

Developing a Model for Evaluating Corporate Governance Practices: An Empirical Study of Indian Petroleum Industry

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Abstract

Executive Summary: Corporate governance extends beyond corporate law. Its fundamental objective is not mere fulfillment of the requirements of law but in ensuring commitment of the board of directors in managing the company in a transparent manner for maximizing stakeholders value. The real onus of achieving desired levels of corporate governance lies with corporate themselves and not in external measures. This research paper gives a frame work for evaluating corporate governance practices pursued by corporates. The paper also examines the CG practices adopted by Indian Petroleum Industry with special focus on two leading Indian Petroleum companies for the years 2004-05 to 2008-09.

Introduction and objectives of corporate governance

Corporate governance deals with laws, procedures, practices and implicit rules that determine a company's ability to take informed managerial decisions vis-à-vis its claimants – in particular, its shareholders, creditors, customers, the State and employees.

Good governance is integral to the very existence of a company. It ensures company's commitment to higher growth and profits. Mainly, the object of good corporate governance is : maximizing long term shareholder value.

It seeks to achieve following objectives :

- i. A properly structured board capable of taking independent and objective decisions is in place at the helm of affairs ;
- ii. The board is balanced as regards the representation of adequate number of non executive and independent directors who will take care of the interests and well being of all the stakeholders ;
- iii. The board adopts transparent procedures and practices and arrives at decisions on the strength of adequate information ;
- iv. The board has an effective machinery to sub serve the concerns of stakeholders;
- v. The board keeps the shareholders informed of relevant developments impacting the company ;
- vi. The board effectively and regularly monitors the functioning of the management team ; and

Keywords

*Corporate Governance
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- vii. The board remains in effective control of the affairs of the company at all times.

Corporate governance has emerged as an important discipline in its own right, bringing together contributions from accounting, finance, law and management. Corporate governance now offers a comprehensive, interdisciplinary approach to the management and control of companies. Corporate professionals of today and tomorrow must imbibe in themselves the evolving principles of good corporate governance across the globe on a continual basis. Excellence can be bettered only through continuous study, research and interaction in theory and in practice of good corporate governance.

Scope, Methodology and Objectives of the Study

Scope of the Study

The study comprises of two renowned companies of Indian Petroleum industry namely Oil and Natural Gas Corporation Ltd. (ONGC) and Bharat Petroleum Corporation Ltd. (BPCL) Both the companies are listed on Bombay stock exchange (BSE) & National stock Exchange (NSE). The entire study is based on the published annual report for the years 2004-05 to 2008-09.

Objectives of the Study

1. to set certain standards of corporate governance viz. evaluation criteria from out of mandatory and non-mandatory requirements of Listing Agreement, or, otherwise ;
2. to observe and find out the extent of compliance by the companies under consideration (viz. ONGC and BPCL) of such criteria ;
3. to suggest corrective actions and improvements, if any, required in compliance by the companies under consideration beyond what is contemplated as 'mandatory requirements'.

Significance and Relevance

Significance : Everywhere the shareholders are re-examining their relationships with company bosses – what is known as their system of 'corporate governance'. Every country has its own, distinct brand of corporate governance, reflecting its legal, regulatory and tax regimes. The problem of how to make bosses accountable has been around ever since the public limited company was invented in the 19th century, for the first time separating the owners of firms from the managers who run them....”

Governance has two facets : fulfilling responsibilities and performing roles. Responsibilities are what aspects of governance, the substantive issues and the matters to which the board must attend. Roles are the how aspect, the sets of activities the board must perform. Together, responsibilities and roles specify the essence of the verb to govern. Mere compliance with mandatory requirements doesn't and cannot amount to corporate governance, as the same is ensured merely with a view to maintain “listed

status” of the company. Hence, compliance with corporate governance practices beyond such mandatory requirements shall amount to 'compliance in true spirit'. Hence, this study to make an attempt to evaluate the compliance with corporate governance practices beyond what is contemplated as 'mandatory requirements'.

Relevance : This study deals with the most talked topic of the day i.e. Corporate Governance, which is not only contemporary and modern in nature, but also important for the large number of people of India who are the stakeholders in various companies. By analyzing the actual compliance with corporate governance in India, this study will ensure whether the two Indian companies have actually brought the theory and principles of corporate governance in actual practice.

