Five cos in Nifty 100 did not have women directors in FY22, finds survey

Staff writer
feedback@livemint.com
MUMBAI

Five of the top 100 listed companies, comprising three public sector companies and one state-owned bank, did not have a woman independent director on their boards in FY22, violating the Companies Act, a corporate governance survey has found.

The number of non-compliant companies was six in FY20 and 12 in FY21, per the third edition of Excellence Enablers' Survey on Corporate Governance. Founded by former Securities and Exchange Board of India (Sebi) chairman M Damodaran, Excellence Enablers is a specialist corporate governance and environmental, social and governance (ESG) advisory firm.

"While the presence of a woman independent directors on boards has been mandated, there is no similar provision for women executives graduating to board positions," the survey said.

This, the survey said, can happen only if a sufficient number of competent women are identified and are provided appropriate career progression in the organization. As of 31 March 2021 and 2022, three

The survey used annual reports and website disclosures of Nifty 100 companies as a base.

companies had women managing directors, while the number of women chairpersons were seven in FY22 and five in FY21.

"It is equally important to focus on more women occupying positions of chair/managing director, as well as being on a number of board committees, and chairing some of them," it said.

The survey 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.

The top 100 companies include 12 public sector undertakings (PSUs), nine banks and four insurance companies, among others.

Apart from gender, the survey also looked at age diversity in boards. As of 31 March 2022, of the 556 independent directors, 46 were less than 50 years of age, while the oldest independent director was 89 years. The average age of 556 independent directors was 63.38 years.

"Given the pace and the nature of change in the economy and in the corporate world, induction of younger persons on the boards will increase relevance of boards," the survey said.

On the tenure of directors, the survey said that a reasonable tenure is necessary for any director, executive or non-executive, to contribute to the functioning of the board. The legal provision of two terms, with a maximum of five years in each term, satisfactorily addresses the issue of tenure of IDs, it said.

In FY22, the average tenure of 1,079 directors from the date of first appointment was 6.63 years, with the longest tenure being at 53.61 years, the survey found.

"The near interminable tenures of some of the chairs of committees stand in the way of the committees reinventing themselves to meet emerging challenges. What is more critical is that extended spells as chairs would tend to impact on the independence of the person concerned, as also to blunt the nature of challenge that should be mounted to the management," it said.