INSTITUTIONAL INVESTOR ADVISORY SERVICES

CORPORATE GOVERNANCE SCORES
COMMITTING TO STAKEHOLDERS

Based on the
Indian Corporate Governance Scorecard Framework
Developed by IFC-BSE-IiAS

APRIL 2025

IiAS ADRIAN

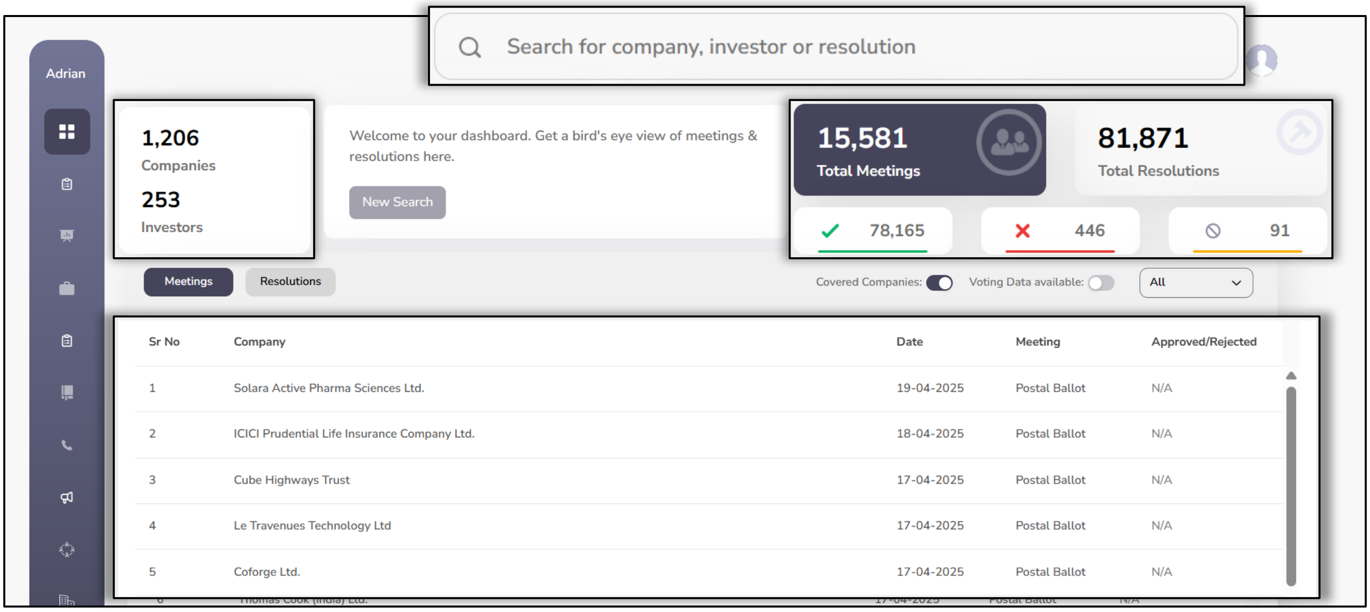
About IiAS Voting Data Analytics - Adrian

- ✓ Adrian is a secure cloud-based analytical tool for **Boards, CFOs and Company Secretaries**
- ✓ It delivers powerful insights on shareholder voting and provides high-quality data on resolutions, voting patterns, and rationales, with advanced search capabilities
- ✓ It tracks investor reactions, market trends, and identifies critical institutional investors for engagement

1,200+ Companies Covered

15,000+ Shareholder's Meetings

80,000+ Voting Resolutions



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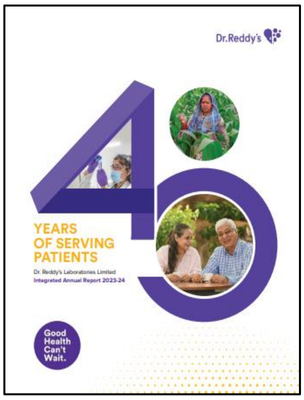
Axis Bank Limited

"The Bank has been recognised in the highest 'Leadership' category in the Indian Corporate Governance Scorecard, published in January 2024 by Institutional Investor Advisory Services ('IiAS') with an evaluation framework built around globally accepted G20 and OECD principles"

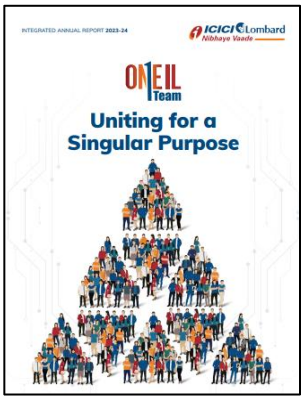


Dr Reddy's Laboratories Limited

"Recognised in the 'Leadership' category at the - 2023 Institutional Investor Advisory Services (IiAS) Governance Award"

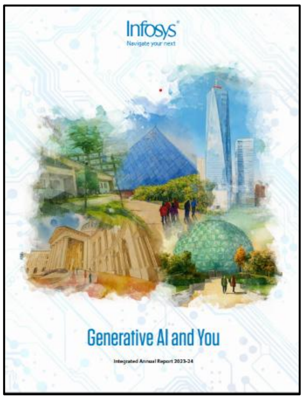
HDFC Life Insurance Company Limited

"HDFC Life secured the 'Leadership' category in the Indian Corporate Governance Scorecard Assessment 2023 by the Institutional Investor Advisory Services (IiAS)."



ICICI Lombard General Insurance Company Ltd

"During the year under review, the Company featured in the 'Leadership' category in the Corporate Governance Scorecard 2023, which is developed by Institutional Investor Advisory Services India Limited ("IiAS") with support from International Finance Corporation and BSE Limited. The Company has featured second time in the 'Leadership' category in the Corporate Governance Assessment conducted by IiAS."

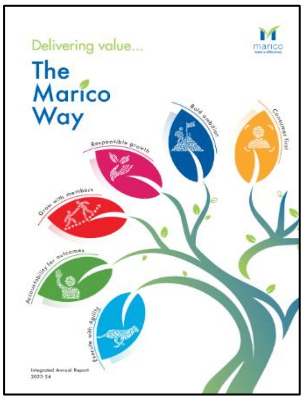


Infosys Limited

"Recognized in the LEADERSHIP category in the Indian Corporate Governance Scorecard Assessment by Institutional Investor Advisory Services (IiAS) for the eighth year in a row."

Mahindra & Mahindra Limited

"Your Company continued to feature in the 'Leadership' category in the Corporate Governance Scorecard 2023 which is developed by Institutional Investor Advisory Services India Limited ("IiAS") with support from International Finance Corporation ("IFC") and BSE Limited ("BSE")."

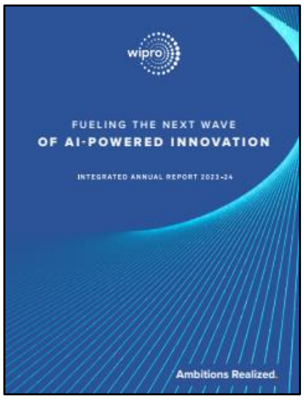


Marico Limited

"Your Company has been recognised under the 'LEADERSHIP' category of the S&P BSE Listed Companies for the fourth consecutive year on the "IFC-BSE-IiAS Indian Corporate Governance Scorecard", a study conducted by the Institutional Investor Advisory Services India Limited."

Tata Consumer Products Ltd.

"Scored in the LEADERSHIP category on the Indian Corporate Governance Scorecard 2023 assessment"

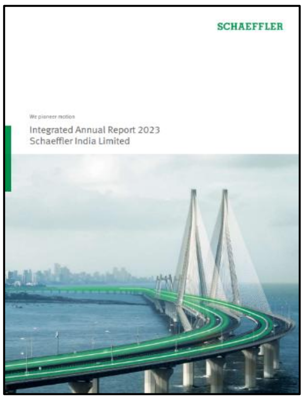


Tata Power Company Ltd

"Leadership category on Indian Corporate Governance Assessment undertaken by Institutional Investor Advisory Services (IiAS)"

Wipro Limited

"Placed in the LEADERSHIP category in the Indian Corporate Governance assessment by IIAS, for the 5th consecutive year"



Schaeffler India Limited

"Our commitment to upholding the highest standards of ethical behaviour, integrity, and transparency has enabled us to build strong and lasting partnerships, also reflected in the strong governance rating that we received on the governance scorecard from Institutional Investor Advisory Services ('IiAS')."[1]

Crompton Greaves Consumer Electricals Ltd

"Crompton has been recognised under the 'NEXT LEADERS' category on the 'IFC-BSE-IiAS Indian Corporate Governance Scorecard', a study conducted by the Institutional Investor Advisory Services"

[1] *Schaeffler India Limited is not part of the BSE100. It was independently evaluated by IiAS, for which IiAS has received fees.*

01. INTRODUCTION

This is the ninth edition of assessments under the Indian Corporate Governance Scorecard framework. This year, the theme of Committing to Stakeholders has been driven by corporate India's emphasis on sustainable Both regulatory and market-driven pressures have led to improved corporate disclosures and a stronger commitment to responsible corporate citizenship.

While profitability remains a priority, companies increasingly recognize that long-term sustainability aligns with their interests as those of their stakeholders. The revised scorecard captures this aspect with increased category weights for sustainability and resilience. As a result, the scores of several companies improving, despite the relatively stringent revision in the scoring key and questions of the scorecard this year.

India's ambition to achieve net-zero emissions by 2070 relies heavily on the support of Corporate India. Several BSE 100 companies have shown a decline in their Scope 1 + Scope 2 emissions. More companies are beginning to acknowledge climate change as a key long-term risk and have begun taking steps to either manage or mitigate these risks. Aligning with the government's goal towards water conservation, several companies have also reduced their water intensity. Several companies are signatories to global sustainability initiatives and are aligned with the UN Sustainable Development Goals (UN SDG).

In 2024, we revised the scorecard methodology after two rounds of market consultation. The trigger to revise the scorecard was the June 2023 revision in the G20/OECD Principles of Corporate Governance (G20/OECD Principles), which forms the basis of the scorecard. A key change in the G20/OECD Principles is the introduction of the *Sustainability and Resilience* chapter, which consolidates and expands upon the previous chapter on *The Role of Stakeholders in Corporate Governance*. This revision highlights the increasing importance of sustainability considerations in corporate governance, particularly in addressing climate-related risks, environmental and social responsibilities, and long-term business resilience.

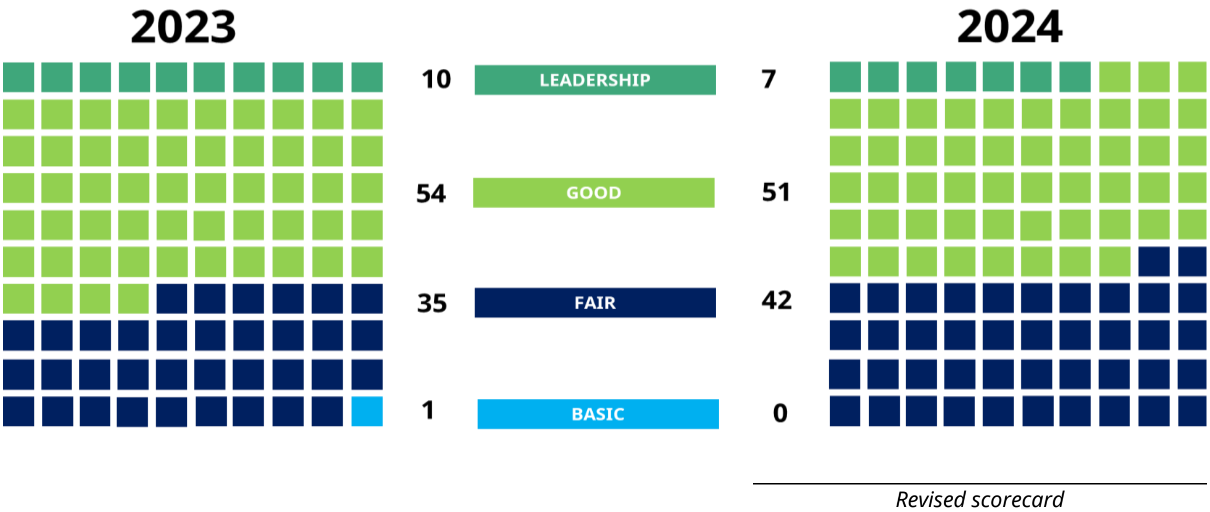
Other modifications to the scorecard stem from changes in Indian regulations and market practices. Some questions were removed – either because a regulatory mandate addressed the governance concern or because the scoring did not create a material differentiation given the market's broad acceptance of the agenda. In several questions, we have modified the scoring to create more meaningful differentiation, which has resulted in a reduction in overall scores.

The most significant change to the scoring methodology, however, remains the changes in category weights. The revised scoring mechanism now gives equal weights to the four assessment categories. As a result, scores have got rebalanced and companies that are focussed on sustainability and better corporate citizenship have retained their leadership positions.

02. BSE100 TRENDS

The BSE100 index now makes up approximately 59%[2] of BSE's total market capitalization, which is consistent with last year but lower than the historical share of over 70%; a possible outcome of changes to the index composition and a growing investor focus on small cap stocks.

Exhibit 1: Distribution of governance scores of BSE100 companies



The revision in the scorecard has continued to lead to a largely balanced distribution – companies with Good and Leadership scores aggregate 58 vis-à-vis 42 in the remaining categories. Scores for individual companies in aggregate have declined on the scoring model on account of modifications to our scoring methodology – to create sharper differentiation. Changes to the BSE100 index composition have also impacted overall scores to some extent: a higher number of public sector undertakings (PSUs or state-owned enterprises) in the index has muted the aggregate index performance.

Nevertheless, this is the first time in nine years that there are no companies in the BASIC category (score of less than 50). This is reflective of the more well-rounded performance of corporate India on the governance framework.

[2] As on 12 February 2025

Exhibit 2: Score distribution of BSE 100 index constituents over the past six years

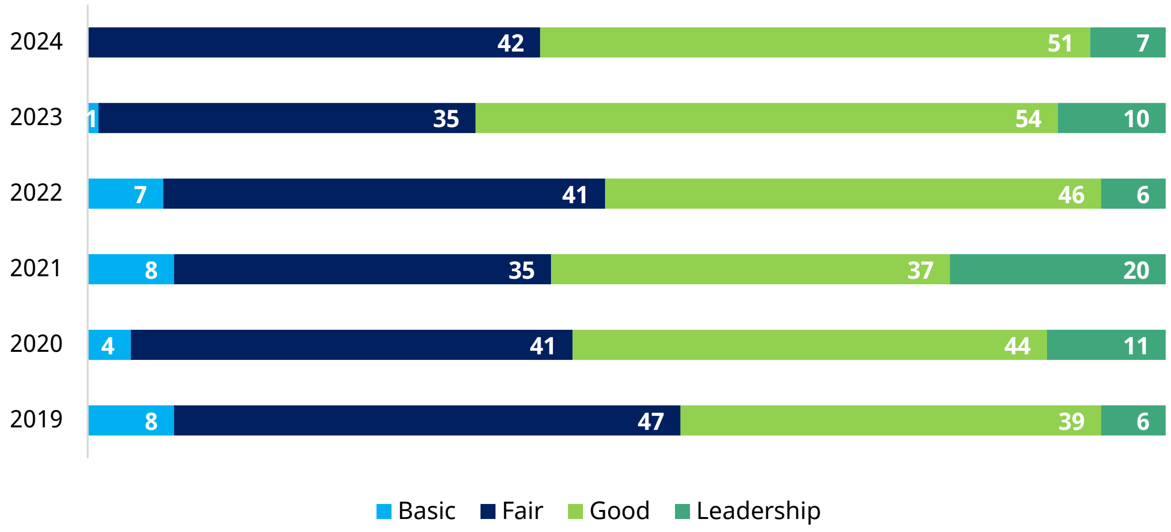
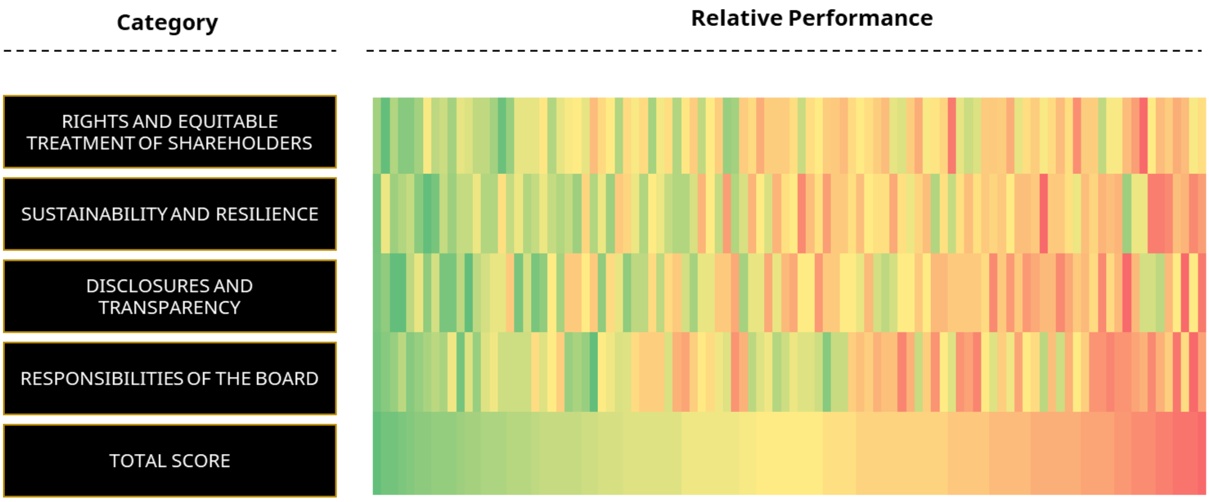


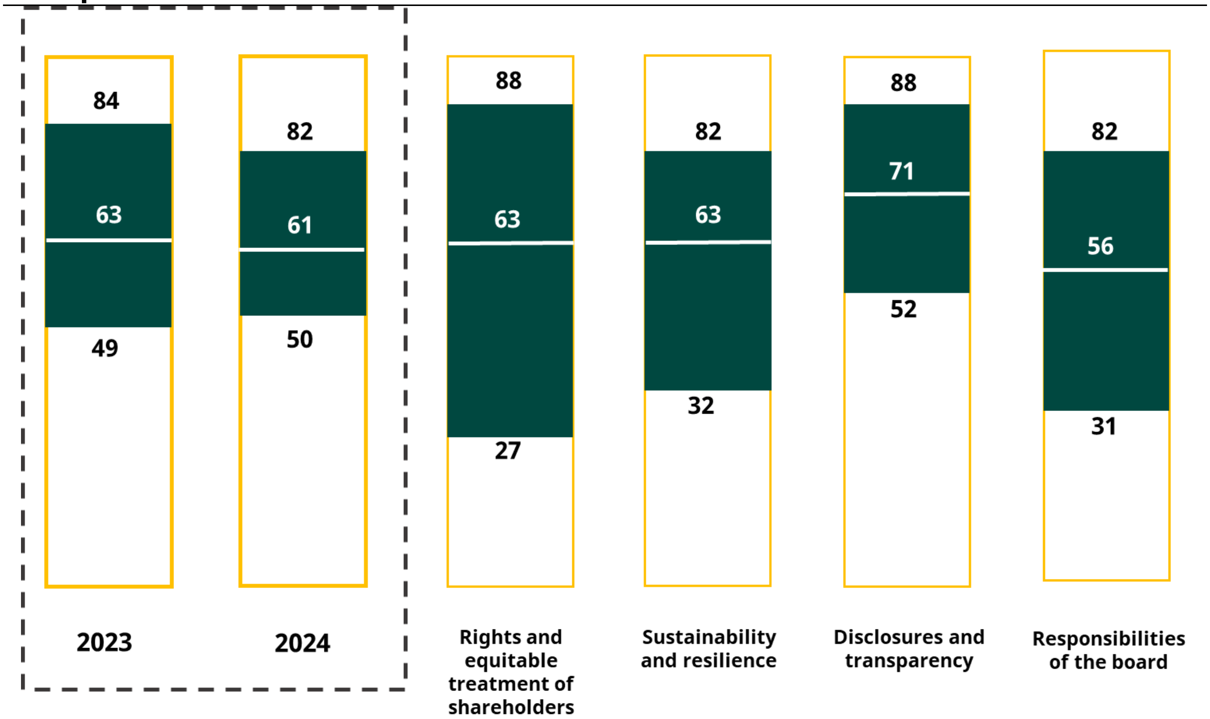
Exhibit 3: Heat map displaying relative performance of BSE100 companies in 2024 across categories



Companies' intent on improving their corporate governance standards must have a well-balanced approach which takes a holistic view on their corporate governance framework.

The heat map above shows how companies have fared across categories. An inference from the heat map is that different companies excel in different parameters – the companies with the highest overall scores do not necessarily perform well across all parameters. Companies with lower scores are not necessarily laggards in all parameters.

Exhibit 4: Category wise median, maximum and minimum scores for BSE100 companies

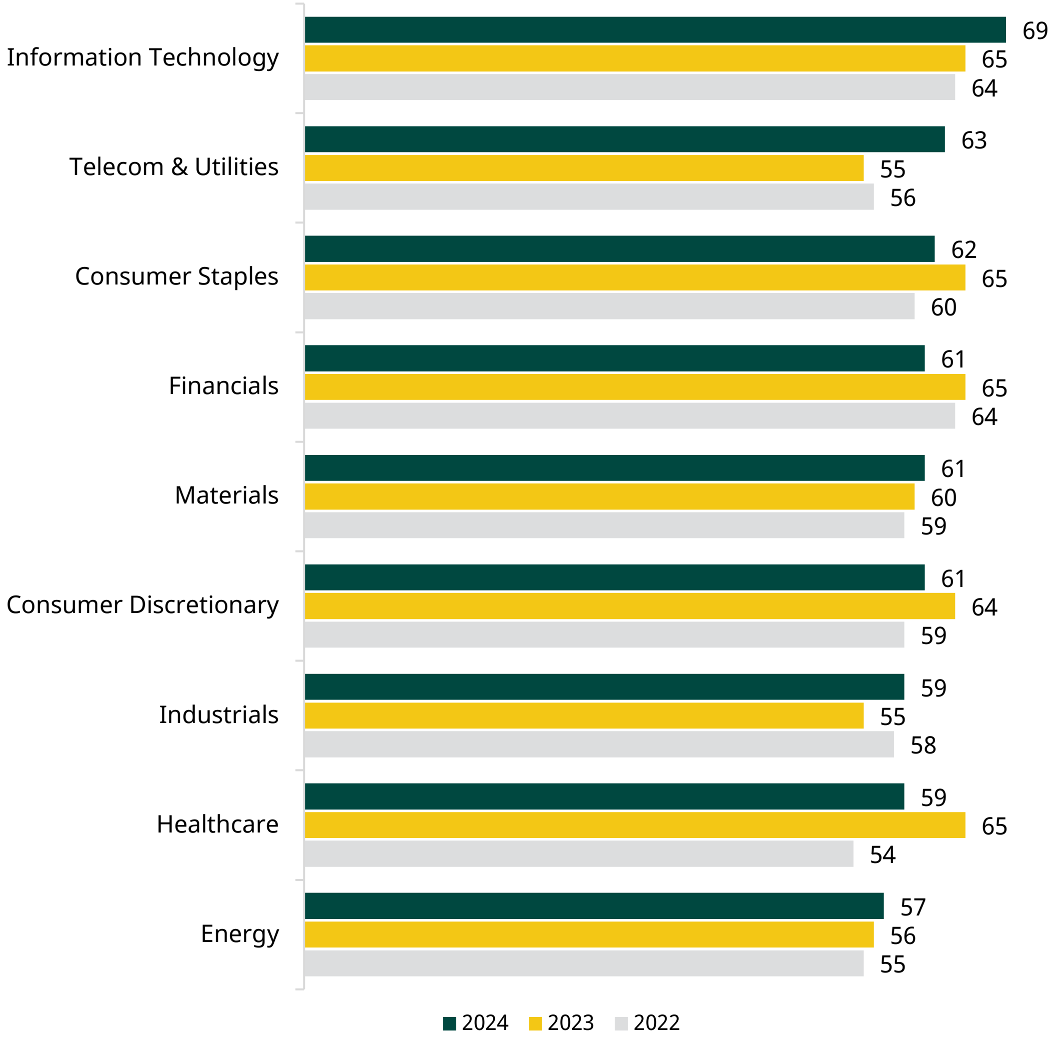


Note: The assessment framework was revised in 2024. Therefore, the scores of 2024 are not strictly comparable to those of 2022 and 2023.

In 2024, the median score of the BSE100 continued to remain in the GOOD category at 61, with the highest score at 82. The marginal decline from the median score of 63 in 2023 was on account of the revision in the scorecard and the changes in the composition of the BSE100 (Annexure C).

The overall scores in 2024 were muted on account of more stringent scoring. However, countervailing this pressure on scores was the increased score in Category II (Sustainability and Resilience, previously Role of Stakeholders), where median scores increased to 63 in 2024 from 60 in 2023. This can be attributed to the addition of nine sustainability related questions, where companies have fared well. With all four categories having equal weights, the prominence of performance on sustainability has offset the downward pressure of the scoring stringency on other questions.

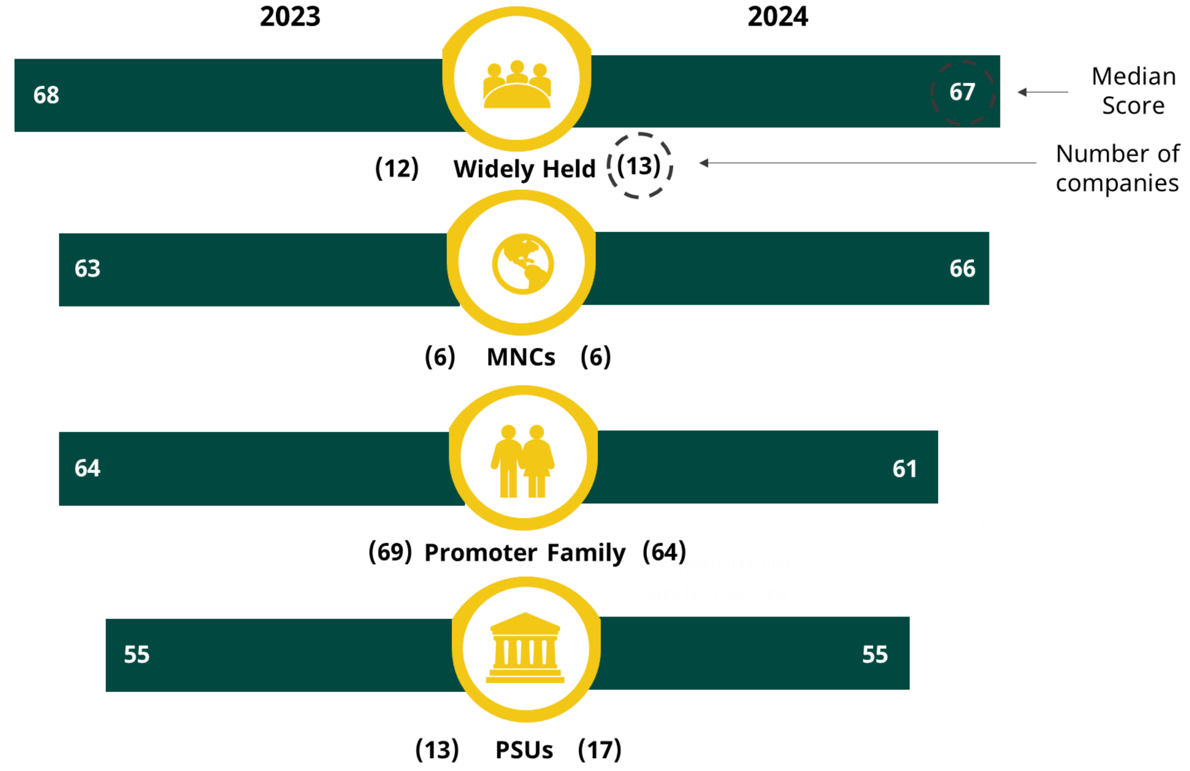
Exhibit 5: Industry wise median scores for BSE100 companies



Note: The assessment framework was revised in 2024. Therefore, the scores of 2024 are not strictly comparable to those of 2022 and 2023.

