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On a scale of 10, highest Indian rating is 7 in S&P's global survey.

India Inc scores low on transparency

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Blue-chip Indian corporates are not always hot on disclosure, a hallmark of corporate governance. A standard & Poor's transparency and disclosure survey of 350 of the largest Asian and Latin American companies with most liquid stocks –the first of its kind in the corporate world-has given companies like Hindustan Lever, Hindustan Petroleum Corporation, ITC, Reliance Industries and State Bank of India only 4 on a rating scale of 10.

In fact, 19 out of 43 Indian companies the survey covered received a rating of 4. Six of them, including Mahanagar Telephone Nigam Ltd, Reliance Capital Sterlite Industries, Raymond and Silverline Technologies, scored 3. One company, Cipla, scored 2.

In the run-up to the launch of its corporate governance rating, the global rating agency is conducting a "Transparency and Disclosure Survey" covering 1,600 companies across the globe. These companies cover over 40 markets and represent about 70 percent of the world's tradable market capitalization.

Admitting that there is "no universal benchmark for an evaluation of the levels of disclosure", S&P has based the survey on information available in annual reports. The purpose is to provide international investors with an objective ranking of the corporate reporting practices of large companies.

"We have looked at the disclosures, the management architecture and the existence of various committees before arriving at the scores," an S&P official said.

Companies are evaluated on the basis of 98 possible information attributes grouped into three sub-categories: Ownership structure and investor relations (28 attributes), financial transparency and information disclosure (35 attributes), and board and management structure and processes (35 attributes). The inclusion of each attribute is scored on a binary basis representing a "yes" (included) or "no" (not included) answer. The survey was concluded on August 17, 2001.

Among Indian companies, Infosys Technologies and SSI received the highest rating. Both scored 7. With no companies from Asia making it to the top three scores (8, 9, and 10), they are among the highest-rated nine companies of Asia. Other Asian companies that belong to the same rating group are China Eastern Airlines Corporation, China Petroleum & Chemical Sinopec, Sinopec Shanghai Petrochemical, Korea Telecom, Malayan Banking Bhd, UMW Holdings Bhd and Telecomasia Corp PCL. Six Indian companies scored 6. BSES, Grasim Industries, HDFC, NIIT, Ranbaxy Laboratories and HFCL are in this league. ICICI, Larsen & Toubro, Satyam Computer Services, Tata Tea, Videsh Sanchar Nigam Ltd, BPL, Digital Equipment (India) and Global Telesystems were given 5. The lowest rated Indian corporation, Cipla, has seven companies from Taiwan, two from Korea and one from Philippines for company.

