Accountability implies state of being responsible or answerable. Accountability—Individual or departmental responsibility to perform a certain function. Accountability may be dictated or implied by law, regulation or agreement for example an auditor will be held accountable to financial statement users relying on the audited financial statements for failure to uncover corporate fraud because of negligence in applying generally accepted accounting standards. Accountability is the most effective measure to prevent management from misusing corporate resources and to bring managerial efficiency.

(Black Law Dictionary P-19)
(Dictionary of Accounting Terms Time Inti- P-4)

Activity Ratio are employed to evaluate the efficiency with which the firm manages and utilizes its assets. These ratios are also called turnover ratios because they indicate the speed with which assets are being converted or turned over into sales. — Pandey I M (1999) Financial Management, Vikas Publishing House Pvt Ltd, New Delhi, pp 123 127

Audit Committee The audit committee shall have the meaning assigned in Section 292A of the Companies Act, 1956

Board of Directors, the expression directors is simply used to denote the board of board of directors or the directors acting as a body. It is necessary to note that the directors can act only as a collective body and except where any functions or powers are conferred on or delegated to individual directors or committees of directors. A director as such cannot act on behalf of the company and the board acts by resolutions passed at the meeting or by circulation as the case may be.
Corporate business organization has a separate legal entity with ownership evidenced by the shares or stock. The Corporation is formed by filing the Memorandum of Association and Articles of Association with the State Authority who returns it with a certificate of incorporation. The two documents together become the corporate charter. Each founding stockholder receives from the company a specified number of shares of capital stock.

Corporation is also meant as body corporate. The term body corporate is wider than the expression Company and is used to denote not only a company incorporated as per law in India but also a foreign company. It includes all public financial institutions in Sec 4A as well nationalized banks incorporated under Sec 3(4) of the Banking Companies Acquisition and Transfer of Undertaking Act of 1970. Broadly speaking, the term Corporation or Body Corporate may include any aggregate of persons which has been or is incorporated under some statutes say the Companies Act 1956 or any foreign country law and which exists as a legal entity distinct from members constituting it and having a perpetual succession and common seal.

Corporations are classified into public and private, closely held and widely held corporation, domestic and foreign corporation holding and subsidiary corporation. Corporate strategy may be defined as a unified comprehensive and integrated plan of a corporation designed to ensure that the basic objectives are achieved. The corporate strategy may be classified into (a) stability strategy, (b) growth strategy, (c) retrenchment strategy, (d) combination strategy. The management may adopt different strategy to overcome the specific issues confronting the corporation.
'Corporate' signifies an entity registered under the special Legislature. According to Blacks Law Dictionary 6th Edition 11th reprint 1997, the word 'Corporate' means belonging to a Corporation as a corporate name incorporated as a corporate body. P 339. The word corporate adjective refers to a whole company. Corporation noun refers to large company

(Collin P H 1992) Dictionary of Banking & Finance, Universal Book Stall, New Delhi, p-56

The words Company, Corporate & Corporation do mean one and the same for the purpose of the study. These words do not include co-operative bodies. Corporate entity implies the distinct status of a corporation which sets its existence apart from the status of all of its several members. It's shareholders. It's capacity to have a name of its own to sue and be sued in its own name as well as the right to buy, sell, lease and mortgage its property in its own name.


Corporate conduct is a function of the environment it finds itself under. It follows more or less the standards society imposes on itself.

(Parekh D 1997) Corporate Governance & Business Ethics All India Management Association New Delhi Excel Books p 16)

Common Seal The seal is impressed upon a document as evidence of authenticity or attestation and in the case of a company or other body corporate the presence of the corporate seal on any documents executed by it is evidence that authority of that corporate body duly executed it. The seal usually consists of the words corporate seal or common seal and the corporate name and place of the company as well as the date of its incorporation.
Dividend includes interim dividend payable out of profits of the company as per Law

Employees Stock Option (ESOP) means the option given to the whole time directors, officers, or employees of a company which gives such directors, officers, or employees the benefit or right to purchase or subscribe at a future date the securities offered by the company at a pre-determined price. A widely acknowledged method of securing greater employee participation, giving the right incentive signals, and rewarding loyalty as well as years of service is through employees stock option. There is hardly any corporate giant that does not have ESOP.

Fortune 500 companies are group of companies listed by the Fortune Magazine published by Time Inc, New York.

Fraud on the minority means any conduct of affairs which constitutes a discrimination of the minority shareholders including fraudulent conduct.

Governance structure of a corporate specifies the distribution of rights and responsibilities among different participants in the corporation such as The Board, Managers, Shareholders, and other stakeholders and spells out the rules and procedures for making decisions on corporate affairs. By doing this, it also provides that structure through which the company objectives are set and the means of attaining those objectives and monitoring the performance.

