

# SURVEY ON CORPORATE GOVERNANCE

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4th Edition

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# GLOSSARY

<b>AGM</b>	Annual General Meeting
<b>AC</b>	Audit Committee
<b>ATR</b>	Action Taken Report
<b>BR</b>	Business Responsibility
<b>BRR</b>	Business Responsibility Report
<b>CAG</b>	Comptroller and Auditor General of India
<b>CEO</b>	Chief Executive Officer
<b>CFO</b>	Chief Financial Officer
<b>CSR</b>	Corporate Social Responsibility
<b>CSRC</b>	Corporate Social Responsibility Committee
<b>DDP</b>	Dividend Distribution Policy
<b>D&amp;O</b>	Directors and Officers
<b>ED</b>	Executive Director
<b>EGM</b>	Extraordinary General Meeting
<b>ESG</b>	Environmental, Social and Governance
<b>ESOP</b>	Employee Stock Option Plan
<b>FY</b>	Financial Year
<b>HR</b>	Human Resource
<b>IA</b>	Internal Audit
<b>ID</b>	Independent Director
<b>IRDAI</b>	Insurance Regulatory and Development Authority of India
<b>JV</b>	Joint Venture
<b>KMP</b>	Key Managerial Personnel
<b>LODR</b>	Listing Obligations and Disclosure Requirements
<b>M&amp;A</b>	Merger and Amalgamation
<b>MD</b>	Managing Director
<b>NA</b>	Not applicable
<b>NED</b>	Non-Executive Director
<b>NG</b>	Not given
<b>NID</b>	Non-Independent Director
<b>NRC</b>	Nomination and Remuneration Committee
<b>PLC</b>	Profit linked commission
<b>POSH</b>	Prevention of Sexual Harassment
<b>PSB</b>	Public Sector Bank
<b>PSU</b>	Public Sector Undertaking
<b>RBI</b>	Reserve Bank of India
<b>RMC</b>	Risk Management Committee
<b>RPT</b>	Related Party Transaction
<b>SEBI</b>	Securities and Exchange Board of India
<b>SMP</b>	Senior Managerial Personnel
<b>SRC</b>	Stakeholders Relationship Committee
<b>The Act</b>	The Companies Act, 2013
<b>TOR</b>	Terms of reference
<b>WTD</b>	Whole-time Director

## ABOUT THE SURVEY

Considerable company-specific information is available in the public domain for students and practitioners of Corporate Governance. Statements of companies would have us believe that they are doing the right things, and putting in place the right policies and processes. This has led to their highlighting some aspects of compliance. However, there is no single document which comprehensively examines 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 one document, to the extent possible, and 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. It is by now well understood that compliance with Regulations and law, is a non-negotiable requirement for listed entities.

In our view, good Corporate Governance is no more than doing the right things, at the right time, in the right manner, and for the right reasons, without having the lawmakers or the Regulators laying down what requires to be done. Good governance practices by a handful of entities, who strike out on their own in the interest of stakeholders, have often resulted in laws and regulations on the same lines for other entities in a similar universe.

This Survey, the **4th edition of Excellence Enablers' Survey on Corporate Governance**, gives a panoramic view of the extent to which companies have done what was expected of them in regard to several legal and regulatory prescriptions. There are a few aspects to which a number of companies do not appear to have paid adequate attention. Ours is not a fault finding or a finger-pointing exercise. This Survey is intended to serve as a mirror to the underperforming entities, to help them see where they stand at present, in relation to what many others have attempted, and have succeeded in doing.

Our three earlier Annual Surveys have been seen as useful by academic community and the corporate universe. It is our continuing expectation that the information contained in this Survey, will serve as useful reference material for companies and their various stakeholders, as well as for Regulators. Our hope is that some of them will identify, and work towards, what more needs to be done in their specific context, and what can be done better. The fact that there are newer heights to conquer, should serve to incentivise the well-intentioned.

## METHODOLOGY

The Survey is based on important Corporate Governance related information, that is available in public domain, about each listed company.

We have used the 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. 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 the area of Corporate Governance, which a number of companies have been following for some time. In some places, as has been mentioned under the relevant parameters, we have looked at website disclosures for each of the companies concerned.

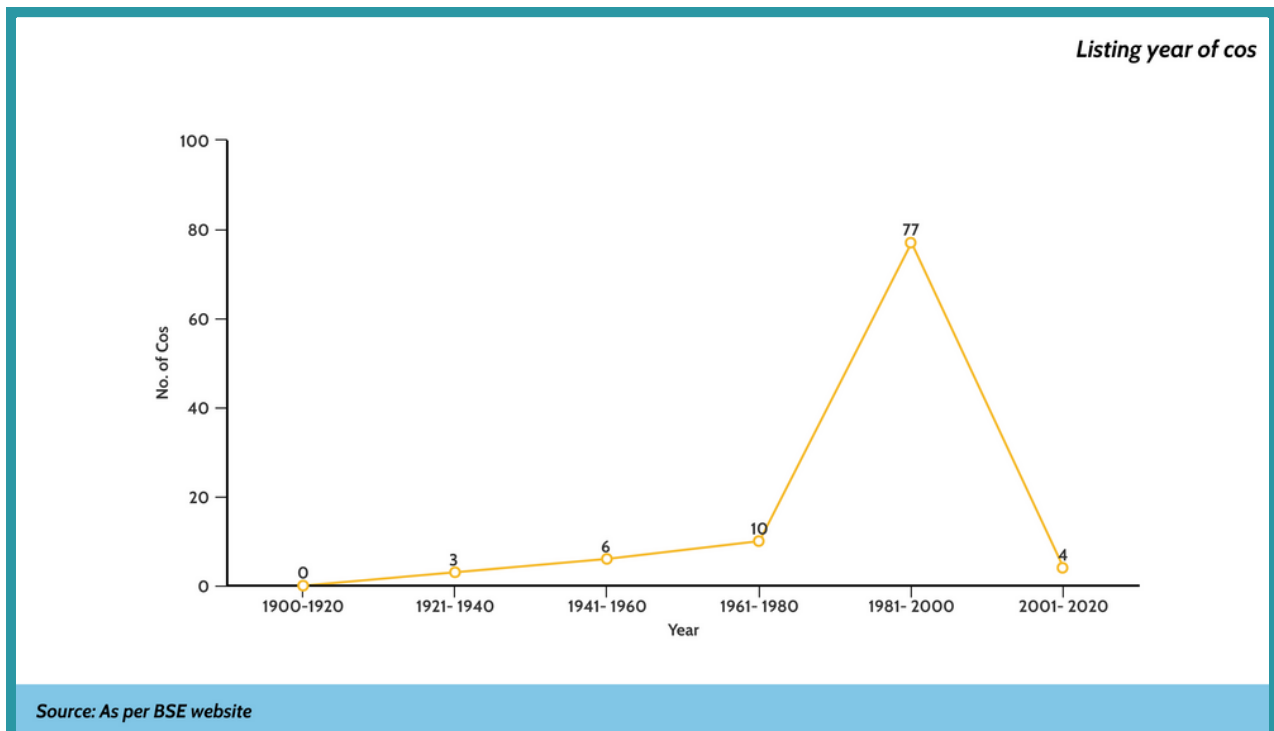
We have not commented on any of the specifics of any company. We have also not named any company throughout the Survey since our focus is on encouraging each company to reflect on its practices having regard to those that are being practised by many of the NIFTY 100 companies.

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

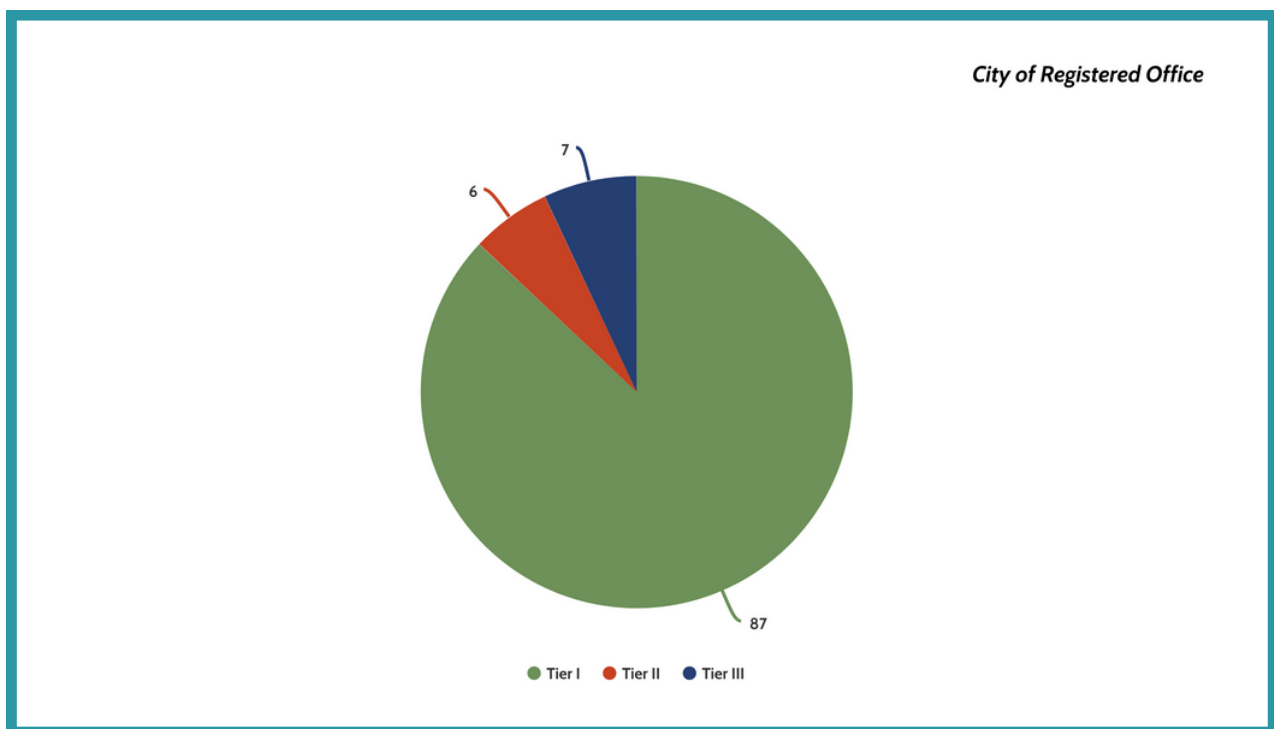
## DISCLAIMER

1. Source of all information in this Survey is the Annual Reports or the websites of the respective companies.
2. For each company, end of FY implies the end of FY of that company. All companies, except those mentioned here, have an April to March FY. ABB India Ltd and Nestle India Ltd follow calendar years as their FYs. Procter & Gamble Hygiene & Health Care Ltd follows July to June and Siemens Ltd follows October to September as their FYs respectively.
3. Top 100 companies include
  - a. 11 PSUs – Bharat Electronics Ltd, Bharat Petroleum Corporation Ltd, Coal India Ltd, GAIL (India) Ltd, Hindustan Aeronautics Ltd, Indian Oil Corporation Ltd, Indian Railway Catering and Tourism Corporation Ltd., NTPC Ltd, Oil & Natural Gas Corporation Ltd, Life Insurance Corporation of India and Power Grid Corporation of India Ltd
  - b. 8 Banks - Axis Bank Ltd, Canara Bank, Bank of Baroda, HDFC Bank Ltd, ICICI Bank Ltd, IndusInd Bank Ltd, Kotak Mahindra Bank Ltd and State Bank of India (SBI)
  - c. 2 PSBs (SBI has not been considered as a PSB) – Bank of Baroda and Canara Bank
  - d. 4 Insurance companies - HDFC Life Insurance Co Ltd, ICICI Lombard General Insurance Co Ltd, ICICI Prudential Life Insurance Company Ltd, and SBI Life Insurance Company Ltd
4. SBI 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 one single committee, called the NRC, w.e.f. October 25, 2019. Accordingly, NRC of the Bank has been considered from FY 21.
5. While considering the number of Directors, the number of Directorship positions in top 100 companies has been taken into account. For a Director who is on the Boards of more than one top 100 company, he/she has been separately considered for each such Directorship held by him/her.

## YEAR OF LISTING



## CITY OF REGISTERED OFFICE

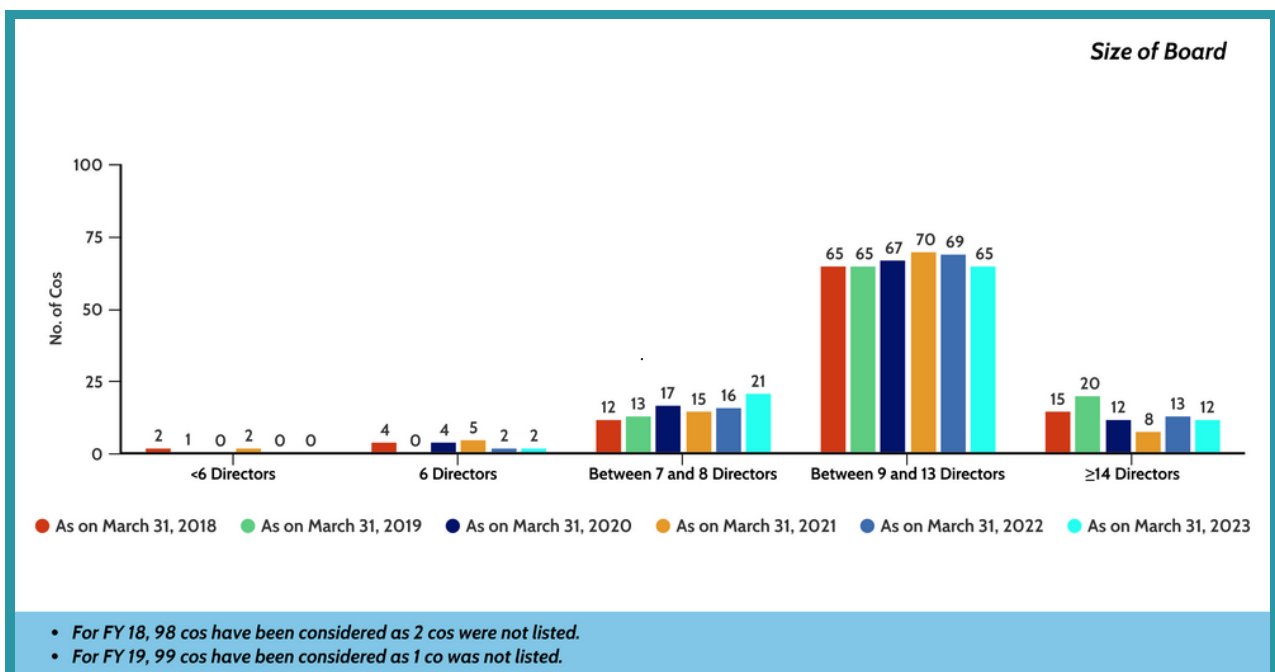


# BOARD COMPOSITION

## SIZE OF BOARD

- As per Section 149(1) of the Companies Act, 2013, 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 (wef April 1, 2019) and the top 2000 listed entities (wef April 1, 2020) shall comprise of not less than six directors.

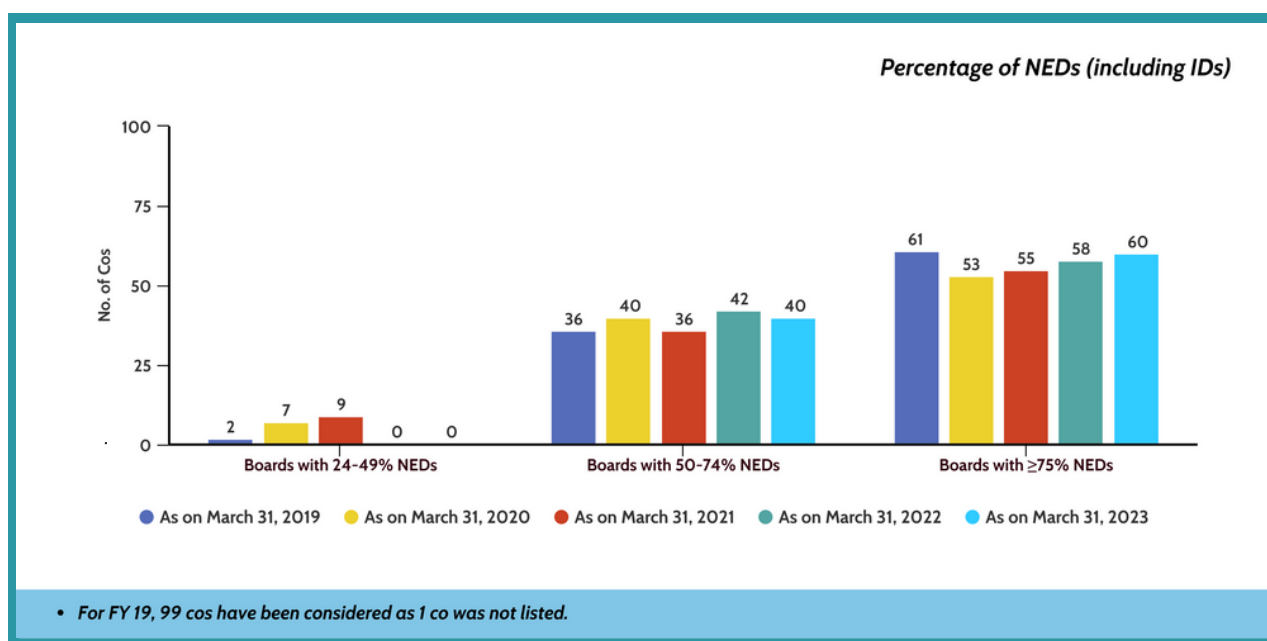
One of the factors that significantly influence the performance of a Board is its size. With 5 mandatory Board committees, there ought to be enough Board members to ensure that committees are properly constituted, and do not have the same members on almost all committees, with resultant information asymmetry,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



- In FY 18 and FY 19, minimum Board size was 4, and maximum Board size was 22.
- In FY 20, minimum Board size was 6, and maximum Board size was 20.
- In FY 21, minimum Board size was 5 (making it non-compliant), and maximum Board size was 19.
- In FY22, maximum Board size was 17.
- In FY23, maximum Board size was 16.

## 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 and the Central Government may prescribe the minimum number of independent Directors in case of any class or classes of public companies.
- 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.



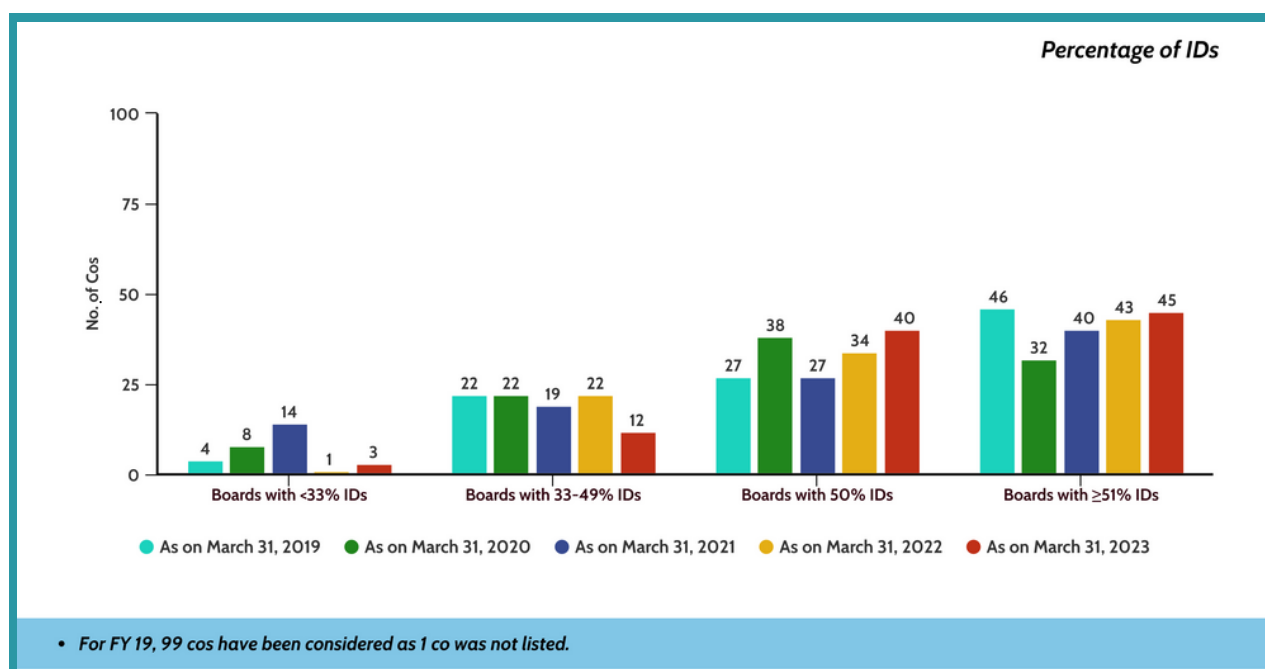
- The following number of companies were non-compliant having less than prescribed minimum of 50% in the previous years
  - As on March 31, 2019, 2 companies (both PSUs).
  - As on March 31, 2020, 7 companies (of which 5 were PSUs).
  - As on March 31, 2021, 9 companies (8 PSUs and 1 PSB).
- As on March 31, 2022 and March 31, 2023, all companies had more than the prescribed minimum of 50%.

## PERCENTAGE OF 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 and the Central Government may prescribe the minimum number of independent Directors in case of any class or classes of public companies.
- 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.

*Explanation.- For the purpose of this clause, the expression “related to any promoter” shall have the following meaning:*

- (i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related to it;*
- (ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it.*



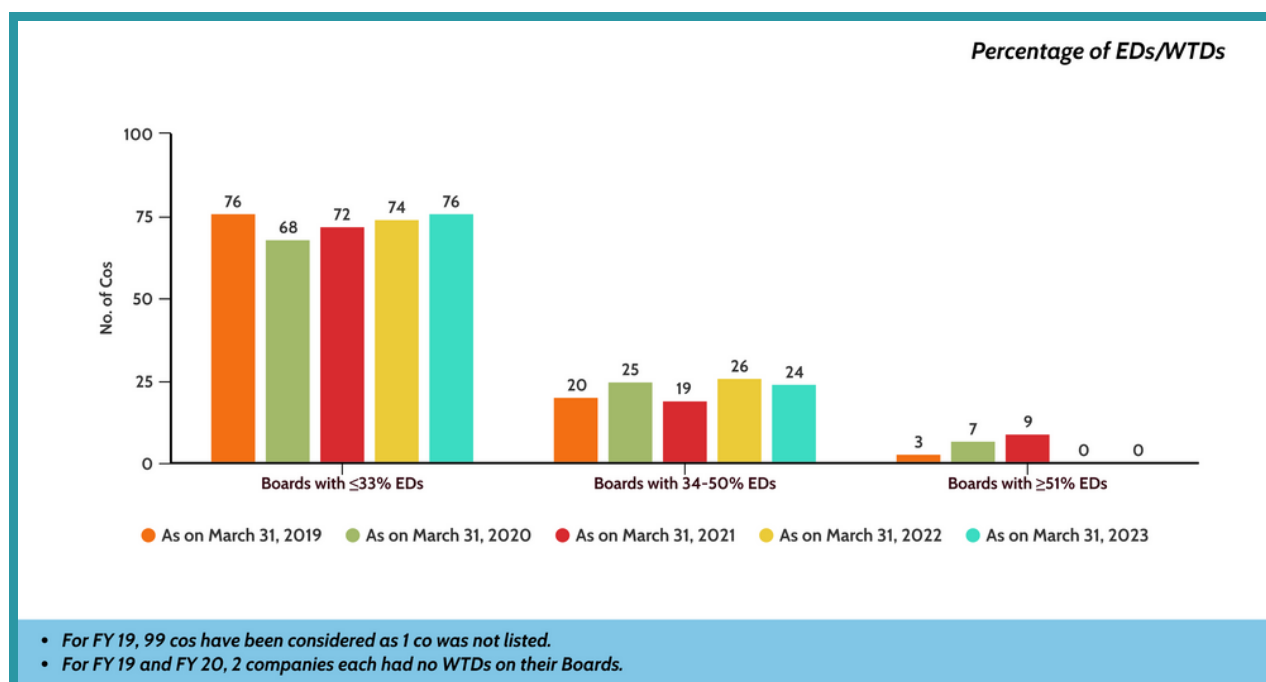
- The following number of companies were non-compliant having less than prescribed minimum number of IDs
  - As on March 31, 2020, 14 companies (of which 10 were PSUs and 1 was PSB).
  - As on March 31, 2021, 17 companies (of which 11 were PSUs and 2 were PSBs).
  - As on March 31, 2022, 1 company (non-PSU).
  - As on March 31, 2023, 6 companies (of which 4 were PSUs, 1 was PSB and 1 was non-PSU).



## PERCENTAGE OF EDs/ WTDs

- 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 per cent. of the board of directors shall comprise of non-executive directors.

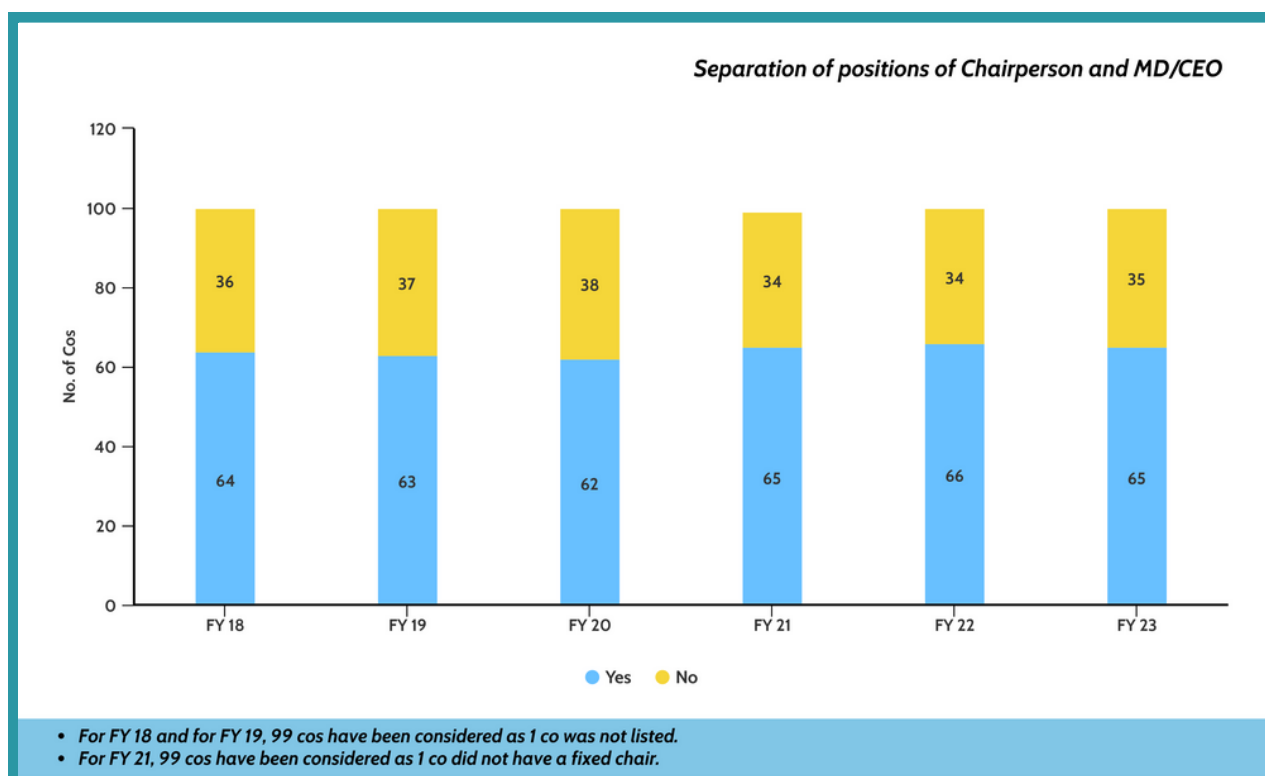
It has been noticed that every effective Board has an appropriate mix of EDs and NEDs. Without this optimum mix, the Board will not get the benefit of the insight of persons who have executive responsibilities and experience.



- Boards with only 1 WTD
  - in FY 19 and FY 20 were 24
  - in FY 21 were 27
  - in FY 22 were 25
  - in FY 23 were 27.

## SEPARATION OF POSTS OF CHAIR AND MD/CEO

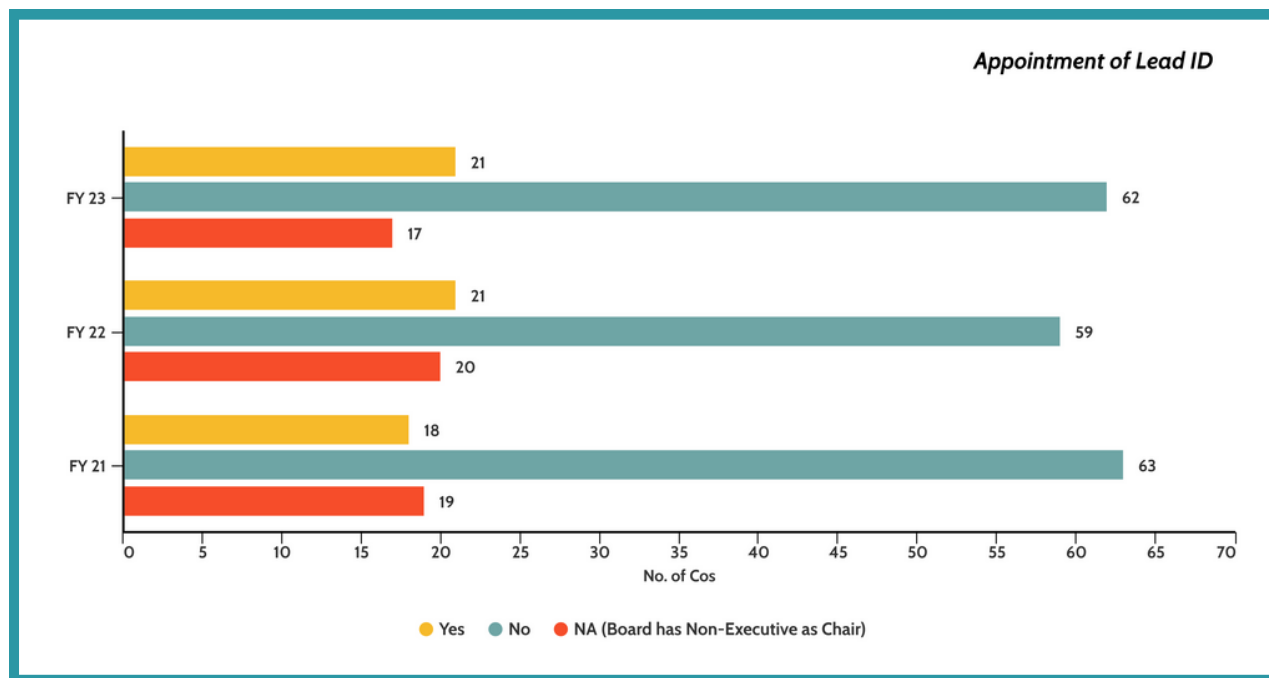
The Chairperson is the Chairperson of the Board, and the MD is the Chief Executive of the company. Combining these 2 roles in one person runs counter to the basic principle of Corporate Governance which is that the management, headed by the MD, shall be answerable to the Board headed by the Chairperson. If both the Chairperson and the MD have executive responsibilities, the requirement of Corporate Governance does not get adequately addressed. It is unfortunate that this separation has been made non-mandatory.



- In FY 23, 25 non-PSUs had the same person as Chairperson and MD.

## APPOINTMENT OF LEAD ID

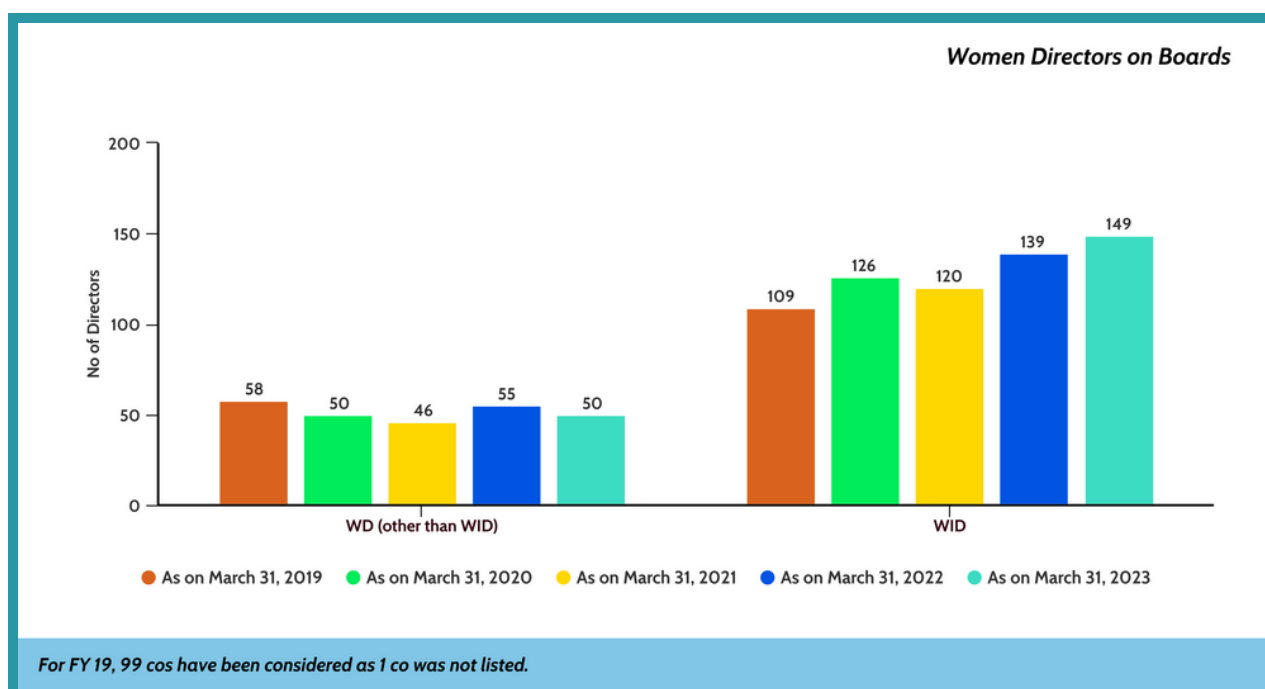
Appointment of Lead ID should be made mandatory for Boards which have an Executive Chairperson.



# DIVERSITY ON BOARDS

## GENDER DIVERSITY

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 competent women are identified and are provided 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.

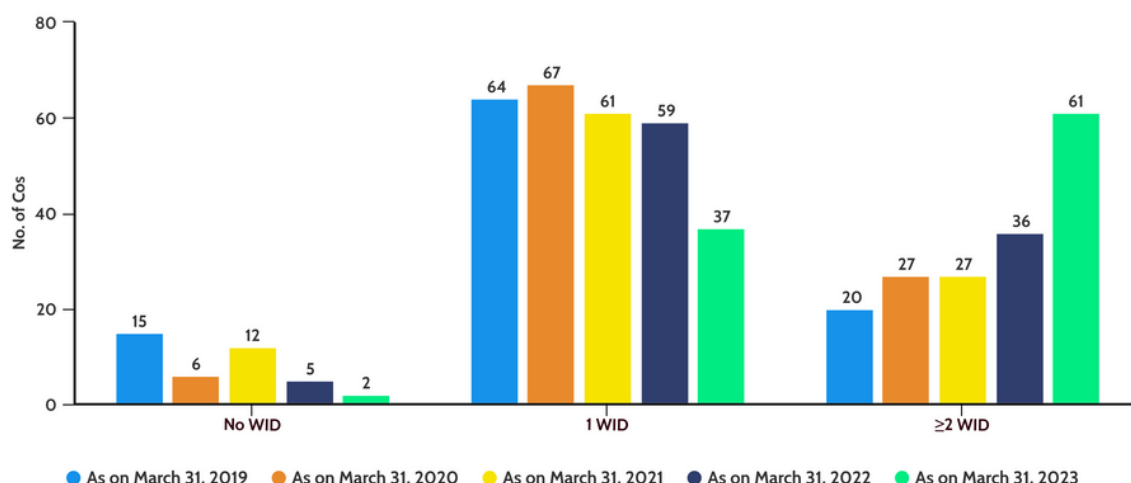


## PERCENTAGE OF WOMEN DIRECTORS

- 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;

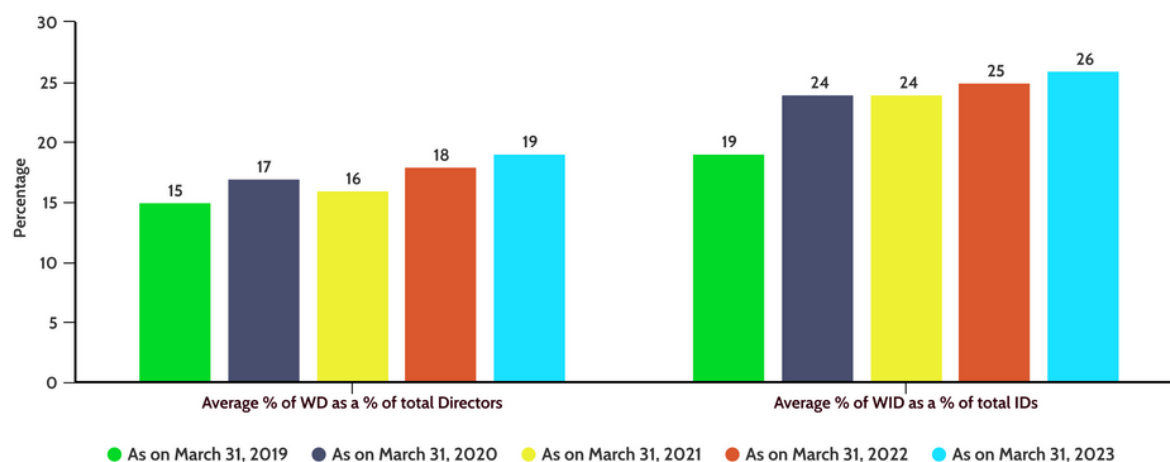
Provided that the Board of directors of the top 500 listed entities shall have at least one independent woman director by April 1, 2019 and the Board of directors of the top 1000 listed entities shall have at least one independent woman director by April 1, 2020.

### Women IDs on Boards



For FY 19, 99 cos have been considered as 1 co was not listed.

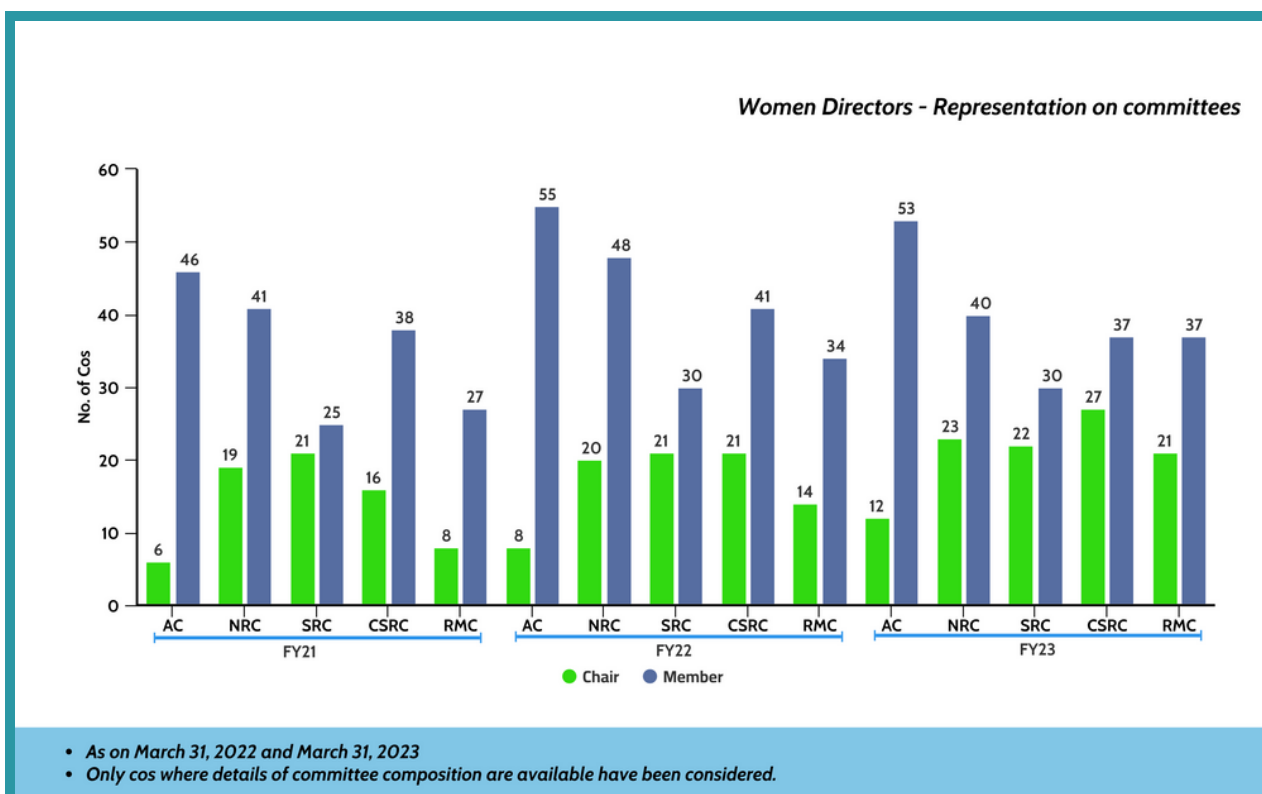
### Percentage of Women Directors on Boards of top 100 cos



For FY 19, 99 cos have been considered as 1 co was not listed.

- Following companies did not have a woman ID on their Boards
  - As on March 31, 2020, 6 companies (including 5 PSUs).
  - As on March 31, 2021, 12 companies (including 8 PSUs and 1 PSB).
  - As on March 31, 2022, 5 companies (including 3 PSUs and 1 PSB).
  - As on March 31, 2023, 2 companies (1 PSU and 1 PSB).
- Following companies had women MDs
  - As on March 31, 2021 and March 31, 2022, 3 companies, out of which 2 are common.
  - As on March 31, 2023, 6 companies.
- Following companies had women Chairs
  - As on March 31, 2021, 5 companies.
  - As on March 31, 2022, 7 companies.
  - As on March 31, 2023, 4 companies.

## WOMEN DIRECTORS - REPRESENTATION ON COMMITTEES

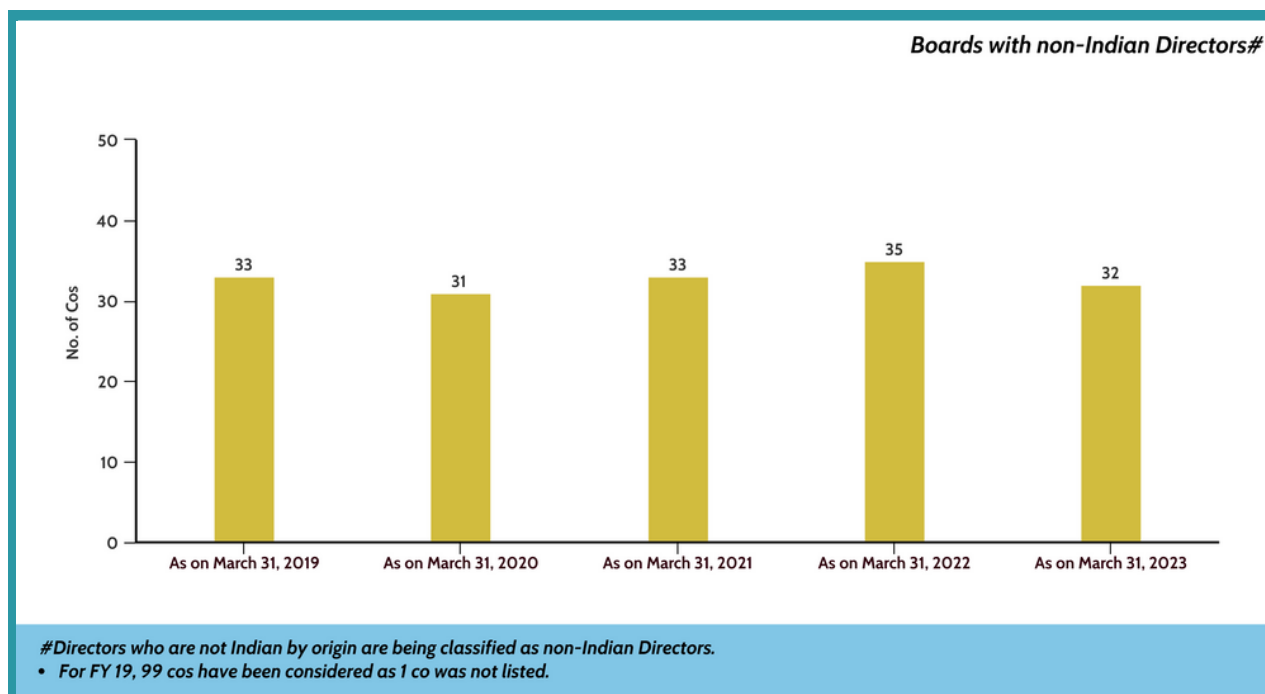


## WOMEN IN KMP POSITIONS

- Following companies had woman as a KMP:
  - As on March 31, 2021, 19 companies.
  - As on March 31, 2022, 26 companies.
  - As on March 31, 2023, 27 companies.

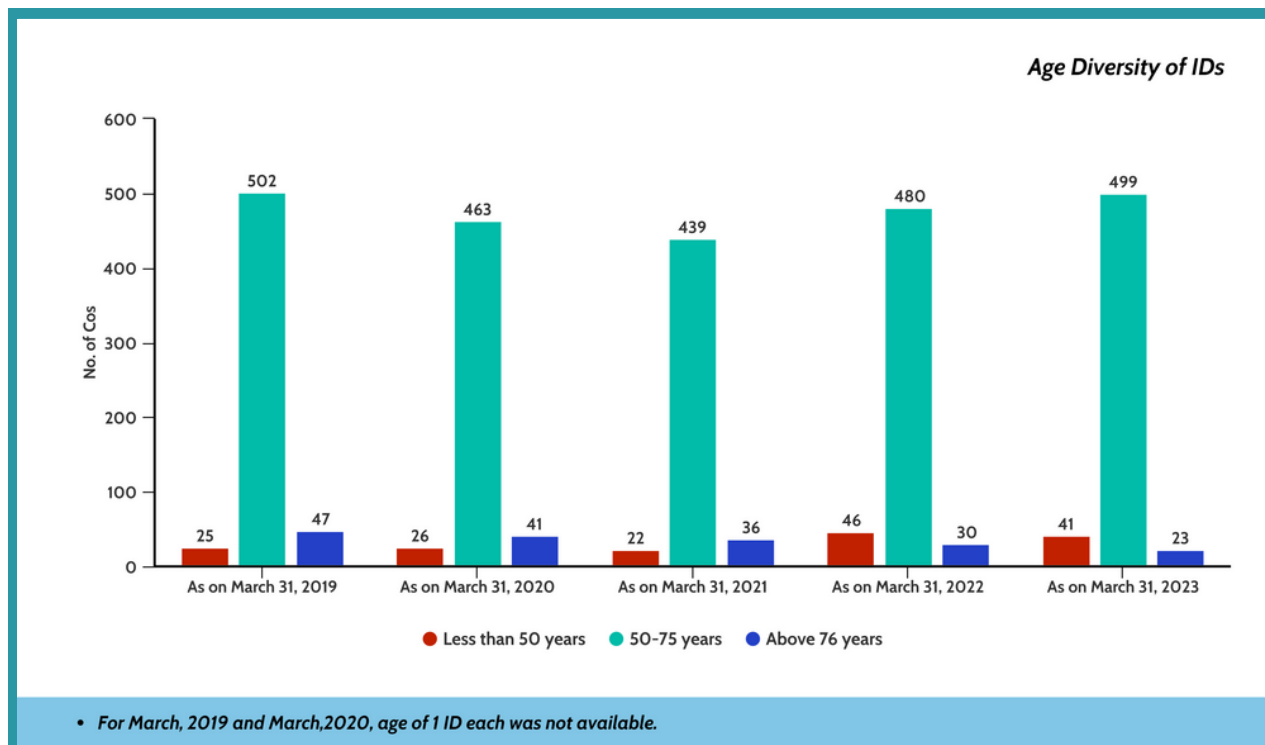
## GEOGRAPHICAL DIVERSITY

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



## AGE DIVERSITY

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.



- As on March 31, 2020, of the 531 IDs, 26 were less than 50 years.
- As on March 31, 2021, of the 497 IDs, 22 were less than 50 years. The youngest ID was 37 years, and the oldest was 93 years.
- As on March 31, 2022, of the 556 IDs, 46 were less than 50 years. The youngest ID was 38 years and the oldest ID was 89 years.
- As on March 31, 2023, of the 563 IDs, 41 were less than 50 years. The youngest ID was 39 years and the oldest ID was 88 years.

## AVERAGE AGE OF IDs

- In FY 19, the average age of 575 IDs was 64.18 years.
- In FY 20, the average age of 531 IDs was 64.46 years.
- In FY 21, the average age of 497 IDs was 64.40 years.
- In FY 22, the average age of 556 IDs was 63.38 years.
- In FY 23, the average age of 563 IDs was 63.52 years.

