

“ With the legal and regulatory push in the form of the Companies Act, 2013 and Revised Clause 49 of the Equity Listing Agreement, many Indian companies have started introducing women directors to their boards. However, as most of these women are first-time directors, they will need to participate in appropriate training and onboarding programs facilitated by the nomination and remuneration committee and supported by the full board. ”

*Abhay Gupte, Senior Director,  
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### Quotas

The Companies Act, 2013 was approved in August 2013. The 2013 act was intended to enhance self-regulation, strengthen board governance, encourage corporate democracy, and reduce the number of required government approvals.

One of the major goals of the 2013 act is to improve board diversity and to enhance the responsibilities and accountability of executive directors, managerial personnel, and independent directors. One of the new requirements pertains to the appointment of women directors to company boards. The act requires the following classes of companies to have at least one woman director on their boards:

- Every listed company
- Every public company having:
  - Paid-up share capital of INR 1 billion
  - Turnover of INR 3 billion or more.

Companies meeting these criteria are required to comply within one year; newly incorporated companies meeting the criteria must appoint a woman director within six months of incorporation. The board is required to fill any vacancy of a board seat previously held by a female director no later than the next board meeting or three months from the date of such vacancy, whichever is later.

The Securities and Exchange Board of India, the regulator overseeing listed companies and stock exchanges in India, also revised its Equity Listing Agreement to align with the requirements of the 2013 act. Revised Clause 49 of the agreement, pertaining to corporate governance requirements of listed companies, now requires all listed companies to appoint at least one woman director to their boards no later than April 1, 2015.

SEBI has exempted smaller companies—those having equity share of capital of up to INR 100 million and net worth not exceeding INR 250 million and also listed on small and medium enterprises platforms of the stock exchanges—from the mandatory compliance components of the new code for the time being.

Even before the 2013 act, some companies with progressive governance practices had women directors serving on their boards, as did some family-owned companies. Today, with the new requirements in place, many companies have started appointing women directors to their boards—both in executive and nonexecutive/independent directorship positions. However, a sizeable proportion of the new appointments to date have come from the promoter group (a founding or controlling owner, often a family) or from within the family, or in executive positions, instead of nonexecutive or independent director candidates.

The numbers	%	Percentage change
Percentage of women on boards: India S&P CNX Nifty 50 <sup>1</sup>	8.3	2.7 (2012)
Percentage of women on boards <sup>2</sup>	6.7	0.5 (2012)
Percentage of women on boards of listed companies <sup>3</sup>	9.0	n/a
Percentage of women on boards of listed companies <sup>4</sup>	4.0	n/a

<sup>1</sup> ISS, *Gender Diversity on Boards: A Review of Global Trends*, September 2014

<sup>2</sup> Credit Suisse, *The CS Gender 3000: Women in Senior Management*, September 2014

<sup>3</sup> National Stock Exchange, India and Prime Database, February 2015

<sup>4</sup> A report by Khaitan & Co in association with Biz Divas, a national network of professional women, August 2014

### A CLOSER LOOK

#### Overall numbers

Percentage of board seats held by women



91 women on boards

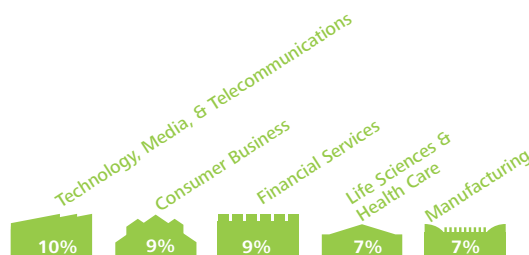
Percentage of board chairs that are women



1.2 stretch factor

125 total companies analyzed

#### Top 5 industries with highest percentage of women



#### Committees

