November 6, 2017

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Re: Public Comment on the Recommendations from the Report submitted by the Committee on Corporate Governance

Glass, Lewis & Co. ("Glass Lewis") appreciates the opportunity to comment on the Recommendations from the Report submitted by the Committee on Corporate Governance (the "Committee") that was formed to evaluate and enhance corporate governance of listed companies in India.

Founded in 2003, Glass Lewis is a leading, independent governance services firm that provides proxy research and vote management services to more than 1,200 clients throughout the world. While, for the most part, institutional investor clients use Glass Lewis research to help them make proxy voting decisions, they also use Glass Lewis research when engaging with companies before and after shareholder meetings.

Through Glass Lewis' Web-based vote management system, ViewPoint, Glass Lewis also provides investor clients with the means to receive, reconcile and vote ballots according to custom voting guidelines and record-keep, audit, report and disclose their proxy votes.

From its offices in North America, Europe, and Australia, Glass Lewis' 300+ person team provides research and voting services to institutional investors globally that collectively manage more than US$25 trillion, while Glass Lewis covers over 900 shareholder meetings in India on a yearly basis. Glass Lewis is a portfolio company of the Ontario Teachers' Pension Plan Board ("OTPP") and Alberta Investment Management Corp. ("AIMCo"). Glass Lewis operates as an independent company separate from OTPP and AIMCo. Neither OTPP nor AIMCO is involved in the day-to-day management of Glass Lewis' business. Moreover, Glass Lewis excludes OTPP and AIMCo from any involvement in the formulation and implementation of its proxy voting policies and guidelines, and in the determination of voting recommendations for specific shareholder meetings.

Glass Lewis commends the Committee for the in-depth review of corporate governance practices in India. As India is seeking to advance its position globally, as seen by the "Make in India" campaign, to raising foreign investment limits in broad swaths of its economy, attracting increased foreign investment is dependent upon investor confidence in corporate governance frameworks and oversight. While India has made significant changes in the past few years, most notably through the Companies Act, 2013, the Committee's recommendations highlight areas where corporate governance can be improved.

Glass Lewis generally agrees with most of the Committee's recommendations. From a corporate governance standpoint, the recommendations encompass improvements to fundamental aspects of boards, the role and spirit of independent directors, the functions of board committees, to increasing disclosure and accountability for companies and auditors alike. The responses provided below are not meant to be exhaustive but are designed to address what Glass Lewis sees as the main issues and concerns raised in the Committee's report. Thank you in advance for your consideration and please do not hesitate to contact us if you would like to discuss any aspect of our submission in more detail.

Respectfully submitted,
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Enclosure

Comments from Glass, Lewis & Co.				
Sr. No.	**Recommendation**	**Comment**	**Rationale**	**Revisions to Recommendation**
1	Ch., 1:1: Minimum Number of Directors on a Board	Glass Lewis believes board sizes should be set by companies while taking into account a company's size and the needs of a board to fulfil its mandate.	The recommendation to increase the minimum board size may impact smaller companies and could be a disincentive for companies to list. Glass Lewis notes that of the companies it researched in 2017, approximately 10% of companies had boards with fewer than six members.	Glass Lewis believes the minimum board size should remain at three. While Glass Lewis prefers boards with a minimum of five directors, ultimately, the board should be reflective of the company it oversees. To that end, Glass Lewis will leave discretion for boards and nomination committees to determine the optimal size of a board, provided the board meets independence requirements, including its committees, and carries out its supervisory function in a proper manner.
2	Ch., I: 2: Gender Diversity on the Board	Glass Lewis welcomes measures to promote gender diversity on boards while strengthening	Glass Lewis notes that India was the first country in Asia to mandate a minimum of one female director on a corporate board. Despite the one female director mandate, other countries like Norway[1], and now Malaysia[2], have mandates for female director representation based on board size or by market index or company market capitalization.	Glass Lewis is concerned about the unintended consequences that may arise from the mandate to have one independent woman director on every corporate board. While our concern also extends to male directors, the issue pertains to time commitment of directors and whether, as provided in recommendation 1.10, an independent director

[1] Section 6-11a of the Norwegian Public Limited Liabilities Companies Act, sets differing levels of gender representation. For example, if a board has between six and eight directors, there must be at least three directors of each sex. Where a board has nine members, each board must have at least four directors of each sex, while boards exceeding nine members must have at least 40% of the board represented by both sexes.

