

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

Kiran.Somvanshi@timesgroup.com

**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 adoption 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 banking 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-


## Meeting More Rigorous Stipulations

**Top 10 Eligible Cos**  
(based on m-cap)

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

Source: www.primeinfobase.com

**Some of the major requirements of 'NSE Prime'**

Public shareholding of at least <b>40%</b>	Min. <b>8 directors</b> and max. <b>15</b> on board	Chairperson to be <b>non-exec director</b>
Members on board not to serve as directors on more than <b>5 listed cos</b>	Chairperson not to be relative of co's MD or CEO	
At least <b>50%</b> of board to be of independent directors		
At least <b>2 women directors</b> - with at least <b>one of them</b> being an independent one		

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 independent directors, and minimum of two women directors with at least one being independent.

NSE Prime registration norms include further compliances related

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 re-

sults 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 constituting 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 premium 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.