Corporate Governance Scores
S&P BSE 100 companies

Technical Partner

Supported by the Government of Japan

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1. FOREWORD

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Welcome to this second report on the Indian Corporate Governance Scorecard, developed jointly by the BSE, IFC and Institutional Investor Advisory Services (IiAS), with the financial support of the Government of Japan.

The goal of a scorecard is to provide a fair assessment of corporate governance practices at the corporate level. This, in return, gives investors, regulators and stakeholders key information to help them in their decisions with regards to such companies.

Since we started this journey in India, with our first scorecard issued in December 2016, a lot of dynamic changes have been set in motion. For instance, the scorecard of 2016 scored 30 companies, and now we have a 100 in this year's edition. We were also happy to notice that several best practice requirements, covered by the scoring methodology, have been recommended by the Kotak Committee, formed in 2017 at the initiative of the Securities and Exchange Board of India. Changes have also taken place at the regulatory level to incite investors to take a more active role at Annual General Assemblies and vote in order to bring positive changes in the practices of their investee companies.

All these changes form part of an overall dynamic aimed at helping the private sector raise its visibility in India and throughout the world and IFC is proud to be a solid partner and actor to this initiative.

IFC has been at the forefront of corporate governance development globally for more than two decades. Our work has helped improve standards in many countries and regions and played a role in shaping norms of corporate governance which in return helped companies attract investors and access new markets but also had a positive impact on macro-economic development. Our actions are aligned with trends and demands from investors globally, asking to invest in companies which abide to improved standards. No one can challenge, after the global financial meltdown of 2008, that good corporate governance practices are key to ensuring stability, confidence and competitiveness.

India is joining the trend as shown by the steps taken both by the private and public sector and as evidenced by the results of this year's scorecard report as compared to 2016. Indian companies are today more than ever, aware of their need to play an active role. Improving corporate governance will not only help them attract new investors but also be more competitive, which is a key element in today's global world.

What we see from the scorecard, is that overall, companies understand corporate governance and, for most of them, have adopted and implemented good initial levels of standards. Some sectors perform better than others, as for instance the financial sector, which is more regulated. Some companies have also taken important steps to move from a compliance-driven approach, to a more holistic adoption of standards which fit their needs. This is a positive development, since corporate governance is not only about policies and procedures but, more importantly, about behaviors and actions.

Corporate governance is a journey and not a destination and we are confident this scorecard will play an important contributing role. Companies should use it to help them have discussions at the board level and with their investors in identifying where they are and where they want to go in terms of corporate governance practices.

Together with our partners, we aim at continuing developing scorecards in the future but also at helping the public and private sector improve corporate governance practices in India.

We are confident you will find this scorecard useful, relevant and instrumental for your decisions. We thank again the Government of Japan for their financial support and BSE and IiAS for their collaboration. Last but not least, we are using this opportunity and inviting all listed companies to undertake this important scoring exercise.

2. INTRODUCTION

In this report, IFC, BSE, and IiAS jointly present the corporate governance scores of companies forming the S&P BSE 100 index. The scores are based on the Indian Corporate Governance Scorecard Methodology that was published in December 2016 by IFC, BSE, and IiAS. The Government of Japan has provided financial support to this effort.

The Indian Corporate Governance Scorecard Methodology (available at https://www.iiasadvisory.com/governance-scorecard) is a set of 70 questions that are based on the G20/OECD Principles of Corporate Governance. In creating the scorecard, there were several steps, and feedback from market participants was taken at every step of the way. To aid companies in improving their corporate governance practices, the scorecard methodology also carried examples that other companies could emulate. After giving corporate India a year to self-evaluate, we present this report.

Our study, as on 31 December 2017, shows that corporate India's governance practices have improved in the past one year. Our conclusion is based on the performance of the S&P BSE SENSEX companies (which account for almost 40% of BSE's market capitalization), whose median scores have improved to 62 in this study vis-à-vis 60 in December 2016. Moreover, there are three companies at the "Leadership" level vis-à-vis two in December 2016.

Reference Notes:

- For evaluation framework: Refer Annexure A
- For methodology: Refer Annexure B
- For list of companies covered under study: Refer Annexure C
- For detailed questionnaire: Refer Annexure D

In the past one year, a lot has changed for the Indian markets in the context of corporate governance. Companies are facing a new level of scrutiny from investors. While domestic mutual funds and pension funds were required to vote on shareholder resolutions by their respective regulators since 2012 and 2016 respectively, the Insurance Regulatory and Development Authority of India (IRDA) has now mandated a stewardship code for insurance companies. Now, a larger proportion of the domestic institutional investors will vote on shareholder resolutions. Moreover, engagement between investors and corporate India will likely change from being event-driven to be more consistent, driven by a governance agenda or by an investment philosophy.

In June 2017, the Securities and Exchange Board of India (SEBI) formed a committee on corporate governance, under the Chairpersonship of Uday Kotak (Kotak Committee), to review the existing governance codes applicable for listed companies. The committee submitted its final recommendations in October 2017. The committee's proposals are aimed at pushing corporates towards improving board effectiveness, enhancing oversight over group entities, tightening control over related party transactions, providing timely disclosures, increasing focus on audit quality, and facilitating investor participation. SEBI is currently examining the market feedback on the proposals and is expected to release a final notification shortly. For the most part, the Kotak Committee recommendations are aligned with the guiding principles adopted as part of this CG scorecard (please refer to Annexure E for a detailed comparison).

Against the backdrop of these new initiatives and renewed investor focus on governance, it is useful to understand how the governance practices of corporate India stack up against globally considered best practices. By and large, corporate India does well: half the evaluated companies are well governed and have achieved a score of 60 or higher. But, companies can score higher: evaluation across the four categories of evaluation show that there are companies that achieve an 80% score – but none of the companies achieve it across all evaluation categories (See Exhibit 5).

We contend that the scores presented in this report are representative of the Indian market, since the 100 companies evaluated form 67% of BSE's market capitalization. This is important from the perspective of building trust with the global investor community. While the results of this exercise are not fool-proof[1], they are indicative of the maturing of corporate India.

[1] *As all evaluation frameworks do, the methodology of the Indian Corporate Governance Scorecard also has its own limitation. A high score on the scorecard is not an indicator of current or future financial performance, or stock price performance. The scores also do not indicate the permanency of governance practices: a company's governance practices may improve or deteriorate from the date of the scoring. The scorecard is based on publicly available information, which has its limitations and cannot predict corporate behaviour – especially during contentious or divisive situations.*

3. SENSEX TRENDS

In December 2016, a study was conducted on the S&P BSE SENSEX 30 (SENSEX) companies. For comparability, the first part of the assessment in the 2017 study was conducted on the same set of index companies. The trends highlight a broad-level improvement in critical governance parameters for these index constituents.

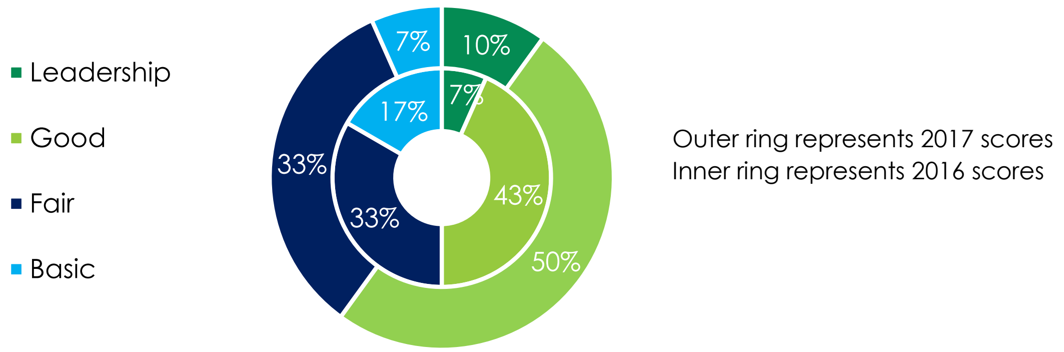
Trends

	2017	2016
Companies which had adequate disclosures on business segment information	28	26
Companies which had women directors who were not part of the promoter family	27	26
Companies which separated the roles of the Chairperson and the CEO	18	14

Stellar Practices

	2017	2016
Companies which provided a detailed transcripts or minutes or a webcast of the previous AGM	6	3
Companies which facilitated shareholder participation via video or tele-conferencing or via advance question submissions	7	4
Companies which had detailed disclosures on succession planning	2	1

Exhibit 1: Percentage of companies in each governance category

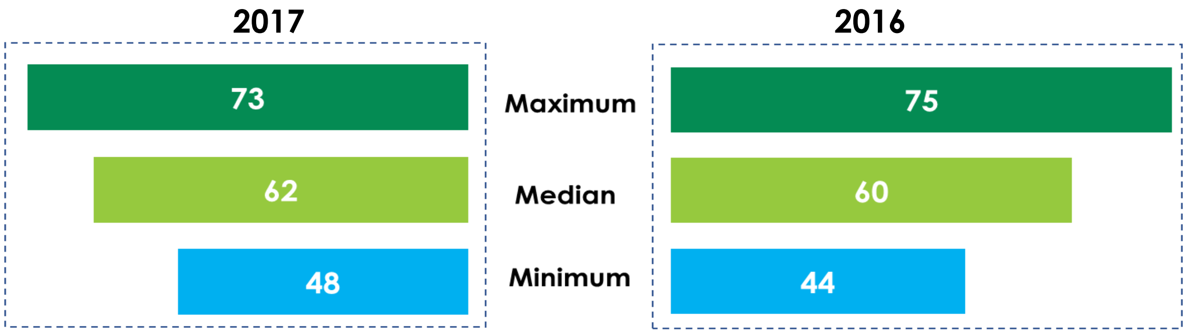


As per the scorecard methodology, based on the final score, companies will be grouped into the following buckets (for more details, refer Annexure B):

Bucket	Score Range
Leadership	>=70
Good	60 - 69
Fair	50 - 59
Basic	<50

In 2017, three companies had a Leadership grade, as compared to two companies in 2016. In addition, the distribution of scores improved, with 60% of the SENSEX companies now falling in the 'Leadership' or 'Good' categories (50% in the previous year). Two companies scored less than 50 points and were classified in the 'Basic' category.

Exhibit 2: Median, maximum and minimum scores for SENSEX companies

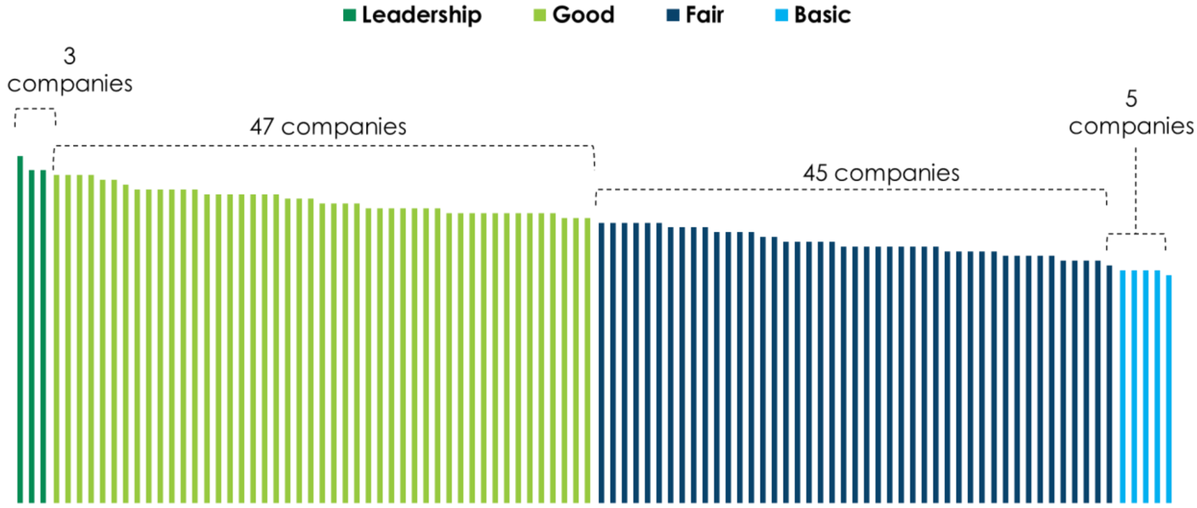


The overall governance scores ranged from a maximum of 73 to a minimum of 48. The median score across all the SENSEX companies increased from 60 to 62. This supports the conclusion that governance practices have improved across the top 30 companies in the country.

