

SURVEY ON CORPORATE GOVERNANCE

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GLOSSARY

AGM	Annual General Meeting
AC	Audit Committee
BR	Business Responsibility
BRR	Business Responsibility Report
BoD	Board of Director
CAG	Comptroller and Auditor General of India
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CSR	Corporate Social Responsibility
CSRC	Corporate Social Responsibility Committee
D&O	Directors and Officers
ED	Executive Director
ESG	Environment, Social and Governance
FY	Financial Year
HR	Human Resource
ID	Independent Director
KMP	Key Managerial Personnel
LODR	Listing Obligations and Disclosure Requirements
M&A	Merger and Amalgamation
MD	Managing Director
NED	Non-Executive Director
NE-NID	Non-Executive Non-Independent Director
NID	Non-Independent Director
NRC	Nomination and Remuneration Committee
PLC	Profit linked commission
POSH	Prevention of Sexual Harassment
PSU	Public Sector Undertaking
RMC	Risk Management Committee
SEBI	Securities and Exchange Board of India
SMP	Senior Managerial Personnel
SRC	Stakeholders Relationship Committee
The Act	The Companies Act, 2013
UPSI	Unpublished Price Sensitive Information
VC	Vice-Chairman

ABOUT THE REPORT

For students and practitioners of Corporate Governance, there is considerable company-specific information available in the public domain. With companies often asserting that they are travelling in the right direction, and putting in place the right processes and policies, some aspects of compliance have tended to get highlighted. However, there is no single document which looks at the top companies by market cap, and analyses that group in regard to its performance and disclosures on several aspects of compliance. This report is an endeavour to capture, in sufficient detail, information on the performance of companies in the context of laws and regulations.

It has always been our case that Compliance and Corporate Governance are not synonyms for each other. Compliance is, as the name indicates, a response to a law or regulation that mandates certain activities and processes. The corporate is not the first mover on this chessboard. Playing black pieces, and responding in a tick-box fashion, more often than not, fails to reveal the true extent of governance in the corporate entity.

Corporate Governance, in our view, is doing the right things, without having the lawmakers or the Regulators telling the entity what requires to be done. Good governance practices by a handful of entities have often resulted in laws and regulations on the same lines for other entities in a similar universe.

While the focus of our attention has been various elements of Corporate Governance as set out in law and regulation, we have endeavoured to capture the initiatives taken by these companies in the E&S space (environment and social criteria, as mentioned in ESG). In this journey, we have placed reliance on the Business Responsibility Report, as mandated by SEBI.

This Survey, **Excellence Enablers' Survey on Corporate Governance**, looks at itemised details in regard to several legal and regulatory prescriptions, and attempts to capture the extent to which companies have done what was expected of them. There are some seemingly minor aspects to which a number of companies have not paid adequate attention. This Survey should hold a mirror to the under-performing entities in regard to compliance and governance to show them where they are, in relation to what many others have attempted, and succeeded in doing.

It is our expectation that this Survey will provide useful reference material for companies as well as for Regulators, and will persuade them to do what more needs to be done, and what better can be done.

METHODOLOGY

The Survey is based on vital information, about each listed company, that is available in public domain.

We have used the Annual reports of NIFTY 50 companies as a base to look at parameters that impact on the Corporate Governance standards of companies. While compliance requirements come from the Companies Act, 2013 and the rules thereunder, and SEBI LODR Regulations, 2015, we have considered some generally accepted good practices in Corporate Governance, which a number of companies have been following for some time now. In 2 places, as has been mentioned under the relevant parameters, we have looked at website disclosures for each of the companies concerned.

We have not commented on any specifics of any company. We have also not named any company throughout the Survey since our focus is on encouraging each company to reflect on their practices having regard to those that are being practiced by NIFTY 50 companies.

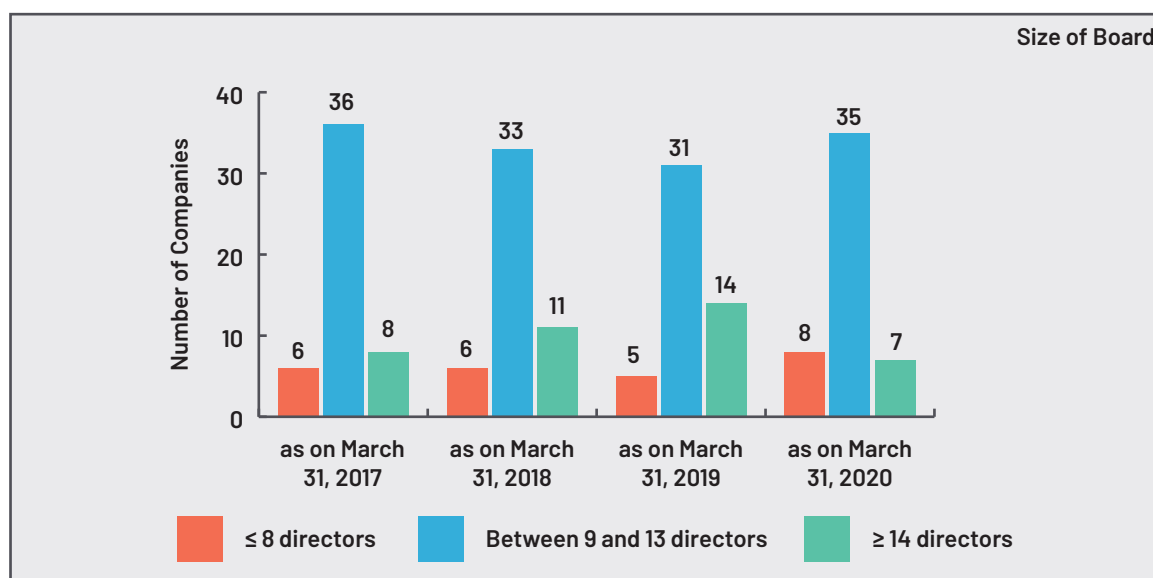
In this report, the parts mentioned in blue are the legal provisions relating to the relevant parameters. We have only quoted the sections/ sub-sections/ parts thereof which are relevant. We have also not made any changes to the language of any legal provision.

BOARD COMPOSITION

SIZE OF BOARD

- » As per Section 149(1) of the Companies Act, 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.
- » As per Regulation 17(1)(c) of SEBI LODR Regulations, 2015, the Board of Directors of the top 1000 listed entities shall comprise of not less than six directors (wef April 1, 2019).

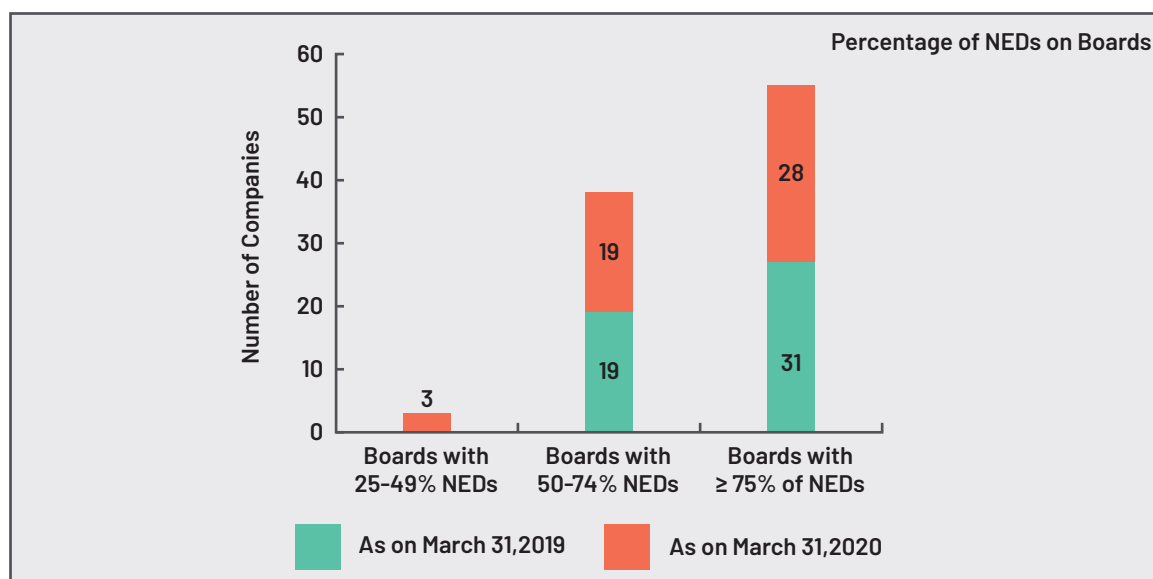
One of the factors that significantly influence the performance of a Board is its size. With 5 mandatory Board committees, there ought to be enough Board members to ensure that committees are properly constituted, and do not have the same members on almost all committees.



- » As on March 31, 2020, 2 companies had a Board size of 6 Directors, the minimum prescribed by SEBI LODR Regulations. These companies had 4 and 9 Directors respectively in the previous FY.
- » During the last 4 FYs, 7-14 companies had 14 or more Directors on their Boards. A very large unwieldy Board, it should be remembered, can also be under-performing.

PERCENTAGE OF NEDs (INCLUDING IDs)

- » As per 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.
- » As per Regulation 17(1)(a) of SEBI LODR Regulations, 2015, 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 percent of the Board of Directors shall comprise of non-executive directors.

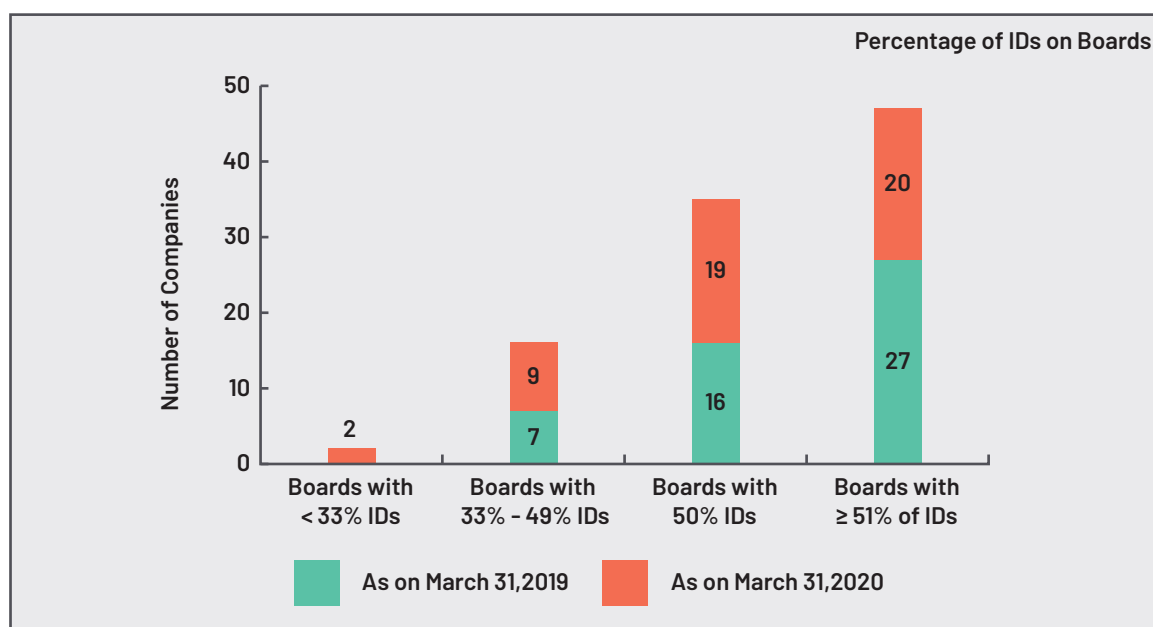


- » As on March 31, 2020, 3 companies had less than the prescribed minimum of 50%, and were non-compliant with SEBI LODR Regulations.

PERCENTAGE OF IDs ON BOARDS

- » As per 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.
- » As per Regulation 17(1)(b) of SEBI LODR Regulations, 2015, 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.



- » As on March 31, 2020, 2 companies had less than the prescribed minimum of IDs, and were non-compliant with law.
- » As on March 31, 2020, 8 companies which had an Executive Chair, and needed to have at least 50% IDs, did not have the minimum number, and were non-compliant.

PERCENTAGE OF WOMEN DIRECTORS ON BOARDS

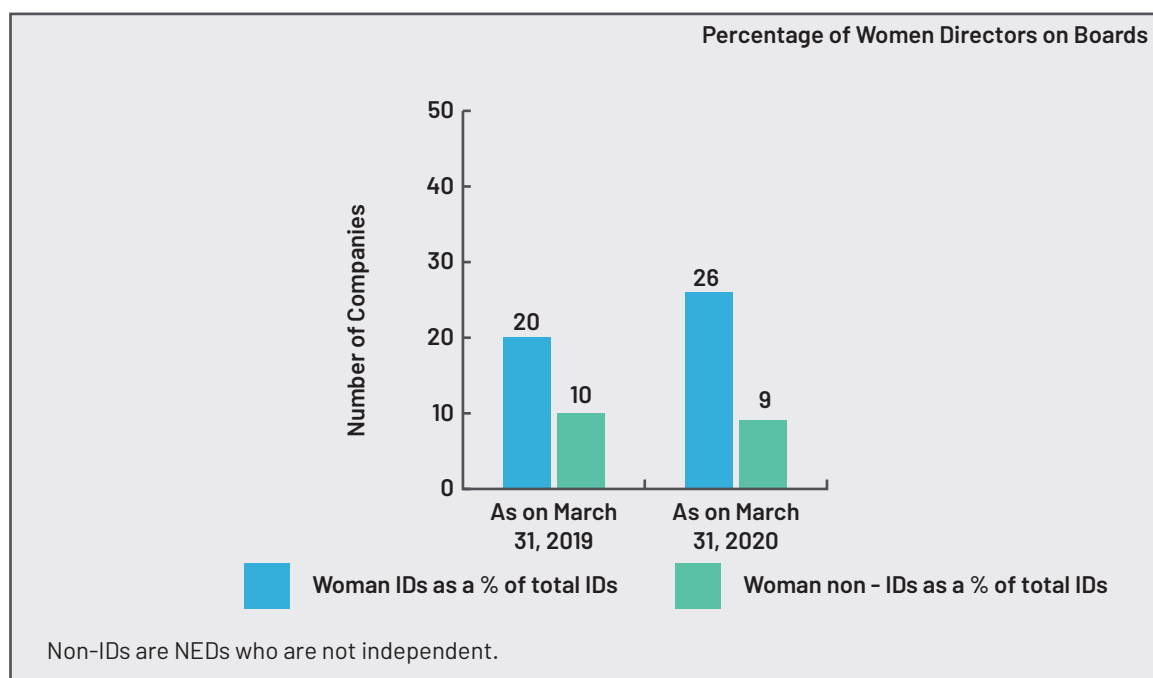
» As per Section 149(1) of the Companies Act, 2013, the following class of companies shall appoint at least one woman director (i) every listed company; (ii) every other public company having

(a) paid-up share capital of one hundred crore rupees or more; or

(b) turnover of three hundred crore rupees or more.

As per Regulation 17(1)(a) of SEBI LODR, 2015, 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 percent. 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.



- » At the end of FY 2018-19 and FY 2019-20, there were 2 and 3 companies respectively which did not have a woman-ID on the Board.
- » In FY 2019-20, 21 companies had 2 or more woman-ID on their Boards, and 1 company had a woman ID as its Chairperson.

SEPARATION OF CHAIR AND MD

» As per Regulation 17(1B) of SEBI LODR Regulations, 2015, the top 500 listed entities shall ensure that the Chairperson of the Board of such listed entity shall –

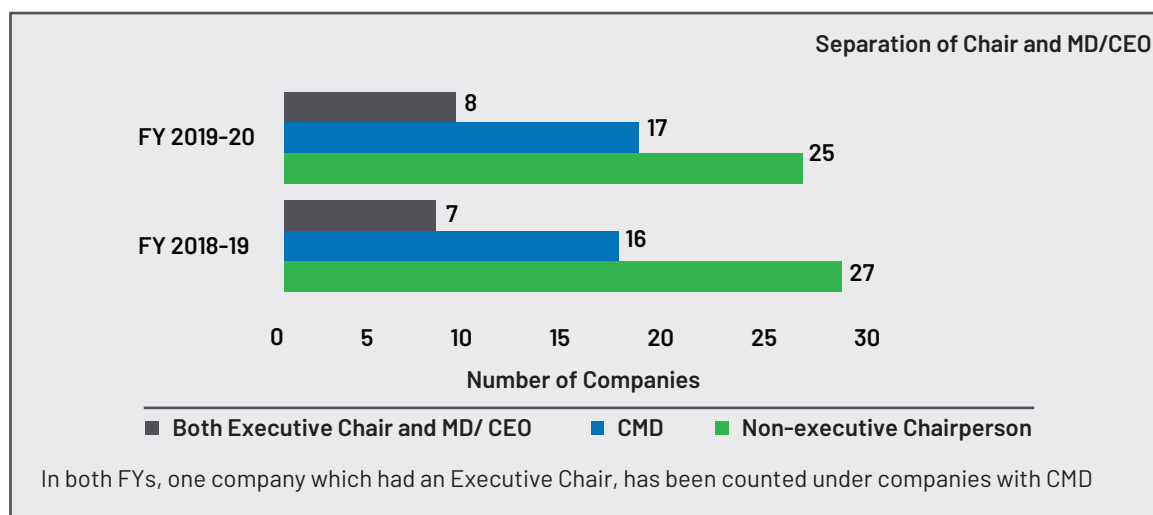
(a) be a non-executive director;

(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:

Provided that this sub-regulation shall not be applicable to the listed entities which do not have any identifiable promoters as per the shareholding pattern filed with stock exchanges. (wef from April 1, 2022)

The functions, the roles and the responsibilities of the Chairperson of a Board, and those of the MD are significantly different. Combining both these roles in one person has been traditionally understood to be a negation of the principles of Corporate Governance which *inter alia* provide that the management, headed by the MD, shall be answerable to the Board, headed by the Chair.

Separating the two roles, but giving executive responsibilities to both the Chairperson and the MD does not travel far enough.

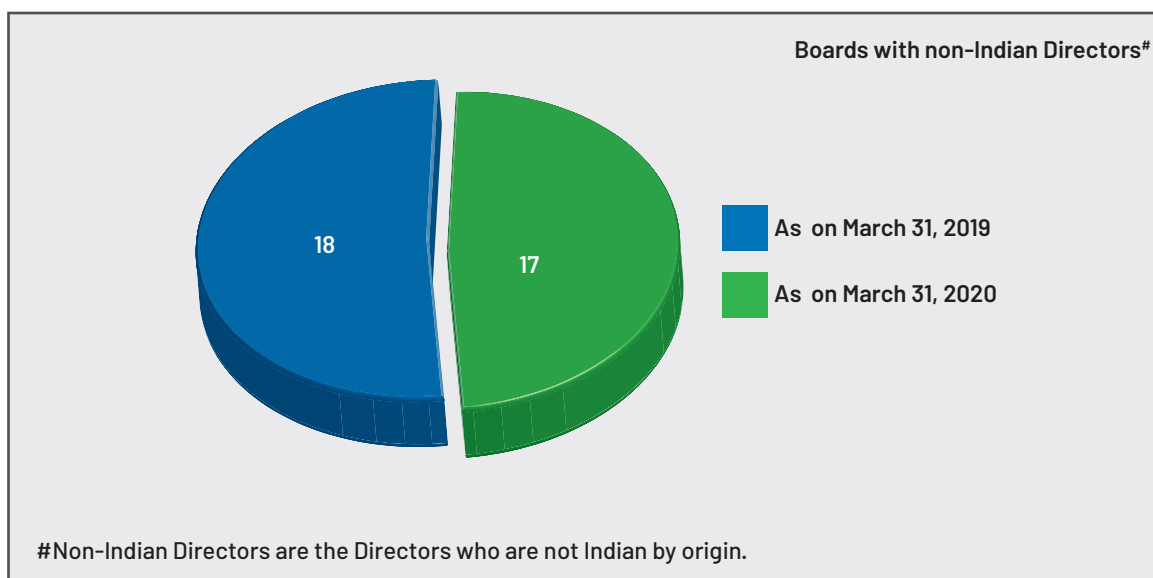


- » SEBI's stipulation regarding separation will be effective from April 1, 2022. More than one-third of the companies have either both the roles being performed by the same individual or have an Executive Chairperson along with having a MD/CEO, and will soon have to take steps in the direction of separation.
- » 2 companies which had Non-Executive Chairs in FY 2018-19, combined the roles of the Chair and MD in FY 2019-20.

DIVERSITY ON BOARDS

GEOGRAPHICAL DIVERSITY

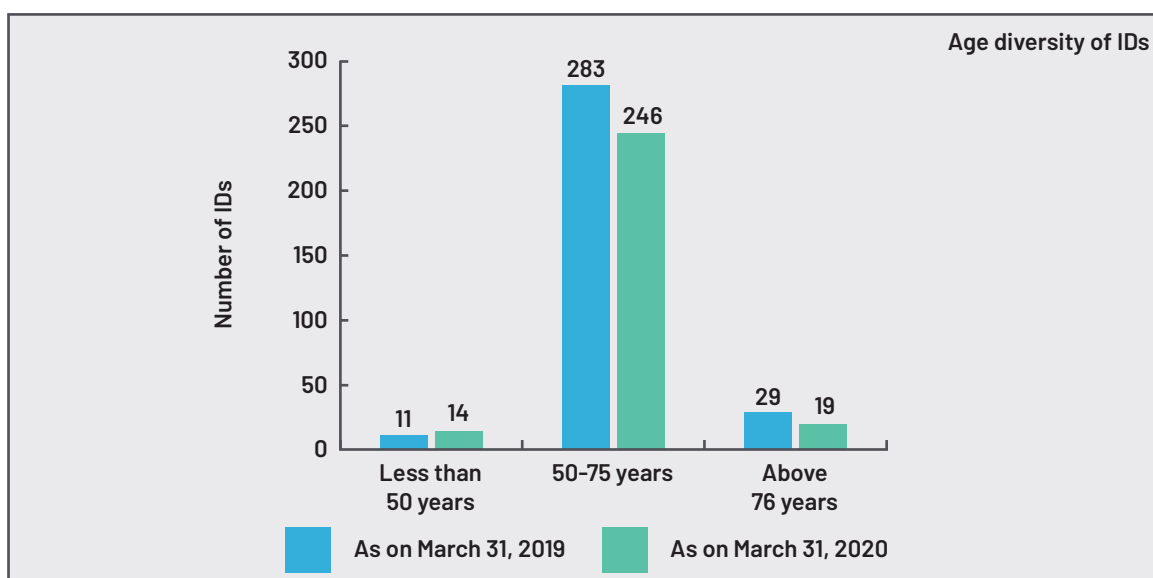
With companies increasingly having a global presence, geographical diversity of the origin of Directors, has assumed importance.



» Of these, 17 companies are common for both FYs.

AGE DIVERSITY OF IDs

Given the pace and the nature of change in the economy and in society, induction of younger persons on the Boards will increase relevance of Boards.



» As on March 31, 2020, of the 279 IDs, 14 were less than 50 years. Many of them will go past 50 years very soon.

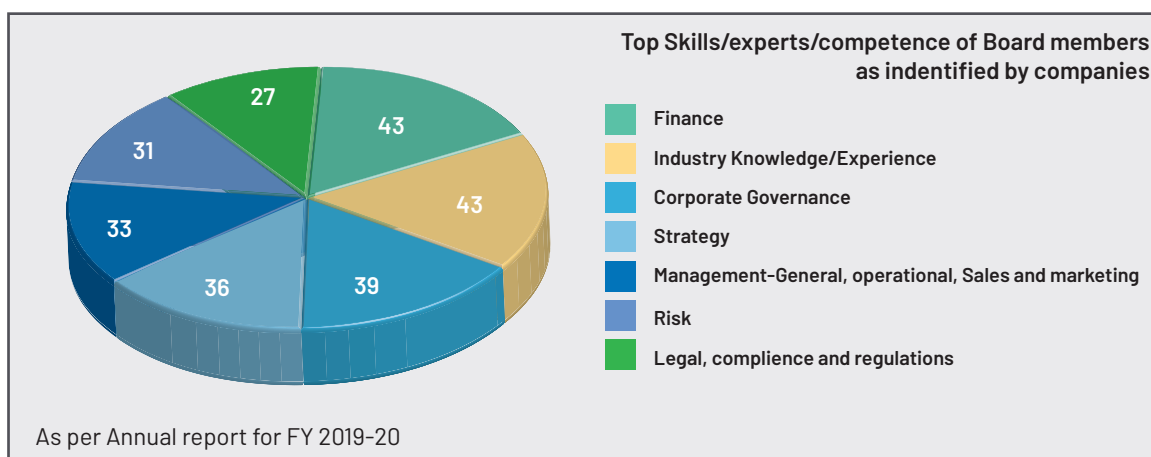
- » This seems a reasonable mix considering that the large majority is in an age group where their experience can add value to the Boards.
- » As on March 31, 2020, the youngest ID was 43 years, and the oldest ID was 92 years.

CHART/ MATRIX OF SKILLS AND EXPERTISE OF DIRECTORS

» As per Schedule V (C) (h) of the SEBI LODR Regulations, 2015, listed entities are required to give in their Corporate Governance Report, 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 ended March 31, 2020, the names of directors who have such skills / expertise / competence.

Any relevant skillset or experience that is missing in a Board, could make its functioning sub-optimal. The diversity of skillsets is therefore an important requirement.



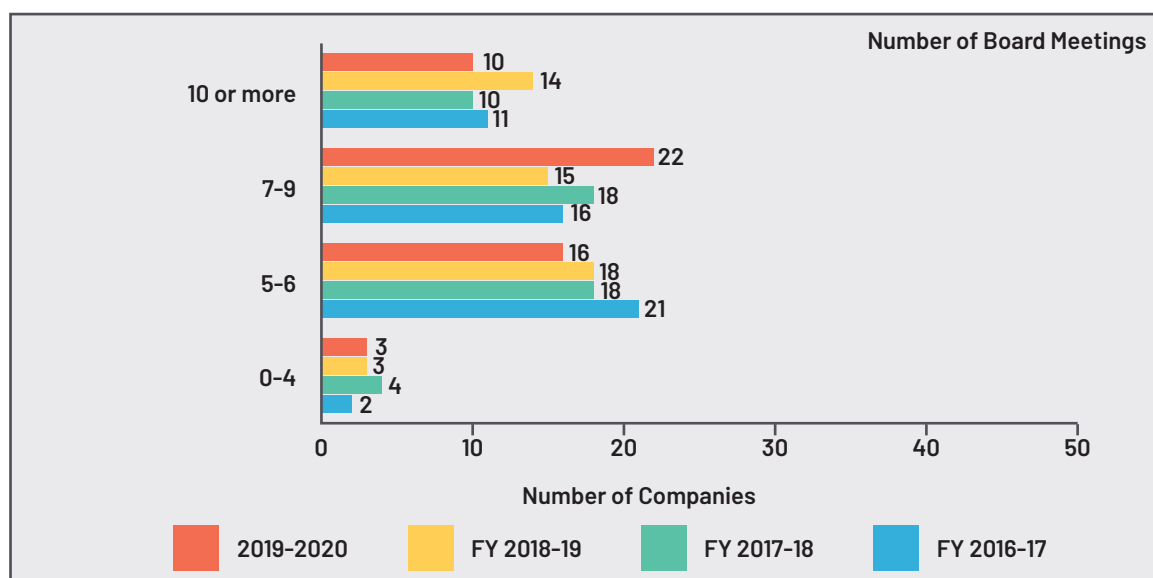
- » In FY 2019-20, none of the companies identified any missing competence at the Board-level. This could be indicative of a tick the box response to this Regulation.
- » One PSU, in response to this, had stated that since the Government of India appoints all the Directors, irrespective of the category, it would be for the Government to decide on the existence of relevant competencies on the Board.

NUMBER OF BOARD MEETINGS

- » As per Section 173(1) of the Companies Act, 2013, every company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than one hundred and twenty days shall intervene between two consecutive meetings of the Board.
- » As per Regulation 17(2) of SEBI LODR Regulations, 2015, the Board of Directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings.

Law and Regulations provide that every company should hold a minimum of 4 meetings of its Board in every FY. The normal tendency whenever a minimum number is prescribed is for companies to treat that as the ceiling, and not the floor.

Ordinarily, 6 Board meetings, of sufficiently long duration, have been found to help the Board discharge its responsibilities satisfactorily.



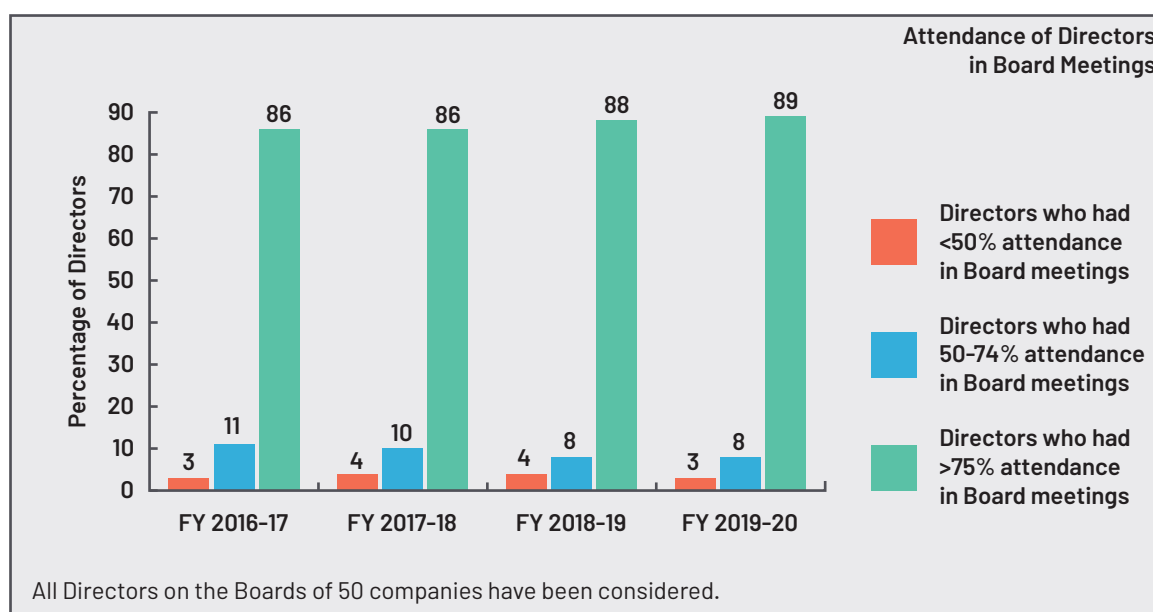
- » Happily, in the case of Board meetings, most companies have exceeded the minimum of 4 meetings.
- » More Board meetings should ordinarily add value, especially with the meetings, that do not focus on quarterly financial results, being able to devote quality time to other important items, such as strategy, succession planning and the like.
- » However, if meetings are held far too often, they become routine engagements, with diminishing utility kicking in.
- » Number of Board meetings held by the same company in FY 2018-19 and FY 2019-20 are 21 and 19. It might be worthwhile for Boards that have held around 20 meetings a year, to examine the productivity of, and the requirement for, such meetings.

ATTENDANCE OF DIRECTORS IN BOARD MEETINGS

» As per Section 167(1)(b) of the Companies Act, 2013, the office of a director shall become vacant in case he absents himself from all the meetings of the Board of Directors held during a period of twelve months with or without seeking leave of absence of the Board.

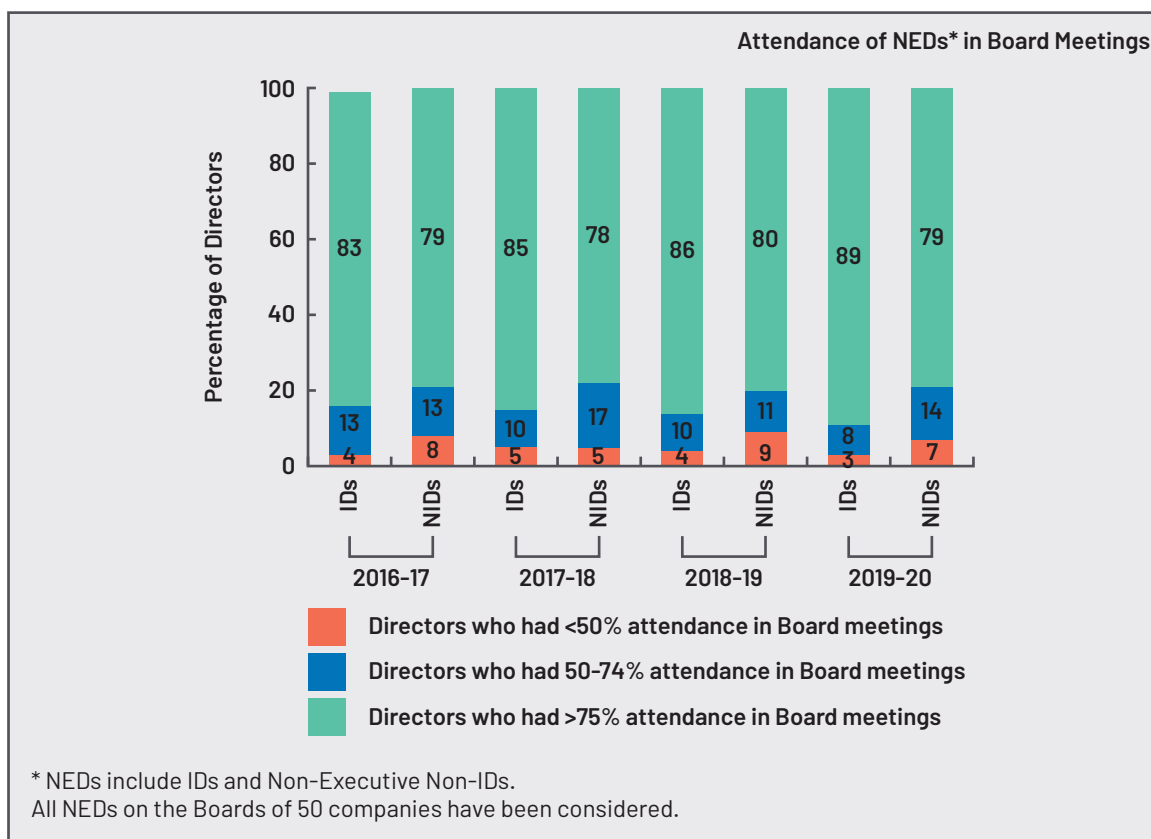
Meetings of the Board would be less value-adding if as many Directors as possible do not attend them. While law mentions that each Director has to attend at least 1 Board meeting in a year, Schedule IV of the Companies Act, 2013 provides *inter alia* that Independent Directors shall strive to attend all Board and committee meetings.

1 meeting a year is indicative of inadequate commitment. While a Director is expected to attend all meetings of the Board, he/she might not be in a position to attend one or more of them. In such an event, he/she should send written comments on the agenda items so that his/her views are available to the Board.



- » It has been noticed that 18-26 Directors, representing 3-4% of the Boards, had less than 50% attendance.
- » As against this dismal picture, 70% of the Directors had 100% attendance in FY 19-20.
- » It would be useful for companies to ask themselves whether Directors who have unsatisfactory attendance records should continue to be on the Board. Board evaluation should give adequate importance to attendance at Board meetings.

ATTENDANCE OF NEDs IN BOARD MEETINGS



ATTENDANCE OF IDs

- » In the last 4 FYs, 3-5% of the IDs had less than 50% attendance in Board meetings, and 8-13% had less than 75% attendance in Board meetings.
- » In FY 2019-20, 66% of the IDs had attended all Board meetings. Given the vastly increased responsibilities of IDs, this would appear to be an unsatisfactory position.

