

Recent Developments in Corporate Governance: An Indian Context

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There has been growing international focus on corporate governance particularly in the wake of worldwide financial turbulence and scams. Corporate governance is about maximizing shareholder value legally, ethically and on a sustainable basis. It is about promoting corporate fairness, transparency and accountability. For this purpose efficient, high quality system of corporate governance becomes critical. Given in this context over the past few years a number of regulations and recommendations have been drawn up both at global level as well as in many individual countries on the required level of corporate governance.

India has had a well-established regulatory framework for more than four decades, which forms the foundation of the corporate governance system in India. In Indian context year 2000 and onwards seek major changes with formulation of different committees by SEBI. SEBI, vide its circular dated February 21, 2000, specified principles of corporate governance and introduced a new clause 49 in the listing agreement of the stock exchanges. The revised clause 49 as it stands today is applicable to all the listed companies in India. The SEBI, in designing corporate governance norms, has made considerable effort to take the best practices in leading equity markets. Additionally, numerous initiatives have been taken by SEBI to enhance corporate governance practices, viz., streamlining of the disclosure, investor protection guidelines, book building, entry norms, listing agreement, preferential allotment disclosures and lot more.

Objectives of the Study

In the present study an attempt has been made to examine the Corporate governance practices in 50 Nifty companies. The objective of the study is as follows:

- To analyze the corporate governance practices followed by 50 NIFTY companies with regard to
 - Board of Directors and its composition
 - Audit Committee and its composition
 - Shareholders' Grievance Committee and handling of investor complaints

In this study an attempt has been made to find the corporate governance practices followed by 50 NIFTY index companies as on March 2011 with regard to board composition, audit committee, shareholders'

committee, complaints solved, etc. Data for this study is gathered mainly from secondary source, that is, from published annual reports of the each company for the financial year ended March 2007, March 2008, March 2009, March 2010 & March 2011.

1. Corporate Governance in India

The corporate governance issues have received considerable attention because of their apparent importance for the economic health of companies and society at large especially after plethora of corporate scams and debacles in the recent times. The U.S., Canada, the U.K., other European Countries, the East Asian countries, and even India for that matter have witnessed severe strain on their economies together with the failure of several leading companies in the last two decades or so. This has resulted in greater emphasis and attention on the corporate governance issues (Dalton and Dalton, 2005).

Since India's independence in 1947 and prior to the reforms in the 1990s, India had adopted a command and control approach to development. Apart from regulating external trade and exchange rates, the government nationalized various productive activities. Further, a highly complex regime was set up to regulate industrial activities through licensing control, reservation of many productive activities to the public sector, and control of labor markets, prices, and wages. Liberalization in the 1990s has significantly opened up the Indian economy and gradually relaxed the government control over licensing, marketing, and prices (Dasgupta and Liu, 2004).

The federal structure of India stipulates that certain aspects of business regulations are within the exclusive purview of the central government (for example exit policy and bankruptcy procedures), some are within the purview of both the centre and the states (for example entry and labor regulations), while others are largely within the domain of the states (for example inspections and compliance with regulations).

The regulatory framework of corporate governance consists of the Companies Act 1956, the Securities and Exchange Board of India (SEBI) Act, 1992, the Securities Contracts (Regulation) Act, 1956, Sick Industrial Companies (Special Provisions) Act, 1985 and the Listing Agreement.

1.1 Companies Act, 1956

The Companies Act, 1956 primarily regulates the formation, financing, functioning and winding up of companies. The Act prescribes regulatory mechanism regarding all relevant aspects including organizational, financial and managerial aspects of companies. The winding up matters, presently are largely within jurisdiction of High Courts. Regulation of the financial and management aspects constitutes the main focus of the Act. In the functioning of corporate sector, although freedom of companies is important, protection of investors and shareholders is also equally important. The Act plays the balancing role between these two competing factors, namely, management autonomy and investor protection. The main objects of the Act are as under.

