	683.06	2732.19	5.00	904.09	1115.33
YES BANK	0.00	648.41	52.50	59.48	390.37
ZEE ENTERTAINMENT ENTERPRISES	31.50	829.50	4.80	210.00	233.40

Appendix

RECOMMENDATIONS BY KOTAK COMMITTEE

On July 2, 2017, the SEBI committee on corporate governance was formed under the chairmanship of Mr. Uday Kotak, with the aim of improving the corporate governance standards of listed companies in India. On March 28, 2018, SEBI considered the recommendations of the committee and the public comments about them. Accordingly, SEBI accepted certain recommendations without modification and a few with modifications.

The recommendations regarding the "Eligibility of Independent Director," "Role of an Audit Committee," "Role of Nomination & Remuneration Committee," and "Role of Risk Management Committee" were implemented with immediate effect on April 1, 2018. Other recommendations regarding "Maximum Number of Directorships," "Disclosure of Directors' Expertise," "Minimum Six Directors on Board of Directors," "One Independent Woman Director," "Separation of CEO/MD and Chairperson Role" and "Quorum of Board Meetings" became effective as of either April 1, 2019, or April 1, 2020.

Some of the important recommendations effective starting April 1, 2019, or April 1, 2020, include:

Maximum number of directorships

Currently, the Companies Act provides that a person can be appointed to a maximum of 10 public companies. SEBI LODR Regulations state that a person shall not serve as an independent director in more than seven listed entities, and if the director is a whole-time director in one listed entity, then he or she cannot serve as an independent director in more than three listed entities. The Kotak Committee recommends that the maximum number of directorships in listed entities should be reduced to seven (irrespective of whether the person is appointed as an independent director or not). However, in the interest of providing adequate transition time, the Committee recommended that the maximum number of listed entity directorships held by a person be brought down to eight by April 1, 2019 and to seven by April 1, 2020.

Disclosure of directors' expertise

The Companies Act and SEBI LODR Regulations require the disclosure of a brief profile of a director on his or her appointment, including expertise in specific functional areas. However, there is no specific requirement under the Companies Act or SEBI LODR Regulations for listed entities to disclose the required and available expertise of the board on a regular basis. The Kotak Committee recommends that the board of directors of every listed entity be required to list the competencies/expertise that it believes its directors should possess. They should also be required to disclose the list of competencies/expertise that their board members actually possess.

Minimum six directors on board of directors

At present, the Companies Act requires a minimum of three directors on the board of a public limited company. There is no similar requirement in the SEBI LODR Regulations. The Kotak Committee recommends that any listed entity have at least six directors on its board.

One independent woman director:

The Companies Act and the rules prescribed thereunder require at least one woman director on the board of every listed entity. The SEBI LODR Regulations also currently require at least one woman director on the board of a listed entity. The Kotak Committee recommends that every listed entity have at least one independent woman director on its board.

Separation of CEO/MD and chairperson role

The Companies Act currently states that an individual shall not be appointed or reappointed as both chair and MD/CEO at the same time, unless the articles of such company provide otherwise or the company does not undertake multiple businesses. SEBI LODR Regulations do not mandate a separation of the posts of chairperson and CEO of a listed entity but do state that it is a discretionary requirement for a listed entity. The Kotak Committee recommends that listed entities with more than 40% public shareholding separate the roles of chairperson and MD/CEO as of April 1, 2020. SEBI recently decided to examine extending the requirement to all listed entities by April 1, 2022.

Approval for non-executive directors on attaining a certain age

The Companies Act provides that a person may be appointed or continue as managing director, whole-time director or manager after turning 70 years old by passing a special resolution. However, no such provision exists for non-executive directors. The Kotak Committee recommends that a provision requiring a special resolution on a similar basis should be inserted for listed entities for the appointment/continuation of directors after turning 75. All shareholders should be permitted to vote on such a resolution.

We will continue to cover a detailed analysis on these recommendation and implementation by the companies in the futures editions of the *India Spencer Stuart Board Index*.

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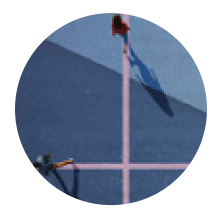

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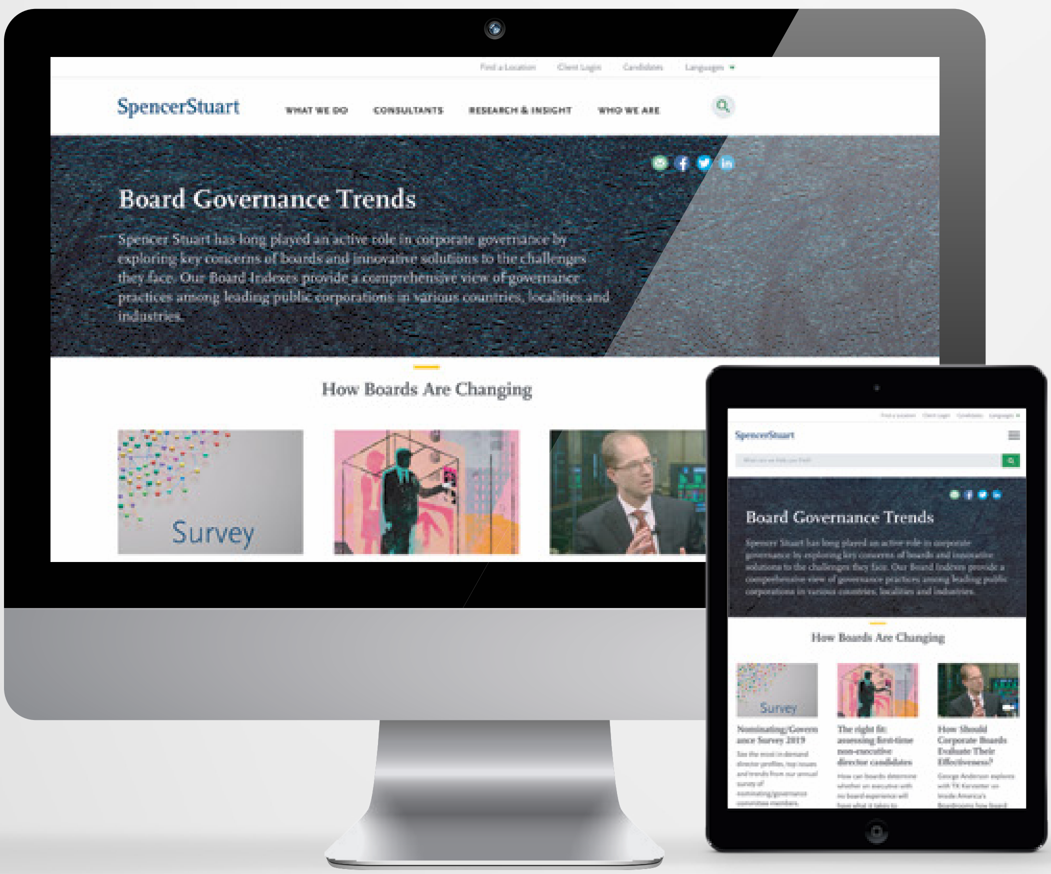

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