

E- Resources (for Section
A and Section G,
Semester 6)



Note for Students

Dear Students

I am sending you these e resources on the topics I wanted to cover during the present week. Please use these along with links and voice memos I have shared in your class group.

You are free to contact me over the medium of your choice.

Best wishes
Aruna Jha

Topics covered

- Corporate Governance Rating
- E-Governance
- Class Action Suits

Corporate Governance Rating

Date

Your Footer

Meaning

- Corporate Governance rating is a score indicative of risk assessment of a corporate by an independent and credible rating agency. This score is based on an assessment criteria developed by it on the basis of a matrix.



Assessment criteria

- Each agency develops its own criteria on the basis of various parameters. Some examples are:
 - ✓ Board and management effectiveness,
 - ✓ Transparency of financial information,
 - ✓ Related-party transactions,
 - ✓ Ownership structure,
 - ✓ Stakeholder relationships,
 - ✓ Statutory and regulatory compliance

Advantages of Corporate Governance Ratings

The CGR ratings are likely to bring in following benefits:

- ***To rated Companies***

- ✓ Ease of raising funds through better credibility
- ✓ Better valuation
- ✓ Ease of dealing with third parties like creditors, regulators, etc
- ✓ Improved corporate governance since third party evaluation will encourage adoption of better governance practices.

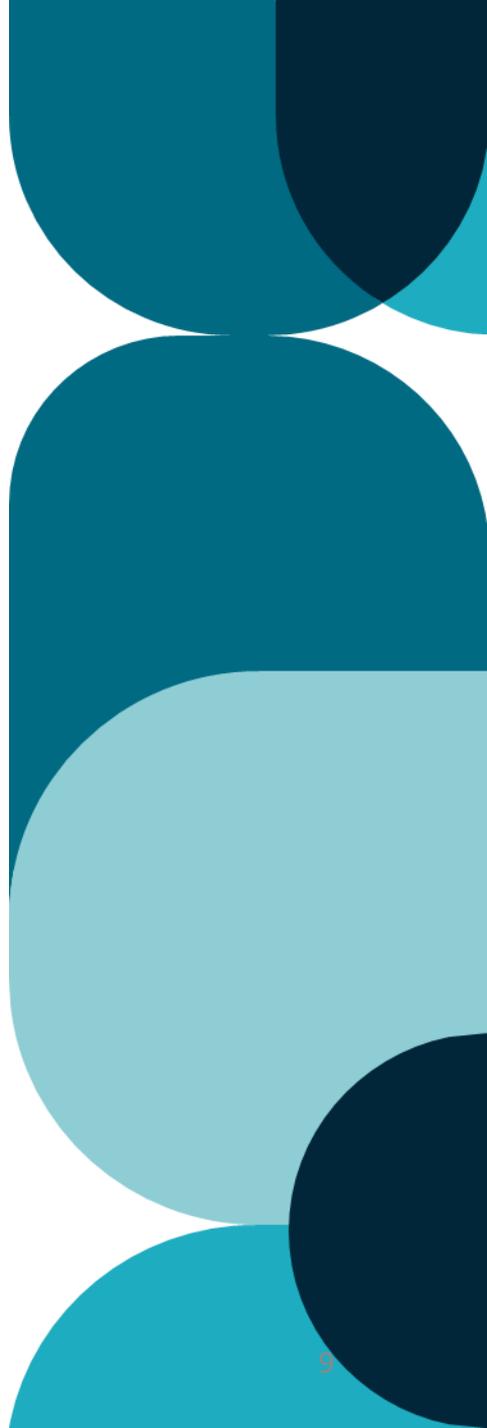
- ***To Stakeholders***

- ✓ To provide a basis of comparison between companies
- ✓ To keep a watch on the BoD as it is important to maintain the rating
- ✓ To push for corporate governance reforms.



CGR in India

- Not mandatory in India.
- CRISIL was the first rating agency to introduce CGR in India in 2003.
- It was later followed by two other rating agencies, ICRA and CARE.
- Out of about five thousand listed entities in India, less than fifty have obtained CGR.



E- Governance

Date

What is eGovernance?



Electronic Governance or e governance is basically effective and efficient utilisation of the information technology and telecommunications in effectively monitoring the performance and functioning of an organisation.

