CEO Succession Planning in India

November 2017
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## CEO Succession Planning in India

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Introduction: The Indian Landscape

The leadership of the company defines its ability to stay relevant in changing times. The ability of the CEO to manage the operational and strategic direction of the company is arguably the most crucial aspect of any business. However, even more important is the need to plan for life after the current CEO. A failed CEO succession can prove to be very costly for companies and it will reflect in the company's financial performance.

In addition, a long-standing CEO holds vast amounts of experience and skills and along with senior management, is responsible for setting the overall culture of the company. These skills, unless transitioned in a planned manner, could be lost when the CEO steps down or has to be replaced.

Framing a succession planning policy was formally included as one of the key responsibilities of the board of a listed company under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 – such a provision was absent under earlier laws. In the United States too, Succession Planning took centre-stage only with the introduction of the Sarbanes-Oxley Act, 2002 (SOX): SOX firmly established that the primary responsibility for succession planning rests with the board of directors.

There are aspects relating to CEO Succession Planning that are more particular to the Indian context that need to be considered:

1. **Large proportion of family-owned businesses**: With about $2/3^{rd}$ of companies in the S&P BSE 500 index (considered as a broad-market index) classified as family-owned businesses, they form the largest chunk of companies in India. CEO succession is a sensitive and crucial topic in these companies where multiple generations of the family have managed the business in the past, and continue to do so even now. A large proportion of these companies are still family-run and have not separated ownership from management.

2. **Globalization and growth**: India’s economic growth over the last few years has created the need for a new breed of CEOs that possess skills to ensure the company stays relevant in changing times: in the last few years, technology has caused significant disruptions, and CEOs have had to navigate companies through these changes.

3. **Demographics**: A large proportion of CEOs in Indian companies are close to the retirement age, which will necessitate replacement by new CEOs. This is borne out by the large amount of churn in CEOs in India in the past few years – according to research undertaken by IiAS in April 2017, the median tenure of the S&P BSE 100 index company CEOs is only ~3.5 years.

There are largely four types of companies in India, each with sets of challenges where succession planning is concerned:

a) **Family owned**: where the dominant shareholding is held by an individual or a family

Traditionally, these companies have seen the next generation of the family taking over the reins from the previous generation. A crucial concern in these cases is the ability of the next generation to steer the company effectively. In several instances, succession has been decided by the bloodline rather than by leadership fitness, which can be detrimental to the company’s long-term interests. However, this is changing. Several large companies and groups – Birla,
Godrej, Bajaj, Wipro – have spent years grooming the next generation for a take over the business. This has resulted in a seamless transition.

Family discord is the biggest risk to succession planning. Therefore, several Indian groups have now resorted to creating a family constitution, which will address the issues of transition in a more structural manner. Groups that have a family constitution include Dabur, Godrej, GMR, and Murugappa.

Some companies, like Asian Paints Limited and Marico Limited, have professionalized the management – the promoters have handed over the day-to-day management of the company to seasoned industry experts.

b) Multi-nationals: where the Indian company is a subsidiary of the foreign parent

CEOs of multi-national companies (MNCs) in India tend to be pegged at middle or senior management cadres of the global parent. Therefore, succession planning at the CEO level becomes a part of their leadership development and succession, which is managed in a very structured manner by MNCs. In such circumstances, the board has little control over the succession planning and is, in most cases, only implementing global guidelines.

c) Public Sector Enterprises: where the government is the dominant shareholder

Public Sector Enterprises (PSEs, or state-owned enterprises) have only recently begun to split the role of the Chairperson and the Managing Director. The Chairperson and Managing Directors of PSEs are selected by the Public Enterprises Selection Board (PESB), a government body. Given the large availability of individuals in the bureaucracy, shareholders would have expected a strong succession line-up. However, despite having a pool of individuals to choose from, the process has been slow: this has resulted in leadership vacancies extending over months in some of the PSEs. Changes in government have also resulted in board vacancies in the past. The board has a limited role to play in determining succession planning policies for PSEs.

d) Institutionally-owned companies: where there is no dominant shareholder or identifiable promoter

The lack of a dominant shareholder increases the onus on the board to plan for succession. While boards of institutionally-owned companies have been able to transition the CEO successfully in the past, disclosures around the succession plan and its efficacy continue to remain weak. In a few instances, the CEOs have been at the helm long enough to be considered pseudo-owners, concerns that shareholders and boards need to contend with.

Indian boards have begun to recognize that succession planning is an important issue and have begun to increase their focus on the matter. The Kotak Committee on Corporate Governance, in its October 2017 report, recommended that boards meet at least once a year to address succession planning and other governance issues in a focused manner.

While corporate India is learning from previous experiences of succession planning, its disclosure levels continue to remain a concern. Other than one company forming part of the S&P BSE SENSEX, none of the others have made any meaningful disclosures on succession planning in their 2017 annual reports (refer to Annexure A). This must change. Investors and other stakeholders need to know that boards are prepared and that the company will not be left rudderless in the absence of its current CEO.
The Importance of Succession Planning

Boris Janjalia
Corporate Governance Officer, IFC

Succession planning is a key element of good corporate governance in a company. It is aimed at ensuring continued development and sustainability of a company’s business. This can help in times of planned and unexpected departures of key people from the company.

Companies must realize that succession planning is an ongoing process and not just an event. It should be a strategic and systematic initiative to ensure continuity of leadership in key positions and developing knowledge capital for the future.

The main impetus of any succession planning for a company’s management lies with the Chief Executive Officer (CEO). A good CEO can drive a company through his leadership and a vision to achieve some specific goals. For this, the person at the helm must possess insight, courage, persistence and creativity to make a meaningful contribution to the various stakeholders. There is a clear correlation between the quality of a CEO and his/her leadership on one hand, and corporate performance on the other.

There is a link between effective CEO succession planning and succession arrangements for other executive-level positions. The board should be confident that the CEO has a strong team so that the organization can manage an effective succession planning process for other key executive roles. Currently, many boards monitor the succession planning for the top ten positions in the organizations. As a part of the process, they are given challenging assignments or new roles so that they gain exposure like non-executive directors. There is a need for boards to play an active role for ensuring development of a cohesive team at the top that can drive success for years to come.

The board of directors can take some proactive steps to ensure CEO succession planning arrangements. Some of them include:

- Developing the CEO Profile that establishes the specifications and requirements for the CEO.
- Conducting an annual performance review of the CEO, and determining whether he or she should continue in their position.
- Establishing a frank and forthright dialogue with the members of the management by means of periodic sessions to assist in establishing the necessary qualities required for the CEO succession.
- Ensuring that the current CEO has an appropriate talent development process in place to identify, develop and retain high potential individuals who are capable of acting as CEO, engaging the CEO in in-depth discussions about the top talent development process and the actual development of key succession candidates.
- Conducting its own independent assessment of the progress and readiness of the potential CEO succession candidates, by investing time both inside and outside the boardroom with their organization’s high potential individuals.
• Assuming an active role in interviewing and evaluating possible successors, spending the time necessary to make informed judgments about their capabilities, potential and readiness for promotion.

