Managerial remuneration has increased by leaps and bounds during the last few decades and has attracted attention from various quarters like remuneration activists, researchers, media, regulatory authorities, etc. Owing to volatile market conditions, new technological developments, and increased globalisation, the executives’ role have become highly critical and challenging to enable their firms to deliver superior value and sustainability in this excessively competitive business environment. If benefits of exploiting the available opportunities at right time are significant and abundant, the losses due to the failure of seizing such opportunities are also sizeable indeed. Thus, to ensure that executives work hard and put in their best, the firms have been disbursing heavy remuneration packages. The average compensation of CEOs of 350 US firms increased by 937 percent for the period 1978 to 2013, whereas the compensation of a typical worker rose by just 10.2 percent during the same period (Mishel and Davis, 2014). The median compensation of CEOs in US recorded an increase of 9 percent in 2013 over the previous year (Eavis, 2014). It is not only the higher level of remuneration and its continuous increase which are evident in US corporations, but the widening gap between CEO and worker compensation has also been controversial aspect of the managerial remuneration. Mishel and Davis (2014) have highlighted this widening gap by revealing that the CEO to worker compensation ratio was 20:1 in 1965, 29.9:1 in 1978, 122.6:1 in 1995, 383.4:1 in 2000, and 295.9:1 in 2013. Rakyan and Davis (2015) reported that basic executive salaries were highest in Singapore in the Asia-Pacific regions, with Hong Kong at the second position and the salary level in Singapore was 10 percent higher than Hong Kong. In India, Naveen Jindal (JSPL) has been the highest paid executive in 2011-12 with remuneration of ₹73.42 crore (Pande, 2012). Kalanithi Maran (Sun TV Network) was the highest paid executive with ₹59.89 crore for the year 2013-14 (Pande and Dubey, 2014), up from ₹37.08 crore in 2010-11 (Pande, 2012).

Sun et al. (2010) consider three major theoretical backgrounds of managerial remuneration, i.e. economic, sociological and institutional perspectives. These theories
explain the different roles perceived by executives and remuneration is disclosed and paid on the basis of how efficiently they perform the assigned roles. Organisation for Economic Co-operation and Development (2004) issued “Principles on Corporate Governance” stating that the shareholders should be given the right to state their views on the remuneration policy for key executives and board members. Board members’ equity compensation should be subject to the approval of shareholders. The material information on the remuneration policy for the key executives and board members, including their qualifications, the selection process, other company directorships and their independence status should be appropriately disclosed. The board should also link remuneration of key executives and board members with the long term interests of its shareholders and the company. European Commission (2009) has adopted a recommendation on the regime for directors’ remuneration of listed companies, which stated that remuneration policy should have due focus on the pay for performance and directors should consider the medium and long term sustainability of the company. The recommendation encouraged member states to ensure that the shareholders, in particular institutional investors, need to exercise their votes on the directors’ remuneration. It also provided that non-executives should not be granted stock options as a part of their remuneration in order to avoid conflict of interest. In a report ‘Executive Remuneration 2015: Global Trends’, non-binding vote on executive pay in US, voluntary voting in Canada, movement requiring a binding vote on pay determination in progress in European countries, and no such mandate in Asian countries have been stated (Mercer, 2014b). In Towers Watson (2013), long-term pay, pay for performance, disclosure of the basis and structure of pay, and say on pay have been set out as good remuneration committee practices.

