CORPORATE GOVERNANCE MECHANISMS AND FIRM PERFORMANCE IN INDIA
- WITH AN EMPHASIS ON GENDER DIVERSITY IN CORPORATE BOARDS

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CHAPTER 1: INTRODUCTION

Corporate Governance (hereafter, CG) as a term, encompasses within its purview, policies, customs, processes, laws and institutions that direct the corporations on how they are to control and administer their operations. It strives to fulfil the corporation's objectives and preserves relationships with stakeholders such as the board of directors and shareholders. CG refers to identifying how to make efficient tactical decisions in order to lead a company in the right direction. It also addresses individual accountability employing a system that mitigates the company's principal-agent conflict. CG has a wide range of applications. It takes into account both social and institutional factors. CG promotes a culture that is credible, moral, and ethical.

CG is concerned with how investors ensure that they receive a reasonable return on their investment. When it comes to making good critical decisions, there is a significant divide in CG, between the responsibilities of a corporation's owners (shareholders) and its managers (executive board). The prominence of CG is expanding in today's market-oriented economy and as a result of globalization's implications. This is owing to CG constituting a key means of maintaining transparency and safeguarding the pursuits of all shareholders.

It is important to remember that regulations alone do not guarantee good CG Even when there is no legislation, good CG emerges through ethical corporate practises. A strong CG system, in turn, assures that a firm's management prioritizes everyone's concerns, assisting organisations in achieving long-term organizational success and socioeconomic development. It sustains investor confidence, allowing businesses to generate capital more productively and successfully, resulting in a favourable influence on stock prices as market confidence strengthens. A company that exhibits good CG develops a formidable brand recognition and, most crucially, emanates being more resilient.

1.1 MEANING AND DEFINITIONS OF CORPORATE GOVERNANCE

In his book, Robert Ian (Bob) Tricker, introduced CG for the first time, in 1984. He defined it saying, "Corporate Governance is concerned with the way corporate entities are governed, as distinct from the way business within those companies are managed. CG addresses the issues facing Board of Directors, such as the interaction with top management and relationships with the owners and others interested in the affairs of the company". As per the definition given by the Institute of Company Secretaries of India, CG is "The application of best management practices, compliance of law in true letter and spirit and adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders."

A very comprehensive definition of CG was given by The Organisation for Economic Cooperation and Development (hereafter, OECD), which, in 1999, published its *Principles of* Corporate Governance. The definition as per the OECD is as under:

"a set of relationships between a company's management, its board, its shareholders and other stakeholders. Corporate Governance also provides the structure through which the objectives of the company are set, and the means of attaining those objectives and monitoring performance are determined. Good Corporate Governance should provide proper incentives for the board and management to pursue objectives that are in the interests of the company and shareholders, and should facilitate effective monitoring, thereby encouraging firms to use recourses more efficiently."[1]

Shareholder confidence is critical to the capability of companies listed on stock markets to contend for capital. Strong CG fosters this confidence. Good CG is necessary for the formation of additional values for stakeholders since it promotes transparency, which is necessary for stable and sustainable economic growth. This also assures that the rights of all shareholders are

[1] https://www.oecd.org/daf/ca/Corporate-Governance-Principles-ENG.pdf

protected. CG is in charge of maintaining, regulating, and supervising numerous corporate systems so that business integrity and credibility are not jeopardised. It is concerned with the laws, practises, procedures, and inherent rules determining a firm's authority in making managerial decisions regarding its claimants. CG principles of transparency and fairness in operation, ensuring accountability and obligation to stakeholders, and CG tools built to assist a corporation in meeting its goals.

1.2 NEED FOR CORPORATE GOVERNANCE

The urge for CG was recognized as a result of the board and management's rising non-conformity with financial-reporting and accountability norms, which resulted in massive damages to the firm's stockholders. Corporations all across the world were not adhering to financial reporting prerequisites, and the impact from organizations like Enron in the United States of America (hereafter, USA) and Satyam in India contributed to the growth and necessity for CG in organizations. The collateral damage from these large corporations was sufficient to highlight the necessity of CG, which was expected to draw a line between the responsibilities of management and the board, which would establish a course for the firm to operate in a healthy CG framework, which is its primary priority.

The need for CG is also acknowledged since it enhances a company's financial stability by sustaining a dynamic environment, which in turn helps the firm's financial development and improves the accountability, resulting in significant risk abatement. CG regulations emphasise upon the firm's disclosure and transparency, stating that if there is openness in an organisation and an appropriate CG framework in place, it will reduce the likelihood of scams that have been encountered by corporations previously. Some benefits of good CG are asserted below –

1.2.1 CORPORATE PERFORMANCE

Enhanced CG frameworks promote effective decision-making and, as a result, boost the long-term profitability of businesses, regardless of their size or funding sources. The relevance of

CG may be demonstrated in the fact that it allows a firm to obtain funds and work productively. When a firm performs well, it increases investor trust in the company, which attracts new investors. CG also increases an organisation's operational efficacy by ensuring transparency. Firms that are well-administered indicate greater market and stock valuations.

1.2.2 ENHANCED INVESTOR TRUST AND ACCOUNTABILITY

One of the advantages of CG is the relationship between investors and shareholders. The guidelines and practises of CG are critical for a company seeking investor funding. Institutions and individuals looking to make investments directly or via intermediary funds want to verify if the companies are well administered so that their interests are protected. Investors authorise the firm's management to increase the value of their investments, either directly or indirectly. In order to preserve strong investor relations, the corporation must provide prompt and effective disclosures to all of its shareholders on a constant basis. Investors who are content with a firm's level of transparency and disclosures are more inclined to invest actively in it.

1.2.3 BETTER ACCESS TO GLOBAL MARKET

Efficient CG structures encourage investment from international investors, resulting in increased financial sector productivity. Companies can borrow money from a much bigger range of investors because of international capital inflows. CG frameworks must be reliable, well comprehended across borders, and conform to globally accepted rules in order to realise maximum advantage of the international capital market and lure long-term investments.

1.2.4 REDUCED RISK OF CORPORATE CRISIS AND SCANDALS

An appropriate risk mitigation system is ensured by effective CG. A transparent and credible system alerts a firm's board to the hidden risks associated with a given strategy, allowing for the implementation of different control mechanisms to aid in the surveillance of the concerns. For a stable and productive stock market, good CG practises are essential. A robust and thriving stock market is essential for investors to be protected.

1.3 BACKGROUND OF THE STUDY

The issues that emerge from the separation of ownership and control are at the core of CG. The ultimate owners of a corporation are its shareholders, and the CG role oversees its activities. There's a good chance there's a disconnect between shareholders' aspirations and management's conduct. As a result, the rights of the shareholders' and the management's must be precisely defined. The Companies Act, 2013, and the Securities and Exchange Board of India (hereafter, SEBI) Act, 1992, as well as several SEBI Regulations and Guidelines, facilitate the strengthening of shareholder rights.

Stakeholders are defined by their affiliation to the organisation as well as their requirements, interests, and apprehensions, which will be high on the priority list as the involvement process begins. However, as the process progresses, individuals will be assigned to a specific job with associated roles and activities. The understanding that organisations are influenced by the environment in which they function, is a significant reason for the increased acceptance of the Stakeholder Concept in formulating corporate objectives. Customers, vendors, government agencies, employee families, and special interest groups all interact with the corporations on a frequent basis. A company's decisions are expected to have an impact on a few of these stakeholder groups. Firms must be upfront and report on subject matters that affect stakeholders, such that the stakeholders are adequately informed.

CG wasn't even on the Indian Companies agenda until around the early 1990s and there was not much information in the books of law until then on this subject. In India, the system's flaws, namely inappropriate stock market transactions, inadequate disclosure procedures, boards with no appropriate fiduciary obligations, lack of accountability and systemic capitalism were cries, asking for better CG and adequate reforms. The fiscal crisis in 1991 and the consequent requirement to approach the International Monetary Fund (hereafter, IMF) forced the government to implement reform measures for economic restructuring, through the process of liberalisation. Although the concept of CG first came to the forefront in 1961, its momentum accelerated only when the economy was thrown open around the 1990s, primarily at the core of the economic liberalization and de-regularization of industry and business. Given the rapid speed of globalization, many companies were compelled to enter foreign capital markets and thus faced intensified competition.

Thus, the significance of enhancing the CG standards was becoming particularly evident to the policymakers as well as the business managers. By developing and enacting CG standards, significant initiatives were made to ensure that corporations all over the world embrace effective CG practises. Certain key reforms had been introduced by 1992, the most important being the SEBI Act. Four years later, in 1996, another major reformation was the establishment of Confederation of Indian Industry (hereafter, CII), bringing forward a set of laws for the companies so as to initiate the process to bring more efficiency in the practices of CG. The Government, in 1999 amended the Companies Act, 1956, as part of the liberalization process. Since the mid-1990s, significant CG programs have been introduced in India. Numerous changes have been brought about through a variety of different routes, whereby the SEBI and the Ministry of Corporate Affairs (hereafter, MCA) have played significant roles. Subsequently, in 2005, Clause 49 was included in the listing contracts for corporations listed on the Indian stock exchange, with the goal of improving CG in these companies.

However, the ignominy stemming out from several scandals triggered the reformation of Clause 49 in incorporating and overcoming the problems and the occurrence of scandals.

Implementation of the Companies Act, 2013 resulted in changing from an approach that was voluntary in nature to a completely obligatory approach to CG, including comprehensive and more stringent CG norms. The SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (hereafter, LODR Regulations), that primarily looked into CG problems and modified the structure pursuant to Clause 49, eventually replaced the Listing Agreement. Built on the premise of principles of reasonable, timely, and honest presentation of key facts to all parties, fair treatment, and acknowledging the value of all stakeholders in CG, effective management supervised by the board, and given that the small retail shareholders interest require protection from that of the majority, the LODR Regulations specified CG standards to be set higher than those in the Companies Act, 2013.

Given the principles and regulations, CG aims to improve the management's accountability, transparency and efficiency, financial reporting reliability and promotes the implementation of consumer-friendly business practices and environmentally sustainable strategies. Mechanisms and control, configured to minimize or eradicate the "principal-agent problem," are of paramount importance. CG has a broad array of arrangements that can be classified as Internal Mechanisms and External Mechanisms. Internal mechanisms have been linked to the board structure, ownership structure, remuneration or CEO compensation in prior studies. External CG mechanisms, on the other hand, include the legal system, external auditing, the market for corporate control, stakeholder advocacy, rating organisations and the media. The legislative and institutional architecture of a country has an influence on various CG processes. One of the most difficult aspects of CG studies is determining what constitutes successful CG, such as establishing CG mechanisms that contribute to financial performance and social credibility, or the achievement of defined objectives (Judge, 2010; Aguilera et. al., 2008).

The effective operation of CG and conformity to regulatory norms has become increasingly important in today's market, as it assures market sustainability. In CG literature, the approach that is the most prominent is contractual, with an objective to overcoming perceived conflicts of interest and reducing agency costs. So as to achieve this, company boards must be reinforced. The boards seek to resolve agency issues between shareholders and corporate managers. By ensuring the optimal utilization of a company's resources, simplifying capital access, and enhancing investors' confidence, efficient and successful CG should attempt to generate shareholder value (Denis and McConnell, 2003). This includes internal structure as well as external market considerations. The significance of good CG practices in addressing the agency conflicts is well acknowledged, and empirical study has looked at its impact on business performance.

The use of CG is thought to improve a company's profitability. Evidence from previous studies suggests that if companies work towards improving and enhancing their CG standards, their market valuation in turn improves (Klapper and Love, 2004). There have however, also been researches examining the relation between CG and firm performance (Tsai & Tung, 2014; Drobetz, 2015; Jantadej & Wattanatorn, 2020) but have found the results to be inconsistent. This could be advocated to the fact that it does become difficult to assess and ascertain whether CG positively impacts company performance, owing to the multiple CG proxies used to measure these attributes and the problem of capturing CG. Measuring the quality of firm level CG and examining its relation with firm performance, thus, creates subjectivity. Further, as the parameters assessed depend on the regulatory mechanisms which vary over time, it is challenging to draw definitive conclusions. Thus, in the light of the foregoing, we sought to develop a comprehensive and alternative CG Index and thereby assess whether there exists a relation between the level of CG and firm performance.

Given today's business environment, women representation on corporate boards is emerging as a critical concern. A number of empirical studies on women and business have shown up in recent decades, as have modifications in society's perceptions regarding gender issues. CG, organisational finance, corporate law, and other sectors have all been influenced by the notion of women in the workforce. In a myriad of facets of women participation in organizations, the association between females in management positions and commercial feasibility has been explored. Women directors on major corporation boards are becoming more widely regarded as an important aspect of strong CG. Having women as a part of the board of directors, has been predominantly prompted by the value proposition that women possess capabilities and perspectives that could contribute positively to board proceedings and managerial surveillance (Rhode and Packel, 2014; Adams and Ferreira, 2009). However, despite literature backing up the fact that women prevalence and participation on corporate boards enhance corporate performance (Francoeur, Labelle, Desgagne, 2008; Campbell and Bohdanowicz, 2015), in reality, women's interaction on boards has not been encouraging. The lack of advancement of women on boards, has exasperated policymakers, business groups, and institutional investors, most of whom have explicitly spoken up in favour of inclusion of women in executive positions and thereby sought to actualize what has been proved in theory, that women favourably impact firm performance. However predominant literature delves into gender diversity on corporate boards, focussing majorly on advanced economies and emerging economies. The area requiring further investigation pertains to gender diversity on Indian boards, more so, post the amendment in the Companies Act, 2013, that enforced the appointment of at least one-woman director as a board member. Empirical studies investigating the impact of gender diversity on performance of firms too, is not conclusive. We, thus, have tried to analyse the impact of women participation on boards and assess whether there exists an association with firm performance, in the Indian context.

Hence, so as to achieve the research outcome, we take up a sample based on the publicly traded firms listed on the NSE 500 as on March 31, 2020. The dataset is developed for the accounting periods 2012-13 to 2019-20, excluding all banks and financial institutions, owing to their nature of accounting practices and policies adopted being different. Thus, the sample size of the study stands at 415 companies, totalling 3,320 firm years.

1.5 RESEARCH EXPECTATIONS

Given the proposed research outcome, in order to capture and evaluate of the quality of firm level CG, we first construct a relative disclosure CG Index comprising twenty-one parameters, as a comprehensive measure, followed by an alternative measure, using Principal Component Analysis (hereafter, PCA). The uniqueness of our study lies in the fact that we try and develop an index using a large firm level database, examining the relation with firm performance from both a forward and backward-looking perspective, encompassing facets of CG mechanisms that have not been studied in consolidation. This sort of comparative analysis, across such a vast number of companies has not been brought up and studied previously. The robustness of the results is itself validated by the quantum of our dataset, thereby making it all the more detailed, specific and comprehensive. Further, studies with an emphasis on women directors and its impact on firm performance, have not been examined in depth for such a sample size in the Indian context. We, thus, try to understand the extent gender diversity on Indian corporate boards and seek to identify and envisage the gap between the theory and actualisation.

1.6 OUTLINE OF THE THESIS

The rest of the study proceeds as given: Chapter 2 will emphasise upon the theoretical framework on CG; Chapter 3 will trace the overview of the extant literature covering the predominant facets of CG, leading to the research gap and thereafter highlighting the objectives of the study; Chapter 4 will explain the sample of the study, the description of the variables used to substantiate our objectives and the research methodology used; Chapter 5 will focus upon the detailed analysis and the discussions on the findings generated thereon and Chapter 6 will conclude the study, with recommendations and future direction for relevant study.

CHAPTER 2: THEORETICAL FRAMEWORK

CG is a broad discipline with a long and illustrious history. It is a subject that encompasses managerial responsibility, board composition, and shareholder rights. The topic of CG dates back to the 16th and 17th centuries, when the East India Company, the Levant Company, the Hudson's Bay Company, and other large chartered companies were formed. While the notion of CG has been around for decades, the term didn't catch on until the 1970s. The term was solely used in the USA at that time. For ages, the authority and decision-making dynamic between the board, shareholders and executives has been transitioning.

2.1 EVOLUTION OF CORPORATE GOVERNANCE

Even though the concepts or some concerns were highlighted way back in 1932, in a book titled, “The Modern Corporation and Private Property”, by Adolf Berle and Gardiner Means, CG as a discipline came to be seriously viewed and discussed since the early 1980s, when Bob Tricker first used the term CG, and its need was felt because of managerial excesses and unethical behaviour of corporates that surfaced in the 1990s. In the early 2000s, CG received attention, hitherto unheard of, consequent to the high-profile failures of some of the big corporations like Global Crossing in the USA, Enron, WorldCom and Parmalat in Europe. This shook the corporate world and scepticism about big corporations and businesses in general arose. Business being the backbone of any economy in the modern era, almost all the governments and other business-related bodies started to look at the matter very seriously. These led to accounting reforms, stringent CG guidelines or regulations, and even passing of exclusive laws, such as, the Sarbanes-Oxley Act in the USA. India’s own market regulator SEBI incorporated CG requirements through a Clause in the Listing Agreements (Clause 49) by tightening the disclosure norms and mandating certain board structures and processes. The Companies Act 1956 was further reworked, and a modified Act in 2013 took precedence. Thus, the evolution over time has created more acceptance of CG as a genuine requirement, and regulators have been working overtime to bring out even more stringent regulations. So, as it stands today, there is an understanding and acceptance that CG is essential and some researchers have even spent time to find out whether strong CG triggers better performance of corporates and better prices of the companies' stocks.

2.2 THEORIES OF CORPORATE GOVERNANCE

There are numerous CG theories that have explored the difficulties of firm and company CG at various points in time. These theories essentially define the relationships that exist between diverse stakeholders in a firm when it is operating.

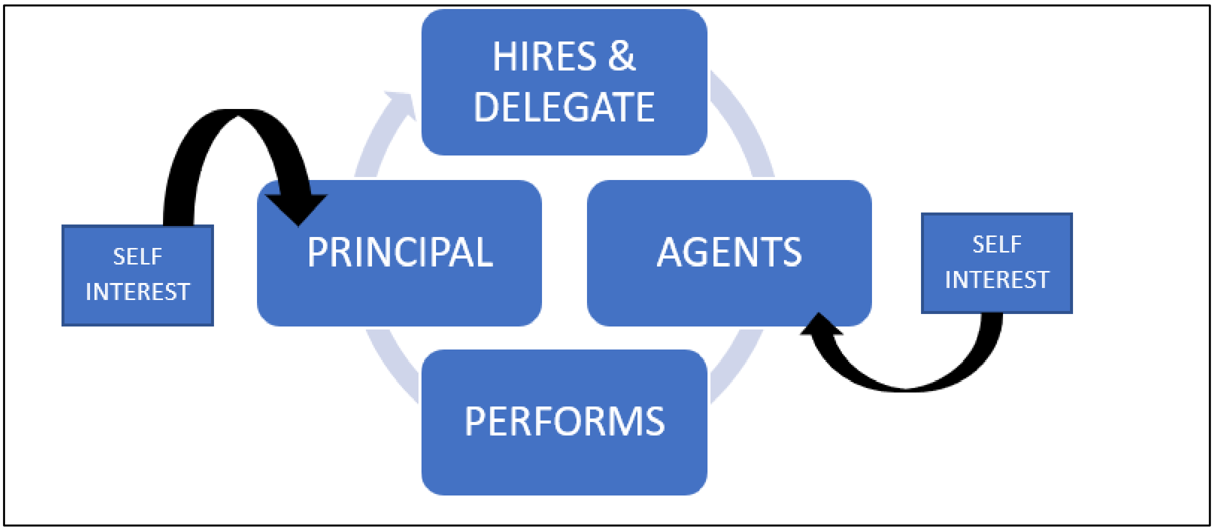
The following theories elucidate the basis of the evolution and thereby the emergence of CG:

2.2.1 AGENCY THEORY

CG has concentrated on separating ownership and pedals since Berle and Means' early research in 1932, which in turn, tends to result in the problems of principal-agent, emanating from scattered ownership in the company. CG was perceived by them as a framework in which the boards' role is perceived a critical control tool for mitigating the challenges arising out of the relationship between the principal agent. In addition, the extant literature on CG, credits two aspects to the agency theory. Firstly, the reduction of companies to two members, namely shareholders and management, whose objectives are thought to be transparent and coherent. The second claim, as advocated by Daily, Dalton and Cannella (2003), is that people are largely self-interested and reluctant to compromise their individual ambitions for the others sake. Alchian and Demstez (1972) and Jensen and Meckling (1976), identify firms to be a contractual interface between individual output factors, contributing to the creation of the agency theory. The firms' not an individual, rather a lawful fiction, where competing individual interests are put into harmony within the context of contractual relationships. Jensen and Meckling (1976) state that such contractual ties are not only confined to staff but also include tie ups with vendors, creditors and customers. The goal of these contracts, according to Deegan (2004), is to encourage all parties acting in their own best interests to maximize the organization's profit, reduce agency expenses, and use accounting procedures that accurately depict their own output. The board of directors' agency responsibility includes the CG function of protecting the shareholders by reinstating the managers' choices and ensuring that they are implemented properly. The agency theory emphasises that boards have a special obligation towards shareholders to ensure maximizing shareholder value. Due to various knowledge discrepancies, the emphasis of agency theory on the relation between principal and agent has generated ambiguity (Deegan, 2004). Separating ownership from management can result in the company managers taking action, that may not result in the maximization of shareholder value because of their firm's unique expertise and knowledge, that would be favourable for them, however, it wouldn't be suitable for the owners; Therefore, in order to preserve and prioritise the interests of shareholders, a control mechanism is devised (Jensen and Meckling, 1976). It highlights that accounting plays an important role in minimizing agency costs within an organisation, essentially through contracts in writing, that are linked to accounting systems as a key component of CG structures, because when a manager is compensated for his performance, they strive to enhance profits resulting in higher bonuses or remuneration by choosing a specific accounting method that will improve income. The foregoing raises the challenge of triggering the agent to act in the principal's best interests. Shleifer and Vishny (1997) stated, this led to agency costs, like cost control and agent supervision to deter exploitation. Agency cost, according to Jensen and Meckling (1976), may be described as the amount of the principal's supervisory spending to restrict the agent's deviance in activities; the agent's bonding expenditure to assure that the principal is not harmed by the activities by the agent or if they are put to risk then there must be an assurance to indemnify the principal; and the financial equivalent of the fall in welfare, namely the residual loss, caused by the difference between the agents' decisions and those that would maximize the principal's welfare. Agency problem, on the other hand, is dependent on the ownership characteristics of each country. If investors disagree with management or are displeased with the company's results in countries where ownership systems are scattered, they can use the exit choices indicated by dropping stock prices. Spanos (2005) advocated that, countries having centralized ownership systems and shareholders who tend to be dominant, try to sway executives and expropriate minority shareholders so as to achieve the advantages of private control. Individuals have recourse to all accessible information, investors have significant understanding of whether governance processes meet their expectations, and the board has information of investor expectations, according to the beliefs of the agency model (Smallman, 2004). As a result, agency theorists advocate that an efficient market is seen as a remedy to the agency problem, which entails a market that is productive and sustainable, for corporate control, managerial resources, and organisational know-how (Clarke, 2004). Agency scholars have addressed various CG structures with regards to protecting interest of the shareholders, reducing the costs of agencies and maintaining alignment of the agent-principal relationship. The CG systems are among the mechanisms which have received considerable attention and are within the scope of this research (Davis, Schoorman and Donaldson, 1997).

Figure 1

Working of the Agency Theory



Literature suggests that Agency Problem are of three types:

Type I Agency Problem - arises between the principal, who happens to be the company owner and agents, who are the executors of the company's operations.

Type II Agency Problem - occurs between monitoring shareholders and minority shareholders (observed in Family Firms).

In case of public sector enterprises (hereafter PSE), there exists what is known as “the *Double Agency Problem*” wherein The Government acts as the owner and thus has significant rights over the company's shares and once the accounts are placed before the Legislatures, it also gives the general public who subscribe to certain shares, rights over the company in question.

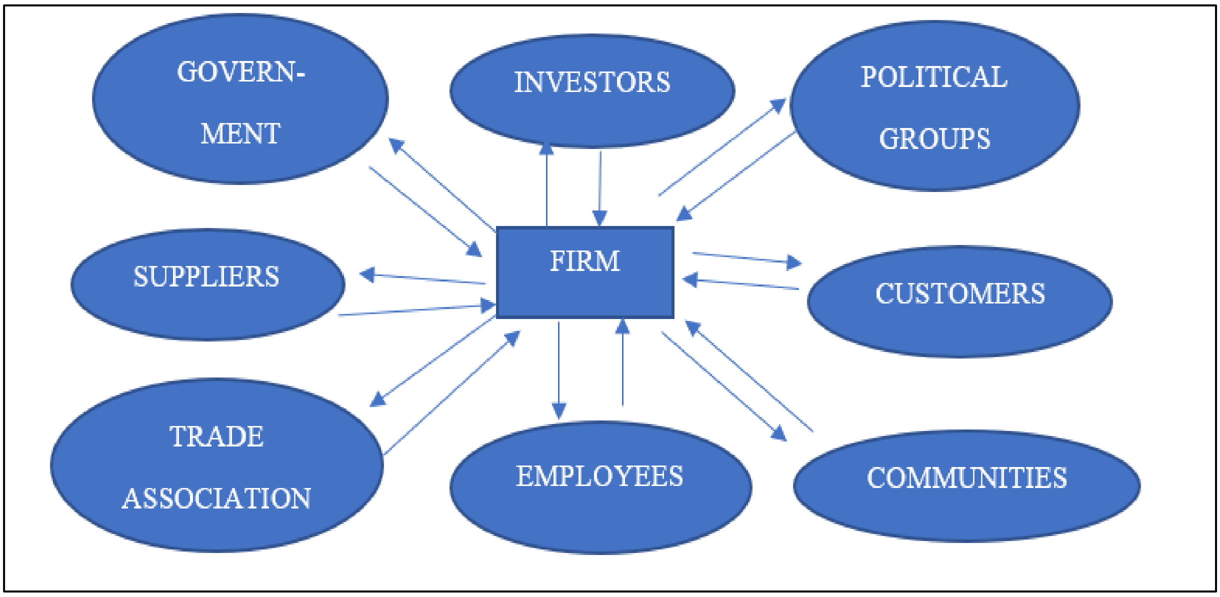
2.2.2 STAKEHOLDER THEORY

Pursuant to this theory, the corporation is viewed as an "input-output model", with creditors, clients, employees, vendors, the local community, and government, all being taken into account. A firm, in their opinion, operates for them and not solely for shareholders. The self-interest of various stakeholders varies. Their interests can often be at odds. Managers and corporations are in charge of mediating between these various stakeholder interests. Stakeholders are united in their support for one another. This idea presupposes that, stakeholders may and will negotiate among each other. Long-term self-interest is the outcome of this. In the organization, the function of shareholders is minimized. They should, however, try to align their interests with those of the other stakeholders. This necessitates honesty, and managers serve a critical role in this. They are loyal agents, not only for stockholders, rather for all stakeholders.

Thus, this theory focuses on stakeholder problems within an organisation. It explicitly states that a corporate organization inevitably tries to strike an equilibrium between the interests of different stakeholders so as to assure that some degree of satisfaction is achieved by each constituency of interest. There exists a claim, however, that the theory is restricted because it acknowledges shareholders as the organizations' only interest group (Coleman, 2008). In comparison to the agency theory, the stakeholder theory works better in articulating the function of CG because it stresses the numerous components of a corporation (Coleman, 2008). In most countries, law only recognises the shareholder having an authentic vision of the firm because they are the owners of the enterprises. In the lieu of this, the company has a legal obligation to increase profits and prioritize shareholder interests. The needs of customers, suppliers, employees and clients are focussed up in the theory. Thus, this theory suggests that the concerned stakeholders include government entities, organizations having political ties, labour organisations, trade unions, societies, related businesses, prospective employees and the public at large. Competitors and prospective customers may be seen as stakeholders in some situations to help improve market place business efficiency. Stakeholder theory has now garnered more popularity, as many scholars have realized that an organisation’s operations influence on the larger environment and that requires greater transparency and accountability on the part of the organization, towards a broader audience, and not just towards the shareholders. Enterprises, according to McDonald and Puxty (1979), operate in a society and are no longer merely the shareholders property, thus making them answerable to society as a whole. It was observed that people who willingly unite and work collaboratively to enhance the status of all, create economic value (Freeman, Wicks and Parmar, 2004). Stakeholder Theory is criticized by Jensen (2001) for proposing a single-evaluated goal, pertaining to gains accruing to the constituency of a firm. Jensen's claim (2001) suggests that a company's success isn't and shouldn't be determined solely by the earnings of its shareholders. Certain essential topics, including, information flow from senior executives to lower levels, interpersonal connections, and workplace climate, are all critical to identify. The enlightened stakeholder theory was proposed as a way to improve upon the existing theory. Nevertheless, issues surrounding the extension's empirical test have limited its validity (Sanda, Mikailu and Garba, 2005). Rodriguez, Ricart and Sánchez (2002) introduced a classification, in order to distinguish between types of stakeholders, namely consubstantial, contractual and contextual stakeholders. Consubstantial stakeholders (shareholders and investors, strategic alliances, employees) who are necessary for the existence of a company. Contractual stakeholders possess some sort of structured contract with the company (financial institutions, suppliers and subcontractors, customers). Contextual stakeholders are members of the social and natural structures in which companies operate, and they play an integral role in gaining business legitimacy and, subsequently, acceptance of their operations (Rodriguez et al.,2002). A firm, according to Rajan and Zingales (1998) and Zingales (1998), must defend the interests of all those who help create value or make specific contributions to a company. These company-specific investments maybe complex, including physical, human and social resources.

Figure 2

Working of the Stakeholder Theory



2.2.3 RESOURCE DEPENDENCY THEORY

The Resource Dependency Theory indicates that the directors contribute knowledge, skills, essential constituents such as public policy decision-makers, suppliers, purchasers, social groupings and credibility to minimize ambiguity (Gales and Kesner, 1994). As a result, Hillman, Cannella, and Paetzols (2000) acknowledge the potential benefits of connecting the business to external environmental elements and minimizing unpredictability in lowering transaction costs. This theory advocates director appointment to numerous boards, to provide them with a chance of capturing knowledge and networking in various ways.

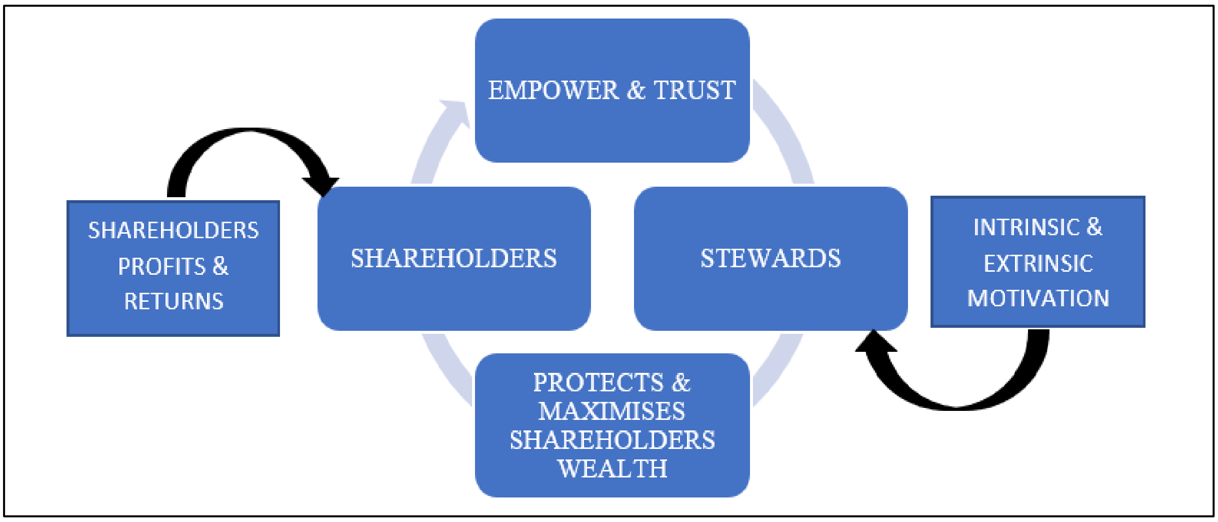
The demand for environmental linkages between the firms and external resources is the core hypothesis of the theory of resource dependency. Thus, the board of directors strive to integrate the company's external influences by absorbing the resources needed to prosper (Pfeffer and Salancik 1978). The board's involvement, as a result, becomes increasingly important in the firm's absorption of critical factors related to environmental unpredictability. Environmental linkages or network CG, according to Williamson (1985), could minimise transaction costs arising because of interdependence. The establishment of inter-agency sharing relationships or network CG, arises by virtue of need for resources by the company. Furthermore, the unequal distribution of the resources required, resulted in organizational interdependence. The importance of the resources, relative dearth of the resources, and the intensity of the resources embedded in the system, are all characteristics that contribute to increase the nature of this reliance (Donaldson and Davis, 1991). Moreover, in order to bridge uncertainty, directors can sync external resources with the company (Hillman, et.al., 2000), which is crucial for the company's survival.

2.2.4 STEWARDSHIP THEORY

As per this theory, "managers are perceived as good stewards, who operate in the best interests of the shareholders" (Donaldson and Davis 1991). Its focus is on human psyche with a particular emphasis on executive behaviour. As Davis, et.al., (1997) have substantiated, that the conduct of the steward is in favour of the organisation, and is more valuable than personal self-serving acts, and the steward's conduct doesn't stray from the organization's objectives since it tries to achieve the organization's goals. The benefits of the steward are increased when shareholder capital is optimized, according to Smallman (2004), because organizational profitability will cover most requirements and the stewards would have a focused aim. Stewards, he adds, can also help to resolve disagreements between various beneficiaries and other interest groups. As a result, the stewardship theory is a claim asserted in company performance that satisfies stakeholder needs, leading to a dynamic balance in performance for improved CG. This theory of stewardship perceives a close association between the management and the company's success, and hence stewards preserve and optimize shareholder capital through firm performance. If a single person holds the title of both Chief Executive Officer (hereafter, CEO) and Chairman, that person is responsible for the fate of the firm and the right to formulate the strategy lies with him. As advocated by Davis et. al. (1997), the stewardship theory thus emphasizes on mechanisms which empower and promote instead of tracking and control. As a result, this theory doesn't favour the separation of these roles, recommending the nomination of a same individual as the Chairman and CEO, and a considerable majority of specialised executive directors (Clarke 2004).

Figure 3

Working of the Stewardship Theory



In addition to above four theories, which form the crux of CG, the following four theories are also emphasised upon in the context of CG:

2.2.5 MANAGERIAL HEGEMONY THEORY

This theory is predicated on Berle and Means' (1932) assertion that the rapid expansion in the size of corporations resulted in the segregation of ownership and control through capital dissemination. The influence of corporative control, which had formerly been exerted by the owners or majority shareholders, has waned as a result of the expansion of shareholders. The influence of the owners has dissipated, and the reliance on external finance has placed decision-making authority in the hands of the company's chief executive, who has minimal or no involvement in the company (Glasberg and Schwartz, 1983). This theory develops propositions regarding corporate internal operations and inter-company relationships. Internally, the expectation of managerial control is effective profit production, and the executive influence is viewed through the lens of a quest for outcomes that are adequately rewarding to passive and dispersed shareholders, without the stress of maximum profit, which could lead to a financial catastrophe. And this transition in expectation had significant ramifications and adjustments in the firm's internal operations. The corporative interconnections, on the other hand, became the core of the management theory evaluation due to the large sovereignty given to executives and the limited pressure for maximizing profits, which resulted in a laissez-faire era among businesses, in which connections became erratic, non-coercive, and immensely equitable. The only area in which disputes occur is involving owners and managers, and this dispute has been resolved overwhelmingly in favour of managers. The non-financial links between firms, the cooperation amongst directors, the interconnections between clients and vendors, and the synchronization of prices amongst adversaries, all contributed to the firms' unity of action (Glasberg and Schwartz, 1989). The ideology of Management Hegemony, as per the same authors, has conventionally produced an image of a distinct class of corporate leaders who have performed irrespective of external pressure. This flexibility gave managers immense authority, but it also resulted in poor relationships and a fragmented corporate structure. In this perspective, the board is viewed as a legal construct that is governed by the manager, rendering it useless in addressing the problem of agency amongst shareholders and managers (Mace, 1971; Vance, 1983). The corporative manager assumes full authority for the company's monitoring and administration.

2.2.6 SOCIAL CONTRACT THEORY

According to this theory, a society is made up of a succession of social contracts between individuals and the larger society (Gray, Owen and Adams, 1996). There is a viewpoint that "social responsibility is a contractual obligation that the company owes to society" as quoted by Donaldson, 1983. A comprehensive theory of social contracts, developed by Donaldson and Dunfee (1999), corresponds to macrosocial and microsocial contracts as a tool for managers to make ethical judgments. The first is about communities and the company's commitment to serve the local community, while the second is about a specific type of engagement.

2.2.7 LEGITIMACY THEORY

It's described as a general viewpoint or conclusion that a corporates' behaviour is appropriate, rational, or consistent with particular socially accepted standards, ideals, views, and interpretations (Suchman, 1995). The assumption on which the foundation of the Legitimacy Theory is based, is that a social contract occurs between an organization and a society, similar to the theory of social contracts. As society allows firms the freedom to possess and use natural resources and recruit personnel, such a company becomes eventually responsible to the society for what work it does and how it does. (Deegan 2004). Conventionally the maximization of profit was seen as a determinant of corporate success. Yet, Ramanathan (1976) highlighted that, profit was an indicator that was all inclusive of corporate credibility according to the legitimacy theory. The primary focus of this theory is that, an organisation should not only respect the interests of investors, but must also give due weightage to general public interests. Failure to meet society standards may result in imposition of sanctions, such as limitations on the firm's operations, resources, and demand for its products. Studies have examined social and environmental reporting using legitimacy theory, and have found a link between company disclosures and community aspirations (Deegan, 2004).

2.2.8 POLITICAL THEORY

It encourages the creation of shareholder voting support rather than the purchase of voting power. Acquiring a political position in CG will thereby guide CG's operations within the organization. Because the government is involved in the decision-making of the corporates, considering cultural concerns, public interest seems to be considerably better protected (Pound, 1983). The political theory supports that the distribution of corporate power, profits, and advantages is determined by government favour. Over the last few decades, it has been observed that any given country's government seems to be having a significant political impact on companies (Hawley and Williams, 1996).

2.3 CORPORATE GOVERNANCE MODELS

As globalisation gained momentum in the world economies, different CG models are increasingly evaluated and critiqued. Even when company objectives are consistent, it has become exceedingly obvious that organizational environments and frameworks can differ significantly. Based on their differences, countries have different regulations and CG models. Thus, the different models of CG are categorized as below[2]:

2.3.1 ANGLO-AMERICAN MODEL

The shareholder rights are acknowledged and given importance under CG's Anglo-American Model. They are allowed to nominate and select the members to the Board, which in turn steers the company management. This model is shareholder-driven. It is also known as the 'Anglo-Saxon approach to CG', as it is the basis of CG in countries like England, America, Canada, Australia and India. Directors seem to be seldom autonomous of managerial involvement and

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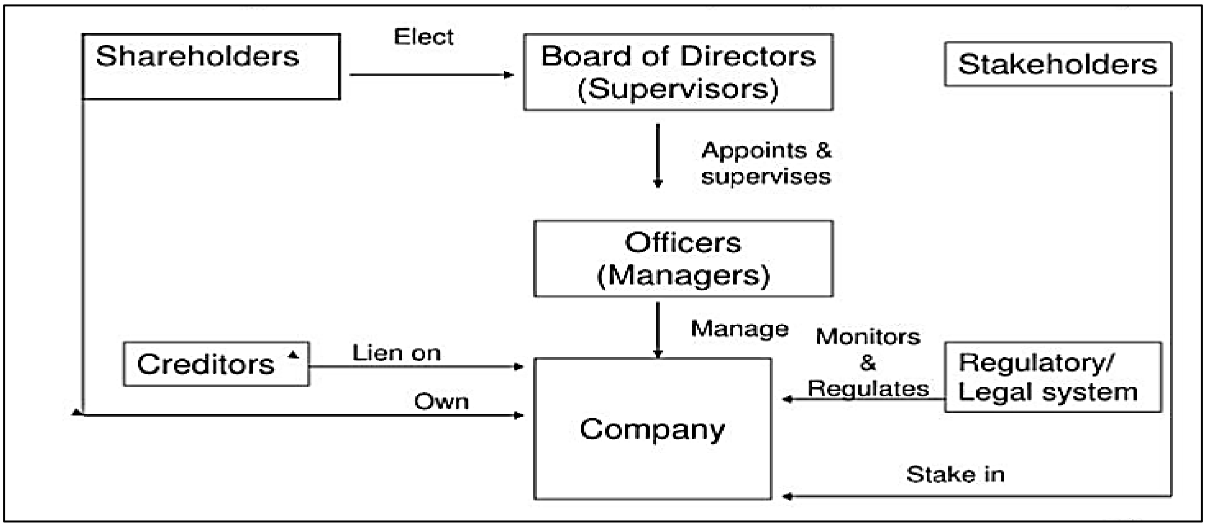
[2] https://www.management.com/corporate-governance-models/

organizations are managed by administrators, who are core professionals, with minimal ownership interests. Ownership and management are clearly segregated. Portfolio investors include institutional investors, such as banks and mutual funds. Suppose they do not seem to be content with the company performance, they can simply sell off their market shares and quit. Disclosure requirements are robust, and regulations are strict against insider trading, shielding small investors and deterring large investors from taking an active part in the CG.

Figure 4

The Anglo-Saxon Model, Adapted from Mostepaniuk (2017). (Modified)

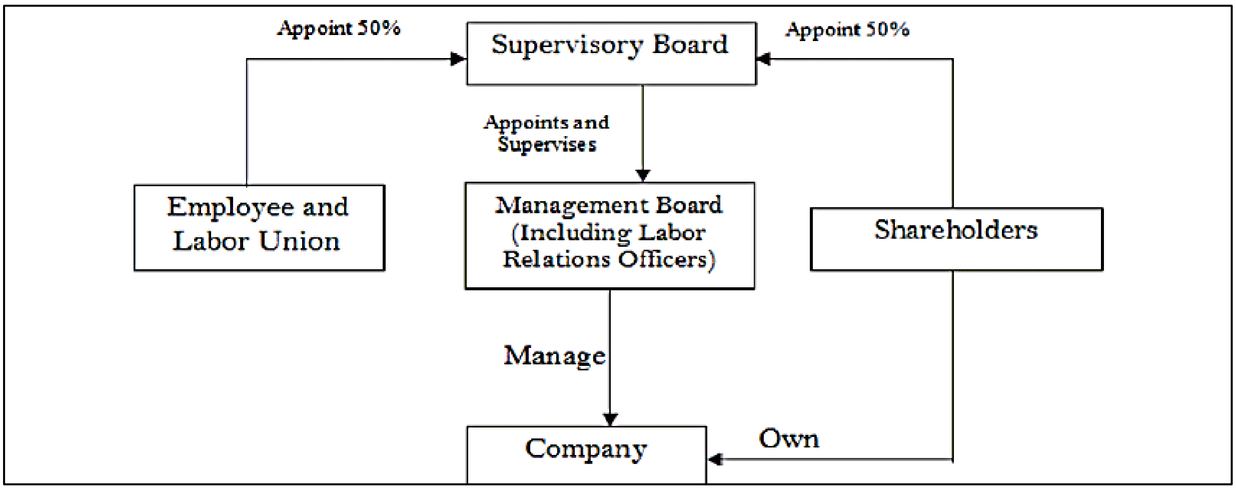


2.3.2 THE GERMAN MODEL

This model is often termed the European Model. Workers are believed to be one of a company's primary stakeholders, and should have the right to be involved in the corporate's management. The CG activities here are executed by dual boards; referred to as a "two-tier board model". The boards here include, the Supervisory Board and the Management Board or Board of Management. In case of the Supervisory Board, the members are chosen by shareholders. Employees often elect their Supervisory Board representatives, which encompasses normally one-third or half of the Board. The Management Board is appointed and controlled by the Supervisory Board, which could in turn also dismiss and reconstitute this Management board.

Figure 5

The German Model, Adapted from Mostepaniuk (2017). (Modified)

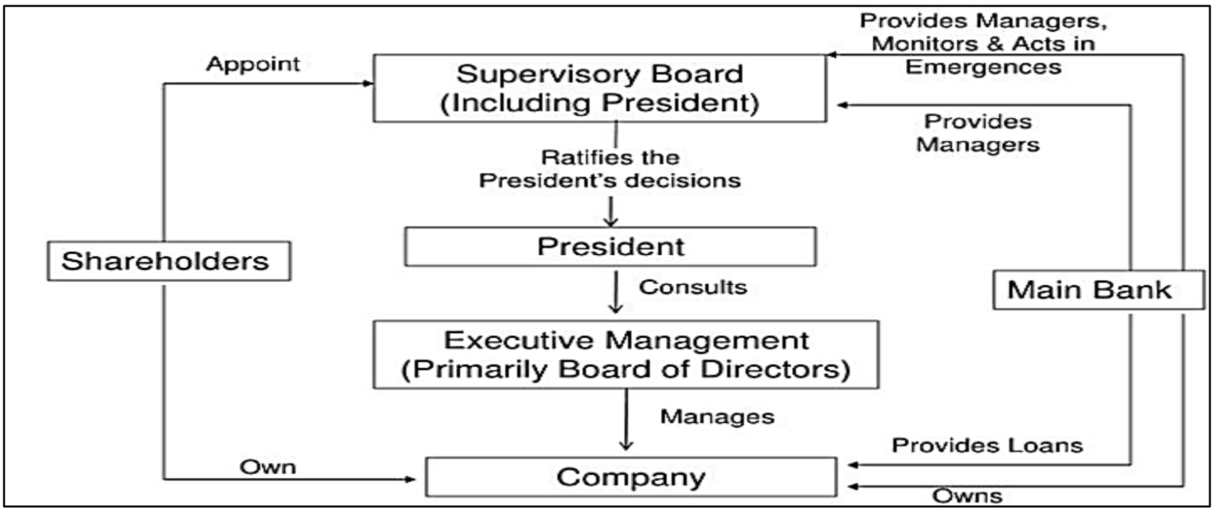


2.3.3 THE JAPANESE MODEL

Also referred to as the Business Network Model, indicates that a substantial share of capital of Japanese firms is generated through banks and financial institutions. As stakes of these banks and financial institutions in businesses are substantially high, they tend to work in close proximity to the corporate's administration. The President and Board are appointed collectively by shareholders and major banks. In this model, both the interest of the shareholders as well as that of the lenders is given due weightage.