## AVERAGE AGE OF CHAIR

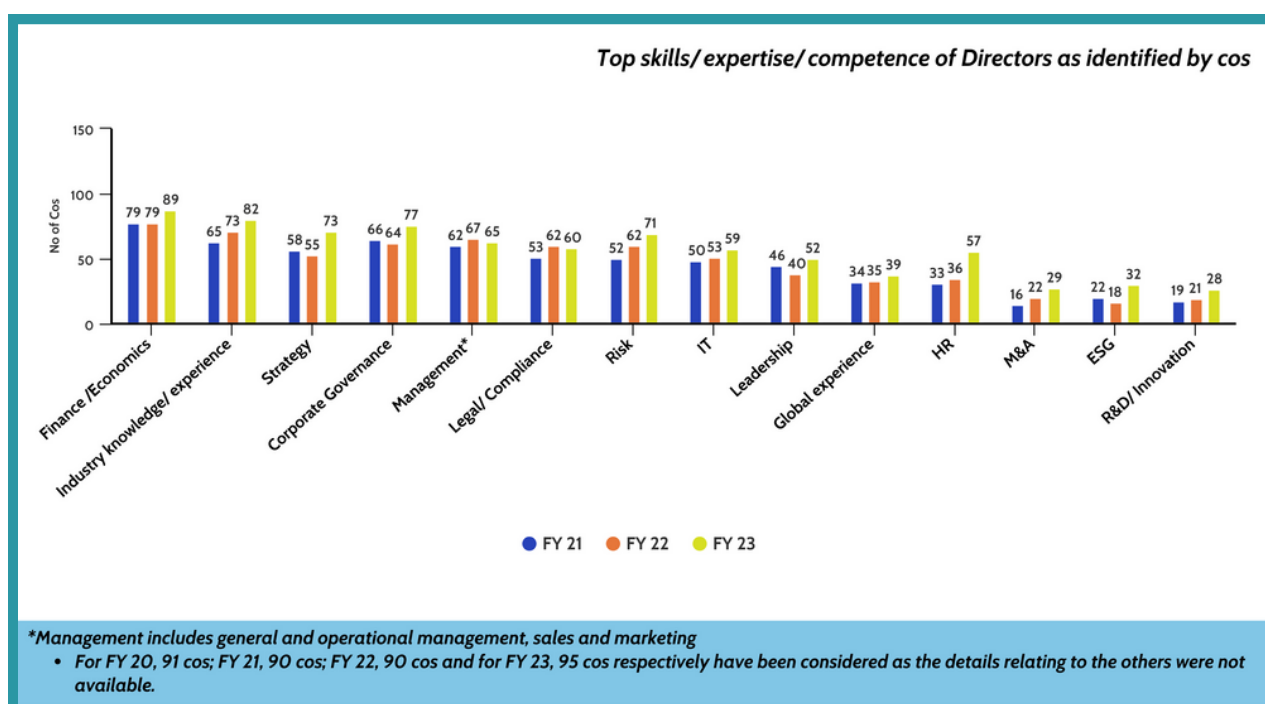
- In FY 19, the average age of Chairs of 99 companies was 65.58 years.
- In FY 20, the average age of Chairs of 99 companies was 65.73 years.
- In FY 21, the average age of Chairs of 97 companies was 64.31 years.
- In FY 22, the average age of Chairs of 98 companies was 65.04 years.
- In FY 23, the average age of Chairs of 98 companies was 63.68 years.



## EXPERTISE/SKILL DIVERSITY

- As per Schedule V (C) (2) (h) of 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:
  - With effect from the financial year ending March 31, 2019, the list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board; and
  - With effect from the financial year ended March 31, 2020, the names of directors who have such skills / expertise / competence.

A Board is expected to capture the diversity that could enhance its performance. Missing skillsets, experience and expertise will detract from the effectiveness of the Board.



- In FY 21, FY 22 and FY 23 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.
- In FY 21, 8 and 11 companies respectively identified diversity and soft skills as skill sets.
- In FY 22, 10 and 6 companies respectively identified diversity and soft skills as skill sets.
- In FY 23, 10 and 28 companies respectively identified diversity and soft skills as skill sets.

# TENURE OF DIRECTORS

A reasonable tenure is a *sine qua non* for any Director, executive or non-executive, to contribute to the functioning of the Board. The legal provision of 2 terms, with a maximum of 5 years in each term, satisfactorily addresses the issue of tenure of IDs. As for non-IDs, including those who are liable to retire and to seek reappointment, the total period spent on the Board should not be so short so as to make it a mere Board presence, without adequate contribution. At the same time, too long a tenure will lead to staleness, and will stand in the way of inducting newer Directors, with fresh insights, and in some cases, more contextual relevance.

## TENURE OF CHAIRS

- As on March 31, 2022, average tenure of Chairs of 98 Boards from the date of first appointment is 15.37 years, with the longest tenure being of 49.73 years.
- As on March 31, 2023, average tenure of Chairs of 98 Boards from the date of first appointment is 14.31 years, with the longest tenure being of 50.73 years.

## TENURE OF DIRECTORS

- As on March 31, 2021, average tenure of 1028 Directors from the date of first appointment was 7.65 years, with the longest tenure being of 52.61 years.
- As on March 31, 2022, average tenure of 1079 Directors from the date of first appointment is 6.63 years, with the longest tenure being of 53.61 years.
- As on March 31, 2023, average tenure of 1063 Directors from the date of first appointment is 6.63 years, with the longest tenure being of 54.61 years.

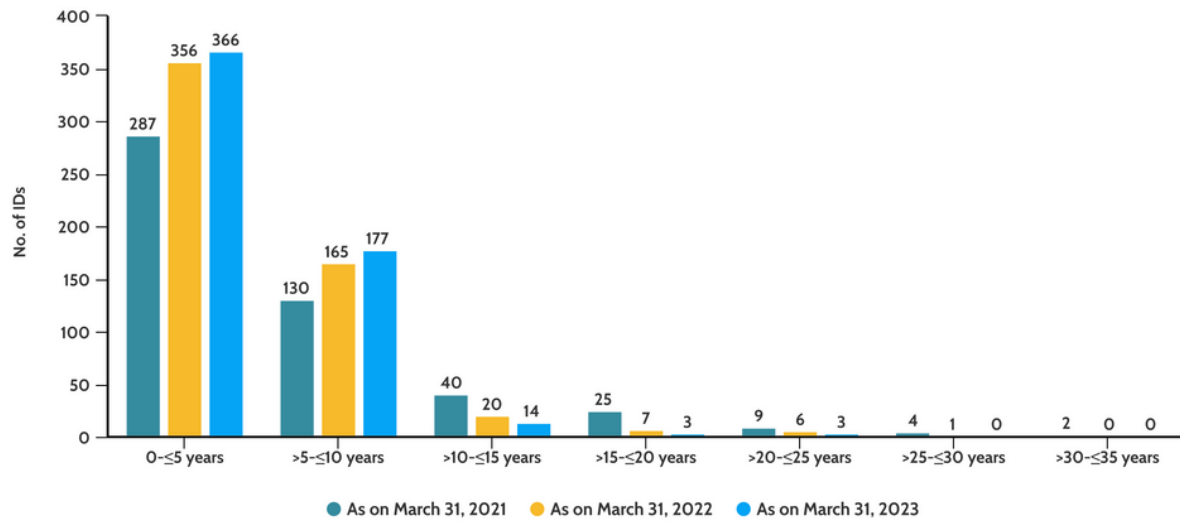
## TENURE OF IDs

- *As per Section 149(10) of the Companies Act, 2013, an independent director shall hold office for a term up to five consecutive years on the Board of a company, but shall be eligible for reappointment on passing of a special resolution by the company and disclosure of such appointment in the Board's report.*
- *As per Section 149(11) of the Companies Act, 2013, notwithstanding anything contained in sub-section (10), no independent director shall hold office for more than two consecutive terms, but such independent director shall be eligible for appointment after the expiration of three years of ceasing to become an independent director:*

*Provided that an independent director shall not, during the said period of three years, be appointed in or be associated with the company in any other capacity, either directly or indirectly.*

- *As per Regulation 25(2) of SEBI LODR Regulations, 2015, the maximum tenure of independent directors shall be in accordance with the Companies Act, 2013 and rules made thereunder, in this regard, from time to time.*

*Tenure of IDs from the date of first appointment*

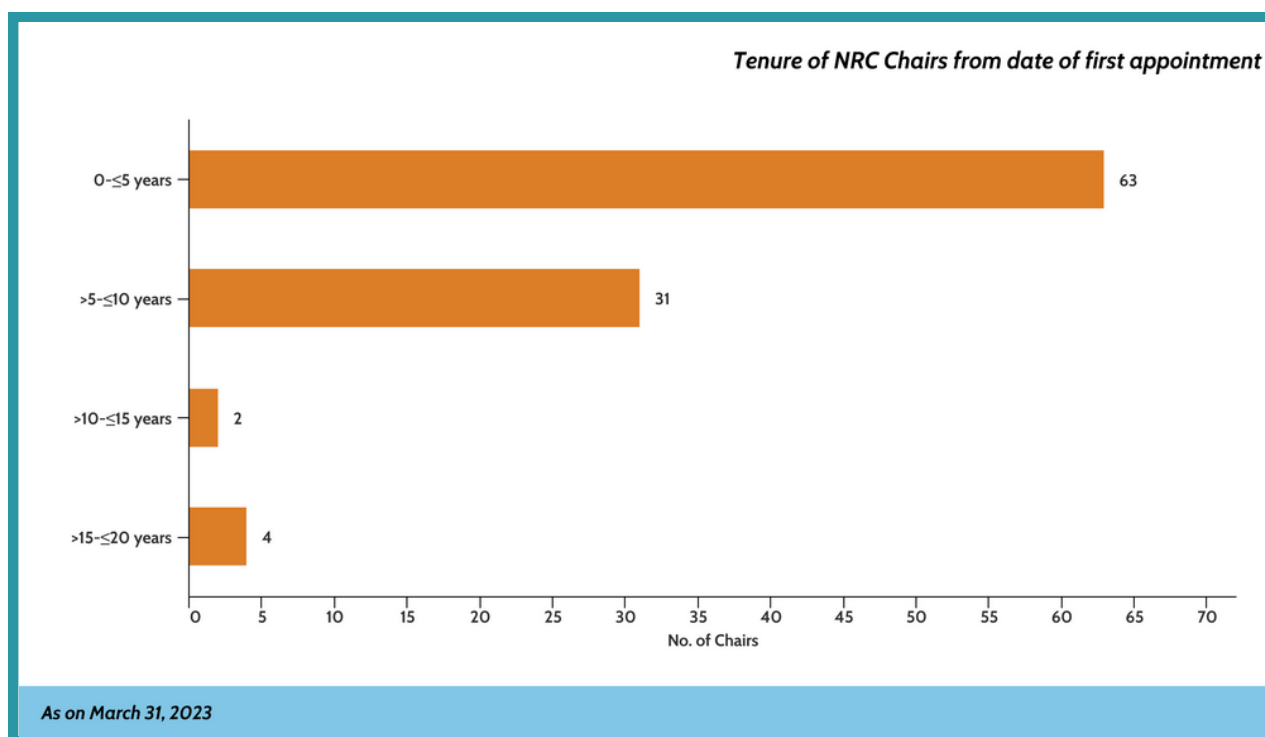
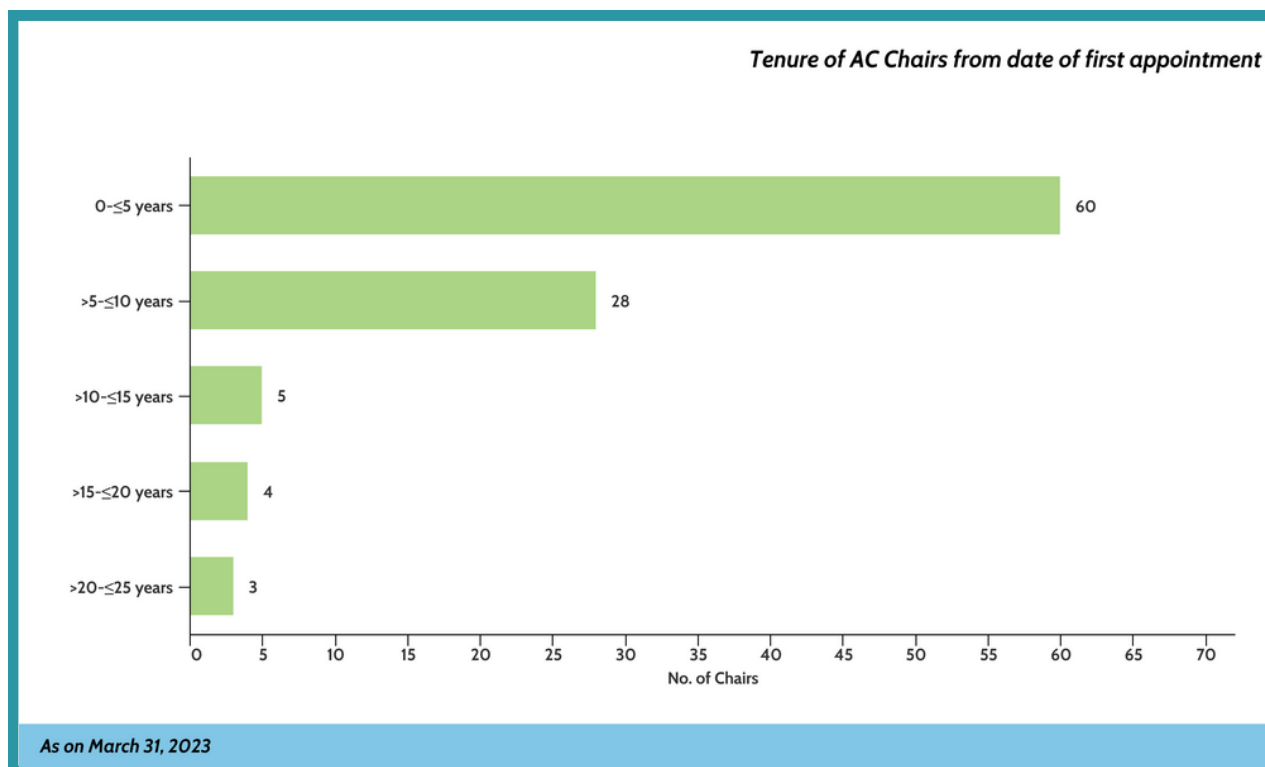


- As on March 31, 2021, there were 497 ID positions.
- As on March 31, 2022, there were 555 ID positions
- As on March 31, 2023, there were 563 ID positions

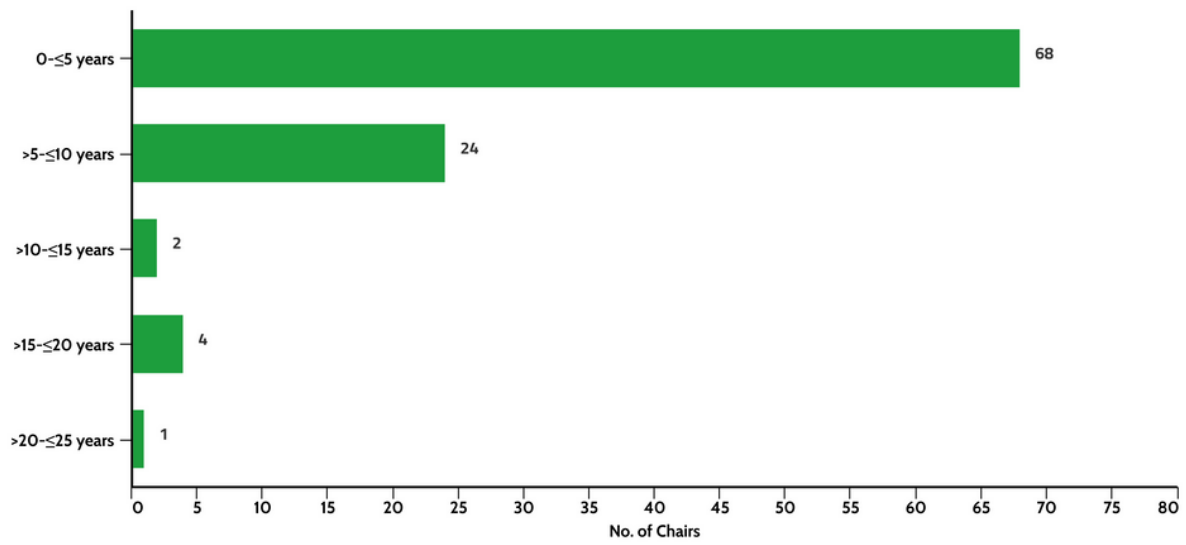
- As on March 31, 2021, there were 2 IDs, with the highest tenure of 34.04 years each.
- As on March 31, 2022, there is 1 ID, with the highest tenure of 25.84 years.
- As on March 31, 2023, there is 1 ID, with the highest tenure of 22.07 years.

## TENURE OF CHAIRS OF COMMITTEES

The Chair of every committee leaves his/her impression on, and significantly influences the functioning of, the committee. The near interminable tenures of some of these 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. As in most other contexts, too long a tenure as the Chair of the committee should be avoided, while ensuring that the tenures are not so short as to be disruptive.

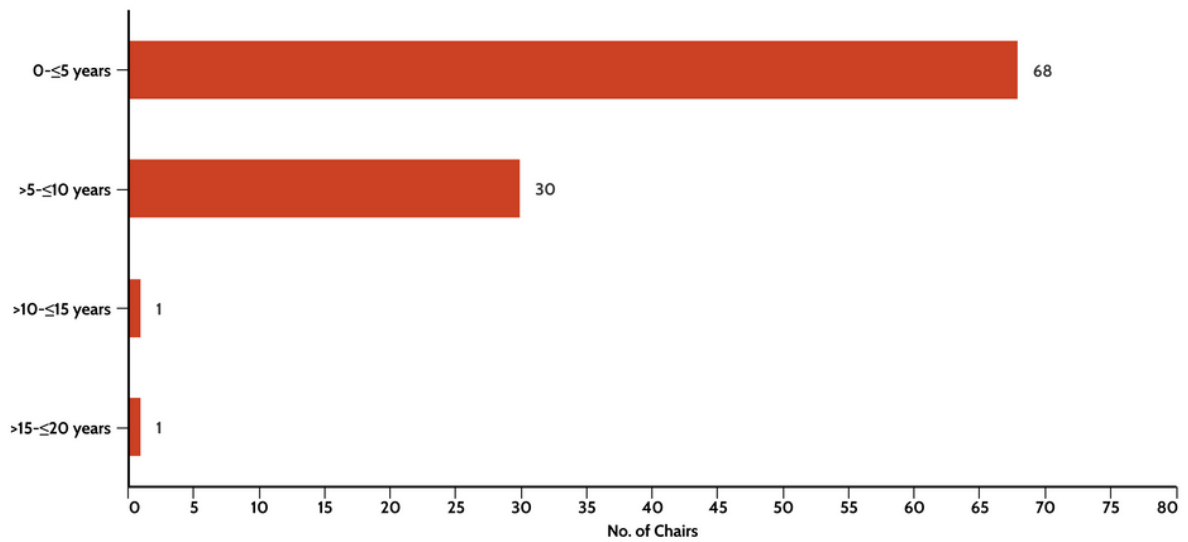


*Tenure of SRC Chairs from date of first appointment*

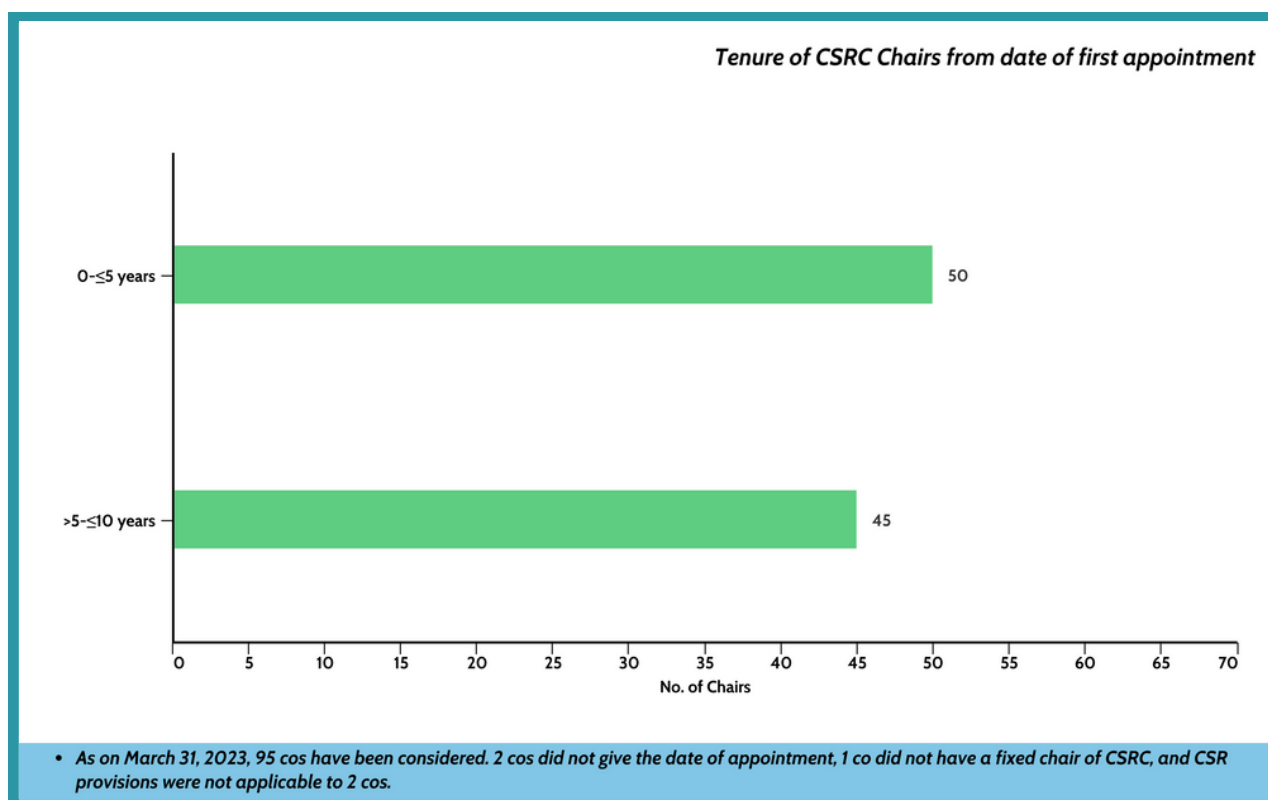


*As on March 31, 2023, 99 cos have been considered as 1 co (non-PSU) does not have a chair of the committee.*

*Tenure of RMC Chairs from date of first appointment*



*As on March 31, 2023*

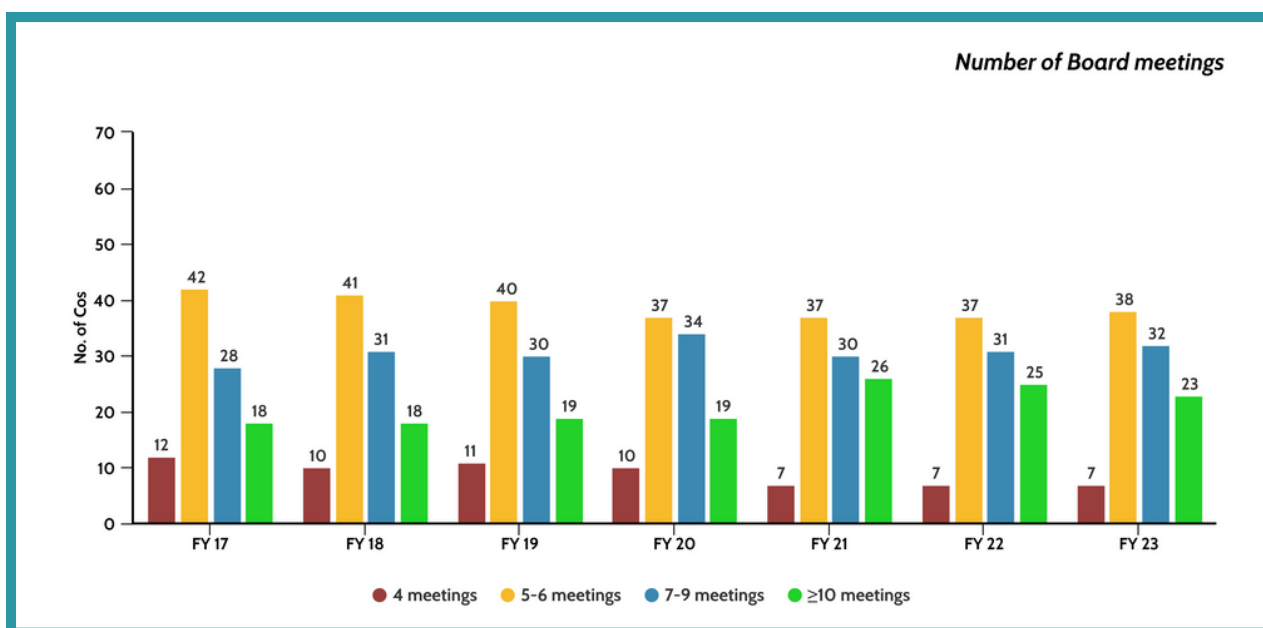


- As on March 31, 2023,
  - The longest tenure of an AC Chair is 22.20 years. The appointment was on January, 2001.
  - The longest tenure of an NRC Chair is 17.44 years. The appointment was on October, 2005.
  - The longest tenure an SRC Chair is 21.45 years. The appointment was on May, 2001.
  - The longest tenure of an RMC Chair is 19.47 years. The appointment was on October, 2003.
  - The longest tenure of a CSRC Chair is 9.95 years. The appointment was on April, 2013.

## 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.

The minimum number of Board meetings prescribed by law and regulations is 4. Experience has however shown that companies that have at least 6 Board meetings, of sufficiently long duration, are able to extract more value from the Boards.



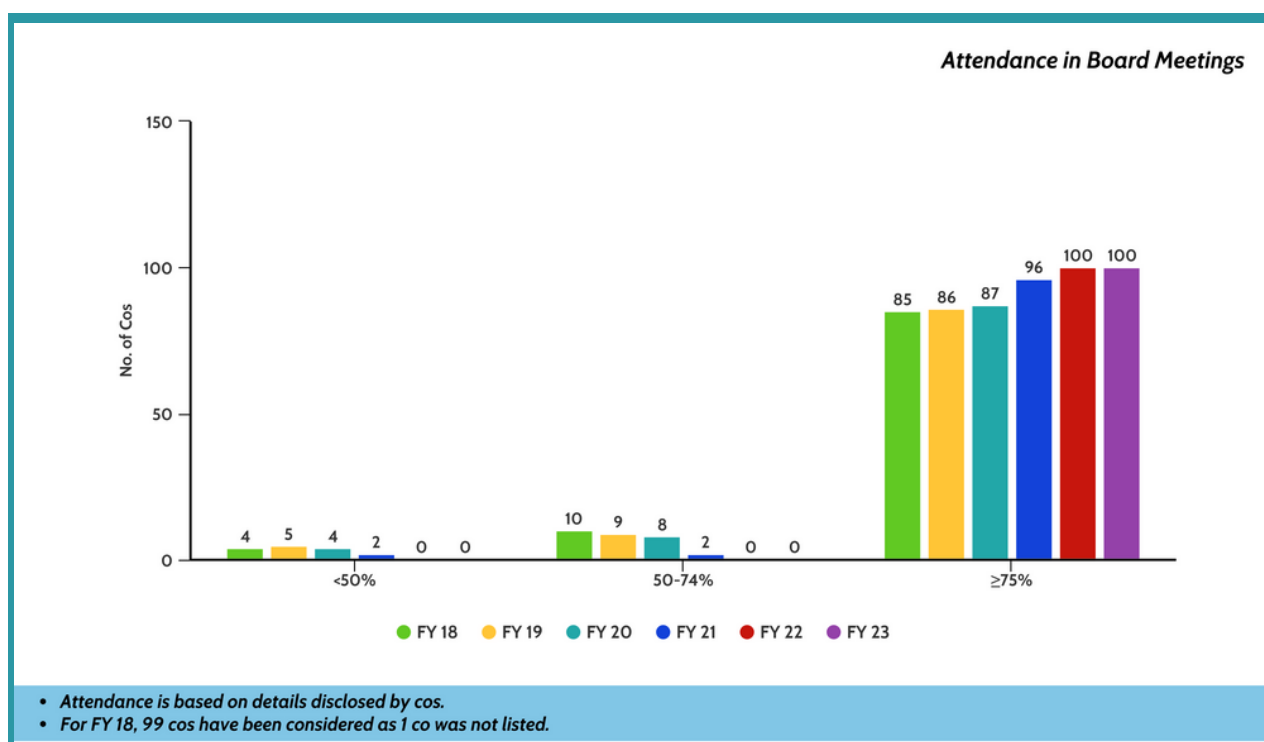
- Happily, in the case of Board meetings, most companies have exceeded the minimum of 4 meetings. More Board meetings should ordinarily add value, especially with the meetings, that do not focus on quarterly financial results, being able to devote quality time to other important items, such as strategy, succession planning and the like. However, if meetings are held far too often, they become routine engagements, with diminishing utility kicking in.
- Highest number of Board meetings conducted were
  - in FY 17, 19 (2 companies)
  - in FY 18, 19
  - in FY 19, 21
  - in FY 20, 22
  - in FY 21, 19 (2 companies)
  - in FY 22, 26
  - in FY 23, 23.
- It might be worthwhile for such Boards 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.

It is a legitimate expectation that every Director, executive or non-executive, attends every meeting of the Board of Directors. Absence from Board meetings has to be for extraordinary reasons, and not for reasons that could have been anticipated. The legal provision that each Director has to attend at least 1 Board meeting in a year, is clearly unsatisfactory and needs immediate amendment.

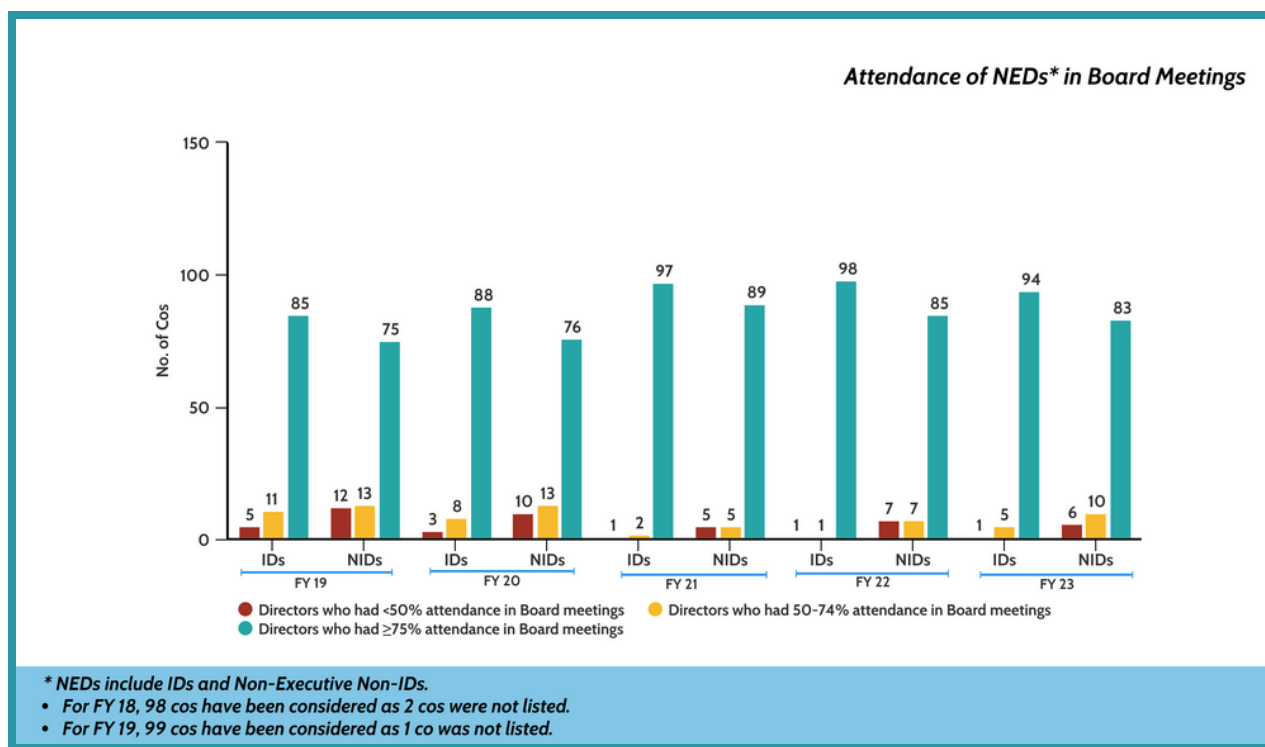
Absence from a Board meeting, for legitimate reasons, should not preclude a Director from sending his/ her comments on the agenda items in advance of the meeting, so that they can be taken note of during the discussions.



- In FY 20, 63% of Board members had 100% attendance, and 14 Directors had zero attendance.
- In FY 21, 86% of Board members had 100% attendance, and 6 Directors had zero attendance.
- In FY 22, 81% of Board members had 100% attendance, and 5 Directors had zero attendance.
- In FY 23, 74.67% of Board members had 100% attendance, and 6 Directors had zero attendance.



## ATTENDANCE OF NEDs (INCLUDING IDs) IN BOARD MEETINGS



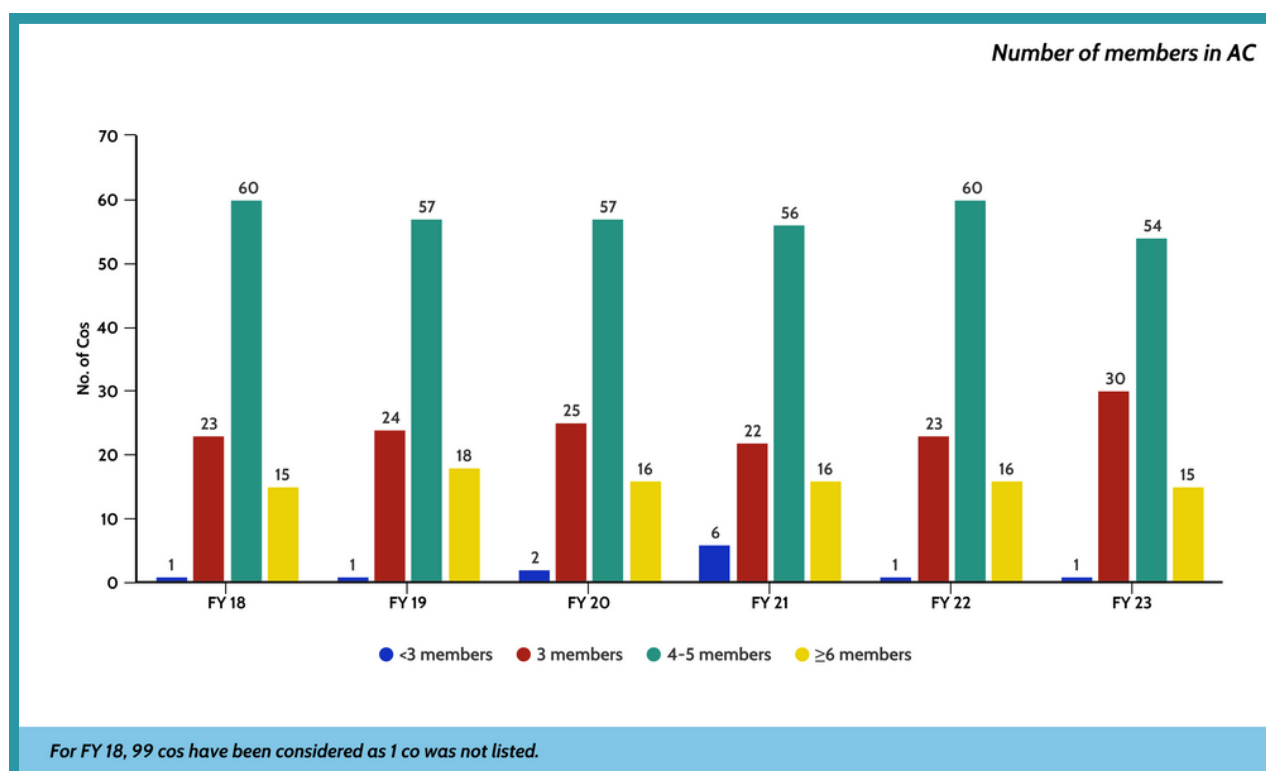
- In FY 19,
  - 57% of IDs and 53% of NIDs had 100% attendance.
  - 5 IDs and 4 NIDs had 0 attendance.
- FY 20,
  - 58% of IDs and 55% of NIDs had 100% attendance.
  - 6 IDs and 7 NIDs had 0 attendance.
- FY 2020-21
  - 89% of IDs and 73% of NIDs had 100% attendance.
  - 1 ID and 5 NIDs had 0 attendance.
- FY 2021-22
  - 84% of IDs and 67% of NIDs had 100% attendance.
  - 5 NIDs had 0 attendance.
- FY 2022-23
  - 76% of IDs and 60% of NIDs had 100% attendance.
  - 2 IDs and 4 NIDs had 0 attendance.

# COMMITTEES

## AUDIT COMMITTEE

### COMPOSITION OF AC

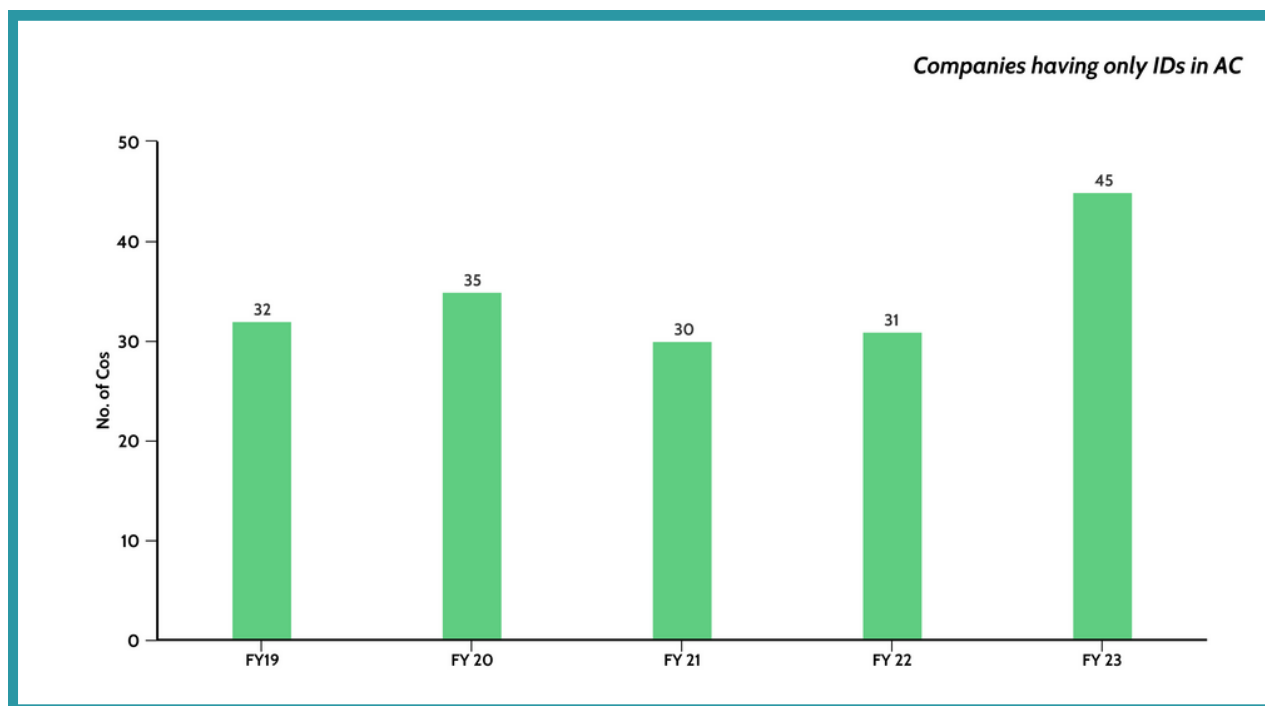
- As per Section 177(2) of the Companies Act, 2013, the audit committee shall consist of a minimum of three directors, with independent Directors forming a majority.
- As per Regulation 18(1) of SEBI LODR Regulations, 2015,
  - (a) The audit committee shall have minimum three directors as members.
  - (b) At least two-third of the members of audit committee shall be independent directors (wef January 1, 2022)
  - (c) All members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.
  - (d) The chairperson of the audit committee shall be an independent director and he shall be present at Annual general meeting to answer shareholder queries.



- Highest number of members
  - in FY 18, FY 19 and FY 20 was 9
  - in FY 21 and FY 22 was 8
  - in FY 23 was 8 (in 3 cos).

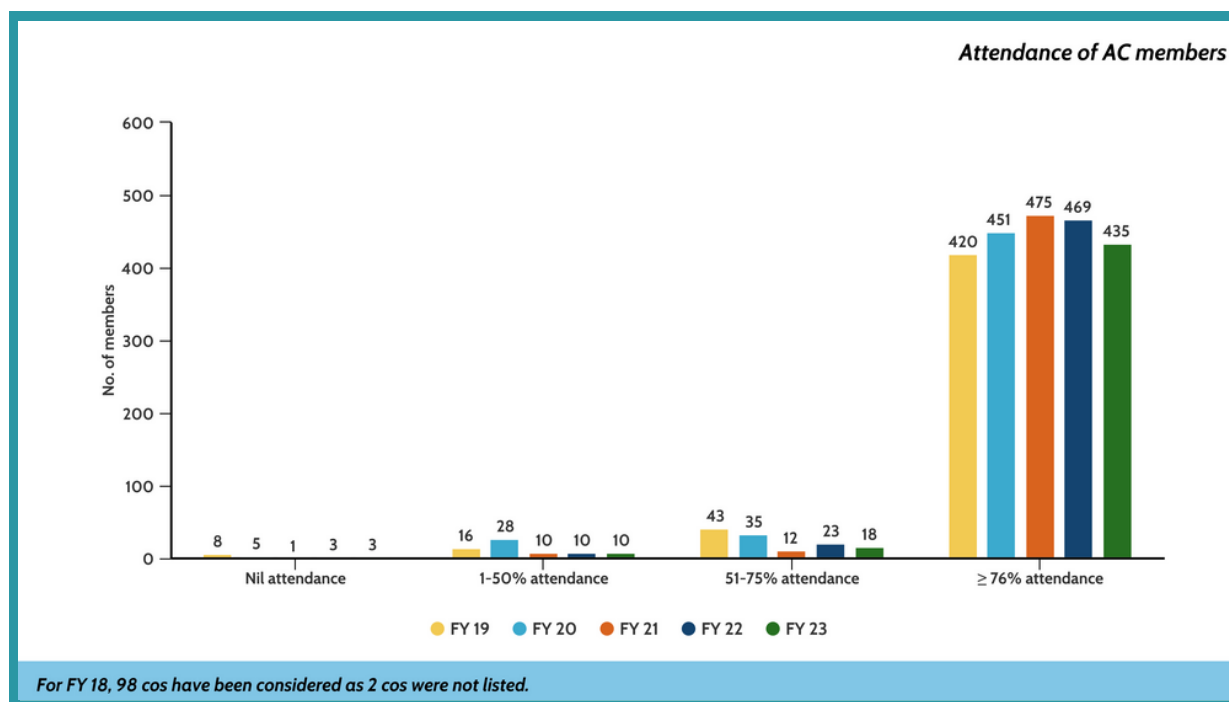
## AC WITH ONLY IDs

Given that the role of the AC is to judge the legality and propriety of management actions, it would be best if the AC is comprised only of IDs, with management representatives as invitees. While such a stipulation is not on the anvil, companies that recognise the significance of having ACs with only IDs as members, would be in the forefront of Corporate Governance. As a step in this direction, SEBI has mandated (wef January 1, 2022) that RPTs would be cleared only by the IDs on the AC.



## ATTENDANCE OF AC MEMBERS

AC meetings are excellent clearing houses of information, and fora for exchanging ideas that capture best practices. It follows that all members of the AC must attend each and every meeting. Any member not attending a single meeting throughout the year, should be taken out of the committee.



- In FY 18, 67% of members had 100% attendance.
- In FY 19, 70% of members had 100% attendance.
- In FY 20, 70% of members had 100% attendance.
- In FY 21, 89% of members had 100% attendance.
- In FY 22, 83% of members had 100% attendance.
- In FY 23, 80% of members had 100% attendance.

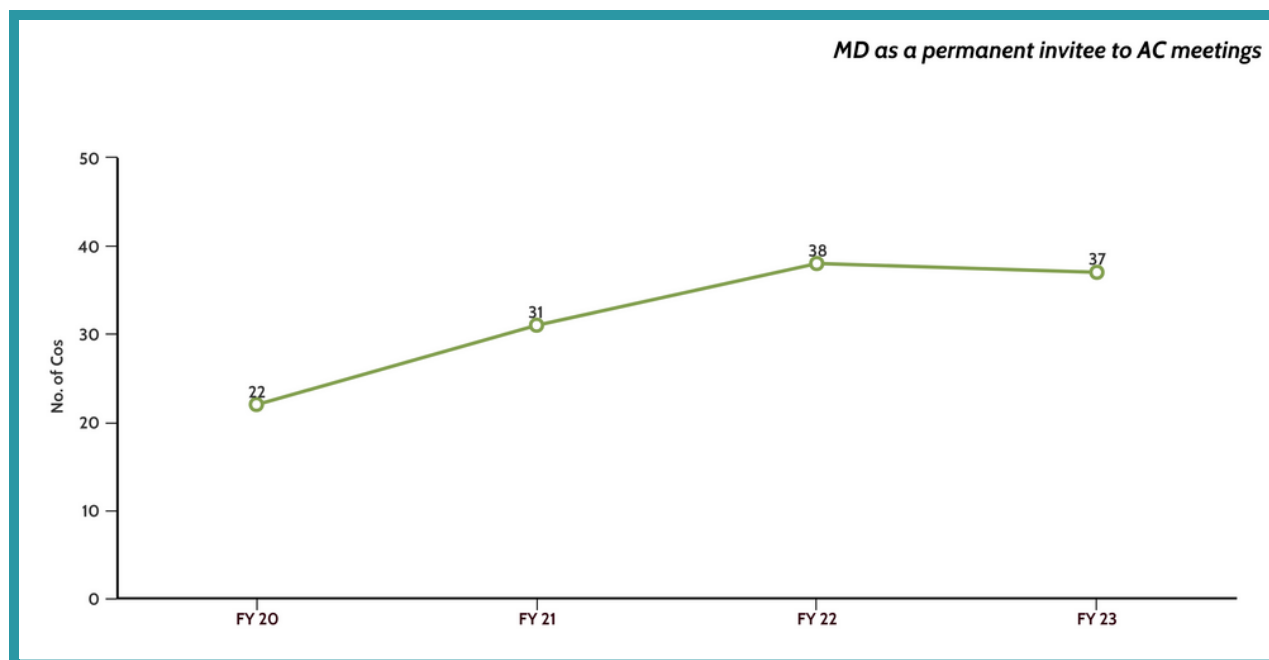
## COMMON CHAIR OF BOARD AND AC

While there is no statutory restriction that the Chair of the Board should not Chair the AC, it is an excellent practice to have 2 different persons manning these 2 positions, as that would ensure the objective functioning of the AC.

- In FY 20, FY 21 and FY 22, 3 companies had the same person chairing the Board and the AC.
- In FY 23, 4 companies had the same person chairing the Board and the AC.

## MD AS A PERMANENT INVITEE TO AC

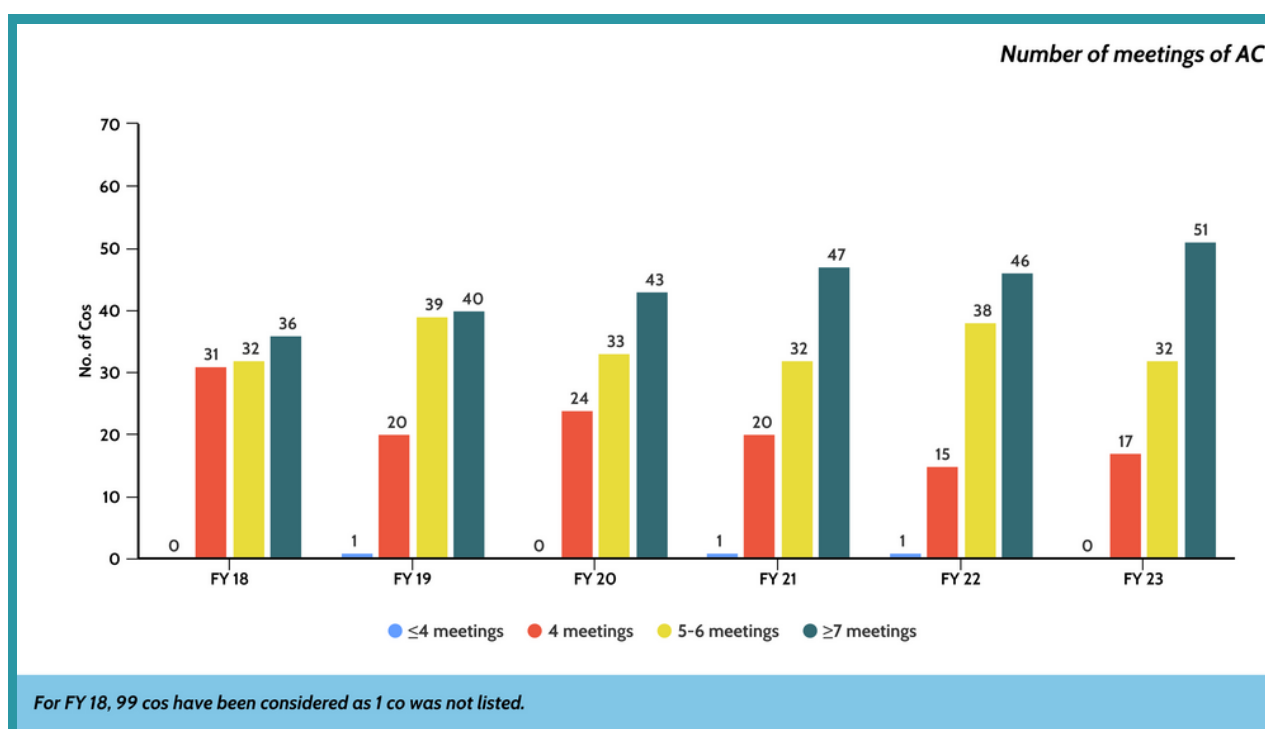
SEBI LODR Regulations, 2015, do not specifically provide for the inclusion, or otherwise, of the MD of the company in the AC. Executives, including the MD, can be invited to be present when the committee feels that they would be in a position to clarify matters or add to the information made available to the AC.



