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India Board Index

Current board trends and practices in the BSE-100

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SpencerStuart

Foreword

Corporate governance has had a chequered history in India. While the development in governance regulations has resulted in a greater degree of accountability and transparency, it has not put an end to corporate scandals, some of which have had far reaching effects on boardroom directorships and independence. This edition 2014 of the *Spencer Stuart India Board Index* examines many of the key indicators that reveal the state of corporate governance in BSE 100 companies.

Among the findings in this year's Board Index we learn that while boardroom diversity continues to be discussed with great fervour, the situation on the ground has not changed much in the past six years. However, there has been a three-fold jump in the average compensation paid to independent directors since 2009 — a change that could be attributed to the limited talent pool for high-quality independent directors. Almost a decade after Clause 49 of the SEBI Listing Agreement was implemented, only 88 per cent of the BSE 100 companies surveyed have fully complied with it.

This edition includes two essays: the first on the skills that first-time directors need to develop in order to become effective in the boardroom and second on diversity. Both are essential aspects of broadening the talent pool of directors and to infuse new thinking into corporate leadership.

The recent Companies Act, which came into force in September 2013, is a landmark piece of legislation with far-reaching consequences for all companies incorporated in India. Indian companies will have to set a clear strategy geared towards ensuring compliance with the new requirements. The Act is also quite outward-looking and in several areas attempts to harmonize with international requirements.

The election of a new majority government has brought about fresh optimism in corporate India. We hope that this new government engenders greater confidence in business and the positive role it can play in society.

As always, we welcome your feedback and comments on this edition of the *India Board Index*.

N Vaghul
Chairman, Spencer Stuart India Advisory Board

Highlights of the 2014 India Board Index

88%

The proportion of companies that comply with Clause 49

CLAUSE 49 COMPLIANCE STILL INCOMPLETE

Clause 49 of the Listing Agreement on corporate governance came into effect in 2005. It is worrying to note that almost a decade later, 100 per cent compliance to this critical governance directive has not been achieved.

8%

The proportion of female directors on Indian boards

SLOW PROGRESS IN GENDER DIVERSITY

Gender diversity continues to be a significant point of discussion for India Inc. In 2014, 64 per cent of companies had at least one female director on their boards, up from 54% in 2013. This is mainly due to clause 149 in Companies Act 2013 which states that all listed companies should have at least one women director on their board. However, women still account for only 8 per cent of all director positions in India. Progress has been slow and there is a lot of ground to cover before Indian boards can claim to be truly gender diverse.

7.5%

The proportion of foreign directors on Indian boards

LITTLE CHANGE IN INTERNATIONAL DIVERSITY

With international expansion at the top of their agenda, Indian companies continue to invite foreign directors to serve on their boards. 32 per cent of companies surveyed had at least one foreign director on their board, however there has been no significant change on this metric in the last four years.

LARGE INCREASE IN NON-EXECUTIVE PAY

The average remuneration paid to the Independent directors has seen a three-fold jump since 2009. It has increased from INR 0.54 mn to INR 1.68 mn. This could reflect the need to retain the right individuals on boards, especially since there is a limited talent pool of high-quality independent directors. It may also indicate the increased level of risk independent directors assume in the role.

3x

*The increase over six years
in independent director
remuneration*

AUDIT COMMITTEES PREDOMINANTLY NOT INDEPENDENT

While not covered by legislation, good governance practice deems that audit and remuneration committees should consist of only independent directors. Progress has been negligible in both. Only 41% and 36% of the surveyed companies have a fully independent audit and remuneration committee respectively.

41%

*The proportion of audit
committees that are fully
independent*

Our survey approach

The purpose of the 2014 edition of the *Spencer Stuart India Board Index* is to provide an overview of governance practices in India's largest listed companies by market capitalisation. The Board Index analyses data published by companies listed in the BSE-100 index between July and September 2014. Two companies did not make their annual reports publicly available during that period and are therefore not included in this study.

The Board Index analyses data from the most recent annual reports and from BoardEx, a global board intelligence database. The analysis is based on data taken from annual reports of companies whose financial years ended during the twelve months up to and 31 March 2014.

Throughout our analysis we compare practices in India with those of the US and the UK, drawing on data from the most recent Spencer Stuart Board Indexes from each country, which cover the S&P 500 and FTSE 150 respectively. We also provide an overview of aggregated data from India, Japan, Singapore, the UK and the US in the form of an international comparison table (see page 21).

GETTING FIRST-TIME DIRECTORS ON BOARD

Corporate governance, in particular the role of the board, is becoming a critical area of focus for Indian companies.

Companies are increasingly looking to use the board as a source of knowledge and guidance on strategic issues. They are looking to recruit directors with specific skills and experiences and trying to get quality engagement and time commitment from them. As a result of the quest for new skills and more diverse membership, boards are increasingly open to taking on first-time directors. But the pool of qualified individuals in India is still small.

In our experience, senior leadership teams are a credible and large source of individuals who would qualify for board positions. However, finding, grooming and matching such individuals to specific board positions comes with challenges.

First, there are individuals who have high potential, but without the right guidance, preparation and mentoring, they are unlikely to fulfill their potential as directors. Second, individuals who are ready to become non-executive directors do not know how to go about getting such directorships.

This raises two critical questions:

How should qualified individuals prepare and present themselves for board positions?

What can corporate India do to ensure that new directors are properly equipped for the role?

