JUST 4 FROM NIFTY 50, 7 FROM NIFTY 100 qualify to be part of the stringent voluntary framework

## 45 Cos Meet 'NSE Prime' Criteria, a Chunk are from Banking, Finserv

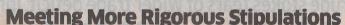
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ET Intelligence Group: Just 45 of the 1,780 actively listed companies on National Stock Exchange make the cut for inclusion in NSE Prime. an aspirational, demanding and globally competitive framework of corporate governance standards that was launched last month and is more stringent than the current regulations.

Data sourced from Prime Database shows that only 45 listed companies meet seven of the major requirements proposed in the framework, which is for voluntary adop-

tion by companies. Incidentally, only four Nifty 50 companies and seven Nifty 100 companies qualify for being part of the voluntary framework. Nearly a fourth of the eligible companies are from the ban-

king and financial services sector. The seven key stipulations of NSE Prime framework are public shareholding of at least 40%, minimum eight directors and maximum 15 on the board, members on the board not to serve as directors on more than fi-



Public share-

holding of at

Members on board not

to serve as directors on

more than 5 listed cos

At least 50% of board to be

of independent directors

At least 2 women

directors - with

at least one of

them being an

independent one

least 40%

Some of the major requirements of 'NSE Prime'

board

Min. 8 directors

and max. 15 on

Chairperson

director

Chairperson not to be rel-

ative of co's MD or CEO

to be non-exec

## Top 10 Eligible Cos

- Infosys
- O Axis Bank o Divi's
- Laboratories Cipla
- O ICICI Lombard **General Insurance**
- United Spirits
- Pl Industries
- Trent Bata India
- O Federal Bank

Source: www.primeinfobase.com

ve listed companies, chairperson to be non-executive director, chairperson not to be relative of the company's managing director or CEO, at least 50% of the board to be of inde-

two women directors with at least one being independent. NSE Prime registration norms include further compliances related

pendent directors, and minimum of

to audit committee, nomination and remuneration committee, stakeholder relationship committee, risk management committee and independent directors committee and other corporate governance requirements. The norms stipulate more disclosures on official websites and in annual reports, related to financial health and financial results and business responsibility and sustainability.

Created on the lines of Brazil's 'Novo Mercado', NSE Prime provides a framework for listed companies to stand out from their peers in their industry at a time when ESG investing has gained sizeable traction. Depending on how many companies sign up to abide by the more stringent standards. NSE will launch the Prime index constitu-

ting those who signed up. As ESG scores are emerging to be an important criterion of investment, such an index would be helpful for investors to filter better governed companies as well as for the companies to command more pre-

mium valuation than their peers. It took a while for Brazil's Novo Mercado to catch on, but it eventually became popular. From just two companies on the platform in 2002 to 82 in 2007 to 189 companies in 2021. the move has been successful and reinforced investors' trust in Latin American companies.

NSE Prime also has similar potential to gain gradual traction in membership.