The industry-wise ordinality of scores changed in 2024 compared to the two previous years. The IT industry retained its leadership position. However, in 2024, the telecom and utilities sector scored higher than financial services, healthcare, and consumer staples industries, as the second highest median score – largely on account of a reduction in the number of constituents for the sector median. Scores for financial services industry were tempered by the addition of public sector entities (banks / NBFCs) in the index – these tend to have lower scores than private sector banks. The decline in the median score for the healthcare sector is mainly due to a significant drop in the score of one company.

Exhibit 6: Ownership wise median scores for BSE100 companies



From an ownership perspective, promoter-controlled companies account for 64% of the BSE100 index and therefore significantly influence the median score. In 2024, median score of promoter-led companies declined to 61, which likely contributed to the overall drop in index median score. Widely-held companies continue to score the highest and MNC scores increased to 66 from 63 in 2023. Median scores for PSU companies remained unchanged.

2023 was the first year in which promoter-controlled companies had a higher median score than MNCs. However, that trend reversed in 2024 largely on account of the change in the index composition.

03. LEADERS

Notes:

1. *The list of companies above is in alphabetical order and not in the order of scores.*
2. *Axis Bank is one of IiAS' several shareholders.*
3. *ICICI Prudential Life Insurance Company Limited holds equity shares in IiAS. ICICI Lombard General Insurance Limited is a fellow subsidiary of ICICI Prudential Life Insurance Company Limited.*
4. *IiAS as a proxy advisor provides various services including voting advisory, publishing reports on corporate governance and related matters. These services are subscribed to by some of these companies, for which IiAS has received remuneration in the past twelve months.*

04. THE NEXT LEADERS

IiAS revised its scoring methodology in 2022 and increased the threshold score for LEADERSHIP to 75 from the earlier 70. Based on the previous criterion of 70, all the companies listed above would have been part of the LEADERSHIP category.

Notes:

1. *The list of companies above is in alphabetical order and not in the order of scores.*
2. *HDFC Bank Limited is one of IiAS' several shareholders.*
3. *HDFC Life Insurance Company Limited is a subsidiary of HDFC Bank Limited.*
4. *Kotak Mahindra Bank is one of IiAS' several shareholders.*
5. *Tata Investment Corporation Limited (TICL), Tata Consumer Products Limited and Tata Motors Limited are all part of the Tata group. TICL is one of IiAS' several shareholders.*
6. *IiAS as a proxy advisor provides various services including voting advisory, publishing reports on corporate governance and related matters. These services are subscribed to by some of these companies, for which IiAS has received remuneration in the past twelve months.*

05. SENSEX VS. BSE100

The 30 constituents of the BSE SENSEX accounted for ~37% of total market capitalization on 12 February 2025. The highest score for a SENSEX company in 2024 was 82 as compared to 84 in 2023. The median score of BSE SENSEX remains unchanged at 67 for the third straight year even while the overall BSE 100 median has declined in 2024. The 2024 scores continue to reflect that SENSEX companies are better governed. In the 2024 study, 77% of the SENSEX companies have scored 60 and above (Leadership and Good category).

Exhibit 7: Category-wise scores of SENSEX companies

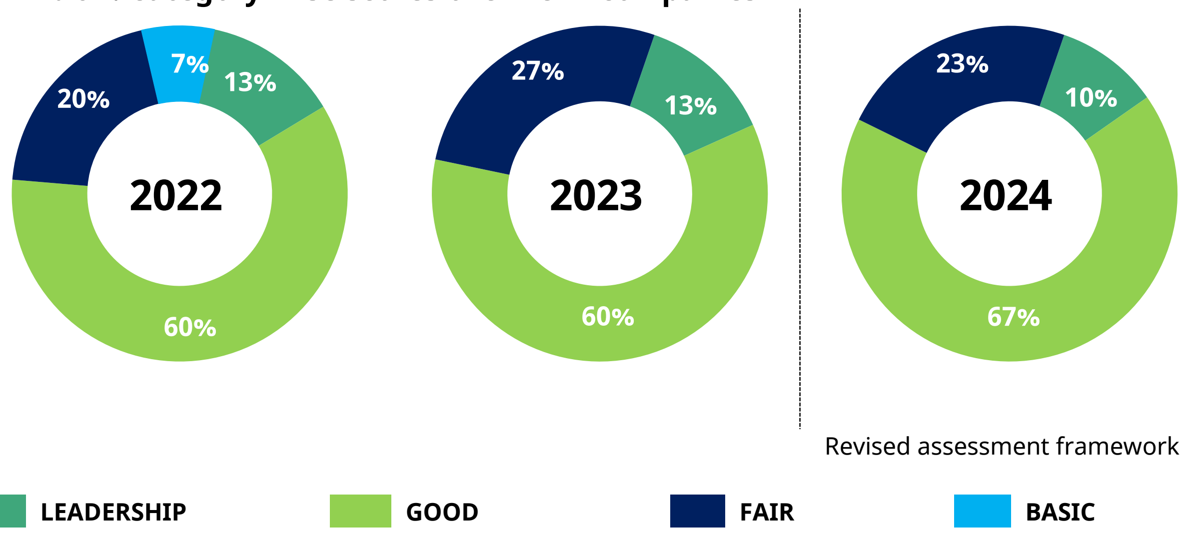
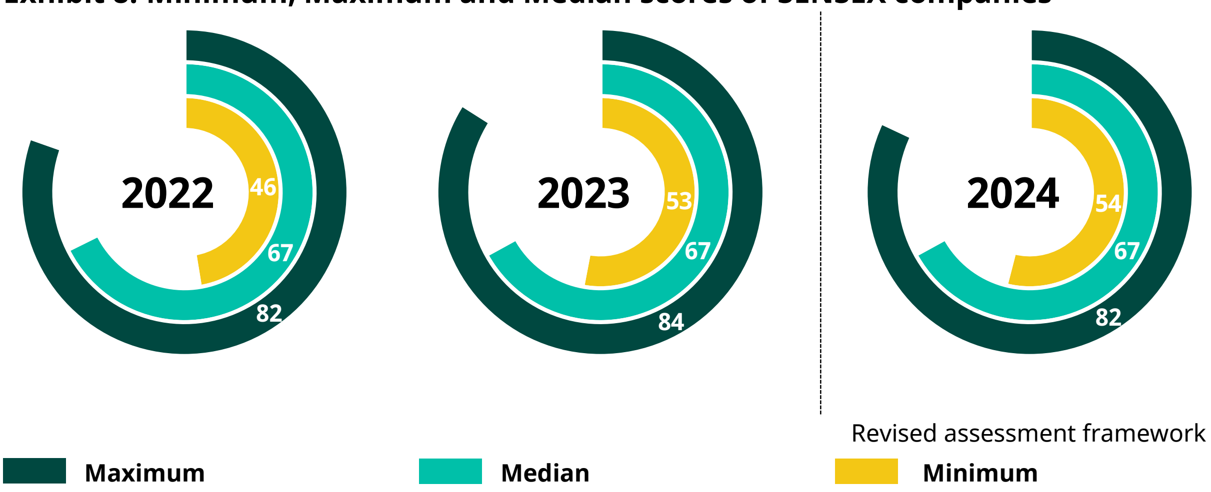
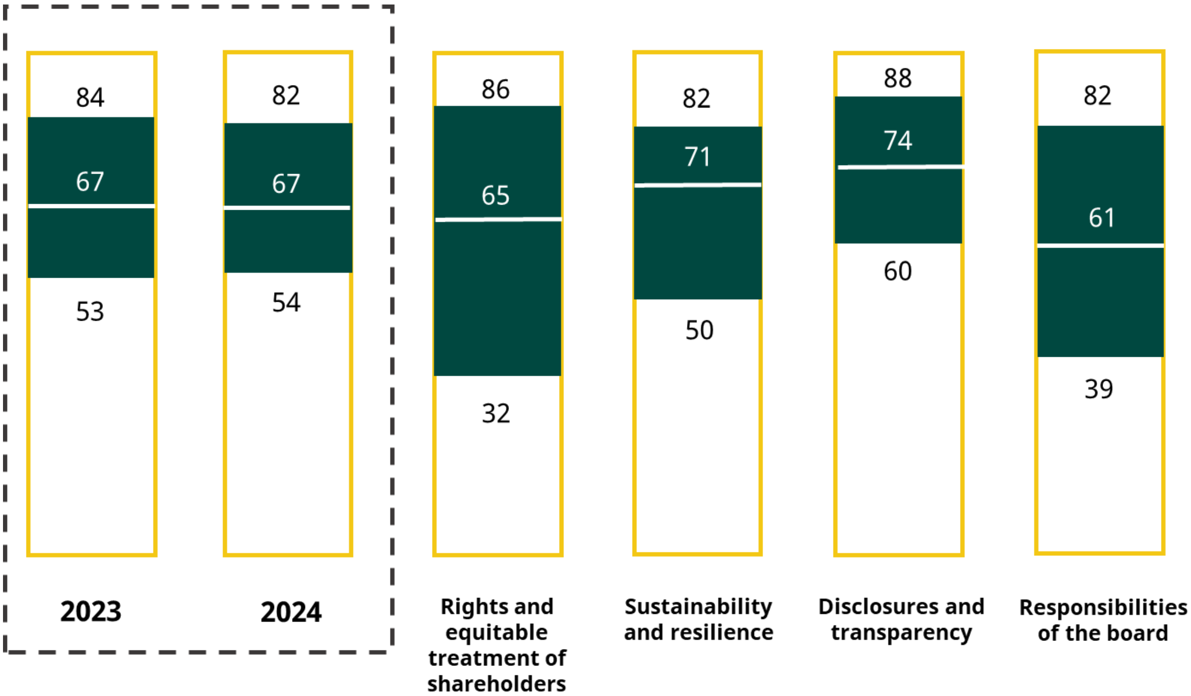


Exhibit 8: Minimum, Maximum and Median scores of SENSEX companies



Note: The assessment framework was revised in 2024. Therefore, the scores of 2024 are not strictly comparable to those of 2022 and 2023.

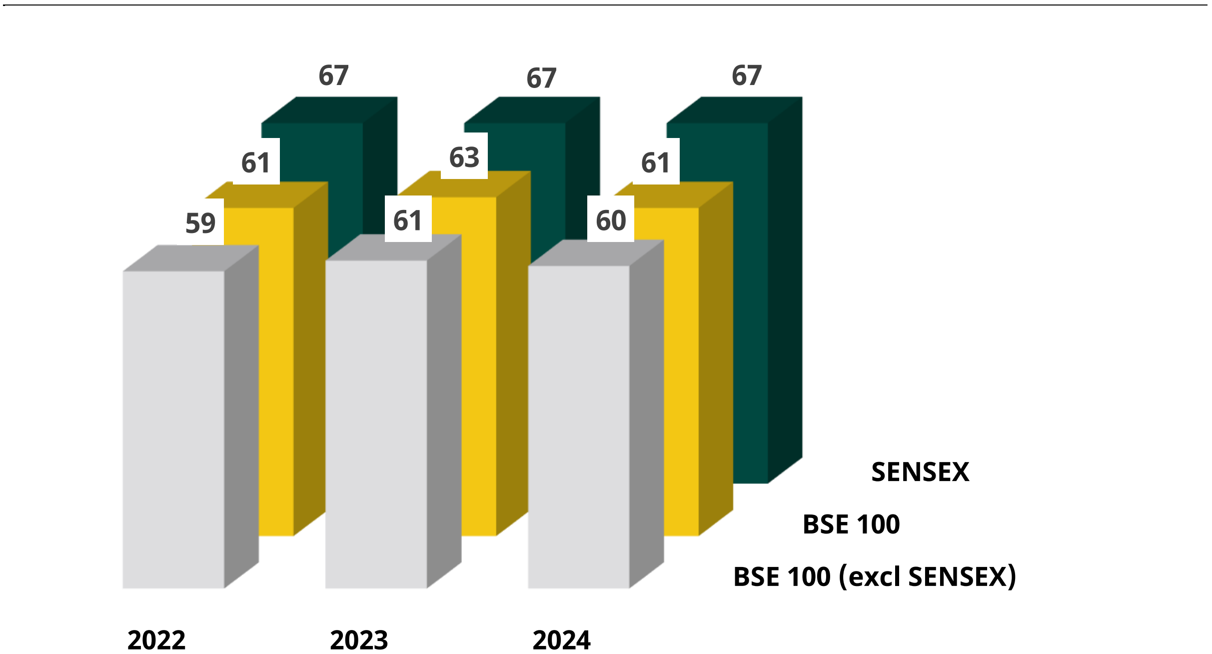
Exhibit 9: Category wise median, maximum and minimum scores for SENSEX companies



Note: The assessment framework was revised in 2024. Therefore, the scores of 2024 are not strictly comparable to those of 2022 and 2023.

The median score for BSE SENSEX companies remained steady at 67, while that of BSE 100 companies excluding SENSEX reduced to 60 from 61 in 2023.

Exhibit 10: Median scores of SENSEX vs. BSE100

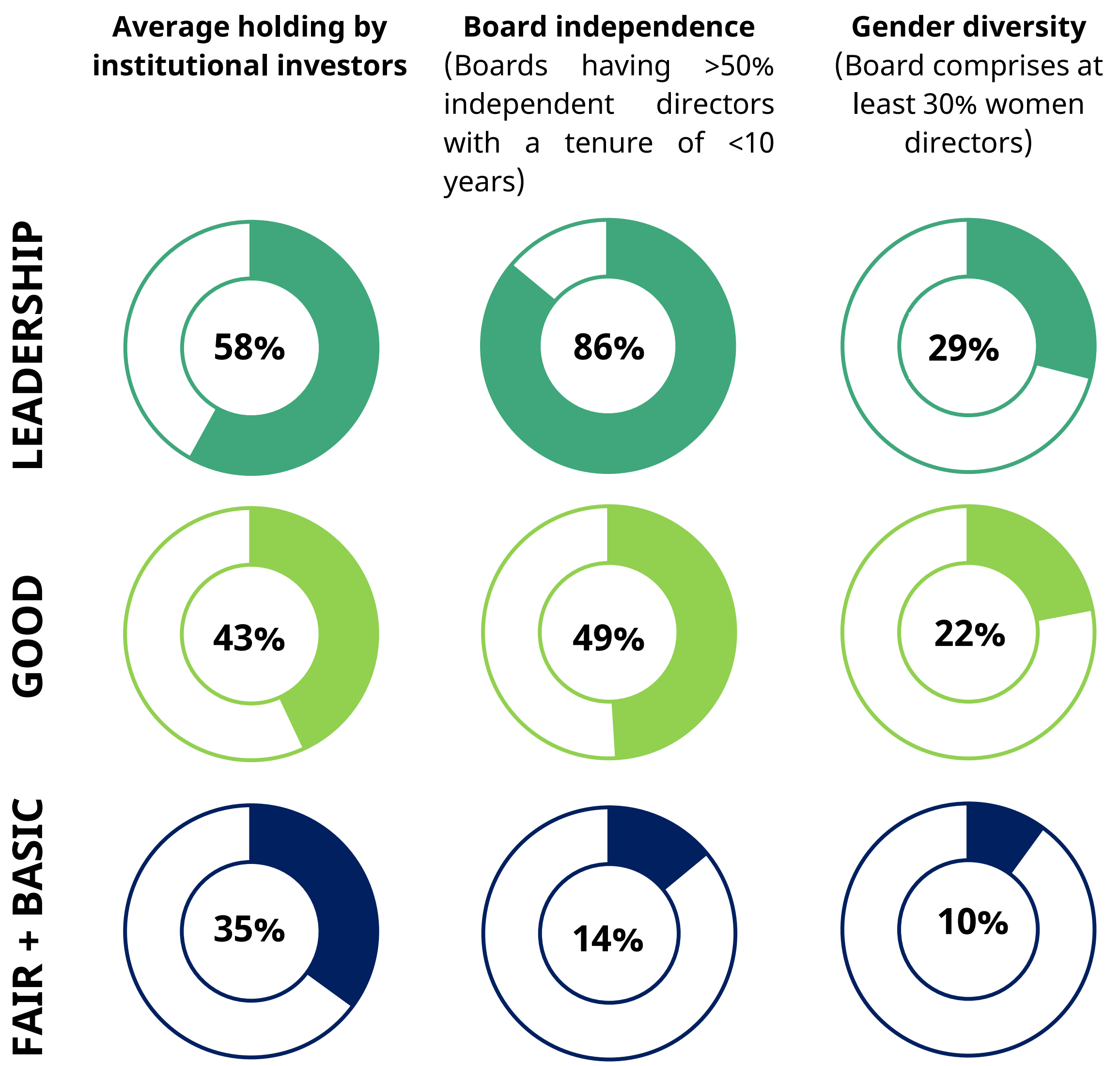


Note: The assessment framework was revised in 2024. Therefore, the scores of 2024 are not strictly comparable to those of 2022 and 2023.

06. HOW THE SCORE CATEGORIES DIFFER

There are clear patterns across the score categories within the BSE100. Companies in the LEADERSHIP category generally have higher levels of institutional investment compared to the others. This balance between promoter and institutional shareholder stakes gives institutional investors a stronger influence, allowing them to shape expectations for these companies. In response to these expectations, LEADERSHIP companies tend to have more independent and diverse boards. Additionally, there is a clear trend across the score categories, with greater institutional investment correlating with higher board independence and gender diversity.

Exhibit 11: Governance is correlated to board independence, board diversity, and higher institutional shareholding for companies in the BSE100



Compared to 2023, there has been an improvement in the medians for board independence and gender diversity across score categories – most likely emanating from the regulatory pressure to refresh boards.

Investors have played a key role in improving corporate governance practices. Both global and domestic institutional investors now have increased expectations regarding governance standards. Stewardship codes and responsibilities have significantly influenced how these investors interact with companies and vote on shareholder proposals.

07. GOVERNANCE THEMES

BOARD EFFECTIVENESS

The board of directors is the focal point in a company's corporate governance structure. To carry out their responsibilities effectively, a board requires a certain level of independence and diversity.

In line with increased investor expectations, the scoring mechanism of certain questions within the 'Responsibilities of the Board' section have been revised, particularly those relating to ESOPs, remuneration, board skills, and board committees. Even so, the median score increased to 56 in 2024 (under the revised scoring framework) from 55 in 2023, while the highest score in this category has improved to 82 from 76 last year – signifying a significant improvement in some of these practices.

Every year, we highlight the slow pace of progress on board diversity and independence. However, this year has been a turning point for board independence, driven by the board refresh of 2024. With several long-tenured independent directors stepping down as they reached the ten-year limit under the Companies Act, 2013, many boards saw a shift in composition. At the same time, the inclusion of new public sector undertakings (PSUs) in the index has led to a decline in the number of companies with fully compliant boards. PSUs continue to lag on fundamental compliance requirements and have generally scored at the lower end of this category.

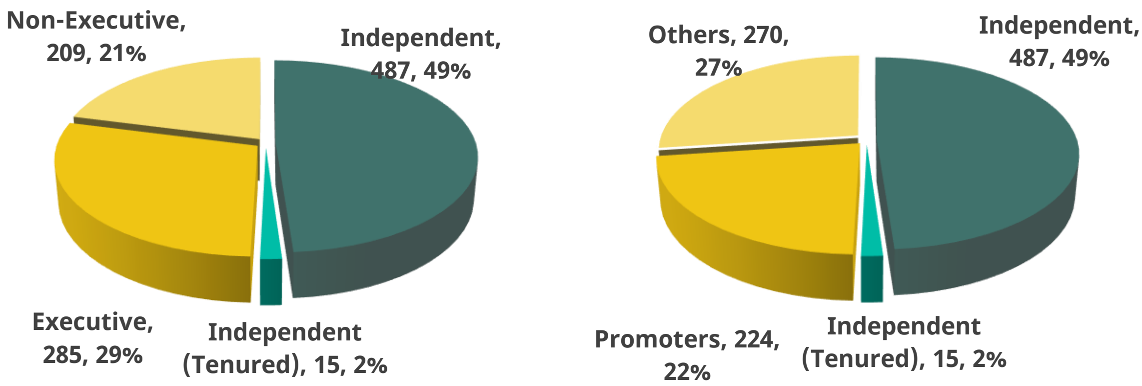
Investors are increasingly scrutinizing the effectiveness of Nomination and Remuneration Committees (NRCs), often pushing back against the reappointment of committee members in cases where board independence is weak or executive pay appears excessive.

One of the key challenges for NRCs is in separating the interests of the company and that of the controlling shareholder. This includes setting accountability for promoter compensation, better disclosures on pay structures, questioning the need for related party transactions, and developing a more robust succession plan that is driven by demonstrated skills and achievements.

BOARD INDEPENDENCE

The grandfathering of independent directors' board tenures ended in 2024. As of 31 December 2024, the total number of board positions across BSE 100 companies stood at 996, of which 50.4% were held by independent directors. The share of board seats for independent directors decreased from about 55% on 31 December 2023 – which is largely attributed to the addition of PSUs in the index – 13 of the 17 PSUs in the index are not compliant with minimum regulatory requirements for board composition. Notwithstanding the decline in overall board seats for independent directors, the number of companies where independent directors form the majority (>50%) increased to 37 from 30 in 2023. Long-tenured independent directors accounted for just 1.5% of board positions on 13 December 2024, down from 7% on 31 December 2023.

Exhibit 12: Board composition of the BSE100 companies on 31 December 2024



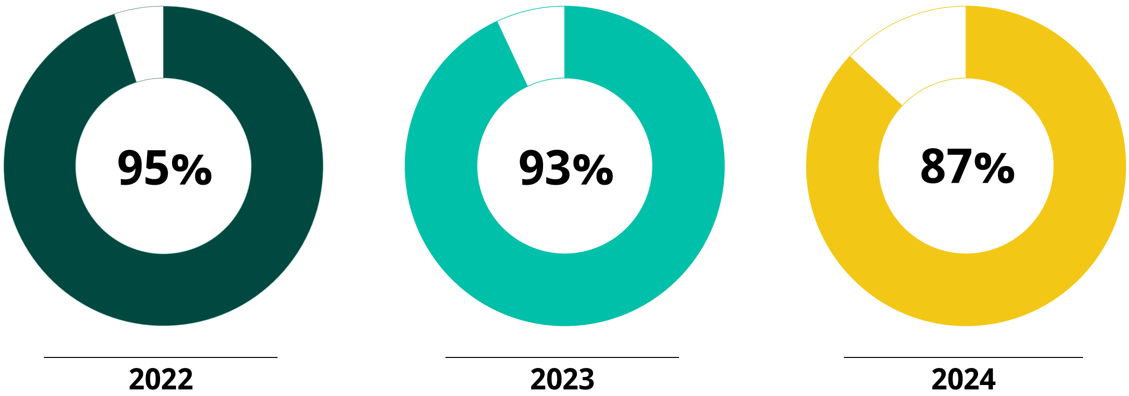
- *IiAS classifies Independent Directors with a tenure/group tenure of more than 10 years as non-independent. These have been shown separately as tenured Independent Directors.*
- *Promoters include those part of the promoter family, and nominees of controlling shareholders.*
- *Others include professionals that are executive directors, non-executive directors, and nominees of investors, lenders, and other stakeholders*

While the regulatory mandate has compelled companies to refresh boards, a handful of companies have tried to maintain the status quo[3] – by either rotating directors across group companies, or appointing family members of erstwhile independent directors, and ex-employees. Some have chosen to appoint partners of law firms or audit firms with which the company or the promoter group appear to have a long-standing relationship. In other handful of instances, family members of retiring independent directors have been brought in to fill the vacancy. As a result, companies have checked the box on board refresh, but it is arguable on whether these are indeed appointments are indeed independent. Nevertheless, the share of such appointments is relatively low and has a marginal impact on the overall board independence for the index.

The other more concerning issue on board refresh is the possible loss of institutional memory. Because the entire slate of independent directors is completing tenure, some companies now have a completely fresh slate. As a result, there is likely to be an over dependence on the promoters for institutional memory for the short term and a possible loss in institutional memory. IiAS recommends board stagger the refreshment of directors to balance the agenda of fresh thinking vis-à-vis retaining institutional memory[4].

[3] *Related research: It's a small world, after all; May 2024*
[4] *Related research: Independent Director Rotation: Losing institutional memory; May 2024*

Exhibit 13: Companies that meet the regulatory standard of board independence

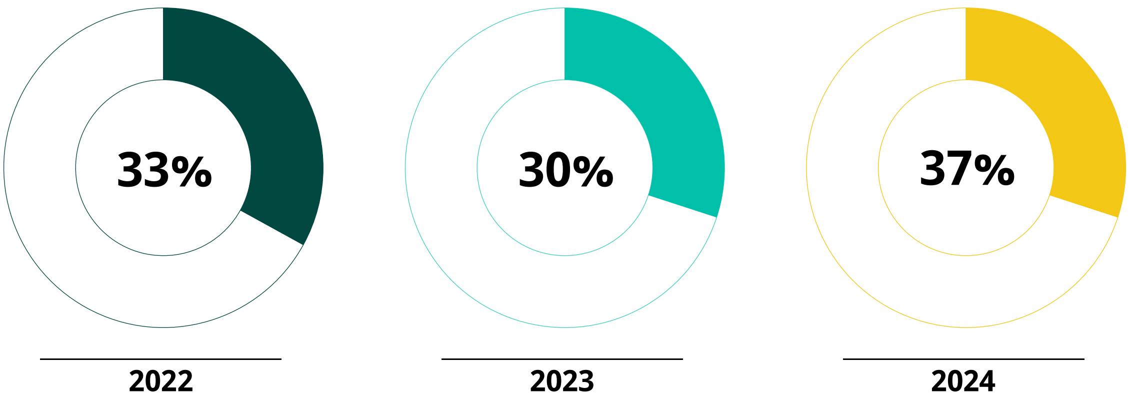


Note: The companies above meet the regulatory standards of board composition set for India. The data includes Independent Directors that have had a tenure of over 10 years on the board.

Globally, the best practice is to have independent directors make up at least half of the board. However, in India, board independence is largely driven by regulatory compliance. If the Chairperson is an executive director or a promoter, at least 50% of the board must be independent. Otherwise, the requirement drops to 33%. As of 31 December 2024, 25 of the BSE100 companies needed to have at least one-third independent directors, while the remaining 75 had to maintain a 50% level.

According to IiAS' assessment, 87 out of the BSE100 companies met the regulatory requirements for board independence in 2024. This number has dropped from 93 in the previous year, mainly because more public sector undertakings (PSUs) were added to the BSE100 index. All 13 companies that did not meet the independence requirements were PSUs.

Exhibit 14: Companies with more than 50% board independence (with a tenure of less than 10 years)



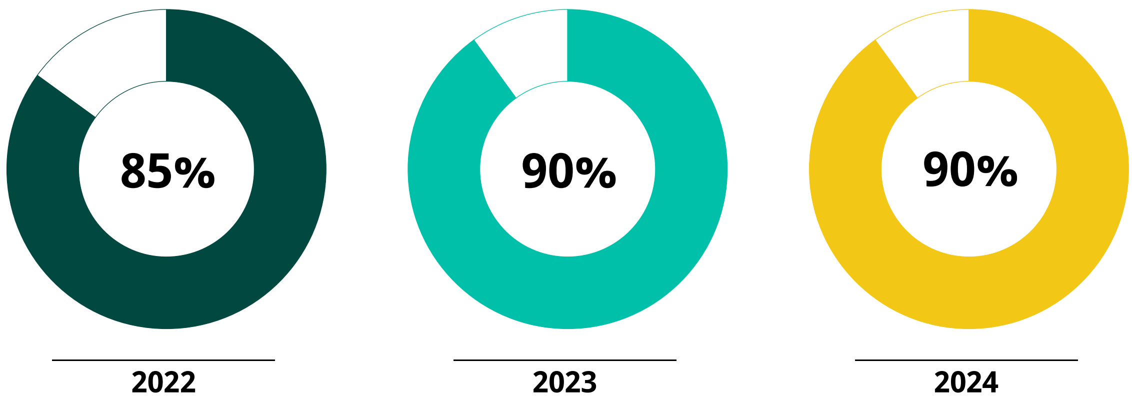
Note: For the purpose of the data above, tenured Independent Directors (tenure of over 10 years) have been considered as non-independent.