- (a) To protect the interests of a large number of shareholders, as there exists separation of ownership from management in a company;
- (b) To safeguard the interests of creditors;
- (c) To help the development of companies in India on healthy lines, because corporate sector constitutes a very important segment of the economy;
- (d) To help the attainment of the ultimate ends of social and economic policy of the Government; and
- (e) To equip the Government with adequate powers to intervene in the affairs of a company in public interest and as per procedure prescribed by law so that the interests of all stakeholders may be protected from unscrupulous management.

The Companies Act, 1956, has been amended as many as 24 times since 1956. Certain important provisions pertaining to nomination facility for shareholders and deposits holders, buyback of securities, relaxation on norms relating to inter-corporate loans and investments, setting up of investor education and protection fund, allowing sweat equity and compliance of accounting standards in preparation of annual accounts were introduced through Companies (Amendment) Act, 1999. The Companies (Amendment) Act, 2000 provided for postal ballot, audit committees, directors responsibility statement, debenture trustees, secretarial compliance certificate, reduction of time for payment of dividend, ten fold increases in fines and option for election of a director. The Companies (Amendment) Act, 2006 amended section 266B which provided that no individual can be appointed or reappointed as director of a company unless a director identification number was allotted to the same. Further, new sections 610B, C, D and E relate to filing application, documents, inspection etc. through electronic form have been introduced.

With a view to improving the processing of investor's grievances, a new system for on-line lodging of complaints by investors and depositors has been developed in MCA 21 e- governance programme of the Ministry of Corporate Affairs (MCA). The new system facilitates investors and depositors to electronically lodge their complaints with the Investor Protection Cell of the Ministry without the requirement of sending their grievances in writing through post.

1.2 Securities and Exchange Board of India (SEBI) Act, 1992

The SEBI Act, 1992 established the independent capital market regulatory authority, SEBI, with the objective to protect the interests of investors in securities and to promote and regulate the securities markets.

The SEBI is empowered to investigate the affairs of securities market intermediaries or persons associated with security market or any other persons suspected to have violated any regulatory provisions, if it has reasonable grounds to believe that transactions in securities are being conducted in a manner detrimental to the investors or the market or that the intermediary or person concerned has

violated any regulatory provisions. Investigations are undertaken to probe into possible or suspected or alleged infringements of security market regulations such as price-manipulation, artificial volume-creation, insider trading, violation of takeover code or any other regulations, public issue related irregularities or any fraudulent or unfair trade practices. Investigations are initiated based on evidence available from various sources including the SEBI's own surveillance activities and its other divisions, stock exchanges and other intermediaries, complaints from various sources and even press reports. In carrying out formal investigation, the SEBI, as it is empowered, calls for information, compels production of documents, summons persons for interrogation, examines witnesses and, where necessary, with magistrate's approval, carry out even search and seizure operations. On completion of investigation, enforcement actions are taken through quasi-judicial process of enquiry, personal hearing etc. Depending on the nature and the gravity of offences, penal actions are taken. These include warning, suspension of activities, and cancellation of registration, prohibition of dealing in securities, denial of access to the capital market for a specified period and imposition of monetary penalties. And, where appropriate, prosecution proceedings are also launched. A time limit of four months has been set for completion of preliminary investigations and eight months for completion of formal investigations.

Furthermore, the SEBI come under the purview of newly enacted Right to Information (RTI) Act which sets out the practical regime of right to information for citizens to secure access to information under the control of public authorities in order to promote transparency and accountability in the working of any public authority.

1.3 Securities Contracts (Regulation) Act, 1956

The Securities Contracts (Regulation) Act, 1956 or SCRA containing a mere 31 sections keeps a tight vigil over all the stock exchanges of India. The provisions of the Act were formally administered by the Central Government. However, since the enactment of the SEBI Act, 1992 the Board established under it (SEBI) is concurrently having powers to administer almost all the provisions of the Act. It covers all types of tradable government paper, shares, stocks, bonds, debentures and other form of marketable securities issued by companies, including the 'rights and interest in securities' thus effectively allowing for options. The SCRA defines the parameters of conduct of stock exchanges as well as its powers.