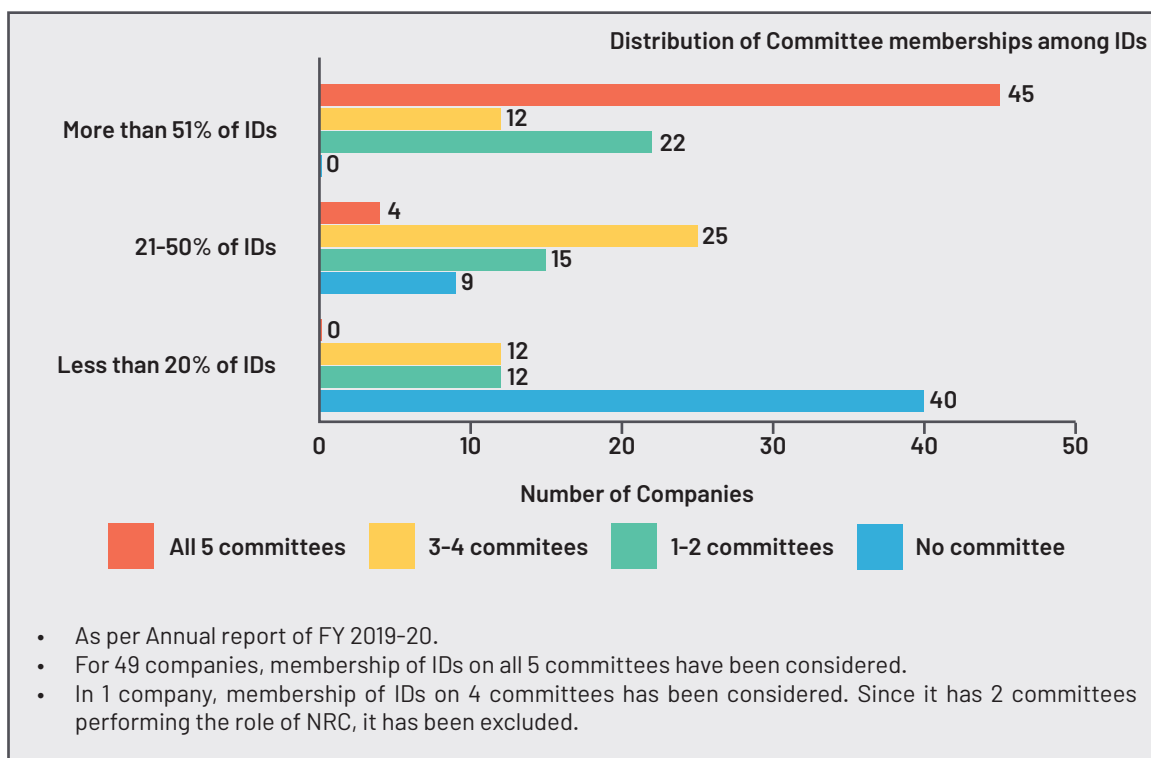
ATTENDANCE OF NON-EXECUTIVE NON-IDs (NE-NIDs)

- » In the last 4 FYs, 5-9% of NE-NIDs attended less than 50% of the Board meetings, and 11-17% attended less than 75% of the Board meetings. Considering that this is a category which includes institutional nominees on the Board, the position seems to be unacceptable.
- » Two-thirds of the NE-NIDs attended all Board meetings in FY 2019-20.

COMMITTEE COMPOSITION

DISTRIBUTION OF COMMITTEE MEMBERSHIP AMONG IDs

Since much of the work of the Boards is expected to be gone into in considerable detail by the Board committees, requiring commitment of quality time by the members, it is necessary to ensure that memberships of Board committees are distributed properly among the IDs.

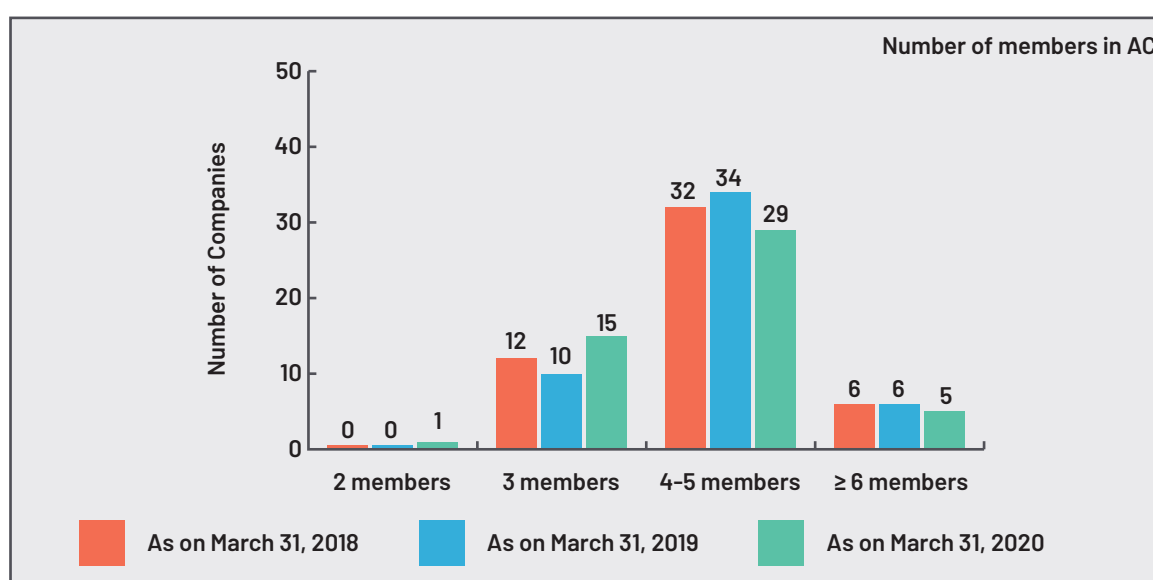


- » As on March 31, 2020, of all the IDs in the 50 companies, while 40 IDs were not members of any Board committees, 45 IDs were members of all Board committees. This could be a major contributory factor to inter se information asymmetry among IDs.

AUDIT COMMITTEE

COMPOSITION OF AC

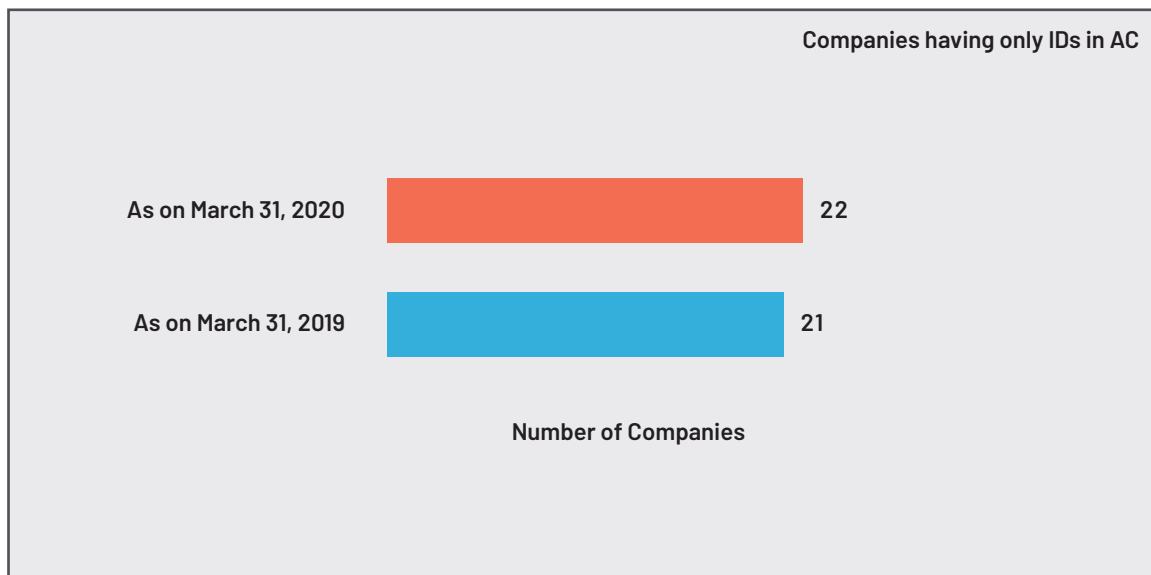
- » As per Section 177(2) of the Companies Act, 2013, the audit committee shall consist of a minimum of three directors.
- » As per Regulation 18(1) of SEBI LODR Regulations, 2015,
 - (a) The audit committee shall have minimum three directors as members.
 - (b) Two-thirds of the members of audit committee shall be independent directors.



- » Both law and regulations stipulate that the AC should have a minimum of 3 Directors. 68% of the companies had 4 or more members on the AC during FY 2019-20.
- » As on March 31, 2020, 1 company did not have the mandated minimum number of 3 members.
- » As on March 31, 2019, 2 companies did not have the mandated minimum of two-third IDs in their ACs. One of these companies was non-compliant as on March 31, 2020 also.
- » As on March 31, 2019 and March 31, 2020, the maximum number of members in AC of a company were 8.

ACs WITH ONLY IDs

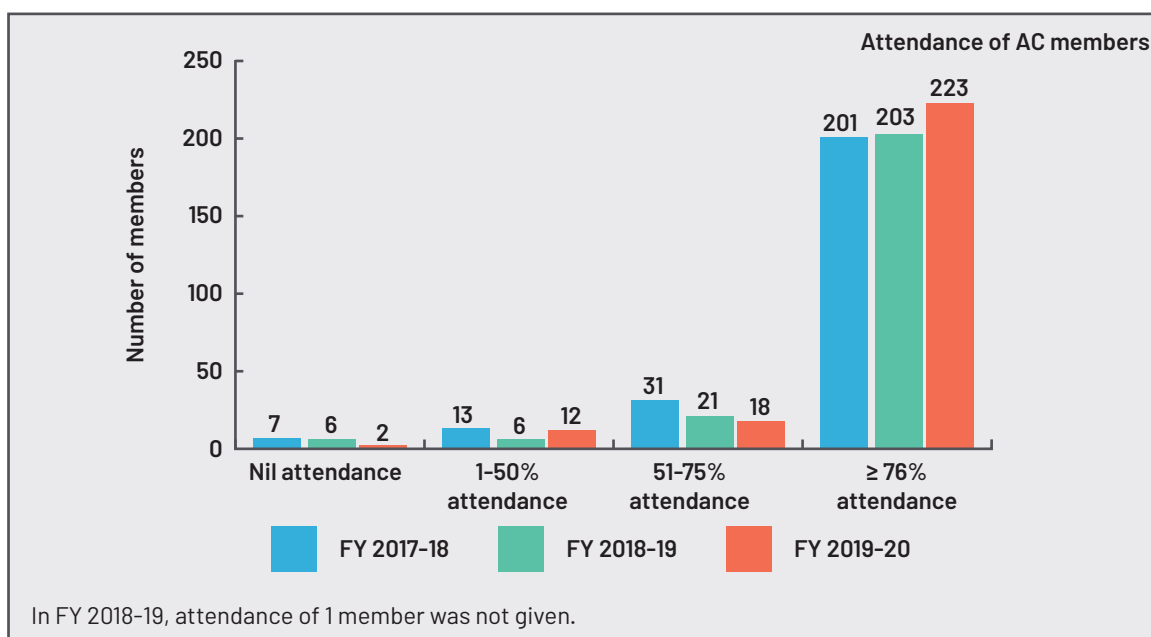
The role of the AC is to examine transactions and practices, having regard to legality, propriety and the like. Having only IDs on the AC, with management representatives as invitees, is a good practice.



- » 18 companies are common across both FYs.

ATTENDANCE OF AC MEMBERS

Non-attendance or inadequate attendance at AC meetings is indicative of a casual attitude towards an important Board committee. Any member not attending a single meeting throughout the year should be taken out of the committee.



- » 32 members of different ACs had less than 75% attendance during FY 2019-20. Of them, 2 members did not attend any meeting.
- » In FY 2017-18 and FY 2018-19, 7 and 6 members respectively did not attend any meeting.

COMMON CHAIR OF BOARD AND AC

- » While the law does not provide that the Chair of the Board should not Chair the AC, it is a good practice to have two different persons occupying these two positions, since the criticality of examination by the AC could impact decision-making by the Board.
- » In FY 2019-20, only 1 company had the same person chairing the Board and the AC.

MD AS A PERMANENT INVITEE TO AC

- » *As per Regulation 18(1)(f) of SEBI LODR Regulations, 2015, the audit committee at its discretion shall invite the finance director or head of the finance function, head of internal audit and a representative of the statutory auditor and any other such executives to be present at the meetings of the committee:*

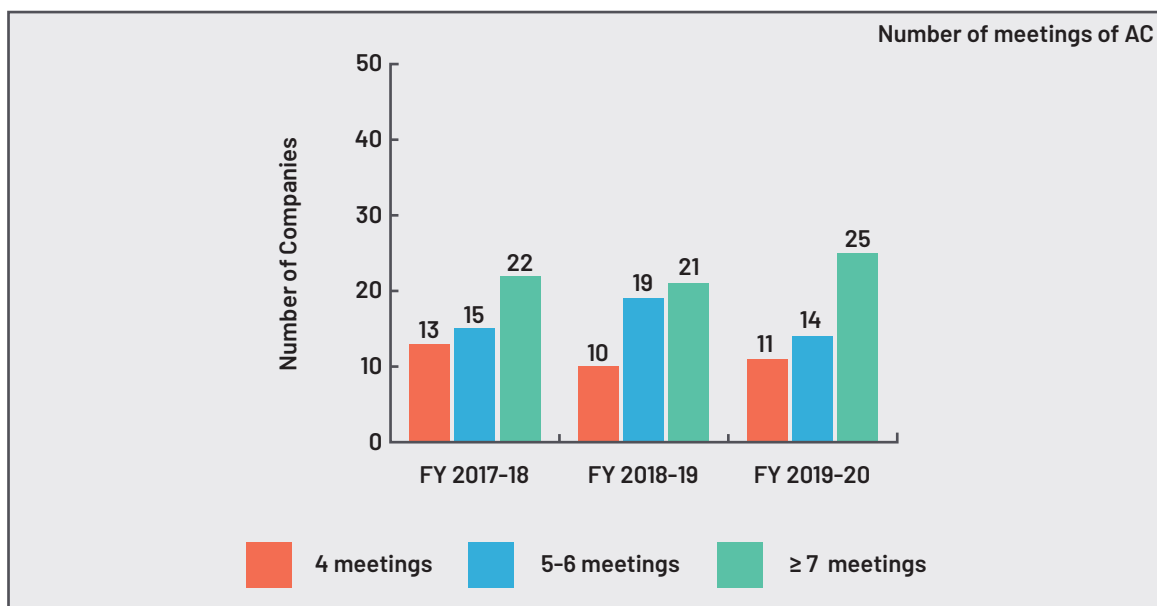
Provided that occasionally the audit committee may meet without the presence of any executives of the listed entity.

- » SEBI LODR Regulations do not contemplate the MD of the company being a member of the AC.
- » In FY 2019-20, in 9 companies, the MD is a permanent invitee to the AC meetings, thus ensuring his/her **permanent** presence, without being a member of the committee.
- » In 3 companies, the MD is a member of the AC. Keeping the Chief Executive out of the membership of the AC is a time-honoured practice, since it is the acts or omissions of his/her management team that is being scrutinised by the AC.
- » Executives, including the MD, can be invited to be present when the committee feels that they would be in a position to clarify matters or add to the information made available to the AC.

NUMBER OF MEETINGS

- » *As per Regulation 18(2)(a) of SEBI LODR Regulations, 2015, the audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.*

The quarterly meetings of the AC focus largely on quarterly results and associated matters. To do a deep dive into audit/ inspection reports, and other matters not related to quarterly accounts, the AC should ideally have 2 more meetings, adding up to 6 meetings in a year.



- » It has been noticed that in FY 2019-20, 50% of the companies conducted 7 or more meetings, and only 22% conducted the minimum stipulated number of 4 meetings.
- » At the other end of the spectrum, one PSU conducted as many as 19 meetings of the AC in FY 2019-20.

NOMINATION AND REMUNERATION COMMITTEE

COMPOSITION OF NRC

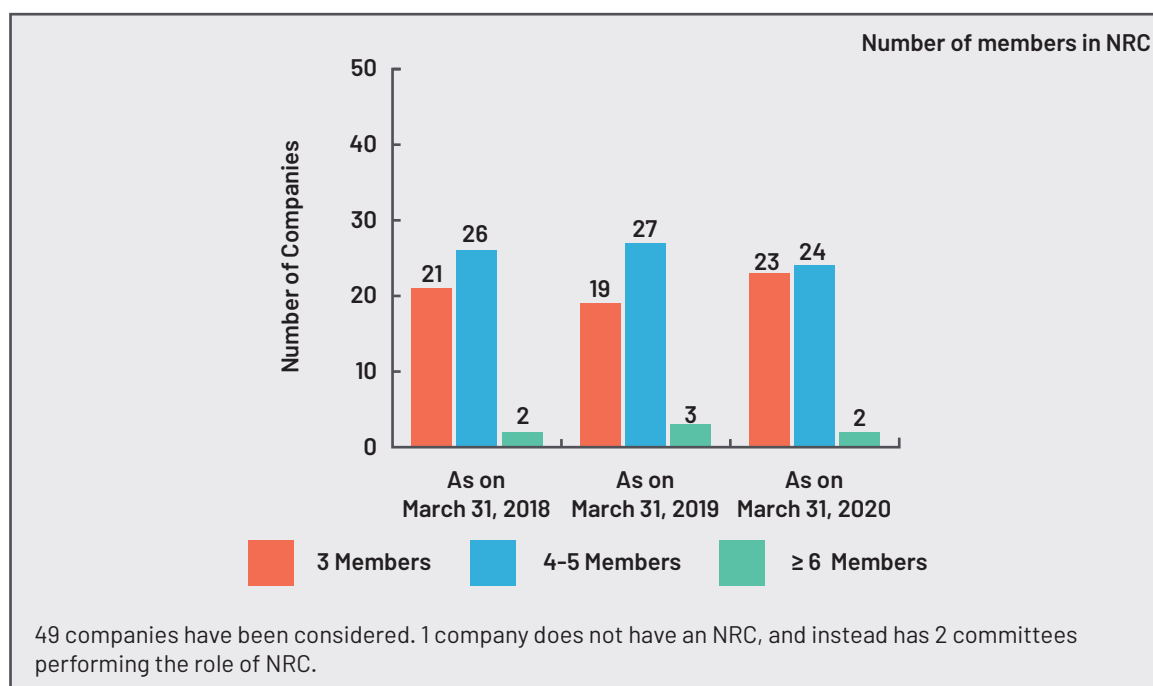
- » As per Section 178(1) of the Companies Act, 2013, The Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors

Provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such Committee.

- » As per Regulation 19(1) of SEBI LODR Regulations, 2015, the Board of Directors shall constitute the nomination and remuneration committee as follows:
 - (a) the committee shall comprise of at least three directors;
 - (b) all directors of the committee shall be non-executive directors; and
 - (c) at least fifty percent of the directors shall be independent directors.

- » As per Regulation 19(2) of SEBI LODR Regulations, 2015, the Chairperson of the nomination and remuneration committee shall be an independent director:

Provided that the chairperson of the listed entity, whether executive or non-executive, may be appointed as a member of the Nomination and Remuneration Committee and shall not chair such Committee.

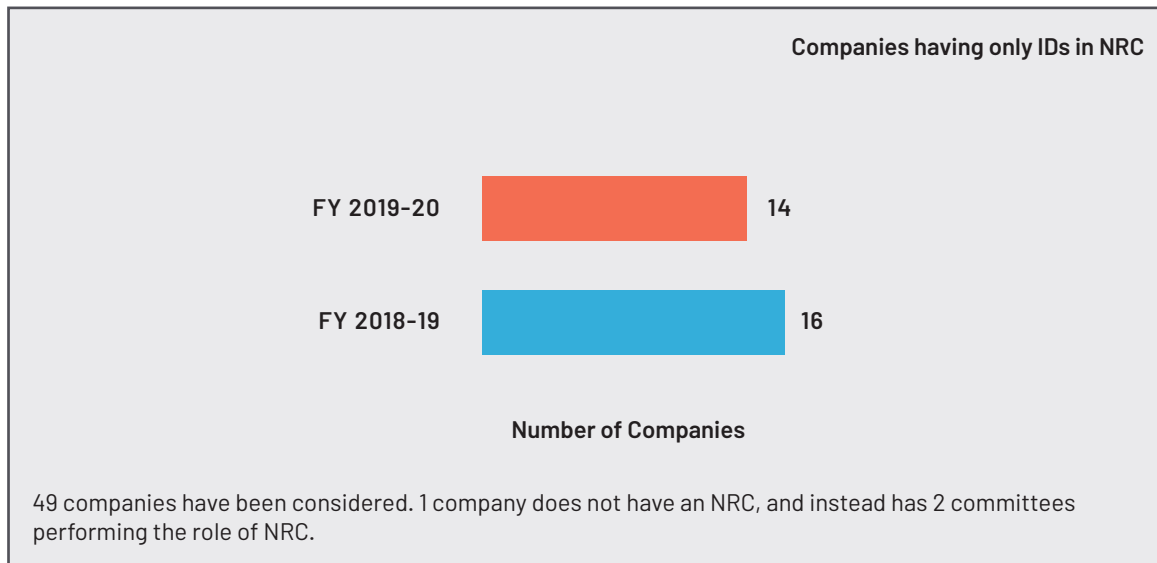


- » There was no case of non-compliance in regard to the composition of the committee.

- » 2 companies had 6 or more members on the NRC. This size could be unwieldy, and less productive for the functioning of the NRC.

NRCs WITH ONLY IDs

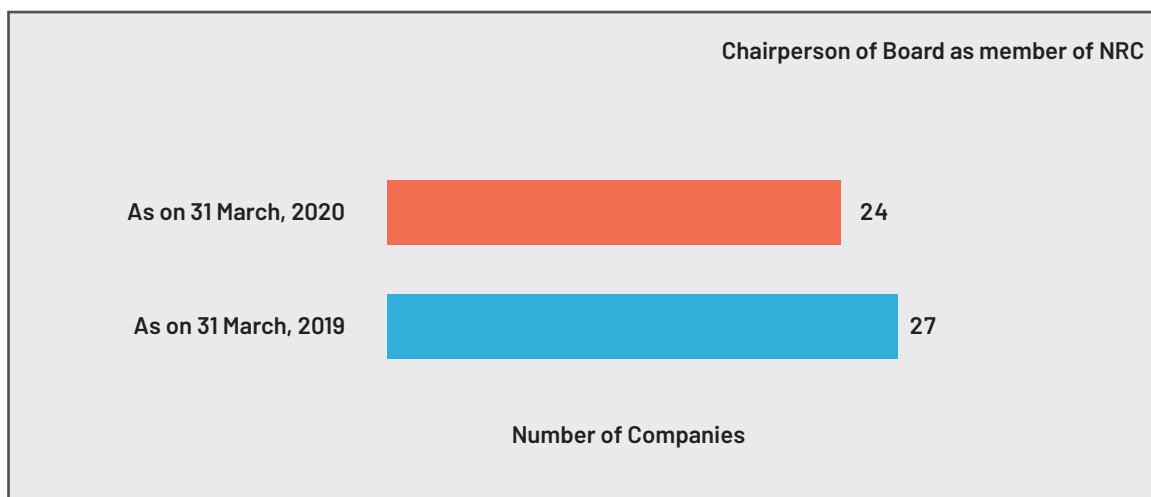
The preponderance of IDs on NRCs is to ensure that promoters/ management do not disproportionately influence the composition of Boards, or the selection of KMPs and SMPs. This also is expected to ensure that remuneration is appropriately benchmarked with that of the peer group, and there is no disconnect between performance and remuneration.



- » In both FYs, the same 14 companies had all IDs in their NRC.
- » In FY 2018-19, one company did not have a Chair of its NRC.

CHAIR OF BOARD AS A MEMBER OF NRC

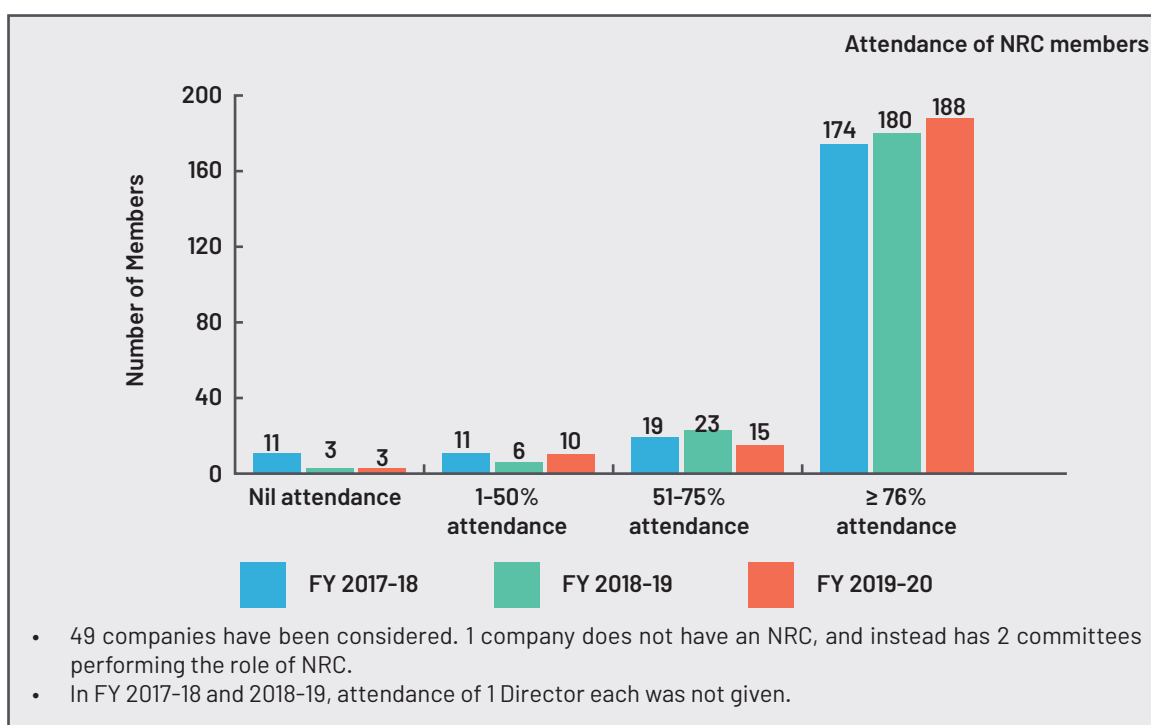
Having the Chair of the Board as a member of the NRC, has the advantage of ensuring that there is no disconnect between the NRC and the Board on matters within the remit of the NRC, such as those relating to appointment of Directors, KMPs and SMPs. While the presence of the Chair of the Board will enrich the deliberations of the committee because of her/his understanding of what the company requires, her/his not being a Chair of the NRC will ensure that the NRC's independence is not adversely impacted.



» In both FYs, the same 23 companies had Chair of the Board as a member of the committee.

ATTENDANCE OF NRC MEMBERS

The remit of the NRC being of utmost importance, it is necessary that all members attend as many meetings as possible. Any member not attending a single meeting throughout the year should be taken out of the committee.

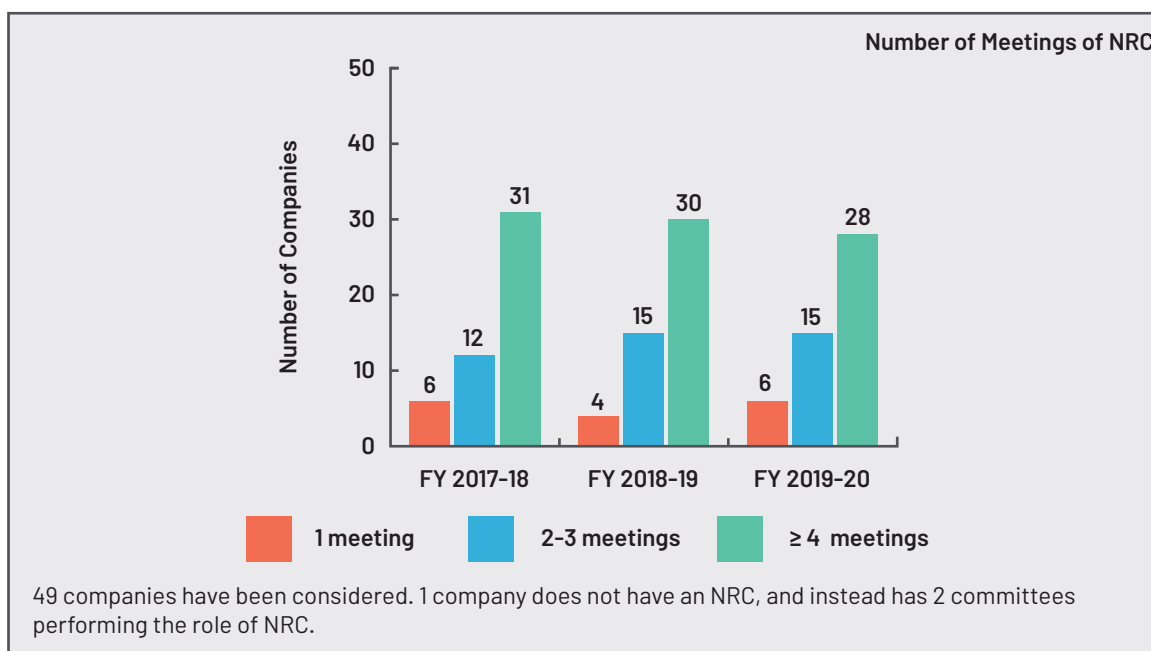


» In FY 2017-18, FY 2018-19 and FY 2019-20, 11, 3 and 3 members respectively did not attend any meetings.

NUMBER OF MEETINGS

» As per Regulation 19(3A) of SEBI LODR Regulations, 2015, the nomination and remuneration committee shall meet at least once in a year (w.e.f April 1, 2019).

With only 1 or 2 meetings every year, it is difficult to understand how justice can be done to the vastly increased remit of the NRC.



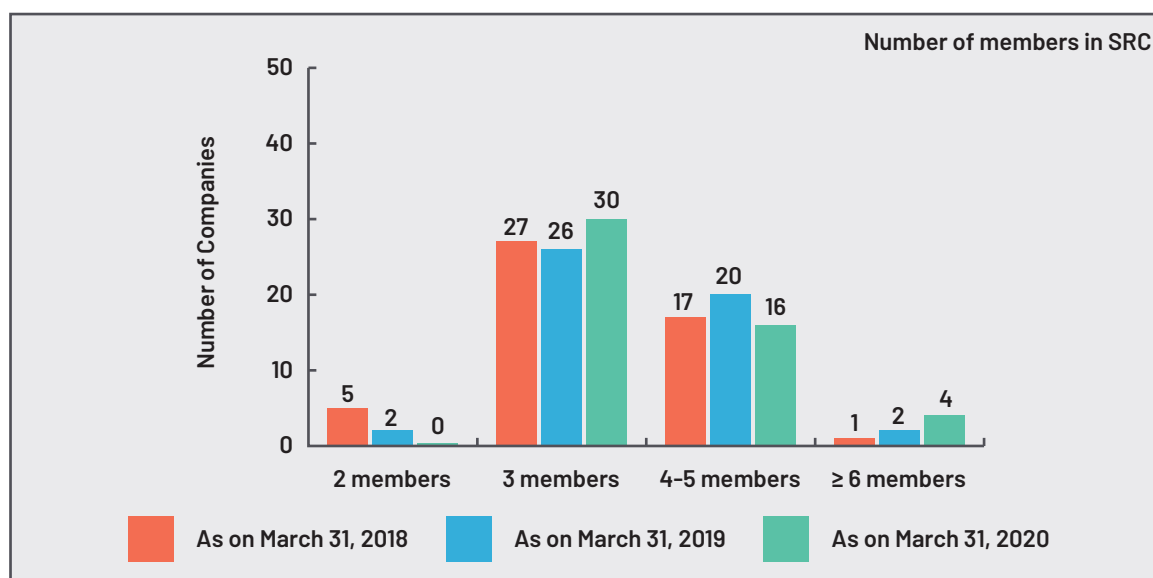
- » With the SEBI LODR Regulations providing that the committee should meet at least once a year, 6 companies have opted for the mandated minimum of 1 meeting in FY 2019-20.
- » More than 50% of the companies have conducted 4 or more meetings of the NRC. This is a recognition of the vastly increased mandate of the NRC, and the importance of its recommendations to the Board.
- » In FY 2019- 20, maximum number of NRC meetings held by a company were 9.

STAKEHOLDERS RELATIONSHIP COMMITTEE

COMPOSITION OF SRC

- » As per Section 178(5) of the Companies Act, 2013, the Board of Directors of a company which consists of more than one thousand shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director and such other members as may be decided by the Board.
- » As per Regulation 20(2A) of SEBI LODR Regulations, 2015, at least three directors, with at least one being an independent director, shall be members of the Committee. (w.e.f April 1, 2019).
- » As per Regulation 20(2) of SEBI LODR Regulations, 2015, the chairperson of this committee shall be a non-executive director.

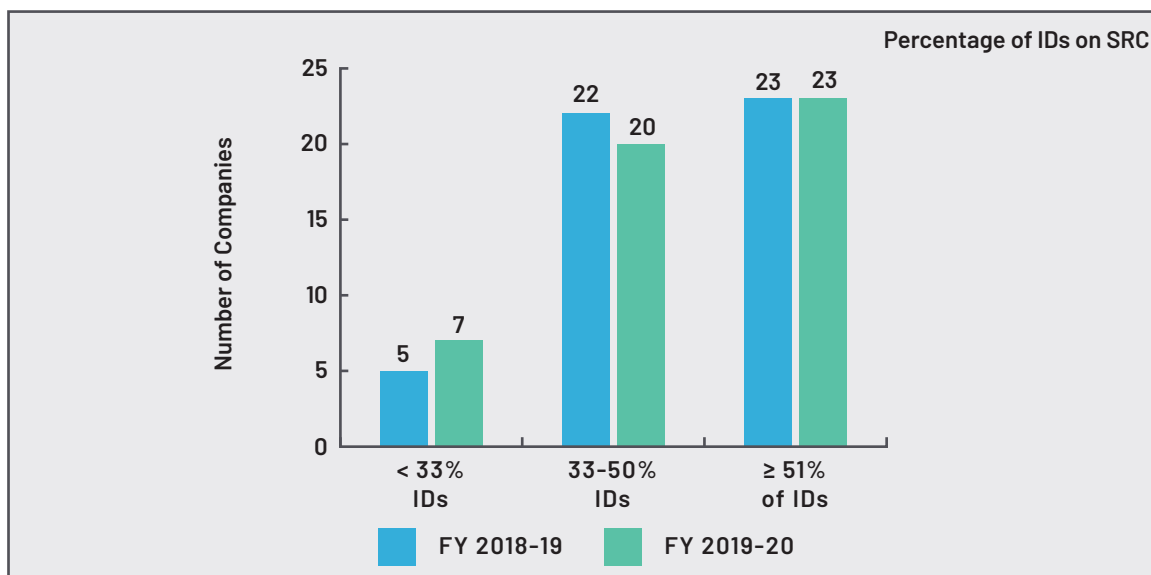
The Companies Act, 2013 requires that the Chair of SRC should be an NED, and other members may be as decided by the Board. SEBI LODR Regulations provides that the committee should have at least 3 members, with at least 1 being an ID. This is a fit case for reconciling the provisions of the Act and the Regulations.



- » At the end of FY 2017-18 and FY 2018-19, 5 and 2 companies respectively did not have the mandated minimum number of members in their SRCs.
- » As on March 31, 2019, 1 company did not have an ID on its SRC.
- » As on March 31, 2020, 2 companies did not have an NED chairing this committee.