BOARD ENGAGEMENT LEVELS

During the two years of COVID-19, directors had to adapt to technology, and this seems to have made them more comfortable with virtual meetings. Parallelly, investors have been pushing back on the reappointment of directors with poor attendance, which may have encouraged better participation in board meetings.

However, ensuring full attendance remains a challenge. In the last three years, only two companies had all their board members present at every meeting. On the other hand, 10 companies had at least one director attending less than 75% of the board meetings. These were mostly promoter-owned companies, along with two PSUs. Widely held companies and MNCs have performed better in terms of director attendance.

Exhibit 15: Companies where all board members have attended at least 75% of the board meetings held over the immediate past three years



SPECIAL RIGHTS TO A SET OF INVESTORS

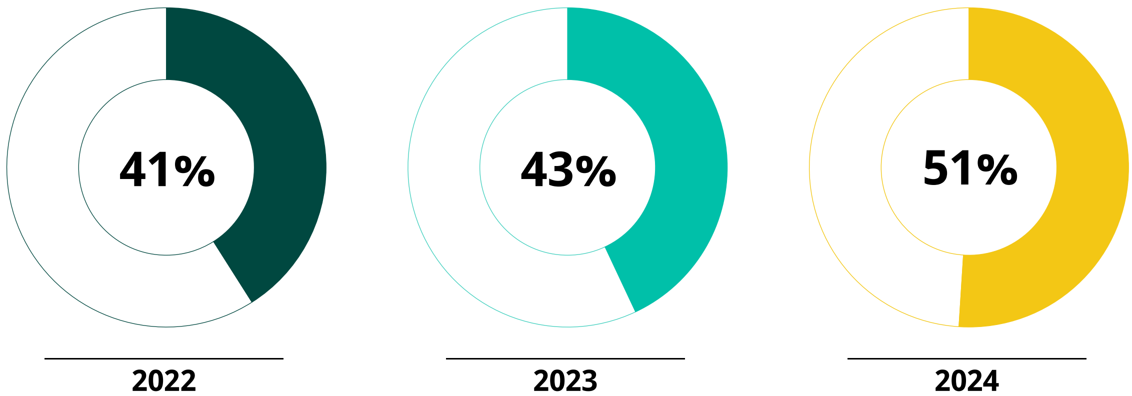
Promoters and pre-IPO investors, particularly private equity firms, sometimes enjoy rights that are not in line with their shareholding. For promoters, these rights can include permanent board positions, the right to be Chairperson embedded into the Articles of Association (AoA), or board nomination privileges without any minimum/low shareholding requirement.

In some newly listed start-ups, pre-IPO investors retain board nomination rights even after their stake has been significantly diluted—sometimes by more than 50%. Since these companies regularly raise capital to cover their cash burn, these special privileges give certain investors influence that outweighs their equity ownership, which is unfair to other shareholders. Other such arrangements include tag-along and drag-along rights, as well as various control rights and veto rights.

Almost half of the BSE100 companies either grant such special rights to select stakeholders or do not make their charter documents publicly available, making it difficult for investors to assess these arrangements. We believe that shareholder influence over corporate decisions should be proportional to shareholding. Special rights like these are effectively the same as shares with differential voting rights—except that investors do not pay a premium for them. We do not support such practices.

Despite this, these rights are often approved because the very stakeholders who benefit from them also vote on the proposals. Once embedded in the company's AoA, they are rarely revisited, and shareholders are not given an opportunity to reassess them periodically. Recognizing the potential for misuse, SEBI has introduced regulations requiring companies to seek periodic shareholder approval for such special rights and arrangements.

Exhibit 16: Companies where charter documents do not give any special rights to a set of stakeholders

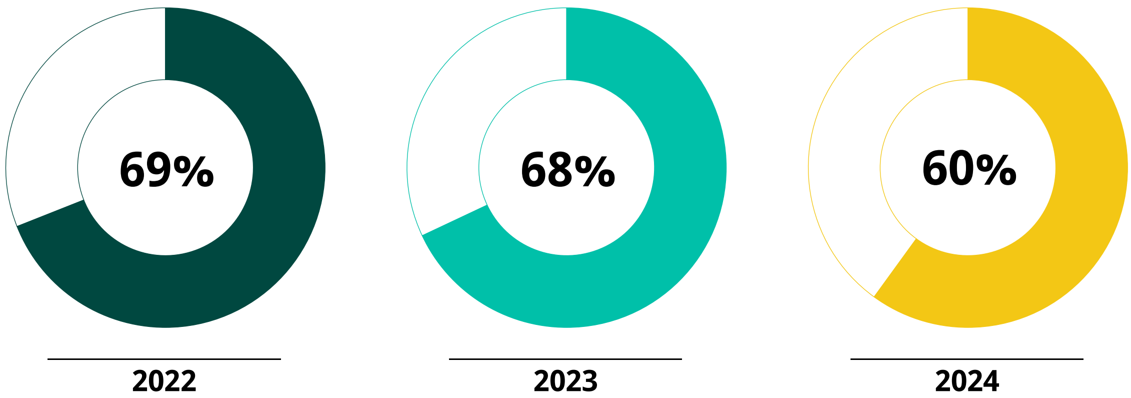


SEPARATING THE ROLES OF THE CHAIRPERSON AND CEO

The Indian Corporate Governance Scorecard assesses whether companies have distinct individuals serving as Chairperson and CEO, recognizing that these roles carry separate responsibilities. This distinction is particularly relevant in India, where promoter-led companies are prevalent. The 2017 Kotak Committee reinforced this principle, recommending the separation to prevent excessive concentration of power, improve oversight, and establish a more balanced governance framework.

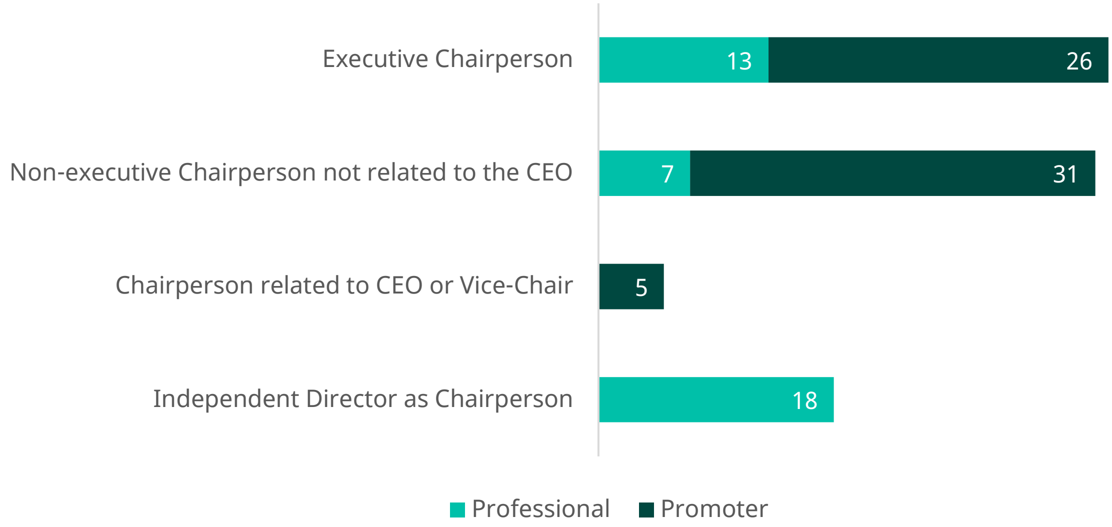
SEBI further strengthened this by stipulating that if the roles were split, the Chairperson and CEO could not be related. However, on 15 February 2022, SEBI shifted this requirement from mandatory to voluntary. While some companies have still chosen to implement the separation - whether to align with global best practices, improve governance standards, or address investor expectations - progress has slowed. The number of firms having distinct Chairperson and CEO roles declined from 68 in 2023 to 60 in 2024 – mainly driven by the inclusion of 7 PSUs in the index. Similarly, companies with independent Chairs dropped from 20 to 18.

Exhibit 17: BSE100 boards that have separated the roles of Chairperson and CEO



Note: The data above does not assess for the relationship between the Chairperson and CEO; it merely assesses if the roles have been separated. In case of Executive Chairpersons, even with another Managing Director, IiAS does not consider the roles to have been separated.

Exhibit 18: The Chairpersons of BSE100 companies on 31 December 2024



Notes:
1. *1 of the 18 Independent Chairpersons have a board tenure of 10 years or more.*
2. *Promoters include promoter representatives (example: parent company representation in MNCs)*
3. *IiAS considers being "related" not just on the basis of the regulatory description of "relatives" but uses a more practical approach factoring in family dynamics*

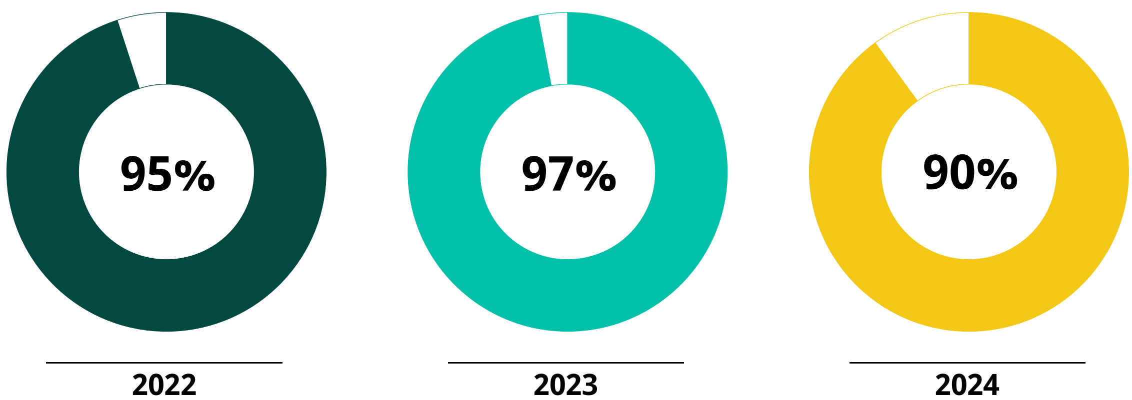
Source: IiAS research, PRIME Database, stock exchange filings

BOARD DIVERSITY

Board diversity strengthens decision-making and curbs groupthink, making it essential for effective governance. Indian regulators have taken steps in this direction by requiring the top 1000 listed companies to appoint at least one Woman Independent Director and disclose the board members' skills.

Research links higher board diversity to improved financial oversight[5]. Women bring fresh perspectives, sharper intuition, and a more collaborative leadership style, making their presence on boards more than just a compliance exercise - it is a business imperative.

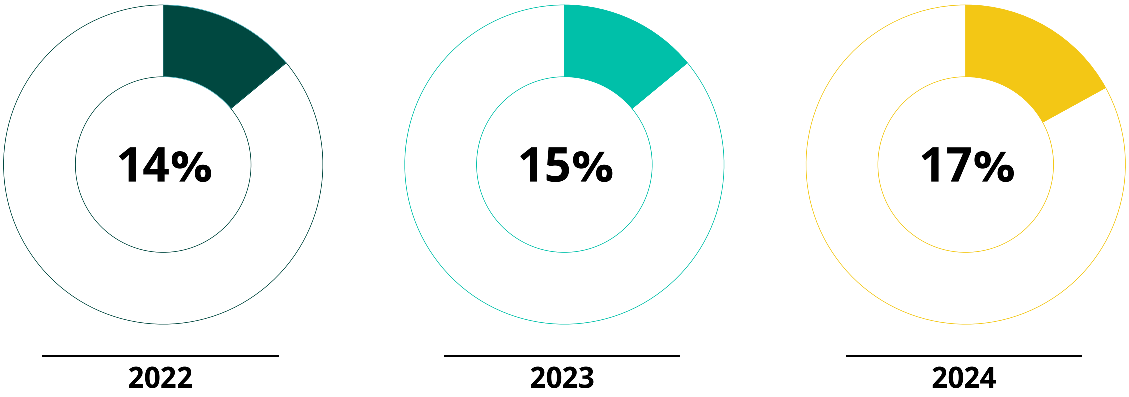
Exhibit 19: Companies with at least one Independent Woman Director



[5] Related Research: https://www.iiasadvisory.com/institutional-eye/corporate-india-women-on-boards-1

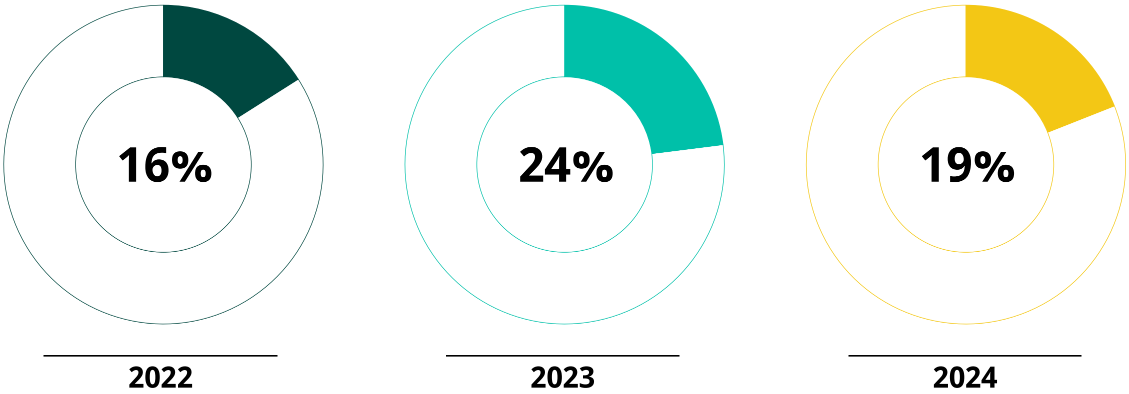
As of 31 December 2024, women held 20% of board seats in BSE 100 companies, up slightly from 19% in December 2023. Of these, 73% were Independent Directors. Leadership representation remains particularly weak, with only five out of the top 100 companies having women as Chairpersons. For gender diversity to be truly meaningful, women should comprise at least 30% of boards.

Exhibit 20: Companies where women comprise 30% or more of the board



The gap between policy and reality remains stark. Companies are quick to highlight their commitment to diversity, yet their workforce numbers tell a different story. Despite 90% of BSE100 companies claiming to be equal opportunity employers, 36 of them have women making up less than 10% of their workforce. While this marks an improvement from 2023, the shift is more a result of better disclosures - driven by the mandatory BRSR—than a real change in workforce composition. True progress will require more than compliance-driven reporting - it demands concrete efforts to hire, retain, and promote women across all levels of the organization.

Exhibit 21: Companies where women comprise 30% or more of the workforce

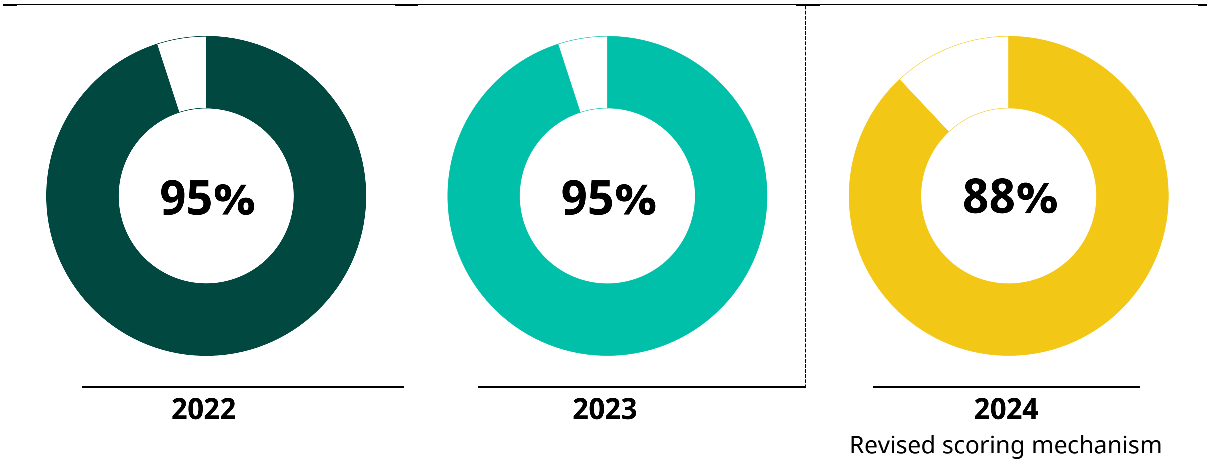


A well-balanced board requires skill diversity. SEBI's push for companies to disclose director-level skills encourages boards to think beyond individual qualifications and focus on the collective expertise.

Corporate failures have shown that boards need at least one non-executive director with a strong understanding of the business. While Indian companies generally meet this requirement, it is often the promoters serving in non-executive roles who bring this expertise. Boards must ensure that at least one Independent Director has a grasp of the company's core business. This would provide an objective perspective on business challenges and improve the quality of discussions.

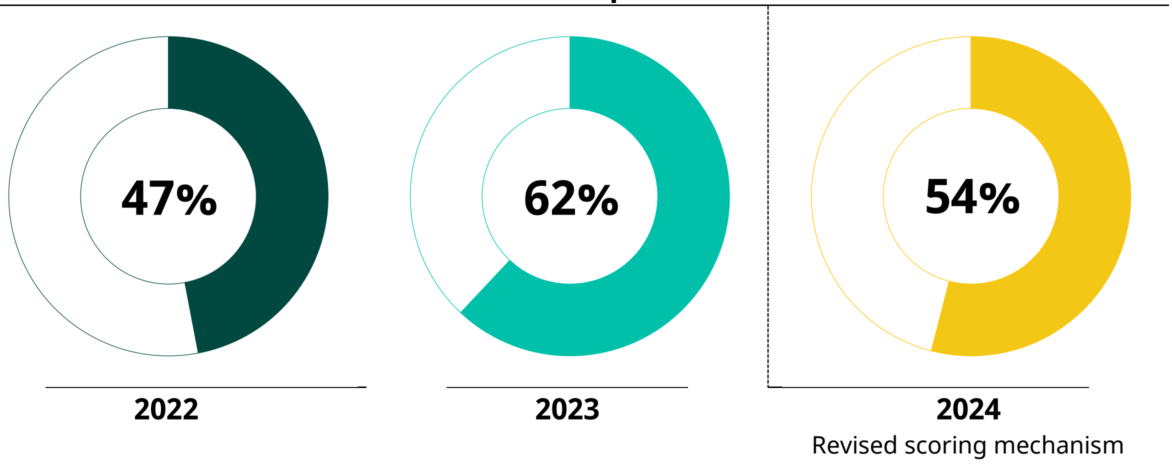
Our analysis of BSE100 index companies revealed that 12 companies lacked a non-tenured Independent Director with relevant industry experience or had directors with less than ten years of aggregate work experience. On the other hand, 54 companies demonstrated sufficient skill breadth, including at least one Independent Director with industry expertise. Additionally, we also assess the presence of IT expertise on boards, recognizing its increasing significance in today's business landscape. SEBI has mandated that cyber security risks be part of the Risk Management Committee's charter.[6]

Exhibit 22: Boards with Independent Directors (non-executive directors under the 2023 and 2022 scorecards) that have knowledge of the company's core business domain



[6] *Related research: Boards' focus on digital governance is long overdue - https://bit.ly/3GubtzY*

Exhibit 23: Boards with diversified and comprehensive set of skills

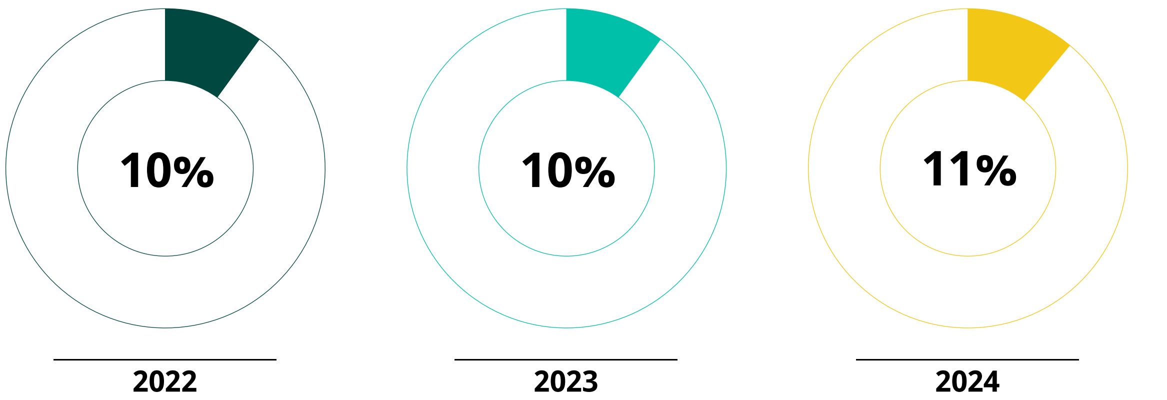


Our scoring mechanism has changed in 2024 – we raise concern over boards that comprise directors with less than 10 years of aggregate work experience. Notwithstanding, more than half of BSE100 are assessed to have boards with a diversified set of skills and expertise.

BOARD EVALUATION

For boards to have an objective assessment of how they stack up, regulations in India have mandated that boards undertake an annual evaluation exercise. By itself, this requirement set performance standards for directors, which boards took some time to adjust to. Disclosure of the board evaluation exercise is a common practice in the Western markets but is yet to be accepted culturally in India[7]. From walking on eggshells to doing a robust assessment, most Indian boards are somewhere in between. Having said so, boards almost unanimously shy away from disclosing the results of the board evaluation exercise.

Exhibit 24: Boards that disclosed the outcome of the board evaluation leading to a board improvement plan



[7] *Related research: Board evaluation in India 2020-21 - https://bit.ly/3AVooKp0020*

Companies now disclose the criteria used for board evaluations, acknowledging the importance of assessing governance effectiveness. However, they rarely go beyond listing these parameters, leaving investors without meaningful insights into the actual findings or the steps planned for board improvement. While performance reviews for employees remain confidential, and directors often perceive board evaluations in a similar light, the expectation from investors is different. Investors are not looking for assessments of individual directors but rather a broader understanding of how the board, as a collective body, is performing and evolving.

A well-executed board evaluation should not only stop at identifying areas for improvement but also should outline concrete actions that the board intends to take over the next 12 to 24 months. This includes addressing governance gaps, refining decision-making processes, strengthening oversight, and improving boardroom dynamics. However, most disclosures lack this level of detail, making it difficult for stakeholders to assess whether the board is actively working towards better governance.

While some progress has been made, it remains incremental. The disclosure of evaluation criteria is a step in the right direction, but without a clear roadmap for improvement, the process risks becoming a mere compliance exercise. For board evaluations to serve their true purpose, companies must shift towards more transparent and substantive disclosures, demonstrating not just how they assess performance but also how they intend to enhance their effectiveness in the long run.

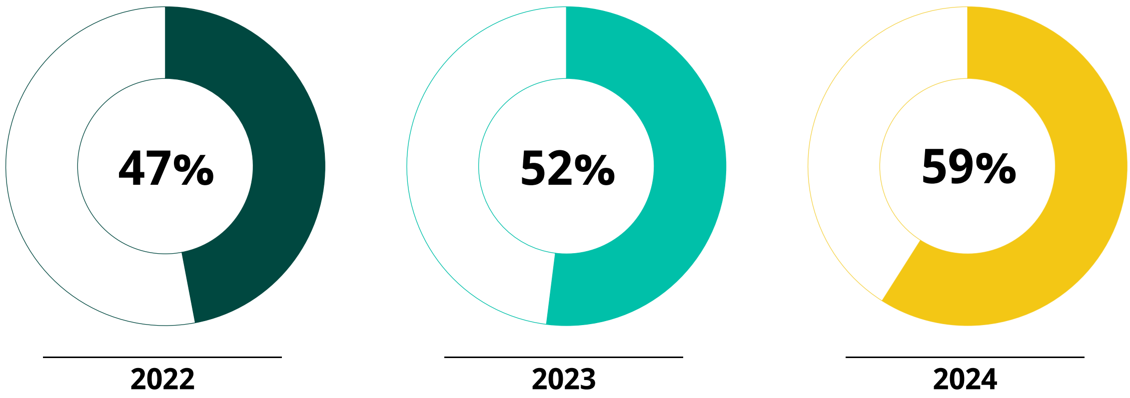
SUCCESSION PLANNING

In the intricate landscape of Indian family-run businesses, succession planning remains a contentious and often opaque process. Boards frequently defer to the family patriarch or matriarch, perpetuating the notion that the company is a personal fiefdom, with minority shareholders sidelined. This deference often leads to the premature elevation of next-generation family members to board positions, regardless of their qualifications, under the guise of on-the-job training. In stark contrast, non-family professionals are required to prove their mettle before earning a seat at the table.

Some promoter families are taking a proactive approach to internal succession by drafting family constitutions. These documents serve to formalize the transfer of wealth, articulate the family's vision and values, and establish governance structures. Since stakeholders invest as much in the leadership as in the company itself, it is essential for boards to approach succession planning with transparency and rigor. SEBI’s LODR now requires listed entities to disclose any continuing agreements or arrangements with promoters that impact management or control, ensuring that such transitions are communicated clearly to investors.

A significant challenge lies in identifying a successor at the promoter level. Boards that consider the current leader irreplaceable may inadvertently reveal weak[8] institution-building. Nomination and Remuneration Committees should play a central role in defining the necessary skills for successors and in scouting suitable candidates. Avoiding this responsibility or dismissing it as a mere family matter can lead to corporate fragmentation, as seen when companies split to accommodate feuding sibling.

Exhibit 25: Companies that have a succession plan for the board of directors and the senior leadership



In India, succession planning in family-run businesses remains largely informal, with boards playing a limited role while key decisions are made behind closed doors. Even when families draft constitutions or formal agreements, enforcement remains a challenge. Disputes over leadership and control have shown how easily these arrangements unravel when tested. Some families have found themselves locked in legal battles over inheritance and boardroom control, despite having written agreements in place. Others have managed smoother transitions by clearly defining succession well in advance, ensuring leadership continuity without disruption.

While disclosures on succession planning are improving, only six out of these 59 have disclosed a framework that goes beyond a mere outline. Boards can no longer afford to be passive observers. They must ensure succession is structured, merit-driven, and insulated from family conflicts; otherwise, every leadership transition risks disrupting business stability.

EXECUTIVE REMUNERATION

Excessive promoter pay remains a major concern in corporate India. Although recent alignment of pay with performance has improved with the post-COVID recovery, there continue to be concerns with respect to accountability of compensation – especially for promoters holding both, executive and non-executive positions.

