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Sporting Distractions for Corporate India

Vikram Limaye's appointment by the Supreme Court as a BCCI administrator raises concerns on his ability to focus on his primary role – that of being Managing Director and CEO of IDFC Limited. Investors should be concerned about the amount of time he spends on his additional responsibilities.

Key management personnel (KMP) are required to devote all their time to the business: that is essential to their role and responsibilities. But, corporate India has been witness to a handful of distracted CEOs.

Vikram Limaye's recent appointment as a BCCI administrator by the Supreme Court is likely to distract him from his core responsibility. Not only has he become responsible to administer the recommendations of the Lodha Panel, he has also been charged with representing the board at the ICC meeting scheduled in the first week of February 2017. Given the time commitment that this role appears to require, investors must question whether this will distract him from his primary responsibilities of running IDFC Limited – a NIFTY 200 company with a market capitalization of over Rs.85 bn.

Vikram Limaye may have had limited choice, given that his appointment has been made through a Supreme Court diktat: but, the acceptance of the additional responsibilities has implications for IDFC's stakeholders. Therefore, IDFC's board (see Table 1 below) should have convened to discuss this additional responsibility for the company's Managing Director and CEO. Conflicted members – which includes Vikram Limaye and Vinod Rai, IDFC's Chairperson – should have abstained from the discussion. Alternatively, the independent (non-conflicted) directors should have met to assess the implications of the situation. It is not clear if any of this seems to have happened.

Yet, it is incumbent upon the board to provide stakeholders with responses to the following questions:

1. What is the board's expectation of his time commitment to BCCI and how do they propose to address this gap?
2. What happens if Vikram Limaye's time commitment exceeds their earlier expectation? What steps does the board propose to take?
3. In the eventuality that Vikram Limaye is unable to manage both roles and chooses to take on the BCCI responsibility full time, has the board identified a successor?

Vikram Limaye is the latest addition to the list of corporate India distracted by cricket. Executive Directors of listed companies - Chirayu Amin (Chairperson and CEO, Alembic Pharmaceuticals Limited), N Srinivasan (Vice-Chairperson and Managing Director of India Cements Limited), and Lalit Modi (Executive Director till August 2010, Godfrey Phillips Limited) – have taken positions in BCCI, and [we have commented on this in the past](#).

Sports in India (be it cricket, kabaddi, hockey of any other) needs a boost – and corporate India's sponsorship of the larger cause is necessary. But, it need not be at the cost of investors – corporate India could use non-executive directors to hold the mantle, or hire talent to manage the cause. KMPs must have single minded-focus on the business.

Table 1: IDFC Limited' Board of Directors

Executive Directors	Non-Executive Non-Independent Directors	Independent Directors
<ul style="list-style-type: none"> • Vikram Limaye 	<ul style="list-style-type: none"> • Chintamani Bhagat • Soumyajit Ghosh ++ • Manish Kumar ++ 	<ul style="list-style-type: none"> • Vinod Rai (Chairperson) • Marianne Okland • Gautum Kaji ** • S S Kohli ** • Donald Peck **

*** While the company considers these directors to be independent, IiAS considers them to be non-independent because of their extended tenure on the board.*

++ appointed with effect from 11 January 2017

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