[2] Section 4.5 of the 2017 Malaysian Code on Corporate Governance would require companies on the FTSE Bursa Malaysia Top 100 Index or companies with a market capitalization of RM 2 billion and higher to have at least 30% of their board being women directors.

		board independence.	While Glass Lewis supports having independent woman directors, who may otherwise replace women on boards that may have been appointed due to familial and/or promoter group affiliations, Glass Lewis believes that above all, directors – regardless of gender – should be appointed based on their merit and skills they bring to the board.	can be fully committed to serve on up to eight boards (or four if they are an executive director). Glass Lewis believes that a lower limit on board directorships, such those found in Europe[3] or in Malaysia[4], may work to ensure director commitments and reduce instances of "tokenism" where a small group of women directors is appointed to numerous boards. By limiting a director's directorships, this can also lead to a broadening of the talent pool – whether male or female – of who can serve as an independent director. An expanded talent pool may also prove beneficial in providing boardroom experience to women directors, who may also serve an as executive director on other listed company boards.
3	Ch., I: 5: Approval for Non-Executive Directors on Attaining a Certain Age	Glass Lewis generally does not believe that age limits for directors are in shareholders' best interest.	No comment.	Glass Lewis believes that shareholders are better served by continuous external reviews of a board's performance rather than an age limit on a director's service. As age, relative to a director's experience, may be valuable assets to a board, the skills and commitment of a director should be more a priority than their age. To this end, Glass Lewis

[3] Article 91 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC, sets limits on executive and non-executive directorships for members of a management body to two boards and four boards, respectively.

[4] Section 15.06 of the Main Market Listing Requirements of the Bursa Malaysia sets the maximum number of directorships at five.

				does recognize that a lack of refreshment can contribute to a lack of board responsiveness to poor company performance. However, boards instead should adopt policies relating to succession planning, which includes an evaluation of a director's diversity of skill sets to align the board's areas of expertise with a company's strategy, in addition to the board's approach to corporate governance, and its stewardship of company performance. It is noted that both Singapore and Malaysia removed the requirement for non-executive directors to stand for annual re-election upon reaching 70.
4	Ch., I: 10: Separation of the Roles of Non-Executive Chairperson and Managing Director/CEO	Glass Lewis supports the separation of board chair and managing director/CEO.	Glass Lewis believes that separating the roles of CEO and board chair creates a better governance structure than a combined CEO/chair position. An executive manages the business according to a course the board charts. Executives should report to the board regarding their performance in achieving goals set by the board. This is needlessly complicated when a CEO chairs the board since a CEO/chair presumably will have a significant influence over the board. Even if there is a lead or presiding independent director performing many of the same functions of an independent chair (e.g., setting the board	Although it is not discussed in the recommendation, Glass Lewis believes the positions of managing director and board chair (except if held by an independent director) should not be exempt from retirement by rotation. Glass Lewis believes giving shareholders the right to vote in the election of all directors to facilitate board accountability and oversight.

			meeting agenda), Glass Lewis does not view this alternate form of independent board leadership as providing a robust protection for shareholders as an independent chair. Specifically, it can become difficult for a board to fulfill its role of overseer and policy setter when a CEO/chair controls the agenda and the boardroom discussion. Such control can allow a CEO to have an entrenched position, leading to longer-than-optimal terms, fewer checks on management, less scrutiny of the business operation, and limitations on independent, shareholder-focused goal-setting by the board. Likewise, Glass Lewis views an independent chair as being able to better oversee executives and set a pro-shareholder agenda without the management conflicts that a CEO and other executive insiders often face. Such oversight and concern for shareholders allow for a more proactive and effective board of directors that is better able to look out for the interests of shareholders. Moreover, the separation board of board chair and	