1.4 Sick Industrial Companies (Special Provisions) Act, 1985

Bankruptcy reorganization of large industrial companies is governed by the Sick Industrial Companies (Special Provisions) Act, 1985 or SICA, and the process is directed and supervised by the Board for Financial and Industrial Reconstruction (BIFR). The BIFR, which was created along with the appellate authority under the SICA, 1985 had two major concerns as under.

- (a) To protect employment; and
- (b) To gainfully use country's resources

Where an industrial company has become a sick industrial company, the Board of Directors of the company, shall, within 60 days from the date of finalization of the duly audited accounts of the company

for the financial year as at the end of which the company has become a sick industrial company, make a reference to the Board for determination of the measures which shall be adopted with respect to the company. The companies are required to come to the Board and register when their net worth has been fully eroded although Section 23 of the Act also envisages that company shall inform the Board when 50 percent of its net worth is eroded. Further, the Central Government or the Reserve Bank of India (RBI) or a State Government or a public financial institution or a State level institution or a scheduled bank may, if it has sufficient reasons to believe that any industrial company has become, for the purposes of this Act, a sick industrial company, make a reference in respect of such company to the Board for determination of the measures which may be adopted with respect to such company. The Board may make such inquiry as it may deem fit for determining whether any industrial company has become a sick industrial company and there upon make suitable orders.

Since its inception in May 1987 till the end of September 2006, the BIFR received 6991 references under the SICA, 1985. With 6991 references received, 5412 were registered under section 15 of SICA. 1707 were dismissed as non-maintainable under the Act. 760 rehabilitation schemes, including 12 by Appellate Authority of Industrial and Financial Reconstruction (AAIFR)/Supreme Court, were sanctioned and 1303 companies were recommended to be wound up. 485 companies have been declared 'no longer sick' and were discharged from the purview of SICA on their net worth turning positive after the implementation of the schemes.

1.5 Listing Agreement

Listing means admission of the securities to dealings on a recognized stock exchange. The companies desirous of getting their securities listed are required to enter into an agreement with the exchange called the Listing Agreement and they are required to make certain disclosures and perform certain acts. As such, the agreement is of great importance and is executed under the common seal of a company. The compliance with the provisions of the agreement and need to be disclosed are as under.

- (a) Clause 16 read with section 154 of the Companies Act regarding the book closure and record date and its purpose;
- (b) Clause 20 about the timely disclosure of declaration of dividend to stock exchanges;
- (c) Clause 35 about furnishing of the quarterly report of the shareholding pattern in the prescribed format to stock exchanges within 15 days of the end of the quarter;
- (d) Clause 47(c) about the obtaining of half yearly certificate from a company secretary in practice and its submission to stock exchanges; and
- (e) Clause 49 about furnishing quarterly report on corporate governance.

2. Recent Governance Reforms in India

Governance reforms in India are embedded in, and greatly influenced by the broader institutional, economic, and social environments.

In line with international developments, India has been gradually moving in the direction of introducing significant changes in corporate governance by introducing appropriate measures in the relevant legislations and rules. One of the first such endeavors was the Confederation of Indian Industry (CII) Code for Desirable Corporate Governance, developed by a committee chaired by Rahul Bajaj. The committee was formed in 1996 and submitted its code in April 1998. Later the SEBI constituted three committees to look into the issue of corporate governance—the first chaired by Kumar Mangalam Birla, which submitted its report in early 2000, the second by Naresh Chandra was constituted in August 2002 and the third by Narayana Murthy provided recommendations in 2003. These three committees have been instrumental in bringing about far reaching changes in corporate governance in India through the formulation of Clause 49 of Listing Agreements. Box 4.1 highlights some of the important dates for the adoption of Clause 49 of the Listing Agreements.

The Securities Exchange Commission (SEC) and SEBI recently announced increased cooperation and collaboration of capacity building events in India especially in corporate governance and internal controls. Such initiatives will certainly provide the SEBI with further opportunities to enhance securities regulation especially in the realm of governance.