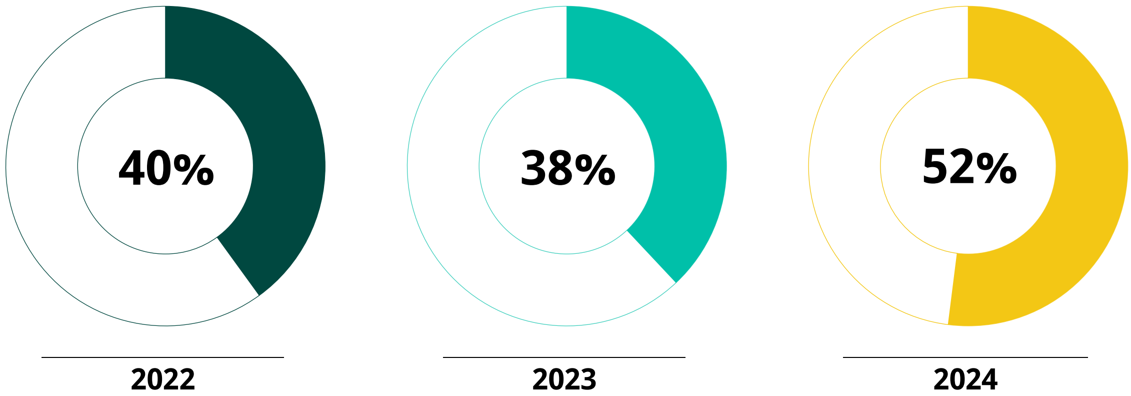
India's executive compensation transparency is still far behind global standards. Pay increases for promoters are often without basis, and performance-based pay structures

[8] *Related research: Investors must rethink their equation with promoters - https://bit.ly/3GtpZIz*

are virtually non-existent. The issue of executive remuneration as a related-party transaction is still unresolved. Promoters continue to vote on their own pay resolutions, creating an obvious conflict of interest. In 2023 and 2024, IiAS[9] analyzed 893 resolutions on promoter remuneration and found that around 25% (216) were approved solely because of the promoters' votes. These resolutions would likely have been rejected if a majority-of-minority vote had been held, underscoring the need for stronger independent oversight and better accountability of executive pay.

This year, we introduced a new change to the Indian Governance Scorecard by incorporating malus and clawback provisions into the assessment of performance metrics. This follows RBI's directive for compensation structures of bank CEOs to carry these in the remuneration structures.

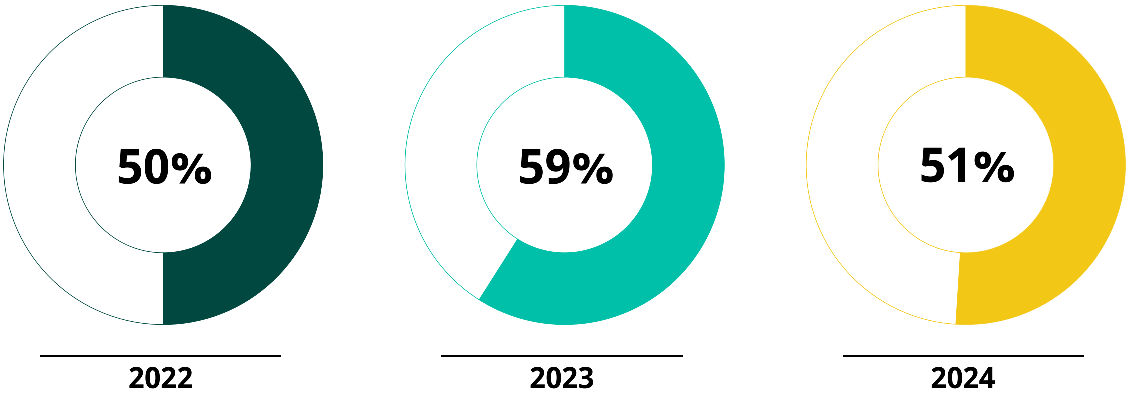
Exhibit 26: Companies where executive pay has been aligned to company performance over the past three years



In 2024, 52 companies out of the BSE100 showed better alignment between pay and performance, up from 38 in 2023. But this change is not entirely organic—it is partly due to a shift in the index composition, with more PSUs now included. While compensation levels at PSUs are not egregious, board independence and disclosures continue to be an issue.

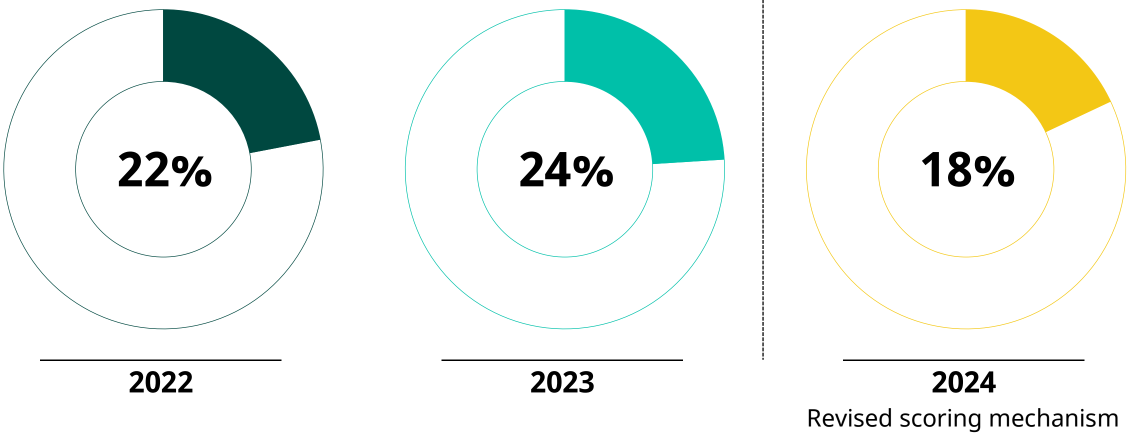
[9] https://www.iiasadvisory.com/institutional-eye/promoters-disregard-investor-dissent-while-voting-their-own-salary

Exhibit 27: Companies where executive pay structures have at least 50% variable pay and aggregate pay is less than 5% of profits



Another major gap is the proportion of variable pay. In India, about 50% of executive compensation is tied to performance, while globally that number can range from 67% to 90%. This shows India's reluctance to embrace performance-driven pay structures, which are a standard practice in the global markets.

Exhibit 28: Companies that disclosed performance metrics for executive remuneration



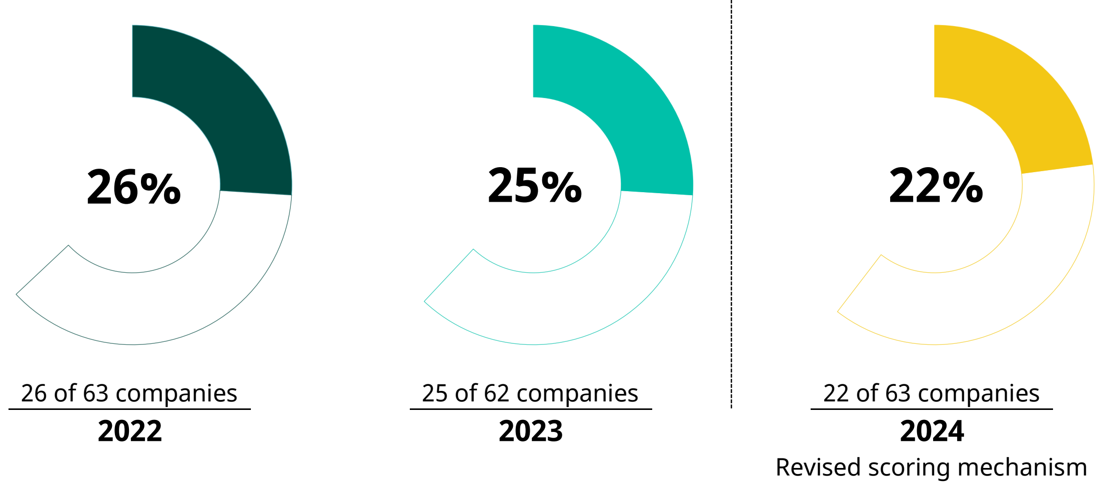
In 2024, only two out of the BSE100 companies had both performance metrics (including ESG) and malus clawback provisions in place. 82 companies still do not disclose performance metrics for variable pay, a rise from 76 last year. The increase is largely due to the increased presence of PSUs, where remuneration levels are low in absolute terms, but there is limited clarity on the remuneration structure.

EMPLOYEE STOCK OPTION SCHEMES (ESOPS)

Among the BSE100, 63 companies have active ESOP schemes. There is a principle difference between how companies and investors view ESOP schemes. While companies view this as differed compensation, investors are seeking alignment with their interests.

While stock-based remuneration is an accepted practice, how these grants are structured makes all the difference. Many companies issue stock options at deep discounts, citing reasons such as avoiding promoter dilution and reducing financial burden on employees when stock prices are high. Investors, however, tend not to support ESOP schemes where stock options grants are at deep discounts to market price – at the very least, they expect vesting of such stock options to vest based on the achievement of pre-set performance targets. Our current scoring mechanism now requires companies to disclose the pre-set performance targets while seeking shareholder approval. We also expect companies to disclose, in their annual reports, the level of targets achieved and therefore the basis of allowing stock options to vest.

Exhibit 29: Companies with stock options grants aligned with investor interest

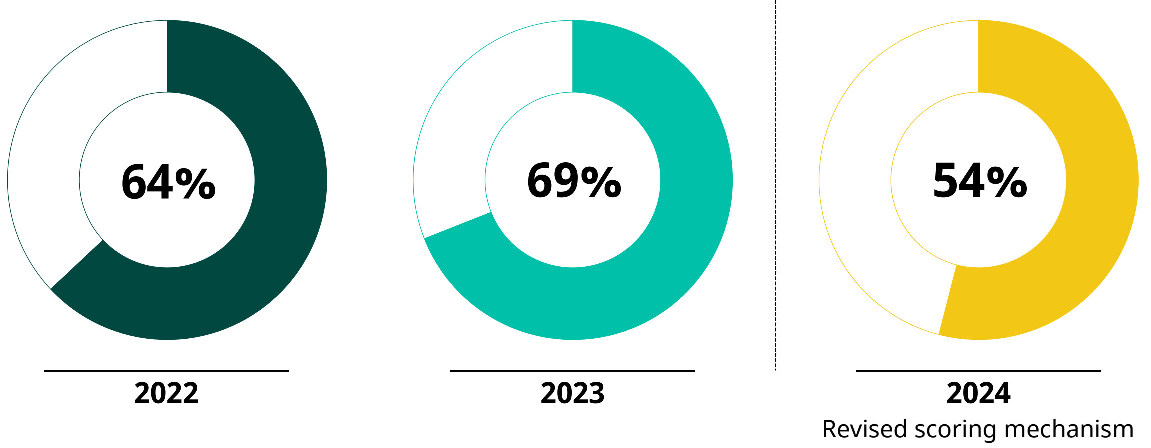


CONFLICT OF INTEREST AND RELATED PARTY TRANSACTIONS

Managing conflicts of interest is essential for maintaining stakeholder trust. A well-defined policy ensures that decision-making remains objective and free from personal influence. However, in many companies, conflict-of-interest policies are narrowly framed, applying only to employees and directors, while excluding external stakeholders such as suppliers and vendors. A more comprehensive approach is needed to address conflicts that extend beyond the boardroom, given their potential impact on governance.

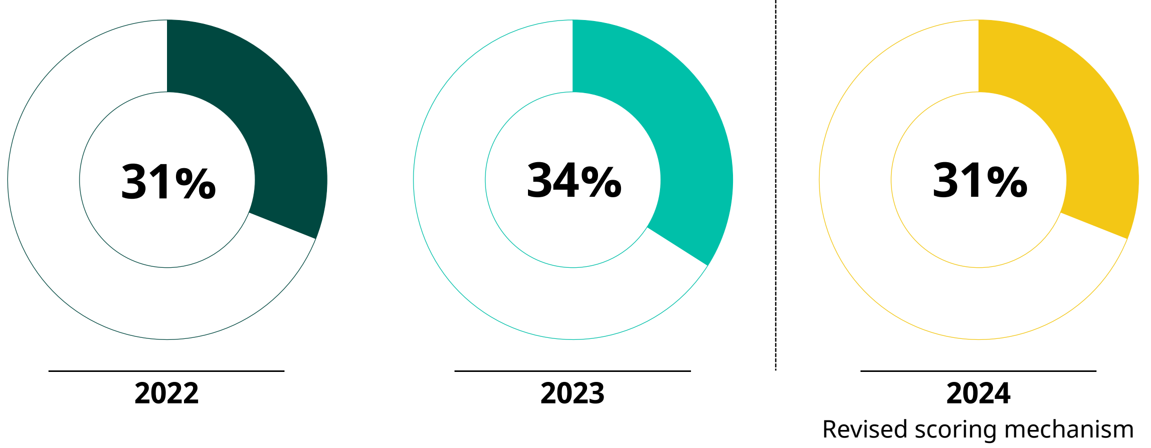
As was discussed earlier, promoter voting on their own compensation is, in effect, a conflict of interest – one that is neither addressed by companies' policies nor regulation. Other areas of conflict-of-interest Independent Directors with business relationships (direct or indirect) with the company.

Exhibit 30: Companies that have a publicly disclosed conflict-of-interest policy for employees



In 2024, 46 of the BSE100 companies either lack a conflict-of-interest policy or have potential conflicts (31 in 2023). This increase is due to stricter evaluation parameters and changes in index composition.

Exhibit 31: Companies with conflict-of-interest policies that encompass all stakeholders (not limited to employees)



The most critical element of conflict of interest are related party transactions. Regulations on these have evolved over time, with several revisions, all with the attempt to protect the non-controlling shareholder against the interests of the controlling shareholders.

While regulations attempt to create protective mechanisms through disclosures, audit committee approval, and shareholder approval, as well as driving market-based pricing, there are other terms and conditions of transactions that may be considered favourable to the related party. The more germane question for audit committees is to ask if the proposed related party transactions are increasing operational dependence on the promoter group: in several companies, promoter group control business adjacencies, either through control over critical elements of the supply chain or some of the operational assets themselves.

The other loophole that SEBI subsequently corrected was the method in which the aggregating of transactions was calculated – one of the listed MNCs in India, after the rejection of related party transaction resolutions by shareholders – held a view that the 10% threshold for shareholder approval was to be calculated project-wise or contract-wise and not in absolute aggregates – as a result, the company continued with the related party transactions despite the defeat of the resolutions. SEBI's order in this matter created clarity for all stakeholders: to test for whether shareholder approval is required, all transactions with the counter-party need to be considered in aggregate.

Exhibit 32: Companies that did not undertake transactions in the past three years which were prejudicial to the interest of minority shareholders

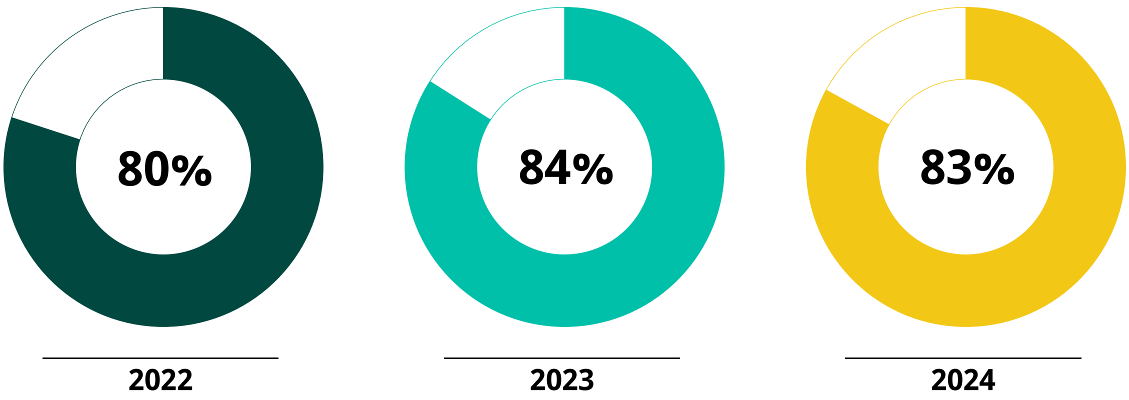
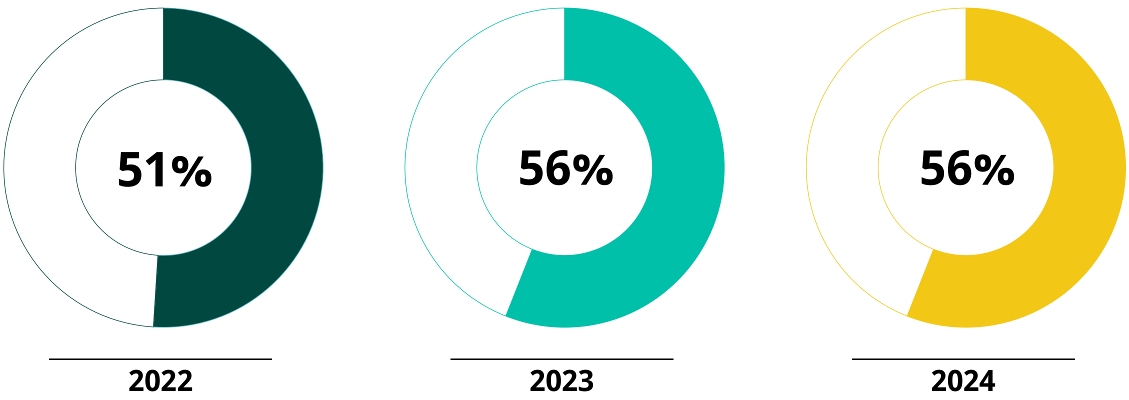


Exhibit 33: Companies with policies on related party transactions that prohibit interested directors from participating in discussion and voting



MANAGING SHAREHOLDERS

Over the past decade, regulatory reforms have strengthened investor rights and encouraged greater transparency in corporate governance. Stewardship codes for institutional investors and stricter disclosure norms have led to more structured communication between companies and their shareholders. Asset managers including mutual funds, insurance firms, AIFs, and pension funds are now expected to engage with companies more actively. As a result, investor interactions have become more frequent, with companies providing structured updates through quarterly earnings calls, AGMs, and stock exchange filings.

SEBI's tightening of related party transaction norms has increased scrutiny on deals involving promoter-linked entities, while enhanced disclosure requirements have made governance structures and risk management practices more transparent.

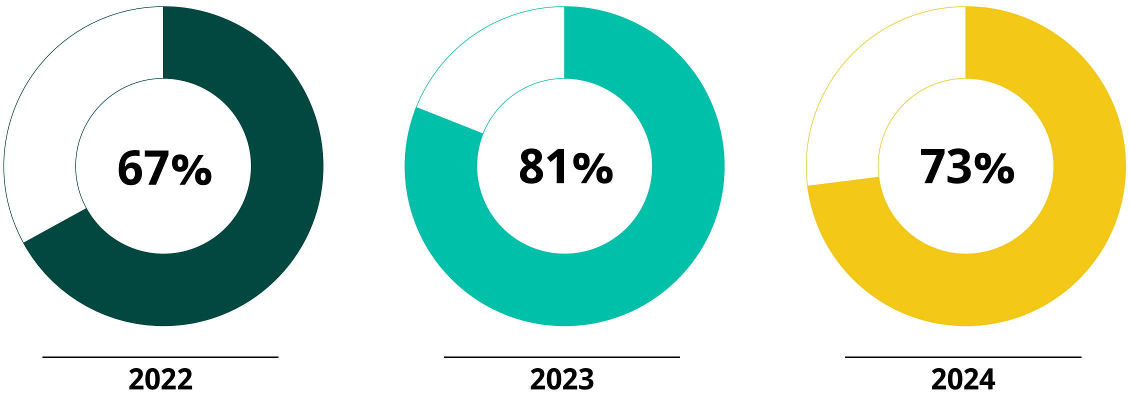
The median score for Rights and Equitable Treatment of Shareholders has remained 63 for four years, with the highest score plateauing at 88 for the last three years. A key gap remains the direct engagement between large stakeholders and the board—particularly Independent Directors on the Stakeholder Relationship Committee (SRC) and the AC. Strengthening these channels will be crucial in moving beyond compliance-driven disclosures to meaningful governance outcomes. More structured engagement, including investor feedback loops before AGMs, could help align shareholder concerns with board decisions.

MANAGING AGMS

The shift to virtual and hybrid AGMs, initially driven by the pandemic, has now become an integral part of corporate India's governance framework. Over the past four years, these formats have made it significantly easier for companies to provide shareholders with webcasts and transcripts, enhancing accessibility and transparency. In 2024, 73 of the BSE100 companies documented shareholder interactions—either in the AGM minutes or through webcast recordings—down from 81 in the previous year. This means that a quarter of the index's companies still fail to disclose whether shareholder concerns were meaningfully addressed, underscoring a persistent gap in accountability.

In many companies, shareholder engagement during AGMs remains restricted, with questions often confined to financial statements and proposed resolutions. Even in cases where there are no explicit restrictions, the virtual format has created a structured Q&A approach where questions are collected and addressed collectively at the end of the meeting. This setup inherently favours the board, turning shareholder participation into a one-sided exchange rather than a genuine conversation. This has also led to the slow decline in investor participation at AGMs, after the initial excitement of virtual AGMs during the pandemic.

Exhibit 34: AGMs minutes or webcast that disclosed the questions asked by investors and the board's response to these



One positive outcome of virtual and hybrid AGMs has been increased disclosure on director attendance, and in some cases, a higher turnout of board members. However, despite the convenience of virtual participation, board attendance remains inconsistent. About 40% of BSE100 companies still struggle to ensure full board presence at their AGMs. Another critical aspect of shareholder engagement is the ability to question auditors about the company's financials. While auditor attendance at AGMs is mandatory, it is typically the Chairperson who manages the meeting, rarely allowing auditors to respond directly to shareholders. Disclosure on auditor attendance remains uneven, though webcast availability has improved tracking. In 2024, 87 of the BSE100 companies confirmed their auditors attended the AGM, down from 91 last year—though this decline could partly be attributed to delays in uploading AGM minutes and transcripts.

Exhibit 35: AGMs that all board members attended

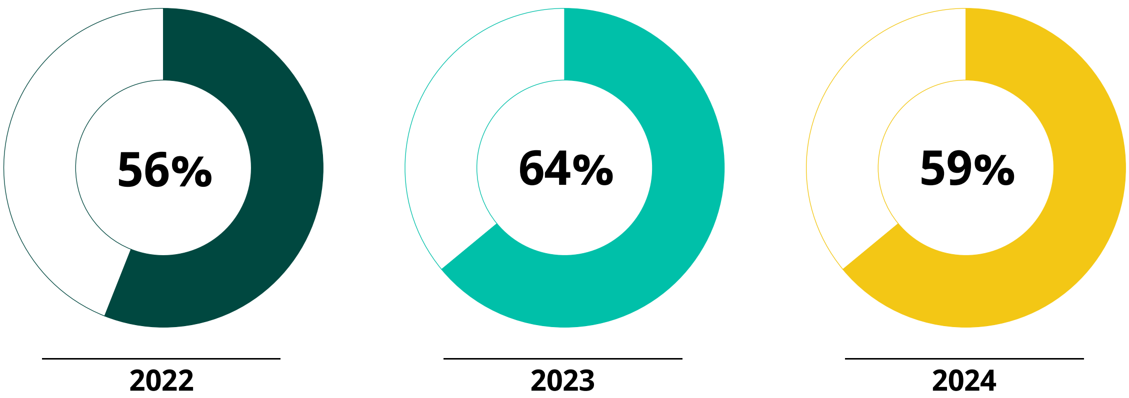
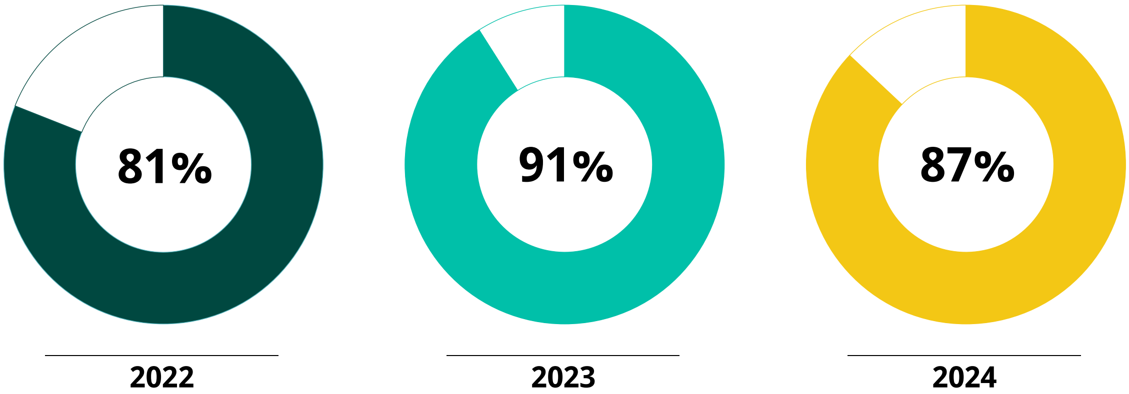
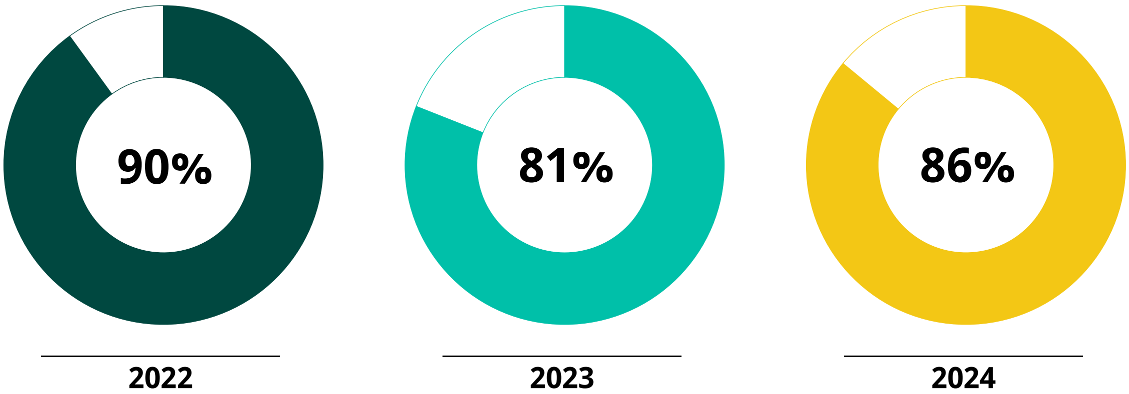


Exhibit 36: Companies that disclosed that statutory auditors attended the AGM



In 2022 and 2023, most auditors completed their first five-year term. While many audit firms were reappointed, some companies opted not to rotate the audit partner. Regular rotation of audit partners every five years helps maintain objectivity while preserving institutional knowledge.

Exhibit 37: Companies where Audit firm tenure < 10 years and audit partner < 5 years

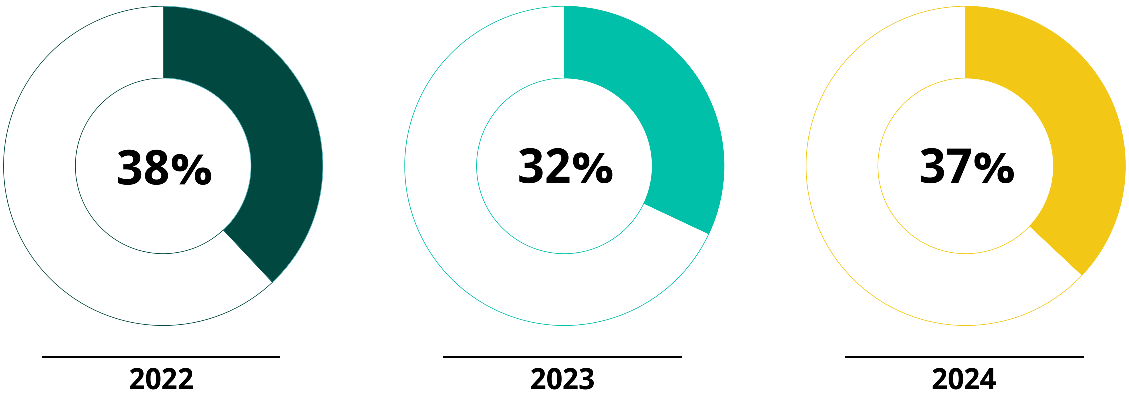


ENGAGING WITH INVESTORS

As investor expectations around transparency continue to rise, having clear and accessible communication channels is becoming increasingly important. Only 37 of the BSE100 companies provided detailed contact information for their investor relations team. While most companies named a designated contact, 60 listed only a board line number or a generic email address, and three companies did not disclose a specific point of contact at all.

