

SPJIMR's Corporate Governance Initiatives 2007 – 08: Action Plan

**A Presentation by
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Action Plan on Corporate Governance Initiatives: 2007 – 08

I. Research Studies

- i. Pilot Research Study on ‘Corporate Governance in Medium Sized Family Managed Public Ltd Companies’**
- ii. Showcasing Best Practices in Corporate Governance by Medium Sized Family Managed Public Ltd Companies
– Two Case Studies**

II. Training Programmes on Independent Directors

- i. For the Senior Officials of Ministry of Defence**
- ii. Public Programme for Independent Directors**

Scope of the Research Studies

(Operative Definitions)

- **Family managed companies defined as those having promoters' (family's) shareholding more than or equal to 25% in value**
- **Medium-sized companies defined as those having total assets between Rs. 200 crores and Rs. 2000 crores**
- **Companies classified into**
 - i. Three Asset Classes**
 - ii. Four Geographical regions**
- **In 2007 -08 Companies in Mumbai and Western Region will be taken up**

Pilot Research Study

(April – November 2007)

Objectives:

- To examine the prevailing Corporate Governance practices in the sample Companies – (with special focus on SEBI Clause 49)**
- To identify factors inhibiting Corporate Governance in these companies**
- To assess the impact of Corporate Governance practices on the performance of the companies and value creation for all stake holders**
- To discuss the finding of the Study at a Round Table in the presence of the selected promoters**
- To document and publish the findings of the Study**

Pilot Research Study: Methodology

- Creation of a data base for about 350 companies spread across four regions from CMIE data base ‘Prowess’
- Collection of information/data on Corporate Governance practices and financial performance from the latest available Annual Reports
- Selecting a Sample of about 150 companies in the Western Region
- Preparation of a Questionnaire on current corporate governance practices and factors inhibiting them
- Pilot testing the Questionnaire and finalization
- Mailing the Questionnaire to the selected 150 companies
- Personal Interviews with a selected sample of 50 companies across all asset classes
- Processing, analyzing of data/info and documenting the findings based on responses obtained to the Questionnaire and personal interviews
- Preparation of the Report

Pilot Research Study: Intended Outcomes

- **Round Table in Mumbai to discuss the findings of the study**

(October – 2007)

- **Publication of the study incorporating observations obtained through the Round Table**

(November – 2007)

Similar studies to be undertaken in Northern, Southern & Eastern Regions followed by Round Table discussions in each region

(December 2007-March 2008)

Best Practices in Corporate Governance

Two Case Studies

(April – December 2007)

Objectives:

- To assess and evaluate Best Practices in Corporate Governance adopted by the sample Companies**
- To discuss these practices in the International/National Convention in the presence of the owners/promoters of the companies**
- To document and publish the proceeding for creating general awareness.**

Best Practices in Corporate Governance:

The Methodology

- Selection of a sample of 20 companies (from Mumbai / Western region) based on the scrutiny of Corporate Governance reports and financial performance
- Preparation of a comprehensive Questionnaire incorporating current corporate governance practices, factors inhibiting them and all other relevant aspects for preparation of Case studies
- Personal discussions with 20 selected companies to elicit all relevant information contained in the Questionnaire and views of the promoters on the current Corporate Governance regulations and legislations
- Selection of Five companies out of the above 20 based on the responses to the Questionnaire
- Preparation of two Case Studies –
 - i. One from asset class Rs. 200 – 500 cr and another from asset class above Rs. 500 cr
 - ii. Data Processing, analysis and preparation of the Report

Case Studies: Intended Outcomes

- **Preparation of Case Studies - April-Oct 2007**
- **International/National Convention – November 2007**
- **Publication of Case Studies for wider dissemination of the findings – December 2007**

Training Programmes: Independent Directors Studies

i. For the Senior Officials of Ministry of Defence –

April 23-27 2007

ii. Public Programme for Independent Directors-

To be finalized