2.1 Clause 49 of the Listing Agreements

The SEBI implemented the recommendations of the KMBC through the enactment of Clause 49 of the Listing Agreements. The terms were applied to companies in the BSE 200 and S&P C&X Nifty indices, and all newly listed companies, on March 31, 2001.

These rules were applied to companies with a paid up capital of Rs. 10 crore or with a net worth of Rs. 25 crore at any time in the past five years on March 31, 2002, and to other listed companies with a paid up capital of over Rs. 3 crore on March 31, 2003. The Narayana Murthy Committee worked on further refining the rules, and Clause 49 was amended in 2004.

The major recommendations focused on the board of directors, audit procedures, and shareholder rights as summarized below.

- ❖ Composition of the board: If there is a full-time chairman, 50 percent of the directors must be non-executives and 50 percent must be executives.
- ❖ Constitution of audit committee: The committee must contain three independent directors and a chairman with a sound financial background. A finance director, head of internal audit and a representative of the statutory auditor may be present as special invitees, and a minimum of three meetings are to be convened. The committee is responsible for the review of financial

performance on a half-yearly/annual basis, appointment/removal/remuneration of auditors, and review of internal control systems and their adequacy.

- ❖ Board Procedures: At least four meetings are to be held each year. A director cannot be a member of more than 10 committees, and a chairman cannot serve on more than 5 committees across all companies.
- ❖ Management discussion and analysis report: This should include a discussion of industry structure and trends, opportunities and threats, segment performance, future outlook, and risks and concerns.
- ❖ Shareholders rights: Shareholders are entitled to have access to quarterly results, analyst presentations, half-yearly financials and significant event reports, reviews of complaints and grievances by non-executive directors, etc.

The Naresh Chandra Committee recommendations on audit reforms were also formalized as part of the Companies (Amendment) Bill, 2003. This committee recommended a list of disqualifications for audit assignments. Further, it recommended preventing auditing firms from providing non-audit services to clients and requiring the chief executive officer (CEO) and chief financial officer (CFO) of listed companies certify to, and take responsibility for, the fairness and correctness of their company's annual audited accounts with a view to improve the corporate governance practices in the corporate sector.

The Narayana Murthy Committee reviewed the existing corporate governance code in 2003 and proposed additional governance reforms and rules. Its recommendations included the implementation of formal training for board members, the elimination of nominee directors, the establishment of rules for treatment of independent directors, and board oversight of business risk and risk management strategies. Other recommendations which are being implemented through amendments in Clause 49 include the strengthening of the responsibilities of the audit committee, improving the quality of financial disclosures, the establishment of rules for the utilization of proceeds from IPOs, the reviews of subsidiaries of holding companies and the implementation of policies to protect whistle blowers who approach corporate audit committees.

Analysis & Interpretation

The study is conducted on 50 NSE CNX NIFTY Companies. The research is about finding the companies with better corporate governance and finding whether there is an relationship between the corporate governance practices by a company and its returns. For judging the corporate governance practices of NIFTY companies, the companies' compliance with the Clause 49 of the Listing Agreement is taken as major criteria. The data is taken for the 50 companies of NSE as on March 2011 which are as follows:-

Table 1 NSE CNX NIFTY Companies (March 2011)

NSE CNX NIFTY Companies		
S. No.	Company Name	Industry/Sector
1	ACC	Cement and Cement Products
2	Ambuja Cements	Cement and Cement Products
3	Axis Bank	Banks
4	Bajaj Auto	Automobiles
5	Bharti Airtel	Telecommunications
6	BHEL	Electrical Equipments
7	BPCL	Refineries
8	Cairn India	Oil Exploration/Production
9	Cipla	Pharmaceuticals
10	Coal India	Mining
11	DLF	Construction
12	Dr Reddys Labs	Pharmaceuticals
13	Gail India	Gas
14	Grasim	Cement and Cement Products
15	HCL Tech	Computers-Softwares
16	HDFC	Finance
17	HDFC Bank	Banks
18	Hero MotoCorp	Automobiles
19	Hindalco Inds	Aluminium
20	Hindustan Unilever Limited	Diversified
21	ICICI Bank	Banks
22	IDFC	Finance
23	Infosys	Computers-Softwares
24	ITC	Diversified
25	Jaiprakash Associates	Construction
26	Jindal Steel	Steel and Steel Products
27	Kotak Mahindra Bank	Banks
28	L&T	Engineering
29	Mahindra & Mahindra	Automobiles
30	Maruti Suzuki	Automobiles
31	NTPC	Power
32	ONGC	Oil Exploration/Production
33	PNB	Banks
34	Power Grid Corp	Power
35	Ranbaxy Labs	Pharmaceuticals