## NUMBER OF MEETINGS OF AC

- 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 regulatory prescription that the AC shall meet at least 4 times in anyway does not travel far enough. The 4 quarterly meetings that focus on results and related matters do not enable detailed discussions on matters such as Internal Audit reports, adequacy of internal controls, and several other non-accounting matters. 6 meetings a year would be the minimum number for the efficient performance of duties of an AC.



- Highest number of meetings
  - in FY 18 was 16
  - in FY 19 was 18
  - in FY 20 was 19
  - in FY 21 was 16
  - in FY 22 was 17
  - in FY 23 was 19.

# NOMINATION AND REMUNERATION COMMITTEE

## COMPOSITION OF NRC

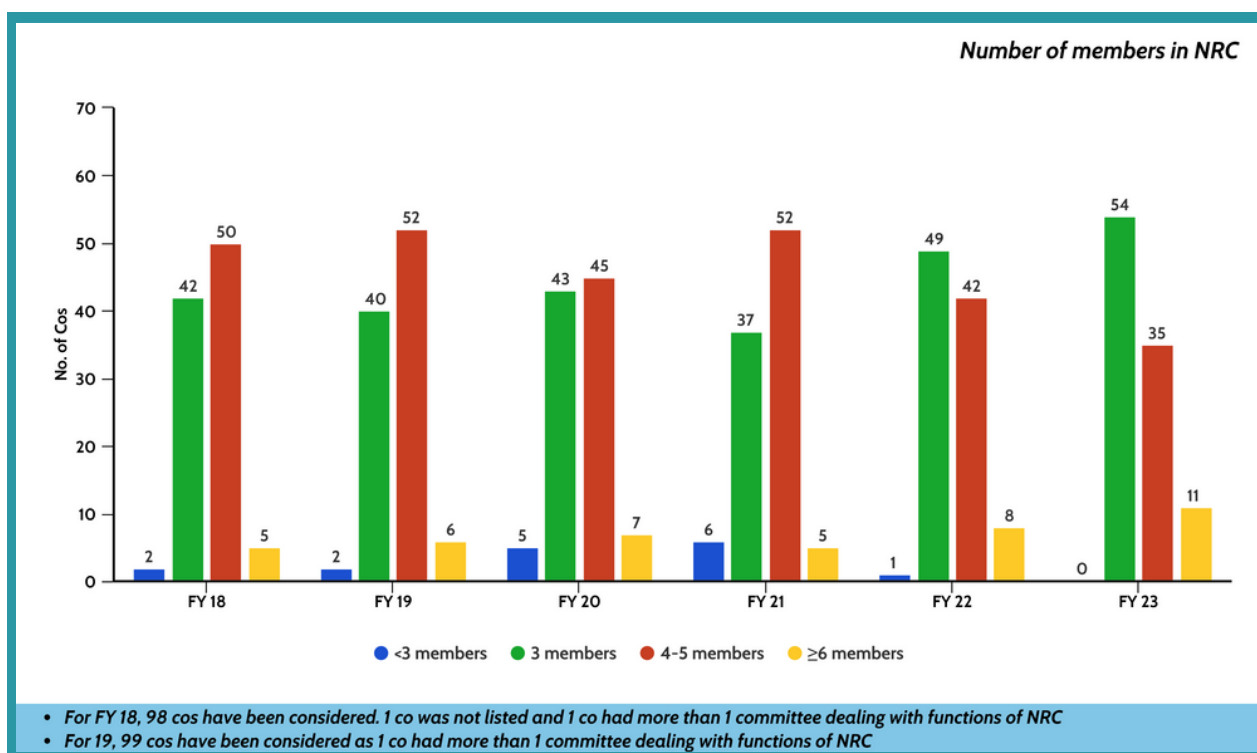
- As per Section 178(1) of the Companies Act, 2013, the Board of Directors of every listed company and such other class or classes of companies, as may be prescribed shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than 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 two-thirds of the directors shall be independent directors (wef January 1, 2022).
- 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*

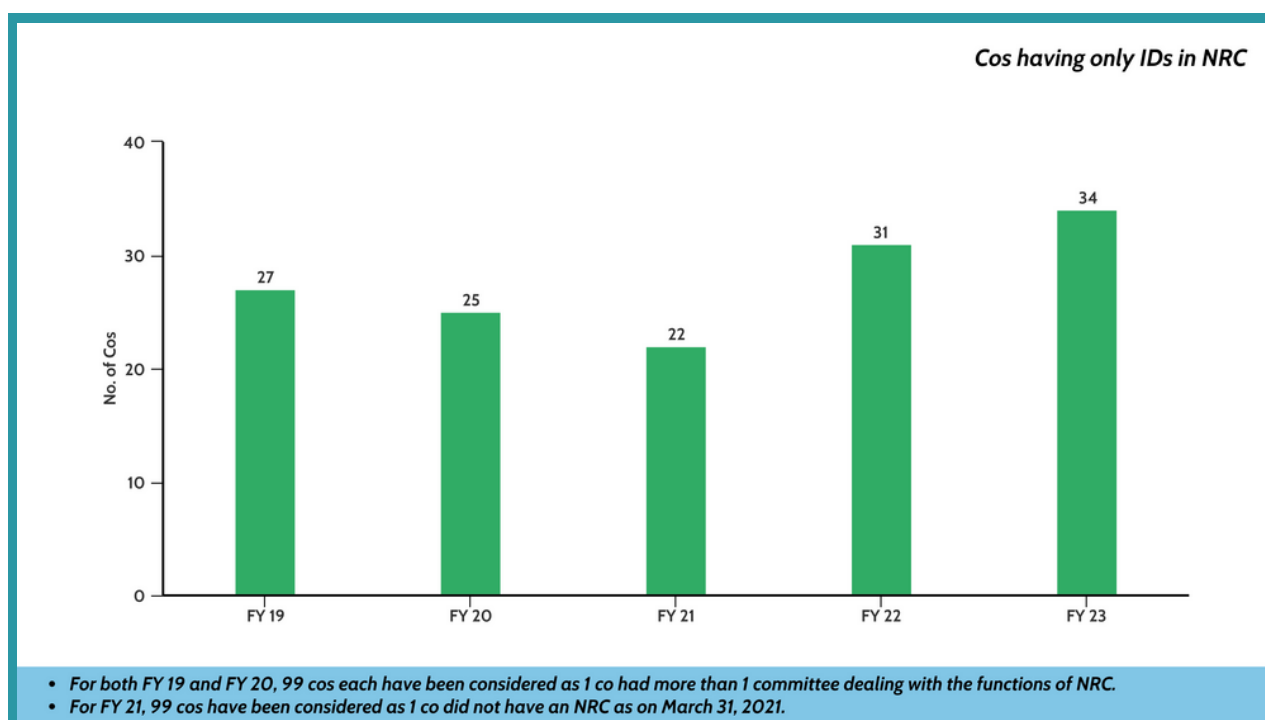
NRCs have come into their own in the last 3 years, partly on account of Covid-derived disruptions in the workforce, and the increasing focus on succession planning, compensation, and the identification of persons with skillsets and expertise relevant to the Board. With in-person meetings having resumed, NRCs must manifest a more effective presence.



- Highest number of members
  - in FY 18 was 9
  - in FY 19 was 8
  - in FY 20 and in FY 21 was 7
  - in FY 22 was 6
  - in FY 23 was 7.
- This size could be unwieldy, and less productive for the functioning of the NRC.

## NRC WITH ONLY IDs

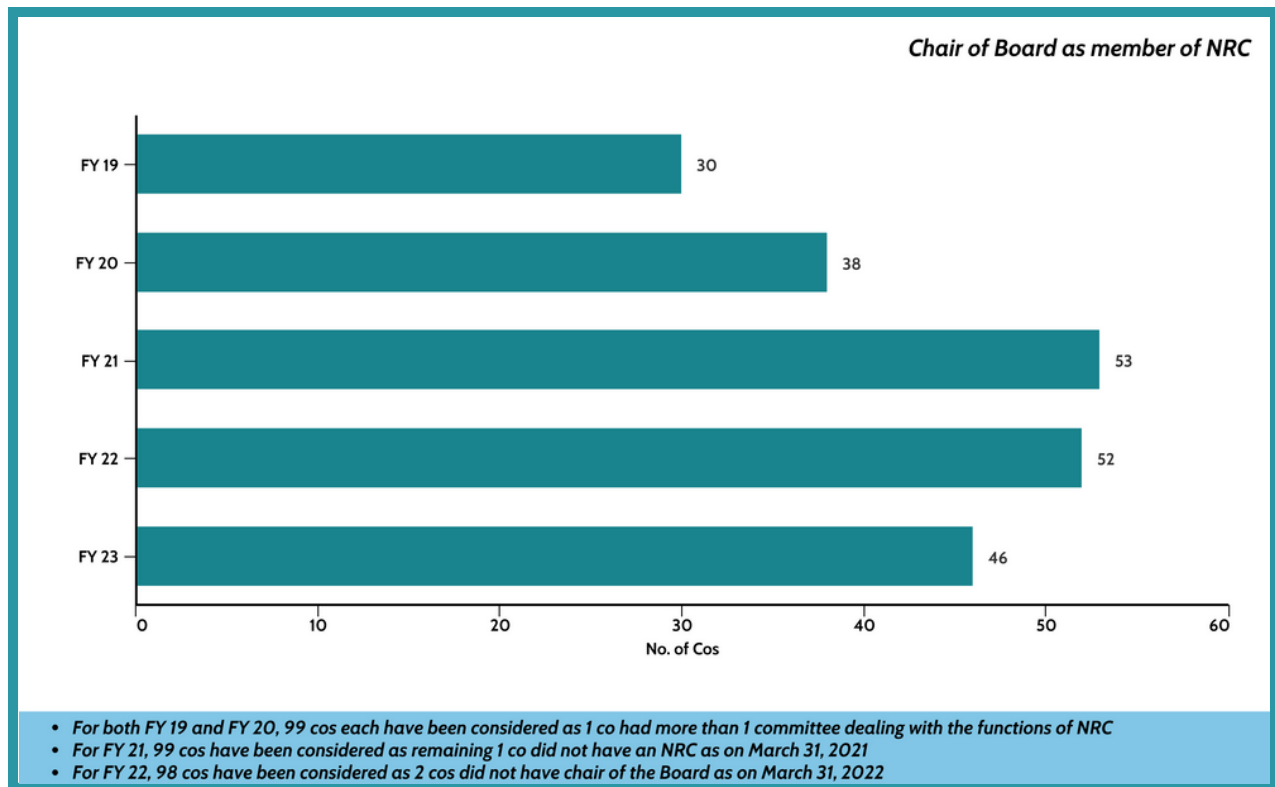
The requirement that IDs should constitute the majority of the members of the NRC, is to ensure objectivity in the composition of Boards and in the selection of KMPs and SMPs. This also ensures that remuneration is appropriately benchmarked with that of the peer group, and that performance and remuneration go hand in hand. NRCs with only IDs as members would be a desirable proposition.





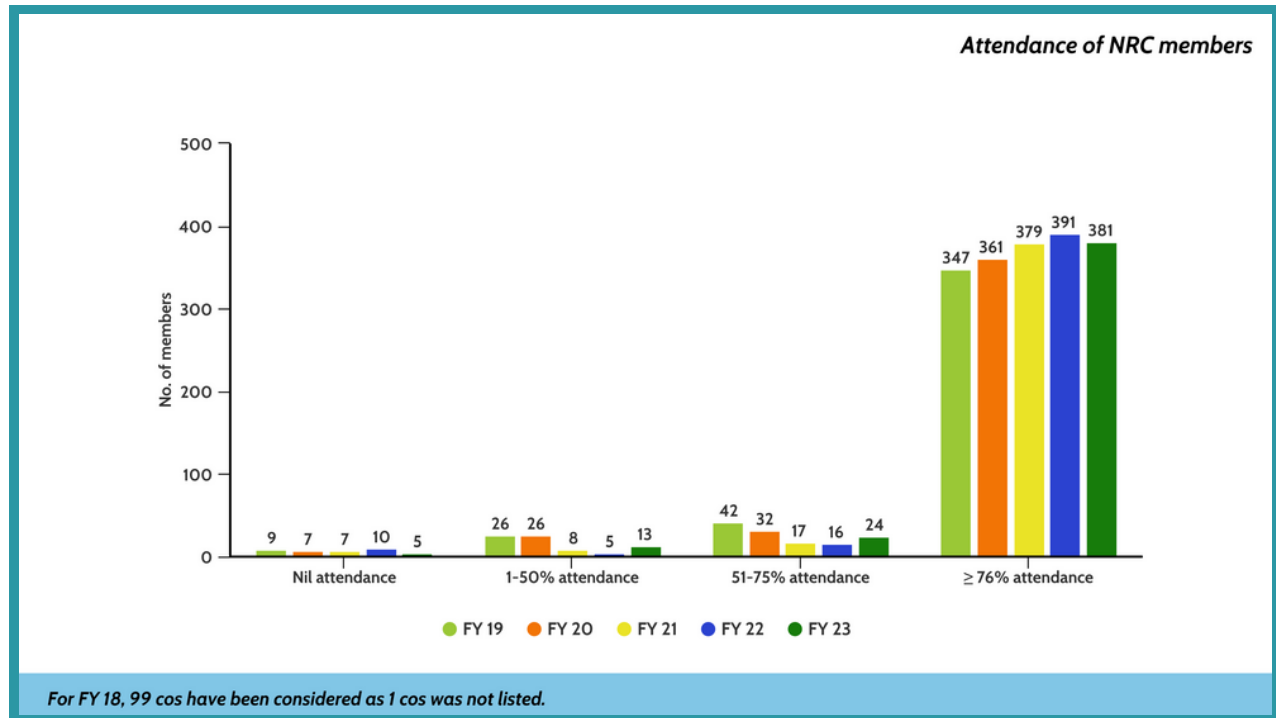
## CHAIR OF BOARD AS A MEMBER OF NRC

Not having the Chair of the Board as a member of the NRC could lead to the deliberations of the NRC not being informed by the first-hand experience and understanding that the Chair of the Board could bring to the deliberations. Having the Chair of the Board as a member, without him/her being a Chair of the NRC, will balance the availability of appropriate insights, and the independence of the NRC.



## ATTENDANCE OF NRC MEMBERS

Given the importance of the NRC, it is of paramount importance that all members should strive to attend every meeting that is scheduled. Continuous absence of any member should lead to his/her being taken out of the committee. As it is, many NRCs do not meet often enough.

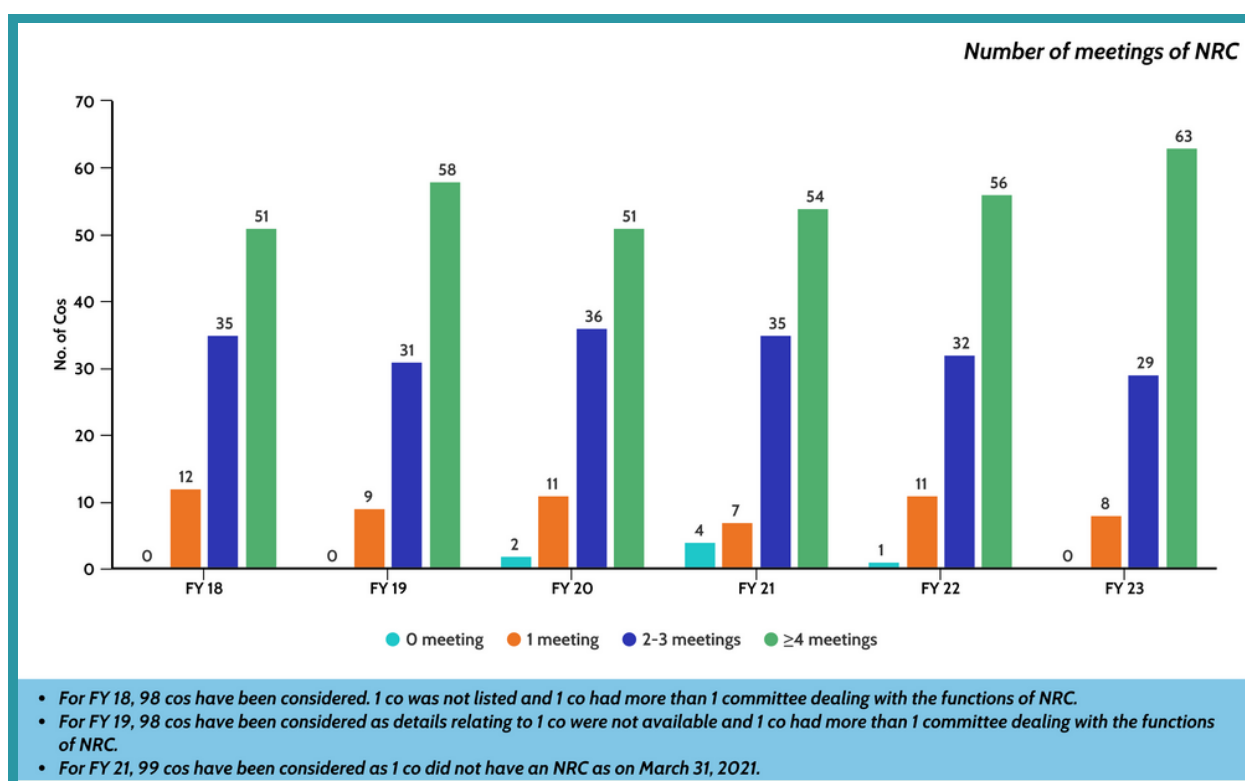


- In FY 19, 76% of members had 100% attendance.
- In FY 20, 81% of members had 100% attendance.
- In FY 21, 89% of members had 100% attendance.
- In FY 22, 90% of members had 100% attendance.
- In FY 23, 85% of members had 100% attendance.

## NUMBER OF MEETINGS OF NRC

- As per Regulation 19(3A) of SEBI LODR Regulations, 2015, the nomination and remuneration committee shall meet at least once in a year (wef April 1, 2019).
- SEBI vide circular dated March 26, 2020, allowed nomination and remuneration committee to hold its meeting till June 30, 2020 instead of March 31, 2020.

The regulatory provision that the NRC shall meet at least once a year does not keep pace with the increased remit of the NRC, and the importance of the tasks assigned to it. The workload in most NRCs would seem to indicate that 4 meetings a year would be the minimum required to do justice to the remit of the NRC.



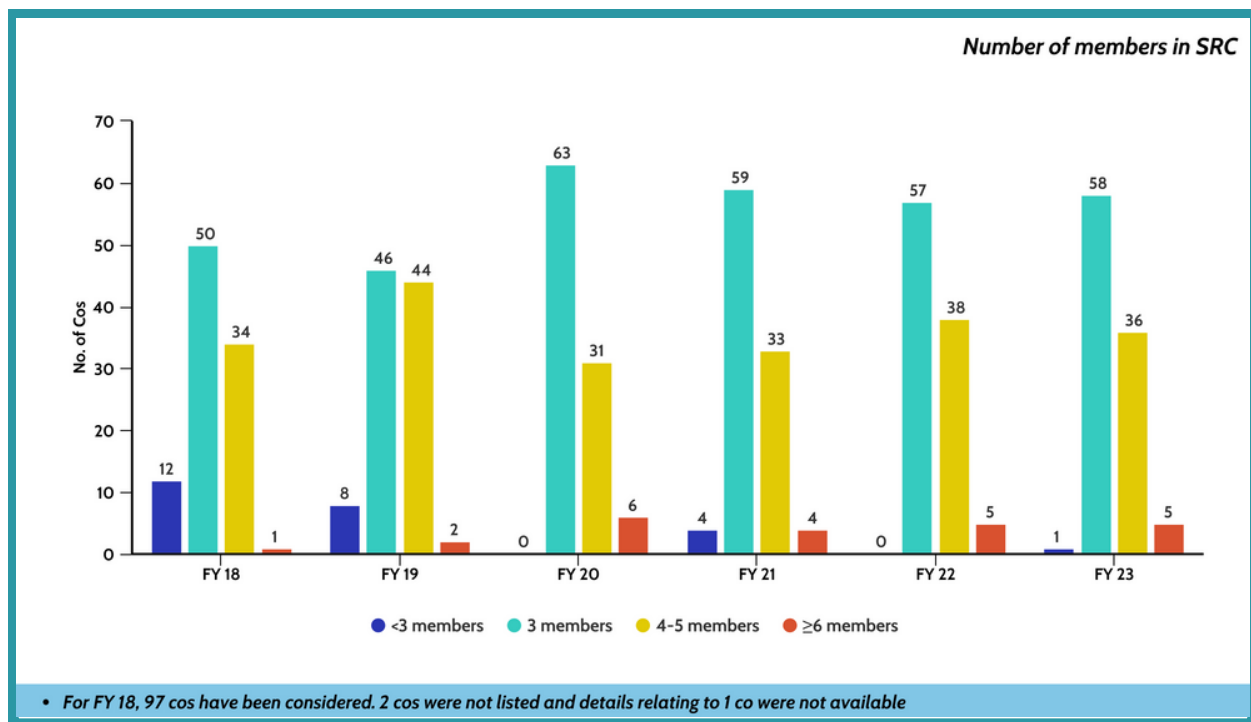
- Highest number of meetings
  - in FY 18 was 9
  - in FY 19 was 16
  - in FY 20 was 11
  - in FY 21 was 28
  - in FY 22 was 13
  - in FY 23 was 17.

# 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 (wef April 1, 2019).
- As per Regulation 20(2) of SEBI LODR Regulations, 2015, the chairperson of this committee shall be a non-executive director.

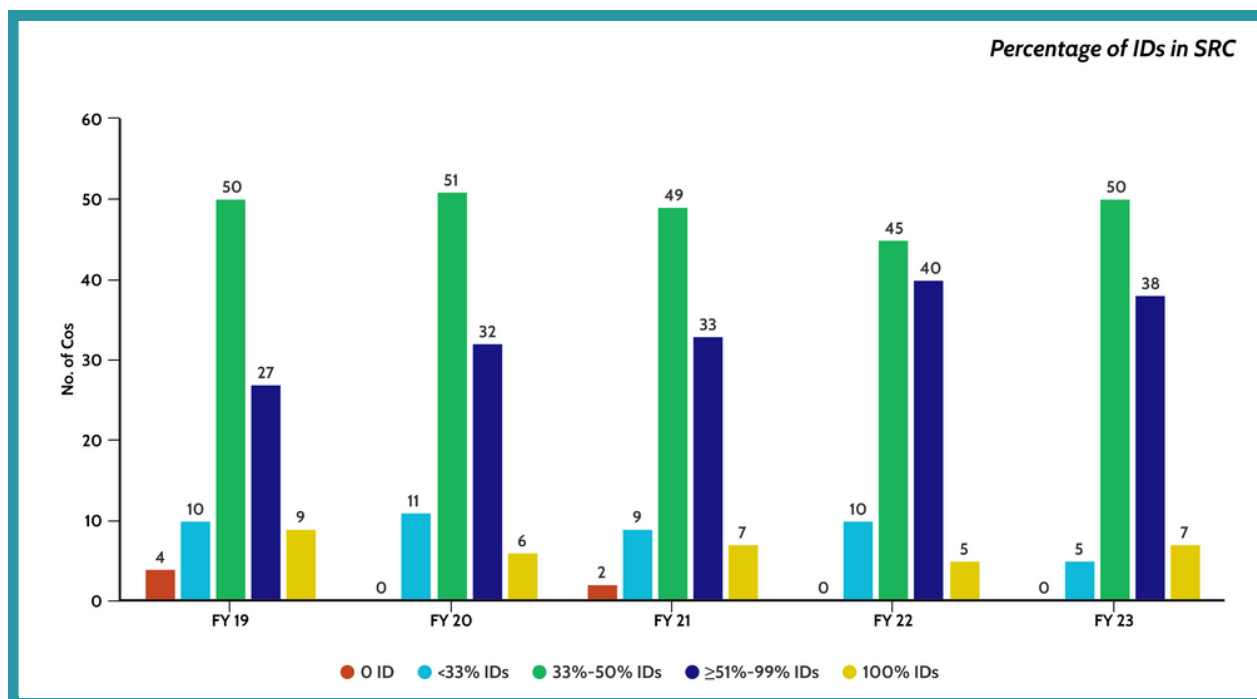
The Companies Act, 2013 requires that the Chair of SRC should be an NED, and other members may be as decided by the Board. SEBI LODR Regulations, 2015 provides that the committee should have at least 3 members, with at least 1 being an ID. This is a fit case for reconciling the provisions of the Act and the Regulations.



- Highest number of members
  - in FY 18 was 6
  - in FY 19 was 8
  - in FY 20 was 6
  - in FY 21 was 8
  - in FY 22 was 6
  - in FY 23 was 8.

## PERCENTAGE OF IDs IN SRC

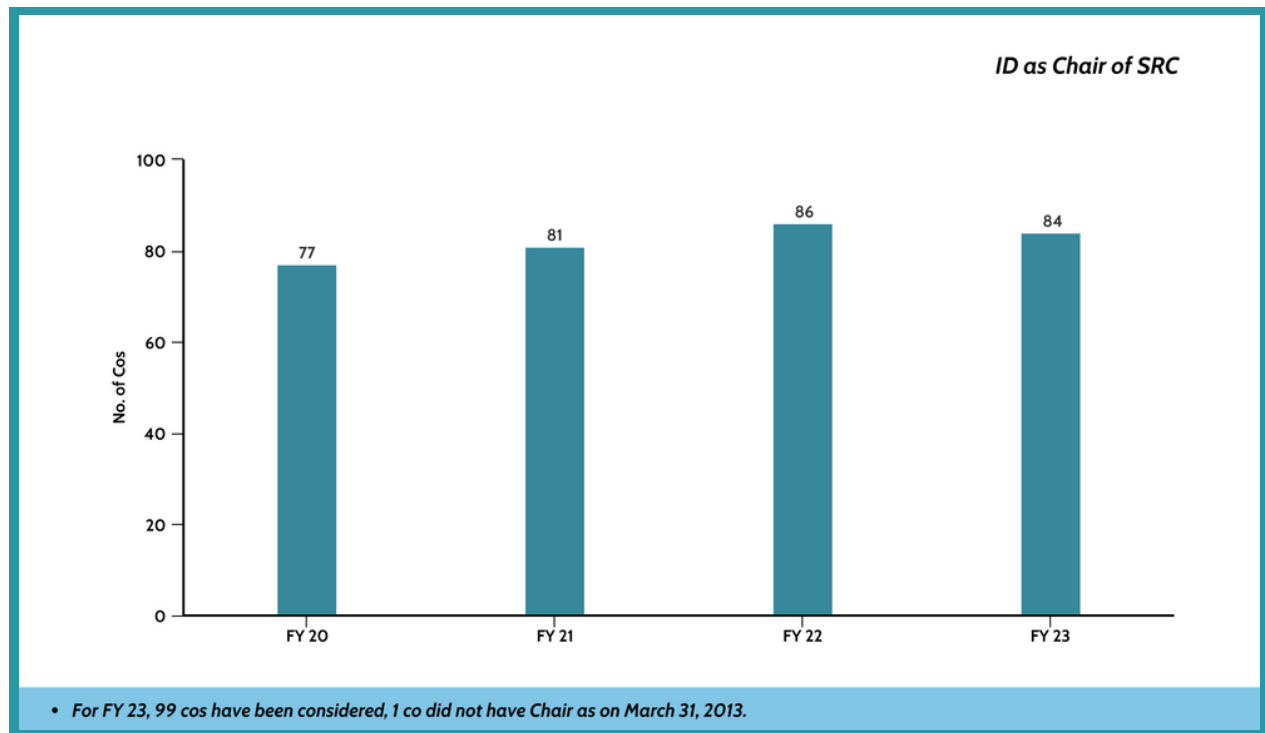
Since the SRC is tasked to look into the grievances of holders of securities, it is preferable not to leave the satisfactory resolution of these grievances to Board members who are not IDs. Instances of possible minority oppression can be addressed at an early stage by an SRC with IDs constituting the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



## ID AS CHAIR OF SRC

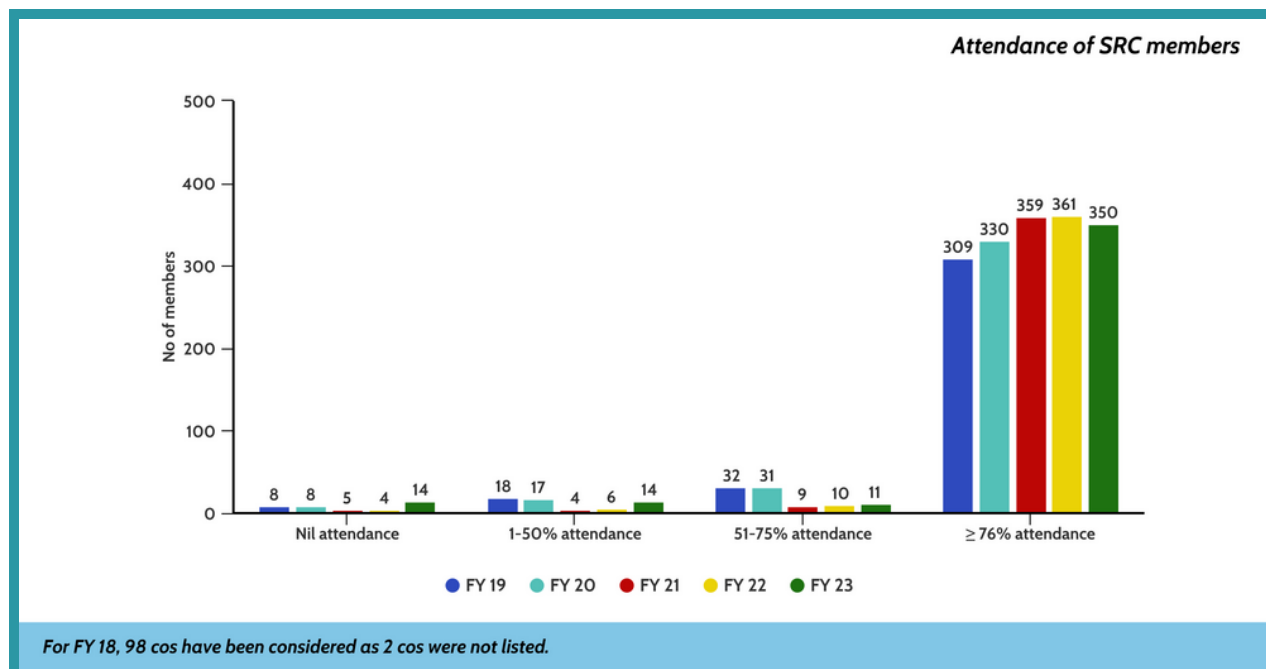
- *As per Section 178(5) of the Companies Act, 2013, ....Stakeholders Relationship Committee consisting of a chairperson who shall be a non-executive director...*
- *As per Regulation 20(2) of SEBI LODR Regulations, 2015, the chairperson of this committee shall be a non-executive director.*

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.



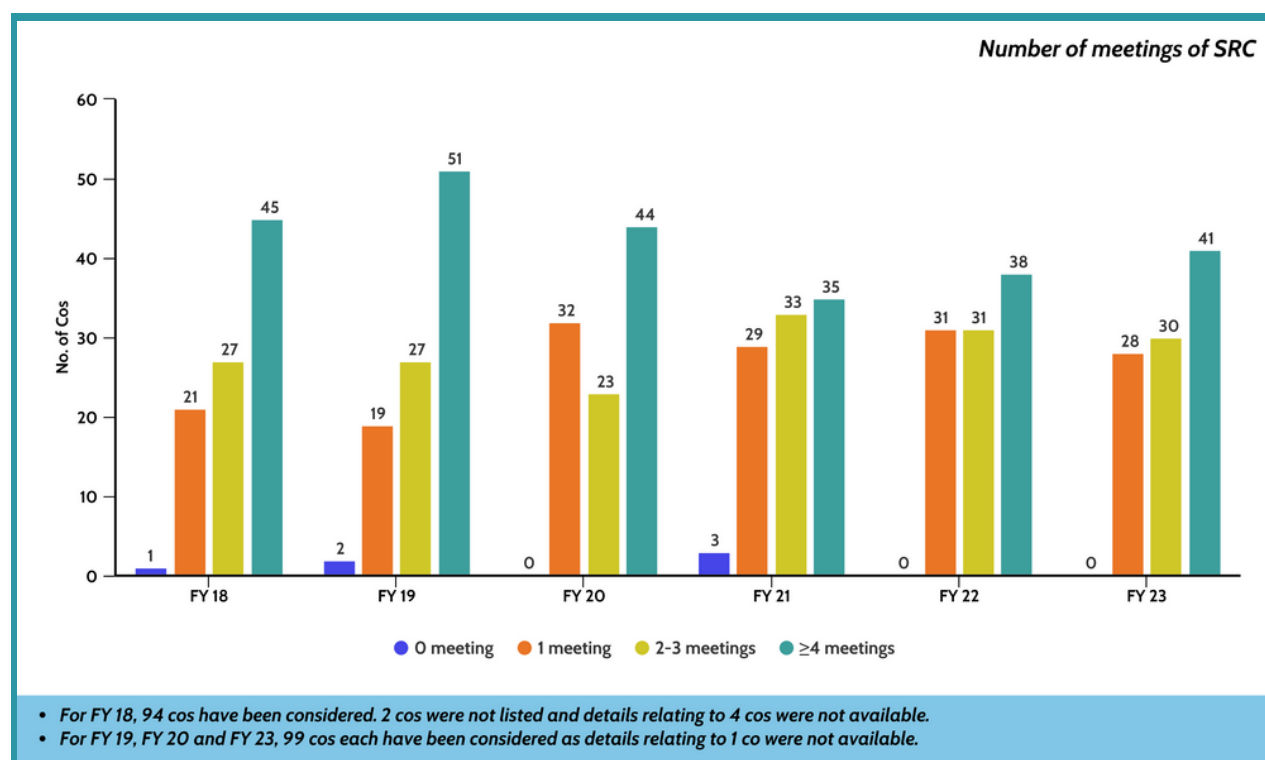
- In FY 19, 82% of members had 100% attendance.
- In FY 20, 83% of members had 100% attendance.
- In FY 21, 91% of members had 100% attendance.
- In FY 22, 93% of members had 100% attendance.
- In FY 23, 88% of members had 100% attendance.

## NUMBER OF MEETINGS OF SRC

- As per Regulation 20(3A) of SEBI LODR Regulations, 2015, the stakeholders relationship committee shall meet at least once in a year (wef April 1, 2019).
- SEBI vide circular dated March 26, 2020, allowed stakeholders relationship committee to hold its meeting till June 30, 2020 instead of March 31, 2020.

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, so that justice is done to the name of the Committee. Having only 1 meeting of the SRC each year is reflective of inadequate concern for the legitimate grievances of stakeholders.

However, having a large number of meetings, with only a few complaints to be resolved, would also be counterproductive, unless the remit of the SRC is expanded to include concerns of stakeholders, other than those of holders of securities.



- Highest number of meetings
  - in FY 18 was 14
  - in FY 19 was 19
  - in FY 20 was 18
  - in FY 21 was 9
  - in FY 22 was 12
  - in FY 23 was 7.
- The reason for conducting so many meetings is not clear given the limited remit, as per statute, of the SRC.
- In FY 20, FY 21, FY 22 and FY 23, there were 15 companies, 12 companies, 14 companies and 11 companies respectively in which complaints received by SRC were equal to or less than the number of committee meetings held during the year. Of these, 3 companies in FY 20 and FY 21, 6 companies in FY 22 and 8 companies in FY 23 have expanded the scope of SRC beyond the prescription under SEBI LODR Regulations, 2015.



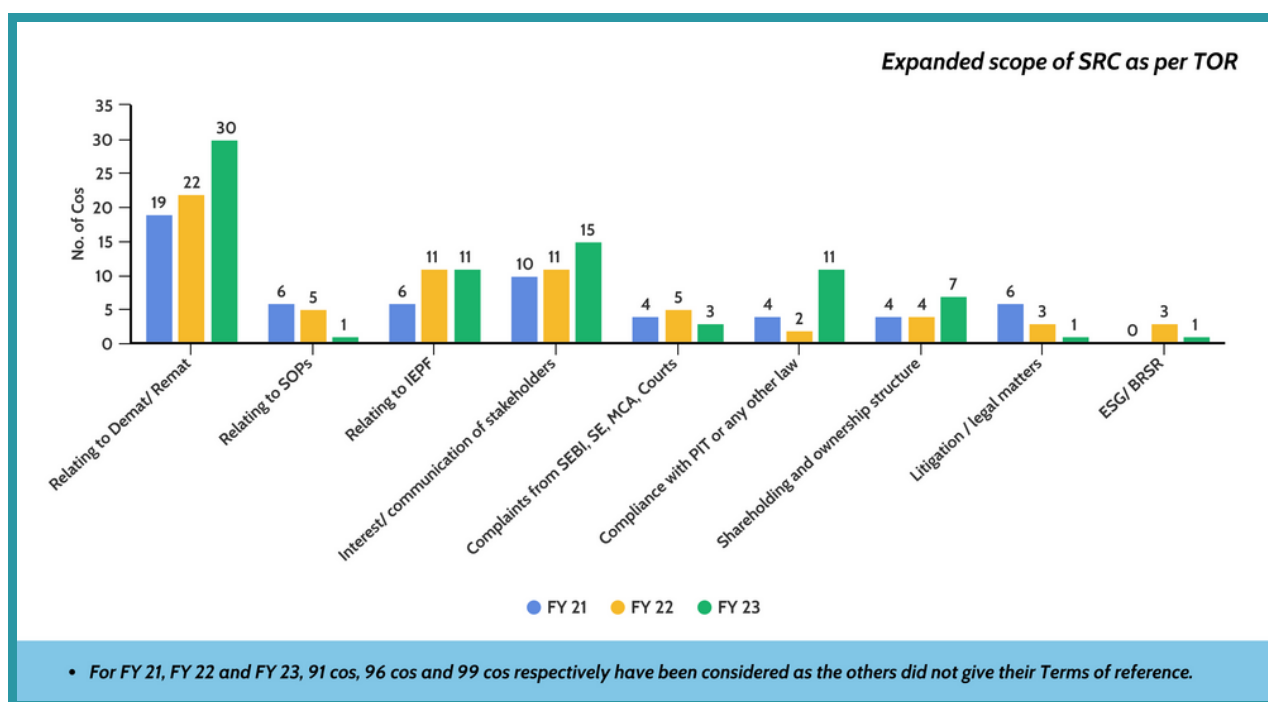
## COMPLAINTS UNDER SRC

- In FY 22 and FY 23, 4 companies and 3 companies respectively received no complaints.
- At the end of FY 22 and FY 23, 76 companies and 72 companies respectively had no pending complaints.
- The highest number of complaints received
  - in FY 22 were 7403, the SRC met once, and the company had no pending complaints at the end of FY.
  - in FY 23 were 16416, the SRC met once, and the company had no pending complaints at the end of FY.

## EXPANDED SCOPE OF SRC

- *As per Section 178(6) of the Companies Act, 2013, the Stakeholders Relationship Committee shall consider and resolve the grievances of security holders of the company.*
- *As per Regulation 20(1) of SEBI LODR Regulations, 2015, the listed entity shall constitute a Stakeholders Relationship Committee to specifically look into various aspects of interest of shareholders, debenture holders and other security holders.*
- *As per Schedule II - Part D of SEBI LODR Regulations, 2015, the role of the committee shall inter-alia include the following:*
  - (1) Resolving the grievances of the security holders of the listed entity including complaints related to transfer/transmission of shares, non-receipt of annual report, non-receipt of declared dividends ,issue of new/duplicate certificates, general meetings etc.*
  - (2) Review of measures taken for effective exercise of voting rights by shareholders.*
  - (3) Review of adherence to the service standards adopted by the listed entity in respect of various services being rendered by the Registrar & Share Transfer Agent.*
  - (4) Review of the various measures and initiatives taken by the listed entity for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the company.*

The SRC which is a successor of the Shareholder Grievance Committee, has a very limited statutory remit, which is not in sync with the expansionist name which it bears. It is necessary to expand the scope of work of this committee by including in its remit, stakeholders other than holders of securities.

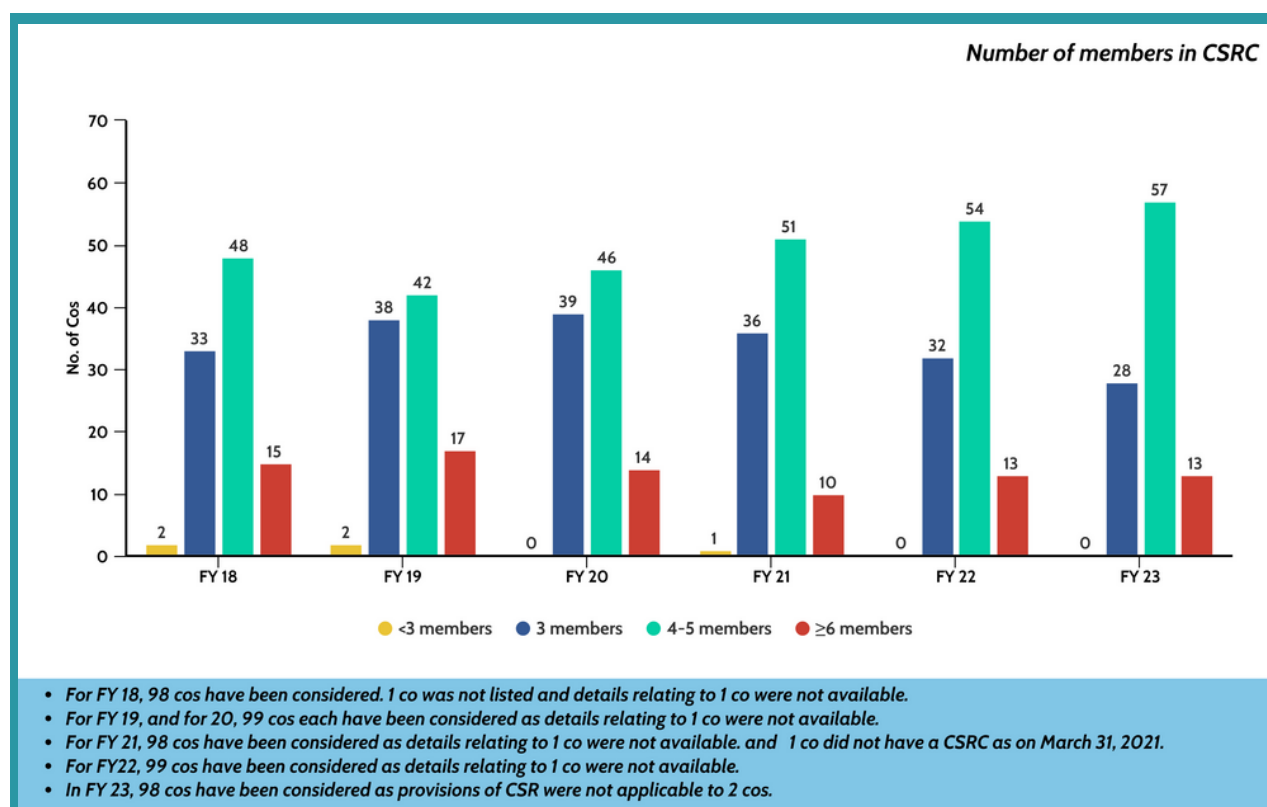


- In FY 21, FY 22 and FY 23 terms of reference of SRCs of 55 companies, 55 companies and 44 companies respectively had only mandatory provisions.
- Some of the additional terms include looking into money laundering cases, secretarial audit report review, shareholder satisfaction survey, ensuring controls etc.

# CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

## COMPOSITION OF CSRC

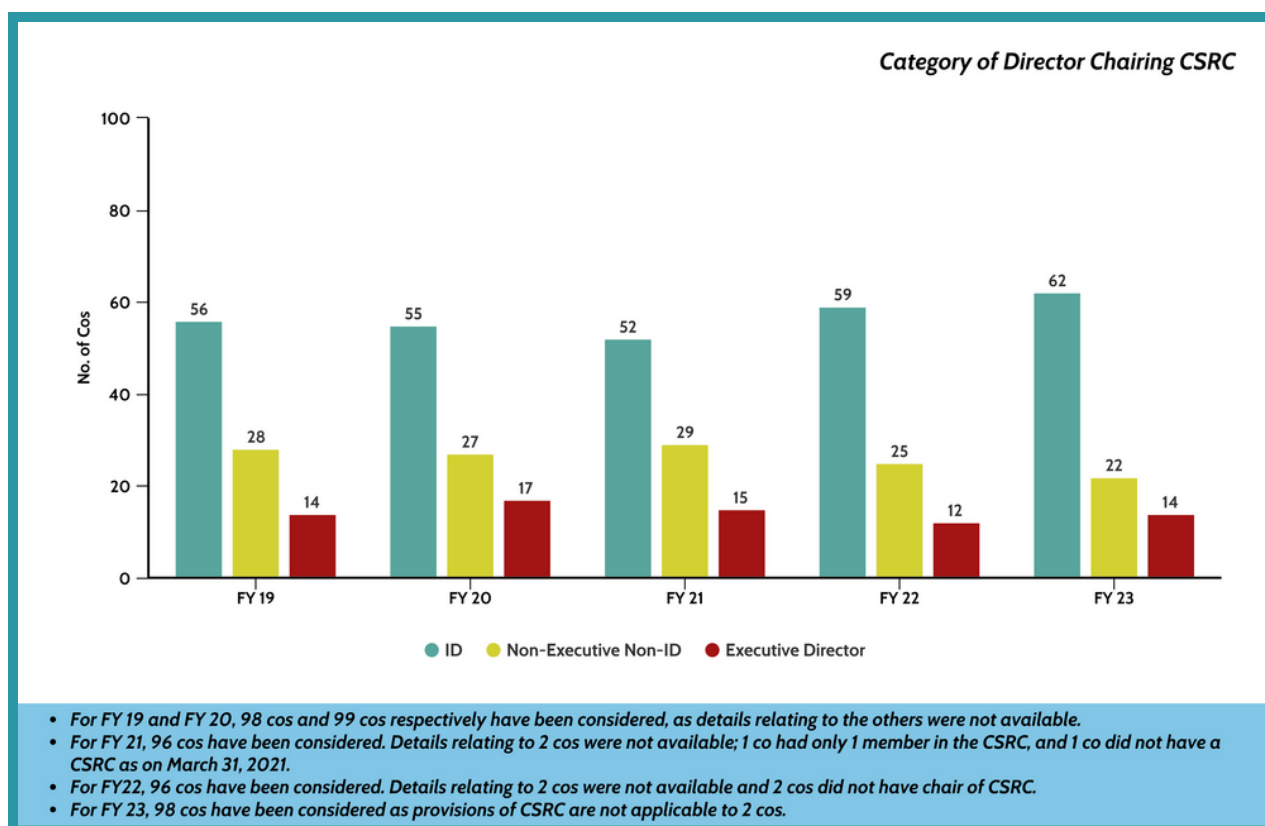
- As per Section 135(1) of the Companies Act, 2013, every company having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director (wef September 19, 2019).



- Highest number of members
  - in FY 18 was 8 in FY 19 was 9
  - in FY 20, in FY 21 and in FY 22 was 8
  - in FY 23 was 8.