4. S&P BSE 100 FINDINGS

Given below are the results of the evaluation of S&P BSE 100 (BSE 100) companies on the Indian Corporate Governance Scorecard. Because these 100 companies comprise over 2/3rd of BSE's market capitalization, the results can be construed to reflect the overall state of governance of listed companies in India.

Exhibit 3: Governance Scores for the BSE 100 companies



Of the BSE 100 companies, three companies were in the 'Leadership' category with a score of 70 and above. These three companies form part of the SENSEX index and were part of our previous scorecard. The largest proportion of companies were in the 'Good' category (47%), followed closely by those in the 'Fair' category (45%). Five companies had a score of less than 50, in the 'Basic' category.

Exhibit 4: Companies with highest CG scores (top 10 in alphabetical order by grade)

HDFC Bank | Infosys | Wipro

Bharti Airtel | Bosch | Crompton Greaves CE | HUL | M&M | M&M Financial | Marico

Infosys and HDFC Bank, which were in the Leadership category even in the earlier exercise, continued to top the list. The sharpest increase in scores from these top 10 was observed for Wipro, where the score increased due to better disclosures on the website, and in the annual report, on aspects of board evaluation, leadership experience, and succession planning.

Exhibit 5: Category wise median, maximum and minimum scores for BSE 100 companies (%)

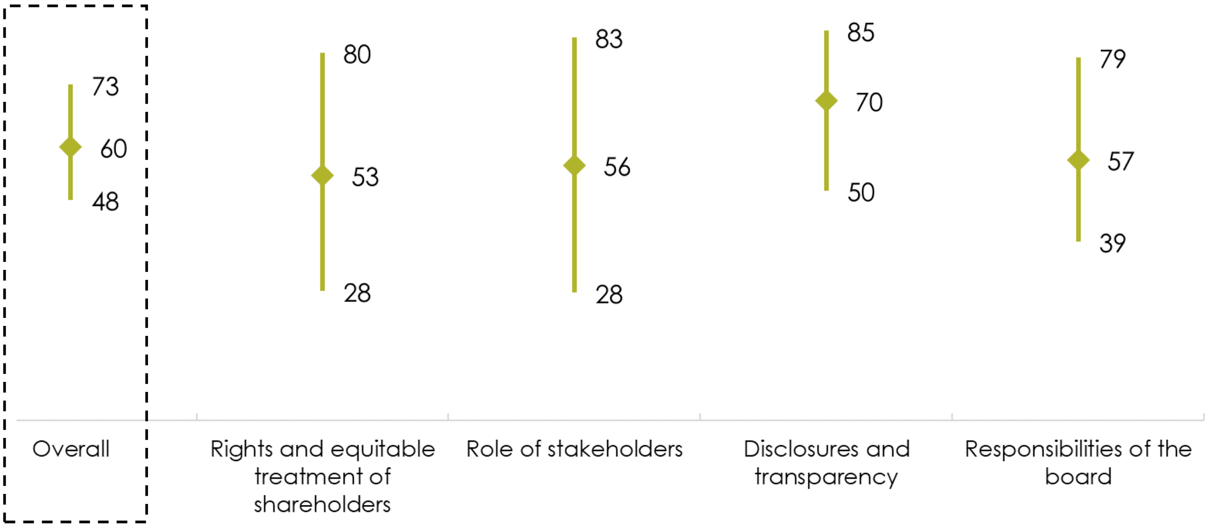
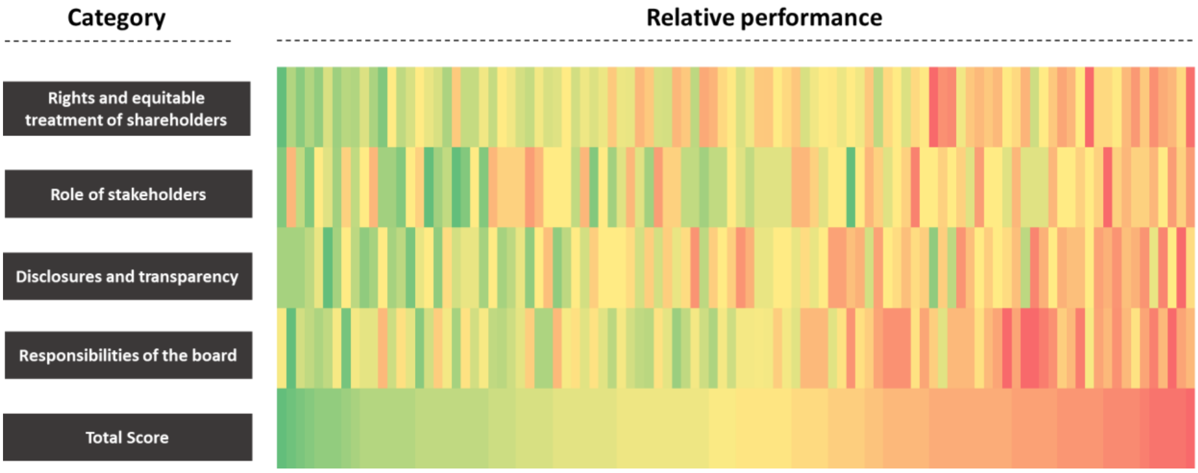


Exhibit 5 shows the maximum, median and minimum percentage scores in each governance category and on an overall basis. The overall scores for the BSE 100 companies ranged between a maximum of 73 and a minimum of 48, with a median score of 60. The largest variance in scores was in the second category – 'Role of stakeholders' with scores ranging between 83 at the upper end and 28 at the lower. The highest category scores were observed in the 'Disclosures and transparency' category with the scores ranging between 85 and 50. The median score of 70 in this category was the highest among all categories.

Exhibit 6: Heat map displaying relative performance of BSE 100 companies across categories



A key conclusion from the heat map is that different companies excel in different categories – the companies with the highest overall scores do not necessarily perform well in all categories. Similarly, companies with lower scores are not necessarily laggards in all parameters. Therefore, companies may be able to improve their corporate governance standards even by making incremental changes to their governance practices.

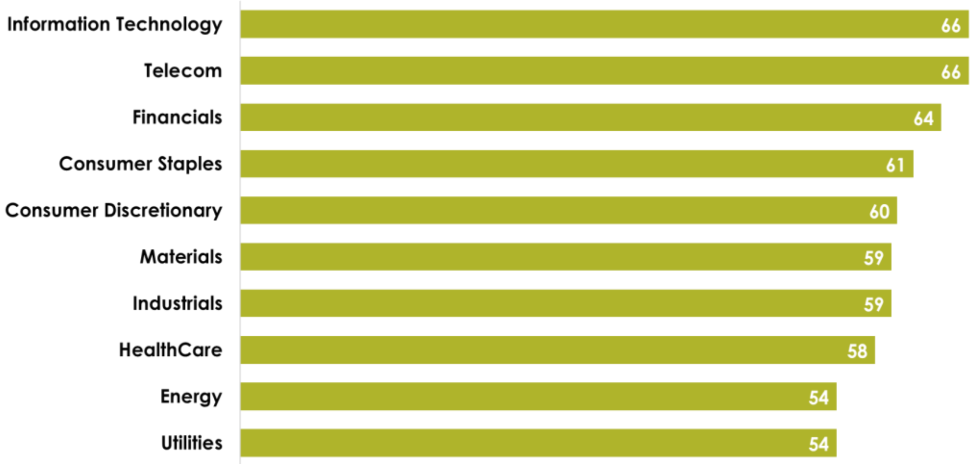
KEY OBSERVATIONS

1

The median score of the SENSEX 30 companies is higher than those of the remaining 70 companies in the BSE 100 index. The SENSEX companies tend to have better disclosures and more robust checks and balances, leading to a higher governance threshold.

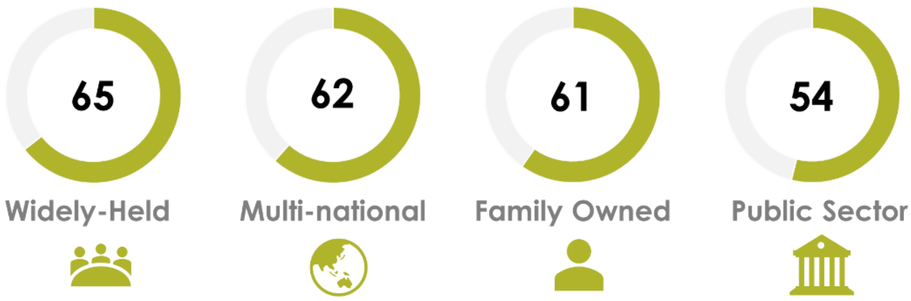
2

Companies in the services-focused sectors tend to have a better score than other companies in the index. Part of this may be attributed to the stronger governance requirements demanded of them by stakeholders.



3

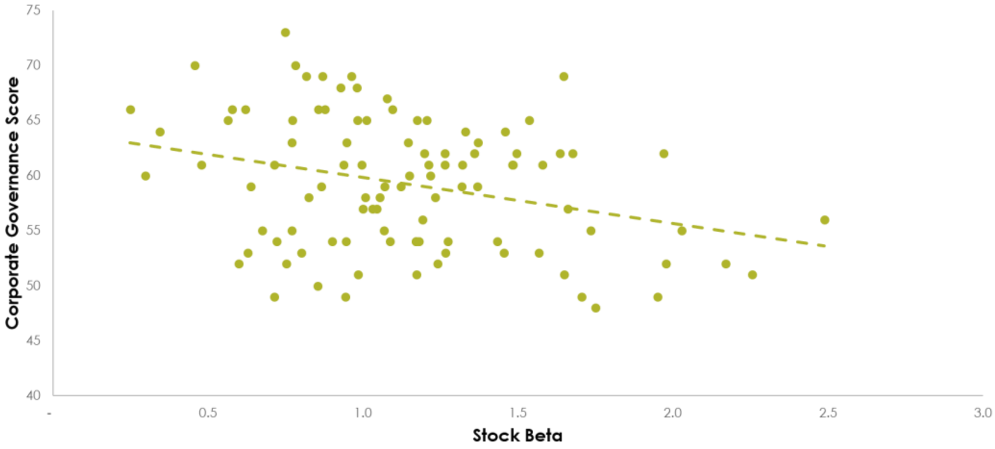
Institutionally owned and widely held companies tend to have better governance scores.



All scores in the above charts represent the median score for the respective groups

4

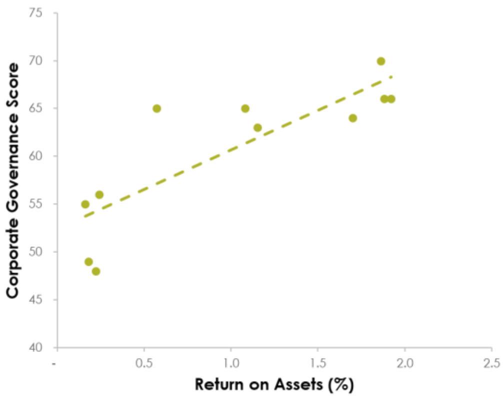
There is a negative correlation between the corporate governance score and the one-year stock beta – implying that better governed companies tend to have less stock price volatility.

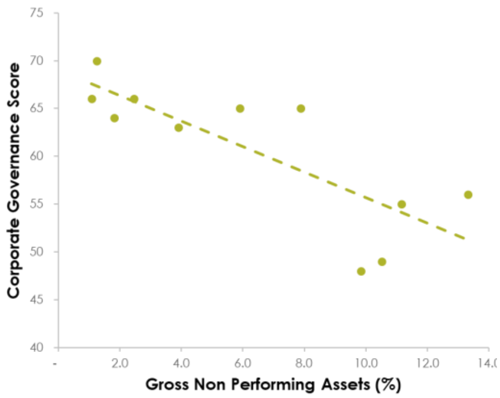


Source: IiAS Research, Stock Beta on 27 Nov 2017 from ACE Equity

5

The correlation with financial performance is particularly strong in the banking sector – especially with the return on assets (ROA) ratio and gross non-performing assets (NPA) levels.