SKILL DEVELOPMENT

It is important for individuals to hone and market their board-relevant professional skills. For example, deep financial knowledge is always desirable for audit committee positions. In the current environment, expertise in social media and digital strategy are seen as an asset, as are international experience. This is not to suggest that a potential director should possess all the above mentioned skills, but a basic familiarity with key board functions, along with a deep knowledge and experience of one of the desired skills is vital. Board directors also need to be comfortable dealing with complexity and be able to bring analysis and logical

reasoning to bear on a new, ambiguous or fast-changing situation in order to reach a sound decision. Senior professionals aspiring to a boardroom seat need to invest in developing themselves along these lines.

Non-profit boards serve as a great launching pad for corporate board service as do start-up or private company boards. These positions can provide a good foundation and critical experience for prospective directors and are a good place for them to practice.

UNDERSTANDING BOARD FUNCTIONING

It is important for a first-time director to understand that a board functions very differently from an executive team. One of the most common difficulties for the first-time director, especially someone who holds a senior executive position, is adjusting to a more detached, supervisory role and focusing on the strategic rather than the operational agenda. Understanding the nuances of the non-executive role will make it easier for a first-time director to function effectively on a board.

NETWORKING

Although an increasing number of board positions are being handled by executive search firms, many boards reach out to potential candidates through referrals. Therefore, visibility is important. An individual who has built a network of credible and reputed corporate leaders will benefit when a director position comes up for discussion.

HELPING NEW DIRECTORS

Accepting a board position is just the beginning for a first-time director. The chairman should take particular responsibility for guiding the new director through board meeting formalities and for ensuring that his or her voice is heard. The new director needs to be sensitive to the dynamics of the boardroom and practice courtesy and respect for fellow directors even in the face of disagreement.

Boards should also consider having a formal induction and training programme for new (especially first-time) directors. Besides making new directors understand the mechanics of board and committee functioning, and their statutory liabilities and duties, this programme could include an overview of the laws regarding corporate governance in India, best practices on handling specific

situations such as capital raising or takeovers, as well as training in soft skills, such as effective engagement and conflict resolution techniques, balancing stakeholder interests, etc.

10 QUESTIONS PROSPECTIVE FIRST-TIME DIRECTORS SHOULD ASK THEMSELVES

Before accepting an invitation to join a board, potential first-time directors should carefully consider whether the opportunity represents a good fit with their experience, capabilities, interests and availability. Here are some questions prospective directors should consider.

1. What do I have to offer?

Before actively seeking to join a board, think hard about what aspects of your background, knowledge and skills are likely to prove valuable. Rework your resume to make it more relevant to the work of a board. Think about contributions you have made to strategy development and projects that have crossed functional and divisional boundaries.

2. How will I find the right board?

Be patient; it can take time. Don't be surprised if you go to many interviews before you find a board that is both willing to hire you and a good fit. This is perfectly normal. Due diligence is vital. Don't overlook it because you are so excited about joining a board.

3. How much due diligence should I do?

Select a directorship with great care and be rigorous in your due diligence. As an executive, you may only have time to be on one outside board, so the choice of company is incredibly important. Once you take on a directorship you should stick with it; assume that you will be on the board for six years. If you join the wrong board, it will remain on your resume forever, but judging the opportunity is difficult when you are not joining in an executive capacity. You won't have the same level of access to data, so having trust and sharing the company's values are vital. Meet as many people as possible, satisfy yourself that the board is well-chaired and that meetings are run effectively. Ask to read the minutes of the last year's board meetings. Talk to experts outside the company to get a perspective on the company's image and its competitors. Above all, make sure that the cultural fit is a good one and that your voice will be heard.

4. Do I have the time?

To do the job well and with the appropriate thoroughness is a significant commitment. Understanding the levers of the business can take some time. It is important that your employer is on board and that you are confident that you can manage your own time commitments in such a way that you can attend board meetings without diminishing your executive capacity. Ask for board meeting dates for the next three years.

5. Can I contribute?

Be clear about why the board is interested in you and how your presence complements the existing team of directors. If you have no apparent role you will lose confidence. Work out where you can deliver unique and differentiated value and try to demonstrate that quickly. However, the first year will involve a steep learning curve as you gain a thorough understanding of the business model. Bear in mind that there is always more to a business than meets the eye. A good chairman and CEO will give you time to learn the ropes, but you must be absolutely committed to this.

6. Will I learn?

How much you stand to learn will have a great deal to do with the level of intellectual curiosity and open-mindedness that you take into the role. Your choice of board should be determined not only by how much you have to offer, but also how much you can learn. Having a mentor on the board, at least for the first year, is highly recommended. He or she can help prepare you for what happens at board meetings and debrief with you in the week or two following.

7. Will it be fun?

This will depend to a large degree on having a clear sense of purpose about your role, the cohesion and unity of the board, and the chairman's leadership style. Directors who choose their boards wisely, experience a cultural fit and strive to make a positive contribution are the ones who derive the greatest enjoyment from their roles.

8. What is the time commitment?

One of the pitfalls of becoming a director is underestimating the amount of time it takes to understand the business and get up to speed. It is not just a question of preparing thoroughly for meetings (reading the board papers is essential), but making time early on for the induction programme and associated site visits and

meetings with management. Think carefully about re-prioritising your executive responsibilities in order to leave enough time for your role as an outside director.

9. Does my employer fully support my outside directorship?

You may find it difficult at first to convince your employer that it is a good idea to join an outside board, since there may be no precedent. If you think you are ready and have genuine enthusiasm for the task, work on selling the benefits. Your company will derive the greatest benefit if this is seen not just as a way to progress your own development, but as an opportunity to apply what you learn as an outside director to your executive role. Once you have secured a directorship, make a point of sitting down with your CEO once a year to describe what you have learned and how you are incorporating this into your work for the benefit of the company.