PERCENTAGE OF IDs IN SRC

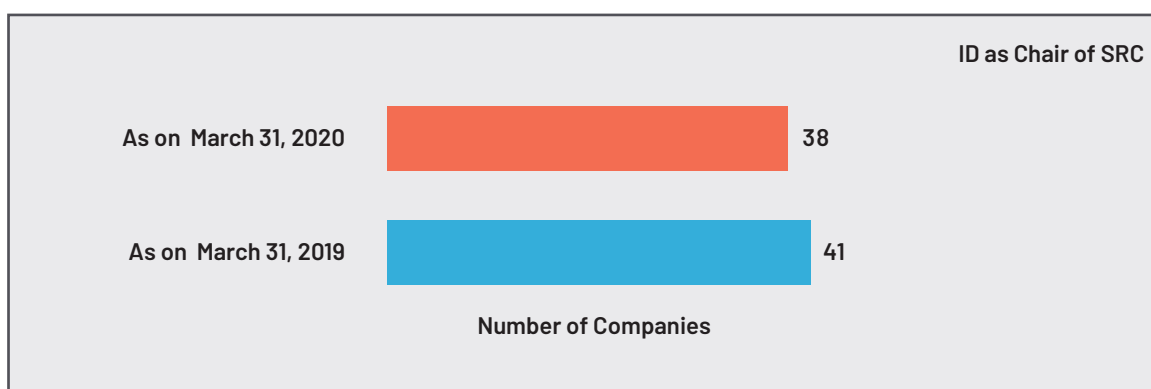
Since the SRC is tasked to look into the grievances of holders of securities, it is important not to leave the satisfactory resolution of these grievances to Board members who are not IDs. Instances of possible minority oppression can be addressed at an early stage by an SRC with IDs constituting the majority.



» In both FYs, the same 4 companies had only IDs.

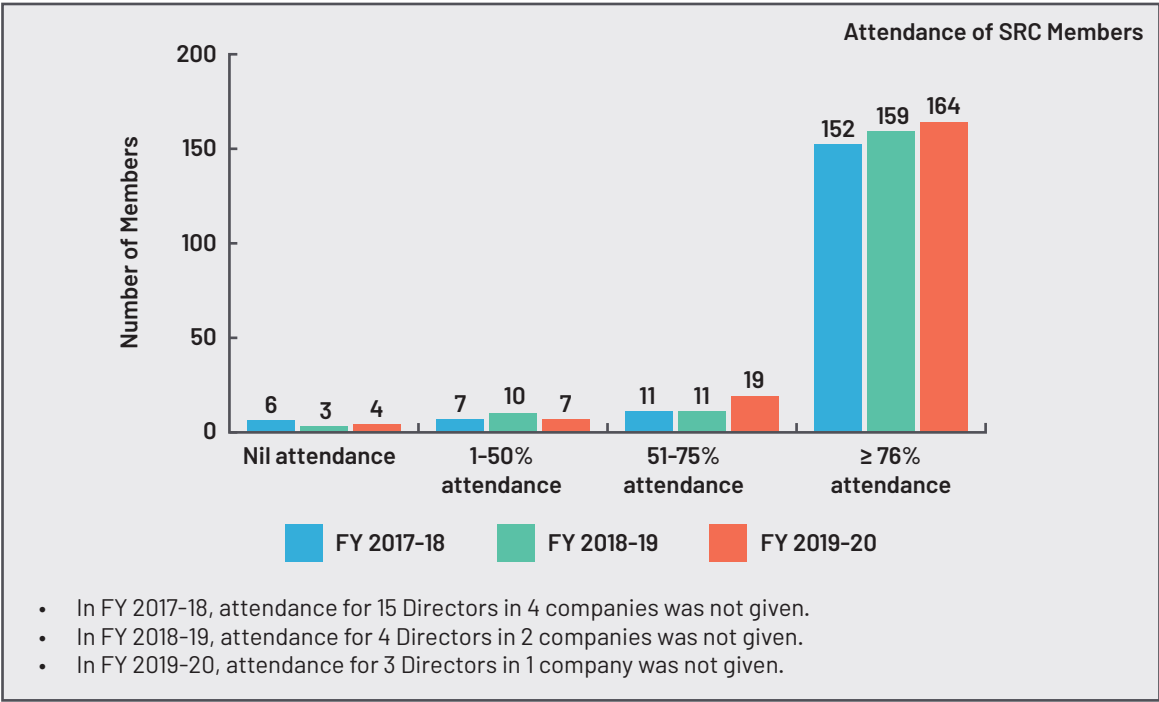
ID AS CHAIR OF SRC

Law and regulations mandate that an NED should Chair the SRC. It would be better to travel further and prescribe that an ID should Chair the SRC given its role.



ATTENDANCE OF SRC MEMBERS

Non-attendance or inadequate attendance at SRC meetings is indicative of a lack of attention being paid to stakeholders. Any member not attending a single meeting throughout the year should be taken out of the committee.

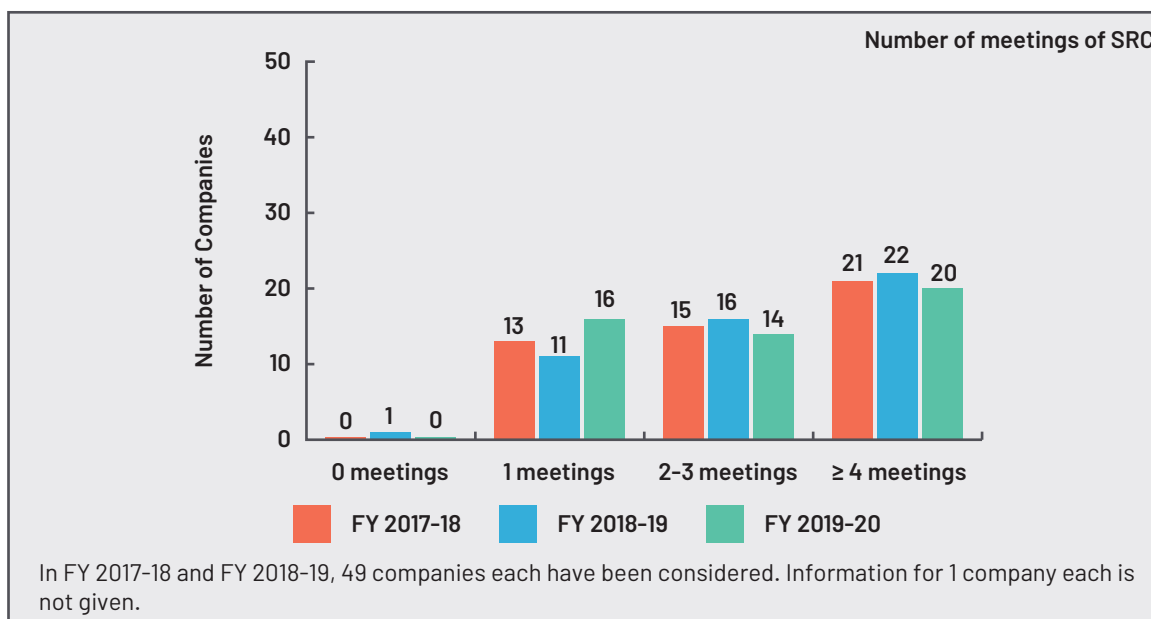


- » In FY 2017-18, FY 2018-19 and FY 2019-20, 6, 3 and 4 members respectively did not attend any meetings. Having regard to the importance being attached to stakeholders, the irregular attendance at committee meetings requires to be addressed urgently.

NUMBER OF MEETINGS

» *As per Regulation 20(3A) of SEBI LODR Regulations, 2015, the stakeholders relationship committee shall meet at least once in a year (w.e.f April 1, 2019).*

Since the SRC has evolved into its present avatar from the erstwhile Shareholders Grievance Committee, it would be appropriate to expand its remit to cover other categories of stakeholders. Having only 1 meeting of the SRC each year is reflective of inadequate concern for the legitimate grievances of stakeholders.

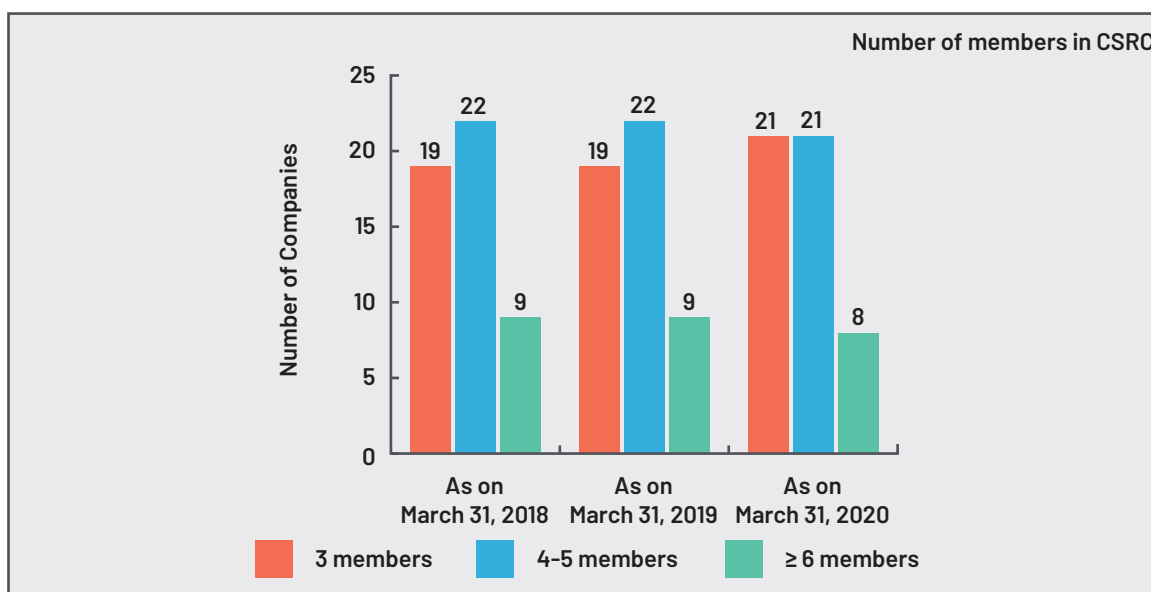


- » In FY 2018-19, 1 company had no meeting of SRC. Even though in 2018-19, Regulations had not stipulated a minimum number of meetings, having a Board level committee not conduct even 1 meeting is inappropriate.
- » For 2019-20, 1 company conducted 18 meetings. Another company conducted 19 meetings in FY 2018-19, and 14 meetings in FY 2017-18. The reason for conducting so many meetings is not clear given the limited remit, as per statute, of the SRC.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

COMPOSITION OF CSRC

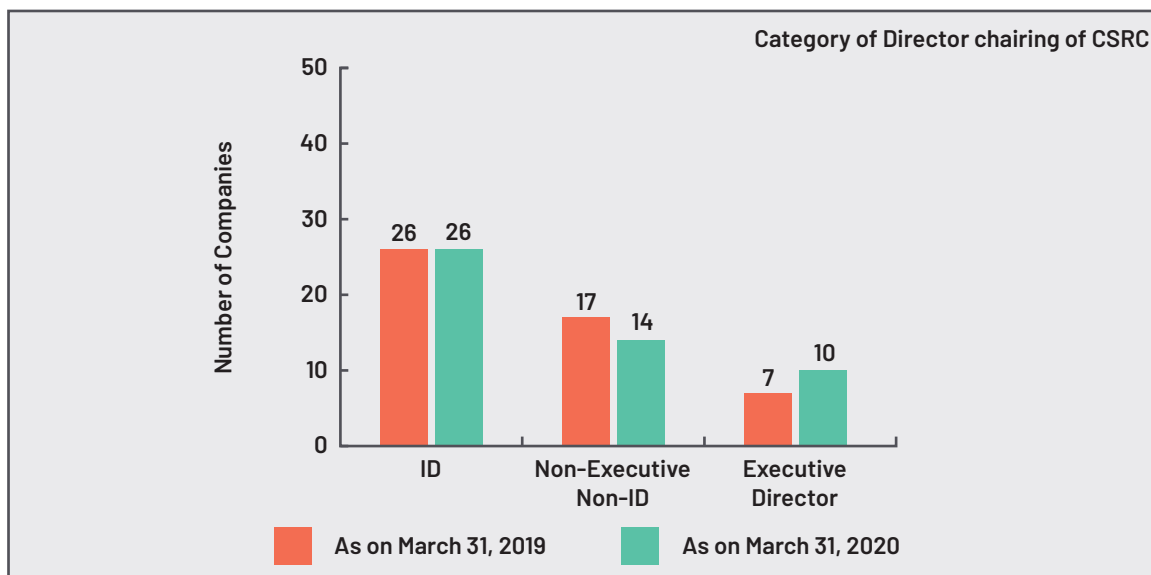
- » As per Section 135(1) of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director.



- » As on March 31, 2020, all companies had 3 or more members on the CSRC.
- » One company had 9 members on the committee at the end of FY 2018-19. 3 companies had 7 members on the committee at the end of FY 2019-20.

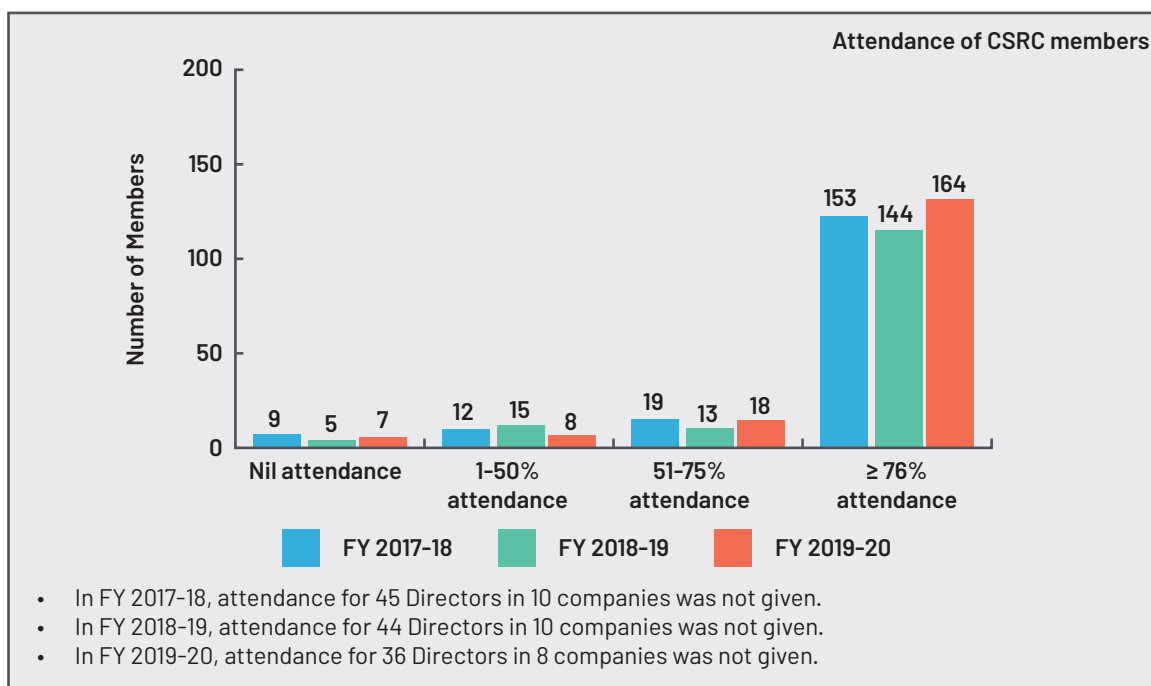
CATEGORY OF DIRECTOR CHAIRING THE CSRC

There is no legal provision to indicate which category of Director should Chair the CSRC. Different companies have adopted different approaches.



ATTENDANCE OF CSRC MEMBERS

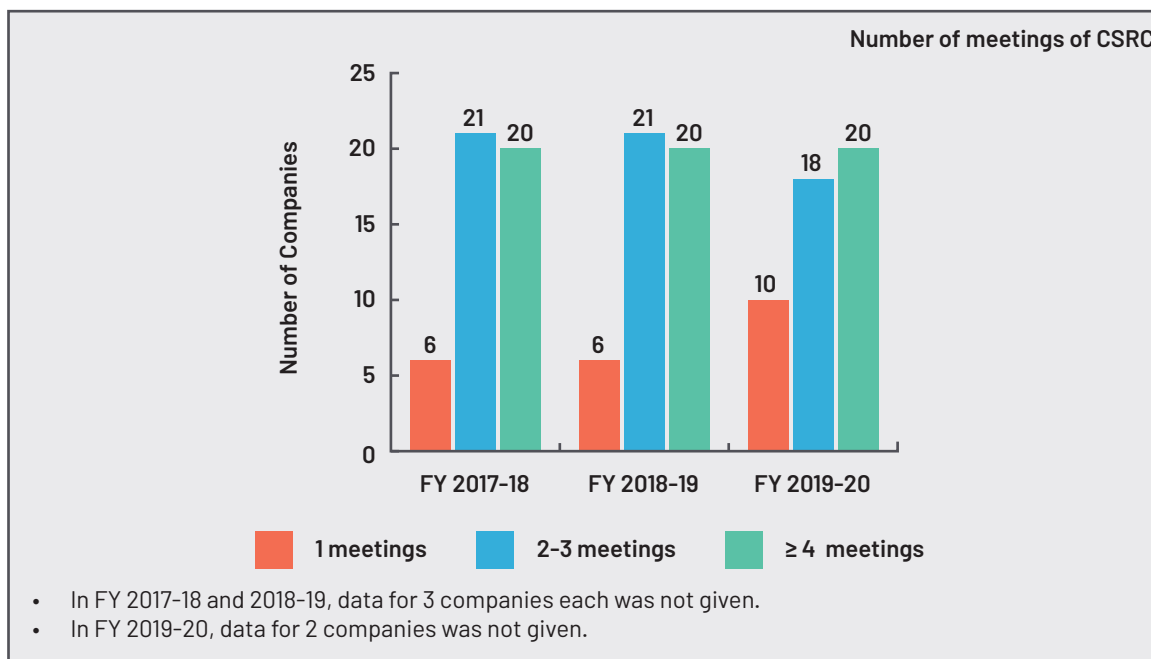
Non-attendance or inadequate attendance at the meetings of a Board-level committee is indicative of a lack of seriousness towards the role as a member of the committee. Any member not attending a single meeting throughout the year should be taken out of the committee.



» In FY 2017-18, FY 2018-19 and FY 2019-20, 9, 5 and 7 members respectively did not attend any meetings.

NUMBER OF MEETINGS

While there is no provision in the Act prescribing the minimum number of meetings of CSRC, given the enhanced emphasis on the role of the CSRC, it should ideally have 3 meetings during a FY. These could look at sanctioning projects, monitoring the progress of implementation, and assessing the impact of the programmes.



- » It is gratifying to note that in FY 2019-20, 20 companies had conducted 4 or more meetings, and 18 companies had conducted 2 or 3 meetings.
- » 1 company conducted 8 meetings in FY 2019-20, and 11 meetings in FY 2018-19. This would seem excessive.

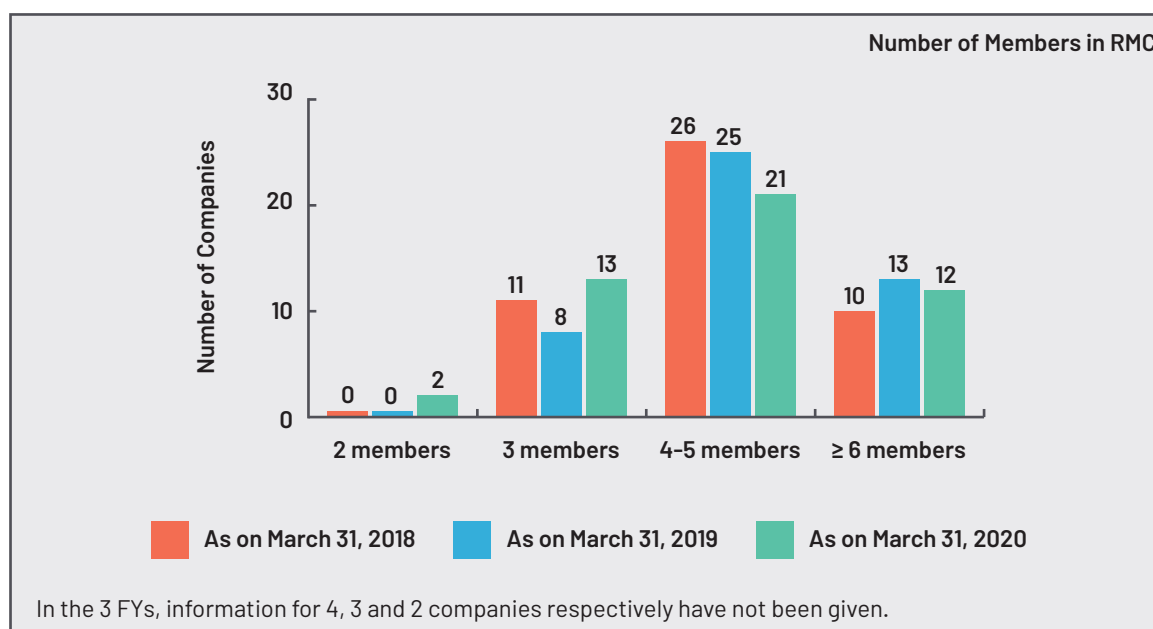
RISK MANAGEMENT COMMITTEE

COMPOSITION OF RMC

- » As per Regulation 21(2) of SEBI LODR Regulations, 2015, the majority of members of risk management committee shall consist of members of the Board of Directors.
- » As per Regulation 21(3) of SEBI LODR Regulations, 2015, the Chairperson of the risk management committee shall be a member of the Board of Directors and senior executives of the listed entity may be members of the committee.

With risk management assuming increased importance, and having the need to focus on risks other than operational risks, it would be desirable to have more Board members, especially IDs, on the RMC.

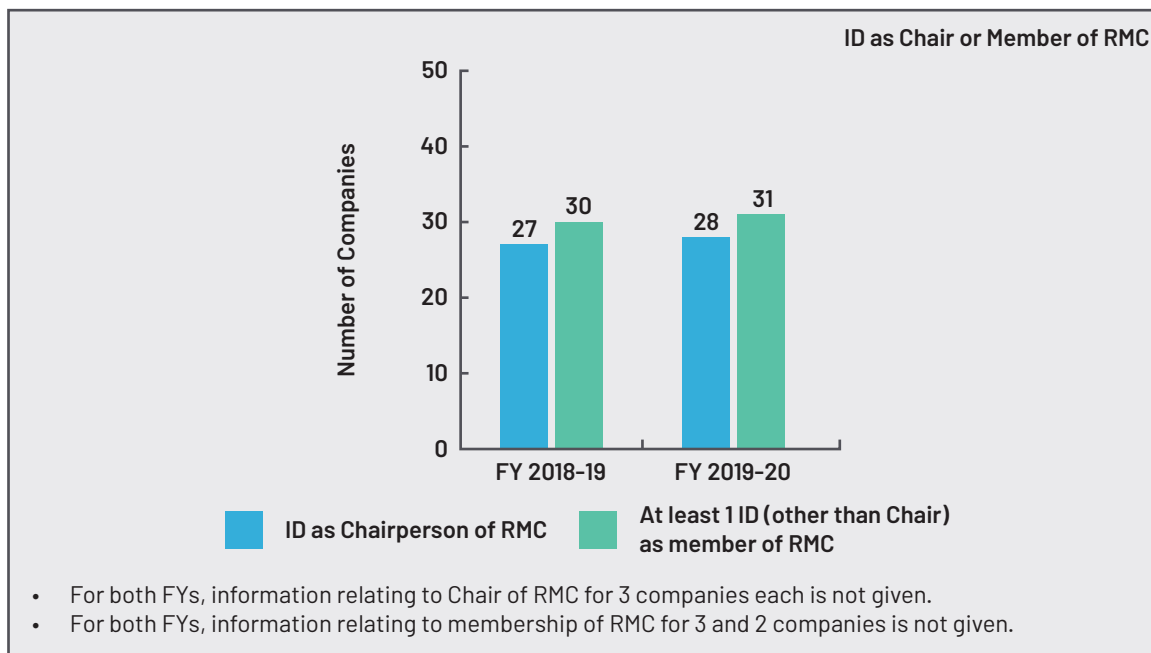
RMC should be given statutory recognition, in addition to regulatory recognition, in view of its importance.



- » Even though there is no legally prescribed minimum number of members for the RMC, it seems inadequate to have a committee with 2 members, as is the case with 2 companies at the end of FY 2019-20.
- » On the positive side, there are 33 companies that have 4 or more members on the committee.
- » In the context of the fact that an unwieldy number of members on a committee is counterproductive, it is interesting to note that 1 company had 11 and 10 members in the committee at the end of FY 2017-18 and FY 2018-19 respectively, whereas another company had 8 members at the end of FY 2019-20.
- » At the end of FY 2018-19, 23 companies had only Board members as members of RMC. Out of these, 14 companies had all NEDs, 5 companies had all IDs, and 4 had all Executive Directors.
- » At the end of FY 2019-20, 26 companies had only Board members as members of RMC. Out of these, 15 companies had all NEDs, 7 companies had all IDs, and 4 had all Executive Directors.

ID AS CHAIR AND/OR MEMBER OF RMC

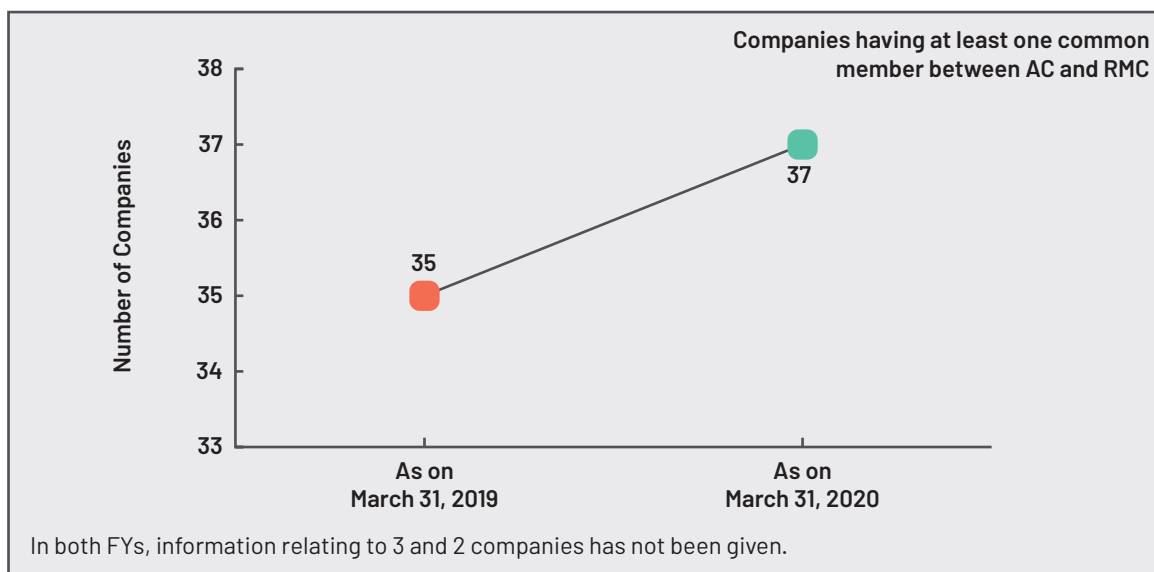
An ID being a member of the RMC is useful since an external perspective can be brought to a committee which more often than not is likely to have a significant management/ executive presence on the committee.



- » 2 companies that had an ID as a Chair at the end of FY 2018-19, did not continue with the practice the next year.
- » In both FYs, the same 25 companies had an ID as the Chair of RMC, and the same 29 companies had at least 1 ID (other than Chair) as a member of RMC.

COMMON MEMBERSHIP BETWEEN AC AND RMC

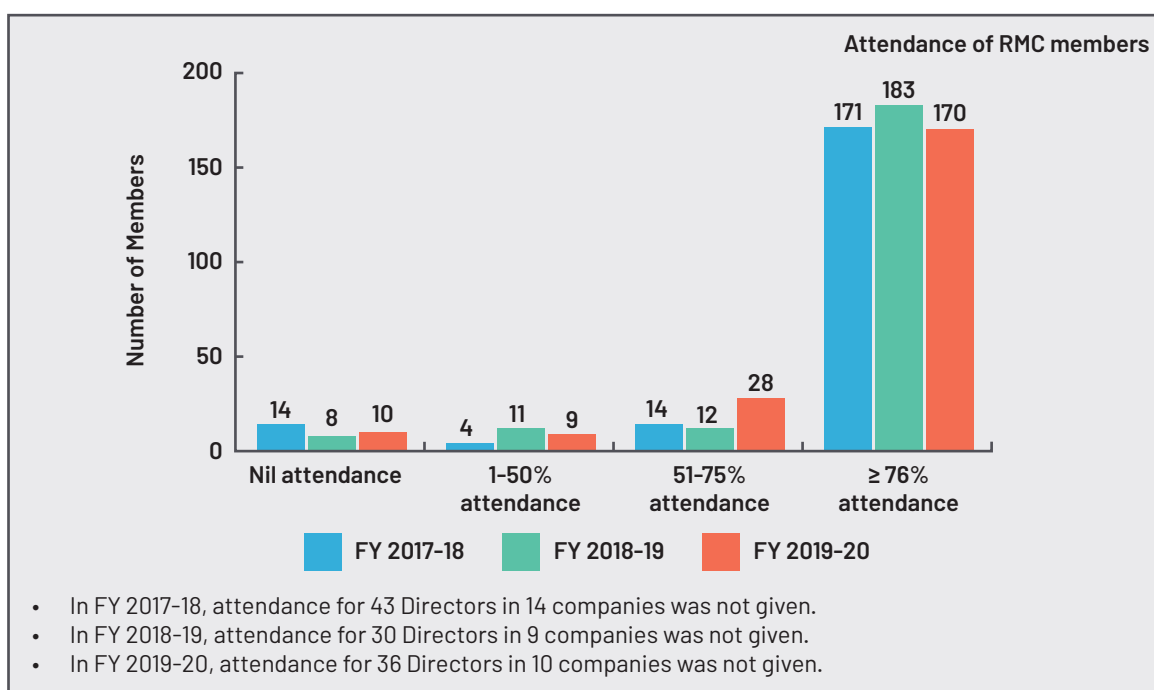
Even with the constitution of the RMC, risk management does not cease to be in the charter of the AC. Further, there are synergies between the committees, with Internal Audit being an integral input in the risk management function. Commonality of membership is useful for the 2 committees to work together. At the other extreme, it would be useful to avoid all members of both these committees being common.



- » In both FYs, the same 32 companies have at least 1 member common between the RMC and the AC.

ATTENDANCE OF RMC MEMBERS

Given the increasing importance of risk management, non-attendance or inadequate attendance at the meetings of RMC is unacceptable. Any member not attending a single meeting throughout the year should be taken out of the committee.

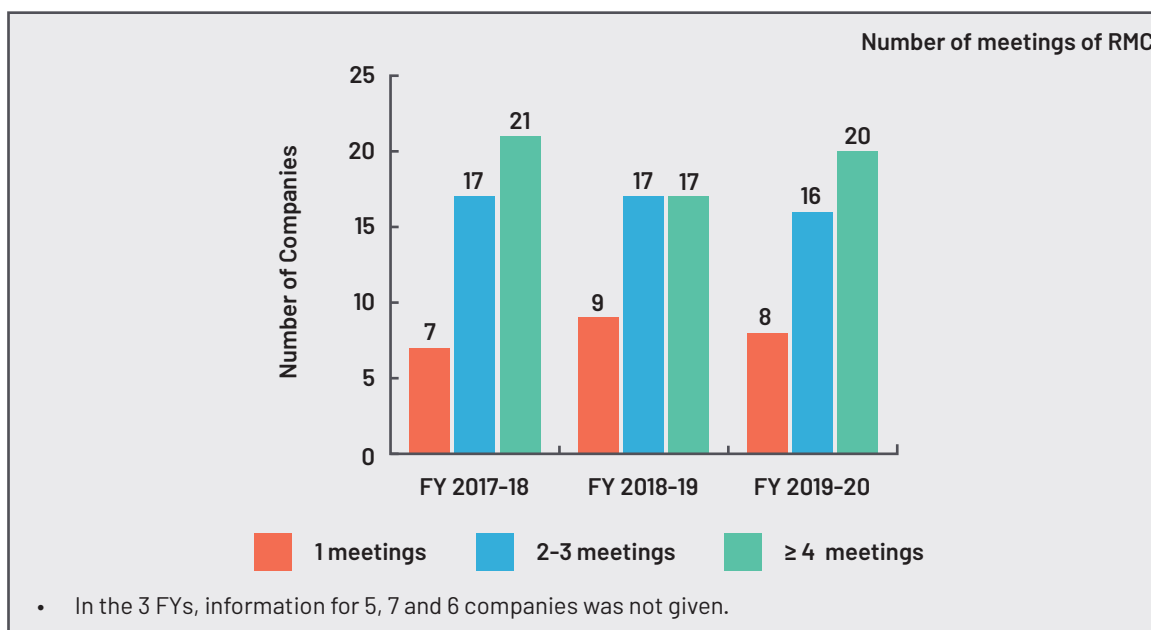


- » In FY 2017-18, FY 2018-19 and FY 2019-20, 14, 8 and 10 members respectively did not attend any meeting.

NUMBER OF MEETINGS

- » *As per Regulation 21(3A) of SEBI LODR Regulations, 2015, the risk management committee shall meet at least once in a year. (w.e.f April 1, 2019).*

Given that risk management ought to be centre-stage in the functioning of companies, with the nature and extent of risks having increased manifold, 1 meeting per year is simply not adequate. This is not an area where the box ticking approach to Regulations will yield results.



- » In FY 2018-19, the highest number of meetings conducted by any company was 9. In FY 2019-20, the highest number was 7.

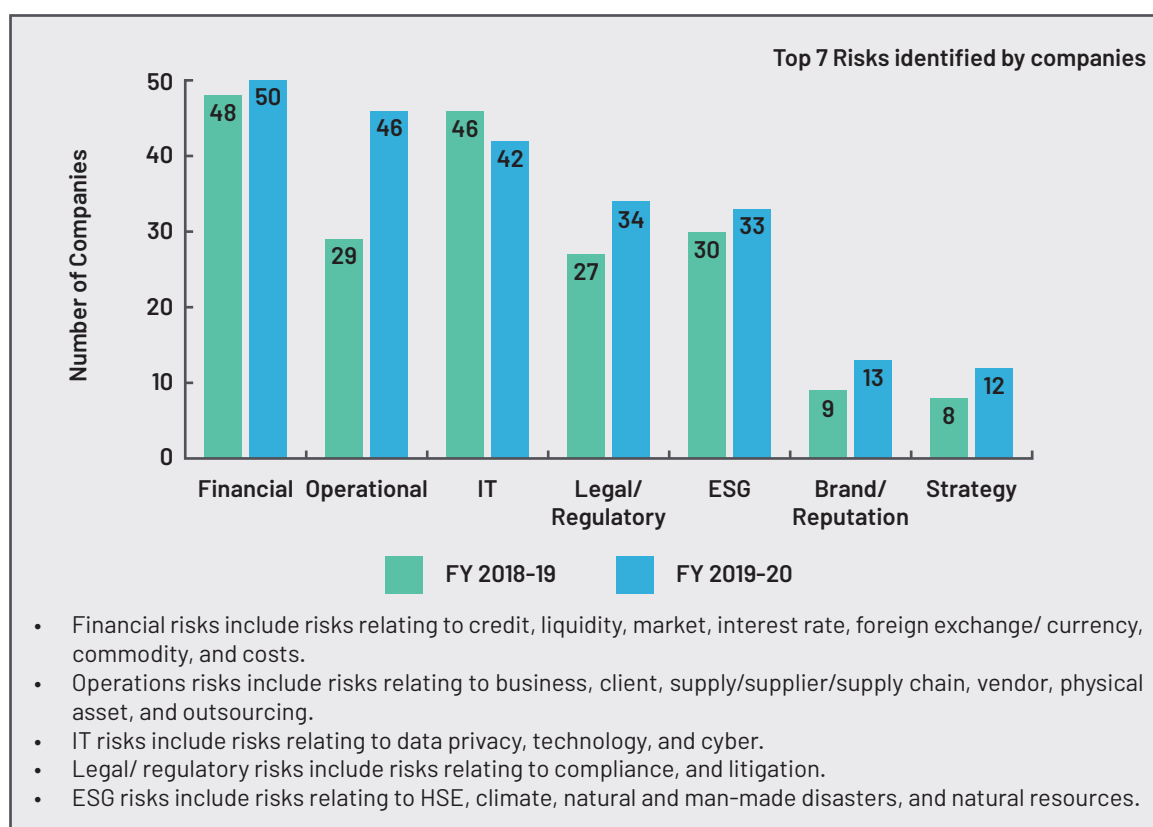
TOP 7 RISKS IDENTIFIED BY COMPANIES

» As per Schedule V(B) (1)(e) of SEBI LODR Regulations, 2015,

Management Discussion and Analysis: This section shall include discussion on the following matters within the limits set by the listed entity's competitive position:

(e) Risks and concerns

The identification of risks is a good starting point for putting in place risk mitigation measures to safeguard the company.