Source: IiAS Research, Annual Reports, RoA and Gross NPAs on 31 March 2017

5. CONCLUSION

Corporate India has recognized the importance of good governance practices. Whether compelled by the changing regulatory dynamic, or greater engagement with investors, Indian companies are now benchmarking themselves to higher standards. Therefore, to establish a baseline and to assess improvement in performance, the Indian Corporate Governance Scorecard becomes a useful measure.

Investors can use the Corporate Governance scores to benchmark their portfolio. The scores will enable them to convert the perceived level of governance in their investee companies to a measurable benchmark. The scores will aid institutional investors in discharging their stewardship responsibilities: investors will be able to have constructive and tangible conversation with companies on governance.

In this year's study, we found that companies in the BSE 100 index tend to score well in terms of disclosure and transparency. These companies have clearly laid out the shareholding pattern and ownership structure, along with details on in its board members and top leadership. Granular details have been provided on corporate social responsibility (CSR) initiatives and most of the companies have disclosed both standalone and consolidated results on a quarterly basis. In addition, all the companies have appointed a woman director on the board and rotated their auditors, wherever the auditor tenure exceeded ten years.

Areas of improvement include better enforcement of shareholder rights and ensuring equitable treatment of all shareholders. The related party transaction (RPT) mechanism need to be tightened further with greater disclosures in the annual reports and valuations reports. Companies need to facilitate shareholder participation at general meetings through webcasts and video/tele-conferencing. Robust investor grievance policies, with escalation mechanisms, need to be instituted. In addition, the Stakeholder Relationship Committee must start playing a more active role in engaging with investors, suppliers, creditors, customers, and regulators. Disclosures on succession planning, risk management frameworks and internal control mechanisms must also be improved.

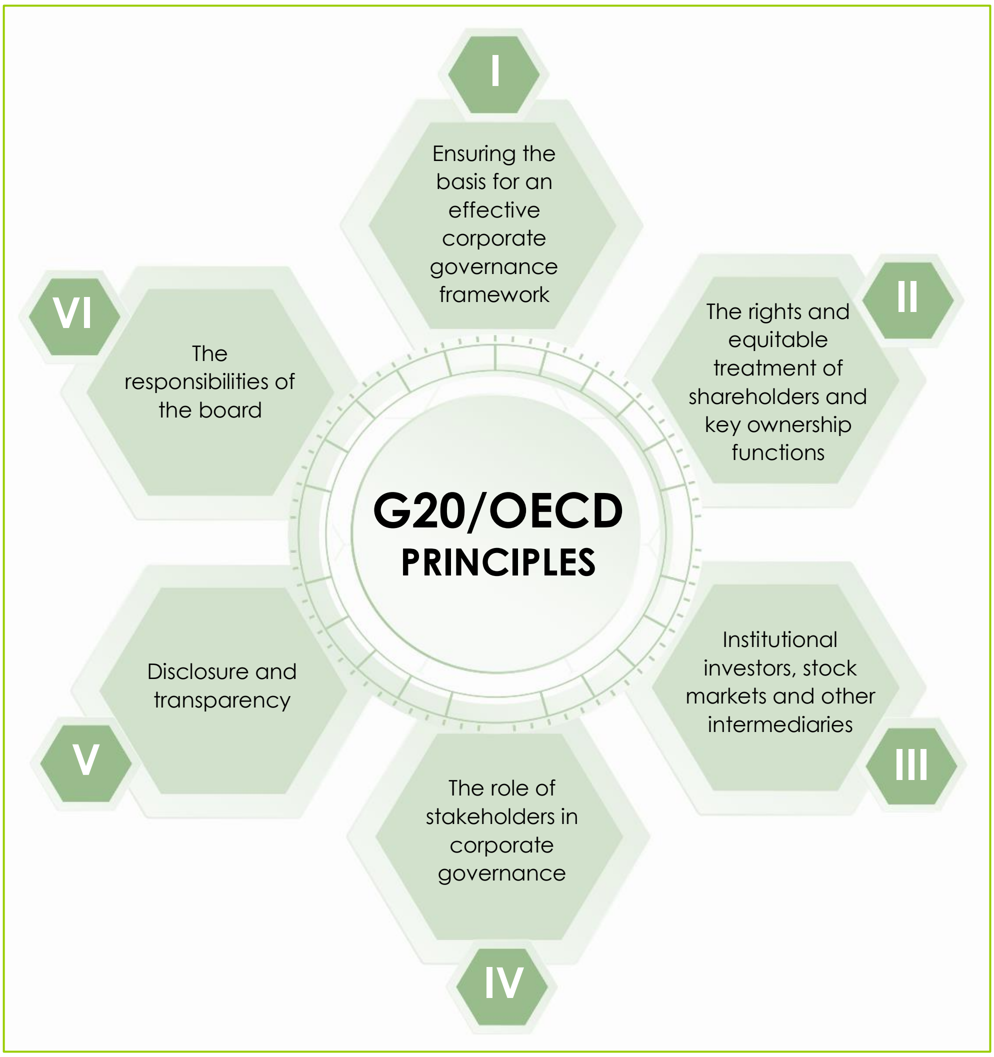
We recommend companies use their current scores as a baseline and use the scorecard to decide improvement measures. In several cases, there are low hanging measures that are easy to execute. In most others though, company managements and their boards will have to take a hard look at some of their practices and philosophies with respect to managing stakeholders.

We will publish scores of these companies (and more) on an annual basis, in an effort to provide the market with guidance on the level of governance practices of corporate India.

ANNEXURE A: EVALUATION FRAMEWORK

The evaluation framework is built around the G20/OECD Principles of Corporate Governance (G20/OECD Principles)[2], which are the globally accepted benchmark for corporate governance. While applying the G20/OECD Principles, consideration was also given to issues relevant in the Indian context and the regulatory framework prescribed by Indian regulators and oversight bodies.

G20/OECD Principles of Corporate Governance



[2] http://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf

The principles capture the essential elements of corporate governance:

- **Principle I:** Ensuring the basis for an effective corporate governance framework
  The corporate governance framework must help promote transparent and fair markets, and the efficient allocation of resources.
- **Principle II:** The rights and equitable treatment of shareholders and key ownership functions
  The corporate governance framework must identify basic shareholder rights and provide equitable treatment of all shareholders.
- **Principle III:** Institutional investors, stock markets and other intermediaries
  The corporate governance framework must disclose and minimize conflicts of interest of market participants.
- **Principle IV:** The role of stakeholders in corporate governance
  The corporate governance framework must encourage active co-operation between companies and their stakeholders.
- **Principle V:** Disclosure and transparency
  The corporate governance framework must facilitate disclosure of material information to aid in informed decision-making.
- **Principle VI:** The responsibilities of the board
  The corporate governance framework must ensure effective supervision by the board and enhance the board accountability to stakeholders

The G20/OECD Principles of Corporate Governance:

- have been adopted as one of the Financial Stability Board's (FSB) Key Standards for Sound Financial Systems serving FSB, G20 and OECD members
- have been used by the World Bank Group in more than 60 country reviews worldwide
- serve as the basis for the Guidelines on corporate governance of banks issued by the Basel Committee on Banking Supervision

The scorecard requires the evaluation to be conducted only on publicly available data. Sources of information will primarily include official company documents on the company website and stock exchange filings. For a few specific questions, the verification sources may even include regulatory orders and media reports.

The questions in the Scorecard have been grouped into four categories – each category corresponding to one of the principles recognised in the G20/OECD Principles as a measure of good corporate governance:

Rights and equitable treatment of shareholders	Role of stakeholders in corporate governance	Disclosures and transparency	Responsibilities of the board
• Quality of shareholder meetings • Related party transactions • Investor grievance policies • Conflicts of interest	• Business responsibility initiatives • Supplier management • Employee welfare • Investor engagement • Whistle-blower policy	• Ownership structure • Financials • Company filings • Risk Management • Audit integrity • Dividend payouts and policies	• Board and committee composition • Training for directors • Board evaluation • Director remuneration • Succession planning

The Scorecard has been developed considering four of the six G20/OECD Principles (Principle II, IV, V, and VI), which focus directly on the company's governance practices. G20/OECD Principles I and III have been kept outside the purview of the model as they deal with the overall regulatory environment and the role of market participants in corporate governance – factors which are not in the control of the company.

The underlying principles behind the Scorecard are listed as follows:

- The Scorecard must be able to provide a true and fair assessment of governance practices.
- The Scorecard should reflect globally recognized good governance practices.
- The Scorecard should factor in the Indian construct. However, to the extent possible, it should be universally applicable even for companies outside the Indian markets.
- The Scorecard should be constructive and encourage companies to adopt better practices beyond minimum compliance.
- The Scorecard should be reliable and have appropriate checks and balances to ensure credibility of the assessments.

CAVEAT

As all evaluation frameworks do, the methodology of the Indian Corporate Governance Scorecard also has its own limitation. A high score on the scorecard is not an indicator of current or future financial performance, or stock price performance. The scores also do not indicate the permanency of governance practices: a company's governance practices may improve or deteriorate from the date of the scoring. The scorecard is based on publicly available information, which has its limitations and cannot predict corporate behaviour – especially during contentious or divisive situations.

To ensure that the Scorecard is easily comprehensible and applied consistently, detailed scoring keys and guidance notes have been developed for each question.

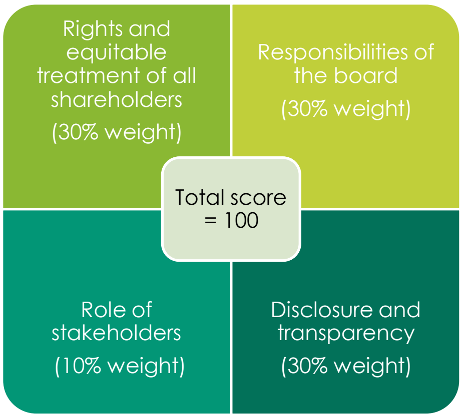
FAQs

Questions	Responses
What type of companies can be evaluated by the scorecard?	The metrics used in the scorecard can be universally applied to all companies. However, given that the scorecard relies only on publicly available data, external assessments will be relevant mostly for listed companies.
Is the scorecard applicable to small/recently listed companies?	The scorecard takes the view that listing on the stock exchanges casts a public obligation to adopt good corporate governance practices. Thus, the fact that companies may be only recently listed or may be small in size are not legitimate reasons to lower the measurement thresholds of the governance scorecard.
Who fills in the scorecard?	The scorecard can be used by all market participants to evaluate companies. While filling up the questionnaire, the assessor needs to refer to the guidance notes included as part of the scoring model. However, this score can only be used by participants for internal evaluation – it cannot be used publicly unless validated.
When can the company use the score publicly?	The company can only use the score publicly if it has been validated by a task-force comprising corporate governance experts appointed by an authorized body.
Does the scorecard consider industry specific issues?	While the scorecard currently does not address industry specific issues separately, sectoral parameters may be covered in future iterations of the scorecard.

ANNEXURE B: METHODOLOGY

The scorecard comprises a total of 70 questions. These questions are divided into four categories corresponding to the respective G20/OECD principles. Each category has a different number of questions that address the relevant issues related to the specific G20/OECD principle. The weightages assigned to each category are based on the number of questions in the category and the relative importance of the questions in that category in the Indian corporate governance framework.

It was determined that the quality of corporate governance practices referred to in each question should be recognised on three levels:



SCORECARD MATRIX

- **2 points:** If the company follows global best practices for that element of corporate governance
- **1 point:** If the company follows reasonable practices or meets the Indian standard for that element of corporate governance
- **0 point:** If the company needs to improve in that element of corporate governance

Some questions do require a more limited 'yes'/'no' response. In such cases, 2 points are awarded for a positive response and zero points for a negative response. If information is not observable through publicly available relevant information, the question will not be awarded any points.

Some questions may also provide for a "not applicable" option. If the assessors select this option, the question will be excluded while applying the scoring formula.

Each question has a detailed response key which underlines the best practice. The assessors need to strictly adhere to what is mentioned in the response key for scoring on each question.