10. Should I expect a board induction?

Prior to joining your first board, it is a good idea to participate in one of the many new director training programmes run by board advisory companies, and to talk to other directors who have recently joined a board for the first time. Having accepted a directorship, you should expect to go through an induction process, which will involve learning more about the business and its products, meeting the senior management team and going on selective site visits. The induction is usually overseen by the company secretary; don't be afraid to ask for the process to be tailored to your needs if you feel you want to explore certain areas of the business in greater depth.

Source: Spencer Stuart Point of View 2013 article "Recruiting the first-time director"

Spencer Stuart, along with Amarchand Mangaldas, is set to launch a suite of director education and board assessment services in 2015, aimed at upgrading and refreshing the skills of both individuals as well as boards as a whole.

DIVERSITY IN THE BOARDROOM

India has seen a growing focus on corporate governance in the last couple of years. A rapidly evolving market landscape, increasingly global and complex nature of businesses, regulatory attention to governance issues and shareholder activism have all contributed to corporates increasingly looking to derive more “value” from their boards.

In this context, diversity in the boardroom has become a major talking point — defined in terms of skills, experiences and perspectives, not just gender. Boards are looking to bring in specific skills such as proficiency in operational complexity, digital expertise, innovation, organizational culture building; even if most candidates with these new skills do not meet the once sacrosanct criteria of having significant exposure to the boardroom, general management, financial or legal experience. We believe this is a welcome trend.

AN IDEAL BOARD: UNITY AND DIVERSITY

Using the board as a source of collective wisdom and guidance, rather than merely a custodian of shareholder priorities, can lead to many benefits for an organization. A congregation of diverse, experienced and accomplished people, who look at the same information through very different lenses will allow the organization to better understand and manage risks, develop innovative ideas and strategies, learn best practices from different industries and contexts, and ultimately manage all stakeholders well.

For such a construct to work well, however, two things are necessary. Firstly, companies need to look at their board composition as a whole, and ensure that they are appointing directors who, collectively, have insights into all the areas that are important for the company’s business and strategic objectives. By design, this means there will be people with conflicting and contrasting points of view at the table. The second thing is to ensure that there is a collaborative atmosphere in the boardroom; this means recruiting directors with good listening skills, maturity and personality; and creating a camaraderie between board members.

SPECIAL FOCUS: GENDER DIVERSITY

An immediate concern for many boards is appointing a female director to their ranks to meet regulatory requirements. While there is little, if any, debate on the value a female board member could add, there is also a consensus that the talent pool of board-ready women is limited. This statement is both true, and a cop-out.

It is no secret that many women in the Indian corporate world quit mid-career, primarily due to work-life balance issues. Hence the number of women leaders in business is small and likely to remain so for some time.

Diversity for its own sake is not only meaningless, but also an opportunity lost. In an era where the trend is to extract meaningful contributions from the board, installing a token woman director makes little sense.

The solution, then, is to expand our horizons and look beyond the traditional sources of board talent. There are many women entrepreneurs, academics and social workers who are accomplished and successful in their own right, and could be valuable board members, given the right training, mentorship and introductions.

WOMEN ON CORPORATE BOARDS — MENTORING PROGRAM FOR WOMEN

Spencer Stuart along with the FICCI Centre for Corporate Governance has launched the “Women on Corporate Boards” initiative, in order to prepare more women to take on board positions. In the first phase of this programme last year, a number of high potential women were mentored and coached by 45 eminent industry leaders with significant boardroom experience to become ready to join corporate boards. At present, we have kicked off the second batch of this programme, where 25 senior women professionals from diverse backgrounds and experiences are undergoing comprehensive training and mentorship. The programme will not only help develop these distinguished women networks, but also round their skill-sets so that they can be more effective as board members.

Board structure and composition

AVERAGE BOARD SIZE REMAINS CONSISTENT

The average board size remains unchanged in 2014, with close to 11 members. However, over the last six years, the proportion of companies with boards comprising more than 15 members has declined significantly, down from 17 per cent in 2009 to 9 per cent in 2014.

The average board size for BSE-100 companies in 2014 is 11.1, which is marginally higher than the S&P 500 at 10.8 and the FTSE 150 at 10.5.

Size of board	% companies					
	2014	2013	2012	2011	2010	2009
8 or fewer	21	21	23	18	20	21
9 to 11	33	27	32	38	40	33
12 to 14	37	41	32	37	28	29
15 or more	9	11	13	7	12	17

FULL COMPLIANCE WITH CLAUSE 49 YET TO BE ACHIEVED

Almost a decade after Clause 49 of the SEBI Listing Agreement was implemented, compliance has not yet been fully achieved. In 2014, the proportion of surveyed companies with boards comprising 50 per cent or more non-executive directors increased marginally to 97 per cent, compared with 96 per cent in 2013. Three companies were not compliant.

On boards where the chairman was non-executive, compliance with Clause 49 was complete, with 100 per cent of companies ensuring that their boards comprised at least one-third independent directors.¹ The presence of a non-executive chairman and a sufficient number of independent directors on a board reflects the company's commitment to having an effective board.

On boards where the chairman was executive, compliance with Clause 49 stood at 75 per cent, marginally down from 76 per cent in 2013.² Of the 12 companies

1 Clause 49 states: "Where a chairman is non-executive, independent directors should account for one-third of the board."

2 Clause 49 states: "Where a chairman is executive, independent directors should account for 50 per cent or more of the board."

that did not comply, one was family-owned³/professionally managed and 11 were public sector companies.