Managerial remuneration means the remuneration for services rendered by directors to a company and it includes salary, perquisites, commission, benefits, and stock options. Generally, the structure of managerial remuneration is highly complicated and it keeps on changing in the light of changes in the corporate governance practices of the country. Section 198 (1) of the Companies Act, 1956 stated that the total managerial remuneration payable by a public company or a private company which is a subsidiary of a public company, to its directors in a financial year shall not exceed 11 percent of net profits of
the company for that financial year computed in the manner laid down in sections 349 and 350. Section 178 (1) of the Companies Act, 2013 states that the board of directors of every listed company shall constitute the Nomination and Remuneration Committee consisting of three or more non-executive directors out of which not less than one-half shall be independent directors, provided that the chairperson of the company (whether executive or non-executive) may be appointed as a member of the Nomination and Remuneration Committee but shall not chair such committee. Section 197 (12) states that every listed company shall disclose the ratio of the remuneration of each director to the median employee’s remuneration and such other details as may be prescribed, in the board’s report. Clause 49 of the Listing Agreement of the stock exchanges introduced by SEBI in 2000 requires the companies to disclose information regarding all components of directors’ remuneration such as salary, commission, other benefits, etc. in a standardized format as part of the Report on Corporate Governance in their annual reports.

6.1 Rationale of the Study

Studies related with the disclosure and determination of managerial remuneration have been reviewed. The extensive literature review on this issue highlights that most of the research studies related with managerial remuneration have been conducted in developed nations only. The reason might be more and easy accessibility of remuneration figures of executives due to better disclosure regime in developed nations. Moreover, remuneration determination process involves very less interference from the government in these countries and thus, the remuneration of executives/directors on the board is determined primarily by the market forces. But determination of managerial remuneration in India is highly regulatory, such as there exists a government ceiling regarding total managerial remuneration of a company which cannot be more than 11 percent on the net profits of that company. Companies with inadequate profits were required to seek government approval in case they grant remuneration beyond the prescribed limits. Such kind of strict and regulated environment put a constraint on the free determination of managerial remuneration. The strict regulatory environment in India, the dominance of promoters and the inactive role
of boards in determining the managerial remuneration of Indian executives, make this study different from those carried out in other countries.

A few studies have been conducted regarding the determination of managerial remuneration in India and the focus of most of these studies was on the CEO remuneration only (Bhattacherjee et al., 1998; Ramaswamy et al., 2000; Veliyath and Ramaswamy, 2000; Parthasarathy et al., 2006; Ghosh, 2010; Tomar and Korla, 2011; Balasubramanian et al., 2013). Sarkar and Sen (1999) examined the effect of liberalisation of remuneration guidelines on the structure of managerial remuneration. Only Kakani and Ray (2002), Jaiswall and Firth (2007) and Chakrabarti et al. (2011) have examined remuneration of all executive directors. Carpenter and Sanders (2002) highlighted the differences between the top management compensation and CEO compensation, and proved that the compensation of a CEO cannot be representative of the remuneration of the board. The board’s efficiency is not the result of the contribution of a particular person only; rather collective efforts of all executives whose contribution determines the fortune of a company. Agency theory also implies that it is not a particular person in a company who manages the company on behalf of the shareholders. Rather, it is the board of directors of a company who are considered as agent of the shareholders and are supposed to work for the interest of the shareholders. Thus, it is more appropriate to have a study on the total remuneration paid to all directors of a company. Also, all studies carried out in past have used a time period prior to the implementation of clause 49. The time period covered in the present study coincide with the period during which media has been very active in highlighting the controversies related to level of managerial remuneration, structure and unjustified growth of managerial remuneration, etc. The present study is the first of its kind which examines the disclosure of managerial remuneration in India in detail and would widen the scope for research in this field in future. No study till date has been conducted to find out how remuneration details are disclosed in corporate governance reports of annual reports of the companies and what factors affect these disclosures. Thus, the present study is an attempt to examine the disclosure and determinants of managerial remuneration in India on the basis of the sample of top 150 companies for a period of 10 years (2002-03 to 2011-12).
6.2 Objectives of the Study

The present study primarily attempts to identify the determinants of managerial remuneration and managerial remuneration disclosure practices being followed in Indian companies. The specific objectives set for the present study are as follows.

1) To analyze the managerial remuneration disclosure practices
2) To study the determinants of managerial remuneration disclosure
3) To examine the growth of managerial remuneration
4) To study the determinants of managerial remuneration
5) To examine the impact of predicted ‘excess’ managerial remuneration on the future corporate performance

6.3 Hypotheses of the Study

Following hypotheses have been developed and tested in the present study.