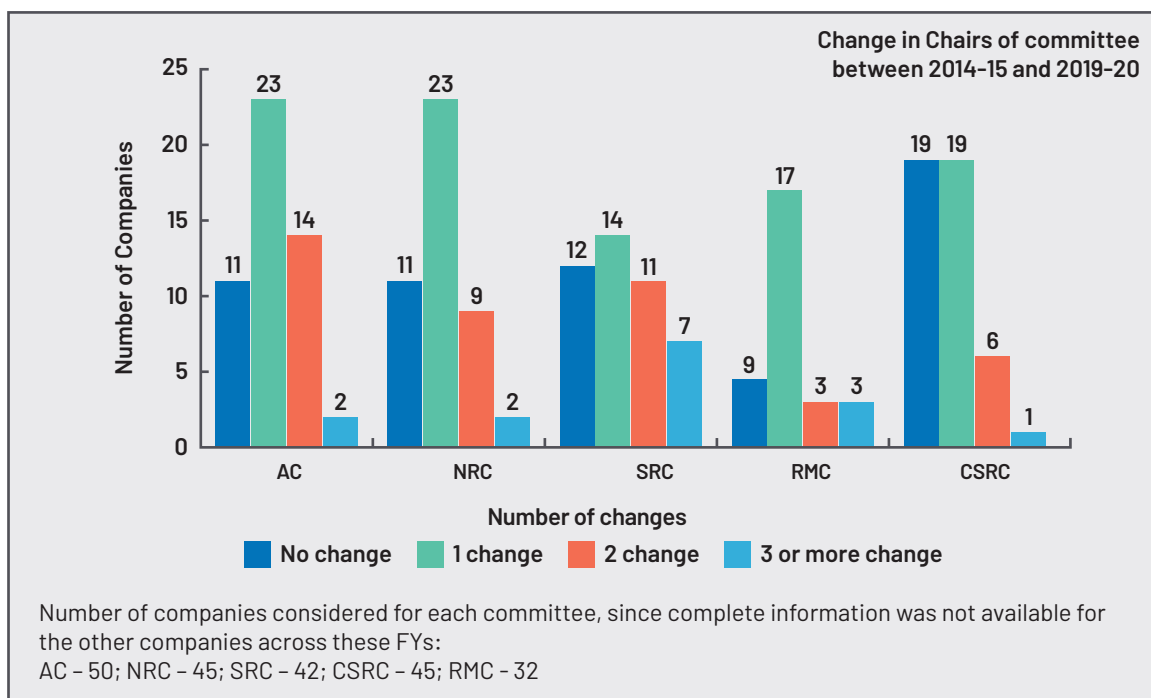


- » It is interesting to note that in FY 2019-20, with annual reports being published several months post the closure of the FY, only 28 companies have recognised Covid-19 as a risk.
- » Some of the other risks which stand out in the 2 FYs are shareholder activism, lack of succession planning, and the scope and coverage of D&O Liability Insurance Policy.

CHAIRS OF COMMITTEES

CHANGE IN CHAIRPERSONS OF COMMITTEES

Constituting committees, and making no changes in the membership or to the Chairpersonship of the committees over a long period, prevents a fresh look being given to the remit of the committees, and the way it is handled. While frequent changes are disruptive, having no change over several years is a sub-optimal arrangement.

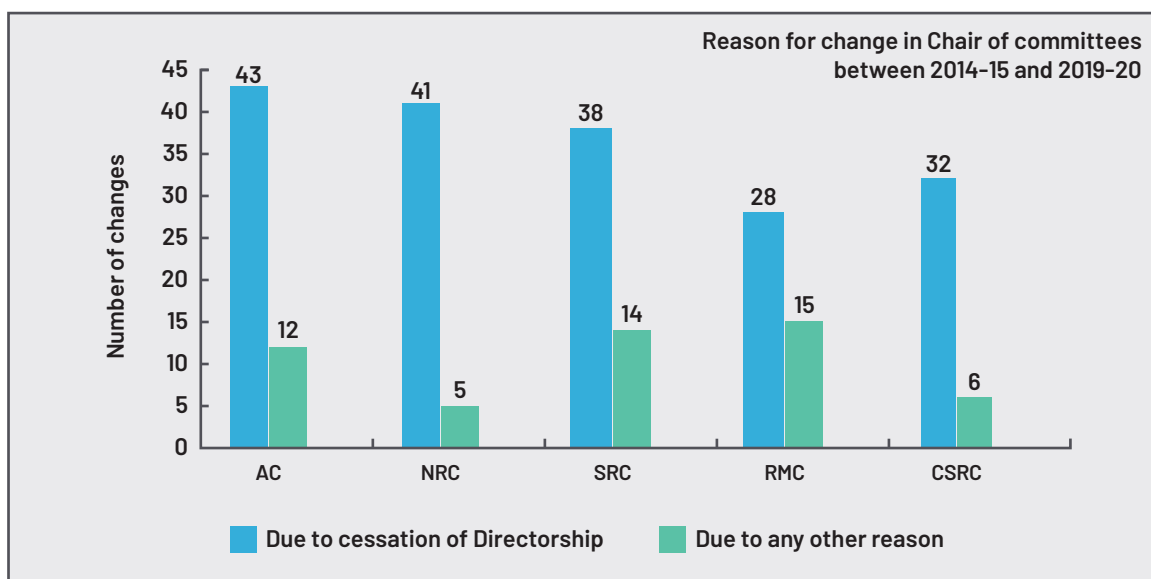


- » A number of companies have not changed the Chairs of their committees even once during this time frame. Considering that information asymmetry among Directors needs to be minimised, it is necessary to look at the possibility of rotation of Chairs in Board committees.

SAME DIRECTOR CHAIRING MULTIPLE COMMITTEES

- » In FY 2019-20, while 10 companies have different persons as Chairs of the 5 mandatory committees, no company has the same persons as the Chair of all 5 mandatory committees.
- » There are 11 companies which have the same person as the Chair of 3-4 mandatory committees. It is necessary for these companies to examine whether the responsibilities of the same person chairing multiple committees should be reduced so that the concerned Director can provide focused leadership to a lesser number of committees, while enabling other Directors to assume leadership roles in different committees.

REASON FOR CHANGES IN CHAIRS OF COMMITTEES



- » In the last 5 years, there have been a number of changes in the Chairs of Board committees. Most of them have been due to cessation of Directorship, and a lesser number on account of other reasons, including, but not limited to, a policy of rotation.

ANNUAL GENERAL MEETINGS (AGMs)

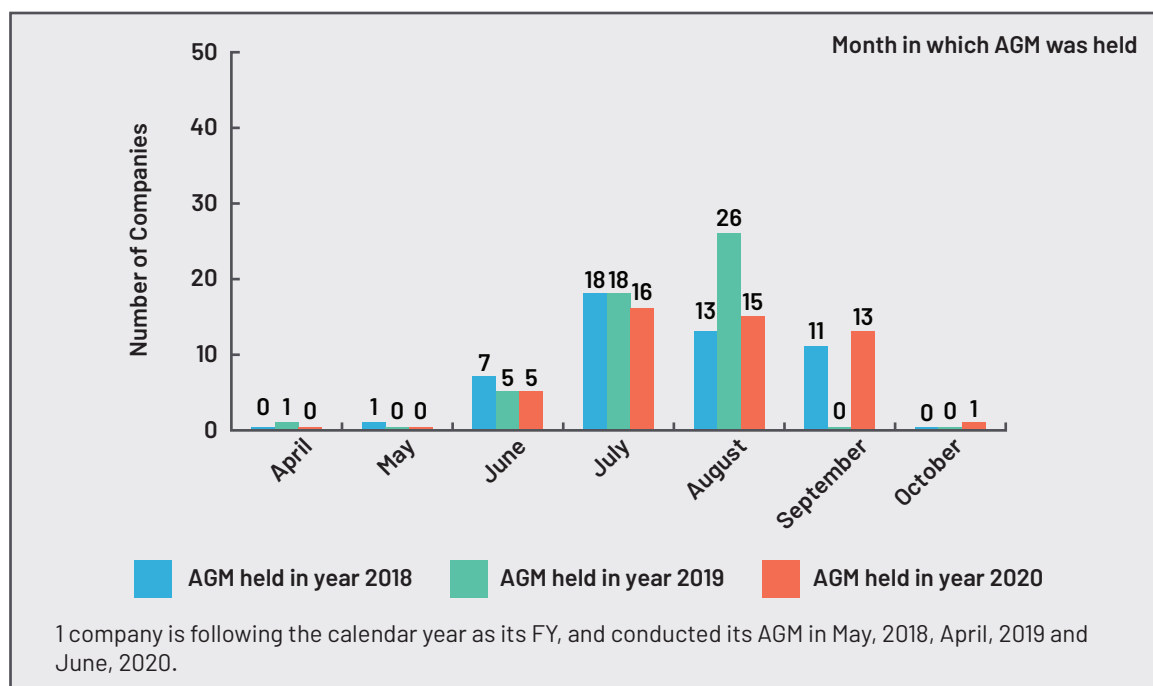
MONTH IN WHICH AGM WAS HELD

- » As per Section 96(1) of the Companies Act, 2013, every company shall in each year hold, in addition to any other meetings, a general meeting as its annual general meeting.

Provided that in case of the first annual general meeting, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case, within a period of six months, from the date of closing of the financial year.

- » As per Regulation 44(5) of SEBI LODR Regulations, 2015, the top 100 listed entities by market capitalization, determined as on March 31st of every financial year, shall hold their annual general meetings within a period of five months from the date of closing of the financial year. (wef April 1, 2019).
- » Due to Covid-19, MCA vide its circular dated 17th August, 2020, granted extension of time to hold AGMs till December 31, 2020. SEBI also gave a similar extension.

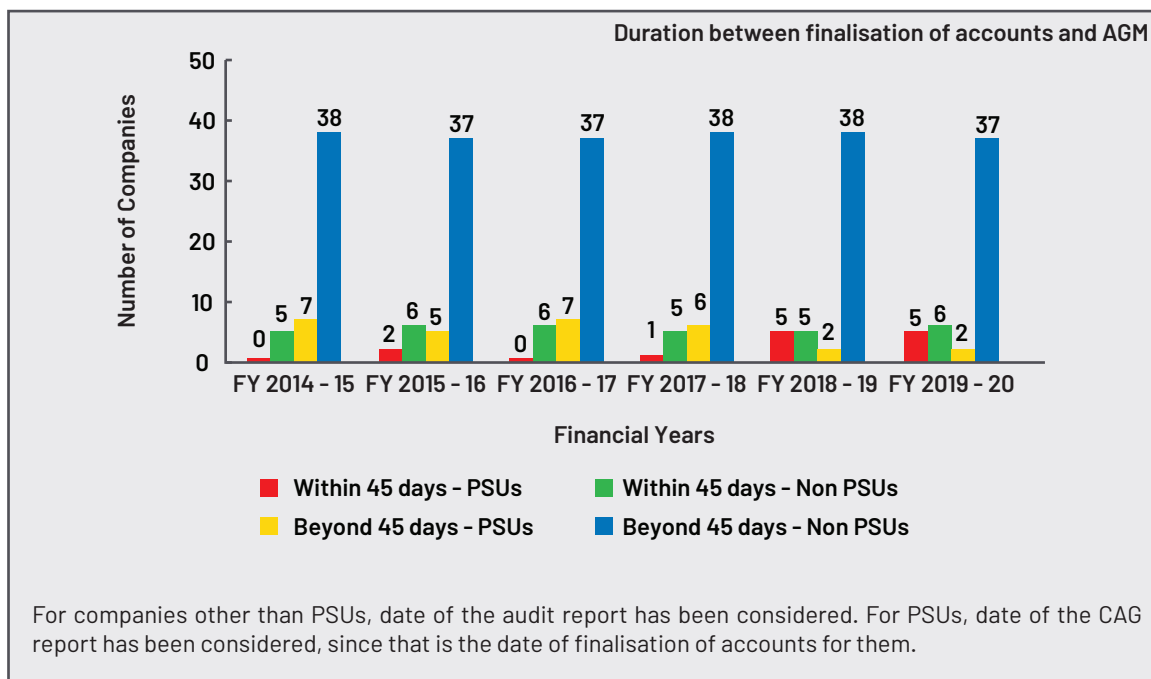
The AGM is the forum in which shareholders get to interact with the Board of Directors and the senior management of the company. It is the only occasion in which a large body of shareholders expresses itself by voting on important resolutions such as the financial statements of the company, the appointment of Directors, the appointment of auditors and relevant matters brought out in the annual report. Since the Board of Directors acts on behalf of the shareholders, and other stakeholders, the AGM presents the opportunity for shareholders to ask them questions germane to the manner in which the affairs of the company have been conducted in the previous year.



- » Given its importance, it is in the interest of all concerned that the AGM is not unduly delayed. Until March 31, 2019, it was open to top 100 companies to conduct their AGMs on any date upto September 30. When the last date for holding AGMs for top 100 companies, was moved to August, companies managed to conduct their AGMs during this time.

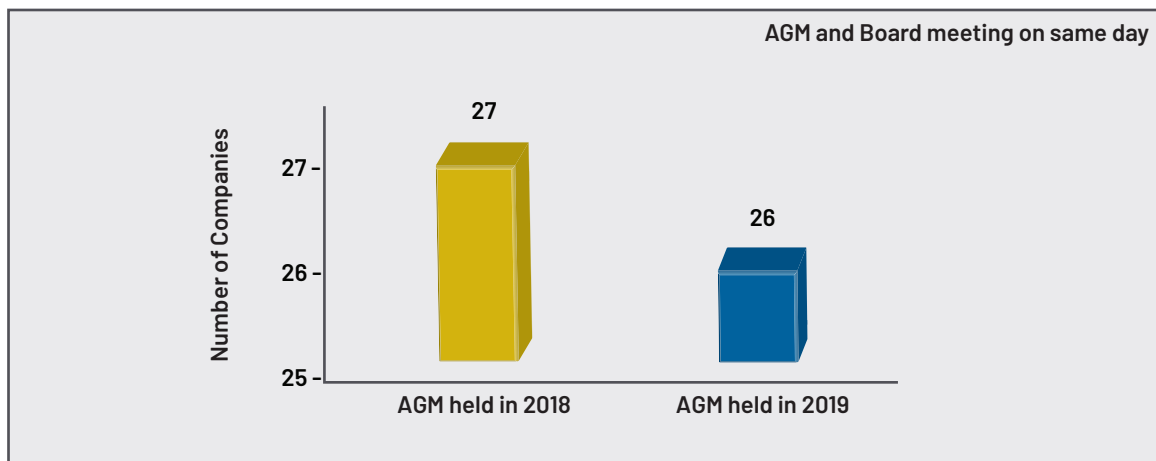
- » On account of Covid, the last date had been shifted to December 31, 2020. While this is an episodic regulatory response, given the impact of Covid on the functioning of companies, it is desirable that sooner rather than later, companies revert to the practice of holding their AGMs by the end of August.

DURATION BETWEEN FINALISATION OF ACCOUNTS AND DATE OF AGM



- » It has been noticed that a number of companies hold their AGMs long after the finalisation of accounts. Normally, once the accounts are finalised, it should be the endeavour of Boards and managements to schedule the AGM without any undue delay.
- » Since some companies have managed to hold their AGMs, year after year, within 45 days of finalisation of accounts, it should be possible for many others to follow suit, rather than keep the shareholders waiting for unjustifiably longer periods.
- » It is relevant to mention that in FY 2019-20, 8 non-PSUs conducted the AGM more than 100 days after accounts were finalised.

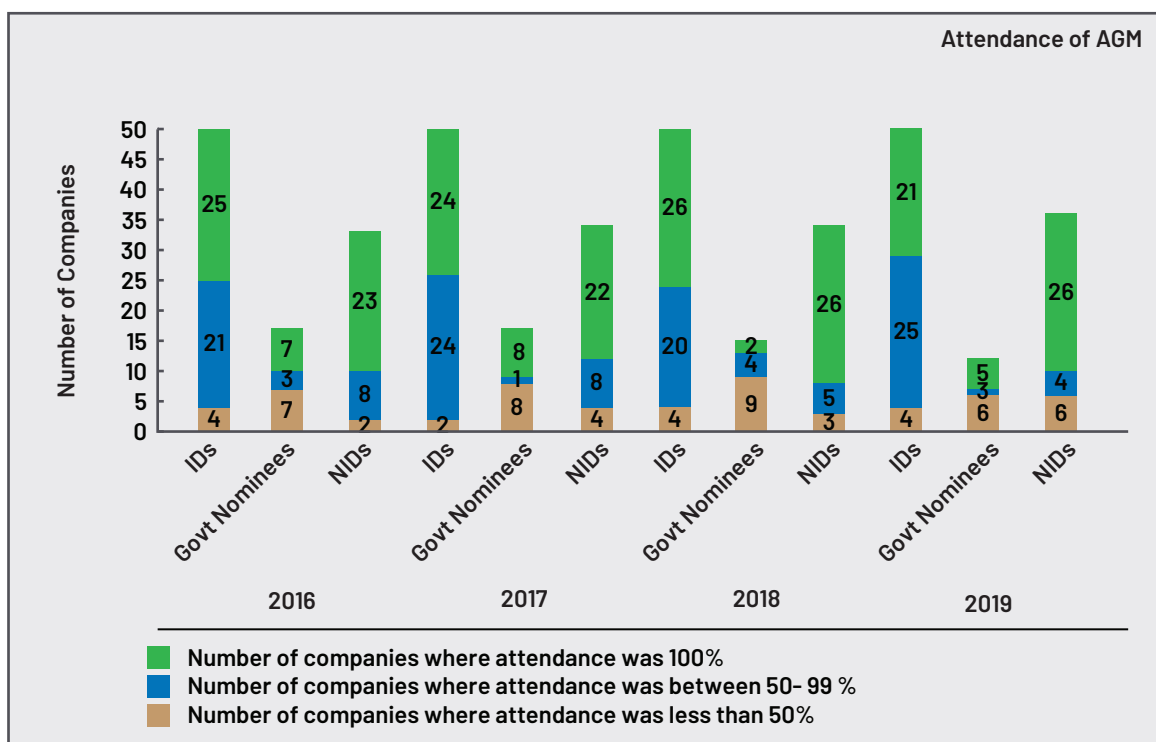
AGM AND BOARD MEETING ON THE SAME DAY



- » A little more than 50% of the companies, had a meeting of their Boards on the date of the AGM. This is presumably a method by which the attendance of Directors at the AGM is maximised.

ATTENDANCE AT AGMs

While there is considerable value in as many Directors as possible attending the AGM, there are invariably some absentees.



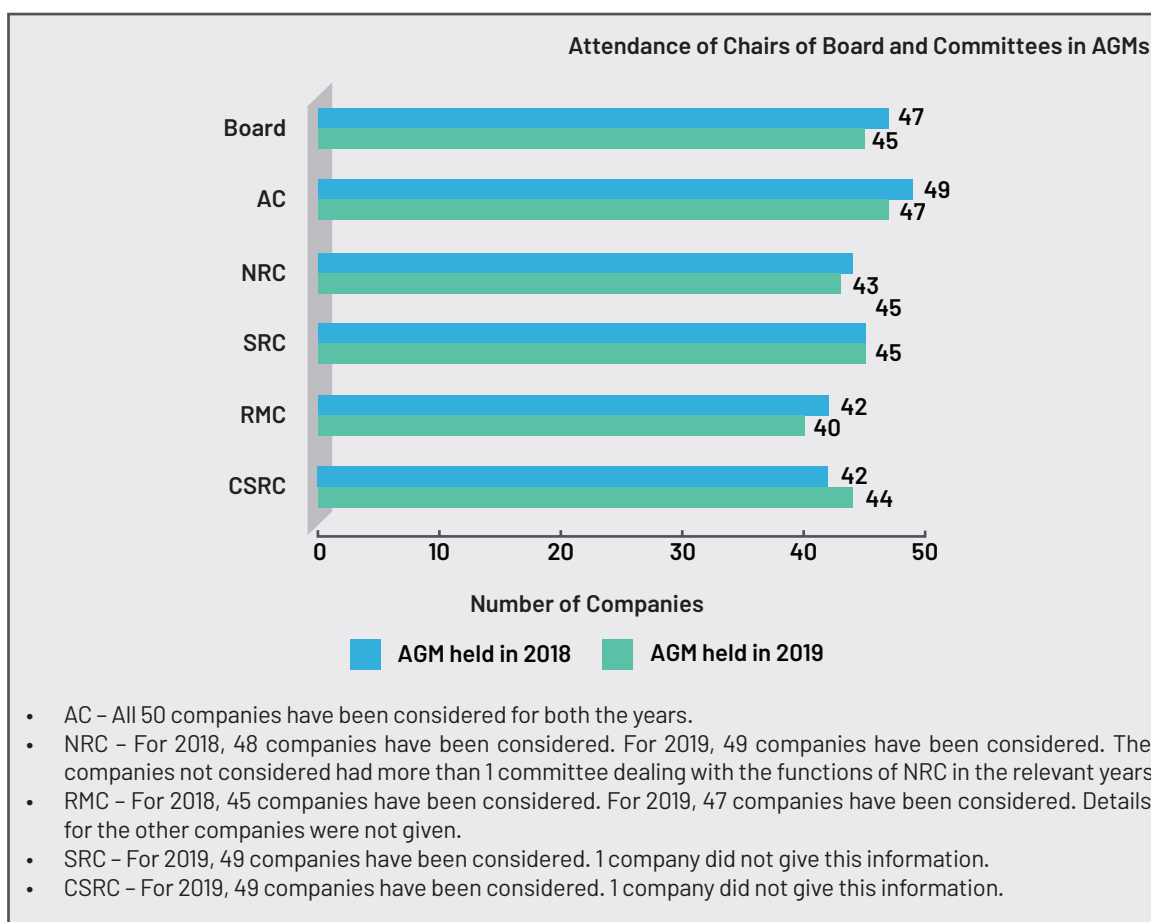
- » In nearly 50% of the companies, all IDs attended the AGMs.
- » In 3 FYs, less than 50% of IDs of 2 companies attended the AGMs.
- » In 2 FYs, less than 50% of Directors of 2 companies attended the AGMs.
- » Government nominees on Boards have been far less regular in attending AGMs, with the attendance in AGMs held in 2018 and 2019 being abysmal. For the largest shareholder to have its Nominee Director not present at the AGMs can give rise to adverse conclusions, and set a bad example.

ATTENDANCE OF CHAIRS OF BOARD AND COMMITTEES IN AGMs

- » *As per Section 178(7) of the Companies Act, 2013, the chairperson of each of the committees constituted under this section (NRC and SRC) or, in his absence, any other member of the committee authorised by him in this behalf shall attend the general meetings of the company.*
- » *As per Regulation 18(1)(d) of SEBI LODR Regulations, 2015, the chairperson of the audit committee shall be present at annual general meeting to answer shareholder queries.*
- » *As per Regulation 19(1)(3) of SEBI LODR Regulations, 2015, the chairperson of the nomination and remuneration committee may be present at the annual general meeting, to answer the shareholders' queries (wef April 1, 2019).*
- » *As per Regulation 20(1)(3) of SEBI LODR Regulations, 2015, the chairperson of the Stakeholders Relationship Committee shall be present at the annual general meetings to answer queries of the security holders (wef April 1, 2019).*

It is normally presumed that the Chair of the Board not only attends the AGM, but conducts the proceedings thereof, and leads the interaction with shareholders. While this has not been mentioned in law, it is an unsaid principle that is normally followed by the Chair of the Board.

Further, while law and regulations prescribe that the Chairs of the AC and SRC should be present at the AGMs, they seem to be less prescriptive in the case of the Chair of NRC by providing that the Chair of NRC may be present at the AGM. There is no similar provision in law or in regulation regarding the Chair of CSRC or the Chair of RMC. Having regard to the importance of the AGM, and the fact that it enables Directors to hear directly from shareholders, and respond wherever necessary, it would be of great value if the Chairs of all Board committees attend the AGM every year.

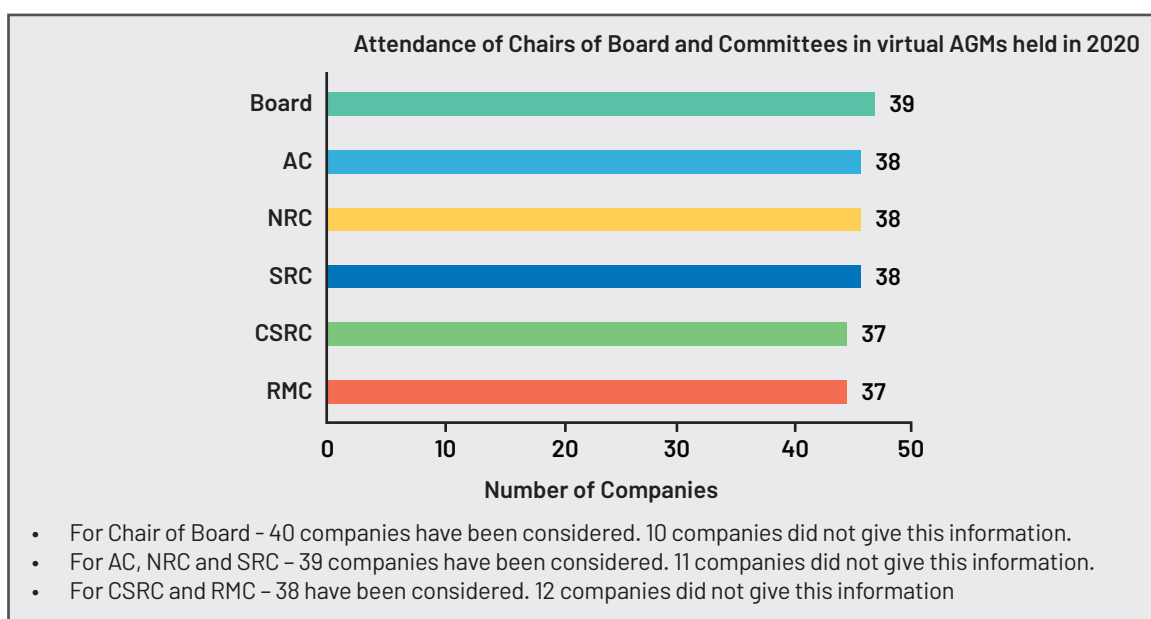


- » It has been found that in AGMs held in 2018 and 2019, there were 5 and 3 Board Chairs respectively who were absent. These were all from non-PSUs. One Chair did not attend the AGMs in both the years.
- » Even though law has mandated the presence of Chair of AC in the AGM, in 2018 and 2019, in the AGMs of 3 and 1 companies respectively, the Chairs of ACs were absent. No explanation has been given for their absence.
- » Even though law has mandated the presence of Chair of SRC in the AGM wef April 1, 2019, in 2019, in the AGMs of 5 companies, the Chairs of SRCs were absent. No explanation has been given for their absence.

ATTENDANCE OF CHAIRS OF BOARD AND COMMITTEES IN VIRTUAL AGMs HELD IN 2020

- » As per MCA notification dated April 8, 2020, in case of a public company, the recorded transcript of the meeting (general meeting), shall as soon as possible, be also made available on the website (if any) of the company.

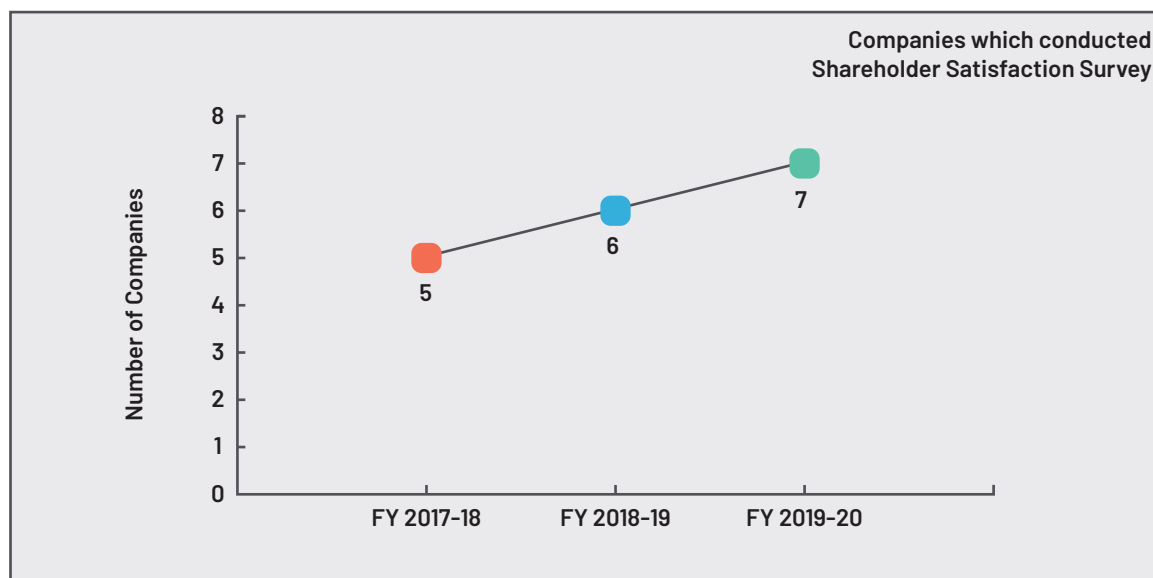
Owing to Covid-19 related difficulties, all companies held their AGMs virtually. The transcripts of the same were to be uploaded on the websites of the company. Even though this has been mandated, only 40 companies had uploaded transcripts of/ video links to their AGMs.



- » The attendance of the Chairs of Board and committees seems to have shown marked improvement.
- » Out of the 40 companies for which information was available, 1 Board Chair did not attend the AGM. He did not attend the AGM held in 2019 too.

SHAREHOLDER SATISFACTION SURVEY

The Shareholder Satisfaction Survey, that some companies conduct, enables them to identify areas for improvement that need to be worked on, and to reinforce those aspects that seem to be meeting with the approval of the shareholders.



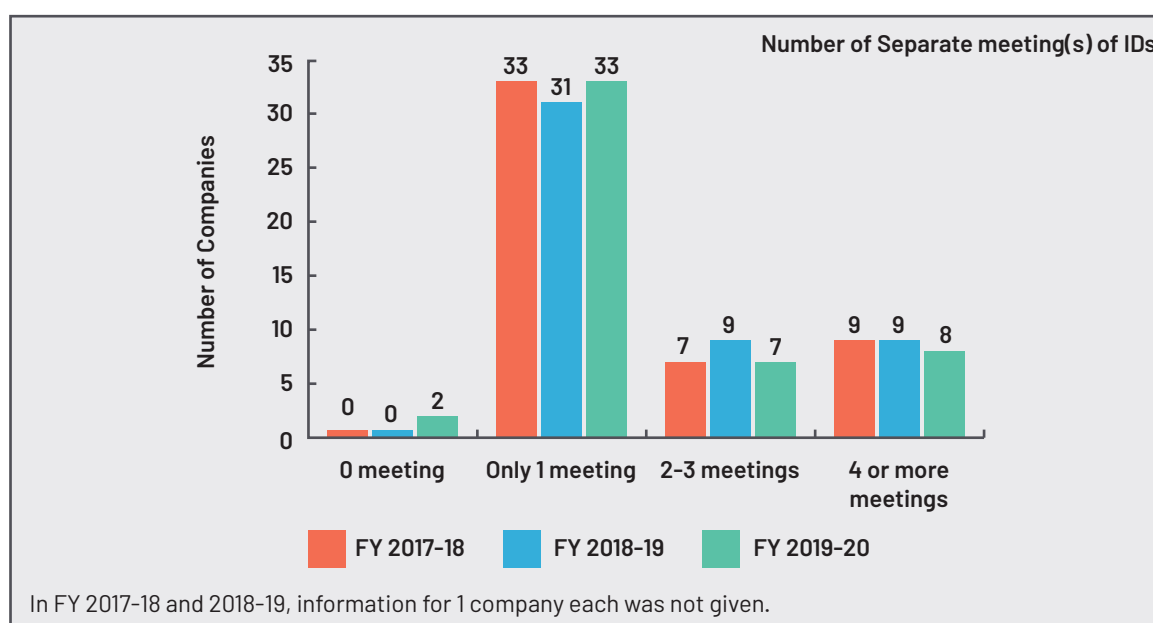
- » In FY 2019-20, 7 companies conducted such a survey. Of them, 5 had conducted such surveys in the preceding 2 FYs also.

NUMBER OF SEPARATE MEETING(S) OF IDs

- » *As per Schedule IV of the Companies Act, 2013, the independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management.*

A separate meeting of IDs is a measure intended to strengthen the institution of IDs, and to make their contribution to the meetings of the Board and the committees more productive and constructive. It also enables a more objective view of executive performance during the year.

Ideally, there should be one meeting of the IDs before/ after each Board meeting.



- » With the Act having mandated **at least** 1 meeting in a FY, 33 companies have held only 1 meeting during FY 2019-20, and 2 companies have held no meetings.
- » Of the 2 companies which did not have even 1 meeting in FY 2019-20, 1 has cited Covid-19 as a reason for not conducting the meeting during the year. This is too facile an explanation to be accepted, since the company must have conducted virtual Board and committee meetings during the year.

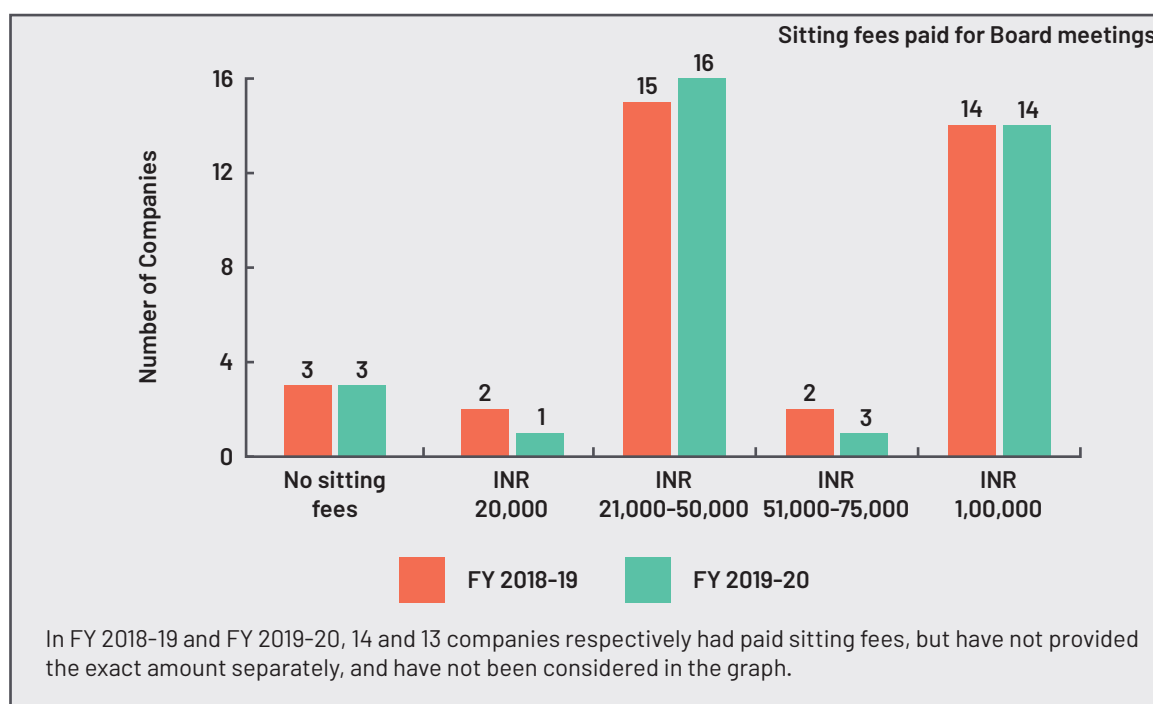
COMPENSATION TO DIRECTORS

SITTING FEES PAID FOR BOARD MEETINGS

» As per Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, a company may pay a sitting fee to a director for attending meetings of the Board or committees thereof, such sum as may be decided by the Board of directors thereof which shall not exceed one lakh rupees per meeting of the Board or committee thereof:

Provided that for Independent Directors and Women Directors, the sitting fee shall not be less than the sitting fee payable to other directors.