			managing director is already a required market practice in Pakistan and Bangladesh.[5]	
5	Ch., I: 10: Maximum Number of Directorships	Glass Lewis welcomes changes to market practices that lead to directors devoting the time necessary to carry out their responsibilities and duties to boards and shareholders alike.	Glass Lewis believes that limitations on the number of boards a director may serve may ensure that directors are making meaningful contributions to boards based on individual, limited schedules, and positions of employment.	The recommendation would reduce directorship from the existing limit of ten directorships under Section 165 of the Companies Act, 2013. However, Glass Lewis believes these limits should be potentially lowered even further. Some studies have indicated that the time spent per directorship may exceed 250 hours per year.[6] Moreover, a lower cap may be necessary given recommendations 1.6 and 3.1, which would increase minimum board and committee meeting requirements, which would likely to increase time commitments relating to board service, thereby making it more difficult for directors to commit the time necessary for service on up to eight boards. These caps should be inclusive of directorships on companies listed on foreign as well as Indian exchanges.

[5] Section 5.19.4(4) of the Pakistan Stock Exchange Regulations require the chairman to be elected from among the non-executive directors. Under Section 1.4 of Notification No. SEC/CMRRCD/2006-158/134/Admin/44, the Bangladesh Securities and Exchange Commission specified that the positions of board chairman and CEO are to be held by different individuals, with chairman being from among the directors of the Company.

[6] Korn Ferry. *Corporate Board Governance and Director Compensation in Canada, a Review of 2014*. January 2015. Pages 9 and 10. According to a survey of Canadian directors and a survey of American directors, Canadian directors committed an average of 304 hours per board they served on. American directors committed an average of 236 hours per directorship. For Canadian companies, board chairs spent an average of 332 hours, committee chairs spent an average of 319 hours and committee members spent an average of 259 hours as part of their time commitment.

6	Ch II: 1: Minimum Number of Independent Directors	Glass Lewis believes the setting of a single board independence threshold is beneficial to the market.	Glass Lewis believes the creation of a single board independence threshold at 50% would ensure an enlarged presence of independent directors. Moreover, a 50% independence threshold would match independence requirements or codes of best corporate governance practices among other markets.	Among the listed companies reviewed by Glass Lewis, state-owned banks often do not meet a 50% independence requirement, while other state-owned enterprises must meet the specified independence requirement. In this case, the difference in board independence is due to the framework within the Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970.[7] Yet, as the Indian Government is seeking to reduce its holdings in banks to encourage increased private investment in such institutions, SEBI should examine whether all state banks should have 50% independent boards, given the Government's objectives. For comparison, in Indonesia, all listed commercial banks must have a 50% independent board of commissioners.[8]
7	Ch. II: 2: Eligibility Criteria for	Glass Lewis supports the expansion of	Glass Lewis supports the proposed enhancement to the definition of an independent director. The proposed changes would address shortcomings in	Although not addressed, the Committee should consider strengthening the elements of independence by eliminating an independent

[7] The Banking Companies (Acquisition and Transfer of Undertakings) Act, 1970, sets the basic board composition for most state-owned banks. Notably, the Government can appoint up to six directors, while there may also be executive directors and an employee representative director. Shareholders other than the government may appoint to a maximum of three so-called "shareholder directors", with the actual number of shareholder directors ranging from one to three directors, based on the shares held by the Government. The shareholder directors are generally seen as being independent.

[8] Bank Indonesia. Regulation Number 8/4/PBI/2006 Concerning Good Corporate Governance Implementation by Commercial Banks. Article 5. It is noted that Indonesian companies have a two-tier system of corporate governance comprising a board of directors ("BOD") and board of commissioners ("BOC"). The BOD usually comprises the executives that are responsible for the day-to-day management of a company, while the BOC is a supervisory board that is tasked with overseeing the BOD and the company.