• When needed, seeking external expertise and advice in executive talent assessment and in the succession planning process; also considering benchmarking against outside talent and peers.

• Reviewing CEO’s planned and emergency succession planning arrangements on annual basis and make relevant amendments as necessary.

• Evaluate the company’s HR function and its ability to operate as a full partner in the succession process.

• Have actively involved the Nomination Committee (if it is established) in the succession planning process.

The fruition of succession planning entails cooperation between the board and the CEO. For this, consultation with the existing CEO by board members is a must since he is aware of the company more than anyone else. The experience garnered by the existing CEO makes should suffice to include the person in the process for the new person’s selection. Best practice suggests that the board of directors should retain the ultimate authority to lead the process. Furthermore, the CEO must:

• Help the board formulate the future CEO skills and experience profile (the CEO Profile), keep the board informed of his/her plans with regard to retirement/tenure in order to ensure a smooth transition process.

• Have explicit responsibility for the early identification and grooming of potential internal CEO successors; ensure that the company is developing succession-ready executives for other positions; serve as a counsel and report to the board of directors on above-mentioned matters.

• Make sure that the Chief Human Resources Officer (CHRO) of the company is thinking about development plans for potential internal candidates with a forward-looking lens, assessing individuals based on the future requirements of the business, and translating those requirements into specific developmental opportunities.

• Get the executive team to collectively own and manage executive talent across the entire enterprise, by selecting a different set of leaders with potential for CEO or top functional roles, and then combining a particularly deep analysis of their historical development trajectory with their current performance and likely future potential, for presentation to the board.

• Help manage the transition in a way that positions the next CEO, and the company, for success.

One of the most important figures below the CEO is the Human Resources Officer (HRO), who can greatly influence effectiveness of the arrangements. The HRO brings the strategic know-how and technical expertise for the succession process.

Ideally, the HRO must collaborate with the CEO, the board of directors (chair of the relevant board committee, when established) to design best-fit practices, provide the methods and resources to implement the approach and keep the board informed about the progress. Hence, the HRO is the key figure in terms of identifying and developing executive talent.

Many businesses, particularly those run by founders defer succession planning for the ninth hour. This can lead to a crisis, which may cause the organization to fail. This emphasizes the need to give
succession planning immediate attention which should make sure that both the board and the CEO start the process as soon as the new CEO is appointed.

The estimated timeframe for the succession planning process can range between three to five years. Also, the tenure of the current CEO should be given due consideration.

Proper CEO succession planning entails some processes, which over a long term must result in a talent pool who could be potential for both short-term and long-term CEO candidates. Best practice suggests that in case of short-term succession, the talent pool may need to consider members of the management (or middle-level managers respectively in case of senior executives) who could step in on an interim basis to run the company.

The primary goal of developing internal candidates is to ensure a flow of executive talent for supporting the operational and strategic objectives of the organization. These candidates are possibly the best choice given their knowledge of the internal affairs, strategy, challenges for development, existing culture and relationships within the organization. This can enable quicker metamorphosis after the former CEO’s departure. In fact, the best-managed companies anticipate future leadership qualities and groom them, reducing the need to look outside for a successor. However, the preference for internal candidates should be balanced with a willingness to look beyond as well. It is an established fact that even successful organizations compare their internal leadership candidates against their peers in other companies.

Some situations may warrant only the need for an external candidate:

- The internal candidates with the potential to become CEO are not yet ready to take on that role. In these situations, the board may look for a seasoned CEO to serve for a set period of time in part to mentor and prepare internal candidates.
- The organization is either small or mid-sized and it might lack the scale or resources necessary to support the internal development of CEO candidates.
- There is need in a significant change in strategy and direction of the company and the internal candidates are not in a position to address this change.
The company might also think of retaining external consultants who can help with search of external succession candidates, assisting with development of remuneration packages, and management psychologists who can provide the board with objective, third-party input on critical issues such as the candidates' leadership style, interpersonal approach and overall cultural fit, etc.

The board must schedule a meeting for reviewing all relevant information related to the successor. It should encourage questions and input from the entire board, and assure that the most skilled and experienced board members will hold individual interviews with the finalists. During evaluation of the final candidates, a multi-interview approach exploring the strength of each candidate in relation to strategic imperatives, the critical CEO success factors, and the basic behavioral requirements must be assessed. Besides, the board should hold post-interview debriefing sessions to review their insights and perceptions of each candidate and build a consensus before the final decision is made on selecting the CEO successor.

Considering the fact that an effective succession planning process extends beyond creating and following a process for selecting the new CEO, the board should elaborate a transition, and mentoring program to help the new CEO succeed, which will include the following key components:

- **Relationships and Culture.** The board should help the new CEO establish the right relationships with the key stakeholders of the company, by providing him or her with any insights it has developed regarding each stakeholder or stakeholder group.
- **Board support and committee orientation.** The board should take all reasonable measures to assure smooth transition of the new CEO by determining how various members could be most helpful to the new CEO, based on their particular background, skills, and familiarity with certain aspects of the company and the industry, also sharing information on particular committees and their mandate.
- **Board supervision.** The board should design the first month, the first six months, and the first twelve months of expectations and activities for the new CEO. The new CEO will be evaluated based on these performance objectives (mid-year and an annual review), which will act as a guide for the person in the position and the Board of directors.
- **Board composition and membership.** The Chairman of board should initiate early open discussion with the CEO about board composition to seek the new CEO’s input about his/her view on ideal business competences for the board should be sought.
- **Mentoring and assistance by the Chairman.** The Chairman of the board should explain the difference between his and CEO’s functions, mentor the new CEO for the first year of his tenure, by meeting with the him/her periodically to see how things are going and helping him/her to establish a communication pattern consistent with the board’s expectations.

Only having well-structured and consistent approach towards CEO succession planning can assure smooth transition within a company and its sustainable operations.
3 Scope of the Study

This study on CEO Succession Planning in India in conjunction with IFC, Washington supported by the Ministry of Finance, Japan is aimed at identifying and analyzing the CEO succession planning practices in Indian listed companies.