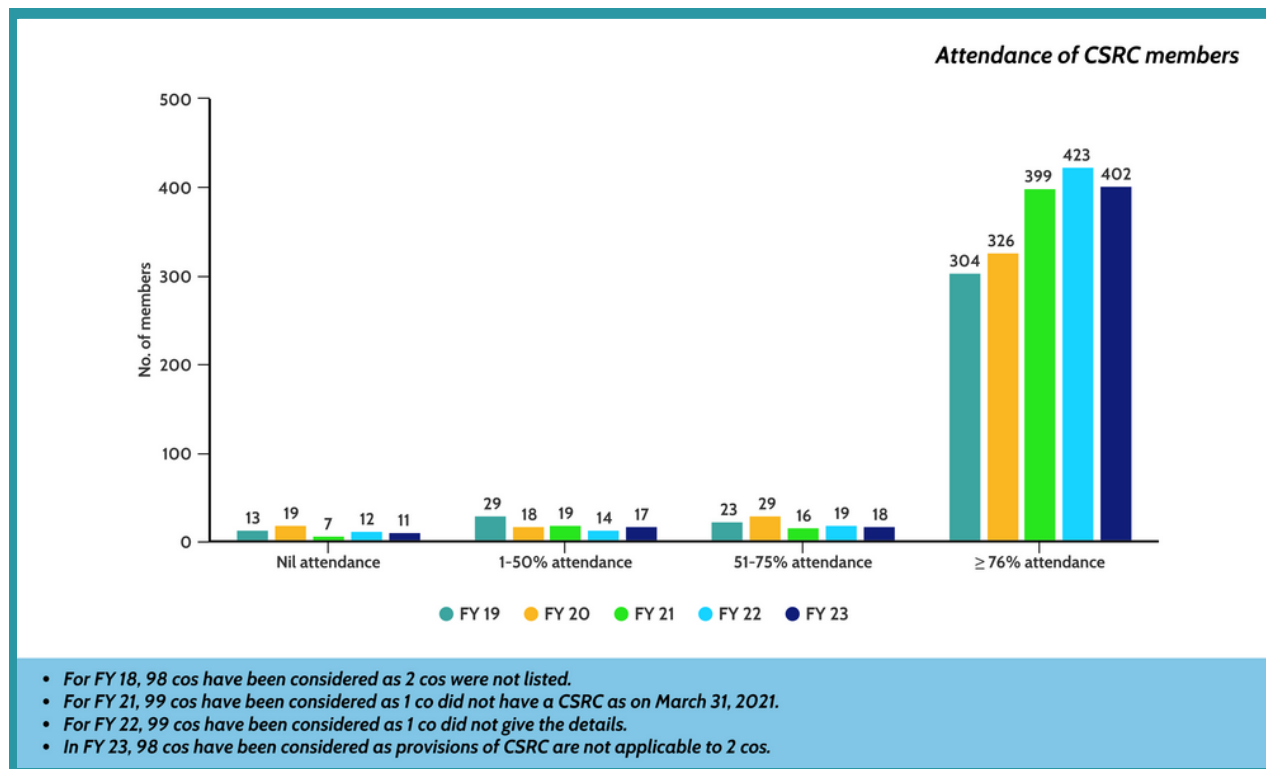
## CATEGORY OF DIRECTOR CHAIRING CSRC

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

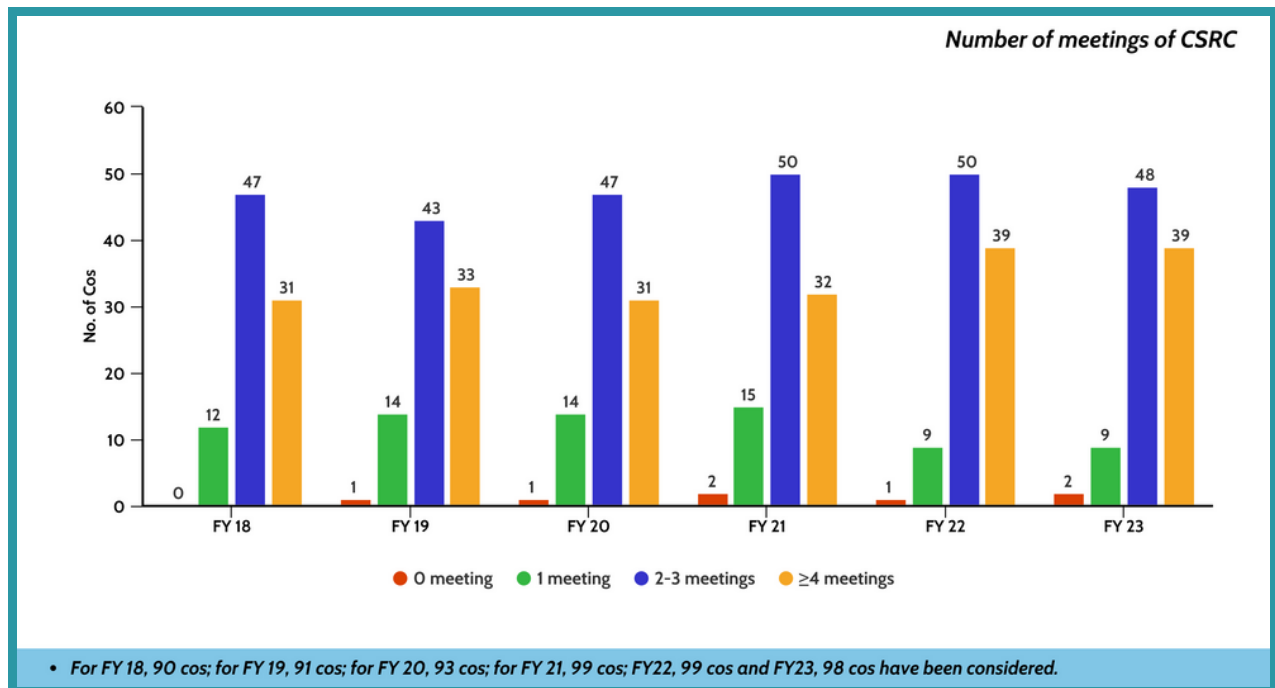
Non-attendance or inadequate attendance at the meetings of a Board-level committee is indicative of a lack of seriousness towards the role as a member of the committee. Any member not attending a single meeting throughout the year should be taken out of the committee.



- In FY 19, 67% of members had 100% attendance.
- In FY 20, 70% of members had 100% attendance.
- In FY 21, 90% of members had 100% attendance.
- In FY 22, 88% of members had 100% attendance.
- In FY 23, 88% of members had 100% attendance.

## NUMBER OF MEETINGS OF CSRC

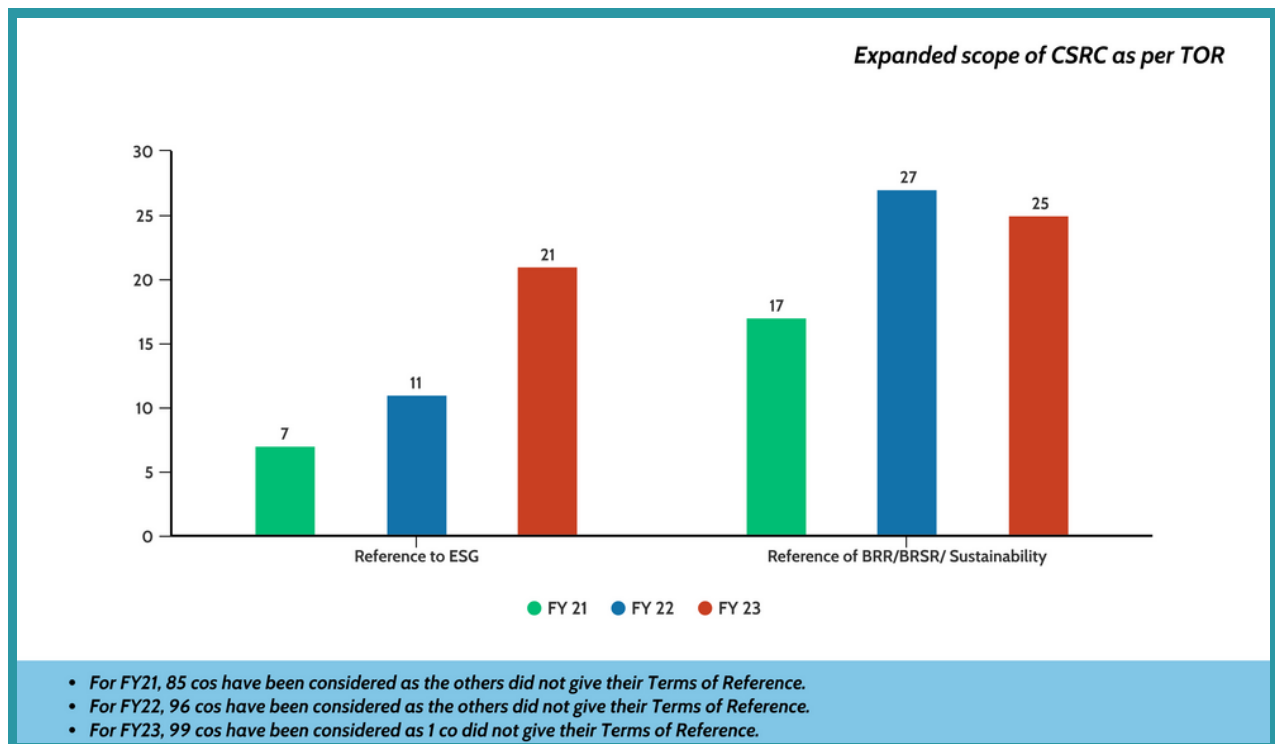
While there is no provision in the Act prescribing the minimum number of meetings of CSRC, given the enhanced emphasis on the role of the CSRC, it should ideally have 3 meetings during a FY. These meetings could look at sanctioning projects, monitoring the progress of implementation, and assessing the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



- Highest number of meetings
  - in FY 18 was 8
  - in FY 19 was 11
  - in FY 20 was 8
  - in FY 21 was 7
  - in FY 22 was 10
  - in FY 23 was 10.

## EXPANDED SCOPE OF CSRC

This is the committee that is tasked with protecting and preserving the interest of society as a stakeholder in the corporate entity. Till recently, most companies saw this committee as a channelising agent for the funds that they were supposed to provide for CSR. In the present context, with ESG having assumed criticality, it is necessary for the CSRC to significantly expand its scope, in order to address the 3 elements of the ESG mandate. In doing so, the company would have to provide for constructive cooperation and collaboration by all relevant Board committees, so that no element of ESG is given less attention. A few companies have chosen to house ESG in other committees or to have a separate ESG Committee.

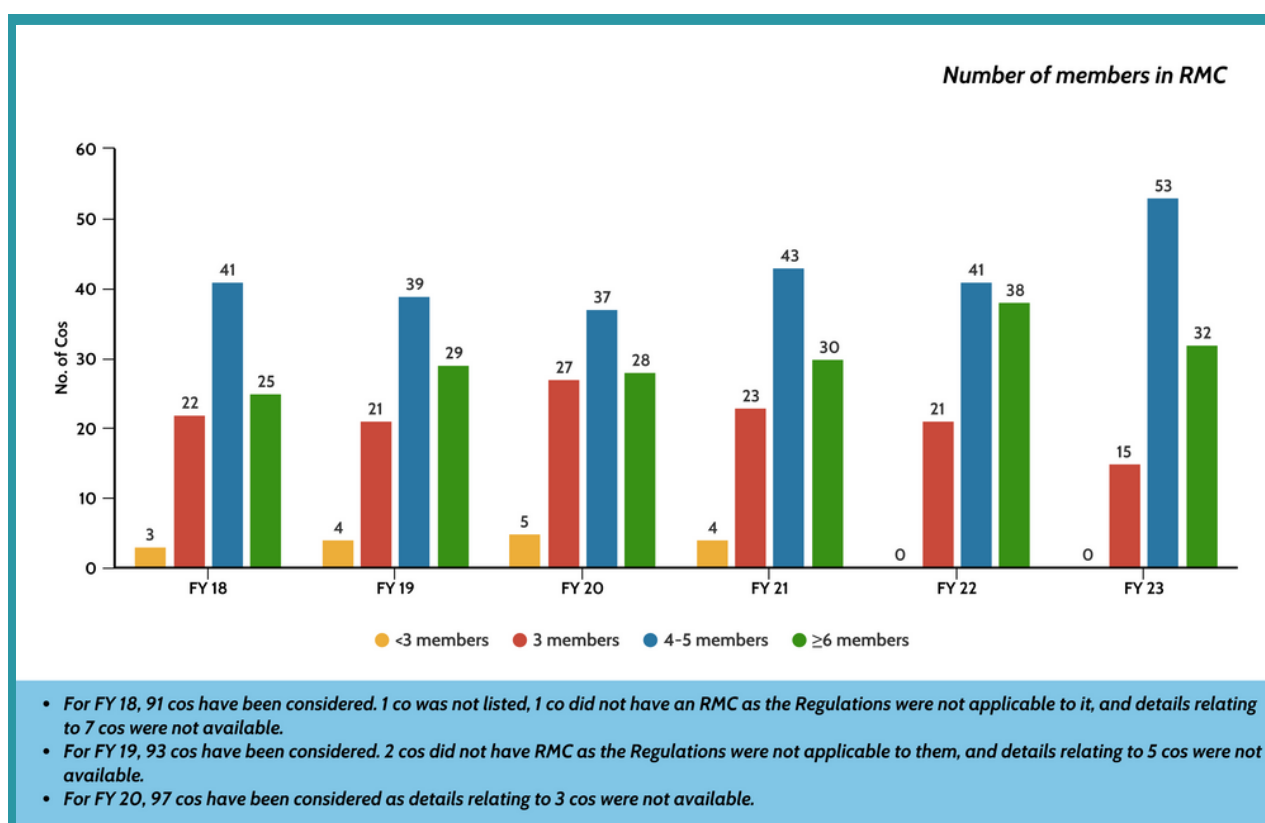


# RISK MANAGEMENT COMMITTEE

## COMPOSITION OF RMC

- As per Regulation 21(5) of SEBI LODR Regulations, 2015, the provisions of this regulation shall be applicable to the
  - i. top 500 listed entities determined on the basis of market capitalization as at the end of the immediate preceding financial year.
  - ii. a 'high value debt listed entity' (wef September 7, 2021)
- As per Regulation 21(2) of SEBI LODR Regulations, 2015, the Risk Management Committee shall have minimum three members with majority of them being members of the board of directors, including at least one independent director (wef May 5, 2021).
- 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.

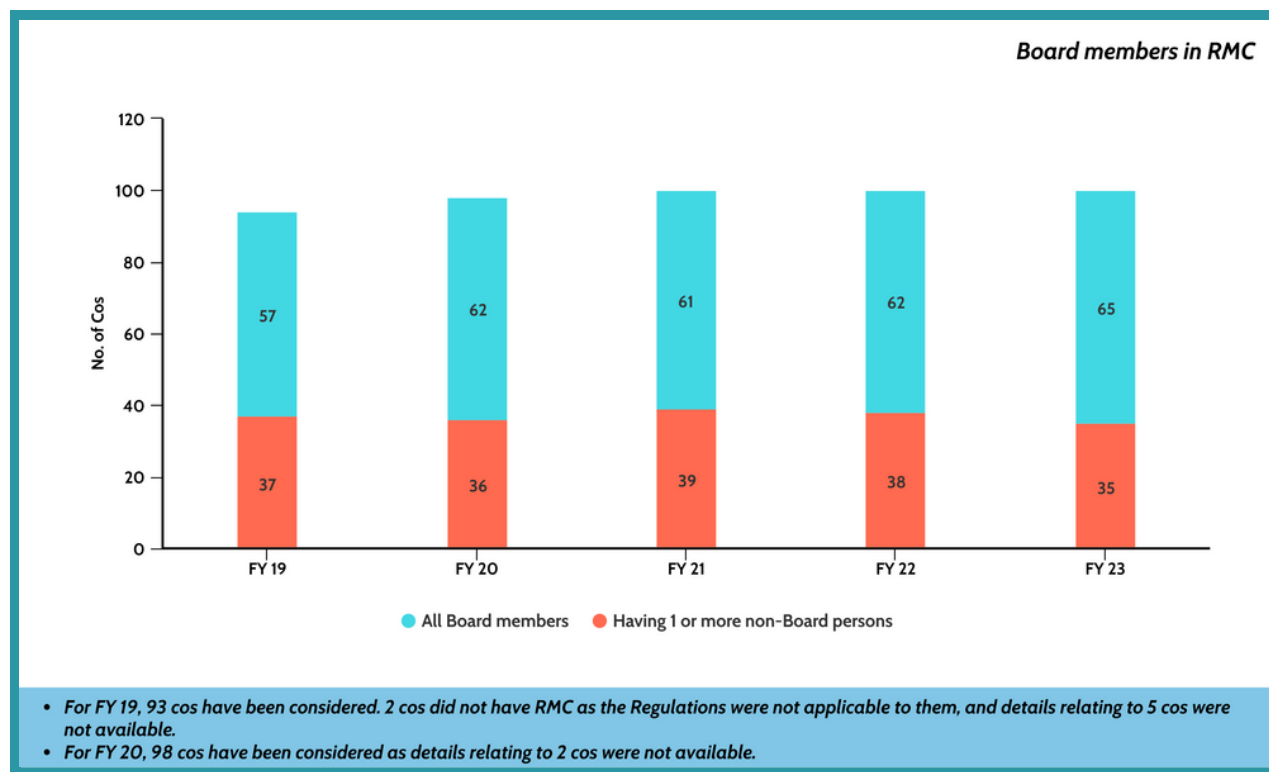
With risk management requiring increased focus, and with the committee having to identify and address risks, other than operational risks, it would be desirable to have more Board members, especially IDs, on the RMC. RMC should be given statutory recognition, in addition to regulatory recognition, in view of its importance.



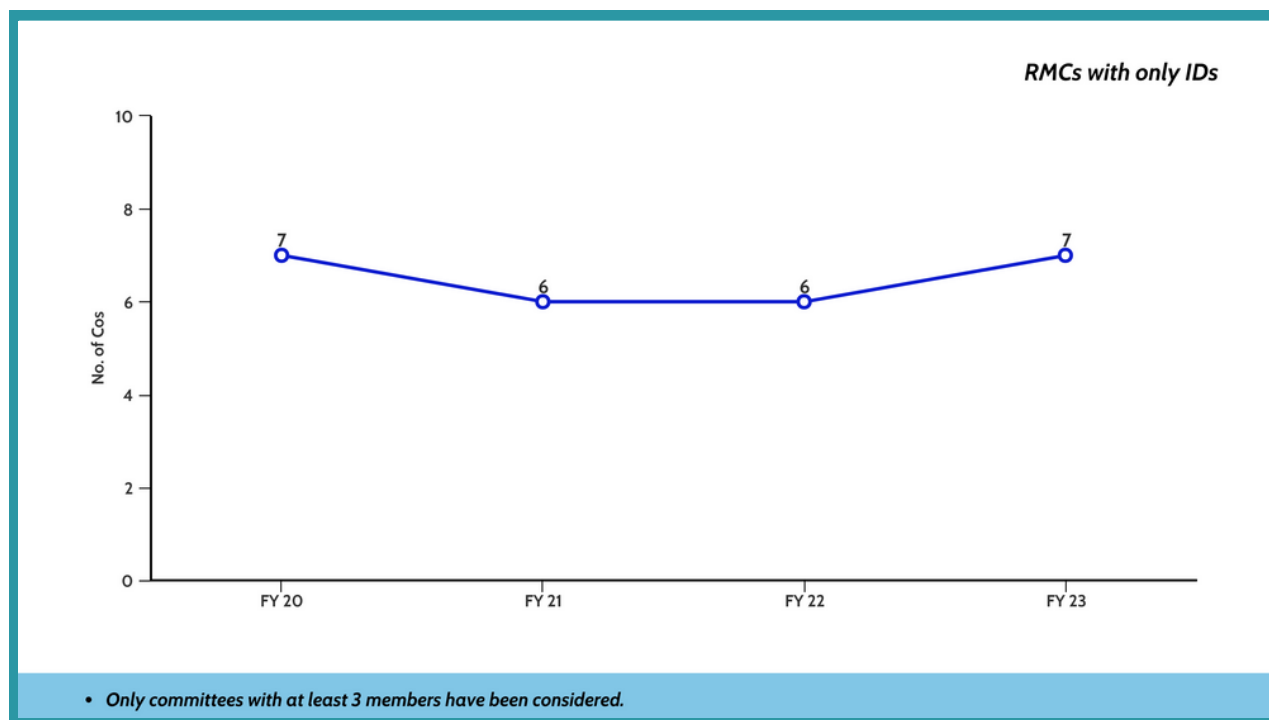
- Highest number of members
  - in FY 18 was 11
  - in FY 19 was 10
  - in FY 20 was 8
  - in FY 21, FY 22 and FY 23 was 9 each.



## ALL BOARD MEMBERS IN RMC

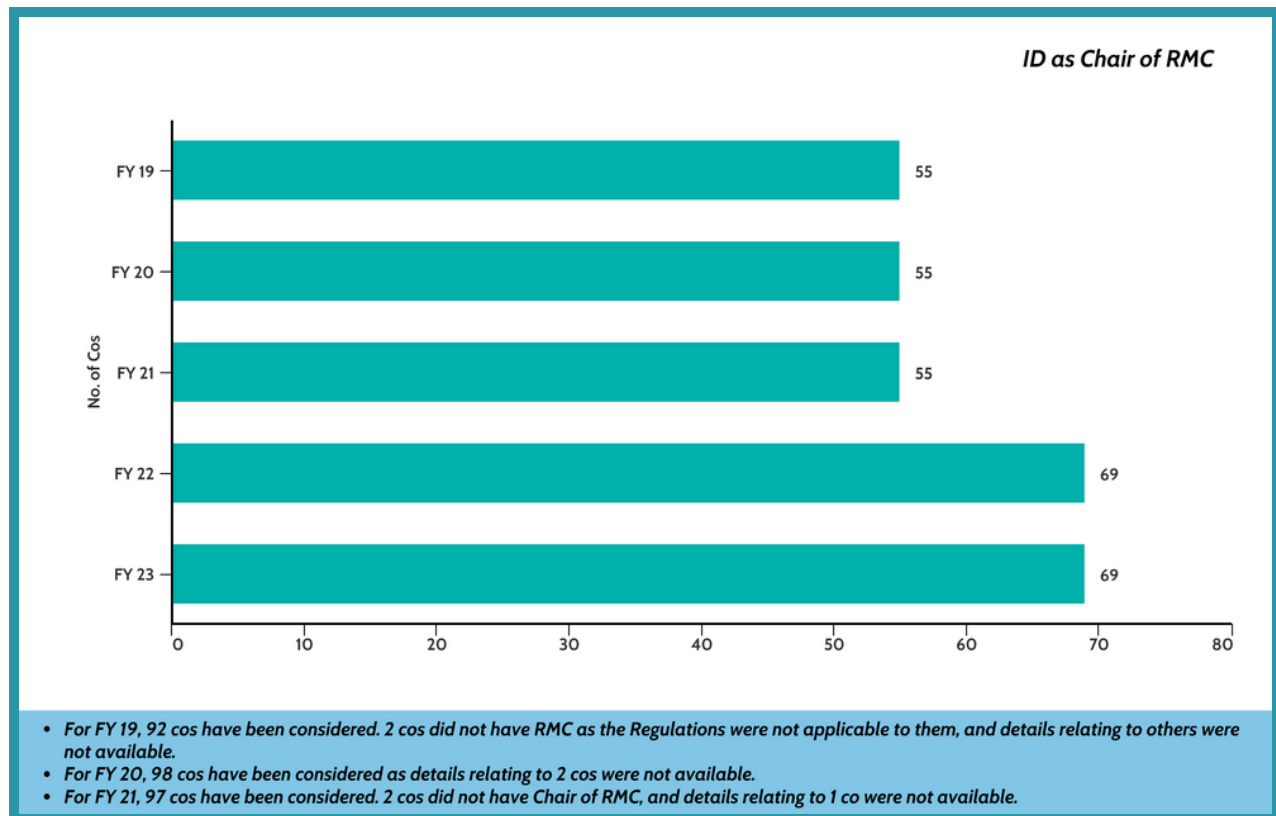


## ALL IDs IN RMC



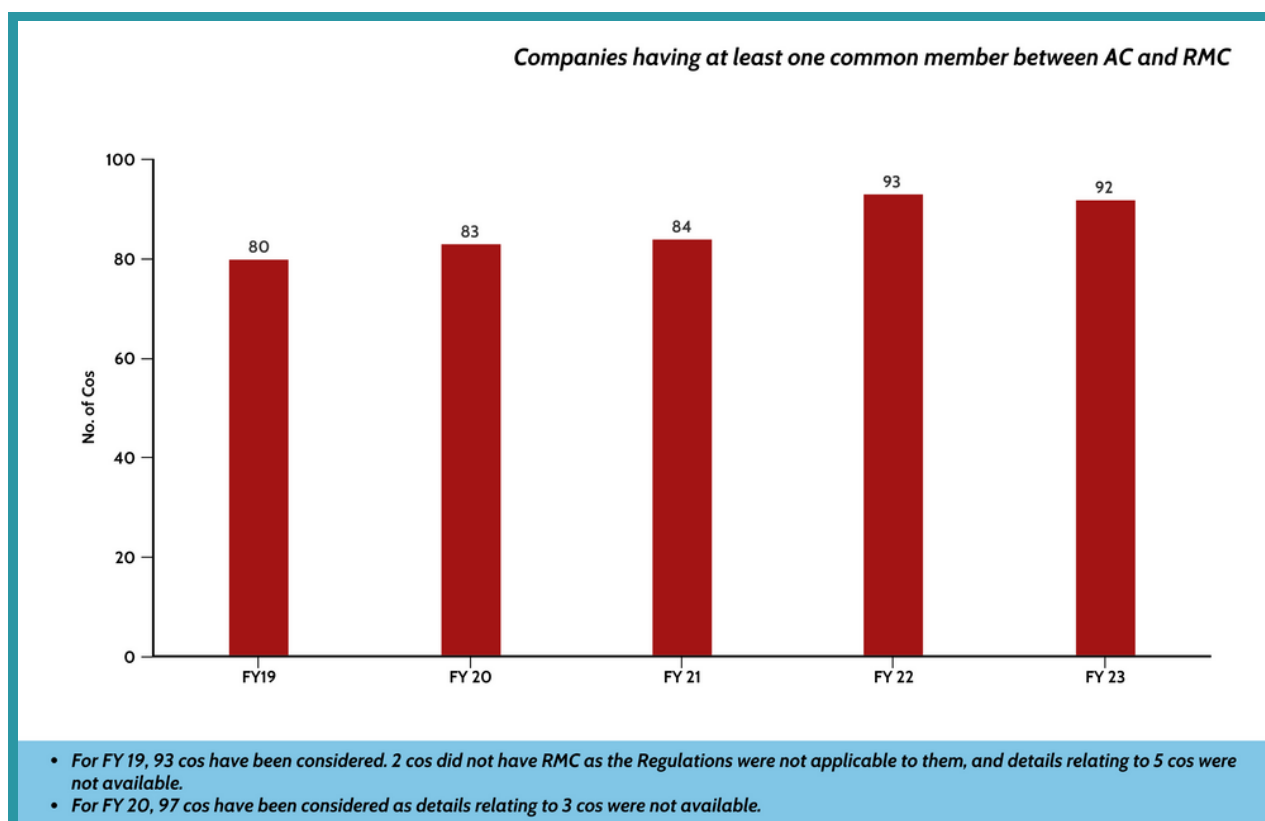
## ID AS CHAIR OF RMC

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.



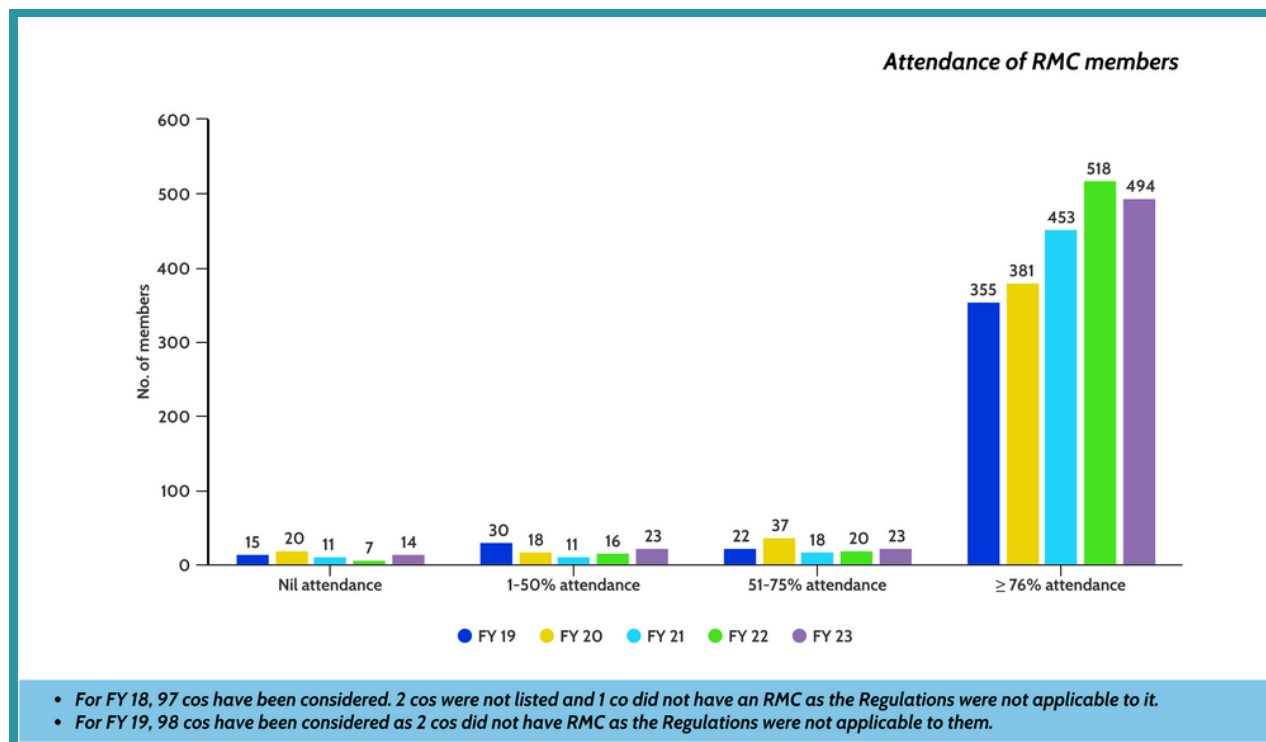
## COMMON MEMBERSHIP BETWEEN AC AND RMC

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.



## 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.

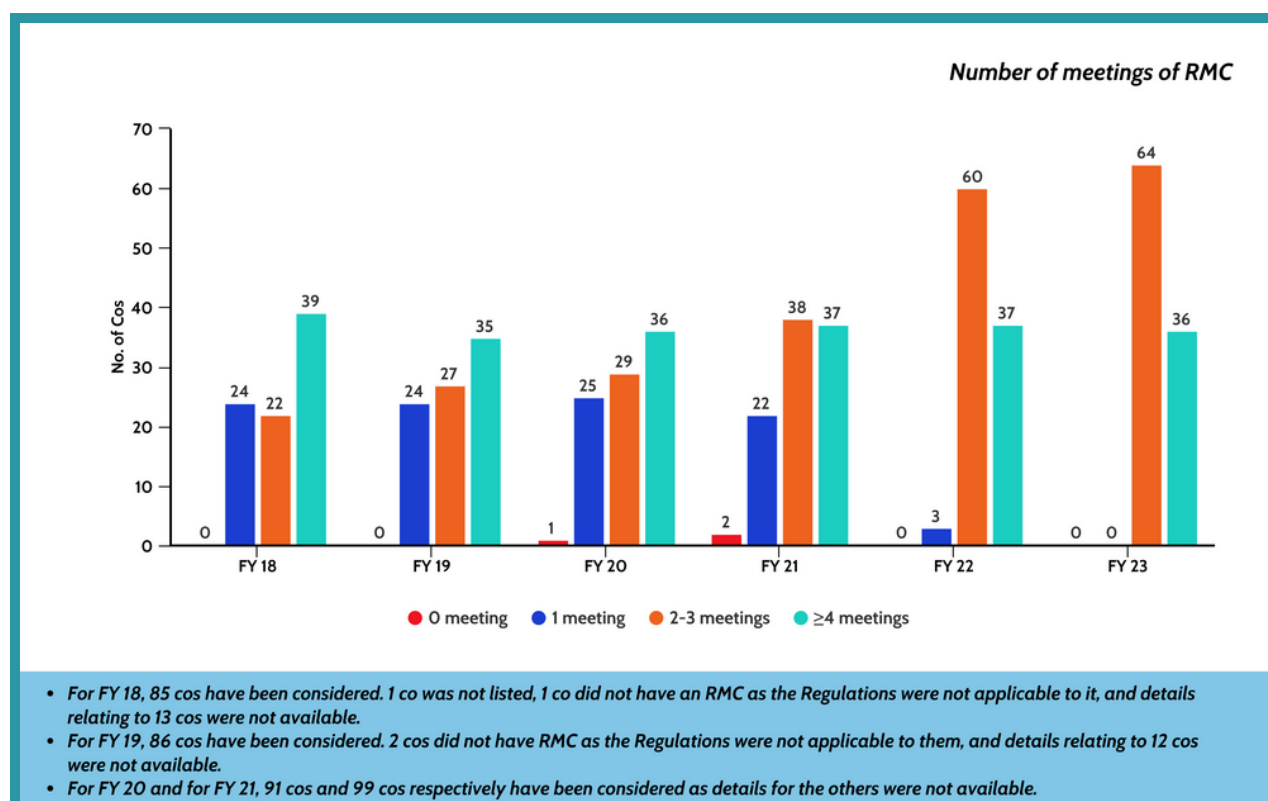


- In FY 19, 71% of members had 100% attendance.
- In FY 20, 73% of members had 100% attendance.
- In FY 21, 85% of members had 100% attendance.
- In FY 22, 89% of members had 100% attendance.
- In FY 23, 86% of members had 100% attendance.

## NUMBER OF MEETINGS OF RMC

- As per Regulation 21(3A) of SEBI LODR Regulations, 2015, the risk management committee shall meet at least twice in a year (wef May 5, 2021).
- As per Regulation 21 (3C) of SEBI LODR Regulations, 2015, the meetings of the risk management committee shall be conducted in such a manner that on a continuous basis not more than one hundred and eighty days shall elapse between any two consecutive meetings.
- SEBI vide circular dated March 26, 2020, allowed risk management committee to hold its meeting till June 30, 2020 instead of March 31, 2020.

Given that risk management is central to the existence and the operations of companies, and with the likelihood and impact of risks having increased significantly, two meeting per year do not even scratch the surface. This is not an area where the box-ticking approach to regulations will yield results.

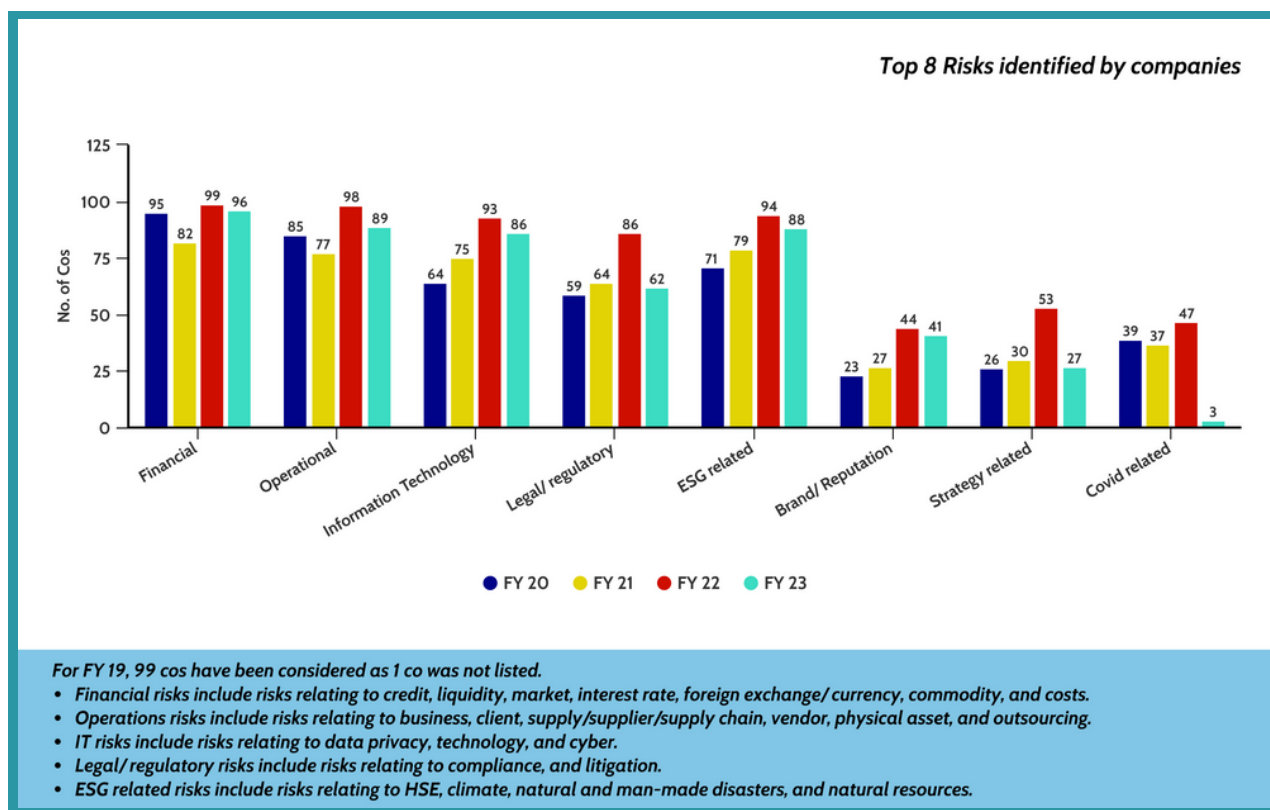


- Highest number of meetings
  - in FY 18 was 8
  - in FY 19 was 9
  - in FY 20 was 8
  - in FY 21 was 9
  - in FY 22 was 13
  - in FY 23 was 12.

# TOP 8 RISKS IDENTIFIED BY COMPANIES

- As per Schedule II (Part D) (C) of SEBI LODR Regulations, 2015,
- The role of the committee shall, inter alia, include the following:
  - To formulate a detailed risk management policy which shall include:
    - A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.
- 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
  - Risks and concerns

Risk mitigation should commence with a robust process for identification of risks, and an assessment of their impact and probability.

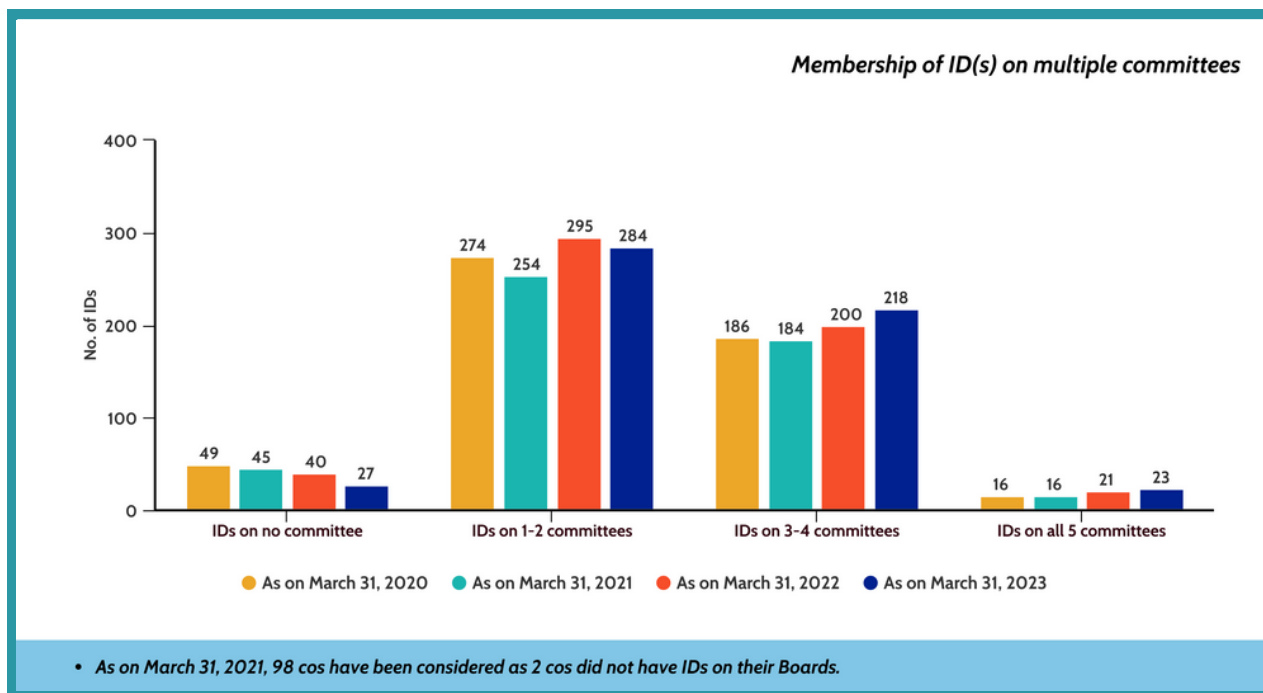


- Some of the other risks which stand out are lack of succession planning, absence of business continuity plan, inadequate HR/ talent management, geo-political risks, human rights, diversity and inclusion, business ethics and integrity, fraud, IPR, Research and Development, risk associated with subsidiaries.

# COMMITTEE MEMBERSHIP

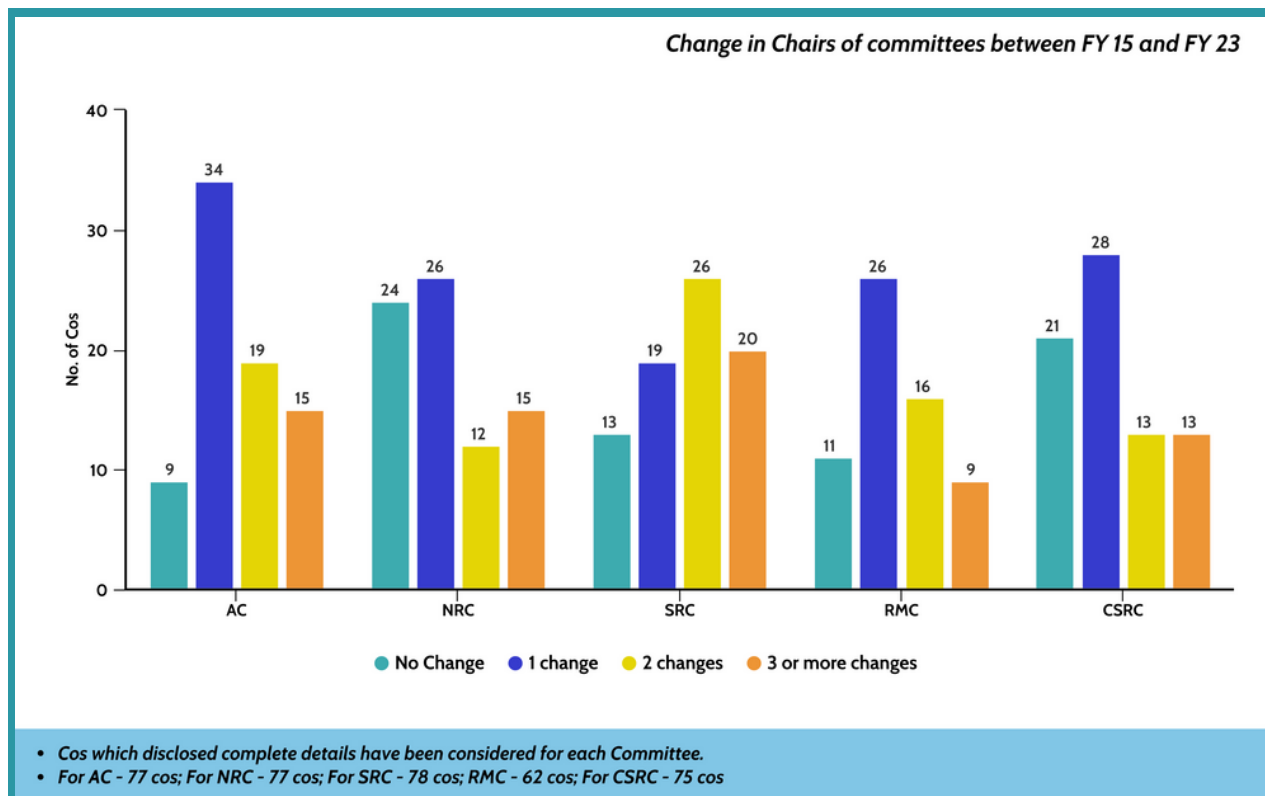
## DISTRIBUTION OF COMMITTEE MEMBERSHIP AMONG IDs

With in-depth discussion being possible at the committee level, rather than the Board level, it is necessary to ensure that all IDs are members of one or more Board committees. If one or more IDs choose(s) to stay away from the membership of Board committees, the information asymmetry among IDs would be significant, compounding the existing problem of information asymmetry among EDs and NEDs.

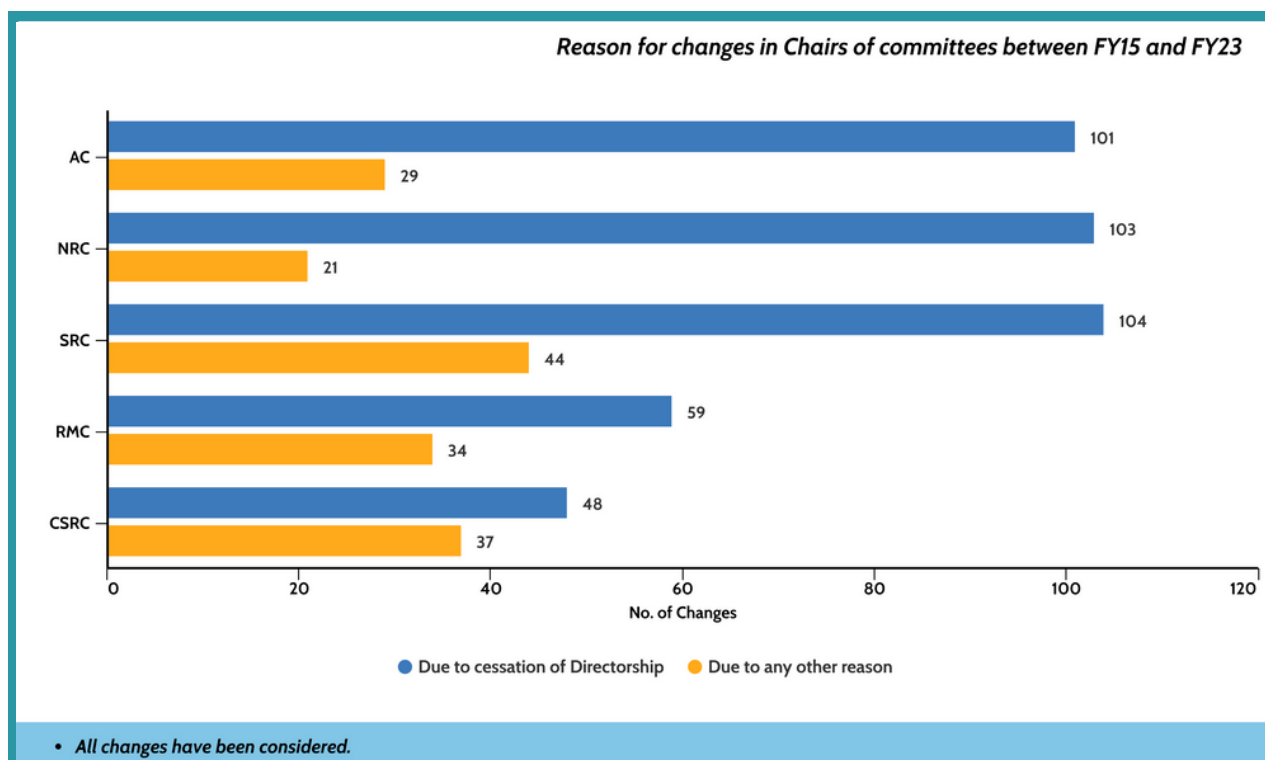


## CHANGE IN CHAIRS OF COMMITTEES

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 addressed. While frequent changes are disruptive, having no change over several years is a sub-optimal arrangement.

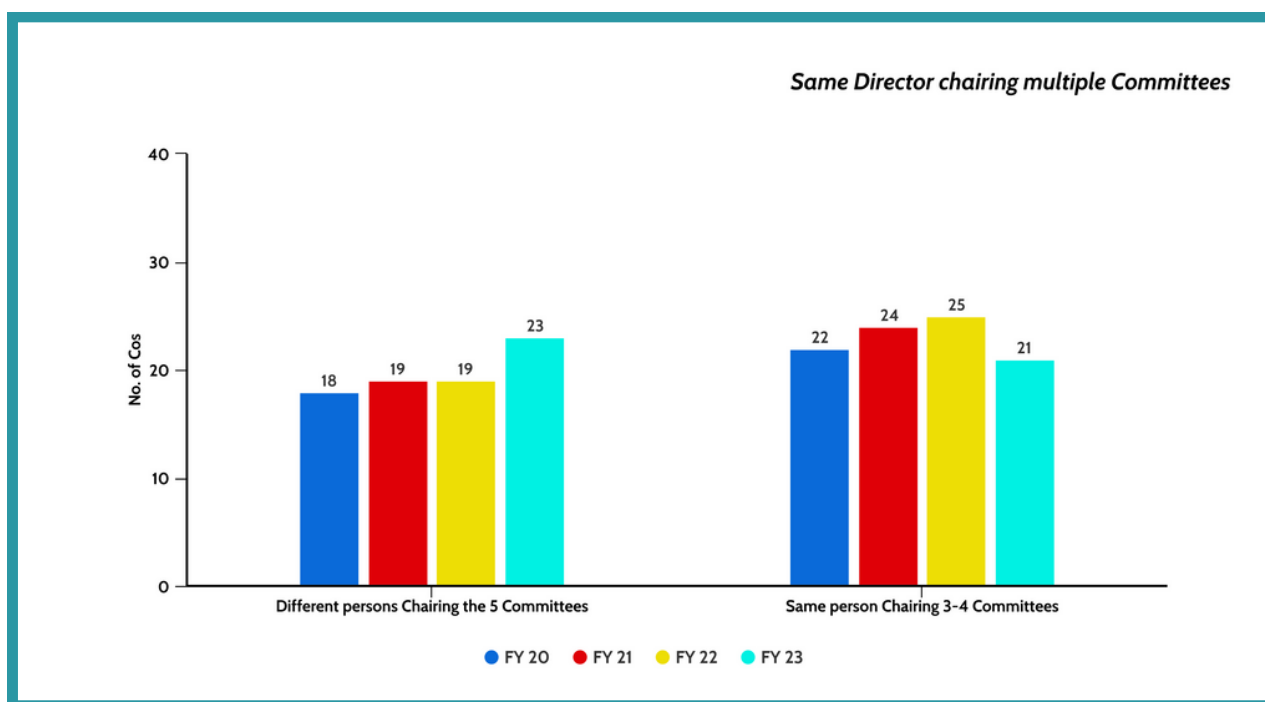


## REASON FOR CHANGES IN CHAIRS OF COMMITTEES



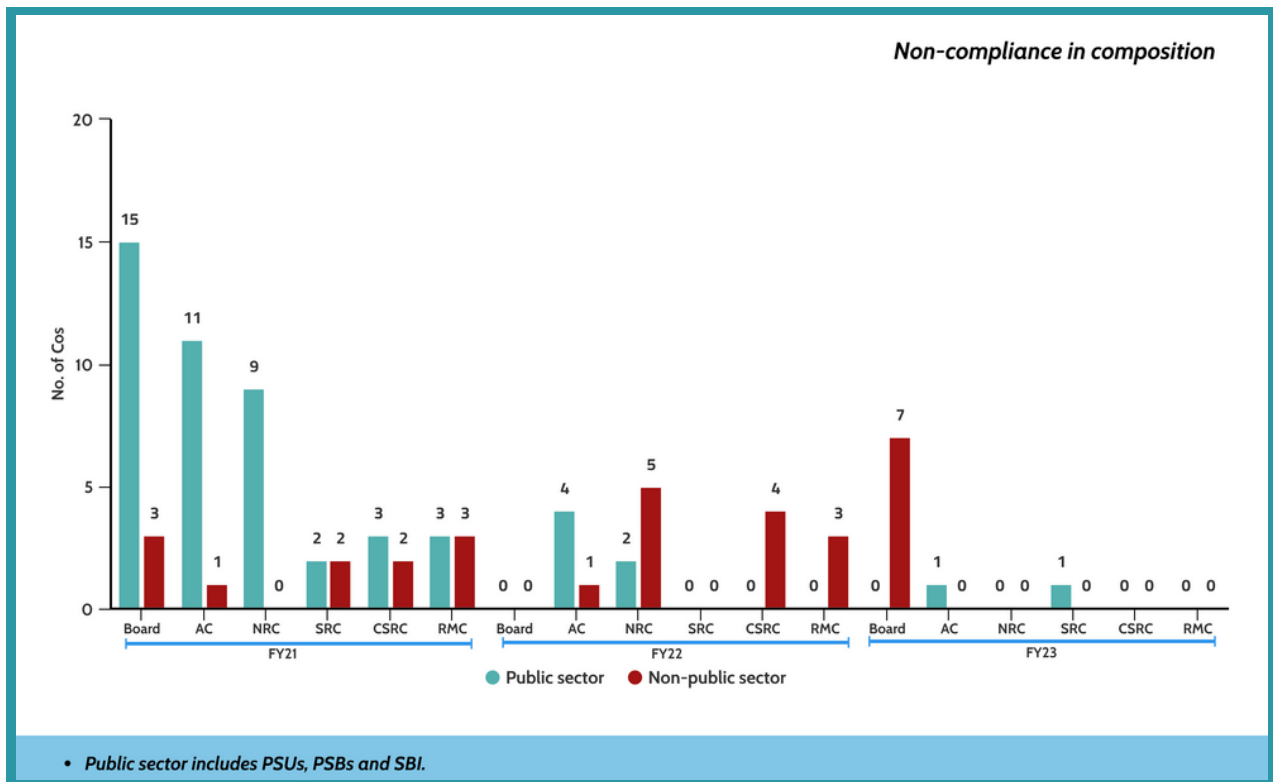


## SAME DIRECTOR CHAIRING MULTIPLE COMMITTEES



- In FY 23, 1 company had the same Director chairing all 5 mandatory committees.
- In FY 20, FY 21, FY 22 and FY 23, there are 22 companies, 24 companies, 25 companies and 21 companies respectively 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.