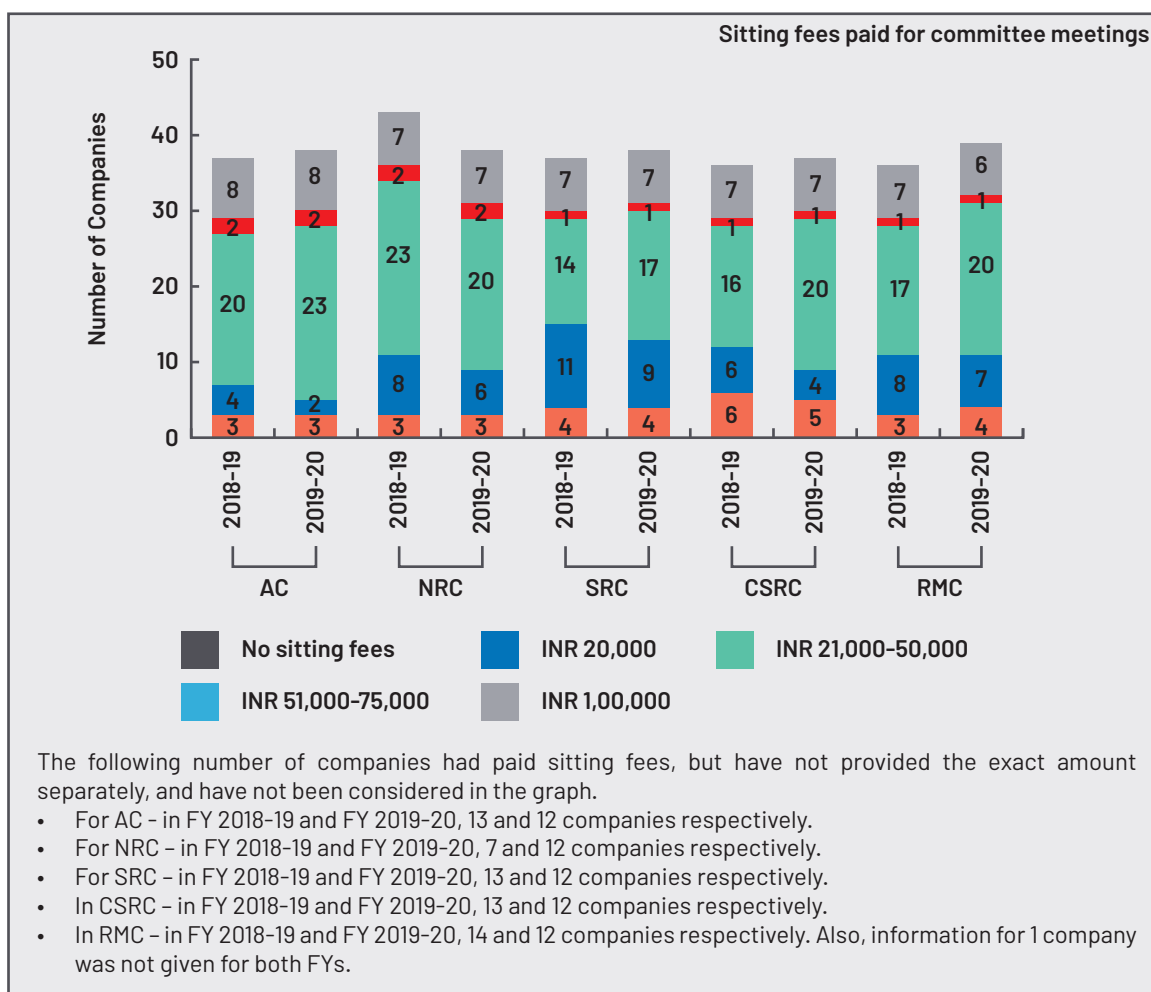
If Directors are expected to commit quality time, and to contribute to improving corporate performance, it is necessary to compensate them appropriately for attending meetings. The expectation is that Directors of all categories will be paid the same amount of sitting fees per meeting. In this context, the proviso (mentioned above), especially the reference to “woman directors” is interesting, to say the least.



- » Taking into account the vastly increased responsibilities of the Board and the Directors, as well as the longer number of hours required for productive Board meetings, it would be appropriate for more companies to increase the sitting fees to INR 1 lakh per meeting.
- » This might also persuade persons who can add value to the Board, but are staying away from Boards, to reconsider their position vis-à-vis Board directorship.

SITTING FEES PAID FOR COMMITTEE MEETINGS

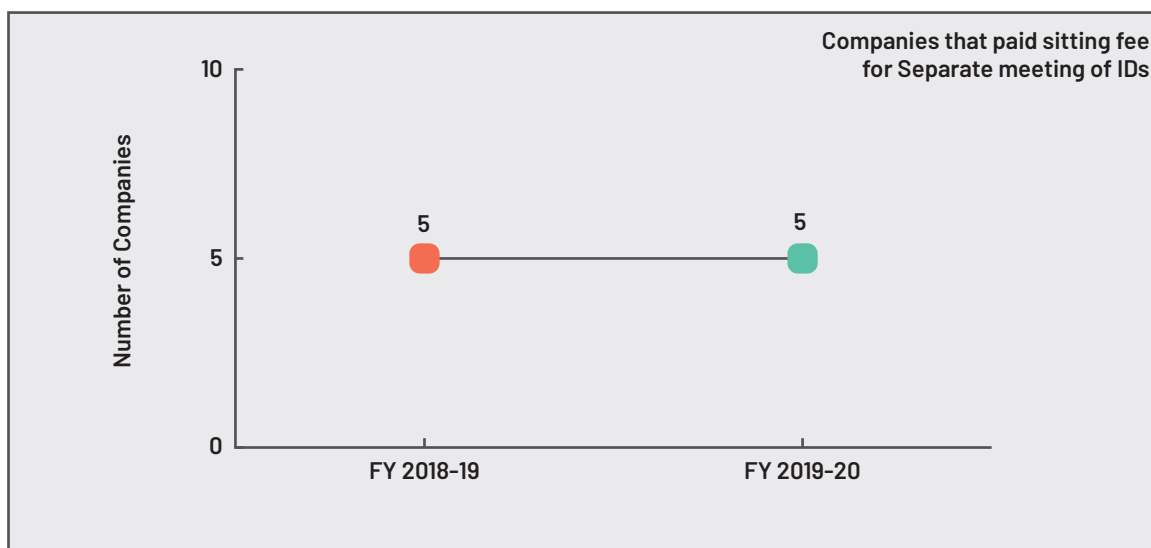
The work of the Board-level committees, especially that of the AC and the NRC, has increased substantially over the years. In addition, RMC, both because of its newness as well as its vast coverage, is also time-taking and requires careful attention. Stated differently, these 3 Board committees should take almost as much time, and at least as much incisive analysis, as meetings of the Board. Accordingly, the time has come to enhance the sitting fees for the meetings of at least these committees significantly, keeping the statutory limit in mind.



- » During FY 2019-20, 6 companies have paid the maximum permissible amount of INR 1 lakh per meeting of each of the 5 mandatory committees. For FY 2018-19, the number of such companies was 7.

COMPANIES THAT PAID SITTING FEES FOR SEPARATE MEETING OF IDs

The separate meetings of IDs are meetings that have their origin in the statute. Hence not paying sitting fees for these meetings detracts from the seriousness attached by the Board and the management to such meetings.



- » 4 companies were common across the 2 FYs.
- » 2 companies paid the maximum permissible amount of INR 1 lakh per meeting in both FYs.

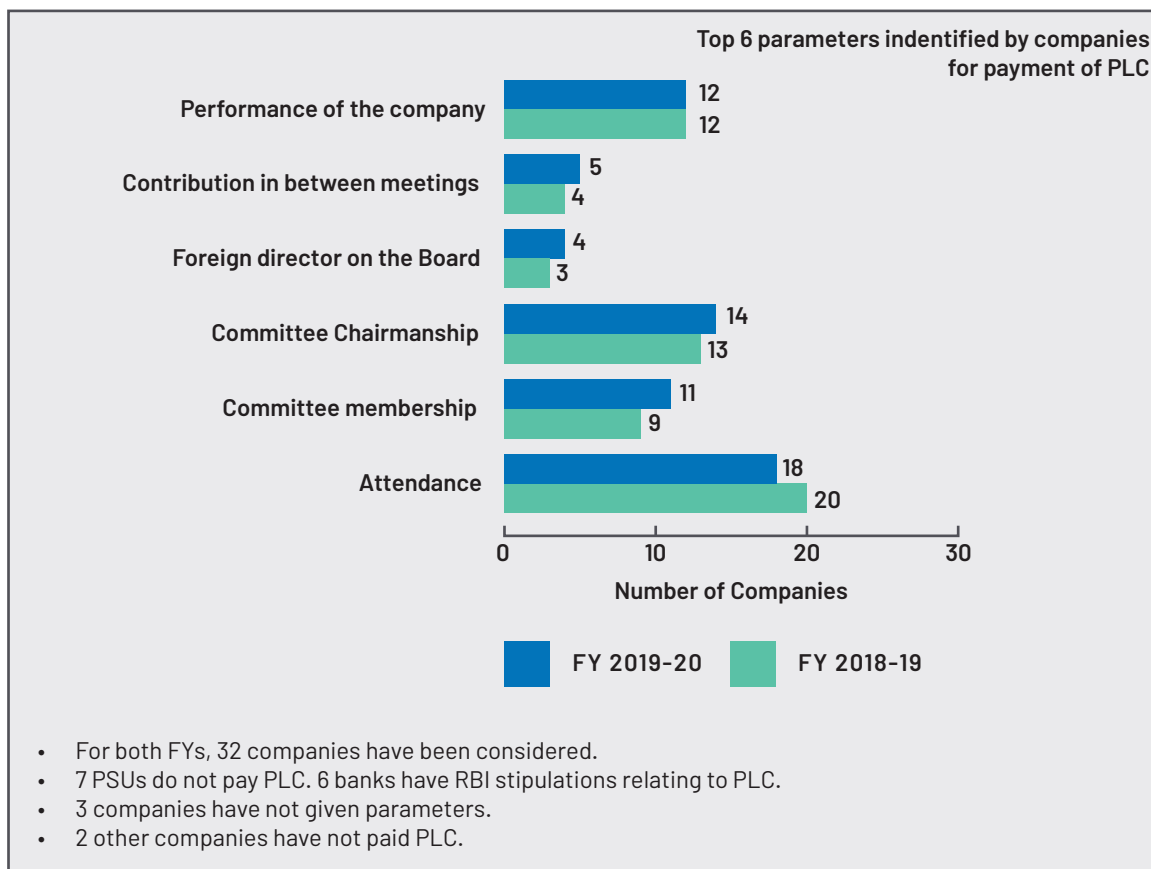
PROFIT LINKED COMMISSION (PLC)

- » *The second proviso of Section 197(1) of the Companies Act, 2013 provides as under:*
Provided further that, except with the approval of the company in general meeting by a special resolution, –
 - (i) *the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed, –*
 - (A) *one per cent. of the net profits of the company, if there is a managing or whole-time director or manager.*
- » *As per Section 178(4) of the Companies Act, 2013, the Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that–*
 - (a) *the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;*
 - (b) *relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and*
 - (c) *remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals:*

Recognising that Directors ought to be suitably compensated for their contribution towards the performance and the profits of the company, law has envisaged the payment of PLC to different categories of Directors. While the statutory ceiling for the amount of PLC to be paid to NEDs is 1% of the net profits of the company,

the actual amounts paid, especially to IDs in some cases, falls woefully short of this prescribed limit. With stock options no longer available to IDs, companies need to revisit the amount of PLC paid so that Directors of acceptable quality are enthused to join Boards, and to stay on.

The payment of PLC, as distinguished from sitting fees, should be based on the contribution of each Director to the Board, as per parameters defined by the company, and not entirely on the basis of attendance.



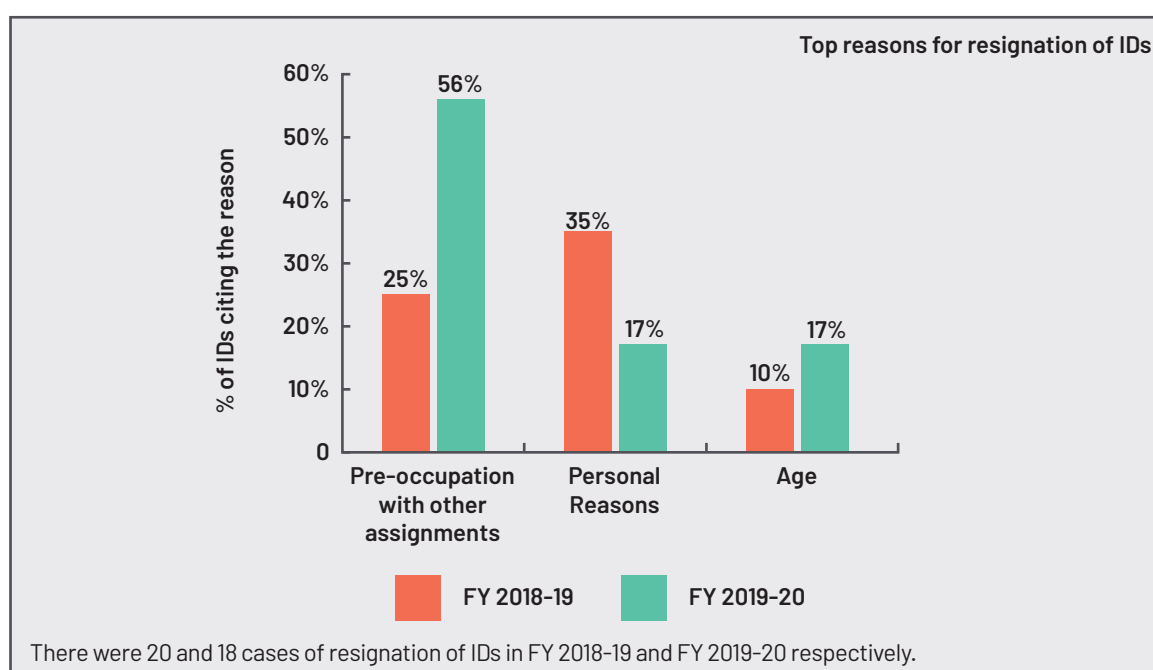
- » In both FYs, 2 companies, including 1 that did not make profits, did not pay PLC.
- » In both FYs, 15 companies had paid the same amount of PLC to all NEDs. This is a practice rooted in safety, and does not distinguish between performers and relative under-performers.
- » Interestingly, among the parameters for PLC, the most common is participation/ attendance. It would seem that a premium is being placed on physical presence in the boardroom.

REASONS MENTIONED FOR RESIGNATION OF IDs

» As per Schedule V of SEBI LODR Regulations, 2015, the following disclosures shall be made in the section on the corporate governance of the annual report

(j) detailed reasons for the resignation of an independent director who resigns before the expiry of his tenure along with a confirmation by such director that there are no other material reasons other than those provided (wef 1st April, 2019).

When an ID steps off a Board during his/her term, it is necessary for all stakeholders to understand the real reasons why the ID is leaving the Board. If dissatisfaction with the manner in which the company is being run is a major reason for resignation, stakeholders could raise issues and draw appropriate conclusions.

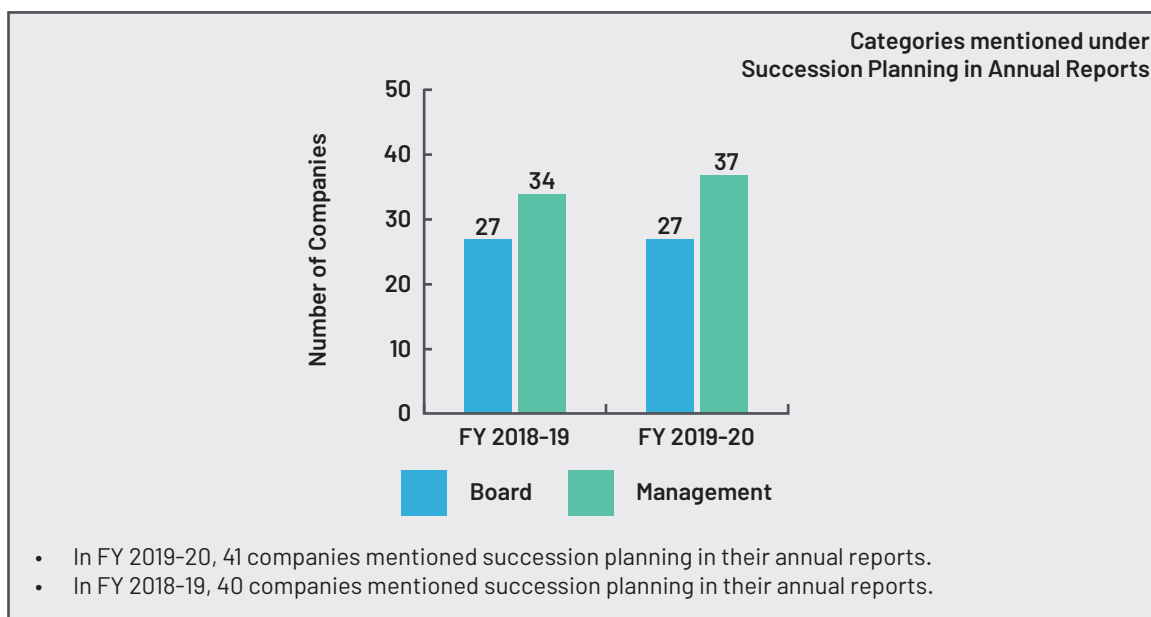


- » In FY 2018-19, 4 IDs did not give any reason for resignation, while all IDs gave a reason for resignation in FY 2019-20.
- » The top 3 reasons mentioned for resignation of IDs appear to have undergone a very significant change. Some of this change could be attributed to the SEBI directive, effective April 1, 2019, which provided that specific reasons for resignation should be indicated, with an accompanying assertion that there are no other material reasons leading to the resignation. Even with this stipulation, sufficient clarity does not seem to be emerging in respect of the real reasons.

SUCCESSION PLANNING

- » As per Regulation 17(4) of SEBI LODR Regulation 2015, the Board of Directors of the listed entity shall satisfy itself that plans are in place for orderly succession for appointment to the Board of Directors and senior management.

Succession planning is one of the major functions of the NRC and/or Board, and the action taken or being taken is required to be indicated in the Annual report. In the absence of a robust succession planning process, the sudden departure of a Board member or a KMP/ SMP could be disruptive.



- » 9 companies did not indicate the categories dealt with under succession planning.

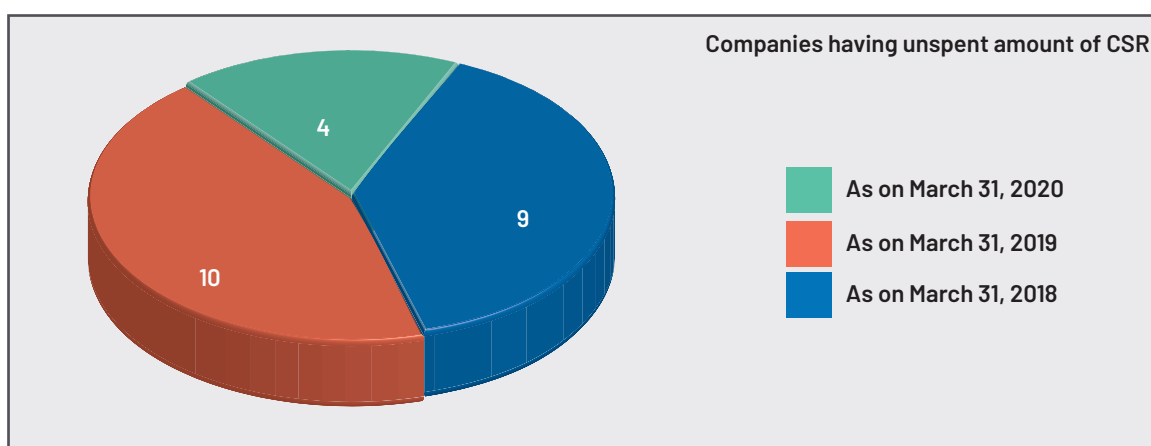
CORPORATE SOCIAL RESPONSIBILITY

UNSPENT AMOUNT OF CSR AND REASONS THEREOF

» As per Section 135 (5) of the Companies Act, 2013, the Board of every company referred to in sub-section (1), shall ensure that the company spends, in every financial year, at least two per cent of the average net profits of the company made during the three immediately preceding financial years or where the company has not completed the period of three financial years since its incorporation, during such immediately preceding financial years], in pursuance of its Corporate Social Responsibility Policy:

Provided further that if the company fails to spend such amount, the Board shall, in its report made under clause (o) of sub-section (3) of section 134, specify the reasons for not spending the amount.

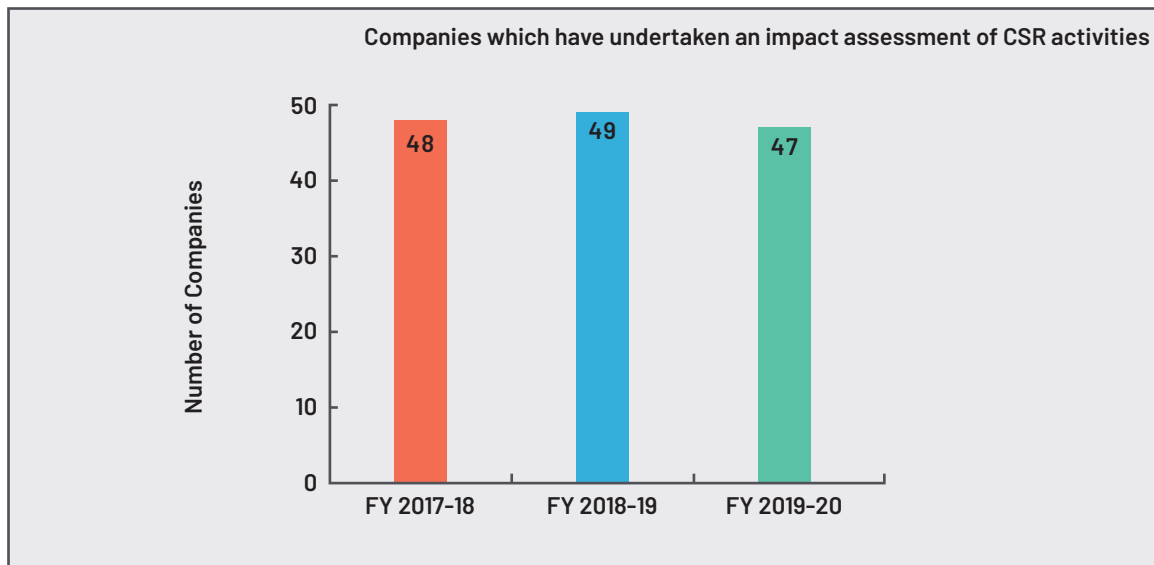
Spending less than the statutory minimum is indicative of inadequate attention being given to society as a stakeholder. Blaming the shortfall in expenditure on implementing agencies or the lack of projects seems to be an excuse, rather an explanation.



- » As on March 31, 2020, 4 companies had unspent amount of CSR funds, as against 9 and 10 respectively in the preceding 2 years. While explanations have been given by the companies, it is reasonable to presume that some explanations such as "project sanctioned, but not executed", "non-utilisation of funds by NGOs", and "non-availability of suitable projects" could have been adequately addressed by appropriate careful monitoring during the year, which the CSRC is tasked to do.
- » In all 3 FYs, 3 companies have unspent amount from CSR funds.

IMPACT ASSESSMENT OF CSR ACTIVITIES

Focus on expenditure on CSR activities, without assessing the impact of the activities, would seem to be an incomplete exercise.

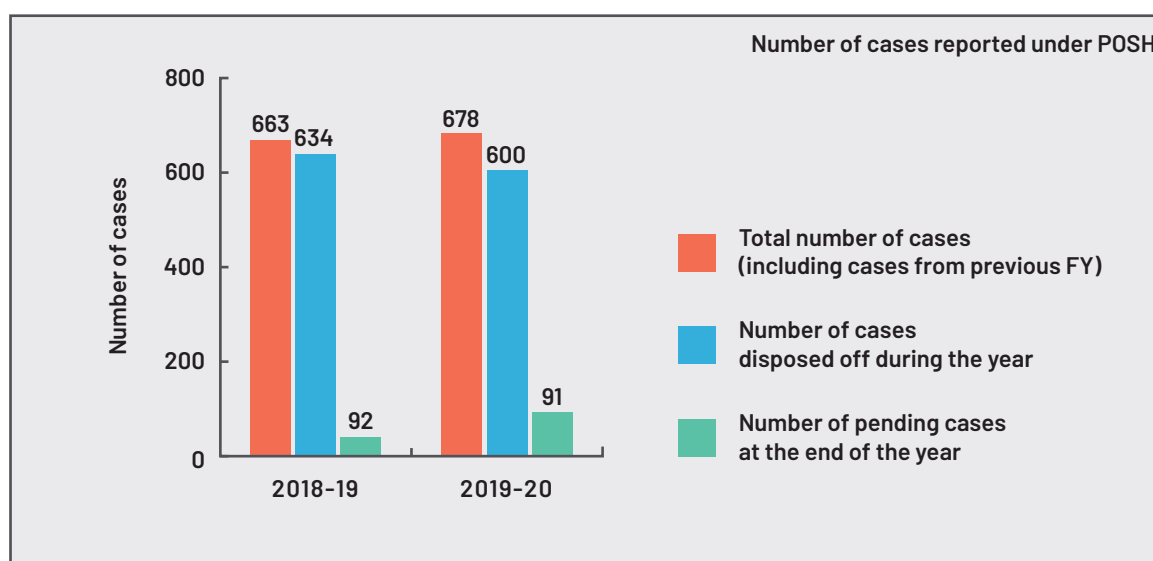


- » In FY 2019-20, 47 companies had indicated the number of persons impacted/ likely to be impacted by their CSR initiatives, but in the absence of uniformity of reporting, it could not be ascertained, how many of them had undertaken formal impact assessment studies.
- » Going forward, companies must distinguish between stating that a project is likely to impact a certain number of persons, and carrying out studies to see whether the outcomes have been as planned.

DISCLOSURES RELATING TO POSH

- » *As per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the employer shall include in its report the number of cases filed, if any, and their disposal under this Act in the annual report of his organisation or where no such report is required to be prepared, intimate such number of cases, if any, to the District Officer.*

The Prevention of Sexual Harassment (POSH) of women in the workplace is one of the most important responsibilities of management. Towards this end, cases of this nature are expected to be examined and disposed of, fixing responsibility in instances where the allegation is established.



- » In FY 2019-20, 678 cases were reported, and 600 cases were shown as disposed of. From the reporting, it is not clear in how many of these 600 cases, the allegations were established, and appropriate remedial action was taken. Since creation of a safer workplace is the objective, clarity on this account would have been helpful.
- » Interestingly, in FY 2018-19 and FY 2019-20, 10 companies reported receiving 0 complaints. Out of these, 8 companies, including 2 PSUs, had received 0 complaints in both FYs. The absence of complaints would seem to indicate either an ideal workplace or the lack of confidence among employees in reporting cases of this nature.
- » In FY 2018-19 and FY 2019-20, maximum number of cases received by a company were 142 and 125 respectively.

SECRETARIAL AUDITORS' REPORT

- » *As per Section 204(1) of Companies Act, 2013, every listed company and a company belonging to other class of companies as may be prescribed shall annex with its Board's report made in terms of sub-section (3) of section 134, a secretarial audit report, given by a company secretary in practice, in such form as may be prescribed.*
- » *As per Regulation 24A of SEBI LODR Regulations, 2015, every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its annual report, a secretarial audit report, given by a company secretary in practice, in such form as may be specified with effect from the year ended March 31, 2019.*

Secretarial audit is one of the mandatory instruments for ensuring compliance. As in the case of all auditor-auditee relationships, rotation of the audit firm and/or signing partner is essential to rule out the possibility of familiarity, leading to ignoring or underplaying cases of non-compliance.

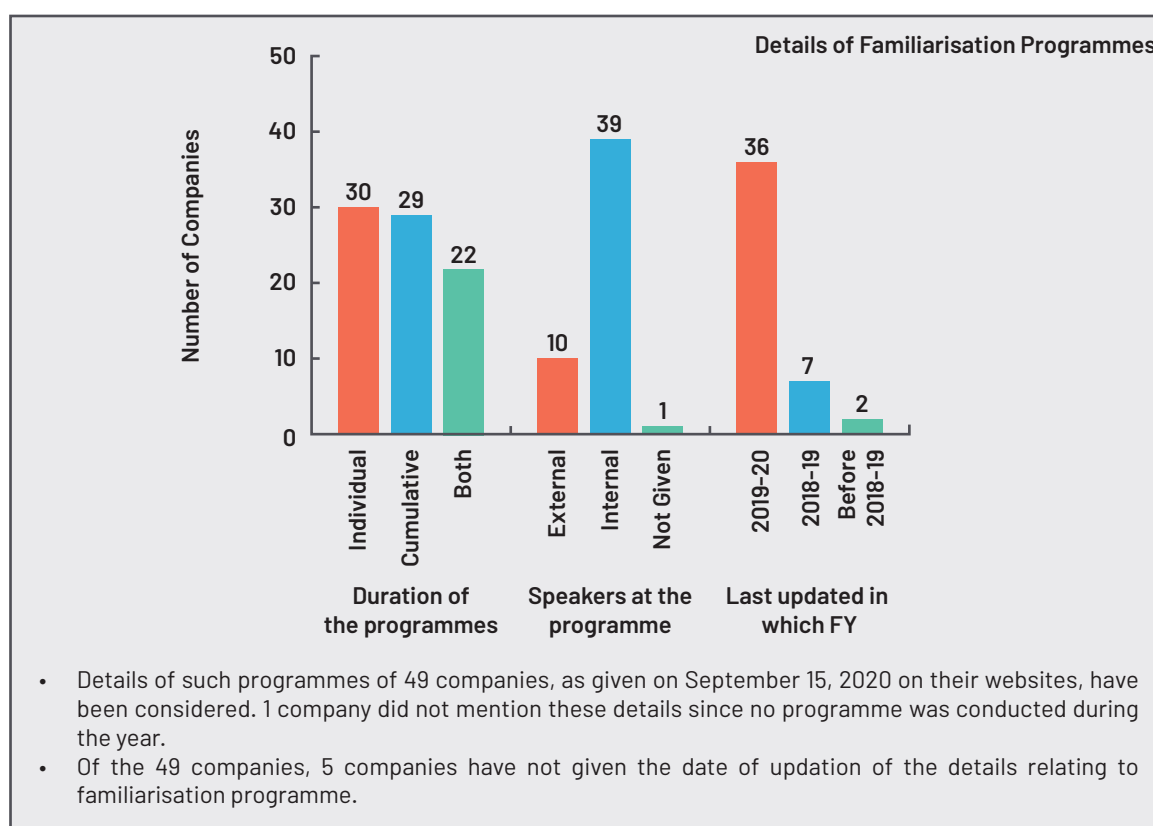
- » In the previous 6 FYs (FY 2014-15 to FY 2019-20), 27 companies have had the same audit firm and/or the same signing partner.
- » Only in 4 companies, the audit firm has been changed after 5 years.

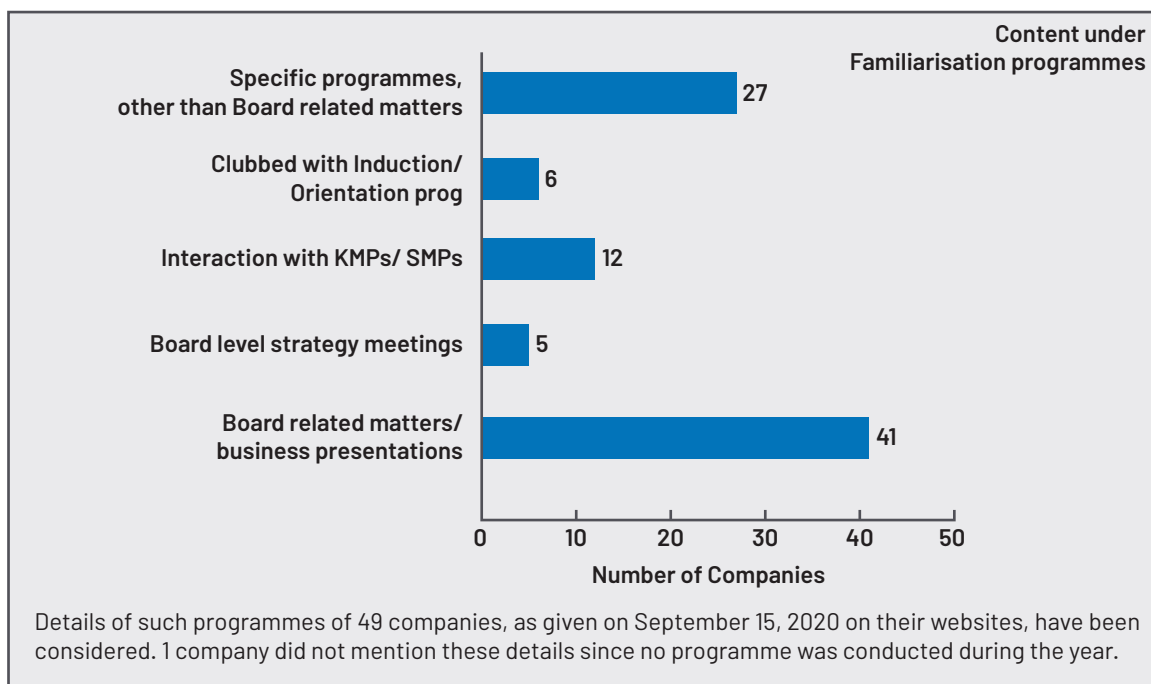
FAMILIARISATION PROGRAMME

» As per Regulation 46(2) of SEBI LODR Regulations, 2015, listed entity shall disseminate the following information under a separate section on its website:

- (i) details of familiarization programmes imparted to independent directors including the following details:
 - (a) number of programmes attended by independent directors (during the year and on a cumulative basis till date),
 - (b) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and
 - (c) other relevant details

Familiarisation programmes are very important to ensure that Directors are updated in regard to both domain knowledge as well the environment in which the company operates. Therefore, far more attention needs to be given to this matter by the top management.