	Independent Directors	criteria used in defining an independent director.	director independence that are overlooked can impugn the credibility and judgment of an independent director.	director's ability to provide professional services or work for a firm that provides professional services, including legal services. While Section 149(6)(e)(ii) Companies Act, 2013, sets limits on the size of these relationships as a percentage of the firm's gross turnover, the value of the fees and percentage of turnover are typically not disclosed. Further, we believe that long-standing legal or professional service relationships can put the independence of a director into jeopardy. As such, if directors providing professional services remain eligible to be considered independent, we believe that improved disclosure requirements regarding these relationships would allow shareholders to make a meaningful assessment.
8	Ch. II: 3: Minimum Compensation to Independent Directors	Glass Lewis believes that directors should be adequately compensated for the time spent on boards.	Glass Lewis believes that the payment of extravagant remuneration should not be the impetus for a person to become an independent director. At the same time, insufficient remuneration should not be the reason for a person to not want to remain as or become an independent director. The proposed minimum remuneration of independent directors would be INR 500,000, based on board and committee attendance. Although final remuneration paid to	Glass Lewis has concerns with the payment of commission to non-executive directors. As commission is essentially a performance bonus, the payment of commission may influence the thinking of directors to focus on short-term gains at the expense of long-term perspectives. Moreover, where commission exceeds the fees paid to independent non-executive directors, this may jeopardize their independent judgment. To this end, SEBI may consider limiting the payment of

			independent directors would be determined by companies, Glass Lewis views the fee amounts as being potentially beneficial in attracting and retaining competent independent directors without over-compensating directors, which can jeopardize and independence.	commission to independent non-executive directors. Furthermore, Glass Lewis believes that shareholders should be able to review annually, the remuneration paid to all non-executive directors.
9	Ch. II: 6: Induction and Training of Independent Directors	Glass Lewis supports increased training for independent directors on a company's operations and regulatory compliance.	The expansion of mandatory training for independent directors to include a company's organizational structure and operations will provide independent directors with strengthened frames of reference that are crucial for a director. Additionally, Glass Lewis supports a requirement for formal training on corporate governance practices and regulations, as it is crucial to avoid instances where a director may otherwise unknowingly act in contrary to such practices.	While it is laudable to have mandatory training on corporate governance practices and regulations once every five years, the timeframe should be reduced to perhaps once every three years. As regulations and laws are changing on a yearly basis, it would be better for independent directors to receive such training more frequently to understand recent regulatory changes that may impact their functioning as an independent director. Further, expenses for such training should be borne by companies and not directors themselves.
10	Ch. III: 1: Minimum Number of Committee Meetings	Glass Lewis supports an increase in board committee meetings to improve board oversight.	Glass Lewis supports setting a minimum meeting requirement for the audit committee at five meetings, while nomination and remuneration committee, stakeholder relationship committee and risk management committee, respectively, would be required to meet at least once per year. The minimum meeting requirements would provide greater situational awareness for matters beyond quarterly finances for the audit committee, as well	While companies may disclose committee attendance as part of their quarterly corporate governance filings, attendance may reflect whether quorum was met. Glass Lewis believes individual attendance records for these committees should be disclosed within the quarterly corporate governance filings.

			as other corporate governance topics like ESG, risk management, and succession planning. The minimum meeting requirement would complement the five-yearly board meeting requirement, including the topics like ESG, risk, and succession, that would be discussed at least once per year.	
11	Ch. III: 3: Composition of the Nomination and Remuneration Committee	Glass Lewis supports measures to increase the independence of a company's nomination and remuneration committee.	Glass Lewis believes the nomination and remuneration committee should be sufficiently independent in ensuring proper oversight of all matters relating to remuneration and board member composition and succession planning for board members.	To ensure executive directors play no part in overseeing their remuneration, we believe the independence requirement should be broadened to exclude executive/whole-time directors from this committee.
12	Ch. III: 7: Applicability and Role of Risk Management Committee	Glass Lewis supports the expansion of a risk committee to companies regardless of market capitalization.	Risk committees are becoming a more common feature in markets around the world. Where audit committees may have handled risk, the growth of topics that could pose risks to companies may no longer be strictly suited to the audit committee. For example, matters relating to worker safety, environmental stewardship or other ESG topics, or even cybersecurity are fast becoming major issues for companies around the world. By tasking a specific committee to examine and oversee a company's approach to risk management, companies can help to reduce or avoid liabilities	The requirement for companies to have a risk management committee should be extended to become a market-wide requirement. Additionally, Glass Lewis believes an independent director should chair this committee to ensure proper oversight.