The Companies Act, 2013 states that at least one-third of all directors of listed companies must be independent directors, with any fraction to be rounded off as one. Unlike the listing agreement, the Companies Act, 2013 does not contain any specific requirement

Clause 49 criteria	Percentage of companies meeting the criteria					
	2014	2013	2012	2011	2010	2009
No less than 50% of the board should be non-executive	97	96	99	99	95	95
Where chairman is non-executive, independent directors account for one third of the board	100	100	100	100	92	98
Where chairman is executive, independent directors count for one half of the board	75	76	83	80	86	68

EXECUTIVE VS. NON-EXECUTIVE CHAIRMEN

In 2014, the number of companies with non-executive chairmen increased to 52 per cent from 50 per cent in 2013. This is a reversal of the trend seen in the last three years, where there was a decrease in the number of non-executive chairmen. It remains to be seen whether this continues in the future.

Of the 22 public sector companies (PSUs) in the BSE-100, 17 companies were led by a chairman who also served as the managing director. In 2013, 17 out of 21 companies had a chairman who also served as the managing director.

³ Where a family member(s) is the dominant shareholder.

DIVERSITY ON BOARDS

Women directors

Companies continue to support gender diversity in the boardroom, but the numbers have been growing slowly. While many attribute this to the lack of women in the director talent pool, some responsibility does lie with companies to make a concerted effort to develop the careers of female executives and ultimately prepare them to become board directors.⁴

In 2014, 64 per cent of the companies surveyed had at least one female non-executive or executive director; this is a significant increase from 54 per cent in 2013 and 47 per cent in 2009. This is mainly due to Clause 149 in the Companies Act, 2013 which states that all listed companies should have at least one women director on their board.

In the UK, 97 per cent of FTSE 150 companies had at least one female director in 2014. In the US during the same period, 95.2 per cent of S&P 500 companies had at least one female director.

In 2014, there were eight women in top leadership positions at BSE-100 companies:

Women leaders

Name	Role	In current role since
Chanda Deepak Kochhar	Managing Director & CEO — ICICI Bank Ltd	May 2009
Shikha Sanjaya Sharma	Managing Director & CEO — Axis Bank Ltd	June 2009
Renu Sud Karnad	Managing Director — HDFC Ltd	January 2010
Prabha Parameswaran	Managing Director — Colgate Palmolive (India) Ltd	February 2012
Vijayalakshmi R Iyer	Chairman & Managing Director — Bank Of India	November 2012
Vinita Gupta	Chief Executive Officer — Lupin Ltd.	September 2013
Arundhati Bhattacharya	Chairman — State Bank Of India	October 2013
Nishi Vasudeva	Chairman & Managing Director — HPCL	March 2014

⁴ See the 2014 report “Women in Business: Developing candidates for Senior Executive Roles”, available on www.spencerstuart.com/research

Women now account for 8 per cent of all directors in the BSE-100 companies, up from 5 per cent in 2009. In the UK, women accounted for 21 per cent of all directors in 2014, up from 18 per cent in the previous year. In the US, women accounted for 18.6 per cent of all directors in 2014.

Of the total directorships across the board of BSE-100 companies, 53 per cent were held by independent directors; of these, 12.9 per cent were held by women. Female non-executive directors accounted for 10 per cent of all non-executive directors in 2014, a substantial increase from 8.8 per cent in 2013.

The highest number of female directors on any BSE-100 board is three. Fourteen BSE-100 companies have two or more women on their boards.

Women on boards comparison

	India	UK	US
Percentage of companies having at least one non-executive woman director	64	97.3	95.2
Women directors as a percentage of all directors	8.0	21.1	18.6
Female non-executive directors as a percentage of all non-executive directors	10	29.6	n/a
Female executive directors as a percentage of all executive directors	5.4	8.7	n/a

Foreign directors

The number of foreign directors on Indian boards has grown marginally over the last six years. In 2014, 32 per cent of the surveyed companies had at least one foreign director on their board, compared with 20 per cent in 2009 (there has been no increase in the past four years). 7.5 per cent of all directors in the BSE-100 were foreign directors, a nominal change from the previous year, but up from 4.5 per cent in 2009.

An analysis of the profiles of foreign directors reveals that almost 38 per cent of them are from continental Europe, up from 36 per cent in 2013. This is followed by directors from Asia-Pacific, the US and the UK.

		Asia-Pacific	Continental Europe	UK	US	Other regions
Nationality of foreign directors on Indian boards (%)	2014	21	38	16	16	9
	2013	23	36	18	19	4
	2012	23	30	23	22	2

Four per cent of chairmen of the companies surveyed were foreigners, as were 6 per cent of CEOs/MDs.

AGE AND TERM

Nearly 38 per cent of BSE-100 chairmen have been in their current role for between one and five years, compared with 43 per cent in 2013. The average tenure of all chairmen remained consistent at 5 years.

In 2014, independent directors in India had an average tenure of 6.1 years and 43 per cent of them had been in their roles for between one and five years, compared with 40.5 per cent in 2013. Thirty per cent had been in their roles for five to 10 years and 17 per cent for more than 10 years, a marginal decrease from 2013.

Section 149 of the Companies Act 2013 states that independent directors can be appointed for a maximum tenure of two consecutive terms of five years each, but they can be re-appointed after a three-year gap, during which period they should not be associated in any form either with the company or its subsidiaries or its associate companies.