CATEGORY WEIGHTS

Category	Number of questions	Maximum attainable score	Category weight (%)
Rights & Equitable Treatment of shareholders	19	38	30
Role of stakeholders	9	18	10
Disclosure & Transparency	23	46	30
Responsibilities of Board	19	38	30
TOTAL	**70**		**100**

To arrive at a final score for a company, the assessors need to:

a. Add the scores for all responses under a category and divide it by the maximum attainable score for the category. This may need to account for questions which are not applicable for the company.
b. Multiply the ratio so obtained by the total category weight to give a weighted score for that category.
c. Sum all weighted scores across all four categories. The final score will be rounded off to the nearest integer.

$$\textbf{Category Score} = \frac{\text{Aggregate score of all questions under category}}{\text{(Number of applicable questions in category x 2)}} \times \text{Category Weight}$$

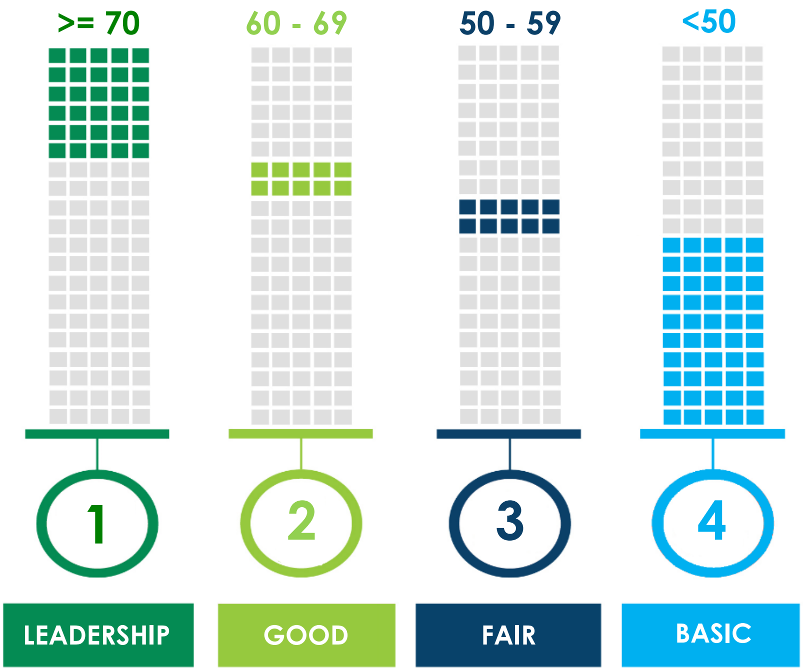
$$\textbf{Total Score} = \text{Category Score}_1 + \text{Category Score}_2 + \text{Category Score}_3 + \text{Category Score}_4$$

SCORING EXAMPLE

Category	Total score (A)	Maximum attainable score (B)	Category weight (%) (C)	Weighted score (A/B)*C
Rights & equitable treatment of shareholders	30	38	30	24
Role of stakeholders	12	18	10	7
Disclosure & transparency	38	46	30	25
Responsibilities of board	28	38	30	22
FINAL SCORE				**77***

** Rounding-off to be performed only at the final score level*

Based on the final score, companies will be grouped into the following buckets:



ANNEXURE C:
List of companies

The list of S&P BSE 100 companies covered under the study is given below:

S. No	BSE Code	Company
1	500002	ABB India Ltd.
2	500410	ACC Ltd.
3	532921	Adani Ports and Special Economic Zone Ltd.
4	500425	Ambuja Cements Ltd.
5	508869	Apollo Hospitals Enterprise Ltd.
6	500477	Ashok Leyland Ltd.
7	500820	Asian Paints Ltd.
8	524804	Aurobindo Pharma Ltd.
9	532215	Axis Bank Ltd.
10	532977	Bajaj Auto Ltd.
11	500034	Bajaj Finance Ltd.
12	532978	Bajaj Finserv Ltd.
13	532134	Bank of Baroda
14	500049	Bharat Electronics Ltd.
15	500493	Bharat Forge Ltd.
16	500103	Bharat Heavy Electricals Ltd.
17	500547	Bharat Petroleum Corporation Ltd.
18	532454	Bharti Airtel Ltd.
19	534816	Bharti Infratel Ltd.
20	500530	Bosch Ltd.
21	500825	Britannia Industries Ltd.
22	532321	Cadila Healthcare Ltd.
23	532483	Canara Bank
24	500087	Cipla Ltd.
25	533278	Coal India Ltd.
26	500830	Colgate-Palmolive (India) Ltd.
27	531344	Container Corporation of India Ltd.
28	539876	Crompton Greaves Consumer Electricals Ltd.
29	500480	Cummins India Ltd.
30	500096	Dabur India Ltd.
31	532488	Divi's Laboratories Ltd.
32	532868	DLF Ltd.
33	500124	Dr. Reddys Laboratories Ltd.
34	505200	Eicher Motors Ltd.

S. No	BSE Code	Company
35	500086	Exide Industries Ltd.
36	532155	GAIL (India) Ltd.
37	532296	Glenmark Pharmaceuticals Ltd.
38	532424	Godrej Consumer Products Ltd.
39	517354	Havells India Ltd.
40	532281	HCL Technologies Ltd.
41	500180	HDFC Bank Ltd.
42	500182	Hero MotoCorp Ltd.
43	500440	Hindalco Industries Ltd.
44	500104	Hindustan Petroleum Corporation Ltd.
45	500696	Hindustan Unilever Ltd.
46	500010	Housing Development Finance Corporation Ltd.
47	532174	ICICI Bank Ltd.
48	532822	Idea Cellular Ltd.
49	539437	IDFC Bank Ltd.
50	535789	Indiabulls Housing Finance Ltd.
51	530965	Indian Oil Corporation Ltd.
52	532187	IndusInd Bank Ltd.
53	500209	Infosys Ltd.
54	500875	ITC Ltd.
55	500228	JSW Steel Ltd.
56	500247	Kotak Mahindra Bank Ltd.
57	500510	Larsen & Toubro Ltd.
58	500253	LIC Housing Finance Ltd.
59	500257	Lupin Ltd.
60	532720	Mahindra & Mahindra Financial Services Ltd.
61	500520	Mahindra & Mahindra Ltd.
62	531642	Marico Ltd.
63	532500	Maruti Suzuki India Ltd.
64	517334	Motherson Sumi Systems Ltd.
65	500290	MRF Ltd.
66	500790	Nestle India Ltd.
67	526371	NMDC Ltd.
68	532555	NTPC Ltd.
69	500312	Oil & Natural Gas Corporation Ltd.
70	532522	Petronet LNG Ltd.
71	500331	Pidilite Industries Ltd.
72	500302	Piramal Enterprises Ltd.
73	532810	Power Finance Corporation Ltd.
74	532898	Power Grid Corporation of India Ltd.
75	532461	Punjab National Bank

S. No	BSE Code	Company
76	500325	Reliance Industries Ltd.
77	500390	Reliance Infrastructure Ltd.
78	532955	Rural Electrification Corporation Ltd.
79	500387	Shree Cement Ltd.
80	511218	Shriram Transport Finance Company Ltd.
81	500550	Siemens Ltd.
82	500112	State Bank of India
83	500113	Steel Authority of India Ltd.
84	524715	Sun Pharmaceutical Industries Ltd.
85	500770	Tata Chemicals Ltd.
86	532540	Tata Consultancy Services Ltd.
87	500800	Tata Global Beverages Ltd.
88	500570	Tata Motors Ltd.
89	500400	Tata Power Company Ltd.
90	500470	Tata Steel Ltd.
91	532755	Tech Mahindra Ltd.
92	500114	Titan Company Ltd.
93	532343	TVS Motor Company Ltd.
94	532538	Ultratech Cement Ltd.
95	532478	United Breweries Ltd.
96	512070	UPL Ltd.
97	500295	Vedanta Ltd.
98	507685	Wipro Ltd.
99	532648	Yes Bank Ltd.
100	505537	Zee Entertainment Enterprises Ltd.

ANNEXURE D:
CG SCORECARD QUESTIONNAIRE

Category I: Rights and equitable treatment of shareholders [Questions: 19; Weightage: 30%]

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
1	Has the company taken steps to ensure that the basic rights of shareholders are clear and unequivocal?	Assessors need to check for additional steps taken by the company to help shareholders exercise their franchise. Possible steps that may be taken by companies to go beyond the regulatory directives include: • listing out all shareholder rights in company documents, OR • conducting shareholder education programs on their rights, OR • disclosing the process to be followed by shareholders while exercising their rights, OR The list is only indicative of possible scenarios and is not meant to be exhaustive. Any good practice adopted by the company, beyond regulatory measures, to ensure easy facilitation of shareholder rights must be considered while scoring on this question.	There is evidence of violation of existing law	No specific steps taken by the company beyond compliance with the law	Company has taken steps to educate shareholders on their basic rights or has implemented measures to facilitate the exercise of shareholder rights
2	Did the previous AGM allow sufficient time for shareholder engagement?	The assessors must look for minutes/proceedings or AGM webcast on the company website and check if there is any evidence of shareholder discussion and participation. A company will score maximum points on this question if the issues/queries raised by shareholders in the AGM and the management responses to each of those issues/queries have been listed out in the minutes or the AGM proceedings are available through the webcast.	There is no evidence of time provided	There was evidence of time being allocated for shareholder engagement in the minutes or the AGM webcast	There was evidence of time being allocated for shareholder engagement in the minutes or the AGM webcast and the details of shareholder engagement/queries were provided

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
3	Can a minority shareholder, with less than 10% stake, propose an agenda item in a shareholder meeting?	Companies Act 2013 requires the right to be provided to shareholders only if they collectively have more than 10% voting rights. The assessor needs to check if the company has specified a lower threshold in any of its publicly available documents. If no evidence is found in any of the publicly available documents, the threshold will be deemed to be fixed at 10% and no points will be awarded. Since, in the Indian context, all shareholders can propose a candidate on the board, resolutions pertaining to director appointments will not be considered for this question.	No, shareholders, in aggregate, need to hold at least 10% stake to propose agenda items		Yes, the company has taken steps to ensure that even shareholders who hold less than 10% stake (in aggregate) can propose any agenda item
4	Was there any evidence of combining multiple matters or issues in a single resolution?	While it is not possible to list out all possible scenarios where resolutions are clubbed together, the following list may be used as a guiding reference by the assessor: • Appointment and remuneration resolutions being combined in a single resolution • Appointments of several directors/auditors being combined in one single resolution instead of separate ones for each director • Equity and debt raising resolutions being combined in a single resolution • Mortgage and borrowing resolutions being combined in a single resolution The list is only indicative of possible scenarios and is not meant to be exhaustive. The assessors may need to use their own judgement to determine if the company has clubbed critical issues under one resolution. A look back period of one year will be considered for this question.	Yes, there is evidence of multiple resolutions being clubbed together	Yes, only one resolution was clubbed	No, all matters were presented to shareholders through separate resolutions
5	Was shareholder participation facilitated for all shareholders at the previous AGM in the past one year?	The assessors must first check if the meeting notice lists out the process for shareholders to submit their questions in advance to the company. A company will score maximum points in this question if it provides video/tele-conferencing facilities for shareholders to	No evidence of facilities/opportunities being provided	Yes, shareholders could submit questions in writing before the meeting	Yes, there is evidence of facilities being provided for shareholder participation through video-conferencing or tele-conferencing

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		dial in and raise their issues/queries to the board. Evidence of such facilities must be present in the meeting notice, meeting minutes/webcast or in the scrutinizers report filed with the stock exchanges after the meeting.			
6	Did the company provide proxy and e-voting facility for all shareholder meetings in the past one year?	The assessors need to check if the process for appointing proxies and authorized representatives is clearly stated in the shareholder meeting notice (not applicable for Postal Ballots). The proxy nomination form must be attached with the notice or uploaded separately on the website. Further, the company must provide shareholder the opportunity to vote electronically through the depository platforms. The e-voting instructions must be clearly articulated in the meeting notice. A look back period of one year will be considered for this question.	Such facilities were not provided for all AGMs, EGMs and Postal Ballots	Such facilities were provided for all AGMs, EGMs and Postal Ballots, but not provided for Court Convened Meetings	Such facilities were provided for all shareholder meetings
7	Did all board members attend the previous AGM?	The attendance details of directors must be recorded in the minutes or outcome of the AGM. If the minutes/outcome are not available (and there is no other documented evidence for director attendance), companies will not score any points on this question. A company will score maximum points on this question only if all the directors (board members as on the date of the AGM) attended the AGM. Note: The annual report of the company only states the director attendance at the previous AGM and not the latest AGM. For example, the FY16 annual report will list out attendance details for the FY15 AGM. Hence the attendance data in the annual report will not be considered.	Either the Chairperson of the board, or the CEO, or the Chairperson of Audit Committee did not attend the meeting	The Chairperson of the board, the CEO and the Chairperson of the Audit Committee attended, but not all board members	The entire board attended

