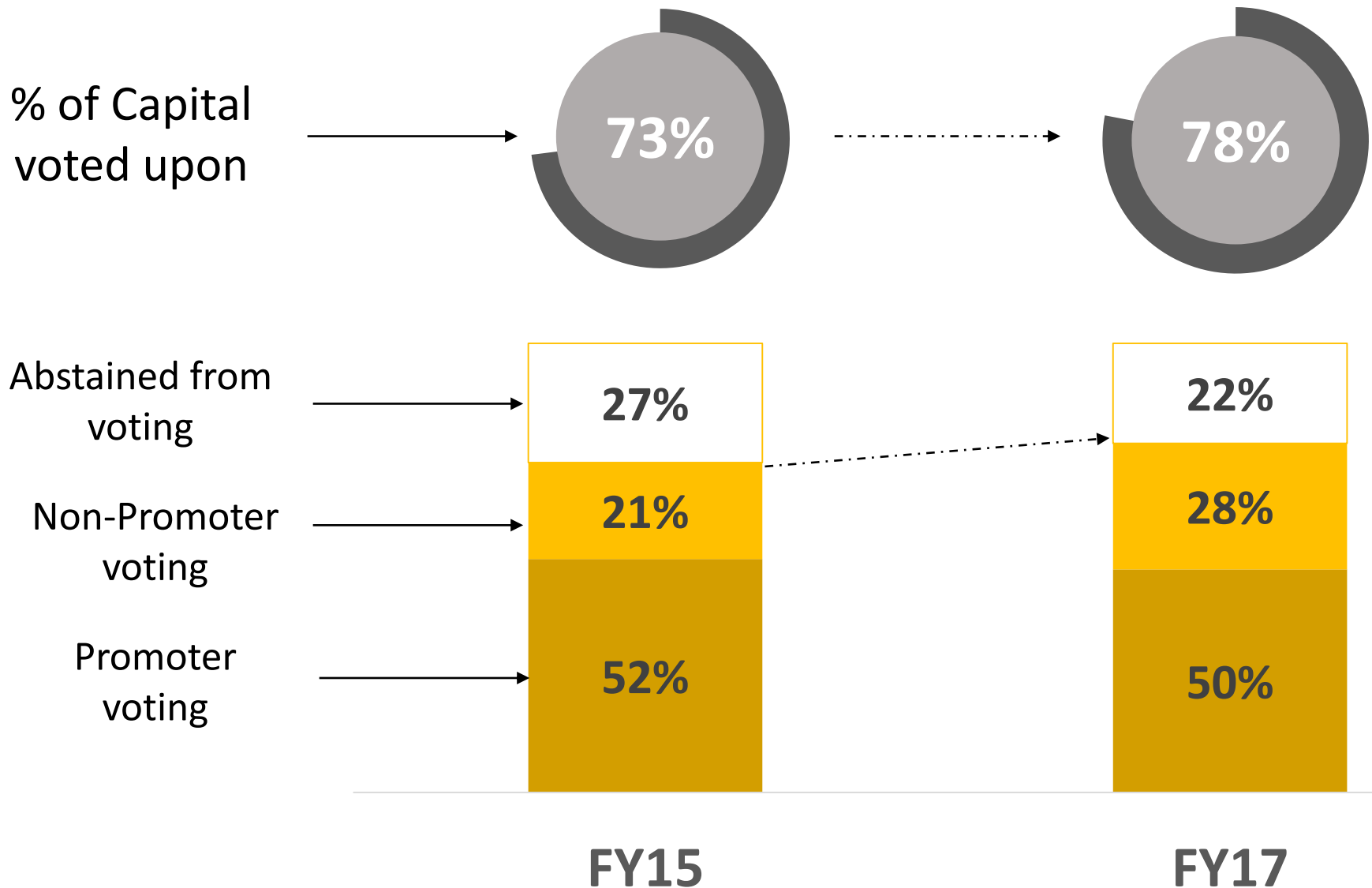


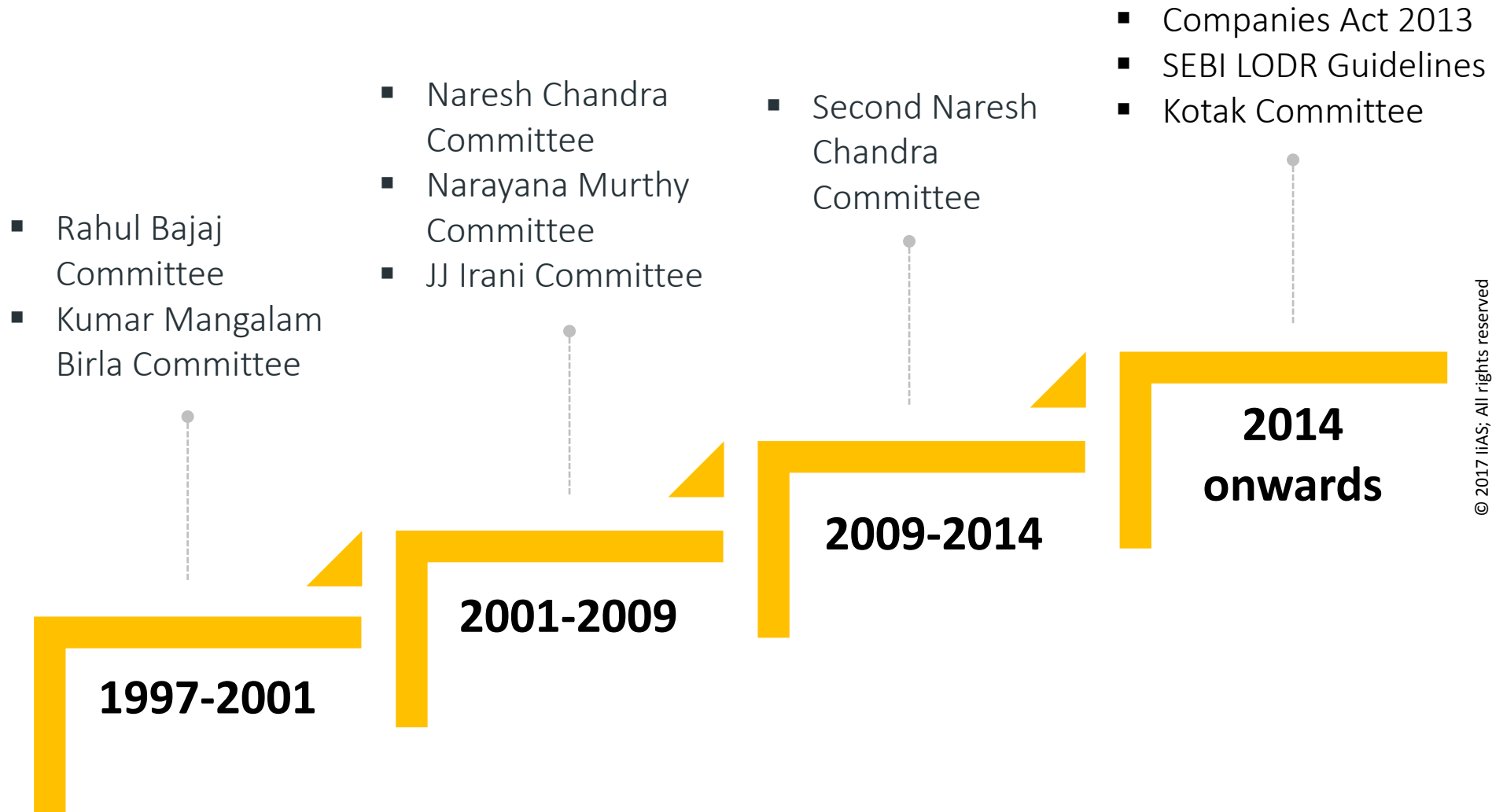
Indian Market Dialogue

ACGA 17th Annual Conference

Voting Participation has increased



Corporate Governance: The Upgrade to 4G



Regulations align with G20/OECD principles



G20/OECD principle



Indian regulations

Ensuring the basis for an effective corporate governance framework

- Mix of mandatory and non-mandatory provisions
- Autonomy to regulators
- Penal action for non-compliance
- More stringent norms for listed companies
- Delegation of compliance monitoring to Stock Exchanges

Rights and equitable treatment of shareholders and key ownership functions

- Right to approve amendment to charter documents
- Right to propose a resolution
- Right to call a general meeting
- Right to elect the board
- Right to file class action suit
- One vote per share (except DVR)
- Mandatory arms-length transfer pricing

Institutional investors, stock markets and other intermediaries

- Disclosures on voting policy
- Disclosures on voting patterns
- Prohibition of insider trading
- Proxy advisors and other advisors required to be registered with market regulator

Role of stakeholders in corporate governance

- Mandatory CSR contribution
- Mandatory Investor Grievance Committee
- Preparation of sustainability report
- Detailed Whistle-blower policy
- Mandatory Sexual Harassment Policy
- Woman director on board
- Auditor rotation

Disclosure and transparency

- Disclosures on
 - Ownership structure
 - Accounts and financial metrics
 - Key risks
 - Related party transactions
 - Board demographics
 - Remuneration
 - Analyst meetings
 - Board evaluation

Responsibilities of the board

- Training for directors
- Min. no. of independent directors
- Appointment of lead independent director
- Separate meeting of independent directors
- Policies on tenure, age and maximum no of directorships
- Quorum requirement for board meetings and decisions