Figure 6

The Japanese Model, Adapted from Mostepaniuk (2017). (Modified)



2.3.4 SOCIAL CONTROL MODEL

It advocates full representation of stakeholders on the Board. The model enforces that the formation of a Stakeholders Board over and above the shareholders, established by the Board, could strengthen the CG's internal control mechanisms. The Board of Stakeholders is composed of representation from shareholders, employees, consumers, suppliers, and lenders.

2.4 STAGES OF CORPORATE GOVERNANCE: NOTABLE DEVELOPMENTS

Economic sustainability and corporate success are both dependent on CG. Many emerging economies, financial institutions, global organizations, governments and public and private sector bodies have altered their CG systems in recent decades, and are fostering discussions and championing measures toward effective CG. Stringent legislation and CG Codes are being used to build better regulatory and self-regulatory CG structures and compliance mechanisms. Variations in cultures and judicial environment may have contributed to the fragmentation of CG. Every country has its own CG system, although having a nearly identical goal. Internal forces such as company ownership structure, the economic situation, the judicial framework, government regulations, culture, and heritage, as well as external variables such as the degree of capital inflows from abroad, the international economic culture, and cross-border institutional investment, all influence the structure of CG inherent in any country. Furthermore, the ownership pattern and legislative framework are the primary influencers of a firm's CG structure (Solomon and Solomon, 2004).

2.4.1 STAGES OF DEVELOPMENT IN CORPORATE GOVERNANCE IN THE USA

Following World War II, the USA saw rapid economic development, which had a significant bearing on CG history. Businesses were flourishing and expanding at a breakneck pace. Managers were generally in charge, with shareholders and directors expected to emulate likewise. This was an unusual contrast, because the board was heavily driven by managers. When the Securities and Exchange Commission (hereafter, SEC) decided to take a stand on formal CG changes in the 1970s, it elevated the topic of CG to the top of the agenda. For the first time, the term CG featured in the Federal Register, which happens to be the federal government official journal, in 1976.

TABLE 1

Development of Corporate Governance in the USA

YEAR	ACT	DEVELOPMENTS
1977	The Foreign Corrupt Practices Act	Provided for specific provisions regarding establishment, maintenance and review of systems of internal control.
1979	The US Securities Exchange Commission	Prescribed mandatory reporting on internal financial controls.
1985	Treadway commission	Emphasized the need of putting in place a proper control environment, desirability of constituting independent boards and its committees and an internal audit function. As a consequence, the Committee of Sponsoring Organisations (COSO) was born.
1992	COSO issued Internal Control – Integrated Framework	The Committee of Sponsoring Organizations of the Treadway Commission (COSO) issued Internal Control – Integrated Framework. It is a framework to help businesses and other entities assess and enhance their internal control systems.
2002	Sarbanes – Oxley (SOX) Act	The Act made fundamental changes in virtually every aspect of CG in general and auditor independence, conflict of interests, corporate responsibility, enhanced financial disclosures and severe penalties for wilful default by managers and auditors, in particular
2010	The Dodd-Frank Wall Street Reform and Consumer Protection Act	The Dodd-Frank Act places strict regulations on lenders and banks in an effort to protect consumers and prevent another all-out economic recession. Dodd-Frank also created several new agencies to oversee the regulatory process and implement certain changes.

2.4.2 STAGES OF DEVELOPMENT OF CORPORATE GOVERNANCE IN THE UK

The Cadbury Report was a reaction to large corporation crises in the UK linked to CG deficiencies. CG was defined as "the framework by which organisations are coordinated and controlled" in the reports of the Cadbury Committee (Financial Aspects of CG, issued in 1992). This Committee released the first edition of the UK CG Code in 1992. The CG of the enterprises is the responsibility of their boards. The responsibility of the shareholders in CG is to recruit the directors and auditors, as well as to ensure that a suitable CG framework is in effect. This is still true today, however the atmosphere in which businesses, shareholders, and other stakeholders' function is fast changing.

Table 2

Development of Corporate Governance in the UK[3]

YEAR	ACT	DEVELOPMENTS
1992	The Cadbury Report	The Committee on the Financial Aspects of CG under the chairmanship of Sir Adrian Cadbury was set up in May 1991 by the Financial Reporting Council, the Stock Exchange and the accountancy profession in response to continuing concerns about standards of financial reporting and accountability, particularly in light of the BCCI and Maxwell cases. The Committee submitted its report in 1992 and developed a set of principles of good CG which were incorporated into the London Stock Exchange Listing Rules. It also introduced the principle of comply or explain, making three basic recommendations:

[3] https://www.icsi.edu/media/webmodules/GRMEC_BOOK_2020.pdf?

YEAR	ACT	DEVELOPMENTS
		• the CEO and Chairman of companies should be separated; • boards should have at least three non-executive directors, two of whom should have no financial or personal ties to executives; • Each board should have an audit committee composed of non-executive directors.
1995	The Greenbury Report	The Confederation of British Industry constituted a group under the chairmanship of Sir Richard Greenbury to make recommendations on Directors' Remuneration. The group submitted its report in 1995, its major findings were as under: • Constitution of a Remuneration Committee comprising of Non-Executive Directors • Responsibility of this committee in determining the remuneration of CEO and executive directors • Responsibility of the committee in determining the remuneration policy. • Level of disclosure to shareholders regarding the remuneration of directors. • Remuneration should be linked more explicitly to performance. These findings were incorporated in the Code of Best Practice on Directors Remuneration of the Report. The majority of the recommendations were incorporated in Listing Rules of London Stock Exchange
1998	The Hampel Report	The Hampel Committee was established in November, 1995 to review and revise the earlier recommendations of the Cadbury and Greenbury Committees. An important development was in the area of accountability and audit. The Board was identified as having responsibility to maintain a sound system of internal control, thereby safeguarding shareholders' investments. Further, the Board was to be held accountable for all aspects of risk management. Recommendations of this Report and further consultations by the London Stock Exchange became the Combined Code on CG

YEAR	ACT	DEVELOPMENTS
1998	Combined Code of Corporate Governance	The resulting Hampel Report led to the publication of Combined Code which applied to all listed companies. It added that, the Chairman of the board should be seen as the “leader” of the non- executive directors; institutional investors should be responsible to make considered use of their vote; and all kinds of remuneration including pensions should be disclosed.
1999	The Turnbull Report	The Turnbull Committee was established to provide direction on the internal control requirements of the Combined Code, including how to carry out risk management. The report informs directors of their obligations under the Combined Code with regard to keeping good internal controls in their companies, or having good audits and checks to ensure the quality of financial reporting and catch any fraud before it becomes a problem.
2001	Myners: Review of Institutional Investment	Paul Myners ‘Institutional Investment in the UK: A Review’ published in 2001, was commissioned by the Government, to consider whether there were factors distorting the investment decision-making of institutions. The analysis contained in the Report pointed to a number of problems with the existing structures used by the various types of institutional investors to make investment decisions.
2003	The Higgs Report	Sir Derek Higgs was commissioned by the UK Government to review the roles of independent directors and of audit committees. The resulting Report proposed: • that at least half of a board (excluding the Chair) be comprised of non- executive directors; • that the non-executives should meet at least once a year in isolation to discuss company performance; • that a senior independent director be nominated and made available for shareholders to express any concerns to; and • that potential non-executive directors should satisfy themselves that they possess the knowledge, experience, skills and time to carry out their duties with due diligence.

YEAR	ACT	DEVELOPMENTS
		Also in same year, The Financial Reporting Council published the Smith Report, Guidance on Audit Committees. The Tyson Report on the recruitment and development of non-executive directors commissioned by the Department of Trade and Industry
2009	Walker Review of Corporate Governance of UK Banking Industry	The principal focus of this Review was on banks, but many of the issues arising, and associated, conclusions and recommendations, are relevant – if in a lesser degree – for other major financial institutions such as life assurance companies. The terms of reference were as follows: "To examine CG in the UK banking industry and make recommendations, including in the following areas: the effectiveness of risk management at board level, including the incentives in remuneration policy to manage risk effectively; the balance of skills, experience and independence required on the boards of UK banking institutions; the effectiveness of board practices and the performance of audit, risk, remuneration and nomination committees; the role of institutional shareholders in engaging effectively with companies and monitoring of boards; and whether the UK approach is consistent with international practice and how national and international best practice can be promulgated."
2011	The Sharman Inquiry	The Financial Reporting Council announced the launch of an enquiry led by Lord Sharman to identify lessons for companies and auditors addressing going concern and liquidity risk.
2018	The UK Corporate Governance Code	In November 2016, the Department for Business, Energy and Industrial Strategy (BEIS) published a Green Paper on CG reforms which focused on executive pay and strengthening the voice of employees and other stakeholders in the boardroom. Consequently, FRC made an announcement in February 2017 to take account of the issues raised in the BEIS Green Paper by undertaking a fundamental review of UK Code of CG. On 29 August 2017, the Government identified a number of proposals that it intended to take forward, including inviting the FRC to initiate a consultation

YEAR	ACT	DEVELOPMENTS
		with the aim of revising the UK CG Code in a number of key areas. On 5 December, 2017 the FRC published for consultation proposed revisions to the UK CG Code and Guide on Board Effectiveness. The Financial Reporting Council (FRC) published its new 2018 UK CG Code (2018 Code) on July 16, 2018, together with revised Guidance on Board Effectiveness (Guidance) which supplements the 2018 Code by suggesting good practice to assist companies in applying the 2018 Code's Principles and reporting on that application. The 2018 Code sets higher standards of CG in the UK so as to promote transparency and integrity in business and, at the same time, attract investment in the UK in the long-term, benefiting the economy and wider society. The 2018 Code emphasizes the importance of positive relationships between companies, shareholders and stakeholders, a clear purpose and strategy aligned with healthy corporate culture, high quality board composition and a focus on diversity, and remuneration which is proportionate and supports long-term success.
2020	The UK Stewardship Code 2020	Stewardship is the responsible allocation, management and oversight of capital to create long-term value for clients and beneficiaries leading to sustainable benefits for the economy, the environment and society. The UK Stewardship Code 2020 is a substantial and ambitious revision to the 2012 edition of the Code which took effect from 1 January 2020.The UK Stewardship Code 2020 (the Code) sets high stewardship standards for asset owners and asset managers, and for service providers that support them. The Code comprises a set of 'apply and explain' Principles for asset managers and asset owners, and a separate set of Principles for service providers. The Code does not prescribe a single approach to effective stewardship. Instead, it allows organisations to meet the expectations in a manner that is aligned with their own business model and strategy. The Code consists of 12 Principles for asset managers and asset owners, and 6 Principles for service providers.

2.5 CORPORATE GOVERNANCE IN INDIA

The concept of CG, in India, gained traction primarily in the midst of economic liberalization and de-regularization of business and industry. The Government of India's measures in 1991, aiming at economic liberalisation, privatisation, and globalisation of the domestic sector, prompted the government to adopt a number of steps to enhance the CG processes. With the rapid speed of globalization, many companies were forced to enter foreign capital markets and thus faced intensified competition. Thus, the significance of enhancing the CG standards was becoming particularly evident to the policymakers as well as the business managers. Although, India does have one of the strongest CG laws, but CG has been adversely affected by weak enforcement alongside pre-reform period socialist policies.

Furthermore, there are some historical linkages to the notion of CG in India, bearing its roots in the Indian Ethos. The CG frameworks of ancient empires and contemporary companies are very similar, as evidenced by historic texts and doctrines such as the "Vedas, Manu Smriti, Neetistuti, and Arthashastra, all of which emphasise good CG. All of the Upanishads, Vedas, and Epic Kavyas emphasise the importance of ethics being practised from within, whether by an individual, a monarch, or an entire empire. Furthermore, all religious or philosophical writings have certain governing precepts. Some of them are highlighted as under:

Ramayana - The Ramayana, written by Valmiki, carries useful tips on ethics and values, statecraft and politics, and even general and human resources management.

Bhagwad Gita - emphasized the concept of duty and its importance for good leadership.

Mahabharata - Shanti Parva which is the part of Indian Epic Mahabharata recites the duties of the ruler, dharma and good governance. The Shanti parva dedicates over 100 chapters on duties of a king and rules of proper governance. A prosperous kingdom must be guided by truth and justice. The duty of a ruler and his cabinet is to enable people to be happy, pursue truth and act sincerely.

Arthashastra - Kautilya's Arthashastra maintains that for good governance, all administrators, including the king are considered servants of the people. Good CG and stability are completely linked. If rulers are responsive, accountable, removable, recallable, there is stability. These tenets hold good even today. Kautilya's fourfold duty of a king namely; Raksha, Vriddhi, Yogakshema and Palana, draws a parallel with good CG. It could be further explained as follows: the principle of CG involves protecting the wealth of shareholders (Raksha) by replacing the King of the nation with the Company's CEO or Board of Directors, improving wealth through prudent use of assets (Vriddhi), preserving wealth through productive initiatives (Palana), and above all preservation of shareholders' interests (Yogakshema or safeguard)."[4]

2.6 G20/OECD PRINCIPLES OF CORPORATE GOVERNANCE

The G20/OECD CG Principles aid policymakers in assessing and improving the legislative, regulatory, and normative structure for CG. They also offer advice to securities exchange, shareholders, organisations, and others involved in the development of strong CG. The principles were first published in 1999 and have since become the global standard in CG. They have been backed by the G20 and have been accepted as one of the "Financial Stability Board's Key Standards for Sound Financial Systems."[5] The Principles are presented in six different headings as given below:

2.6.1 ENSURING THE BASIS FOR AN EFFECTIVE CORPORATE GOVERNANCE FRAMEWORK

The CG paradigm should encourage fair and transparent markets, as well as optimal resource allocation. It should adhere to the legal system and promote adequate oversight and implementation. It should be established with the goal of improving cumulative economic

[4] CG in India - Evolution and Challenges by Prof. Mamata Sawakar. 2018 Ijcrt | Volume 6, Issue 2 April 2018 | Issn: 2320-2882
[5] https://www.oecd-ilibrary.org/governance/g20-oecd-principles-of-corporate-governance

performance, market participant incentives, and market integrity, as well as promoting transparent and markets functioning well. Regulatory and legal considerations affecting CG activities should be transparent, accountable, and compatible with the legal system. The allocation of responsibility among various authorities should be well-defined and structured to benefit the public good. Efficient CG should be supported by stock market legislation. Officials in charge of supervision, regulation, and enforcement must have the authority, credibility, and resources to carry out their responsibilities in a competent and impartial manner. Furthermore, their decisions should be made in a prompt, transparent, and comprehensive manner.

2.6.2 THE RIGHTS AND EQUITABLE TREATMENT OF SHAREHOLDERS AND KEY OWNERSHIP FUNCTIONS

The CG framework shall safeguard and promote the exercising of shareholders' rights, as well as ensuring that all shareholders, are treated equally. All shareholders should be able to seek appropriate recourse when their rights are violated. Shareholders should be adequately educated about, and have the right to authorise or actively engage in, decisions involving basic organisational changes such as amendments to the firm's laws and regulations, articles of incorporation, or other governing paperwork; the authorization of additional shares; and extraordinary operations, such as the transfer of all or considerably all assets, which effectively results in the sale of the company. Shareholders must have the chance to vote and effectively engage in regular shareholder meetings, as well as be aware about the rules that dictate general shareholder meetings, including voting techniques. General shareholder meeting systems and processes should ensure that all shareholders are treated fairly. Shareholders should be entitled to raise queries to the board of directors, particularly queries about the yearly external audit, place issues on the itinerary of general meetings, and offer resolutions, all within reasonable limits. Shareholder involvement in critical CG decisions, like board member selection and election, should be made easier. Shareholders should be able to express their opinions on the compensation of board members and/or senior executives, if appropriate, via votes at shareholder meetings. All shareholders in a class's similar succession should be treated similarly. Capital structures and procedures that allow particular shareholders to have undue power or influence over the company's operations should be reported. Related-party transactions must be authorized and carried out in a way that avoids conflicts of interest and safeguards the corporation and its shareholders' interests. Furthermore, minority shareholders must be guarded against unfair activities by dominant owners, whether directly or indirectly, and must have robust redress mechanisms.

2.6.3 INSTITUTIONAL INVESTORS, STOCK MARKETS, AND OTHER INTERMEDIARIES

The CG system must offer solid incentives across the investment channel and allow stock markets to operate in a manner that promotes effective CG. Institutional investors operating in a fiduciary role must reveal their CG and voting decisions in relation to their investments, as well as the techniques they employ to decide whether or not to exercise their voting rights. Institutional investors operating in a fiduciary role must report how they address substantial conflicts of interest that could impair the exercising of fundamental rights of ownership over their investments. Proxy advisers, researchers, dealers, rating agencies, and anyone who offer analysis or guidance, important for investor decisions must be encouraged by the CG framework to declare and mitigate conflicts of interest that could jeopardise the credibility of their analysis or suggestions. Insider trading and price manipulating should be illegal, and the regulations should be followed. The pertinent CG regulations and laws should be fully reported for those firms that are listed in a jurisdiction other than that of their incorporation. As a tool of promoting efficient CG, stock markets should enable effective and equitable price identification.

2.6.4 THE ROLE OF STAKEHOLDERS IN CORPORATE GOVERNANCE

The CG structure must acknowledge stakeholder rights defined by law or mutual consent, and promote active collaboration between companies and stakeholders in the creation of wealth, employment, and the long-term viability of financially secure businesses. Stakeholder rights, whether prescribed by legislation or via contractual consent, must be protected. Wherever stakeholder interests are legally protected, stakeholders should be able to seek adequate remedies if their rights are violated. Employee participation initiatives should be allowed to evolve. Where stakeholders are involved in the CG processes, they ought to have regular and consistent accessibility to pertinent, adequate, and credible information. Stakeholders, including independent employees and their designated representatives, should be willing to openly convey their reservations about unethical or illegal conduct, to the board and the appropriate government bodies, and their rights should never be jeopardised as a result of doing so. An adequate, effective insolvency structure and efficient enforcement of creditor rights must be added to the CG mechanism.

2.6.5 DISCLOSURE AND TRANSPARENCY

The CG structure must assure that all significant data about the company, such as its financial status, ownership, performance, and CG, is disclosed in a concise and correct manner. Disclosure should include, but not be limited to, material information on:

1. The operating and financial results of the company.
2. Major share ownership, including beneficial owners, and voting rights
3. Company objectives and non-financial information
4. Remuneration of members of the board and key executives.
5. Related party transactions
6. Board member information, including their qualifications, selection process, other company directorships and whether they are regarded as independent.

7. Foreseeable risk factors.

8. Governance structures and policies, including content of any CG code or policy

9. Issues regarding employees and other stakeholders.

Accounting and financial as well as non-financial reporting must be completed and presented with due compliance. So as to offer an assurance to the board and shareholders, that the financial statements accurately depict the company's financial position and performance in all material respects, a yearly audit should be performed by an impartial, proficient, and eligible auditor in conformance with high standards on auditing. External auditors ought to be answerable to shareholders and have an obligation to the company to undertake the audit with reasonable care and skill. Users must have equitable, timely, and cost-effective accessibility to pertinent information via routes for conveying information.

2.6.6 THE RESPONSIBILITIES OF THE BOARD

The CG structure should assure the firm's strategic direction, the board's efficient managerial supervision, and the board's responsibility to the firm and its shareholders. Board members should make decisions based on complete information, in fairness, with due investigation and effort, and for the company's and shareholders' greatest benefit. Where board decisions might have varied consequences for diverse shareholder groups, the board must serve all shareholders equally. The board should adhere to strict ethical guidelines. It must accommodate the interests of all stakeholders. The board is expected to substantiate certain key functions, including:

a. Monitoring effectiveness of a company’s CG practices and making requisite changes.

b. Reviewing and guiding corporate strategy, annual budgets and business plans; major plans of action, setting performance objectives; risk management policies and procedures, overseeing major capital expenditures, acquisitions and divestitures.

monitoring implementation and corporate performance

c. Aligning board remuneration and the key executive with long-term interests of a company and its shareholders.

d. Selecting, compensating, monitoring, and when necessary, replacing key executives and overseeing succession planning.

e. Ensuring a formal and transparent board nomination and election process.

f. Ensuring the integrity of the corporation’s financial reporting and accounting, and systems for risk management.

g. Supervising the disclosure and communications process.

h. Monitoring and managing potential conflicts of interest of management, board members and shareholders, including misuse of corporate assets.

On company matters, the board ought to be able to make unbiased, independent decisions. It should think about appointing a substantial number of non-executive board members competent of expressing objective opinion on jobs wherein a conflict of interest could arise. Ensuring the validity of financial and non-financial reports, evaluating related party transactions, nomination of board members and senior executives, and board compensation are all instances of critical areas of responsibility. Boards might contemplate developing specially trained committees to assist the complete board in carrying out its responsibilities, notably in the areas of audit and risk assessment and compensation, based on the size and risk profile of the company. When board committees are formed, their goal, makeup, and operational processes should all be well specified and disclosed by the board. Members of the board ought to be prepared to adequately adhere to their tasks. Boards should conduct periodic reviews to examine their competence and determine whether they have a proper balance of experience and skills. Board members must have recourse to correct, timely, and pertinent information in order to carry out their duties. When employee participation on the board is required, measures should be devised to assist employee representatives' access to information and learning so that their involvement is efficient and adds value to the advancement of board competence, information, and autonomy.

2.7 CONTEMPORARY DEVELOPMENTS IN INDIA

Indian associations or body corporates were constrained by colonial rules, and the British employers' interests and preferences were taken into account in a predominant part of the guidelines and principles. Enacted in 1866, the Companies Act was amended in 1882, 1913 and 1932. In 1932 the Partnership Act was brought into effect. These ordinances had a management organization model as a fixate, as individuals or firms agreed to enter into a valid contract with corporate entities to administer the latter. Owing to scattered and unprofessional ownership, this era was characterised as a period of resource misuse and obligations being shunned by managerial experts. Shortly after independence, there were many such significant products, wherein the government had regulated and imposed fair prices, that industrialists were interested in manufacturing. That was the point when the Tariff Commission and the Bureau of Industrial Costs and Prices was established by the Government. Industries (Development and Regulation) Act and the Companies were integrated into the legal structure in 1950. In addition to the regular affairs, the 1960s was characterised as a period of establishing heavy industries. The period from the 1970s to the mid-1980s was a time involving expense, quantity, and benefit analysis, as a significant part of the cost accounting activities.

India was explicitly perceived by organizations around the world as a means of making significant strides into untapped new markets. Notwithstanding the regulations being in place, the Indian firms had put in an effort to bring in place the framework of effective CG from the very beginning. The situation, on the other hand, was not very promising since it was excessively promoter-centric, and good CG principles were simply implemented for the sake of ease of promoters. Recognizing the importance of managing the corporations in a more effective manner, so as to ensure that they are globally competent, a number of prospects and plan of action have been proposed, signalling CG to advance. In 1998 the Chamber of Indian Industries proposed the fundamental code for corporate administration. Its proposed concept was — CG regulates rules, procedures, processes, and recognizes values that define the capacity of an entity to make administrative decisions, especially pertaining to its owners, banks, customers, the State, and representatives.

As stated in the report of N. R. Narayana Murthy Committee on CG constituted by SEBI (2003), "CG is the acceptance by management of the in a lien able right of shareholders as the true owners of the corporation and of their own role as trustees on behalf of the shareholders. It is about commitment to values, about ethical business conduct and about making a distinction between personal and corporate funds in the management of a company."[6] The Government of India's efforts in 1991, directed at economic liberalisation, privatisation, and globalisation of the domestic market, prompted India to embark on a structural adjustment in order to adapt appropriately to global events. The CII, the Associated Chambers of Commerce and Industry (ASSOCHAM), and the SEBI formed committees to propose CG actions in response to the Cadbury Committee Report's recommendations.

[6] https://www.sebi.gov.in/reports/reports/mar-2003/the-report-of-shri-n-r-narayana-murthy-committee-on-corporate-governance-for-public-comments-_12986.html

TABLE 3

Development of Corporate Governance in India[7]

YEAR	ACT	DEVELOPMENT
The first phase of India's CG reforms (1996-2008)		
1996	Confederation of Indian Industries (CII)	The CII, took a special measure on CG, taking on the first institutional effort in the Indian industry. The goal was to encourage and establish a code for business, be it for all corporate organizations, in the public or private sectors, financial institutions or banks. Its actions highlighted public concerns about investor protection, particularly small investors; need to progress towards international standards for corporate entities disclosing relevant information; promotion and validation of transparency within business and industry; and, the need to instil a high level of public confidence. This Code's final draft was introduced in April 1998.
1998	Desirable CG: A Code	CII took a special initiative on CG, the first institution initiative in Indian Industry. The objective was to develop and promote a code for CG to be adopted and followed by Indian companies, whether in the Private Sector, the Public Sector, Banks or Financial Institutions, all of which are corporate entities. The final draft of the said Code was widely circulated in 1997 and released in April 1998. It was called Desirable CG: A Code.
1999	Kumar Mangalam Birla Committee	The Securities and Exchange Board of India (SEBI) had set up a Committee on May 7, 1999 under the Chairmanship of Kumar Mangalam Birla to promote and raise standards of CG. The Report of the committee was the first formal and comprehensive attempt to evolve a Code of CG, in the context of prevailing conditions of governance in Indian companies, as well as the state of capital markets at that time. The recommendations of the Report, led to inclusion of Clause 49 in the Listing Agreement in the year 2000.

[7] https://www.icsi.edu/media/webmodules/GRMEC_BOOK_2020.pdf?

YEAR	ACT	DEVELOPMENT
2000	Task Force on Corporate Excellence through Governance	In May 2000, the Department of Company Affairs [now Ministry of Corporate Affairs (MCA)] formed a broad-based study group under the Chairmanship of Dr. P.L. Sanjeev Reddy, Secretary, DCA. The group was given the ambitious task of examining ways to operationalise the concept of corporate excellence on a sustained basis, so as to sharpen India's global competitive edge and to further develop corporate culture in the country. In November 2000, a Task Force on Corporate Excellence set up by the group produced a report containing a range of recommendations for raising governance standards among all companies in India. It also suggested the setting up of a Centre for Corporate Excellence.
2002	Naresh Chandra Committee	The Enron debacle of 2001 involving the hand-in-glove relationship between the auditor and the corporate client, the scams involving the fall of the corporate giants in the U.S. like the WorldCom, Qwest, Global Crossing, Xerox and the consequent enactment of the stringent Sarbanes Oxley Act in the U.S. were some important factors which led the Indian Government to wake up and in the year 2002, Naresh Chandra Committee was appointed to examine and recommend inter alia amendments to the law involving the auditor-client relationships and the role of independent directors.
2003	N. R. Narayana Murthy Committee	In the year 2002, SEBI analysed the statistics of compliance with the clause 49 by listed companies and felt that there was a need to look beyond the mere systems and procedures if CG was to be made effective in protecting the interest of investors. SEBI therefore constituted a Committee under the Chairmanship of Shri N. R. Narayana Murthy, for reviewing implementation of the CG code by listed companies and for issue of revised Clause 49 based on its recommendations.
2004	Dr. J. J. Irani Committee on Company Law	The Government constituted a committee under the Chairmanship of Dr J. J. Irani, Director, Tata Sons, with the task of advising the Government on the proposed revisions to the Companies Act, 1956 with the

YEAR	ACT	DEVELOPMENT
		objective to have a simplified compact law that would be able to address the changes taking place at the national and international front, enable adoption of internationally accepted best practices as well as provide adequate flexibility for timely evolution of new arrangements in response to requirements of ever-changing business models. The Committee recommended that effective measures be initiated for protecting the interests of stakeholders and investors, including small investors, through legal basis for sound CG practices. With a view to protect the interest of various stakeholders, the Committee also recommended the constitution of a "Stakeholders' Relationship Committee" and provision of duties of directors in the Act with civil consequences for non-performance.
Second Stage of CG —Post the Satyam Debacle		
2009	CII's Task Force on CG	In 2009, CII's Task Force on CG gave its report and suggested certain voluntary recommendations for industry to adopt.
2009	CG Voluntary Guidelines	Inspired by the industry recommendations, the MCA, in late 2009, released a set of voluntary guidelines on CG. The Guidelines were derived out of the unique challenges of the Indian economy, and took cognizance of the fact that all agencies need to collaborate together, to ensure that businesses flourish, even as they contribute to the wholesome and inclusive development of the country. The Guidelines emphasized that responsible businesses alone will be able to help India meet its ambitious goal of inclusive and sustainable all-round development. It urged businesses to embrace the triple bottom-line approach whereby their financial performance could be harmonized with the expectations of society, the environment and the many stakeholders in a sustainable manner.

YEAR	ACT	DEVELOPMENT
2010	NASSCOM Recommendations	CG and Ethics Committee of the National Association of Software and Services Companies (NASSCOM) issued recommendations in mid-2010, focusing on the stakeholders of the company.
2012	Policy Document on Corporate Governance	The Ministry of Corporate Affairs constituted a committee to formulate a Policy Document on CG under the chairmanship of Mr. Adi Godrej with the President ICSI as Member Secretary. The Policy Document sought to synthesize the disparate elements in the diverse guidelines, draw on innovative best practices adopted by specific companies, incorporate current international trends and anticipate emerging demands on CG in enterprises in various classes and scale of operations. The Adi Godrej Committee submitted its report which was articulated in the form of 17 Guiding Principles of CG.
2013	Companies Act	It brought with it radical changes in the sphere of CG in India. It provided a major overhaul in CG norms and sought to have far-reaching implications on the manner in which corporate operates in India. The Act has since been amended thrice – in 2015, 2017 and 2019. The Amendments impacts different aspects of business management in India, including key structuring, disclosure, and compliance.
2015	SEBI (Listing Obligations and Disclosure Requirements) Regulations	With a view to consolidate and streamline the provisions of the erstwhile listing agreements for different segments of the capital market and the provisions pertaining to listed entities with the Companies Act, 2013, the SEBI notified SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the listed entities having listed designated securities on recognized stock exchanges.
2017	Uday Kotak Committee	The SEBI Committee on CG was formed in June 2017 under the Chairmanship of Mr. Uday Kotak with the aim of improving standards of CG of listed companies in India. With the aim of improving standards of CG of listed companies in India, the Committee was requested to make recommendations to SEBI on the following issues:

YEAR	ACT	DEVELOPMENT
		• Ensuring independence in spirit of Independent Directors and their active participation • Improving safeguards and disclosures pertaining to Related Party Transactions; • Issues in accounting and auditing practices by listed companies; • Improving effectiveness of Board Evaluation practices; • Addressing issues faced by investors on voting and participation in general meetings; • Disclosure and transparency related issues, if any; • Any other matter, as the Committee deems fit pertaining to CG in India. The Committee submitted its report to SEBI in October 2017. The recommendations of the Committee were given in 11 Chapters as follows: Composition and Role of the Board of Directors- • The Institution of Independent Directors • Board Committees • Enhanced Monitoring of Group Companies • Promoters/Controlling Shareholders and Related Party Transactions • Disclosures and Transparency • Accounting and Audited related Issues • Investors participation in Meetings of Listed Entities • Governance aspects of Public Sector Enterprises • Leniency Mechanism • Capacity building in SEBI for enhancing CG in Listed Entities

YEAR	ACT	DEVELOPMENT
		In its board meeting on March 27, 2018, SEBI, after detailed consideration and due deliberation, accepted several recommendations of the Kotak Committee without any modifications and accepted a few other recommendations with certain modifications as to timelines for implementation, applicability thresholds among others. Some of the major changes accepted relate to: • Increasing Transparency - Enhanced Disclosure Requirements • Disclosure of Utilization of Funds from Qualified Institutional Placement (QIP) /Preferential Issues Disclosures of Auditor Credentials, Audit Fee, Reasons for Resignation of Auditors • Disclosure of Expertise/Skills of Directors • Enhanced Disclosure of Related Party Transaction (RPT)-A • Mandatory Disclosure of Consolidated Quarterly Results with effect from Financial Year 2019-2020 • Reshaping the Institution of the Board of Directors and Enhancing the Role of Committees of the Board • Separation of the office of the chairperson (leader of the board) and CEO/MD (leader of the management) • Augmenting board strength and diversity • Enhanced Quorum • Capping the Maximum Number of Directorships • Expanded Eligibility Criteria for Independent Directors • Enhanced Role of committees • Down-streaming CG • Enhanced Obligations on Listed Entities with Respect to Subsidiaries • Secretarial Audit to be Mandatory for Listed Entities and their Material Unlisted Subsidiaries

2.8 LEGISLATIVE FRAMEWORK OF CORPORATE GOVERNANCE IN INDIA

The Companies Act, 2013, which envisions significant modifications in India's CG landscape, as well as the SEBI LODR Regulations, 2015, include a number of provisions for strong CG. All firms registered under the Companies Act, 2013, are subject to the Act's provisions, and listed companies must additionally adhere to SEBI regulations. The same cannot be said for nationalised banks, which are administered by distinct Acts. Companies in particular industries, such as banking, insurance, and the public sector, are obligated to observe the legislative guidelines set forth by the respective sector specific regulator.

2.8.1 THE COMPANIES ACT, 2013

The Companies Act of 2013 governs the formation, registration, and regulation of firms in our country. In 2013, the Companies Act of 1956 was extensively overhauled, and a new Act was enacted that is milestone legislation in terms of enhancing company CG. The Companies Act of 2013 reveals that authorities are focused on strengthening board duty and accountability. The Act includes distinct obligations for CG, disclosures, and the boards, committees', and independent directors' strengthened responsibilities, duties, and obligations. Some notable provisions of this Act related to CG include:

(a) Appointment and maximum tenure of Independent Directors – The act specifies that a minimum of three independent directors is required to be a part of a Board. For the first five years, following the issue of a Certificate of Registration to insurers, this criterion is eased to two independent directors, instead of three. Independent Directors must meet all requirements stated in Section 149 of the Companies Act of 2013. If the total of independent directors drops beneath the statutory minimum, the post must be filled prior to the next Board meeting or within three months of the date of the vacancy, whichever comes first, with notice to the Authority.

(b) Appointment of Woman Directors - In India, the Companies Act, 2013 acknowledged the significance of gender diversity and mandated that “at least one-woman director be appointed

to the Board of listed and certain other specified classes of companies"[8]. Improved disclosures and declarations in the Board Report and Annual Return, must be made, on Managerial Compensation, risk assessment, internal control for financial reporting, conformance to the law, Related Party Transactions, CSR, shareholding pattern, and public money lying idle, amongst the others.

(c) Constitution of Audit Committee - The criteria of reference for a competent and objective Audit Committee must be formulated. A "minimum of three Directors must serve on the Audit Committee. Independent Directors must make up two-thirds of the audit committee"[9]. The Audit Committee will be chaired by an independent director. All audit committee members must be familiar with the Company's financial affairs, and at least one such person must be a professional in accounting and associated financial management. The Audit Committee Chairman must be present at the Annual General Meeting to address shareholder questions; but, if he is unavailable to participate due to unforeseen circumstances, he could nominate any member of the Audit Committee.

(d) Separation of role of Chairperson and Chief Executive Officer - Separation of the positions of chairman and CEO is thought to improve the efficiency of a corporate board. The board of directors and the chairman are responsible for monitoring and evaluating a firm's performance. The managerial team, on the other hand, is represented by a CEO. There is reduced accountability when the two roles are handled by the same person. A precise distinction between the Board Chairman and the CEO's responsibilities fosters equitable power dynamics. "First proviso to Section 203(1) of the Companies Act, 2013 provides for the separation of role of Chairman and CEO subject to conditions thereunder. It specifies that an individual shall not be appointed or reappointed as the chairperson of the company, in pursuance of the articles of

[8] https://www.icsi.edu/media/portals/0/APPOINTMENT%20AND%20QUALIFICATIONS.pdf
[9] https://www.sebi.gov.in/sebi_data/commondocs/cir2803an1_p.pdf

the company, as well as the managing director or CEO of the company at the same time after the date of commencement of this Act unless —

a) The articles of such a company provide otherwise;

b) The company does not carry multiple businesses."[10]

This proviso is not applicable to public firms having paid-up share capital of ₹ 100 crore or more and having an annual turnover of ₹ 1000 crore or more, that are involved in various businesses, having a CEO for each of them. This paid-up share capital and yearly sales shall be determined on the grounds of the most recent audited balance sheet.

(e) Constitution of CSR Committee – "Section 135 (1) read with rule 3 of Companies (Corporate Social Responsibility Policy) Rules, 2014, mandates that every company which fulfils any of the following criteria during the immediately preceding financial year shall constitute a Corporate Social Responsibility Committee of Board consisting of three or more directors, out of which at least one director shall be an independent director:

a) Companies having net worth of rupees five hundred crore or more, or

b) Companies having turnover of rupees one thousand crore or more or

c) Companies having a net profit of rupees five crore or more"[11]

Several other amendments to the Companies Act 2013 was introduced in the Companies (Amendment) Act, 2017 and the Companies (Amendment) Act, 2019, reinstating provisions to improve CG. All the listed entities are regulated by the SEBI. SEBI was established with the objective of controlling fraudulent practices and protecting investor interest. Its primary aim is to regulate the Stock Exchange activities and simultaneously ensure a healthy financial market development. To ensure a robust CG, SEBI charted out detailed CG Norms in form of Clause 49 of Listing Agreement which has been now revised, to be notified as the SEBI (LODR) Regulations, 2015.

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[10] https://www.sebi.gov.in/sebi_data/meetingfiles/mar-2022/1646214623121_1.pdf

[11] https://www.mca.gov.in/Ministry/pdf/FAQ_CSR.pdf

2.8.2 REGULATION 4 OF SEBI (LODR) REGULATIONS, 2015

It set broad principles for listed businesses' regular disclosures and liabilities under Chapter II. It includes prerequisites for listed firms in areas such as board composition specifications, board committee prerequisites, liability with regards to insinuations and disclosure to securities exchange, and stipulation with reference to board procedure and meetings, among other aspects. The principles governing such disclosures and obligations – Regulation 4:

(1) Listed entities having its securities listed, shall make requisite disclosures and adhere to the obligations under these regulations, as mentioned in the following principles:

(a) The listed entity shall implement prescribed accounting standards while preparing financial statements, accounting for stakeholders' interest and also shall ensure that the annual audit is undertaken by an independent, qualified and competent auditor.

(b) Information is to be prepared and disclosed keeping in mind the relevant accounting and financial disclosure standards.

(c) The listed entity should avoid any form of misrepresentation and misleading information provided to recognised stock exchange(s) and investors.

(d) Information distribution channels should ensure timely and cost-efficient availability of relevant information to investors. It should also be accurate, explicit and in simple language.

(e) The listed entity should adhere to all the provisions of the relevant laws and guidelines issued by the Board and the recognised stock exchange.

(f) The listed entity should make specified disclosures and abide by its obligations with respect to taking into consideration the interest of all stakeholders.

(g) Periodic filings, statements, reports, information reports and relevant documents shall possess information that should be able to enable investors in tracking the performance of a listed entity regularly and shall provide sufficient information enabling investors in assessing the listed entity's current status.

(2) The listed entity having specified securities listed, shall comply with the CG provisions as mentioned in “chapter IV which shall be implemented so as to achieve the objectives of the principles as mentioned below:

(a) Rights of shareholders: The listed entity shall seek to protect and exercise shareholder rights

(b) Timely information: The listed entity shall provide timely and adequate information to shareholders.

(c) Equitable treatment: The listed entity shall ensure equitable treatment of all shareholders, including minority and foreign shareholders.

(d) Role of stakeholders in CG: The listed entity shall recognise the rights of its stakeholders and encourage co-operation between them.

(e) Disclosure and transparency: The listed entity shall ensure timely and accurate disclosure on all material matters including the financial situation, performance, ownership, and CG.

(f) Responsibilities of the board of directors: The position of directors in their relationship to the company is not only as the agents, but also trustees of the company. Board composition is one of the most important determinants of board effectiveness. Beyond the legal requirement of minimum directors, a board should have a judicious mix of internal and independent directors. Members of the board need to conduct themselves so as to meet the expectations of operational transparency to stakeholders while at the same time maintaining confidentiality of information in order to foster a culture of good decision making. Key functions of the board of directors include reviewing and guiding corporate strategy, annual budgets and business plans, setting performance objectives, monitoring implementation and corporate performance, ensuring a transparent nomination process to the board, monitoring and managing potential conflicts of interest of management, members of the board of directors and shareholders, including misuse of corporate assets and abuse in related party transactions.”[12]

[12] https://www.sebi.gov.in/sebi_data/attachdocs/1441284401427.pdf

TABLE 4

Composition and Structure of the Board as Prescribed by the Law[13]

PARTICULARS	COMPANIES ACT, 2013	SEBI (LODR) REGULATIONS, 2015
Size of the Board	Section 149(1) provides every company shall have a Board of Directors consisting of individuals as directors and shall have – • A minimum number of 3 directors in the case of a public company, • At least 2 directors in the case of a private company, • At least one director in the case of a One Person Company; and • A maximum of 15 directors provided that a company may appoint more than fifteen directors after passing a special resolution. *Note:* Maximum directors' clause is not applicable to Government Company and Section 8 Company	Regulation 17(1) (a) provides that Board of directors shall have an optimum combination of executive and non-executive directors with at least one-woman director and not less than fifty percent. The board shall comprise of non-executive directors; The top 500 listed companies shall have at least one independent woman director by 1 April 2019 and for the top1000 listed entities by 1 April 2020. • Regulation 17(1)(c) provides that the board of directors of the top1000 listed entities (with effect from 01/04/2019) & the top 2000 listed entities (with effect from 01/04/2020) shall comprise not less than six directors. *Explanation*: The top 500, 1000 and 2000 entities shall be determined on the basis of market capitalisation, as at the end of the immediate previous financial year.
Board Composition	*Section 149(4)* provides that every public listed company shall have at least one third of total number of directors as independent directors and Central	*Regulation 17 (1) (b)* provides that the composition of board of directors of the listed entity shall be as follows:

[13] https://www.icsi.edu/media/webmodules/GRMEC_BOOK_2020.pdf?

	Government may prescribe the minimum number of independent directors for any class of companies. *Note:* Not applicable to Government Company and IFSC Public Company Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 prescribes that the following class or classes of companies shall have at least two independent directors: • Public Companies having paid- up share capital of 10 crore rupees or more; or • Public Companies having turnover of 100 crore rupees or more; or • Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding 50 crore rupees. • However, the following classes of unlisted public company shall not be required to appoint Independent Directors, namely: (a) a joint venture; (b) a wholly owned subsidiary; and (c) a dormant company as defined under section 455 of the Act	where the chairperson of the board of directors is a non-executive director, at least one-third of the board of directors shall comprise of independent directors; • where the listed entity does not have a regular non-executive chairperson, at least half of the board shall comprise independent directors: Provided that where the regular non-executive chairperson is a promoter of the listed entity or is related to any promoter or person occupying management positions at the level of board of director or at one level below the board of directors, at least half of the board of the listed entity shall consist of independent directors. *Explanation* – For the purpose of this clause, the expression related to any promoter means: (i) if the promoter is a listed entity, its directors other than the independent directors, its employees or its nominees shall be deemed to be related (ii) if the promoter is an unlisted entity, its directors, its employees or its nominees shall be deemed to be related to it. Regulation 17(1A) specifies that no listed entity shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of 75 years unless a special resolution is passed to that effect.

CHAPTER 3: LITERATURE REVIEW, RESEARCH GAP AND OBJECTIVES OF THE STUDY

The deviation in objectives in the conventional principal-agent model creates agency problems since managers are inclined to prioritize their own interests at the cost of shareholder value maximisation. Managerial conduct in this respect is often related to size of the corporation instead of firm performance, and the major grounds on which managers could be expected to expropriate shareholders are associated with their own job stability, reputation, and pay. In an effort to eliminate information discrepancies and assess the degree of effort and performance of managers, principals (and, generally, the company) result in additional agency expenses in an attempt to oversee the activities of agents (placing an expensive weight on overall performance). Supervising expenses resulting from collecting information on managers' performance and behaviour are the most prominent portion of agency costs in this respect. Managers also face bonding costs, according to Jensen and Meckling (1976), which are challenging for principals to detect in practise, causing them to put in extra effort at the cost of their own productivity, to comply with contractual conditions and prevent agency conflict.

Agency theory is a significant instrument for gaining a perspective on potential CG mechanisms or procedures that would alleviate agency concerns while also improving primary returns. It also explains why agents could be incentivized with share ownership, categorised as a performance-based incentive, as well as the importance of external substantial owners, in alleviating agency problems, by exercising supervisory control (Fama and Jensen, 1983; Jensen and Meckling, 1976). Several CG methods in the agency model that try to balance the interests of owners and managers can help to alleviate agency problems.

Several studies have examined internal CG systems, specifically ownership and board structures, and the manner in which the inherent discrepancy between the interests of shareholders and management could be addressed to enhance performance of firms. If agency issues are handled, there's greater probability that the interests of shareholders and management will be harmonized, resulting in value maximisation and improved performance. This chapter examines the strategies proposed to eliminate agency difficulties and boost managerial incentives to match the shareholders' interests and managers' interest. The ownership structure, structure of the board, and audit related measures are the major mechanisms included in this study to realize this goal. In addition, studies pertaining to the measurement of CG and the relation between the CG mechanisms and firm performance have also been emphasised.