The study involved reaching out to board members of the top listed Indian companies to obtain their views on CEO succession planning in their companies. To this effect, a survey with 57 questions was created covering areas such as the criticality of the succession plan, formulation and implementation, grooming, emergency succession, past succession trends and succession practices in the company (See Annexure A for survey questionnaire). Survey responses were received via an online survey mechanism and over the phone. The respondents were primarily board members of companies.
Survey Findings

I. Board focus on CEO succession planning

Chart 1: Activities important for board

A higher rating indicates higher relative importance for the board

Chart 2: Accessibility of CEO succession plan

Chart 3: Frequency of board CEO succession planning discussions

Boards acknowledge the importance of the CEO succession planning: 92% of respondents have discussed succession planning at their board meetings. Even so, succession planning figured fourth on priority for the board on our survey; lower than strategic planning, regulatory compliance and sustainability. 27% of respondents reported the lack of a CEO succession plan in their company. While 8% of respondents say that the CEO succession plan is available publicly on the company website or annual report, evidence suggests that such plans are not comprehensive. Succession planning is subject to greater external scrutiny in recent times, however, 27% of respondents said they discuss succession planning only in the event of the CEO’s departure. Indian boards need to address this issue in a more proactive manner.
II. Contents of the succession plan

Chart 4: Contents of the formal CEO succession plan

- Identification of potential internal candidates by name (74%)
- Assessment of strengths and weaknesses of likely internal candidates (48%)
- Consideration of the need to engage an external consultant to identify external candidates (57%)
- Recommendation on whether external search process is necessary (35%)

For the companies which do have a formal succession plan, 74% of respondents had identified potential internal candidates by name in the plan with 57% saying they had carried out an assessment of strengths and weaknesses of these candidates.
III. CEO successor preferences

Chart 6: CEO successor preference

64% Prefer Internal Candidate
8% Undecided
28% Prefer External Candidate

Chart 7: Number of internal candidates considered ready to take up full-time CEO position

41% 19% 27% 3% 11%

64% of the respondents surveyed said their company preferred internal candidates over external to tide over a CEO departure. Internal hires, on account of their close association with the company, are seen as retaining organizational knowledge. Further, higher costs and a longer ramp-up period associated with external hires may appear to be a deterrent to companies. However, even while acknowledging the preference for internal candidates, 41% said that they did not consider any candidates from the internal talent pool ready to immediately take up the full-time CEO position.
IV. Identification of the CEO successor

Chart 8: Identification of CEO successor

Chart 9: CEO vacancy over the past ten years

Chart 10: Timeline for identification of CEO successor

65% of respondents surveyed indicated that succession planning for the CEO position was an ongoing process. However, only 33% of respondents said that their company had identified a successor more than three months before the last CEO departed. Therefore, despite an ongoing discussion over succession planning, companies may face a CEO vacancy for a short period.
V. Investors Engagement and CEO Succession Planning

Chart 11: Investor engagement on CEO succession planning

<table>
<thead>
<tr>
<th>Investor Engagement on CEO Succession Planning</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>Do not engage with investors</td>
<td>81%</td>
</tr>
<tr>
<td>Engage in case of CEO departure</td>
<td>11%</td>
</tr>
<tr>
<td>Engage once every year</td>
<td>6%</td>
</tr>
<tr>
<td>Engage less than once a year</td>
<td>3%</td>
</tr>
<tr>
<td>Engage more than once a year</td>
<td>0%</td>
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</table>

Chart 12: Investor questions on CEO succession

Respondents said Investors had never asked questions on CEO succession

64%

In India, it is rare for non-executive directors in companies to directly engage with the company's investors. Therefore, it is not surprising that 81% of respondents reported not engaging with investors on succession planning issues.
VI. External Consultants in the CEO Succession Planning process

Chart 13: External consultants in the succession planning process

A large proportion of respondents said their company did not hire external consultants to assist with succession planning. 30% of respondents turned to consultants only for the search process for a new CEO. This is perhaps due to the fact that a major proportion of respondents surveyed said their companies preferred an internal hire as the CEO successor, rather than an external hire.
Case Studies

International: Starbucks’ disclosures on CEO succession planning

Starbucks’ 2017 proxy statement states that the board prepares the CEO succession plan and states that Howard Schulz, the current CEO, provides an annual report to the board where an assessment of senior leadership is carried out.

Starbucks 2017 Proxy Statement Extract on CEO succession:

Our CEO provides an annual review to the board of directors assessing the members of the Senior Leadership Team and their potential to succeed him. This review, which is developed in consultation with our chief Partner Resources officer and the chair of our Compensation Committee, includes a discussion about development plans for the company’s executive officers and senior officers to help prepare them for future succession and contingency plans in the event of our CEO’s termination of employment with Starbucks for any reason (including death or disability) as well as our CEO’s recommendation as to his successor. The full board has the primary responsibility to develop succession plans for the CEO position.

Further, the proxy statement also lists out the succession planning process for senior management – i.e. providing the board with a recommendation for succession in the event of each senior manager’s termination of employment.

Starbucks 2017 Proxy Statement Extract on senior management succession:

In light of the critical importance of executive leadership to Starbucks’ success, we have an annual succession planning process. This process is enterprise wide for managers up to and including our chief executive officer. Our board of directors’ involvement in our annual succession planning process is outlined in our Corporate Governance Principles and Practices. The Principles provide that each year, the chair of the Compensation Committee, together with the chairman and chief executive officer, will review succession plans with the board, and provide the board with a recommendation as to succession in the event of each senior officer’s termination of employment with Starbucks for any reason (including death or disability). Our Compensation Committee, pursuant to its charter, annually reviews and discusses with the panel of independent directors of the board the performance of the executive officers and senior officers of the Company and the succession plans for each such officer’s position including recommendations and evaluations of potential successors to fill these positions. The Compensation Committee also conducts an annual review of, and provides approval for, our management development and succession planning practices and strategies.
India: Marico Limited - A case study in professionalizing of the board

Marico Limited is one of India’s leading companies in the fast-moving consumer goods (FMCG) and skin care businesses, founded by Harsh Mariwala. Harsh Mariwala joined his family-owned commodities trading business before eventually founding Marico in 1990 – completing a transformation of a traditional trading business into a leading consumer products and services company.

Mariwala turned the family-owned company into one that is now perceived by the market to be a well-managed, professionally run company. In 2014, Mariwala, who was till then, the Chairperson and Managing Director of the company, inducted a professional MD on the board – Saugata Gupta. He proceeded to then make his role non-executive – he would no longer look after the day-to-day operations, instead allowing a team of professionals to run the company. He would remain the chairperson of the company.

Mariwala’s son Rishabh spent three years at Kaya, the beauty-salon business of the company, and then left to start a venture of his own in 2011. His daughter, Rajvi, left the company after two years and is now a canine behaviourist. His children are no longer part of the management or the board.

Mariwala has stated that he intends to make himself redundant in the company over time. By making an investment in professional leadership and staying away from day-to-day management, he has sought to demonstrate to the market that the interests of the promoter group are aligned with those of other stakeholders.

Marico’s case is an excellent example of the promoter handing over the leadership to a professional and distancing themselves from day-to-day operations.
India: Godrej Group - Clear responsibilities for next generation promoters

The Godrej group is a large Indian conglomerate operating in the consumer products, real estate, consumer durables and animal feed businesses among others. Adi Godrej is a third-generation promoter and the current chairperson of Godrej Industries Limited, while his brother Nadir is the Managing Director for the same company. His cousin, Jamshyd Godrej is the chairperson of Godrej and Boyce, the consumer durables arm of the group.

Adi Godrej has ensured that the companies are run by a combination of family members and industry professionals. The group had appointed a facilitator in the past to oversee succession planning in the group. Family members seeking to enter the businesses in management roles are required to be well qualified.

