

More directors paid ₹1 lakh per board meeting than before pandemic: Report

SACHIN P MAMPATTA

Mumbai, 4 April

A larger number of companies are paying directors sitting-fees of ₹1 lakh, the highest permitted under the rules, per board meeting than was the case before the pandemic.

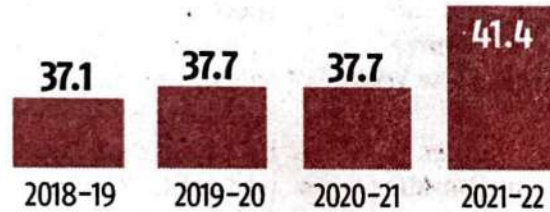
The share of Nifty 100 companies that pay their directors ₹1 lakh per board meeting has risen from 37.1 per cent in 2018-19 to 41.4 per cent in 2021-22, according to an analysis of data from the Excellence Enablers' Survey on Corporate Governance (3rd edition).

The report is an initiative by former Securities and Exchange Board of India chairman M Damodaran and chairperson of Excellence Enablers.

Damodaran said: "Directors are compensated also through a share in profits. Much of this profit share is given to promoters as commission and a limited amount is paid to independent directors. Most

GREATER ROLE, HIGHER FEE

Share of Nifty100 firms paying directors ₹1 lakh per board meeting (in %)



Note: Data is for Nifty100 firms that disclosed their sitting fees. There were 62 such companies in 2018-19, 69 each in 2019-20 and 2020-21, and 70 in 2021-22.

Source: Excellence Enablers' Survey on Corporate Governance; Business Standard calculations

enterprises do not set aside anything near the ceiling amount of 1 per cent of net profit for such compensation. No company is anywhere near that."

The report said: "Taking into account the vastly increased responsibilities of the Board and the Directors, as well as the longer number of hours required for



MORE MEETINGS THAN BEFORE

Number of companies that held

■ 4 meetings ■ 5-6 meetings
■ 7-9 meetings ■ 10 meetings or more



Note: Based on Nifty100 firms, categorised in terms of meetings held per year

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."

The analysis is based on the share of Nifty 100 companies in each category with the data for each year. This covered 62 companies in 2018-19, 69 each in 2019-20 and 2020-21, and 70 in 2021-22. The share shows a rising trend even as the number of companies with disclosures has risen over the years.

Turn to Page 6 ▶

trajectory as the impact of monetary policy tightening starts to materialise from mid-FY24. "Moderating global oil prices will push transportation costs down, and inflation in other services is also expected to ease on the back of a modest growth in consumer spending. An expected fall in prices of inputs such as cotton and synthetic fibres over FY24 will further push down core inflation," it added.

The ADB projected monetary policy to become more accommodative in FY25 in tandem with expected actions by the US Federal Reserve.

Companies...

Additional data from the report showed the majority of the Nifty 100 companies had fewer than seven meetings a year in 2018-19. There were 51 companies that had four-six meetings a year in 2018-19, and 49 had seven or more. This reversed by 2021-22. Only 44 companies had four-six meetings in 2021-22. The number with seven meetings or more rose to 56. The number of companies with more than 10 board meetings a year has gone up from 19 to 25. Talks with directors suggest some of this might have to do with easier norms for board meetings after the pandemic. Virtual meetings are allowed, which precludes travelling for people who may be away from company HQs.

Independent director Alok C Churiwala said the number

of meetings might also reckon with increasing responsibilities of board members. Many may proactively seek additional information from companies to fulfil their roles effectively, leading to more engagement

than before. The growing size of companies counts towards more being paid to directors, said another person who serves on company boards.

More on [business-standard.com](https://www.business-standard.com)