3.1. THEMATIC REPRESENTATION OF THE LITERATURE REVIEW

In a thematic literature review, the existing literature is organized and discussed based on themes or theoretical concepts that are relevant in getting a holistic understanding of the given domain. The literature we reviewed have thus been divided in such a manner, so as to be able to capture the various dimensions of CG and the study conducted with respect to them, in depth.

3.1.1. OWNERSHIP STRUCTURE

The requirement for CG emerges due to the disparity of interest amongst the corporate participants, namely the stakeholders. These conflicts of interest, also known as agency problems, are caused by two key factors. Firstly, each participant has different objectives and interests. Second, the participants only have partial knowledge of one another's behaviour, knowledge, and interests. Berle and Means (1932) examine the division of corporate ownership from corporate control, to resolve these disputes. They pointed out that, unlike other CG structures, this division allows executives to operate in pursuance of their self-interest instead of the shareholders'. Executives' actions, on the other hand, can be restricted by a variety of attributes that shape and impact CG of the companies they head. The board, having the power to recruit, fire, and pay managers, funding arrangements, legislation and rules, labour contracts, the corporate control market, and even the business environment are all factors that impact CG.

These factors may be either be classified as internal control mechanisms or external control mechanisms.[14] The essence of CG issues in companies is primarily determined by their ownership and control mechanisms, as well as the institutional environment in which they operate. Correspondingly, one of the main internal CG mechanisms, perceived to alleviate CG issues in both widely owned firms and in firms depicting concentrated ownership and control, is the ownership structure (Sarkar, 2012).

The allocation of equity in terms of votes and money, as well as the nature of the equity owners, determine the ownership structure. The research made by Jensen and Meckling (1976) is a classic example of the same. These economists have attempted to establish a theory of the firm's ownership structure by combining factors from the theories of agency, property rights, and finance. Now, a company's ownership structure is portrayed on the CG mechanism it follows, which influences the company's performance. Since large shareholders tend to be more motivated to actively control management, ownership concentration tends to lower managerial opportunism, decreases the potential free-rider problem, and results in minimisation of external finance agency costs. Companies with significant ownership concentration will carry less cash to the degree that this lowers the cost of external financing.

3.1.1.1. PROMOTER HOLDING - The existence of promoters and non-promoters is a key aspect in the Indian ownership environment. Promoters, in general, refer to those who were an integral part in the company's formation and thus has influence over the company, such as by shareholdings and/or managerial positions. According to a SEBI article, "By virtue of being called promoters, such persons may have influence over the listed entity disproportionate to their economic interest, which may not be in the interests of all stakeholders."[15] Other shareholders, including minority shareholders, are referred to as non-promoters. In India,

[14] Gillian, S.L., Starks, L.T. (2005), "CG, Corporate Ownership, and the Role of Institutional Investors: A Global Perspective".

[15] https://www.livemint.com/companies/news/sebi-proposes-rationalising-promoter-group-definition-moots-person-in-control-concept-11620737018233.html

promoters have a prominent part in publicly listed firms. Since 2001, on an average, the percentage of shares held by them has remained consistent at approximately 50%.[16] If promoters prioritize their own interests at the cost of minority shareholders, such domination could be unfavourable to minority shareholders' interests. Some companies such as ITC, L&T and a few others are examples of companies that currently lack promoters. They are professionally run, publicly traded corporations with high CG standards that are accountable to minority shareholders. Institutions are key shareholders of these businesses. That being said, if this conflict is managed adequately, promoters may be able to support the organization by acting transparently and as an owner who is aware and well-informed, thus resolving the agency problem. SEBI has also enacted policies relating to CG and promoters. It has also tightened disclosure provisions to protect minority shareholders' interests, including the disclosure of promoters' stock pledges and the preservation of the rights of minority shareholders in related party transactions.[17] In recent years, the SEBI has attached great importance to promoters and their consequences for the economy. According to the Kotak Committee Report, 2017, it was pointed out that: "Given the sizable number of promoter-led companies that are present in the Indian market, the challenges Indian Incorporations face are inherently unique. There are instances of promoters carrying out actions that are favourable to them but detrimental to the interests of minority shareholders. This has affected confidence in Indian Incorporations."[18] Even though the regulatory structures on CG in emerging economies differ significantly, India's history in dealing with issues related to the existence of promoters can teach other economies a great deal. Although companies with separate ownership and control have prevailed in the USA and the UK, cross-country researches have revealed that

[16] https://www.thehindubusinessline.com/markets/stock-markets/let-promoter-clause-remain-for-better-accountability/article34560086.ece

[17] https://www.businesstoday.in/markets/top-story/story/sebi-tightens-norms-for-related-party-transactions-307888-2021-09-28

[18] https://www.nfcg.in/KOTAKCOMMITTEREPORT.pdf

ownership concentration is substantial in both, countries that are developed and developing (La Porta, Silanes, Shleifer and Vishny, 1998). Concentrated ownership and control are the norm rather than just the exception in Asian economies, including India. Many of the costs and advantages associated with the participation of large shareholders that have been emphasized in studies of developed countries could well be equally applicable to developing countries like India. Simultaneously, some of the structural characteristics of developing countries, such as a less established capital market, a not so active takeover market, the lack of a well-developed operational market, the greater value of inherent trust-based contracting, and a general inclination toward insider control, may have an effect on the risks and rewards of large shareholding, in these countries in ways that are distinctive. As a result, Sarkar and Sarkar (2000) highlighted that, mechanically trying to extrapolate the experiences of CG structures in developed countries may not elicit the requisite answers. According to Khanna and Palepu (2000), greater shareholder monitoring in developing countries may be less productive than in developed countries due to a lack of details on firm performance parameters caused by poor disclosure norms, poor enforcement, the prevalence of political ties that make disciplining challenging, and the opacity involved in insider ownership, resulting from pyramiding, crossholdings, and connections with a significant number of privately owned businesses.

3.1.1.2. INSTITUTIONAL SHAREHOLDING - The advent of institutional investors as equity owners is becoming an increasingly powerful external control mechanism influencing CG around the world. Institutional investors possess the ability to influence management's actions both directly and indirectly through their ownership and by indulging in trading of shares. The indirect impact of an organization may be significant. Institutional investors, for example, may join together to resist investing in a specific business, which could lead to increasing the cost of capital of the company. According to Balasubramanian and Ramaswamy (2014), India's shareholding trend is characterized by centralized ownership and control. This may however, result in a lack of diversification in these businesses. Furthermore, concentrated ownership can result in shareholder wealth being expropriated. Institutional investors are best at screening inside block holders, and they typically push companies to improve their CG practices. Domestic mutual funds assume a passive role within institutional investors, while banks and insurance companies are more involved. A Nominee Director could be appointed by these banks and insurance companies, to those company boards, where they choose to invest. Foreign institutional investors are prone to exerting their rights of ownership more proactively.

A) DOMESTIC INVESTORS **-** They have more options for defending their interests on their own, including stronger ties with shareholders, courts, and even the armed forces (Shleifer et al. 1997; Asland and Boone, 2002). According to Lauterbach and Vaninsky (1999), owner-managed companies are less effective in producing net profits compared to firms operated by a skilled manager (who is a non-owner), and family firms operated by their owners depict the worst performance. An open corporate, having dispersed ownership and a non-owner manager, was found to facilitate firm success in the contemporary type of business organization. According to Lang, Lins, and Miller (2002), analysts evaluate CG when determining which companies to pursue. They discovered that analysts are less inclined to follow companies controlled by family or management. Domestic investor ownership is negatively correlated with advancements in CG, according to studies, especially in countries where shareholder protection is not as strong (Aggarwal, Erel, Ferreira, Matos, 2011). Domestic institutional investors also have corporate links to local companies, according to Choi et al. (2007), and are thus favourably disposed to upper management. As a result, the strong ties that exist between domestic institutions and upper management can make it difficult to effectively monitor managerial conduct.

B) FOREIGN INVESTORS **-** Even though the endogeneity of the relationship makes it difficult to establish causality, foreign institutional investors' equity ownership could have a substantial influence on CG within a firm (Gillian and Starks, 2005). In order to attract foreign investment, companies might well be encouraged to strengthen their CG practices. Increased foreign institutional investment, on the other hand, could give those institutions the authority to impose CG reforms. Foreign institutional investors, especially from countries having strong shareholder protection, have been proven to improve company CG (Aggarwal et al., 2011). Firms with more foreign ownership have higher market values and stronger operating results, according to Ferreira and Matos (2008). Their results indicate that foreign organisations favour corporate surveillance around the world because they have lesser commercial links to companies and are less influenced by management. Foreign investors can influence a company's CG either directly or indirectly through demand-supply effects. Karmin (2000) stated that certain markets face difficulty attracting foreign institutional investors, and unless businesses begin to pay closer attention to CG, emerging markets could continue to be trapped in the global finance backwaters for ages. Indirect demand-supply impacts, in addition to direct foreign investor involvement, can also contribute to better CG. There appears to be a connection between shifts in CG systems and shifts in foreign investment, according to Mitton (2002). Enhanced foreign institutional investment is perceived as a significant factor in many economies, regardless of the direction of causality, especially emerging economies, as capital demand has risen in these countries. Reforms in CG have been prominent in countries with large institutional investments. Admittedly, institutional investors, particularly foreign institutional investors, initiate driving changes in many CG structures (Gillian and Starks, 2005). Frydman, Gray, Hessel and Rapaczynski (1997), on the other hand, discovered that the influence of foreign owners on measures of performance is not as high as that of a major domestic outsider.

C) PUBLIC SECTOR ENTERPRISES – With respect to PSE's, the government is the major shareholder, and thus the agency problem shifts. Chattopadhyay (2011) analysed the issues that PSEs face in India and tried to figure out why CG practices in such enterprises hasn't been able to endure. He discovered a number of problems, including conflicting agendas, excessive government interference, a shortage of commercial and administrative self-sufficiency, and self-governing directors' absence. He suggested, that the government should enact regulations to ensure that experienced practitioners with a thorough understanding of the industry and business are appointed to the boards of directors. Large shareholders ought to be able to appoint members to the board of directors (Selarka, 2005). Any political ties should be minimised, and the power and authority of board members must be separated from that of executive management. When the government operates as a promoter and as a significant shareholder, having major shareholding of a PSE, it must consistently track the performance of its Board. Without jeopardizing the board independence or other board powers, it must explicitly spell out the strategic plan for dealing with various concerns (Chattopadhyay, 2011). As per the OECD, an ownership framework that outlines the general goals of state ownership should be formulated by the government, including the government's position in maintaining state-owned enterprise CG, and clarify how the policy framework would be enforced. Gugler, Mueller, and Yurtoglu (2003) highlighted the presence of a "double principal-agent problem" in case of PSEs.[19] PSEs operate in core economic sectors with a significant market presence, so they generate appealing investment opportunities compensating inefficiencies caused by the agency problem.

[19] Gugler, K., Mueller, D. C. and B. B. Yurtoglu, 2003, Corporate Governance and the Returns on Investment, Journal of Law and Economics, October, 589-633

3.1.2. CORPORATE GOVERNANCE MECHANISMS

The statutory framework in India has, for the most part, been in line with global best practices in CG. In general, the CG mechanism for Indian companies is enumerated in; the Companies Act, 2013, which contains provisions pertaining to board composition, board meetings and procedures, general meetings, independent directors, audit committees, financial statement disclosure standards, related party transactions; the SEBI, which oversees listed companies and issues legislation and guidelines to assure investor security; Standard Listing Agreement of Stock Exchanges for those companies which have their shares traded on stock exchanges. Thus, given the regulatory framework, CG mechanisms can be categorized into two kinds: internal and external (Jensen, 1993; Bushman and Smith, 2001; Holderness, 2003). Board Composition, Board of Directors, Committees, and Women Directors are examples of internal mechanisms. The influence of managers, shareholders, directors, and stakeholders is monitored and regulated by CG’s internal mechanisms. Internal incentives are essential for productivity, but they aren’t enough to ensure good CG.

Companies are often focused externally in addition to these internal considerations (Babatunde and Olaniran, 2009). Firm entry, processes, and existence are all efficiently addressed by a strong legal and regulatory system. Other external components, such as level of disclosure, standards of auditing and accounting, environmental standards, labour regulations, industrial product standards, and listing criteria, are some of the best practices, among the others, that are established by national and international bodies. Management is subjected to significant discipline in both the equity and debt markets. Managers are kept focused on quality and commercial success by an active competition for corporate control, fluctuating stock prices, and the dominance of shareholders. The rules of the corporate charter and bylaws are integral sources of CG. Provisions in the regulatory framework define firm-level rules in a number of ways, including shareholder voting, director and manager liabilities, and takeovers. The firm is perceived as a “set of contracts” as per Alchian and Demsetz (1972) and Jensen and Meckling (1976). Alchian and Demsetz looked at how within and outside markets for managers track management. They mainly delegated the role of monitoring to shareholders, managerial labour markets, and prospects of an outside takeover. Jensen and Meckling (1976) broaden Alchian and Demsetz’s “set of contracts” to also include contracts across all factors of production. Contractual relationships with staff, clients, vendors, creditors, and others strengthen monitoring.

The board of directors serves as the internal watchdog. The majority of decision-making power is delegated to top-level executives by boards. The stock market is perceived as an external surveillance tool, representing the financial consequences of the managers’ decisions. They also claimed, this type of external oversight puts burden on the manager to undertake decisions that benefit residual claimants. As a last option, the takeover market offers a means of external monitoring. According to Jensen (1986), takeovers typically take place when a significant restructuring of companies is needed. New managerial groups understand the potential for profit from asset reorganization and redeployment. Shareholders may choose to use hostile takeovers to do away with managers not contributing to value-maximizing managers (Jensen and Ruback, 1983; Jarrell et al., 1988). As previously stated, the market for corporate control, being a pivotal external mechanism, which in India, happens to be weak. The integration of the two mechanisms of CG, namely the internal and external mechanisms, foster effective CG by reducing interest conflicts amongst the firm’s agents and the principal. However, for our research, we’ve concentrated on the internal CG mechanism. India, as a fast-growing economy, needs to accomplish more to regulate its CG policies, according to Kulkarni and Maniam (2014), who based their claim on some of the influencing factors of CG practices, such as internal CG, auditor selection, and audit committee.

3.1.3. BOARD STRUCTURE

In CG, board structures play a crucial role. They have a big impact on corporate growth, and are controlled and monitored by a legal and regulatory system to safeguard shareholders' interests and prevent fraud. Boards, in order to be efficient, must take action, both in their structure and in their nominating practices, to make sure that insiders and executive owners do not have unreasonable influence over the board's activities and decisions.

3.1.3.1 BOARD SIZE AND COMPOSITION - It has been the focus in previous researches while examining the board effectiveness in monitoring. A variety of viewpoints exist on the impact of board size, ranging from a smaller board's more productive and successful decision-making to larger boards' enhanced oversight. Larger boards trade off integrated monitoring resources with free-riding, according to Boone, Field, Karpoff, and Raheja (2006), and would be the best when managers' prospects to reap personal gains look encouraging. Further, Jackling and Johl (2009) stated that boards that are larger in size have a favourable influence on performance, as a result, the concept that a greater exposure to the external environment facilitates enhancement in resource availability, is justified. Larger boards possess the necessary expertise which enables more comprehensive, informed and much better decisions. This in turn makes it challenging for an authoritative CEO to dominate, thereby lowering CEO autonomy. However, contradicting the above viewpoint, Lipton and Lorsch (1992) and Jensen (1993) stated, larger boards may not be as effective and could be controlled by a CEO, thereby preferring smaller boards. A very big board may give rise to issues in coordination and processing. An important advantage of having a smaller board is that, it nurtures the decision-making ability of individual directors. Yermack (1996) provided empirical evidence that in case of large industrial corporations, smaller boards are valued higher in the market. Further, studies also suggest that board size and profitability are negatively associated (Eisenberg, Sundgren and Wells, 1998).

One of the most significant factors influencing a corporation's financial success is the makeup of the board. Factors influencing board composition are positively associated with the firms' financial results, according to Kang, Cheng, and Gray (2007). On the contrary, Rose (2007) discovered, the composition of a board indicates an adverse relation with the financial performance of a firm, since bigger boards potentially have greater collaboration costs, their capacity to efficiently oversee management is limited. Bhagat and Black (2002) and Hermalin and Weisbach (1991) however, observed no discernible association between performance and composition of boards.

3.1.3.2 NATURE OF THE DIRECTORS - The nature of directors in a company, namely, directors who are the company's employees or directors who are mere outsiders tend to have diverse opinion. With respect to Non-Independent Directors, being insiders, they tend to familiarise with the activities being carried on within the firm and thereby facilitating prompt decision making. Conversely, the prevalence of independent directors on boards triggers adequate competition amongst existing insiders, in turn improving shareholder value maximization (Fama, 1980). Although there have been several arguments (Baums 1994, Baysinger and Hoskinsson, 1990, Baysinger and Butler 1985, Fama and Jensen, 1983) that the effectiveness of a board is enhanced if it consists of an optimal mix of both, employees of the firms and independent directors, the factors making up an optimal board composition is not identified conclusively (Hermalin and Weisbach, 1998). Independent directors are likely to serve the interests of the company's shareholders by equipping them with the essential monitoring and advisory services, which is beneficial to the company. It was also shown that market greatly rewarded companies that recruited more outside directors onto their boards. (Baysinger and Butler, 1985; Rosenstein and Wyatt, 1990). Also, Coleman and Biekpe (2005) provided evidence that there exists a favourable association between the proportion of independent members on boards and corporate performance. However, contrary to the above, Forsberg (1989) and Yermack (1996), found no such association between corporate performance and proportion of outsiders on the firms' board. Indian studies have revealed that majority of outsiders on boards are associated with enhanced firm financial performance. Multiple directorship positions held by independent directors, as observed by Sarkar and Sarkar (2012), positively associate with firm financial performance, however, multiple directorships held by the firms' employees are adversely impact financial performance. Since boards in India observe a subservient role, as they are always close to the management, it stresses on the need for external directors. John and Senbet (1998) observed that if the percentage of external directors on boards rises, they tend to become more independent.

3.1.3.3 BOARD MEETINGS - The frequency of board meetings is a good indicator of a company's monitoring competence and effectiveness (Lipton and Lorsch 1992; Jensen 1993). The Cadbury Report proposed an Anglo-American model within a voluntary CG regime, with a united board of executive and non-executive directors largely accountable to shareholders (Ntim, Opong and Danbolt, 2011b). Regarding the frequency of company board meetings, no particular number or frequency was specified, but it was established as a general principle that all boards should interact regularly in order to successfully advise, oversee, and discipline management. This frequency, according to a theory, tests the intensity of board operations and at the same time its monitoring consistency and efficiency (Conger et al., 1998; Vafeas, 1999a). Directors have sufficient of time to discuss, set policies, and assess managerial outcomes when they meet regularly (Vafeas 1999a). This might help directors stay informed about important advancements in the organization, placing them at a better position to deal with any critical concerns quickly (Mangena and Tauringana, 2008). In fact, regular meeting attendance is an indication of a dedicated director, according to Sonnenfeld (2002). Regular meetings, paired with spontaneous side-line discussions, can assist directors form and strengthen cohesive relationships, that could boost CG (Lipton and Lorsch 1992).

3.1.3.4 BOARD COMMITTEES - Board committees improve the productivity of corporate boards (Jiraporn et al., 2009). According to Harrison (1987), there are two kinds of board committees, namely, a monitoring or oversight committee and a management supporting or operating committee. Key corporate decisions are proposed by the operating board committees to the executives and the board. Their equivalents in the monitoring realm are tasked with safeguarding shareholder interests by conducting objective, unbiased audits of company top management and operations. As per the agency theory perspective, a primary supervision responsibility of the board is to oversee effective auditing of company operations (Fama and Jensen, 1983a; Jensen and Meckling, 1976) as well as proper nomination and remuneration of top directors and management (Chhaochharia and Grinstein, 2009; Jiraporn et al., 2009). Board committees handle specialized concerns, easing the pressure on the board while retaining overall decision-making responsibility. Such committees must have an adequate number of members, who are independent, and possess the technical expertise necessary to efficiently carry out their mandate.

The Cadbury Report (1992), which concurred with the agency model, suggested that board committees are an extended supervisory tool to foster better accountability and optimal financial management of enterprises, as well as enhanced shareholder security (Cadbury, 1992). The productive implementation of board committees, according to Harrison (1987), can stimulate shareholder security and appropriate behaviour on corporate boards. As a result of the board committees' specialised functions, CG's reliability, authenticity, and accountability are enhanced. As a result, board committees will aid in the reduction of conflicting information and disagreement between the principal and the agent, resulting in cheaper costs and greater returns for shareholders, as well as improved corporate value (Weir et al., 2002).

3.1.3.5 CEO DUALITY - There has been literature on dual leadership structures which indicates that when the chairman and CEO, are one and the same, agency problems are more likely. Boards have to keep a constant and vigilant check on the managers and dismissing dormant CEO, as and when they deem necessary. Although duality create enhanced leadership, it tends to minimise the effectiveness of board surveillance. It has been argued that if decision making and control is delegated to the same individual, the board will not be as efficient in supervising the top-level executives. Thus, two types of board structures have been revealed in literature, whereby the CEO and the chairman of the board are one and the same, and one in which they are two separate individuals. It has been found in several studies, that those firms are valued even higher, whereby these two positions are separate (Yermack, 1996). However, with respect to the association between CEO duality and firm performance, there are mixed evidence. Analysing whether firm performance is impacted by CEO Duality, Brickley et al., (1997) and Daily and Dalton (1992) found that there seems to be no such significant relationship between them. Bechner and Dalton (1991), however, observed that companies whereby CEO Duality is prevalent, tend to have a better financial performance as opposed to other companies. However, contradictory to the above Sanda et.al., (2003) found that, if these two positions are held by separate people it will positively impact firm performance.

3.1.4. WOMAN DIRECTORS

Gender diversity is constantly considered as a strategy in creating corporate value and enhanced CG for a variety of reasons, in addition to being perceived as a social concern (Terjesen, Sealy and Singh, 2009). First, as institutional investors understand the importance of board diversity, Carter, Simkins, and Simpson (2003) claimed, this issue gradually becomes part of their investment decisions, and appropriate practices of employment for women are also included in the requirements of various social investment indicators. Second, key stakeholders such as consumers or staff, also seem to demand board diversity. Consideration of stakeholders' expectations, desires, and interests can benefit businesses by increasing customer loyalty and motivating employees (Powell, 1999). Third, board diversity has been addressed in CG, as benchmark practices and legislations around the world (such as the Sarbanes-Oxley Act of 2002 in the US, the Indian Companies Act, 2013, or the Higgs Review in the UK) promote enhanced diversity on company boards (Adams and Ferreira, 2009; Dalton and Dalton, 2010). Ultimately, because there are more women in senior administration roles today, businesses are focusing on gender equity.

According to Smith, Smith, and Verner (2005), the percentage of women in senior leadership positions has a favourable influence on corporate performance, and the credentials of female top executives generate positive impacts. Although research evidence suggests that women on corporate boards tend to have a significantly favourable association with corporate performance (Francoeur, Labelle and Desgagne, 2008; Campbell and Bohdanowicz, 2015), the representation of women on boards has not been adequate (Silveira, Donaggio, Sica and Ramos, 2014). In the context of Asian emerging markets, Kavadis, Heyden, Oehimichen and Homroy (2019) found that a higher local country-level gender inequality is reflected in lower involvement of women on corporate boards in these markets, contrarily, women represent more than 30% of board positions in European countries such as France, Sweden, Norway, where voluntary or legislative goals are in effect. As per one of the McKinsey studies, women were seen to be holding only 19% of the board positions in the USA.[20] Branson (2006) tried to find explanations for women's failure to advance in number and found that the number of women directors remained static, or grew only slowly, while the number of women trophy directors (holding more than four directorships), increased rapidly. Balasubramaninan, (2013) emphasised upon the importance of gender equality and inclusivity in CG and pointed out that strong initiatives are required to be taken by corporations to hunt for suitable women directors for the company boards. There has recently been a constant stream of study, examining the association between board diversity and corporate profitability (Liu et al., 2014; Kaur and

[20] https://www.mckinsey.com/featured-insights/leadership/how-to-accelerate-gender-diversity-on-boards

Singh, 2015; Bokhari and Hashmi, 2016; Kaur and Singh, 2017; De Cabo et al., 2019). Companies that show sensitivity to social concerns such as gender equality, are more prone to establish a good repute, according to empirical research (Kaur & Singh, 2017).

In the Indian context, gender diversity on corporate boards is now a reality. While CG reforms in India commenced with the establishment of the Kumara Mangalam Birla Committee in 1999 and the successive institution of Clause 49 by the SEBI, based on this Committee recommendations, it wasn't until the full implementation of the Companies Act, 2013, that gender diversity became a reality. The stipulation of having "at least one-woman director on the boards of Indian corporations" was finally implemented under Section 149(1) of the Companies Act 2013, after the concern of gender diversity on boards was first raised in the Draft Companies Bill, 2011.[21]

However, despite this amendment and the guidelines, the representation of women on the Indian corporate boards has still not been substantial (Verma, 2013; Nili, 2019). The misogynistic and family-dominated Indian society and firms failed to internalize these guidelines in the proper context (Ramaswamy et al., 2000), to the point where patriarchal Indian boardrooms began employing one woman just for conformance, effectively defeating the objective of the given legislation. It was further highlighted that on Indian corporate boards, chairpersons tend to hold an important position in facilitating and dictating participation of women as directors (Srinivasan and Pallathitta, 2013). Chauhan and Dey (2017) tried to capture the influence of female directors on Indian corporate performance, wherein family firms' domination and a patriachal society could possibly sabotage the significance of women consituting substantial part of boards, and observed that gender diversity does not as such, hold any potential importance in family firms and that female directors are very rarely appointed to committees looking into monitoring domains. Further,

[21] https://www.mca.gov.in/bin/ebook/dms/getdocument?doc=NTk2MQ==&docCategory=Acts&type=open

Sarkar and Selarka (2015), with respect to family firms in India, found robust evidence that more the number of independent women directors on boards, corporate performance tends to enhance, however, this positive effect is weakened to a large extent whereby family exert control and occupy top managerial positions on the board. According to Singh (2020), an investigation into the corporate board composition of Indian firms reported that, following the Companies Act, 2013 amendment, a significant percentage of companies had conformed with the mandate of appointing one woman director, the majority of who were members of the family hierarchical system, where their appointment was a mere compliance, without instilling the essence of gender equality, and rather categorizing women as mere "trophy directors." Furthermore, Kanojia and Khanna (2019) claimed that women's presence on corporate boards in India was merely tokenistic. Their observations indicated that, despite significant obstacles while climbing the corporate ladder, such as individual, societal and organisational barriers, women still demonstrate dynamic leadership strategies, are watchful regarding various stakeholders' interests, and thus their involvement translates to qualitative progressions. Sahoo (2021) highlighted that when women are actively participating in board affairs, the organisation appears to generate a positive atmosphere and people are more concentrated on their jobs. The results, however revealed, the lack of women in executive corporate positions was a sign of a crisis in retention of talent. Government and authorities should recognise the importance and capabilities of women and thus facilitate gender equality on corporate boards.

3.1.5. AUDIT RELATED

Since accounting and auditing are the broader components of CG, in the long run, problems associated with accounting quality and integrity in financial reporting can only be fixed if substantive changes are made in the overall CG process (Imhoff, 2003). As Auditing is considered to be among the most important elements of CG, all CG codes world over seek that the listed companies formulate an audit committee. According to Saad (2010), auditing and thorough reporting aid in the resolution of agency problems and, as a result, shareholders are guided in intricately regulating and supervising the companies' resources. Auditing is among the most essential aspects of CG, and many CG regulations around the world mandate listed corporations to establish an audit committee.

The audit committee's primary responsibilities are to meet with internal and external auditors on a frequent basis to evaluate auditing procedures, supervise the authenticity of the company's financial reports, maintain the board's relations with external auditors, and assess financial statements. By providing for the prompt presentation of accurate accounting information to shareholders, this significantly aids in the minimization of asymmetric information and, as a result, agency costs (Klein, 1998). Audit committee oversight reduces the risk of financial malfeasance, resulting in increased investor confidence and corporate value. Audit committees demand more transparency from corporate leaders, which improves the level of financial disclosure (Klein, 1998), especially to shareholders, and thereby reduces the agency problem. An audit committee's comprehension of the internal control review system is critical for assessing aspects including the audit plan and detecting undesirable conduct (e.g., fraudulent activities) and anomalies (Caplan, 1999; DeZoort, 1998).

One amongst the up-holders of effective CG is regarded to be the audit committee. It has allotted external auditors' specific responsibilities, such as settling upon contract terms, recommending their employment and removal, and sanctioning audit and consultancy charges. The audit committee's independence becomes more important as the supervision they deliver has an influence on the quality of the audit conducted, stricter disclosure requirements (Karamanou and Vafeas, 2005), and the auditors' independence (Abbott and Parker, 2000). According to Agrawal and Chadha (2005), there is no association between an audit committee's independence, the extent of non-audit services provided, and the possibility of a corporation restating earnings. According to Krishnan and Visvanathan (2009), firms with financial specialists on their audit committees and improved CG standards, have reduced audit fees. Brown and Caylor (2004) discovered evidence of an association between audit-related CG variables and company performance.

3.1.6. MEASUREMENT OF CORPORATE GOVERNANCE

Previous studies relating to measuring and capturing CG, have employed either a single indicator or CG indexes. Current literature on CG and its influence on corporate performance, however, hasn't systematically found a connection between the two (Gompers, Ishii and Metrick, 2003 and Bebchuk, Cohen and Ferrell, 2009). Using a single indicator to quantify CG was initially the subject of research. Assessing the CG structure of a firm with a single variable is suitable econometrically, since the potential error in measurement of a single variable is lower in comparison to an index, which involves the recognition of several parameters (Bhagat and Bolton, 2008). However, the single factor measurement does have a drawback, namely, it encompasses numerous CG processes wherein interaction effects are possible, but they are overlooked. Thus, using an index, aids in the capture of the various dimensions involved in the CG structure, which in turn has been used by a number of researchers. Lazarides and Drimpetas (2008) using an index with binary variables established a standard for the assessment of the quality of CG, stating that its main drivers include board characteristics, leadership or power concentration, firm size, and such corporates with better CG framework, earn significantly higher return, resulting in better operating performance (Sarkar, Sarkar and Sen, 2012; Klapper and Love, 2004; Morey, Gottesman, Baker, and Godridge, 2009). Brown and Caylor (2004) used a dataset furnished by the Institutional Shareholder Services to develop a wide measure of CG, the Gov-Score, and discovered that better-governed enterprises are more prosperous and advantageous (Banerjee, Gokarn, Pattanayak, Sinha, 2009). Wei'an and Yuejun (2003) carried out an empirical analysis of a CG Index. The results showed that CG is positively related with corporate performance, which indicated that good CG mechanisms improve financial flexibility, profitability, growth and development potential, operating efficiency and safety of listed companies. The critical problem constituting construct validity involved in capturing CG was explored by Larcker, Richardson, and Tuna (2008). They claimed that if there wasn't a framework that is well construed and developed, with respect to the multi-dimensional existence of CG, there can be no such conceptual criteria on the basis of which specific CG variables can be chosen for further empirical analysis. Multifactor indexes can be imperfect, despite their widespread usage, given the shortage of better alternatives, since index construction necessitates attaching weights to the selected variables, which could be arbitrary. Condensing various CG variables into one measure of governance, Roy (2016) found that there exists an association between CG and performance. Thus, another methodological approach, namely an alternative measure of CG, is the use PCA (Beekes, Hong and Owen, 2010) so as to assess which indicator is correlated with each factor and to define the fundamental dimensions of CG.

3.1.7 FIRM PERFORMANCE

There is a general perception that efficient CG practises result in improved corporate performance. However, a stronger CG does not automatically imply a higher corporate value. When good CG is related to superior performance, shareholders and corporations are inevitably compelled to demand higher standards. According to Gompers, Ishii, and Metrick (2003), there is a significant connection between CG and stock returns as well as corporate value. Firms that are better handled, according to Brown and Caylor (2004), are more lucrative, valued, and offer more cash dividends to shareholders. Managers possess a penchant for appropriating company finances and investing in initiatives that benefit them individually. Efficient CG that decreases the right of control provided to managers by shareholders and suppliers, enhancing the likelihood that managers invest in projects yielding a positive net present value. This demonstrates that organisations with superior management have improved operational performance, as measured by Brown and Caylor's (2004) performance metrics. According to La Porta, Silanes, Shleifer, and Vishny (2000), good CG is connected with investor protection. Investors are motivated to pay a higher price for shares of well-governed corporations, according to Coombes and Watson (2000), and the premium vary by nations. Good CG can have two effects on a company's performance. First, high stock price multiples may result from good CG, as investors predict that smaller cash flows will be deflected and that a larger portion of the firm's profits would be returned to them in the guise of dividends. Secondly, effective CG can lower anticipated return on equity by lowering shareholders' oversight and auditing expenses, resulting in reduced capital costs. However, because the costs of implementing stronger CG frameworks may offset the advantages, it is not inevitable that enhanced CG is linked to improved organizational performance.

Companies that endure a competitive market are thought to have a higher CG standard (Kole and Lehn, 1999). Firms have existed for decades, long before any CG restrictions were enacted. Organizations that have been in operation for a longer period of time are essentially required to have a solid CG system (Owusu-Ansah and Yeoh, 2005). Given their goodwill and brand image, such companies will be more careful in their strategies. According to previous research, firm size has a considerable impact on company performance. The age of the company and the length of time it has been listed will have an impact on its CG and, as a result, its success. Firms that have only been in operation for a short time may choose to adhere to the CG standards in writing rather than in essence, in an attempt to seem more appealing to potential investors. Similarly, the duration of a company's listing on the stock exchange will boost investor confidence. As a result, business operating and listing tenure are anticipated to have an influence on the firm's CG framework, and a favourable association is anticipated between corporate operations longevity and CG.

TABLE 5

3.2 Chronological Study of the Literature Reviewed

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
1. Berle and Means,1932	Board Composition, Ownership Structure, Performance, Insiders, Shareholding	Sample Size: 182 Italian non-financial listed companies Sample Period: 2003 and 2007 Variables used: number of directors, board meetings, nature of directors, family, duality, committees	Descriptive Statistics; Tobin's Q; Correlation Analysis; Regression Analysis; Shapiro-Wilk test; Breusch-Pagan test; ANOVA	They addressed the potential conflicts of interest among participants (stakeholders) in the corporate structure these conflicts by examining separation of ownership and control. They stated this separation, absent from other CG mechanisms, provides executives with the ability to act in their own self-interest rather than shareholders' interests
2. Alchian and Demsetz, 1972	Production, Information, Costs, Economic Organization	Overview, so no specific period or sample size.	Commentary based paper	They examined the monitoring of management by inside and outside markets for managers. They assigned the monitoring task primarily to the shareholders, the managerial labour markets, and outside takeover.
3. Jensen and Meckling, 1976	Managerial Behaviour, Agency-Costs, Ownership Structure, capital structure, internal equity	No specific period or sample size	Integrates elements from the theory of agency, the theory of property rights and the theory of finance to develop a theory of the ownership structure of the firm.	They defined the concept of agency costs, showed its relationship to the 'separation and control' issue, investigated the nature of the agency costs generated by the existence of debt and outside equity, demonstrated who bears costs and why, and investigated the Pareto optimality of their existence. They also provided a new definition of the firm, and

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				showed how the analysis of the factors influencing the creation and issuance of debt and equity claims is a special case of the supply side of the completeness of markets problem.
4. Fama, 1980	Agency Problems, Theory of the Firm.	No specific period or sample size	Illustrations, Stochastic Process, developed models to explain the theory	The involvement of independent directors on the boards ensures sufficient competition among the current insiders, which in effect helps to enhance shareholder value
5. Fama and Jensen, 1983b	Separation of Ownership and Control, residual claims	No specific period or sample size	Hypothesis based study, development of a theory	They summarized several mechanisms for controlling the agency problems of specialized risk bearing. The board of directors plays the role of the internal monitor. The stock market is an external monitoring devise that reflects the implications of managers' decisions on current and future cash flows. They also stated that this form of external monitoring exerts pressure on the manager to make decisions in the best interests of the residual claimants.
6. Jensen and Ruback, 1983	Corporate control, control rights, target firms, takeover market, stockholder returns, takeover regulation, manager-stockholder conflicts, anti-takeovers	Sample Size: spread across years to compute abnormal returns associated with tender offers mergers.	Empirical-Scientific analysis, Event study methodology for measuring the effects of actions and events on	Corporate takeovers generate positive gains, that target firm shareholders’ benefit. The gains thus created do not appear to come from creation of market power. With the exception of actions that exclude potential bidders, it is

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			security prices, efficient market hypothesis, t-tests	difficult to find managerial actions related to corporate control that harm shareholders.
7. Baysinger and Butler, 1985	CG, Board of Directors, Performance, Board Composition.	Sample: Biographical information pertaining to the directors of 266 major U.S. business corporations. The firms represent a subset of the Forbes list of major business corporations during 1970-1980.	Cross-section Analysis, T-test, relative financial performance (RFP), is calculated by dividing the firm's return on equity by the average return on equity for all the firms in its primary industry, Correlation Analysis, cross-lagged regression	A board seems to be more effective if it constitutes an equitable mix of both, employees of the company and Independent Directors.
8. Jensen, 1986	Dividend policy, Corporate Pay-out Policy, Optimal Capital Structure, Optimal Debt, Re-investment Policy	No specific period or sample size	Development of theories, prediction-based study	He argues that the external market takeover, functions to protect shareholders when the corporation's internal controls are "slow, clumsy or obsolete". He stated that takeovers usually occur when a major restructuring of the firm is necessary.
9. Jarrell, Brickley and Netter, 1988	Corporate Control, market, defensive-measures, antitakeover laws, poison pills	Sample: Takeover Activity since 1980	Event Study, Analysis of theories developed previously	They observed that new management teams recognize the opportunity to realize gains from reorganization and redeployment of the assets. Hostile takeovers are an effective way for

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				shareholders to get rid of non-value-maximizing managers.
10. Weisbach, 1988	Outside directors, CEO Turnover, Board Independence	No specific period or sample size	Development of a model to examine the relation between the monitoring of CEOs and CEO resignations, Regression.	Independent directors strive to provide for the shareholders of the companies, by granting them with requisite advisory and monitoring functions, that is beneficial to companies in a variety of ways.
11. Baysinger and Hoskinsson, 1990	Board composition, board of directors, strategic controls, corporate strategy.	No specific period or sample size	Development of theory and propositions	They highlighted that the efficiency of a board is improved if the board comprises of an optimal balance of both, the employees of the companies and the independent directors.
12. Rosenstein and Wyatt, 1990	Outside directors, board independence, shareholder wealth.	Sample: Shareholder wealth effects are examined for 124 announcements for 1,251 outside director appointment1980-1985	Descriptive, Correlation Analysis, Regression Analysis	They highlighted that firms that elected more outside directors on to their boards, were rewarded and valued by the market. Examination of wealth effects surrounding outside director appointments finds significantly positive share-price reactions.
13. Walsh and Seward, 1990	Internal and external corporate control mechanisms.	No specific period or sample size	Review based study providing recommendations.	The strengths and weaknesses of both types of control mechanism were highlighted and a framework was developed that explained the interrelationships between and among these corporate control mechanisms.

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14. Rechner and Dalton, 1991	CEO duality, organizational performance, longitudinal analysis	Sample: randomly selected 250 of the Fortune 500, from 1978-1983, comprising 141 companies.	Multivariate analysis of variance (MANOVA)	Findings reveal substantial performance disparities between the two groups along many performance measures; more precisely, companies that opted for independent leadership significantly outperformed those that relied on CEO Duality.
15. Byrd and Hickman, 1992	Outside directors, monitoring, tender offer bids.	Sample: Examining 128 tender offer bids made from 1980 through 1987, by 111 firms	Descriptive, OLS Regression, Cross Sectional Regression Analysis	They provided that, boards where at least 50% of the members are independent are associated with less-negative returns to shareholders. This was therefore consistent with their claim that independent boards benefit shareholders.
16. Daily and Dalton, 1992	Governance structure, corporate performance, entrepreneurial firms, CEO Duality	Sample: The 1989 Inc. 100 corporations provide the sample of firms	Descriptive, Regression Analysis	With respect to the relationship between CEO Duality and firm performance, there happens to exist mixed evidence. However Daily and Dalton, through their study, emphasized that CEO Duality and firm performance are not necessarily impacted by one another and there exists no significant relationship between them.
17. Lipton and Lorsch, 1992	Effective Boards, board size, top management, board composition, frequency of meetings, CEO performance,	No specific period or sample size	Discussion and Proposal	They observed that larger boards do not seem as productive and can be easily controlled by the CEO, thereby preferring smaller boards. A

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				very large board tends to cause coordination and processing issues.
18. Jensen, 1993	Modern Industrial Revolution, Exit, Internal Control Systems.	No specific period or sample size	Theoretical Discussion, Development of model	Similar to the above, Jensen too spoke against larger boards, as having smaller boards, with respect to individual directors, would help enhance their decision-making ability.
19. Brickley, Coles and Terry, 1994	Outside directors; Poison pills; Board of directors	Sample: 247 firms adopting poison pills over the period 1984 through 1986.	Event Study, Fisher sign test ANOVA, Linear Regression, Logit Regression, Pearson chi-square test	Independent directors cater to shareholders, by providing them with the necessary monitoring and advisory functions, proving advantageous to the firm.
20. Hermalin and Weisbach, 1996	Board of directors, monitoring of the CEO.	The board selection process is modelled as a bargaining game between the CEO and the board, assuming no active role for shareholders.	Model structure of the board and its actions endogenously derived, based on propositions. To evaluate the realism of the model, predictions were compared to the existing empirical findings.	Although there is substantial evidence that the effectiveness of a board is enhanced if it consists of an optimal mix of both, employees of the firms and independent directors, however, the factors making up an optimal board composition has not been conclusively identified.
21. Yermack, 1996	Market valuation, Boards of directors; CG	Sample: 452 large U.S. industrial corporations between 1984-1991.	Descriptive, Correlation Analysis, Ordinary least squares (OLS) regressions	Contrary to the findings of a number of authors, he observed that no such association exists between the performance of the

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			and fixed-effects models, Probit Model,	company and the number of outsiders on the firms' board
22. Eisenberg, Sundgren and Wells, 1998	Board of directors, Board Size, Firm Value	Sample Period: 1992-1994, a sample of 785 healthy firms and 94 bankrupt firms	Descriptive, Ordinary least-squares regression models.	With respect to firm profitability, it was observed that the size of the board, namely the number of directors it's made up of, impacts firm profitability, negatively; implying that bigger the boards, lesser the profits.
23. John and Senbet, 1998	Corporate finance; Internal and external mechanisms of CG; board effectiveness	No specific period or sample size	Survey of Literature	They opined that boards tend to have a greater degree of independence if the proportion of their external directors', on the boards, increases.
24. Bertrand and Mullainathan, 1999	CG, Executive Pay, Takeover Legislation, CEO	Sample: 611 corporations over the sample period, 1984-1991. Firm births, deaths and missing data translate this into 4,566 data points	Descriptive, differences-in-differences methodology, Regression Analysis,	Stated that Corporate Charter and bye law provisions are an important source of CG. Federal and State laws containing provisions, establish firm level rules for a variety of areas such as shareholders voting, managers and directors' liability and takeovers. They also concluded that State laws that provide takeover protection may increase agency costs.
25. Abbott and Parker, 2000	Auditor Selection, Audit Committee Characteristics	Sample: 492 nonregulated, Big 5-audited firms that filed proxy statements with the	Descriptive, Pearson Pair-Wise Correlations, Cross-sectional regression model, Sensitivity Analysis.	Independence of the audit committees is important as the supervision they provide affects the quality and consistency of the audit, as well as independence of the auditor.