Adi Godrej has three children, of which his eldest daughter, Tanya Dubash, his daughter, is an Executive Director of Godrej Industries Limited and the Chief Brand Officer for the group. She oversees the group’s branding efforts and is also Chairperson of Godrej Nature’s Basket, the gourmet retail arm of the company.

Nisaba Godrej, his second daughter is the Executive Chairperson of Godrej Consumer Products Limited, the home and personal care products division. Previously, she led the innovation strategy at the group company – Godrej Industries Limited. She was also involved with Godrej Agrovet Limited, the agribusiness arm of the company. Vivek Gambhir, a professional, serves as MD at Godrej Consumer Products Limited.

Pirojsha Godrej, Adi Godrej’s son, looks after the real estate business. He has served as Managing Director and Chairperson at Godrej Properties since 2012. Effective April 2017, he serves as Executive Chairperson at the same company, while handing over the MD role to Mohit Malhotra, a professional who joined the company in 2010.

The succession plan has ensured that there are specific and clearly defined roles for the next generation based on individual strengths.
Succession Planning in India

Succession Planning Disclosures in the 2017 Annual Reports

The Indian Corporate Governance Scorecard has been developed jointly by BSE, IFC and IiAS: it benchmarks the level of corporate governance in a listed company, using publicly available information. IiAS has evaluated the S&P BSE Sensex 30 companies on the 70-question scorecard.

One of the parameters in the scorecard pertains to disclosures on succession planning. Companies get maximum points on this question if the succession planning disclosures cover details on applicability of the policy, development of a leadership pipeline and criteria used while appointing successors. Only one of the 30 companies had outlined such a detailed succession planning policy.

Exhibit 1: Succession Planning disclosure question in the Indian Corporate Governance Scorecard

Q68. Are the disclosures on succession planning detailed?

**SCORING KEY**

- Score: 0
  - There is no policy or the policy is not publicly disclosed
- Score: 1
  - Only a broad framework for succession planning is disclosed
- Score: 2
  - A detailed framework for succession planning is disclosed

**GUIDING PRINCIPLE**

Sudden and unplanned gaps in leadership create uncertainty for stakeholders. Companies must therefore strive to provide sufficient disclosures on their succession plan for stakeholders to determine its adequacy and effectiveness.

**HOW TO SCORE**

The succession plan may be presented in the form of a separate document or embedded in other company documents.

The assessor needs to check if the succession plan includes details on the following:

- Applicability of the policy
- Development of a leadership pipeline
- Criteria to be used while appointing successors

A company will score maximum points on this question only if disclosures are made on all the three areas.

**QUESTION DETAILS**

- **Category**: Responsibilities of the board
- **Weight**: 1.58%
- **Type**: Applicable to all

**VERIFICATION SOURCE**

- Annual report
- Company website
- Sustainability report

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6
The below section lists out the succession planning disclosures in the 2017 annual reports of the S&P BSE Sensex companies, in response to the succession planning question in the Indian Corporate Governance Scorecard i.e.: ‘Are the disclosures on succession planning detailed?’.

1. Adani Ports and Special Economic Zone Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 61.3%</th>
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<tr>
<td></td>
<td>Institutions: 33.6%</td>
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<tr>
<td></td>
<td>Others: 5.1%</td>
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</table>

Ownership: Family-owned

Management: Family-managed; Adani family members hold executive directorships.

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Governance Report</th>
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</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>The company has put in place succession plan for appointment to the Board and to senior management.</td>
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2. Asian Paints Limited

Ownership and management profile:

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<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 52.8%</th>
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<tr>
<td></td>
<td>Institutions: 25.8%</td>
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<td></td>
<td>Others: 21.4%</td>
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Ownership: Family-owned

Management: Professionally-managed; promoters hold non-executive capacities on the board.

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
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<tbody>
<tr>
<td>Disclosure:</td>
<td>There are no disclosures on CEO succession planning in the annual report.</td>
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3. Axis Bank Limited

Ownership and management profile:

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<th>Shareholding pattern on 31 March 2017:</th>
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<td>Promoters:</td>
<td>30.1%</td>
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<tr>
<td>Institutions:</td>
<td>59.3%</td>
</tr>
<tr>
<td>Others:</td>
<td>10.5%</td>
</tr>
</tbody>
</table>

Ownership: Institutionally-owned  
Management: Professionally-managed

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Governance Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>The Board deliberates on matters such as business strategy, risk, financial results, succession planning, compliance, customer service, information technology and human resources as covered under the critical themes prescribed by the RBI and such other items as deemed appropriate.</td>
</tr>
</tbody>
</table>

4. Bajaj Auto Limited

Ownership and management profile:

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<thead>
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<th>Shareholding pattern on 31 March 2017:</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Promoters:</td>
<td>52.9%</td>
</tr>
<tr>
<td>Institutions:</td>
<td>21.5%</td>
</tr>
<tr>
<td>Others:</td>
<td>25.6%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned  
Management: Family-managed; Bajaj family members hold executive positions

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Governance Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>The Board of the Company has satisfied itself that plans are in place for orderly succession for appointments to the Board and to Senior Management.</td>
</tr>
</tbody>
</table>
5. Bharti Airtel Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promoters: 67.1%</td>
</tr>
<tr>
<td>• Institutions: 26.4%</td>
</tr>
<tr>
<td>• Others: 6.5%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned
Management: Family-managed; promoter family member holds executive directorship

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Governance Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>Internal succession planning rate of over 70% reflected growth opportunities for in-house talent.</td>
</tr>
</tbody>
</table>

6. Cipla Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promoters: 37.3%</td>
</tr>
<tr>
<td>• Institutions: 37.1%</td>
</tr>
<tr>
<td>• Others: 25.6%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned
Management: Family-managed; promoter family member holds executive directorship

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>Strategic Initiatives - Succession planning and leadership development</td>
</tr>
</tbody>
</table>
7. Coal India Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 78.9%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutions: 18.2%</td>
</tr>
<tr>
<td></td>
<td>Others: 3.0%</td>
</tr>
</tbody>
</table>

Ownership: Public sector enterprise; government-owned
Management: Professionally-managed

Succession planning disclosures in the 2017 Annual Report

Annual Report Section: Secretarial Audit Report
Disclosure: The Company has not yet prepared any Succession Plan for its directors as required under Regulation 17(4) of the Listing Regulations, 2015, since the appointments of directors in the Company are made by the Public Enterprises Selection Board. However, the Company has prepared a Succession Plan for its Senior Managerial Personnel.

8. Dr. Reddy’s Laboratories Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 26.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutions: 43.0%</td>
</tr>
<tr>
<td></td>
<td>Others: 30.3%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned
Management: Family-managed; the promoters hold executive positions

Succession planning disclosures in the 2017 Annual Report

Annual Report Section: Corporate Governance Report
Disclosure: Meetings of Independent Directors
During these meetings, the independent directors reviewed the performance of the company and its senior management, that of the chairman and the board, corporate strategy, risks, competition and succession planning for the board and senior management.