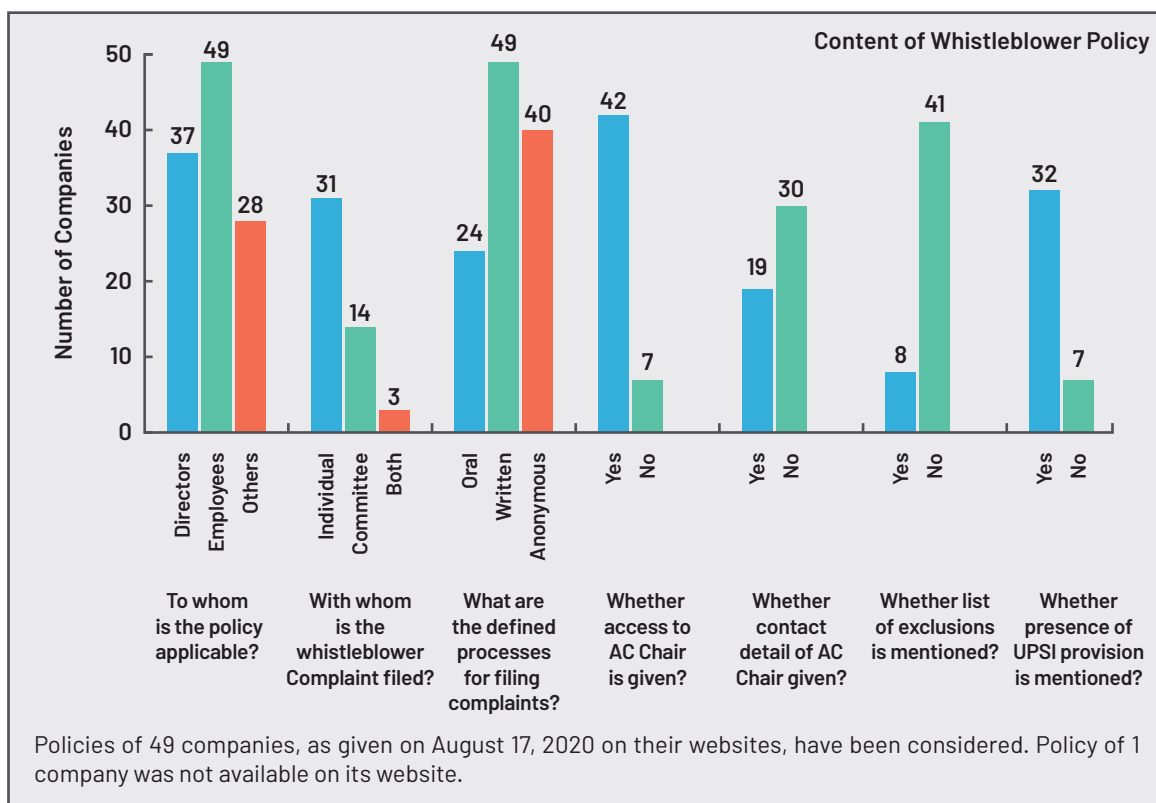


- » This is an area where some confusion persists regarding the content of the familiarisation programme. Taking advantage of this, some companies have included even interaction with KMPs/ SMPs as a familiarisation programme for the Directors.
- » In FY 2019-20, 27 companies have organised specific programmes, other than those directly related to Board matters. 10 companies had external speakers for some of the programmes.

VIGIL/WHISTLEBLOWER MECHANISM

- » *As per Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014,*
 - (1) *Every listed company and the companies belonging to the following class or classes shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances-*
 - (a) *the Companies which accept deposits from the public;*
 - (b) *the Companies which have borrowed money from banks and public financial institutions in excess of fifty crore rupees.*
 - (2) *The companies which are required to constitute an audit committee shall oversee the vigil mechanism through the committee and if any of the members of the committee have a conflict of interest in a given case, they should recuse themselves and the others on the committee would deal with the matter on hand.*
 - (3) *...*
 - (4) *The vigil mechanism shall provide for adequate safeguards against victimisation of employees and directors who avail of the vigil mechanism and also provide for direct access to the Chairperson of the Audit Committee or the director nominated to play the role of Audit Committee, as the case may be, in exceptional cases.*
- » *As per Regulation 22(2) of SEBI LODR Regulations, 2015, the vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.*

A robust whistleblower policy which encourages reporting of material concerns, while safeguarding the identity of the whistleblower, is an important element for promoting Corporate Governance.



- » In FY 2019-20, while 42 companies, in their policies, had provided access to the Chair of the AC, only 19 had provided the contact details of the AC Chair. This is an omission, as well as an instance of non-compliance, which the companies concerned should address urgently.
- » Of the 19 companies, 14 gave a dedicated email id of the AC Chair. 13 companies gave the address of the AC Chair, of which 5 gave the personal address of the Chair of AC. Giving the personal address seems excessive, having regard to the objectives of the policy.

BOARD EVALUATION

- » As per Section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee shall.... specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.
- » As per Schedule IV of the Companies Act, 2013,
 - (1) The independent directors of the company shall hold at least one meeting in a financial year, without the attendance of non-independent directors and members of management
 - (3) The meeting shall:
 - (a) review the performance of non-independent directors and the Board as a whole;
 - (b) review the performance of the Chairperson of the company, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the company management and the Board that is necessary for the Board to effectively and reasonably perform their duties.
- » As per Regulation 25(4) of SEBI LODR Regulations, 2015, the independent directors in the meeting referred in sub-regulation (3) shall, inter alia-
 - (a) review the performance of non-independent directors and the board of directors as a whole;
 - (b) review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
 - (c) assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

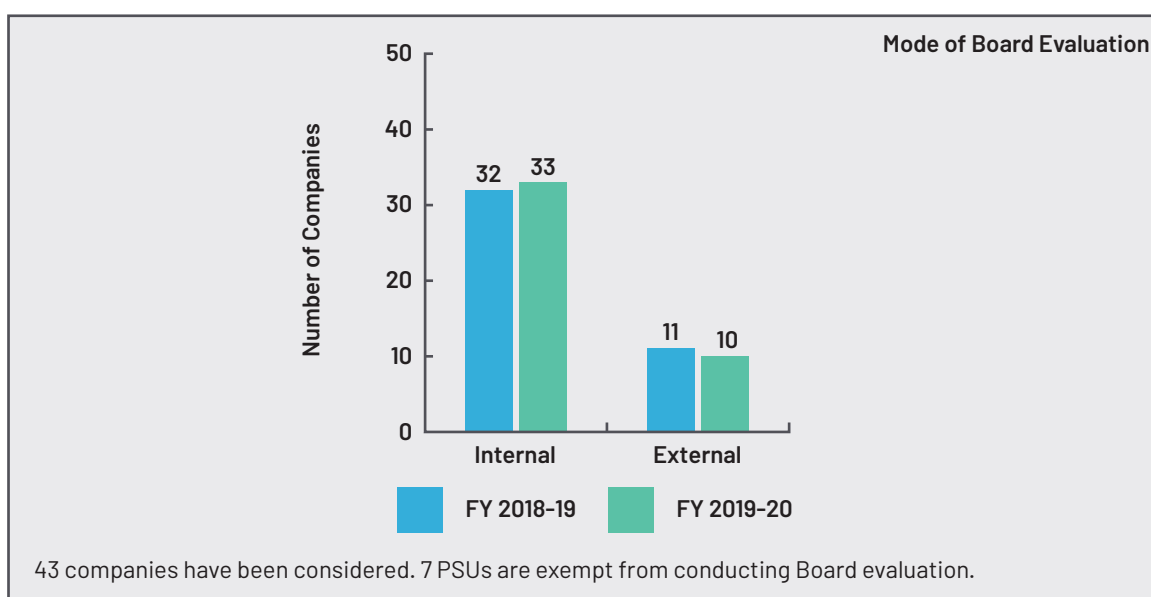
ROLE OF NRC IN BOARD EVALUATION

- » In 2019-20, 42 companies have mentioned the role of their NRCs in the Board evaluation exercise. 1 company has not mentioned this information.
- » 7 PSUs are exempt from conducting Board evaluation.

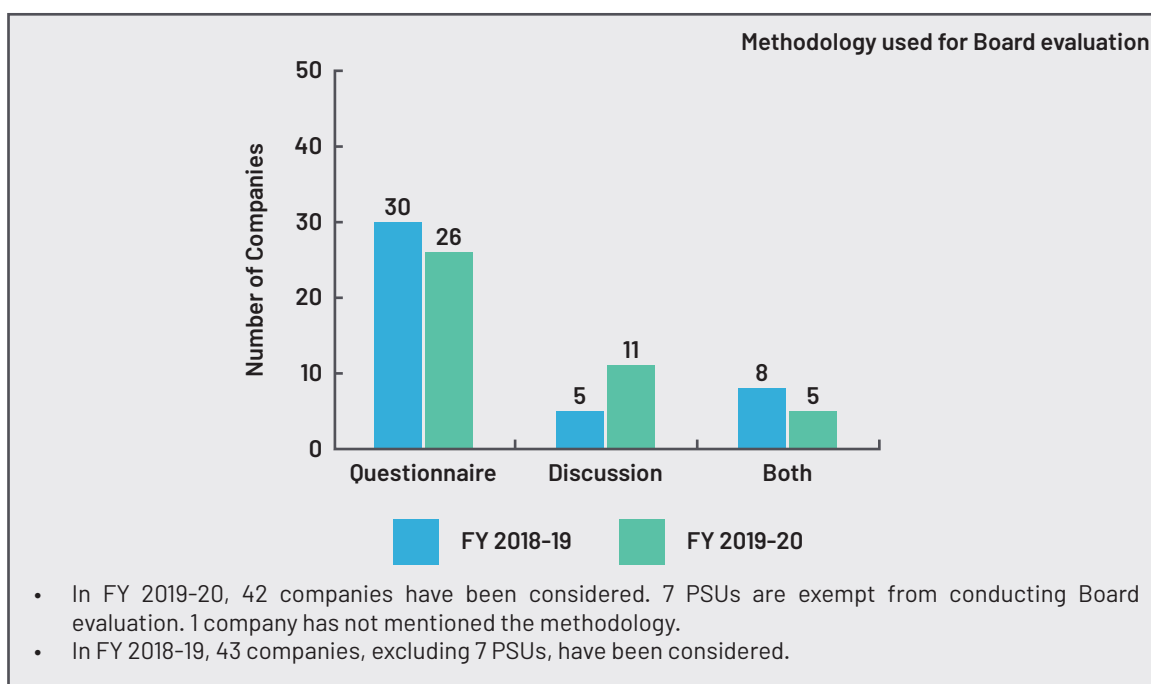
MODE OF BOARD EVALUATION

Board evaluation, if carried out with sufficient seriousness, can help to identify the areas of improvements of the Board, its committees, its Chairperson and the Directors. On the basis of available evidence, it would seem that, many companies go through this exercise in a routine fashion, with no attempt being made to extract value.

Most Board evaluations carried out internally are no more than box-ticking exercises, which fail to identify real issues. A thorough Board evaluation exercise, at least once in 3 years, by an appropriate external agency, could help to raise the bar.

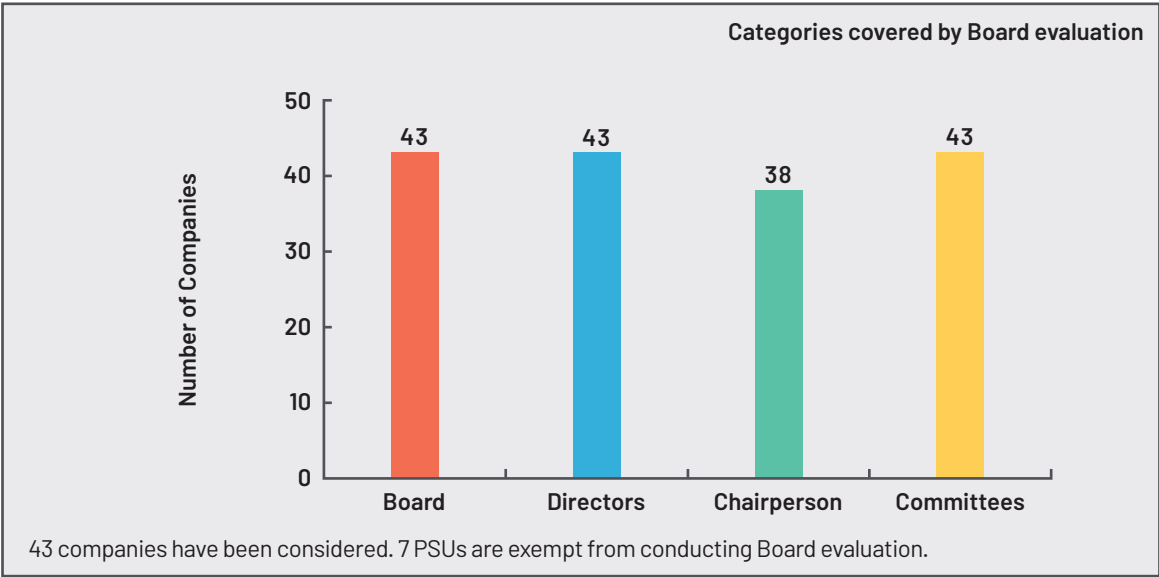


METHODOLOGY USED FOR BOARD EVALUATION



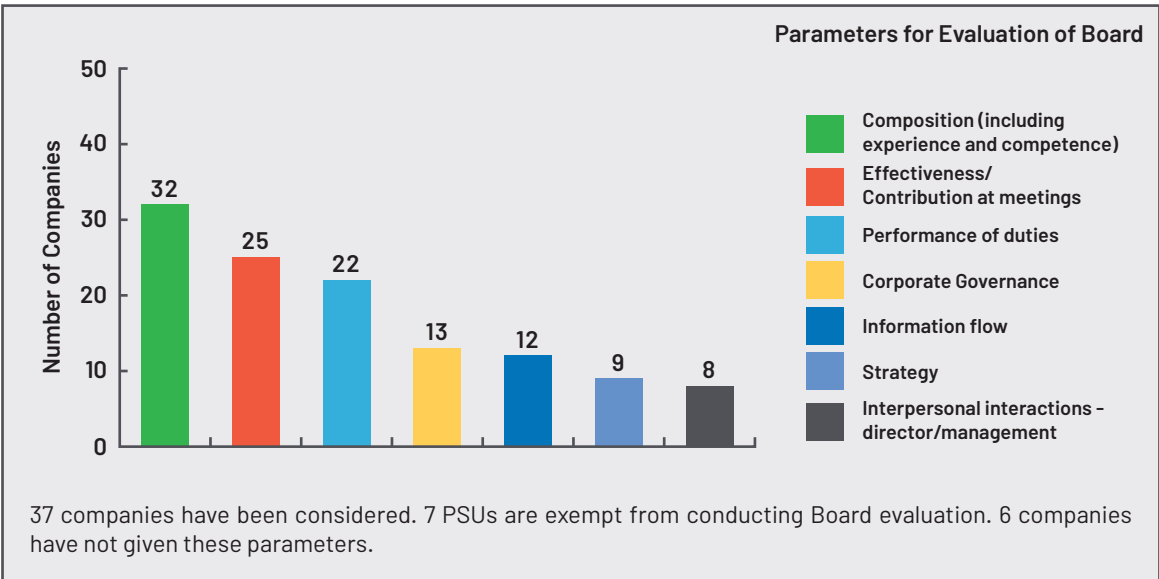
- » Experience has shown that neither a questionnaire approach, nor a discussion approach, is, by itself, a satisfactory method. A robust process should involve both these elements.

CATEGORIES COVERED BY BOARD EVALUATION

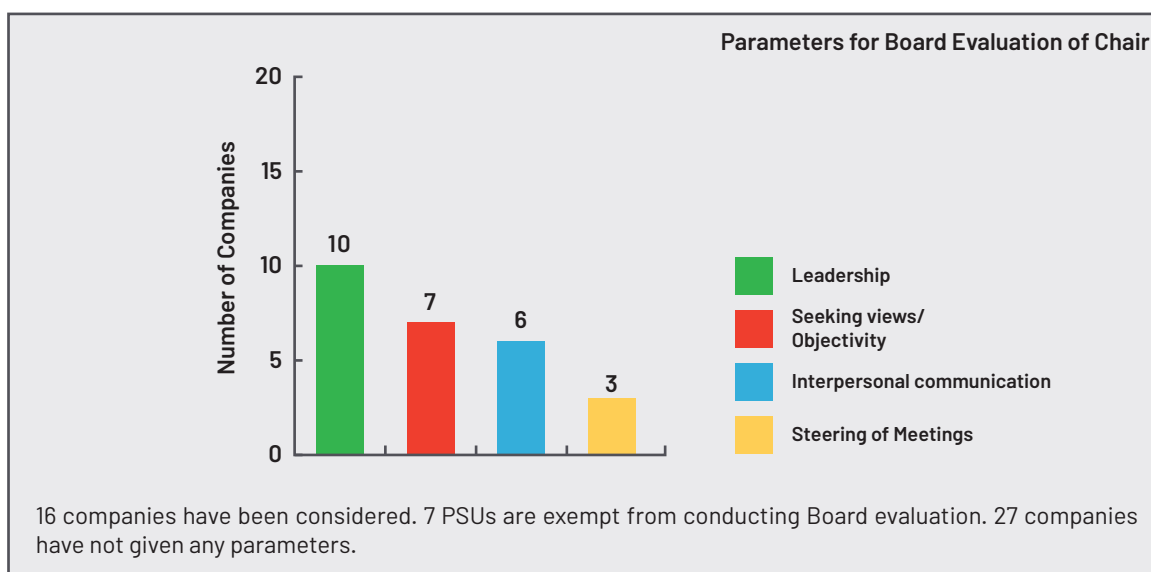


- » 5 of the companies which went in for an evaluation process did not have the Chairpersons evaluated, even though law specifically provides for his/her evaluation.

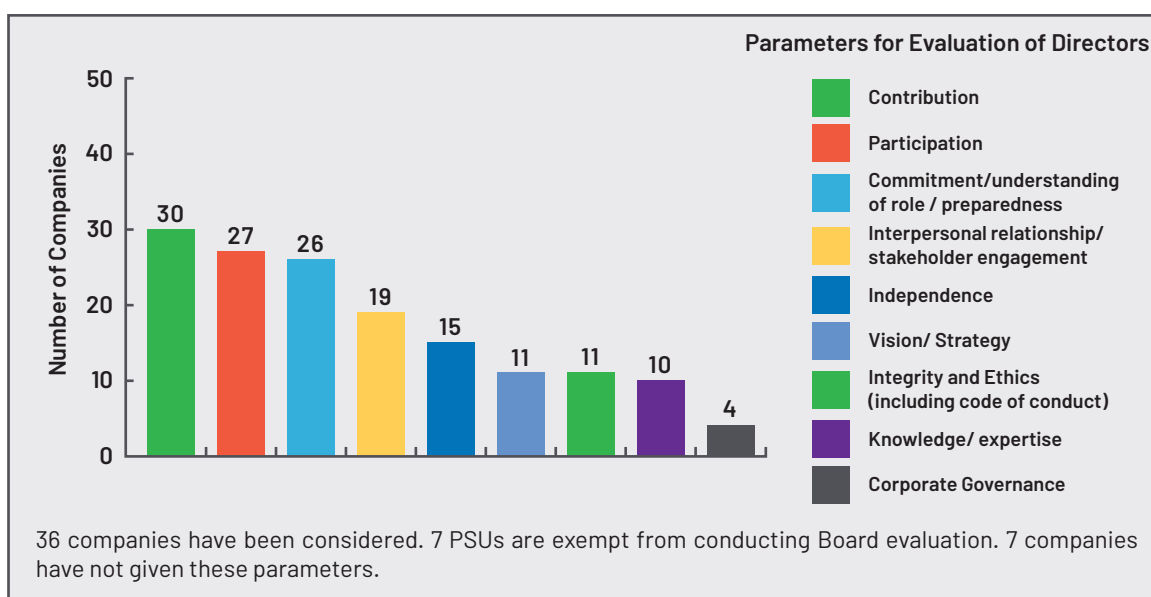
TOP PARAMETERS USED FOR EVALUATION OF BOARD



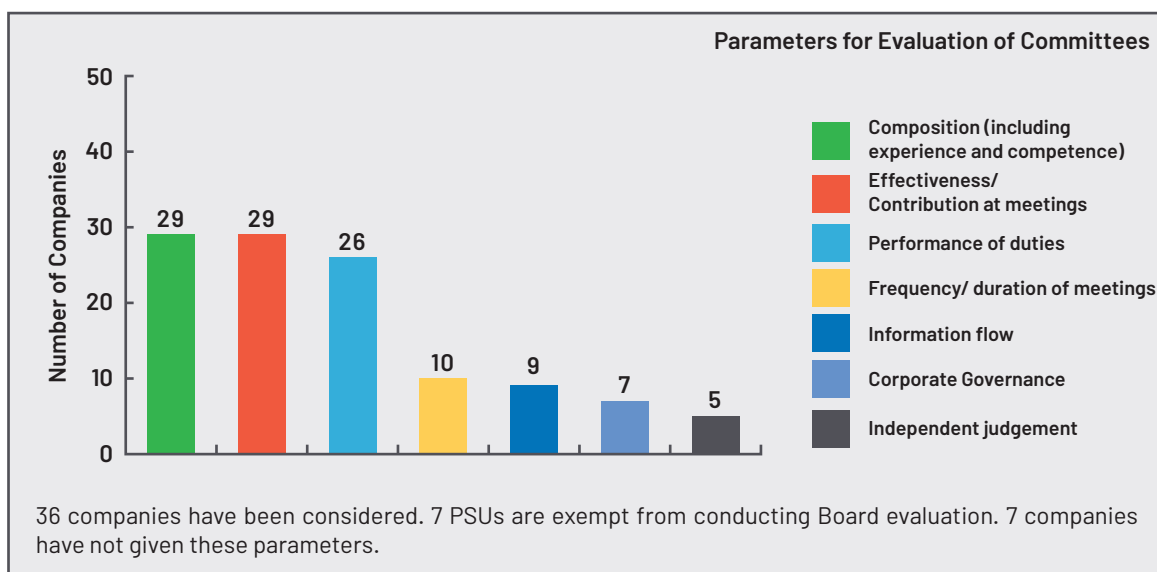
TOP PARAMETERS USED FOR EVALUATION OF CHAIRPERSON



TOP PARAMETERS USED FOR EVALUATION OF DIRECTORS

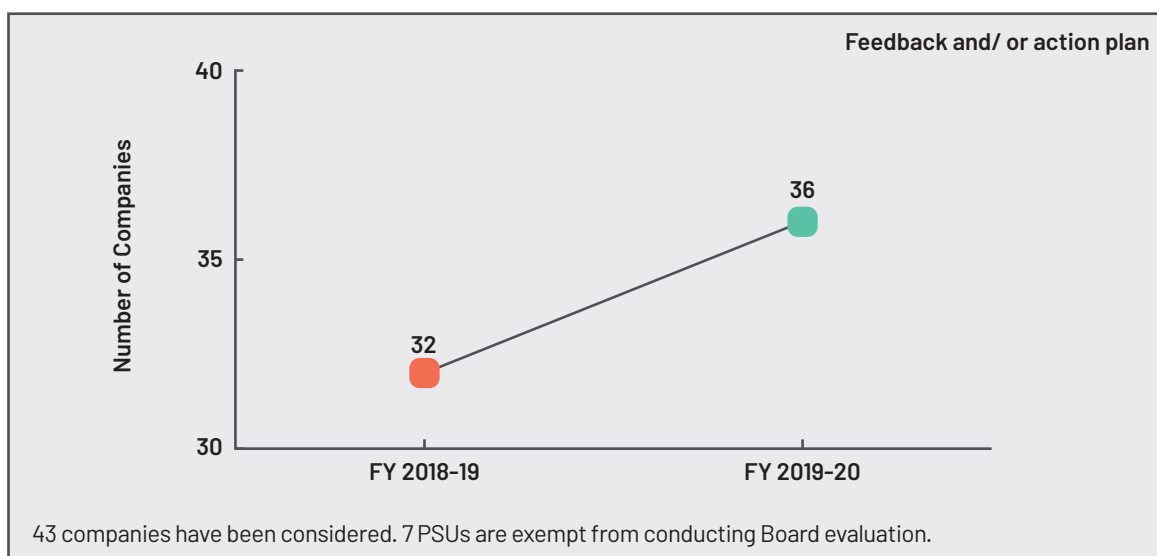


TOP PARAMETERS USED FOR EVALUATION OF COMMITTEES



FEEDBACK AND/OR ACTION PLAN

Any evaluation exercise is sterile and unproductive if it is not concluded with feedback being given to the evaluated entities, and an action plan is set in motion to work on the areas identified for improvement.



DISCRETIONARY REQUIREMENTS UNDER SEBI LODR REGULATIONS, 2015

» As per Regulation 27(1) of SEBI LODR Regulations, 2015, the listed entity may, at its discretion, comply with requirements as specified in Part E of Schedule II.

» As per Schedule II - Part E,

A. The Board

A non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expense and also allowed reimbursement of expenses incurred in performance of his duties.

B. Shareholder Rights

A half-yearly declaration of financial performance including summary of the significant events in last six-months, may be sent to each household of shareholders.

C. Modified opinion(s) in audit report

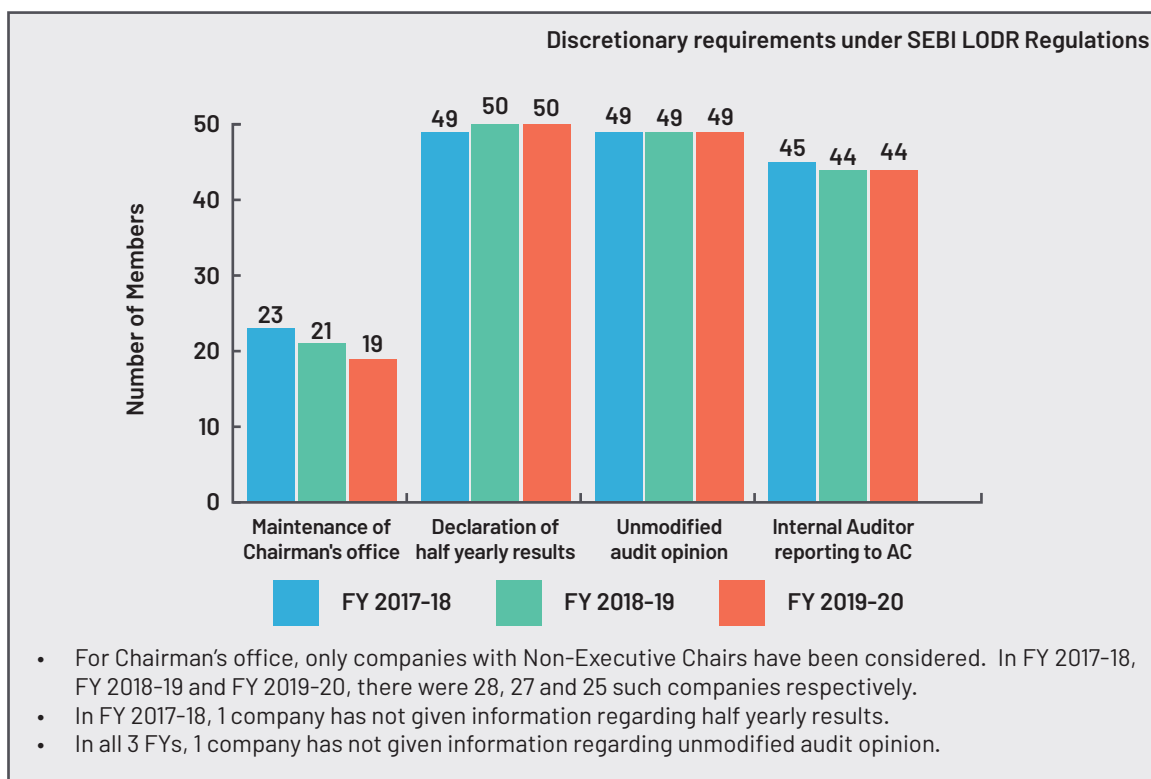
The listed entity may move towards a regime of financial statements with unmodified audit opinion.

D. Deleted

E. Reporting of internal auditor

The internal auditor may report directly to the audit committee.

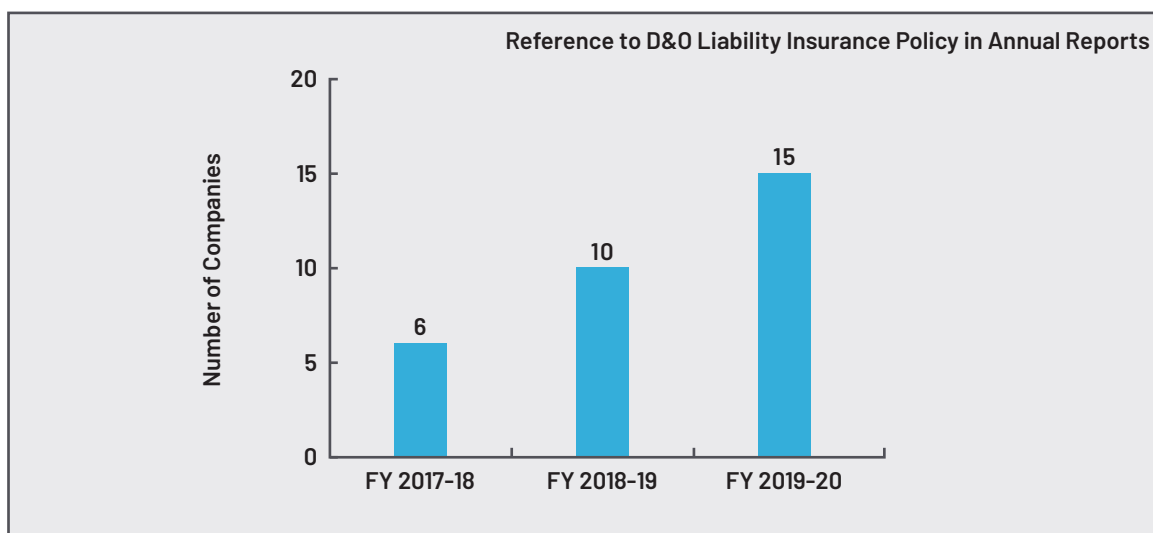
SEBI LODR Regulations indicate the matters which companies may, at their discretion, disclose in the Corporate Governance report. Even though these are discretionary matters, a number of companies have disclosed some of these items in the annual report.



- » It is particularly gratifying to note that all 50 companies declare half yearly results, and 49 of them have provided for unmodified audit opinion.
- » Also, 44 companies have indicated that the Internal Auditor reports to the AC.
- » Going forward, it is to be hoped that there would be more such disclosures, without waiting for SEBI to convert these to non-discretionary requirements.

D&O LIABILITY INSURANCE POLICY

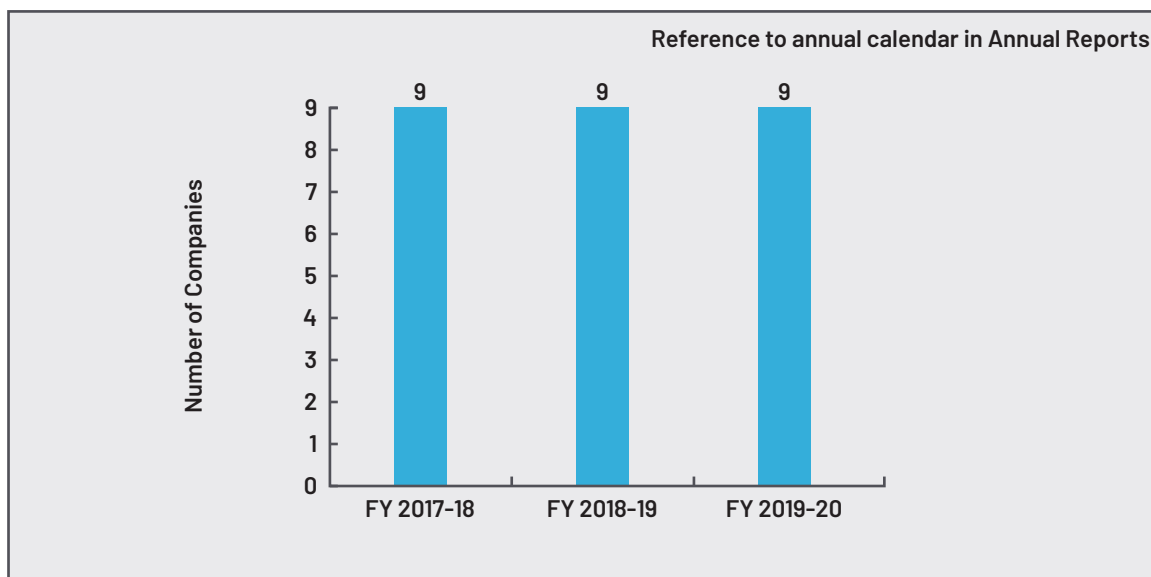
Given the increasing responsibilities and attendant liabilities that Directors and KMPs have, a D&O Liability Insurance policy is necessary to attract competent persons to Boards/ companies, and to retain them.



- » There are 6 companies common in all 3 FYs.
- » 1 PSU has taken a D&O Liability Insurance policy during FY 2019-20.

ANNUAL CALENDAR

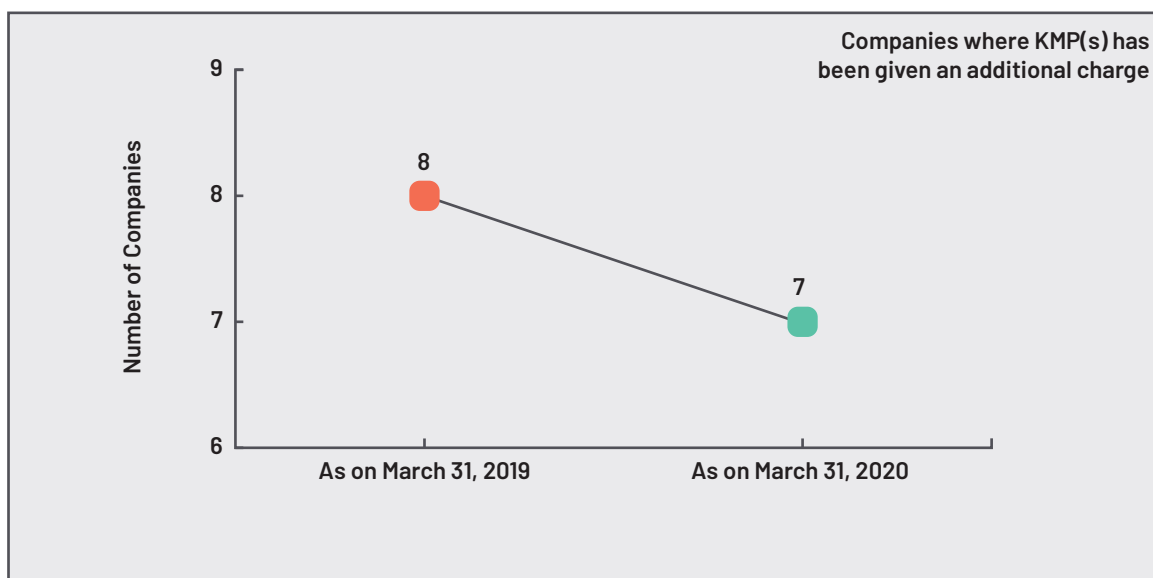
Directors on Boards are normally expected to be busy persons who might be unavailable for very short notice meetings. Hence, an annual calendar, prepared in advance, would be useful to ensure their attendance at meetings.



- » The same 9 non-PSU companies have made a reference to an annual calendar in their Annual reports for all 3 FYs.

KMPs HAVING AN ADDITIONAL CHARGE

Given the responsibilities and the need for focus among the KMPs, giving any of them additional charge, especially for an extended period, would detract from their core functions.



- » As on March 31, 2020, 6 companies gave additional charge to the Company Secretary, as against 7 in the previous year.
- » In 2 companies, CFO was given additional charge in both these years.
- » 7 of these companies are common across these 2 years.

BUSINESS RESPONSIBILITY REPORT (BRR)

ABOUT THE BRR SECTION

Society, as a stakeholder, has been at the receiving end of mindless developmental plans and projects over the years. Not much thought has been given to the adverse effects of actions of corporates, for which succeeding generations will have to pay a big price.

The first fledgling steps were taken in India through an initially voluntary, and subsequently prescriptive, regime for encouraging and nudging corporates to undertake programmes and initiatives that reflected their contribution to society. With the Companies Act, 2013 coming into force, a “comply or explain” regime was put in place to persuade corporates to spend in every FY, 2% of their average net profits made during the 3 preceding years. While this led to some impactful interventions, especially in areas such as education and health, the seriousness of intent was not broad-based across corporate India. Tighter regulatory prescriptions have led to more serious initiatives in the area of CSR.

