

Impact of Board Composition on the Profitability of Listed Information Technology Sector Firms

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Abstract: SEBI's governance reforms on board independence and gender diversity have renewed debate on board role in profitability. This paper examines the relationship between board independence, gender diversity, and profitability of IT companies during 2021–2025. Methodology uses secondary data from annual reports and governance statements of ten NSE/BSE-listed IT companies, yielding 50 firm-year observations. ROE and PAT growth are dependent variables. As the Shapiro–Wilk test indicated non-normality, Spearman's rank correlation, one-way ANOVA, and OLS regressions were used. The study finds that board independence and gender diversity do not have significant relationship with ROE or PAT growth. However, gender diversity negatively related to PAT growth as a ratio ($\rho = -0.389$, $p = 0.006$; $F = 4.605$, $p = 0.015$; coefficient = -84.071 , $p = 0.028$). The models explained 6.05% of PAT growth and 1.69% of ROE variance. Results suggest prioritising director quality over quantity and provide governance insights for India's IT sector.

Keywords: Board Composition, Corporate Governance, Board Independence, Gender Diversity, Firm Profitability, Return on Equity, Profit After Tax, Indian IT Sector

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