Report of the Nomination, Governance and Compensation Committee
The committee also devoted considerable time discussing the organization’s structure, design, gender diversity, succession planning for critical positions within the company and compensation for key managerial personnel and senior management.
9. HDFC Bank Limited

Ownership and management profile:

| Shareholding pattern on 31 March 2017: | • Promoters: 26.0%  
• Institutions: 55.0%  
• Others: 18.9% |
| Ownership: | Institutionally-owned |
| Management: | Professionally-managed |

Succession planning disclosures in the 2017 Annual Report

| Annual Report Section: | Director's Report |
| Disclosure: | The Bank has created a strong leadership pipeline across levels by identifying the right talent internally and grooming them for challenging roles. |

10. Hero MotoCorp Limited

Ownership and management profile:

| Shareholding pattern on 31 March 2017: | • Promoters: 34.6%  
• Institutions: 55.2%  
• Others: 10.2% |
| Ownership: | Family-owned |
| Management: | Family-managed; promoter family member holds executive directorship |

Succession planning disclosures in the 2017 Annual Report

| Annual Report Section: | Management Discussion & Analysis |
| Disclosure: | During the year, we further strengthened our Leadership Talent management and succession planning processes. We conducted Talent reviews at functional level, and identified critical positions, succession depth and high potential talent in each function. Using this as foundation, and the identified gaps in succession, we filled these leadership positions with highly competent talent from across the globe. We now have several nationalities working for us under one roof helping build high quality, technology infused products for our customers. We continued to deploy leadership development initiatives to build succession for key roles. |
11. Hindustan Unilever Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 67.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutions: 19.0%</td>
</tr>
<tr>
<td></td>
<td>Others: 13.9%</td>
</tr>
<tr>
<td>Ownership:</td>
<td>Multi-national Company</td>
</tr>
<tr>
<td>Management:</td>
<td>Professionally-managed</td>
</tr>
</tbody>
</table>

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Overview</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>Nurturing Talent and Building Leaders</td>
</tr>
</tbody>
</table>

Driven by the ‘Leaders Build Leaders’ philosophy, we have developed an environment where people get big responsibilities early in their careers and are able to constantly groom their leadership style and ability. Our flagship management trainee programme, the Unilever Future Leaders Programme (UFLP) has been the training ground for many inspiring leaders across HUL and Unilever, and provides extensive cross-functional experience through live-projects and assignments.

The UFLP is designed to do just what its name suggests - develop future leaders. Its aim is to ensure that the Company has a future-ready talent pipeline for leadership roles by the end of a year-long accelerated training programme. This readiness is not only in terms of business skills but also in terms of leadership skills and maturity. It also provides a foundation in the core values of our business.
12. Housing Development Finance Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters: 0.0%</td>
</tr>
<tr>
<td>Institutions: 87.8%</td>
</tr>
<tr>
<td>Others: 12.2%</td>
</tr>
</tbody>
</table>

Ownership: Institutionally-owned
Management: Professionally-managed

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>There are no disclosures on CEO succession planning in the annual report.</td>
</tr>
</tbody>
</table>

13. ICICI Bank Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters: 0.0%</td>
</tr>
<tr>
<td>Institutions: 88.3%</td>
</tr>
<tr>
<td>Others: 11.7%</td>
</tr>
</tbody>
</table>

Ownership: Institutionally-owned
Management: Professionally-managed

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>There are no disclosures on CEO succession planning in the annual report.</td>
</tr>
</tbody>
</table>
14. Infosys Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 12.8%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Institutions: 58.6%</td>
<td>Others: 28.6%</td>
</tr>
</tbody>
</table>

Ownership: Promoter-owned
Management: Professionally-managed; one of the promoters is Non-Executive Chairperson

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section</th>
<th>Corporate Governance Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>The Board deliberates on matters such as business strategy, risk, financial results, succession planning, compliance, customer service, information technology and human resources as covered under the critical themes prescribed by the RBI and such other items as deemed appropriate. The nomination and remuneration committee works with the Board on the leadership succession plan, and prepares contingency plans for succession in case of any exigencies.</td>
</tr>
</tbody>
</table>

Nomination & Governance Committee Report
During the year, the committee undertook a review of the succession plans for key leadership positions and helped to shape and monitor the development plans of key leadership personnel.

<table>
<thead>
<tr>
<th>Annual Report Section</th>
<th>Risk Management Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>Risk management highlights for the year Regularly assessed progress on the execution of strategic programs, specifically, progress on the growth of new software enabled services, impact of automation, performance of subsidiary businesses, leadership succession planning and operating cost optimization.</td>
</tr>
</tbody>
</table>
15. ITC Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promoters: 0.0%</td>
<td></td>
</tr>
<tr>
<td>• Institutions: 55.9%</td>
<td></td>
</tr>
<tr>
<td>• Others: 44.1%</td>
<td></td>
</tr>
</tbody>
</table>

Ownership: Institutionally-owned
Management: Professionally-managed

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Governance Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>Information placed before the Board</td>
</tr>
<tr>
<td></td>
<td>In addition to matters required to be placed before the Board under the Governance Policy of the Company, the following are also tabled for the board’s information/review: Succession to senior management (through the Nomination &amp; Compensation Committee).</td>
</tr>
</tbody>
</table>

Risk Management
As a diversified enterprise, your Company continues to focus on a system-based approach to business risk management. The management of risk is embedded in the corporate strategies of developing a portfolio of world-class businesses that best match organisational capability with market opportunities, focusing on building distributed leadership and succession planning processes, nurturing specialism and enhancing organisational capabilities through timely developmental inputs.

Disclosure: There is a civil suit filed by ITC Limited against IiAS and two of its employees, in the Calcutta High Court, alleging defamation in relation to a voting advisory and a report issued by IiAS on succession planning at ITC. The suit is being contested by IiAS and is presently pending before the court.
16. Kotak Mahindra Bank Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters:</td>
<td>32.1%</td>
</tr>
<tr>
<td>Institutions:</td>
<td>46.4%</td>
</tr>
<tr>
<td>Others:</td>
<td>21.5%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned
Management: Family-managed; promoter present in an executive capacity on board

Succession planning disclosures in the 2017 Annual Report

Annual Report Section: Director’s Report
Disclosure: Leadership Development Programs are focused on developing the leadership capabilities of the senior executives, to help them prepare for future roles in the organization.

17. Lupin Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters:</td>
<td>46.7%</td>
</tr>
<tr>
<td>Institutions:</td>
<td>41.3%</td>
</tr>
<tr>
<td>Others:</td>
<td>12.1%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned
Management: Family-managed; family members hold executive directorships

Succession planning disclosures in the 2017 Annual Report

Annual Report Section: -
Disclosure: There are no disclosures on CEO succession planning in the annual report.
18. Larsen & Toubro Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters: 0.0%</td>
<td></td>
</tr>
<tr>
<td>Institutions: 56.7%</td>
<td></td>
</tr>
<tr>
<td>Others: 43.3%</td>
<td></td>
</tr>
</tbody>
</table>

Ownership: Institutionally-owned

Management: Professionally-managed

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Chairman's letter to shareholders</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>Talent Management and Succession Planning</td>
</tr>
</tbody>
</table>

Your Company views its people as central to the success of its journey of value creation. Accordingly, our Human Resources policy focuses on creating a vibrant work environment to attract and retain talent across the organisation. The Company has a 7-step Leadership Development Program which aims to build a leadership pipeline at various levels of management. Senior executives at different levels nurture second lines of leadership. As a firm believer in leading through example, I have put in place a succession plan at the apex level of your Company. I have actively mentored the Chief Executive Officer & Managing Director (CEO & MD) designate of L&T, which has resulted in seamless transition.