In relatively recent times, it has been recognised that a unidimensional CSR push might not be adequate. Equal focus is now sought to be given to the 3 limbs of ESG, i.e. Environment, Social and Governance related factors. The Business Responsibility Report (BRR) that has been mandated for the top 1000 listed companies by market cap, is a half-way house towards attaining the objectives of ESG.

Since some aspects related to ESG are still in their early days, and are expected to find reasonable expression in the months ahead, we thought that an analysis of the BRR of the top 50 companies would point all of us in the direction of what needs to be done to make ESG relevant and meaningful. This survey, based on information available through the Annual Reports, is, we hope, a good reference point to determine where we are, where we ought to be, and what issues need to be fixed while on the ESG journey.

METHODOLOGY

Much of the disclosures under BRR are intended to be qualitative. We have chosen not to comment on the quality of disclosures or the interventions of the companies. Instead, we have looked at whether the companies provided all the information, that has been sought, while respecting both the letter and the spirit of the questions. We have also considered whether companies have provided complete disclosures, as are envisaged by Regulations, while responding to questions under each principle of BRR.

We have chosen not to comment on the inadequacies of the responses. The fact that companies are sharing much of the required information is both a matter of some comfort as well as a pointer to the other companies that they could fall by the wayside if these aspects are not appropriately addressed sooner rather than later.

BRR PROVISIONS IN REGULATIONS

- » *As per Regulation 34(2)(f) of SEBI LODR Regulations, 2015, the annual report for the top 1000 listed entities based on market capitalization (calculated as on March 31 of every financial year), shall contain Business Responsibility Report (BRR) describing the initiatives taken by them from an environmental, social and governance perspective.*
- » *SEBI vide its circular dated November 4, 2015, prescribed format for Business Responsibility Report (BRR) and also prescribed certain key principles to assess the fulfillment of listed entities and a description of the core elements under these principles.*

COMPANIES FOLLOWING INTERNATIONAL STANDARDS

- » *SEBI vide its circular dated November 4, 2015 stated that those listed entities which have been submitting sustainability reports to overseas regulatory agencies/stakeholders based on internationally accepted reporting frameworks need not prepare a separate report for the purpose of these guidelines but only furnish the same to their stakeholders along with the details of the framework under which their BR Report has been prepared and a mapping of the principles contained in these guidelines to the disclosures made in their sustainability reports.*

35 companies have reported that in addition to SEBI's prescribed format, they follow one or more international standards relating to BRR.

SECTION A:

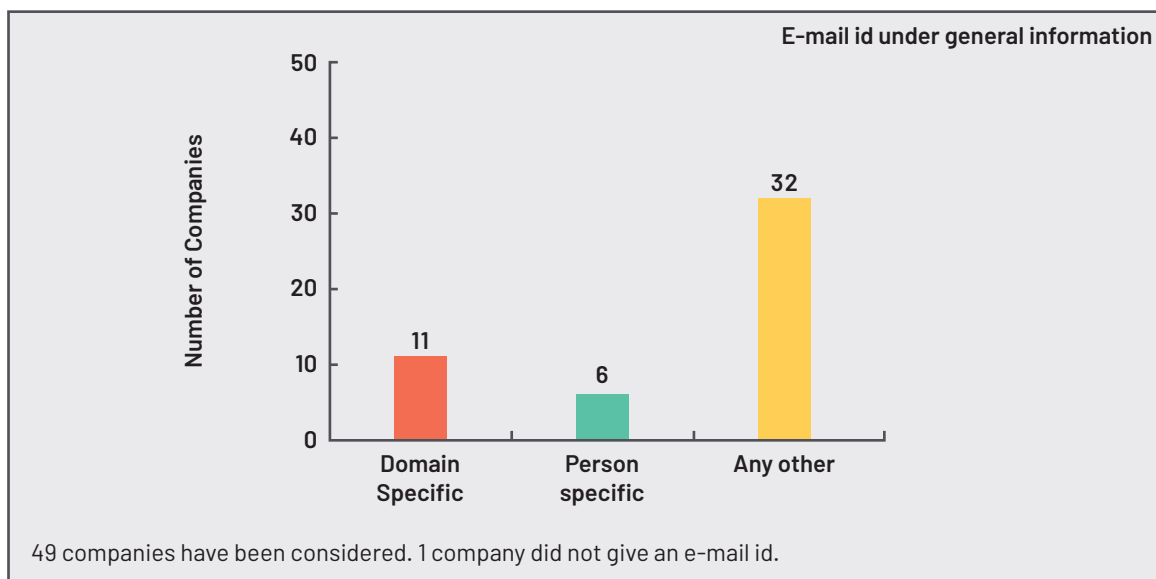
GENERAL INFORMATION ABOUT THE COMPANY

1. *Corporate Identity Number (CIN) of the Company*
2. *Name of the Company*
3. *Registered address*
4. *Website*
5. *E-mail id*
6. *Financial Year reported*
7. *Sector(s) that the Company is engaged in (industrial activity code-wise)*
8. *List three key products/services that the Company manufactures/provides (as in balance sheet)*
9. *Total number of locations where business activity is undertaken by the Company*
 - a. *Number of International Locations (Provide details of major 5)*
 - b. *Number of National Locations*
10. *Markets served by the Company – Local/State/National/International*

This section contains general details about the company. In this section, we have considered only email id and the markets served by the company.

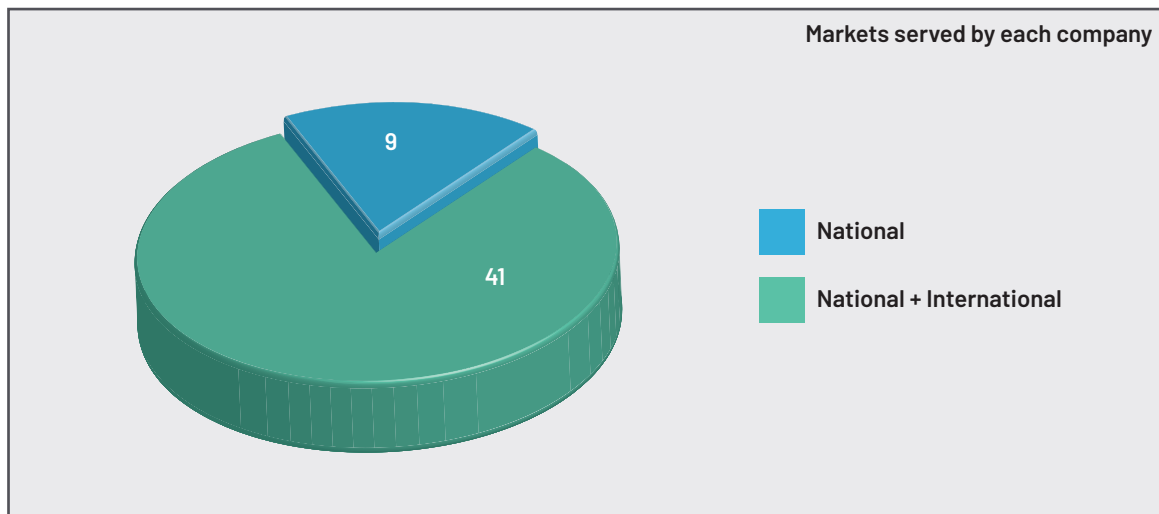
E-MAIL ID

Each company has to provide an email id. While some companies have given email ids specific to a person who may/may not be handling BR, some companies have domain specific ids too.



MARKETS SERVED BY THE COMPANIES

BR efforts of a company, depending on the markets that it serves, would vary.



SECTION B:

FINANCIAL DETAILS OF THE COMPANY

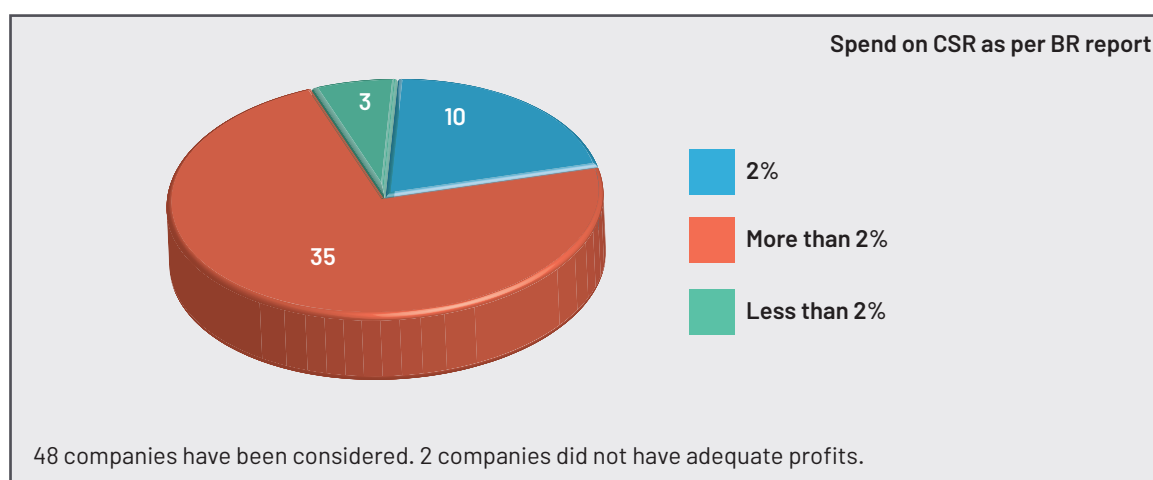
1. Paid up Capital (INR)
2. Total Turnover (INR)
3. Total profit after taxes (INR)
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)
5. List of activities in which expenditure in 4 above has been incurred: -

In this section, we have considered only the spending on CSR and the activities under CSR, since the other parameters do not impact on BR.

SPEND ON CSR VERSUS AMOUNT GIVEN UNDER THE BRR

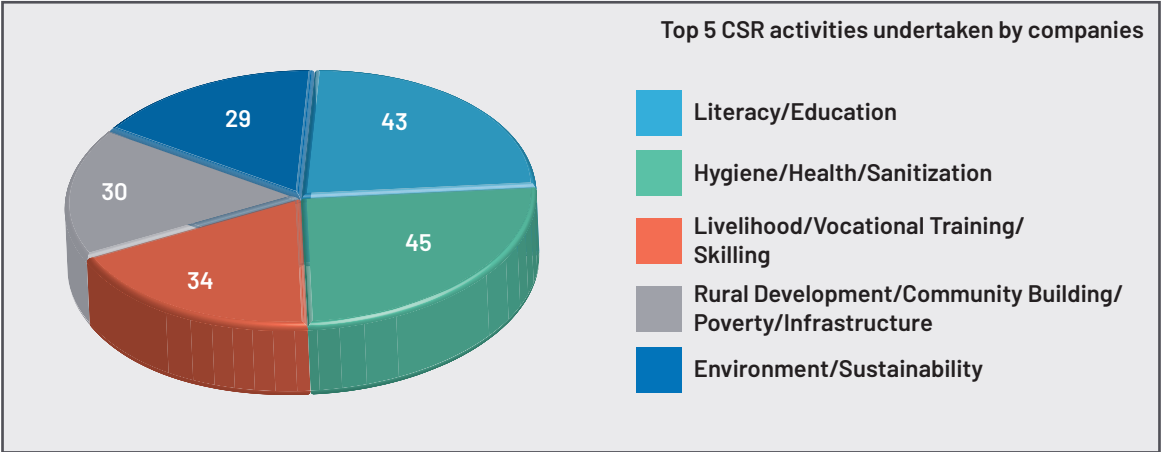
- » As per the Companies Act, 2013, the Board of every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year, shall ensure that the company spends, in every financial year, at least 2% of the average net profits of the company made during the three immediately preceding financial years.

While some companies have spent exactly 2% on CSR related activities, others have spent less/ more than 2%.



- » The amount spent on CSR reported under the CSR Report and the BRR report was the same in 41 companies. However, in 9 companies, the amount reported in BRR Report was higher.
- » 2 companies, which did not have adequate profits, voluntarily contributed towards CSR.

TOP 5 CSR ACTIVITIES UNDERTAKEN BY COMPANIES



SECTION C:

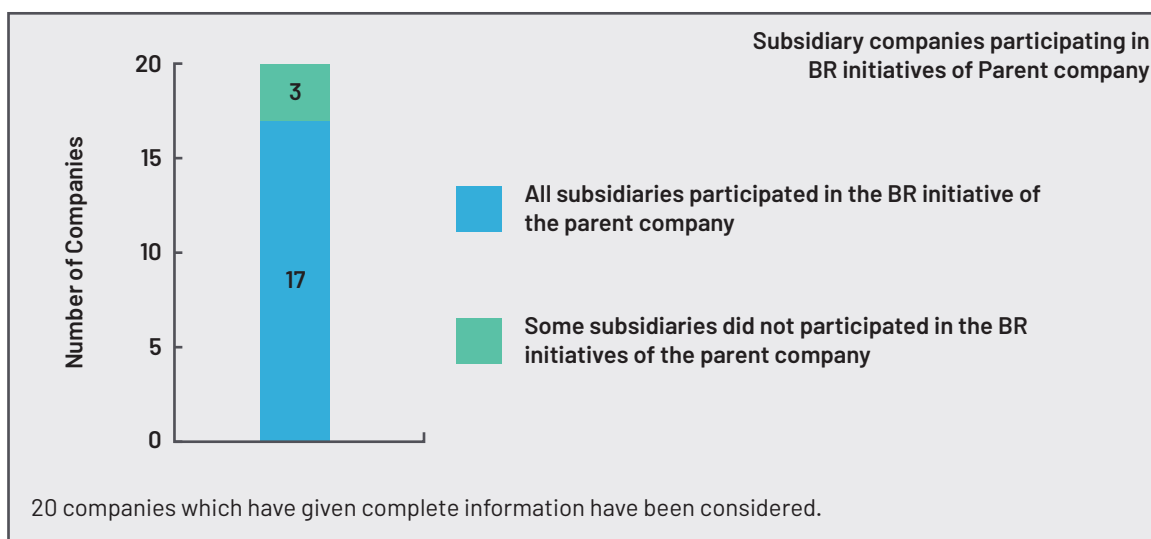
OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?
2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s).
3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

In this section, we have considered whether subsidiaries, including stepdown subsidiaries, of the parent company, and other entities associated with the company, have participated in BR initiatives of the company.

SUBSIDIARIES PARTICIPATING IN BR INITIATIVES

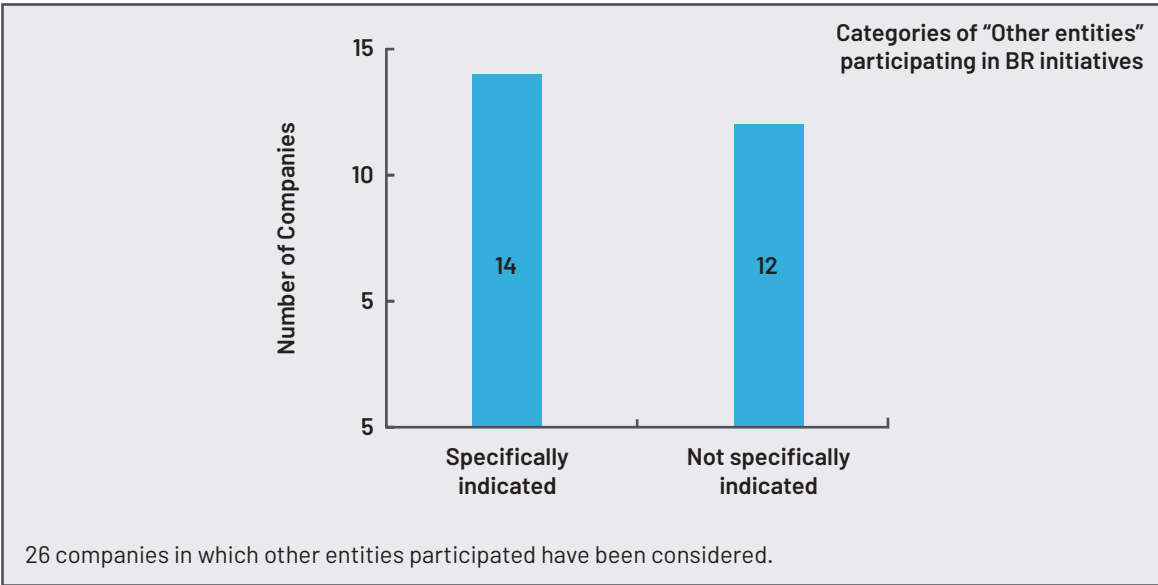
For greater impact, BR initiatives of the parent company should preferably be followed by its subsidiaries also.



- » In 29 companies, subsidiaries participated in the BR initiatives of its parent company. Of these, only 20 have given complete details under this provision.
- » Of these 20, in 17 companies, all the subsidiaries participated in the BR initiatives of the parent company, whereas in 3 companies, some subsidiaries did not participate.

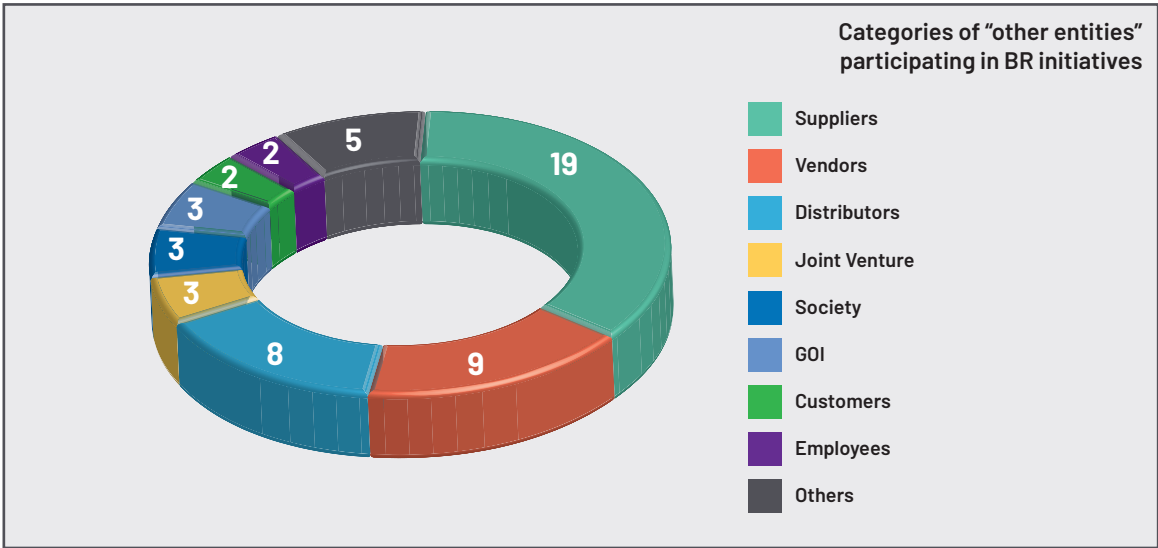
OTHER ENTITIES PARTICIPATING IN BR INITIATIVES

Other entities such as vendors, JV partners, employees etc of the company are encouraged to participate in the BR initiatives of the parent company.



- » Of the 26 companies in whose BR initiatives other entities participated, 14 have given specific details relating to such participation, including the percentage of such entities who participated in these initiatives.

CATEGORY OF OTHER ENTITIES PARTICIPATING IN BR INITIATIVES



SECTION D:

BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

- i. DIN Number
- ii. Name
- iii. Designation

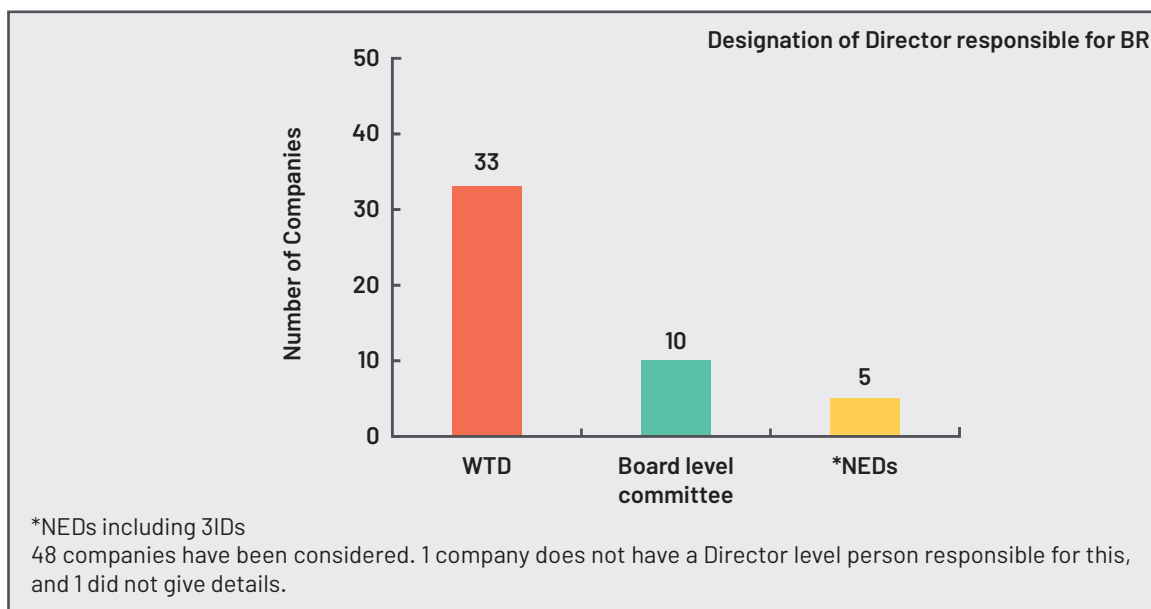
(b) Details of the BR head

- i. DIN Number (if applicable)
- ii. Name
- iii. Designation
- iv. Telephone number
- v. e-mail id

In this section, we have considered the designations of the persons responsible for BR, and the email id of the BR Head.

DIRECTOR RESPONSIBLE FOR BR

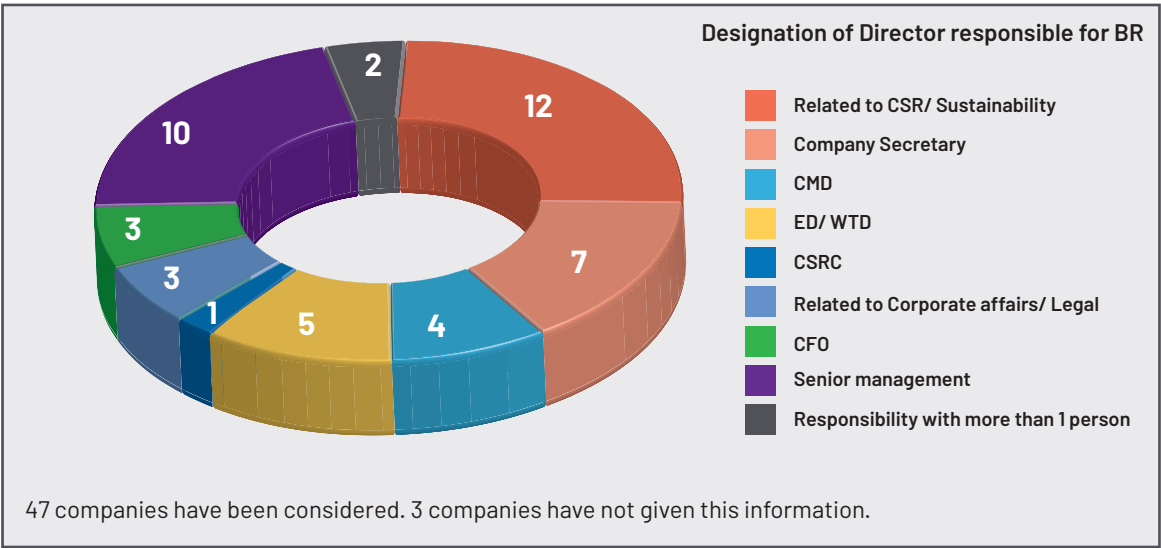
Since BR is an important initiative, it is envisaged that a Director-level person should be responsible for the BR initiatives of the company.



- » In most companies, a WTD was responsible at the Board level for BR. In 3 companies an ID was responsible.
- » 10 companies had a committee dealing with it, when the Regulation wants a Director to be responsible.

DESIGNATION OF BR HEAD

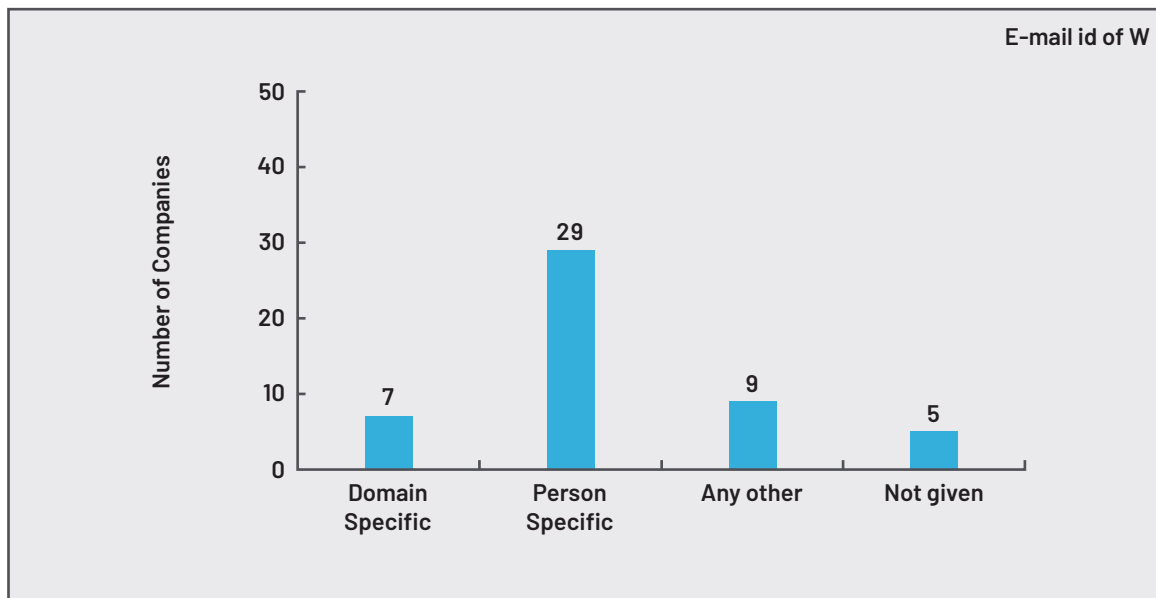
Since BR is an important initiative, a senior functionary of the company should be responsible.



- » In 12 companies a person dedicatedly focusing on CSR and/or sustainability is the BR Head.
- » 1 company did not have a BR Head, but stated that their CSRC looks at it. This might be a suboptimal approach since an executive should be made accountable for the BR initiatives of the company.

E-MAIL ID OF BR HEAD

This is an important piece of information since if the company has to be contacted for its BR initiatives, this is likely to be the first point of contact.



» Principle-wise (as per NVGs) BR Policy/policies

(a) Details of compliance (Reply in Y/N)

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why:
(Tick up to 2 options)

PRINCIPLE-WISE (AS PER NVGs) BR POLICY/POLICIES

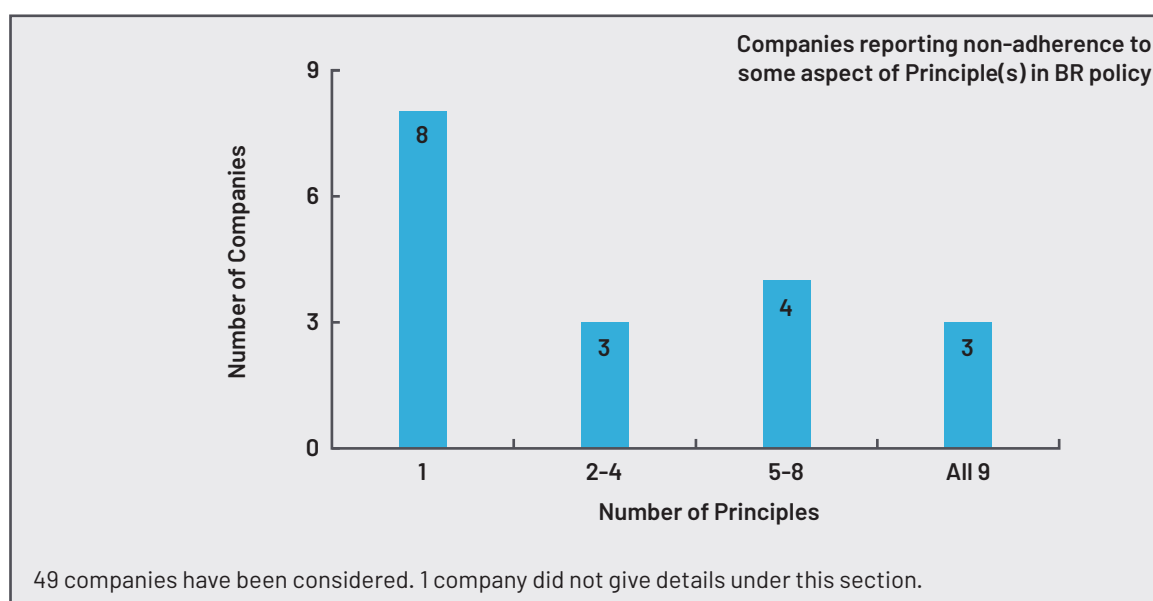
(a) Details of compliance (Reply in Y/N)

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/policies for...									
2	Has the policy being formulated in consultation with the relevant stakeholders?									
3	Does the policy conform to any national/International Standards? If yes, specify? (50 words)									
4	Has the policy being approved by the board? Is yes, has been signed by MD/owner/CEO/appropriate Board Director?									
5	Does the company have specific committee of the Board/Director/Official to oversee the implementation of the policy?									
6	Indicate the link for the policy to be viewed online?									
7	Has the policy been formally communicated to all relevant internal and external stakeholders?									
8	Does the company have in-house structure to implement the policy/policies.									
9	Does the company have grievance redressal mechanism to the policy/policies to address stakeholders' grievances related to the policy/policies?									
10	Has the company carried out independent audit/evaluated of the working of this policy by an internal or external agency?									

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

No	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles									
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

Each company is expected to have at least one policy for each of the 9 principles that have been given under BRR. These policies have to be framed keeping in mind various parameters, such as whether the policy was made in consultation with various stakeholders, whether the Board has approved it, and whether it has been communicated to stakeholders etc. Accordingly, each company has to report compliance on each of these parameters for each of the policies.



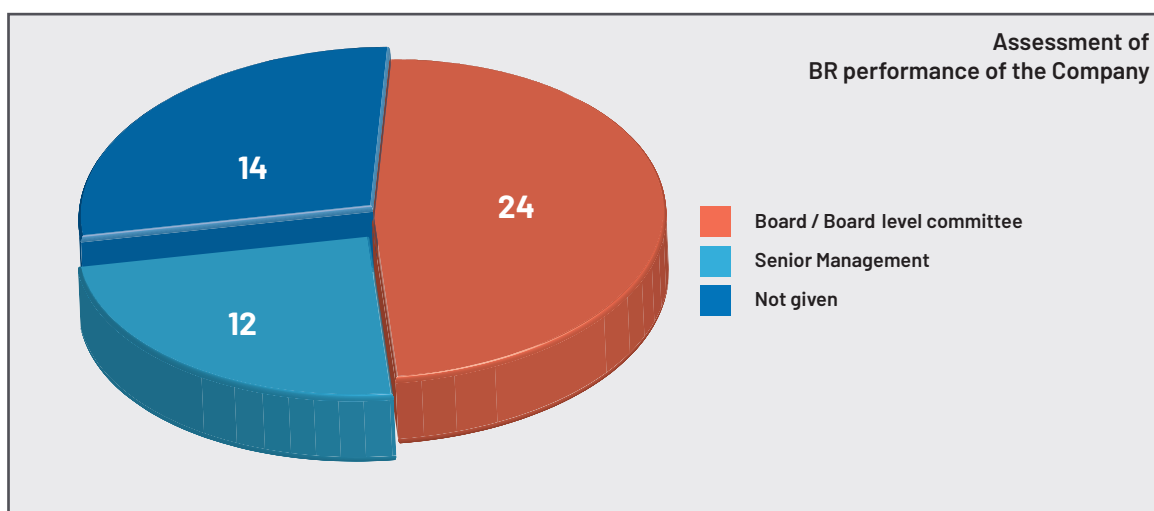
- » Out of 49 companies, 31 companies have complied with all parameters given under the 9 principles.
- » There are 8 companies that have not followed one or more parameters for 1 of the principles. There are 3 companies that have not followed one or more parameters in all 9 principles.

ASSESSMENT OF BR PERFORMANCE OF THE COMPANY

» Governance related to BR

- (a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year
- (b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published? Frequency with which Board/ Committees/ CEO assess BR performance

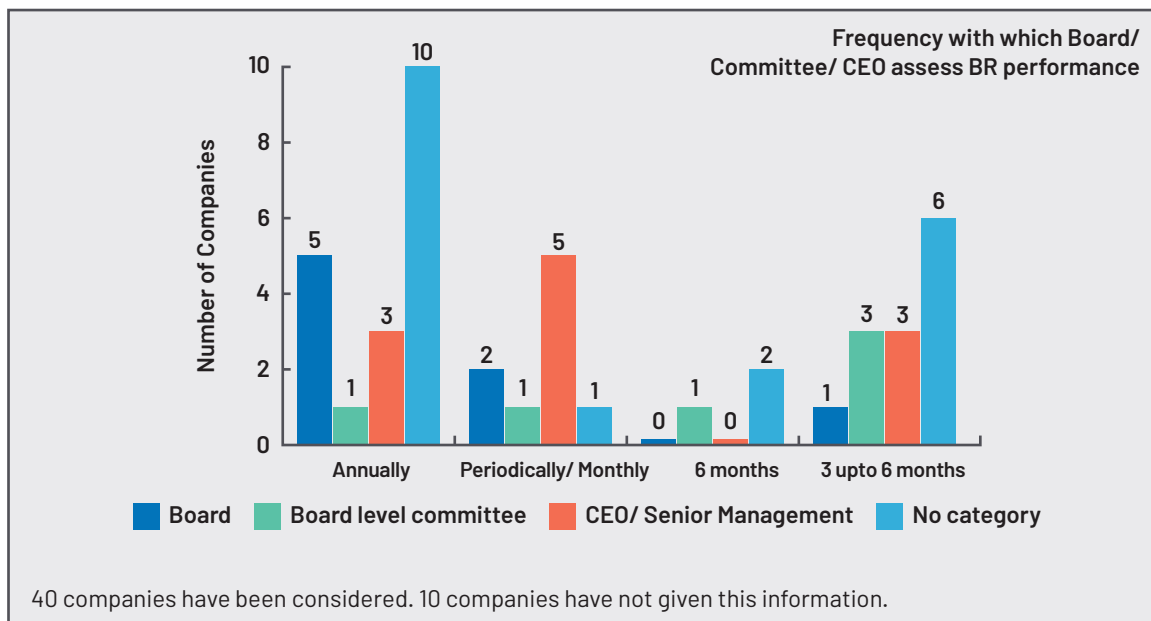
It is important to periodically assess the BR performance of the company. Who assesses this performance is equally important.



- » While in nearly half the companies, the assessment is done at the level of the Board or one of its committees, 14 companies have not given this information. Not giving this information transparently can give rise to a doubt that BR is not being given enough attention at the senior levels in the company.

FREQUENCY WITH WHICH BR PERFORMANCE IS ASSESSED

In addition to assessment, the frequency with which the Board/ one of its committees/ some member(s) of senior management reviews the BR performance of the company is also important.



- » There are companies that have mentioned the frequency, without stating who assesses the performance. This amounts to incomplete information.

PUBLISHING OF BR REPORT

- » All 50 companies publish the BR Report, with 47 of them doing so annually. The other 3 have not given the frequency.
- » 45 companies have provided the hyperlink of their BR Section on the website, and 27 companies have provided specific link to aid stakeholders to access the report easily.