Age and tenure for chairmen

	Term in current role					Average Age			
	less than 1	1–5	6–10	11–15	more than 15	Below 50	50–59	60–69	70 or above
2014	14.4 ▲	38.2 ▼	34.0 ▲	9.3 ▲	4.1 ▼	16.7 ▲	42.7 ▲	27.1 ▲	13.5 ▼
2012	13.7	41.0	31.6	7.4	6.3	12.6	42.1	26.3	18.9

Age and tenure for independent directors

	Term in current role					Average Age			
	less than 1	1–5	6–10	11–15	more than 15	Below 50	50–59	60–69	70 or above
2014	10.0 ▼	43.1 ▲	29.8	12.0 ▼	5.1 ▲	5.9 ▲	20.3 ▼	45.0 ▲	28.8 ▲
2012	14.3	38.9	29.8	13.7	3.3	4.3	22.6	44.7	28.5

In 2014, the average age of the board chairman in India was 59 years while that of an independent director was 65 years. The average age of a board member was 61 years. These averages remain unchanged from the previous year.

BOARD COMMITTEES

The number of committees varies widely from company to company. In this analysis, we focus on the audit and remuneration committees, since both are mentioned in Clause 49.

100 per cent of the surveyed companies have an audit committee. Of these, 41 per cent comprise only independent directors, compared with 43 per cent in 2013. Over the last six years, this percentage has decreased from 47 per cent in 2009. While it is mandatory in both the US and the UK for the audit committee to have only independent directors, in India the requirement is for two-thirds of audit committee members to be independent.

91 per cent of the surveyed companies have a remuneration committee. Of these, 36 per cent comprise only independent directors, compared with 41.0 per cent in 2011 and 25 per cent in 2009.

Remuneration

Board remuneration⁵ levels continued an upward trend, with all categories of directors benefiting from higher fees.

	Non-executive director			Independent director			Chairman		
	2014	2013	2012	2014	2013	2012	2014	2013	2012
Lowest	15000	15000	10000	15000	15000	15000	15000	15000	80000
Highest (mn)	202	270	225	17.1	13.8	12.1	371	550	734
Average (mn)	2.5	2.5	2.4	1.7	1.5	1.4	46.2	47.5	47.9

Figures in INR

NON-EXECUTIVE DIRECTORS

The average total remuneration received by non-executive directors was INR 2.5 mn in 2014, no change to previous year. The minimum sitting fees per meeting paid to non-executive directors in 2014 was INR 15,000. In the companies surveyed, non-executive directors received an average commission of INR 4 mn in 2014, compared with INR 3.6 mn in 2013.

BOARD CHAIRMEN

The average remuneration for chairmen in the surveyed companies was INR 46.2 mn in 2014, a marginal decrease from INR 47.5 mn in the previous year. The percentage of chairman receiving remuneration between INR 5 mn and 10 mn was 11.6 per cent in 2014, a marginal increase from 11.2 per cent in 2013. However, there was also a substantial rise in the percentage of chairman receiving remuneration up to 0.5 mn in 2014 — 24.4 per cent compared with 20.2 per cent in 2013.

⁵ All remuneration figures include sitting fees and commission

	% of chairmen in compensation range				
	Below 0.5mn	0.5mn–4.9mn	5mn–9.9mn	10mn–149mn	150mn or more
2014	24.4	26.8	11.6	27.9	9.3
2013	20.2	27.0	11.2	32.6	9.0
2012	10.9	36.6	9.8	35.4	7.3
2011	14.3	39.3	7.1	34.5	4.8
2010	18.4	35.6	11.5	28.7	5.8
2009	17.1	34.2	7.9	28.9	11.9

Figures in INR

INDEPENDENT DIRECTORS

The highest paid independent director in the surveyed companies received INR 17.1 mn in 2014, compared with INR 13.8 mn in 2013. On the other hand, the average remuneration paid to independent directors in 2014 was INR 1.7 mn, a marginal rise from 1.5 mn in 2013. This highlights the continuing differential on Indian boards between a few highly paid independent directors and the majority.

	% of Independent directors in compensation range			
	Below 0.5mn	0.5mn–4.9mn	5mn–9.9mn	10mn or more
2014	42.7	47.6	7.4	2.3
2013	44.9	48.5	5.2	1.3
2012	43.6	49.9	6.1	0.4
2011	44.9	49.8	4.2	1.1
2010	52.0	45.5	2.6	0
2009	55.4	41.7	3.1	0

Figures in INR

Board meetings

The average number of board meetings increased marginally to 7.3 per year in 2014 from 7 per cent in 2013. 41 per cent of boards surveyed are meeting six to nine times in a year, compared with 38 per cent of boards in 2013 and 39.6 per cent in 2012.

Number of board meetings per year	% of companies		
	2014	2013	2012
5 or fewer	38	45	40.6
6–9	41	38	39.6
10–12	10	9	9.4
13 or more	11	8	10.4

International comparison table

In this edition of the *India Board Index* we provide two sets of tables. In addition to the detailed company data for the BSE-100 (beginning on page 22), we are publishing a chart comparing aggregated data from five key countries (below).

Data is taken from the 2014 edition of each individual country's Board Index, published by Spencer Stuart.