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Governance Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>Presentations are made regularly to the Board / NRC / Audit Committee (AC) (minutes of AC, NRC, SRC and CSR Committee are circulated to the Board), where Directors get an opportunity to interact with senior managers. Presentations, inter alia, cover business strategies, management structure, HR policy, management development and succession planning, quarterly and annual results, budgets, treasury policy, review of Internal Audit, risk management framework, operations of subsidiaries and associates, etc.</td>
</tr>
</tbody>
</table>
19. Mahindra & Mahindra Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 26.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutions: 57.6%</td>
</tr>
<tr>
<td></td>
<td>Others: 15.7%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned

Management: Family-managed; family member holds executive directorship

Succession planning disclosures in the 2017 Annual Report

Annual Report Section: Board's Report | Policy on Appointment of Directors and Senior Management and succession planning for orderly succession to the Board and the Senior Management

Disclosure: Succession Planning

Purpose:
The Talent Management Policy sets out the approach to the development and management of talent in the Mahindra Group to ensure the implementation of the strategic business plans of the Group and the Group Aspiration of being among the Top 50 globally most-admired brands by 2021.

Board:
The successors for the Independent Directors shall be identified by the GNRC at least one quarter before expiry of the scheduled term. In case of separation of Independent Directors due to resignation or otherwise, successor will be appointed at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later. The successors for the Executive Director(s) shall be identified by the GNRC from among the Senior Management or through external source as the Board may deem fit. The GNRC will accord due consideration for the expertise and other criteria required for the successor. The Board may also decide not to fill the vacancy caused at its discretion.

Senior Management Personnel:
A good succession-planning program aims to identify high growth individuals, train them and feed the pipelines with new talent. It will ensure replacements for key job incumbents in KMPs and senior management positions in the organization. Significantly, we have a process of identifying Hi-pots and critical positions. Successors are mapped for these positions at the following levels:

1. Emergency successor
2. Ready now
3. Ready in 1 to 2 years
4. Ready in 2 to 5 years
5. Ready in more than 5 years
in order to ensure talent readiness as per a laddered approach.

Policy Statement:
The Talent Management framework of the Mahindra Group has been created to address three basic issues:

1) Given the strategic business plans, do we have the skills and competencies required to implement them? If not, how do we create them – by developing them internally or through lateral induction from outside?
2) For critical positions, what is the succession pipeline?
3) What are the individual development plans for individuals both in the succession pipeline as well as others?

The framework lays down an architecture and processes to address these questions using the 3E approach:

a) Experience i.e. both long and short-term assignments. This has 70% weightage.
b) Exposure i.e. coaching and mentoring – 20% weightage.
c) Education i.e. learning and development initiatives – 10% weightage.

The Talent Management process is applicable to all employees. Over the years, the Talent Management framework has become a well-structured and process oriented system which is driven by an interactive and collaborative network of Talent Councils at the Group and Sector Levels. These Talent Councils, which consist mainly of Senior business leaders supported by HR, are a mix of Sector (Business) and Functional Councils coordinated by an Apex Talent Council, headed by the Group Chairman. The Apex Council reviews the work done by the Talent Councils and facilitates movement of talent across Sectors. The Sector/Functional Councils meet regularly throughout the year and the Apex Council interacts with each one of them separately once a year, and in addition conducts an integrated meeting where the Chairpersons of all the Councils are present.

The talent pipeline is maintained and developed so as to ensure that there is a seamless flow of talent. An important part of this exercise is drawing up and implementing IDAPs (Individual Development Action Plans) for every Executive concerned using the 3E approach mentioned above.

Note: GNRC - Governance, Nomination and Remuneration Committee
20. Maruti Suzuki India Limited

Ownership and management profile:

| Shareholding pattern on 31 March 2017: | Promoters: 56.2%  
|                                         | Institutions: 36.8%  
|                                         | Others: 7.0%  
| Ownership:                              | Family-owned (Ultimate parent is a family-owned company)  
| Management:                             | Professionally-managed; Foreign promoter family members hold non-executive capacities on the board  

Succession planning disclosures in the 2017 Annual Report

| Annual Report Section: | -  
| Disclosure:            | There are no disclosures on CEO succession planning in the annual report.  

21. NTPC Limited

Ownership and management profile:

| Shareholding pattern on 31 March 2017: | Promoters: 69.7%  
|                                         | Institutions: 27.4%  
|                                         | Others: 2.8%  
| Ownership:                              | Public sector enterprise; government-owned  
| Management:                             | Professionally-managed  

Succession planning disclosures in the 2017 Annual Report

| Annual Report Section: | -  
| Disclosure:            | There are no disclosures on CEO succession planning in the annual report.  

22. Oil & Natural Gas Corporation Limited

Ownership and management profile:

| Shareholding pattern on 31 March 2017: | Promoters: 68.1%  
|                                         | Institutions: 18.3%  
|                                         | Others: 13.7%  
| Ownership:                             | Public sector enterprise; government-owned  
| Management:                            | Professionally-managed  

Succession planning disclosures in the 2017 Annual Report

| Annual Report Section: |  
| Disclosure:            | There are no disclosures on CEO succession planning in the annual report.  

23. Power Grid Corporation of India Limited

Ownership and management profile:

| Shareholding pattern on 31 March 2017: | Promoters: 57.9%  
|                                         | Institutions: 35.2%  
|                                         | Others: 6.9%  
| Ownership:                             | Public sector enterprise; government-owned  
| Management:                            | Professionally-managed  

Succession planning disclosures in the 2017 Annual Report

| Annual Report Section: |  
| Disclosure:            | There are no disclosures on CEO succession planning in the annual report.  