\( H_{01} \): The proportion of companies complying with disclosure of managerial remuneration over the period of study remained same.

\( H_{02} \): There is no significant difference in the mean mandatory D&C index at all time points.

\( H_{03} \): There is no significant difference in the mean mandatory D&C index across the industries.

\( H_{04} \): There is no significant difference in the mean non-mandatory D&C index at all time points.

\( H_{05} \): There is no significant difference in the mean non-mandatory D&C index across the industries.

\( H_{06} \): Corporate performance has no significant impact on the disclosure and compliance index of managerial remuneration.

\( H_{07} \): Foreign institutional shareholding has no significant impact on the disclosure and compliance index of managerial remuneration.

\( H_{08} \): Indian institutional shareholding has no significant impact on the disclosure and compliance index of managerial remuneration.
H09: Promoters’ shareholding has no significant impact on the disclosure and compliance index of managerial remuneration.

H010: Board meetings frequency has no significant impact on the disclosure and compliance index of managerial remuneration.

H011: The presence of remuneration committee on the board has no significant impact on the disclosure and compliance index of managerial remuneration.

H012: Board size has no significant impact on the disclosure and compliance index of managerial remuneration.

H013: Board independence has no significant impact on the disclosure and compliance index of managerial remuneration.

H014: Company size has no significant impact on the disclosure and compliance index of managerial remuneration.

H015: Company leverage has no significant impact on the disclosure and compliance index of managerial remuneration.

H016: Investment opportunities of a company have no significant impact on the disclosure and compliance index of managerial remuneration.

H017: Company experience has no significant impact on the disclosure and compliance index of managerial remuneration.

H018: There is no significant difference in the managerial remuneration in the slowdown period as compared to the pre-slowdown period.

H019: There is no significant difference in the mean managerial remuneration across industries.

H020: Accounting performance has no significant impact on the managerial remuneration.

H021: Market performance has no significant impact on the managerial remuneration.

H022: Foreign institutional shareholding has no significant impact on the managerial remuneration.
H023: Indian institutional shareholding has no significant impact on the managerial remuneration.

H24: Promoters’ shareholding has positive and significant impact on the managerial remuneration.

H025: The presence of remuneration committee has no significant impact on the managerial remuneration.

H026: Board size has no significant impact on the managerial remuneration.

H027: Board independence has no significant impact on the managerial remuneration.

H028: Company size has no significant impact on the managerial remuneration.

H029: Company leverage has no significant impact on the managerial remuneration.

H030: Investment opportunities of a company have no significant impact on the managerial remuneration.

H031: Stock return volatility has no significant impact on the managerial remuneration.

H032: Predicted ‘excess’ managerial remuneration has no significant impact on future corporate performance.

6.4 Research Methodology

6.4.1 Study Period and Sample Selection

The present study covers a period of 10 years ranging from 2002-03 to 2011-12, because clause 49 of the listing agreement was first introduced in 2000 and was made applicable to the companies as per the schedule of implementation. Companies, listed in the year 2000 with paid up capital of ₹30 million and above were required to comply with the clause 49 during the financial year 2002-03. Companies seeking listing after the year 2000 came under the purview of clause 49 at the time of listing only.

All companies listed on the Bombay Stock Exchange are taken as the universe of this study. Top 500 companies, ranked by the Business Today magazine (Layak, 2012) on the basis of average market capitalisation for the first half of the financial year 2012-13 were considered for this study. The following were excluded in the final selection.
• Banks, financial institutions and government companies were excluded for the meaningful comparison of the private sector companies.

• Companies which do not come under the purview of clause 49 by the end of March 31, 2003 were omitted.

• Companies which had year ending other than March 31 have been excluded.

• Companies for which corporate governance reports were not available for the specified period of 10 years were also excluded.

Finally, a sample of 150 private sector companies which includes well known entities like ITC, Hero MotoCorp, Infosys, Reliance Industries, Tata Motors etc. drawn from 15 industrial sectors (Table 3.1), were selected for 1st and 3rd objectives, i.e. for examining the disclosure practices and growth rate of managerial remuneration in India respectively.