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
8	Did the external auditors attend and participate in the previous AGM?	The attendance details of auditors must be recorded in the minutes or outcome of the AGM. If the minutes/outcome are not available (and there is no other documented evidence for auditor attendance), companies will not score any points on this question. A company will score maximum points on this question only if the auditors attended the AGM and presented their views on the financials/accounting practices or to specific queries raised by shareholders.	There is no evidence of auditor attendance at the AGM	Yes, the auditors attended the AGM	The auditors attended and provided their views on the financials and the accounting practices adopted by the company
9	Within how many months of the fiscal year end was the last AGM held?	The timeline for the AGM may be computed as: T = Date of AGM - FYE FYE = 31 March, for companies with a March year-end FYE = 31 Dec, for companies with a Dec year-end FYE = 30 Sep, for companies with a Sep year-end FYE = 30 Jun, for companies with a Jun year-end IF, T < 4 months, score 2 IF, 4 months < T < 6 months, score 1 IF, T > 6 months, score 0 The date of the AGM is to be checked from the shareholder meeting notice or from the AGM outcome documents.	More than six months after the fiscal year end	Within four-six months of the fiscal year end	Within four months of the fiscal year end
10	Were any preferential warrants issued to the controlling shareholders in the past one year?	The assessors need to check for board meeting outcomes, stock exchange filings and resolutions proposed in shareholder meetings to assess if preferential warrants were granted to the controlling shareholders. A company will score maximum points on this section if it has not issued any preferential warrants to the controlling shareholders in the past one year. If, however, these warrants were issued pursuant to a debt restructuring scheme, the assessors will need to take that into account before scoring.	Yes, preferential warrants were issued	Yes, but preferential warrants were issued pursuant to a debt restructuring scheme	No preferential warrants were issued

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		A look back period of one year will be considered for this question.			
11	Do the charter documents of the company give additional rights to certain shareholders?	Based on the details available, the assessors need to classify the additional rights, if any, into three buckets: • Board nomination rights: Right to appoint nominees (up to two directors) on the board • Transaction related right: These include right of first refusal and tag-along rights • Control related rights: These include the right to veto board decisions, right to appoint Chairperson, right to appoint multiple (>2) board members, and the right to decide remuneration of key executives (in addition to what is approved by other shareholders) The assessor also needs to check for clauses which allow the controlling shareholder to exercise disproportionate voting power (in any form). Notwithstanding, if rights are given to lenders/creditors pursuant to a debt restructuring scheme or is included as enabling provision in case of defaults, the assessors must take that into consideration before scoring.	The latest charter documents are not available or they give control related rights to certain non-controlling shareholders or give disproportionate voting power (in any form) to the controlling shareholders	The latest charter documents are available and certain non-controlling shareholders only get board-nomination rights or transaction related rights	The latest charter documents do not have any clauses which give additional rights (in any form) to any non-controlling shareholder or give disproportionate voting power (in any form) to the controlling shareholders
12	Does the company have a policy requiring all related party transactions (RPTs) to be dealt only by independent non-conflicted board members?	Details for this question are generally available in the company's code of conduct, related party transaction policy or in the charter documents. If there is no evidence available, the company will not score any points on this question. To score maximum points on this section, the company must clearly state that all interested directors will abstain from both discussing and voting on concerned issues.	No, or the policy is not disclosed	Yes, but the decision on whether the director must abstain is left to the discretion of the Chairperson or the board	Yes, there is a policy for abstention from the decision- making process (including discussions)

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
13	Does the company have in place a system, including policies and procedures, to facilitate disclosures of conflicts of interest by stakeholders?	The assessor must check for the possible areas of conflict: • Board cross linkages • Executive directors in Nomination and Remuneration Committee • Controlling shareholders/executive directors in the Audit Committee • Association (directly/indirectly) with competitors • Association with key suppliers/vendors • RPTs with entities associated with directors and senior executives The list is only indicative and the assessors may need to use their own judgement while scrutinizing structures which may result in a conflict of interest.	No, or the policies are not disclosed	Yes, the policies clearly list out the process for stakeholders to disclose their conflicts of interest but does not cover suppliers and vendors	Yes, the policy clearly lists out the process for all stakeholders to disclose their conflicts of interest
14	Did the company undertake any related party transaction in the past three years, which may have been prejudicial to the interests of minority shareholders?	Prejudicial transactions will include any RPT which: • Is not at arm's length pricing, or • Is not on commercial terms, or • Amounts to more than 10% of revenues, but is not fully disclosed (nature, frequency, materiality, quantum and pricing terms) to stakeholders, or • Is not managed as per the RPT policy To score points on this question, a company must disclose its RPTs publicly. Evidence of such transactions may be obtained through media reports, shareholder meeting notices, annual report, investor transcripts, and minutes of meetings. If any of the RPT resolutions in the past three years were defeated or were voted against by a majority of minority shareholders, the assessors will need to take that into consideration while scoring. If there is no clear evidence, the company will score maximum points on this section.	Yes, the company had related party transactions which could be prejudicial to the interests of minority shareholders		No, the company did not have any related party transactions which could be prejudicial to the interests of minority shareholders

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
15	Does the company pay out disproportionately high royalty to its group entities?	Royalty payouts include payments for transfer of technology, and usage of trademark/brand name. For this question, only royalty payouts to the promoter group will be considered (payments made to government entities or royalty paid on account of franchisee agreements will be excluded). Royalty pay-outs will be considered disproportionate as per the profit threshold or royalty growth threshold: Profit threshold: Royalty must be less than 20% of net profits in each of the past three fiscal years Growth threshold: Growth in royalty must be less than growth in profits in the past three fiscal years. For example, if an assessment is being conducted anytime in FY17, the following formula is to be used: $G_{Roy/Profits} = \dfrac{(\text{FY16 value - FY14 value})}{\text{FY14 value}}$ A company will score maximum points only if the profits threshold is met and $G_{Profits} > G_{Roy}$.	Yes, the royalty payout is high compared to net profits and growth in profitability	Yes, the royalty payout is either high compared to net profits or growth in profitability	No, the royalty payouts were not disproportionate
16	In the past, has the company (or its subsidiaries) provided financial assistance to promoter entities which had to be written off or unlikely to be recovered?	The assessors need to check for loans given or investments made in promoter entities (specified in the related party transactions section of the annual report). The company will score maximum points in this question if no such financial assistance had to be written-off or provided for in the financial statements in any of the past three years. This question will not be applicable for companies which have not extended any financial assistance in the past three years and there have been no instances of write-offs during this period.	Yes, some loans/investments have been written off or classified as doubtful		No loans/investments have been written off or classified as doubtful

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
17	Has the company been transparent while undertaking any M&A, restructuring, or slump sale?	This question covers only those actions for which shareholder approval was required. The company needs to publicly disclose the independent fairness opinion and valuation reports on the transaction before presenting it to shareholders for their vote. If the transaction is with a third party (which is not a related party), and company has confirmed that the consideration is based on a negotiated price, one point may be given even if no fairness opinion/valuation report is provided. Apart from valuation, if the company has not provided critical strategic details on the restructuring, the assessors will need to take a closer look and use their subjective opinion to decide on the scoring based on the transparency levels.	No, there have been instances where the fairness opinion was not disclosed for a transaction	Yes, but only to a limited extent - it has always disclosed the fairness opinion, but has not disclosed the independent valuation report for some transactions	Yes, the company has always conducted and publicly disclosed the fairness opinion and the independent valuation report
18	Does the company have a policy to publicly disclose the reasons for pledging of shares by the controlling shareholders?	Indian companies generally disclose the quantum of shares pledged by the promoters. But for greater clarity, they also need to provide a rationale for pledging. A company will score maximum points on this question if the reasons for creation of fresh pledges in the past twelve months are publicly available.	No, the reasons for pledging are not disclosed publicly		Yes, the company has provided reasons for pledging of shares by the controlling shareholders
19	Is there evidence of structures or mechanisms that have the potential to violate minority shareholder rights?	The assessors will need to check for: • Pyramidal holding structures, which results in disproportionate voting power of the promoter • Opaque holding structures where the ultimate beneficial ownership cannot be fully ascertained • Cross holdings between the company and entities of its promoter group • Companies which have many inactive or nonfunctional subsidiaries/Joint Ventures/associate companies • Companies which have established many subsidiaries/Joint Ventures/associate companies with promoter entities with no clear rationale The list is only indicative and the assessors may need to use their own judgement while scrutinizing structures which could violate minority shareholders' rights.	Yes, there is evidence of a structure/mechanism that could violate minority shareholders' rights		No, there is no evidence of any structure/mechanism that could violate minority shareholders' rights

Category II: Role of stakeholders [Questions: 9; Weightage: 10%]

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
20	Is the company committed towards developing stakeholder relationships?	The assessor must check for the latest composition of the SRC. The review will consider any new appointments and resignations from the SRC after the last annual report. If the SRC composition in the company website lists the name of any director who, as per stock exchange filings, has resigned from the board, the committee composition will adjust accordingly (by excluding such directors). The meeting frequency will be reviewed based on the number of SRC meetings in the previous fiscal year (as stated in the annual report). To score maximum points on this question, the company must provide at least two of the following references to their stakeholder engagement process in the company documents: • Stakeholder rights • Stakeholder grievance redressal • Stakeholder communication	There is no Stakeholders' Relationship Committee, or it meets less than 4 times a year	The committee meets at least 4 times a year, but has less than 2/3 independent directors	The committee meets at least 4 times a year, has at least 2/3 independent directors, and there is mention of importance of stakeholders in company documents
21	Does the company have publicly disclosed policies and/or mechanisms to address the health, safety, and welfare of employees?	To measure the robustness of the policies, the assessor needs to check if: • There is a stated commitment by the company to adopt measures and processes that focus on the prevention of occupation-related injuries, accidents and illnesses • The company provides health, safety and sexual harassment trainings to its employees • The safety and health policies cover the company's suppliers and vendors • The sexual harassment policy lists out details on the reporting, redressal and enquiry process In addition, to score maximum points, the company must report the number of employee accidents and sexual	The policies are not publicly disclosed and the company has not provided information on the number of employee accidents and sexual harassment incidents	The policies are publicly disclosed or the company has provided information on the number of employee accidents and sexual harassment incidents	The company has provided information on the number of employee accidents and sexual harassment incidents and has publicly disclosed its health, safety and sexual harassment policies

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		harassment cases each year to stakeholders – and the three-year trend should have a declining trajectory.			
22	Does the company have in place policies and practices which explain its supplier/contractor selection and management processes?	The assessor must establish if the company has clearly articulated policies for supplier/contractor management and selection. A good supplier/contractor selection policy must include: • Supplier Accountability • Code of conduct and Ethics policies for suppliers • Environmental Protection and Human Rights Policies for suppliers • Health and Safety policies for suppliers A good supplier/contractor management policy must include: • Supplier Audit • Supplier Improvement programs • Supplier trainings and education programs • Supplier Empowerment The above list is only indicative and the assessors must use their own judgement to determine if the policies are effective and meaningful.	Policies are not publicly available	Policies are publicly available either for supplier/contractor management or selection	Policies are publicly available for supplier/contractor management and selection
23	Has the company demonstrated commitment to protect the rights of its lenders, creditors, and suppliers?	The company's commitment to protect the rights of lenders, creditors and suppliers is being measured by the timeliness of repayment of financial obligations. The look-back period for this question is three years (FY16, FY15 and FY14). The assessor must check the independent auditors' report and the notes to the annual financial statements to establish whether the company has made any delayed repayments to its lenders, creditors or suppliers over the past three years. The latest credit rating report, if available, may also be referred to while scoring on this question. For this question, repayments are being used as a proxy for stakeholder commitment. The assessors must take into	The company has made delayed repayments to lenders	The company has made timely repayments to lenders, but has made delayed repayments to suppliers or to other creditors	Payments are made on time and there is no evidence of late payments to lenders, suppliers or to other creditors