24. Reliance Industries Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 46.3%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutions: 34.5%</td>
</tr>
<tr>
<td></td>
<td>Others: 19.3%</td>
</tr>
</tbody>
</table>

Ownership: Family-Owned

Management: Family-managed; Promoter family members hold executive and non-executive directorships

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Governance Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>The Human Resources, Nomination and Remuneration Committee believes that sound succession plans for the senior leadership are very important for creating a robust future for the Company. The Committee works along with the Human Resource team of the Company for a proper leadership succession plan.</td>
</tr>
</tbody>
</table>

25. State Bank of India

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 62.2%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutions: 28.3%</td>
</tr>
<tr>
<td></td>
<td>Others: 9.5%</td>
</tr>
</tbody>
</table>

Ownership: Public sector enterprise; government-owned

Management: Professionally-managed

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>There are no disclosures on CEO succession planning in the annual report.</td>
</tr>
</tbody>
</table>
26. **Sun Pharmaceutical Industries Limited**

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters: 54.4%</td>
<td></td>
</tr>
<tr>
<td>Institutions: 33.5%</td>
<td></td>
</tr>
<tr>
<td>Others: 12.1%</td>
<td></td>
</tr>
</tbody>
</table>

| Ownership:                          | Family-owned |
| Management:                         | Family managed; promoter family members hold executive directorships |

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Management Discussion &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>There are no disclosures on CEO succession planning in the annual report.</td>
</tr>
</tbody>
</table>

27. **Tata Consultancy Services Limited**

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Promoters: 73.3%</td>
<td></td>
</tr>
<tr>
<td>Institutions: 22.3%</td>
<td></td>
</tr>
<tr>
<td>Others: 4.4%</td>
<td></td>
</tr>
</tbody>
</table>

| Ownership:                          | Family-owned |
| Management:                         | Professionally managed |

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Management Discussion &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>TCS has started multiple initiatives to help employees grow in their careers including Leadership review and assessment profile of all leaders to maintain a healthy succession pipeline.</td>
</tr>
</tbody>
</table>
28. Tata Motors Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 34.7%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutions: 38.7%</td>
</tr>
<tr>
<td></td>
<td>Others: 4.4%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned

Management: Professionally managed

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>-</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>There are no disclosures on CEO succession planning in the annual report.</td>
</tr>
</tbody>
</table>

29. Tata Steel Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
<th>Promoters: 31.4%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Institutions: 44.7%</td>
</tr>
<tr>
<td></td>
<td>Others: 23.9%</td>
</tr>
</tbody>
</table>

Ownership: Family-owned

Management: Professionally managed

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Director’s Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>In the coming year, the Board intends to enhance focus on diversity of the Board through the process of succession planning, strategic plan for portfolio restructuring of Tata Steel Europe and exploring new drivers of growth for the Group.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Management Discussion &amp; Analysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>The Company periodically reviews the succession plan for its senior management team to ensure continuity in leadership. The Company’s people related policies are reviewed and monitored to attract and retain its employees.</td>
</tr>
</tbody>
</table>
30. Wipro Limited

Ownership and management profile:

<table>
<thead>
<tr>
<th>Shareholding pattern on 31 March 2017:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Promoters: 73.3%</td>
</tr>
<tr>
<td>• Institutions: 17.2%</td>
</tr>
<tr>
<td>• Others: 9.5%</td>
</tr>
</tbody>
</table>

| Ownership: | Family-owned |
| Management: | Family managed; promoter family member holds executive directorship |

Succession planning disclosures in the 2017 Annual Report

<table>
<thead>
<tr>
<th>Annual Report Section:</th>
<th>Corporate Governance Report</th>
</tr>
</thead>
<tbody>
<tr>
<td>Disclosure:</td>
<td>We have an effective mechanism for succession planning which focuses on orderly succession of Directors, Chief Executive Officer, senior management and other executive officers. The Board Governance, Nomination and Compensation Committee implements this mechanism in concurrence with the Board. The Board Governance, Nomination and Compensation Committee presents to the Board on a periodic basis, succession plans for appointments to the Board based on various factors such as current tenure of Directors, outcome of performance evaluation, Board diversity and business requirements. In addition, the Company conducts an annual Talent Review Process for senior management and other executive officers which provides a leadership-level talent inventory and capability map that reflects the extent to which critical talent needs are fulfilled vis-a-vis business drivers. The Board Governance, Nomination and Compensation Committee reviews the outcome of this process and presents the succession plan for senior management and other executive officers to the Board.</td>
</tr>
</tbody>
</table>
Annexure A: CEO Succession Planning Survey

Company Details
Please fill in company details for tracking purposes. Note that the results of this survey are anonymous. Answers will only be shared at an aggregated level.

* 1. Details

  Company Name: 
  Respondent Name: 
  Email Address: 
  Phone Number (Optional):

* 2. Respondent Designation:

* 3. Please specify category of company
  ○ Public Sector Enterprise
  ○ Multi-national company
  ○ Family-owned and run by family member(s)
  ○ Family-owned and run by professional(s)
  ○ Professional/Institutionally owned

Current CEO Profile

* 4. What is the age of the current CEO of the company?
  ○ 25-40 years
  ○ 41-55 years
  ○ 56-65 years
  ○ Greater than 65 years

* 5. Is the current CEO an internal or external hire?
  ○ Internal
  ○ External

* 6. Is the current CEO a member of the promoter family?
  ○ Yes
  ○ No

* 7. Which of these designations best describe the current CEO's role(s) in the company?
  ○ CEO (not a Chairperson or Promoter)
  ○ CEO and Chairperson
  ○ CEO and Promoter
  ○ CEO and Chairperson and Promoter
Importance of Succession Plan

* 8. **Rank the following in order of priority for the board:**

   *(Choose 1 for the most important activity and 5 for the least important)*
   - Regulatory compliance
   - Strategic planning
   - Sustainability
   - Crisis management
   - Succession Planning

* 9. **Does the company have a formal and documented CEO succession plan?**
   
   *A succession plan is a written document listing out processes and policies to be followed to identify candidates to replace current leadership.*
   - Yes
   - No
   - In the process of framing a succession plan

* 10. **Does the company have a formal and documented succession plan for senior management other than the CEO?**
   - Yes, for Key Managerial Personnel
   - Yes, for Board Chairperson
   - Yes, for Board members
   - No

* 11. **Has the CEO succession plan been made available to public?**
   - Yes, on the company website or annual report
   - No, it is only for internal use
   - The company does not have a succession plan
   - Other (please specify)

* 12. **How often does the board discuss/review CEO succession?**
   - Once every year
   - More than once every year
   - Less than once every year
   - In case of retirement/resignation/death
   - Never
Formulation & Implementation

13. If there is a formal CEO succession plan, does it include [select all applicable]:
   - Identification of potential internal candidates by name
   - Assessment of strengths and weaknesses of likely internal candidates
   - Recommendation on whether an external search process is necessary
   - Consideration of the need to engage an external consultant to identify external candidates

14. If there is a formal senior management succession plan, does it include [select all applicable]:
   - Assessment of current management needs
   - Identification of potential replacement for each senior manager by name
   - Assessment of strengths and weaknesses of potential replacement
   - Recommendation on whether an external search process is necessary
   - Consideration of the need to engage an external consultant to identify external candidates

* 15. When does the identification process for a successor take place at your company?
   - It is an ongoing process in the company
   - It is undertaken after the current CEO has announced his/her departure

* 16. Who is responsible for overseeing the CEO succession process?
   - Nomination & Remuneration Committee
   - Board of Directors
   - Chairperson of the Board
   - CEO
   - HR function
   - Other (please specify)

* 17. Is the CEO of the company asked for a list of his/her potential successors?
   - No
   - Yes, list is shared with the board
   - Yes, list is shared with the Nomination & Remuneration Committee
   - Yes, list is kept confidential