Data Collection :

1. Sources of Data collection: For the purposes of this study, the secondary data viz. the financial statements published by the companies have been considered.
2. Tools of data collection: For the purpose of collecting the annual reports of the various companies covered under this study, their websites have been referred.

Research Methodology

- ♦ Identifying mandatory and other requirements of CG (not all);
- ♦ Translating them into marking/scoring scheme ;
- ♦ Allotting Marks to criteria based on its importance ;
- ♦ Collecting Actual Data/position from Annual Reports ;
- ♦ Awarding marks based on extent of compliance in that criteria ;
- ♦ Assigning a Grade based on total score ;
- ♦ Hypothesis testing as to compliance with 70% benchmark and inter-company differences ;
- ♦ Enlisting significant finding/observations ; and
- ♦ Giving suggestions for further improvement.

Limitations of the Study :

- ♦ The study is limited to information available in the published annual report of the two selected companies over the period of 5-years.
- ♦ While the 5-year data may be taken representative of the corporate governance scenario within the company, however, the compliance by the selected companies may not be representative of corporate governance compliance in general.

Detailed criteria for evaluation with importance of each criteria considered for this study

I. Board & its composition :

Board composition is one of the most important determinants of board effectiveness. A board should have a mix of inside and independent directors with a variety

of experience and core competence. An aspect of board structure which is fundamental but is very less visited is that of the board size. Board size is also an important determinant of board effectiveness. The size should be large enough to secure sufficient expertise on the board, but not so large that productive discussion is impossible.

It covers the following four aspects -

No. of non-executive directors on the Board :

(a) Legal requirement : As per **Clause 49 I(A)(i)**, the Board of directors of the company shall have an optimum combination of executive and non-executive directors with not less than fifty percent of the board of directors comprising of non-executive directors.

(b) Role and Importance : The Non-executive directors are not directly engaged in the execution of operations. They act as invigilators, who keep vigilance of the work done by the executive directors.

Hence, their percentage in the Board has been considered for evaluation and total marks allotted to this point are : 5 marks.

No. of independent directors on the Board :

(a) Legal requirement : As per **Clause 49 I(A)(ii)**, where the chairman of the board is a non-executive director, at least one-third of the board should comprise of independent directors and in case he is an executive director, at least half of the board should comprise of independent directors.

(b) Independent Director's Meaning : As per Clause 49 of the Listing Agreements an 'independent director' shall mean non-executive director of the company who:

- ♦ apart from receiving director's remuneration, does not have any material pecuniary relationships or transactions with the company, its promoters, its senior management or its holding company, its subsidiaries and associated companies;
- ♦ is not related to promoters or management at the board level or at one level below the board;
- ♦ has not been an executive of the company in the immediately preceding three financial years;
- ♦ is not a partner or an executive or was not partner or an executive during the preceding three years, of any of the following :
 1. the statutory audit firm or the internal audit firm that is associated with the company, and
 2. the legal firm(s) and consulting firm(s) that have a material association with the company.
- ♦ is not a supplier, service provider or customer or a lessor or lessee of the company which may affect independence of the director; and
- ♦ is not a substantial shareholder of the company, i.e. owning two percent or more of the block of voting shares.

[Institutional directors on the boards of companies shall be considered as independent directors whether the institution is an investing institution or a lending institution.]

(c) Role and Importance : Since the independent directors have no personal interest in the functioning of the company, they can take care of the shareholders' interest in a better manner.

Hence, their percentage in the Board has been considered for evaluation and total marks allotted to this point are : 10 marks.

No. of independent directors (exclusive of nominee directors) on the board :

(a) Legal requirement : No legal requirement ;

(b) Role and Importance : The meaning of Independent Director, as aforesaid, includes within its ambit the 'nominee directors' i.e. the directors appointed by lenders/ financial institutions. But, in our view, such directors cannot be considered as independent directors in true sense. They are, in fact, appointed by lender/financial institutions, who, prima facie, have first interest in the sum lent by them. Hence, such directors cannot be considered to fully emphasize on shareholders' interest; not, even in part, the interest of other parties.

Hence, percentage in the Board has been considered for evaluation and total marks allotted to this point are : 10 marks.

