Appendices
Appendix – I

CORPORATE GOVERNANCE IN INDIA: A STUDY OF THE INDIAN CORPORATE SECTOR IN THE CONTEXT OF ECONOMIC LIBERALIZATION AND GLOBALIZATION OF INDIA

QUESTIONNAIRE

PART – I

General Information

1. Name of the Company

2. Name of the Executive / Participant

3. Address

4. Nature of Company’s Business

5. Financial Information
   (For FY 1998 99 1999 00 2000 01 & 2001 02)
   1) GFA & Net Current Assets
   2) Reserves
   3) Dividend Distributed
   4) EPS
   5) Equity & Debt
   6) Sales
   7) Net Profit
   8) Cash Profit
   9) D/E Ratio
   10) Taxation

   (Please Use Separate Sheet For Each Year)

6. Board Of Directors & Committees Constituted
   - Total Number Of Directors
   - Managing Director
   - Nominee Director
   - Executive Chairman Post
   - CMD Post
   - Company Secretary
   - Various Committees (Please Name Them)
7 Particulars of Company's listing on Stock Exchange
8 Details Of Employment Provided
9 Details of Capacity Utilization

PART – II

GENERAL

1 Whom should the Organization to serve?
(a) Shareholder □ (b) Other stakeholders please specify □
customers □ Employees □ Government □ Society □
Suppliers □ FIs/Banks □

Please rate on an ascending scale of 1 10

2 Do you suggest the system of reporting on the compliance of Corporate Governance as mandatory in the Annual Report for all the listed Companies in India
(a) Yes □ (b) No □

3 Is performance appraisal in terms of corporate objectives the only tool to determine the directions and purpose of an organization?
(a) Yes □ (b) No □ (c) Not necessarily □
If No Please suggest any other technique

4 Have you Complied with the Corporate Governance code of CII or any other Self Deviced Code during the last 2 3 years If so, please specify

➢ CII
   Yes □ No □

➢ Self Deviced (Pl name it)
   Yes □ No □

➢ Cadbury
   Yes □ No □

➢ Kings Committee
   Yes □ No □

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5  Rank the principles of Corporate Governance according to your preference
   (a) Openness □ (b) Accountability □ (c) Transparency □
   (d) Fair Disclosure □ (e) Independence of the Board □

6  (i) Do you feel Competitiveness would enhance Corporate Governance?
   (a) Yes □ (b) No □

   (ii) Rank the parameters of Competitiveness according to your preferences
      (a) Best Performance □ (b) Effective Management □
      (c) Openness in Business □ (d) Drive to adapt and Practice changes □
      (e) Technology Savvy □ (f) Scalability of Activity □

7  Does global or domestic competition pre suppose Corporate Governance?
   (a) Yes □ (b) No □

8  Do you suggest for a periodic review or modification of Corporate Governance?
   (a) Yes □ (b) No □ If yes please specify the duration
      (a) 1 yr □ (b) 2 yrs □ (c) 3 yrs □ (d) 5 yrs □

9  Who should review or modify the Corporate Governance issues?
   (a) Governance Committee Headed by CEO and MD □
   (b) Governance Committee with Executive Director □
   (c) Governance Committee with Nominee Directors □
   (d) Independent Committee of members appointed by share holders □
(e) Committee with non executive Directors □
(f) Committee with Independent Professionals □
(g) Others Please specify □

10 How do you consider your Company's transparency rating in your Annual Report?
(a) Excellent □ (b) Good □ (c) Satisfactory □
(d) Poor □

(i) Do you expect corporate leaders to exercise social judgements?
(a) Yes □ (b) No □

(ii) Overall decision of the corporate leaders should be based on
(a) Economic Consideration □ (b) Customers orientation □
(c) Society Orientation □ (d) A Combination of all □

11 Is corporate sector in India more governed by law?
(a) Yes □ (b) No □ If yes to, what extent?
(b) More than 80% □ b) 60 – 80% □ c) 40 60% □
(d) Less than 40% □

12 Which Corporate Governance modules you value the most?
(a) Rule based □ (b) Voluntary based □
(c) A Combination of Both □

If Rule based to what extent? Please indicate
(a) More than 80% □ (b) 60 80% □ (c) 40 60% □
(d) Less than 40% □
If Voluntary based to what extent? Please indicate

(a) More than 80% □  (b) 60-80% □  (c) 40-60% □
(d) Less than 40% □

13 Are there better system of Corporate Governance?

(a) Yes □  (b) No □

If yes please suggest
PART – III

STAKEHOLDERS

1  Who is a protected stakeholder in an organization?

   a  Shareholders □ □ □ □□□ □ □ □ □
   b  Creditors / suppliers □ □ □ □□□ □ □ □ □
   c  Customers □ □ □ □□□ □ □ □ □
   d  Banks and Financial Institutions □ □ □ □□□ □ □ □ □
   e  Employees □ □ □ □□□ □ □ □ □
   f  Community at large □ □ □ □□□ □ □ □ □