# NON-COMPLIANCE IN COMPOSITION



# ANNUAL GENERAL MEETINGS

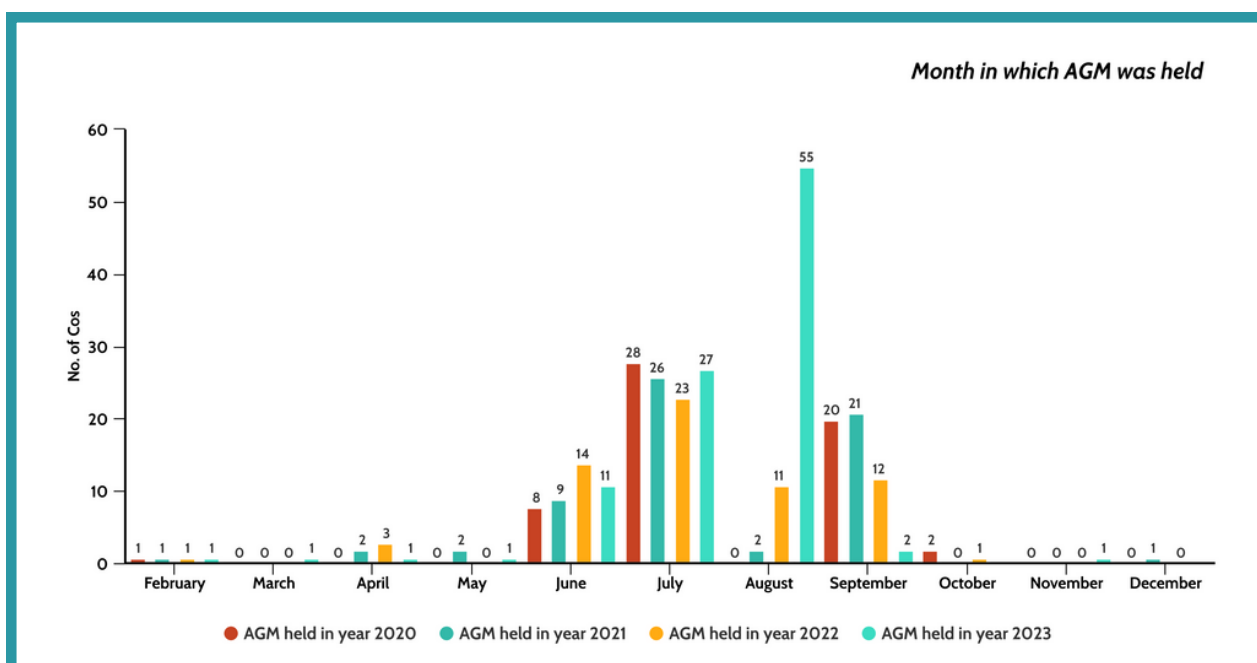
## MONTH IN WHICH AGM WAS HELD

- 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 and shall specify the meeting as such in the notices calling it, and not more than fifteen months shall elapse between the date of one annual general meeting of a company and that of the next.

*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, the following extension of time were granted in respect of holding of AGMs
  - MCA granted extension of time to companies whose financial year ended on 31st December, 2019, to hold their AGM by 30th September, 2020.
  - MCA granted extension of time to companies whose financial year ended on 31st March, 2020, to hold their AGM by 31st December, 2020. SEBI also gave a similar extension.
  - MCA granted extension of time to companies whose financial year ended on 31st March, 2021, to hold their AGM by 30th November, 2021.
  - SEBI granted extension of time to hold the AGM within a period of six months from the date of closing of the financial year for 2020-21.

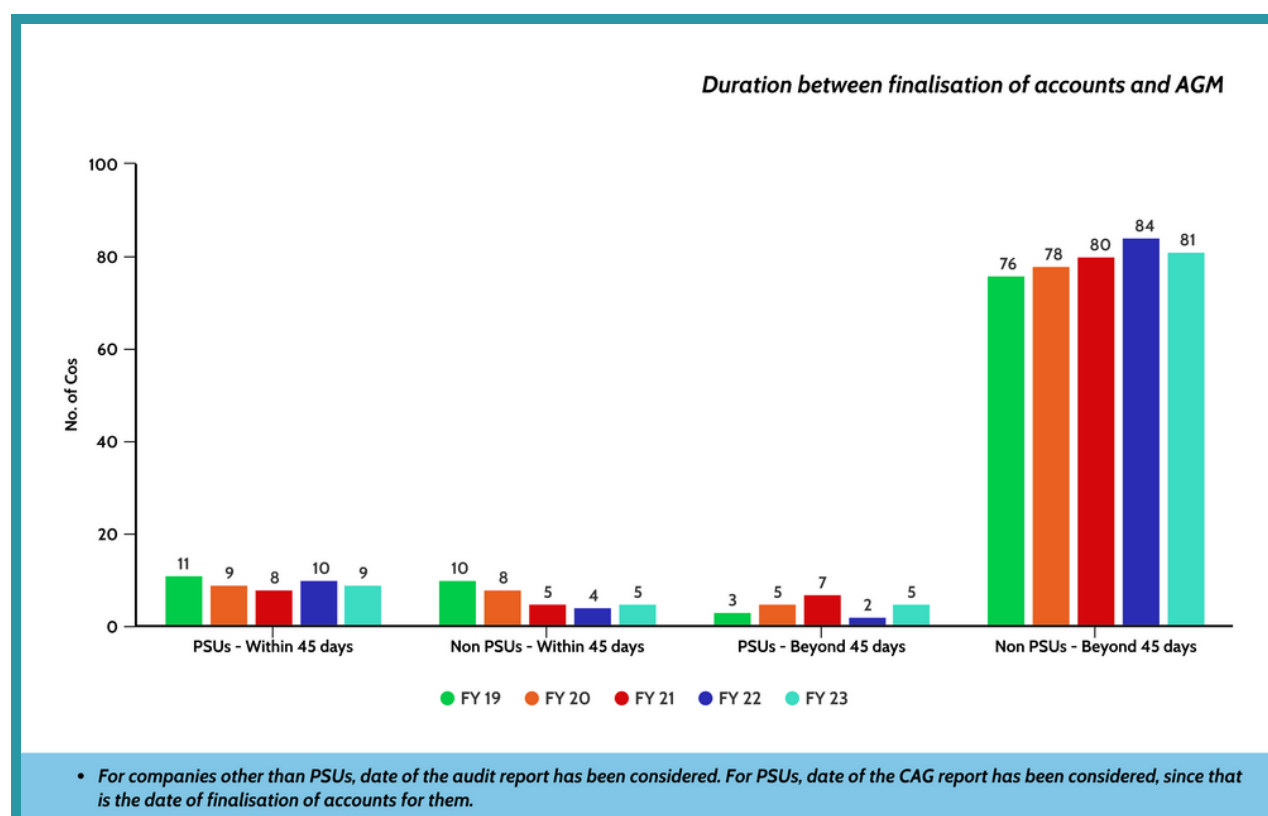
The AGM is the forum in which shareholders get to interact with the Board of Directors and the senior management of the company. It is the only occasion in which a large body of shareholders expresses itself by voting on important resolutions such as the financial statements of the company, the appointment 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. During the year, AGMs were held virtually, thus, reducing significantly the interaction between the shareholders with the Board and management of the company.



- In FY 21, 99 companies; in FY 22, 95 companies and in FY 23, 98 companies convened their AGMs within the stipulated timeframe.

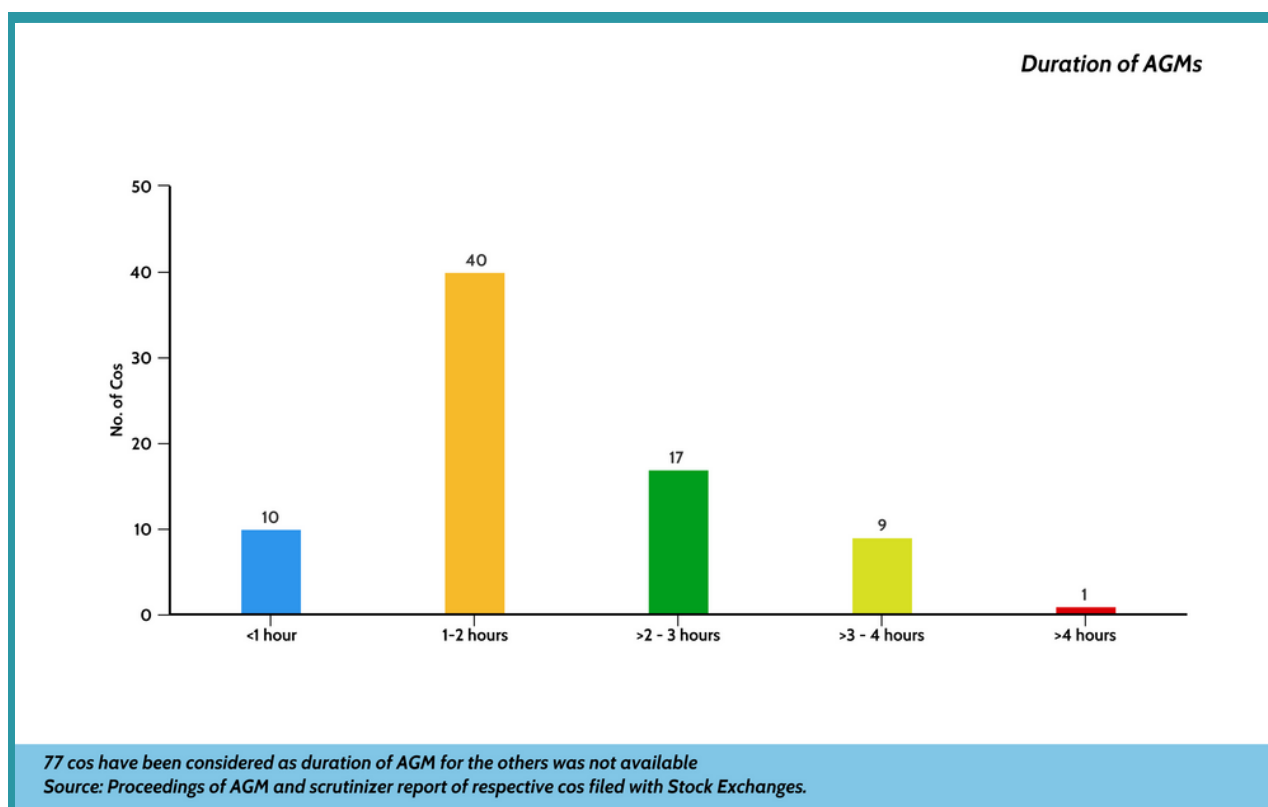
## DURATION BETWEEN FINALISATION OF ACCOUNTS AND DATE OF AGM

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.



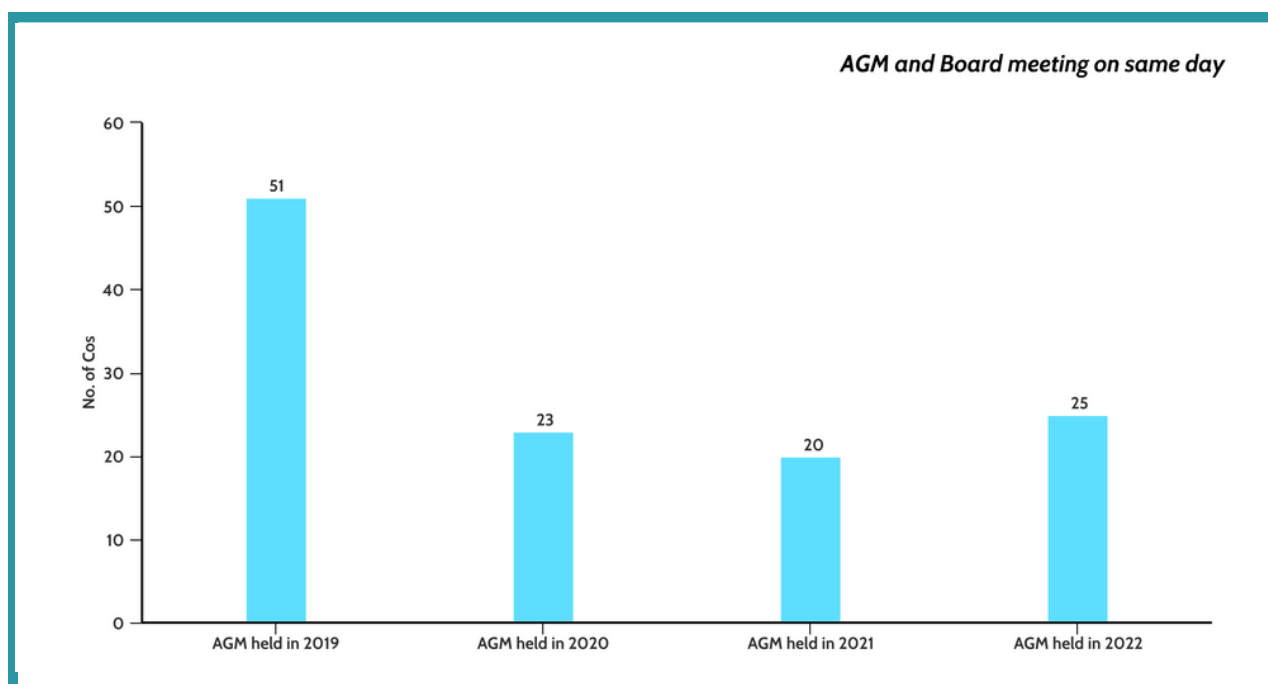
- The maximum duration
  - in FY 19 was 138 days
  - in FY 20 was 151 days
  - in FY 21 was 132 days
  - in FY 22 was 133 days
  - in FY 23 was 182 days.

## DURATION OF AGMs



- Minimum duration of AGM held in 2023 was 30 minutes, and maximum duration was 4.25 hours.

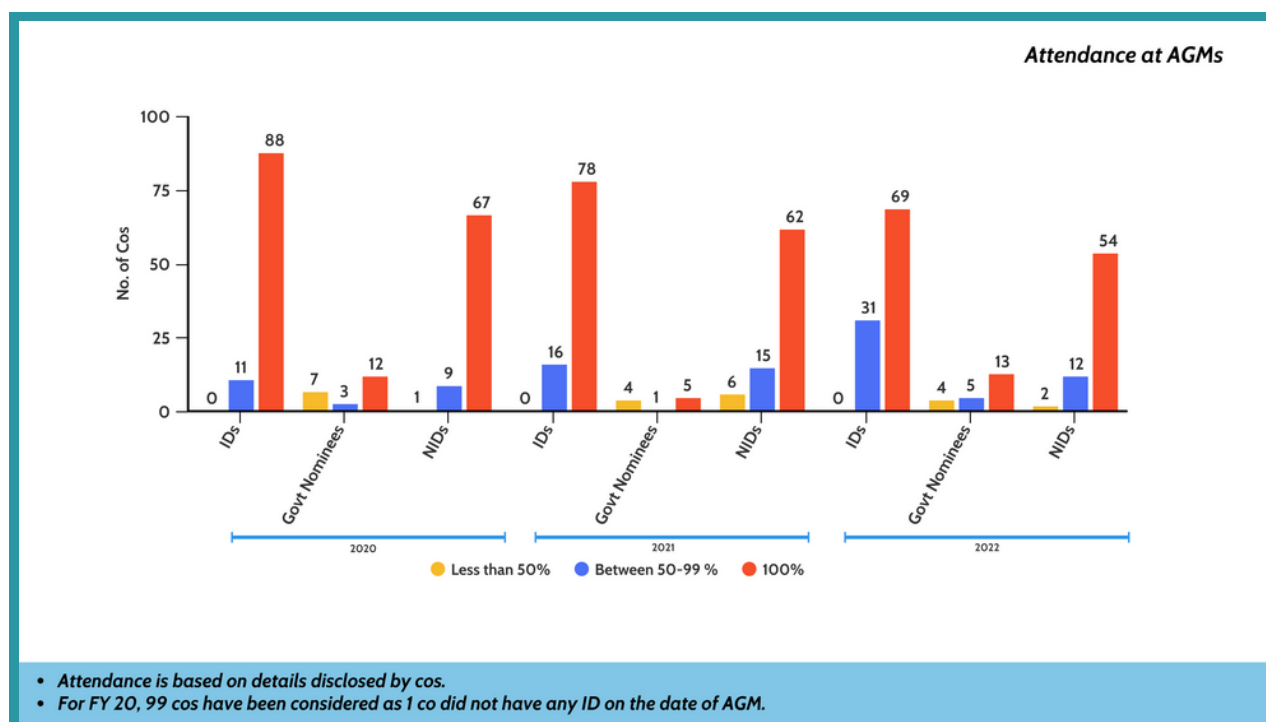
## AGM AND BOARD MEETING ON THE SAME DATE

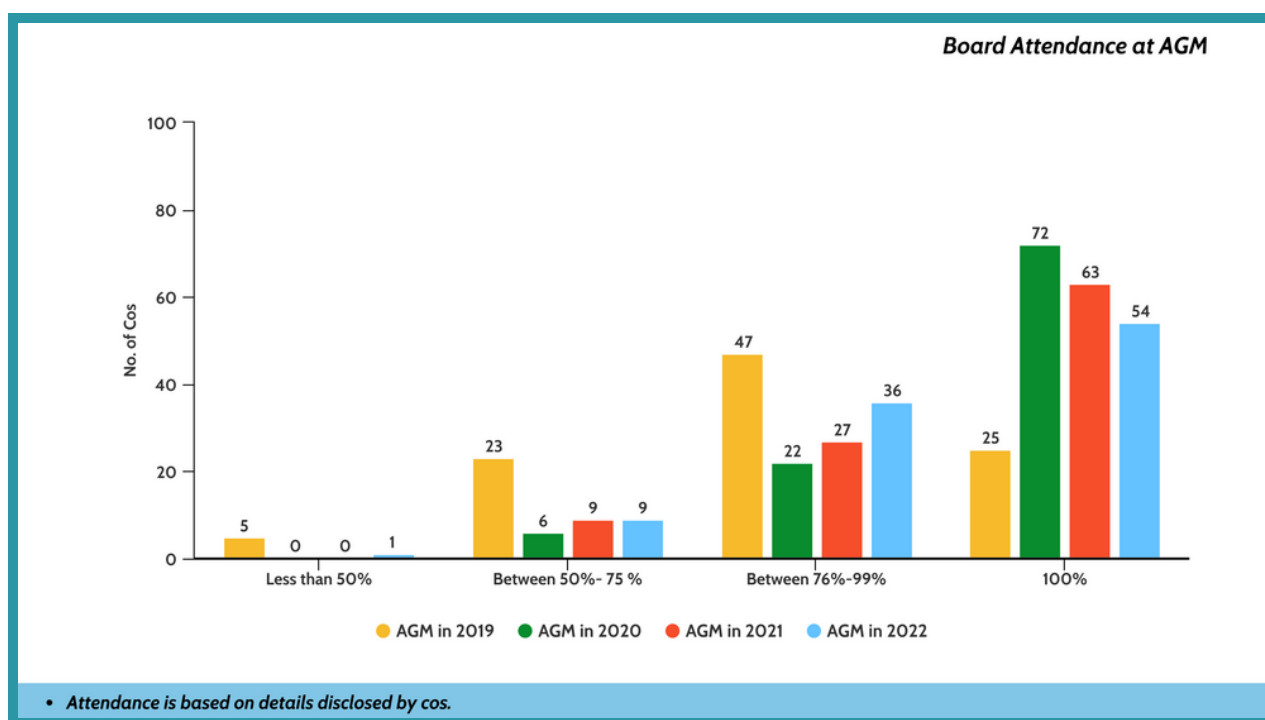


- In 2022, 25 companies had meetings of their Boards on the date of the AGM. This is presumably a method by which the attendance of Directors at the AGM is maximised.

## ATTENDANCE AT AGMs

While the law provides for the attendance of the Chairs of the AC, the NRC and the SRC at the AGMs, there is no similar provisions for the Chairs of other committees or for Directors who are not Chairs of any committee. Since the AGM is the one opportunity that a large number of shareholders get to interact with Directors, it is necessary that all Directors participate in AGMs. Not to do so would be to show scant regard to the shareholders and the company. In the interest of promoting good Corporate Governance, law and regulations should mandate that all the Directors should attend AGMs and EGMs, unless there is a valid reason for their absence.





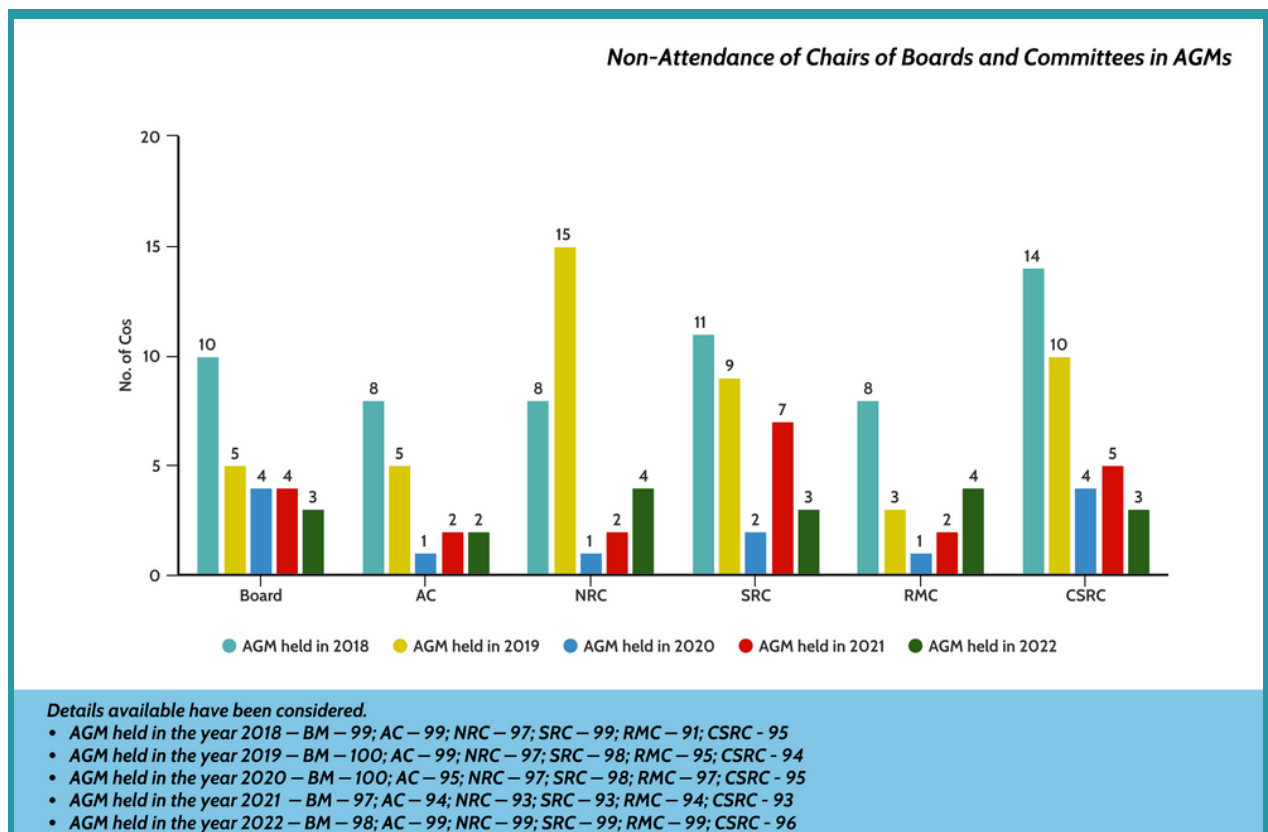
- In AGM held in
  - 2019, in 1 company, only 25% of the Directors attended the AGM.
  - In 2020, 2021 and 2022 the corresponding figure was 57%, 50% and 41.46% respectively.
- In AGM held in 2021, 40 companies had all Directors attending the AGM.
- In AGM held in 2022, 54 companies had all Directors attending the AGM.

## ATTENDANCE OF CHAIRS OF BOARDS AND COMMITTEES AT 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 an independent director and he/ she shall be present at annual general meeting to answer shareholder queries.
- As per Regulation 19(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; however, it shall be up to the chairperson to decide who shall answer the queries.
- As per Regulation 20(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).

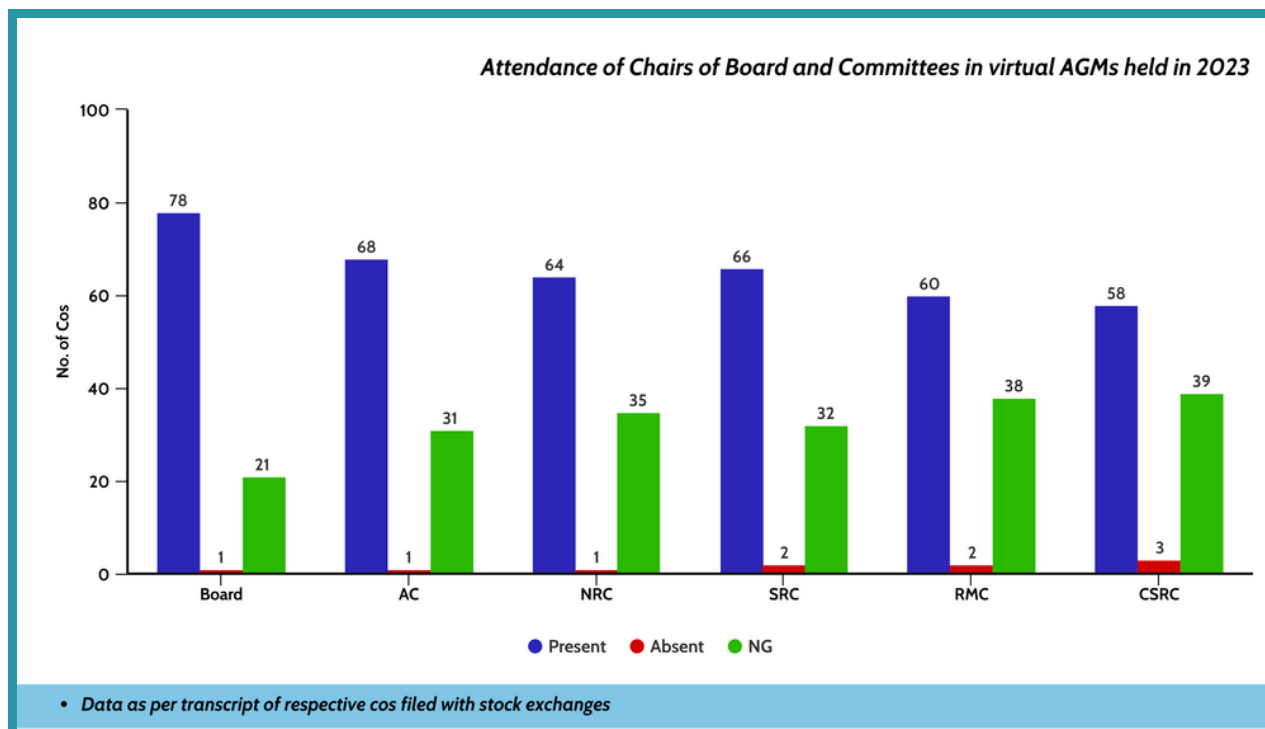
The presumption that the Chair of the Board is invariably present at the AGM has been belied in a few cases. The absence of the Chair of the Board, at the AGM, is indicative of both a lack of seriousness, as well as a lack of respect to the shareholders.

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.





## ATTENDANCE OF CHAIRS OF BOARDS AND COMMITTEES AT AGMs (IN VIRTUAL AGMs HELD IN 2023)

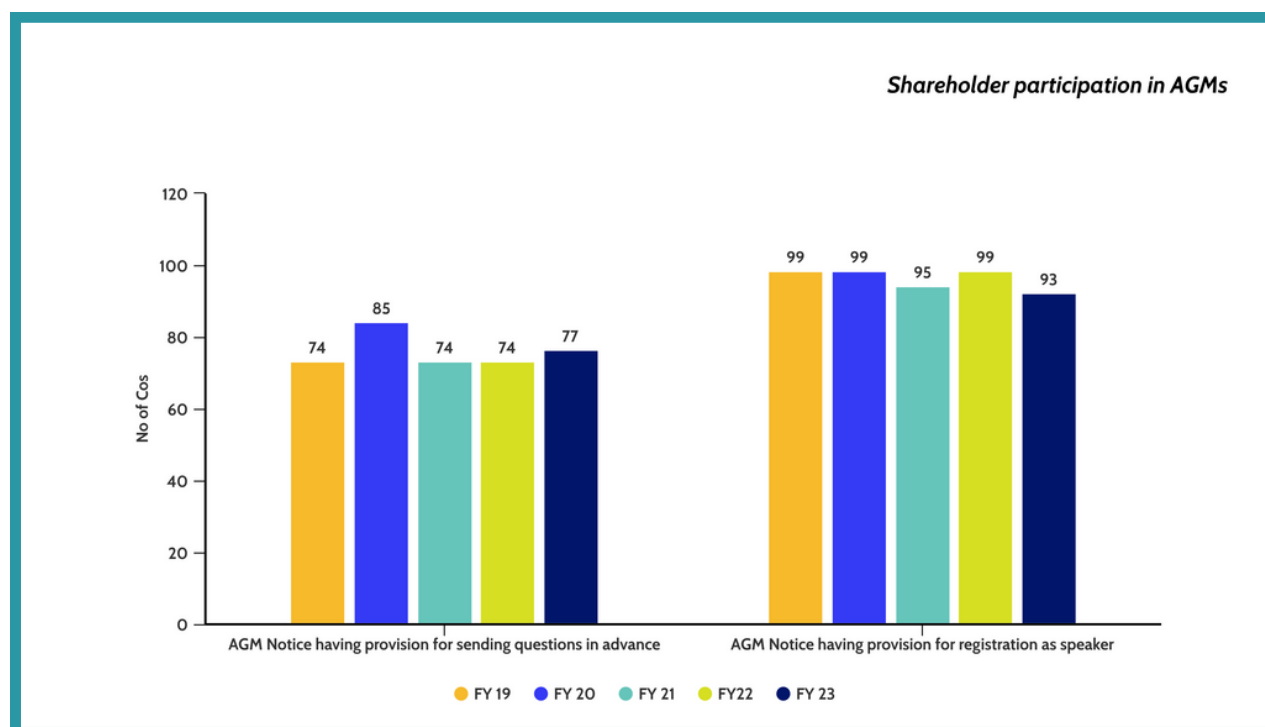


## PRESENCE OF STATUTORY AND SECRETARIAL AUDITORS IN AGMs (IN VIRTUAL AGMs HELD IN 2023)

- As per proceedings of AGM and/or in scrutinizer report, held in 2023, and filed with the Stock Exchanges,
  - Statutory auditor was reported to be present in 70 company's AGMs.
  - Secretarial auditor was reported to be present in 73 company's AGMs.
  - Other companies did not provide this information.

## COMPANIES INVITING SHAREHOLDER QUESTIONS IN ADVANCE

Given that all AGMs were conducted virtually last year, and that there were time constraints and technological constraints, in some cases, to take questions from shareholders and to respond thereto, some companies resorted to the practice of inviting questions in advance of the meeting. This is a useful practice since more questions can be taken up, and the responses can be more detailed, and accurate.



- In FY 22, 3 companies did not provide either of the facilities to their shareholders.
- In FY 23, 5 companies did not provide either of the facilities to their shareholders.

# RESOLUTIONS

## VOTING PATTERN ON RESOLUTIONS IN THE LAST 1 YEAR

- In the shareholder approvals sought in FY 21, 797 resolutions were proposed, of which 1 resolution did not get the requisite shareholder support. This was related to approval of related party transactions.
- In the shareholder approvals sought in FY 21, 102 resolutions were proposed for appointment/reappointment of IDs, out of which 2 IDs were appointed with less than 80% shareholders voting in favour of the resolution.
- In the shareholder approvals sought in FY 22, 897 resolutions were proposed, of which 4 resolutions did not get the requisite shareholder support. These were related to
  - 1 on re-appointment of MD
  - 1 on employee incentive scheme
  - 2 on approval of ESOP
- In the shareholder approvals sought in FY 22, 123 resolutions were proposed for appointment/reappointment of IDs and all were passed with more than 80% shareholders voting in favour of the resolution.
- In the shareholder approvals sought in FY 23, 1251 resolutions were proposed, of which 3 resolutions did not get the requisite shareholder support. These were related to approval of related party transactions.
- In addition, between April, 2023 and December, 2023, there were 946 resolutions, of which 2 resolutions did not get the requisite shareholder support. These were related to
  - 1 on approval of RPT
  - 1 on re-appointment of an ID

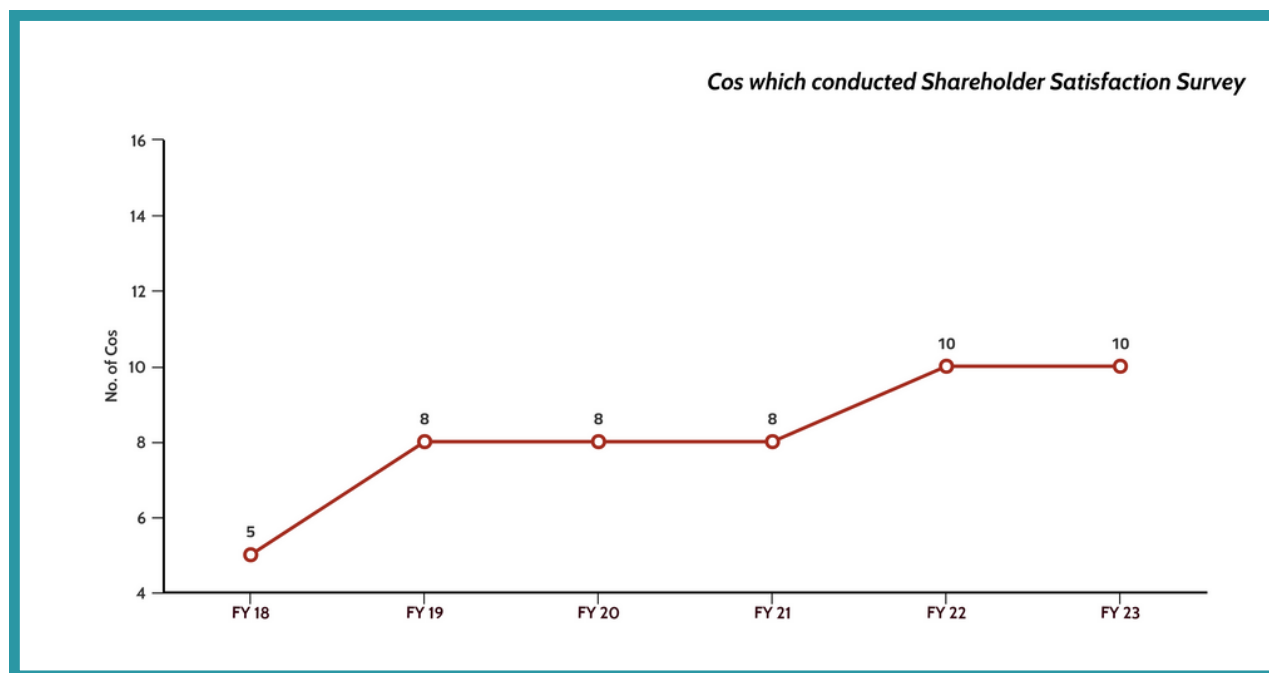
## RESOLUTIONS RELATING TO APPOINTMENT OF WTD

Executive compensation should have a significant component of variable pay, premised on performance measured against predetermined KRAs. Ideally, a variable element should not be less than the fixed element in percentage terms while determining the compensation. Making these details available in the public domain will promote a sense of confidence in the company, this being an important task of the NRC.

- As on March 31, 2022, of 279 WTDs on Boards, reference to compensation was made in the appointment resolutions of 209 WTDs. Of these, 128 resolutions referred to profit linked commission, and of them, 68 quantified the same.
- The lowest profit linked incentive is 20%, and the highest is 300%.
- As on March 31, 2023, of 264 WTDs on Boards, reference to compensation was made in the appointment resolutions of 192 WTDs. Of these, 133 resolutions referred to profit linked commission, and of them, 78 quantified the same.
- The lowest profit linked incentive is 1%, and the highest is 300%.

# 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. However, a survey conducted through the process of administering questionnaires, many of which can be responded to mechanically, does not serve the purpose that is intended. Questionnaires should contain questions that are open ended, and invite the respondents to express, in their own words, their thoughts, ideas and concerns. The multiple answer format may not yield the desired results.

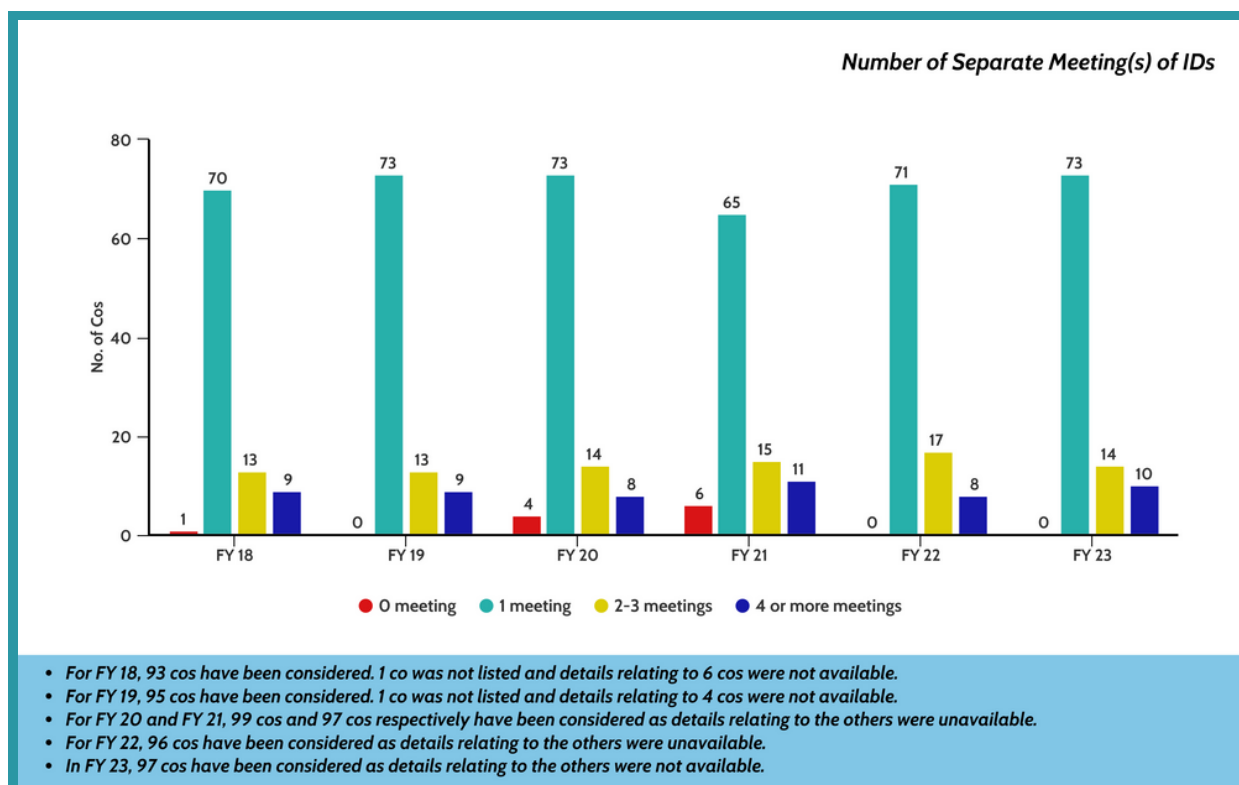


## SEPARATE MEETING OF IDs

- As per Schedule IV (VII) (1) 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.
- As per Regulation 25(3) of SEBI LODR Regulations, 2015, the independent directors of the listed entity shall hold at least one meeting in a financial year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.
- MCA vide circular dated March 24, 2020, stated that as per Para VII (1) of Schedule IV to the CA-13, Independent Directors (IDs) are required to hold at least one meeting without the attendance of Non independent directors and members of management. For the financial year 2019-20, if the IDs of a company have not been able to hold such a meeting, the same shall not be viewed as a violation. The IDs, however, may share their views amongst themselves through telephone or e-mail or any other mode of communication, if they deem it to be necessary.

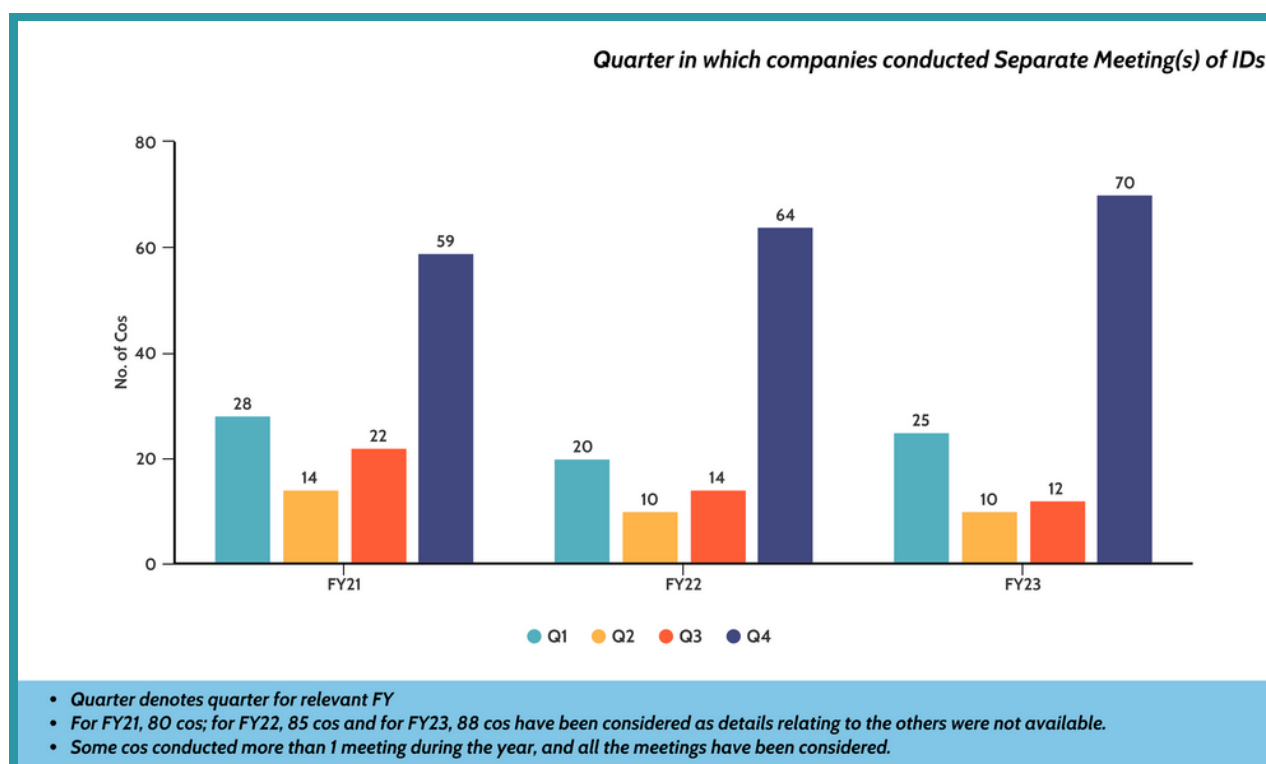
The prescription that the separate meeting of IDs should be held at least once in a FY, has led to some companies having only one such meeting conducted each year. This meeting of IDs is a forum for exchange of ideas, and for articulating shared concerns and suggestions that can be projected to management. Since it has been provided in Schedule IV in the portion relating to Board evaluation, the inference seems to be that the meeting should address the subject of evaluation, and nothing else. Such an approach would be a gross under-utilisation of a very valuable forum.

## NUMBER OF MEETINGS



- In FY 22 and FY 23, 2 companies in each year had 5 such meetings.

## MONTH(S) IN WHICH HELD



- In FY 22, of 71 companies which conducted only 1 separate meeting of IDs, 37 companies conducted the meeting in the month of March.
- In FY 23, of 73 companies which conducted only 1 separate meeting of IDs, 42 companies conducted the meeting in the month of March.