	JAPAN	INDIA	SINGAPORE	UK	USA
Sample constituents	Nikkei 225	BSE 100	STI 30	FTSE 150	S&P 500
GENERAL INFORMATION					
Size of sample	225	98*	30	150	495
Supervisory board/unitary board of directors	0/225	0/98	0/30	0/150	0/495
Average number of board meetings per year	14.02	7.35	5.8	7.6	8.1
Percentage of companies who conducted an external board evaluation	-	-	23%	40%	98%
Combined chairman and CEO	-	-	10%	0%	53%
Percentage of boards with senior independent director (SID) ¹	-	-	30%	100.0%	90.0%
BOARD					
Average board size (total)	10.8	11.1	10.8	10.5	10.8
Average board size (excluding employee representatives)	n/a	n/a	n/a	10.5	10.8
Average number of independent board members	2.2	5.9	6.7	6.3	9.1
Percentage of independent board members	20%	53%	65%	60%	84%
AGE					
Average age: all directors	60.7	61.0	62	57.5	-
Average age: non-executive directors	66.5	63.9	63.3	59.3	63.1
Average age: executive directors	60.0	-	54.9	52.4	-
FOREIGN					
Percentage of foreign board members (all)	2.1%	7.5%	-	33%	8%
Percentage of foreign non-executive directors	4.7%	9.2%	-	26%	-
Percentage of foreign executive directors	1.4%	5.4%	-	7%	-
GENDER					
Percentage of female board directors (all)	2.7%	8.0%	7.9%	20.6%	18.6%
Percentage of female non-executive directors	10.6%	10.0%	8.40%	29.6%	-
Percentage of female executive directors	0.4%	5.4%	4.80%	6.6%	-
Percentage of companies with at least one woman on the board	25.0%	64.0%	56.7%	97.3%	95.2%

* Information was not available for 2 companies

2014 Board composition

Name	Annual report date	Total no. of directors	Non-executive directors (excl. chairman)	Independent non-executive directors	Women non-executive directors	Foreign non-executive directors
ABB	Dec 13	6	4	3	1	2
ACC	Dec 13	12	10	6	0	4
Adani Enterprises	Mar 14	8	5	4	0	0
Adani Ports And Special Economic Zone	Mar 14	10	7	6	0	0
Adani Power	Mar 14	6	3	3	0	0
Aditya Birla Nuvo	Mar 14	12	8	6	2	0
Ambuja Cements	Dec 13	12	9	6	0	3
Ashok Leyland	Mar 14	12	10	6	0	2
Asian Paints (India)	Mar 14	13	11	7	0	0
Axis Bank	Mar 14	14	10	7	2	0
Bajaj Auto	Mar 14	16	13	9	1	0
Bank Of Baroda	Mar 14	10	6	6	0	0
Bank Of India	Mar 14	13	9	5	0	0
Bharat Forge	Mar 14	15	10	8	1	1
Bharat Heavy Electricals	Mar 14	7	2	0	0	0
Bharat Petroleum Corporation	Mar 14	8	4	2	0	0
Bharti Airtel	Mar 14	15	12	8	3	7
Cairn India	Mar 14	8	6	4	1	1
Canara Bank	Mar 14	14	9	6	1	0
Cipla	Mar 14	10	6	6	0	1
Coal India	Mar 14	13	8	6	1	0
Colgate-Palmolive (India)	Mar 14	9	5	5	1	0
Crompton Greaves	Mar 14	11	9	6	2	2
Cummins India	Mar 14	10	9	5	0	3
Dabur India	Mar 14	12	9	6	0	1
Divi's Laboratories	Mar 14	8	4	4	0	0
DLF	Mar 14	13	7	6	0	0
Dr. Reddy's Laboratories	Mar 14	10	8	8	1	2
Exide Industries	Mar 14	13	7	5	1	1
Federal Bank	Mar 14	10	7	8	1	0
GAIL (India)	Mar 14	10	4	2	1	0
Glenmark Pharmaceuticals	Mar 14	11	8	7	1	3
GMR Infrastructure	Mar 14	14	12	7	0	0

Executive directors (excl. chairman)	Women executive directors	Foreign executive directors	Board meetings	Chairman is executive?	Composed entirely of independent directors?		No. of other listed boards on which chairman serves?	No. of listed boards on which CEO/managing director serves?
					Audit committee	Remuneration committee		
1	0	0	4	N	N	N	1	1
1	0	0	5	N	N	N	3	5
2	0	0	4	Y	N	Y	2	6
2	0	0	4	Y	N	N	2	2
2	0	0	5		N	N	2	6
3	0	0	7	N	Y	N	9	6
2	0	1	5	N	N	N	2	2
1	0	0	6	N	N	N	7	5
1	0	0	7	N	Y	N	0	0
3	1	0	6	N	N	N	3	2
2	0	0	6	Y	Y	N	2	1
3	0	0	20	Y	N	Y	7	7
3	1	0	12	Y	N	NA	6	6
4	0	0	4	Y	N	N	12	12
4	0	0	9	Y	N	N	0	0
3	0	0	7	Y	N	N	5	5
2	0	0	6	Y	N	N	2	4
1	0	1	5	N	N	N	4	0
3	0	0	16	Y	N	N	6	6
3	0	0	7	N	N	NA	0	0
4	0	0	10	Y	N	NA	1	NA
3	1	1	6	N	Y	N	11	1
1	0	1	7	N	N	N	11	3
0	0	0	5	Y	Y	NA	6	6
2	0	0	4	N	Y	N	7	NA
3	0	0	4	Y	Y	Y	7	7
5	1	0	6	Y	N	Y	0	1
1	0	0	5	Y	Y	Y	9	13
5	0	0	5	N	Y	N	7	3
2	0	0	11	N	Y	Y		
5	0	0	11	Y	N	Y	3	3
2	1	0	5	Y	Y	N	2	2
1	0	0	8	Y	Y	N	5	7