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		SEC in the period from February-June 2001.		
26. Bushman and Smith, 2001	Publicly reported financial accounting information, managerial incentive plans, agency perspective	Sample Period: Spread across years, Cross country analysis	Analytic and Exploratory Research, Economics-based empirical research, Cross-Sectional tests.	They reviewed and defined financial accounting information being externally reported in a corporation's CG processes and concluded that such reporting could act as a control mechanism that would promote efficient CG.
27. Lemmon and Lins, 2001	Ownership Structure, Firm value, financial crisis, minority shareholders	Sample Size: 800 firms in eight East Asian countries (Hong Kong, Malaysia, Indonesia, the Philippines, Singapore, South Korea, Taiwan and Thailand. Sample Period: July 1996-June 1997 and July 1997 – June 1998.	Descriptive Statistics, Tobin's Q, Regression, Hausman test.	The study concludes that corporate ownership structure plays an important role in determining the incentives of insiders to expropriate minority shareholders during times of declining investment opportunities. The results also add to the existing literature that examines the link between ownership structure and firm performance and provide additional guidance to policymakers engaged in the ongoing debate about the proper role and design of CG features and legal institutions in developing economies.
28. Bhagat and Black, 2002	The non- correlation between board independence and long-term firm performance	Sample: 1985-1995 for 934 of the largest US firms, using data on these firms' boards in	Ordinary least squares Regression, three stage least squares approach	As the title of the paper suggests, they concluded that no such significant relationship

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		early 1991 and data for a random subsample of 205 firms from early 1988	(3SLS) and a Simultaneous equations framework, Koenker-Bassett (1978) robust regressions	exists between board composition and firm performance.
29. Carter, Simkins and Simpson, 2003	Diversity, Board of directors, financial value	Sample Period: 1997 Sample Size: publicly traded Fortune 1000 firms Country: USA	Empirical study, Descriptive Statistics, Tobin's Q, two-stage least squares analysis, Regression, t-tests	A significant positive association was observed between firm performance and the proportion of women or minorities on the board. Although with firm size and board size, the percentage of women and minorities on boards increase, but percentage also shows a substantial decrease as the number of insiders rise.
30. Gompers, Ishii, and Metrick, 2003	Shareholder rights, investor protection, agency problems, entrenched management, hostile takeovers, poison pills, golden parachutes, greenmail.	Sample Period: The 90's Sample Size: 1500 large firms Using the incidence of 24 CG rules, a CG Index was constructed.	Descriptive Statistics, Performance-attribution time-series regressions, Book-to-market ratio, Correlation.	For the purpose of measuring CG, studies have either used a single indicator of CG or indexes. However, this study highlighted that the existing literature that have been focusing on CG and its effect on firm performance, has not as such identified a consistent relationship.
31. Gugler, Mueller, and Yurtoglu, 2003	CG, investment returns, developed and developing countries, shareholders interest, agency problem	Sample Period: 1996-2001 Country: Developed and Developing Nations Variables Used: BHMQ's (Baumol et al. (1970))	Mueller/Reardon methodology (Mueller and Yurtoglu (2000), Hypothesis testing, Descriptive Statistics,	Highlighting the existence of double principal agent problem, they concluded that there exist significant gaps in the effectiveness of CG mechanisms, between developed and developing countries, in aligning the interests

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		estimates of Returns on Investment Out of Different Sources of Funds, Market Value of the firm, Capital Stock, Contract Enforceability, Creditor Rights, External Sources of Funds as a Fraction of Total Investment	Present Value of Investment, Tobin's Q, Cross-section regressions	of managers and shareholders. They showed that the strength of CG systems affects the preferred source of financing, which in turn helps to explain why investments financed in different ways exhibit significantly different rates of return.
32. Holderness, 2003	Block holders, corporate control, internal mechanisms and external mechanisms	Survey of existing literature, so no specific period or sample size	Survey of the academic literature on block holders and corporate control. It is empirical research, as the author believes that much of what we know about block holders has come through empirical investigations as opposed to theoretical models, although there certainly are some insightful theoretical papers on block holders This paper was not a traditional, full-fledged	They emphasised upon the two mechanisms of CG, namely internal mechanisms and external mechanisms, that are used to keep a corporation and its shareholders in control. They suggested that rapidly growing literature on ownership concentration indicate that small shareholders and regulators have little reason to fear large percentage shareholders in general, especially when a large shareholder is active in firm management. Perhaps above all, the academic literature highlights the richness of block holders. An outside block holder, for instance, has a different set of incentives than does a CEO block holder. Block holders have the incentive to improve management, but they

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			literature survey. Instead, it focusses on block holders.	also have the incentive to consume corporate resources. Block holders that are corporations, present a set of issues not found with those who are individuals.
33. Sanda, Mukaila and Garba, 2003	CG Mechanisms, Firm Financial Performance, agency theory; stakeholder theory	Sample Period: 1996-1999, 93 listed firms, from the 14 sectors of the exchange.	Non-probability sampling technique, Descriptive, Pooled ordinary least squares regression analysis	With respect to prevalence of CEO Duality in the firms, they concluded that if the Chairman and the CEO are two separate individuals, i.e., there's a spilt in position, it would have a positive impact on the firm performance.
34. Anderson, Mansi and Reeb, 2004	Board Characteristics, Accounting Report Integrity, Cost of Debt, Audit Committee Composition, Financial Statements, Accounting Information	Sample Industrial firms from the Lehman Brothers Fixed Income database and the S&P 500, 1,052 firm-year observations on 252 firms for the period 1993 through 1998	Descriptive, Correlation Analysis, Multivariate regression analysis,	They observed that the cost of debt is inversely proportional to the independence of boards and the size of boards. They also noticed that completely autonomous audit committees correspond to considerably lower cost debt financing. The findings presented validation based on markets, that boards and audit committees are essential variables that influence the financial report reliability.
35. Bebchuk, Cohen and Ferrell, 2004	Agency Costs, Mergers and Acquisitions, Entrenchment, Proxy Fights, Staggered Boards,	Sample Period: 1990-2003 24 governance provisions (the IRRC provisions) based on the Gompers, Ishii and	GIM Index (G-Index) Tobin's Q, Conducted interviews with six leading MandA practitioners,	Among a large set of CG provisions, the provisions of real significance are likely to constitute only a limited and possibly small subset. They identified which provisions, among the set of 24 IRRC provisions used in

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		Metrick (2003) governance index (GIM Index)	Regression, Entrenchment index (E index),	the GIM CG index, are negatively correlated with firm performance.
36. Brown and Caylor, 2004	Gov-score, Nominating committee, Governance committee, Option burn rate, 51 governance factors of Gov-Score	Sample Period: February 1st, 2003 Sample Size: 2,327 firms Country: United States	Descriptive Statistics, Cross-sectional analyses, Correlation, t-test, Gov-Score, GIM Index	Creating a broad measure of CG, encompassing eight CG categories, they provided evidence with respect to the association between audit-related CG factors and firm performance.
37. Filatotchev, Lien and Piesse, 2004	Family ownership, governance, performance	Sample: multi-industry dataset of 228 public trading companies, in 1999	Descriptive Statistics, Correlation Analysis, 2SLS regression analysis, OLS regression analysis, ANOVA	Research shows that owner-controlled firms are more profitable than manager-controlled firms as owners of family businesses provide better oversight and supervision, leading to improved financial performance.
38. Kinney, Palmrose and Scholz, 2004	Auditor Independence, Non-Audit Services, Restatements	Sample Period: 1995 to 2000, Sample: 713 companies that announced restatements over the six-year period, eliminating 96 companies not audited by one of the largest seven U.S. audit firms because the smaller firms typically do not have more than one client in a particular industry. This leaves 617	Descriptive, Multivariate logistic regression models	They could not find any statistically significant positive correlation between fees for either the design and implementation of financial information systems, or internal audit services and restatements. But for unspecified non-audit services and restatements they did find perhaps some connection.

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		restating registrants, and because some of the restatement announcements have multiple year effects, a total of 979 fee-years is affected by restatement.		
39. Klapper and Love, 2004	International Finance, Law and Finance, market valuation, firm performance	Sample Size: The CLSA report including CG rankings on 495 companies in 25 countries. Country: sample was reduced to 374 firms in 14 countries – Brazil, Chile, Hong Kong, India, Indonesia, Korea, Malaysia, Philippines, Singapore, South Africa, Taiwan, Thailand, Turkey.	Descriptive Statistics, Tobin's Q, Regression	Their empirical tests showed that better CG is highly correlated with better operating performance and market valuation. They emphasised that companies, with better CG structures tend to earn significantly higher rates of return in the market, and thereby lead to better operating performance.
40. Agrawal and Chadha, 2005	CG, Accounting Scandals, audit committees, independent director	Sample: 159 U.S. public companies that restated their earnings in the years 2000 or 2001 and an industry-size matched control sample of 159 non-restating firms.	Descriptive Statistics, Cumulative average abnormal return, cross-sectional regression by ordinary least squares, Pearson Product-Moment	They found that some major CG features such as, independence of boards and audit committees, and independent auditors providing non-audit services are irrelevant to a company's probability of restating earnings. They observed that in case of companies, with boards or audit committees including an

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			Correlations, matched pairs logistic regression	independent director, the probability of restatement is lower and it is greater in companies where the CEO is a member of the founding family. Their results were consistent with the notion that independent financially competent directors are effective in overseeing the financial reporting activities of a company.
41. Coleman and Biekpe, 2005	Board Size, Board Composition, CEO Duality, Firm Performance	Sample Size: 1990-2001, The CG data and variables were also obtained through the administration of questionnaire and personal interview.	Panel Data Methodology, Descriptive Statistics, Multiple Regression, F-test	They provided evidence that there exists a significant positive correlation between the percentage of independent members on the board and performance and thereby they had advised the firms to retain smaller board sizes and to follow a two-tier board structure for efficient results.
42. Karamanou and Vafeas, 2005	Corporate Boards, Audit Committees, Management Earnings Forecasts, financial disclosure quality	Sample: Firms listed in the 1995 Fortune 500 survey, 275 firms that announced 1,621 forecasts in 1,274 firm-years between 1995 and 2000.	logistic regression, Ordinary least squares (OLS) regressions, Pearson (Spearman) Correlations	They noticed that in companies with more efficient board and audit committee structure, managers are more willing to make or modify a forecast of earnings, and their forecast is less prone to being volatile, more reliable, and more favourable market response is elicited. Their empirical evidence is largely consistent with the idea that a productive CG is aligned with a higher quality of financial disclosure.

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43. Smith, Smith and Verner, 2005	Firm performance, female CEOs, board diversity, gender diversity	Sample Size: 2500 firms Sample Period: 1993-2001 Country: Denmark Variables: firms' age, size, sector, export orientation, Gross value added/net turnover, Profit on ordinary operations/net turnover, Ordinary result/net assets, Net result after tax/net assets.	Descriptive Statistics, Hausman test, OLS Regression	They found that the proportion of women in top management jobs tend to have positive effects on firm performance and that the qualifications of female top managers trigger positive effects of women in top management, even after controlling for numerous characteristics of the firm and direction of causality. The results show that the positive effects of women in top management depend on the qualifications of female top managers.
44. Boone, Field, Karpoff and Raheja, 2006	Corporate Board Size, Board Composition, IPO, Board independence	Sample: panel of 1,019 firms that went public between 1988 and 1992, tracked for a period of up to 10 years	Multivariate regressions using panel data methods, Covariance matrix, Correlation matrix, multiple regressions using pooled data, Wald Test	They noted that larger boards trade-offs added free-riding management services which would be better when managers have a higher likelihood of consuming private benefits.
45. Branson, 2006	Laws, Boardroom, educational qualifications of women.	Sample Size: Fortune 500 Sample Period: 2001 Country: Pennsylvania Variables: Company Name, Fortune 500 Rank, Board Size, Number of Women Directors, Name of Woman	Factual Analysis based on facts and figures retrieved from the Business School library and SEC's EDGAR (Electronic Data Gathering and Retrieval) database.	He attempted to identify reasons for the inability of women to grow in number on the corporate boards and observed that number of female directors remained constant, or only gradually increased, while the number of female trophy directors (who held 4 or more directorships) grew rapidly.

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		Director, Background of each woman director, boards		
46. Douma, George and Rezaul, 2006	Ownership structure, firm performance, business groups, emerging market	Sample: 1005 firms belonging to the financial year 1999-2000	Multi-theoretic approach in explaining ownership – performance relationship among firms in an emerging economy context, Descriptive, Pearson correlation matrix, OLS regressions	Foreign institutional investors appear to exercise, more aggressively, their ownership rights and the authors, through this paper, documented a positive association between foreign institutional ownership and performance.
47. Helfat, Harris and Wolfson, 2006	Women directors, CEO, top-executive ranks	Sample: comprehensive census of top executives in U.S. Fortune 1000 firms as of the year 2000	Descriptive, Comparative Analysis, Study based on a comprehensive new data	With respect to the pipeline to the position of a CEO, the data indicated that a slow rise in the percentage of CEOs who are women, could be expected, over the next few years. In addition, the proportion of female CEOs is expected to remain relatively low. They also revealed the lesser-known fact that nearly half of the Fortune 1000 companies had no women as top executives, even in the recent years. In addition, even companies dominated by women executives, typically had just 1 or 2 per company.

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48. Kang, Cheng and Gray, 2007	CG, Board Composition, board diversity, board independence	Sample: top Australian companies, comprising 100 of the largest publicly listed companies by market capitalisation, with their rankings ranging from 1- 119	Descriptive, Correlation Analysis, Regression Analysis	Since, board composition is one of the important factors affecting firm financial performance, the authors through their analysis, found that factors affecting board composition are positively correlated with firm financial performance.
49. Larcker, Richardson and Tuna, 2007	CG; earnings quality; firm financial performance; principal component analysis (PCA); recursive partitioning	Sample: 2,106 firms representing approximately 70 percent of the market capitalization of the Russell 3000 as of the end of 2003; and 39 structural measures of CG	Exploratory PCA, Pearson and Spearman bivariate correlations, Logistic Regression, Reverse Regression [Francis, LaFond, Olsson, Schipper (2004)]. CHAID (Chi-square Automatic Interaction Detection, OLS	The critical question of CG construct validity was addressed in this paper. They claimed that there was no conceptual basis for choosing appropriate CG variables to be included in an empirical analysis, in the absence of a well-developed theory on the multidimensional nature of CG.
50. Rose, 2007	Institutional investors, concentrated ownership, agency costs	Sample: Danish listed firms during 1998- 2001; final sample size was 434 firm- time observations.	Descriptive, Correlation Analysis, three stage least squares, cross- sectional regression analysis	It was observed that factors influencing board composition are inversely linked to firm financial performance, as larger board size are prone to higher cost of coordination, which consequently decreases their capacity to monitor and control management effectively.

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51. Bhagat and Bolton, 2008	CG, Firm Performance, stock market, corporate capital structure, and corporate ownership structure	Sample Period: 2002, based on predetermined indices like GIM index and BCF index	Descriptive, Correlation Analysis OLS Regression, Hahn and Hausman (2002) weak instrument test, the Hansen-Sargan overidentification test, Stock and Yogo (2004) Weak Instruments Test the Cragg-Donald test for model identification, and the Anderson-Rubin test, Altman's modified Z-score, Chi-square test	Evaluating a firm's CG structure using a single variable is econometrically proper, as the measurement error in computing a single variable is lower than that of an index, which needs multiple attributes identification. They observed that good CG, as evaluated by GIM, 2003 and BCF, 2004 indices, board member stock ownership, separation of the positions of the CEO and the Chairman are positively associated with improved operating performance. They also noted that neither of the CG indicators were associated with potential success on the stock market.
52. Francoeur, Labelle and Desgagne, 2008	Agency theory, Stakeholder theory, Gender Diversity	Sample: 2001 to 2003 Catalyst censuses of female directors, and the 2002 and 2004 Catalyst censuses of women officers in the Financial Post's list of the 500 largest Canadian firms (FP500)	Empirical Investigation, Descriptive, weighted least-squares regressions, Jarque–Bera test, three-factor Fama and French (1992, 1993) valuation model	The findings show that businesses working in a dynamic environment produce positive and substantial abnormal returns when representation of women officers are high. While women's involvement as directors doesn't really seem to make a difference in this respect, companies with a high percentage of women in both their management and CG structures produce significant value to match up with normal stock market returns.

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		Variables: proxies for risk and complexity indicating a firm's beta, market-to-book ratio		
53. Lazarides and Drimpetas, 2008	CG Rating, Benchmarking, Evaluation, quality	Sample Period: 2001-2006 Country: Greece Variables: CEO Duality, Audit Committee, Number of independent members in Audit Committee, Remuneration Committee, Nominee committee for board members, Committee for the evaluation and recruitment of executives, Internal statute	CG Rating using an index, Benchmarking, Evaluation, quality	They used an index with binary variables and established a benchmark for evaluation of the quality of CG and stated that its main drivers are firm size, leadership concentration or power concentration and board characteristics. This paper highlighted the issue of the compatibility of proposed CG mechanisms with the actual CG problems. Recognizing the factors that influence the quality of CG, policymakers should concentrate on them to establish a legal – regulatory framework which could enhance CG levels. This paper measures CG and also outlines its formulating factors.
54. Adams and Ferreira, 2009	Board of Directors, Board Effectiveness, Gender, Diversity	Sample Size: An unbalanced panel of director-level data for Standard and Poor's (S&P) 500, S&P MidCaps, and S&P SmallCap Örms collected by the IRRC Sample Period: 1996-2003	Descriptive Statistics, Regression, Tobin's Q, z-statistics, ordinary least squares model, t-statistics.	The study indicated that impact of gender diversity on both markets valuation and operating performance seem to be negative. This adverse impact is generated by firms having greater shareholder rights. Gender diversity has positive impacts in firms which have weaker shareholder rights. The results

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				indicate that boards that are more diverse tend to be tougher monitors.
55. Babatunde and Olaniran, 2009	Firms, Panel Data, CG, mechanisms	Sample: 2002-2006; for a sample of 62 listed firms	Descriptive, Panel data regression analysis	Highlighted that the internal mechanisms of CG work to check and balance the power of managers, shareholders, directors and stakeholders. But while internal incentives are necessary for efficiency, they are not alone sufficient for good CG. In addition, corporations in market economics are also required to be disciplined externally.
56. Banerjee, Gokaran, Pattanayak, and Sinha, 2009	Scams, Market Value, firm level performance	Sample Size: S&P ESG India Index (NSE 500) Sample Period: 2005-2008 Country: India Variables: CG score, gross sales of the firm, age of the firm, Debt/Equity	Descriptive Statistics, Financial Ratios, Tobin's Q, Regression Analysis,	They advocated, based on the analysis conducted, that better-governed firms are relatively more profitable as well as valuable.
57. Bebchuk, Cohen, and Ferrell, 2009	Agency Theory, board of directors, takeovers, staggered boards, poison pills, tender offers, corporate charter	Sample: 1990-2003; sample based on the Investor Responsibility Research Centre (IRRC) published information for each of these years. Each volume included	Construction of an index named Entrenchment Index (E-Index) comprising six provisions, Correlation Analysis,	This study was based on the provisions followed by the Investor Responsibility Research Centre and was included in the Gompers, Ishii, and Metrick (2003) index. They observed that the index levels showed correlations with both, substantial economic

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		information between 1400 to 1800 firms	Descriptive, firm Fixed-Effect OLS Regression,	reductions in value of the firm as well as a very high degree of negative abnormal returns during their study period. However, this study also highlighted that existing literature have been focusing on CG and its effect on firm performance, but have not as such identified a consistent relationship between them.
58. Jackling and Johl, 2009	Board Structure, Firm Performance, India, Board of Director, Clause 49	Sample: sample is drawn from OSIRIS database and comprises the top Indian companies listed on the Bombay Stock Exchange by market capitalization in the year ended March 21, 2006. In addition, firms with 2005-06 annual reports (together with CG statement) available on the database were considered. Thus, the process led to a total of 180 observations.	Descriptive, Pearson correlations, 3 Stage Least Squares (3SLS) analysis, Simultaneous Equations of the regression models	They stated that a larger board size has a positive impact on performance thereby supporting the view that greater exposure to the external environment helps in improving access to resources. These boards encompass the necessary expertise which helps in making more comprehensive, informed and much better decisions. This in turn makes it harder for a powerful CEO to dominate, thereby lowering CEO autonomy. This research explores the relationship between audit fees and a primary determinant of the efficacy of the audit committee – that is, the audit committee's financial competence. They observed that audit pricing was negatively associated with accounting financial expertise. But this result

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				was conditional upon the strength of the overall structure of CG.
59. Krishnan and Visvanathan, 2009	Auditors, Audit Committee's Expertise, Accounting, Financial Experts	Sample: Standard and Poor's (S&P) 500 firms for the years 2000 - 2002	Descriptive, Correlation Analysis, Regression Analysis	This research explores the relationship between audit fees and a primary determinant of the efficacy of the audit committee – that is, the audit committee's financial competence. They observed that audit pricing was negatively associated with the accounting financial expertise. But this result drawn was conditional upon the strength of the overall structure of CG. The lack of a substantial association between non-accounting financial competence and audit fees indicated that auditors assume that only financial accounting competence contributes to the effectiveness of the audit committee.
60. Morey, Gottesman, Baker, and Godridge, 2009	CG, market valuation, emerging markets	Sample: a new data set from Alliance Bernstein that, has monthly-updated firm-level CG ratings for 21 emerging markets countries from 2001-2006, comprising 200 firms.	CG Rating using a structured questionnaire, Descriptive, Correlation Analysis, OLS Regression	They investigated how shifts in CG ratings affect the valuation of firms. Through this study they found evidence of substantially higher valuations resulting from enhancement in CG.

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
61. Rovers, 2009	Resource dependence theory, Stakeholder Theory, gender-diversity, board composition	Sample: 122 Dutch companies listed on the Amsterdam Stock Exchange. (2007-08). Variables used: size, board size, number of employees, industry, exchange segment and number of listings abroad.	Descriptive Statistics, SIC Codes, Dummy was created to indicate whether a company is an AEX company (dummy takes value 1) or not (dummy takes value 0), t-test, Pearson chi-square test, logistic regression, Logit analysis, Odds ratios	They found that 27.9% of the total companies have one or more female directors on either their executive or supervisory boards. 5.7% have one or more female directors on their executive board and 25.4% have one or more female directors appointed to their supervisory boards. Of the 928 director seats within these companies, 5.2% are held by a woman. Companies with female directors on their board are found primarily in the production and financial sectors.
62. Terjesen, Sealy and Singh, 2009	Corporate Boards, Gender, Theory, Characteristics	Sample: No specification. It is a general overview.	Review based analysis	The analysis indicates that the research on the representation of Women on corporate boards is about enhancing CG by better utilization of the capital of the entire talent pool, as well as creating more inclusive and fairer business institutions that better represent the stakeholders of their present generation. The gender diversity aspect, with respect to corporate boards, has garnered significant attention in government agenda, academic research and business strategy. In addition to being seen as a social issue, gender diversity is

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				constantly viewed as a value driver in firm strategy and CG
63. Dalton and Dalton, 2010	Women board members; Board of directors; Board member diversity; Sarbanes-Oxley Act.	Sample Period: 1993-2009, Fortune 500 companies Country: USA	Simple Statistical Analysis, Descriptive Statistics.	They provided that alongside gradual growth in women 's overall involvement in corporate boards, their representation on key board committees is growing. Notably, women's leadership of key board committees and their position as lead officers has strengthened, as their board memberships have increased.
64. Saad, 2010	CG, Dual Leadership, Capital Structure, Board of Directors' Facets	Sample: Analysis of companies' annual report and Thompson DataStream for a sample of 126 companies during 1998- 2006	Descriptive, Multiple regression analyses	As Auditing is considered to be among the most important elements of CG, all CG codes world over seek that the listed companies formulate an audit committee. Auditing and proper reporting help in solving agency problems, thus, guides shareholders in closely monitoring and controlling firms' resources.
65. Healy, 2011	Internal and external mechanisms, corporate control, CEO turnover	Sample: 1978-1988, the sample is all the firms with sic codes between 2000 - 3999 that are listed on COMPUSTAT and CRSP; 337 firms with 2932 firm years.	Logistic Regression Analysis, Descriptive, T-test	Results support the theory that external corporate control mechanisms will function when internal mechanisms have failed. Firms performing poorly which have not replaced the CEO have a higher probability of receiving a takeover offer than firms performing well. Additionally, when takeover offers are

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				classified as hostile or friendly, we find that the poorly performing firms without CEO changes are more likely to receive a hostile offer, however, the relationship does not hold for friendly takeover offers.
66. Rai, 2012	Asia, Board, Corporate, Gender, Governance, Legislations, Quotas, Women on Corporate Boards (WOCB)	Sample: Developed nations (viz. European countries, US, Canada, UK) and some developing nations. This has been further extended in the context of the Asia-Pacific region, Australia and New Zealand, India, spread across a number of years.	Descriptive Statistics, Comparative and an Exploratory study, Empirical Research	While countries have tried to address the lack of women representation at leadership positions and board levels under diversity, equal employment opportunity and CG parameters; the methods, norms and policies adopted have been varied. Most developed nations have strong presence of women in their workforce, that have moved towards increasing women representation on their corporate boards by way of modifying CG codes and ethics. Lagging behind are the developing nations of Asia, with lowest participation of female in management positions. Most countries are still trying to figure a mid-way on this path while public companies grappling with the situation, are trying to figure how best they can search and source talented women capable of adding decisional diversity in the boardrooms.

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
67. Sarkar, Sarkar and Sen, 2012	Index, board of directors, ownership structure, audit committee, external auditors	Sample Size: 500 large listed firms on the Bombay Stock Exchange Sample Period: 2003-2008 Country: India Variables: board of director, ownership structure, audit committee, and the external auditor	CG Index, Descriptive Statistics, Correlation, Regression	The study documents an upward trend in Indian companies CG Index level. They found that a clear correlation exists between the CG Index and corporate market performance, where companies with stronger CG structures gain significantly higher levels of return from the market. This research indicated that Indian markets seem to reward companies implementing CG reforms. This gives regulators an incentive, as well as a further motivation for further reform.
68. Balasubramanian, 2013	Gender Equality, Inclusivity, role of boards.	Sample Size: director statistics of the NSE and BSE are considered Country: India	Descriptive Statistics, Empirical study.	Highlighting the importance of gender equity and inclusiveness in CG, it was pointed out that companies need to take constructive and aggressive steps to find appropriate female directors for their boards. He also stressed that invited gender-based directors are likely to be much more successful than enforced varieties.
69. Larcker and Tayan, 2013	First female directors, large publicly traded corporations	Sample Size: Fortune 500 Period: Goes back in time when the first women directors were appointed Country: Worldwide Focus	Descriptive Statistics and Empirical Discussion.	The study found that just 17% of independent directors in the United States, were women. They analysed the routes women took to become the first female directors

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
70. Srinivasan and Pallathitta, 2013	Women Directorship, chairperson, social capital	Sample Size: 15 directors (11 female and 4 male). The sample had the following characteristics: (a) four of the 11 women directors (and two of the four male directors) are serving Chairpersons /CEOs/ Managing Directors, and hence, hold executive positions; (b) one of the four women directors belongs to the founding family associated with the firm; and (c) of nine independent directors, one of the directors was a former Chairperson and CEO, one previously belonged to the Indian Administrative Service (IAS), one formerly held a position just below the head of the institution, two were HR executives, and one was an active politician. In addition,	Exploratory Study, Qualitative research methodology with in-depth structured interview (The interview protocol had 35 questions divided into the following sections: background; identification; board experience; board process; and insights to increase the woman director pipeline in organisations), theoretical sampling.	Women make up 48 per cent of India's population; however, their representation on the company boards was not substantial. This paper has outlined the avenues on Indian corporate boards, available to women. The findings of the study revealed that although identifying women directors is largely a non-structured process; social capital — which includes the individuals' ability to network and the reputation they build for themselves — is a crucial factor in identifying suitable directors. They also inferred that the role of the chairperson in promoting the involvement of women directors on corporate boards, was crucial.

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
		each of the 15 directors was associated with three directorships on an average. Sample Period: 2013, India		
71. Verma, 2013	Companies Act 2013, Glass ceiling, Gender-balance boards, Gender equity	Sample Size: Fortune 500 companies (As per GMI 2011 ratings covered 4200 companies across the globe) Sample Period: 2009-2012	Descriptive Statistics, Exploratory study, Surveys	This study examined the significance of having a gender-balanced board. Multiple studies and surveys relating to women's participation on corporate boards were examined and analysed. They observed that, although there was a constant and significant rise in the percentage of women who qualify with the necessary degrees to enter into the labour pool, their presence on corporate boards was still not remarkable and India was amongst the lowest in women representation on boards. The author hoped that the new amendment as per the Companies Act, 2013 might be able to change the scenario.
72. Balasubramanian and Ramaswamy, 2014	Ownership trends, shareholders, listed corporations, corporate equity investment	Sample Size: The primary data was sourced from the NSE Sample Period: 2001-2011 Country: India	Descriptive Statistics, Time Series Analysis	They observed that centralized ownership and control is India's pattern of shareholding. That being said, this could result in these corporations being under diversified. Furthermore, ownership concentration can cause shareholder wealth to be expropriated.

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
73. Kulkani and Maniam, 2014	Indian CG, internal governance, audit committee, ethics.	Sample: Overview of CG in the Indian context. Country: India	Conceptual based, Theoretical discussion based on four of the influencing factors of CG practices namely ethics, internal CG, and selection of auditors and audit committee.	The paper investigates CG from India's viewpoint, examining the obstacles faced by an emerging economy like India. Additionally, it explains why adopting good CG practices is essential to any country. It highlights how CG has developed into an inseparable part of the Indian economy. The authors address the role of ethics, internal CG, auditor preference and audit committee in India.
74. Rhode and Packel, 2014	Diversity, Corporate Boards, Board Diversity, Minorities, Directors	Sample: It spans across years and companies in different countries	Comparative study of different researches done in this field, so talks about all methodologies that have been adopted by authors working in this area.	The empirical research on the effect of board diversity on firm performance is inconclusive. The mixed results reflect the different time periods, countries, economic environments, types of companies, and measures of diversity and financial performance. The relationship between board characteristics and firm performance likely varies by country because of the different regulatory and CG structures, economic climate and culture, and size of capital markets. As recent initiatives make clear, board membership remains a significant issue in the struggle for more equitable leadership structures. In this context, it matters

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				to get the arguments right, and to make the case for diversity on the basis of strong equitable and reputational arguments rather than more contested links between board membership and financial performance.
75. Silveira, Donaggio, Sica and Ramos, 2014	Gender Equality; Senior Management Positions; Board of Directors.	Sample Period: 1997-2012 Country: Brazil Variables Used: Women on board, independent women on board, Women on Senior management team and top management, BOD, ADR listing on NYSE, Firm age, ownership-structure, profitability	Descriptive Statistics, Correlation analysis	They presented an empirical overview of inadequate-representation of women in senior executive roles. They noticed that the percentage of women in the top management levels were about 8 per cent in the sampled firms and have remained fairly constant over the period under review. They also examined the organizational traits related to higher or lower female representation on corporate boards and top executive roles.
76. Campbell and Bohdanowicz, 2015	Role of women in the Boardroom, board effectiveness, firm performance, Agency Theory, Resource Dependency Theory, Gender Role Theory, Upper Echelons Theory	Sample: An overview, so not confined to a particular time period or place.	Theoretical Discussion based on facts, figures and past evidence from literature and various theories.	They define a conceptual framework that they used to explain the effects of gender diversity on board effectiveness and firm performance; while discussing the four main theories, namely agency theory, resource dependence theory, gender role theory and upper echelon theory. They also examined the claims made with respect to greater inclusion of women on boards. They discussed potential

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				costs related with the rise in equitable representation of gender on corporate boards.
77. Sarkar and Selarka, 2015	Board of directors, gender diversity, family ownership and control, gender-quota.	Sample Size: 10218 firm-year of data on 1348 firms Sample Period: 2005-2014, India (i) dependent variables market value of a firm and Return on Assets (ii) measures of gender diversity – presence, number and percentage of women directors on board (iii) control variables - firm age, board size, leverage	Descriptive Statistics, Regression, Tobin's Q, critical mass theory, Panel Data Estimation, Difference-in-difference Analysis.	They provided strong evidence that a rise in the proportion of independent female directors on corporate boards has a positive impact on firm performance, but this positive effect is substantially diminished wherein family members exercise control and hold key management positions on the board. The findings show that, in case of family firms, while gender diversity on corporate boards generally has a positive effect on company performance, the magnitude of family influence can have a major impact on this relationship.
78. Roy, 2016	Ownership structure, Agency theory	Sample period: 58 top Indian listed companies for a time period of 6 years, 2007-2012. Board of directors, board committees, audit fees, ownership structure, ROE, MTBVR, debt, firm age, and firm size.	Descriptive, Correlation Analysis, Principal Component Analysis, Multiple regression Analysis	In this research, the author has used a new dataset and contribute to the existing literature by examining an alternative and distinctive approach with respect to condensing a large number of CG variables, observed in the new database, into a single CG measure. The study enabled accurate estimation of the relationship between CG and firm performance, taking into account the

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				interrelationships amongst CG, firm performance, capital structure and ownership structure, using the Indian companies listed on recognized stock exchange.
79. Black, De Carvalho, Khanna, Kim, and Yurtoglu, 2017	CG indices, construct validity, boards of directors, disclosure, shareholder rights, ownership structure	Sample: Country CG indices were built using, non-public data from firm surveys that were conducted in Brazil (2004, 2006, and 2009), India (2006, 2007, and 2012) and Korea (1998-2004), and public data hand-collected from firm annual reports in Turkey (2006-2012).	Construction of a CG Index, Cronbach's Alpha, Principal Component Analysis, Correlation Analysis, Firm Fixed Effects Regression	The authors evaluated the construct validity of the CG indices for four main emerging markets. They developed country-specific indices, using country-specific elements of CG. The use of country-specific indices places great emphasis on the difficulty of construct validity in determining how well a measure of CG suits the underlying concept. They discussed how well these four country-specific indices, and sub-indices for CG aspects, such as board composition or transparency, assess unobserved, underlying actual CG, coherently.
80. Chauhan and Dey, 2017	Female directors, board of directors, emerging markets	Sample: All Indian firms listed on the NSE and BSE for the period 2002-2014	Descriptive, Multivariate Analysis, Time-series and Cross-sectional correlations, 2SLS methodology	The study examines the effect of female directors on Indian firm performance, where the domination of family firms and a patriachal society may sabotage the importance of women on boards. This study indicates that gender diversity does not have any such potential importance in family firms and that

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				female directors face more attendance problems compared to male directors, and are less likely to be appointed in monitoring-related committees.
81. Kavadis, Heyden, Oehimichen and Homroy, 2019	Female directors, institutional characteristics, ownership	Sample Size: Asian firms listed in the MSCI emerging markets index; Sample Period: 2007-2016 The Gender Inequality Index includes different dimensions from the HDI namely, health, empowerment	Descriptive Statistics, Correlation, variance inflation factor (VIF) analysis, Regression.	They found that gender disparity is reflected in lower women representation on corporate boards, whereas in some European countries, where statutory targets are in force, they occupy more than 30% of board positions. They concluded that some progressive corporations are taking initiatives of employing appropriate women on board.
82. Nili, 2019	Substantive Gender Diversity, boardroom, board dynamics and governance	Sample Size: S&P 1500 companies Data Collection: Wharton Research Data Services, Bloomberg, FactSet and Equilar Board Edge Sample Period: 2007-2015 Country: United States	Descriptive Statistics, Trend Analysis, Regression Models	They identified statistically significant differences between the roles assumed by female and male respectively. Based on these results, they emphasized that regulators, investors and companies should not only concentrate on enhancing the participation of women on boards, but also to assure that once hired, the female directors enjoy equal representation. The article further suggests a transition to a Substantive Disclosure of Gender Diversity framework that would

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
				calculate and disclose the substantive dimensions of gender diversity in boardrooms.
83. Madhani, 2019	Board Committees, CG, board performance, Indian Firms, disclosure practices, independent directors, Clause 49	Sample: Stratified sampling is used for obtaining data of firms listed in BSE and is constituent of S&P BSE sectoral indices, for the financial year 2011-2012	CG and Disclosure (CGD) score of firms is calculated by thoroughly scrutinizing annual report of sample of firms with the help of instrument developed by Subramanian and Reddy (2012), Descriptive, one-way ANOVA, parametric t-test, Correlation	The study suggested that Board Committees are fundamental to overall board performance and effectiveness and hence impacting performance overall. The three principal committees of a board are audit committee, remuneration committee and nomination committee. These committees, together with proper monitoring and controlling techniques, strengthen the performance of the board and thus result in much better CG
84. Sahoo, 2021	Board of Directors, Companies Act - 2013, Women Directors, Board Member	Sample: Indian Companies on Fortune 500 Companies Country: India	Study based on two groups: First - theoretical concepts of CG based on the studies made in India as per the Companies Act, 2013. Second - data of professional institutions in India like ICAI, ICWA, ICSI, Bar Council of India Women CEOs in India.	They found that women are actively participating in board affairs, the organisation appears to generate a positive atmosphere and people are more concentrated on their jobs. The results, however revealed, the lack of women in executive corporate positions was a sign of a "talent retention" crisis. Government and authorities should recognise the importance and capabilities of women and thus facilitate gender equality on corporate boards.

AUTHOR(S), YEAR	THEORY(S) USED/KEYWORDS	PERIOD OF STUDY/VARIABLES	RESEARCH METHODOLOGY	MAJOR FINDINGS
85. Black, De Carvalho, Kim, Yurtoglu, 2022	Commercial CG Ratings, Emerging Markets, Disclosure, Boards of Directors, Shareholder Rights Brazil, Korea, India, Turkey	Sample: The Asset4 sample comprises 3,924 firm-year observations of 713 firms, over 2002-2016. The TR sample comprises 4,164 firm-year observations of 867 firms over 2008-2018. The MSCI sample comprises 5,794 firm-year observations of 1,104 firms, 2009-2018. Country: Brazil, Chile, India, Indonesia, Korea, Malaysia, Mexico, Philippines, Poland, Russia, Singapore, South Africa, Taiwan, Thailand, Turkey, Korea, Singapore and Taiwan.	Descriptive, Firm fixed effects regression, industry-by-year fixed effect, Sensitivity analyses using firm random effects and pooled OLS specifications, Correlation Analysis	Different databases were combined to construct the dataset. Asset4 and TR indices, and financial data came from the Thomson Reuters Eikon database. MSCI rating was provided by Morgan Stanley Capital International. Information on cross-listings came from databases maintained at the Bank of New York, Citibank, Deutsche Bank, and JP Morgan. The sample for each rating was limited to countries with at least 10 firms covered by that rating in at least two years. A central issue in evaluating the effects of CG is how to measure it. Commercial CG ratings (CGGR) apply the same or similar elements across many countries. However, their power to predict relevant outcomes is not known. They assessed the three best available CCGRs that cover emerging markets over a reasonable time period, and found that these ratings have no power to predict profitability.

3.3 RESEARCH GAP

As indicated by previous literature, understanding the quality of firm level CG is challenging owing to construct validity. CG is a "complex construct", as mentioned by Larcker, Richardson and Tuna (2007), hence difficult to measure, mainly because of two reasons; Firstly, since there aren't any well-developed theories on the complex and multi-dimensional nature of CG i.e., given the large number of facets that are covered by CG, it may not be easy to comprehend the overall state of CG within a firm. Secondly, the process of narrowing down pertinent CG variables to be included in an empirical study becomes difficult, owing to the absence of a conceptual basis. Evidence from India reveals that the primary focus was on investigating the association between internal CG structure and corporate performance. A possible reason for this may be due to the fact that the external CG mechanism, such as, market for corporate control, happens to be weak in India. Thus, measuring the quality of firm level CG is subjective and debatable. The CG parameters investigated, and the weight attached to them, vary between the studies. In addition, the ranking of the firms that underlies these studies, based on the assumed weights brings in further subjectivity. Further, as the parameters assessed depend on the regulatory mechanism applicable which may vary over time, it is challenging to arrive at full drawn conclusions. Keeping in mind such complex and diverse issues we propose to develop a comprehensive and alternative CG Index based on some determinants of strong CG practices.

Further, extant literature delves into Gender Diversity on boards in the context of advanced economies and emerging economies like China. The lesser explored area that remains is that of gender diversity on Indian boards, more so, post the amendment in the Companies Act, 2013, that mandates that least one-woman director be appointed as a board member. Empirical studies investigating the impact of gender diversity on performance too, is inconclusive. Various studies have found favourable effects of gender diversity on corporate performance, as measured by MVtoBV or ROA or Tobin's Q (Adams and Ferreira, 2009; Campbell and Mínguez-Vera, 2008; Conyon and He, 2017; T. Miller and Triana, 2009; Post and Byron, 2013). There also exists a few evidence for an adverse relation between them (Ali, Ng, and Kulik, 2013; Shehata, Salhin, and El-Helaly, 2017). Marinova, Plantenga and Remery (2016) reported no relation between corporate performance and board diversity. Thus, in light of the foregoing, we propose to study the impact of women participation on boards and whether there exists an association with firm performance in the Indian context.

Evidence from previous studies suggests that if companies decide to improve and enhance their CG standards, their market valuation in turn improves (Klapper and Love, 2004; Chua, Eun, and Lai, 2007; Morey, Gottesman, Baker, and Godridge, 2009). There is a general perception that efficient CG practises result in improved corporate performance. This aspect, however, has not been appropriately captured in the Indian context, using a large sample.

3.4 OBJECTIVES OF THE STUDY

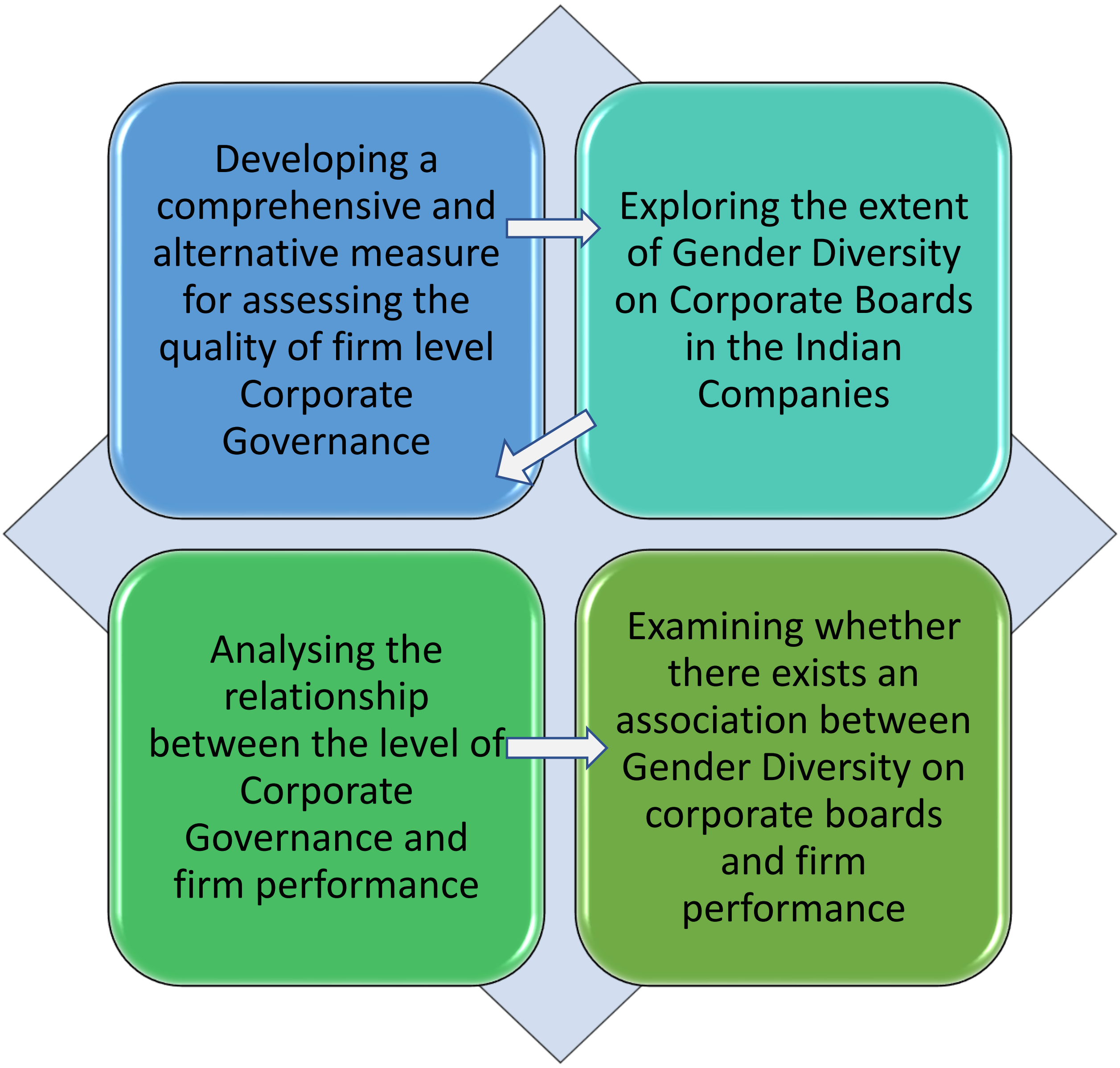
An effective set of objectives gives our research focus and clarity to the reader, wherein the objectives indicate what is to be achieved and how will it be achieved. Given the extant literature and the research gap thus identified, this study aims to fulfil the following objectives:

1. To develop a comprehensive and alternative measure for assessing the quality of firm level Corporate Governance
2. To explore the extent of Gender Diversity on Corporate Boards in the Indian Companies
3. a. To analyse the relationship between the level of Corporate Governance and firm performance.

   b. To examine whether there exists an association between Gender Diversity on corporate boards and firm performance

FIGURE 7

Diagrammatic Representation of the Objectives of the Study



CHAPTER 4: SAMPLE AND RESEARCH METHODOLOGY

The two leading stock exchanges in India include, the Bombay Stock Exchange (hereafter, BSE) and National Stock Exchange (hereafter, NSE).

BSE is Asia's oldest and India's first stock exchange, having being established in 1875. Traders from all across the nation sought brokers to assist them in investing in the stock market. This was due to the lack of on-screen trading on the BSE, which facilitated for a great deal of stock price tampering. As a result, the government established the NSE in 1992, and trading on the exchange commenced in 1994. On-screen trading was first implemented by the NSE, which had its own benchmark index called Nifty. This drew the traders' attention because it allowed them to save money on brokerage fees.[22] Also, in terms of liquidity NSE has an edge over BSE as larger volumes are traded on the NSE.

As per the World Federation of Exchanges, the NSE is India's primary stock exchange and the third largest in the world by virtue of the number of equities traded in 2019. In terms of trade volume, it is the county's biggest exchange. The automated trading technology used by the NSE ensures that trade matching is consistent and transparent, enhancing investors trust and awareness. In addition, the Exchange's quick processing of orders yields in liquidity and the best accessible pricing. Monthly trade figures for all of the shares of a listed are made available to listed companies.[23] The NSE provides complete surveillance of the Indian capital markets, including equity, fixed-income securities, and derivatives trading. The NSE's scale and variety of goods and services, as well as its consistent leadership roles across numerous asset categories in India and trading activity, contribute to draw larger participants, culminating in more productive price determination.

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[22] https://www.moneycontrol.com/news/business/markets/the-two-major-exchanges-in-india-similarities-differences-2359623.html

[23] https://www1.nseindia.com/corporates/content/listing_benefits.htm

4.1 SAMPLE AND DATA

The sample of our study is based off firms publicly traded on the NSE 500, as on March 31, 2020; constructed considering the accounting periods 2012-13 to 2019-20, namely eight financial years.