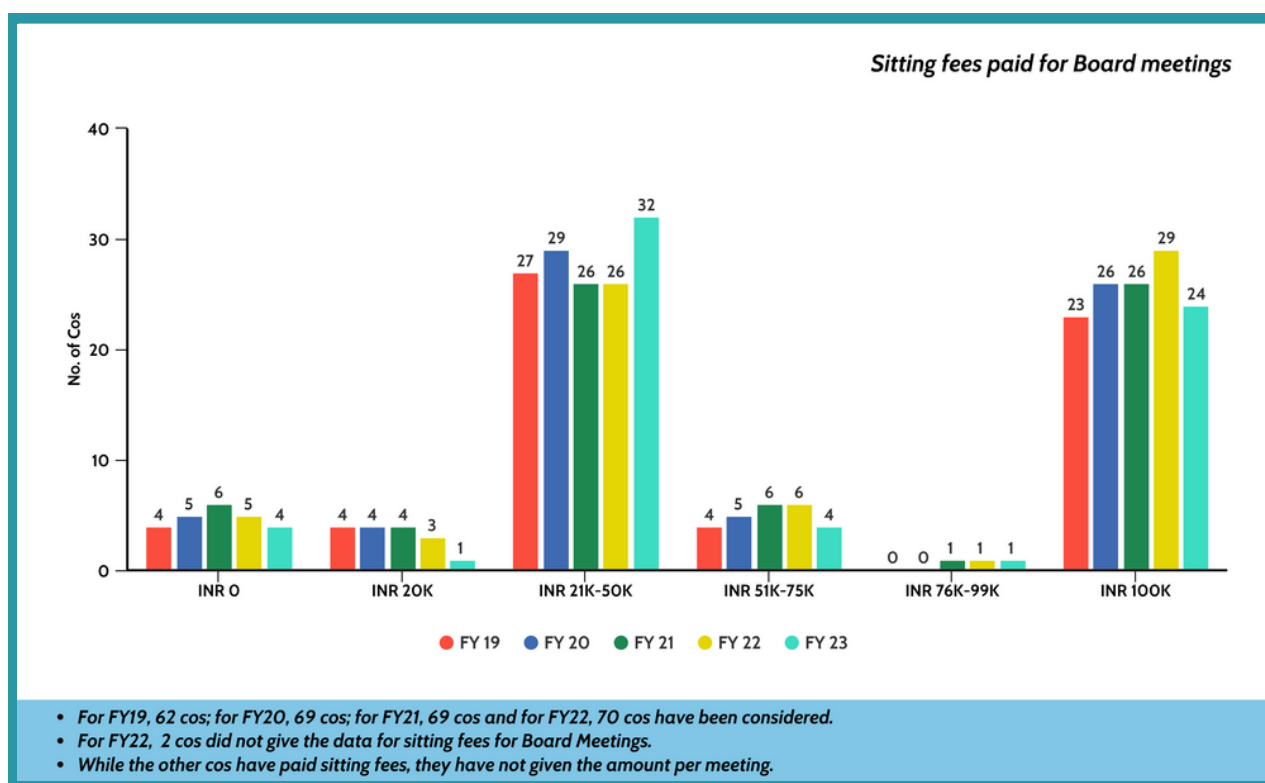
# COMPENSATION TO DIRECTORS

## 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.*

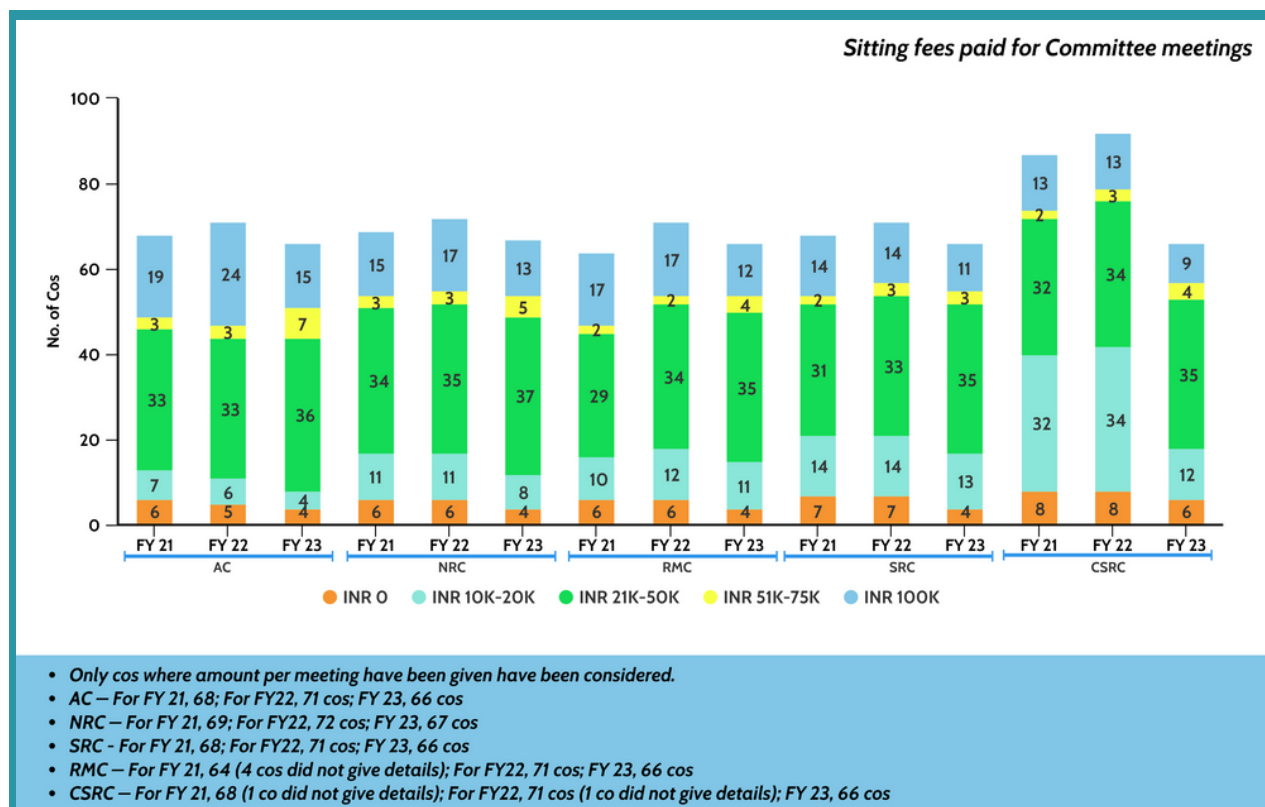
If Directors are expected to commit quality time, and to contribute to improving corporate performance, it is necessary to compensate them appropriately for attending meetings. The expectation is that Directors of all categories will be paid the same amount of sitting fees per meeting. In this context, 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.
- In FY 19, 3 companies, and in FY 20, FY 21 and FY 22, 1 company paid additional sitting fees to the Chair of the Board/ committees. In FY 23, no company paid additional sitting fees to the Chair of the Board/ committees.

## 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.

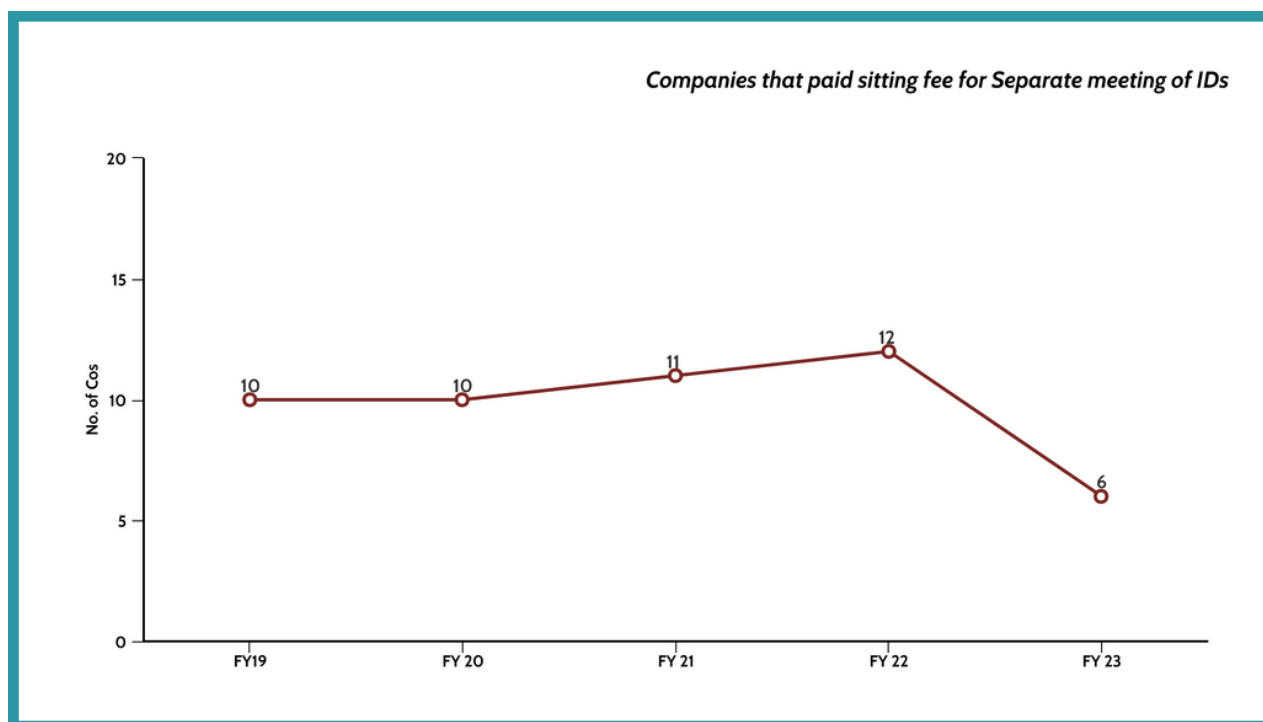


- During FY 21 and FY 22, 13 companies each and FY 23, 9 companies, have paid the maximum permissible amount of INR 1 lakh per meeting of each of the 5 mandatory committees.



## SITTING FEES PAID 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.



- In FY 19, FY 20, FY 21, FY 22, and FY 23, 3, 2, 2, 4 and 1 companies respectively paid the maximum permissible amount of INR 1 lakh per meeting.

## PROFIT LINKED COMMISSION

- *The second provision 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, —*
  - (ii) the remuneration payable to directors who are neither managing directors nor whole-time directors shall not exceed—*
    - (A) one percent of the net profits of the company, if there is a managing or whole-time director or manager.*
    - (B) three percent of the net profits in any other case.*

*As per Rule 6 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, relating to parameters for consideration of remuneration, the company shall have regard to the following matters, namely:-*

- (1) the Financial and operating performance of the company during the three preceding financial years.*
- (2) the relationship between remuneration and performance.*
- (3) the principle of proportionality of remuneration within the company, ideally by a rating methodology which compares the remuneration of directors to that of other directors on the board who receives remuneration and employees or executives of the company.*
- (4) whether remuneration policy for directors differs from remuneration policy for other employees and if so, an explanation for the difference.*
- (5) the securities held by the director, including options and details of the shares pledged as at the end of the preceding financial year.*

*With the notification dated June 15, 2015, Section 197 is not applicable on government companies.*

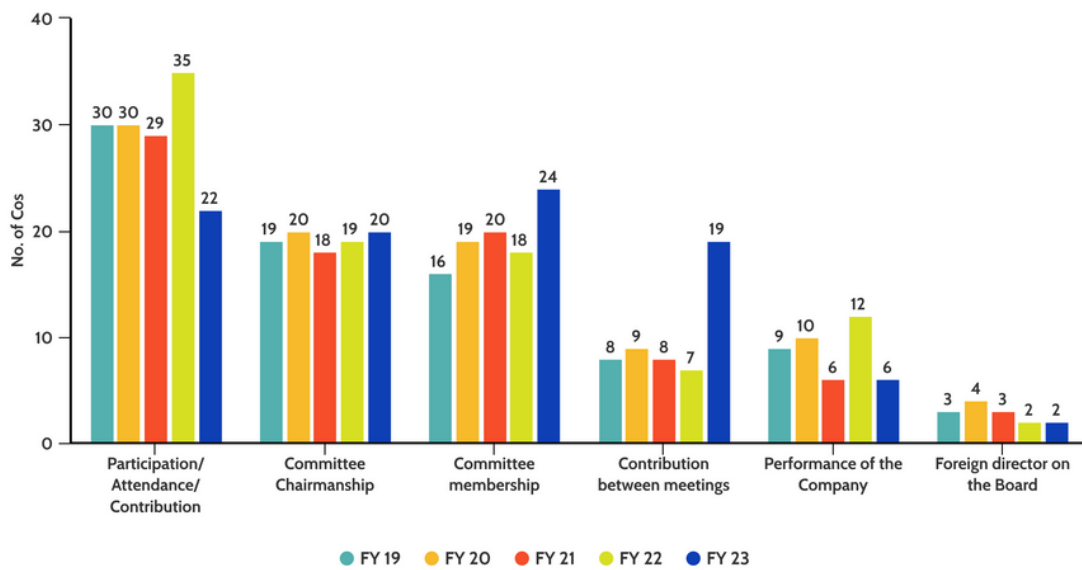
- *As per Section 178(4) of the Companies Act, 2013, the Nomination and Remuneration Committee shall, while formulating the policy under sub-section (3) ensure that—*
  - (a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality 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 profit linked commission to different categories of Directors. While the statutory ceiling for the amount of profit linked commission 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 profit linked commission paid so that Directors of acceptable quality are enthused to join Boards, and to stay on.

The payment of profit linked commission, 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.

Since IDs are not entitled to stock options, they can be compensated only through sitting fees and profit linked commission. Sitting fees are subject to a statutorily mandated ceiling of Rs 1 lakh per meeting. Good IDs, who commit valuable time to the company, need to be appropriately compensated, in the interest of the company. Deciding on a number as the total amount of commission to be paid, and using only a part of that amount for compensating IDs, is an unacceptable proposition. From the amounts derived as a percentage of profit, a significant amount should be set apart for compensating IDs, so that their involvement in the affairs of the company can be ensured.

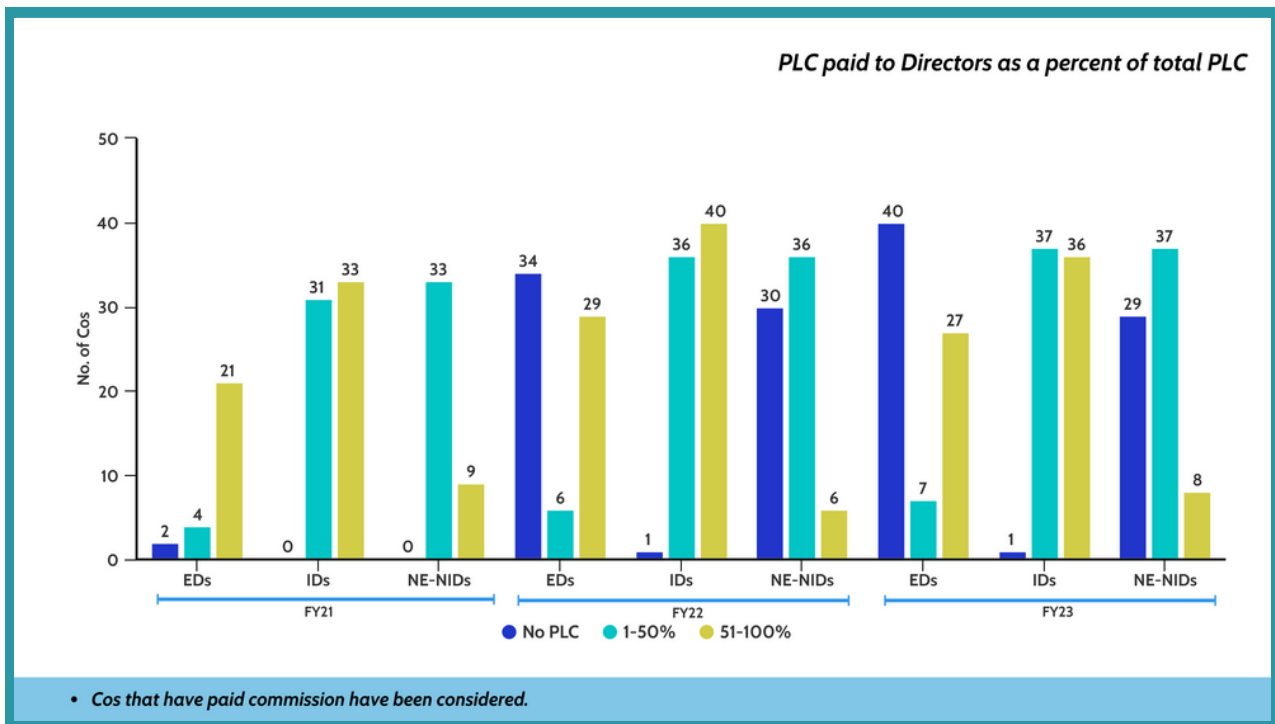
**Top 6 parameters identified by companies for payment of PLC**



- Some cos has not paid commission, but have given the parameters. They have been considered.
- In FY 19, 69 cos have been considered. In addition to the 25 cos which have been excluded, 6 cos did not give the parameters.
- In FY 20, 65 cos have been considered. In addition to the 25 cos which have been excluded, 10 cos did not give the parameters.
- In FY 21, 59 cos have been considered. In addition to the 25 cos which have been excluded, 16 cos did not give the parameters.
- In FY 22, 63 cos have been considered. In addition to the 25 cos which have been excluded, 12 cos did not give the parameters.
- For FY 23, 65 cos have been considered. In addition to the 23 cos which have been excluded, 10 cos did not give the parameters and 2 cos did not pay PLC.

- 23 cos have been excluded –
  - 8 banks (including PSBs) and 4 insurance companies are governed by RBI/ IRDAI stipulations and so have been excluded.
  - 11 PSUs have not been considered.

## PERCENTAGE OF PROFIT LINKED COMMISSION PAID TO DIRECTORS



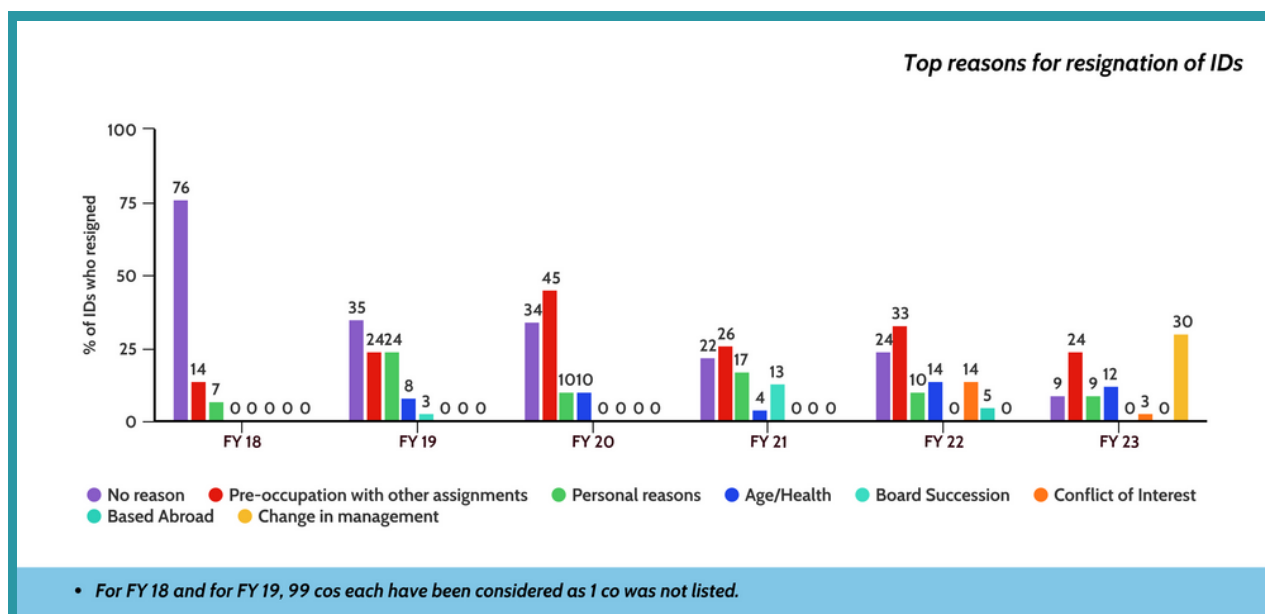
- Banks (including PSBs) and insurance companies are governed by RBI/ IRDAI stipulations and so have been excluded.
- PSUs have not been considered.
- In FY 21,
  - 1 NID each in 3 companies was paid PLC amounting to 40-50% of the total.
  - 1 NID in 1 company was paid more than 50% of the total PLC.
  - 15 companies paid 100% PLC to IDs. 1 company paid 2.06% to IDs, and 97.35% to WTDs.
- In FY 22,
  - 1 NID each in 3 companies was paid PLC amounting to 40-50% of the total.
  - 1 NID each in 2 companies was paid more than 50% of the total PLC.
  - 22 companies paid 100% PLC to IDs. 1 company paid 3.78% to IDs, and 100% to WTDs.
- In FY 23,
  - 3 NIDs in a company was paid PLC amounting to 40-50% of the total.
  - 1 NID each in 2 companies was paid more than 50% of the total PLC.
  - 19 companies paid 100% PLC to IDs. 1 company paid 0.78% to IDs, and 99.08% to WTDs.
- The highest % of total PLC paid to 1 NID in FY 20, FY 21, FY 22 and FY 23 was 82.24%, 66.67%, 68.53% and 100% respectively.
- 2 companies which paid 100% PLC to WTDs in FY 20, did not continue the practice in FY 21. 1 company paid 100% PLC to 1 WTD in FY 22. No company paid 100% PLC to WTD in FY 23.

## REASONS MENTIONED FOR RESIGNATION OF IDs

*As per Schedule V(C)(2) 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/her tenure along with a confirmation by such director that there are no other material reasons other than those provided (wef May 5, 2021).*

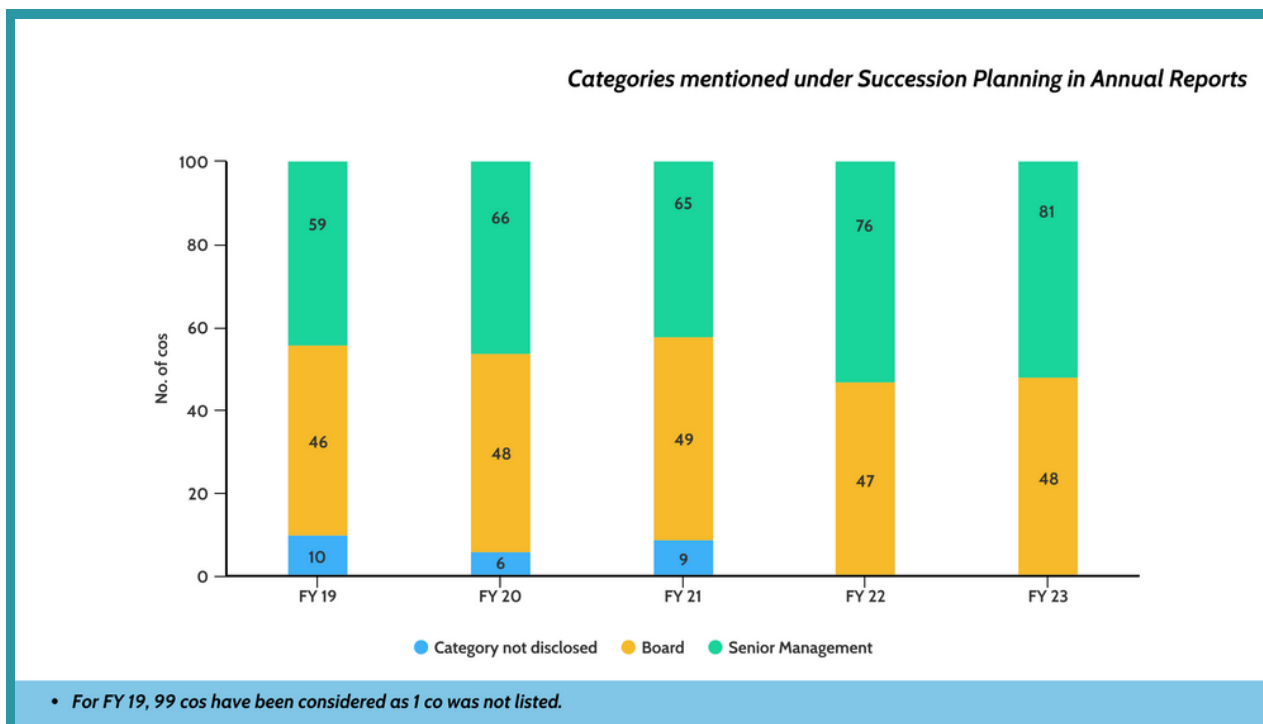
When an ID steps off a Board during his/her term, it is necessary for all stakeholders to understand the real reasons why the ID is leaving the Board. If dissatisfaction with the manner in which the company is being run is a major reason for resignation, stakeholders could raise issues and draw appropriate conclusions. “Personal reasons” and “pre-occupation with other assignments” often do not reveal the real reason for resignation.



## 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.



# 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, (wef January 22, 2021) 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 [and, unless the unspent amount relates to any ongoing project referred to in sub-section (6), transfer such unspent amount to a Fund specified in Schedule VII, within a period of six months of the expiry of the financial year. (wef January 22, 2021)*

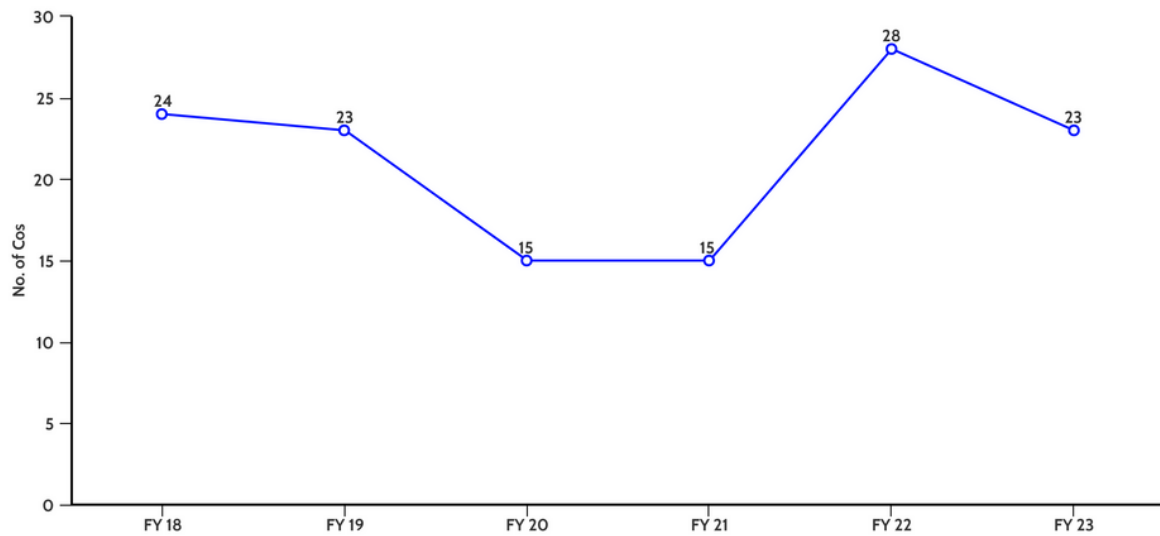
*Provided also that if the company spends an amount in excess of the requirements provided under this sub-section, such company may set off such excess amount against the requirement to spend under this sub-section for such number of succeeding financial years and in such manner, as may be prescribed. (wef January 22, 2021)*

*Explanation.—For the purposes of this section “net profit” shall not include such sums as may be prescribed, and shall be calculated in accordance with the provisions of section 198 (wef September 19, 2018).*

*As per Section 135 (6) of the Companies Act, 2013, any amount remaining unspent under sub-section (5), pursuant to any ongoing project, fulfilling such conditions as may be prescribed, undertaken by a company in pursuance of its Corporate Social Responsibility Policy, shall 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 such amount shall be spent by the company in pursuance of its obligation towards the Corporate Social Responsibility Policy within a period of three financial years from the date of such transfer, failing which, the company shall transfer the same to a Fund specified in Schedule VII, within a period of thirty days from the date of completion of the third financial year (wef January 22, 2021).*

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.

*Unspent amount of CSR and reason(s) thereof*



- For FY 18, 97 cos have been considered. 1 co was not listed and 2 cos had inadequate profits.
- For FY 19, 98 cos have been considered as 2 cos had inadequate profits.
- For FY 20, 99 cos have been considered as 1 co had inadequate profits.
- For FY 21, 99 cos have been considered as 1 co did not give details.
- For FY 20 and In FY 21, 2 cos had inadequate profits, but still spent on CSR. They have been considered.
- For FY 22, 98 cos have been considered. 4 cos had inadequate profits, but still spent on CSR and have been considered. 2 cos did not give the details.
- For FY 23, 91 cos have been considered. 5 cos had inadequate profits (out of which 3 have been considered), 2 cos stated that the provision of CSR is not applicable and 2 cos did not give the details.

- In FY 22, post transfer to unspent CSR account, 3 companies provisioned to spend less than the mandated minimum of 2%.
- In FY 23, post transfer to unspent CSR account, 1 company provisioned to spend less than the mandated minimum of 2%.



## IMPACT ASSESSMENT OF CSR ACTIVITIES

Wef January 22, 2021, as per Rule 5(2) of the Companies (Corporate Social Responsibility (CSR) Policy) Amendment Rules, 2021, the CSR Committee shall formulate and recommend to the Board, an annual action plan in pursuance of its CSR policy, which shall include the following, namely:-

(e) details of need and impact assessment, if any, for the projects undertaken by the company:

Provided that Board may alter such plan at any time during the financial year, as per the recommendation of its CSR Committee, based on the reasonable justification to that effect.

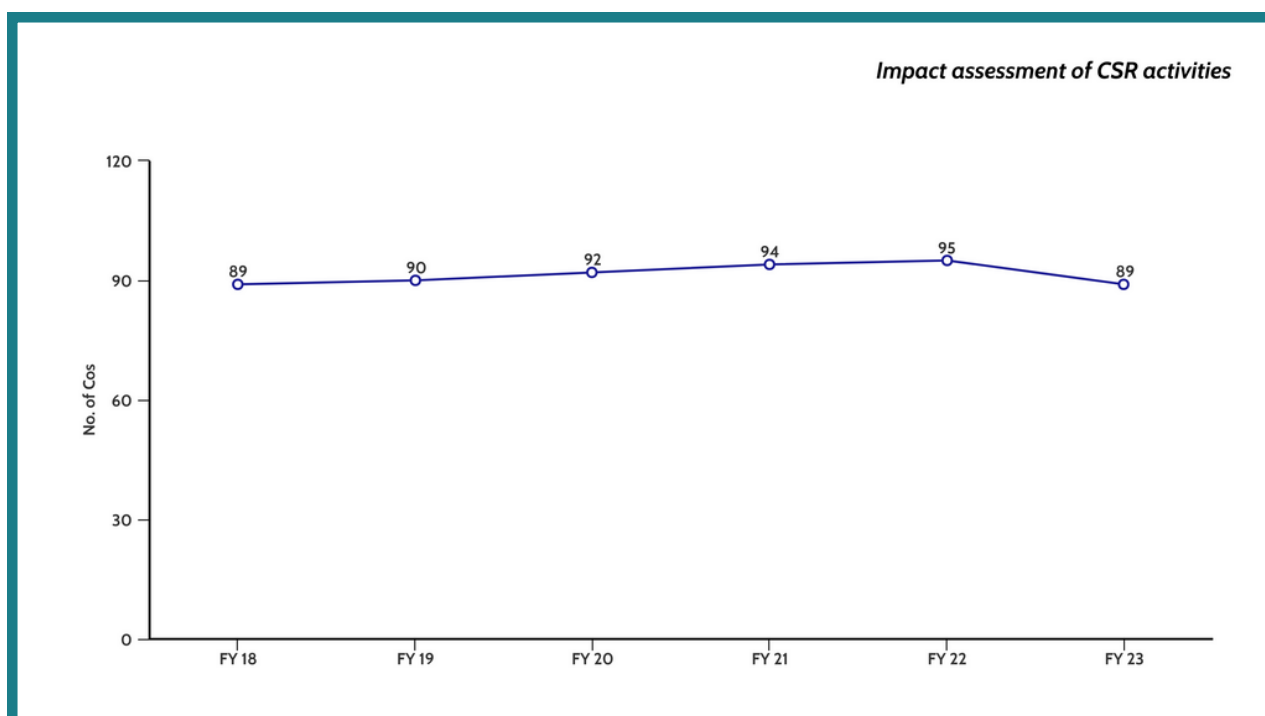
Wef January 22, 2021, as per Rule 8(3) of the Companies (Corporate Social Responsibility (CSR) Policy) Amendment Rules, 2021,

(b) The impact assessment reports shall be placed before the Board and shall be annexed to the annual report on CSR.

(c) A Company undertaking impact assessment may book the expenditure towards Corporate Social Responsibility for that financial year, which shall not exceed five percent of the total CSR expenditure for that financial year or fifty lakh rupees, whichever is less.

MCA vide general circular no. 14/2021 dated August 25, 2021, issued an FAQ, which stated that the provisions for impact assessment have come into effect from 22nd January, 2021. Accordingly, the company is required to undertake impact assessment of the CSR projects completed on or after January 22, 2021.

Focus on expenditure on CSR activities, without assessing the impact of the activities, would clearly be an incomplete exercise. The focus should be on outcomes, rather than on outlays.



## DISCLOSURE RELATING TO POSH

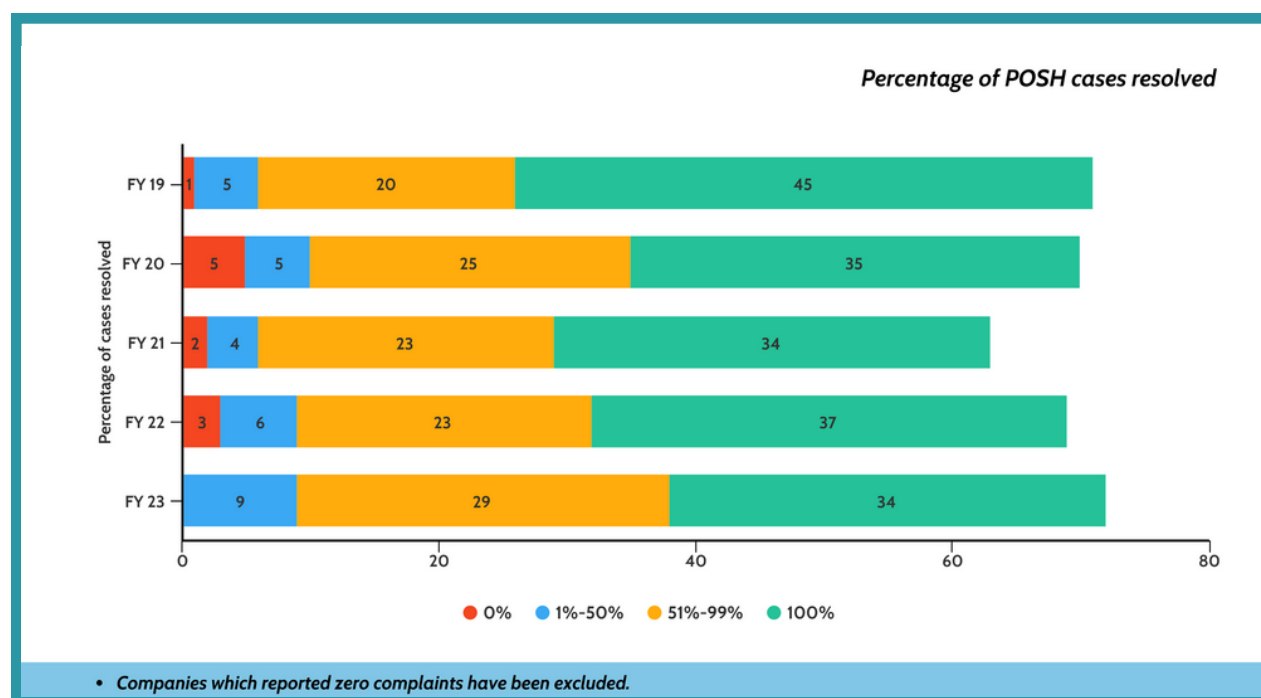
*As per Section 22 of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, the employer shall include in its report the number of cases filed, if any, and their disposal under this Act in the annual report of his organization or where no such report is required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

*As per Rule 8(5)(x) of the Companies (Accounts) Rules, 2014, Board report shall contain a statement that the company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.*

*As per Schedule V (C) (10) (I) of the SEBI LODR Regulations, 2015, a listed Company shall make a disclosure in the section on the corporate governance of the annual report in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013:*

- number of complaints filed during the financial year*
- number of complaints disposed of during the financial year*
- number of complaints pending as on end of the financial year*

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. The 2 major weaknesses seem to be the mechanical manner in which cases are “disposed of” and the inadequate punishment that often does not serve as a deterrent or help to create the right working environment.



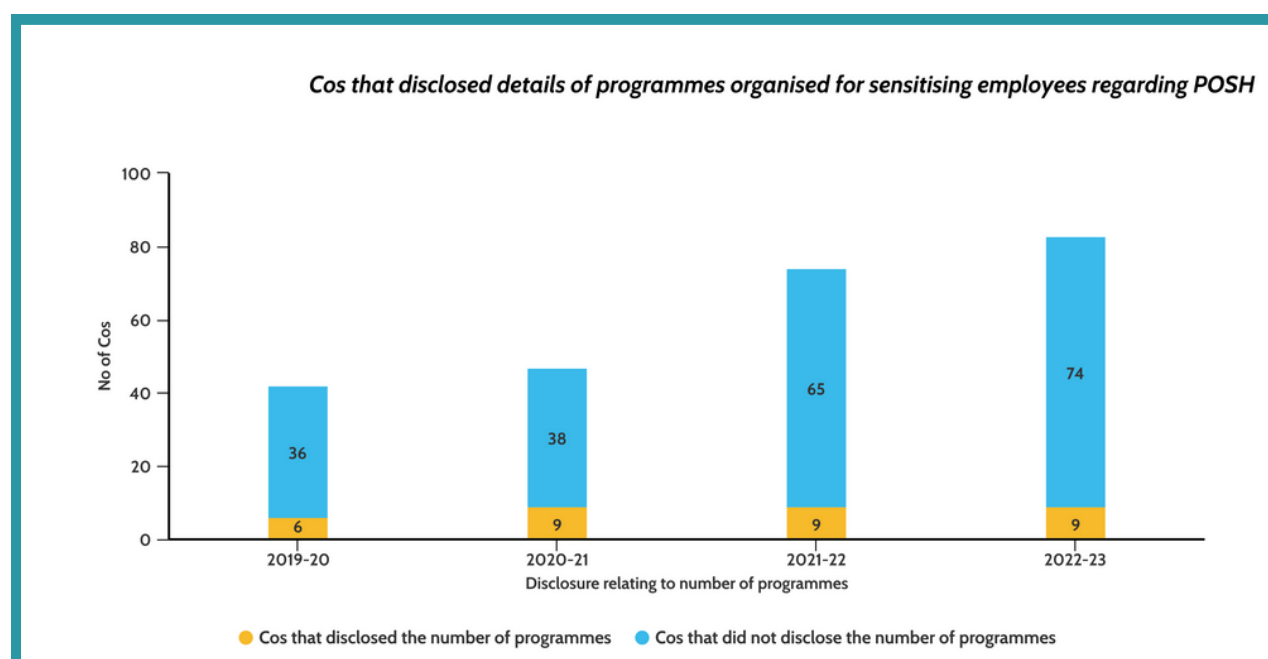
- In FY 23, 1134 cases were reported, and 996 cases were shown as disposed of. From the reporting, it is not clear in how many of these, the allegations were established, and appropriate remedial action was taken. Since creation of a safer workplace is the objective, clarity on this account would have been helpful.
- In FY 23, 28 companies reported receiving 0 complaints. In FY 19, FY 20, FY21 and FY 22, 29, 30, 37 and 31 companies respectively had reported receiving 0 complaints. 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.

- The highest number of cases in FY 20 were 125 cases; in FY 21 were 70 cases; in FY 22 were 55 cases and in FY 23 were 141 cases. The resolution relating to these cases were 80%, 78%, 80% and 88% per year respectively.

## WORKSHOPS FOR POSH

*As per Section 19(c) of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, every employer shall organise workshops and awareness programmes at regular intervals for sensitising the employees with the provisions of the Act and orientation programmes for the members of the Internal Committee in the manner as may be prescribed.*

All companies have set up Internal Complaints Committees to deal with POSH cases, and also to report the number of cases dealt with. However, there is major lack of awareness in the workforce regarding what constitutes an offence under POSH, and why an inappropriate behaviour pattern has no place in the working environment. To address this, more workshops that educate as well as inform should be conducted by the corporates. Separately, the association of male champions for this cause should be encouraged.



- Following were the highest number of programmes organised by a company
  - In FY 20, 822+
  - In FY 21, 140
  - In FY 22, 300
  - In FY 23, 394.

## STATUTORY AUDITOR

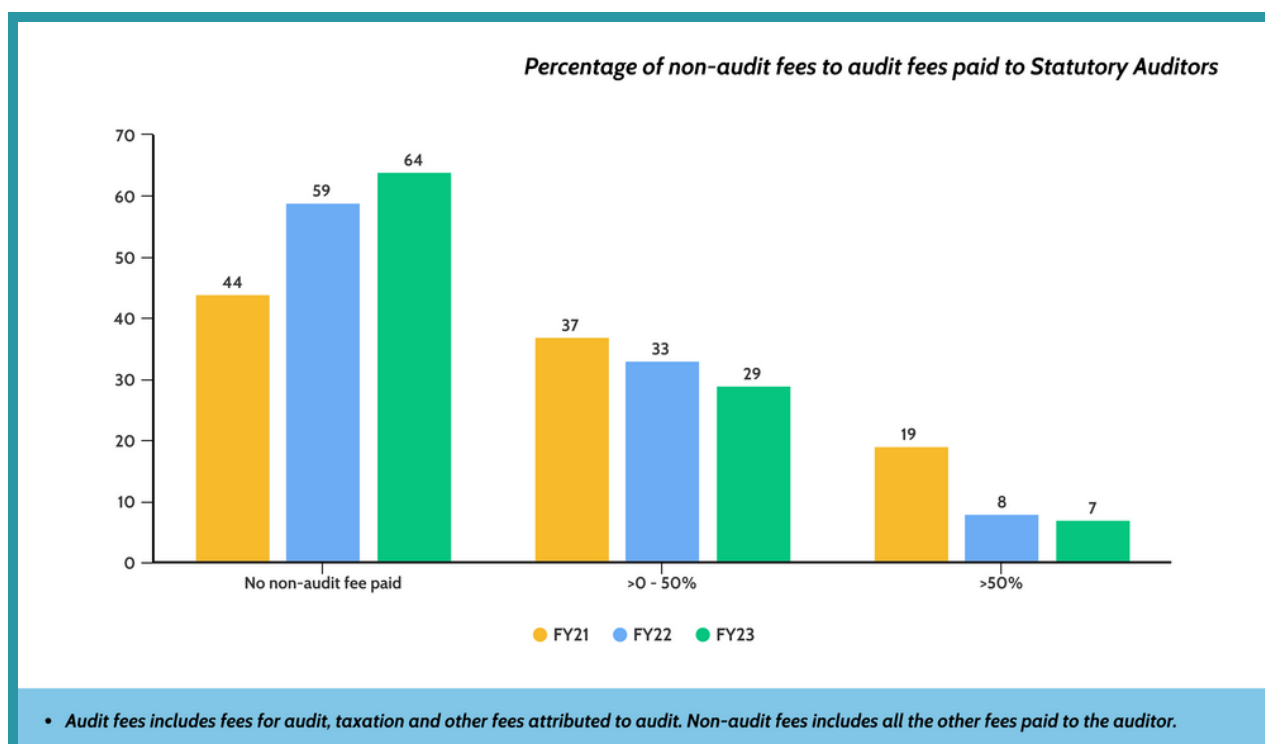
### SINGLE OR JOINT

Joint audit, which has been in vogue for public sector financial institutions, and has been prescribed by RBI for NBFCs, ensures continuity with change. Having the same set of auditors, over a long period, will lead to questions being blunted over the course of time, and the creation of an attitude of acceptance. Joint audit, with tenures that are marginally overlapping, will ensure a fresh perspective, while retaining the benefit of existing domain familiarity. Joint audit should be seen as an extension of the principle of rotation of auditors.

- In FY 20 and in FY 21, 20 companies each; in FY 22, 27 companies and in FY 23, 29 companies had joint statutory auditors.

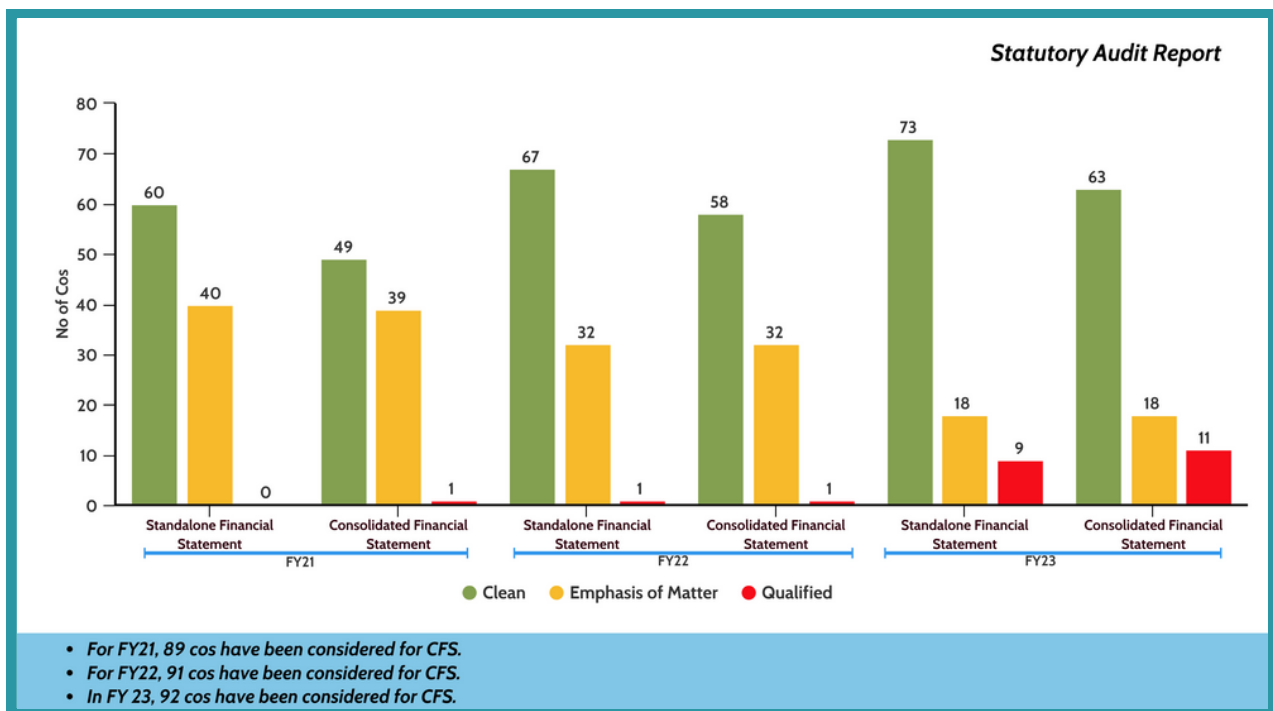
### AUDIT FEE BREAKUP

Independence is one of the most important expectations from Statutory auditors. To ensure this, there has been increasing focus on reducing, if not eliminating, non-audit functions being performed by Statutory auditors. Information regarding non-audit services provided by Statutory auditors, and the amount paid to them for such services, is difficult to access given the wide variation in the manner in which these matters are reported in the Annual reports.



- Highest ratio of non-audit fee paid to audit fee in FY 21 was 160%, in FY 22 was 117% and in FY 23 was 96.87%.

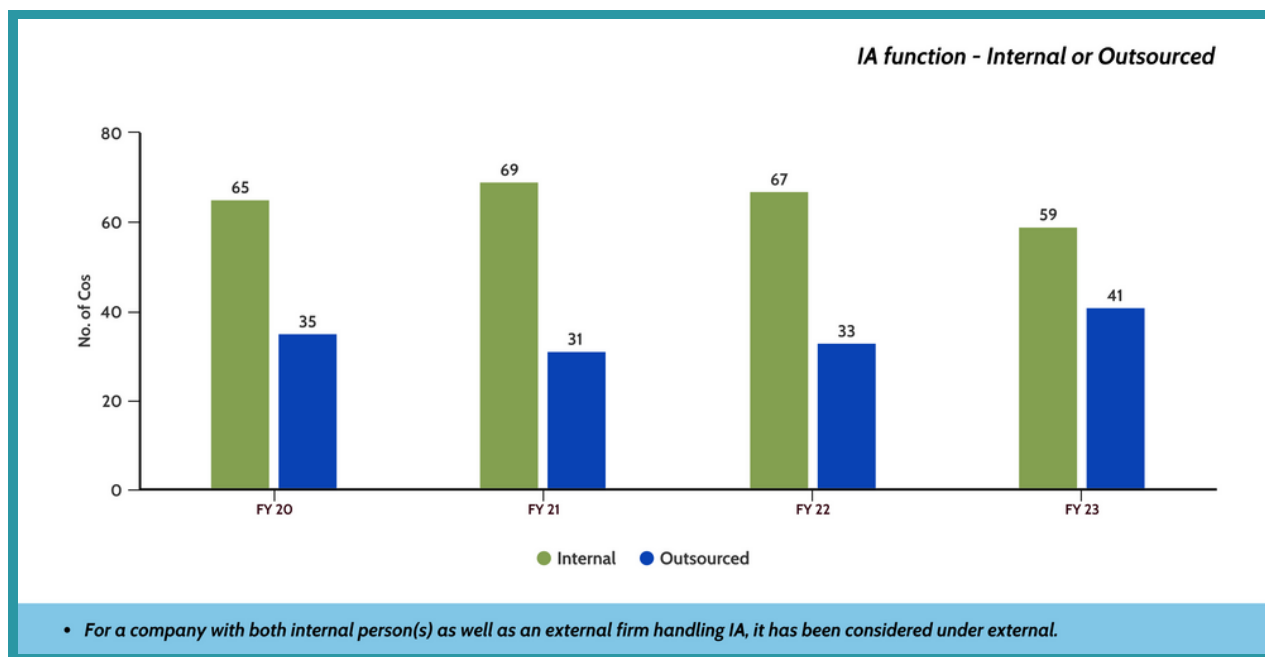
## STATUTORY AUDIT REPORT



- In FY 21, only 1 PSU; in FY 22, 2 PSUs and FY 23, 3 PSUs had a clean report (both SFS and CFS).

## INTERNAL AUDITOR

The function of IA is, in some companies, discharged by an internal team, and in some other companies, is outsourced to an external auditor. A few companies have a combination of an internal team and an external auditor dealing with different business segments or functions. No matter whether the agency is internal or external, it is for the AC to extract value from the function of IA, and to ensure that through direct reporting to the AC, there is no pressure, real or imaginary, exerted, on the IA function.



# SECRETARIAL AUDITOR

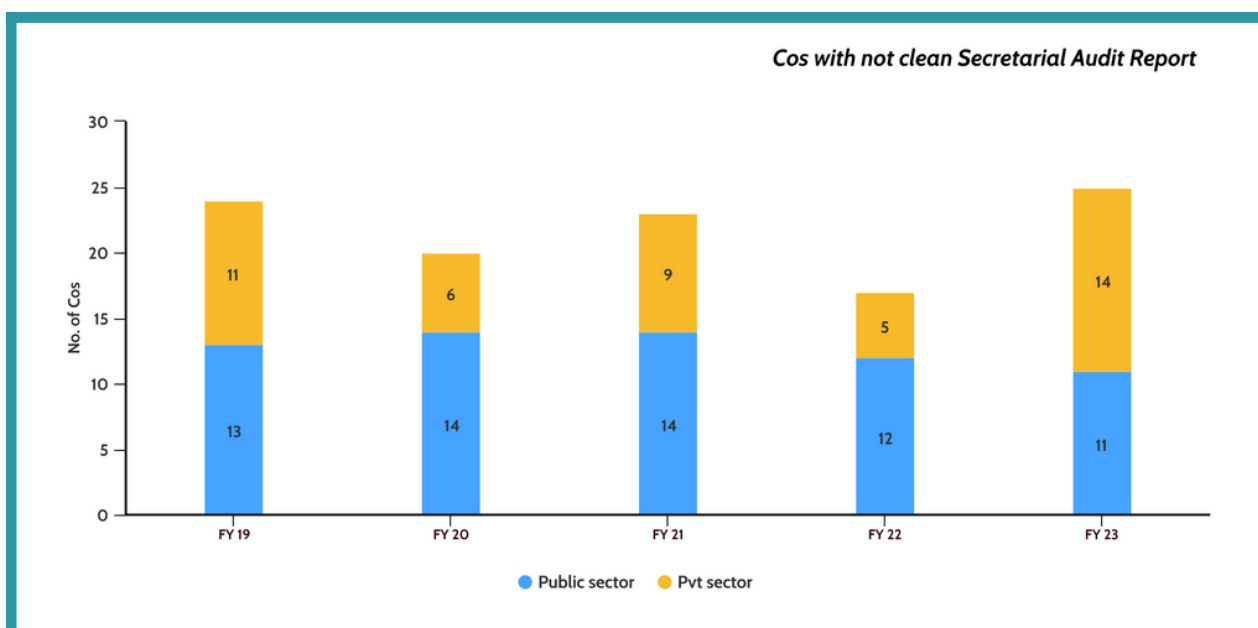
Secretarial audit is one of the mandatory instruments for ensuring compliance. As in the case of all auditor-auditee relationships, rotation of the audit firm and/or signing partner is essential to rule out the possibility of familiarity, leading to ignoring or underplaying cases of non-compliance.