For the 2nd, 4th and 5th objectives, some companies were removed from the sample due to the non-availability of the data regarding few variables for 10 years, such as the data on lagged corporate performance and number of independent directors on the board. Finally, sample consisting of 134 private sector companies from 12 industries was selected for a period of 10 years (2003 to 2012).

6.4.2 Data Sources

Corporate governance reports were accessed through the Prowess database, maintained by the Centre for Monitoring Indian Economy. Some reports were accessed through the database ‘Ace-Equity’. However, some missing reports were downloaded from the websites of the company.

All the financial information required for the study was extracted from the Prowess database. Information regarding the governance structure of the companies such as board size, board independence, and the existence of remuneration committee on the boards was manually collected from corporate governance reports of companies.

6.5 Findings

6.5.1 Managerial Remuneration Disclosure Practices (Disclosure Index)

In first objective, compliance with mandatory and non-mandatory disclosure requirements of managerial remuneration with reference to clause 49 of the listing
agreement has been examined. Content analysis has been performed on the corporate governance reports in order to assess the level of disclosure of the managerial remuneration in the sampled companies. Cochran’s q test has been used for analysing whether the proportion of the companies complying with each requirement remained same or changed during the period of study. Mandatory and non-mandatory disclosure indices have been calculated on the basis of compliance with the clause 49 requirements. Repeated measures one-way ANOVA has been applied to test whether there are any differences in mean disclosure scores across ten years. One-way Welch ANOVA has been applied to test whether there are any differences in mean disclosure scores across industries. Major findings are listed below:

- A significant number of companies which disclosed the remuneration of their executive directors have not been found disclosing component-wise breakup of remuneration of their executive directors.
- In 2012, only 36 percent companies were found giving details of fixed component and performance linked component of remuneration of their executive directors.
- A large proportion of companies claimed the payment of salary, allowances, and perquisites but did not disclose the amount of these components under separate heads, rather allowances and perquisites are clubbed with salary and is disclosed.
- A small proportion of companies claimed the payment of retirement benefits but did not disclose the amount allocated for the said purpose.
- Companies granting stock options to their executive directors have been found to be very less.
- Performance of the company, individual performance, industry standards, levels of responsibility, and qualification and experience, have been found to be some widely used criteria for determining the remuneration of the executive directors.
- There has been a consistent upward trend in the proportion of companies claiming and disclosing the payment of sitting fees and commission to the non-executive directors.
- Performance of the company, individual performance, current remuneration trends in the industry, time and effort put by the non-executive directors, chairmanship or membership of the various board committees, and attendance at
the board and committee meetings have been reported as widely mentioned criteria for determining the remuneration of the non-executive directors.

- In 2003, 70 percent of companies formed remuneration committee and this number went up to 82 percent in 2012.
- In 2012, 25.20 percent of the companies having remuneration committees have found the presence of promoter director on the remuneration committees.
- In 2003, only 79 percent of the companies had an independent non-executive director as the chairman of the remuneration committee. In 2012, the proportion has increased to 90 percent.
- The proportion of companies where the chairman of remuneration committee attended the annual general meeting of the company increased from 58 percent in 2003 to 73 percent in 2012.
- A consistent increase has been found in the mandatory and non-mandatory disclosure indices of managerial remuneration.
- Mandatory disclosure index of managerial remuneration differs across industry as well as time.
- Non-mandatory disclosure index has been found to differ across years only. There was no significant difference in the non-mandatory disclosure index across industries.