Board Qualification :

(a) Legal requirement : No legal requirement

(b) Role and Importance : Only a qualified board can take informed and dynamic decisions. The qualification has been considered only in the perspective of 'educational qualification'; the 'experience' could not be considered in view of non-disclosure of such information in most of the cases.

Hence, percentage in the Board has been considered for evaluation and total marks allotted to this point are : 10 marks.

Other Provisions as to Board and Directors

1. Attendance of Non-Independent Directors in the Board Meetings

(a) Legal requirement : No legal requirement (The Companies Act only provides that no director should absent himself from three consecutive board meetings without first taking the leave from the Board).

(b) Role and Importance : The Directors, who are charged with governance, should not absent themselves when called upon to render their advice in decision-making. They should be well-informed of views of others. They should be able to give their opinion, get their objections/reservations, etc. recorded. Hence, attending the Board meetings is a must.

Hence, the same has been considered for evaluation and total marks allotted to this point are : 5 marks.

Attendance of Independent Directors in the Board Meetings

(a) Legal requirement : No legal requirement (The Companies Act only provides that no director should absent himself from three consecutive board meetings without first taking the leave from the Board).

(b) Role and Importance : The Directors, who are charged with governance, should not absent themselves when called upon to render their advice in decision-making. They should be well-informed of views of others. They should be able to give their opinion, get their objections/reservations, etc. recorded. Hence, attending the Board meetings is a must. The same becomes all the more important and relevant in case of independent directors, who are appointed only for the purpose of safeguarding the interests of the company.

Hence, the same has been considered for evaluation and total marks allotted to this point are : 10 marks.

Other Directorships and Committee-Memberships of Directors

(a) Legal requirement : As per **Clause 49 I(C)(ii)** a director shall not be a member in more than 10 committees and act as chairman of more than 5 committees across all companies in which he is a director. Furthermore it should be a mandatory annual requirement for every director to inform the company about the committee positions he occupies in other companies and notify changes as and when they take place.

(b) Role and Importance : Restriction on the number of other directorships and committee memberships is necessary with a view to ensure that the concerned director pays more and focused attention over his job in the company under consideration.

Hence, the same has been considered for evaluation and total marks allotted to this point are : 10 marks.

Committees of the Board

1. Whether various committees, as mandatory required, formed and whether membership and chairmanship of all the committees disclosed ?

(a) Legal requirement : Formation of audit committee, shareholders' grievance committee and remuneration committee are required under the law.

(b) Role and Importance : This criteria is compliance based.

The same has been considered for evaluation and total marks allotted to this point are : 2 marks, which will be allotted as per observation.

Audit Committee :

(a) Legal requirement :

i. Composition : As per Clause 49 II(A)(i) the audit committee shall have minimum three directors as members. Two-third of the members of audit committee shall be independent directors.

ii. Attendance : As per Clause 49(B) the audit committee should meet at least four times in a year & not more than four months shall elapse between two meetings. The quorum shall be either two members or one third of the members of the audit committee whichever is greater, but there should be minimum of two independent members present.

iii. Qualification : As per Clause 49 II(A)(ii) all members of audit committee shall be financially literate and at least one member shall have accounting or related financial management expertise.

iv. Chairman : As per Clause 49 II(A)(iii) the chairman of audit committee shall be an independent director.

(b) Role and Importance : A key element in the corporate governance process of any organization is its audit committee. The battle for financial statement integrity and reliability depends on balancing the pressures of multiple stakeholders, including management, regulators, investors & the public interest.

This committee is responsible for overseeing the company's financial reporting process, reviewing the quarterly/half-yearly/annual financial statements, reviewing with the management on the financial statements and adequacy of internal audit function, recommending the appointment/re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations and also statutory compliance issues.

The committee acts as a link between the management, external and internal auditors and the board of directors of the company.

(c) Aspects covered : The following three aspects have been considered for evaluation under this Study -

i. No. of independent directors : 5 marks

ii. Attendance of the member-directors in the meetings of audit committee : 10 marks

iii. Qualification of the members of the Audit Committee : 10 marks

Shareholders'/Investors' Grievances Committee :

(a) Legal requirement, if any in respect of the following three aspects considered :

i. Composition : As per Clause 49(IV)(G)(iii) a board committee under chairmanship of a non-executive director shall be formed to specifically look into the redressal of shareholder and investors complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends, etc.

ii. Attendance : No legal requirement

iii. Ratio of disposal of complaints : No legal requirement

(b) Role and Importance : Another board committee known as Shareholder's/ Investors' Grievance specifically looks into the redressal of shareholder and investor complaints like transfer of shares, non-receipt of balance sheet, non receipt of declared dividends, etc. Hence, the same has been considered for the purpose of evaluation of corporate governance compliance. TOTAL MARKS allotted to this point are : 5 + 5 + 3 = 13 marks.

