



Gender Diversity: 12% of top listed cos still don't have any independent women directors, finds Excellence Enablers Survey

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Twelve percent of the top 100 listed companies in India do not have a single independent woman director on their boards, and sixty-one percent have only one representative, the second edition of a corporate governance study conducted by Excellence Enablers has found.

Excellence Enablers is a corporate governance think-tank founded by former SEBI chairman M Damodaran and used annual reports and website disclosures of NIFTY 100 companies as a base to look at parameters that impact on, and manifest, the Corporate Governance standards of companies.

Gender Diversity on Boards

Out of the top 100 listed companies that were part of the survey, 27 companies had two or more independent women directors, 61 had only one, and 12 had zero independent women directors on their boards. Out of these 12 companies, 8 were public sector entities as of March 31, 2021, as per the survey findings. In FY20, 6 companies had no independent women directors, and in FY19 that number was 15 companies.

As per the Companies Act, all listed companies, public companies with paid-up share capital of over Rs 100 crore, and companies with turnover of at least Rs 300 crore or more must have at least one woman director on their boards. Market regulator SEBI also mandates that the Board of directors of the top 1000 listed entities must have at least one independent woman director by April 1, 2020.

The survey found that as of March 31, 2021, only 3 companies had women as MDs of their companies, and 5 companies had women Chairs.

"While the presence of a woman ID on Boards has been mandated, there is no similar provision for women executives graduating to Board positions. This can happen only if a sufficient number of women are provided with appropriate career progression in the organisation. It is equally important to focus on more women occupying positions of Chair/ MD, as well as being on a number of Board committees, and chairing some of them," the survey said.

Given the pace and the nature of change in the economy and in the corporate world, induction of younger persons on the Boards would also help increase the relevance of boards, the survey noted. In this respect, it found that as of March 31, 2021, of the 497 independent directors on boards of companies surveyed, 22 were less than 50 years. The youngest independent director was 37 years, and the oldest was 93 years, the report said. The average age of 497 independent directors was 64.40 years, while the average age of Chairs of 97 companies studied was 64.31 years.

Corporate Social Responsibility

The survey also found that as of FY 21, out of 15 companies with unspent Corporate Social Responsibility (CSR) amount, 6 companies said they faced problems due to COVID and 5 companies stated that there were ongoing projects and the unspent amount had been transferred to the unspent CSR account.

Companies Act states that companies must ensure that they spend, in every financial year, at least two percent of the average net profits made during the three immediately preceding financial years in pursuance of its Corporate Social Responsibility Policy. Further, any amount remaining unspent pursuant to any ongoing project must be transferred by the company within a period of thirty days from the end of the financial year to a special account to be opened by the company in that behalf for that financial year in any scheduled bank to be called the Unspent Corporate Social Responsibility Account, and this amount must be spent by the company towards CSR within a period of three financial years.

As many as 24 companies had reported unspent CSR in FY18, and that number has come down to 15 as of FY21, as per the survey. Out of these 15 companies with unspent CSR, 6 companies faced problems due to Covid and 5 companies stated that there were ongoing projects and the unspent amount has been transferred to the unspent CSR account.

While some companies had spent exactly 2 percent on CSR-related activities, others spent less/more than 2 percent. As of FY21, 12 companies reported spending less than 2 percent, 15 had spent exactly 2 percent, and 70 had spent more.

Literacy, health and sanitation, environment and sustainability, rural development and infrastructure, and livelihood and skilling were among the top CSR activities undertaken by companies studied.

Source: <https://www.cnbctv18.com/business/companies/gender-diversity-12-of-top-listed-cos-still-dont-have-any-independent-women-directors-finds-excellence-enablers-survey-12767552.htm>