## ROTATION OF SECRETARIAL AUDITOR

- In previous 9 FYs,
  - 44 companies have had the same audit firm and/or the same signing partner.
  - 11 companies have had the same audit firm but the signing partner was changed.
- In FY 23, 10 companies changed their audit firm, out of which 2 were PSUs.
  - Out of these 10 companies, 4 companies changed their secretarial auditor for the first time.

## SECRETARIAL AUDIT 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 (1) of SEBI LODR Regulations, 2015, every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified, with the annual report of the listed entity (wef May 5, 2021).*

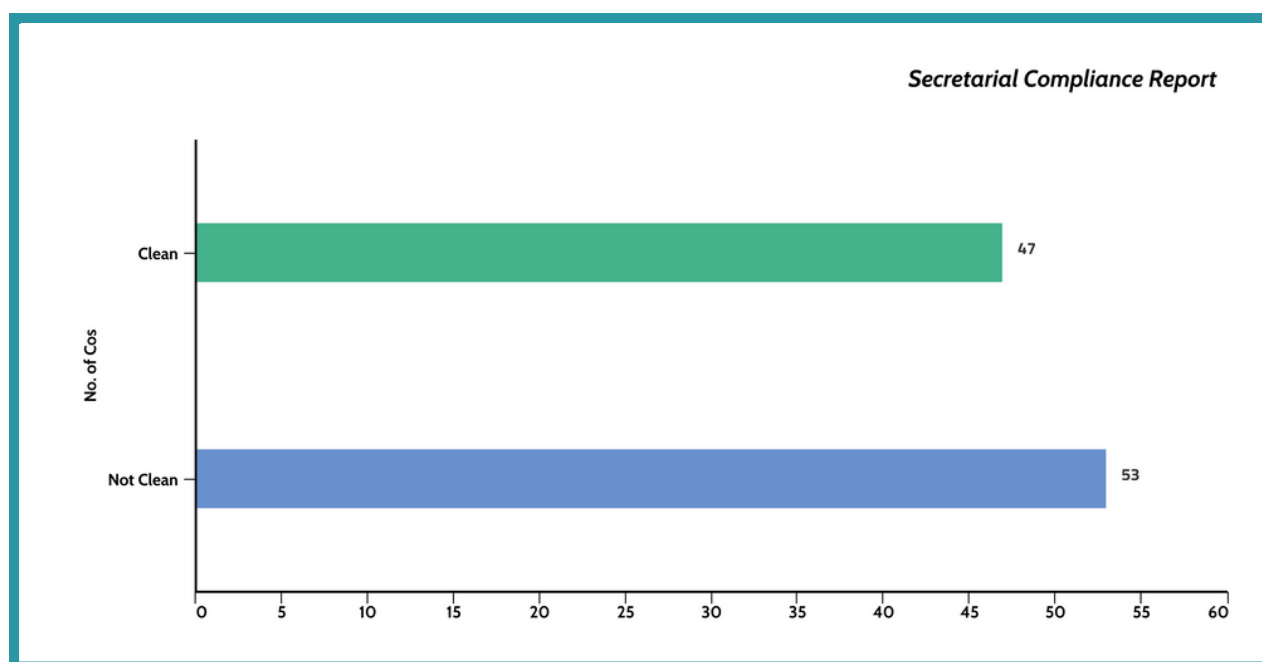


- In FY 19, out of 76 clean reports, 6 reports are not clean as per us since they have some observations from the auditor.
- In FY 20, out of 80 clean reports, 7 reports are not clean as per us since they have some observations from the auditor.
- In FY 21, out of 77 clean reports, 12 reports are not clean as per us since they have some observations from the auditor.
- In FY 22, out of 83 clean reports, 16 reports are not clean as per us they have some observations from the auditor.
- In FY 23, out of 75 clean reports, 10 reports are not clean as per us they have some observations from the auditor.

## SECRETARIAL COMPLIANCE REPORT

- As per SEBI Circular dated February 8, 2019, every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from end of each financial year (wef March 31, 2019).
- As per Regulation 24A (1) of SEBI LODR Regulations, 2015, every listed entity shall submit a secretarial compliance report in such form as specified, to stock exchanges, within sixty days from end of each financial year (wef May 5, 2021).

Secretarial compliance report which is a more recent phenomenon, provides an excellent snapshot of the history and the status of compliance, and points to matters that are pending for management's action.



- For FY 23, of 53 companies, 27 companies also had non-clean Secretarial Audit Report



# BOARD EVALUATION

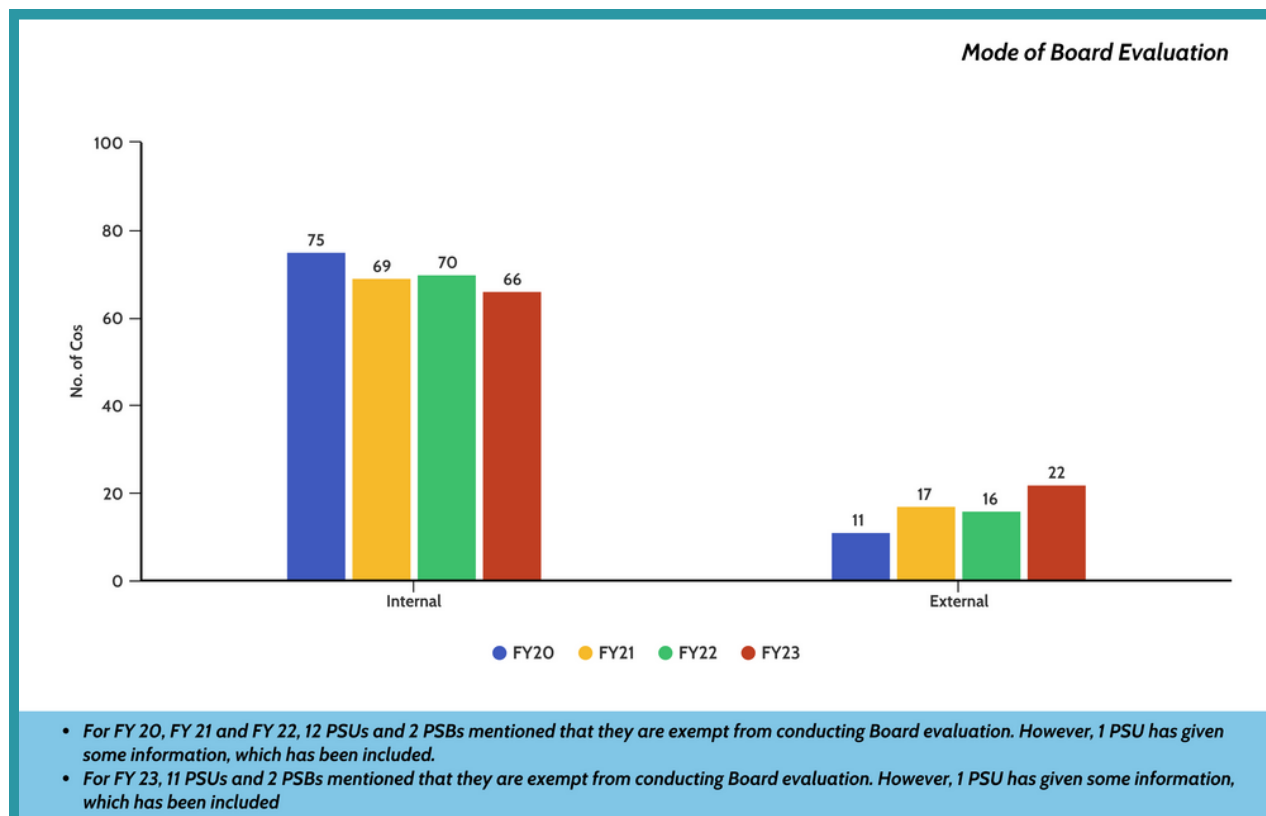
- *As per Section 178(2) of the Companies Act, 2013, the Nomination and Remuneration Committee shall.... specify the manner for effective evaluation of performance of Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or 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 17(10) of SEBI LODR Regulations, 2015, the evaluation of independent directors shall be done by the entire board of directors which shall include -*
  - (a) performance of the directors; and*
  - (b) fulfillment of the independence criteria as specified in these regulations and their independence from the management:*

*Provided that in the above evaluation, the directors who are subject to evaluation shall not participate (wef April 1, 2019).*

- *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.*

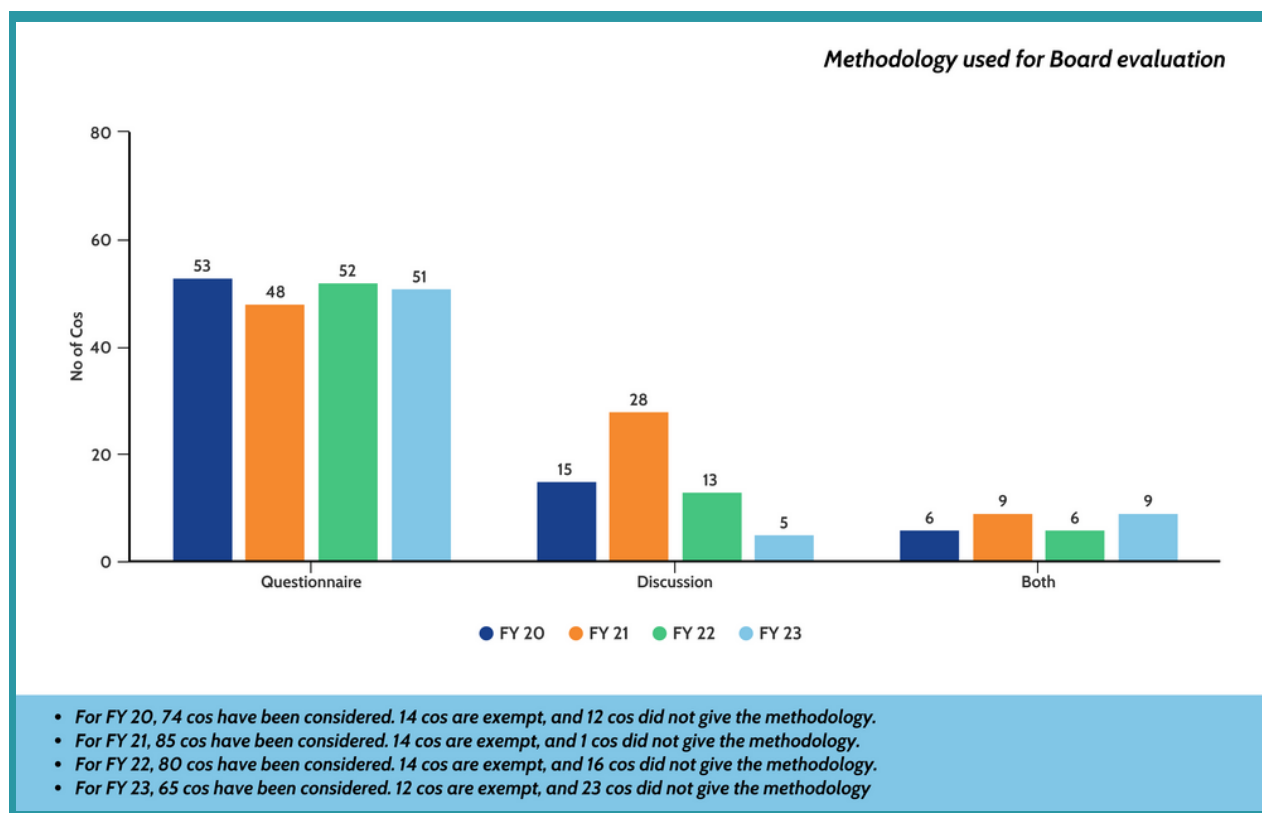
## MODE

When carried out with sufficient seriousness and rigour, Board evaluation is a very important tool to enable the Board, its committees, its Chairperson and the Directors to significantly improve performance. Presently, most Board evaluation exercises are carried out in a routine fashion, with no attempt being made to extract value from the exercise. A major failure is that following the process of evaluation, no feedback is given to the persons concerned, to improve their performance. A few progressive companies have embarked on preparing action plans arising out of Board evaluation, with the intention of monitoring the implementation, and reporting the performance in the subsequent year.

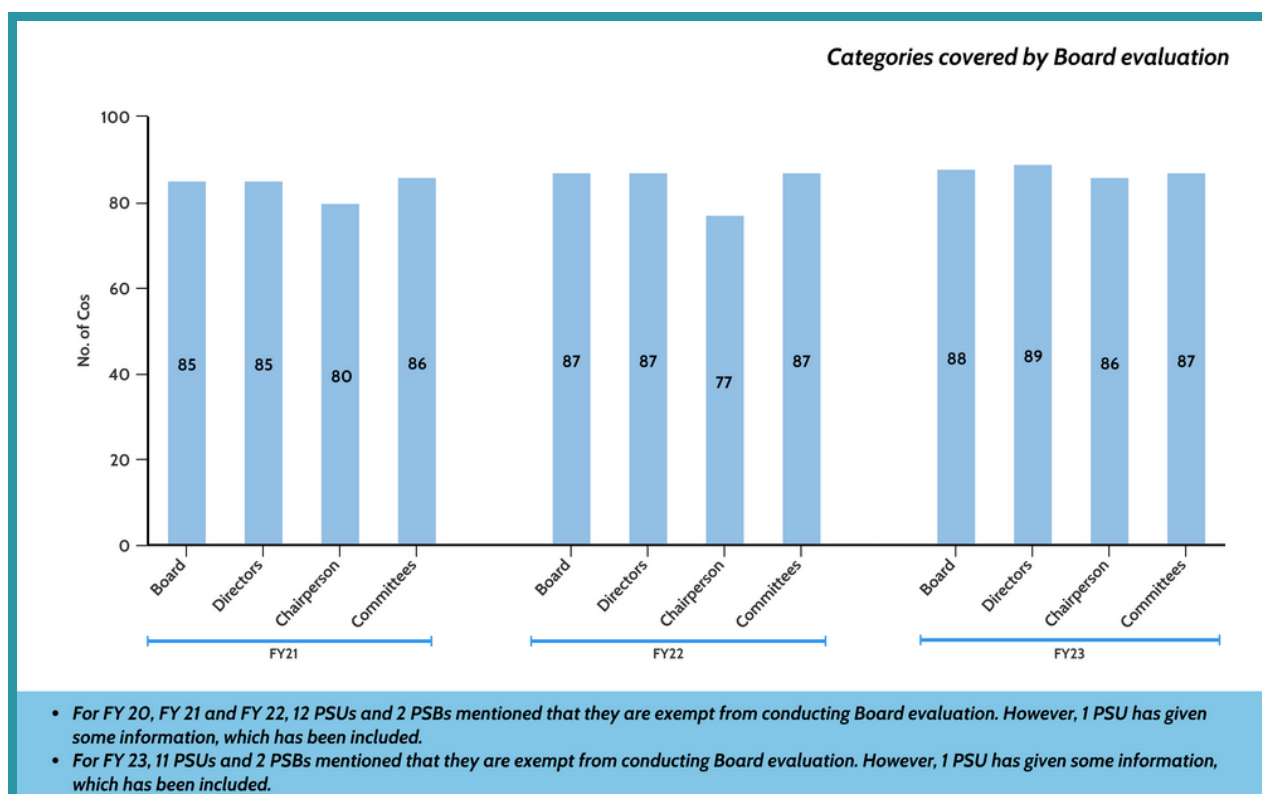


## METHODOLOGY

- 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.



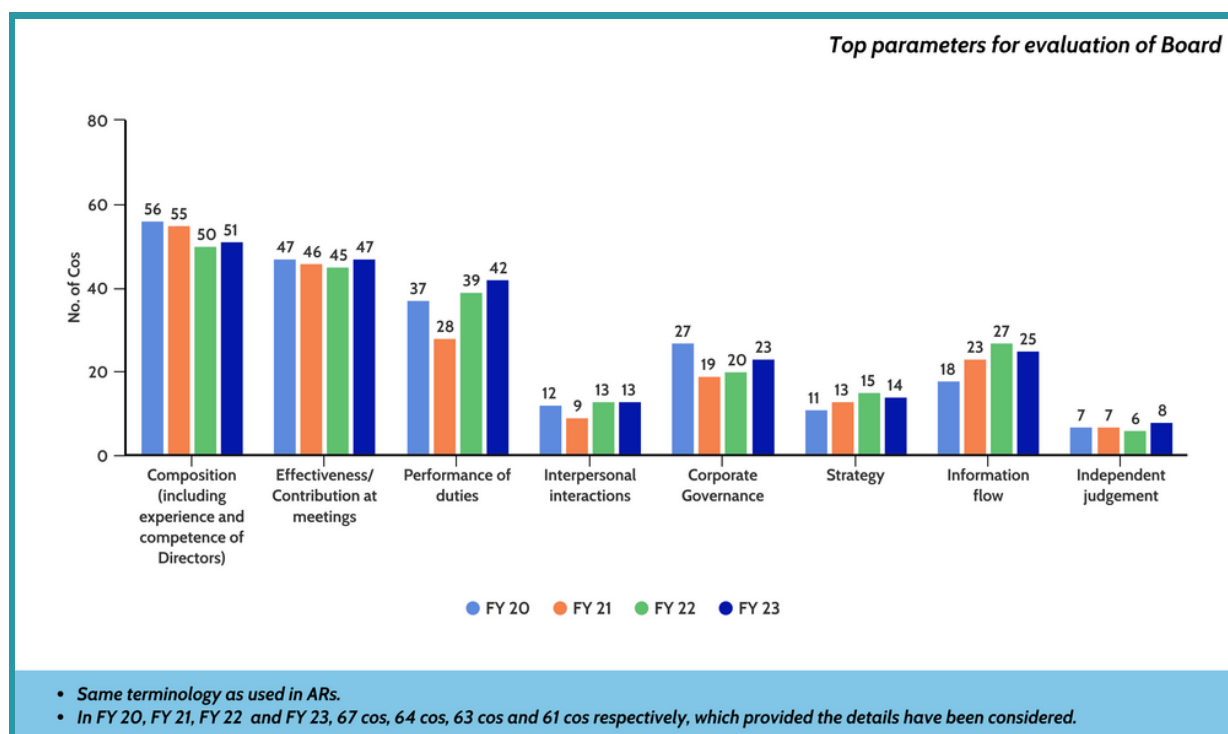
## CATEGORIES EVALUATED



## TOP PARAMETERS FOR EACH CATEGORY

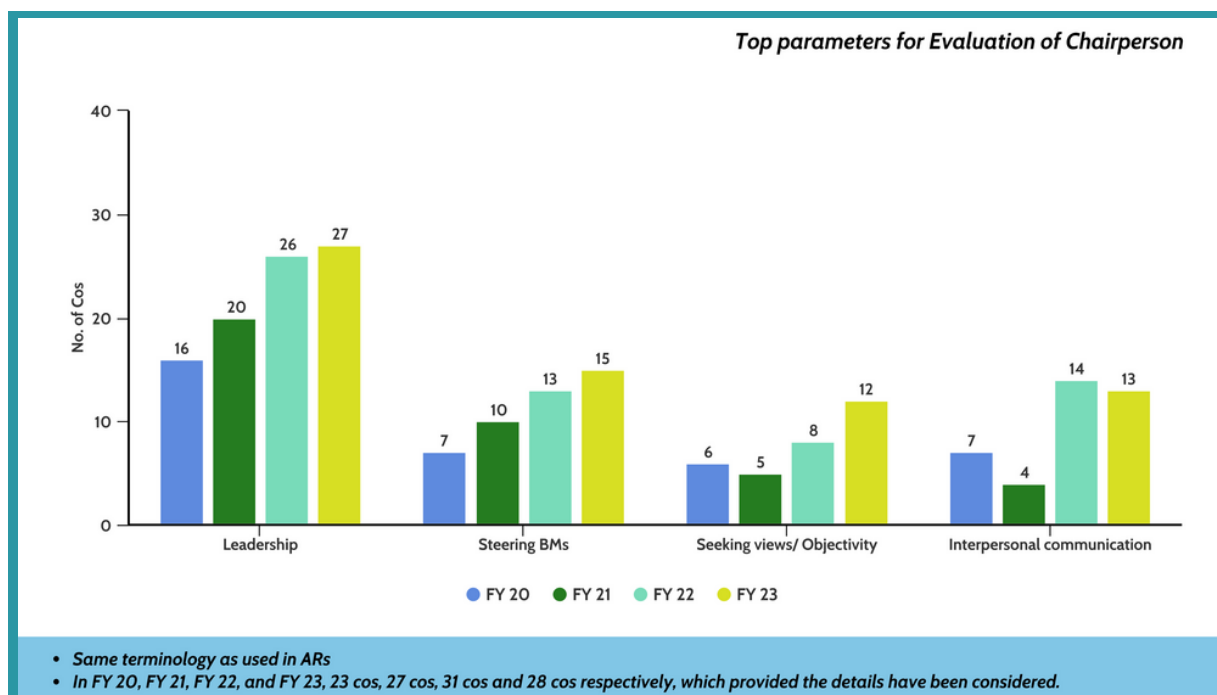
- 2 PSBs and 11 PSUs are exempt, but 1 PSU has undertaken the process.

### BOARD



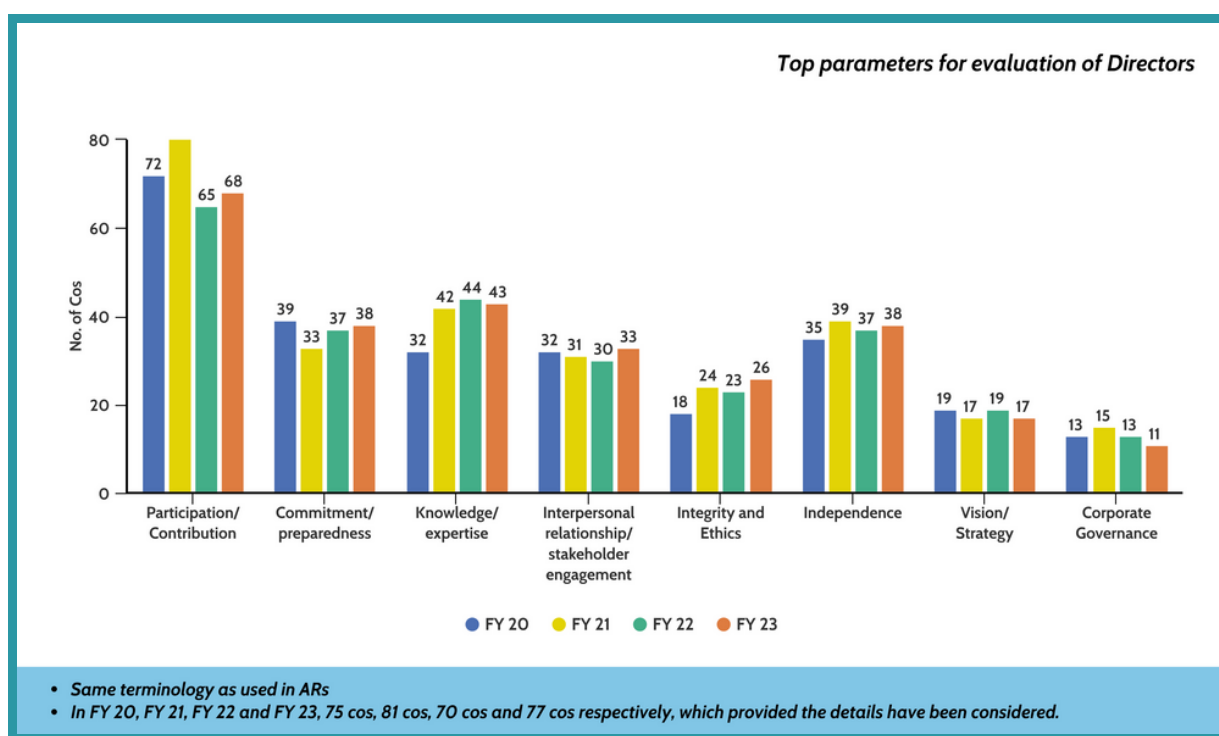
- In FY 21 and 22, 1 company each had mentioned 'handling dissent' as one of the parameters.
- In FY 23, 3 companies had mentioned 'handling dissent' as one of the parameters.

### CHAIR

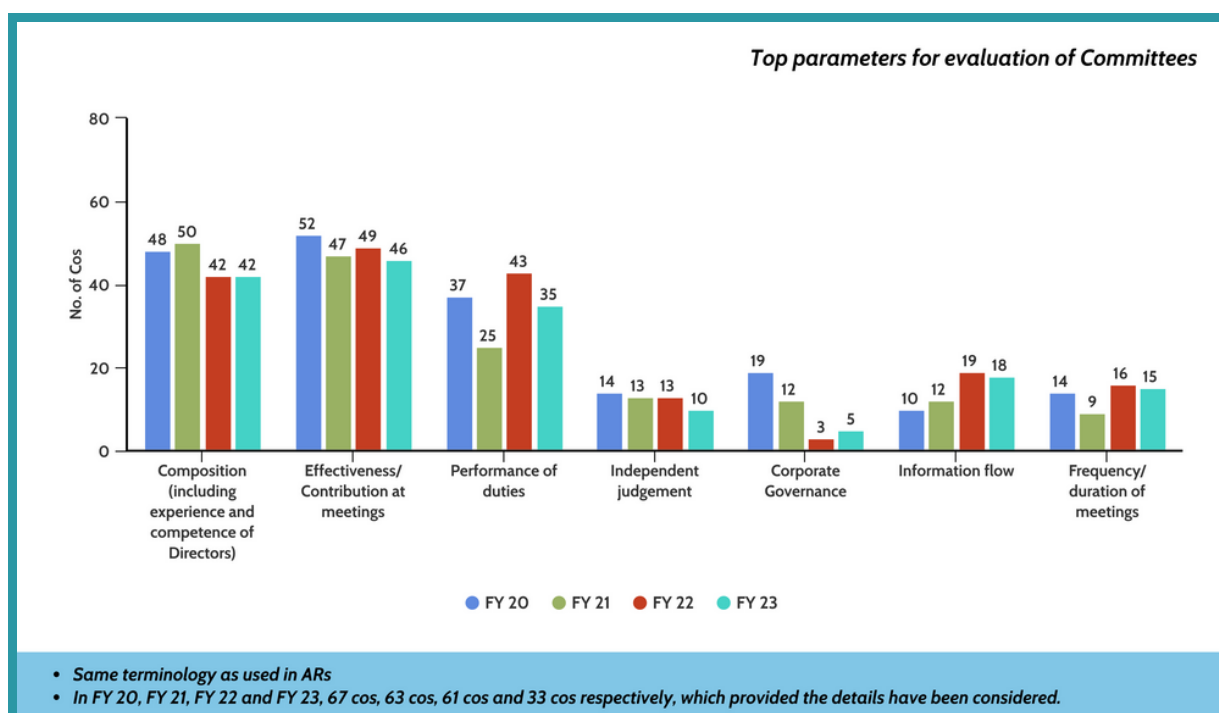


- In FY 21 and 22, 1 company each had mentioned 'handling dissent' as one of the parameters.
- In FY 23, 5 companies had mentioned 'handling dissent' as one of the parameters.

## DIRECTORS

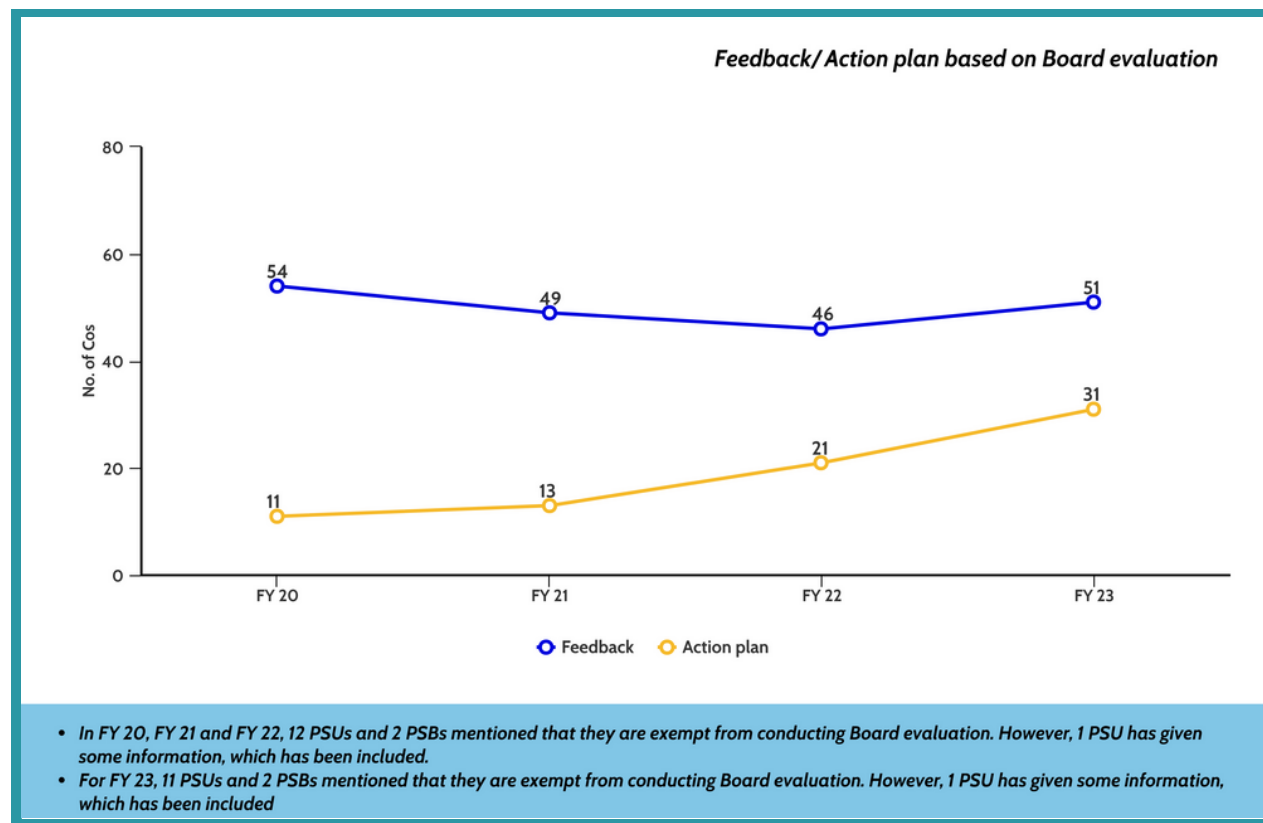


## COMMITTEES



## FEEDBACK AND 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 set in motion to work on the areas identified for improvement.



## REFERENCE TO FLOW OF INFORMATION

- In FY 23, 71 companies have made reference to flow of information.

## ROLE OF NRC IN BOARD EVALUATION

- In FY 20, FY 21, FY 22 and FY 23, 82, 78, 84 and 88 companies respectively have mentioned a role for NRC in the evaluation exercise.

# 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/ her duties (wef May 5, 2021).

## 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. Separate posts of Chairperson and the Managing Director or the Chief Executive Officer

The listed entity may appoint separate persons to the post of the Chairperson and the Managing Director or the Chief Executive Officer, such that the Chairperson shall –

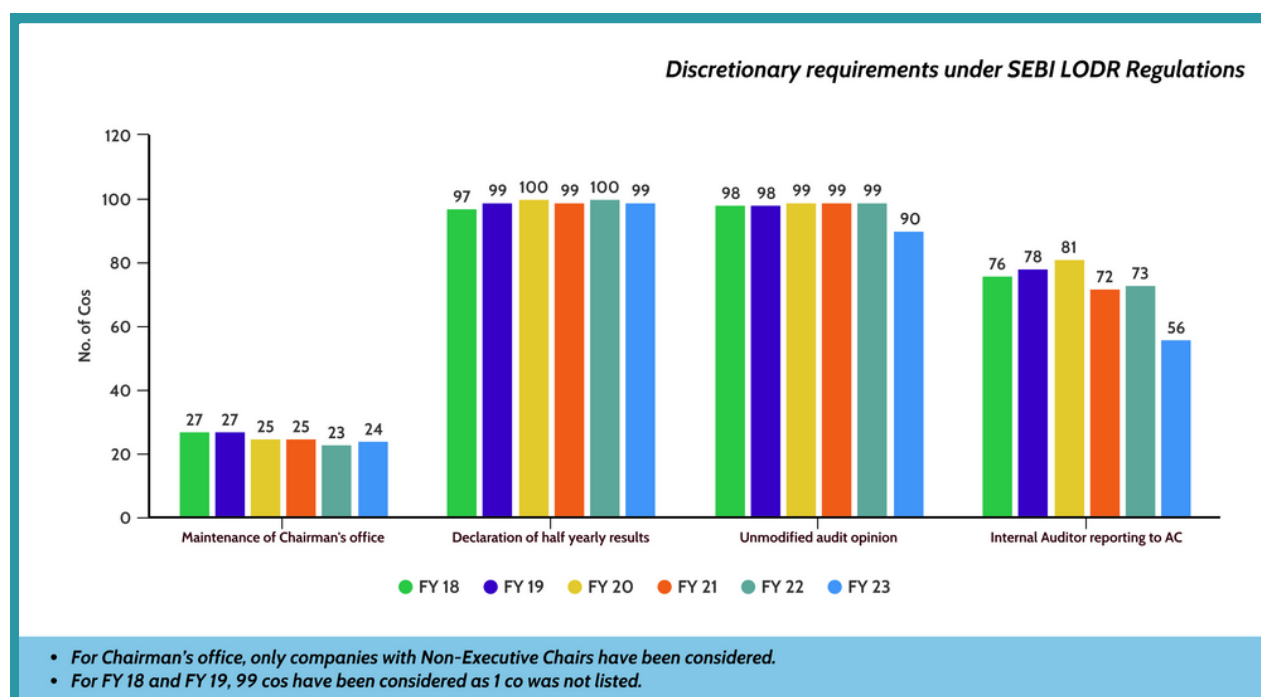
(a) be a non-executive director; and

(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. (w.e.f. March 22, 2022)

## E. Reporting of internal auditor

The internal auditor may report directly to the audit committee.

SEBI LODR Regulations, 2015 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.



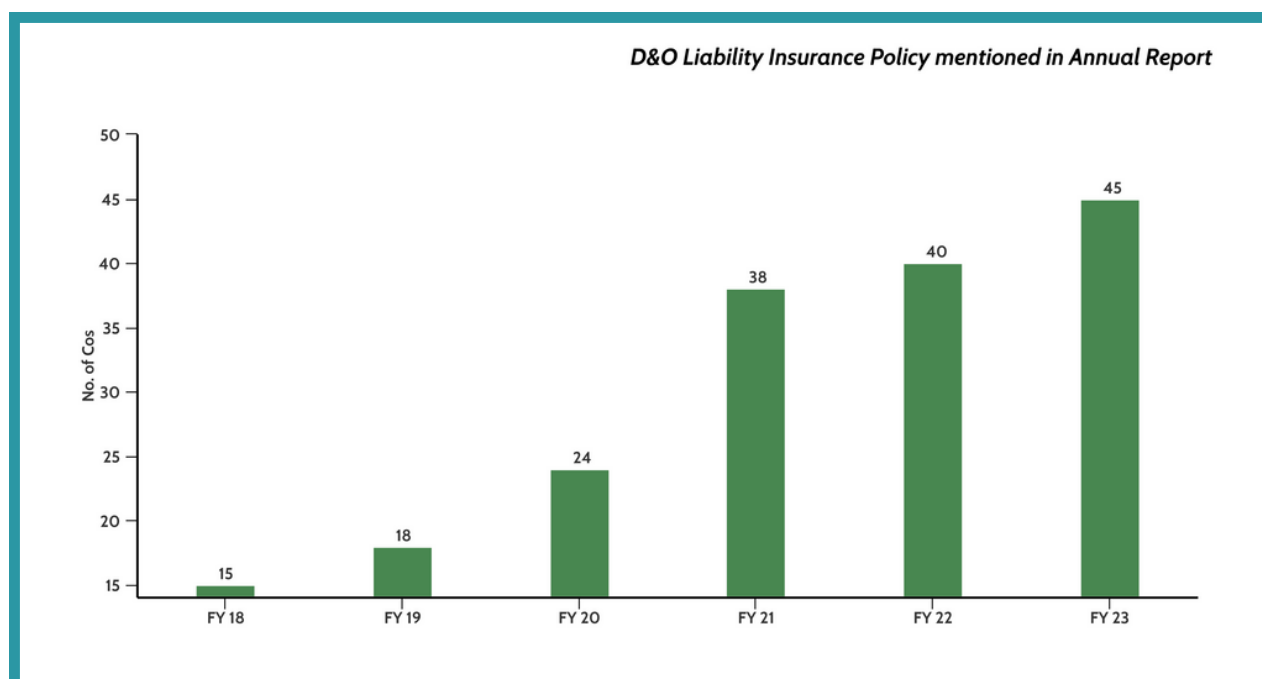
- Companies that follow all the discretionary practices
  - in FY 18 are 23
  - in FY 19 are 24
  - in FY 20 are 23
  - in FY 21 are 21
  - in FY 22 are 20
  - in FY 23 are 17.
- Going forward, it is to be hoped that there would be more such disclosures, without waiting for SEBI to convert these to non-discretionary requirements.



## D&O LIABILITY INSURANCE POLICY

- As per Schedule IV of the Companies Act, 2013,  
(4) The appointment of independent directors shall be formalized through a letter of appointment, which shall set out :  
(d) provision for Directors and Officers (D and O) insurance, if any.
- As per Regulation 25(10) of SEBI LODR Regulations, 2015, the top 1000 listed entities by market capitalization calculated as on March 31 of the preceding financial year, shall undertake Directors and Officers insurance ('D and O insurance') for all their independent directors of such quantum and for such risks as may be determined by its board of directors (wef January 1, 2022).

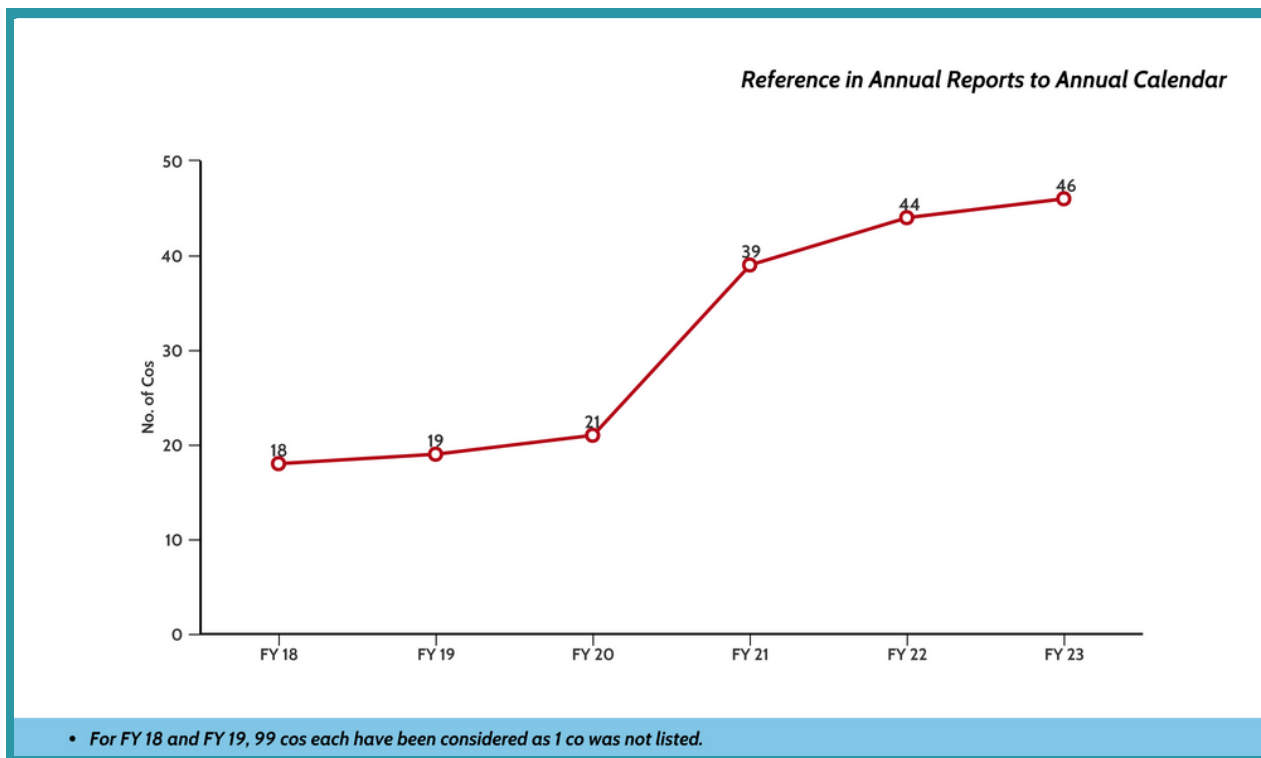
Given the increasing responsibilities and attendant liabilities that Directors and KMPs have, a D&O Liability Insurance policy is necessary to attract competent persons to Boards/ companies, and to retain them. It would be useful for Boards to study their insurance policies to keep themselves informed of the exclusions, so that any additional arrangement required to be made is addressed without loss of time.



## OTHER PROCESSES

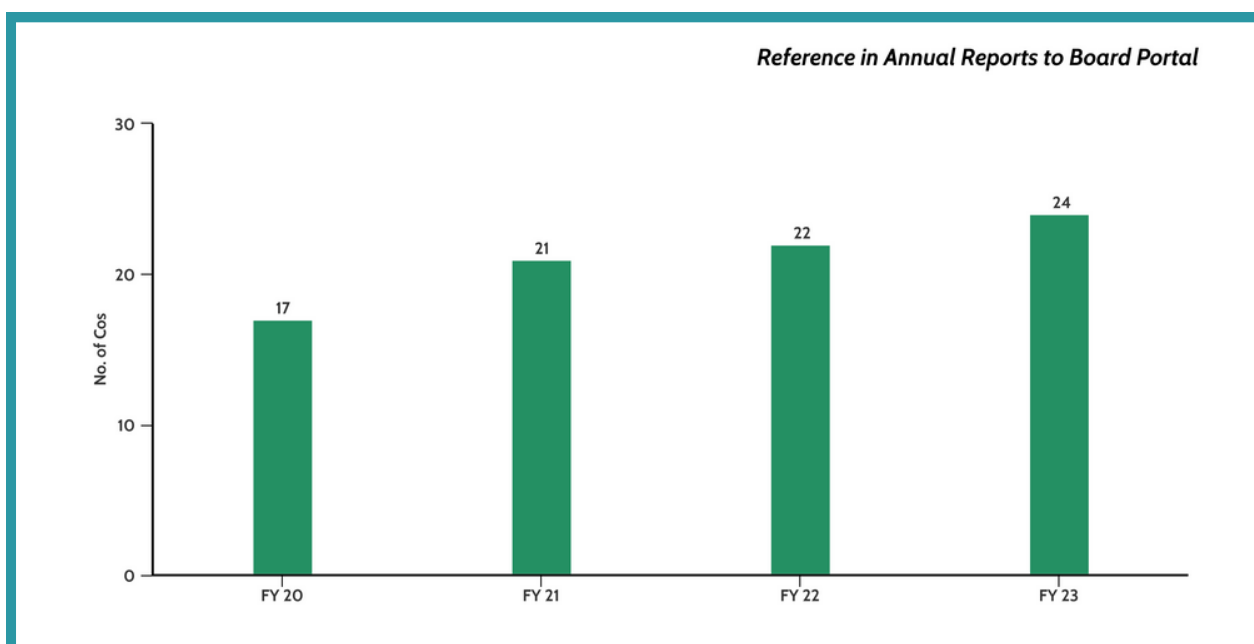
### ANNUAL CALENDAR

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.



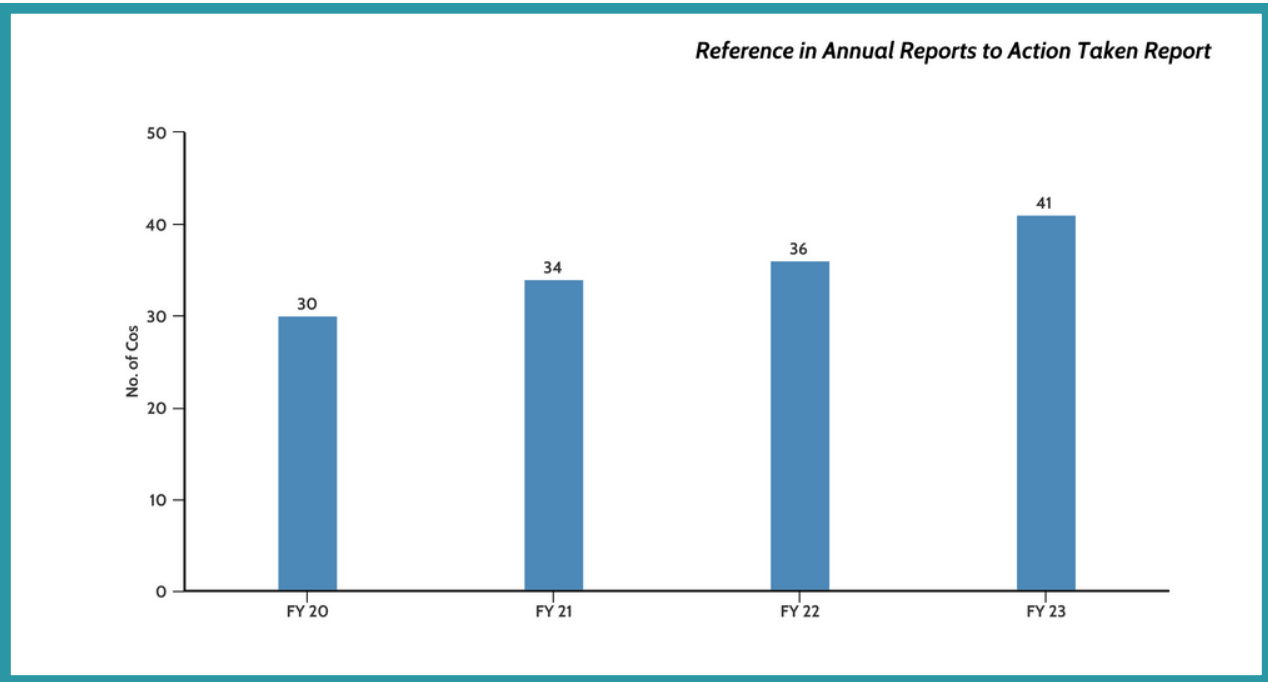
### BOARD PORTAL

In an environment which is seeking to be progressively paperless, the Board portal is an important requirement. It enables easier and timely transmission of agenda papers and the minutes, and is a useful archival tool to access information relating to earlier meetings. It also promotes confidentiality.

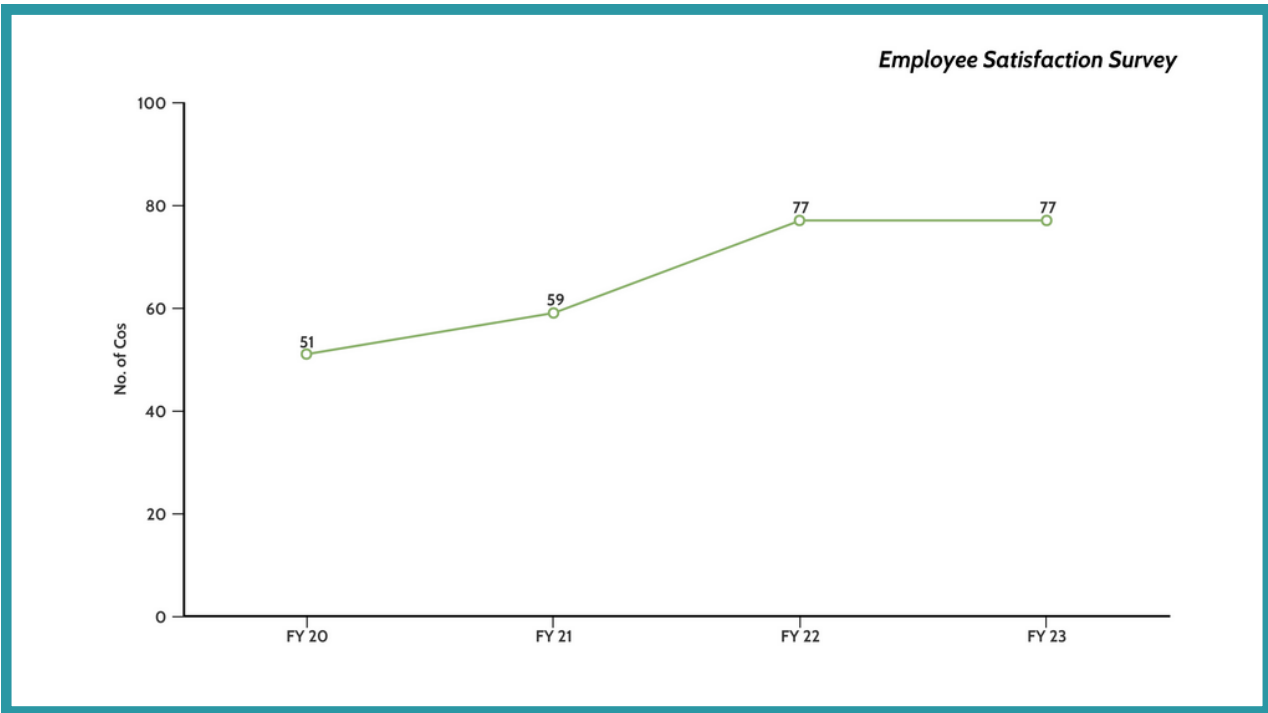


# ACTION TAKEN REPORT

The ATR is the control instrument available to Directors to determine whether decisions taken by the Board have been, or are being, acted upon.