Other aspects

a. **Laying down of code of conduct on the website and declaration of compliance with the code by the CEO in the annual report - 3 MARKS** : As per **Clause 49 I(D)(i)** the board shall lay down a code of conduct for all board members and senior management of the company. The code of conduct shall be posted on the website of the company. As per **Clause 49 I(D)(ii)** all board members and senior management personnel shall affirm compliance with the code on an annual basis. The annual report of the company shall contain a declaration to this effect signed by the CEO.

b. **Compliance with Accounting Standards - 3 MARKS** : As per Clause 49 IV(B) the fact that accounting standard has been followed or if not then the reasons for the same, shall be disclosed in the annual report. The Auditors also disclose the compliance with the Accounting Standards. The compliance with the Accounting Standards is necessary to ensure fairness in the accounting data.

c. **In case any new director is appointed or any existing director is reappointed, then, whether the company has complied with requirements of clause 49 - 3 MARKS** : As per Clause 49 IV(G)(i) in case of appointment of a new director or re-appointment of a director the shareholders must be provided with the following information :

- A brief resume of the director;
- Nature of his expertise in specific functional areas;
- Names of companies in which the person also holds directorship & membership of committees; and
- Shareholding of non-executive directors.

These information make the investors informed about the goodness and quality of their representation on the Board.

Presence at AGM - 5 MARKS : The chairman of the audit committee is required to be present at the AGM. presence of directors at the AGM is necessary to ensure that those charged with governance are made accountable to the owners of the company. They should face the queries of the shareholders. Hence, this point has also been included for the purpose of this Study.

Whether proper disclosure with reference to remuneration of directors has been made - 3 MARKS

: As per Clause 49 IV(E) -

- a. all pecuniary relationship or transactions of the non-executive director's vis-à-vis the company shall be disclosed in the annual report.
- b. disclosure regarding all elements of remuneration package, fixed component, incentives, service contracts, etc.
- c. criteria for making payment
- d. disclose the number of shares held by non-executive directors.

This information brings about objectivity in payment of remuneration.

Disclosure of material related party transactions - 2 MARKS

: As per Clause 49 IV(A) a statement of summary form of transactions with related parties in the ordinary course of business shall be placed periodically before the audit committee. Details of material individual transactions with related parties that may have potential conflict with the interests of company at large, shall be disclosed. This avoids creation of vested interests and siphoning of the company's funds in the hands of those having control over them.

Whistle Blowing Policy - 3 MARKS : As per the non-mandatory requirement, the company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. This mechanism could also provide for adequate safeguards against victimization of employees who avail of the mechanism & also provide for direct access to the chairman of the audit committee in exceptional cases. Once established, the existence of the mechanism may be appropriately communicated within the organization.

Whether any awards received - 3 MARKS : No legal requirement under Clause 49 of Listing agreement. However, evaluation by others has been considered to a very limited extent here. Only awards in the field of "Financial Reporting", or "Corporate Governance", or "Corporate Social Responsibility" and the like, only, have been considered for the purposes of this Study and, that too, to a very limited extent.

Various criteria for evaluation at a glance:

- Board and Its Composition 35 marks
 - Board Attendance & Directorships 25 marks
 - Committees of the Board 40 marks
 - Other Aspects of CG 25 marks
- Total 125 marks**

GRADES

(Based on % of Total Score out of 125)

<i>Percentage</i>	<i>Grade</i>
Above 80%	A+
70% - 80%	A
60% - 70%	B+
50% - 60%	B
Below 50%	C

PART-IV:

Marks actually scored by ONGC and BPCL

Marks scored by ONGC

Year	C-1 (35 marks)	C-2 (25 marks)	C-3 (40 marks)	C-4 (25 marks)	Total (125 marks)
2004-05	9	18	27	17	71
2005-06	10	16	27	20	73
2006-07	12	19	25	23	79
2007-08	10	19	20	21	70
2008-09	14	19	24	20	77