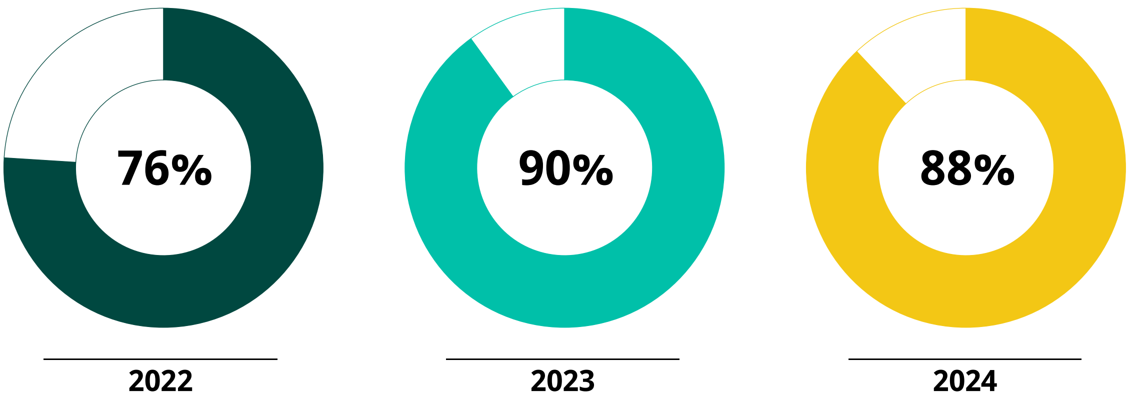
A well-structured investor relations approach - one that includes easily available contact details and a responsive mechanism - can help strengthen trust and foster long-term engagement with shareholders.

Exhibit 38: Companies that disclosed the names and contact details of investor relations person /team on their website



When startups first went public, some ignored investor calls entirely. But as shareholder engagement grew and investor pushback increased, this approach proved unsustainable. Companies have since adapted, realizing that proactive communication is essential. In 2024, 88 of the BSE100 companies held regular investor calls and made transcripts or recordings publicly available. These calls mainly cater to equity analysts and institutional investors; however, open access allows retail shareholders to stay informed, reducing the information gap.

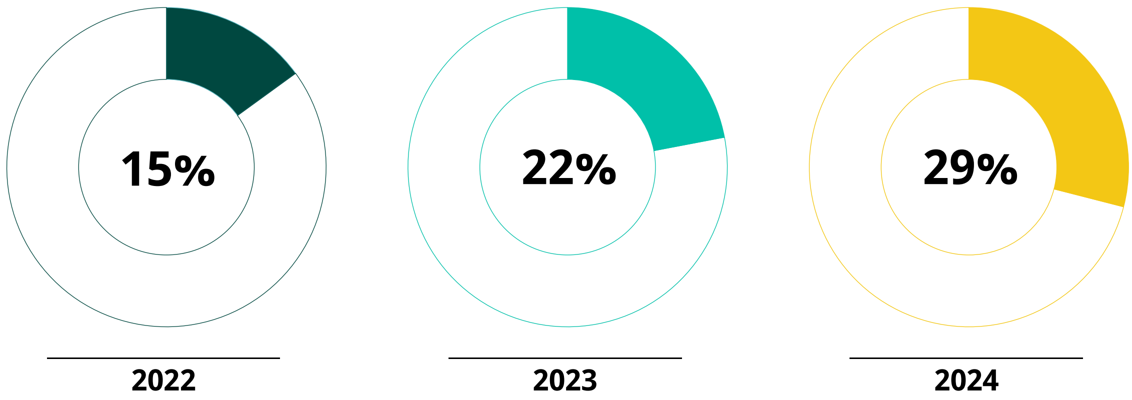
Exhibit 39: Companies that have regular investors calls and publicly disclose the transcripts or recordings of these calls



Globally, institutional investors have avenues to engage with independent directors. In India, such access is limited - investors primarily interact with executive directors during earnings calls, while independent directors, including those on key committees like AC and SRC, remain at a distance.

A simple yet effective step is adopting a robust investor grievance policy. Many companies provide generic guidelines, but few offer a clear escalation mechanism if concerns go unresolved. While some have introduced formal policies, most still rely on SCORES as the primary grievance redressal platform.

Exhibit 40: Companies that have a publicly available policy to handle investor grievances

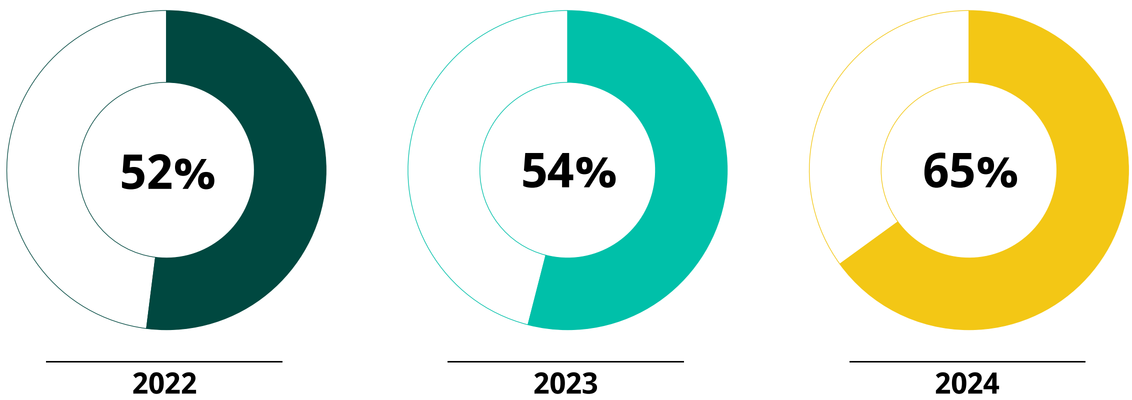


DIVIDENDS

Corporate India has long been known for hoarding cash, but the trend has shifted in recent years. IiAS' 2024 Dividend and Buyback Study[10] found that companies have returned record amounts to shareholders through dividends and buybacks. However, some companies still hold significant cash reserves without a clear capital allocation framework. To improve transparency, SEBI required the top 1000 companies to disclose a dividend distribution policy. In 2024, 65 of the BSE100 companies outlined a target payout in their policies. However, 20 of them did not meet their stated targets, and investors received no explanation or additional guidance.

For banks and NBFCs, the RBI regulates dividend payouts. PSUs follow guidelines set by the Department of Public Enterprises (DPE). But beyond these exceptions, corporate boards must take ownership. They need to move beyond regulatory mandates and articulate a clear, consistent capital allocation strategy.

Exhibit 41: Dividend policies that articulate a targeted payout ratio



[10] https://www.iiasadvisory.com/institutional-eye/ii-as-dividend-and-buyback-study-2024

INVESTOR DISSENT

Investors are voicing stronger concerns about corporate practices; that this growing pushback has not translated into more shareholder resolutions being rejected, is because the '*promoters*' are still the dominant shareholders, and through their voting ensure that resolutions are approved. While investors have raised red flags on issues like excessive executive pay, board independence, and related-party transactions, their influence is out-weighted by the promoter shareholding.

Exhibit 42: Companies that had their shareholder proposals rejected by investors

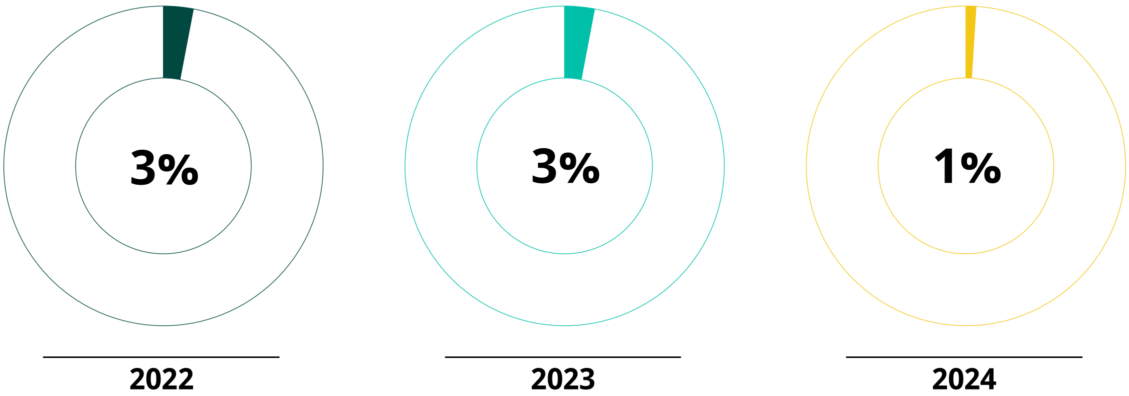
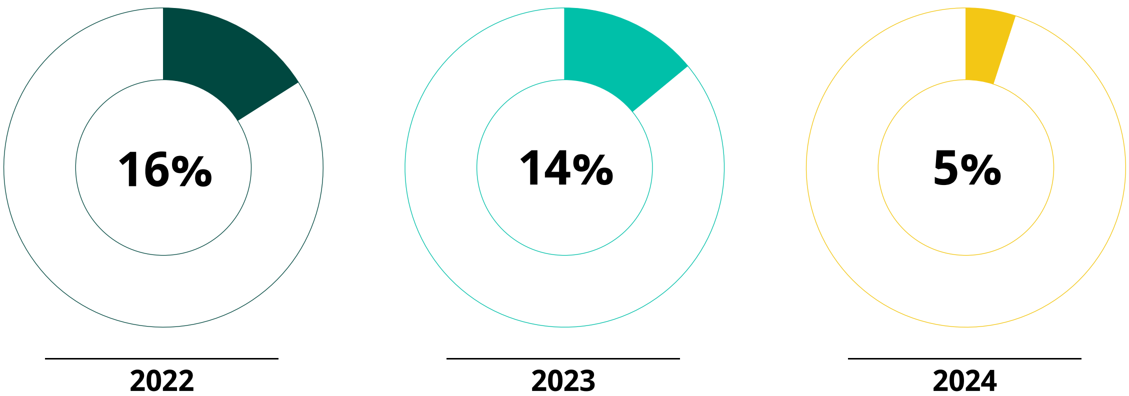


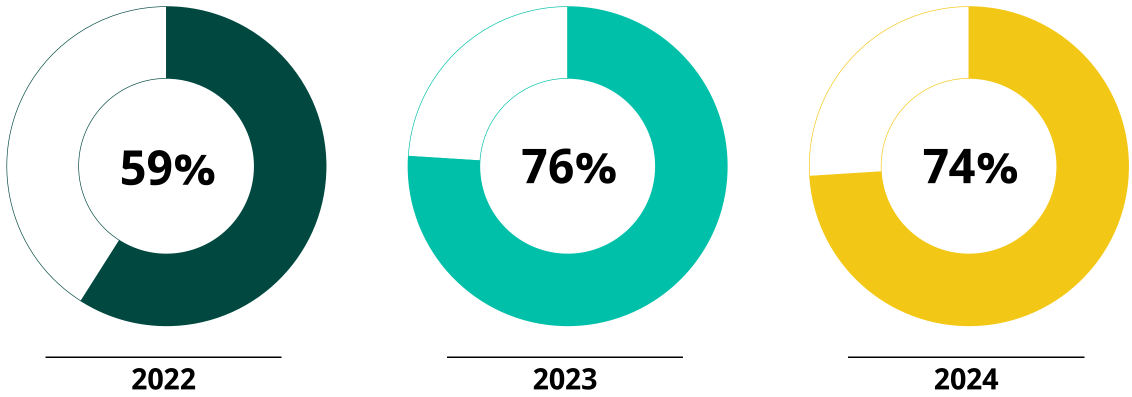
Exhibit 43: Companies that had their shareholder proposals carried by the promoter vote – majority of minority votes did not support the resolution



India is a market where companies must disclose voting outcomes by investor category, ensuring a level of transparency in shareholder decision-making. Most companies comply with this requirement, but investors are increasingly looking for deeper insights beyond just voting results.

Recent trends highlight how investor scrutiny has influenced board decisions, leading to withdrawn resolutions and revised proposals. However, companies often engage only after facing resistance, rather than fostering open dialogue beforehand. Enhancing disclosures around investor engagement, proxy advisory feedback, and board rationale for key resolutions can build trust.

Exhibit 44: Companies where voting details of each shareholder category was disclosed and reasons for invalid votes was articulated



Creating holding structures or mechanisms for better control

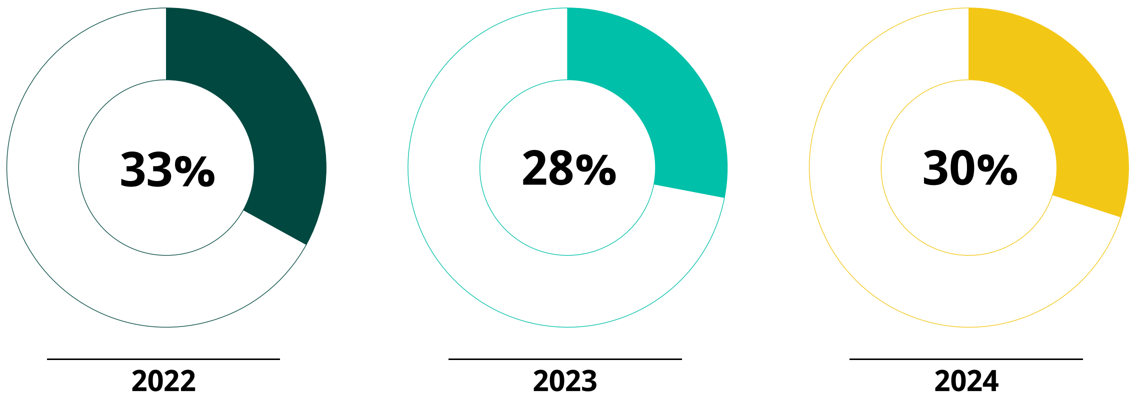
One of the ways in which promoter groups exert significant control is by structuring the promoters' shareholding. This often happens when both the holding company and the operating subsidiary are listed. While from the investors' perspective, the valuations factor in a holding-company discount, it does not account for the promoters' voting rights in the operating subsidiary that is often more than their economic interest.

Promoter groups often consolidate control through complex shareholding structures. Additionally, family members classified as public shareholders despite close ties to the promoters can further tilt control in favour of the promoter group, limiting the influence of public shareholders.

Another common structure involves promoters directly holding stakes in operating subsidiaries where the listed company is the majority shareholder. This allows them to benefit from the subsidiary's success while shifting risks and financial burdens to the listed entity.

In 2024, 30 of the BSE100 companies had structures that could disadvantage minority shareholders.

Exhibit 45: Companies where there are structures and mechanisms that could violate minority shareholders' rights

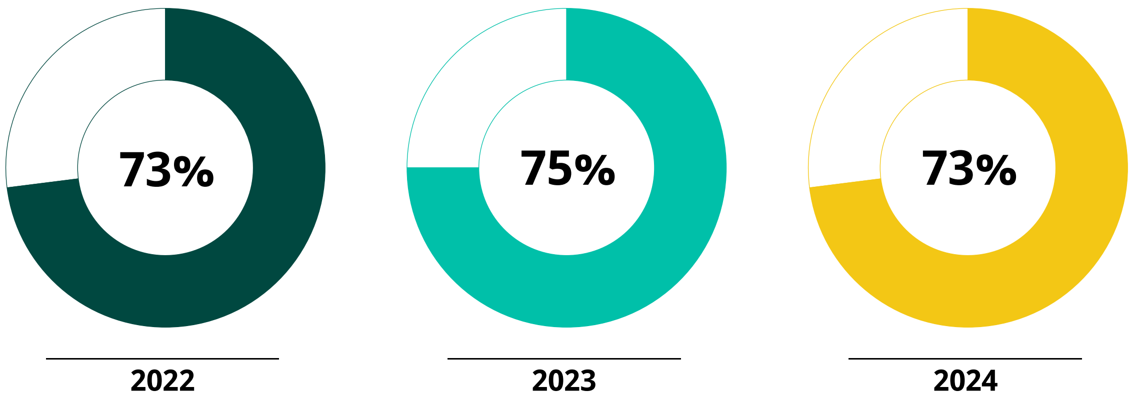


FINANCIAL STATEMENTS AND AUDITORS

FINANCIAL STATEMENT REPORTING

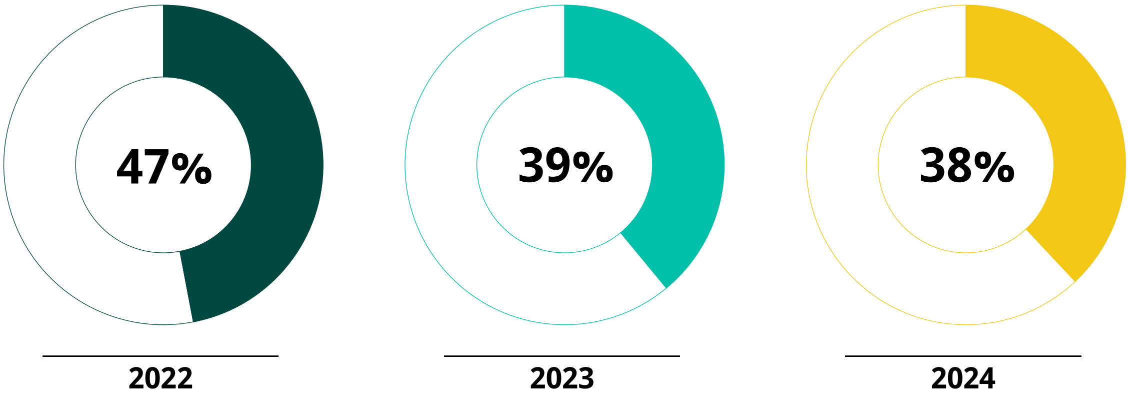
With increased scrutiny on audit quality, auditors are taking a stronger stance in their reports. Despite the scale and prominence of BSE100 companies, only 73% had clean audit reports. In 2023, a major corporate group faced auditor qualifications across multiple listed entities due to allegations from a US-based short-seller, highlighting the rising importance of audit independence. This has continued to impact the 2024 scores given the three-year look back period. Of the BSE100 companies, three companies had qualified audit reports, while 24 carried 'Matter of Emphasis' comments. These flags, though not outright qualifications, signal areas requiring investor attention.

Exhibit 46: Companies where auditors have not raised any concerns on financial statements



Segment disclosures remain inconsistent across companies. While the Management Discussion & Analysis (MD&A) section often details business segments, the financial statements do not always align with these narratives. Regulations define what qualifies as a separate segment, but managements have leeway in interpretation. In some cases, businesses with distinct risk profiles and revenue streams are clubbed together, limiting investor clarity. A practical benchmark would be to disclose segments as they are reported to the board for performance reviews. This ensures transparency and helps investors assess business drivers more accurately.

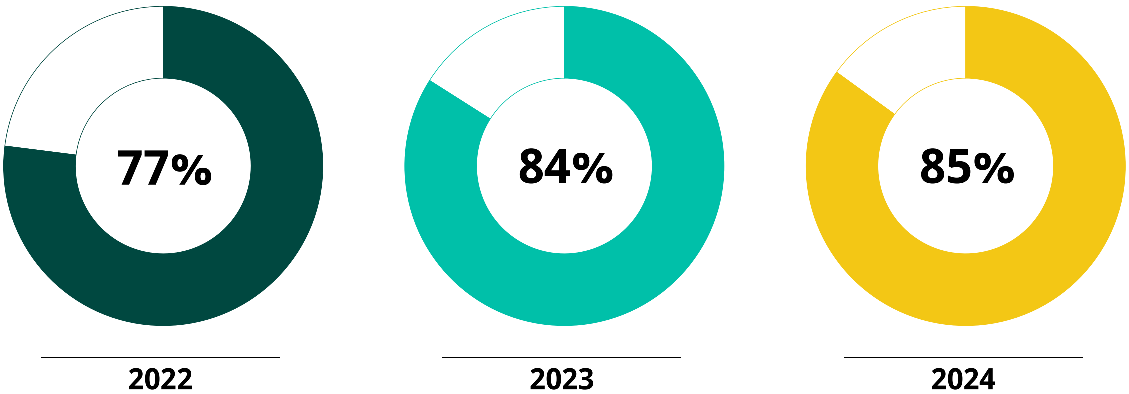
Exhibit 47: Annual reports where segment information is comprehensively disclosed



Audit Quality

Internal audit serves as the first line of defence, ensuring risk management and process integrity. While most companies have an internal audit function, its effectiveness depends on having a well-defined charter, adequate staffing, and operational independence. Best practices suggest that internal audit should report directly to the audit committee, rather than management, to maintain objectivity. However, company disclosures on their internal audit frameworks remain limited. Some firms outsource the function to external audit firms, while others rely on in-house teams. Regardless of the structure, the function's primary objective should be to protect business operations through proactive risk identification and mitigation. In 2024, there was little change from the previous year in transparency around audit scope, reporting structures, and independence.

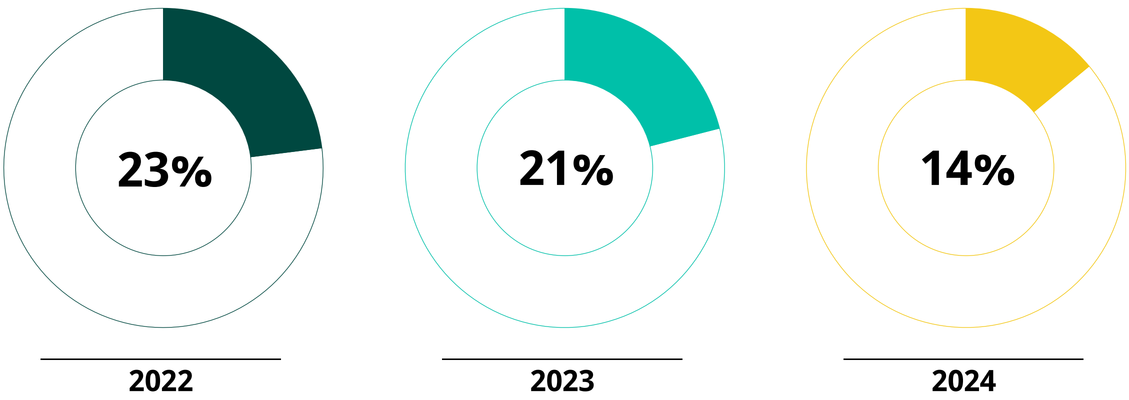
Exhibit 48: Companies where internal audit function reports directly to the audit committee



Audit Committees are expected to periodically assess the independence and quality of statutory auditors. This is critical since auditor appointments are not renewed annually but are set for five-year terms in companies and three-year terms in banks and NBFCs. However, disclosures on auditor independence, qualifications, and selection processes remain inadequate. While regulations encourage transparency, many companies provide only minimal details on why a particular audit firm was chosen or how its competence was evaluated.

The National Financial Reporting Authority (NFRA) has played an active role in shaping audit oversight. The regulator has not only recommended accounting and auditing standards but has also flagged lapses in audit processes. In several cases, NFRA has pointed out deficiencies in audit firms' risk assessments and internal quality control measures. While its enforcement actions have put auditors on notice, the overall impact on audit quality remains to be seen.

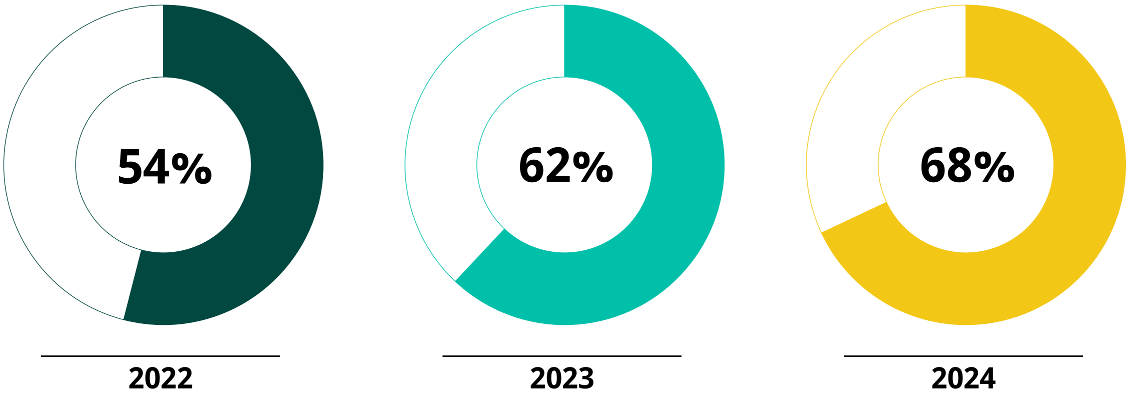
Exhibit 49: Boards that provided information about the independence, competence and experience of the statutory auditors



Non-Financial Disclosures

Non-financial disclosures are just as critical as financials, offering investors a deeper insight into a company's performance. Businesses are sharpening their narrative—enhancing segment reporting, unpacking industry dynamics, and outlining key risks and opportunities. Post-COVID, risk disclosures have evolved beyond black swan events to address systemic challenges like supply chain vulnerabilities, climate risks, and shifting regulations. Tech firms now spotlight data security, while manufacturers navigate sustainability pressures and energy volatility.

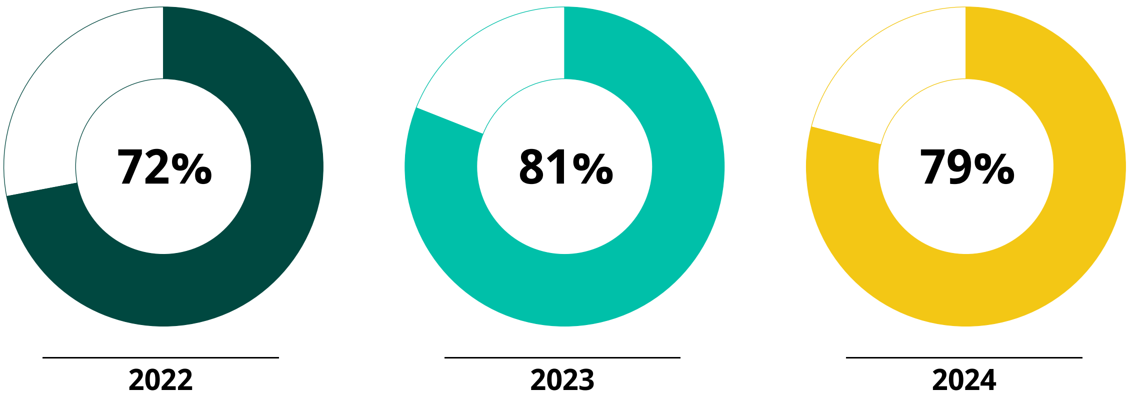
Exhibit 50: Companies that have clearly outlined business risks and mitigation strategies in their annual reports



With investors increasingly demanding ESG data, BSE100 companies have strengthened sustainability disclosures. SEBI's mandate for the Business Responsibility and Sustainability Report (BRSR) has shifted ESG reporting from a compliance requirement to a core business priority. Early adopters like Tata Steel and Wipro adopted Integrated Reporting, setting a precedent for others.

The global effort to standardize ESG reporting has gained traction with the International Sustainability Standards Board (ISSB), which incorporates Integrated Reporting principles. India has reinforced this by mandating BRSR Core, ensuring standardized disclosures on key ESG metrics with phased assurance requirements. SEBI expects this to improve data reliability, enable better comparisons, and reduce greenwashing risks.

Exhibit 51: Companies that follow Integrated Reporting or have published a sustainability report



SUSTAINABILITY AND STAKEHOLDER MANAGEMENT

The pandemic challenged the idea that shareholder interests override corporate responsibility. It is clear that businesses have broader obligations to society - beyond just spending 2% on CSR. ESG considerations are now central to board discussions.

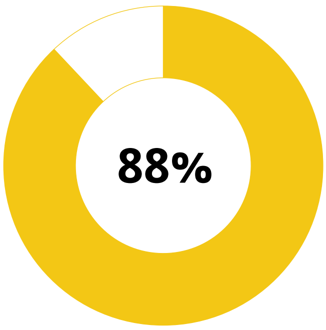
The G20/OECD Principles of Corporate Governance and India's Companies Act, 2013, emphasize stakeholder interests, not just shareholders. To create sustainable value, companies must consider investors, employees, creditors, customers, suppliers, and communities in governance decisions.