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		account any liquidity constraints (which results in conversion of debt to equity) and other obvious violations (for example, media reports of running sweat shops) before scoring.			
24	Does the company demonstrate a commitment to strong ethical practices and is clearly anti-corruption and anti-bribery?	The assessor will need to establish if the company has disclosed an ethics policy/code of conduct. Ideally, the policy must cover most of the following: • Core values of the company • Ethical standards expected from employees and directors • Dealing with conflicts of interest • Dealing with third parties • Compliance with laws and regulations • Protection of assets and information management • Disciplinary action in case of failure to adhere to the ethics code In addition, the policy must clearly state that the company is against bribery and corruption in any form. The assessor may also consider if the company is a signatory to a well-known global anti-corruption framework or code of ethical conduct while scoring on this question. In case there is any known violation of the policy or instances where the company has been accused of bribery or corruption, or ethical violations, the company will not score any points.	No ethics policy evident or publicly available	Ethics policy is publicly available but it does not mention anti-corruption or anti-bribery measures	Ethics policy is publicly available on website and the policy mentions the company is against any form of corruption or bribery
25	Does the company demonstrate its commitment to being a good corporate citizen?	The assessor must evaluate if the CSR related spending disclosed by the company in its annual report is above 2% of average net profit over the last three years. If the company has experienced losses on average over the past three years and still spend on CSR, the assessor may assign maximum points for this question.	The company has not spent any amount on CSR in the past one year	The company has spent on CSR, but the CSR spend is less than 2% of average profits for the last three years	The company's CSR spend is at least 2% of average profits for the last three years
26	Does the company have processes in place to implement and measure the efficacy of its CSR programs?	A company will obtain maximum points on this question if it has: • Formed a CSR committee with minimum three directors, of which one must be independent • Disclosed areas of CSR spending • Conducted an impact assessment of its CSR programs and disclosed the results to stakeholders	The company does not have a CSR committee or the areas of CSR spending have not been disclosed	The company has a CSR committee and the areas of CSR spending have been disclosed, but the company has not disclosed details on CSR impact assessment	The company has a CSR committee, the areas of CSR spending have been disclosed, and the company has disclosed details on CSR impact assessment

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		Impact assessment studies must include details on: • Coverage of the CSR programs • Beneficiary profile • Economic benefits for the company and for the beneficiaries (if applicable) The above list is not exhaustive and assessors must use their judgement in determining whether the impact assessment studies convey meaningful information to external stakeholders.			
27	Does the company have policies and processes in place to handle investor grievances?	The assessors first need to check for an investor grievance policy. For some companies, this policy is a separate document and for others, it is part of the code of conduct or business responsibility report. While reviewing the policy, the assessors need to check if the company has: • Named the individual/team to whom the complaint needs to be addressed • Established an ombudsperson to deal with the complaints • Listed out a process to be followed by the company for handling investor complaints • Provided a grievance escalation mechanism The assessor must also consider the percentage of unresolved investor complaints at the end of each quarter before scoring on this question.	The company does not have a policy or the policy is not disclosed publicly	There is a policy for handling investor grievances, but it does not provide any grievance escalation mechanism	There is a policy for handling investor grievances, which provides details on the grievance escalation mechanism
28	Does the company have an effective whistle-blower mechanism for stakeholders to report complaints and suspected or illegal activities?	For a whistle-blower policy to be considered effective, the assessor must check if the policy provides details on: • Range and nature of issues covered under the policy • Procedure to report any incident, including all available reporting channels • Steps to be taken for resolving reported issues • Expected investigation timeline • Measures adopted to protect the anonymity of whistle-blowers For the whistle-blower mechanism to be considered	There is no disclosed mechanism or policy	There is an effective whistle-blower policy for employees, but it does not cover external stakeholders	There is an effective whistle-blower policy which covers all stakeholders, including employees, customers, vendors and suppliers

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		effective, it must cover all stakeholders (including customers, vendors and suppliers). A company will score maximum points on this question only if most of the above details are available.			

Category III: Role of stakeholders [Questions: 23; Weightage: 30%]

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
29	Does the company have a policy for determining and disclosing material information?	The assessors need to check if the company has clearly articulated a policy defining parameters which determine a material event or information. To score maximum points on this question, the following items need to be disclosed in the materiality policy: • criteria for determination of materiality of events/ information • events that shall be deemed to be material automatically • timeline to disclose material information In addition, there must be no evidence of the company having made no/delayed disclosures on material events in the past three years.	There is no policy or the policy is not publicly disclosed	There is a policy for determining and disclosing material information, but there have been cases in the past three years where the disclosures have not been timely	There is a policy for determining and disclosing material information and the company has made timely disclosures in the past three years
30	Have there been any concerns on the financial statements in the past three years?	To score maximum points on this question, the independent auditors' report must have an unqualified opinion on the financial statements and there should be no emphasis of matter. Management response to the qualifications and matter of emphasis, if any, must be considered before scoring on this section. The assessors may take a subjective call, depending on the severity of the issue and the adequacy of the clarifications provided by the company. This is applicable to both standalone and consolidated financial statements.	Auditor has issued a qualified opinion or the financial statements have been restated or the auditor has resigned due to differences in accounting opinion	Auditor has raised an emphasis of matter	Auditor has issued an unqualified opinion without any matter of emphasis
31	Is the company transparent in disclosing financial performance on a quarterly basis in the past one year?	To score maximum points on this question, the company must have disclosed standalone and consolidated financial performance for each of the past four quarters. The immediately preceding four complete quarters will be taken into consideration while scoring on this question. For a company that has no reportable subsidiaries, the assessor must check if financial performance has been reported for the past four quarters	The company has not disclosed financial performance for all the past four quarters	The company has not disclosed either standalone or consolidated financial performance in any one of the past four quarters	The company has disclosed both standalone and consolidated quarterly financial performance for each of the past four quarters

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
32	Is the company transparent in disclosing segmental information?	The assessor must check the company's annual reports and quarterly financial filings for information on the company's segments. The assessors may need to use their judgement to decide if all relevant segments have been covered. Financial information on segments include segment revenues and profits. Other segmental Information will be considered comprehensive if at least two of the below points are covered in the company's segmental reporting: • Demand drivers for each segment • Risks factors for each segment • Business strategies for each segment • Key initiatives taken by the company • Capacity utilization for each segment The company may operate in a single business segment, but multiple geographical segments, in which case, the above information must be covered for the geographical segments. If the company does not have any reportable segments, and sufficient detail is available for that single segment, a maximum score may be given.	The company has not disclosed financial information on some business segments	The company has disclosed financial information on all business segments, but other segment related information is not comprehensive	The company has disclosed comprehensive information on all business segments
33	Is the company transparent in disclosing non-financial information?	The assessor must check the company's annual reports and for information on non-financial disclosures. Information will be considered meaningful if the below points are covered as part of the company's non-financial disclosures: • Industry growth and performance • Environmental issues • Business model: key strengths and weaknesses • Business strategy • Capacity and capacity utilization To score maximum points on this question, all the above non-financial parameters must be disclosed in sufficient detail by the company.	The company has not disclosed meaningful information on non-financial parameters	The company has provided information on some non-financial parameters, however all have not been disclosed	The company has disclosed meaningful information on all non-financial parameters

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
34	Does the company provide comprehensive disclosures on its foreseeable risks?	The assessor must check relevant company documents to identify if the company has developed and disclosed an effective risk management framework. To be considered detailed and score maximum points, the risk management framework must disclose both the foreseeable risks that the company is likely to experience in the course of its business as well as mitigating factors that have been implemented to manage the risks.	The company does not have a risk management framework or it is not disclosed	There is a disclosed risk management framework which outlines the risks but no mitigation measures are provided or they are generic	Both risks and mitigation measures have been clearly outlined
35	Has the company developed and disclosed a comprehensive related party transaction (RPT) policy?	A related party transaction policy is required to be disclosed under the Companies Act, 2013 and SEBI LODR regulations. To score maximum points on this question, the related party transaction policy must be publicly disclosed by the company. Further, the policy must be comprehensive, mandatorily including the following points: • Definition on ordinary course of business • Definition on materiality of transactions • Requirement of the external auditors to review material RPTs	The company does not have an RPT policy or has not disclosed it	The company has an RPT policy as required under regulations but it is not comprehensive	The company has a comprehensive RPT policy
36	Did the company provide timely, accessible and comprehensive information for all shareholder meetings in the past one year?	The assessor must check details for all shareholder meetings held over the last one year. To score maximum points on this question, the information for shareholder meeting must be: • Timely: the notice is made public at least 21 days prior to the meeting date (30 days for postal ballot) • Accessible: the company has put up the notice (and other relevant documents) on the stock exchanges (with a time stamp) and on the company website • Comprehensive: Sufficient information was available for shareholders to make an informed decision The assessor must judge comprehensiveness on a case by case basis by checking if the resolutions presented over the past one year were transparent and had adequate details for shareholders to exercise their judgement.	Information was neither timely nor accessible for some meetings	Information was timely and accessible for all meetings but not sufficiently comprehensive	Information was timely, comprehensive and accessible for all meetings

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
37	Are the detailed minutes or transcripts of the previous AGM publicly available?	Minutes will be considered reasonably detailed if they include the following: • Attendance record of each director and the external auditors • Issues discussed by shareholders The company will only score maximum points in this section if it has provided the entire meeting transcript or if the link to the meeting webcast is available on the company website.	The company has not disclosed meeting minutes within 7 days of the meeting or they are not detailed	The company has disclosed the meeting minutes and they are reasonably detailed	The entire transcript or webcast of the meeting is publicly available
38	Did the company disclose voting results for each shareholder category for all resolutions proposed in the past one year?	To score maximum points, the company must disclose the voting details of each shareholder category, as well as the reasons for rejection of invalid votes. Shareholder voting categories include 'promoters', 'institutional shareholders', and 'other shareholders'. The criteria on invalid votes will not be applicable for companies where the scrutinizer's report specifically mentions that there were no invalid votes for the resolutions.	Voting details of each shareholder category were not disclosed (within 48 hours) for some or all resolutions	Voting details of each shareholder category were disclosed for all resolutions, but the reasons for rejection of invalid votes were not disclosed	Voting details of each shareholder category were disclosed, along with the reasons for rejection of invalid votes
39	Is the company transparent in disclosing its shareholding pattern?	The assessors need to go check if the quarterly filings contain information on: • Promoter shareholding • Institutional shareholding (FII and DII) • Other public shareholding • Names of entities which hold more than 1% stake A one year (four quarters) lookback is to be considered for this question. A company will score maximum points on this question if it has disclosed the quarterly shareholding pattern and names of its top ten shareholders in its latest annual report.	The shareholding pattern is not disclosed on a quarterly basis or the latest annual report does not list out the top 10 shareholders	Either the quarterly shareholding pattern filings have not been made or the latest annual report does not list out the top 10 shareholders	The quarterly shareholding pattern filings have been made and the latest annual report lists out the top 10 shareholders
40	Is the shareholding of individual board members and key managerial personnel (KMP) disclosed in the latest annual report?	A company will score maximum points on this section if it has disclosed shareholding details for its board members and KMP (both the number of shares and the percentage of holding) in its latest annual report.	The shareholding has not been disclosed for the board members, nor for KMPs	Shareholding for either board members or KMPs has been disclosed	Shareholding for board members as well as KMPs has been disclosed