			that can otherwise be costly for companies both in reputation and legal expenses.	
13	Ch. IV: 2: Group Governance Unit/Committee and Policy	Glass Lewis believes it is important for Groups to align their governance policies.	Glass Lewis views creation and implementation of unified corporate governance policies as being important for maintaining oversight and for meeting regulatory compliance. By establishing a board governance committee, the board of a parent company can better align a group's governance frameworks and policies, thereby increasing board awareness and accountability for the group.	Where a company does not establish a dedicated governance committee, a company should disclose how the functions of a Group governance committee have been folded into the risk management committee or such other committee as designated by a company's board.
14	Ch. V: 3: Royalty and Brand Payments to Related Parties	Glass Lewis supports changes in practices that enable shareholders to review royalty and brand payments to related parties.	Glass Lewis believes shareholders should have all details of related party transactions to make an informed decision on their merits. Further, companies should demonstrate how the payment of royalties will benefit. As the current threshold for a material related party transaction is 10% of annual consolidated turnover, we welcome a lower value threshold, along with minority shareholders getting the final say on such transactions by way of a "majority of minority" basis vote.	The Ministry of Corporate Affairs suggests that the threshold required for shareholder approval could be lowered, perhaps down to 2% of consolidated annual turnover. In this instance, we agree with a lower threshold.
15	Ch. V: 6: Remuneration to Executive	Glass Lewis supports shareholders'	While shareholders generally review proposed remuneration at the time when an executive's employment contract is up for shareholder review,	Despite the proposed thresholds that would initiate shareholder review, the Committee should clarify whether such provision would be on a yearly basis

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	Promoter Directors	ability to review director compensation and evaluate its appropriateness.	shareholders are otherwise limited in reviewing executive remuneration – let alone that of promoters. As promoters may also receive the benefits of receiving profits from their share ownership, along with commission – being a percent of a company's net profits – Glass Lewis believes shareholders should be able to assess whether the paid remuneration is appropriate. This is especially the case when remuneration exceeds INR 50 million for each executive promoter, or 2.5% of net profits for one executive promoter, or up to 5% of net profits for multiple executive promoter directors.	or not. Further, even if the value of equity-based awards is excluded for the purposes of computing remuneration as a percent of net assets, companies should disclose details of those awards, along with a rationale justifying the payment. The Committee should also specify the implications of a negative shareholder vote or if the proposal does not pass by the necessary level of shareholder support needed for approval.
16	Ch. V: 7: Remuneration of Non-Executive Directors	Glass Lewis supports the ability for shareholders to review remuneration paid to non-executive directors that may be considered "excessive".	Glass Lewis supports requirements for companies to disclose both the composition of the remuneration paid to non-executive directors – whether based solely on fees or if it includes commission – and why it is necessary for one director to receive such remuneration.	We believe the Committee should allow shareholders to vote on all non-executive director remuneration on a yearly basis. This is a common practice in Singapore, Malaysia, Hong Kong, Thailand and other markets. We further believe that there should be limits placed on non-fees based remuneration, such as commission, as it may jeopardize the judgment of non-executive directors.
17	Ch. VI: 9: Disclosures in	Glass Lewis supports the	Within the disclosures for schemes of arrangements, companies will often elude to	The Committee should also consider requiring companies to disclose the reports from