36	Reliance Comm	Telecommunications
37	Reliance Infra	Power
38	Reliance Power	Power
39	RIL	Refineries
40	SAIL	Steel and Steel Products
41	SBI	Banks
42	Sesa Goa	Mining
43	Siemens	Electrical Equipments
44	Sterlite Inds	Metals
45	Sun Pharma	Pharmaceuticals
46	Tata Motors	Automobiles
47	Tata Power	Power
48	Tata Steel	Steel and Steel Products
49	TCS	Computers-Softwares
50	Wipro	Computers-Softwares

The study checked the compliance of these companies with the Clause 49 norms. Here, we study the structure of board of directors of these 50 companies find the best company with best practices of corporate governance. We'll analyze these companies on different parameters like board of directors, committees, complaints resolved, etc.

I. Board of Directors

According to the Clause 49 of Listing Agreement, the board of directors of a company should be a combination of executive and non-executive directors. And there should be a qualified number of independent directors also, i.e., one half of the total number of directors in case of executive director as a chairman and if the chairman of the board is a non-executive director then the number of independent directors should be at least one third of the total number of directors on the board.

Table 2 Composition of Board of Directors

S. No.	Company Name	Total Directors	Chairman	Independent Directors
1	ACC	12	ED	6
2	Ambuja Cements	10	NED	6
3	Axis Bank	14	NED	8
4	Bajaj Auto	16	ED	9
5	Bharti Airtel	16	ED	8
6	BHEL	16	ED	8
7	BPCL	10	ED	4

8	Cairn India	10	NED	4
9	Cipla	11	ED	6
10	Coal India	14	ED	7
11	DLF	12	ED	6
12	Dr Reddys Labs	10	ED	7
13	Gail India	14	ED	6
14	Grasim	12	NED	6
15	HCL Tech	9	ED	7
16	HDFC	14	ED	9
17	HDFC Bank	10	ED	6
18	Hero MotoCorp	14	ED	8
19	Hindalco Inds	10	ED	6
20	Hindustan Unilever	9	NED	4
21	ICICI Bank	12	NED	6
22	IDFC	12	NED	5
23	Infosys	14	NED	8
24	ITC	16	ED	9
25	Jaiprakash Associates	20	ED	10
26	Jindal Steel	15	NED	7
27	Kotak Mahindra	9	NED	6
28	L&T	16	ED	9
29	Mahindra & Mahindra	12	NED	8
30	Maruti Suzuki	11	NED	4
31	NTPC	18	ED	9
32	ONGC	12	ED	5
33	PNB	11	ED	5
34	Power Grid Corp	14	ED	7
35	Ranbaxy Labs	8	NED	4
36	Reliance Comm	6	NED	4
37	Reliance Infra	8	NED	4
38	Reliance Power	5	NED	3
39	RIL	14	ED	7
40	SAIL	12	ED	6
41	SBI	10	ED	4
42	Sesa Goa	8	NED	4
43	Siemens	11	NED	6
44	Sterlite Inds	6	NED	3
45	Sun Pharma	8	ED	4
46	Tata Motors	13	NED	7
47	Tata Power	14	NED	7
48	Tata Steel	13	NED	6

49	TCS	12	NED	6
50	Wipro	11	ED	8

So the table 2 shows the composition of board of directors of all 50 Nifty companies. It shows total directors for each company and number of independent directors from them and shows the type of chairman of the board, i.e., whether it is an executive director or non-executive director. It can be analyzed from the table that all the companies except