(Corporate Governance – An overview published by Bombay CA Society, Feb 2000 P-1)

Governance is about governing, it is not merely about ownership, even an owner has to learn govern. Good governance implies that the institution is run for the optimum benefit of the stakeholders in it.
Governance is different from management. Governance has two chief elements—overall supervision of management and accountability for the conduct and the policies of the organization to all those who have a stake in it.


Govern implies to direct and control the actions or conduct of either by established laws or by arbitrary will to direct and control rule or regulate by authority. To be a rule, precedent, law or deciding principle form.


Government Company shall have the same meaning defined in Section 617 of the Companies Act 1956.

Independence: Independence Majority of non-executive directors should be independent means independent of management and free from any business or other relationship which could materially interfere with the exercise of their independent judgment.

(The Cadbury Committee Report 412)

Institutional Investor refers to any investor with money under professional management. Categories of institutions include Pension Funds, Investment companies, insurance companies, bank and trust companies, and foundations. These institutions are not monolithic; they have diverse investment pattern strategies and objectives. These factors led them to respond differently to corporate governance issues.
ICGN global share voting principles adopted on July 10th 1998 at the Annual Conference in San Francisco. ICGN was founded in 1995 with representation from institutional investors and others involved in the development of global corporate governance practices. Its objective is to facilitate international dialogue on ways to strengthen the accountability of companies to owners so as to enhance shareholders value. The ICGN recommends a target date of July 2001 for implementation of share voting principles in markets around the world. The ICGN recommended maintaining a standing share voting panel to monitor the progress and consider recommending additional changes in share voting principles as they become evident.

(Adopted from ICGN website icgn.org)

**Institution**  An establishment especially one of public character or one affecting a community. An established organization or society or corporation either by law or by authority of individuals for promoting any object public or social.

**Listed Public Companies** means a public company which has any of its securities listed in any recognized stock exchange.

**Listing Agreement** means a document executed by the company as per stock exchange requirements while listing the company's shares or stocks and the same is governed by the Securities Contracts (Regulations) Act 1956.

**Stakeholders** are those individuals or groups who depend on the Organization to fulfill their own goals and on whom in turn the Organization depends. Typically they include shareholders, customers, suppliers, Banks, employees and the community at large. Stakeholders are also called as...
claimants comprising of various groups of people who makes demands on enterprises


Stakeholders Mapping can be useful both for identifying stakeholders and establishing political priorities in terms of managing stakeholder relationships. It consists making judgments on two issues – How interested each stakeholder group is to impress its expectations on the organization’s choice of strategies whether they have means to do. This is concerned with the power of stakeholders group.


Stakeholders can be classified into external business stakeholders viz customers shareholders lenders dealers vendors and external social stakeholders viz community government regulators and internal stakeholders namely members senior executives promoters.


In a company the stakeholder comprise shareholders creditors managers workers consumers suppliers and also the general public.
Structural Ratios or financial leverage or Capital structure ratios indicate mix of funds provided by owners and lenders. As a general rule, there should be an appropriate mix of debt and owners equity in financing the company's assets. The leverage ratios are calculated to measure the financial risk and the company's ability of using debt to shareholders advantage – Pandey I M (1999) Financial Management, Vikas Publishing House Pvt Ltd, New Delhi, pp 117-122.

Relative meaning is adopted from Section 6 of the companies Act 1956 and includes deemed relatives and categories listed Schedule 1A under this Act.

Scams: Financial mishaps resulting lack of accountability and system breaking or violation of internal control.

Secretary means a company secretary within the meaning of the companies Secretaries Act and include any other individual possessing the prescribed qualifications and appointed to perform the duties which may be performed by a secretary under the Companies Act 1956 and ministerial or administrative duties.

Transparency requires the enforcement of the right to information and the nature, timeliness, and the integrity of the information produced at each level of interface defines the real issue.

(Parekh D (1997) 'Corporate Governance & Business Ethics' All India Management Association, New Delhi, Excel Books, p 15)

Tunneling – denotes the ways in which managers (as majority shareholders) can strip assets to the detriment of minority shareholders.

Total Voting Power in relation to any matter relating to a body corporate means the total number of votes which may be cast in regard to that matter on
a poll at a meeting of such body if all the members there of and all other persons if any having a right to vote on that matter or present at the meeting and cast their votes

**Zonal/Region classification** done in this dissertation connotes the same meaning as assigned as per SEBI's press release dated 16 09 1997 in regard to territorial jurisdiction in dealing with investors protection attending to grievances of the investors in the security market