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
41	Has the company articulated a dividend policy for its shareholders?	The assessors need to scan the company website and annual reports to determine the existence of a dividend policy. To score maximum points on this question, companies need to specify a target payout/retention ratio (or any other meaningful metric). In addition, the policy must have been approved by shareholders. If there are any deviations from the policy, without any clear rationale, the assessors will need to scrutinize the matter closely before scoring.	Dividend policy is not publicly available or does not specify a target payout ratio	The policy is publicly available and specifies a target payout ratio, but the policy is not approved by shareholders	The policy is publicly available, specifies a target payout ratio and is approved by shareholders
42	Is the information on the company website comprehensive and accessible?	To test for comprehensiveness of information, the assessors need to check if the company website contains all the disclosures as required under the prescribed regulations. The links provided must be working and all documents listed must be available. In addition, they must be accurate and up-to-date.	The information is not accessible or is inaccurate	Information is accessible and accurate, but is not comprehensive	Information is accessible, accurate, and comprehensive
43	Does the company have a dedicated investor relations team/person whose contact details are publicly available?	To score maximum points on this question, the company must provide both an email address and a phone number of the designated person/team on its website. Generic board-line numbers will not be considered.	No details provided on any nominated team/person	The names of the individuals are disclosed, but no contact details are available	The names of the individuals are disclosed and their contact details available on the website
44	Does the company provide any information about the independence, competence and experience of the external auditor?	The company must provide a statement on its auditor selection process. Details on the process must cover the evaluation criteria for determining auditor independence. In addition, the company must provide information about the competence and experience of the auditor. If this information is not provided by the company, the assessors need to check the auditors' website and determine if it provides meaningful information. To score maximum points on this question, the company must proactively disclose all the relevant details.	The company has not disclosed any details on the auditors and such information is not publicly available	The company has not disclosed any details on the auditors, but such details are publicly available on the auditors' website	The company has disclosed the details on the competence and experience of the auditor and has also provided an evaluation criteria for determining auditor independence

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
45	Has the company periodically rotated its auditors (firm and partner)?	For this question, the assessor need to calculate the tenure of the audit network, which means that the aggregate tenure of audit firms within a network will considered as the total tenure of the auditor. For example, if audit firm A and audit firm B are both part of the same network and they have a tenure of 5 years and 7 years respectively, the total tenure will be computed as 12 years. When there are multiple auditors, the assessors need to consider the tenure of the auditor with the longest association. In companies, which are spin-offs from a larger company, the assessor needs to take a subjective call on whether the tenure will include when the company was being audited as a division of a larger company (prior to the spin-off into a separate company).	Audit firm tenure > 10 years	Audit firm tenure < 10 years but audit partner > 5 years	Audit firm tenure < 10 years and audit partner < 5 years
46	Does the latest annual report contain a statement confirming the company's compliance with the regulatory requirements on corporate governance?	To score maximum points on this question, the company must provide reasons for the non-compliance (if any) along with the steps it is taking to comply. The company will also score maximum points if it has stated that it has complied with all regulatory requirements. Despite the company's statement, if there is evidence to believe that the company may not have complied with all the laws/regulations, the assessors will need to take that into consideration before scoring.	There is no statement regarding compliance with regulatory requirements on corporate governance	There is a statement, but no reasons (or generic reasons) have been provided for non-compliance (if any), neither have the steps taken for compliance in the future been outlined	There is a statement and the detailed reasons have been provided for non-compliance (if any), along with the steps taken for compliance in future periods
47	Has the company identified its senior executives and their responsibilities?	The assessors need to check if the details have been provided for the following executives: • Chief Financial Officer • Chief Operating Officer • All other C-level executives • Business heads To score maximum points on this question, the roles and	The senior executives have not been identified	The senior executives have been identified, but their roles have not been clearly stated	The senior executives have been identified and their roles have been clearly stated

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		responsibilities of such individuals must be clearly outlined in the annual report/company website.			
48	Has the company disclosed the experience of each board member and senior executives?	The experience details must cover the following: • The areas in which the individual has relevant domain knowledge and expertise • The number of years of working experience A company will score maximum points on this question if such details are shared both for its board members and its senior executives (which include those referred to in Q47).	Neither for board members, nor for senior executives	Only for board members, but not for senior executives	For both board members and senior executives
49	Has the company clearly identified its independent directors in the annual report and on its website?	The assessors need to check if the latest annual report lists out the entire board composition, along with the names of each independent director. In addition, the company website must be updated to reflect the names of the current set of independent directors.	No, the company has not made any distinction of independent directors in the annual report		Yes, independent directors are clearly identified and disclosed in the annual report
50	Does the company fully disclose the process and criteria used for appointing new directors?	A company will score maximum points on this section if it has provided details on: • how candidates are identified (whether the name was proposed by the promoter, board or any other shareholder) • The criteria based on which the candidature of directors are evaluated	Neither the process nor the criteria are disclosed	Either the process or criteria are disclosed	Both the process and criteria are disclosed
51	Does the company disclose details on its training, development and orientation programs for directors?	Disclosures are considered detailed if there is information on: • who is required to undergo the program • core modules covered under the program • who conducts the program	No, there is no disclosure in the public domain	A detailed framework is not disclosed or there is no information on the training programs conducted in the previous year	A detailed framework is disclosed, along with details on the training programs for the year

Category IV: Responsibilities of the board [Questions: 19; Weightage: 30%]

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
52	Are all directors fully engaged in company matters and committed to corporate governance?	For each director, the average attendance needs to be computed based on the data available in the previous three annual reports. Attendance through video-conferencing/telecon is taken into consideration. Attendance of directors who have been on the board for less than three years will be excluded for this question. For example, if the assessment is being conducted in FY17, the average attendance for each director will be computed as follows: $A_{3YR} = \frac{\text{No. of meetings attended in FY14+FY15+FY16}}{\text{Total no. of meetings held in FY14+FY15+FY16}}$ A company will score maximum points only if, for all directors, $A_{3YR} = 1$. In addition, assessors must also look for statements made by the company (and its directors) about its governance practices to ascertain their commitment to corporate governance.	There are some directors with less than 75% average attendance in board meetings in the past three years	All directors have at least 75% average attendance in board meetings in the past three years	All directors have 100% attendance in board meetings in the past three years and there is evidence of commitment to corporate governance in company documents and director statements
53	Does the board meet sufficiently to exercise due diligence?	The number of board meetings need to be verified from the latest annual report. The company will score maximum points if the board has met more than four times in the previous year.	The board met less than four times in the past year	The board met four times in the past year	The board met more than four times in the past year
54	Is there separation of roles between the Chairperson and the CEO?	The most recent board membership needs to be checked by the assessors while scoring on this section. The review will consider any new appointments and resignations in the Chairperson/CEO role after the last annual report. For this question, the assessor will test for independence of the Chairperson. Merely the company's classification of the Chairperson being an independent director is not sufficient. Vintage directors – those with a tenure of over 10 years – are not considered independent for the purpose of this evaluation.	The roles are not separated or the Chairperson is an executive director	The roles are separated, but the Chairperson is a non-executive non-independent director	The roles are separated and the Chairperson is independent

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		Therefore, a Chairperson with a tenure of more than 10 years on the board will not be considered independent and the scoring will be adjusted accordingly.			
55	Does the board have sufficient skills, competence and expertise?	The assessor must check for the latest composition of the board. The review will consider any new appointments and resignations from the board after the last annual report. To score maximum points on this question, the members of the board must have at least 10 years of working experience and collective knowledge on: • Legal • Financial • Marketing • General Management • Supply chain/operational • Specific Industry Dynamics A board with at least three sets of identifiable skills will be considered to have sufficient breadth of expertise. Exceptions for directors with less than 10 years of working experience: If a director is also part of the founding group of the company, the company will not be penalized as per option 1 of the scoring key.	There is a director with less than 10 years of aggregate working experience (refer exceptions) or there is no non-executive director with prior working experience in the major industry the company operates	At least one non-executive director has prior working experience in the major industry the company operates, but there is insufficient breadth of expertise	At least one non-executive director has prior working experience in the major industry the company operates and the board has sufficient breadth of skills
56	Does the board have gender diversity?	The assessor must check for the latest composition of the board. The review will consider any new appointments and resignations from the board after the last annual report. To score maximum points on this question, the company needs to appoint professional women directors on the board who have not had affiliations with the promoter family.	There is no gender diversity	Yes, there is gender diversity, but all women directors are part of the promoter family	Yes, there is gender diversity, and not all women directors are part of the promoter family

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
57	Does the company have adequate independent representation on the board?	Independent representation is considered adequate if the board independence norms (as per Companies Act 2013 and SEBI LODR) are satisfied. Companies with an executive/promoter Chairperson must have at least 50% directors as independent and other boards must have at least 33% directors as independent. Independent representation is better-than-adequate when: • Independence norms are satisfied • More than 50% of the board is independent (after classifying vintage directors, with a tenure of more than 10 years, as non-independent) • There is a policy/ process to annually affirm the continuing independence of independent board members The assessor must check for the latest board composition. The review will consider any new appointments and resignations from the board after the last annual report.	Independent representation is below regulatory requirements	There is adequate independent representation as per regulatory requirements	There is better-than-adequate independent representation and for directors with a tenure of more than 10 years, there is a process to affirm the continuing independence of the directors
58	Do the board committees have adequate independent representation?	The size for board committees must be as per regulations and independence norms must be met (as per Companies Act 2013 and SEBI LODR). To score maximum points on this question, the assessor needs to check if the requirements for all four committees required under regulation – audit, NRC, stakeholder relationship and corporate social responsibility, are met. Further, the audit committee and the NRC must have a balanced and non-conflicted mix of directors. This would mean: • The audit committee must have more than three directors • There is no executive director in the NRC • No independent director in the audit committee and NRC has a tenure of more than 10 years on the board	Either size or independence norms for committees required under regulations are not met	Both the size and independence norms for committees required under regulations are met	Both the size and independence norms for all committees required under regulation are met and the audit committee and nomination and remuneration committee only comprise non-conflicted members

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
59	Is the audit committee effective in its composition and its meeting frequency?	While reviewing the experience of audit committee members, the assessor needs to check if: • Members have an educational background/relevant professional certification in finance or accounting; or • Members have worked as CEO, CFO or as any other senior officer with financial oversight responsibilities While the number of audit committee meetings will be listed out in the last annual report, the current composition of the audit committee must be considered while scoring on this question. The audit committee charter may either be available as a separate document or it may be embedded in the annual report of the company. An effective audit charter must include: • Roles and responsibilities of the audit committee • Powers of the audit committee • Composition of the audit committee	The audit committee met less than four times in the past year or none of the directors meet eligibility criteria for audit committee members	The audit committee met at least four times in the past year and at least one director has sufficient accounting/ financial expertise but an audit charter is not available	The audit committee has a clear charter that is publicly available, has met more than four times in the past year and all directors have sufficient accounting/ financial expertise
60	Does the company have a strong and robust internal audit framework?	To score maximum points on this question, the company needs to establish a robust internal audit function. This would mean that: • The internal audit team must report to the audit committee directly • There must be an internal audit charter publicly available, which will include most of the following details: -Accountability and scope of work -Independent and objectivity of the team -Composition of the internal audit team -Training programs imparted of the internal audit team -Management support for internal audit function The internal audit charter may either be available as a separate document or it may be embedded in the annual report of the company.	No disclosures on internal audit framework	No disclosures on internal audit framework but the internal audit function reports to the audit committee	The internal audit function reports to the audit committee directly and there are detailed disclosures on internal audit charter
61	Were all resolutions proposed by the board to shareholders in the past one year accepted?	The assessor needs to check the stock exchange filings to find out how shareholders voted on all resolutions proposed by the board in the past one year.	Some resolutions were defeated	No resolutions were defeated, but for some resolutions, majority of	All resolutions in the last one year were accepted by majority of minority shareholders

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		A company will score maximum points if: • All resolutions proposed in the past one year were passed; and • In all such resolutions, more than 50% of minority shareholders voted FOR the resolution		minority shareholders voted against	
62	Is there evidence to show that the company, directors or its key managerial personnel (KMP) have violated normally expected ethical/ behavioural norms?	The assessors need to go through annual reports, court rulings, regulatory orders, investigation reports to find evidence of transgressions. A web search may also be used for this purpose. A three-year lookback period (from the date of assessment) is to be considered. Only those violations that are established/proved by a statutory or regulatory authority must be considered. Based on the evidence available, the assessors then need to classify the violations (if any) into two buckets: • Administrative/Procedural: These are technical violations, for which a standard penalty is prescribed in the regulatory framework • Severe: These are more severe offences which may have a material impact on the company The assessors may need to use their judgement for classifying the offences based on materiality, frequency, quantum, level of involvement and other similar metrics. The scores will accordingly be adjusted based on the scoring key.	The company / directors / KMP have been penalized by any regulatory authority in the past three years	There have only been some procedural or administrative violations	No, neither the company nor its directors nor its KMPs have been fined or penalized by any regulatory authority in the past three years
63	Does the remuneration structure for executive directors align pay with performance?	The assessors need to check the annual reports and the appointment terms of directors to determine the variable pay mix. Short term incentives will include commission, performance bonus, and other similar instruments. Long term incentives will include stock options, restricted stock units, stock appreciation rights, and other similar instruments. If the appointment terms include a variable pay component, but if variable pay was not paid to a director in the last three years, it will be assumed that there is no variable pay	There is no information on variable pay	The executive directors are given variable pay through short term incentives	Variable pay is given through both short term and long term incentives