- BPCL
- Gail India
- ONGC
- SBI,

are having qualified no. of independent directors on their board of directors. And there are also some companies which are having more than required independent directors on their board of directors like:-

- Dr Reddys Labs
- HCL Tech
- Kotak Mahindra Bank
- Mahindra & Mahindra
- Reliance Communication
- Wipro

These companies are having above 65 percent of their total no. of board of directors as independent directors. Some companies are also having above 70 percent independent directors like HCL Tech which have 77.77 % independent directors on their board of directors. The least percentage of independent directors is for Maruti Suzuki which is having 36.3636 percent independent directors on its board of directors.

II. Board Meetings and CEO & Chairman Separation

Clause 49 of Listing Agreement says that a company should have four required board meetings in a year and there should be different persons appointed as Chairman of the board and CEO of the company.

Table 3 Meetings & CEO/Chairman Separation

S. No.	Company Name	Meetings	CEO & Chairman Separation
1	ACC	5	Yes
2	Ambuja Cements	5	Yes
3	Axis Bank	12	Yes
4	Bajaj Auto	4	Yes
5	Bharti Airtel	4	Yes
6	BHEL	9	No
7	BPCL	9	No
8	Cairn India	5	Yes
9	Cipla	8	No
10	Coal India	12	No
11	DLF	5	No
12	Dr Reddys Labs	5	Yes
13	Gail India	8	No
14	Grasim	4	Yes
15	HCL Tech	4	Yes
16	HDFC	6	No
17	HDFC Bank	7	No
18	Hero MotoCorp	5	No
19	Hindalco Inds	6	No
20	Hindustan Unilever	7	Yes
21	ICICI Bank	9	Yes
22	IDFC	6	Yes
23	Infosys	5	Yes
24	ITC	7	No
25	Jaiprakash Associates	6	No
26	Jindal Steel	4	Yes
27	Kotak Mahindra	8	Yes
28	L&T	13	No
29	Mahindra & Mahindra	10	Yes
30	Maruti Suzuki	6	Yes
31	NTPC	16	No
32	ONGC	15	No
33	PNB	15	No
34	Power Grid Corp	16	No
35	Ranbaxy Labs	4	Yes

36	Reliance Comm	6	Yes
37	Reliance Infra	5	Yes
38	Reliance Power	5	Yes
39	RIL	8	No
40	SAIL	10	No
41	SBI	10	Yes
42	Sesa Goa	10	Yes
43	Siemens	7	Yes
44	Sterlite Inds	14	Yes
45	Sun Pharma	5	Yes
46	Tata Motors	10	Yes
47	Tata Power	8	Yes
48	Tata Steel	5	Yes
49	TCS	7	Yes
50	Wipro	7	No

Table 3 shows that 60 percent of the Nifty companies are having Chairman & CEO as separate persons and 40 percent companies are having same person as CEO and Chairman.

All of the companies' board meet at least four times in a year which is the required condition and some of the companies meet fourteen and more times in a year which are:-

- NTPC
- ONGC
- PNB
- Power Grid Corp
- Sterlite Industries

Four are the minimum no. of meetings held by a company's board of directors in Nifty which is the requirement and there are six companies which meet at four times as follows:-

- Bajaj Auto
- Bharti Airtel
- Grasim
- HCL Tech
- Jindal Steel

➤ Ranbaxy Labs

And rest of the 39 companies meet in a year at 5 to 14 times.

III. Audit Committee

The other condition as per the Clause 49 of Listing Agreement is that every listed company should have an audit committee which should have at least three members in it and out of these three members at least two should be independent and the chairman of the committee should be a non-executive member. This committee should meet at least four times in a year.