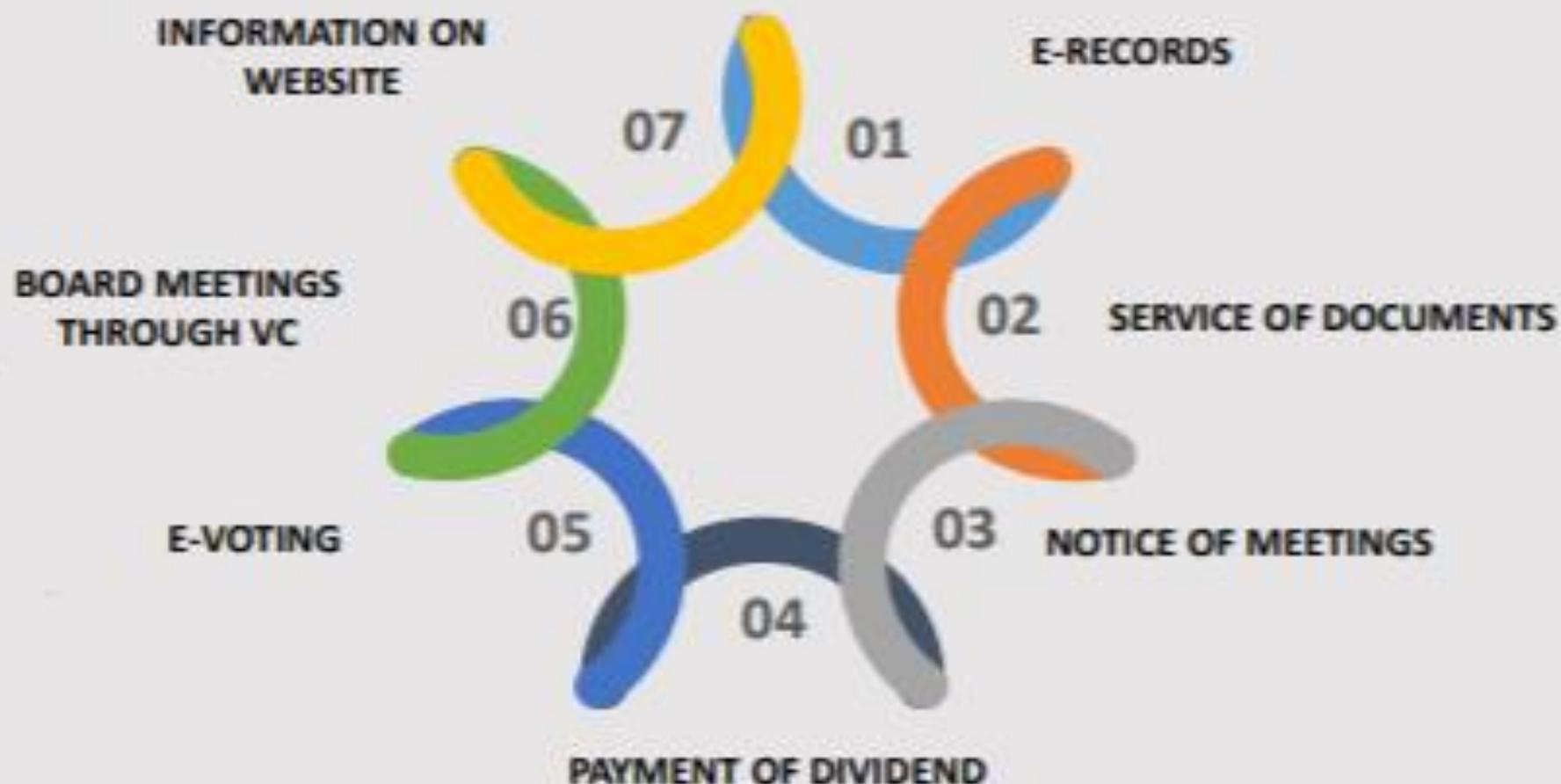
Extensive use of IT terms under Companies Act, 2013

S.No.	Words	Used in Act	Used in Rules	Total
1	Video conferencing	3	18	21
2	Audio-visual means	3	17	20
3	Electronic form (e-form)	14	70	84
4	Electronic mode	10	30	40
5	Electronic means	6	20	26
6	Electronic record	1	18	19
7	Databank/ Database <ul style="list-style-type: none"> • For independent directors (150) • For interim administrator (259) 	2	5	7
8	Electronic inspection	1	0	1

Date

Key provisions facilitating eGovernance

The Companies Act, 2013 and E-Governance



Rationale behind introducing eGovernance

- ✓ Wider participation of shareholders and other stakeholders in the decision making process.
- ✓ Proper dissemination of information to shareholders and other stakeholders
- ✓ Transparency in the affairs of the Company
- ✓ Minimization of chances of fraud and irregularities.
- ✓ To be in sync with the technological advancements

Reference :

<https://corporateprofessionals.com/>

CLASS ACTION SUITS

Definition



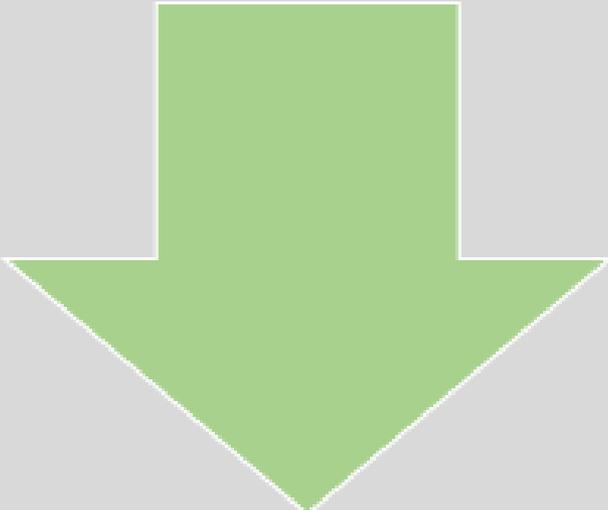
“A class action is a type of lawsuit in which one or several persons sue on behalf of a larger group of persons, referred to as the class.”

The common features of class action suits are as follows:

- (i) The issue in dispute is such that a large number of individuals have been made to suffer or have been wronged in a similar manner by the defendant.
- (ii) The number of persons affected by the wrong is large and, therefore, it is impracticable for all of them to appear before the court together.

CLASS ACTION SUITS

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- a. Lower cost of litigation
 - b. Increases judicial efficiency
 - c. Chance for plaintiff to collect small damages
 - d. Strengthened negotiating position

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- a. Delay in resolution
 - b. Lack of control
 - c. Limited forms of compensation

CLASS ACTION SUITS

Indian Scenario



Class action suit and Satyam



Nestlé's case



Section 245 of the Act