We have begun our data collection from the year 2012-13, as predominantly, we wanted to gauge and analyse the nature and composition of the Indian companies' boards post the amendments brought about in the Companies Act 2013. Moreover, there have been numerous changes and amendments in the CG clauses post the Satyam era. In the words of the former chairman of SEBI, M. Damodaran a leading governance consultant and the chairperson of Excellence Enablers, a CG advisory firm, "Satyam was a wake-up call for persons both within and outside the Indian boardrooms. It was not really a problem of absence of regulations, but it was more about someone taking liberties with existing regulations." He went on to highlight a string of regulatory changes that Satyam scandal triggered. According to him, "Schedule IV of the Companies Act, 2013 is really a by-product of Satyam. It is a laundry list arising out of a kneejerk reaction to the prevalent though unsubstantiated belief that the Independent Directors were sleeping on the job."[24] A slew of new parameters were introduced, as well as some modifications made. Thus, extending the sample period prior to this time frame, would not serve the purpose of our study. A panel data of eight years has been considered, owing to its ability to provide greater variability; informative data, minimising collinearity amongst variables, providing a greater degree of freedom and thereby enhancing efficiency (Hsiao, 2006).

All banks and financial institutions, namely 85 in number, have been excluded from the sample, since the accounting practices and policies adopted by them are different. Upon such exclusion

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[24] https://www.businesstoday.in/latest/corporate/story/despite-tighter-corporate-governance-norms-that-satyam-scam-triggered-india-inc-continues-to-shock-investors-with-financial-frauds

the sample size stood at 415 companies, summing up to 3,320 firm years. We have a well-diversified dataset, constituting firms from 18 industry groups, namely 222 companies from the manufacturing, mining and extraction sectors, 48 PSE's, remaining 139 companies from the service sectors (made up of 26 engineering and construction, 17 software, 16 diversified and others, 14 transport storage and warehouse, 14 wholesale, 9 retail sales, 8 television and picture, 7 healthcare, 6 hospitality, 5 production based, 5 telecommunication, 4 consultancy, 3 electricity, 3 publishing and 2 advertising based companies) and 6 Agro based companies.

TABLE 6

Industry-Wise Classification of the Sample Companies

CLASSIFICATION OF SAMPLED COMPANIES	NUMBER OF COMPANIES	PERCENTAGE OF COMPANIES
Manufacturing, Mining & Extraction	222	53
Public Sector Enterprises (PSE's)	48	12
Service Sector	139	34
Agro-Based	06	1
Total	415	100

The Prowess database, which is maintained by the "Centre for Monitoring Indian Economy (CMIE)" and is extensively utilized for firm-level studies in India (Bertrand, Mehta, and Mullainathan, 2002; Gopalan, Nanda, and Seru, 2007), was utilized to acquire the majority of the data. Given the literature, for some of the variables we needed to source data from Annual Reports of the sampled companies, downloaded from the official website of these companies.

4.2 VARIABLES USED IN THE STUDY

For the purpose of the study, we have sourced data pertaining to relevant variables from the Prowess database and given the extant literature on CG, we have categorised them into three panels, explaining the measurement of the given variables, as given in Table 7.

TABLE 7

Variable Definition

VARIABLE	ABBREVIATION	MEASUREMENT/DESCRIPTION	REFERENCES
PANEL A: DEPENDENT VARIABLES			
1. Return on Assets	ROA	Standardized measure for capturing firm performance (accounting perspective)	Chari, Chen & Dominguez (2012); Meador & Kumar (2011); Bhagat & Bolton (2008)
2. Market Value to Book Value	MVtoBV	Standardized measure for capturing firm performance (market-based perspective)	Black, Jang, Kim (2006); Bubbico, Giorgino, Monda (2012);
PANEL B: INDEPENDENT VARIABLES			
1. Board Size	BdSize	Total number of directors forming a part of the boards.	Mohamed et al. (2016), Jackling & Johl (2009); Lipton & Lorsch (1992)
2. Board Independence	PropID	Proportion of Independent Directors on the boards - Total Number of Independent Directors on the board/Total Board Size.	Brickley, Coles & Terry (1994); Fama & Jensen (1983);
	I_Dir	Total number of independent directors forming a part of the boards.	Coleman &Biekpe (2005)
3. Non-Executive Directors	PropNED	Proportion Non-Executive Directors on the boards - Total Number of Non-Executive Directors on the board/Total Board Size	Bhagat & Black (2007), Kiel & Nicholson (2003)
	NE_Dir	Total number of non-executive directors forming a part of the boards.	

VARIABLE	ABBREVIATION	MEASUREMENT/DESCRIPTION	REFERENCES
4. Board Meetings	BdMeet	Total number of board meetings held each year	Mangena & Tauringana (2008); Sonnenfeld (2002); Vafeas (1999a);
5. Meetings Attended by Directors	DMA	Average number of meetings attended by directors	Lipton & Lorch (1992)
6. Board Committees	BdComm	Total number of board committees prevalent in the company	Madhani (2019); John & Senbet (1998)
7. Audit Committee	PresAC	Presence of an Audit committee (taken as a binary, wherein if Committee present then 1, else 0)	DeZoort, Hermanson & Houston (2002); Klein (1998);
8. Audit Committee Size	ACSize	Total number of members on the audit committee	DeZoort, Hermanson & Houston (2002);
9. Audit Committee Meetings	ACMeet	Total number of Audit committee meetings held each year	Bansal & Sharma (2016); Menon & Williams (1994);
10. Audit Committee Independence	IDonAC	Total number of Independent Directors on the Audit Committee	Bansal & Sharma (2016); Abbott & Parker (2000);
11. Nomination-Remuneration Committee	PresNRC	Presence of a Nomination-Remuneration committee (taken as a binary, wherein if Committee present then 1, else 0)	Jensen (1993); Firstenberg & Malkiel (1994)
12. Nomination-Remuneration Committee size	NRCSize	Total number of members on the Nomination-Remuneration Committee	Kesner, 1988; Bilimoria & Piderit, (1994)
13. Nomination-Remuneration Committee Independence	IDonNRC	Total number of Independent Directors on theNomination-Remuneration Committee	Westphal and Zajac, (1995); Westphal, (1998); Williamson (1985)
14. Director Remuneration	LnDR	Natural logarithm of total Director Remuneration	Talha, Sallehhuddin, and Masuod (2009); Conyon (1997)
15. CSR Committee	PresCSR	Presence of a CSR committee (taken as a binary, wherein if CSR Committee present then one, else zero)	Adnan, Hay & Staden (2018); Jo and Harjoto, (2011); Zahra, 1989

VARIABLE	ABBREVIATION	MEASUREMENT/DESCRIPTION	REFERENCES
16. Governance Committee	PresGov	Presence of a Governance committee (taken as a binary, wherein if Governance Committee present then one, else zero)	https://www.oecd.org/daf/ca/Improving-Corporate-Governance-India.pdf
17. CEO Duality	CeoDual	Existence of CEO Duality (taken as a binary, wherein if CEO Duality exists then zero, else one)	Yermack, 1996; Boyd, 1995
18. Promoter Shareholding	ProSh	Prevalence of promoters holding shares in the company	La Porta, Silanes, Shleifer & Vishny, (1998); Khanna and Palepu (2000)
19. Foreign Institutional Shareholders	FIIPres	Presence of FII's (taken as a binary, wherein if present then one, else zero)	Gillian and Starks, (2005); Aggarwal et al., 2011; Karmin (2000); Frydman, Gray, Hessel, Rapaczynski (1997)
20. Public Sector Enterprise	PSE	Presence of PSE (taken as a binary, wherein if PSE then one, else zero)	Chattopadhyay (2011); Selarka, (2005); Gugler, Mueller, and Yurtoglu (2003)
21. Presence of Women Directors	PresenceWD	Presence of Women directors (taken as a binary, wherein if WD's present then one, else zero)	Verma, 2013; Nili, 2019
22. Women Directors on the board	PropWD	Proportion of Women Directors on the boards - Total Number of Women Directors on the board/Total Board Size.	Francoeur, Labelle & Desgagne, (2008); Campbell & Bohdanowicz, (2015)
PANEL C: CONTROL VARIABLES			
1. Total Sales	LnTS	Natural logarithm of total sales, as a measure of firm size.	Hashmi, Gulzar, Ghafoor, Naz (2020)
2. Total Asset	LnTA	Natural logarithm of total assets, as a measure of firm size.	Hassan et al., (2017); Aishah et al., (2016);
3. Firm Age	FirmAge	Number of years since inception to the date of observation.	Pandit and Sidhharthan, (2003)

4.3 RESEARCH METHODOLOGY

Research methodology is a means for solving a problem in research in a systematic fashion and achieving the specified goals. It emphasizes how research is conducted, namely, the numerous techniques that are commonly used in investigating a research problem, as well as the rationale that underpins them.[25]

Thus, to substantiate our objectives, we first develop a comprehensive measure for assessing the quality of firm level CG, employing a CG index (hereafter, CGI), followed by an alternative measure using PCA. Further, to analyze the association between the level of CG and performance and to assess whether there exists an association between gender diversity on corporate boards and firm performance, the Pearson's Correlation Analysis, followed by Fixed Effects Panel Regression with Ordinary Least Squares (hereafter, OLS) as the method of estimation were employed.

4.3.1 CORPORATE GOVERNANCE INDEX (CGI)

The Indian CG standards have evolved through the years, however, only a few studies have been conducted in the Indian context with regards to a CGI. Given the broad array of issues encompassed by CG, determining a company's overall CG status is extremely challenging. There are far too many variables and data points to consider in order to arrive at a conclusion. In this scenario, a comprehensive CGI that can appropriately capture the various components of CG with just a few numbers could be extremely beneficial. The notion behind the construction of a CGI is to compare a company's CG attributes to provisions which are regarded to be predictors of good CG practices. Literature suggests two types of CGI:

4.3.1.1 COMMERCIAL INDICES - Commercial CG indices, as contrasted against academic indices, assign different weights for each provision relying on the author's judgement and the

[25] Kothari, C. R. (2004). Research methodology.

outcomes of quantitative analysis in terms of the significance of the factors as mentioned above when establishing the relative prominence of each criterion. Most commercial indices enable comparisons with other enterprises in the same industry and other businesses, with internal CG processes like boards and senior management remuneration systems, receiving more weightage. Thus, some of these commercial indices thus constructed and used, have been highlighted and discussed below:

The BSE had partnered with the International Finance Corporation (IFC) Washington, a component of the World Bank Group, to design a CG Scorecard for Indian corporations in an attempt to tackle these challenges and as a public benefit endeavour. This CG Scorecard is a list of seventy questions, that assists firms in benchmarking their CG status and offer investors with a structured indicator of every company's CG status. It was thus agreed to employ the competence of Institutional Investors Advisory Services (IiAS), a major proxy consulting firm in India, to draft a questionnaire under the supervision of the BSE and the IFC. “The CG Scorecard is developed on the basis of four G20/OECD principles for CG namely, Enforcing rights and Equitable treatment of shareholders, Role of Stakeholders, Disclosures and Transparency and Responsibilities of the Board”[26]. The CG Scorecard is an amalgamation of questions centred on the aforementioned principles that assesses the company's CG status on several parameters. Firms can use the CG Scorecard to self-assess and determine the areas in which they fall short, as well as take preventive efforts to address such deficiencies. These CG Scorecard Ratings can then be used by investors (both institutional and retail) to augment their investment judgements.

CLSA Limited (previously, Credit Lyonnais Securities Asia) is a global capital markets and investment firm that specializes in alternative investments, asset management, and capital

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[26] https://www.bseindia.com/static/about/CorporateGovernanceScorecard.aspx

markets, securities, and wealth maintenance for corporate and institutional clientele.[27] Its capability to handle risk is essential for its long-term prosperity and survival. Economic, financial, operational, and technological risk are all managed by CLSA's rigorous risk management system. Through CG procedures implemented at all levels of the organization, CLSA's leadership provides supervision and accountability.

CRISIL (previously, Credit Rating Information Services of India Limited), an Indian analytics enterprise that offers ratings, investigations, risk and policies consulting services. It is a subsidiary of S&P Global. It was India's first credit rating agency, established in 1988 by ICICI and UTI in collaboration with SBI, LIC, and United India Insurance Company. S&P, a credit rating organization based in the United States, obtained the major portion of its shares in April 2005. Its Governance and Value Creation (GVC) Gradings evaluate a business's CG procedures in terms of its influence on all stakeholders with whom the firm interacts, including staff, vendors, shareholders, creditors, and society. The potential of a company to create value for its stakeholders while adhering to solid CG practices is reflected by a CRISIL GVC grading. Employing a sensible blend of descriptive and analytical characteristics, the grading assesses the equitable generation of wealth amongst all stakeholders. SEBI, however, revised the (Credit Rating Agencies) Regulations 1999 with a notification dated May 30, 2018, under which specific operations previously conducted by the credit rating agency, are no longer permitted to be carried out by them, post two years from the date of notification. As a result, CRISIL Ratings has terminated the Rating of Fund Management Capability and Rating for Governance and Value Creation, which have been relocated to CRISIL's India Research division, with effect from May 31, 2020. The India Research division of CRISIL is the

[27] https://www.clsa.com/about/governance/

country's largest autonomous comprehensive research company, offering a perspective, views, and evaluation of the Indian economy, industries, capital markets, and corporations.[28]

In the late 90s, following the economic collapse in Russia and East Asia, Standard and Poor began developing its CG benchmark framework, the GAMMA technique, which takes a financial approach from the standpoint of long-term equity investors. The GAMMA score aims to assess the efficacy of individual CG processes as a dynamic interplay between administration, the board of directors, shareholders, and other stakeholders who work to increase the firm's worth and assure an equitable allocation of its profits. Thus, individual CG procedures are assessed against S&P's CG criteria, which are based on a variety of international CG codes, scholarly and professional research, and S&P's own research when it comes to performing a CG analysis.

The Institutional Shareholder Services originally introduced the ISS CG evaluation approach in 2013 as a quantifiable data solution designed to detect CG risks across portfolio corporations. An updated approach (QuickScore 2.0) was introduced in 2014, evaluated on the basis of best CG practices in relation to a variety of criteria. According to the ISS, “QuickScore 2.0 provides robust and timely insight, with event-driven data updates that capture changes to a firm's CG structures, identified through public disclosures and companies within the scope of QuickScore could review, authenticate and furnish necessary suggestions on the data being utilized.” The ISS CG Quotient is the forerunner of the previously stated ISS Governance QuickScore predictor as a measure of CG.

The IFC Scorecard of CG Standards was established as a component of the CG Development Framework, a CG evaluation framework developed by the International Finance Corporation, which includes most emerging markets throughout the world. The CG scorecard approach is

[28] https://www.crisil.com/en/home/our-businesses/india-research/governance-and-value-creation grading/governance-and-value-creation-grading-overview.html

strongly linked to particular (national) CG codes, and so includes all of the relevant provisions. It enables analysing how a corporation's organizational practices comply with the code and to helps in interpreting the significant characteristics of the code with respect to the firm reality. The SEECGAN Index of CG was constructed and introduced in 2014, with seven components that were designed and fitted to the context and observable traits of the business environment in specified nations in South Eastern Europe.

The various indices previously used highlighted the facts that while evaluating the relative relevance of each parameter, commercial CG indices, as contrasted against academic indices, assign unique weights to each component premised on the authors' judgment and the findings of empirical analysis in terms of the value of the variables described above. A central issue in evaluating the effects of CG is how to measure it. Some researchers measure firm-level CG using country-specific indices (CSIs), tailored to each country's laws and institutions; several studies report that these indices can predict profitability in emerging markets, in a panel data framework with firm fixed effects. In contrast, commercial CG ratings (CCGRs) apply the same or similar elements across many countries. However, their power to predict relevant outcomes is not known. Black, De Carvalho, Kim, Yurtoglu (2022) assessed the three best available CCGRs, Asset4, Thomson Reuters, and MSCI, that cover emerging markets over a reasonable time period. They found that these ratings have no power to predict profitability. They also provided suggestive evidence that the likely root cause is poor construction of the ratings, rather than whether a well-specified measure that can predict profitability.

4.3.1.2 ACADEMIC INDICES - Academic indices are predominately focused on takeover defences, however other commercial indices are either indifferent to these aspects or assign to the internal CG measures, such as boards or senior executive remuneration systems, relatively lesser weightage. Generally commercial indices enable comparability with other firms in the same industry, whereas academic indices are typically absolute scales that are unaffected by analogous organizations' operations. Furthermore, commercial indices constantly adapt to market demands, whereas academic indices remain irreversible in this regard.

One of the first academic CG index constructed was the G-index constructed by Gompers, Ishii, and Metrick (2003). It exemplified the fundamental relevance of CG indices in CG research, as well as the importance of addressing construct validity difficulties in the index creation. They developed a CG index with 24 equally weighted elements to assess how power is balanced between managers and owners, and they established that this framework predicts business performance and value.

Bebchuk, Cohen, and Ferrell (2009) critiqued the G-index, claiming that, out of the 24 elements G-Index, just six factors, which they use to construct their own E-index or the Entrenchment Index, accurately predict firm performance. The inverse association between the E-Index and firm value, did not prove the causation direction. But besides the endogeneity issues, this investigation has significant practical consequences as it pinpointed the CG rules that are most relevant for shareholders wealth by demonstrating the significant importance of only six provisions (namely, the entrenching ones). Bebchuck et al. pointed out, the effectiveness of CG can be assessed more accurately by emphasizing exclusively on the most important CG rules rather than examining broader indices that may encompass provisions that might be irrelevant.

Further, Straska and Waller (2014) disagreed, claiming that the 18 measures that BCF sought to eliminate from the G index, when considered as an O (for other) index, indicate a probability of takeover. The D index was constructed by Karpoff, Schonlau, and Wehrly (2016), which was a subdivision of the G-index components that also predicted a takeover probability. The uncertainty would be exacerbated if takeover defence aspects, not included in the initial G index, were evaluated, or if a more CG index not confined to takeover defences was pursued. In the context of CG indices in four major emerging markets (namely, Brazil, Korea, India, and

Turkey), it suggested employing a common index that depends on the same set of CG components in each country, as enormous multi-country investigations often are likely to furnish bad constructs.

Brown and Caylor (2006) used the data presented by the ISS (Institutional Shareholder Services Inc.) to build a more extensive index of CG, contrasted with the formerly disclosed E-Index and G-Index. Their Gov-Score index is made up of 51 provisions organized into eight categories. Because it contained a wider collection of CG combinations than takeover defences, which constituted the majority of the G and E indexes, and since it is generated from a larger database than the other two, it could provide a stronger assessment of organizations' CG quality, according to its developers.

Balasubramanian, Black, and Khanna (2010) created an overall Indian CG Index (ICGI) and discovered a favourable relationship between ICGI and firm valuation. They built an ICGI based on their primary survey and company annual reports. They discovered forty-nine company parameters that are frequently associated with good CG. They classified these parameters into sub-indices, namely Board Structure, Board Procedures, Related Party Transactions, Disclosures and Shareholder Rights.

Sarkar, Sarkar, and Sen (2012) developed a CG Index for five hundred big listed Indian companies, for the years 2003-2008. The index was created using data from four key CG mechanisms, namely, the board of directors, ownership structure, external auditors and the audit committee. The index's formulation enabled researchers to look at the emergence of CG in India during a time when there were numerous CG reforms. The research revealed that the CG Index of Indian enterprises had been gaining in popularity. They discovered a robust link between the CG Index and firm market performance, wherein firms with stronger CG structures tend to generate greater market returns.

Thus, in order to construct a comprehensive measure for assessing the quality of firm-level CG, we first developed a relative disclosure CGI, employing 21 variables, based on existing literature. These 21 variables were divided into two broad categories, namely Board Structures and Board Committees, both of which were further subdivided into four sub-categories.

A. BOARD STRUCTURE - The ordinances of a firm, supported by the legal and regulatory framework, define the composition, duties, and authorities assigned to a board. The number of board members, how they are elected, the type of the directors, and how often the board meets are all governed by the rules.[29] Board structures have a big impact on corporate growth, and they're controlled and monitored by a legal and regulatory system to safeguard shareholders' interests and prevent fraud. Boards, in order to be efficient, must take action, both in their structure and in their nominating practices, to make sure that insiders and executive owners do not have unreasonable influence over the board's activities and decisions. Corporate boards perform essential functions and are thus considered an effective CG tool (Lipton and Lorsch, 1992; Jensen, 1993). To assure that managers uphold the interests of shareholders, it has been proposed that boards advise, supervise, and seek transparency from management (Jensen and Meckling, 1976; Ntim, 2009).

a. Size of the boards - Jackling and Johl (2009) stated that large board size has a positive impact on performance as these boards encompass the necessary expertise which helps in making more comprehensive and informed decisions, lowering CEO domination. However, contradicting the above viewpoint, Lipton and Lorsch (1992) and Jensen (1993) stated, larger boards do not seem to be as effective and can be controlled by a CEO easily, thereby favouring smaller boards. A very big board creates problems in coordination and processing. An important perk of having a smaller board is that, with respect to individual directors, it enhances their decision-making ability. To recognize

[29] https://corporatefinanceinstitute.com/resources/careers/jobs/board-of-directors/

the advantages of a large or small board, the board size should be significant in accordance to the firm's operations, and directors should be chosen in such a way that the Board will preserve its credibility and reliability. Pursuant to the SEBI LODR, "by April 1, 2019, there should be at least 6 directors in the top 1000 listed entities by market capitalization, and by April 1, 2020, there should be at least 6 directors in the top 2000 listed entities."[30] Our dataset reveals a mean board size of 10.62, with three being the minimum and 23 being the maximum.

b. Nature of Directors - Although there have been several arguments that the effectiveness of a board is enhanced if it consists of an optimal mix of both, employees of the firms and independent directors, the factors making up an optimal board composition is not identified conclusively (Hermalin and Weisbach, 1998). Independent directors tend to cater to the firms' shareholders, by providing them with the necessary monitoring and advisory functions, which in turn proves to be advantageous for the firms in a number of ways (Brickley and James, 1987; Brickley, Coles and Terry, 1994; Byrd and Hickman 1992; Weisbach, 1988). Also, Coleman and Biekpe (2005) provided evidence that there exists a significant positive correlation between the proportion of independent members on the board and performance. However, contradictory to the above, Forsberg (1989) and Yermack (1996), found no such relation between company performance and proportion of outsiders on the firms' board. Clause 49 states that "where the chairman of the board is a non-executive director, at least one-third of the board should comprise of independent directors and in case he is an executive director, at least half of the Board should comprise independent

[30]https://sebi/sebi-lodr-regulations-2015-obligations-listed-entity-listed-securities-chapter-iv.html

directors".[31] Given our dataset, the average proportion of independent directors on the boards of our sampled firms is approximately 47.3%.

With respect to Executive and Non-Executive Directors, one of the most common criticisms aimed at directors, especially non-executive directors, is that they lack adequate knowledge of the company's operations (Mace, 1986). Non-executive directors, however, could bring in a variety of viewpoints and experiences into the boardroom. Since they have the capability to interact with the outside world in an impartial manner, they would more accurately evaluate strategies (Kiel and Nicholson, 2003). Certain research suggests that executive directors play a crucial role as an advocate to the shareholders. When executive directors manage the board in tender offers for bidders, shareholders seem to gain more. Executive directors, according to Byrd and Hickman (1992) and Beasley (1996), reduce the risk of fraud in financial statements. Enron, according to Bhagat and Black (2007), couldn't avoid wealth depletion despite having eleven independent directors on its 14-member board. As a result, strongly independent boards may not be appropriate. Instead, a board should include a combination of inside, independent, and affiliated directors.

c. CEO DUALITY **-** Boards have to keep a constant and vigilant check on the managers and dismissing dormant CEOs, as and when they deem necessary. Although duality create strong leadership, it reduces the effectiveness of board monitoring. It has been argued that if decision making and control is concentrated in the hands of the same individual, the board will not be as effective in monitoring the top-level management. It has been found in several studies, that those firms are valued even higher, whereby these two positions are separate (Yermack, 1996). However, with respect to the

[31] https://www.primedatabase.com/article/2019/Article-M.Thenmozhi.pdf

relationship between CEO Duality and firm performance, there are mixed evidence. Boyd (1995) suggests that duality could have a positive or negative impact, depending upon the industry conditions. However, section 203 of the Companies Act, 2013 states that the same person cannot hold the office of both the Chairperson and the Managing Director (hereafter, MD) or CEO of a company unless the articles of the company allow it or the company does not engage in multiple businesses. According to Regulation 17(1B) of the SEBI LODR, 2015, the chairperson of the board of directors of the leading 500 equity listed firms, must be a non-executive director who is not associated with the MD or CEO, as defined by the 2013 Act. This regulation was supposed to come into effect on April 1, 2020. However, via a notification dated 10th January 2020, SEBI postponed the enforcement of this clause, pertaining to the segregation of the positions of a non-executive chairperson and a MD/CEO, by two years, namely until 1st April 2022.[32] Thus, due to the delay in the regulation being made effective, some of our sample firms (although very few in number) have still been reflecting the prevalence of CEO Duality across the sample period. A majority of our sample firms, particularly the professionally managed firms, have tried to separate these roles and adhere to the regulations, as a step towards maintenance of progressive CG.

d. Board Meetings - According to Vafeas (1999a), businesses that are productive in determining the appropriate frequency of board meetings for their organisational setting would benefit from economies of scale in agency costs, thus improving financial performance of the body corporate. Meetings on a regular basis, give directors ample time to consult, create policy, and evaluate managerial results. The board must meet at least four times a year, with no more than four months between meetings, as per the LODR. From April 1, 2019, this regulation became enforceable for all listed firms in

[32] https://home.kpmg/in/en/home/insights/2020/01/firstnotes-sebi-chairperson-md-ceo-defer.html

India.[33] However, our dataset reveals 5.67 as the mean number of board meetings held, with zero being the minimum and sixteen being the maximum. This highlights the fact that some of the sampled firms haven't held a board meeting at all, during the chosen period. As a result, these enterprises must make a concerted attempt to hold at least four board meetings every year in order to reap the gains of improved monitoring.

B. BOARD COMMITTEES - According to research, board committees are crucial for the overall success and efficacy of the board (Madhani, 2019). The function of such committees is critical for the board's efficient functioning. The existence of monitoring committees (audit, nomination, and remuneration committees) is significantly associated with factors relating to monitoring benefits, according to John and Senbet (1998). The foundation of the CG, as per Shukla (2008), lies in its specialised committees, namely, “the audit committee, remuneration committee, and nomination committee”. These committees, together with proper surveillance, strengthen the board performance and thus result in stronger CG and disclosure practices.

a. Audit Committee – Audit committee’s principal function is to monitor the integrity of the firm’s financial reports and to manage the board’s relationship with the firm’s external auditors. By reducing information inconsistency between insiders (managers) and outsiders, these audit committees in the Board help mitigate agency problems (Klein, 1998). A sound CG structure relies heavily on an efficient audit committee (DeZoort, Hermanson and Houston 2002). The board must establish an audit committee to oversee financial statement accounting, auditing and reporting. The number of meetings held by the Audit Committee has been evidenced to increase with the size of the company and the percentage of outsiders on the board of directors (Menon and Williams, 1994). The prevalence of a powerful chief executive officer was observed to be negatively associated with the number and length of Audit Committee meetings,

[33] https://www.independentdirectorsdatabank.in/pdf/partners/icai/FAQ_on_SEBI_Regulations_2015.pdf

according to Collier and Gregory (1999). There exists evidence in literature that firms with strong CEOs are more likely to have insiders and committed directors on their audit committees as compared to companies with weaker CEOs (Klein, 1998a). Also, strong CEO companies' audit committees meet less regularly than their contemporaries (Klein, 1998a; Collier and Gregory, 1999). The number and length of Audit Committee meetings, however, are very rough indicators of Audit Committee operation that can vary greatly depending on the size and nature of a firm's business, as well as the extent of the activities of the Audit Committees and, more importantly, the degree and nature of interaction beyond these meetings. Auditing and reporting facilitate shareholders in tracking and managing a firm's finances, as well as addressing the agency problem (Saad, 2010). According to the Cadbury report (1992), an audit committee's effectiveness requires a majority of its members to be independent. For a Board committee to be effective, its supervisor it must be independent (Klein 1998). Previous studies indicate that Audit quality is linked positively to the audit committee, when more independent directors are present on the committee. Increased Board independence, as per Adeyemi and Fagbemi (2010), tend to improve audit quality. According to the SEBI LODR, 2015, "a quorum for an audit committee meeting must consist of at least two independent directors or one-third of the audit committee members, whichever is greater".[34] As a result, a minimum of two independent directors must attend an audit committee meeting. Our dataset revealed, the mean number of independent directors on an audit committee, attending meetings was 7.42.

b. Nomination and Remuneration Committee – Shareholders anticipate directors' remuneration to be adequate to lure in, retain, and empower directors of high quality (with respect to ability, competency, and experience), but not more than is needed.

[34] https://www.independentdirectorsdatabank.in/pdf/partners/icai/FAQ_on_SEBI_Regulations_2015.pdf

Conyon (1997) discovered that director compensation and existing shareholder returns have a positive association. Evidence exists that CG factors influence top director compensation. Firms that have remuneration committees have lower compensation growth rates for top executives. Talha, Sallehhuddin, and Masuod (2009) explored the relation between CG and remuneration of a director and observed that CG refers to how an organization is managed and driven. It is the board who approves the remuneration of top executives, however, the shareholders approve the remuneration of directors, by voting. The degree and nature of remuneration must be sufficient and adequate to retain competent directors. The Remuneration Committee establishes and proposes to the board a fair and equitable remuneration system to make sure that the firm's managers in the senior most positions are properly compensated and acknowledged for their contributions to the firm's success. In the absence of an independent remuneration committee, managers draft contracts with one hand and sign them with the other, observed Williamson (1985).

The nomination committee is the third foundation of CG. This committee's primary responsibility is to choose or provide proposals to the board with respect to its directors to be named or re-appointed at the next annual general meeting. The majority of CG codes require boards to form a nomination-committees to identify and appoint new members. Nomination committees are thought to improve the efficiency of the board by overseeing its structure, such as increasing director credentials and board independence (Ruigrok, Peck, Tacheva, Greve & Hu, 2006). Existing research on such nomination committees examines the attributes and credentials of the members forming a part of the board committee (Kesner, 1988; Bilimoria and Piderit, 1994), as well as the factors that influence the formation of those committees (Kesner, 1988; Bilimoria and Piderit, 1994). (Vafeas, 1999; Carson, 2002). The aim of nomination committees, according to this perspective, is to adapt board composition to the demands raised by the company's external environment. The nomination committee selects directors who are professionals and who could contribute to the firm's success. As a result, it moves in the direction of increasing shareholder wealth. The nomination committee's core principle is to have an acceptable combination of talents, expertise, and objectivity on the Board, therefore nominations from different stakeholders are needed to bear everyone's interests in mind. It is in charge of updating the board's composition on a regular basis, keeping in mind the advantages of diversity as well as the range of skills and expertise needed. It also advises the board of directors on any modifications required to be made to the board and senior manager succession planning, as well as on the selection and reappointment of directors. As a result, it gives the board an unbiased view and makes suggestions for the best candidates. A board should appoint independent directors via a nomination committee that is comprised predominantly of independent directors, including an independent chairman.[35] A Nomination Committee will help strengthen independence of the board members while also lowering management's control (Jensen, 1993; Firstenberg and Malkiel, 1994; Westphal and Zajac, 1995; Westphal, 1998).

c. ***Corporate Social Responsibility Committee*** - A Corporate Social Responsibility (hereafter, CSR) committee's multidisciplinary essence demonstrates the willingness, as well as the requirements and expectations of various stakeholders. The analysis of CSR or sustainability committees has been strongly connected to their association with CG, particularly its position in the board of directors and its engagement with other types of variables such as board diversity and independence (Diez & Odriozola, 2019).

[35] https://www.mca.gov.in/Ministry/reportonexpertcommitte/chapter4.html

As a result, a CSR committee prevalence has been primarily considered as a control variable in larger CG framework (Adnan, Hay & Staden 2018; Jo and Harjoto, 2011)

d. Corporate Governance Committee – The existence of a CG Committee aids the board of directors in performing its monitoring duties as regards to CG's overall strategy and all of its mechanisms. The governance committee's goal is to serve as the board's primary source of CG information. Equating their company's CG practices to those of rivals and the larger market encompasses a part of this job. Governance committees contribute to good CG by fostering the board's, committees', and individual members' sustainable growth and operation. The committee assists the board in working with due diligence.[36]

4.3.2 PRINCIPAL COMPONENT ANALYSIS (PCA)

Further, we devised an alternative measure for evaluating the quality of firm-level CG using PCA. Identifying components or clusters of associated variables is the objective of PCA. Each component is made up of a set of factors that have a stronger correlation amongst themselves than with other variables that aren't part of that component. Instead of a conceptual premise or previous empirical substantiation, the factors are compiled depending on their statistical features. As a result, rather than employing equal or subjective weights as in index creation, here the scaling strategy is statistical. The fundamental factors of PCA are obtained through the correlation matrix's Eigen Value breakdown. The precision of the given correlation matrix determines the authenticity of these components, which determines the credibility of the results. The Pearson correlations obtained for PCA are appropriate if the variables employed have a continuous distribution. However, the CG variables could be discontinuous. The correlation coefficients for clusters of variables including discrete data are frequently

[36] https://insights.diligent.com/nominating-governance-committee/governance-committees-role-in-corporate-governance/

underestimated (Beekes, Hong & Owen, 2010). Nevertheless, because there is minimal previous theoretical or empirical investigation about the aspects of CG utilizing this technique, we choose PCA because it provides useful perspective into the firm's CG system (Dey, 2008).

4.3.3 CORRELATION AND REGRESSION

The Pearson's Correlation Analysis, followed by Fixed Effects Panel Regression with OLS as the method of estimation were employed to further substantiate our objectives. Pearson's correlation coefficient assesses the statistical association, between continuous variables. Since it is based on the notion of covariance, it is regarded as the best method for quantifying the relationship between variables of interest. It provides an insight on the direction and magnitude of the association between the variables or selected parameters.[37] Panel data regression analysis is a cross section data and time series combination, in which the same unit cross section is recorded at varying times. In most regression analyses utilising cross-section data, variable estimation is performed by estimating the least squares approach known as OLS. OLS is a widely used method for calculating the coefficients of linear regression equations that represent the association between one or more independent quantifiable variables and an appropriate dependent variable.[38]

[37] https://www.statisticssolutions.com/free-resources/directory-of-statistical-analyses/pearsons-correlation coefficient/
[38] https://www.xlstat.com/en/solutions/features/ordinary-least-squares-regression-ols

CHAPTER 5: ANALYSIS AND INTERPRETATION

The technique of attributing meaning to the data obtained and finalising the conclusions, relevance, and consequences of the findings is referred to as "data analysis and interpretation". However, reverting to the objective of the analysis, creating a pattern for the arrangement of the data and a direction for the analysis, the processes associated with data analysis, are a function of the nature of information obtained.

Thus, in the light of the foregoing, we have three objectives, which have been bifurcated into seven further parts. They have been classified and explained distinctively.

5.1 A COMPREHENSIVE AND ALTERNATIVE MEASURE FOR ASSESSING THE QUALITY OF FIRM LEVEL CORPORATE GOVERNANCE

In India, listed companies are required to adhere to the CG requirements as elucidated in the Companies Act, 2013 and SEBI LODR Regulations, 2015. Whilst the majority of firms abide by the law and regulations to a considerable degree, they find it difficult to self-assess their CG status and compare themselves against many similar companies due to a shortage of a systematic tool, and thus investors lack an easy-to-understand indicator of a company's CG status. As per the literature, a couple of academicians and practitioners employed one specific CG variable in their research to assess the influence of CG on company productivity, while others attempted to build a comprehensive measure or an index of CG.

The construction and employment of an index could be motivated by one of the three aspects. Indices are used to augment the legislative CG framework and to create incentives for companies to improve their CG activities. Furthermore, companies who have built "CG evaluation systems" have the opportunity to differentiate themselves from their market competitors and acquire a strategic edge. Ultimately, these indexes as a comprehensive measure of CG quality, could be one of the significant indications of a company's ability to acquire new sources of capital and reduce capital costs in comparison to its rivals. Commercial and academic CG indices are identified on the foundation of CG indices. In several vital attributes, as discussed in the previous section, these two sets of indicators differ substantially.

Thus, we first try to develop a comprehensive measure for assessing the quality of firm level CG, employing 21 variables, as discussed previously, to construct a relative disclosure CGI.

5.1.1 THE COMPREHENSIVE MEASURE - CGI CONSTRUCTION

The CGI was thus constructed on the basis of 21 structural indicators of CG, grouped into two main categories; namely, Board Structures (points 1-8 in Table 8) and Board Committees (points 9-21 in Table 8). To prepare the CGI, the year wise median value for all 21 variables was considered across the 415 companies. Then the actual value of a given variable for each sample firm was compared with the median, and a binary value (i.e., one or zero) was assigned, based on the grading used for that variable, to get the firm score. Table 8 below, indicates the basis for assignment of the binary values to the different variables, based on which CGI was constructed. To arrive at the CGI value, we added the scores of all the 21 individual variables and divided it by the maximum possible value (see equation 1 below). The maximum value for the CGI is 21. This exercise was repeated for each of the eight years. The equation that was used to arrive at the values used for the CGI construction, is as under:

EQUATION 1:

$$CGI_{it} = \frac{\sum CumVal\_CGS_{it}}{\sum MaxVal\_CGS_{it}}$$

Where, CGI_{it} = CGI of firm i in year t; $CumVal\_CGS_{it}$ = Cumulative value of CG for firm i in year t; $MaxVal\_CGS_{it}$ = Max possible value of CG for firm i in year t; i = firm; t = year

TABLE 8

Basis for Assignment of the Binary Values for Each Variable Used in the CGI Construction

A. Board Structure Score
1. Size of the Boards - *This variable is assigned a value of one if the board size is not less than the median, and zero otherwise.*
2. Number of Independent Directors on the board - *This variable is assigned a value of one if the Number of Independent Directors is not less than the median, and zero otherwise*
3. Proportion of Independent Directors on the board - *This variable is assigned a value of one if the Proportion of Independent Directors is not less than the median, and zero otherwise*
4. Number of Non-Executive Directors on the board - *This variable is assigned a value of one if the Number of Non-Executive Directors is not less than the median, and zero otherwise*
5. Proportion of Non-Executive Directors on the board - *This variable is assigned a value one if the Proportion of Non-Executive Directors is not less than the median, and zero otherwise*
6. CEO Duality - *This variable is assigned a value of one if there is no CEO Duality (i.e., there is a separation in position), and zero otherwise*
7. Number/Frequency of Board Meetings held - *This variable is assigned a value of one if the number of board meetings is not less than the median, and zero otherwise*
8. Attendance of Directors in Board Meetings - *This variable is assigned a value of one if the number of meetings attended by directors is not less than the median, and zero otherwise*
B. Board Committee Score
9. Number of Board Committees - *This variable is assigned a value of one if the number of board committees is not less than the median, and zero otherwise*
10. Presence of the Audit Committee - *This variable is assigned a value of one if there is a presence of an Audit Committee, and zero otherwise*
11. Size of the Audit Committee - *This variable is assigned a value of one if the size of the Audit committee is not less than the median, and zero otherwise*
12. Number of Audit Meetings - *This variable is assigned a value of one if the number of Audit committee meetings is not less than the median, and zero otherwise*

13. Number of Independent Directors on the Audit Committee - *This variable is assigned a value of one if the Number of Independent Directors on the Audit Committee is not less than the median, and zero otherwise*

14. Proportion of Independent Directors on the Audit Committee - *This variable is assigned a value of one if the Proportion of Independent Directors on the Audit Committee is not less than the median, and zero otherwise*

15. Presence of the Nomination and Remuneration Committee - *This variable is assigned a value of one if there is a presence of a Nomination and Remuneration Committee, and zero otherwise*

16. Size of the Nomination and Remuneration Committee - *This variable is assigned a value of one if the size of the Nomination and Remuneration Committee is not less than the median, and zero otherwise*

17. Number of Independent Directors on the Nomination and Remuneration Committee - *This variable is assigned a value of one if the Number of Independent Directors on the Nomination and Remuneration Committee is not less than the median, and zero otherwise*

18. Proportion of Independent Directors on the Nomination and Remuneration Committee - *This variable is assigned a value of one if the Proportion of Independent Directors on the Nomination and Remuneration Committee is not less than the median, and zero otherwise*

19. Remuneration paid to the Directors - *This variable is assigned a value of one if the Remuneration paid to the Directors is not less than the median, and zero otherwise.*

20. Presence of the CSR Committee - *This variable is assigned a value of one if there is a presence of a CSR Committee, and zero otherwise*

21. Presence of the CG Committee - *This variable is assigned a value of one if there is a presence of a CG Committee, and zero otherwise*

Thus, given the basis of assignment of values for the index construction, the detailed CGI, both year-wise and company-wise so constructed, is represented in Table 9 below:

TABLE 9

Corporate Governance Index (CGI), created as per Equation 1

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
3M India Ltd.	0.33	0.38	0.48	0.33	0.33	0.33	0.33	0.38	-	-	0.36	-	-	-	-	-	-
A B B India Ltd.	0.38	0.24	0.24	0.43	0.29	0.38	0.33	0.43	-	-	0.34	-	-	-	-	-	-
A B B Power Products & Systems India	-	-	-	-	-	-	0.33	0.29	-	0.30	-	-	-	-	-	-	-
A C C Ltd.	0.81	0.81	0.81	0.76	0.86	0.81	0.86	0.76	-	-	-	-	-	-	-	0.81	-
A I A Engineering Ltd.	0.29	0.29	0.19	0.24	0.19	0.19	0.24	0.24	-	0.23	-	-	-	-	-	-	-
A P L Apollo Tubes Ltd.	0.52	0.52	0.38	0.52	0.33	0.33	0.38	0.43	-	-	-	0.43	-	-	-	-	-
Aarti Drugs Ltd.	0.52	0.29	0.43	0.38	0.33	0.29	0.33	0.24	-	-	0.35	-	-	-	-	-	-
Aarti Industries Ltd.	0.67	0.57	0.62	0.62	0.57	0.62	0.62	0.62	-	-	-	-	-	0.61	-	-	-
Abbott India Ltd.	0.52	0.62	0.38	0.52	0.52	0.62	0.43	0.48	-	-	-	-	0.51	-	-	-	-
Adani Enterprises Ltd.	0.57	0.38	0.43	0.62	0.57	0.57	0.43	0.48	-	-	-	-	0.51	-	-	-	-
Adani Gas Ltd.	0.33	0.29	0.29	0.29	0.29	0.33	0.29	0.48	-	-	0.32	-	-	-	-	-	-
Adani Green Energy Ltd.	-	-	-	0.33	0.38	0.38	0.38	0.43	-	-	0.38	-	-	-	-	-	-
Adani Ports & Special Economic Zone	0.67	0.52	0.67	0.71	0.48	0.52	0.48	0.62	-	-	-	-	0.58	-	-	-	-
Adani Transmission Ltd.	-	0.33	0.33	0.38	0.38	0.38	0.38	0.33	-	-	0.36	-	-	-	-	-	-
Aditya Birla Fashion & Retail Ltd.	0.62	0.57	0.52	0.57	0.48	0.62	0.52	0.67	-	-	-	-	0.57	-	-	-	-
Advanced Enzyme Technologies Ltd.	0.38	0.38	0.38	0.43	0.48	0.43	0.71	0.57	-	-	-	0.47	-	-	-	-	-
Aegis Logistics Ltd.	0.33	0.43	0.33	0.33	0.33	0.38	0.33	0.33	-	-	0.35	-	-	-	-	-	-
Affle (India) Ltd.	0.29	0.29	0.29	0.29	0.29	0.29	0.29	0.33	-	0.29	-	-	-	-	-	-	-
Ajanta Pharma Ltd.	0.38	0.38	0.43	0.43	0.43	0.38	0.38	0.38	-	-	0.40	-	-	-	-	-	-
Akzo Nobel India Ltd.	0.43	0.52	0.57	0.48	0.57	0.43	0.52	0.48	-	-	-	0.50	-	-	-	-	-
Alembic Pharmaceuticals Ltd.	0.38	0.38	0.38	0.38	0.29	0.43	0.38	0.33	-	-	0.37	-	-	-	-	-	-
Alkem Laboratories Ltd.	0.57	0.52	0.43	0.48	0.57	0.48	0.43	0.57	-	-	-	-	0.51	-	-	-	-

