

Pandemic-hit India Inc improves on governance standards at a slow pace

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By Express News Service

NEW DELHI: Even as top companies are making progress on improving corporate governance parameters, the coronavirus pandemic has dragged down the pace of progress and in many cases extended the deadline of compliance. According to the findings of 'Survey on Corporate Governance', conducted by Excellence Enablers - a think-tank promoted by former SEBI chief M Damodaran, the separation of MD and chairman's post remains a vexing point.

The study finds that more than one-third of the companies have either both the roles performed by the same individual or have an executive chairperson along with having an MD/CEO. According to SEBI regulations, these rules were supposed to come into force in 2020, but have now been deferred for two years due to the pandemic.

Another area of concern is the representation of women in the boardroom. According to the report, the number of women directors in companies has grown from 20 per cent in 2019 to 26 per cent by 2020. However, it is still below the desired threshold. Under the provisions of Companies Act, companies with a paid-up share capital of Rs 100 crore or a turnover of Rs 300 crore or more are expected to have at least one woman director on board.

Besides, it is mandated that each company must hold a minimum of four board meetings every year with a gap between the two sittings not exceeding 120 days. "The number of board meetings held by some companies in FY19 and FY20 were 21 and 19, respectively. It might be worthwhile for boards that have held around 20 meetings a year to examine the productivity and the requirement for such meetings.

If meetings are held far too often, they become routine engagements, with diminishing utility kicking in," the study noted. In contrast, the attendance record of directors was dismal. At least 18-26 directors, representing 3-4 per cent of the boards, had less than 50 per cent attendance.