Marks scored by BPCL

Year	C-1 (35 marks)	C-2 (25 marks)	C-3 (40 marks)	C-4 (25 marks)	Total (125 marks)
2004-05	15	19	29	20	83
2005-06	13	19	28	19	79
2006-07	13	19	29	19	80
2007-08	15	23	29	19	86
2008-09	15	21	29	20	85

**Summarized Total Scores out of 125 marks
(with Percent and Grades)**

Year	ONGC			BPCL		
	Score	%	Grade	Score	%	Grade
2004-05	71	56.80%	B	83	66.40%	B+
2005-06	73	58.40%	B	79	63.20%	B+
2006-07	79	63.20%	B+	80	64.00%	B+
2007-08	70	56.00%	B	86	68.80%	B+
2008-09	77	61.60%	B+	85	68.00%	B+

PART-V: Significant Findings

Significant Findings of ONGC

- In 3 years (2005-06 to 2007-08), the ONGC had not complied with mandatory requirement of non-executive directors on the Board.
- In all 5 years (2004-05 to 2008-09), ONGC had not complied with the mandatory requirement of independent on the Board.
- Qualification of all the Directors on the Board has never been disclosed separately in the Annual reports
- Average Attendance of Directors in the Board Meetings is around 85% over a period of 5 years
- The directors hold only a few directorships elsewhere, thus, increasing exclusivity & commitment of the directors
- The Audit committee has only one expert in finance and accounts, as required mandatorily. The others are found to be non-finance persons.
- The investors' complaints have been duly disposed of over the years.
- Majority of the Directors have not attended the AGM held in 2007-08 and 2008-09.
- Even though all mandatory requirements have not been complied with in all the years, the company has received CG awards

Significant findings of BPCL

- In all 5 years (2004-05 to 2008-09), BPCL had not complied with the mandatory requirement of independent directors on the Board.
- Qualification of all the Directors on the Board has been duly disclosed in Annual report in all years
- Average Attendance of Directors in the Board Meetings is around 85% over a period of 5 years
- The directors hold only a few directorships elsewhere, thus, increasing exclusivity & commitment of the directors
- The Audit committee has only one expert in finance and accounts, as required mandatory. The others are found to be non-finance persons.
- The investors' complaints have been duly disposed of over the years.
- Majority of Directors regularly attend the AGM
- BPCL doesn't have any whistle blowing policy even now.
- Even though all mandatory requirements have not been complied with in all the years, the company has received CG awards

PART-VI: Testing of Hypothesis: t-test t - test for compliance with 70% Benchmark (set for 'A' Grade)

Particulars	Statistical Notation	ONGC	BPCL
Average Score over 5-year period	X	74	82.6
70% Ideal Score or Population Mean	U	87.5	87.5
Standard Deviation in Scores	SD	3.46	2.73
No. of samples	n (No. Of years)	5	5
Test statistic	t (calculated)	-7.79	-3.59
Table Value (degree and level of significance)	t (4, 10%)	± 2.13	± 2.13
Result : The Null Hypothesis is		REJECTED	REJECTED

t-test for difference of mean scores between ONGC & BPCL

Company	Particulars	Statistical Notation	Value
ONGC	Average Score over 5-year period	X_1	74
	Standard Deviation in Scores	SD_1	3.46
	No. of samples	N_1	5
BPCL	Average Score over 5-year period	X_2	82.6
	Standard Deviation in Scores	SD_2	2.73
	No. of samples	N_2	5
	Population Variance	Var.	12.15
	Test statistic	t (calculated)	-3.9
	Table Value	t (28,10%)	± 1.7
Result : The Null Hypothesis is			REJECTED

Result of Hypothesis Testing

- **T-test for 70% benchmark :**

- ONGC lags far behind the 'A' grade
- BPCL lags a bit behind the 'A' grade

- **T-test for difference of means :**

- There is significant difference between the average scores of ONGC & BPCL.
- The score of BPCL is better.

PART-VII: Suggestions

- **Independent Directors :**

- Majority of directors be non-executive independent directors.
- Independent directors, for this purpose, should mean, directors other than the directors who are appointed/nominated by the investing or lending institutions. Such nominee directors are not independent in 'true' sense.
- Minimum number of independent directors should be based upon the market capitalization/public investment of/in the company, as higher the stake of the public in the company, the higher should be number of independent directors.
- A brief profile of every director (executive ; or non-executive ; or independent) should form part of the annual report.