2014 Board composition

Name	Annual report date	Total no. of directors	Non-executive directors (excl. chairman)	Independent non-executive directors	Women non-executive directors	Foreign non-executive directors
Godrej Consumer Products	Mar 14	14	11	7	2	0
Grasim Industries	Mar 14	12	9	6	1	1
HCL Technologies	Jun 14					
HDFC Bank	Mar 14	11	7	6	1	0
Hero MotoCorp	Mar 14	11	8	6	0	1
Hindalco Industries	Mar 14	11	8	6	1	0
Hindustan Petroleum Corporation	Mar 14	11	7	5	0	0
Hindustan Unilever	Mar 14	8	4	4	0	0
Hindustan Zinc	Mar 14	8	6	5	2	0
Housing Development & Infrastructure	Mar 14					
Housing Development Finance Corporation	Mar 14	12	8	8	0	0
ICICI Bank	Mar 14	12	7	8	0	0
IDBI Bank	Mar 14	9	6	5	1	0
Idea Cellular	Mar 14	14	12	7	3	0
IDFC	Mar 14	11	9	7	2	2
Indian Oil Corporation	Mar 14	18	10	8	1	0
IndusInd Bank	Mar 14	9	7	5	1	0
Infosys	Mar 14	13	7	7	2	2
ITC	Mar 14	14	10	7	0	2
Jaiprakash Associates	Mar 14	18	11	9	1	0
Jindal Steel & Power	Mar 14	13	9	7	1	0
JSW Steel	Mar 14	6	4	3	0	0
Kotak Mahindra Bank	Mar 14	9	5	5	0	0
Larsen & Toubro	Mar 14	14	8	8	0	0
LIC Housing Finance	Mar 14	9	7	6	1	0
Lupin	Mar 14	10	5	5	0	0
Mahindra & Mahindra Financial Services	Mar 14	8	6	4	1	0
Mahindra & Mahindra	Mar 14	13	11	9	1	0
Maruti Suzuki India	Mar 14	12	7	4	1	3
Nestle India	Dec 13	9	4	4	1	2
NHPC	Mar 14	14	9	7	0	0
NMDC	Mar 14	12	6	4	0	0
NTPC	Mar 14	18	11	9	1	0

Executive directors (excl. chairman)	Women executive directors	Foreign executive directors	Board meetings	Chairman is executive?	Composed entirely of independent directors?		No. of other listed boards on which chairman serves?	No. of listed boards on which CEO/managing director serves?
					Audit committee	Remuneration committee		
2	1	0	5	Y	Y	Y	6	2
2	0	0	4	N	Y	N	9	2
3	0	0	8	N	Y	Y	9	0
2	0	0	5	Y	Y	Y	8	5
2	0	0	5	N	Y	NA	9	3
3	1	0	10	Y	N	Y	6	6
3	0	0	7	N	Y	N	0	0
1	0	0	5	N	N	NA	3	1
3	1	0	5	N	Y	Y	7	14
4	1	0	6	N	Y	Y	1	4
2	0	0	13	Y	N	N	5	5
1	0	0	4	N	N	Y	9	7
1	0	0	6	Y	N	Y	8	11
7	0	0	13	Y	Y	N	2	NA
1	0	0	7	N	Y	N	8	0
5	0	0	7	Y	Y	NA	0	0
3	0	0	6	Y	N	N	1	NA
6	0	0	5	Y	Y	Y	12	13
3	0	0	6	Y	N	Y	5	1
1	0	0	4	N	N	N	6	5
3	0	0	6	N	N	Y	1	7
5	0	0	10	Y	Y	N	3	1
1	1	0	7	N	Y	N	9	NA
4	2	0	5	Y	N	Y	10	7
1	0	0	7	N	N	N	7	8
1	0	0	6	Y	N	Y	8	8
4	0	4	6	N	N	N	7	6
4	0	3	5	N	Y	N	0	0
4	0	0	15	Y	N	N	3	3
5	0	0	14	Y	N	Y	2	2
6	0	0	12	Y	N	N	8	8

2014 Board composition

Name	Annual report date	Total no. of directors	Non-executive directors (excl. chairman)	Independent non-executive directors	Women non-executive directors	Foreign non-executive directors
Oil And Natural Gas Corporation	Mar 14	14	8	7	0	0
Power Finance Corporation	Mar 14	7	4	3	0	0
Power Grid Corporation Of India	Mar 14	14	9	7	2	0
Punjab National Bank	Mar 14	15	11	11	1	0
Ranbaxy Laboratories	Dec 13	8	6	4	0	5
Reliance Capital	Mar 14	5	4	3	0	0
Reliance Communications	Mar 14	5	4	4	0	0
Reliance Industries	Mar 14	14	9	8	0	0
Reliance Infrastructure	Mar 14	6	5	3	0	0
Reliance Power	Mar 14	5	4	3	0	0
Rural Electrification Corporation	Mar 14	7	4	3	0	0
Sesa Sterlite	Mar 14	8	4	4	1	0
Shriram Transport Finance Co.	Mar 14	9	7	5	1	0
Siemens	Sep 13	11	8	6	1	3
State Bank Of India	Mar 14	12	10	10	0	0
Steel Authority Of India	Mar 14	18	11	9	2	0
Sun Pharmaceutical Industries	Mar 14	9	5	5	1	1
Tata Chemicals	Mar 14	10	7	5	0	0
Tata Consultancy Services	Mar 14	11	9	6	0	2
Tata Global Beverages	Mar 14	11	7	6	3	0
Tata Motors	Mar 14	11	8	6	1	1
Tata Power Co.	Mar 14	11	8	7	1	0
Tata Steel	Mar 14	13	10	7	1	3
Tech Mahindra	Mar 14	10	7	5	1	0
Titan Industries	Mar 14	12	10	6	3	0
Ultratech Cement	Mar 14	12	10	6	1	0
Union Bank Of India	Mar 14	15	11	11	1	0
Unitech	Mar 14	9	6	5	1	0
United Breweries	Mar 14	12	9	6	1	3
United Phosphorus	Mar 14	12	9	6	2	0
United Spirits	Mar 14	10	8	5	0	2
Wipro	Mar 14	13	10	10	1	2
YES Bank	Mar 14	8	6	5	1	0
Zee Entertainment Enterprises	Mar 14	8	5	4	1	0

