# Table of Content

Acknowledgement i
Executive Summary iii
Abbreviations vi

**Chapter – 1 Corporate Governance – The Concept**

1.1 Concept of Governance 05
1.2 Evolution of Corporate Governance - Illegal Tactics of Indian Co. 05
1.3 Meaning of Corporate Governance 06
1.4 Corporate Governance - The concept 08
1.5 Elements of Good Corporate Governance 10
1.6 Factors influencing Quality of Corporate Governance 15
1.7 Significance of Corporate Governance – Society at Large 16
1.8 Benefits of Adoption of Good Corporate Governance Practices 18
1.9 Principles and Processes of Corporate Governance 19
1.10 Theoretical Basis of Corporate Governance 20
1.11 Need of Corporate Governance 23
1.12 Need of the Research Study 25
1.13 Objectives of the Research Study 28
1.14 Conclusion 29

**Chapter – 2 Corporate Governance - The Historical Perspective**

2.1 History of Corporate Governance Across the World 31
   2.1.1 United States of America (USA) 31
   2.1.2 United Kingdom (UK) 32
   2.1.3 Germany 32
   2.1.4 Japan 33
   2.1.5 China 34
   2.1.6 India 34
2.2 Models of Corporate Governance 35
   2.2.1 The Anglo-American Model 36
   2.2.2 The German Model 37
   2.2.3 The Japanese Model 38
   2.2.4 Indian Corporate Governance Model 39
2.2.5 Comparative Study of International Corporate Governance Practices

2.3 Recommendations of Various International Committees on Corporate Governance
   2.3.1 The Cadbury Committee
   2.3.2 The Greenbury Committee, 1995
   2.3.3 The Hampel Committee, 1995
   2.3.4 The Combined Code, 1998
   2.3.5 The Turbnell Committee, 1999
   2.3.6 Sarbanes-Oxley Act, 2002

2.4 Indian Committees and their Guidelines
   2.4.1 Kumar Mangalam Birla Committee, 1999:
   2.4.2 Nareshchandra Committee Report, 2002
   2.4.3 Narayana Murthy Committee Report, 2003
   2.4.4 Dr. J. J. Irani Committee Report on Company Law, 2005

2.5 Role of SEBI

2.6 Comparative Study between Clause 49 of the Listing Agreement & Sarbanes Oxley Act, 2002
   2.6.1 Internal control
   2.6.2 Audit Committee Composition
   2.6.3 Independent Director
   2.6.4 Shareholders / Investors complaints
   2.6.5 Penal Provisions
   2.6.6 Code of Conduct/Ethics
   2.6.7 Public Company Accounting Oversight Board (PCAOB)

2.7 Amendments to the Companies Act, 1956
   2.7.1 The Companies (Amendment) Act, 1999
   2.7.2 The Companies (Amendment) Act, 2000
   2.7.3 The Companies (Amendment) Act, 2009

Chapter 3 Review of Literature – Developments in Corporate Governance Area

3.1 Role of Corporate Boards as Advisors and Monitors of Management
3.2 Corporations and its Shareholders
3.3 Board and Directors Legal Dimensions
3.4 Controlling Shareholders and Corporate Governance
3.5 Audit Committees
3.6 Bank Governance
3.7 Public Sector Governance
3.8 Does Corporate Governance ensure transparency, full disclosures & accountability of companies to all its stakeholders?
– Summary of FICCI & GT survey 2009
3.9 Role of ICSI in promoting good Corporate Governance
  3.9.1 ICSI’s Philosophy on Corporate Governance
  3.9.2 ICSI National Award for Excellence in Corporate Governance
  3.9.3 First ICSI National Award for Excellence in Corporate Governance 2001
  3.9.4 Second ICSI National Award for Excellence in Corporate Governance 2002
  3.9.5 Third ICSI National Award for Excellence in Corporate Governance 2003
  3.9.6 Fourth ICSI National Award for Excellence in Corporate Governance 2004
  3.9.7 Fifth ICSI National Award for Excellence in Corporate Governance 2005
  3.9.8 Sixth ICSI National Award for Excellence in Corporate Governance 2006
  3.9.9 Seventh ICSI National Award for Excellence in Corporate Governance 2007
  3.9.10 Eight ICSI National Awards for Excellence in Corporate Governance 2008
  3.9.11 Ninth ICSI National Award for Excellence in Corporate Governance 2009
3.10 A Study on Selected Key Governance Parameters
3.11 Board of Directors and Firm Performance
3.12 Overview of Literature Review and Rationale for our Current Study

Chapter - 4 Research Methodology

4.1 Scope & Significance of the Research Study

4.1.1 Grounds for Selecting Pharmaceuticals Sector:

4.1.2 Grounds for Selecting Banking Sector

4.1.3 Grounds for Selecting Information Technology (IT) Sector

4.1.4 Grounds for Selecting Fast Moving Consumer Goods (FMCG) Sector

4.1.5 Grounds for Selecting BSE 30 Group Companies

4.1.6 Grounds for Selecting Individual Companies

4.2 Research Design

4.3 Sources of Data

4.4 Instrument

4.5 Population

4.6 Sample Units

4.7 Sampling Method

4.8 Sample Size

4.9 Pilot phase

4.10 Analysis

Chapter - 5 Corporate Governance – Analysis & Interpretation of Selected Industry Group Companies