SECTION E:

PRINCIPLE-WISE PERFORMANCE

PRINCIPLE 1:

BUSINESSES SHOULD CONDUCT AND GOVERN THEMSELVES WITH ETHICS, TRANSPARENCY AND ACCOUNTABILITY

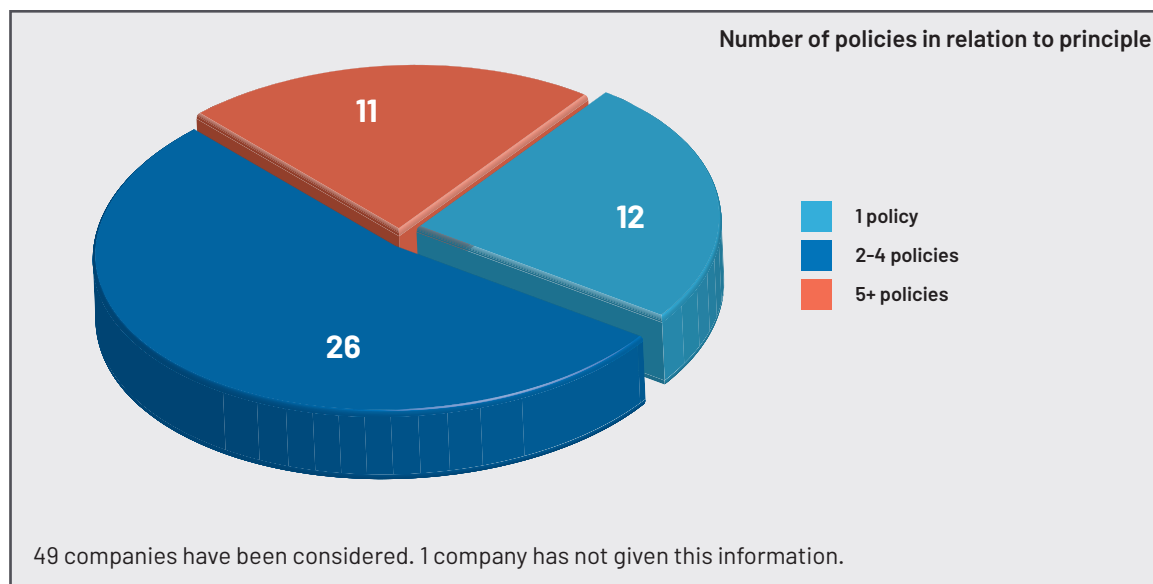
1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

COVERAGE OF THE POLICY

- » In 42 companies, policy relating to ethics, bribery and corruption extends to the categories mentioned in the principle, while in 7 companies, it covers only the company. 1 company has not given this information.

NUMBER OF POLICIES RELATING TO THIS PRINCIPLE

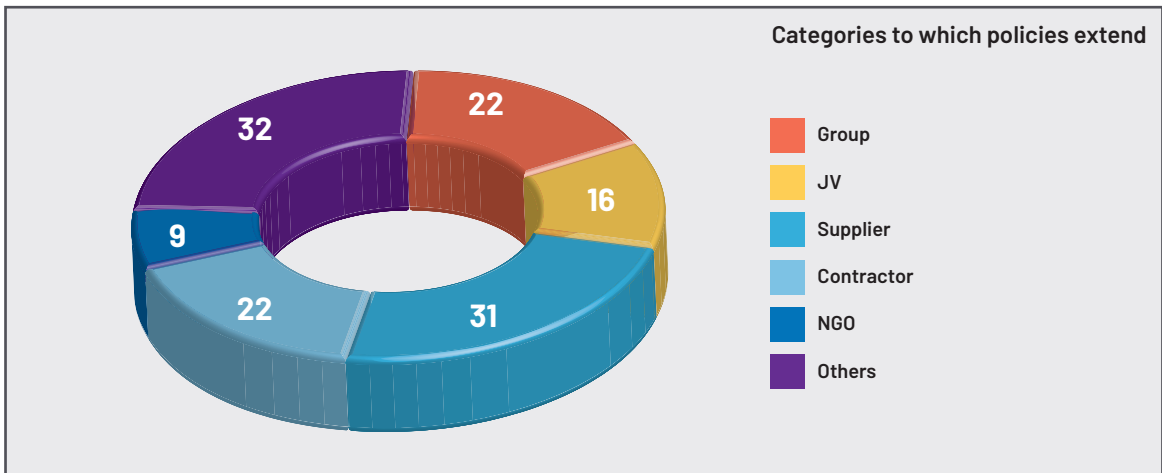
Different companies have different number of policies relating to this principle.



- » The highest number of policies that a company had under this principle was 23. Most companies had between 2 and 4 policies.

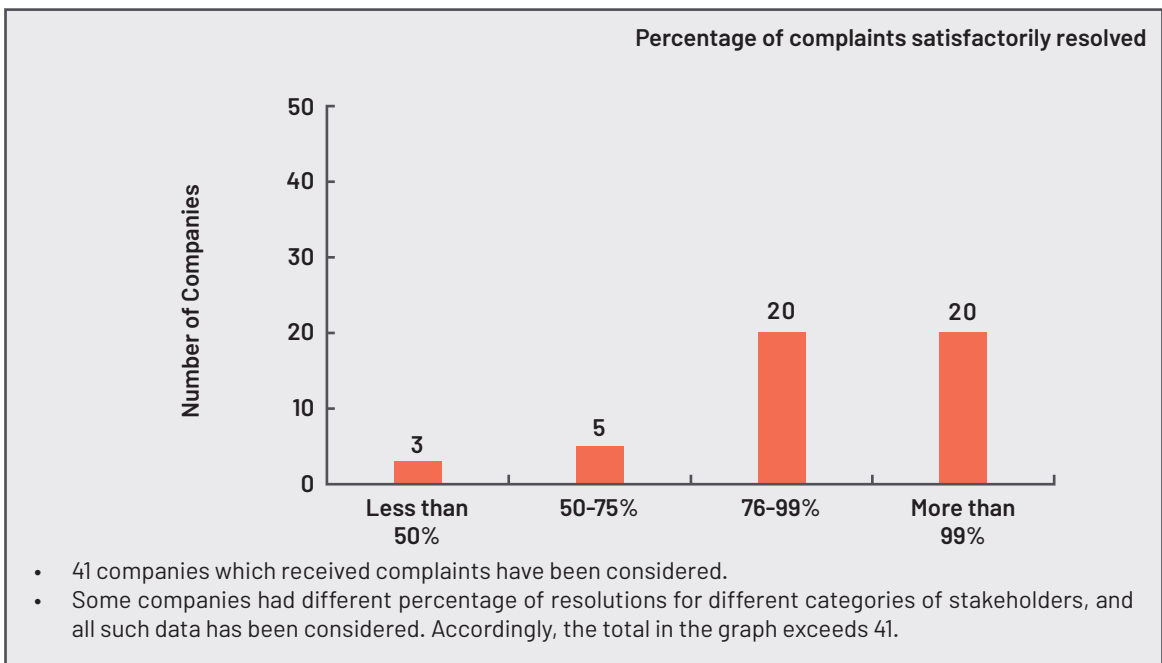
CATEGORIES TO WHICH THE POLICIES EXTEND

For the policies to be effective, they should extend to the entities that deal with the company.



2. *How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.*

- » 41 companies disclosed the number of complaints received. While 5 companies stated that they have not received any complaints, 4 companies did not give this information.



- » Most companies have resolved over 75% complaints satisfactorily, with 20 of them having resolved 99% of the complaints satisfactorily.
- » 16 companies had pending complaints at the end of the FY, but stated that they were in the process of being resolved, and 14 companies did not give any reasons for pending complaints.

PRINCIPLE 2:

BUSINESSES SHOULD PROVIDE GOODS AND SERVICES THAT ARE SAFE AND CONTRIBUTE TO SUSTAINABILITY THROUGHOUT THEIR LIFE CYCLE

1. *List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.*

» 49 companies have disclosed that the designs of their products or services have incorporated these details. 1 company has not given this information.

2. *For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):*

(a) *Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?*

(b) *Reduction during usage by consumers (energy, water) has been achieved since the previous year?*

» 47 companies have given these details. 3 companies have stated that this is not applicable to them.

3. *Does the company have procedures in place for sustainable sourcing (including transportation)?*

(a) *If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.*

» 46 companies have given that they have procedures in place for sustainable sourcing. Out of these, 18 companies have given the percentage of inputs which were sourced sustainably.

» 3 companies have not given these details and 1 company has stated that it is not applicable to it.

4. *Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?*

(a) *If yes, what steps have been taken to improve their capacity and capability of local and small vendors?*

-
- » 47 companies have taken such steps. Out of these, 38 companies have given the details of the steps taken by them to improve the capacity and capability of local and small vendors.
 - » 3 companies have stated that this provision is not applicable to them.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

- » 46 companies have a mechanism to recycle products and waste. Of these, 30 have quantified, either in percentage terms or numbers, the extent of recycling.
- » Of the 3 companies which have stated that this is not applicable, one has voluntarily introduced this mechanism. 1 company has not given these details.

PRINCIPLE 3:

BUSINESSES SHOULD PROMOTE THE WELLBEING OF ALL EMPLOYEES

1. Please indicate the Total number of employees.
2. Please indicate the Total number of employees hired on temporary/contractual/casual basis.
3. Please indicate the Number of permanent women employees.
4. Please indicate the Number of permanent employees with disabilities

These questions have not been considered for the purpose of this report because given the wide variation in employee strength, absolute numbers may not be sufficiently conclusive regarding the efforts made by the company.

5. Do you have an employee association that is recognized by management.

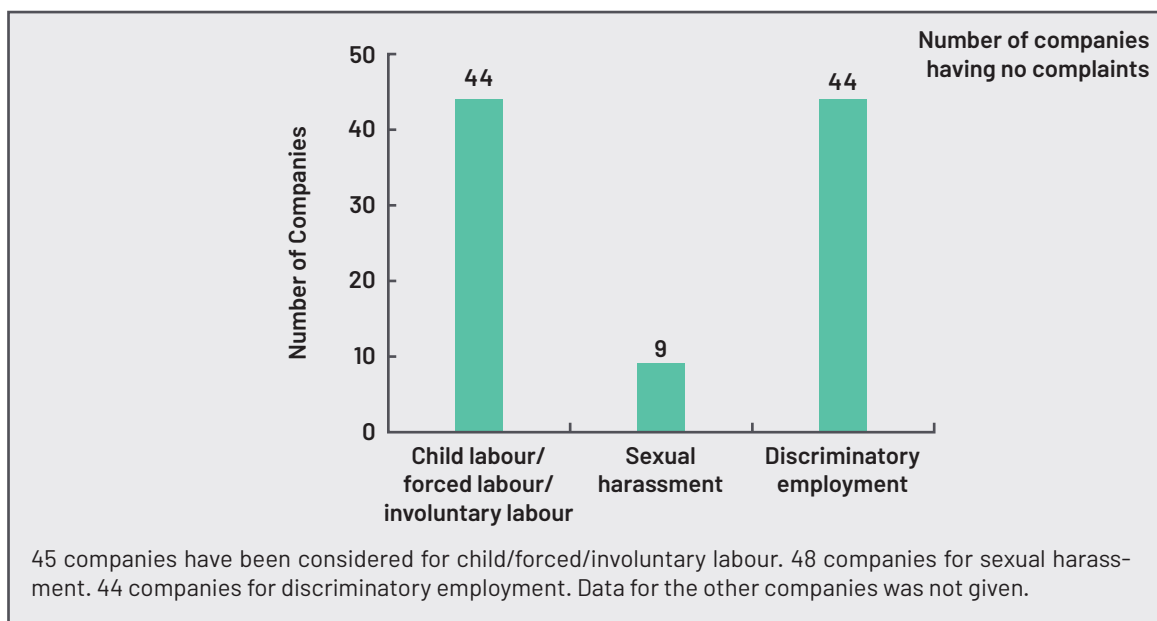
- » In 37 companies, employee association(s) is/are recognized by the management. Out of these, 13 companies have specifically given the number of employee associations.

6. What percentage of your permanent employees is members of this recognized employee association?

- » 31 companies have given these details.

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

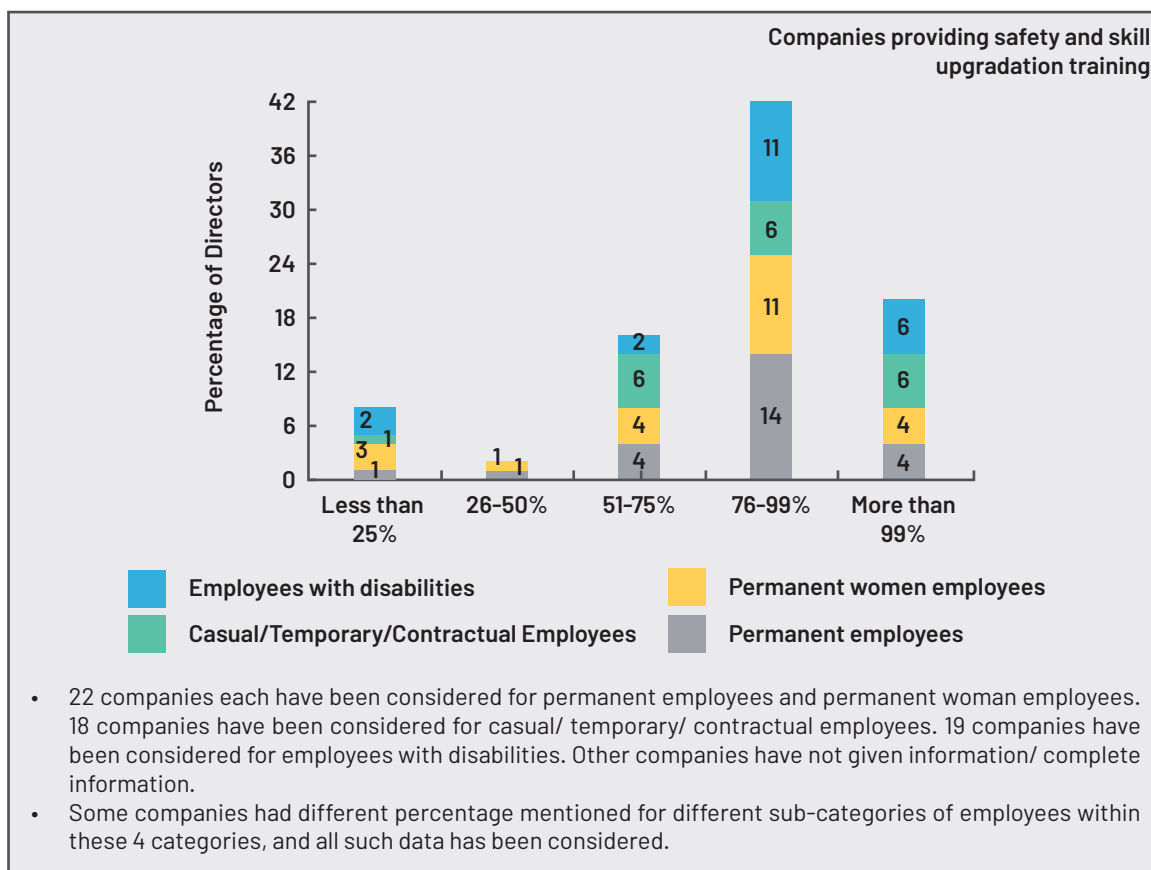
No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/forced labour/involuntary labour		
2	Sexual harassment		
3	Discriminatory employment		



- » There are 39 companies that had complaints relating to sexual harassment that were filed, of which 24 companies had pending complaints at the end of the FY.
- » 1 company had 1 complaint relating to child / forced/ involuntary labour, pending at the end of FY.
- » None of the companies that reported data under discriminatory employment had any complaints relating thereto.

8. *What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?*

- (a) *Permanent Employees*
- (b) *Permanent Women Employees*
- (c) *Casual/Temporary/Contractual Employees*
- (d) *Employees with Disabilities*



- » A number of companies mentioned training hours, and not the percentage of employees who benefitted. This could lead to the adverse conclusion that enough may not have been done in these companies. Also, the number/ percentage of employees who benefitted from such trainings is not clear. This was the case for 18 companies in the case of permanent employees, 17 in the case of permanent woman employees, 11 in the case of temporary workers, and 6 in the case of employees with disabilities.
- » In one company, only 6.79% of the permanent employees, and among those 0.04% of permanent woman employees, had been given this upgradation, making it the lowest in that category.
- » In another company, only 8.44% of casual/ temporary/contractual employees had been trained, making it the lowest in that category.
- » In yet another company, 23.82% of employees with disability had been trained, making it the lowest in that category.

PRINCIPLE 4:

BUSINESSES SHOULD RESPECT THE INTERESTS OF, AND BE RESPONSIVE TOWARDS ALL STAKEHOLDERS, ESPECIALLY THOSE WHO ARE DISADVANTAGED, VULNERABLE AND MARGINALIZED

1. *Has the company mapped its internal and external stakeholders? Yes/No*

- » 47 companies have mapped their internal and external stakeholders.
- » Remaining 3 companies have only mapped their internal stakeholders, that is employees.

2. *Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.*

- » Above mentioned 47 companies have also identified disadvantaged/ vulnerable/ marginalised stakeholders.

3. *Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.*

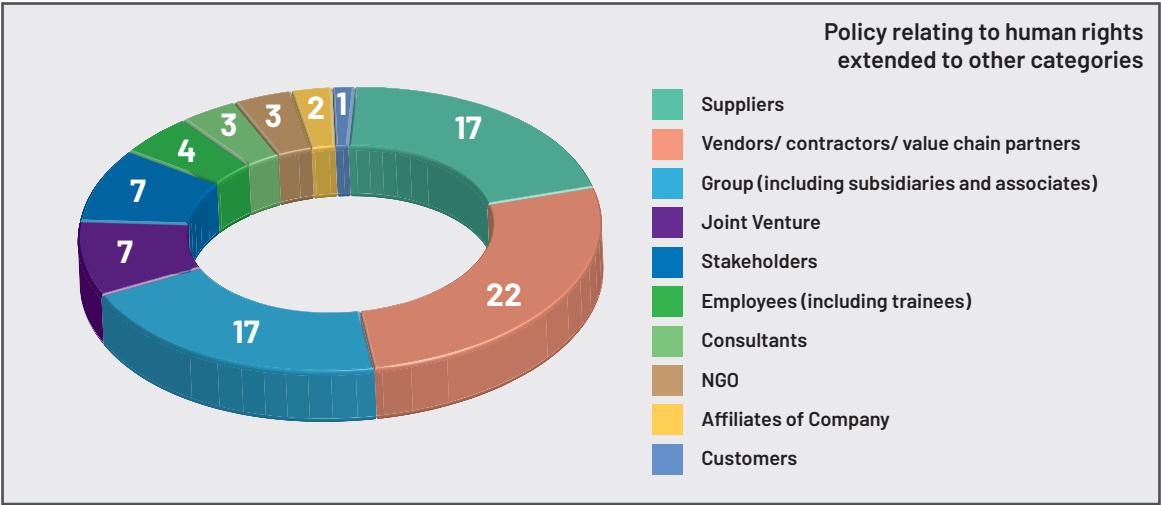
- » These 47 companies have also taken the initiative to engage with disadvantaged/ vulnerable/ marginalised stakeholders, and have also provided the details of such engagements.
- » The remaining 3 companies have initiatives to engage with their internal stakeholders, that is employees.

PRINCIPLE 5:

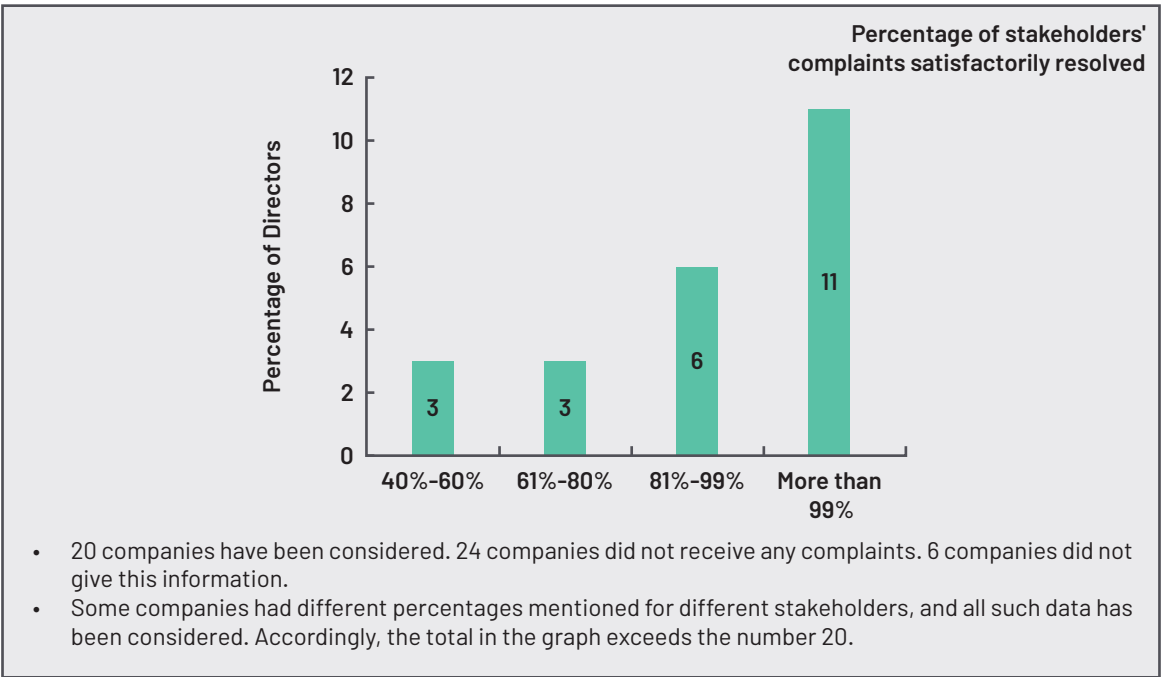
BUSINESSES SHOULD RESPECT AND PROMOTE HUMAN RIGHTS

1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/Others?

» In 36 companies, the policy on human rights extends to others.



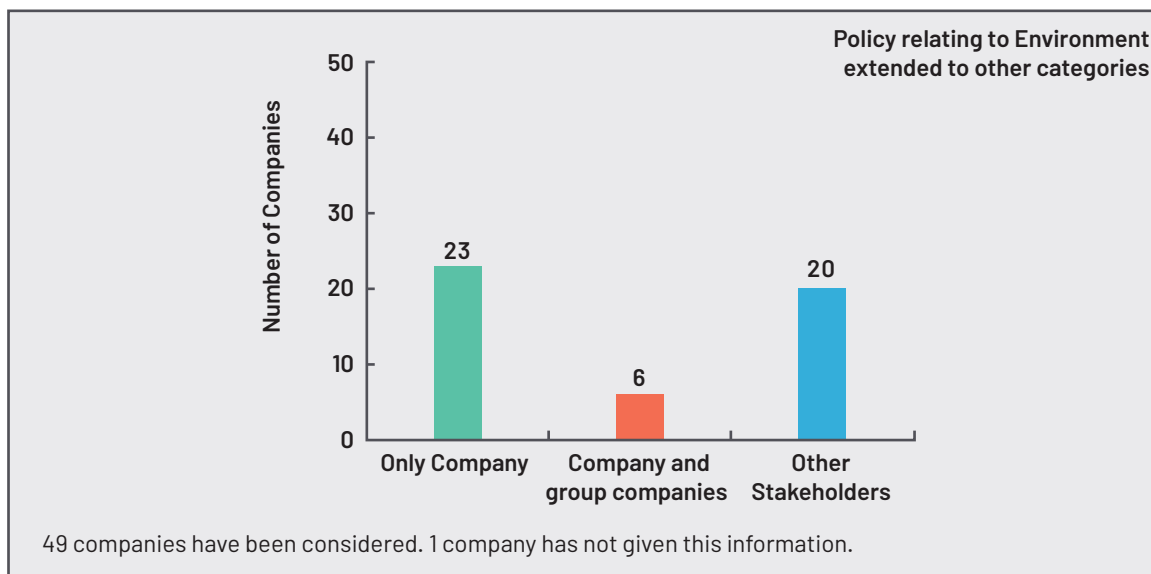
2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?



PRINCIPLE 6:

BUSINESS SHOULD RESPECT, PROTECT, AND MAKE EFFORTS TO RESTORE THE ENVIRONMENT

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.



2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

- » 49 companies reported to have such strategies/ initiatives. Out of these, 22 companies have given a hyperlink to their webpage, and 18 among them have given a specific hyperlink for ease of access for stakeholders.
- » 1 company reported that it had no such strategy.

3. Does the company identify and assess potential environmental risks? Y/N

- » 49 companies have identified and assessed the potential environmental risks. Out of these, 40 companies have given the details.
- » 1 company has not done so citing that since it does not have any manufacturing activity, it need not do so.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

- » 25 companies have project(s) relating to clean development mechanism. Out of these, 23 have given the details of the project(s). 9 companies state that this is not applicable to them. 16 companies have not given this information.
- » While 28 companies have filed environmental compliance report, one has not done so. 20 companies stated that this is not applicable to them. 1 company has not given any information.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

- » 49 companies have undertaken such initiatives.
- » Out of these, 13 have given hyperlinks, with 12 giving specific hyperlinks for ease of access. 3 companies have mentioned specific details in the Annual report itself.
- » 1 company has not given this information.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

- » 43 companies reported that the emissions/waste generated by the company was within the permissible limits. Out of these, 24 companies have provided the details.
- » 5 companies stated that this provision is not applicable to them. 2 companies have not given this information.

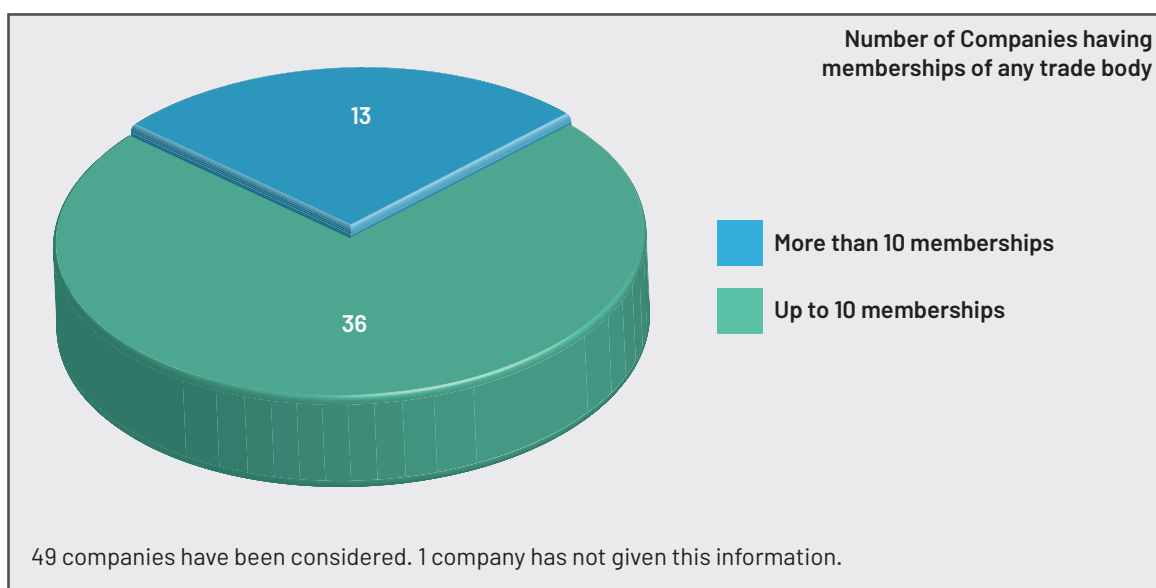
7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

- » 37 companies have given the number of show cause/ legal notices received from CPCB/SPCB, which are pending as on the end of FY.

PRINCIPLE 7:

BUSINESSES, WHEN ENGAGED IN INFLUENCING PUBLIC AND REGULATORY POLICY, SHOULD DO SO IN A RESPONSIBLE MANNER

1. *Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:*



2. *Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)*

- » 46 companies have stated that they advocated/lobbied for the advancement or improvement of public good. Out of these, 44 companies have specified the broad areas of their advocacy.
- » 2 companies did not play an advocacy role, and 2 others did not give this information.

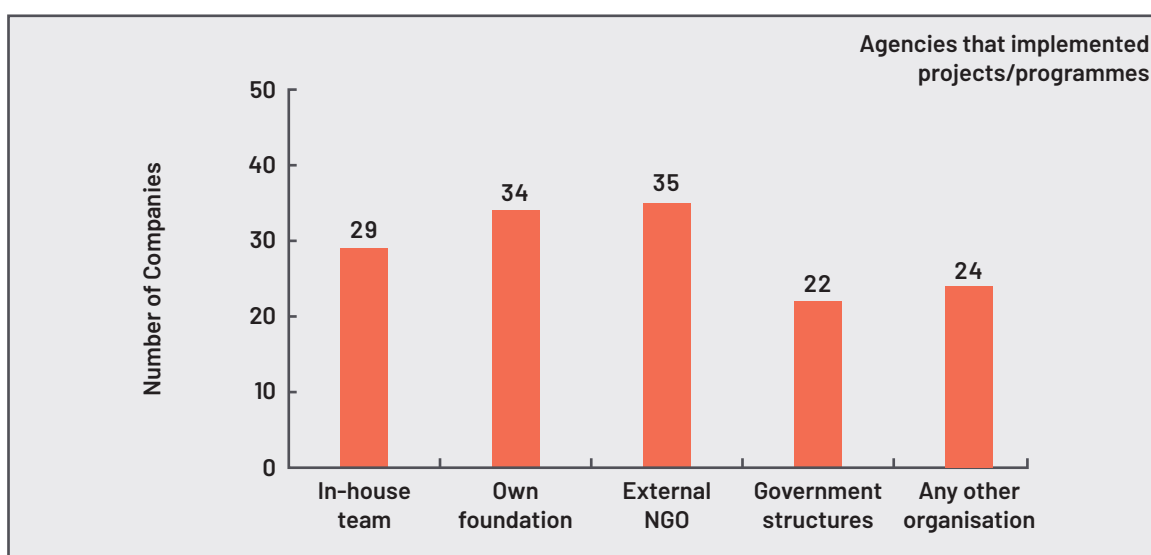
PRINCIPLE 8:

BUSINESSES SHOULD SUPPORT INCLUSIVE GROWTH AND EQUITABLE DEVELOPMENT

1. *Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.*

All 50 companies have given these details.

2. *Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?*



3. *Have you done any impact assessment of your initiative?*

- » 49 companies have undertaken an impact assessment of their initiatives. Out of these, 41 companies have given the details regarding the same.
- » 1 company, instead of giving the details, has stated that it partners with non-governmental organisations to work on the areas of focus.

4. *What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken.*

- » 49 companies have given the amount contributed, and the details related to community development projects.
- » Of these, for 45 companies, the amount spent is same as that under CSR. The other 4 companies have spent more than what they reported under CSR.
- » 1 company has not given these details.

5. *Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.*

- » 49 companies have given these details.
- » 1 company has not given this information.

PRINCIPLE 9:

BUSINESSES SHOULD ENGAGE WITH AND PROVIDE VALUE TO THEIR CUSTOMERS AND CONSUMERS IN A RESPONSIBLE MANNER

1. *What percentage of customer complaints/consumer cases are pending as on the end of financial year.*

- » 34 companies have given information regarding the pending complaints/ consumer cases as on the end of FY. Out of these, 26 companies have given the percentage of pending complaints and 8 companies have given the number of pending complaints.
- » 10 companies had no pending complaints/ consumer cases as on the end of FY.
- » 6 companies have not given this information.

2. *Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)*

- » While 20 companies have displayed product information over and above what is mandated by local laws, 12 meet the basic requirements of local laws.
- » 17 companies stated that this was not applicable to them, and 1 did not give this information.

3. *Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.*

- » 13 companies reported that cases had been filed against them. Out of these, 12 companies have provided details, and 1 has not given the details.

4. *Did your company carry out any consumer survey/ consumer satisfaction trends?*

- » 45 companies have carried out consumer survey/ reported consumer satisfaction trends. 3 companies have stated that this is not applicable to them. 2 companies have not given this information.
- » Out of the 45 companies, 34 companies have carried out surveys, 3 reported trends and 8 reported both.
- » 32 companies have carried these out internally. 8 companies have got it done externally and 5 companies have done both.

OTHER IMPORTANT PARAMETERS

- » As per Section 134(3)(m) of the Companies Act, 2013, the conservation of energy, technology
- » absorption, foreign exchange earnings and outgo, in such manner as may be prescribed.

(A) Conservation of energy-

- (i) the steps taken or impact on conservation of energy;
- (ii) the steps taken by the company for utilising alternate sources of energy;
- (iii) the capital investment on energy conservation equipments;

(B) Technology absorption-

- (i) the efforts made towards technology absorption;
- (ii) the benefits derived like product improvement, cost reduction, product development or import substitution;
- (iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)-
 - a. the details of technology imported;
 - b. the year of import;
 - c. whether the technology been fully absorbed;
 - d. if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and
- (iv) the expenditure incurred on Research and Development.

(C) Foreign exchange earnings and Outgo-

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.

We have considered only details given under conservation of energy, since technology absorption and foreign exchange earnings and outgo do not lend themselves to analysis based on aggregation.

- » 48 companies have given details regarding steps taken and/or the impact of their steps on conservation of energy. 2 companies have not given this information.
- » 43 companies have given details regarding steps taken for utilising alternate sources of energy. 1 company has not taken any such steps, 1 has stated that it is not applicable to it, and 5 have not given this detail.
- » 29 companies have specifically given the amount of capital investment on energy conservation equipments.

ANNEXURE

LIST OF NIFTY 50 COMPANIES AS ON MARCH 31, 2020. THIS HAS BEEN CONSIDERED FOR THE SURVEY.

S. No.	Name of the Company
1	Adani Ports and Special Economic Zone Limited
2	Asian Paints Limited
3	Axis Bank Limited
4	Bajaj Auto Limited
5	Bajaj Finserv Limited
6	Bajaj Finance Limited
7	Bharat Petroleum Corporation Limited
8	Bharti Airtel Limited
9	Bharti Infratel Limited
10	Britannia Industries Limited
11	Cipla Limited
12	Coal India Limited
13	Dr. Reddy's Laboratories Limited
14	Eicher Motors Limited
15	GAIL (India) Limited
16	Grasim Industries Limited
17	HCL Technologies Limited
18	HDFC Bank Limited
19	Hero MotoCorp Limited
20	Hindalco Industries Limited
21	Hindustan Unilever Limited
22	Housing Development Finance Corporation Limited
23	I T C Limited
24	ICICI Bank Limited
25	Indian Oil Corporation Limited
26	IndusInd Bank Limited
27	Infosys Limited
28	JSW Steel Limited
29	Kotak Mahindra Bank Limited
30	Larsen & Toubro Limited

S. No.	Name of the Company
31	Mahindra & Mahindra Limited
32	Maruti Suzuki India Limited
33	Nestle India Limited –
34	NTPC Limited
35	Oil & Natural Gas Corporation Limited
36	Power Grid Corporation of India Limited
37	Reliance Industries Limited
38	Shree Cement Limited
39	State Bank of India
40	Sun Pharmaceutical Industries Limited
41	Tata Consultancy Services Limited
42	Tata Motors Limited
43	Tata Steel Limited
44	Tech Mahindra Limited
45	Titan Company Limited
46	UPL Limited
47	UltraTech Cement Limited
48	Vedanta Limited
49	Wipro Limited
50	Zee Entertainment Enterprises Limited

NOTE:

- » Nestle India Limited follows Calendar Year as its Financial Year.
- » State Bank of India had two separate committees performing the role of NRC (Nomination Committee of the Board and Remuneration Committee of the Board). Post RBI's direction, the Bank constituted an NRC w.e.f. October 25, 2019. The details relating to the committee were not given in the Annual Report for the relevant year.

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ABOUT EXCELLENCE ENABLERS

We are a niche Corporate Governance advisory firm. We do not attempt to be all things to all persons. Improving Corporate Governance policies and practices is our *raison d'être*. Our mission is to demystify Corporate Governance and to persuade corporates that it is nothing more than doing the right things at the right time in the right manner for the right reasons.

We do not tick boxes. We help you think out of the box.



For any further information on the Survey, please contact:

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