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Top firms tick boxes, but lag on diversity, independence

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Companies have continued to exceed the mandatory four board meetings a year. ISTOCKPHOTO

India's top 100 listed companies have shown progress in corporate governance practices, but persistent gaps remain in board meeting attendance, diversity, and leadership independence. The findings were part of a survey on corporate governance by Delhi-based firm Excellence Enablers, founded by M. Damodaran, former chair of the Securities and Exchange Board of India.

Mint breaks down key findings of the survey.

Companies have continued to exceed the mandatory four board meetings a year. In FY25, out of 100 companies, 32 conducted more than or equal to 10 meetings compared to 27 in FY22. This is a clear positive as it shows an increase in board activity.

However, fewer companies had directors with perfect attendance in FY25 compared to FY22, while more companies fell into the 75-99% attendance range.

Mint reported that Ola Electric chairman Bhavish Aggarwal missed about three-quarters of board meetings in the last financial year.

However, Ola Electric is not part of the top Nifty 100 companies.

Additionally, independent directors attend board meetings more regularly than non-independent directors; however, some directors have zero attendance each year, which raises concerns about governance.

The law mandates the presence of at least one woman director on boards; however, there are no similar provisions for women in leadership roles, where they remain underrepresented.

As of 31 March, only three companies had women managing directors, and just two companies had women chairs, down from five in FY22, with one company common across the 4 years for both categories. Since 2022, only 20 companies have had one or more women as key managerial personnel.

Fewer companies had directors with a perfect record of attendance in FY25 compared to FY22

The survey highlights the ageing nature of India Inc.'s corporate leadership. The average age of independent directors was 63.62 years in FY25, a figure that has remained relatively unchanged since 2022. At the same time, the youngest board member was 38 years old, and the oldest member was 83.

New appointments are also skewed towards the older age group. Directors appointed in FY25 averaged 58.98 years, while newly-appointed independent directors averaged 61.29 years. The findings underline concerns that Indian boards are slow to induct younger professionals, but induction of younger persons on the Boards will only "increase relevance of boards" and make it "future ready".

The survey notes that 16 companies had fewer than the prescribed minimum number of independent directors in FY25, with 11 of these being public sector units (PSUs) and three being public sector banks. Alarmingly, five PSUs had no independent directors.

Mint earlier reported that over three-fourths of India's listed public sector enterprises do not have the required number of independent directors, as these companies continue to wait for clearance from various government departments.

Adding to concerns, 25 non-PSU firms and 12 PSUs continued with combined roles of chairperson and MD in FY25. While there is no law that mandates a separation, this arrangement weakens governance, as the managing director is meant to report to a board led by a chairperson.

Corporate India has made progress in ticking the right governance boxes, with meetings being held, directors attending, and committees being functional. Yet, the survey makes it clear that this progress is uneven.

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