Table 4 Composition of Audit Committee

S. No.	Company Name	Total Members	No. of Independent Members	Chairman	Meetings
1	ACC	5	4	NED	5
2	Ambuja Cements	4	3	NED	5
3	Axis Bank	4	3	NED	11
4	Bajaj Auto	5	5	NED	4
5	Bharti Airtel	6	4	NED	4
6	BHEL	3	2	-	4
7	BPCL	4	4	NED	8
8	Cairn India	5	4	NED	5
9	Cipla	3	2	NED	5
10	Coal India	7	5	NED	6
11	DLF	5	4	NED	10
12	Dr Reddys Labs	3	3	NED	5
13	Gail India	4	4	NED	8
14	Grasim	3	3	NED	7
15	HCL Tech	4	4	NED	6
16	HDFC	3	3	NED	5
17	HDFC Bank	5	5	NED	7
18	Hero MotoCorp	4	4	NED	4
19	Hindalco Inds	4	4	NED	6
20	Hindustan Unilever	4	4	NED	6
21	ICICI Bank	4	4	NED	7
22	IDFC	4	4	NED	5
23	Infosys	5	5	NED	4
24	ITC	6	5	NED	9

25	Jaiprakash Associates	4	4	NED	4
26	Jindal Steel	3	3	NED	4
27	Kotak Mahindra	4	3	NED	8
28	L&T	3	3	NED	9
29	Mahindra & Mahindra	4	4	NED	5
30	Maruti Suzuki	4	3	NED	6
31	NTPC	5	5	NED	7
32	ONGC	4	4	NED	9
33	PNB	6	2	NED	10
34	Power Grid Corp	4	3	NED	4
35	Ranbaxy Labs	5	4	NED	4
36	Reliance Comm	4	4	NED	4
37	Reliance Infra	3	3	NED	7
38	Reliance Power	4	3	NED	5
39	RIL	3	3	NED	6
40	SAIL	4	4	NED	5
41	SBI	7	4	NED	11
42	Sesa Goa	5	4	NED	4
43	Siemens	4	3	NED	5
44	Sterlite Inds	3	3	NED	6
45	Sun Pharma	3	3	NED	4
46	Tata Motors	4	4	NED	9
47	Tata Power	4	3	NED	12
48	Tata Steel	4	3	NED	5
49	TCS	5	4	NED	7
50	Wipro	3	3	NED	10

Table 4 states that all of the companies are fulfilling the minimum requirement for audit committee. Two companies Coal India & SBI are having maximum members in their audit committees, i.e. 7 and from these companies Coal India is having 5 independent members in their audit committee. Along with the Coal India, there are five more companies which are having maximum number of independent members which is 5. And these companies are:-

- Bajaj Auto
- HDFC Bank
- Infosys
- ITC

➤ NTPC

Audit Committees of all the companies meet at least four times in a year. The maximum number of meetings held by a company's audit committee is 12. Audit Committee of Tata power has met 12 times in the year 2010-2011.

Table 5 Investors' Grievance Committee & Additional Committees

S. No.	Company Name	Investors' Grievance Committee	No. of Additional Committees	Complaints Received	Complaints Solved	Complaints Pending
1	ACC	Yes	3	56	56	0
2	Ambuja Cements	Yes	5	43	43	0
3	Axis Bank	Yes	8	3080	3102	0
4	Bajaj Auto	Yes	1	-	-	-
5	Bharti Airtel	Yes	3	13	13	0
6	BHEL	-	-	-	-	-
7	BPCL	Yes	2	14	14	0
8	Cairn India	Yes	2	59	59	0
9	Cipla	Yes	0	-	-	-
10	Coal India	Yes	7	-	-	-
11	DLF	Yes	3	128	128	0
12	Dr Reddys Labs	Yes	5	-	-	-
13	Gail India	Yes	12	35	35	0
14	Grasim	-	3	-	-	-
15	HCL Tech	Yes	5	48	48	0
16	HDFC	Yes	1	22	22	0
17	HDFC Bank	Yes	7	1078	1078	0
18	Hero MotoCorp	Yes	3	-	-	-
19	Hindalco Inds	Yes	-	-	-	-
20	Hindustan Unilever	Yes	7	106	106	0
21	ICICI Bank	Yes	13	111	111	0
22	IDFC	Yes	2	21433	21433	0
23	Infosys	Yes	3	706	706	0
24	ITC	Yes	4	-	-	-
25	Jaiprakash Associates	Yes	2	1732	1728	4