- **Board Attendance :**

- Attendance of directors be made compulsory and only a very few leaves in case of defined urgency be allowed.
- concept of deemed vacation of office of absent independent director should apply strictly and such director be disqualified from appointment elsewhere.

- **Other Engagements :**

- 'One Man One Post' should be the principle ;
- If a director acts as independent director in one company, he should be disqualified from appointment as such elsewhere. This avoids 'business of being independent directors'.
- A regulatory authority be framed to look into these aspects.

- **Presence at AGM :** Presence of all directors at AGM be made compulsory.

- **Remuneration :** The non-executive/independent directors are not allowed any remuneration except receipt of sitting fees for attending meeting. Thus, they have no incentive. They should also be allowed adequate remuneration for the services so that they act with an incentive and can made accountable.

- **Whistle blowing policy :** Companies should provide for adequate safeguards against victimization of employees who avail of the whistle blowing mechanism, and also allow direct access to the

Chairperson of the Audit Committee in exceptional cases.

- *Decision-making :*
 - An advisory board containing representatives from various stakeholders be formed for advise of CEO/MD/ Chairman.
 - The separation of posts of CEO/MD & Chairman and setting of roles and responsibilities in clear terms is the need.
- *Appointment of Independent Directors (IDs) :*
 - Nomination committee to determine qualifications for Board membership and to identify and evaluate candidates for nomination to Board.
 - Qualifications, Roles and Responsibilities of IDs be set in law ;
 - A person who is an executive director in any company be ineligible for appointment as independent director in any other company.
 - Certification of Independence and Review be carried out to ensure that independence exists not only in reality but also in appearance.
- *Tenure of ID :* ID may have a tenure not exceeding in the aggregate, a period of 5 years. A person who served as ID in any company not be allowed to become executive director in that company.
- *Training of Directors :* Provision should be made for training and induction of directors, especially, independent directors.
- *Resignation by IDs :* On the resignation or removal of an independent director, the appointment of the same should be within the time stipulated for next board meeting.
- *Tele-conferencing and video-conferencing :* Board Meetings be allowed through these advanced means so that quality of decisions be improved.
- *Rotation of IDs :* Half of the directors can be fixed as they are experienced and the remaining half should be rotated. Directors from other companies, not related to the promoters or executives or senior management of the company, can be appointed.
- *Legal compliances :* A 'Legal Committee' should be established with legal experts to evaluate and ensure the compliance with laws by the Company.

- *Minority Shareholders :* In case of public companies whose majority shares are in the hand of promoters group, a separate committee to look after the impact of decision on minority shareholders should be constituted and its report (most probably, annual report) should form part of annual report.
- *Appointment of auditors :* Audit committee be given the power to evaluate and recommend appointment of auditors based on their profile, experience, expertise and past performance in respect of the company or elsewhere.
- *Rotation of Audit Partners and Firms :* A policy of rotation of auditors be framed. It must be ensured that the rotation policy doesn't become a 'change the place game' where auditor is sure to be appointed in one out of several companies and company is sure of appointing any one out of a select few.
- *Internal Audit :* Internal audit should not be carried out by employees of the company. Some independent experts should be appointed for the same.

CONCLUSION

- Notwithstanding sluggish governance by bodies corporate, fact remains that today Indian companies are ranked amongst the best in developing world.
- The question is not only of prophylactic treatment of corporate accounting, voluntary disclosures or cosmetic window-dressing of quarterly or annual balance sheets, but it is that of practising corporate ethics and providing and using techniques for performing clinical surgery of the corporate heart !
- Liberal provisions in the corporate statute book permitting adequacy-plus strata for remunerating working directors and managers of public companies speak of lofty intentions of the government to encourage appointment and retention of most fitting and capable incumbents to shoulder responsibility of governance and be accountable for their deeds with clear conscience, adopting good standards and business ethics.
- The government, corporate leaders, investors and regulators all realize that CG practices would not change overnight, so lot of patience is needed. Getting our companies to comply with 'new' rules is a daunting task requiring greater transparency and better enforcement.

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- Let us hope that the 'new' company law will strengthen the basis for shareholder rights and improve the judicial system in India.

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