Company Name	CGI 2013	CGI 2014	CGI 2015	CGI 2016	CGI 2017	CGI 2018	CGI 2019	CGI 2020	COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE 0.11 - 0.20	0.21 - 0.30	0.31 - 0.40	0.41 - 0.50	0.51 - 0.60	0.61 - 0.70	0.71 - 0.80	0.81 - 0.90	0.91 - 1.00
Alkyl Amines Chemicals Ltd.	0.57	0.57	0.43	0.43	0.38	0.43	0.33	0.33	-	-	-	0.43	-	-	-	-	-
Alok Industries Ltd.	0.62	0.76	0.67	0.57	0.57	0.52	0.52	0.57	-	-	-	-	0.60	-	-	-	-
Amara Raja Batteries Ltd.	0.38	0.48	0.62	0.48	0.57	0.48	0.43	0.43	-	-	-	0.48	-	-	-	-	-
Amber Enterprises India Ltd.	0.19	0.19	0.19	0.19	0.19	0.19	0.14	0.19	**0.18**	-	-	-	-	-	-	-	-
Ambuja Cements Ltd.	0.67	0.67	0.57	0.62	0.67	0.62	0.67	0.52	-	-	-	-	-	0.63	-	-	-
Apollo Hospitals Enterprise Ltd.	0.57	0.67	0.76	0.71	0.71	0.71	0.71	0.48	-	-	-	-	-	0.67	-	-	-
Apollo Tyres Ltd.	0.71	0.81	0.67	0.81	0.71	0.76	0.76	0.71	-	-	-	-	-	-	0.74	-	-
Ashok Leyland Ltd.	0.71	0.71	0.76	0.81	0.76	0.76	0.76	0.81	-	-	-	-	-	-	0.76	-	-
Ashoka Buildcon Ltd.	0.48	0.43	0.48	0.48	0.52	0.48	0.52	0.52	-	-	-	0.49	-	-	-	-	-
Asian Paints Ltd.	0.81	0.76	0.76	0.76	0.76	0.71	0.71	0.67	-	-	-	-	-	-	0.74	-	-
Aster D M Healthcare Ltd.	0.29	0.33	0.38	0.52	0.52	0.43	0.52	0.57	-	-	-	0.45	-	-	-	-	-
Astral Poly Technik Ltd.	0.33	0.38	0.38	0.43	0.29	0.29	0.38	0.38	-	-	0.36	-	-	-	-	-	-
Astrazeneca Pharma India Ltd.	0.38	0.38	0.43	0.29	0.38	0.29	0.33	0.33	-	-	0.35	-	-	-	-	-	-
Atul Ltd.	0.76	0.67	0.57	0.57	0.62	0.62	0.52	0.43	-	-	-	-	0.60	-	-	-	-
Aurobindo Pharma Ltd.	0.43	0.48	0.43	0.43	0.38	0.48	0.38	0.33	-	-	-	0.42	-	-	-	-	-
Avanti Feeds Ltd.	0.57	0.57	0.52	0.67	0.52	0.52	0.57	0.62	-	-	-	-	0.57	-	-	-	-
Avenue Supermarts Ltd.	0.24	0.24	0.33	0.43	0.33	0.29	0.33	0.38	-	-	0.32	-	-	-	-	-	-
B A S F India Ltd.	0.33	0.38	0.29	0.38	0.29	0.33	0.33	0.29	-	-	0.33	-	-	-	-	-	-
B E M L Ltd.	0.71	0.62	0.57	0.67	0.62	0.52	0.62	0.62	-	-	-	-	-	0.62	-	-	-
Bajaj Auto Ltd.	0.71	0.71	0.71	0.71	0.67	0.67	0.67	0.67	-	-	-	-	-	0.69	-	-	-
Bajaj Consumer Care Ltd.	0.33	0.48	0.38	0.33	0.43	0.33	0.38	0.38	-	-	0.38	-	-	-	-	-	-
Bajaj Electricals Ltd.	0.71	0.71	0.76	0.86	0.76	0.71	0.71	0.67	-	-	-	-	-	-	0.74	-	-
Balkrishna Industries Ltd.	0.76	0.76	0.62	0.71	0.71	0.71	0.81	0.76	-	-	-	-	-	-	0.73	-	-
Balmer Lawrie & Co. Ltd.	0.67	0.67	0.57	0.48	0.48	0.43	0.52	0.57	-	-	-	-	0.55	-	-	-	-
Balrampur Chini Mills Ltd.	0.48	0.57	0.52	0.57	0.71	0.62	0.62	0.62	-	-	-	-	0.59	-	-	-	-
Bata India Ltd.	0.48	0.52	0.57	0.57	0.48	0.43	0.52	0.52	-	-	-	-	0.51	-	-	-	-
Bayer Cropscience Ltd.	0.48	0.43	0.48	0.52	0.57	0.48	0.52	0.62	-	-	-	-	0.51	-	-	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
Berger Paints India Ltd.	0.67	0.57	0.71	0.57	0.43	0.52	0.67	0.62	-	-	-	-	0.60	-	-	-	-
Bharat Dynamics Ltd.	0.57	0.57	0.38	0.43	0.52	0.48	0.57	0.48	-	-	-	0.50	-	-	-	-	-
Bharat Electronics Ltd.	0.71	0.57	0.52	0.57	0.48	0.67	0.67	0.71	-	-	-	-	-	0.61	-	-	-
Bharat Forge Ltd.	0.52	0.52	0.48	0.48	0.48	0.43	0.43	0.43	-	-	-	0.47	-	-	-	-	-
Bharat Heavy Electricals Ltd.	0.71	0.62	0.52	0.67	0.62	0.67	0.67	0.67	-	-	-	-	-	0.64	-	-	-
Bharat Petroleum Corpn. Ltd.	0.76	0.62	0.62	0.71	0.62	0.71	0.67	0.67	-	-	-	-	-	0.67	-	-	-
Bharat Rasayan Ltd.	0.52	0.67	0.52	0.48	0.52	0.48	0.48	0.43	-	-	-	-	0.51	-	-	-	-
Bharti Airtel Ltd.	0.76	0.76	0.81	0.71	0.81	0.81	0.81	0.81	-	-	-	-	-	-	0.79	-	-
Biocon Ltd.	0.62	0.62	0.71	0.81	0.57	0.62	0.76	0.81	-	-	-	-	-	0.69	-	-	-
Birla Corporation Ltd.	0.52	0.52	0.52	0.57	0.52	0.48	0.48	0.38	-	-	-	0.50	-	-	-	-	-
Birlasoft Ltd.	0.81	0.81	0.76	0.71	0.62	0.76	0.71	0.81	-	-	-	-	-	-	0.75	-	-
Bliss G V S Pharma Ltd.	0.38	0.38	0.38	0.38	0.38	0.48	0.43	0.43	-	-	0.40	-	-	-	-	-	-
Blue Dart Express Ltd.	0.52	0.52	0.52	0.43	0.52	0.48	0.57	0.48	-	-	-	-	0.51	-	-	-	-
Blue Star Ltd.	0.48	0.43	0.48	0.48	0.52	0.67	0.62	0.62	-	-	-	-	0.54	-	-	-	-
Bombay Burmah Trdg. Corpn. Ltd.	0.81	0.81	0.76	0.62	0.71	0.62	0.71	0.76	-	-	-	-	-	-	0.73	-	-
Bombay Dyeing & Mfg. Co. Ltd.	0.86	0.81	0.76	0.81	0.81	0.81	0.76	0.71	-	-	-	-	-	-	0.79	-	-
Bosch Ltd.	0.38	0.48	0.52	0.48	0.48	0.43	0.52	0.48	-	-	-	0.47	-	-	-	-	-
Brigade Enterprises Ltd.	0.48	0.43	0.48	0.52	0.52	0.38	0.57	0.38	-	-	-	0.47	-	-	-	-	-
Britannia Industries Ltd.	0.57	0.62	0.67	0.71	0.71	0.67	0.67	0.71	-	-	-	-	-	0.67	-	-	-
C C L Products (India) Ltd.	0.57	0.81	0.76	0.76	0.71	0.76	0.76	0.76	-	-	-	-	-	-	0.74	-	-
C E S C Ltd.	0.57	0.38	0.48	0.52	0.57	0.52	0.43	0.29	-	-	-	0.47	-	-	-	-	-
Cadila Healthcare Ltd.	0.62	0.76	0.62	0.67	0.71	0.67	0.81	0.71	-	-	-	-	-	0.70	-	-	-
Caplin Point Laboratories Ltd.	0.48	0.52	0.48	0.48	0.57	0.52	0.67	0.57	-	-	-	-	0.54	-	-	-	-
Carborundum Universal Ltd.	0.57	0.62	0.67	0.67	0.62	0.71	0.57	0.67	-	-	-	-	-	0.64	-	-	-
Care Ratings Ltd.	0.57	0.62	0.67	0.52	0.57	0.67	0.81	0.71	-	-	-	-	-	0.64	-	-	-
Castrol India Ltd.	0.24	0.29	0.29	0.29	0.29	0.29	0.24	0.38	-	0.29	-	-	-	-	-	-	-
Ceat Ltd.	0.67	0.62	0.76	0.71	0.76	0.67	0.62	0.62	-	-	-	-	-	0.68	-	-	-

Company Name	CGI 2013	CGI 2014	CGI 2015	CGI 2016	CGI 2017	CGI 2018	CGI 2019	CGI 2020	COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE 0.11 - 0.20	0.21 - 0.30	0.31 - 0.40	0.41 - 0.50	0.51 - 0.60	0.61 - 0.70	0.71 - 0.80	0.81 - 0.90	0.91 - 1.00
Century Plyboards (India) Ltd.	0.52	0.67	0.57	0.62	0.62	0.67	0.57	0.67	-	-	-	-	-	0.61	-	-	-
Century Textiles & Inds. Ltd.	0.38	0.38	0.48	0.38	0.33	0.38	0.43	0.43	-	-	0.40	-	-	-	-	-	-
Cera Sanitaryware Ltd.	0.67	0.57	0.67	0.62	0.71	0.67	0.67	0.62	-	-	-	-	-	0.65	-	-	-
Chalet Hotels Ltd.	0.29	0.24	0.33	0.29	0.33	0.24	0.57	0.33	-	-	0.33	-	-	-	-	-	-
Chambal Fertilisers & Chemicals Ltd.	0.67	0.57	0.76	0.57	0.48	0.57	0.57	0.67	-	-	-	-	-	0.61	-	-	-
Chennai Petroleum Corpn. Ltd.	0.57	0.62	0.62	0.52	0.52	0.57	0.62	0.52	-	-	-	-	0.57	-	-	-	-
Cipla Ltd.	0.71	0.81	0.81	0.71	0.76	0.71	0.67	0.67	-	-	-	-	-	-	0.73	-	-
Coal India Ltd.	0.76	0.81	0.67	0.67	0.71	0.71	0.76	0.67	-	-	-	-	-	-	0.72	-	-
Cochin Shipyard Ltd.	0.67	0.67	0.67	0.71	0.57	0.71	0.67	0.57	-	-	-	-	-	0.65	-	-	-
Coforge Ltd.	0.48	0.43	0.48	0.48	0.43	0.48	0.57	0.62	-	-	-	0.49	-	-	-	-	-
Colgate-Palmolive (India) Ltd.	0.38	0.38	0.38	0.57	0.43	0.43	0.43	0.43	-	-	-	0.43	-	-	-	-	-
Container Corpn. Of India Ltd.	0.76	0.67	0.62	0.67	0.76	0.71	0.76	0.76	-	-	-	-	-	-	0.71	-	-
Coromandel International Ltd.	0.67	0.67	0.52	0.62	0.67	0.52	0.62	0.52	-	-	-	-	0.60	-	-	-	-
Crisil Ltd.	0.48	0.48	0.52	0.57	0.57	0.62	0.67	0.62	-	-	-	-	0.57	-	-	-	-
Crompton Greaves Consumer Electricals Ltd.	-	-	-	0.29	0.43	0.38	0.38	0.38	-	-	0.37	-	-	-	-	-	-
Cummins India Ltd.	0.33	0.33	0.38	0.33	0.33	0.33	0.38	0.38	-	-	0.35	-	-	-	-	-	-
Cyient Ltd.	0.57	0.52	0.62	0.57	0.67	0.62	0.57	0.67	-	-	-	-	0.60	-	-	-	-
D B Corp Ltd.	0.48	0.33	0.33	0.33	0.48	0.43	0.33	0.33	-	-	0.38	-	-	-	-	-	-
D C M Shriram Ltd.	0.62	0.62	0.62	0.52	0.48	0.43	0.48	0.38	-	-	-	-	0.52	-	-	-	-
D L F Ltd.	0.67	0.86	0.90	0.90	0.81	0.86	0.90	0.90	-	-	-	-	-	-	-	0.85	-
Dabur India Ltd.	0.57	0.52	0.62	0.52	0.57	0.52	0.52	0.48	-	-	-	-	0.54	-	-	-	-
Deepak Nitrite Ltd.	0.62	0.62	0.52	0.57	0.62	0.62	0.62	0.71	-	-	-	-	-	0.61	-	-	-
Delta Corp Ltd.	0.33	0.24	0.43	0.24	0.29	0.29	0.24	0.24	-	0.29	-	-	-	-	-	-	-
Dhanuka Agritech Ltd.	0.52	0.62	0.57	0.71	0.62	0.57	0.57	0.62	-	-	-	-	0.60	-	-	-	-
Dilip Buildcon Ltd.	0.29	0.29	0.29	0.33	0.48	0.52	0.57	0.43	-	-	0.40	-	-	-	-	-	-
Dish T V India Ltd.	0.71	0.62	0.62	0.57	0.67	0.62	0.62	0.62	-	-	-	-	-	0.63	-	-	-
Dishman Carbogen Amcis Ltd.	0.43	0.43	0.29	0.29	0.38	0.29	0.38	0.48	-	-	0.37	-	-	-	-	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
Divi'S Laboratories Ltd.	0.52	0.57	0.48	0.52	0.43	0.62	0.62	0.67	-	-	-	-	0.55	-	-	-	-
Dixon Technologies (India) Ltd.	0.19	0.19	0.19	0.19	0.38	0.33	0.33	0.33	-	0.27	-	-	-	-	-	-	-
Dr. Lal Pathlabs Ltd.	0.62	0.62	0.57	0.52	0.43	0.29	0.33	0.24	-	-	-	0.45	-	-	-	-	-
Dr. Reddy'S Laboratories Ltd.	0.86	0.86	0.81	0.86	0.86	0.90	0.86	0.86	-	-	-	-	-	-	-	0.86	-
E I D-Parry (India) Ltd.	0.57	0.67	0.67	0.67	0.57	0.67	0.52	0.52	-	-	-	-	-	0.61	-	-	-
E I H Ltd.	0.38	0.48	0.29	0.48	0.52	0.48	0.52	0.29	-	-	-	0.43	-	-	-	-	-
E P L Ltd.	0.67	0.57	0.67	0.67	0.57	0.57	0.48	0.57	-	-	-	-	0.60	-	-	-	-
Eclerx Services Ltd.	0.67	0.67	0.67	0.67	0.57	0.57	0.48	0.43	-	-	-	-	0.59	-	-	-	-
Eicher Motors Ltd.	0.38	0.38	0.33	0.52	0.57	0.43	0.43	0.48	-	-	-	0.44	-	-	-	-	-
Elgi Equipments Ltd.	0.33	0.33	0.33	0.38	0.38	0.29	0.38	0.33	-	-	0.35	-	-	-	-	-	-
Emami Ltd.	0.57	0.52	0.57	0.57	0.57	0.57	0.57	0.52	-	-	-	-	0.56	-	-	-	-
Endurance Technologies Ltd.	0.24	0.29	0.24	0.29	0.52	0.38	0.33	0.29	-	-	0.32	-	-	-	-	-	-
Engineers India Ltd.	0.62	0.67	0.57	0.57	0.57	0.62	0.67	0.52	-	-	-	-	0.60	-	-	-	-
Eris Lifesciences Ltd.	0.19	0.24	0.24	0.29	0.33	0.29	0.24	0.29	-	0.26	-	-	-	-	-	-	-
Esab India Ltd.	0.33	0.43	0.43	0.33	0.33	0.33	0.38	0.38	-	-	0.37	-	-	-	-	-	-
Escorts Ltd.	0.52	0.57	0.52	0.67	0.38	0.48	0.62	0.62	-	-	-	-	0.55	-	-	-	-
Exide Industries Ltd.	0.48	0.43	0.48	0.43	0.52	0.57	0.57	0.48	-	-	-	0.49	-	-	-	-	-
F D C Ltd.	0.57	0.57	0.62	0.57	0.62	0.67	0.57	0.67	-	-	-	-	-	0.61	-	-	-
Fine Organic Inds. Ltd.	0.19	0.19	0.29	0.24	0.24	0.43	0.29	0.24	-	0.26	-	-	-	-	-	-	-
Finolex Cables Ltd.	0.71	0.71	0.71	0.71	0.67	0.67	0.62	0.62	-	-	-	-	-	0.68	-	-	-
Finolex Industries Ltd.	0.62	0.67	0.67	0.67	0.71	0.76	0.76	0.81	-	-	-	-	-	-	0.71	-	-
Firstsource Solutions Ltd.	0.67	0.57	0.62	0.62	0.62	0.62	0.62	0.62	-	-	-	-	-	0.62	-	-	-
Fortis Healthcare Ltd.	0.67	0.67	0.67	0.76	0.76	0.76	0.76	0.62	-	-	-	-	-	-	0.71	-	-
Future Consumer Ltd.	0.52	0.57	0.57	0.43	0.52	0.52	0.57	0.48	-	-	-	-	0.52	-	-	-	-
Future Retail Ltd.	0.38	0.33	0.52	0.52	0.67	0.48	0.38	0.48	-	-	-	0.47	-	-	-	-	-
G A I L (India) Ltd.	0.71	0.62	0.57	0.62	0.71	0.67	0.71	0.71	-	-	-	-	-	0.67	-	-	-
G E Power India Ltd.	0.29	0.33	0.43	0.43	0.52	0.33	0.33	0.48	-	-	0.39	-	-	-	-	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
G H C L Ltd.	0.71	0.71	0.67	0.67	0.67	0.71	0.71	0.57	-	-	-	-	-	0.68	-	-	-
G M M Pfaudler Ltd.	0.38	0.43	0.43	0.38	0.38	0.43	0.38	0.52	-	-	-	0.42	-	-	-	-	-
G M R Infrastructure Ltd.	0.76	0.71	0.76	0.67	0.76	0.62	0.71	0.71	-	-	-	-	-	-	0.71	-	-
Galaxy Surfactants Ltd.	0.24	0.29	0.24	0.33	0.33	0.43	0.43	0.43	-	-	0.34	-	-	-	-	-	-
Garden Reach Shipbuilders & Engineers Ltd.	0.52	0.57	0.62	0.62	0.62	0.62	0.62	0.67	-	-	-	-	-	0.61	-	-	-
Garware Technical Fibres Ltd.	0.38	0.29	0.33	0.29	0.29	0.29	0.29	0.33	-	-	0.31	-	-	-	-	-	-
Gillette India Ltd.	0.33	0.38	0.48	0.48	0.38	0.29	0.43	0.33	-	-	0.39	-	-	-	-	-	-
Glaxosmithkline Pharmaceuticals Ltd.	0.67	0.67	0.71	0.57	0.62	0.67	0.57	0.48	-	-	-	-	-	0.62	-	-	-
Glenmark Pharmaceuticals Ltd.	0.48	0.52	0.33	0.43	0.33	0.38	0.33	0.43	-	-	0.40	-	-	-	-	-	-
Godfrey Phillips India Ltd.	0.33	0.43	0.48	0.33	0.33	0.29	0.29	0.38	-	-	0.36	-	-	-	-	-	-
Godrej Agrovet Ltd.	0.33	0.48	0.29	0.43	0.48	0.62	0.48	0.52	-	-	-	0.45	-	-	-	-	-
Godrej Consumer Products Ltd.	0.76	0.71	0.76	0.67	0.67	0.71	0.67	0.67	-	-	-	-	-	0.70	-	-	-
Godrej Industries Ltd.	0.81	0.76	0.81	0.90	0.76	0.81	0.86	0.81	-	-	-	-	-	-	-	0.82	-
Godrej Properties Ltd.	0.62	0.62	0.67	0.62	0.67	0.67	0.62	0.52	-	-	-	-	-	0.63	-	-	-
Granules India Ltd.	0.81	0.71	0.62	0.67	0.57	0.57	0.71	0.62	-	-	-	-	-	0.66	-	-	-
Graphite India Ltd.	0.57	0.52	0.57	0.52	0.48	0.52	0.48	0.33	-	-	-	0.50	-	-	-	-	-
Grasim Industries Ltd.	0.52	0.48	0.48	0.57	0.52	0.57	0.52	0.67	-	-	-	-	0.54	-	-	-	-
Great Eastern Shipping Co. Ltd.	0.43	0.57	0.67	0.67	0.67	0.62	0.57	0.67	-	-	-	-	-	0.61	-	-	-
Greaves Cotton Ltd.	0.48	0.57	0.52	0.52	0.48	0.52	0.62	0.62	-	-	-	-	0.54	-	-	-	-
Grindwell Norton Ltd.	0.43	0.48	0.43	0.43	0.38	0.33	0.38	0.38	-	-	0.40	-	-	-	-	-	-
Gujarat Alkalies & Chemicals Ltd.	0.67	0.71	0.57	0.67	0.52	0.48	0.48	0.57	-	-	-	-	0.58	-	-	-	-
Gujarat Ambuja Exports Ltd.	0.52	0.48	0.62	0.52	0.52	0.43	0.52	0.57	-	-	-	-	0.52	-	-	-	-
Gujarat Fluorochemicals Ltd.	0.48	0.48	0.48	0.48	0.52	0.52	0.29	0.43	-	-	-	0.46	-	-	-	-	-
Gujarat Gas Ltd.	0.62	0.62	0.48	0.52	0.57	0.62	0.52	0.48	-	-	-	-	0.55	-	-	-	-
Gujarat Mineral Devp. Corpn. Ltd.	0.38	0.38	0.33	0.48	0.48	0.38	0.33	0.38	-	-	0.39	-	-	-	-	-	-
Gujarat Narmada Valley Fertilizers & Chemicals	0.76	0.62	0.57	0.62	0.57	0.48	0.48	0.52	-	-	-	-	0.58	-	-	-	-
Gujarat Pipavav Port Ltd.	0.33	0.33	0.48	0.33	0.33	0.33	0.24	0.19	-	-	0.32	-	-	-	-	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
Gujarat State Fertilizers & Chemicals Ltd.	0.67	0.57	0.57	0.52	0.48	0.38	0.38	0.57	-	-	-	-	0.52	-	-	-	-
Gujarat State Petronet Ltd.	0.43	0.43	0.48	0.48	0.57	0.57	0.52	0.43	-	-	-	0.49	-	-	-	-	-
Gulf Oil Lubricants India Ltd.	0.19	0.38	0.33	0.33	0.29	0.33	0.33	0.33	-	-	0.32	-	-	-	-	-	-
H C L Technologies Ltd.	0.71	0.71	0.62	0.62	0.76	0.71	0.76	0.67	-	-	-	-	-	0.70	-	-	-
H E G Ltd.	0.48	0.52	0.33	0.33	0.33	0.43	0.52	0.38	-	-	-	0.42	-	-	-	-	-
H F C L Ltd.	0.57	0.57	0.67	0.57	0.57	0.57	0.62	0.52	-	-	-	-	0.58	-	-	-	-
Hathway Cable & Datacom Ltd.	0.52	0.48	0.43	0.38	0.48	0.33	0.52	0.48	-	-	-	0.45	-	-	-	-	-
Hatsun Agro Products Ltd.	0.62	0.71	0.76	0.71	0.71	0.71	0.62	0.67	-	-	-	-	-	0.69	-	-	-
Havells India Ltd.	0.48	0.57	0.71	0.76	0.76	0.67	0.71	0.62	-	-	-	-	-	0.66	-	-	-
Heidelberg Cement India Ltd.	0.52	0.48	0.38	0.48	0.38	0.43	0.48	0.33	-	-	-	0.43	-	-	-	-	-
Heritage Foods Ltd.	0.57	0.62	0.48	0.48	0.62	0.52	0.52	0.62	-	-	-	-	0.55	-	-	-	-
Hero Motocorp Ltd.	0.67	0.62	0.67	0.67	0.62	0.62	0.57	0.57	-	-	-	-	-	0.63	-	-	-
Himadri Speciality Chemical Ltd.	0.76	0.81	0.71	0.67	0.62	0.57	0.57	0.67	-	-	-	-	-	0.67	-	-	-
Hindalco Industries Ltd.	0.67	0.62	0.67	0.52	0.62	0.57	0.67	0.57	-	-	-	-	-	0.61	-	-	-
Hindustan Aeronautics Ltd.	0.62	0.62	0.71	0.71	0.67	0.71	0.71	0.71	-	-	-	-	-	0.68	-	-	-
Hindustan Copper Ltd.	0.71	0.67	0.67	0.62	0.67	0.48	0.62	0.71	-	-	-	-	-	0.64	-	-	-
Hindustan Petroleum Corpn. Ltd.	0.76	0.76	0.67	0.71	0.67	0.71	0.76	0.76	-	-	-	-	-	-	0.73	-	-
Hindustan Unilever Ltd.	0.57	0.57	0.57	0.52	0.57	0.52	0.67	0.67	-	-	-	-	0.58	-	-	-	-
Hindustan Zinc Ltd.	0.48	0.52	0.38	0.38	0.48	0.38	0.38	0.33	-	-	-	0.42	-	-	-	-	-
Honeywell Automation India Ltd.	0.33	0.33	0.38	0.33	0.33	0.38	0.33	0.38	-	-	0.35	-	-	-	-	-	-
Huhtamaki India Ltd.	0.81	0.86	0.67	0.86	0.76	0.57	0.62	0.67	-	-	-	-	-	-	0.73	-	-
I C R A Ltd.	0.57	0.52	0.67	0.52	0.62	0.48	0.52	0.62	-	-	-	-	0.57	-	-	-	-
I F B Industries Ltd.	0.43	0.29	0.33	0.29	0.38	0.29	0.33	0.29	-	-	0.33	-	-	-	-	-	-
I O L Chemicals & Pharmaceuticals Ltd.	0.33	0.38	0.48	0.38	0.43	0.33	0.43	0.43	-	-	0.40	-	-	-	-	-	-
I R B Infrastructure Developers Ltd.	0.57	0.57	0.62	0.67	0.62	0.43	0.48	0.52	-	-	-	-	0.56	-	-	-	-
I T C Ltd.	0.81	0.76	0.76	0.67	0.71	0.71	0.81	0.76	-	-	-	-	-	-	0.75	-	-
I T I Ltd.	0.62	0.48	0.38	0.38	0.33	0.43	0.52	0.62	-	-	-	0.47	-	-	-	-	-

Company Name	CGI 2013	CGI 2014	CGI 2015	CGI 2016	CGI 2017	CGI 2018	CGI 2019	CGI 2020	0.11 - 0.20	0.21 - 0.30	0.31 - 0.40	0.41 - 0.50	0.51 - 0.60	0.61 - 0.70	0.71 - 0.80	0.81 - 0.90	0.91 - 1.00
									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
India Cements Ltd.	0.67	0.81	0.71	0.76	0.67	0.67	0.67	0.52	-	-	-	-	-	0.68	-	-	-
Indiamart Intermesh Ltd.	0.43	0.38	0.38	0.48	0.48	0.43	0.57	0.48	-	-	-	0.45	-	-	-	-	-
Indian Hotels Co. Ltd.	0.76	0.76	0.71	0.81	0.71	0.76	0.62	0.57	-	-	-	-	-	-	0.71	-	-
Indian Oil Corpn. Ltd.	0.76	0.71	0.71	0.71	0.62	0.67	0.76	0.71	-	-	-	-	-	-	0.71	-	-
Indian Railway Catering & Tourism Corpn. Ltd.	0.43	0.52	0.48	0.57	0.52	0.57	0.62	0.67	-	-	-	-	0.55	-	-	-	-
Indoco Remedies Ltd.	0.52	0.38	0.48	0.43	0.33	0.43	0.33	0.38	-	-	-	0.41	-	-	-	-	-
Indraprastha Gas Ltd.	0.57	0.48	0.52	0.52	0.57	0.57	0.62	0.57	-	-	-	-	0.55	-	-	-	-
Indus Towers Ltd.	0.43	0.43	0.52	0.52	0.43	0.52	0.48	0.48	-	-	-	0.48	-	-	-	-	-
Info Edge (India) Ltd.	0.38	0.48	0.57	0.48	0.48	0.52	0.57	0.52	-	-	-	0.50	-	-	-	-	-
Infosys Ltd.	0.86	0.86	0.92	0.95	0.90	0.95	0.90	0.90	-	-	-	-	-	-	-	-	**0.91**
Ingersoll-Rand (India) Ltd.	0.43	0.38	0.38	0.33	0.33	0.38	0.38	0.29	-	-	0.36	-	-	-	-	-	-
Inox Leisure Ltd.	0.43	0.38	0.57	0.52	0.38	0.33	0.43	0.43	-	-	-	0.43	-	-	-	-	-
Interglobe Aviation Ltd.	0.29	0.29	0.38	0.43	0.43	0.38	0.38	0.48	-	-	0.38	-	-	-	-	-	-
Ipca Laboratories Ltd.	0.67	0.52	0.48	0.52	0.43	0.48	0.48	0.38	-	-	-	0.49	-	-	-	-	-
Ircon International Ltd.	0.52	0.43	0.52	0.52	0.52	0.67	0.71	0.57	-	-	-	-	0.56	-	-	-	-
J B Chemicals & Pharmaceuticals Ltd.	0.67	0.57	0.67	0.57	0.57	0.52	0.52	0.52	-	-	-	-	0.58	-	-	-	-
J K Cement Ltd.	0.57	0.57	0.62	0.57	0.57	0.62	0.62	0.62	-	-	-	-	0.60	-	-	-	-
J K Lakshmi Cement Ltd.	0.48	0.48	0.43	0.33	0.33	0.33	0.48	0.38	-	-	0.40	-	-	-	-	-	-
J K Paper Ltd.	0.43	0.48	0.48	0.48	0.48	0.48	0.48	0.52	-	-	-	0.48	-	-	-	-	-
J K Tyre & Inds. Ltd.	0.43	0.52	0.52	0.52	0.52	0.48	0.48	0.52	-	-	-	0.50	-	-	-	-	-
J S W Energy Ltd.	0.48	0.43	0.52	0.48	0.52	0.52	0.62	0.67	-	-	-	-	0.53	-	-	-	-
J S W Steel Ltd.	0.71	0.81	0.76	0.71	0.71	0.76	0.76	0.67	-	-	-	-	-	-	0.74	-	-
J T E K T India Ltd.	0.62	0.62	0.62	0.62	0.57	0.62	0.57	0.48	-	-	-	-	0.59	-	-	-	-
Jagran Prakashan Ltd.	0.76	0.62	0.67	0.62	0.67	0.57	0.57	0.57	-	-	-	-	-	0.63	-	-	-
Jai Corp Ltd.	0.62	0.52	0.57	0.67	0.62	0.57	0.52	0.67	-	-	-	-	0.60	-	-	-	-
Jamna Auto Inds. Ltd.	0.67	0.48	0.52	0.52	0.48	0.38	0.43	0.38	-	-	-	0.48	-	-	-	-	-
Jindal Saw Ltd.	0.71	0.67	0.71	0.86	0.67	0.67	0.71	0.71	-	-	-	-	-	-	0.71	-	-

COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE																	
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
Jindal Stainless (Hisar) Ltd.	0.38	0.29	0.48	0.52	0.43	0.29	0.33	0.33	-	-	0.38	-	-	-	-	-	-
Jindal Stainless Ltd.	0.57	0.52	0.52	0.43	0.43	0.62	0.43	0.48	-	-	-	0.5	-	-	-	-	-
Jindal Steel & Power Ltd.	0.57	0.67	0.71	0.67	0.67	0.67	0.57	0.52	-	-	-	-	-	0.63	-	-	-
Johnson Controls-Hitachi Air Conditioning India	0.33	0.33	0.33	0.33	0.33	0.43	0.24	0.24	-	-	0.32	-	-	-	-	-	-
Jubilant Foodworks Ltd.	0.67	0.62	0.62	0.62	0.67	0.62	0.76	0.67	-	-	-	-	-	0.65	-	-	-
Just Dial Ltd.	0.43	0.48	0.33	0.38	0.29	0.33	0.29	0.29	-	-	0.35	-	-	-	-	-	-
Jyothy Labs Ltd.	0.38	0.33	0.33	0.43	0.33	0.33	0.38	0.38	-	-	0.36	-	-	-	-	-	-
K E C International Ltd.	0.57	0.52	0.57	0.62	0.67	0.67	0.67	0.62	-	-	-	-	-	0.61	-	-	-
K N R Constructions Ltd.	0.29	0.29	0.29	0.29	0.29	0.24	0.29	0.29	-	0.28	-	-	-	-	-	-	-
K R B L Ltd.	0.29	0.43	0.38	0.29	0.38	0.24	0.24	0.29	-	-	0.32	-	-	-	-	-	-
K S B Ltd.	0.38	0.38	0.33	0.29	0.33	0.38	0.43	0.29	-	-	0.35	-	-	-	-	-	-
Kajaria Ceramics Ltd.	0.38	0.48	0.43	0.48	0.57	0.43	0.43	0.38	-	-	-	0.45	-	-	-	-	-
Kalpataru Power Transmission Ltd.	0.33	0.57	0.43	0.52	0.52	0.43	0.43	0.38	-	-	-	0.45	-	-	-	-	-
Kansai Nerolac Paints Ltd.	0.48	0.48	0.48	0.38	0.43	0.43	0.48	0.48	-	-	-	0.45	-	-	-	-	-
Kaveri Seed Co. Ltd.	0.67	0.57	0.57	0.57	0.67	0.57	0.57	0.48	-	-	-	-	0.58	-	-	-	-
Kei Industries Ltd.	0.52	0.52	0.43	0.48	0.43	0.52	0.57	0.48	-	-	-	0.49	-	-	-	-	-
Kolte Patil Developers Ltd.	0.52	0.57	0.67	0.62	0.57	0.57	0.62	0.48	-	-	-	-	0.58	-	-	-	-
L & T Technology Services Ltd.	0.29	0.29	0.24	0.38	0.38	0.29	0.29	0.33	-	-	0.31	-	-	-	-	-	-
La Opala R G Ltd.	0.43	0.38	0.43	0.38	0.33	0.43	0.33	0.29	-	-	0.38	-	-	-	-	-	-
Lakshmi Machine Works Ltd.	0.62	0.48	0.57	0.52	0.57	0.48	0.52	0.43	-	-	-	-	0.52	-	-	-	-
Larsen & Toubro Infotech Ltd.	0.29	0.33	0.33	0.38	0.52	0.57	0.48	0.43	-	-	-	0.42	-	-	-	-	-
Larsen & Toubro Ltd.	0.67	0.67	0.71	0.67	0.71	0.62	0.67	0.57	-	-	-	-	-	0.66	-	-	-
Laurus Labs Ltd.	0.29	0.29	0.29	0.33	0.52	0.38	0.38	0.29	-	-	0.35	-	-	-	-	-	-
Lemon Tree Hotels Ltd.	0.52	0.52	0.52	0.48	0.38	0.57	0.52	0.57	-	-	-	-	0.51	-	-	-	-
Linde India Ltd.	0.29	0.19	0.24	0.29	0.33	0.29	0.38	0.33	-	0.29	-	-	-	-	-	-	-
Lupin Ltd.	0.43	0.38	0.33	0.43	0.48	0.48	0.48	0.48	-	-	-	0.43	-	-	-	-	-
Lux Industries Ltd.	0.38	0.24	0.29	0.29	0.29	0.33	0.33	0.29	-	0.30	-	-	-	-	-	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
M M T C Ltd.	0.76	0.76	0.76	0.62	0.67	0.62	0.62	0.67	-	-	-	-	-	0.68	-	-	-
M O I L Ltd.	0.71	0.81	0.62	0.57	0.67	0.57	0.62	0.52	-	-	-	-	-	0.64	-	-	-
M R F Ltd.	0.48	0.52	0.43	0.67	0.52	0.48	0.43	0.48	-	-	-	0.50	-	-	-	-	-
Mahanagar Gas Ltd.	0.76	0.71	0.62	0.62	0.81	0.62	0.67	0.57	-	-	-	-	-	0.67	-	-	-
Maharashtra Scooters Ltd.	0.43	0.48	0.33	0.48	0.43	0.33	0.38	0.38	-	-	0.40	-	-	-	-	-	-
Maharashtra Seamless Ltd.	0.48	0.43	0.43	0.38	0.29	0.29	0.33	0.29	-	-	0.36	-	-	-	-	-	-
Mahindra & Mahindra Ltd.	0.76	0.76	0.62	0.67	0.76	0.71	0.67	0.57	-	-	-	-	-	0.69	-	-	-
Mahindra C I E Automotive Ltd.	0.57	0.62	0.71	0.57	0.67	0.62	0.62	0.67	-	-	-	-	-	0.63	-	-	-
Mahindra Holidays & Resorts India Ltd.	0.43	0.48	0.48	0.52	0.48	0.38	0.43	0.43	-	-	-	0.45	-	-	-	-	-
Mahindra Logistics Ltd.	0.33	0.33	0.33	0.38	0.38	0.48	0.43	0.38	-	-	0.38	-	-	-	-	-	-
Mangalore Refinery & Petrochemicals Ltd.	0.57	0.76	0.67	0.57	0.52	0.67	0.76	0.67	-	-	-	-	-	0.65	-	-	-
Marico Ltd.	0.62	0.62	0.62	0.71	0.67	0.71	0.62	0.67	-	-	-	-	-	0.65	-	-	-
Maruti Suzuki India Ltd.	0.52	0.52	0.43	0.57	0.48	0.48	0.48	0.48	-	-	-	0.49	-	-	-	-	-
Metropolis Healthcare Ltd.	0.58	0.38	0.38	0.38	0.33	0.43	0.52	0.48	-	-	-	0.44	-	-	-	-	-
Minda Corporation Ltd.	0.38	0.38	0.38	0.43	0.52	0.33	0.38	0.38	-	-	0.40	-	-	-	-	-	-
Minda Industries Ltd.	0.43	0.48	0.52	0.52	0.57	0.52	0.52	0.48	-	-	-	-	0.51	-	-	-	-
Mindtree Ltd.	0.48	0.62	0.67	0.52	0.76	0.67	0.62	0.76	-	-	-	-	-	0.64	-	-	-
Mishra Dhatu Nigam Ltd.	0.48	0.48	0.48	0.38	0.43	0.38	0.43	0.43	-	-	-	0.43	-	-	-	-	-
Motherson Sumi Systems Ltd.	0.48	0.52	0.48	0.67	0.52	0.48	0.57	0.48	-	-	-	-	0.52	-	-	-	-
Mphasis Ltd.	0.48	0.48	0.43	0.52	0.67	0.48	0.52	0.48	-	-	-	-	0.51	-	-	-	-
N B C C (India) Ltd.	0.71	0.57	0.71	0.57	0.67	0.62	0.71	0.62	-	-	-	-	-	0.65	-	-	-
N C C Ltd.	0.62	0.62	0.71	0.67	0.71	0.71	0.62	0.62	-	-	-	-	-	0.66	-	-	-
N H P C Ltd.	0.76	0.71	0.71	0.67	0.62	0.62	0.67	0.62	-	-	-	-	-	0.67	-	-	-
N L C India Ltd.	0.71	0.62	0.57	0.62	0.67	0.67	0.71	0.71	-	-	-	-	-	0.66	-	-	-
N M D C Ltd.	0.76	0.71	0.62	0.76	0.71	0.67	0.71	0.71	-	-	-	-	-	-	0.71	-	-
N T P C Ltd.	0.71	0.71	0.71	0.62	0.57	0.67	0.67	0.67	-	-	-	-	-	0.67	-	-	-
Narayana Hrudayalaya Ltd.	0.29	0.29	0.38	0.48	0.43	0.33	0.43	0.33	-	-	0.37	-	-	-	-	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
Natco Pharma Ltd.	0.33	0.38	0.33	0.43	0.33	0.33	0.29	0.24	-	-	0.33	-	-	-	-	-	-
National Aluminium Co. Ltd.	0.67	0.76	0.76	0.71	0.76	0.71	0.71	0.71	-	-	-	-	-	-	0.73	-	-
National Fertilizers Ltd.	0.57	0.62	0.62	0.57	0.67	0.52	0.57	0.62	-	-	-	-	0.60	-	-	-	-
Navin Fluorine Intl. Ltd.	0.48	0.48	0.48	0.67	0.57	0.52	0.48	0.52	-	-	-	-	0.52	-	-	-	-
Navneet Education Ltd.	0.48	0.48	0.38	0.38	0.48	0.38	0.43	0.38	-	-	-	0.42	-	-	-	-	-
Nesco Ltd.	0.38	0.33	0.33	0.33	0.29	0.33	0.38	0.48	-	-	0.36	-	-	-	-	-	-
Nestle India Ltd.	0.67	0.52	0.62	0.52	0.57	0.67	0.71	0.71	-	-	-	-	-	0.63	-	-	-
Network18 Media & Invst. Ltd.	0.43	0.38	0.43	0.52	0.48	0.48	0.38	0.43	-	-	-	0.44	-	-	-	-	-
Nilkamal Ltd.	0.33	0.48	0.48	0.52	0.52	0.48	0.48	0.43	-	-	-	0.46	-	-	-	-	-
Nocil Ltd.	0.52	0.52	0.52	0.57	0.57	0.52	0.48	0.52	-	-	-	-	0.53	-	-	-	-
Oberoi Realty Ltd.	0.38	0.43	0.33	0.33	0.33	0.33	0.29	0.33	-	-	0.35	-	-	-	-	-	-
Oil & Natural Gas Corpn. Ltd.	0.71	0.71	0.71	0.67	0.71	0.67	0.71	0.67	-	-	-	-	-	0.70	-	-	-
Oil India Ltd.	0.71	0.71	0.67	0.71	0.57	0.57	0.67	0.76	-	-	-	-	-	0.67	-	-	-
Omaxe Ltd.	0.76	0.71	0.71	0.62	0.57	0.67	0.57	0.57	-	-	-	-	-	0.65	-	-	-
Orient Cement Ltd.	0.67	0.48	0.57	0.52	0.52	0.62	0.62	0.52	-	-	-	-	0.57	-	-	-	-
Orient Electric Ltd.	-	-	-	-	0.33	0.29	0.33	0.29	-	-	0.31	-	-	-	-	-	-
Orient Refractories Ltd.	0.48	0.33	0.38	0.24	0.29	0.33	0.29	0.33	-	-	0.33	-	-	-	-	-	-
P I Industries Ltd.	0.57	0.67	0.52	0.48	0.48	0.57	0.43	0.52	-	-	-	-	0.53	-	-	-	-
P N C Infratech Ltd.	0.33	0.33	0.43	0.52	0.48	0.33	0.43	0.38	-	-	0.40	-	-	-	-	-	-
P S P Projects Ltd.	0.19	0.19	0.24	0.19	0.33	0.29	0.24	0.19	-	0.23	-	-	-	-	-	-	-
P T C India Ltd.	0.76	0.81	0.81	0.71	0.81	0.67	0.81	0.67	-	-	-	-	-	-	0.76	-	-
P V R Ltd.	0.57	0.67	0.48	0.57	0.52	0.43	0.38	0.48	-	-	-	-	0.51	-	-	-	-
Page Industries Ltd.	0.38	0.33	0.38	0.43	0.43	0.43	0.48	0.43	-	-	-	0.41	-	-	-	-	-
Persistent Systems Ltd.	0.71	0.62	0.67	0.67	0.67	0.57	0.76	0.71	-	-	-	-	-	0.67	-	-	-
Petronet L N G Ltd.	0.52	0.48	0.48	0.48	0.43	0.43	0.43	0.57	-	-	-	0.48	-	-	-	-	-
Pfizer Ltd.	0.24	0.38	0.33	0.29	0.29	0.29	0.33	0.33	-	-	0.31	-	-	-	-	-	-
Phillips Carbon Black Ltd.	0.38	0.43	0.38	0.52	0.67	0.48	0.52	0.43	-	-	-	0.48	-	-	-	-	-

Company Name	CGI 2013	CGI 2014	CGI 2015	CGI 2016	CGI 2017	CGI 2018	CGI 2019	CGI 2020	COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE 0.11 - 0.20	0.21 - 0.30	0.31 - 0.40	0.41 - 0.50	0.51 - 0.60	0.61 - 0.70	0.71 - 0.80	0.81 - 0.90	0.91 - 1.00
Phoenix Mills Ltd.	0.62	0.38	0.38	0.43	0.29	0.38	0.38	0.38	-	-	0.40	-	-	-	-	-	-
Pidilite Industries Ltd.	0.62	0.62	0.62	0.57	0.48	0.43	0.48	0.38	-	-	-	-	0.52	-	-	-	-
Piramal Enterprises Ltd.	0.62	0.67	0.67	0.67	0.62	0.62	0.52	0.67	-	-	-	-	-	0.63	-	-	-
Poly Medicure Ltd.	0.57	0.57	0.57	0.52	0.43	0.38	0.38	0.48	-	-	-	0.49	-	-	-	-	-
Polycab India Ltd.	0.24	0.29	0.29	0.33	0.24	0.29	0.38	0.29	-	0.29	-	-	-	-	-	-	-
Polyplex Corporation Ltd.	0.43	0.43	0.33	0.33	0.48	0.43	0.38	0.38	-	-	0.40	-	-	-	-	-	-
Power Grid Corpn. Of India Ltd.	0.71	0.71	0.71	0.71	0.62	0.57	0.62	0.67	-	-	-	-	-	0.67	-	-	-
Praj Industries Ltd.	0.38	0.29	0.38	0.38	0.19	0.38	0.24	0.24	-	-	0.31	-	-	-	-	-	-
Prestige Estates Projects Ltd.	0.48	0.38	0.33	0.43	0.43	0.33	0.33	0.38	-	-	0.39	-	-	-	-	-	-
Prism Johnson Ltd.	0.33	0.48	0.43	0.43	0.43	0.38	0.43	0.43	-	-	-	0.42	-	-	-	-	-
Procter & Gamble Health Ltd.	0.24	0.24	0.29	0.38	0.29	0.33	0.33	0.29	-	0.30	-	-	-	-	-	-	-
Procter & Gamble Hygiene & Health Care Ltd.	0.24	0.24	0.29	0.24	0.24	0.24	0.38	0.29	-	0.27	-	-	-	-	-	-	-
Quess Corp Ltd.	0.38	0.38	0.24	0.24	0.33	0.33	0.38	0.48	-	-	0.35	-	-	-	-	-	-
R E C Ltd.	0.62	0.62	0.62	0.57	0.62	0.62	0.62	0.62	-	-	-	-	-	0.61	-	-	-
Radico Khaitan Ltd.	0.43	0.48	0.38	0.38	0.43	0.38	0.43	0.48	-	-	-	0.42	-	-	-	-	-
Rail Vikas Nigam Ltd.	0.62	0.57	0.43	0.52	0.48	0.62	0.57	0.62	-	-	-	-	0.55	-	-	-	-
Rain Industries Ltd.	0.67	0.71	0.62	0.62	0.81	0.57	0.52	0.52	-	-	-	-	-	0.63	-	-	-
Rajesh Exports Ltd.	0.29	0.29	0.29	0.33	0.33	0.29	0.33	0.29	-	0.30	-	-	-	-	-	-	-
Rallis India Ltd.	0.67	0.71	0.62	0.57	0.71	0.67	0.48	0.57	-	-	-	-	-	0.63	-	-	-
Ramco Cements Ltd.	0.29	0.29	0.33	0.43	0.38	0.38	0.43	0.43	-	-	0.37	-	-	-	-	-	-
Rashtriya Chemicals & Fertilizers Ltd.	0.52	0.52	0.57	0.57	0.62	0.57	0.57	0.62	-	-	-	-	0.57	-	-	-	-
Ratnamani Metals & Tubes Ltd.	0.29	0.38	0.33	0.38	0.33	0.33	0.38	0.38	-	-	0.35	-	-	-	-	-	-
Raymond Ltd.	0.57	0.52	0.52	0.43	0.48	0.52	0.57	0.62	-	-	-	-	0.53	-	-	-	-
Redington (India) Ltd.	0.57	0.57	0.62	0.57	0.57	0.57	0.48	0.48	-	-	-	-	0.55	-	-	-	-
Relaxo Footwears Ltd.	0.38	0.38	0.38	0.38	0.33	0.38	0.38	0.38	-	-	0.38	-	-	-	-	-	-
Reliance Industries Ltd.	0.76	0.76	0.76	0.76	0.81	0.76	0.81	0.81	-	-	-	-	-	-	0.78	-	-
Rites Ltd.	0.52	0.48	0.48	0.43	0.48	0.57	0.57	0.52	-	-	-	-	0.51	-	-	-	-

COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE																	
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
S J V N Ltd.	0.71	0.62	0.57	0.57	0.57	0.57	0.71	0.57	-	-	-	-	-	0.61	-	-	-
S K F India Ltd.	0.48	0.48	0.43	0.48	0.43	0.38	0.33	0.38	-	-	-	0.42	-	-	-	-	-
S R F Ltd.	0.52	0.48	0.52	0.52	0.52	0.52	0.62	0.57	-	-	-	-	0.54	-	-	-	-
Sanofi India Ltd.	0.38	0.43	0.33	0.48	0.48	0.43	0.48	0.38	-	-	-	0.42	-	-	-	-	-
Schaeffler India Ltd.	0.48	0.48	0.57	0.48	0.48	0.57	0.52	0.48	-	-	-	-	0.51	-	-	-	-
Schneider Electric Infrastructure Ltd.	0.43	0.33	0.43	0.38	0.38	0.33	0.33	0.38	-	-	0.38	-	-	-	-	-	-
Security & Intelligence Services (I) Ltd.	0.48	0.43	0.43	0.33	0.57	0.43	0.38	0.43	-	-	-	0.43	-	-	-	-	-
Sequent Scientific Ltd.	0.29	0.43	0.38	0.43	0.43	0.29	0.29	0.29	-	-	0.35	-	-	-	-	-	-
Sheela Foam Ltd.	0.38	0.33	0.33	0.38	0.38	0.38	0.43	0.43	-	-	0.38	-	-	-	-	-	-
Shilpa Medicare Ltd.	0.43	0.43	0.52	0.48	0.57	0.52	0.48	0.57	-	-	-	0.50	-	-	-	-	-
Shipping Corpn. Of India Ltd.	0.71	0.67	0.71	0.57	0.57	0.52	0.62	0.52	-	-	-	-	-	0.61	-	-	-
Shoppers Stop Ltd.	0.43	0.57	0.57	0.57	0.52	0.57	0.62	0.52	-	-	-	-	0.55	-	-	-	-
Shree Cement Ltd.	0.52	0.67	0.57	0.67	0.62	0.67	0.67	0.62	-	-	-	-	-	0.63	-	-	-
Siemens Ltd.	0.67	0.71	0.62	0.62	0.52	0.57	0.52	0.57	-	-	-	-	0.60	-	-	-	-
Sobha Ltd.	0.52	0.52	0.48	0.48	0.48	0.48	0.52	0.52	-	-	-	0.50	-	-	-	-	-
Solar Industries India Ltd.	0.43	0.38	0.43	0.38	0.29	0.33	0.33	0.33	-	-	0.36	-	-	-	-	-	-
Solara Active Pharma Sciences Ltd.	-	-	-	-	-	0.24	0.29	0.24	-	0.25	-	-	-	-	-	-	-
Sonata Software Ltd.	0.29	0.29	0.43	0.33	0.33	0.38	0.38	0.33	-	-	0.35	-	-	-	-	-	-
Spicejet Ltd.	0.67	0.62	0.52	0.67	0.62	0.67	0.67	0.62	-	-	-	-	-	0.63	-	-	-
Star Cement Ltd.	0.33	0.33	0.33	0.33	0.48	0.43	0.33	0.38	-	-	0.37	-	-	-	-	-	-
Steel Authority of India Ltd.	0.76	0.81	0.76	0.76	0.76	0.67	0.76	0.76	-	-	-	-	-	-	0.76	-	-
Sterling & Wilson Solar Ltd.	-	-	-	-	-	0.24	0.24	0.38	-	0.29	-	-	-	-	-	-	-
Sterlite Technologies Ltd.	0.43	0.48	0.52	0.48	0.38	0.43	0.43	0.38	-	-	-	0.44	-	-	-	-	-
Strides Pharma Science Ltd.	0.71	0.67	0.57	0.52	0.62	0.67	0.57	0.62	-	-	-	-	-	0.62	-	-	-
Sudarshan Chemical Inds. Ltd.	0.62	0.76	0.67	0.71	0.62	0.62	0.71	0.71	-	-	-	-	-	0.68	-	-	-
Sumitomo Chemical India Ltd.	0.19	0.19	0.19	0.19	0.19	0.19	0.24	0.33	-	0.21	-	-	-	-	-	-	-
Sun Pharma Advanced Research Co. Ltd.	0.43	0.43	0.43	0.52	0.48	0.52	0.52	0.52	-	-	-	0.48	-	-	-	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
Sun Pharmaceutical Inds. Ltd.	0.43	0.52	0.52	0.52	0.52	0.57	0.52	0.43	-	-	-	-	0.51	-	-	-	-
Sun T V Network Ltd.	0.38	0.33	0.33	0.48	0.43	0.38	0.38	0.52	-	-	0.40	-	-	-	-	-	-
Sundram Fasteners Ltd.	0.43	0.33	0.33	0.67	0.52	0.57	0.48	0.33	-	-	-	0.46	-	-	-	-	-
Sunteck Realty Ltd.	0.38	0.43	0.43	0.38	0.43	0.38	0.33	0.38	-	-	0.39	-	-	-	-	-	-
Suprajit Engineering Ltd.	0.38	0.43	0.33	0.38	0.29	0.29	0.29	0.33	-	-	0.34	-	-	-	-	-	-
Supreme Industries Ltd.	0.48	0.43	0.67	0.57	0.57	0.48	0.52	0.48	-	-	-	-	0.52	-	-	-	-
Supreme Petrochem Ltd.	0.52	0.52	0.52	0.48	0.43	0.43	0.43	0.48	-	-	-	0.48	-	-	-	-	-
Suven Pharmaceuticals Ltd.	0.38	0.38	0.38	0.33	0.33	0.33	0.24	0.29	-	-	0.33	-	-	-	-	-	-
Suzlon Energy Ltd.	0.71	0.76	0.67	0.62	0.86	0.71	0.71	0.76	-	-	-	-	-	-	0.73	-	-
Swan Energy Ltd.	0.38	0.38	0.43	0.43	0.52	0.38	0.33	0.38	-	-	0.40	-	-	-	-	-	-
Swaraj Engines Ltd.	0.43	0.38	0.43	0.38	0.48	0.48	0.38	0.43	-	-	-	0.42	-	-	-	-	-
Symphony Ltd.	0.57	0.52	0.57	0.52	0.48	0.57	0.52	0.48	-	-	-	-	0.53	-	-	-	-
Syngene International Ltd.	0.48	0.52	0.43	0.62	0.71	0.67	0.57	0.67	-	-	-	-	0.58	-	-	-	-
T C I Express Ltd.	0.43	0.29	0.29	0.38	0.33	0.33	0.33	0.33	-	-	0.34	-	-	-	-	-	-
T C N S Clothing Co. Ltd.	0.24	0.24	0.33	0.33	0.24	0.29	0.33	0.24	-	0.28	-	-	-	-	-	-	-
T T K Prestige Ltd.	0.38	0.43	0.48	0.48	0.57	0.43	0.43	0.52	-	-	-	0.46	-	-	-	-	-
T V S Motor Co. Ltd.	0.38	0.38	0.48	0.29	0.29	0.43	0.48	0.52	-	-	0.40	-	-	-	-	-	-
T V Today Network Ltd.	0.38	0.48	0.48	0.48	0.52	0.48	0.38	0.38	-	-	-	0.45	-	-	-	-	-
Tasty Bite Eatables Ltd.	0.38	0.43	0.38	0.48	0.48	0.57	0.38	0.48	-	-	-	0.45	-	-	-	-	-
Tata Chemicals Ltd.	0.81	0.86	0.81	0.76	0.71	0.57	0.62	0.71	-	-	-	-	-	-	0.73	-	-
Tata Coffee Ltd.	0.67	0.52	0.62	0.52	0.52	0.52	0.52	0.52	-	-	-	-	0.55	-	-	-	-
Tata Communications Ltd.	0.62	0.62	0.52	0.62	0.62	0.48	0.43	0.38	-	-	-	-	0.54	-	-	-	-
Tata Consultancy Services Ltd.	0.81	0.86	0.81	0.86	0.81	0.76	0.71	0.81	-	-	-	-	-	-	0.80	-	-
Tata Consumer Products Ltd.	0.76	0.86	0.76	0.86	0.86	0.62	0.71	0.76	-	-	-	-	-	-	0.77	-	-
Tata Elxsi Ltd.	0.48	0.48	0.48	0.48	0.48	0.43	0.33	0.33	-	-	-	0.43	-	-	-	-	-
Tata Motors Ltd.	0.81	0.86	0.76	0.76	0.81	0.71	0.71	0.76	-	-	-	-	-	-	0.77	-	-
Tata Power Co. Ltd.	0.76	0.71	0.76	0.76	0.86	0.76	0.76	0.71	-	-	-	-	-	-	0.76	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE								
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
Tata Steel B S L Ltd.	0.38	0.52	0.57	0.57	0.62	0.62	0.67	0.48	-	-	-	-	0.55	-	-	-	-
Tata Steel Ltd.	0.76	0.81	0.76	0.81	0.81	0.71	0.67	0.52	-	-	-	-	-	-	0.73	-	-
Teamlease Services Ltd.	0.24	0.24	0.29	0.33	0.33	0.24	0.29	0.33	-	0.29	-	-	-	-	-	-	-
Tech Mahindra Ltd.	0.67	0.81	0.57	0.57	0.57	0.52	0.52	0.67	-	-	-	-	-	0.61	-	-	-
Thermax Ltd.	0.52	0.52	0.52	0.48	0.52	0.52	0.62	0.48	-	-	-	-	0.52	-	-	-	-
Thyrocare Technologies Ltd.	0.38	0.43	0.38	0.38	0.43	0.24	0.38	0.29	-	-	0.36	-	-	-	-	-	-
Timken India Ltd.	0.43	0.38	0.38	0.33	0.29	0.38	0.33	0.29	-	-	0.35	-	-	-	-	-	-
Titan Company Ltd.	0.57	0.62	0.57	0.62	0.62	0.57	0.57	0.62	-	-	-	-	0.60	-	-	-	-
Torrent Pharmaceuticals Ltd.	0.81	0.76	0.62	0.90	0.67	0.76	0.71	0.62	-	-	-	-	-	-	0.73	-	-
Torrent Power Ltd.	0.43	0.52	0.38	0.48	0.52	0.52	0.52	0.48	-	-	-	0.48	-	-	-	-	-
Trent Ltd.	0.62	0.57	0.62	0.62	0.62	0.57	0.62	0.62	-	-	-	-	-	0.61	-	-	-
Trident Ltd.	0.43	0.43	0.33	0.43	0.33	0.38	0.38	0.24	-	-	0.37	-	-	-	-	-	-
Tv18 Broadcast Ltd.	0.33	0.33	0.38	0.48	0.38	0.48	0.38	0.48	-	-	0.40	-	-	-	-	-	-
U P L Ltd.	0.62	0.62	0.62	0.62	0.48	0.57	0.52	0.48	-	-	-	-	0.57	-	-	-	-
Uflex Ltd.	0.52	0.48	0.48	0.38	0.48	0.48	0.43	0.38	-	-	-	0.45	-	-	-	-	-
Ultratech Cement Ltd.	0.52	0.62	0.67	0.67	0.67	0.62	0.67	0.62	-	-	-	-	-	0.63	-	-	-
United Breweries Ltd.	0.48	0.57	0.52	0.57	0.71	0.62	0.67	0.62	-	-	-	-	0.60	-	-	-	-
United Spirits Ltd.	0.67	0.81	0.81	0.76	0.81	0.52	0.62	0.57	-	-	-	-	-	0.70	-	-	-
V I P Industries Ltd.	0.57	0.52	0.43	0.48	0.57	0.48	0.48	0.48	-	-	-	0.50	-	-	-	-	-
V R L Logistics Ltd.	0.43	0.67	0.81	0.67	0.57	0.52	0.57	0.43	-	-	-	-	0.58	-	-	-	-
V S T Industries Ltd.	0.52	0.52	0.43	0.43	0.43	0.43	0.62	0.52	-	-	-	0.49	-	-	-	-	-
V-Guard Industries Ltd.	0.57	0.48	0.38	0.48	0.52	0.43	0.48	0.52	-	-	-	0.48	-	-	-	-	-
V-Mart Retail Ltd.	0.52	0.33	0.43	0.38	0.43	0.43	0.38	0.43	-	-	-	0.42	-	-	-	-	-
Vaibhav Global Ltd.	0.76	0.81	0.81	0.86	0.81	0.67	0.62	0.81	-	-	-	-	-	-	0.77	-	-
Vakrangee Ltd.	0.52	0.43	0.62	0.52	0.52	0.62	0.57	0.52	-	-	-	-	0.54	-	-	-	-
Vardhman Textiles Ltd.	0.48	0.52	0.48	0.62	0.48	0.57	0.57	0.52	-	-	-	-	0.53	-	-	-	-
Varroc Engineering Ltd.	0.29	0.29	0.29	0.29	0.29	0.29	0.43	0.33	-	-	0.31	-	-	-	-	-	-

									COMPANY-WISE AVERAGE ARRANGED IN DECILE RANGE							
Company Name	**CGI 2013**	**CGI 2014**	**CGI 2015**	**CGI 2016**	**CGI 2017**	**CGI 2018**	**CGI 2019**	**CGI 2020**	**0.11 - 0.20**	**0.21 - 0.30**	**0.31 - 0.40**	**0.41 - 0.50**	**0.51 - 0.60**	**0.61 - 0.70**	**0.71 - 0.80**	**0.81 - 0.90**	**0.91 - 1.00**
Varun Beverages Ltd.	0.29	0.33	0.43	0.43	0.57	0.52	0.57	0.48	-	-	-	0.45	-	-	-	-	-
Venky'S (India) Ltd.	0.33	0.57	0.43	0.48	0.52	0.43	0.38	0.38	-	-	-	0.44	-	-	-	-	-
Vinati Organics Ltd.	0.38	0.38	0.33	0.33	0.33	0.33	0.33	0.33	-	-	0.35	-	-	-	-	-	-
Vodafone Idea Ltd.	0.67	0.67	0.76	0.71	0.81	0.71	0.76	0.76	-	-	-	-	-	-	0.73	-	-
Voltas Ltd.	0.67	0.62	0.67	0.67	0.57	0.62	0.71	0.71	-	-	-	-	-	0.65	-	-	-
Wabco India Ltd.	0.33	0.29	0.29	0.33	0.33	0.29	0.33	0.33	-	-	0.32	-	-	-	-	-	-
Welspun Corp Ltd.	0.62	0.52	0.57	0.52	0.52	0.57	0.67	0.62	-	-	-	-	0.58	-	-	-	-
Welspun India Ltd.	0.67	0.43	0.38	0.48	0.57	0.43	0.43	0.48	-	-	-	0.48	-	-	-	-	-
Westlife Development Ltd.	0.38	0.38	0.24	0.24	0.24	0.24	0.29	0.24	-	0.28	-	-	-	-	-	-	-
Whirlpool Of India Ltd.	0.38	0.33	0.43	0.38	0.38	0.38	0.48	0.48	-	-	0.40	-	-	-	-	-	-
Wipro Ltd.	0.67	0.67	0.67	0.62	0.62	0.52	0.52	0.48	-	-	-	-	0.60	-	-	-	-
Wockhardt Ltd.	0.57	0.62	0.67	0.52	0.48	0.57	0.57	0.67	-	-	-	-	0.58	-	-	-	-
Zee Entertainment Enterprises Ltd.	0.62	0.67	0.62	0.67	0.62	0.52	0.62	0.81	-	-	-	-	-	0.64	-	-	-
Zensar Technologies Ltd.	0.57	0.57	0.67	0.57	0.57	0.62	0.71	0.62	-	-	-	-	-	0.61	-	-	-
Zydus Wellness Ltd.	0.52	0.52	0.52	0.48	0.57	0.52	0.81	0.52	-	-	-	-	0.56	-	-	-	-
Year-wise Average	0.5231	0.5229	0.5186	0.523	0.522	0.506	0.517	0.507	-	-	-	-	-	-	-	-	-

The company wise average has been arranged into deciles, so as to have a clear demarcation of the companies falling within a particular range. As per Table 9, we observe that the highest score company-wise is 0.91, which is obtained by Infosys. Ltd. and the lowest score of 0.18 is obtained by Amber Enterprises India Ltd. This implies that out of the twenty-one parameters selected to formulate the CG Index, Infosys Ltd. has implemented the majority, thereby notching its score up to 0.91. As per the Forbes Annual List 2020, "Infosys Ltd. has been listed as the 3rd Best

Regarded Company in the World." ICRA has awarded Infosys the highest CG Rating (CGR).[39] This distinction affirms their robust senior management structure, high-quality reporting and disclosure processes, and transparency norms that go above and beyond legislative compliance. This result is also at par with the ratings provided by the "Indian CG Scorecard, developed jointly by the BSE, IFC and Institutional Investor Advisory Services (IiAS), with the financial support of the Government of Japan" (see figure 8). In comparison Amber Enterprises India Ltd hasn't performed well in terms of its CG mechanisms, across the eight years, particularly with respect to the twenty-one parameters used to construct the index to measure quality of firm-level CG. The year-wise average for almost all years has been more or less constant, implying that in each of the individual years, most of the sampled firms have adopted similar CG practices. Table 10 further substantiates this, wherein we check the number and proportion of companies falling under a specific range of CG scores.

We allocated the companies into deciles, ranging from 0.00-1.00. Table 10 reveals that there are no companies falling within the range 0.00-0.10; one company, namely Amber Enterprises India Ltd., falling in the range 0.11-0.20; 22 companies falling in the range 0.21-0.30; 91 companies lying in the range 0.31-0.40; 84 companies under the range 0.41-0.50; 92 companies falling within the range 0.51-0.60; 82 companies falling within the range of 0.61-0.70; 38 companies under 0.71-0.80; 4 companies under 0.81-0.90 and one company in lying in the range 0.91-1.00, namely Infosys Ltd; thereby giving us a total of 415 companies. These values indicate that the maximum number of companies, namely 92 companies, lie in the range 0.51-0.60. This implies that 92 companies have in practice, 50%-60% of the CG parameters that have been used in the construction of our CG index. This is an encouraging figure as these companies have been following most of the CG practices that we have assumed to be a likely

[39] https://www.infosys.com/content/dam/infosys-web/en/about/corporate-responsibility/esg-vision-2030/corporate-governance.html

measure of the quality of firm-level CG. If we compare this to the CG Scorecard that was constructed based on the S&P BSE 100 companies, we observe a similar trend, as a majority of the firms were rated "Good" and "Fair" by the Scorecard. Given the scorecard methodology, based on the final scores, companies were grouped into the following buckets:

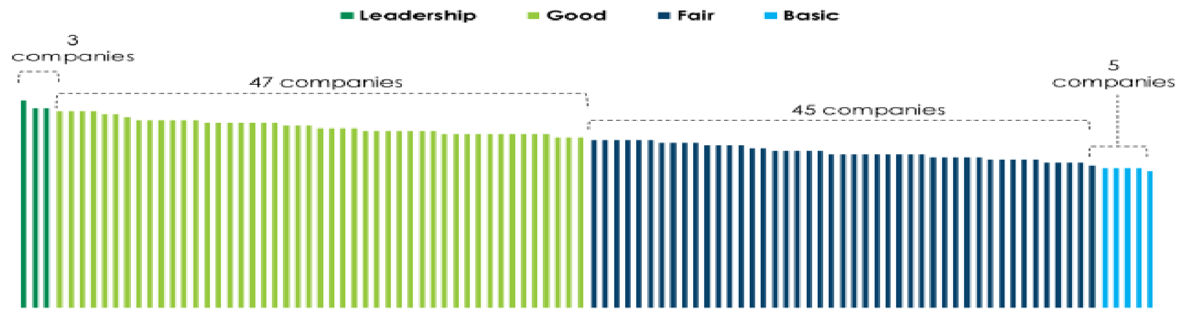
FIGURE 8

Indian CG Scorecard Bucket[40]

Bucket	Score Range
Leadership	>=70
Good	60 - 69
Fair	50 - 59
Basic	<50

FIGURE 9

Categorisation of the BSE 100 Companies



Of the BSE 100 companies, three companies were in the 'Leadership' category with a score of 70 and above. These three companies form part of the SENSEX index and were part of our previous scorecard. The largest proportion of companies were in the 'Good' category (47%), followed closely by those in the 'Fair' category (45%). Five companies had a score of less than 50, in the 'Basic' category.

The CG Scorecard was based on the G20/OECD Principles that focussed directly on the company's CG practices, namely board responsibilities, shareholder treatment, committees for disclosures and transparency. The overall regulatory environment and the role of the market participants on CG, that were not within the company's control, were kept outside the purview.

[40] *Source for Figures 4 and 5: Indian CG Scorecard, developed jointly by the BSE, IFC and Institutional Investor Advisory Services (IiAS), with the financial support of the Government of Japan.*

Hence, here the basis of rating was more or less similar to our CGI construction, except for the fact that this CG Scorecard was prepared based on a primary survey as opposed to our CGI, that was developed based on CG variables from existing literature.

Thus, given figures eight and nine above, our findings stand validated by this existing CG Scorecard, wherein, the majority of our sample firms too fall in the 50%-60% category, coinciding with the above bucket ratings, constructed as per the scorecard methodology.

However, in terms of the proportion of companies falling in this range, only about 22% of the sampled firms have in practice a majority of the CG parameters that could likely impact firm performance. Given the lowest decile range, namely 0.00-0.10, we don't have any company falling in this category and as far as the highest range is considered, namely 0.91-1.00, we observe just one company under this range, which encompasses a mere 0.2% of the sample.

TABLE 10

Proportion of Sampled Companies Arranged into Deciles

Decile Range	**0.0-0.10**	**0.11-0.20**	**0.21-0.30**	**0.31-0.40**	**0.41-0.50**	**0.51-0.60**	**0.61-0.70**	**0.71-0.80**	**0.81-0.90**	**0.91-1.00**
No. of companies (N)	0	1	22	91	84	92	82	38	4	1
Percentage (N/415)	0	0.24	5.30	21.93	20.24	22.17	19.76	9.16	0.96	0.24

Given our index, and the scores so generated, we further classified our sample on the basis of the industry the companies belong to. As the maximum number of firms (222 firms) belong to the manufacturing sector, followed by the service sector (139 firms); although the average score obtained fall within the same decile range (0.51-0.60), we observed that the firms in the service sector had seemed to do better, even though marginally, as compared to the firms in the manufacturing sector. This is also backed by the fact that Infosys Ltd., which had obtained the highest CGI score of 0.91 as per our index, being the only company in the decile range 0.91-1.00, awarded the highest CG rating by the ICRA, is an IT-based firm, encompassed within the service sector.

TABLE 11

Industry-Wise Classification of the Index Scores

Sectors	Year-wise CGI Average								Overall Average
	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	
Manufacturing	0.50	0.50	0.50	0.51	0.50	0.49	0.50	0.49	0.50
PSE	0.66	0.63	0.60	0.60	0.60	0.59	0.63	0.63	0.62
Service	0.51	0.51	0.52	0.52	0.53	0.50	0.51	0.51	0.51
Agro-based	0.54	0.60	0.53	0.56	0.55	0.48	0.50	0.48	0.53

Many Indian PSEs have evolved tremendously both domestically and internationally, since the advent of the New Industrial Policy (July 1991–May 1996). It is critical for these organizations to accept and develop their CG standards in order to strengthen competitiveness and strengthen investor trust, ensuring continued growth in an ethically sound manner. Because PSEs are India's most valuable national assets, the government has made it a priority to reform their CG. Given the sector-by-sector classification and our sample period, we found that the PSEs had the highest overall CGI score, indicating a higher level of compliance on their behalf, hence a promising and encouraging result with respect to the PSE’s, otherwise referred to as ‘laggards’.

5.1.2 THE ALTERNATIVE MEASURE – PRINCIPAL COMPONENT ANALYSIS

CG being a “complex construct” (Larcker, Richardson, & Tuna, 2007), its quantification employing an index or a single component might not always provide the results sought after. As a result, the focus of this research is on devising an alternative measure for evaluating the quality of firm-level CG using PCA, as discussed previously. In the latter part of the analysis, we perform regression analysis, to investigate the relationship between CG and financial performance, utilizing the factor scores so obtained from PCA.

5.1.2.1 EMPIRICAL RESULTS

The "Kaiser–Meyer–Olkin Measure of Sampling Adequacy" (hereafter, KMO) and "Bartlett's Test of Sphericity" are two exploratory factor analysis outputs. KMO is a metric for determining whether the value allocation is suitable for factor analysis, that is, considering correlation and partial correlation, it forecasts if the data are probable to factor well. If the value of KMO is greater than 0.5 (Field, 2000), the sampling is appropriate or adequate; as per Pallant (2013) the value of KMO should be 0.6 and above. According to Kaiser (1974), "the value between 0.5 and 0.7 is mediocre, the value between 0.7 and 0.8 is good, the value between 0.7 and 0.8 is middling, the value between 0.8 and 0.9 is meritorious, and the value between 0.9 and 0.9 is marvellous" (Hutcheson & Sofroniou, 1999). Table 12 reveals a KMO of 0.818, which implies that our results could be termed as 'meritorious' and adequate for conducting factor analysis. Bartlett's Test of Sphericity can be used to determine the robustness of the correlation. It's an indicator of a set of distributions' multivariate normality. The null hypothesis stating that, "the original correlation matrix is an identity matrix" is also tested with this test. The significance value in this analysis is zero (<0.05), indicating that the data does not form an identity matrix and is multivariate normal, making it credible (Pallant, 2013; Field, 2000).

TABLE 12

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy		**.818**
Bartlett's Test of Sphericity	Approx. Chi-Square	52195.147
	df	190
	Sig.	.000

Field (2009) prescribes that the diagonal values appearing in the anti-image correlation matrix should be greater than or equal to 0.5 for all variables. Thus, we haven't included variables with values less than 0.5 for this analysis. Using PCA, the number of components extracted will be equivalent to the variables entered. Since we employed the correlation matrix to execute PCA, the variables happen to be standardized, which implies that each variable is having a variance of one, and the overall variance equals the number of variables utilized in the analysis. We have retained those factors that hold an Eigen value greater than one. Hence, this resulted in extracting five factors maintaining 71.964% of the total variance inherent in the original data. These five factors characterize the dimensionality of the individual indicators.

To strengthen the interpretability of the PCA result, we rotated the condensed solution using varimax rotation, which enables the retained components to be correlated. In order to analyse the factors, we first determine which indicators have a statistically meaningful relationship with each one. Each factor is then linked to variables having a loading greater than 0.40 in absolute value and are regarded significant (Larcker et al., 2007). The PCA outcomes offer a solution that can be comprehended. Even so, there are a few cross-loadings in which the same factor is interconnected with numerous other factors simultaneously, owing to CG possessing the feature of being a complex construct. The variables related with each factor have been summarized in Table 13. Seven variable loadings form a part of CG F1, six of which are positive and one being negative. This indicates that as the rest of the six variables grow in size, the negative variable shrinks. These seven variables account for 21.047 %. CG F2 includes six-loadings all of which are positive. These six components explain 14.639% of the variance. Similarly, CG_F3 and CG_F4 have three loadings each, with all three items positive for both the factors. The three components of CG_F3 explain 14.533% of variance and the three components of CG_F4 explain 13.874% of the variance. However, for CG_F5, we observe that it comprises only one variable, explaining 7.871% of the variance. Thus, matrix indicates that there are only five factors with Eigen values greater than one, suggesting a 5-factor solution.

TABLE 13

Variance Explained, Rotated Component Matrix [a] and Scale Reliability

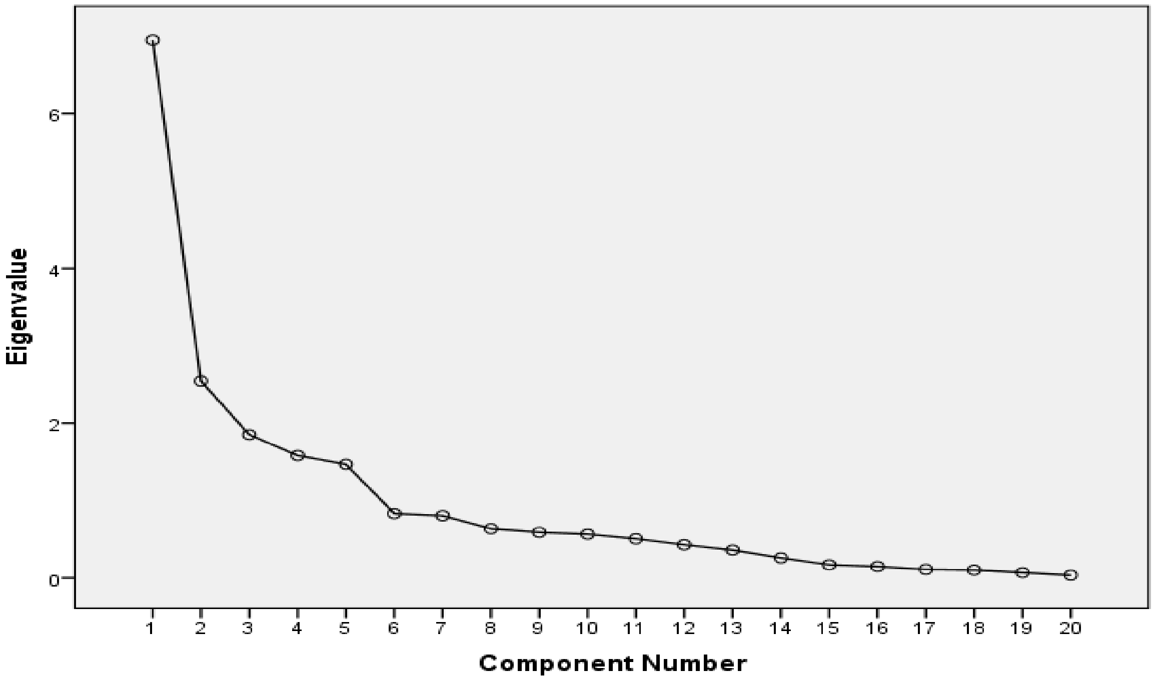
COMPONENTS	CG_F1	CG_F2	CG_F3	CG_F4	CG_F5
Variance Retained (%) →	21.047	14.639	14.533	13.874	7.871
Cumulative Variance (%) →	21.047	35.687	50.220	64.094	**71.964**
Factor Loadings:					
ACSize	**0.892**				
NRCSize	**0.837**				
IDonAC	**0.835**				
PSE	**0.741**				
IDonNRC	**0.705**				
BdComm	**0.572**				
FIIPres	**-0.439**				
DMA		**0.891**			
BdMeet		**0.839**			
ACMeet		**0.687**			
LnTA		**0.504**	0.408		
LnTS		**0.474**		0.459	
LnDR		**0.435**			
NE_Dir			**0.887**		
I_Dir			**0.872**		
BdSize			**0.818**		
PresNRC				**0.907**	
PresAC				**0.905**	
PresCSR				**0.739**	
ProSh					0.**850**
CRONBACH ALPHA	**0.813**	**0.736**	**0.895**	**0.768**	**-**

Rotation Method: Varimax with Kaiser Normalization
a. Rotation converged in 5 iterations

This has also been further substantiated with the help of a Scree Plot which is another way of identifying the number of useful factors to be extracted, wherein the Eigen values are plotted on a graph. The number of factors derived from the analysis is indicated by the point where the gradient of the graph visibly levels off (the elbow). In this scenario, we can see a connector, shaped like an elbow on Component 5 (see figure 10). This is the point beyond which it's probably not worth going any further with the component extraction. Descriptions of how to perceive the scree plot differ, however there are opinions which advocate counting the number of components to the left of the visible elbow. Pursuant to a more subjective opinion, here, any number of components between one and five would be viable.

FIGURE 10

The Scree Plot



As an indicator of CG and the specified variables, the explanation of these loadings bears content validity. Scale Reliability is essential for those attributes that constitute each of the variables; as a result, we calculate Cronbach's α which is an indicator of the association between factors of an intricate measure that varies between zero to one. We, thus, computed Cronbach Alpha for all the factors having more than one variable loading, also reflected in Table 13. The alpha coefficients reflect mean (median) of .803 (.791) respectively. This percentage of reliability is higher than Nunnally's (1978) proposed standard, who recommended that the minimally acceptable reliability should be greater than (or equal to) .70. Thus, the measurement analysis deciphered as a part of our research has a higher level of reliability in comparison to single indicators used to measure CG.

Hence, as our objective was to develop an alternate measure for assessing the quality of firm level CG and given the reliability and robustness of the results obtained from PCA, we can safely infer that the factor loadings so generated and clustered into the five components, can be regressed against measures of firm performance, to assess the association between them.

5.2 EXPLORING THE EXTENT OF GENDER DIVERSITY ON INDIAN CORPORATE BOARDS

Gender diversity has been defined as the practice of utilizing a man's and a woman's unique traits and competencies to benefit the company. "Gender diversity in the boardroom", as per Dutta and Bose (2006), refers to women participation on firm boards, which seems to be an essential component of board diversity. There are various techniques to correlate gender diversity on boards to agency problems, according to the Agency Theory. Carter et al., (2003), firstly, claim that diverse boards equal independence of boards, since diverse corporate boards lack the usual credentials of insider directors. As a result, more diverse boards will help agencies solve problems. Second, according to Ahern and Dittmar (2012), choosing women directors might diminish the dominance of a CEO thereby protecting interests of the shareholders (Bebchuk and Fried, 2005). The agency cost is also seen to be minimized by employing women director. Hillman et. al., (2000), pursuing the Resource Based Theory, believe that board diversity offers greater distinctive information and resources, which may aid the decision-making processes. Diverse insights and non-traditional solutions to specific challenges can be obtained on a diverse board. Given the Stakeholder Theory, the primary board responsibility lies in fostering positive associations with stakeholders. The advocates of this theory contend that the external environment should be mirrored by organizations, encompassing people of various genders, ethnicities, and racial communities. As a consequence, for certain countries, gender diversity across the board is a predictable result, if not a legal obligation. However, according to Rose (2007), implementing such a legislation on listed companies may not be acceptable because they are not democratic entities.

Numerous researches have been carried out in order to obtain a perspective on board gender diversity and the corresponding influence on firm success. It’s, however, reasonable to suggest that the outcomes are mixed. Gender diversity is found to favourably impact firm performance, according to Carter et. al. (2007), particularly through the audit function and company financial results. The board of director diversity was found to be favourably correlated with both ROI and ROA, concluded Erhardt, Werbel, and Shrader (2003). Wang & Clift (2009), contrarily, discovered that no significant association existed between firm financial performance and gender diverse boards, which was attributed by them to small number of female directors prevalent in the sample. Adams and Ferreira (2009) stated, women directors make way for better board monitoring. Information is also disclosed with greater transparency when women hold managerial positions (Gul, Srinidhi, & Ng, 2011). Women dominated boards have stronger management reporting supervision, which increases the earning potential (Gul et. al., 2011). Women directors, thus, strengthen the level of board monitoring and thus CG oversight. In today's business environment, gender diversity is quickly assuming greater importance. In recent decades, a slew of empirical research on women and business have arisen, as have shifts in society's attitudes towards gender related concerns and thus various facets of women in organizations, including their association with profitability of firms, have been analysed. Despite the ongoing efforts to overcome the paucity of female representation on company boards, majority of boardrooms are still male dominated. Thus, in light of the given situation, we seek to identify whether normativity or mere compliance with the said regulations, seems to retard the representation of women on boards, despite substantial literature backing up the fact that women directors favourably influence firm financial performance.

However, the association between women directors and financial performance of companies, analysed by empirical studies indicated mixed results (Gipson et al., 2017; Kirsch, 2018; Post & Byron, 2015; Terjesen et al., 2009). Investors' stereotypical notions about women's incompetency and incompatibility for leadership, as per Haslam, Ryan, Kulich, Trojanowski & Atkins, (2010), are perhaps some reasons for the unfavourable relation between firm performance and female representation on boards. Conflicting outcomes in literature with respect to the relation between gender diverse boards and firm performance could arise due to disparity in sample sizes, performance metrics, industries, study periods and endogeneity issues (Bennouri, Chtioui, Nagati, & Nekhili, 2018; Adams, 2016; de Haan & Van Ees, 2015).

An absolute measure has been premised on the notion of "critical mass theory", (Liu et al., 2013; Kramer et al.,2006) which states that, the number of female directors has a bearing on a corporate performance. This theory highlights that the prevalence of one woman on boards conveys reflects tokenism, two women indicates their presence being reinstated, and three or more women demonstrates that the women directors could actively participate in board proceedings, with respect to expressing her opinions and the subsequent impact on such proceedings; if the size of the board seems to increase along with a rise in number of directors, transformation in absolute measure might not be captured by the proportionate change, however the various dynamics involved in the board interplay might transform as soon as there is a rise in women involvement on corporate boards so as to attain the critical mass (Simpson et al., 2010). Thus, gender diversity metrics used by us for the analysis, especially presence of women on boards and number of women directors, happens to be strongly applicable in the Indian context, wherein the quota is established on absolute terms.

For the purpose of our analysis, we have considered Presence of Women Director as a binary variable, wherein if a women is present on the corporate boards across the firm years the value is taken as one and zero otherwise. As per Table 14 it is evident that the 80.8% of our sample firms have presence of women directors on their boards, as opposed to 19.2% of the firms who still don’t. This comes across as an encouraging figure as it indicates that women are being included and being made a part of a majority of the corporate boards. However, these figures are not indicative of the number of women directors forming a part of the board.

TABLE 14

Presence of Women Directors on Boards

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	636	19.2	19.2	19.2
	1	2684	80.8	80.8	100.0
	Total	3320	100.0	100.0	

Table 15 provides a deeper insight into the number of women directors on the sample firms' boards, highlighting the fact that despite the amendment and prior evidence that women help improving firm performance, female representation on these boards hasn't been substantial. From Table 15 we can see, the maximum NumWD present on any company board, is pegged at five, while the minimum being zero. However, what is intriguingly observable is that maximum sampled firms indicate having only one women director on their boards (1,721 out of 3,320 firm years), implying tokenism, namely merely conforming to the regulations. The result is further substantiated by the Histogram, wherein we can see that the steepest point of the normal curve occurs where the number of women directors is one. This is followed by two women directors (719 out of 3,320 firm years) and no women directors (636 out of 3,320 firm years). As per Simpson et. al (2010), having three or more women directors as a part of boards, signifies difference in terms of voice and could help firms make better decisions, since different characteristics in boardrooms could assist in fulfilling their obligation to properly monitor and supervise top management in order to generate maximum shareholder wealth. But as per our dataset this proportion is particularly small (244 out of 3,320 firm years), implying that women representation on Indian corporate boards has perhaps just been adopted as a normative behaviour in pursuance of a merely adhering to the mandate given by the Companies Act, 2013. As per the Histogram, across the sample time period, we see that the mean value stands at 1.19, having a maximum of five (only 0.3% of the sample) and a minimum of zero, implying that there are firms who still haven't complied with the amendment.

TABLE 15

Frequency Table for Number of Women Directors on Board

	NumWD	Frequency	Percent	Valid %	Cumulative %
Valid	0	636	19.2	19.2	19.2
	1	1721	51.8	51.8	71
	2	719	21.7	21.7	92.7
	3	192	5.8	5.8	98.4
	4	41	1.2	1.2	99.7
	5	11	0.3	0.3	100
	Total	3320	100	100	

FIGURE 11

Histogram Indicating the Number of Women Directors on Board

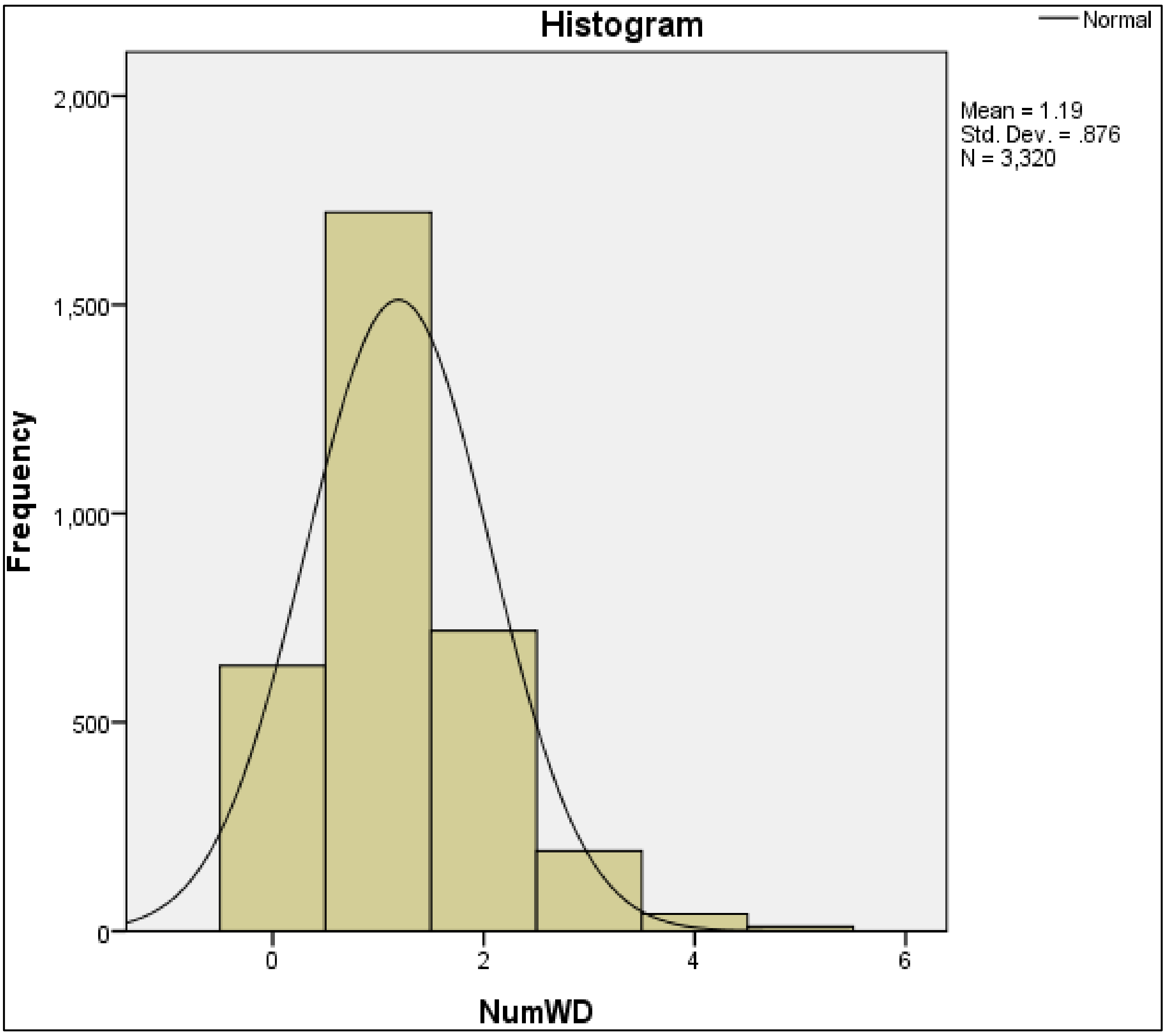


Table 16 further establishes the fact that despite the amendment and the growing need to include women on boards, the scenario of the proportion of women directors on Indian corporate boards has been discouraging. Given the tenure of our study, namely 2012-2013 to 2019-2020, for maximum number of firm years, that is 637 firm years, the proportion of women on the boards has been NIL. We also observe that the highest percentage representation of women is pegged at fifty percent, however, this percentage hold true for negligible number of firm years. This also highlights the potential patriarchy inherent in Indian corporate boards, wherein the maximum proportion of women directors is not even allowed to be pushed beyond fifty percent, thereby undermining women ability to govern a firm on her own accord.