5.1 Transparency & Disclosure

5.1.1 Third Party Transactions

5.1.2 Check List

5.1.3 Means of Communication

5.1.4 Disclosures in Annual Report

5.1.5 Information Updation & Financial Performance Disclosure

5.1.6 Total Rating

5.2 Corporate Governance (CG) & Auditor’s Certificate

5.3 Structure and Strength of the Board
5.4 Board Independence & CEO Duality
5.5 Appointment of Independent Directors in various Board Committees
5.6 Stakeholder Value Enhancement
5.7 Effectiveness of BOD
5.8 Board Systems & Procedures
5.9 Board Committees – Audit Committee
5.10 Board Committees – Shareholder Grievance Committee
5.11 Remuneration to BOD & Its Policy
5.12 Corporate Social Responsibility
5.13 Final Rating
5.14 Final Ranking
5.15 Banking Sector Analysis
  5.15.1 Banking Sector – Score
  5.15.2 Comparison of CG Index with Net Profit Ratio & Debt Equity Ratio
5.16 BSE 30 Group Companies Analysis
  5.16.1 BSE 30 Group Companies - Score
  5.16.2 Comparison of CG Index with Net Profit Ratio & Debt Equity Ratio
5.17 FMCG Sector Analysis
  5.17.1 FMCG Sector – Score
  5.17.2 Comparison of CG Index with Net Profit Ratio & Debt Equity Ratio
5.18 IT Sector Analysis
  5.18.1 IT Sector - Score
  5.18.2 Comparison of CG Index with Net Profit Ratio & Debt Equity Ratio
5.19 Pharmaceuticals Sector Analysis
  5.19.1 Pharmaceuticals Sector – Score
  5.19.2 Comparison of CG Index with Net Profit Ratio & Debt Equity Ratio
Chapter – 6 Corporate Governance – Analysis & Interpretation of Company Secretary’s Outlook

6.1 Legal aspects of Corporate Governance
6.1.1 Introduction of Clause 49
6.1.2 Strength of Clause 49
6.1.3 Relationship between Existence and Strength of Clause 49 to Good Corporate Governance Practices
6.1.4 Penalty levels in India
6.1.5 Compliance levels of Clause 49.
6.1.6 Benefits of Clause 49
6.1.7 Impact of New Companies Act

6.2 Corporate Governance Concerns
6.2.1 Risks to Corporate Governance in India
6.2.2 Reasons for the Corporate Failures in the West
6.2.3 Relationship between biggest risks to corporate governance in India and biggest reasons for the corporate failures in the West
6.2.4 Role of Independent Directors
6.2.5 Concerns of Minority Shareholder Groups
6.2.6 Timely and Correct Information
6.2.7 Sustainability
6.2.8 Offer of Stock Options

6.3 Corporate Governance by Indian Companies
6.3.1. Current Standards of Risk Management Practices in Indian Companies
6.3.2. Quality of Management Discussion and Analysis report of Companies
6.3.3 Relationship between Risk Management practices of Indian companies and Quality of Management Discussion & Analysis report of companies
6.3.4 Effectiveness of Board Committees
6.3.5 Skill-sets of Indian Audit Committee
6.3.6 Relationship between Effectiveness of Board Committees and Skill sets of Audit Committees

6.4. Improving and enforcing of Corporate Governance
   6.4.1. Standards of Corporate Governance
   6.4.2. Statements for better Corporate Governance
   6.4.3. Parameters for better Corporate Governance in India

6.5. Ethics and Corporate Social Responsibilities
   6.5.1. Corporate Social Responsibility
   6.5.2. Integrity and Ethical Values.
   6.5.3. Relationship between CSR and Integrity & Ethical Values

6.6. Opinions Regarding Corporate Governance Practices
   6.6.1 Authority to Monitor Effectiveness of Corporate Governance Practices at Companies
   6.6.2 Enforcement of Corporate Governance Standards
   6.6.3. Rating of various Entities in improving Corporate Governance in India
   6.6.4 Ranking of various Industries for Corporate Governance Compliances & Voluntary Disclosures
   6.6.5 Corporate Governance Index
   6.6.6. Ranking of various Corporate Governance Parameters

6.7. Reliability of the Aspects of Corporate Governance

Chapter – 7 Corporate Governance – Results of the Study

7.1 Socio - Economic Models

7.2 Summary of Legal Situations in India (clause 49) and USA (Sarbanes Oxley Act)

7.3 Results of Selected Industry Group Companies Analysis.
   7.3.1 Findings and Results of Overall Rank
   7.3.2 Findings and Results of Sector wise Top and Bottom Rankings
   7.3.3. Findings and Results of Rank Volatility among the Companies for the 3 FYs.
7.3.4 Findings and Results among Corporate Governance Index and Financial Performance (Net Profit Ratio) 266
7.3.5. Findings and Results among Corporate Governance Index and Capital Structure (Debt Equity Ratio) 266
7.3.6 Findings and Results of Board Independence and Board Systems & Procedures Parameters 267
7.3.7 Findings and Results of Transparency & Disclosure Compliances and Stakeholder Value Enhancement Parameters 268
7.3.8 Finding and Results on the Basis of Hypothesis held for Companies 269
7.4. Results of Questionnaire of Company Secretaries’ Outlook 271
7.4.1. Findings and Results Regarding Legal Aspects of Corporate Governance 271
7.4.2. Findings and Results Regarding Corporate Governance Concerns 271
7.4.3. Findings and Results Regarding Corporate Governance Practices by Indian Companies 272
7.4.4. Findings and Results Regarding Improving and Enforcing of Corporate Governance 273
7.4.5. Findings and Results Regarding Ethics and Corporate Social Responsibilities 273
7.4.6. Findings and Results Regarding Opinions Regarding Corporate Governance Practices 273
7.4.7. Finding and Results on the Basis of Hypothesis Analyzed for Company Secretaries’ Outlook 274

7.5 Key Findings 276

Chapter – 8 Corporate Governance – Recommendations & Conclusion 279
8.1 Recommendations 279
8.1.1 Transparency and Disclosure 279
8.1.2 Corporate Compliance Committee 279
8.1.3 Secretarial Audit 279
8.1.4 Remuneration Committee 279