* 18. Is the promoter/controlling shareholder involved in the succession process?
   - Yes
   - No
* 19. Has the company hired external consultants in the past to assist in the CEO succession process?
   - Yes, external consultants are sought to frame the succession plan
   - Yes, external consultants are sought to assist in the search process
   - Yes, external consultants are sought to frame the succession plan and to assist in the search process
   - No

* 20. Has the company clearly defined the competencies required for the CEO position?
   - Yes
   - No

* 21. Does the succession planning committee evaluate both the professional and personal qualities of potential successors?
   - Yes, both professional and personal qualities evaluated
   - No, only professional qualities evaluated

* 22. Is a separate search committee/team established when CEO succession is to be decided?
   - Yes
   - No

* 23. Does the contract signed with the CEO specify a notice period in case of departure?
   - Yes, notice period of 0-3 months
   - Yes, notice period of 4-6 months
   - Yes, notice period of more than 6 months
   - No notice period specified

* 24. Does the succession plan involve a transition period for the new CEO with the current CEO?
   - Yes
   - No

* 25. Has the company clearly defined a timeline within which a successor needs to be appointed after the current CEO’s departure?
   - Yes, within 3 months
   - Yes, between 4-6 months
   - Yes, more than 6 months
   - No clearly defined timeline
Grooming for internal candidates identified for CEO succession

* 26. Does the company have a documented grooming program for identified CEO candidates?
   - Yes
   - No
   - In the process of implementation

* 27. How often does the Nomination and Remuneration committee engage with identified CEO candidates?
   - Quarterly
   - Semi-annually
   - Annually
   - When circumstances require engagement
   - Other (please specify)

* 28. Is the board of directors aware of strengths and weaknesses of identified CEO candidates?
   - Yes
   - No

* 29. Do you think an external search process is necessary even when there are strong internal (within the company) CEO candidates?
   - Yes
   - No

* 30. If the company decides to select an outsider as CEO, is there a plan to manage attrition of internal candidates?
   - Yes
   - No
Emergency Succession

* 31. Has the company identified an 'emergency successor' who can act as an interim CEO till the time a replacement is found?

Emergency succession involves succession in case of unanticipated resignation, employment termination or death.

- Yes
- No

* 32. How many internal candidates are considered ready to immediately (within the next six months) take up the full-time CEO position?

- None
- One
- Two
- Three
- More than three

* 33. Do you disclose names of potential CEO candidates to stakeholders?

- Yes, to the Board
- Yes, to strategic investors
- Yes, to potential candidates
- Yes, to senior executives
- Names are not disclosed
Past Succession Trends

* 34. **How long before the last CEO's departure was the successor identified?**
   - More than 3 months before departure
   - Between 1-3 months before departure
   - Identified only after departure
   - The company has not experienced a CEO departure

* 35. **How long did the last CEO search process take (from the start of the succession process to the selection of the successor)?**
   - Between 1-3 months
   - Between 4-6 months
   - More than 6 months
   - The company has not experienced a CEO departure

* 36. **How long before the last CEO's departure was the successor disclosed to shareholders?**
   - More than 3 months before departure
   - Between 1-3 months before departure
   - At the time of departure
   - Successor not identified at the time of departure, hence not disclosed
   - The company has not experienced a CEO departure

* 37. **Has there been a period of CEO vacancy in your company in the last ten years? (indicate maximum period in case there has been more than one instance of CEO vacancy)**
   - Yes, for more than 1 month
   - Yes, upto 1 month
   - No

38. **If you answered 'Yes' to the above question, please list why the position was vacant.**
   - Unanticipated departure of CEO
   - Lack of Approvals to appoint the new CEO
   - Lack of an identified candidate/No consensus on successor
   - Other (please specify)

* 39. **What was the reason for the last CEO's departure?**
   - Attained Retirement age
   - Pursuing outside opportunities
   - Death
   - Personal reasons
   - Other (please specify)
Succession Practices

* 40. Does the company have a retirement age for the CEO position?
   - Yes
   - No

41. If the company has a retirement age for the CEO, please specify the retirement age: ______

* 42. In the past ten years, has the CEO been granted a term extension after attaining retirement age?
   - Yes
   - No

* 43. Does the company prefer internal or external candidates to replace the current CEO?
   - Prefer external candidate
   - Prefer internal candidate
   - No preference

* 44. Does the next CEO require a different set of skills and experiences from those of the current CEO?
   - Yes, different set of skills and experiences
   - No, similar set of skills and experiences
   - Undecided

* 45. After the CEO is appointed, does the company explain the rationale to stakeholders?
   - Yes, rationale is explained to all employees
   - Yes, rationale is explained to all stakeholders
   - No

* 46. Is transition, assimilation and mentoring of the CEO successor a part of the succession plan?
   - Yes
   - No

* 47. In the past, have investors asked questions regarding CEO succession?
   - Yes
   - No

* 48. How often do you engage with investors regarding CEO succession planning?
   - Once every year
   - More than once every year
   - Less than once every year
   - In case of retirement/resignation/death
   - Do not engage with investors on succession planning
Succession Planning in Multi-national companies
Please skip this section if your company is not a Multi-national company.

49. Who is primarily responsible for identifying the CEO at the Indian entity?
   ○ Global parent
   ○ Indian entity

50. Does the Indian entity have a CEO succession plan, which is different from other fellow subsidiaries?
   ○ Yes
   ○ No
   ○ Neither unit has a succession plan

51. In the last ten years, what percentage of CEOs in the Indian entity were Indian/of Indian origin?

Succession Planning in Family-Owned and Family-Run companies
Please skip this section if your company is not a Family-owned company

52. What generation of family is currently running the company?
   ○ First Generation
   ○ Second Generation
   ○ Third Generation
   ○ Other (please specify)

53. In the past, has the company hired a non-family member as CEO?
   ○ Yes
   ○ No

54. Who is likely to succeed the current CEO in your company?
   ○ Family member
   ○ Non-family member
   ○ Undecided

55. If likely CEO successor is a family member, at what level is he/she currently?
   ○ Likely successor is not a family member
   ○ Middle Management
   ○ Senior Management
   ○ Board Member
   ○ Not part of company/group currently
Succession Planning in Public Sector Enterprises
Please skip this section if your company is not a Public Sector Enterprise.

56. For PSUs, is there a need to change the CEO appointment process?
   ○ No change required
   ○ Yes, PSU boards need to have more autonomy in selecting the candidate
   ○ Yes, the respective ministries need to set a firm deadline for appointing the CEO

57. Do you think a CEO from the private sector is preferable to a public sector candidate?
   ○ Yes
   ○ No
   ○ No preference
Annexure B: Survey Demographics

The survey had a total of 37 respondents. The majority of respondents were either CEOs/Executive Directors (22%) or Independent Directors (19%).

Of the companies participating in the survey, 27% were family-owned and run by family members while an equivalent 27% were institutionally-owned. Another 27% were multi-national companies; with family-owned and professionally-run companies and public-sector enterprises making up the rest.
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