Executive directors (excl. chairman)	Women executive directors	Foreign executive directors	Board meetings	Chairman is executive?	Composed entirely of independent directors?		No. of other listed boards on which chairman serves?	No. of listed boards on which CEO/managing director serves?
					Audit committee	Remuneration committee		
5	0	0	13	Y	N	N	7	7
2	0	0	11	Y	N	Y	5	5
4	0	0	15	Y	N	N	10	10
3	0	0	13	Y	N	Y	0	0
1	0	0	8	N	N	N	0	0
0	0	0	4	N	N	N	6	NA
0	0	0	5	N	Y	N	6	NA
4	0	0	6	Y	Y	Y	2	2
0	0	0	5	N	Y	Y	6	NA
0	0	0	4	N	N	N	6	NA
2	0	0	8	Y	N	Y	2	2
3	0	0	9	N	Y	Y	1	0
1	0	0	5	N	Y	Y	10	3
2	0	1	5	N	N	N	9	1
1	1	0	12	Y	Y	Y	16	1
6	0	0	13	Y	N	NA	2	NA
3	0	0	5	N	Y	NA	0	2
2	0	0	6	N	N	N	9	0
1	0	0	7	N	N	N	9	1
3	0	0	6	N	N	N	9	5
2	0	0	8	N	Y	N	10	NA
2	0	0	10	N	Y	N	9	5
2	0	0	9	N	N	N	9	0
2	0	0	7	N	N	N	7	3
1	0	0	5	N	N	N	15	5
1	0	0	6	N	Y	N	9	NA
3	0	0	19	Y	N	Y	1	1
2	0	0	5	Y	N	N	2	6
2	0	1	4	N	Y	N	9	2
2	0	0	6	Y	Y	Y	9	9
2	0	0	9	N	N	N	12	2
2	0	0	4	Y	Y	Y	14	14
1	0	0	5	N	N	N	0	1
2	0	0	7	N	N	N	5	8

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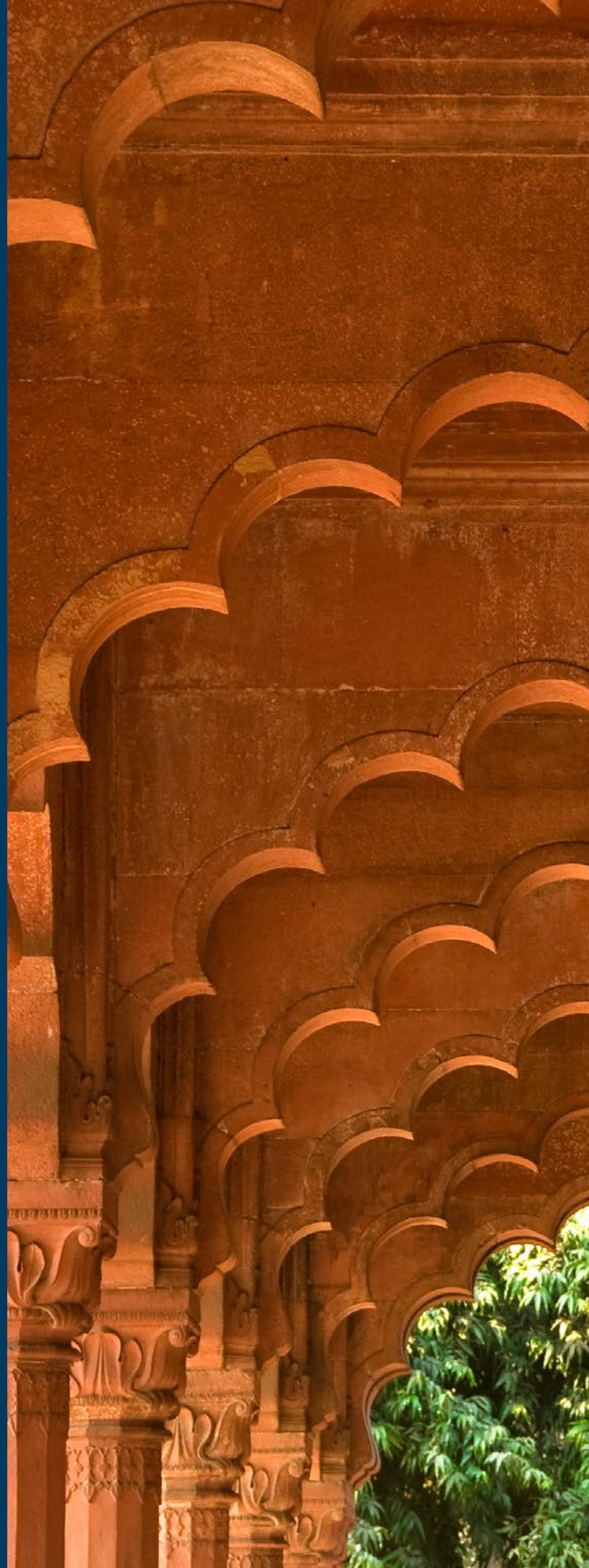
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