26	Jindal Steel	Yes	4	36	36	0
27	Kotak Mahindra	Yes	6	47	47	0
28	L&T	Yes	1	9752	9591	161
29	Mahindra & Mahindra	Yes	4	36	36	0
30	Maruti Suzuki	Yes	-	28	28	0
31	NTPC	Yes	7	9561	9549	12
32	ONGC	Yes	6	4256	4256	0
33	PNB	Yes	14	398	397	1
34	Power Grid Corp	Yes	6	13251	13243	8
35	Ranbaxy Labs	Yes	2	35	35	0
36	Reliance Comm	Yes	2	68	68	0
37	Reliance Infra	Yes	3	48	48	0
38	Reliance Power	Yes	3	1444	1444	0
39	RIL	Yes	6	4571	4571	0
40	SAIL	Yes	1	39	39	0
41	SBI	Yes	5	331	331	0
42	Sesa Goa	Yes	6	3	3	0
43	Siemens	Yes	6	39	35	4
44	Sterlite Inds	Yes	3	-	-	-
45	Sun Pharma	Yes	2	24	24	0
46	Tata Motors	Yes	6	287	286	1
47	Tata Power	Yes	4	47	47	0
48	Tata Steel	Yes	6	755	751	4
49	TCS	Yes	7	355	355	0
50	Wipro	Yes	2	1048	1043	5

A listed company, according to the rules of Clause 49 of Listing Agreement should have an Investors'/Shareholders' Grievance Committee and some additional committees like Remuneration Committee, HR committee, Compensation Committee, etc.

As per the table 5 all the Nifty companies are having a investors' grievance committee except BHEL and Grasim. The minimum no. of meetings conducted by these companies is 1. There are five companies (Bajaj Auto, BPCL, Cairn India, Tata Steel & TCS) shareholders' grievance committee of which only met once in the year 2010-2011. And the maximum no. of meetings held by a company's shareholders' grievance committee is 40. The company is ITC.

And all the companies are having additional committees except BHEL. There are also some companies which are having more than required (10 or more) additional committees. These companies are:-

- Gail India
- ICICI Bank
- PNB

Here, Cipla is the only one company which has no additional committee. All other companies are having additional committees ranging from 1 to 14 for looking into various matters.

IV. Complaints Redressal

Complaints redressal has been studied under which the frequency of complaints and their resolutions has been analyzed. According to table 5 shows the data regarding number of complaints received, their resolutions and pendencies. Companies like; Axis Bank, IDFC, NTPC, L&T & Power Grid Corp have received higher number of complaints in comparison to other companies with IDFC with maximum number of 21433 complaints. However, the companies like; BPCL, Sun Pharma, HDFC, Bharti Airtel, Maruti Suzuki have received lesser number of complaints in comparison to other with Sesa Goa which with minimum of 3 complaints only.

It can be analyzed from the table 5, 82 percent of the companies have no complaints pending that means all of the complaints are resolved immediately. Only 18 percent companies are having some complaints pending. The reason behind these pending complaints is that these were received between one week before from the closing date of a financial year, and their redressal was in progress.

Findings

1. Maximum number of Nifty companies is fulfilling the norm of Independent Board of Directors except BPCL, GAIL India, ONGC and SBI.
2. About 60% of the Nifty companies are having separate person as CEO & Chairman as required by the norm and 40% are having same person as CEO & Chairman.
3. All the companies are fulfilling the criteria of having 4 meetings in a year.
4. All the companies are fulfilling the norm of minimum requirement of audit committee i.e. 3 independent members & one chairman (non-executive).
5. Audit committees of all the companies meet at least 4 times in a year.
6. All the 50 Nifty companies are having investor's grievance committee except BHEL & Grasim.
7. All the 50 Nifty companies are having additional committees except BHEL & Cipla.

8. 82% of the companies are having no pendencies with respect to complaint redressal.

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