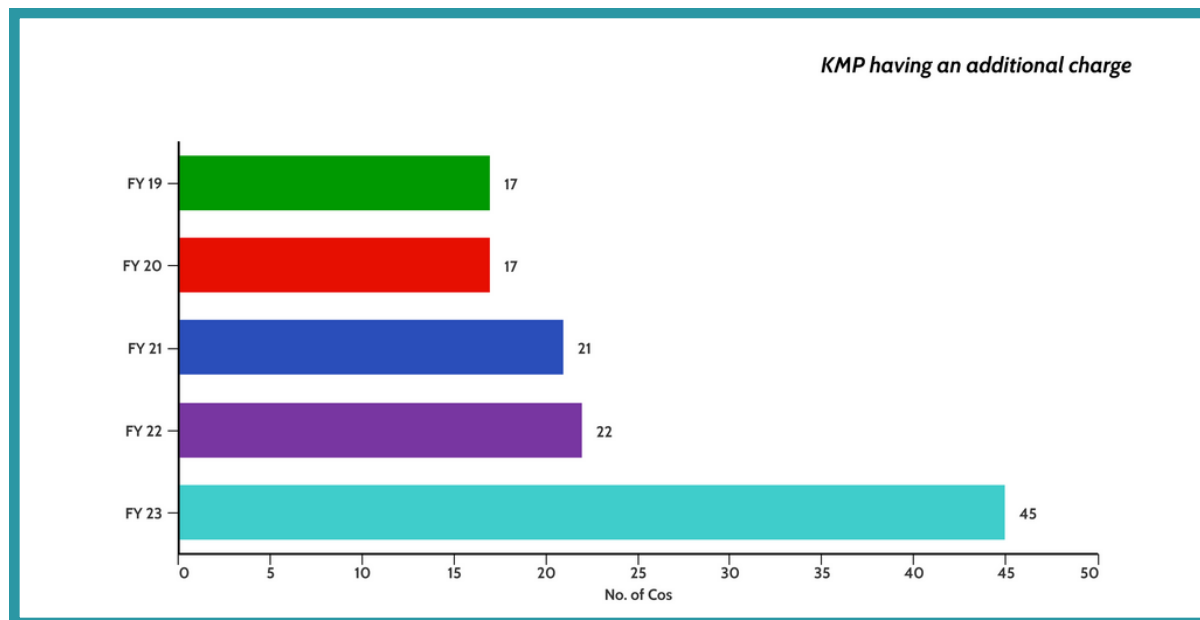
# EMPLOYEE SATISFACTION SURVEY



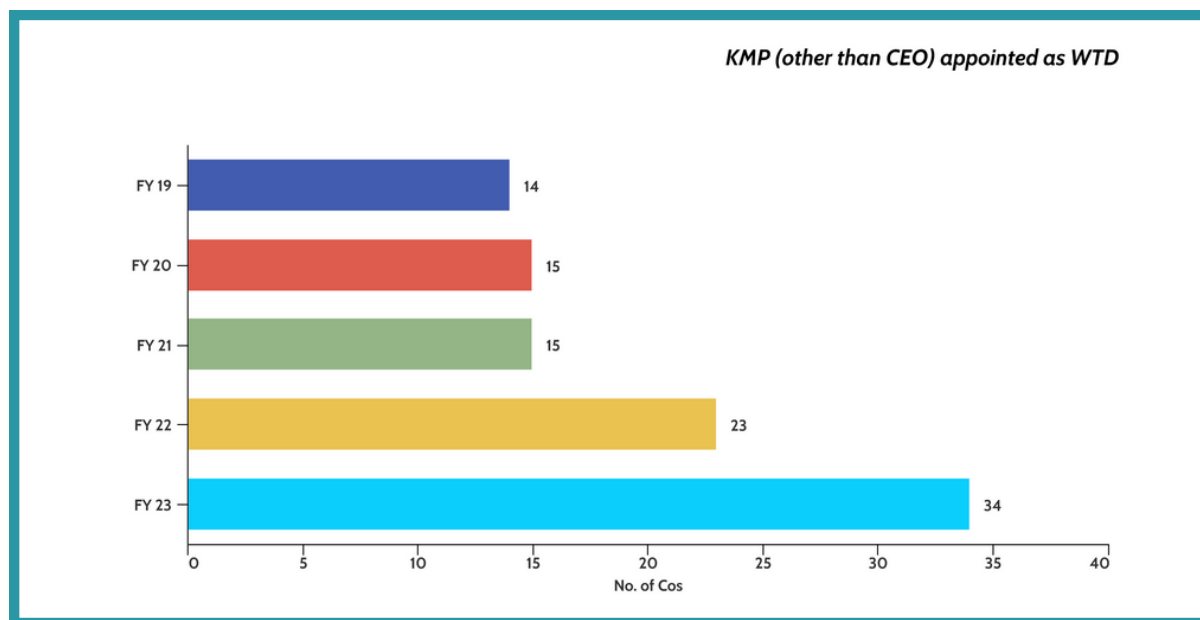
# KEY MANAGERIAL PERSONNEL

## KMP HAVING 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.



## KMP (OTHER THAN CEO) APPOINTED AS WTD



## DETAILS OF SMPs IN ANNUAL REPORTS

- In FY 22, 44 companies had given details of SMPs.
- In FY 23, 53 companies had given details of SMPs.

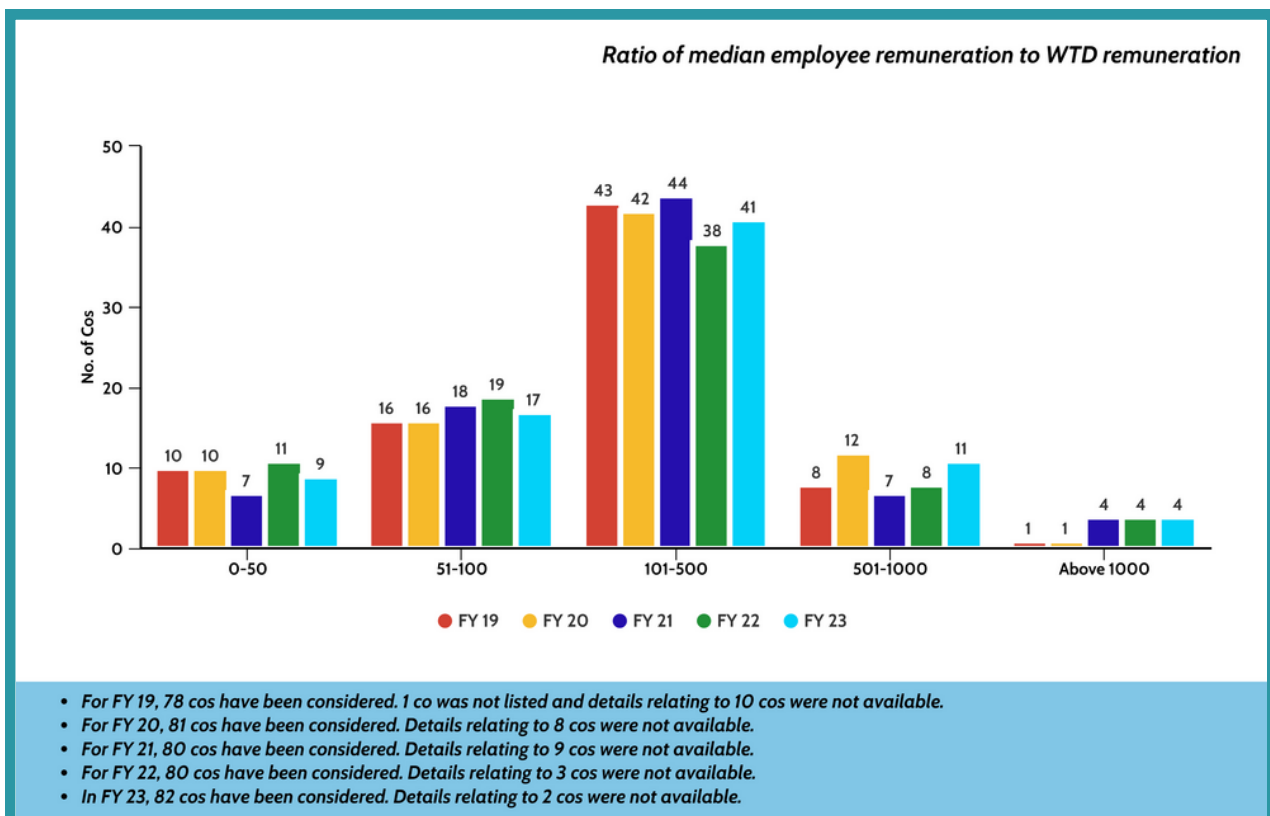
# MEDIAN COMPENSATION TO EMPLOYEES

- As per Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 -

(1) Every listed company shall disclose in the Board's report-

(i) the ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;

Executive compensation, especially its increase in recent times, has been a matter receiving increasing attention. Over-compensating senior personnel, when there are job cuts, salary cuts, and the like, at other levels, does not reflect well on the company. The comparison between the compensation of a WTD, and the mean compensation of the workforce, is often a good indicator.

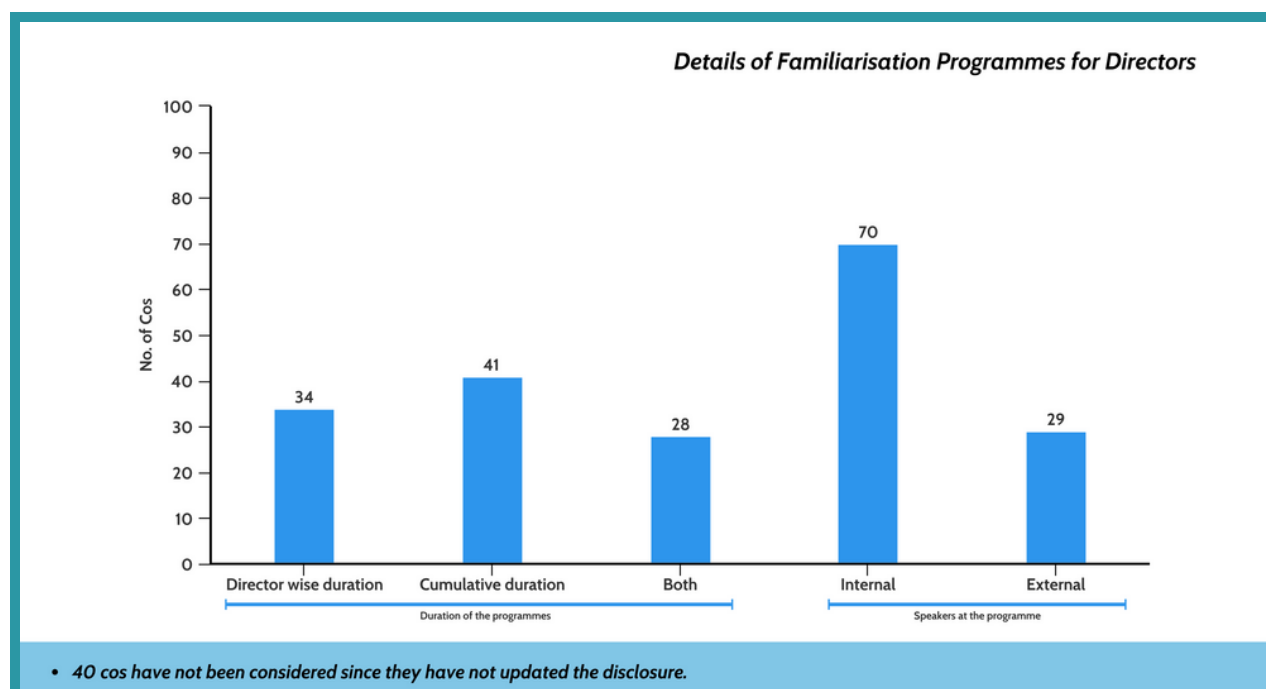


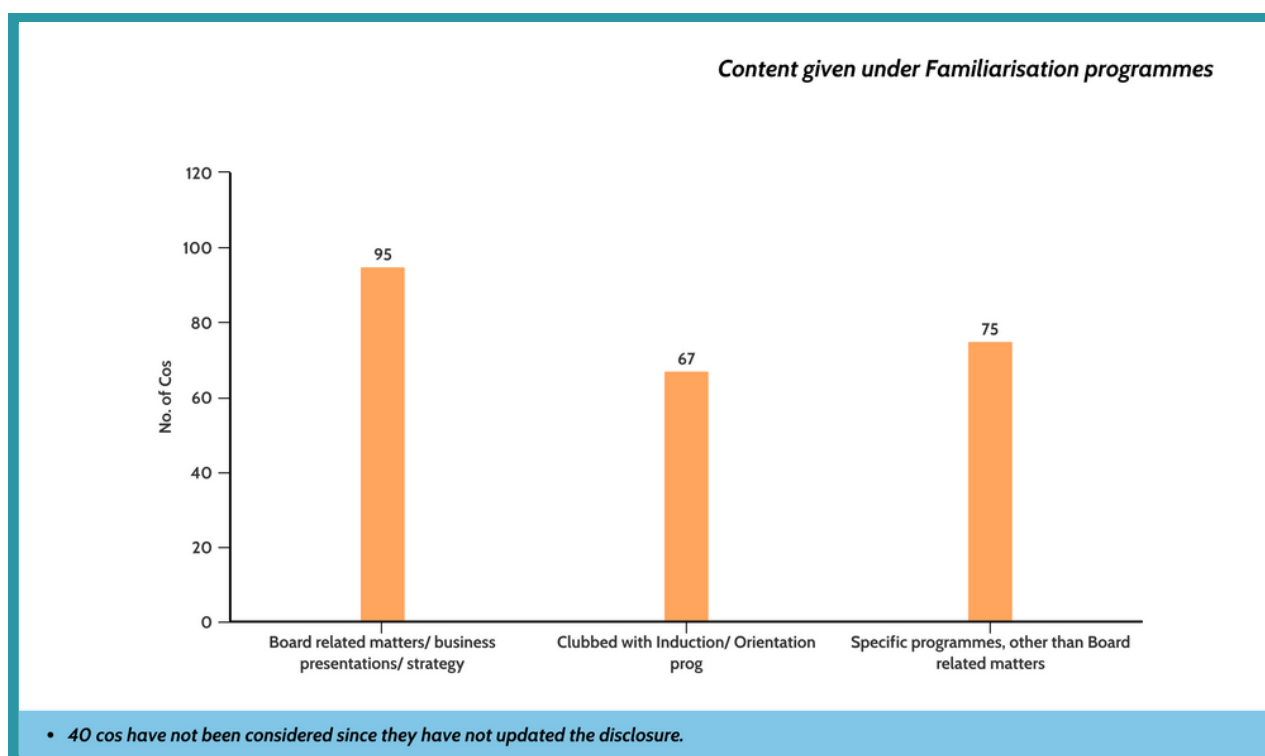
- In FY 23, 14 public sector organisations are exempt from giving these details.
- For companies with more than 1 WTD, the highest compensation paid to any WTD has been considered.
- In FY 19, FY 20, FY 21, FY 22 and FY 23, lowest ratio to median was 3.57, 7.87, 3.73, 11.48 and 8.99 respectively.
- In FY 19, FY 20, FY 21, FY 22 and FY 23 highest ratio to median was 1462.4, 1273.56, 1868, 2731 and 5388.84 respectively.

## 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: -
    - (i) number of programmes attended by independent directors (during the year and on a cumulative basis till date),
    - (ii) number of hours spent by independent directors in such programmes (during the year and on cumulative basis till date), and
    - (iii) 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. It will be helpful if the Regulator clearly indicates the kind of programmes or interactions which will not qualify as familiarisation programmes. This is necessary because many companies pass off Board agenda items and presentations as familiarisation programmes.





- 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 23, 1 company (PSU) did not provide the details relating to programme on its website.

## VIGIL/ WHISTLEBLOWER MECHANISM

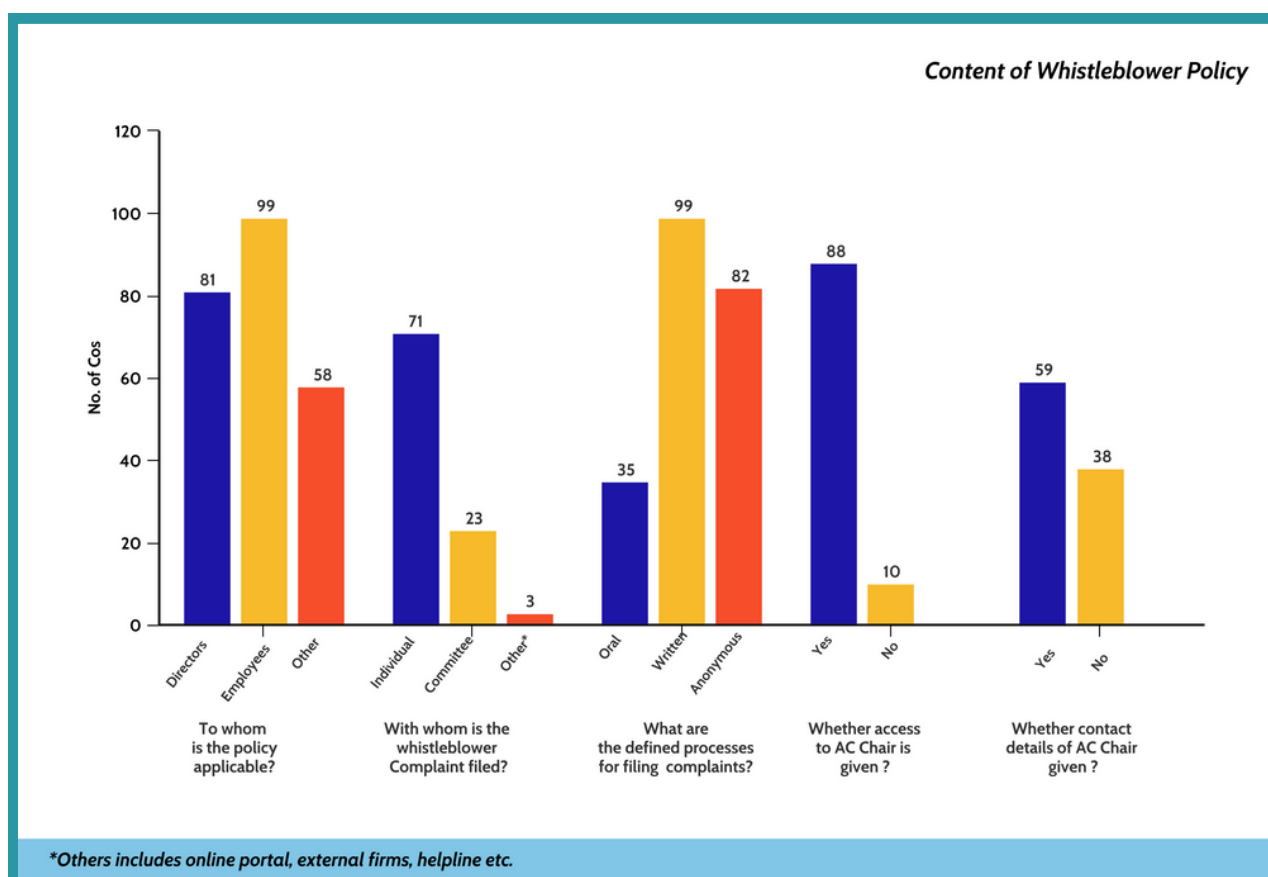
- *As per Section 177(10) of Companies Act, 2013, the vigil mechanism under sub-section (9) shall provide for adequate safeguards against victimisation of persons who use such mechanism and make provision for direct access to the chairperson of the Audit Committee in appropriate or exceptional cases:*

*Provided that the details of establishment of such mechanism shall be disclosed by the company on its website, if any, and in the Board's report.*

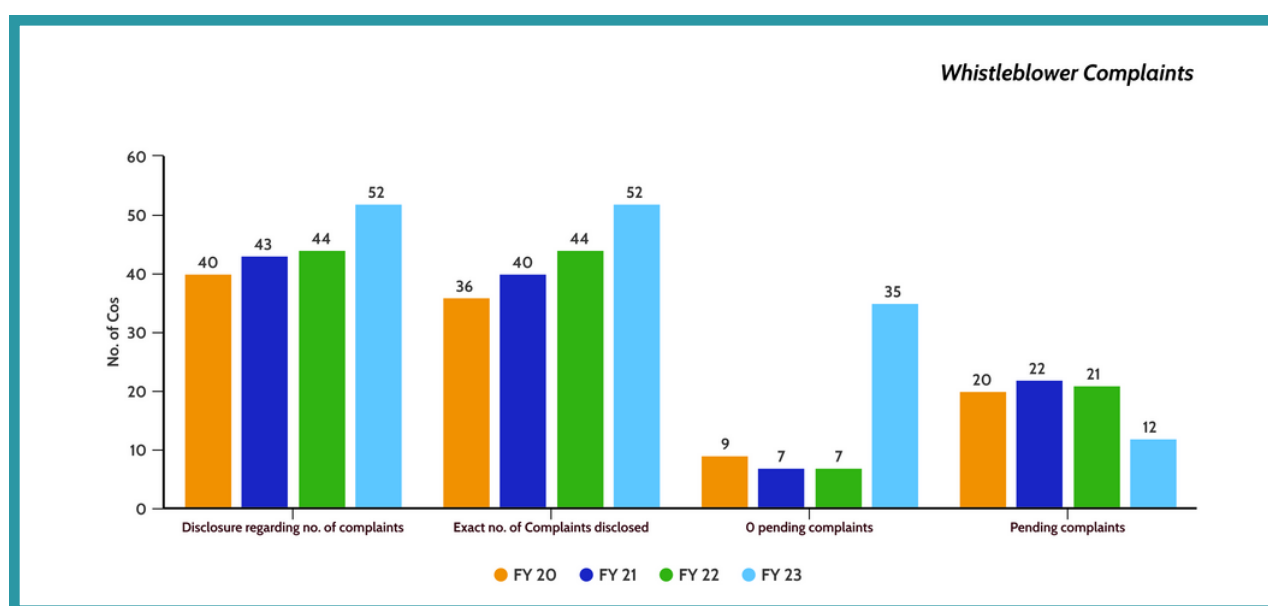
- *As per Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014,*
  - (1) Every listed company and the companies belonging to the following class or classes shall establish a vigil mechanism for their directors and employees to report their genuine concerns or grievances-*
    - (a) 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.*
  - ...*
  - (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.*

The Whistleblower Mechanism, also known as the Vigil Mechanism, is a facility available to persons to bring matters to the attention of senior/ top management, without revealing their identity. Having such a mechanism is not enough. How much is revealed in the annual reports by way of the manner of resolution of complaints, the punishment meted out, the constitution and functioning of the internal committees, and the campaign undertaken to sensitise the workforce, will set apart companies which take this exercise seriously, from those that are going through the motions, with regard to such complaints.



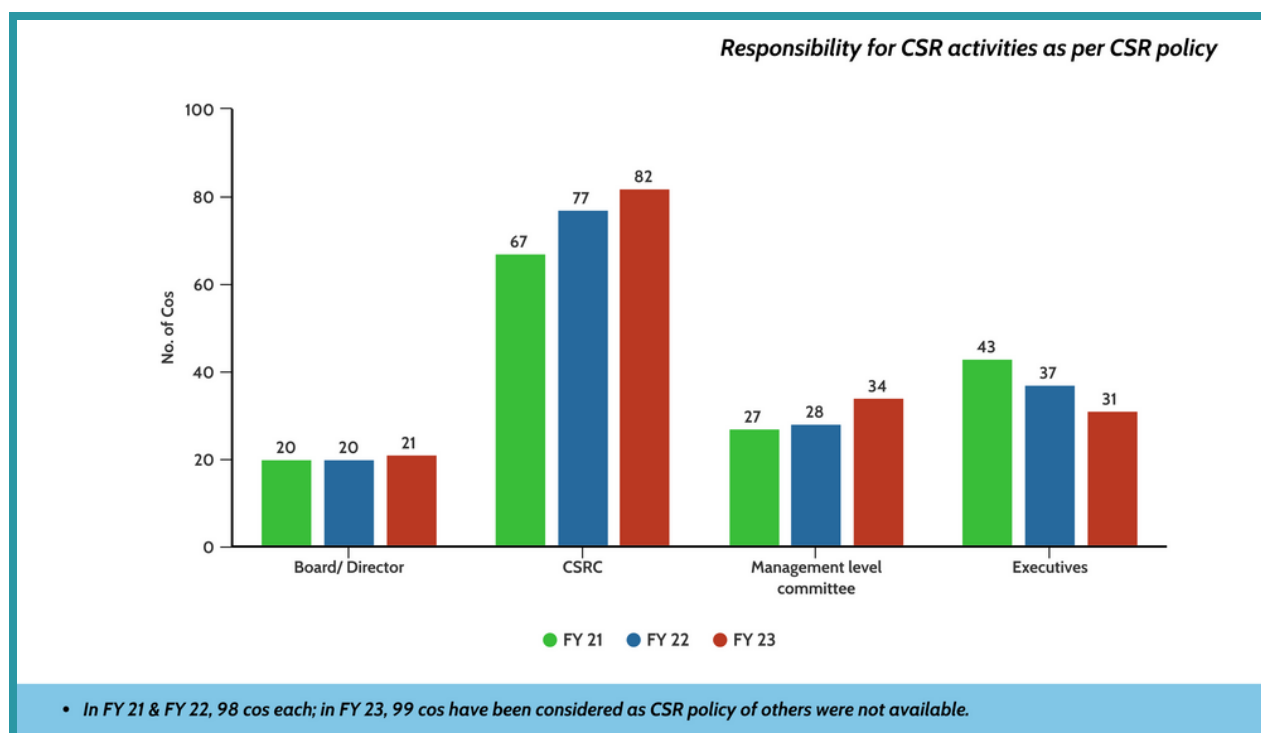
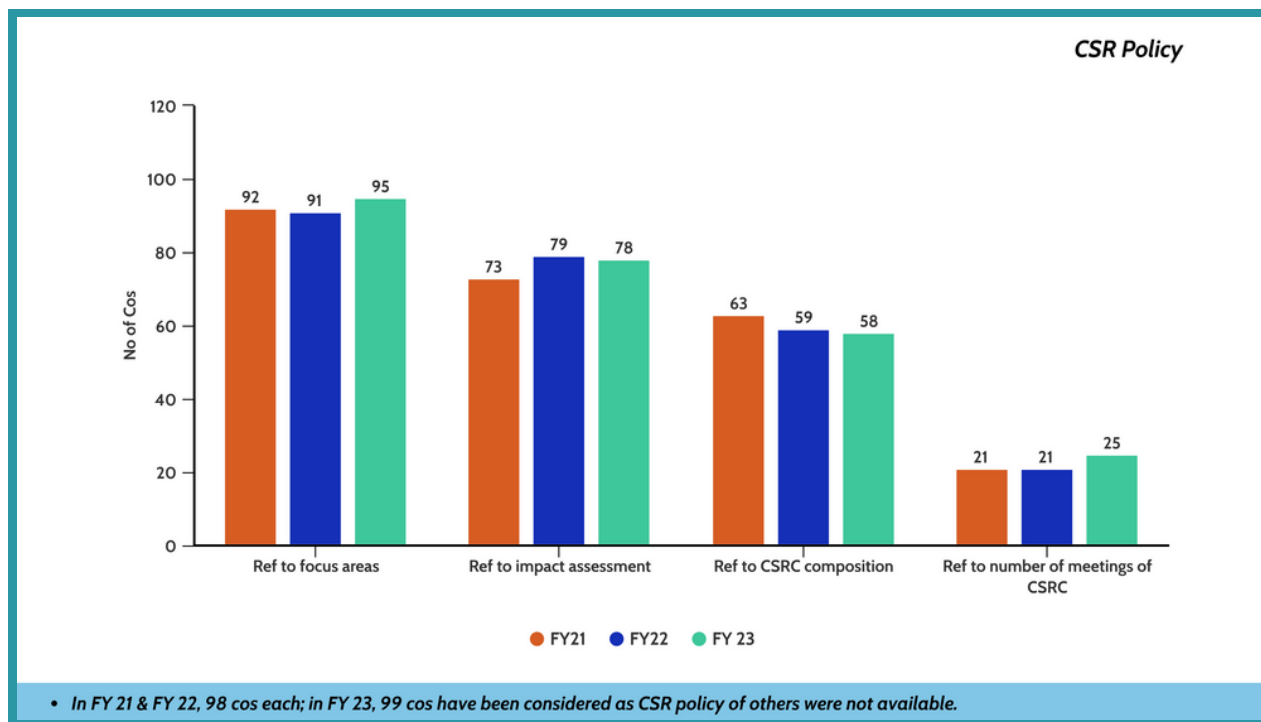


- Policy of 1 company is a part of its Code of Conduct.
- Out of 88 policies which provide an access to the Chair of AC,
  - 21 have given an email id and an address of the Chair of AC.
  - 18 have given only an email id. Of these, 2 are general email ids.
  - 41 have given an address. Of these, 31 are company addresses and 10 are personal addresses of Chairs of ACs.



## CSR POLICY

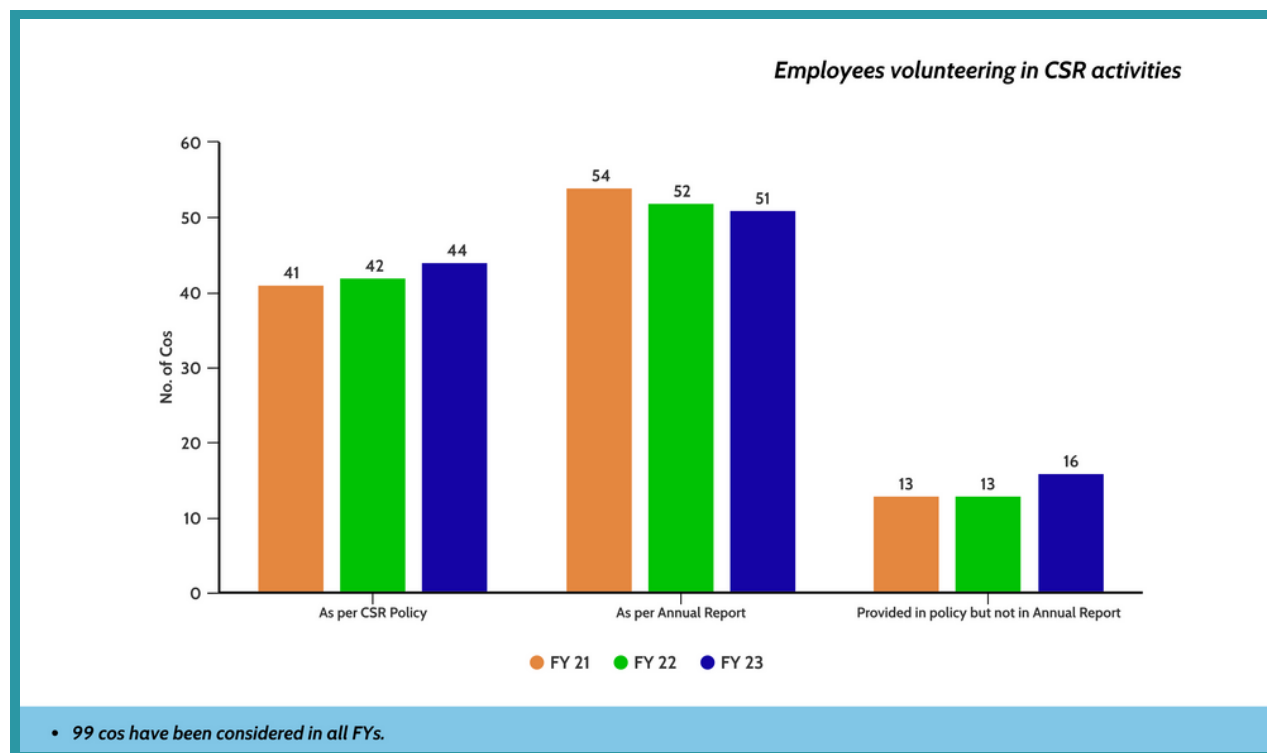
The CSR Policy of any company should capture within it, the company's approach to CSR, the thrust areas, if any, the manner of identifying projects, selection of implementation partners, and most importantly, the manner of assessing the impact. The policy should also indicate clearly the responsibility at different levels.



- In FY 23, 20 companies have given the responsibility of execution and implementation of CSR to both Board/ any Director and CSRC.

## EMPLOYEE VOLUNTEERING IN CSR

CSR is often seen as an expenditure item that companies put up with. The fact that society as a stakeholder needs to benefit from corporates should manifest itself as an affair of the heart, and not as an accounting entry. One aspect of this philosophy is the willingness with which the entire workforce participates in the CSR efforts of the company. Even if this is not articulated in the CSR policy, or sought to be captured in numbers, employee engagement in these efforts can be beneficial for all concerned.



- In FY 23, 28 companies have given disclosures regarding employee volunteering in both their CSR policy and the Annual Report.

# ANNEXURE-1

*List of NIFTY 100 companies as on March 31, 2022. These companies have been considered for the survey.*

1	Abbott India Ltd	51	ICICI Prudential Life Insurance Company Ltd
2	ACC Ltd	52	Indian Oil Corporation Ltd
3	Adani Green Energy Ltd	53	Indraprastha Gas Ltd
4	Adani Ports and Special Economic Zone Ltd	54	Indus Towers Ltd
5	Adani Transmission Ltd	55	IndusInd Bank Ltd
6	Alkem Laboratories Ltd	56	Info Edge (India) Ltd
7	Ambuja Cements Ltd	57	Infosys Ltd
8	Asian Paints Ltd	58	Interglobe Aviation Ltd
9	Aurobindo Pharma Ltd	59	ITC Ltd
10	Avenue Supermarts Ltd	60	JSW Steel Ltd
11	Axis Bank Ltd	61	Kotak Mahindra Bank Ltd
12	Bajaj Auto Ltd	62	Larsen & Toubro Infotech Ltd
13	Bajaj Finance Ltd	63	Larsen & Toubro Ltd
14	Bajaj Finserv Ltd	64	Lupin Ltd
15	Bajaj Holdings & Investment Ltd	65	Mahindra & Mahindra Ltd
16	Bandhan Bank Ltd	66	Marico Ltd
17	Bank of Baroda	67	Maruti Suzuki India Ltd
18	Berger Paints India Ltd	68	Motherson Sumi Systems Ltd (now Samvardhana Motherson International Ltd)
19	Bharat Petroleum Corporation Ltd	69	Muthoot Finance Ltd
20	Bharti Airtel Ltd	70	Nestle India Ltd
21	Biocon Ltd	71	NMDC Ltd
22	Bosch Ltd	72	NTPC Ltd
23	Britannia Industries Ltd	73	Oil & Natural Gas Corporation Ltd
24	Cadila Healthcare Ltd (now Zydus Lifesciences Ltd)	74	Oracle Financial Services Software Ltd
25	Cipla Ltd	75	Petronet LNG Ltd
26	Coal India Ltd	76	Pidilite Industries Ltd
27	Colgate-Palmolive (India) Ltd	77	Piramal Enterprises Ltd
28	Container Corporation Of India Ltd	78	Power Finance Corporation Ltd
29	Dabur India Ltd	79	Power Grid Corporation Of India Ltd
30	Divis Laboratories Ltd	80	Procter & Gamble Hygiene & Health Care Ltd
31	DLF Ltd	81	Punjab National Bank
32	Dr. Reddys Laboratories Ltd	82	Reliance Industries Ltd
33	Eicher Motors Ltd	83	SBI Cards And Payment Services Ltd
34	GAIL (India) Ltd	84	SBI Life Insurance Company Ltd
35	General Insurance Corporation of India Ltd	85	Shree Cement Ltd
36	Godrej Consumer Products Ltd	86	Siemens Ltd
37	Grasim Industries Ltd	87	State Bank Of India
38	Havells India Ltd	88	Sun Pharmaceutical Industries Ltd
39	HCL Technologies Ltd	89	Tata Consultancy Services Ltd
40	HDFC Asset Management Company Ltd	90	Tata Consumer Products Ltd
41	HDFC Bank Ltd	91	Tata Motors Ltd
42	HDFC Life Insurance Co Ltd	92	Tata Steel Ltd
43	Hero MotoCorp Ltd	93	Tech Mahindra Ltd
44	Hindalco Industries Ltd	94	Titan Company Ltd
45	Hindustan Petroleum Corporation Ltd	95	Torrent Pharmaceuticals Ltd
46	Hindustan Unilever Ltd	96	Ultratech Cement Ltd
47	Hindustan Zinc Ltd	97	United Breweries Ltd
48	Housing Development Finance Corporation Ltd	98	United Spirits Ltd
49	ICICI Bank Ltd	99	UPL Ltd
50	ICICI Lombard General Insurance Co Ltd	100	Wipro Ltd

\*Bharti Infratel Ltd has been replaced by Indus Towers Ltd, into which the former has been merged. Accordingly, for FY 17, FY 18, FY 19 and FY 20, Bharti Infratel Ltd has been considered. For FY 21 and FY 22, Indus Tower Ltd has been considered.

*List of NIFTY 100 companies as on March 31, 2023. These companies have been considered for the survey.*

1. ABB India Ltd.	51. ITC Ltd.
2. ACC Ltd.	52. Indian Oil Corporation Ltd.
3. Adani Enterprises Ltd.	53. Indian Railway Catering And Tourism Corporation Ltd.
4. Adani Green Energy Ltd.	54. Indus Towers Ltd.
5. Adani Ports and Special Economic Zone Ltd.	55. IndusInd Bank Ltd.
6. Adani Total Gas Ltd.	56. Info Edge (India) Ltd.
7. Adani Transmission Ltd.	57. Infosys Ltd.
8. Adani Wilmar Ltd.	58. InterGlobe Aviation Ltd.
9. Ambuja Cements Ltd.	59. JSW Steel Ltd.
10. Apollo Hospitals Enterprise Ltd.	60. Jindal Steel & Power Ltd.
11. Asian Paints Ltd.	61. Kotak Mahindra Bank Ltd.
12. Avenue Supermarts Ltd.	62. LTIMindtree Ltd.
13. Axis Bank Ltd.	63. Larsen & Toubro Ltd.
14. Bajaj Auto Ltd.	64. Life Insurance Corporation of India
15. Bajaj Finance Ltd.	65. Mahindra & Mahindra Ltd.
16. Bajaj Finserv Ltd.	66. Marico Ltd.
17. Bajaj Holdings & Investment Ltd.	67. Maruti Suzuki India Ltd.
18. Bank of Baroda	68. Muthoot Finance Ltd.
19. Berger Paints India Ltd.	69. NTPC Ltd.
20. Bharat Electronics Ltd.	70. Nestle India Ltd.
21. Bharat Petroleum Corporation Ltd.	71. Oil & Natural Gas Corporation Ltd.
22. Bharti Airtel Ltd.	72. PI Industries Ltd.
23. Bosch Ltd.	73. Page Industries Ltd.
24. Britannia Industries Ltd.	74. Pidilite Industries Ltd.
25. Canara Bank	75. Power Grid Corporation of India Ltd.
26. Cholamandalam Investment and Finance Company Ltd.	76. Procter & Gamble Hygiene & Health Care Ltd.
27. Cipla Ltd.	77. Reliance Industries Ltd.
28. Coal India Ltd.	78. SBI Cards and Payment Services Ltd.
29. Colgate Palmolive (India) Ltd.	79. SBI Life Insurance Company Ltd.
30. DLF Ltd.	80. SRF Ltd.
31. Dabur India Ltd.	81. Samvardhana Motherhood International Ltd.
32. Divi's Laboratories Ltd.	82. Shree Cement Ltd.
33. Dr. Reddy's Laboratories Ltd.	83. Siemens Ltd.
34. Eicher Motors Ltd.	84. State Bank of India
35. FSN E-Commerce Ventures Ltd.	85. Sun Pharmaceutical Industries Ltd.
36. GAIL (India) Ltd.	86. Tata Consultancy Services Ltd.
37. Godrej Consumer Products Ltd.	87. Tata Consumer Products Ltd.
38. Grasim Industries Ltd.	88. Tata Motors Ltd.
39. HCL Technologies Ltd.	89. Tata Power Co. Ltd.
40. HDFC Asset Management Company Ltd.	90. Tata Steel Ltd.
41. HDFC Bank Ltd.	91. Tech Mahindra Ltd.
42. HDFC Life Insurance Company Ltd.	92. Titan Company Ltd.
43. Havells India Ltd.	93. Torrent Pharmaceuticals Ltd.
44. Hero MotoCorp Ltd.	94. UPL Ltd.
45. Hindalco Industries Ltd.	95. UltraTech Cement Ltd.
46. Hindustan Aeronautics Ltd.	96. United Spirits Ltd.
47. Hindustan Unilever Ltd.	97. Varun Beverages Ltd.
48. ICICI Bank Ltd.	98. Vedanta Ltd.
49. ICICI Lombard General Insurance Company Ltd.	99. Wipro Ltd.
50. ICICI Prudential Life Insurance Company Ltd.	100. Zomato Ltd.



# ANNEXURE-2

## Shareholding pattern as on March 31, 2023 as per BSE website

S. No.	Name of the Company	Percentage of shareholding			
		Promoter	Institutional shareholders	Govt	Non-institutional shareholders
1	ABB India Ltd.	75.00	17.44	0.00	7.56
2	ACC Ltd.	56.69	29.58	0.15	13.57
3	Adani Enterprises Ltd.	69.23	22.91	0.00	7.86
4	Adani Green Energy Ltd.	57.26	18.57	0.00	24.16
5	Adani Ports and Special Economic Zone	61.03	31.02	0.00	7.95
6	Adani Total Gas Ltd.	74.80	22.45	0.00	2.75
7	Adani Transmission Ltd.	71.65	24.85	0.00	3.51
8	Adani Wilmar Ltd.	87.94	1.38	0.00	10.68
9	Ambuja Cements Ltd.	63.22	25.91	0.00	10.86
10	Apollo Hospitals Enterprise Ltd.	29.33	64.72	0.23	5.71
11	Asian Paints Ltd.	52.63	27.02	0.00	20.32
12	Avenue Supermarts Ltd.	74.93	15.71	0.00	9.37
13	Axis Bank Ltd.	8.16	81.05	0.00	10.80
14	Bajaj Auto Ltd.	54.98	23.21	0.00	21.80
15	Bajaj Finance Ltd.	55.91	32.16	0.00	11.76
16	Bajaj Finserv Ltd.	60.78	14.13	0.00	24.96
17	Bajaj Holdings & Investment Ltd.	51.46	17.31	0.00	31.23
18	Bank of Baroda	63.97	27.92	0.00	8.11
19	Berger Paints India Ltd.	74.99	14.10	0.00	10.90
20	Bharat Electronics Ltd.	51.14	41.92	0.00	6.94
21	Bharat Petroleum Corporation Ltd.	52.98	35.17	0.94	10.60
22	Bharti Airtel Ltd.	55.02	40.91	0.00	4.01
23	Bosch Ltd.	70.54	20.47	0.00	8.98
24	Britannia Industries Ltd.	50.55	33.79	0.00	15.66
25	Canara Bank	62.93	25.17	0.00	11.90
26	Cholamandalam Investment and	51.47	41.10	0.00	7.43
27	Cipla Ltd.	33.55	49.52	0.00	16.94
28	Coal India Ltd.	66.13	28.88	0.09	4.89
29	Colgate Palmolive (India) Ltd.	51.00	29.12	0.00	19.88
30	DLF Ltd.	74.95	19.88	0.00	5.17
31	Dabur India Ltd.	66.24	28.16	0.00	5.60
32	Divi's Laboratories Ltd.	51.94	35.74	0.00	12.31
33	Dr. Reddy's Laboratories Ltd.	26.70	61.60	0.00	11.48
34	Eicher Motors Ltd.	49.20	39.92	0.00	10.88
35	FSN E-Commerce Ventures Ltd.	52.28	20.11	0.00	27.61
36	GAIL (India) Ltd.	51.91	34.34	7.93	5.83
37	Godrej Consumer Products Ltd.	63.21	30.84	0.00	5.94
38	Grasim Industries Ltd.	42.75	33.15	0.00	23.80
39	HCL Technologies Ltd.	60.81	34.23	0.00	4.72
40	HDFC Asset Management Company Ltd.	62.77	25.13	0.00	12.10
41	HDFC Bank Ltd.	25.59	60.58	0.00	13.84
42	HDFC Life Insurance Company Ltd.	50.31	36.47	0.00	13.19
43	Havells India Ltd.	59.45	33.48	0.00	7.06
44	Hero MotoCorp Ltd.	34.77	54.87	0.00	10.36
45	Hindalco Industries Ltd.	34.64	56.09	0.00	8.63
46	Hindustan Aeronautics Ltd.	71.65	23.00	0.00	5.34
47	Hindustan Unilever Ltd.	61.90	25.94	0.00	12.16
48	ICICI Bank Ltd.	0.00	89.53	0.24	10.23
49	ICICI Lombard General Insurance	48.02	40.23	0.00	11.75
50	ICICI Prudential Life Insurance	73.35	21.35	0.00	5.30
51	ITC Ltd.	0.00	85.43	0.04	14.54
52	Indian Oil Corporation Ltd.	51.50	18.97	19.48	10.05
53	Indian Railway Catering And Tourism	62.40	16.58	0.00	21.02
54	Indus Towers Ltd.	69.00	29.09	0.00	1.89
55	IndusInd Bank Ltd.	16.50	69.17	0.00	14.34
56	Info Edge (India) Ltd.	38.05	49.15	0.00	12.66
57	Infosys Ltd.	15.14	68.92	0.02	15.57
58	InterGlobe Aviation Ltd.	67.86	29.93	0.00	2.21
59	JSW Steel Ltd.	45.40	35.49	0.51	18.07
60	Jindal Steel & Power Ltd.	61.20	27.33	0.00	10.00
61	Kotak Mahindra Bank Ltd.	25.95	60.78	0.00	13.27

62	LTIMindtree Ltd.	68.68	20.08	0.00	11.23
63	Larsen & Toubro Ltd.	0.00	63.25	0.00	36.52
64	Life Insurance Corporation of India	96.50	0.98	0.00	2.52
65	Mahindra & Mahindra Ltd.	19.37	66.89	0.07	9.81
66	Marico Ltd.	59.42	35.39	0.00	5.08
67	Maruti Suzuki India Ltd.	56.48	39.81	0.00	3.70
68	Muthoot Finance Ltd.	73.35	22.03	0.00	4.62
69	NTPC Ltd.	51.10	46.10	0.11	2.70
70	Nestle India Ltd.	62.76	21.25	0.00	15.98
71	Oil & Natural Gas Corporation Ltd.	58.89	27.85	10.30	2.95
72	PI Industries Ltd.	46.09	42.80	0.00	11.09
73	Page Industries Ltd.	46.12	44.27	0.00	9.62
74	Pidilite Industries Ltd.	69.94	19.08	0.00	10.98
75	Power Grid Corporation of India Ltd.	51.34	45.68	0.00	2.97
76	Procter & Gamble Hygiene & Health	70.64	16.49	0.00	12.87
77	Reliance Industries Ltd.	50.41	38.63	0.10	10.85
78	SBI Cards and Payment Services Ltd.	69.02	25.92	0.00	5.06
79	SBI Life Insurance Company Ltd.	55.45	40.21	0.00	4.33
80	SRF Ltd.	50.53	33.44	0.00	16.02
81	Samvardhana Motherson International	64.77	25.68	0.00	9.56
82	Shree Cement Ltd.	62.55	24.57	0.00	12.88
83	Siemens Ltd.	75.00	15.49	0.00	9.51
84	State Bank of India	57.49	35.07	0.03	7.40
85	Sun Pharmaceutical Industries Ltd.	54.48	36.13	0.00	9.39
86	Tata Consultancy Services Ltd.	72.30	22.36	0.00	5.35
87	Tata Consumer Products Ltd.	34.44	40.90	0.00	24.65
88	Tata Motors Ltd.	46.39	34.69	0.06	18.86
89	Tata Power Co. Ltd.	46.86	23.93	0.01	29.20
90	Tata Steel Ltd.	33.90	42.18	0.01	23.91
91	Tech Mahindra Ltd.	35.18	52.72	0.17	11.93
92	Titan Company Ltd.	52.90	28.92	0.00	18.18
93	Torrent Pharmaceuticals Ltd.	71.25	21.04	0.00	7.71
94	UPL Ltd.	32.35	57.02	0.00	10.62
95	UltraTech Cement Ltd.	59.96	32.33	0.05	7.52
96	United Spirits Ltd.	56.73	28.15	0.00	15.12
97	Varun Beverages Ltd.	63.90	29.68	0.00	6.42
98	Vedanta Ltd.	68.11	18.09	0.07	13.62
99	Wipro Ltd.	72.92	16.78	0.00	10.12
100	Zomato Ltd.	0.00	64.06	0.00	35.94

# 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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