



Indian Chamber of Commerce

Press Release

Corporate Governance in Capital Market

Kolkata, 25th April, 2015: India ranks 7th in terms of minority shareholders' interest protection parameter in World Bank ranking which reflects robust positioning in shareholders' rights, corporate transparency and shareholders' governance of Indian capital market: **Mr V S Sundaresan**

Mr V S Sundaresan, CGM, SEBI, felt that Indian companies are now more into transparent corporate governance practices following stringent norms rolled on by SEBI in 2014. As market ingenuity is increasing day by day, so is corporate governance affairs across companies. Through its regulations, SEBI ensures that institutional shareholders protect interest of themselves as well as the retail investors as they are not always in a position to do that due to their size. He viewed that corporate governance must lie on the pillars of fairness, accountability, transparency, independence and honesty and SEBI keeps a vigil on all companies whether they are complying with all of these in their daily affairs.

Mr G V Nageswara Rao, MD& CEO, NSDL, was of the view that while the regulatory body has rolled on stringent rules and regulations to ensure fair corporate governance practices, loopholes lie on the implementation side. He opined that attention is needed to be turned towards related party transaction also. To sustain in the long run, companies must not be myopic to look for short term profits and should prioritize on fair corporate governance practices, warned Mr Rao.

Mr N K Bhola, Regional Director, Eastern Region, Ministry of Corporate Affairs, viewed that ethical conduct and good corporate governance was two sides of the same coin. The Companies Act 2013 progressively addresses self-regulation while focuses on protecting shareholders' interests. In most of the companies caught with fraudulent practices, the auditors are found to be actively involved and the wholly misguiding factors for the board, shared Mr Bhola. The Ministry of Corporate Affairs expects the industry bodies to be more pro-active in disseminating the information about corporate governance guidelines and a bigger role to be played in settling lateral disputes, he said.

Dr V R Narasimhan, Chief-Regulations, National Stock Exchange of India Ltd, opined that although SEBI is a strict monitor, Corporate India is falling short of complying to the laws. Basic requirements for fair corporate governance namely audit clarity, risk management committee, women directors, etc. are lacking in many companies.

CS Sutanu Sinha, Member of Core Committee of NFCG, said that as the source of capital in capital market is not very transparent, commoners prefer to keep their money in banks. If the new Companies Act is implemented properly it has the potential to pull foreign investments, felt Mr Sinha. Proper channelization of funds, formulation of board of directors through fair means, early warning system through national mechanism and confidence and risk perception can be major enablers to bring in more transparency into the system, he said.

CS Sunita Mohanty, Chairperson, Eastern India Regional Council, ICSI, observed that investor protection is the most important factor for the capital market. As strong capital market is essential for a developing country like India, all the players in the capital market must follow the detailed norms published by SEBI, urged Ms Mohanty.

Dr Rajeev Singh, Director General, ICC, in his Welcome Address noted that as per World Bank India ranks 34th in terms of Corporate Governance practices which is a good sign as India slipped compared to last year and ranks poor at the parameter of the ease of Doing Business. He opined that Indian capital market is on the path of a positive growth trajectory which shows the confidence of investors in Indian market.

Other important dignitaries present in the summit included **Mr B M Reddy, MD & CEO, The Calcutta Stock Exchange; Mr V K Goyal, Director, National Board, ANMI; Mr D Venu, Vice President-Equity Capital Market, SBI Capital Markets Ltd; Mr Prashant Vagal, Senior VP, NSDL,** among others.

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