2  Is there any conflict amongst stakeholders?
   (a) Yes □  (b) No □

   If yes please specify the extent of conflict as under

   Between Shareholders & Directors
   (a) 0 25% □ (b) 25 50% □ (c) 50 75% □
   (d) More than 75% □

   Between customers and Directors
   (a) 0 25% □ (b) 25 50% □ (c) 50 75% □
   (d) More than 75% □

   Between Directors and FI /Banks
   (a) 0 25% □ (b) 25 50% □ (c) 50 75% □
   (d) More than 75% □

   If others please specify
3 Do you feel regular declaration of dividend will motivate the stakeholders especially Shareholders?
(a) Yes □  (b) No □  if yes please indicates the extent as below
   (a) Less than or equal to 25% □  (b) Less than or equal to 50% □
   (c) Less than or equal to 75% □  (d) More than 75% □

4 Does your company has long range plans for customer satisfaction and or delight?
(a) Yes □  (b) No □  If yes please indicate as below
   (a) High □  (b) Moderate □  (c) Low □  (d) None □

5 Does your Company come under the purview of rating by Crisil Care and others?
(a) Crisil □  (b) Care □  (c) Others □  (d) None □

6 Are your continuously working towards creating a long lasting brand image of your products as well as of your company?
(a) Yes □  (b) No □  If yes please indicate as below
   (a) Excellent □  (b) Good □  (c) Satisfactory □  (d) Poor □

7 Whether the vision / mission statement of your Company is made public in every Annual Report?
(a) Yes □  (b) No □  If yes Please write the same

1 Vision Statement ____________________________

2 Mission Statement ____________________________

(If space is not sufficient please enclose separate sheet)
SHAREHOLDERS

1. Is maximizing long term Shareholders value the only objective of good Corporate Governance?
   (a) Yes □ (b) No □ If yes to what extent?
   (a) 0 25% □ (b) 25 50% □ (c) 50 75% □ (d) Above 75% □

2. Whether the resources of the Corporate Body are effectively used to generate shareholder's value and fair returns?
   (a) Yes □ (b) No □ If yes to what extent?
   (a) 0 25% □ (b) 25 50% □ (c) 50 75% □ (d) Above 75% □

3. Ownership is not only a measure of wealth it is an element of personal satisfaction. Do you agree?
   (a) Yes □ (b) No □ If yes please rate it
   (a) Most Acceptable □ (b) Moderately Acceptable □ (c) Reasonably Acceptable □ (d) Least Acceptable □

4. Do you feel the rights of shareholders under the Company's Act 1956 are well protected in the changing corporate scenario?
   (a) Yes □ (b) No □ If yes to what extent?
   (a) 0 25% □ (b) 25 50% □ (c) 50 75% □ (d) Above 75% □

BOARD OF DIRECTORS

1. Can you suggest suitable nature of board members in the context of good Corporate Governance?
   a. Only professional directors □ d. Professional & Promoters □ belonging to one or two family
   b. Professional directors in core □ e. Other category (specify) □ or promoter group
2. Please specify the ceiling on directorship in companies in case of a director?
   a. 5 Companies  
   b. 10 Companies  
   c. 15 Companies  
   d. 20 Companies  

3. Do you suggest appointment of non-executive Directors purely on merit?
   (a) Yes  
   (b) No  
   If yes, specify your rating:
   (a) 0-25%  
   (b) 25-50%  
   (c) 50-75%  
   (d) Above 75%  

4. Can there be a periodical rotation of non-executive directors of the Company?
   (a) Yes  
   (b) No  
   If yes, specify the duration:
   (a) 1 year  
   (b) 2 years  
   (c) 3 years  
   (d) 4 years  

5. Do you suggest for publication of the statement of directors responsibilities in the Annual Report of the company for better understanding by the shareholders?
   (a) Yes  
   (b) No  
   If yes, specify the rating:
   (a) 0-25%  
   (b) 25-50%  
   (c) 50-75%  
   (d) Above 75%  

6. Is there a precise definition of powers reserved to the full Board in the present Companies Act 1956?
   (a) Yes  
   (b) No  
   If yes, please rate as below:
   (a) Highly Adequate  
   (b) Moderate  
   (c) Inadequate  
   (d) Poor
7 Where does the power lie?
(a) Board of Directors
(b) Chief Executive Officer
(c) Partly both (BOD and CEO)

8 Would a two tier Board provide a better form of Governance?
(a) Yes
(b) No
If yes Why ____________________________

9 Have you constituted a compensation committee to decide the package of remuneration payable to the Executive Directors?
(a) Yes
(b) No

10 Is the Board morally accountable to the shareholders if the Company has not declared dividends for a pretty long period of time?
(a) Yes
(b) No
If yes please specify the rating
(a) 0 25% (b) 25 50% (c) 50 75% (d) Above 75%

11 Have you constituted Nominating Committee having regard to the size and structure of your Company and its Management?
(a) Yes
(b) No
(c) Not required
If yes please specify the No of Committee members
(a) 3
(b) 5
(c) 7