	Valuation Reports in Schemes of Arrangement	inclusion of disclosure from market supporting professionals as part of proposals that shareholders may vote on.	valuation reports and the obtaining of fairness opinions. However, shareholders often do not receive the full reports from such market supporting professionals. In comparison, it is standard market practice for companies listed in Thailand, Singapore, Malaysia and Hong Kong to provide such reports. Glass Lewis views the absence of such reports may hinder a shareholder's ability to fully evaluate the merits and potential impact associated with a scheme of arrangement.	independent financial advisers if obtained for purposes of related party transactions. This practice is common for Hong Kong companies when undertaking proposed connected transactions, per Chapter 14A of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.
18	Ch. VI: 10: Disclosures Pertaining to Directors	Glass Lewis supports the full disclosure of director commitments.	As the Committee is making several recommendations as it relates to directorships and committee memberships, Glass Lewis believes it is vital that the information pertaining to a director's commitments to other listed company boards be disclosed, regardless of whether that company is listed in India or not.	Such disclosure should also include directorships of companies listed on stock exchanges outside of India.
19	Ch. VI: 14: Disclosure on Long-term and Medium-term Strategy	Glass Lewis supports the disclosure of company strategy in a manner that is comprehensible to shareholders.	Where possible, companies should disclose to shareholders an overview of a company's strategy. Such disclosure becomes more important instances where a company may be underperforming or has added new aspects of its business.	The Committee should examine how such disclosure can be incorporated into overviews of executive compensation. Commonly, companies will refer to remuneration being performance based but there is often little detail on what comprises performance or how it may relate to short- medium- and long-term company strategies. Such disclosure is a best practice in markets such as Australia. Also, the disclosure of company strategy would also be helpful in proposals that pertain to

				payment of managerial remuneration in the absence of profit as companies must explain how they intend to return to profitability.
20	Ch. VIII: 7: Disclosure of Audit and Non-Audit Services Rendered by the Auditor	Glass Lewis believes that there should be complete disclosure of fees paid to auditors on both a standalone and consolidated basis.	While many Indian companies are beginning to disclose the breakdown of auditor remuneration in their consolidated financial statements, this should become a mandated market practice to promote transparency in auditor remuneration practices. Additionally, we note that some companies who have depository receipts traded in the United States may disclose full auditor remuneration information on a consolidated basis as part of their U.S. SEC filings, yet they won't provide such disclosure in their annual reports that are generally used by domestic or foreign investors in the equity shares of Indian companies. Such imbalance in disclosure puts ordinary equity shareholders at a distinct disadvantage when evaluating the fees paid to a company's auditor.	The recommendation should be expanded to require companies to provide a breakdown of audit remuneration between audit, audit-related, tax and other services on both a standalone and consolidated basis.
21	Ch. VIII: 1: Timeline for Annual General Meetings of Listed Entities	Glass Lewis does not support the shortening an AGM season mainly for reasons of expediency.	While the goal of spreading out the number of AGMs held at any given time is laudable, the shortening of the AGM timeframe would likely exacerbate the problem of there being too many AGMs on a single date. Overall, Glass Lewis views a condensed AGM timeframe as being counterproductive to shareholder interests as shareholders may not be able to adequately assess	Compared to other markets, the requirement for Indian companies to hold their AGM six months after the close of the financial year makes this market an outlier within the Asia-Pacific region. However, the desire to shorten the AGM timeframe could exacerbate the problem it attempts to address. For example, Japanese companies must hold their AGM three months from the end of their

			the multitude of companies they are invested in, especially if there a significant number of AGMs on the same day. Moreover, a condensed AGM timeframe could limit shareholder participation – whether for individual shareholders attending in-person or by proxies – if there are too many AGMs being held on a single day.	financial year. For companies whose financial year ended on March 31, that meant the AGM must have been held by June 30. This condensed timeframe resulted in the holding of more than 2,200 AGMs in June 2017. In comparison, were India to condense the existing AGM timeframe by one or two months, it would have to contend with how to spread out the 4,200 AGMs that were scheduled by the Bombay Stock Exchange between July through September 2017 to avoid the bunching of AGMs.[9] While it may be beneficial to shorten the time from the completion of a financial year to the holding of an AGM, SEBI should explore a lottery system on AGM dates or put a cap on the percent of listed companies that can have their AGM on a given day, in order to avoid bunching of AGMs.

[9] Based on data from the Bombay Stock Exchange: 325, 582 and 3,294 AGMs were scheduled for the months of July, August and September, respectively. Within September, 2,265 AGMs were scheduled for the dates inclusive of the 25-30th, while 841 and 448 AGMs were scheduled for September 28th and 29th. In comparison, the Tokyo Stock Exchange scheduled over 2,200 AGMs for June 2017, for companies with financial years ending on March 31, 2017.