Reflecting these shifts, the most recent G20/OECD update introduces a dedicated chapter on "Sustainability and Resilience," merging the previous "Role of Stakeholders" section. It strengthens guidance on climate risks, sustainability challenges, and long-term resilience.

WHO OVERSEES SUSTAINABILITY?

Effective sustainability oversight requires leadership at the highest level. ESG risks—whether climate impact, regulatory shifts, or supply chain challenges—directly influence long-term business resilience. When a board member or committee is responsible, sustainability is embedded into strategic decision-making rather than treated as a standalone initiative. Of the BSE100 firms, 88 have adopted this approach, reflecting a broader shift toward accountable governance.

Exhibit 52: Companies that have Board members overseeing sustainability practices

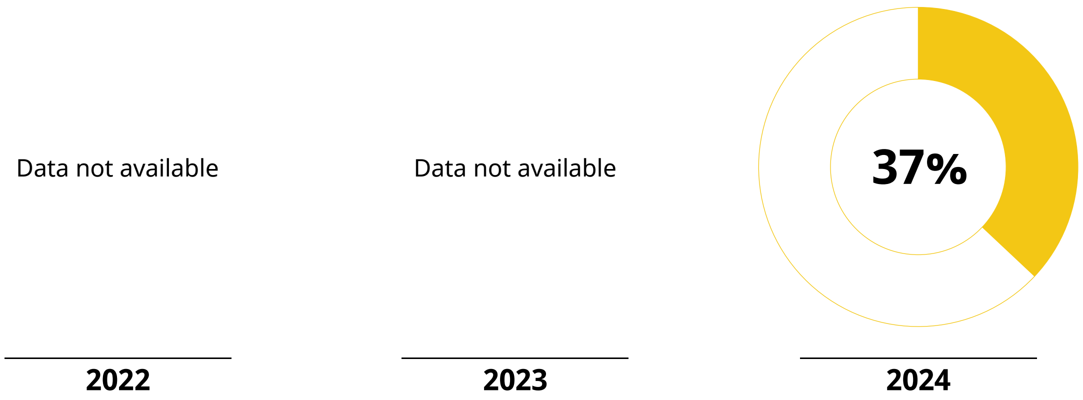
2022	2023	2024
Data not available	Data not available	

ASSESSMENT OF BRSR DATA

Independent validation enhances credibility, mitigates the risk of greenwashing, and reinforces investor confidence. To improve transparency, SEBI introduced the Business Responsibility and Sustainability Report (BRSR) framework, mandating the top 1000 listed companies to disclose key ESG metrics with effect from FY23. In 2023, this was further refined with BRSR Core, mandating limited assurance on select ESG parameters (to be introduced in a staggered manner).

Yet, companies have approached this requirement with varying degrees of commitment. For assessment, those limiting assurance to BRSR Core alone did not receive the maximum points. Among the BSE100, only 37 have sought independent validation beyond the mandated BRSR Core.

Exhibit 53: Companies that have had their BRSR data independently verified for CORE and select other parameters

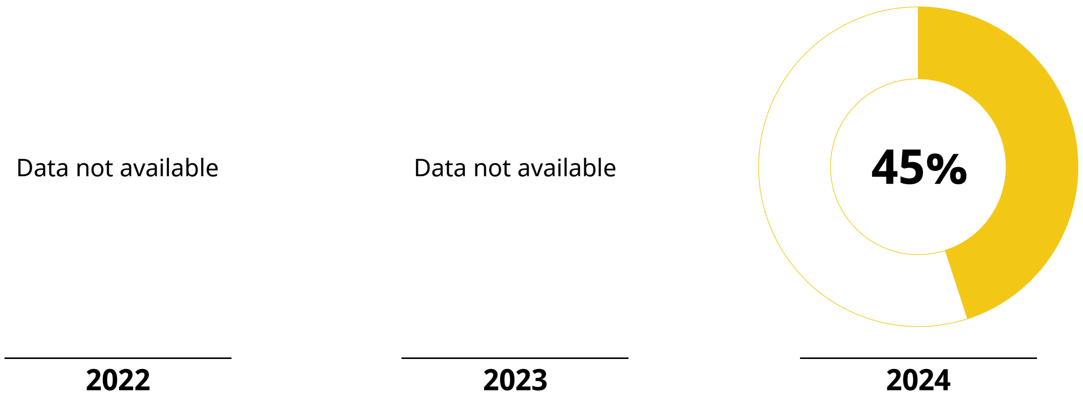


CLIMATE RISK

We introduced climate risk disclosures in the new scorecard to push companies toward more transparent and accountable reporting. Climate risks are no longer hypothetical—they have financial and operational consequences. Investors need clarity on how businesses assess these risks and what measures are being taken to mitigate them.

In 2024, 45 of the BSE100 companies have outlined both their climate risks and mitigation strategies—showing that regulatory actions like the BRSR mandate have had their impact. 38 companies identify climate risks but offer only generic or no mitigation plans. 17 companies provided no disclosures at all.

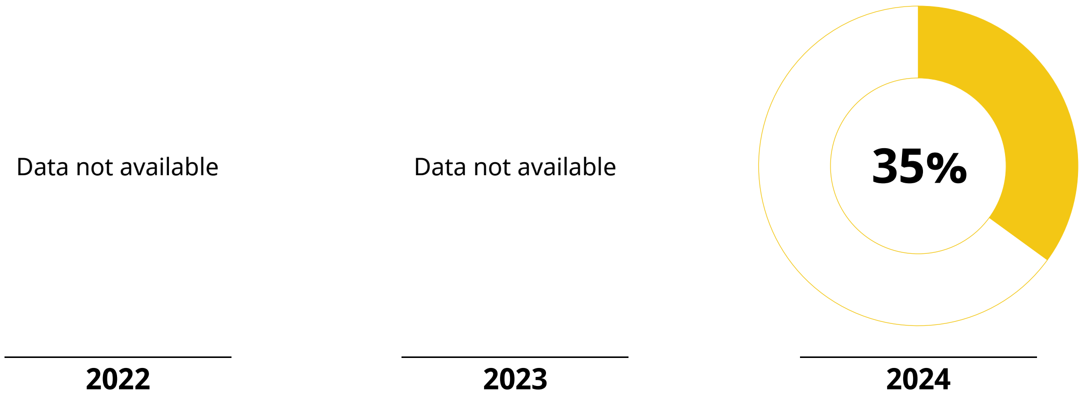
Exhibit 54: Companies that have provided comprehensive disclosures on climate risks



NET ZERO TARGETS

India aims to achieve net zero by 2070, with the maximum contribution coming from corporate India. With industries driving a significant share of emissions, their commitment is crucial for meaningful progress. Of the BSE100 companies, only 35 have disclosed a net zero/carbon neutral target with an action plan, while 40 have made no commitment. 25 companies disclosed targets but made no disclosures on interim targets.

Exhibit 55: Companies that have disclosed their net zero target along with interim targets



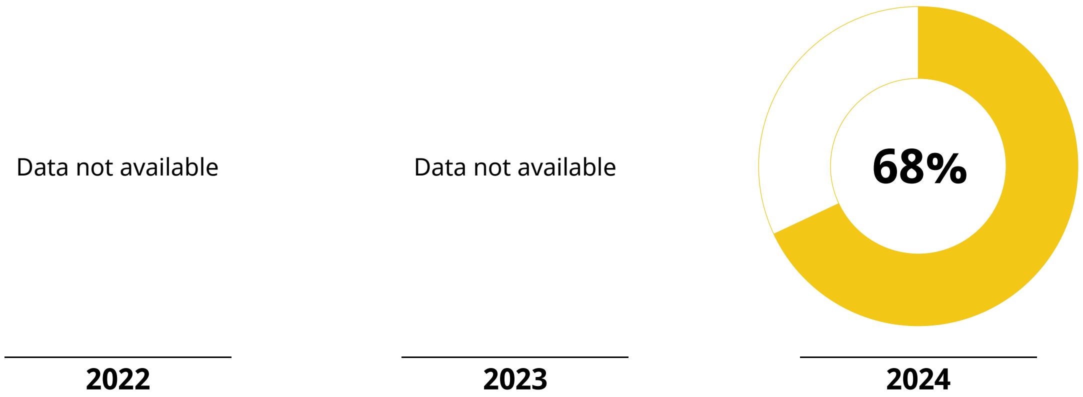
Related IiAS' Research: Greening of Corporate India

SUSTAINABLE DEVELOPMENT GOALS (SDGS)

The 2030 agenda for Sustainable Development, adopted by the UN members, established a global framework of 17 interconnected goals known as the United Nations Sustainable Development Goals (UNSDGs). These goals are aimed at addressing pressing global challenges, from climate action to gender equality and responsible consumption. While originally designed for governments, these goals have become a key benchmark for corporate sustainability, shaping investor expectations and regulatory frameworks worldwide.

For companies, aligning with the UNSDGs is no longer just a matter of corporate social responsibility—it is a strategic imperative. Investors, lenders, and global supply chains increasingly assess businesses based on their contribution to these goals. On our corporate governance scorecard, we evaluate whether companies have gone beyond symbolic commitments to UNSDGs and embedded them into their operations. 68 of the BSE100 companies have taken concrete steps toward alignment. However, alignment must go beyond broad declarations—companies are expected to demonstrate measurable progress on relevant SDGs.

Exhibit 56: Companies that have taken steps to align their initiatives with the UNSDGs



Global Reporting Standards

For sustainability disclosures to be meaningful, they must be comparable, and decision-useful. Global reporting frameworks such as the Global Reporting Initiative (GRI), Sustainability Accounting Standards Board (SASB), Carbon Disclosure Project (CDP), and Task Force on Climate-related Financial Disclosures (TCFD) provide structured methodologies that ensure consistency across industries and geographies, enhancing credibility and investor trust.

GRI comprises widely used standards for sustainability reporting, aiding organizations to disclose their impacts on issues like climate change and human rights in a standardized format (globalreporting.org).

SASB, now under the International Sustainability Standards Board (ISSB), identifies industry-specific sustainability factors that are financially material, allowing investors to compare company performance within and across sectors (sasb.ifrs.org).

CDP provides a standardized platform for environmental disclosures, enabling benchmarking of corporate climate strategies (cdp.net).

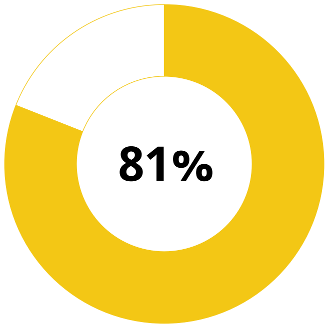
TCFD, established by the Financial Stability Board, enhances climate-related financial disclosures, ensuring that companies report risks and opportunities in a structured and comparable manner (fsb-tcfd.org).

TNFD builds on the TCFD (Task Force on Climate-related Financial Disclosures) model and focuses on biodiversity, ecosystem services, and natural capital (tnfd.global).

ISSB Framework, established by the IFRS Foundation, consolidates existing standards like TCFD, SASB, and CDP, focusing on governance, strategy, risk management, and metrics & targets (ifrs.org).

These frameworks drive uniformity and align sustainability reporting with financial disclosures. 81 of the BSE100 companies have adopted at least one of these frameworks, reinforcing the shift toward standardized sustainability reporting.

Exhibit 57: Companies that have adopted global reporting and disclosure standards

2022	2023	2024
Data not available	Data not available	

Emissions and Water Consumption

Sustainable growth requires businesses to minimize environmental impact while maintaining profitability. Multiple global frameworks, including the UNEP and CDP, emphasize that lowering emissions and water usage is essential for long-term resilience. Investors assess emissions and water intensity as proxies for operational efficiency and climate preparedness. In India, 60 of the BSE100 companies have reduced their Scope 1+2 emissions intensity, while 54 have lowered water consumption intensity.

Exhibit 58: Companies that have reduced their Scope 1 + Scope 2 Emissions

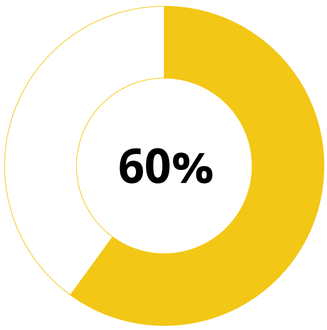
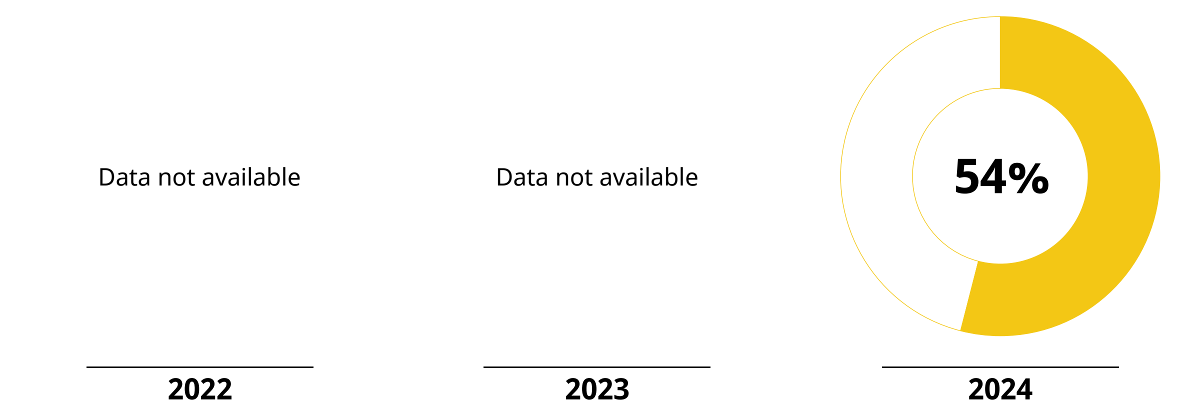
2022	2023	2024
Data not available	Data not available	

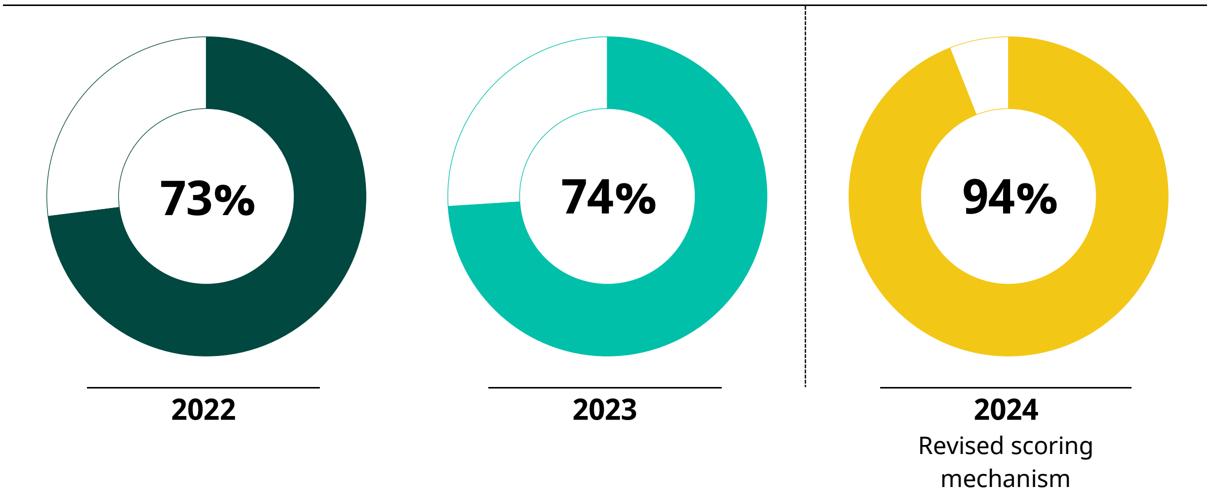
Exhibit 59: Companies that have reduced their Water Consumption intensity



CSR SPENDS

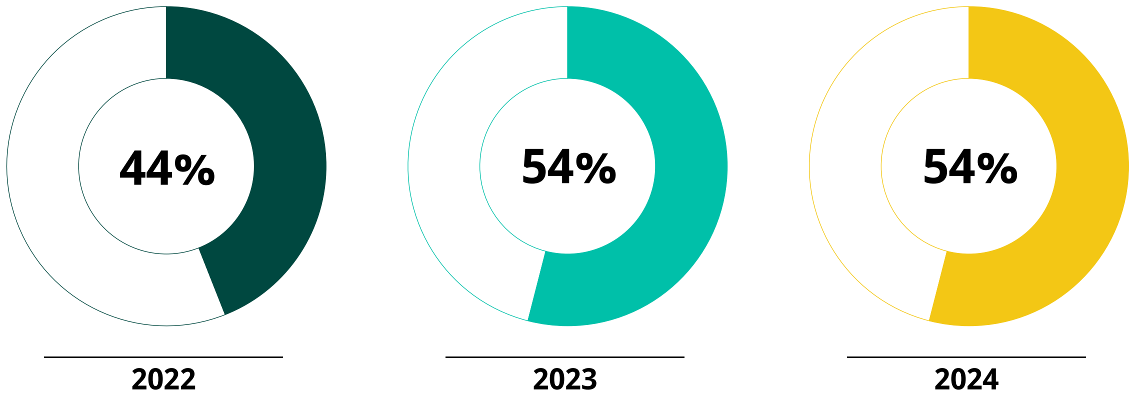
CSR has become a structured obligation, with companies largely aligning with the 2% mandate except for PSUs, which have faced challenges deploying funds effectively within a given timeframe. IiAS adjusted its assessment in 2024 after market feedback, now considering funds parked in unspent CSR accounts. Long-term projects require phased funding and measuring CSR by impact rather than just annual spending leads to more effective outcomes. With this shift, the number of companies meeting the 2% requirement has risen to 94 from 74 last year.

Exhibit 60: Companies spent at least 2% of their past three-year average profits on CSR



Since January 2021, companies spending over Rs. 100.0 million annually on CSR must assess the impact of projects exceeding Rs. 10.0 million. While firms meet the 2% CSR requirement because regulations mandate it, most don't go beyond compliance to evaluate impact unless legally required. This hasn't changed - 54 of the BSE 100 companies conducted impact assessments in FY24, the same as in FY23. The numbers suggest companies undertake these assessments only when they qualify under the law, rather than as a broader effort to measure effectiveness.

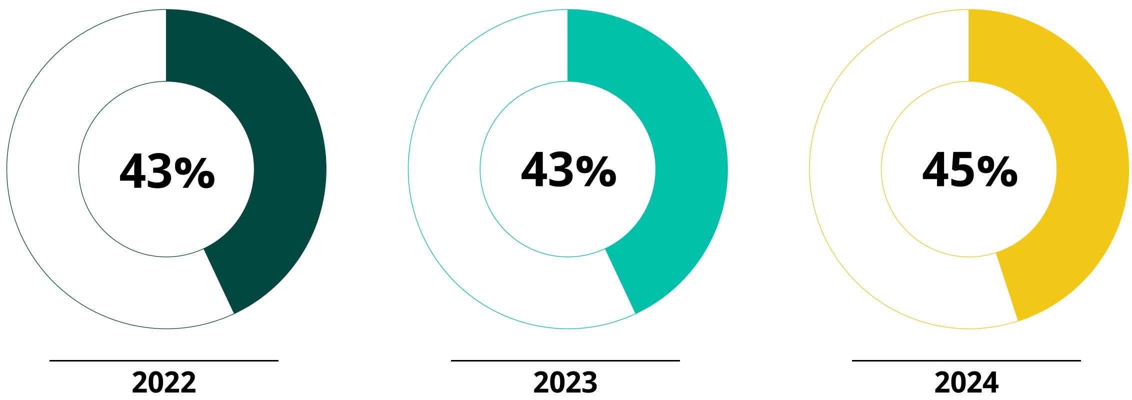
Exhibit 61: Companies that have undertaken an impact assessment of their CSR spends and disclosed the results



WHISTLE-BLOWER MECHANISMS

While corporate codes define expected behaviour, lapses still occur. An effective mechanism allows employees, suppliers, and customers to report concerns confidentially without fear of retaliation. In India, audit committees handle these complaints, but many companies still do not permit anonymous reporting, limiting employees' ability to speak up. Whistle-blower policies should also extend beyond employees to include all stakeholders. However, little has changed – only 45 of the BSE100 companies have comprehensive whistle-blower policies covering all stakeholders and allowing anonymous complaints, similar to last year. The whistle-blower policy must specify the types of issues covered, reporting channels, resolution steps, investigation timelines, and measures to protect anonymity.

Exhibit 62: Companies with whistle-blower policies that extend to all stakeholders, including employees, customers, and suppliers



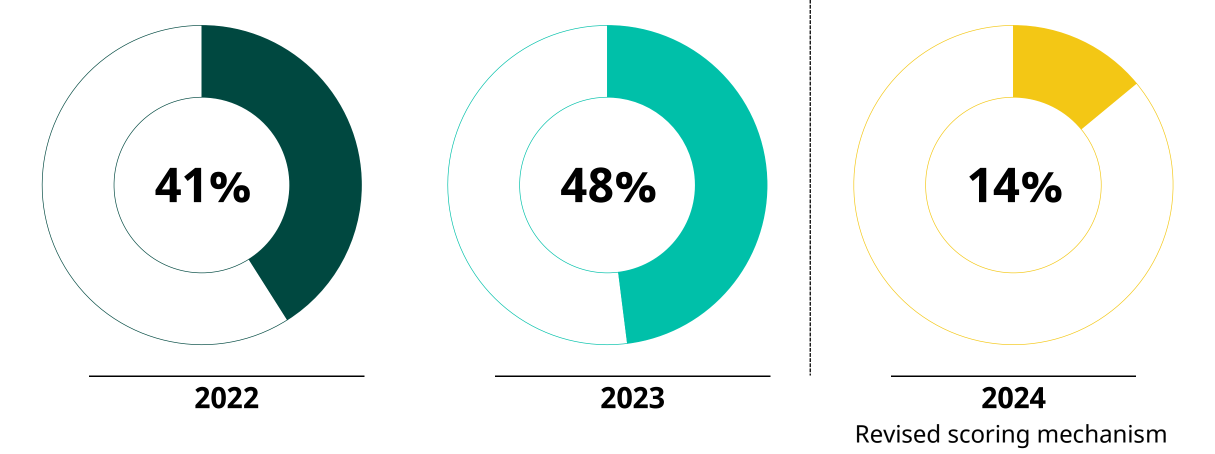
HEALTH AND SAFETY OF EMPLOYEES

While health and safety has always been critical for manufacturing companies, the definition of workplace safety is evolving for the services sector as well, encompassing mental health, protection against harassment, and overall employee well-being. Strong policies and transparent disclosures not only set expectations but also signal companies' commitment to safeguarding its workforce.

Most companies comply with the mandatory requirement of having a POSH policy, yet many fail to make them gender-neutral. Health and safety policies exist in many organizations, but the lack of public disclosure raises concerns about their implementation. Without transparency, stakeholders—including employees, investors, and regulators—cannot assess how seriously companies take workplace safety. More critically, undisclosed policies prevent employees from accessing them when needed.

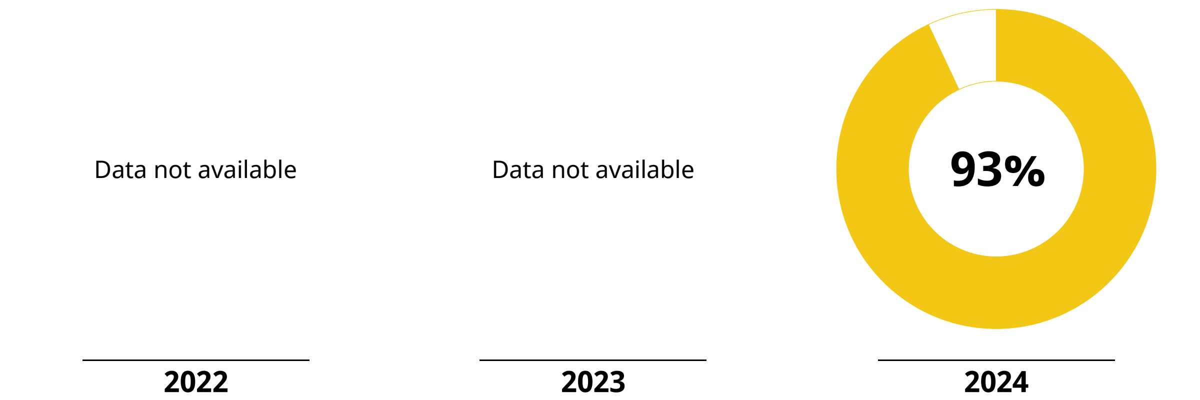
This year we tightened the scoring framework for the health and safety question. Companies that fail to disclose a health and safety policy or report incidents now score zero. Any fatality automatically results in disqualification from full points, and companies are expected to demonstrate a declining trend in workplace injuries. As a result, only 14 of the BSE100 companies met the highest standards this year, a significant drop from 48 last year.

Exhibit 63: Companies with publicly disclosed health and safety policy and reported the incidents under the policy



Under the 2024 scorecard, we also assess whether companies provide healthcare and accident insurance to 100% of their permanent employees and workers, based on BRSR disclosures. The BRSR framework has driven greater corporate accountability, with 93 of the BSE 100 now ensuring full coverage. This is a part of the additional nine questions under the 'Sustainability and Resilience' category.

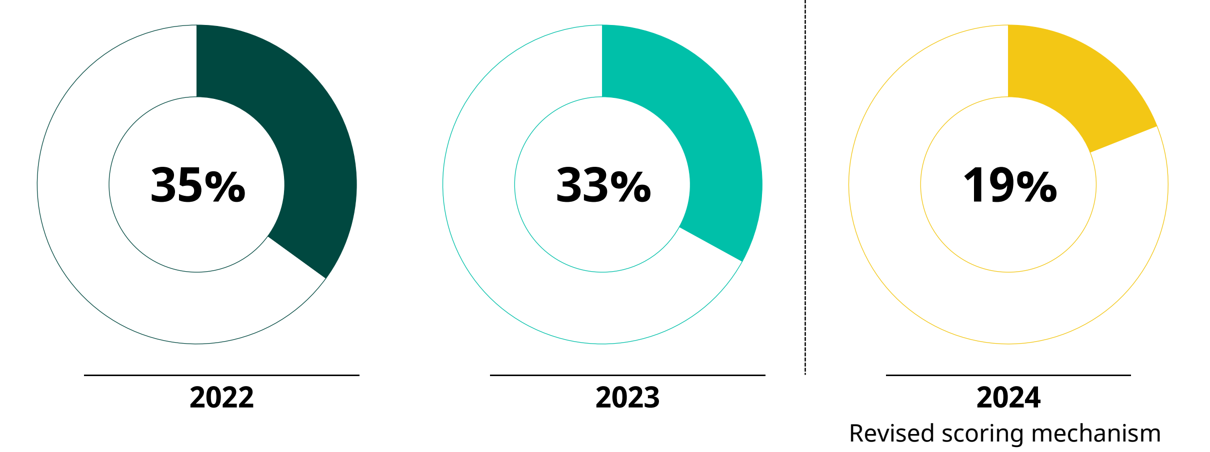
Exhibit 64: Companies offering healthcare and accident insurance to 100% of the workforce*



*This includes only permanent workforce

The scoring criteria for POSH disclosures have been tightened from 2024. Previously, companies could score a point if they disclosed either the POSH policy or the number of reported incidents. Under the revised scorecard, failure to report either, results in zero points. For a policy to be considered effective, it must be gender-neutral, explicitly commit to prevention, and detail the reporting, redressal, and inquiry process. It must also disclose the names and email IDs of the POSH committee members. As a result, only 19 companies scored full points this year, down from 33 last year.