6.5.2 Determinants of Disclosure of Managerial Remuneration

The impact of various factors affecting the disclosure of managerial remuneration has been examined in the second objective. The dependent variable is the mandatory disclosure and compliance (D&C) index, whose value lies between 0 and 1. Independent variables are the corporate performance represented through return on assets (ROA) and return on equity (ROE), ownership structure (foreign institutional shareholding, Indian institutional shareholding, and promoters’ shareholding), governance structure (board meetings frequency, the presence of the remuneration committee, board size and board independence), and company characteristics (size, leverage, investment opportunities, and company experience), with controls for time and industry. Papke and Wooldridge (2008) approach is adopted to estimate fractional response models for panel data by
employing Generalised Estimating Equations (GEE) approach, as suggested by Baum (2008) and Eickelpasch and Vogel (2011). Major findings are listed below.

- The study reveals that corporate size is positively related with disclosure and compliance (D&C) index. Expanding corporate size encourages the companies to furnish detailed information for their remuneration practices.
- The presence of remuneration committee on company boards has been found to be positively and significantly linked with the D&C index. Thus, the presence of remuneration committees on corporate boards would enhance the flow of communication to investors regarding the company’s remuneration policies.
- No significant industry effects have been found in the disclosure of managerial remuneration in all models, implying that remuneration disclosure does not vary across industries.
- Time dummies are found to be significant in all models, implying disclosure of managerial remuneration in India is time-dependent. With the passage of time, more and more companies have started to disclose managerial remuneration details.
- Corporate performance, foreign institutional shareholding, Indian institutional shareholding, promoters’ shareholding, board meetings frequency, board size, board independence, leverage, investment opportunities, and company experience have no significant impact on the disclosure of managerial remuneration.

6.5.3 Growth of Managerial Remuneration

In the third objective, growth of managerial remuneration is examined through the annual growth rate and compound annual growth rate (CAGR) of managerial remuneration. Fixed effects regression has been employed to examine the impact of time and the slowdown period on the managerial remuneration. In this regression, dependent variable is the natural logarithm of the average remuneration paid to a director and independent variable is the dummy variable which takes the value 1 for years 2009-2012 and 0 otherwise. Welch ANOVA has also been applied to examine the managerial remuneration across industries. Following findings are derived.
• In 2003, executive directors’ remuneration comprised 96.46 percent of total managerial remuneration and this proportion fell down to 87.72 percent in 2012.

• In the first six years i.e. from 2003 to 2008, CAGR of the average remuneration per director was 28.40 percent and it was just 8.76 percent from the year 2009 to 2012. The most significant trend is that CAGR is less than one-third in the slowdown period as compared to the CAGR in the pre-slowdown years.

• In the pre slowdown period, CAGR is highest in the non-metallic mineral products industry, whereas in the slowdown period, metal and metal products industry has the highest CAGR.

• Results of fixed-effects panel regression, taking managerial remuneration as dependent variable and time dummies as independent variables reveal that managerial remuneration is significantly higher in all years as compared to year 2003. It is also found that managerial remuneration is significantly higher in slowdown period as compared to pre slowdown time-period.

• Managerial remuneration is also found to differ significantly across industries. Managerial remuneration is found to be significantly higher in transport equipment sector than construction and real estate, food and beverages, machinery, non-metallic mineral products, and service industries.

6.5.4 Determinants of Managerial Remuneration

The fourth objective examines the determinants of managerial remuneration in the sampled companies. Natural logarithm of per capita remuneration is taken as the dependent variable and independent variables are corporate performance (return on assets and tobin’s q), ownership structure (foreign institutional shareholding, Indian institutional shareholding, and promoters’ shareholding), governance structure (the presence of the remuneration committee on the board, board size, and board independence), and company characteristics (company size, leverage, investment opportunities and stock return volatility), with control for the time. Corporate performance variables are lagged by one year, as directors are supposedly paid remuneration on the basis of the achieved performance (Abdullah, 2006; Theeravanich, 2013). Also, in order to overcome the problem of potential endogeneity, one year lagged performance measures are preferred.
Summary and Conclusions

(Brick et al., 2006; Deutsch, 2007; Doucouliagos et al., 2007; Ozkan, 2011). Fixed-effects panel data regression with clustered standard errors has been employed for determining the impact of various factors on the managerial remuneration. Major findings are listed below.