THE MANAGEMENT

1 Do you advise that the office of the Chairman and the office of MD be filled by different persons?
(a) Yes
(b) No
If yes rate as below
(a) Highly preferred
(b) Moderately preferred
(c) Less Preferred
(d) Not Preferred
2. Please specify the term for appointing Executive Directors?
(a) 2 Years □ (b) 3 Years □ (c) 5 Years □

3. Rate the system of accountability and control in the present context of corporate sector in India
(a) Excellent □ (b) Good □ (c) Satisfactory □
(d) Poor □

4. To what extent managers are knowledgeable about the expectations of the beneficiaries?
(a) Highly knowledgeable □ (b) Moderately knowledgeable □
(c) Less Knowledgeably □ (d) Ignorant □

5. To what extent managers are actively promoting the interests of the company?
(a) To a great extent □ (b) To a moderate □
(c) To a reasonable □ (d) Least informed □

6. How well informed are the managers with regard to environmental changes around them?
(a) Highly knowledgeable □ (b) Reasonably informed □
(c) Moderately informed □ (d) Least informed □

7. Do you propagate the idea of annual evaluation system for the post of CEO to improve professionalism in management and thereby enhance Corporate Governance?
(a) Yes □ (b) No □
If yes specify who should evaluate
(a) Board □ (b) Non Executive □ (c) By an outside agency □
(d) By others □
NOMINEE DIRECTORS

1. Do you have nominee directors on your Board?
   (a) Yes □ (b) No □

   If yes, How many?
   (a) 1 □ (b) 2 □ (c) 3 □ (d) 4 □

2. Rate the effectiveness of such Nominee Director in the following manner
   (a) 0 25% □ (b) 25 50% □ (c) 50 75% □
   (d) Above 75% □

3. Have you found the role of the Nominee Director a positive catalyst to the Company's effective decision making?
   (a) Yes □ (b) No □ (c) Not Necessarily □

   If yes, please rate
   (a) Most Effective □ (b) Moderately Effective □
   (c) Less Effective □ (d) Poor □

4. Do you prefer professional like CAs or Company Secretaries, Cost Accountants and Management Professional as your Nominee Directors?
   (a) Yes □ (b) No □ (c) Not Necessarily □

   If yes, please indicate your preference
   CA □ CS □ Cost Accountants □ MBA □ Technocrats □
   Others □

5. Do you prefer a fixed format for reporting to the Financial Institutions by the Nominee Directors for effective discharge of his functions?
   (a) Yes □ (b) No □ If yes, please rate as under
   (a) 0 25% □ (b) 25 50% □ (c) 50 75% □
   (d) Above 75% □
6. Do you feel the expenses to be incurred on the Nominee Directors a burden to the Company?
(a) Yes □  (b) No □  If yes please rate as under
  (a) 0 25% □  (b) 25 50% □  (c) 50 75% □
  (d) Above 75% □

7. Do you advocate for rotation of Nominee Director (s) on the Board of the Company?
(a) Yes □  (b) No □  If yes please specify the term
  (a) 1 Year □  (b) 2 Years □  (c) 3 Years □
  (d) 4 Years □
If no please tick the reasons below
1. Financial Institutions / Banks may not agree □
2. Continuity and Consistency may not be there □
3. Non availability of suitable persons □
4. It may not be effective □
5. Costly Affair □

AUDIT COMMITTEE

1. Can there be audit committee compnsing solely of non executive directors?
   (a) Yes □  (b) No □
   (b) If no please specify the ratio between executive and non executive directors
      (a) 1 3 □  (b) 2 2 □  (c) 3 1 □
2. Do you advocate for rotation of auditors for overall improvement in quality of financial reporting and independence of statutory auditors?
   (a) Desirable only in case of listed companies
   (b) Non desirable even in case of listed companies
      If non desirable please tick the reasons
      (a) Law is Silent
      (b) Not recommended by the CA Institute
      (c) Cost Constraint
      (d) Time taking
      (e) Other (p specify)
      If Rotation is required specify duration
      (a) 2 Years
      (b) 3 Years
      (c) 5 Years

3. Have you constituted Audit Committee to improve Corporate Governance?
   (a) Yes
   (b) No
   If yes please state the size and composition of the committee
   (a) 3 members
   (b) 5 members
   (c) 7 members

Audit Committee consists of
   (a) Non Executive Directors
   (b) Non Executive & outside Consultants
   (c) e) Nominee Directors only
   (d) Executive & Non Executive Directors
   (d) Others
CONCLUSION

Do you wish to share any other matter on the topic of Study? If yes please write below.

SUGGESTIONS

Please offer your valuable suggestion in ensuring good Corporate Governance by Corporate Sector in India.

DATE SIGNATURE

This Questionnaire is a part of Research study undertaken by Sr N A Charantimath FCA Hubli with the Department of Economics Karnataka University Dharwad on Corporate Governance.