Exhibit 65: Companies with publicly disclosed POSH policy and reported the incidents under the policy

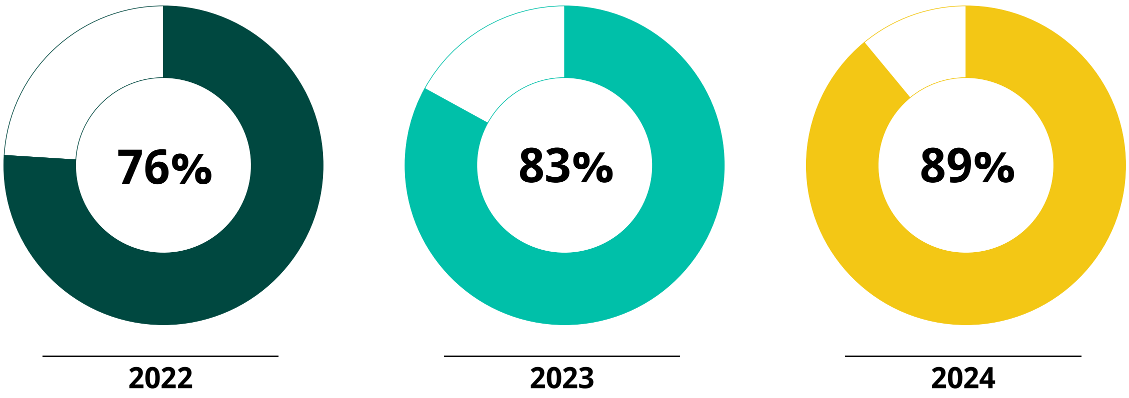


ETHICS POLICY AND CODES OF CONDUCT

A well-defined code of conduct and ethics policy is fundamental to shaping corporate culture and establishing clear expectations for acceptable behaviour. However, policies alone are not enough - their true effectiveness lies in consistent enforcement. Boards must ensure that ethical standards apply equally to all, including promoter-group directors, where past instances have shown selective application of disciplinary measures.

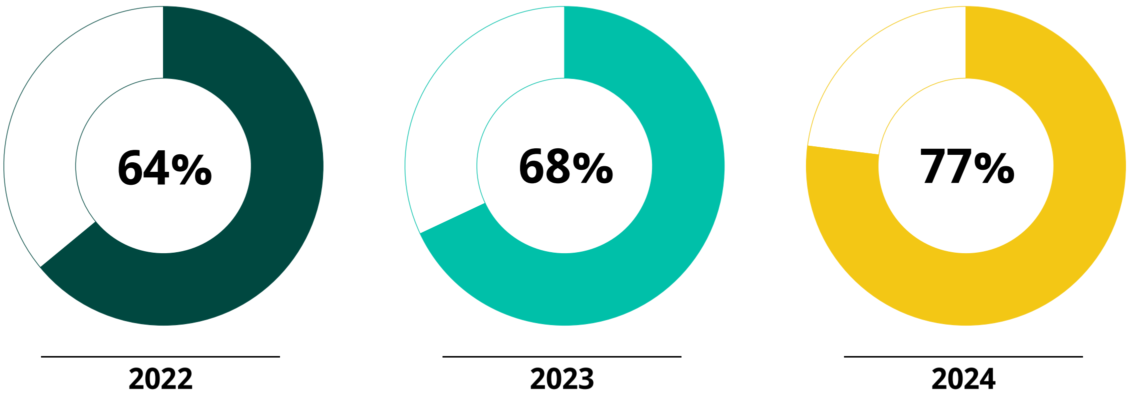
Under the revised scorecard, we have also considered instances where companies have taken disciplinary action against directors, key managerial personnel (KMPs), and employees for bribery and corruption, as per disclosures under the BRSR framework.

Exhibit 66: Companies that have a publicly available ethics policy/code of conduct



Bribery and corruption are concerns in most markets – India being no different. As good corporate citizens, companies must actively prohibit such behaviour. Yet not all the BSE100 companies have explicitly curtailed bribery and corruption through their codes of conduct and ethics policies. Even so, the increase in the number of companies is attributed to better disclosures.

Exhibit 67: Companies that explicitly prohibit bribery and corruption through their codes of conduct and ethics policies



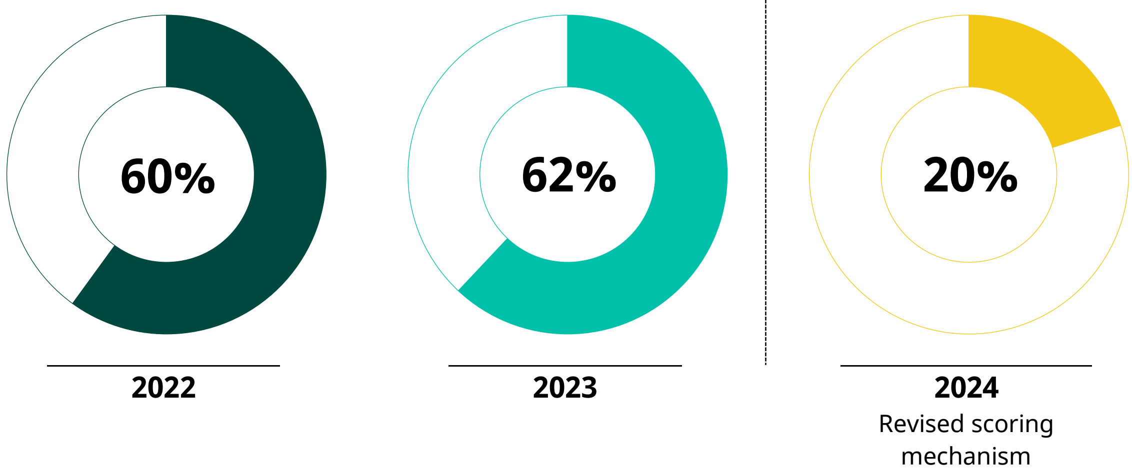
TREATMENT OF SUPPLIERS

When the pandemic heightened cash flow pressures, many large companies protected their own liquidity at the cost of timely payments. This practice persists, affecting financial stability across the supply chain and credit markets.

In 2024, 80 of the BSE100 companies delayed payments to suppliers. This has ripple effects. Suppliers, especially MSMEs, struggle with cash flow and higher borrowing costs, sometimes forcing them to scale back operations. For lenders, delayed repayments increase credit risk and can lead to liquidity mismatches, impacting lending capacity.

In 2024, IiAS has expanded its assessment of payment delays beyond just MSMEs to include all suppliers.

Exhibit 68: Companies that made timely payments to suppliers and / or lenders



08. CONCLUSION

India is now moving towards a more balanced approach to corporate citizenship. While the focus on corporate governance continues, there is now a more concerted effort at building sustainability into business operations. Companies are beginning to discuss the impact of climate change in their businesses and striving to manage these risks and minimize their carbon footprint. In line with India's goal of becoming net zero by 2070, 36 of the BSE100 companies have already announced their own targets for either net zero or carbon neutrality.

The BRSR Core is India's first effort at standardizing disclosures with respect to performance on ESG. Data consistency on ESG metrics has been a challenge globally, with India being no different from any other market. The ISSB attempts to bring in some standardization, but it has limited applicability for the current stage of development in Indian markets. SEBI's attempt at creating a standardized disclosure framework is globally unique and while there is enough debate around materiality of parameters across industries, it enables investors to better compare ESG performance across companies. Over time, we expect the regulatory mandate to address industry-specific criteria as well.

Strengthening boards continues to be a focus area – both for regulators and for companies. The end of the grandfathering of previous tenures of Independent Directors has resulted in a significant board refresh. Despite a handful of companies attempting to skirt the regulations to maintain their status quo – by rotating tenured independent directors across the group, or onboarding ex-employees or employees of friendly firms – most companies have stayed with the mandate and used it as an opportunity to have younger board members.

Gender diversity at the board level continues to improve, but at a glacial pace. While companies are meeting the regulatory mandate of having at least one woman Independent Directors, research suggests that the benefits of board diversity accrue when the board comprises 30% or more women. It is time for the narrative on gender diversity to change, and be viewed in the context of board size.

The statistics on women in the workforce remain disappointing. For the past three years, the median women representation in the workforce has been about 16%-17%, despite several companies claiming to be equal opportunity employers. Admittedly, this statistic is unlikely to change overnight, but having targeted gender balance in the workforce is in the interest of corporate India – at the very least, it increases the accessible talent pool for potential employment.

With a dominant share of corporate India being controlled by promoter families that own dominant equity, defeating resolutions is a challenge. However, corporate India is increasingly sensitive to investor push-back, which is in the form of both engagement and voting on shareholder resolutions.

India is still far away from the western markets where shareholders present resolutions on sustainability. With a minimum 10% shareholding threshold, the bar is high to present resolutions or organize a general meeting. Nevertheless, stewardship responsibilities are increasing the conversation between companies and asset managers, as a result of which corporate India is becoming more sensitive to its responsibilities towards its stakeholders.

09. SCORING MODEL CHANGES

IiAS has revised the framework for assessing the Indian Corporate Governance Scorecard following a two-round market consultation process.

The scorecard has been updated to reflect the revised OECD guidelines on corporate governance. A key revision is the renaming of Category II from "Role of Stakeholders" to "Sustainability and Resilience," with nine new questions introduced to evaluate how companies manage ESG risks and opportunities. These additions focus on critical areas such as climate risk management, sustainability disclosures, and board oversight of ESG matters.

Further, one question in Category I has been removed, and response keys for select questions have been refined to improve clarity and ensure alignment with evolving standards.

Exhibit 69: Changes to the list of questions
Additions

Question	Score: 0	Score: 1	Score: 2
Does the company provide comprehensive disclosures on its foreseeable climate risks?	The risk management framework does not address climate risks or it is not disclosed	There is a disclosed risk management framework which outlines the climate risks but no mitigation measures are provided or they are generic	Both climate risk and mitigation measures have been clearly outlined
Has the board / company disclosed a net zero target?	No, the company does not have / has not disclosed a net zero target	Yes, the company has disclosed a net zero target but interim targets have not been disclosed.	Yes, the net zero target along with an action plan / interim targets have been disclosed.
Has the BRSR data been independently validated / assessed?	The BRSR data (core parameters) has not been independently validated / assessed.	The independent assurer has provided reasonable assurance for the Core parameters	The independent assurer has provided reasonable assurance for the Core parameters and select / all other parameters in the BRSR
Has the company taken steps to align its initiatives to UNSDGs?	No	-	Yes
Has the company adopted global reporting and disclosure standards like GRI/SASB/CDP/TCFD?	No	-	Yes
Does the company offer healthcare and accident insurance to 100% of its permanent employees and workers?	No	-	Yes

Question	Score: 0	Score: 1	Score: 2
Has the company disclosed the name and designation of the individual responsible for implementation of the sustainability strategy?	Name is not disclosed or the designated Committee does not include board members	Name is disclosed, however the person responsible is not a board member	Name is disclosed and the person responsible is a board member or a committee of the board
Is there a decline in the company's Scope 1+2 emissions intensity(Scope 1+2 in MTCO2e/INR of turnover)	No	-	Yes
Is there a declining trend in the company's water consumption intensity in Kl/INR of turnover?	No	-	Yes

Deletions

Question	Score: 0	Score: 1	Score: 2
Does the board have directors with permanent board seats?	The board comprises directors that do not seek periodic shareholder approval for their reappointment/directorship.	The board comprises directors that do not seek periodic shareholder approval for their reappointment, but these are representatives of lenders (for companies in financial distress).	All directors are required to be re-elected at regular intervals.

Modifications

Question	Score: 0	Score: 1	Score: 2
Does the company have a policy requiring all related party transactions (RPTs) to be dealt only by independent non-conflicted board members?	No, or the policy is not disclosed, or 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)
Does the company have in place a system, including policies and procedures, to facilitate disclosures of conflicts of interest by stakeholders?	No, or the policies are not disclosed, or a potential conflict of interest exists.	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
Has the company been transparent while undertaking any M&A, restructuring, or slump sale?	Certain special rights are embedded as part of the transaction	No special rights are embedded as part of the transaction, but the valuation report is not disclosed	No special rights are embedded as part of the transaction, and the valuation report is disclosed

Question	Score: 0	Score: 1	Score: 2
Has the company publicly disclosed the reasons for pledging of shares by the controlling shareholders?	No, the reasons for pledging are not disclosed publicly, or the pledge (if called) will likely result in loss of control		Yes, the company has provided reasons for pledging of shares by the controlling shareholders and the pledge (if called) will not likely result in loss of control
Does the company have publicly disclosed policies and/or mechanisms to address the health, safety, and welfare of employees?	The policies are not publicly disclosed and the company has not provided information on the number of employee accidents or there have been labour fatalities on account of accidents in the workplace	The policies are publicly disclosed and the company has provided information on the number of employee accidents	The company has provided information on the number of employee accidents and has publicly disclosed its health and safety policies. There are no fatalities. There is a three year decline in number of accidents.
Does the company have publicly disclosed policies / mechanisms to prevent sexual harassment at workplace?	The policy has not been publicly disclosed or the company has not provided information on the number of sexual harassment incidents	The policy is publicly disclosed and the company has provided information on the sexual harassment incidents	The company has provided information on the number of sexual harassment incidents and has publicly disclosed its prevention of sexual harassment policy. The policy discloses the names and email ids of the POSH committee members.
Does the company have in place a detailed supplier code of conduct and a vendor selection criteria?	Policies are not publicly available	A detailed supplier code of conduct is publicly available. However, detailed vendor selection criteria has not been disclosed.	A detailed supplier code of conduct and a detailed vendor selection criteria have been disclosed.
Does the company demonstrate a commitment to strong ethical practices and is clearly anti-corruption and anti-bribery?	No ethics policy evident or publicly available	Ethics policy is publicly available but it does not mention anti-corruption or anti-bribery measures. As per the BRSR, there have been instances of disciplinary action taken against directors / KMPs / employees for bribery/corruption.	Ethics policy is publicly available on website and the policy mentions the company is against any form of corruption or bribery
Does the company have an effective whistle-blower mechanism for stakeholders to report complaints and suspected or illegal activities?	There is no disclosed mechanism or policy or the policy does not allow anonymous complaints.	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 and also permits anonymous complaints.

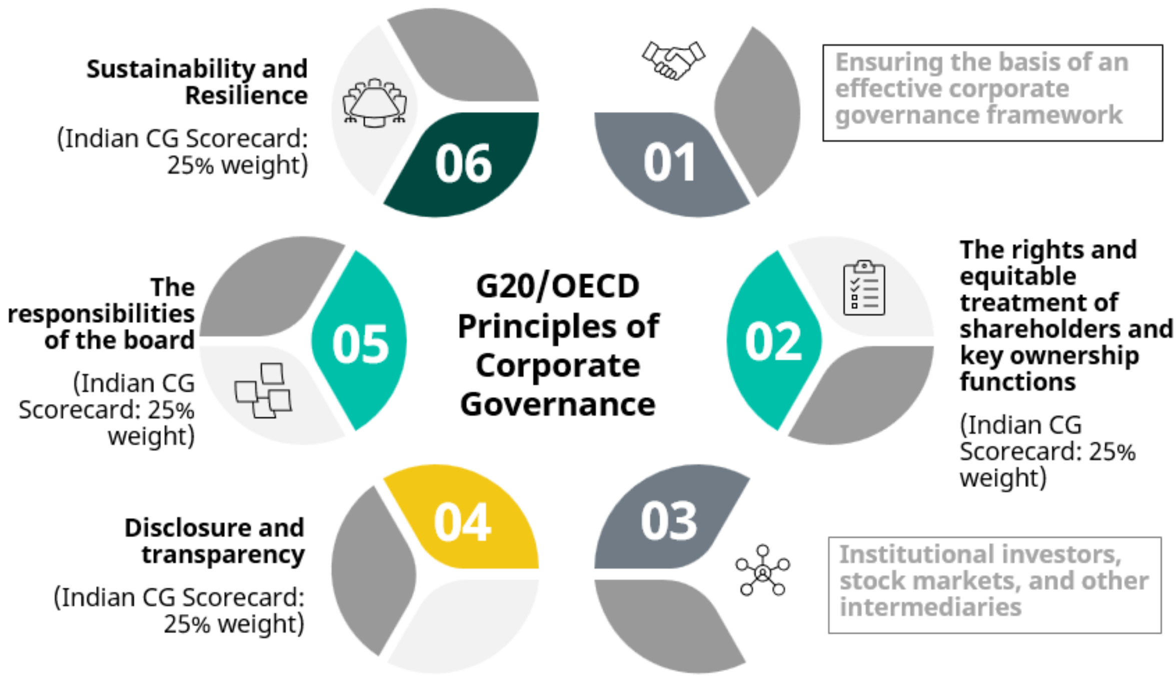
Question	Score: 0	Score: 1	Score: 2
Is the company transparent in disclosing segmental information?	The company has not disclosed financial information on some business segments or there is a logical segmentation opportunity but the company has not disclosed the segments.	The company has disclosed financial information on all business segments, but other segment related information is not comprehensive	The company has disclosed comprehensive information on all business segments and segment wise risks have been disclosed
Is the company transparent in disclosing non-financial information?	The company has not disclosed meaningful information on non-financial parameters	The company has not published an integrated report/sustainability report but information on some non-financial parameters has been disclosed	The company has published an integrated report/ sustainability report or reports under the ISSB framework
Has the company developed and disclosed a comprehensive related party transaction (RPT) policy and are the disclosures on RPTs sufficient?	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 and/or the disclosures are not robust	The company has a comprehensive RPT policy and the disclosures are robust
Is the company transparent in disclosing its shareholding pattern?	The shareholding pattern is not disclosed on a quarterly basis or the latest annual report does not list out the top 10 public shareholders	Either the quarterly shareholding pattern filings have not been made or the latest annual report does not list out the top 10 public shareholders	The quarterly shareholding pattern filings have been made and the latest annual report lists out the top 10 public shareholders
Does the company disclose details on its training, development and orientation programs for directors?	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 or a detailed framework is disclosed along with details on training program for the year for independent directors only	A detailed framework is disclosed, along with details on the training programs for the year for all non-executive directors
Does the board have sufficient skills, competence and expertise?	There is a director with less than 10 years of aggregate working experience who is not a first-generation entrepreneur or there is no non tenured independent director with prior working experience in the major industry the company operates	At least one non tenured independent director has prior working experience in the major industry the company operates, but there is insufficient breadth of expertise	At least one non tenured independent director has prior working experience in the major industry in which the company operates and the board has sufficient breadth of skills

Question	Score: 0	Score: 1	Score: 2
Do the board committees have adequate independent representation?	Either size or independence norms for committees required under regulations are not met or Executive Directors are members of the Audit Committee / Nomination and Remuneration Committee.	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
Has the Nomination and Remuneration Committee defined performance metrics for executive remuneration?	No, the performance metrics have not been defined	Yes, and the performance metrics have been defined but do not include any ESG related performance targets or the remuneration policy/terms do not include malus/clawback clauses	Yes, and the performance metrics have been defined and include ESG related performance targets and the remuneration terms include malus/clawback clauses
If the company has a stock option scheme, does it align to investor interest?	Exercise price was at a discount of >20% and the vesting was tenure based. Or vesting is performance based but no performance metrics have been disclosed.	Discount given on stock options to all employees. While vesting was based on the accomplishment of pre-disclosed performance targets, detailed information on the specific targets and their achievement was not provided in the annual report.	The stock options were exercised at the market price, or in cases where they were granted at a significant discount, the vesting depended on meeting pre-disclosed performance targets. Detailed information on the specific targets and their achievement has been provided in the annual report.

ANNEXURE A: EVALUATION FRAMEWORK

The evaluation framework is built around the G20/OECD Principles of Corporate Governance (G20/OECD Principles)[11], which are the globally accepted benchmark for corporate governance. While applying the G20/OECD Principles, consideration was 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



The principles capture the essential elements of corporate governance:

- **Principle I:** Ensuring the basis for an effective corporate governance framework:
  The corporate governance framework should promote transparent and fair markets, and the efficient allocation of resources. It should be consistent with the rule of law and support effective supervision and enforcement.
- **Principle II:** The rights and equitable treatment of shareholders and key ownership functions:
  The corporate governance framework should protect and facilitate the exercise of shareholders' rights and ensure the equitable treatment of all shareholders, including minority and foreign shareholders. All shareholders should have the opportunity to obtain effective redress for violation of their rights at a reasonable cost and without excessive delay.

[11] https://www.oecd.org/en/publications/2023/09/g20-oecd-principles-of-corporate-governance-2023_60836fcb.html

- **Principle III:** Institutional investors, stock markets and other intermediaries:
  The corporate governance framework should provide sound incentives throughout the investment chain and provide for stock markets to function in a way that contributes to good corporate governance.
- **Principle IV:** Disclosure and transparency:
  The corporate governance framework must ensure that timely and accurate disclosure is made on all material matters regarding the corporation, including the financial situation, performance, sustainability, ownership, and governance of the company
- **Principle V:** The responsibilities of the board:
  The corporate governance framework should ensure the strategic guidance of the company, the effective monitoring of management by the board, and the board's accountability to the company and the shareholders
- **Principle VI:** Sustainability and Resilience
  The corporate governance framework should provide incentives for companies and their investors to make decisions and manage their risks, in a way that contributes to the sustainability and resilience of the corporation.

The G20/OECD Principles of Corporate Governance:

are one of Financial Stability Board's (FSB) Key Standards for Sound Financial Systems

form the basis for World Bank Reports on the Observance of Standards and Codes (ROSC) in the area of corporate governance

used as a benchmark in developing sectoral corporate governance guidance 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	Sustainability and Resilience	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 • Sustainability	• 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.

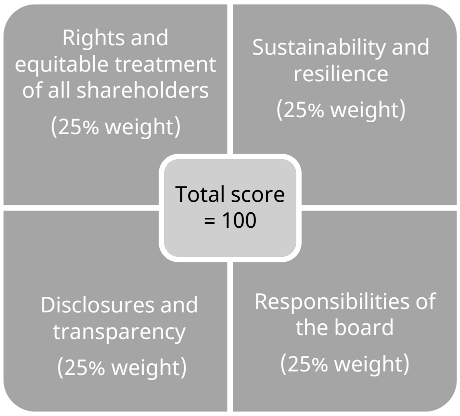
To ensure that the Scorecard is easily comprehensible and applied consistently, detailed scoring keys and guidance notes have been developed for each question.

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.

ANNEXURE B: METHODOLOGY

The scorecard comprises a total of 74 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.



SCORECARD MATRIX

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

- **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 and equitable treatment of shareholders	15	30	25
Sustainability and resilience	19	38	25
Disclosures and transparency	21	42	25
Responsibilities of the board	19	38	25
TOTAL	**74**		**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.

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

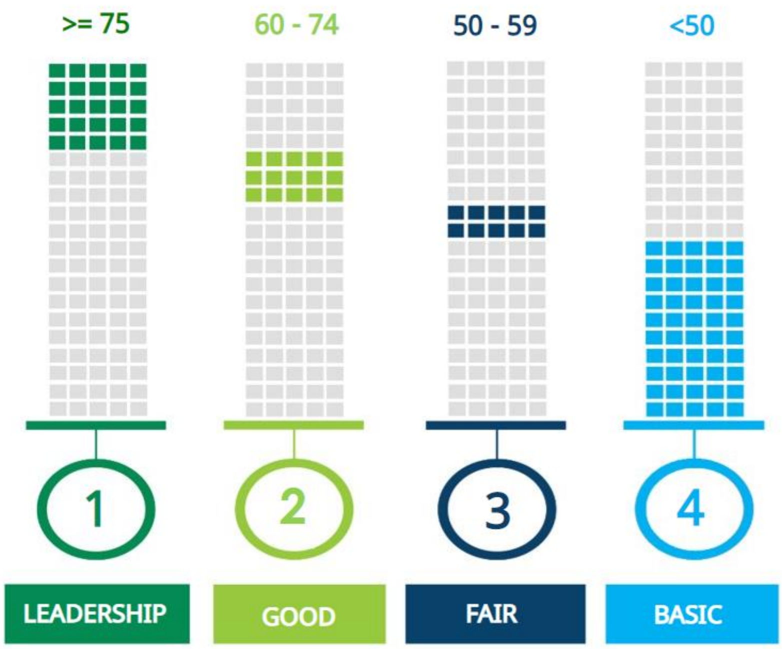
$$\textbf{Total Score} = \text{Category Score}_1 + \text{Category Score}_2 + \text{Category Score}_3 + \text{Category Score}_4$$

SCORING EXAMPLE

Category	Total score (A)	Maximum attainable score (B)	Category weight (%) (C)	Weighted score (A/B) *C
Rights and equitable treatment of shareholders	17	22	25	19
Sustainability and resilience	29	38	25	19
Disclosures and transparency	35	42	25	22
Responsibilities of the board	25	38	25	16
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 BSE100 (on 14 November 2024) companies covered under the study is given below:

Sr. No.	Scrip Code	Symbol	Company Name
1	512599	ADANIENT	Adani Enterprises Ltd.
2	532921	ADANIPORTS	Adani Ports and Special Economic Zone Ltd.
3	500425	AMBUJACEM	Ambuja Cements Ltd.
4	533758	APLAPOLLO	APL Apollo Tubes Ltd.
5	508869	APOLLOHOSP	Apollo Hospitals Enterprise Ltd.
6	500477	ASHOKLEY	Ashok Leyland Ltd.
7	500820	ASIANPAINT	Asian Paints Ltd.[12]
8	540611	AUBANK	AU Small Finance Bank Ltd.
9	540376	DMART	Avenue Supermarts Ltd.
10	532215	AXISBANK	Axis Bank Ltd.
11	532977	BAJAJ-AUTO	Bajaj Auto Ltd.
12	500034	BAJFINANCE	Bajaj Finance Limited
13	532978	BAJAJFINSV	Bajaj Finserv Ltd.
14	500490	BAJAJHLDNG	Bajaj Holdings & Investment Ltd.
15	532134	BANKBARODA	Bank Of Baroda
16	500049	BEL	Bharat Electronics Ltd.
17	500493	BHARATFORG	Bharat Forge Ltd.
18	500547	BPCL	Bharat Petroleum Corporation Ltd.
19	532454	BHARTIARTL	Bharti Airtel Ltd.
20	500825	BRITANNIA	Britannia Industries Ltd.
21	532483	CANBK	Canara Bank
22	511243	CHOLAFIN	Cholamandalam Investment and Finance Ltd.
23	500087	CIPLA	Cipla Ltd.
24	533278	COALINDIA	Coal India Ltd.
25	500830	COLPAL	Colgate-Palmolive (India) Ltd.
26	500480	CUMMINSIND	Cummins India Ltd.
27	500096	DABUR	Dabur India Ltd.
28	532488	DIVISLAB	Divis Laboratories Ltd.
29	532868	DLF	DLF Ltd.
30	500124	DRREDDY	Dr.Reddy's Laboratories Ltd.
31	505200	EICHERMOT	Eicher Motors Ltd.
32	500469	FEDERALBNK	Federal Bank Ltd.
33	532155	GAIL	Gail (India) Ltd.
34	532424	GODREJCP	Godrej Consumer Products Ltd.
35	500300	GRASIM	Grasim Industries Ltd. [13]
36	517354	HAVELLS	Havells India Ltd.
37	532281	HCLTECH	HCL Technologies Ltd.
38	541729	HDFCAMC	HDFC Asset Management Company Ltd. [14]
39	500180	HDFCBANK	HDFC Bank Ltd. [11]
40	540777	HDFCLIFE	HDFC Life Insurance Company Ltd. [11]
41	500182	HEROMOTOCO	Hero Motocorp Ltd.
42	500440	HINDALCO	Hindalco Industries Ltd.[10]

[12] *Axis Bank is one of IiAS' various shareholders.*

[13] *Hindalco Industries Ltd., Grasim Industries Ltd., UltraTech Cement Ltd. and Aditya Birla Sunlife AMC Ltd. are part of the Aditya Birla group. Aditya Birla Sunlife AMC Ltd. is one of IiAS' various shareholders.*

[14] *HDFC Life Insurance Company Limited and HDFC Asset Management Company are subsidiaries of HDFC Bank Limited. HDFC Bank Limited is one of IiAS' several shareholders.*