- Endogeneity of the performance measures has been examined using endogtest through the STATA command ‘xtivreg2’ and all corporate performance measures are found to be exogenous in nature.

- Accounting performance represented through return on assets (ROA) is positively related with the managerial remuneration at 1 percent level of significance. Tobin’s q is found to have no significant impact while determining the managerial remuneration. The reason of considering accounting profits for determining remuneration of directors is the less volatile nature of profits as compared to stock market returns (Cladera and Gispert, 2003).

- Among the characteristics of ownership structure, foreign institutional shareholding is found to be positively and significantly related with the managerial remuneration. The reason might be the global exposure of foreign institutions which make them focussed on returns by increasing the efficiency of board of directors through their enhanced remuneration.

- Board size is found to be negatively related with the managerial remuneration. This perspective suggests that with an increase in the number of directors on boards, their efficiency decreases due to less cohesion. This further reduces their remuneration.

- Company size has a positive and significant coefficient in influencing the managerial remuneration. It implies that expanding corporate size may prove to be a useful strategy for board members for maximising their remuneration.

- Leverage is negatively related with the managerial remuneration. An increase in leverage reduces the free cash flow availability and increases the supervision of debt holders on the managerial activities.

- The growth of a company is found to be positively and significantly related with the managerial remuneration. Companies are likely to provide higher
remuneration to competitive directors in order to exploit the available growth opportunities.

- Stock return volatility of a company, represented through the standard deviation of the daily stock returns of the companies for the full year, is found to be negatively and significantly related with the managerial remuneration. It implies that managerial remuneration is lower when the stock return volatility is higher. When the stock return volatility is calculated for the last month of the year, then this variable comes out to be insignificant in determining the managerial remuneration.

- Indian institutional shareholding, promoters’ shareholding, the presence of remuneration committee, and board independence are not found to have any significant impact on the determination of managerial remuneration in India.

### 6.5.5 Predicted ‘Excess’ Managerial Remuneration and Future Corporate Performance

The impact of predicted ‘excess’ remuneration on future corporate performance has been examined in the last objective. Core et al. (1999) and Basu et al. (2007) methodology has been used for calculating predicted ‘excess’ remuneration. Dynamic panel system Generalised Method of Moments (GMM) has been employed, where the dependent variable is the future accounting performance of the company represented by Return on Assets $t+1$ (ROA) and the independent variable is the predicted ‘excess’ managerial remuneration. Foreign institutional shareholding, Indian institutional shareholding, board size, board independence, total assets, leverage, investment opportunities, stock return volatility, and company age are taken as control variables in the model. The model also controls for one year lagged corporate performance, industry and years. The study reveals an insignificant relationship of predicted ‘excess’ managerial remuneration with future corporate performance and concludes that excess managerial remuneration is to be considered as right premium for unobserved qualities demanded by the boards for managing the company. The results discard the interpretation suggested by rent extraction hypothesis where excess remuneration could be related to the decrease in performance of the companies.
6.6 Implications

The findings of the present study have wider implications not only for the corporate sector in India but at global level also. The findings of the present study in line with the findings of the similar studies carried out earlier force us to think about whether the corporate sector continue linking executive compensation with traditional accounting and market performance measures; or should they work out some new basis which considers the contribution of executives in terms of creation of future growth opportunities, leadership development, innovation, enable organizations to survive and sustain during recession, etc.? Building successful and sustainable organizations in a highly volatile and rapidly changing environment, requires highly competent and vibrant executives. Thus, it necessitates that the corporate sector in India as well as at a global level should work out future oriented managerial remuneration criteria which consider the contribution of executives not only in the current year but also in the long run. The findings of the present study also highlight issues relating to board productivity and effectiveness which suggest that the role of each director should be well defined and payment made to each director based on their individual contribution. The apparent lack of interest among Indian institutional shareholders as well as promoter shareholders in the fixation of managerial remuneration, seems to be specific to India; this may require further research to identify the reasons for this lack of interest and how involvement of various stakeholders can be enhanced. The present study has important implications for investors, regulatory authorities, corporate sector, academicians, print media and remuneration activists. These are explained below in detail.