Kotak Committee: Key themes



Board effectiveness

- Ensure skill, knowledge and gender diversity
- Enhance board independence
- Ensure director participation
- Strengthen committee functioning
- Create conflict free reporting structures



Monitoring of group entities/transactions

- Increase oversight on subsidiaries
- Perform secretarial audit for subsidiaries
- Control information sharing with dominant shareholders
- Allow negative votes for related parties
- Introduce thresholds for royalty payouts and director remuneration



Disclosures and transparency

- Expand nature and types of disclosures
- Ensure searchable and standardized formats
- Disclose key changes in financial indicators
- Put out details on capital utilization
- Disclose long-term and medium-term strategy
- Improve disclosures in valuation reports



Audit quality

- Determine impact of audit qualifications
- Enhance quarterly disclosures
- Expand scope of internal controls
- Disclose auditor credentials/fees at time of appointment and reasons for resignation
- Guidelines for audit quality indicators

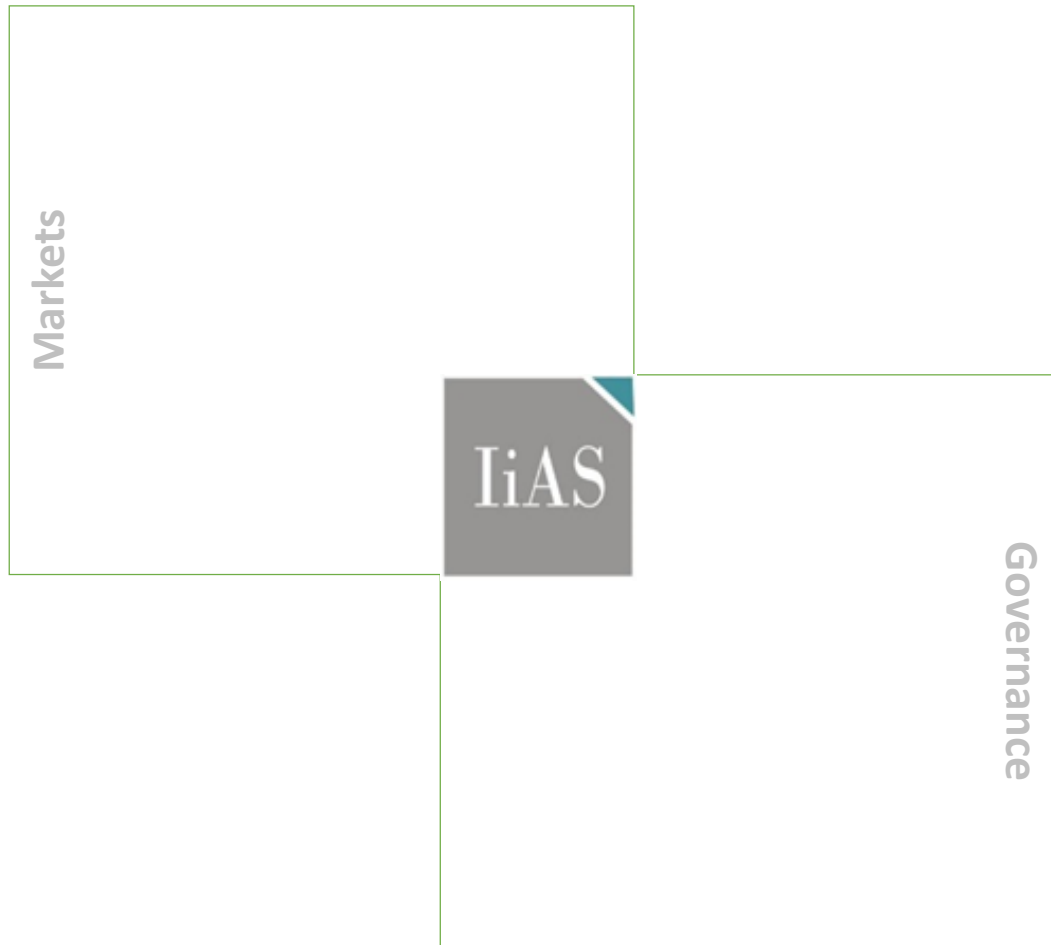


Investor participation

- Revise AGM timelines
- Share webcasts of all shareholder meetings
- Extend e-voting timelines
- Encourage institutional investor to adopt stewardship code
- Remove voting rights for treasury stock
- Disclose board's view on all resolutions

Disclosures:

- *Amit Tandon, Managing Director of IIAS, was a member of the Kotak committee and participated in the deliberations.*
- *For details regarding the recommendations please go to www.iiasadvisory.com*



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