Sr. No.	Scrip Code	Symbol	Company Name
43	541154	HAL	Hindustan Aeronautics Ltd.
44	500696	HINDUNILVR	Hindustan Unilever Ltd.
45	532174	ICICIBANK	ICICI Bank Ltd.[15]
46	540716	ICICIGI	ICICI Lombard General Insurance Company Ltd.
47	539437	IDFCFIRSTB	IDFC First Bank Ltd.
48	500850	INDHOTEL	Indian Hotels Co. Ltd.
49	530965	IOC	Indian Oil Corporation Ltd.
50	542830	IRCTC	Indian Railway Catering and Tourism Ltd.
51	532187	INDUSINDBK	IndusInd Bank Ltd.
52	532777	NAUKRI	Info Edge (India) Ltd.
53	500209	INFY	Infosys Ltd.
54	539448	INDIGO	InterGlobe Aviation Ltd.
55	500875	ITC	ITC Ltd.
56	500228	JSWSTEEL	JSW Steel Ltd.
57	500247	KOTAKBANK	Kotak Mahindra Bank Ltd. [16]
58	500510	LT	Larsen & Toubro Ltd.
59	540005	LTIM	LTIMindtree Ltd.
60	500257	LUPIN	Lupin Ltd.
61	500520	M&M	Mahindra & Mahindra Ltd.
62	531642	MARICO	Marico Ltd.
63	532500	MARUTI	Maruti Suzuki India Ltd.
64	543220	MAXHEALTH	Max Healthcare Institute Ltd.
65	500790	NESTLEIND	Nestle India Ltd.
66	532555	NTPC	NTPC Ltd.
67	500312	ONGC	Oil And Natural Gas Corporation Ltd.
68	523642	PIIND	P.I. Industries Ltd.
69	533179	PERSISTENT	Persistent Systems Ltd.
70	500331	PIDILITIND	Pidilite Industries Ltd.
71	532810	PFC	Power Finance Corporation Ltd.
72	532898	POWERGRID	Power Grid Corporation of India Ltd.
73	532461	PNB	Punjab National Bank
74	532955	RECLTD	REC Ltd.
75	500325	RELIANCE	Reliance Industries Ltd.
76	540719	SBILIFE	SBI Life Insurance Company Ltd.
77	500387	SHREECEM	Shree Cement Ltd.
78	511218	SHRIRAMFIN	Shriram Finance Ltd.
79	500550	SIEMENS	Siemens Ltd.
80	503806	SRF	SRF Ltd.
81	500112	SBIN	State Bank of India
82	524715	SUNPHARMA	Sun Pharmaceutical Industries Ltd.
83	532540	TCS	Tata Consultancy Services Ltd. [17]
84	500800	TATACONSUM	Tata Consumer Products Ltd. [14]
85	500570	TATAMOTORS	Tata Motors Ltd. [14]
86	500400	TATAPOWER	Tata Power Co. Ltd[14].
87	500470	TATASTEEL	Tata Steel Ltd. [14]
88	532755	TECHM	Tech Mahindra Ltd.
89	500114	TITAN	Titan Company Ltd. [14]

[15] *ICICI Lombard General Insurance Limited is a fellow subsidiary of ICICI Prudential Life Insurance Company Limited. ICICI Prudential Life Insurance Company Limited, a subsidiary of ICICI Bank Limited, is one of IiAS' several shareholders.*

[16] *Kotak Mahindra Bank Limited in one of IiAS' several shareholders.*

[17] *The Indian Hotels Company Limited, Tata Consultancy Services Ltd., Tata Consumer Products Ltd, Tata Motors Ltd, Titan Company Ltd., The Tata Power Co Ltd, Tata Steel Ltd, Titan Company Limited, Trent Ltd. and Tata Investment Corporation Limited are a part of the Tata group. Tata Investment Corporation Ltd. holds equity shares in IiAS.*

Sr. No.	Scrip Code	Symbol	Company Name
90	500251	TRENT	Trent Ltd. [14]
91	540762	TIINDIA	Tube Investments of India Ltd
92	532343	TVSMOTOR	TVS Motor Company Ltd.
93	532538	ULTRACEMCO	Ultratech Cement Ltd. [10]
94	532432	UNITDSPR	United Spirits Ltd.
95	512070	UPL	UPL Ltd.
96	540180	VBL	Varun Beverages Limited
97	500295	VEDL	Vedanta Ltd.
98	507685	WIPRO	Wipro Ltd.
99	532648	YESBANK	Yes Bank Ltd.[18]
100	543320	ZOMATO	Zomato Ltd.

Changes in the BSE100 composition in 2024 over the 2023 study

	Scrip Code	Symbol	Company Name
Additions	533758	APLAPOLLO	APL Apollo Tubes Ltd.
	532483	CANBK	Canara Bank
	500480	CUMMINSIND	Cummins India Ltd.
	541729	HDFCAMC	HDFC Asset Management Company Ltd.
	541154	HAL	Hindustan Aeronautics Limited
	539437	IDFCFIRSTB	IDFC First Bank Ltd.
	533179	PERSISTENT	Persistent Systems Ltd.
	532810	PFC	Power Finance Corporation Ltd.
	532461	PNB	Punjab National Bank
	532955	RECLTD	REC Ltd.
	532343	TVSMOTOR	TVS Motor Company Ltd.
	532648	YESBANK	Yes Bank Ltd.
Deletions	500410	ACC	ACC Ltd.
	533096	ADANIPOWER	Adani Power Ltd.
	541153	BANDHANBNK	Bandhan Bank Ltd.
	539876	CROMPTON	Crompton Greaves Consumer Electricals Ltd.
	540133	ICICIPRULI	ICICI Prudential Life Insurance Company Ltd.
	533155	JUBLFOOD	Jubilant Foodworks Ltd.
	526299	MPHASIS	Mphasis Ltd.
	532827	PAGEIND	Page Industries Ltd.
	543066	SBICARD	SBI Cards & Payment Services Ltd.
	500408	TATAELXSI	Tata Elxsi Ltd.
	500575	VOLTAS	Voltas Ltd.
	505537	ZEEL	Zee Entertainment Enterprises Ltd.

[18] *Yes Bank Limited in one of IiAS' several shareholders.*

ANNEXURE D: SCORECARD QUESTIONNAIRE

The questions and response keys are numbered. Th scoring matrices are colour coded given in the row below and should be interpreted as under:

Governance practice needs improvement Score 0	**Governance practice is reasonable Score: 1**	**Governance practice is closer to global standards Score: 2**

	Parameters	Response key	
Category I: Rights and equitable treatment of shareholders [Questions: 15; Weightage: 25%]			
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.	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		Yes, the company has taken steps to ensure that even shareholders who hold less

	Parameters	Response key	
	least 10% stake to propose agenda items		than 10% stake (in aggregate) can propose any agenda item
3.	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
4.	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
5.	Did all board members and the auditors 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) and auditors 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 FY24 annual report will list out attendance details	

	Parameters	Response key	
		for the FY23 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/Nomination and Remuneration Committee/Stakeholders Relationship Committee or the auditors did not attend the AGM	The Chairperson of the board, the CEO, auditors and the Chairperson of Audit Committee/Nomination and Remuneration Committee/Stakeholders Relationship Committee attended, but not all board members	The entire board and auditors attended
6.	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
7.	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	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

	Parameters	Response key	
	(in any form) to the controlling shareholders		(in any form) to the controlling shareholders
8.	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, or 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)
9.	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: • IiAS has voted against a director's appointment due to potential conflict of interest due to her/him being on the board of a company in a similar line of business. • Pecuniary relationship exists (ID / ID's firm receives remuneration from the company). • 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, or a potential conflict of interest exists.	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
10.	Has the company transacted in a manner prejudicial to the interests of minority shareholders in the past three years?	Prejudicial transactions will include any transaction (including RPTs) which: • Is not at arm's length pricing, or • Is not on commercial terms, or • Is material and the details of the transaction are not fully disclosed (nature, frequency, materiality, quantum and pricing terms) to stakeholders, or • Is not managed as per the RPT policy Evidence of such transactions may be obtained through media reports, shareholder meeting notices, annual report, investor transcripts, and minutes of meetings. The assessors will also need to take into consideration while scoring if any of the RPT resolutions in the past three years were	

	Parameters	Response key	
		defeated or were voted against by a majority of minority shareholders.	
	Yes, the company has entered into transactions or taken actions which could be prejudicial to the interests of minority shareholders	-	No, the company did not undertake any transactions or taken actions which could be prejudicial to the interests of minority shareholders
11.	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 FY24, the following formula is to be used: $G_{Roy/Profits} = \dfrac{(\text{FY24 value} - \text{FY22 value})}{\text{FY22 value}}$ 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
12.	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
13.	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.	

	Parameters	Response key	
		The company needs to publicly disclose the valuation reports on the transaction before presenting it to shareholders for their vote. 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. The assessor must check for any special rights embedded as part of the resolution seeking approval for the transaction. Recently there have been instances of M&A, restructuring, or slump sales, where companies have embedded special rights within the transactions. These rights could potentially harm the interests of minority shareholders.	
	Certain special rights are embedded as part of the transaction	No special rights are embedded as part of the transaction, but the valuation report is not disclosed	No special rights are embedded as part of the transaction, and the valuation report is disclosed
14.	Has the company publicly disclosed 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, or the pledge (if called) will likely result in loss of control	-	Yes, the company has provided reasons for pledging of shares by the controlling shareholders and the pledge (if called) will not likely result in loss of control
15.	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 non-functional 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

	Parameters	Response key	
Category II: Sustainability and resilience [Questions: 19; Weightage: 25%]			
16.	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	
	The company does not hold investor calls on a quarterly basis or the transcript/recording is not publicly disclosed by the company	Yes, the company holds quarterly investor calls, and the transcript/recording of such calls is disclosed by the company	Yes, the company holds investor calls on a quarterly basis, the transcripts or recordings of such calls are disclosed on the company website; and the SRC engages with investors on a regular basis
17	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 and safety trainings to its employees • The safety and health policies cover the company's suppliers and vendors In addition, to score maximum points, the company must report the number of employee accidents each year to stakeholders – and the three-year trend should have a declining trajectory.	
	The policies are not publicly disclosed and the company has not provided information on the number of employee accidents or there have been labour fatalities on account of accidents in the workplace	The policies are publicly disclosed and the company has provided information on the number of employee accidents	The company has provided information on the number of employee accidents and has publicly disclosed its health and safety policies. There are no fatalities. There is a three year decline in number of accidents.
18	Does the company have publicly disclosed policies / mechanisms to prevent sexual harassment at workplace?	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 sexual harassment in the workplace.	

	Parameters	Response key	
		• The sexual harassment policy lists out details on the reporting, redressal, enquiry process and the names and IDs of POSH Committee members In addition, to score maximum points, the company must report the number of sexual harassment cases each year to stakeholders	
	The policy has not been publicly disclosed or the company has not provided information on the number of sexual harassment incidents	The policy is publicly disclosed and the company has provided information on the sexual harassment incidents	The company has provided information on the number of sexual harassment incidents and has publicly disclosed its prevention of sexual harassment policy. The policy discloses the names and email ids of the POSH committee members.
19	Does the company have in place a detailed supplier code of conduct and a vendor selection criteria?	To score maximum points, a good supplier code of conduct 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 and a vendor selection criteria has been disclosed. The above list is only indicative and the assessors must use their own judgement to determine if the policy is effective and meaningful.	
	Policies are not publicly available	A detailed supplier code of conduct is publicly available. However, detailed vendor selection criteria has not been disclosed.	A detailed supplier code of conduct and a detailed vendor selection criteria have been disclosed.
20	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 (FY24, FY23 and FY22). 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 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.	
	The company has made delayed repayments to lenders	The company has made timely repayments to lenders, but has made delayed repayments	Payments are made on time and there is no evidence of late payments to lenders, suppliers or to other creditors

	Parameters	Response key	
		to suppliers or to other creditors	
21	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. As per the BRSR, there have been instances of disciplinary action taken against directors / KMPs / employees for bribery/corruption.	Ethics policy is publicly available on website and the policy mentions the company is against any form of corruption or bribery
22	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
23	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 • Where the assessor can reasonably establish that the impact assessment pertains to majority of the CSR spends. Impact assessment studies must include details on: • Coverage of the CSR programs • Beneficiary profile	

	Parameters	Response key	
		• 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.	
	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
24	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
25	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 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.	
	There is no disclosed mechanism or policy or the policy does not allow anonymous complaints.	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 and also permits anonymous complaints.

	Parameters	Response key	
26	Does the company provide comprehensive disclosures on its foreseeable climate risks?	The assessor must check relevant company documents to identify if the company has developed and disclosed an effective risk management framework which covers climate risk. To be considered detailed and score maximum points, the risk management framework must disclose both the foreseeable climate 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 risk management framework does not address climate risks or it is not disclosed	There is a disclosed risk management framework which outlines the climate risks but no mitigation measures are provided or they are generic	Both climate risk and mitigation measures have been clearly outlined
27	Has the board / company disclosed a net zero target?	To score maximum points, the assessor must check if the company has met its interim targets. Where the company has not met its interim targets, but has explained the reasons for the same, assessor to score maximum points.	
	No, the company does not have / has not disclosed a net zero target	Yes, the company has disclosed a net zero target but interim targets have not been disclosed.	Yes, the net zero target along with an action plan / interim targets have been disclosed.
28	Has the BRSR data been independently validated / assessed?		
	The BRSR data (core parameters) has not been independently validated / assessed.	The independent assurer has provided reasonable assurance for the Core parameters.	The independent assurer has provided reasonable assurance for the Core parameters and select / all other parameters in the BRSR.
29	Has the company taken steps to align its inititiaves to UNSDGs?		
	No		Yes
30	Has the company adopted global reporting and disclosure standards like GRI/SASB/CDP/TCFD?		
	No		Yes
31	Does the company offer healthcare and accident insurance to 100% of its permanent employees and workers?	The assessor needs to check whether all permanent employees are covered under health and safety insurance policies offered	
	No		Yes
32	Has the company disclosed the name and designation of the individual responsible for implementation of the sustainability strategy?		
	Name is not disclosed or the designated Committee does not include board members	Name is disclosed, however the person responsible is not a board member	Name is disclosed and the person responsible is a board member or a committee of the board

	Parameters	Response key	
33	Is there a decline in the company's Scope 1+2 emissions intensity(Scope 1+2 in MTCO2e/INR of turnover)		
	No		Yes
34	Is there a declining trend in the company's water consumption intensity in Kl/INR of turnover?		
	No		Yes
Category III: Transparency and Disclosure [Questions: 21; Weightage: 25%]			
35	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
36	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
37	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.	

	Parameters	Response key	
		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 or there is a logical segmentation opportunity but the company has not disclosed the 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 and segment wise risks have been disclosed
38	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 not published an integrated report/sustainability report but information on some non-financial parameters has been disclosed	The company has published an integrated report/ sustainability report or reports under the ISSB framework
39	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	

<table>
<tr><th></th><th>Parameters</th><th colspan="2">Response key</th></tr>
<tr><td></td><td></td><td colspan="2">business as well as mitigating factors that have been implemented to manage the risks.
Risk Management policy should include significant external company relevant risks, such as health crises, supply chain disruptions and geopolitical tensions, digital security risk.</td></tr>
<tr><td></td><td>The company does not have a risk management framework or it is not disclosed</td><td>There is a disclosed risk management framework which outlines the risks but no mitigation measures are provided or they are generic</td><td>Both risks and mitigation measures have been clearly outlined</td></tr>
<tr><td>40</td><td>Has the company developed and disclosed a comprehensive related party transaction (RPT) policy and are the disclosures on RPTs sufficient?</td><td colspan="2">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

Also, the past related party transactions have been disclosed clearly in the annual report and have not been clubbed together.</td></tr>
<tr><td></td><td>The company does not have an RPT policy or has not disclosed it</td><td>The company has an RPT policy as required under regulations but it is not comprehensive and/or the disclosures are not robust</td><td>The company has a comprehensive RPT policy and the disclosures are robust</td></tr>
<tr><td>41</td><td>Did the company provide timely, accessible and comprehensive information for all shareholder meetings in the past one year?</td><td colspan="2">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.</td></tr>
<tr><td></td><td>Information was neither timely nor accessible for some meetings</td><td>Information was timely and accessible for all meetings but not sufficiently comprehensive</td><td>Information was timely, comprehensive and accessible for all meetings</td></tr>
<tr><td>42</td><td>Are the detailed minutes or transcripts of the previous AGM publicly available?</td><td colspan="2">Minutes will be considered reasonably detailed if they include the following:
• Attendance record of each director and the external auditors
• Issues discussed by shareholders</td></tr>
</table>

	Parameters	Response key	
		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
43	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
44	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 public 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 public shareholders	Either the quarterly shareholding pattern filings have not been made or the latest annual report does not list out the top 10 public shareholders	The quarterly shareholding pattern filings have been made and the latest annual report lists out the top 10 public shareholders
45	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
46	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	

	Parameters	Response key	
		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 does not have a target payout ratio	The policy is publicly available and specifies a target payout ratio, but there have been deviations from the policy, without any clear rationale in the past three years	The policy is publicly available, specifies a target payout ratio; and there have not been any deviations from the policy in the past three years or the rationale for deviation has been clearly provided
47	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
48	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
49	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
50	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.	

	Parameters	Response key	
		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
51	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 assessor must check if shareholders' approval for ID reappointment has been sought prior to the date of reappointment. 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
52	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
53	Has the company, directors or its key managerial personnel (KMP) fined or penalized by regulatory bodies, stock exchanges in the past 12 months?	The company, directors or KMPs have been fined by regulators such as RBI, SEBI or any sectoral regulator.	
	There are instances where company, directors or its key	-	There is no evidence of instances company, directors

	Parameters	Response key	
	managerial personnel (KMP) fined or penalized by regulatory bodies, stock exchanges in the past 12 months		or its key managerial personnel (KMP) fined or penalized by regulatory bodies, stock exchanges in the past 12 months
54	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
55	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 or a detailed framework is disclosed along with details on training program for the year for independent directors only	A detailed framework is disclosed, along with details on the training programs for the year for all non-executive directors
Category IV: Responsibilities of the board [Questions: 19; Weightage: 25%]			
56	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 FY24, the average attendance for each director will be computed as follows: $A_{3YR} = \dfrac{\text{No. of meetings attended in FY22+FY23+FY24}}{\text{Total no. of meetings held in FY22+FY23+FY24}}$ 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

	Parameters	Response key	
			documents and director statements
57	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 assessor should penalize the company if the board took egregious decisions during the 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
58	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. 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.	
	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
59	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 who is not a first-generation	At least one non tenured independent director has prior working experience in the major industry the company	At least one non tenured independent director has prior working experience in the major industry in which the

	Parameters	Response key	
	entrepreneur or there is no non tenured independent director with prior working experience in the major industry the company operates	operates, but there is insufficient breadth of expertise	company operates and the board has sufficient breadth of skills
60	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.	
	None of the women directors are independent	At least one woman director is independent, but women comprise less than 30% of the board	At least 30% of the board comprises women, of which at least one is an independent director
61	Is there adequate women representation in the workforce?		
	<10%; or there is no disclosure on this aspect	>10% and <30%	>30%
62	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
63	Do the board committees have adequate independent representation?	The assessor must check if the board committees have take egregious decisions/ For eg: The accounts are qualified / NRC has authorized excessive remuneration. The size for board committees must be as per regulations and independence norms must be met (as per Companies Act 2013 and SEBI LODR).	

	Parameters	Response key	
		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. Conflicted members include: Executive Directors, promoter and/or promoter representatives.	
	Either size or independence norms for committees required under regulations are not met or Executive Directors are members of the Audit Committee / Nomination and Remuneration Committee.	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
64	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
65	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	

	Parameters	Response key	
		-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
66	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. 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	
	Some resolutions were defeated	No resolutions were defeated, but for some resolutions, majority of minority shareholders voted against	All resolutions in the last one year were accepted by majority of minority shareholders
67	Is there evidence to show that the company, directors or its key managerial personnel (KMP) have violated normally expected ethical/ behavioral 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. Assessor ust look for any ethical violations by the company/director/KMP in the past three years. 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 in the past three years	There are allegations of ethical violations / misconduct against the company or its directors or its KMPs in the past three years	No, there are no allegations of ethical violations / misconduct against the company or its directors or its KMPs in the past three years
68	Has the Nomination and Remuneration Committee defined performance metrics for executive remuneration?	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 incentive for the director.	

	Parameters	Response key	
		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.	
	No, the performance metrics have not been defined	Yes, and the performance metrics have been defined but do not include any ESG related performance targets or the remuneration policy/terms do not include malus/clawback clauses	Yes, and the performance metrics have been defined and include ESG related performance targets and the remuneration terms include malus/clawback clauses
69	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 FY24, the following formula is to be used for each of the metrics: $V_{Rev/Pr/Rem} = \dfrac{(\text{FY24 value} - \text{FY22 value}) * 100}{\text{FY22 value}}$ 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
70	If the company has a stock option scheme, does it align to investor interest?	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 :a) 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. b) in cases where they were granted at a significant discount, the vesting depended on meeting pre-disclosed performance targets. Detailed information on the specific targets and their achievement has been provided in the annual report. This question is not applicable for companies which did not grant any stock options in the past one year.	

	Parameters	Response key	
	Exercise price was at a discount of >20% and the vesting was tenure based. Or vesting is performance based but no performance metrics have been disclosed.	Discount given on stock options to all employees. While vesting was based on the accomplishment of pre-disclosed performance targets, detailed information on the specific targets and their achievement was not provided in the annual report.	The stock options were exercised at the market price, or in cases where they were granted at a significant discount, the vesting depended on meeting pre-disclosed performance targets. Detailed information on the specific targets and their achievement has been provided in the annual report.
71	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 FY24, the following formulae are to be used: $R1 = \frac{(\text{FY24 short-term pay} + \text{FY24 long-term pay}) * 100}{\text{FY24 total pay}}$ $R2 = \frac{\text{FY24 total pay} * 100}{\text{FY24 profits}}$ 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
72	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 disclosure of succession plan for directors and senior leadership	There is a succession plan for directors and senior leadership	There is a succession plan for both directors and senior leadership and a detailed framework for succession planning is disclosed

	Parameters	Response key	
73	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
74	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

DISCLAIMER

The evaluation provided in this report has been carried out by IiAS based on the IFC-BSE-IiAS Corporate Governance Scorecard. The information contained herein is derived largely from publicly available data as available on the date of this report, but we do not represent that the information contained herein is accurate or complete and it should not be relied on as such. IiAS shall not be in any way responsible for any loss or damage that may arise to any person from any inadvertent error in the information contained in this report. This document is provided for assistance only and is not intended to be and must not be taken as the basis for any voting or investment decision or construed as legal opinion or advice. The user assumes the entire risk of any use made of this information and is responsible for complying with all local laws, rules, regulations, and other statutory or regulatory requirements. The information given in this document is as of the date of this report and there can be no assurance that future results or events will be consistent with this information. This information is subject to change without any prior notice. IiAS reserves the right to make modifications and alterations to this document as may be required from time to time. However, IiAS is under no obligation to update or keep the information current. Please note that this document is based on publicly available data for the financial year ended 31 December 2023 and shall be valid only for the said financial year, subject to there being no material change in the company's corporate governance practices, or there being no event that changes our assessment. Neither IiAS nor any of its affiliates, group companies, directors, employees, agents, or representatives shall be liable for any damages whether direct, indirect, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the report. The disclosures of interest statements incorporated in this document are provided solely to enhance the transparency and should not be treated as endorsement of the views expressed in the report. All layout, design, original artwork, concepts and other Intellectual Properties, remain the sole property and copyright of IiAS and may not be used in any form or for any purpose whatsoever by any party without the express written permission of IiAS. Any use of the document is subject to Indian laws and courts exclusively situated in Mumbai, India.

CAVEAT

Even the best corporate governance frameworks do not guarantee that companies will always adhere to good corporate governance practices. This assessment is based on latest available publicly available information, and it will not be able to accurately predict the extent to which the documented practices are followed. It may also well be that a company may change its behaviour following a change in internal or external factors. Further, while it is expected that highly companies will create greater long-term stakeholder value, the evaluation results must not be used to predict future stock price or financial performance.

INSTITUTIONAL INVESTOR ADVISORY SERVICES

Board Training Program

- ✓ Board training is a structured program designed to educate board members on their roles and responsibilities
- ✓ IiAS provides customized board training tailored to the specific needs of companies
- ✓ The training prepares directors to address evolving challenges and make informed decisions

Indicative topics

- Role of Audit Committee
- Role of NRC
- Investor Engagement
- Trends in Corporate Governance
- Cyber Security
- Board and ESG
- Regulatory updates on RPTs, insider trading etc.

Corporate Governance Benchmarking

- ✓ The Corporate Governance Scorecard is a joint initiative of the International Finance Corporation (IFC) and Bombay Stock Exchange (BSE)
- ✓ It provides a standardized and objective evaluation framework which can be used by companies, regulators, and other stakeholders to assess companies' corporate governance practices

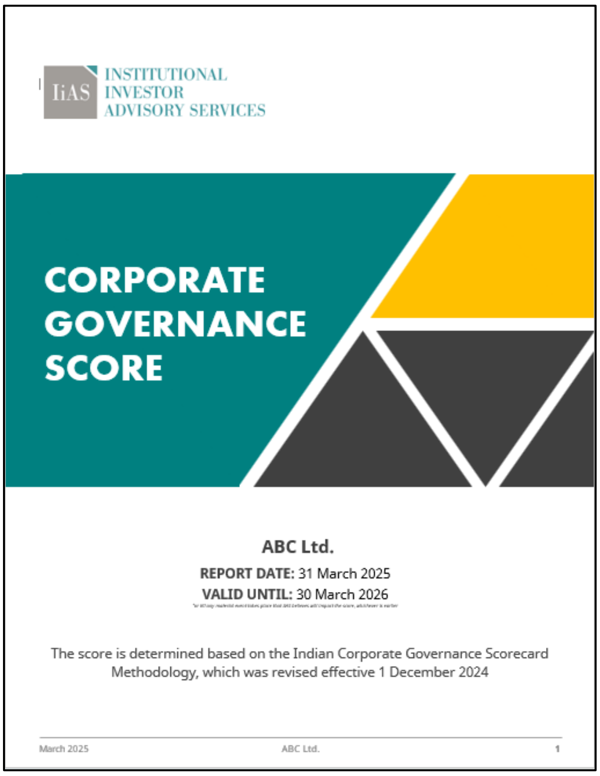
Assessment Matrix & Sample Report

Rights and equitable treatment of shareholders

Sustainability and resilience

Disclosure and transparency

Responsibilities of the board


INSTITUTIONAL INVESTOR ADVISORY SERVICES

CORPORATE GOVERNANCE SCORE

ABC Ltd.

REPORT DATE: 31 March 2025

VALID UNTIL: 30 March 2026

The score is determined based on the Indian Corporate Governance Scorecard Methodology, which was revised effective 1 December 2024

March 2025 ABC Ltd. 1

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ABOUT IiAS

Institutional Investor Advisory Services India Limited (IiAS) is an advisory firm, dedicated to providing participants in the Indian market with independent opinions, research and data on corporate governance and ESG developments, as well as voting recommendations on shareholder resolutions for about 1200 companies that account for over 96% of market capitalization.

IiAS provides bespoke research and assists investors in their engagement with company management and their boards. It runs two cloud-based platforms, SMART to help investors with tracking and reporting on their stewardship activities and ADRIAN, a repository of resolutions and institutional voting patterns.

IiAS together with the International Finance Corporation (IFC) and BSE Limited, supported by the Government of Japan, has developed a Corporate Governance Scorecard for India. The company specific granular scores based on an evaluation of their governance practices, together with benchmarks, can be accessed by investors and companies.

IiAS has extended this framework to ESG – Environment, Social and Governance and its subsidiary IiAS Sustainability Solutions Private Limited (IiAS Sustain) is registered with SEBI as a Category - II "ESG Ratings Provider". IiAS has worked with some of India's largest hedge funds, alternate investment funds and PE Funds to guide them in their ESG assessments and integrate ESG into their investment decisions. IiAS is a signatory to the UNPRI and has issued Second Party Opinions on green bonds.

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