- The present study enhances the knowledge of investors regarding the extent and manner in which managerial remuneration is disclosed in the financial statements. How cautiously remuneration decisions are made in a company guide the investors in making wise investment decisions. Granting remuneration for performance strengthens the trust of investors regarding the optimum utilisation of funds. Investors are also given information about the importance of having remuneration committees in disclosing and determining managerial remuneration.
Summary and Conclusions

- The study can also be important for the regulatory authorities such as the Institute of Chartered Accountants of India and The Securities and Exchange Board of India.

- The results of the present study would facilitate to have good understanding of the various factors that affect the disclosure and determination of managerial remuneration in India. The knowledge of significant factors can be used in formulating new accounting standards and governance norms. This study would also help regulatory authorities in evaluating existing standards on the basis of empirical evidence presented.

- The effectiveness of the governance mechanism in disclosure and determination of managerial remuneration has been evaluated and this would help policy makers in assessing the role of corporate boards in disclosing and setting remuneration. The formation of remuneration committees should also be made mandatory in clause 49 of the listing agreement as it enhances the detailed disclosure of managerial remuneration.

- The present study also emphasizes the need for more strict disclosure and implementation rules as disclosure of managerial remuneration has not been found up to mark. This indicates the need for better enforcement of disclosure requirements of clause 49. Stricter checks should be made on external auditors also who allowed the partial fulfilment of mandatory disclosure norms.

- These findings suggest that regulatory authorities need to develop a concrete legal framework for curbing the exaggerated levels of managerial remuneration and making it more performance based.

- The regulatory authorities should start a movement for educating investors regarding the benefits of detailed disclosures on managerial remuneration and remuneration committees. More awareness amongst investors would encourage companies for improving quality of remuneration disclosure.

- The present study has significance for corporate sector also as compliance with mandatory disclosure norms of managerial remuneration are not found to be satisfactory. Board of directors should be committed to ensure 100 percent compliance with disclosure norms of clause 49 of the listing agreement.
Summary and Conclusions

- The study has important implication for the academicians also. It provides an in-depth analysis of how companies comply with mandatory and non-mandatory disclosure requirements of managerial remuneration, growth of managerial remuneration and factors affecting disclosure and determination of managerial remuneration in India. The output of the present study provides a sound base for future research and would help the researchers in exploring more dimensions affecting managerial remuneration such as remuneration committee independence, print media etc.

- Print media also need to initiate an aggressive campaign to raise awareness for lack of complete disclosure and sky-rocketing remuneration levels. This would ultimately put pressure on companies and external auditors for higher quality and more transparency on managerial remuneration.

- This study may also be of some relief for remuneration activists as ‘excess’ remuneration has been found to be a reward for the abilities of directors. The study discards the rent extraction hypothesis which specifies a negative relationship of ‘excess’ remuneration with the future corporate performance.

6.7 Limitations of the Study

Although the study contains significant implications for various parties, but there exist certain limitations in it. These are as below.

- The study may be affected by the omitted variables that could not be taken due to lack of disclosure in the annual financial statements.

- This study has examined the disclosure of managerial remuneration in only corporate governance sections of annual reports. Remuneration related information in other sections of annual reports may influence the comprehensiveness of disclosure indices.

- Content analysis is always susceptible to researcher’s biasness. In order to limit this biasness, a random verification has been done by another researcher on the final scoring.
6.8 Scope for Future Research

Further research can be conducted in order to cover the following dimensions of managerial remuneration disclosure and determination.

- The role of remuneration committee in strengthening remuneration-performance relationship can be explored.
- Impact of the composition of remuneration committee on managerial remuneration can be examined.
- Research can be carried out regarding multi-country comparison of disclosure norms and growth of remuneration paid to directors.
- The relationship between top management remuneration and employee remuneration can also be explored.
- The role of economic value added (EVA) and market value added (MVA) in determining managerial remuneration can also be examined.