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
		incentive for the director. The final scoring will depend on whether all executive directors have individual variable pay components. Promoter directors (who are not eligible for long-term incentives) will not be penalized for not having a long-term incentive component in their salary structure, because of legal restrictions in India.			
64	Has executive director(s) pay been aligned to company performance in the last three years?	The assessors must calculate the growth in aggregate executive directors' pay, company's profits and revenues over a three-year period. The data will be available in the latest annual report of the company. For example, if an assessment is being conducted anytime in FY17, the following formula is to be used for each of the metrics: $V_{Rev/Pr/Rem} = \frac{(\text{FY16 value} - \text{FY14 value}) * 100}{\text{FY14 value}}$ A company will score maximum points only if: $V_{Rem} < V_{Rev}$ and $V_{Rem} < V_{Pr}$ The aggregate remuneration will be considered only for directors who have been present on the board for each of the three years. If there are resignations and appointments during this period, such directors will be excluded from this analysis.	Three-year growth in aggregate pay is higher than growth in profits and growth in revenues	Either of the above two conditions are triggered	Three-year growth in aggregate pay is in line/ lower than growth in profits and growth in revenues

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
65	If the company has a stock option scheme, is the exercise price of the stock options fixed at a discount to market price?	Discounted stock options may be given in various forms: • Where the exercise price of the option is the face value of the share • Where the exercise price of the option is fixed at a specified discount to the market price of the share • Through restricted stock units and other similar instruments A company will score maximum points if all the options granted in the past one year had an exercise price which was equal to the market price on the date of grant. This question is not applicable for companies which did not grant any stock options in the past one year.	Only options granted to board members were discounted	Discount given on stock options to all employees	The stock options were issued at market price
66	Is the CEO compensation commensurate with the company's size and performance?	Variable pay includes both short term and long term incentives. The data will be available in the latest annual report of the company. For example, if an assessment is being conducted anytime in FY17, the following formulae are to be used: $R1 = \frac{\text{(FY16 short-term pay + FY16 long-term pay) * 100}}{\text{FY16 total pay}}$ $R2 = \frac{\text{FY16 total pay * 100}}{\text{FY16 profits}}$ IF, R1 > 67% and R2 < 5%, score 2 IF, R1 > 50% and R2 < 5%, score 1 IF, R1 < 50% or R2 > 5%, score 0 For loss-making companies, the assessor must consider multiple factors including comparison with peers, correlation of pay versus the performance of the company, among others.	Variable pay is less than 50% of overall pay or overall pay of the CEO is more than 5% of net profits	None of the two above conditions are triggered	Variable pay is more than 67% of overall pay and overall pay is less than 5% of net profits

S. No.	Parameters	Response key	Governance practice needs improvement Score: 0	Governance practice is reasonable Score: 1	Governance practice is closer to global standards Score: 2
67	Does the company have a succession plan for its directors and senior leadership?	The assessor must check all relevant company documents to identify if the company has developed a succession plan for its directors and senior leadership. The intent of the question is to identify if the board discusses succession planning in its meetings and if it has an internal plan to arrange a smooth transition. To score maximum points on this question, the assessor must determine if the company has disclosed the existence of a succession plan for both directors and senior management, even if granular details are not publicly disclosed.	There is no mention of succession planning in company documents	There is a succession plan either for directors or senior leadership	There is a succession plan for both directors and senior leadership
68	Are the disclosures on succession planning detailed?	The succession plan may be in 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.	There is no policy, or the policy is not publicly disclosed	Only a broad framework for succession planning is disclosed	A detailed framework for succession planning is disclosed
69	Is the board evaluation policy and process in place and effective?	The assessor needs to check if the disclosures on board evaluation cover: • who is evaluated (individual directors, entire board, committees) • who evaluates (nomination committee, external consultant) • how the evaluation is conducted (criteria) A company will score maximum points on this question only if, in addition to the disclosures on all the three areas, there is an impact assessment conducted which lists out measures for board improvement.	No evaluation system in place or inadequate disclosures about board evaluation	There is a board evaluation system in place but no impact assessment is provided	A robust system for evaluation is publicly disclosed and there is an impact assessment which leads to a board improvement plan
70	Are board committees evaluated separately?	A company will score maximum points on this question if: • It has carried out a separate evaluation for its board committees • It has disclosed the criteria used for evaluating its committees	There is no separate evaluation of board committees	There is evidence of a review but the criteria for evaluation of committees is not disclosed	There is evidence of a review and the criteria for evaluation of committees is disclosed

ANNEXURE E:
SEBI Kotak Committee Recommendations

#	Kotak Committee Recommendations	CG Scorecard	Guiding Principle in the CG Scorecard
1	**The top 100 listed companies must hold their AGM within five months from the closing of financial year**	**Q9**	For timely communication and interaction with shareholders, companies must institute systems and processes to ensure that its AGMs are held shortly after the fiscal year end.
2	**Board interlocks and cross-linkages must be considered for examining director independence**	**Q13**	The robustness of internal controls is dependent on an objective review of potential conflicts of interests for board members. This will ensure that corporate actions are taken with complete transparency and in the best interests of the company.
3	**Royalty pay-outs of more than 5% of consolidated turnover will require shareholder approval**	**Q15**	While royalty payments are a legitimate pay-out, they must be proportionate to the benefits derived by the company. The increase in royalty must be in line with the improvement in the performance of the company.
4	**Companies must improve disclosures in valuation reports**	**Q17**	To ensure that M&As, slump sales and corporate restructurings are independently validated, shareholders must have sufficient information to take an informed view on the decision.
5	**The Stakeholder Relationship Committee must start actively engaging with stakeholders**	**Q20**	Companies must recognize that the contribution of stakeholders is crucial towards ensuring competitiveness and sustainability and therefore, facilitate such engagement
6	**Materiality policy for related party transactions must specify clear thresholds and the board must periodically review such policies**	**Q29**	Information on material events is important for stakeholders to make an informed decision while exercising their rights. A granular framework must therefore be adopted for determining and disclosing material information in a timely manner.
7	**Companies must provide consolidated results on quarterly basis**	**Q31**	The companies must be transparent in disclosing their financials, both at a standalone and consolidated level, for each of the past four quarters.

#	Kotak Committee Recommendations	CG Scorecard	Guiding Principle in the CG Scorecard
8	**The top 100 listed companies must arrange for webcasts of shareholder meetings**	**Q37**	Meeting webcasts help shareholders participate and understand the deliberations and decisions taken at general meetings, without having to be physically present.
9	**Companies must ensure accurate and complete disclosures on website**	**Q42**	The company's website is often the primary conduit of information dissemination to external stakeholders. Companies must therefore ensure that the communication through its website is clear, accessible and up-to-date.
10	**Companies must provide audit quality indicators at the time of (re)appointment of the auditor**	**Q44**	Details on the independence, objectivity and expertise of the audit firm/partner helps stakeholders determine the quality of the audit process.
11	**Boards must identify and disclose the skills/competence of its directors**	**Q48**	For stakeholders to understand the depth of the leadership, a clear articulation of the skills and experience of the board and the management is required.
12	**Ensure proper induction and training for independent directors**	**Q51**	Orientation programs help directors understand the intricacies of the business. Ongoing training modules ensure appropriate levels of professional competence.
13	**All directors must attend at least 50% board meetings in a two-year period (or seek shareholder approval for continuation)**	**Q52**	To perform their duties with sufficient care and diligence, board members are expected to be engaged with the company. Their attendance at board meetings is being used a measure of engagement.
14	**Board must meet at least five times each year**	**Q53**	The frequency of board meetings is used to assess the overall engagement level of the board.
15	**Listed companies with at least 40% public shareholding must appoint a non-executive Chairperson**	**Q54**	The ability of the board to maintain an objective oversight on the company's actions is critical to the success of any corporate governance structure. Therefore, separating the role of and the CEO is important. Having an independent director as Chairperson supports greater objectivity in the CEO oversight process.

#	Kotak Committee Recommendations	CG Scorecard	Guiding Principle in the CG Scorecard
16	**All boards must have at least one independent woman director**	**Q56**	Female representation brings in a different perspective, intuitiveness and a more collaborative style of leadership into corporate boardrooms. Appointing independent women directors reduces the risk of group-think.
17	**At least half of the board must comprise independent directors and companies must periodically affirm director independence**	**Q57**	Independent directors are responsible for protecting the interests of minority shareholders. A balanced board with adequate independent representation helps strengthen the internal control mechanism by reigning in the powers of the controlling shareholder and ensures that critical decisions are reviewed from an unbiased and objective perspective.
18	**Board evaluation disclosures must include an action plan for improvement**	**Q69**	Board evaluation is the first step towards establishing a measure of performance and setting accountability. It can be used to review the collective expertise of the directors and identify skill-gaps based on changes in strategy or business functions.

ABOUT IFC

IFC, a member of the World Bank Group, is the largest global development institution focused on the private sector in emerging markets. Working with more than 2,000 businesses worldwide, we use our capital, expertise, and influence to create markets and opportunities in the toughest areas of the world. In FY17, we delivered a record $19.3 billion in long-term financing for developing countries, leveraging the power of the private sector to help end poverty and boost shared prosperity

India is IFC's top country exposure, globally. IFC's committed portfolio in India is over $5.5 billion as of June 30, 2017. In FY17, IFC committed $2.1 billion in new investments. In addition to strengthening local capital markets in India, IFC is focused on boosting financing in infrastructure and logistics, promoting financial inclusion, helping create conditions to attract increased private capital, and helping structure public-private partnerships. For more information, visit www.ifc.org.

ABOUT BSE

BSE (Formerly Bombay Stock Exchange), established in 1875, BSE is Asia's first & now the world's fastest Stock Exchange with a speed of 6 microseconds. BSE is India's leading exchange groups and has played a prominent role in developing the Indian capital market. BSE is a corporatized and demutualised entity, with a broad shareholder base which includes two leading global exchanges, Deutsche Bourse and Singapore Exchange as strategic partners. BSE provides an efficient and transparent market for trading in equity, debt instruments, equity derivatives, currency derivatives, interest rate derivatives, mutual funds and stock lending and borrowing. Indian Clearing Corporation Limited, the wholly owned subsidiary of BSE, acts as the central counterparty to all trades executed on BSE platform and provides full novation, guaranteeing the settlement of all bonafide trades executed on the BSE Platform. BSE Institute Ltd, a fully owned subsidiary of BSE, runs one of the most respected capital market educational institutes in the country. Central Depository Services Ltd. (CDSL), a subsidiary of BSE, is one of the two Depositories in India. For more information, visit www.bseindia.com.

ABOUT IiAS

Institutional Investor Advisory Services India Limited (IiAS) is a proxy advisory firm, dedicated to providing participants in the Indian market with independent opinions, research and data on corporate governance issues as well as voting recommendations on shareholder resolutions for almost 700 companies, that account for about 95% of market capitalization. IiAS also provides valuation advisory services and assists institutions in their engagement with company managements and their boards, including legal assistance. IiAS can help aggregate votes by bringing a cross-section of investors with common concerns to engage with company managements. IiAS is a SEBI registered research entity (proxy advisor registration number: INH000000024).

IiAS has developed cloud based applications to facilitate decision making. IiAS comPAYre enables users to search and analyse remuneration data for more than 1300 executive directors across 500+ listed companies. IiAS ADRIAN captures data on almost 30,000 shareholder resolutions, outcomes and voting rationales and allows companies to track peer-group strategies and gain insights to support decision making on corporate actions and investor engagement.

IiAS has equity participation by Axis Bank, Fitch Group Inc., HDFC, ICICI Prudential Life Insurance, Kotak Mahindra Bank, Tata Investment Corporation, UTI Asset Management Company Limited and Yes Bank. For more information, visit www.iias.in.

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