TABLE 16

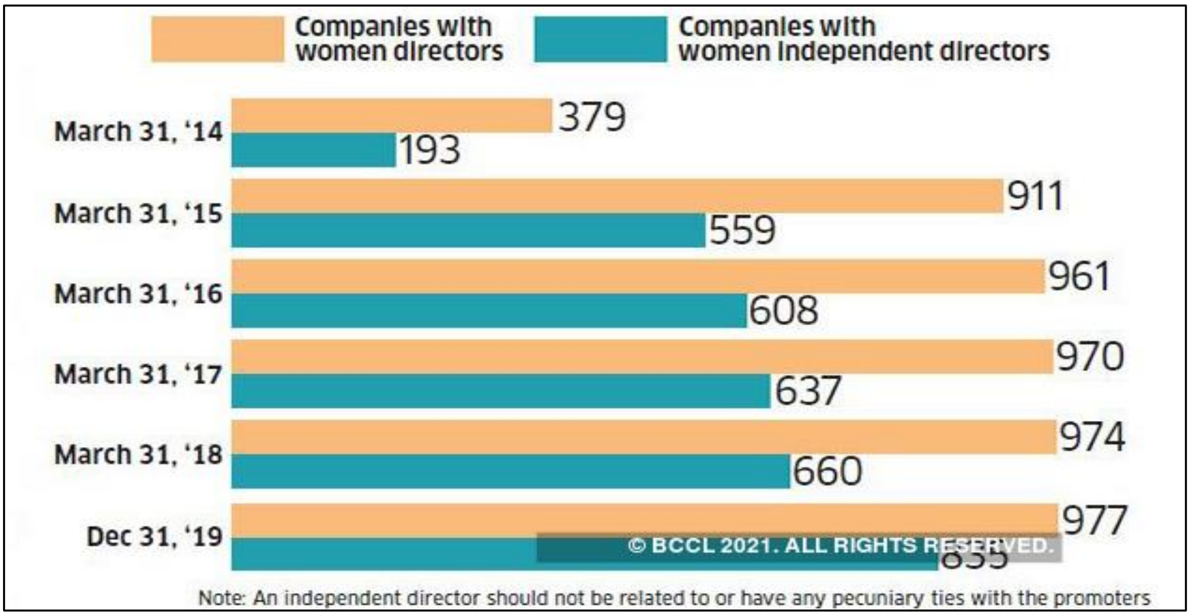
Proportion of Women Directors on Boards

PropWD	Firm Years	Percent	PropWD	Firm Years	Percent
.0000	**637**	**19.2**	.1875	12	.4
.1111	253	7.6	.1053	11	.3
.1000	251	7.6	.1765	11	.3
.1250	250	7.5	.0500	9	.3
.0909	235	7.1	.3077	9	.3
.1667	184	5.5	.0526	6	.2
.0833	155	4.7	.3636	6	.2
.1429	149	4.5	.3750	6	.2
.2000	149	4.5	.2667	5	.2
.0769	127	3.8	**.5000**	**5**	**.2**
.1818	104	3.1	.0952	4	.1
.0714	101	3.0	.0417	3	.1
.2500	95	2.9	.0455	3	.1
.2222	83	2.5	.0476	3	.1
.1538	67	2.0	.1579	3	.1
.0667	64	1.9	.4286	3	.1
.2857	39	1.2	.0435	2	.1
.1333	38	1.1	.1364	2	.1
.3333	38	1.1	.1500	2	.1
.0625	36	1.1	.3571	2	.1
.0588	27	.8	.3846	2	.1
.2727	27	.8	.4000	2	.1
.3000	26	.8	.0851	1	.0
.1176	24	.7	.0870	1	.0
.2143	18	.5	.1200	1	.0
.2308	15	.5	.2353	1	.0
.0556	12	.4	.3125	1	.0

Pursuant to regulatory demands of the SEBI, corporations must now have at least one independent female director on their boards. While the majority of the top publicly traded businesses have conformed to this regulation, firm boards still have a long road ahead until they emerge more inclusive. Kiran Mazumdar-Shaw, a self-made billionaire and the founder-chairman of Biocon, shares her encounter as a board member of a corporation coping with a sexual harassment allegation filed by an employee, stating, “The men on the board, described the complaint as ‘silly’, ‘rubbish’ or ‘an exaggeration’. It took me, a woman director, to object to this ‘flippant’ approach.” She went on to add that, “Men often show an ‘authoritarian’ attitude and a ‘command and control’ approach in situations that need a little ‘consultative reach-out’ for resolution.”[41] Numerous veteran female directors agree with Shaw, who re-instated that "female independent director in a boardroom can be daunting, particularly if the men have been on the board for a long time and have socialized together."

FIGURE 12

Women Directorship in the top-1000, NSE companies[42]



[41] https://economictimes.indiatimes.com/news/company/corporate-trends/the-push-to-appoint-women-directors-has-brought-diversity-to-an-all-boys-club/articleshow/74034033.cms?from=mdr
[42] Image Source for Figures 12 and 13: https://img.etimg.com/photo/msid-74034082,quality-100/top-women-independent-directors-in-listed-indian-companies.jpg

When the Companies Act of 2013 stipulated the appointment at least one-woman director, the argument for women on boards gained traction. SEBI announced in May 2018 that "by March 2020, each of the top 1,000 listed businesses must have at least one-woman independent director. 977 of the top 1,000 firms had a female director as of December 31, 2019, and 835 of them had a female independent director."[43]

FIGURE 13

Top Women Independent Directors in Listed Indian Companies

Table 17 highlights that the average number of women independent directors on the firms' boards is 0.70, which could be approximated to one, with the maximum being four independent women directors and zero being the minimum. The proportion of independent women directors to the total number of women on boards, indicate that on an average around 49% of the total women directors on the boards are independent. This is an encouraging figure as women independent directors, most of whom are experienced professionals, serve as influencers, advocate for the advancement of women in the workplace, and campaign for greater women recruitment, amongst several other aspects. With respect to the ratio between independent

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[43] https://img.etimg.com/photo/msid-74034082,quality-100/top-women-independent-directors-in-listed-indian-companies

women directors and the total board size, the mean value indicates that given the total board size, independent women directors encompass only 6.6% of it. This once again validates the fact that most firms have probably just inducted women independent directors on to their boards, just as a normative compliance.

TABLE 17

Women Independent Directors on Boards

	Minimum	Maximum	Mean	Std. Deviation
WID	0	4	.70	.700
WIDtoWDNum	.0000	.8550	.490136	.4616972
WIDtoBdSize	.0000	.3750	.065541	.0667487

Adhering to the Companies Act, 2013 and the mandate issued by the SEBI in 2018, there was a frenzy to appoint women on to boards of directors. Many business organizations began mentorship programs for female professionals in order to prepare them for board positions. Numerous promoters even recommended their daughters for the position of a director, which is traditionally reserved for sons. Some took advantage of the chance to broaden the definition of diversity beyond gender, bringing on board women with expertise in the fields of Information Technology or Human Resource. But an important question that arises here is, how many businesses were genuine about putting their new hires to work. Some businesses have long valued diversity, but many unfortunately do not. Firms must accept regulatory standards in spirit, in order to obtain the utmost out of female board members.

In 2017, the top five female independent directors, who served on the boards of six or more publicly traded businesses, lowered their board participation. In 2020, they even plummeted out of the top ten. The function of independent directors in combating fraud has become more challenging as a result of the increased focus on their role. Geeta Mathur, a seasoned banker who serves on the boards of six publicly traded companies, says it's evident from the company's initial policies, as to whether it seeks to include women on boards for her experience or to bridge the gender divide. She recapitulates an early encounter with one organization that wanted to hire her, stated in their resolution that this action was being posited only to comply with regulatory requirements. Some organizations seek feedback from the board throughout the year on strategies, risks, administration and CG, whereas others conduct the required yearly board meetings and do not require significant participation from the board, she added.[44] In today's global community, a consultative approach is more effective than an authoritative or dictatorial approach. Women comes across as being naturally consultative. They provide a new viewpoint to challenges, whether it's about justice and impartiality, taking account of the interests of minority stakeholders, or analysing perceived risk. Diversity on corporate boards of companies invested in, is crucial for many foreign institutional investors. It has also piqued the interests of certain domestic investors. Women on Indian boards could possibly end up having more control and authority in the future as a result of this. Since directors' terms were curtailed at 10 years, in 2013, another bout of rotation on company boards is predicted around 2023-2024. New recruits will have to follow in the footsteps and take over from senior independent directors.

According to Deloitte India, women were seen to hold 17 percent of the board seats in India, as reported on 8th February 2022, an increase of 9.4 percent from the 2014 edition of the Deloitte report, the year when the Companies Act, 2013 clearly articulated the need for more women members on corporate boards. “While the Indian regulators have set up a holistic framework to encourage the representation of women in key positions at corporates, the numbers suggest a significant gap between the ideated measures and ground realities. With the continuing disruption and the current pace of change, the case for diverse boards that work with a unified purpose is becoming stronger than it ever was. It is time that gender diversity

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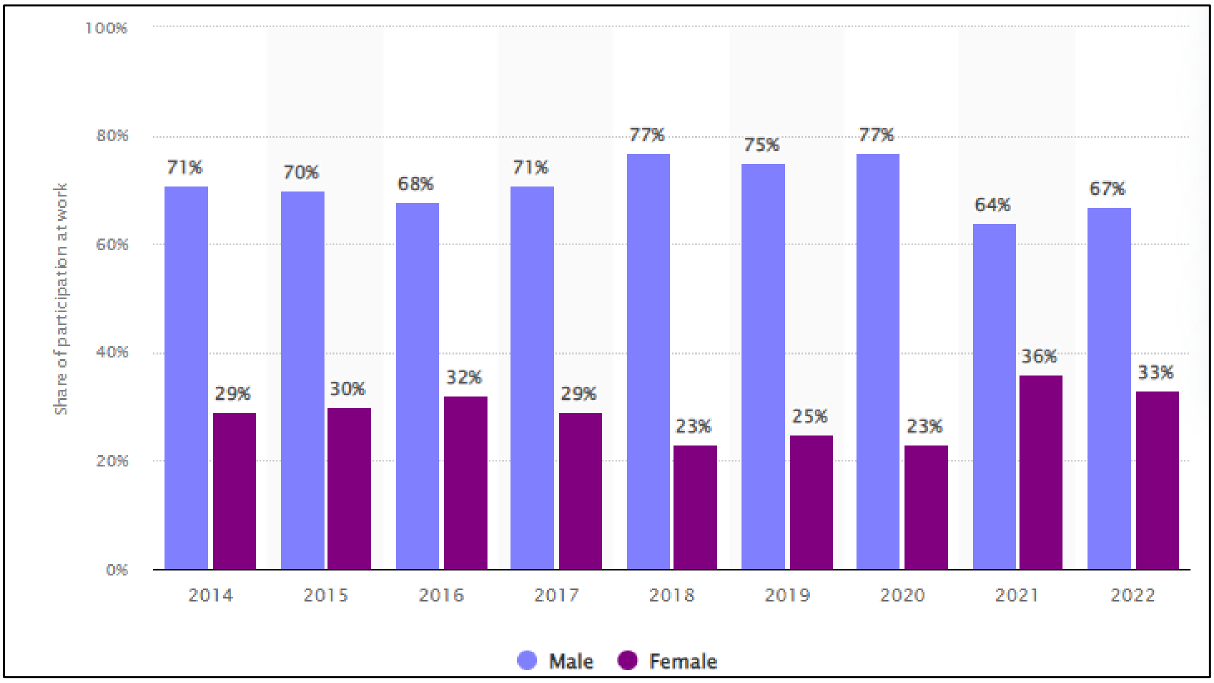
[44] https://economictimes.indiatimes.com/news/company/corporate-trends/the-push-to-appoint-women-directors-has-brought-diversity-to-an-all-boys-club/articleshow/74034033.cms?from=mdr

and gender parity get more focused attention from Indian corporations," said Atul Dhawan, chairperson of Deloitte India.[45]

The Egon Zehnder Global Diversity Report 2020, "women held 17 percent board positions in corporate India, an increase of 8.6 percent since 2012. At the same time, women lag behind when it comes to leadership posts in company boards". The report indicated that only, "11 percent committee chairs were held by women, while the number stood at 27.3 percent globally". Pallavi Kathuria, the managing partner, Egon Zehnder, a global management consulting firm said, "One of the main reasons you have better representation on paper is because regulations in India require public companies to have at least one female director. The mandate here is to check boxes, but counting women on boards is just the first step. We need to make their presence count in a way that companies are able to reap the benefits of diversity."

FIGURE 14

Share of participation at work across India from 2014 to 2022, by gender[46]



[45] https://timesofindia.indiatimes.com/business/india-business/women-hold-17-1-of-board-seats-in-india-report/articleshow/89452464.cms
[46] Source: Statista 2022: https://www.statista.com/statistics/report-content/statistic/1043300

5.3 ANALYSIS OF THE RELATIONSHIP BETWEEN CORPORATE GOVERNANCE AND FIRM PERFORMANCE

The primary goal of putting in place a good CG structure is to ensure an optimal long-term value for shareholders and stakeholders while also increasing profitability. As a result, we investigate the relationship between CG's internal mechanisms and performance, determining if CG has a favourable impact on firm performance.

A majority of empirical investigations that have examined the influence of CG on performance have focused on developed economies, with only a handful looking at emerging markets. Because developing countries' legislative, political, and socioeconomic environments differ greatly from advanced economies', there is a requirement to cast greater clarity on the association between CG and financial performance in emerging markets such as India. Among the studies conducted, those that evaluated shareholder return revealed no substantial difference between firms with and without superior CG, whereas those who examined measures that were accounting-based, revealed that firms with superior CG performed better. To have some concrete substantiation, complete research in the Indian setting is also required, taking into consideration both market and accounting metrics of performance. In light of the foregoing, and in order to contribute to the pre-existing body of expertise in this field of finance, the current study focuses on the implications of a set of CG mechanisms on both market and accounting indicators of performance within a specific Indian domain.

For the purpose of this study two dependent variables have been considered, namely return on assets (hereafter, ROA) representing an accounting-based performance metrics and market-to-book-value (hereafter, MVtoBV) representing a market-based measurement examined with CG. While both metrics provide information about a firm's performance, each has its own set of merits and drawbacks. Accounting-based indices, as per Hutchinson & Gul (2004), are favoured over market-based indicators for investigating CG and firm performance relationship.

These indicators portray the outcome of managerial conduct. Stock-based metrics, on the other hand, are less susceptible to fabrication of earnings (Dechow, Sloan, & Sweeney, 1996).

ROA is among the profitability criteria that tests how well a company uses its assets to generate profits over a given time span. It is a historical return, backward looking in nature (Shan & McIver, 2011), implying it can provide insight into how a security or market has reacted to a variety of different variables, from regular economic cycles to sudden, exogenous world events. In this situation, these accounting profit ratios are impacted by accounting practices and they stress on management outcome. Analysts review historical return data when trying to predict future returns or to estimate how a security might react to a particular situation. It also evaluates the firm's operating and financial effectiveness as an accounting-based measure (Klapper & Love, 2002). Furthermore, it indicates a corporation's potential to effectively use its assets in order to satisfy the interests of its shareholders. ROA might not be a perfect measure, but it is an effective, broadly available financial measure to assess company performance. It captures the fundamentals of business performance in a holistic way, looking at both income statement performance and the assets required to run a business.

MVtoBV on the other hand, indicates how much each rupee of the book value as per the balance sheet is worth to the investors. This ratio attempts to define the connection between the stock's actual market price and book values specified in the balance sheet. It is forward looking and future oriented, indicating that management will be incentivized to adjust their shareholding based on their predictions for the firm's future performance, which will be based on market expectations (Ballesta and Meca, 2007). Usually, Tobin's Q is a standard metric for predicting long-term firm results. It is a market-based metric that most developed countries use to determine if a company or market is overvalued or undervalued. It is calculated by dividing a company's market value by the replacement cost of its assets. However, from the viewpoint of a developing country like India, the development of Tobin's Q is a contentious and a challenging endeavour. This is because institutional debt, which is not actively traded in the debt market, accounts for a substantial portion of corporate debt (Narayanan and Padhi, 2012). Furthermore, most businesses report asset prices at historical costs rather than replacement costs, making estimation difficult (Sarkar and Sarkar, 2005). Thus, given a developing country like India, a more favourable stock-based metric evaluated with CG is the MVtoBV ratio, which seems to be a more realistic and practical estimate for developing countries.

Thus, in order to gauge the relationship between CG and firm performance, we have bifurcated part (a) of our third objective into three further sub-divisions. These sub-divisions, to capture the CG and firm performance relationship, substantiated by the relevant equations, have been summarized in Table 18 below:

i. The individual CG variables used and firm performance
ii. The CGI and firm performance
iii. The PCA factor scores and firm performance

TABLE 18

Model Specification for the Analysis on Corporate Governance and Firm Performance

Objective 3a	*Model Equation*	*Equation Number*
i. Relationship between the individual corporate governance variables used in the study and firm performance	**ROA** = $\alpha + \beta_1$ PropID + β_2 PropNED + β_3 BdMeet + β_4 BdComm + β_5 PresAC + β_6 IDonAC + β_7 ACMeet + β_8 IDonNRC + β_9 LnDR + β_{10} PresCSR + β_{11} PresGov+ β_{12} CeoDual + β_{13} ProSh + β_{14} FIIPres + β_{15} PSE + β_{16} LnTS + β_{17} LnTA + β_{18} BdSize + S.E.	2
	MVtoBV = $\alpha + \beta_1$ PropID + β_2 PropNED + β_3 BdMeet + β_4 BdComm + β_5 PresAC + β_6 IDonAC + β_7 ACMeet + β_8 IDonNRC + β_9 LnDR + β_{10} PresCSR + β_{11} PresGov+ β_{12} CeoDual + β_{13} ProSh + β_{14} FIIPres + β_{15} PSE + β_{16} LnTS + β_{17} LnTA + β_{18} BdSize + S.E.	3
ii. Relationship between the corporate governance index and firm performance	**ROA** = $\alpha + \beta_1$ CGI + β_2 ProSh + β_3 FIIPres + β_4 PSE + β_5 LnTA + β_5 LnTS + S.E.	4
	MVtoBV = $\alpha + \beta_1$ CGI + β_2 ProSh + β_3 FIIPres + β_4 PSE + β_5 LnTA + β_5 LnTS + S.E.	5
iii. Relationship between the Principal Component Analysis factor scores and firm performance	**ROA** = $\alpha + \beta_1$ CG_F1 + β_2 CG_F2 + β_3 CG_F3 + β_4 CG_F4 + β_5 CG_F5 + S.E.	6
	MVtoBV = $\alpha + \beta_1$ CG_F1 + β_2 CG_F2 + β_3 CG_F3 + β_4 CG_F4 + β_5 CG_F5 + S.E.	7

Where, S.E. is the Standard Error of a statistic, used as an estimate of the standard deviation of the sampling distribution

Table 19 further summarizes the descriptive results of all the variables used in the study, employed to construct the ensuing regression models. Given the two dependent variables, we observed that the mean for ROA was -0.071 and MVtoBV indicated a mean of -0.32.

Moving over to the independent CG variables, we observed that the average BdSize was seen to be 10.62; three being the minimum and twenty-three being the maximum. The most frequently posed question thus arising is what should be the ideal board size. In accordance with the SEBI LODR, "The board of directors of the top 1000 listed entities (with effect from April 1, 2019) and the top 2000 listed entities (with effect from April 1, 2020) shall comprise of not less than six directors."[47] According to a study of NSE listed corporations, 75% of the companies had boards with fewer than six members. To comply with the rules, many businesses have had to enlarge the board size to a minimum of six members. Many companies having boards with 15 people or above, aspire to have more diverse competence in terms of intellectual abilities. To realize the advantages of a large or small board, the board size should be significant in accordance to the firm operations, and directors should be chosen in such a way that the Board will preserve its independence and credibility. Coming to the nature of directors, the mean values in case of PropID and PropNED are 0.47 and 0.72 respectively, indicating an encouraging number with respect to board independence. In case of BdMeet, the average meetings held during the time period 2013-2020 was 5.67, with the maximum being 16 and minimum zero. As per Table 19, we observe that the average number of meetings attended by the directors stood at 4.45, with a standard deviation of 1.90. The mean BdComm prevalent in the sampled firms across the given time period stood at 10.81, with three being the minimum number of committees present in a company and 29 being the highest, implying that the sampled companies have taken care of various aspects relating to their operations by setting up a number of specialized committees. For PrAC, taken as a binary, we assumed a value of

[47] https://sebi/composition-board-director-lodr-companies-act-2013

one if there was an Audit Committee present in a company and zero otherwise. With a mean of 0.99, Table 19 suggests that, an Audit Committee was prevalent in almost all companies across the sample time frame and as audit committees are one of the mechanisms that the Board of Directors employ to help them implement sound CG practices, the mean value is indicative of the fact that these companies have potentially made effort in strengthening their CG practices. Clause 49 states, “a company is required to hold at least 4 audit committee meetings in a given year” and reflecting a mean of 4.68, the sampled companies seem to be abiding by the requirement. In case of audit committee independence, the mean of 7.42 with respect to IDonAC, depicts a very encouraging result, highlighting firm strength and hence enhanced performance. With respect to NRCSize, we observe that the average number of members on the nomination-remuneration committee stands at 7.43 and with respect to that of IDonNRC, the mean is 5.35, with zero being the minimum and fourteen being the maximum. According to reports from the CII, ICSI, and the Ministry of Corporate Affairs, the board should appoint independent directors via a nomination-remuneration committee that is comprised predominantly of independent directors, including an independent chairman. This committee will help strengthen independence of the board members while also lowering management's control (Jensen, 1993; Firstenberg and Malkiel, 1994; Westphal and Zajac, 1995; Westphal, 1998). Moving on to LnDR, the average was seen to be 15.37; zero being the minimum and 21.26 being the maximum. The mean with respect to the PresCSR indicates that 97% of the firm have a prevalent CSR Committee, implying a stronger CG, particularly with respect to its position in the board of directors and its engagement with other types of variables such as board diversity and independence (Diez & Odriozola, 2019). On the contrary although a Governance Committee aids the board of directors in performing its monitoring duties as regards to CG overall strategy and all of its mechanisms, the mean of 0.08 suggest that most of the sampled firms do not even have such a committee. For CeoDual, taken as a binary, the mean of 0.96 is indicative of the fact that majority of the firms do not have the prevalence of CEO Duality. ProSh, FIIPres, PSE, suggest a mean of 0.86, 0.33 and 0.10 respectively. The mean value with respect to presence of women on boards, taken as a binary, is reflected as 0.81, implying that most of the boards have women as a part of them. The result is justified, as our dataset pertains to the period post the amendment in the Companies Act, 2013, that had mandated the prevalence of least one women director across firm boards. For the proportion of women directors present on boards across the sample time period, we see that the mean value stands at 0.113, suggesting that female representation on the sample firms boards is approximately only 11%. Firm Size taken as a control variable, as measured by LnTA and LnTS, indicates a mean of 10.36 and 10.04 respectively. Firm Age, being another control variable, reflects a mean value of 42.53, ranging from 1 to 157.

TABLE 19

Descriptive Statistics of the Study Variables

	Minimum	Maximum	Mean	Std. Deviation
ROA	-28.28	2.65	-.071	1.61
MVtoBV	-74.95	2.65	-.32	4.42
BdSize	3	23	10.62	3.55
PropID	.00	.89	.47	.15
PropNED	.00	1.00	.71	.16
BdMeet	0	16	5.67	2.73
BdComm	3	29	10.81	3.81
PresAC	0	1	.99	.093
IDonAC	0	21	7.42	3.31
ACMeet	0	15	4.68	2.57
ACSize	0	21	10.46	5.60
PresNRC	0	1	.99	.090
IDonNRC	0	14	5.35	2.22
NRCSize	0	8	7.43	3.44
LnDR	.00	21.26	15.37	5.32
PresCSR	0	1	.97	.171
PresGov	0	1	.08	.269
CeoDual	0	1	.96	.195
DMA	0	9	4.45	1.90
ProSh	0	1	.86	.349
FIIPres	0	1	.33	.471
PSE	0	1	.10	.301
PresenceWD	0	1	.81	.394
PropWD	.00	.50	.113	.082
LnTA	-2.30	16.09	10.36	1.96
LnTS	.00	15.63	10.04	2.02
FirmAge	1	157	42.53	24.46

5.3.1 RELATIONSHIP BETWEEN THE INDIVIDUAL CORPORATE GOVERNANCE VARIABLES USED IN THE STUDY AND FIRM PERFORMANCE

According to Mishra and Mohanty (2014), good organizational performance can lead to higher company values, which can be appealing to investors and other potential stakeholders. On the other hand, poor corporate performance may result in a decrease in the company's stock value. The effectiveness and productivity of a company's operation throughout time are represented in its performance, which is a consequence of the firm's organised efforts (Kusuma & Ayumardani, 2016). The performance of a company is used by investors, consumers, and other potential stakeholders to assess its legitimacy. The financial performance of a corporation, for example, can indicate whether or not it has fulfilled its objectives and therefore could be utilised to make decisions. Investors use these performance indicators to decide whether or not to remain invested (Mursalim et al., 2017). Because of the various proxies used to quantify these qualities, earlier studies investigating the relationship between CG and performance have yielded ambiguous results. It is difficult to analyse and establish whether CG positively adds to company performance, due to the use of varied CG proxies. According to Larcker et al. (2007), the difficulty in accurately quantifying CG is to be blamed upon the lack of reliable data backed up by empirical findings on the impact of CG on firm performance. As a result, it's essential to evaluate the effectiveness of CG and its impact on corporate productivity on a regular basis.

5.3.1.1 CORRELATION ANALYSIS

The Pearson Correlation Matrix between the chosen CG parameters and Firm Performance is presented in Table 20. The Variance Inflation Factor (hereafter, VIF) is a "standard measurement of multicollinearity" (Kock, 2015). When the explanatory variables are not linearly associated, the VIF indicates how much the variance of the projected regression coefficients is overstated. It describes the degree of correlation between indicators in a regression study. Multicollinearity is risky as it raises the variance of regression coefficients.

Although there's significant associations amongst most of the explanatory variables chosen, the correlation coefficients are moderate, therefore multi collinearity doesn't pose an issue here. To substantiate this further, the VIF is also calculated. We observe that the VIF of all the independent CG variables is less than 3; and as a result, the ensuing regression analysis could be carried out using all of the variables chosen (Kock and Lynn, 2012).[48]

Both the dependent variables too have a significant and favourable association with practically all the selected independent variables, implying that these CG variables positively associate with the given accounting and market-based measures, except for PresGov, CeoDual, FIIPres and PSE, which will further be justified as per the following regression model. Further, except for the associations of IDonAC with PropID, PropNED, LnDR; PresGov with PresAC and LnDR; CeoDual with PropID and PresAC; ProSh with PropNED; FIIPres with ACMeet, LnDR, PresCSR and PresGov; PSE with PresCSR; LnTS with CeoDual and FIIPres; LnTA with CeoDual; all the other independent variables, too, have a significant association with one other. There also exists a significant degree of correlation between ROA and MVtoBV.

[48] Kock, N., & Lynn, G.S. (2012). Lateral collinearity and misleading results in variance-based SEM: An illustration and recommendations. Journal of the Association for Information Systems, 13(7), 546-580.

TABLE 20

Pearson Correlation Matrix of the Study Variables

	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
1. ROA	1																			
2. MVtoBV	.368**	1																		
3. BdSize	.123**	.223**	1																	
4. PropID	.146**	.231**	.136**	1																
5. PropNED	.166**	.322**	.151**	.457**	1															
6. BdMeet	.126**	.158**	.382**	.165**	.091**	1														
7. BdComm	.114**	.206**	.413**	.120**	.066**	.403**	1													
8. PresAC	.457**	.768**	.265**	.278**	.376**	.200**	.262**	1												
9. IDonAC	.092**	.162**	.507**	.033	.009	.434**	.552**	.208**	1											
10. ACMeet	.094**	.130**	.331**	.258**	.152**	.507**	.331**	.171**	.293**	1										
11. IDonNRC	.101**	.176**	.387**	.135**	.046**	.295**	.415**	.223**	.639**	.239**	1									
12. LnDR	.164**	.168**	.206**	.362**	.156**	.187**	.063**	.229**	-.020	.263**	.040*	1								
13. PresCSR	.212**	.408**	.155**	.115**	.138**	.088**	.249**	.514**	.097**	.081**	.120**	.140**	1							
14. PresGov	.013	.021	.122**	.064**	.058**	.074**	.179**	.027	.058**	.123**	.088**	.002	.051**	1						
15. CeoDual	-.013	-.010	.055**	-.033	.059**	-.05**	-.06**	-.019	-.07**	.066**	-.04*	-.073**	.036*	.042*	1					
16. ProSh	.092**	.175**	.105**	.223**	.030	.088**	.220**	.221**	.130**	.057**	.116**	.090**	.070**	.059**	-.039*	1				
17. FIIPres	.000	-.039*	-.08**	-.65**	.127**	-.10**	-.16**	-.06**	-.16**	-.021	-.12**	.003	.012	-.015	.048**	-.48**	1			
18. PSE	.014	.025	.359**	-.22**	-.22**	.376**	.474**	.031	.571**	.168**	.336**	-.149**	.012	.081**	-.091**	.136**	-.20**	1		
19. LnTS	.182**	.326**	.488**	.216**	.170**	.401**	.383**	.406**	.351**	.395**	.302**	.357**	.360**	.091**	.007	.093**	-.015	.195**	1	
20. LnTA	.216**	.334**	.535**	.228**	.177**	.456**	.459**	.419**	.451**	.436**	.347**	.349**	.251**	.193**	-.019	.142**	-.05**	.284**	.809**	1
(VIF)			**1.717**	**1.639**	**1.547**	**1.696**	**1.850**	**1.843**	**2.696**	**1.548**	**1.770**	**1.419**	**1.527**	**1.112**	**1.036**	**1.454**	**1.381**	**2.006**	**2.329**	**2.799**

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

5.3.1.2 REGRESSION ANALYSIS

On the basis of the regression equations 2 (see Table 18), indicative of the accounting-based model, wherein ROA is the dependent variable, Table 21 reflects an R-square of 0.533, and an F value of 7.621, significant at .000. The intercept is also statistically significant justifying the robustness and the significance of the model. Both these statistics show that the variations in the entire compilation of independent variables can predict a considerable fraction of the variation in firm performance, as measured by ROA.

Results based on ROA Model (Equation 2) – Table 21, given Equation 2, PropID appears to have a considerable and beneficial impact on company profitability. This finding backs up Bhagat & Bolton (2008), Coleman & Biekpe (2005), Rosenstein & Wyatt (1990), and Fama's views (1980). One of the most important responsibilities of independent directors is to monitor the company's performance and operations. A stringent monitoring system in place at the corporation could aid in the resolution of agency problems. As a result, the company should hire independent directors to monitor CG, internal control, and risk mitigation, which will improve the company's performance. It was also discovered that there is a significant positive association between firm performance and BdMeet, which is coherent with the observations of Sonnenfeld (2002), Vafeas (1999a), Lipton & Lorsch (1992), who found that more director consultations and meetings could imply more tracking and recognition given to minute details of the firms' operating performance, resulting in positive results. BdComm has a positive impact on ROA as well. According to the findings of Madhani (2019), creating more board committees devoted to distinct sectors could enhance the operations of the company, since each board would likely have the requisite competence and abilities to effectively execute the purpose for which they were established. PresAC appears to have a positive and significant relationship with ROA. Audit committees have a significant impact on a corporation's financial performance, owing to their watchful oversight. Organizations can be safeguarded against deceptive financial reporting by having an audit committee review the financial statements to ensure that they appropriately reflect the existing reality. IDonAC is shown to have a significant, but negative association with ROA. Corporate businesses have been subjected to anomalies and condemnation as a result of an audit committee's failure to discharge effective financial supervision. Sometimes members of the audit committee may wind up conspiring with business executives to carry out fraudulent operations that could adversely impact firm performance and reputation (Bansal, & Sharma, 2016). The independence of an audit committee is accomplished when third parties do not meddle with the members' monitoring process. Audit committee members should have enough time to conduct meetings and enhance organizational control. A nomination-remuneration committee are thought to enhance the efficiency of the board by overseeing its composition, such as increasing director credentials and board independence (Ruigrok, Peck, Tacheva, Greve and Hu, 2006) and helps in establishing transparent parameters and payment forms for directors and top executives, as well as making recommendations to the board. Hence, in line with this viewpoint, the results as per Table 21 indicates that IDonNRC has a significant and positive association with ROA. Also, LnDR shows a favourable-significant relationship with ROA. Shareholders anticipate directors' remuneration to be adequate to lure in, retain, and empower directors of high quality, but not more than is needed. Conyon (1997) discovered that director compensation and existing shareholder returns have a positive association. Both PresCSR and PresGov suggest a favourable-significant association with firm performance, as both these committees uphold strong CG and sustainability measures, which in turn ensures transparent and credible operations being carried on by the firm. ProSh indicates a statistically and positively significant relation with ROA. If the conflict of interest is well managed, promoters may be able to support the organization by acting transparently, thus resolving the agency problem and enhancing firm performance. LnTS seem to favourably and significantly impact ROA, however LnTA indicates a negative relationship with ROA. The reason for the mixed results could be attributed to diverse variables, used by different authors that have been employed to capture firm size.

TABLE 21

Parameter Estimates for the ROA Model, as per Equation 2

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta
					Lower Bound	Upper Bound	Squared
Intercept	-28.584	4.581	-6.240	.000	-37.565	-19.602	.013
BdSize	-.006	.013	-.482	.630	-.032	.019	.000
PropID	.552	.257	2.149	**.032**	.048	1.056	.002
PropNED	-.247	.295	-.838	.402	-.826	.332	.000
BdMeet	.026	.013	2.036	**.042**	.001	.050	.001
BdComm	1.756	.705	2.493	**.013**	.375	3.138	.002
PresAC	17.199	1.293	13.302	**.000**	14.664	19.735	.058
IDonAC	-1.497	.615	-2.436	**.015**	-2.703	-.292	.002
ACMeet	-.005	.013	-.395	.693	-.032	.021	.000
IDonNRC	3.919	1.061	3.694	**.000**	1.839	6.000	.005
LnDR	.019	.006	3.264	**.001**	.008	.030	.004
PresCSR	2.787	.733	3.802	**.000**	1.350	4.225	.005
PresGov	4.782	.951	5.030	**.000**	2.918	6.646	.009
CeoDual	-.018	.150	-.123	.902	-.312	.276	.000
ProSh	2.570	.528	4.869	**.000**	1.535	3.605	.008
FIIPres	.356	.250	1.422	.155	-.135	.847	.001
PSE	-.445	.964	-.461	.645	-2.335	1.446	.000
LnTS	.151	.033	4.496	**.000**	.085	.216	.007
LnTA	-.128	.037	-3.428	**.001**	-.201	-.055	.004
R Squared value = .533; F Value = 7.621							

The market-based model, wherein MVtoBV is the dependent variable (Equation 3), indicate a R-square of 0.894, and an F value of 56.494, significant at .000. The intercept is also statistically significant justifying the robustness and the significance of the model. Both of these statistics show that variations in the entire compilation of independent variables can predict a considerable fraction of the variation in firm performance, as measured by MVtoBV.

Results based on MVtoBV Model (Equation 3) – Table 22, given Equation 3, indicate that BdComm has a significant and favourable relation with MVtoBV. The result indicates that the existence of monitoring and specialised committees together with proper surveillance and controlling techniques, strengthen the performance of boards and thus result in much better CG and disclosure practices, thereby instilling confidence in the minds of the investors and placing the company on a high pedestal in the market. PresAC, in this case too has a significant and favourable relation with firm performance. The audit committee is thought to be one of the pillars of good CG as it’s one of the mechanisms that the Board of Directors employ to help them implement robust CG practices. IDonAC is shown to have a significant-positive association with MVtoBV. According to the Cadbury report (1992), an audit committee's effectiveness requires a majority of its members to be independent. Previous studies indicate that Audit quality is linked positively to the audit committee, when more independent directors are present on the committee. The results as per Table 22 indicates that both IDonNRC and LnDR have a significant but negative association with firm performance, implying that with respect to the market, activities undertaken by the nomination-remuneration committee, for example, paying too high a remuneration to directors so as to retain them, might have an adverse impact on investor perception as they may question the priority of the firm, thereby dampening market value of the firm. In this case too, both PresCSR and PresGov suggest a favourable-significant association with firm performance. ProSh indicates a statistically and positively significant relation with firm performance. If the conflict of interest is well managed, promoters may be able to support the organization by acting transparently and as an owner who is aware and well-informed, thus resolving the agency problem and enhancing image of the firm in the market. LnTS seems to favourably and significantly impact MVtoBV, consistent with the findings of Serrasqueiro and Nunes (2008); Majumdar (1997); Fiegenbaum and Karnani (1991); Hall and Weiss (1967). The size and magnitude of a company could indicate that it is expanding and developing, encouraging the market to react positively. Larger businesses are regarded to be more productive and to have less financial risk. The ease with which a business can receive funds will increase its capital. Businesses with a large sum of money are believed to perform well and have a bright future (Purnomosidi et al, 2014).

TABLE 22

Parameter Estimates for the MVtoBV Model, as per Equation 3

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval Lower Bound	95% Confidence Interval Upper Bound	Partial Eta Squared
Intercept	-208.079	5.984	-34.77	.000	-219.812	-196.346	.295
BdSize	.022	.017	1.303	.193	-.011	.055	.001
PropID	.280	.336	.834	.404	-.378	.938	.000
PropNED	.344	.386	.892	.372	-.412	1.100	.000
BdMeet	-.002	.016	-.105	.916	-.034	.031	.000
BdComm	15.221	.920	16.539	**.000**	13.417	17.026	.087
PresAC	13.851	1.689	8.200	**.000**	10.539	17.162	.023
IDonAC	12.067	.803	15.027	**.000**	10.492	13.642	.073
ACMeet	.001	.017	.054	.957	-.033	.035	.000
IDonNRC	-3.224	1.386	-2.326	**.020**	-5.942	-.507	.002
LnDR	-.045	.008	-5.914	**.000**	-.060	-.030	.012
PresCSR	3.057	.972	3.144	**.002**	1.151	4.964	.003
PresGov	5.744	1.154	5.001	**.000**	3.510	8.037	.009
CeoDual	.006	.196	.032	.975	-.378	.390	.000
ProSh	6.125	.689	8.884	**.000**	4.773	7.477	.027
FIIPres	.201	.327	.613	.540	-.441	.842	.000
PSE	1.099	1.259	.873	.383	-1.370	3.568	.000
LnTS	.111	.044	2.542	**.011**	.025	.197	.002
LnTA	-.053	.049	-1.076	.282	-.148	.043	.000
R Squared value = .894; F value = 56.494							

Analyzing CG and its influence on corporate performance provides an overview of how a company has performed with regards to accounting and market-based criteria. Given the findings, the cumulative conclusion is that excellent and proper CG, as well as robust CG parameters, have a significant and positive influence on firm performance. Based on the findings, the present investigation adds to the body of research by looking at how internal CG mechanisms influence business performance, with an emphasis on prominent Indian firms.

5.3.2 RELATIONSHIP BETWEEN THE CORPORATE GOVERNANCE INDEX AND FIRM PERFORMANCE

The index constructed and elaborated upon, in pursuance of Objective 1, included two important dimensions of CG, namely Board Structure encompassing the size of the boards, nature of directors, prevalence of CEO Duality and board meetings; and Board Committees highlighting predominantly the importance and contribution of an audit committee, nomination and remuneration committee. We now use this index and together with the ownership structure, being another important dimension of CG, we try and gauge its impact of firm performance.

We observed that the average CGI was 0.51, indicating that the sampled firms have implemented approximately 51% of the CG parameters enlisted on the index, which corresponds with our explanation of objective 1, giving us a satisfactory figure.

5.3.2.1 CORRELATION ANALYSIS

The Pearson Correlation Matrix between the chosen CG parameters and Firm Performance is presented in Table 23. Although there exists significant association amongst the majority explanatory variables chosen, the correlation coefficients are moderate, therefore multi collinearity doesn't pose an issue here. To substantiate this, the VIF was also calculated, which for all variables is less than 3, ranging from 1.346 to 2.934.

As we can see in Table 23, both the dependent variables, namely ROA and MVtoBV, have a significant and favourable association with practically all the selected independent variables, implying that these CG variables favourably associate with the given accounting and market-based measures, except for FIIPres and PSE, which will further be justified as per the following regression model. Further, except for the associations between LnTS and FIIPres, all the other independent variables, too, have a significant association with each other. It's also worth mentioning that there exists a significant degree of correlation between ROA and MVtoBV.

TABLE 23

Pearson Correlation Matrix for the CGI and related variables

	1	2	3	4	5	6	7	8
1. ROA	1							
2. MVtoBV	.368**	1						
3. CGI	.133**	.237**	1					
4. ProSh	.092**	.175**	.215**	1				
5. FIIPres	.000	-.039*	-.091**	-.484**	1			
6. PSE	.014	.025	.230**	.136**	-.202**	1		
7. LnTA	.216**	.334**	.502**	.142**	-.053**	.284**	1	
8. LnTS	.182**	.326**	.449**	.093**	-.015	.195**	.809**	1
Variance Inflation Factor (VIF)			**1.383**	**1.368**	**1.346**	**1.142**	**2.249**	**2.934**

**. Correlation is significant at the 0.01 level (2-tailed).

*. Correlation is significant at the 0.05 level (2-tailed).

5.3.2.2 REGRESSION ANALYSIS

On the basis of the regression Equation 4, the outcomes as per Table 24, indicative ROA model, indicate an R-square of 0.413, and an F value of 4.856, significant at .000. The intercept is also statistically significant justifying the robustness and the significance of the model. Both of the above statistics indicate that variability in the complete set of the independent variables could predict a significant portion of the variation in ROA-measured firm performance.

Results based on ROA Model (Equation 4) – Table 24, given Equation 4, indicates that the CGI initially developed using the twenty-one CG parameters, has a strong statistically significant and favourable relationship with firm performance as measured by ROA. Thus, given the accounting-based perspective, the regression results validate the robustness of our index to predict firm performance. ProSh indicates a statistically and positively significant relation with firm performance. This is in line with our findings pertaining to the first part of Objective 3a. Both LnTA and LnTS seem to favourably and significantly impact ROA, consistent with the findings of Serrasqueiro and Nunes (2008); Hall and Weiss (1967). However, in this model too we fail to find any significant association between ROA and FIIPres, PSE.

TABLE 24

Parameter Estimates for the ROA-CGI Model, as per Equation 4

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial
					Lower Bound	Upper Bound	Eta Squared
Intercept	-6.124	.630	-9.714	.000	-7.360	-4.888	.032
CGI	1.054	.370	2.849	**.004**	.329	1.780	.003
ProSh	2.893	.434	6.667	**.000**	2.043	3.744	.015
FIIPres	.366	.280	1.310	.190	-.182	.915	.001
PSE	-.663	1.079	-.615	.539	-2.779	1.453	.000
LnTA	.155	.037	4.157	**.000**	.082	.229	.006
LnTS	.171	.035	4.887	**.000**	.103	.240	.008
R Squared value = .413; F value = 4.856							

Similarly, the outcomes as per Table 25, indicative of the market-based model, indicate an R-square of 0.693, and an F value of 15.545, significant at .000. The intercept is also statistically significant justifying the robustness and the significance of the model. Both of the above statistics indicate that variability in the complete set of the independent variables could predict a significant portion of the variation in MVtoBV-measuring firm performance.

Results based on MVtoBV Model (Equation 5) – Table 25, given Equation 5, indicate that once again, in this case too, the CGI so developed has a significant and favourable relationship with firm performance. Thus, given the market-based perspective too, the regression results validate the robustness of our index to predict firm performance. ProSh indicates a significant-positive relation with firm performance. This too, is in line with our findings pertaining to the first part of Objective 3a. The control variables too LnTA and LnTS, seem to favourably and significantly impact MVtoBV. Firm size could imply that it is growing and expanding, causing the market to respond favourably. However, in this model too we fail to find any significant association between MVtoBV and FIIPres, PSE.

TABLE 25

Parameter Estimates for the MVtoBV-CGI Model, as per Equation 5

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	-34.176	1.253	-27.283	.000	-36.632	-31.720	.204
CGI	6.164	.735	8.383	**.000**	4.722	7.605	.024
ProSh	21.042	.862	24.405	**.000**	19.352	22.733	.170
FIIPres	.300	.556	.540	.589	-.789	1.390	.000
PSE	-.004	2.144	-.002	.998	-4.208	4.199	.000
LnTA	.754	.074	10.141	**.000**	.608	.899	.034
LnTS	.395	.070	5.670	**.000**	.258	.532	.011
R Squared = .693; F value = 15.545							

5.3.3 RELATIONSHIP BETWEEN THE PRINCIPAL COMPONENT ANALYSIS FACTOR SCORES AND FIRM PERFORMANCE

To test the robustness of the factor scores generated, in pursuance of the first objective, we use the five factor scores so generated by PCA and keeping ROA and MVtoBV ratios as the dependent variables, we ran Regression. Assuming a linear relationship exists between them and using OLS as a mode of estimation, we examine whether there exists an association here.

5.3.3.1 FINDINGS AND DISCUSSION

The ROA and MVtoBV models resulted in R-square values of 44.8% and 85%, respectively. This implies that 44.8% and 85% of the variability in firm performance could be accounted for by the given factors, from the accounting and the market-based perspectives, respectively.

The accounting-based model (**see Equation 6**), as represented by ROA in Table 26, reflects that CG_F2, CG_F3, CG_F4 all are significantly and favourably related to firm performance. This implies that, given the factors making up each of the components, from the accounting perspective firm performance is most likely to be impacted by board characteristics, such as size of the boards, the nature of the directors, meetings held, prevalence of certain critical committees, like the audit committee, the CSR committee, nomination-remuneration committee and firm size. The makeup of boards and the skills and expertise it holds are crucial corporate assets (Ljungquist 2007). Firms can gain a comparative edge by utilizing such resources, which can enable them to accomplish greater results (Hunt, 2000; Barney 1991; Prahalad & Hamel, 1990). As a result, team structure and qualities are crucial for productive company performance. The foundation of CG lies in its specialised committees, namely the audit committee, remuneration committee, nomination committee (Shukla, 2008). These committees, together with proper monitoring and controlling techniques, strengthen the performance of the board and thus result in much better CG and disclosure practices, which in turn contributes to enhanced firm performance. However, CG_F1 and CG_F5 do not have any significant impact on ROA, potentially indicating that, given the accounting perspective, firm performance is not impacted by the ownership structure of the firm or committee specific details like the number of committee meetings or the independence of the committees.

TABLE 26

PCA ROA Model - Parameter Estimates, as per Equation 6

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower	Upper	
Intercept	.270	.470	.574	.056	-.651	1.191	.000
CG_F1	-.275	.210	-1.311	.190	-.687	.136	.001
CG_F2	.244	.052	4.708	**.000**	.142	.345	.008
CG_F3	.135	.053	2.528	**.012**	.030	.239	.002
CG_F4	.768	.037	20.518	**.000**	.694	.841	.127
CG_F5	-.008	.170	-.045	.964	-.341	.325	.000
R Squared = .448; F value = 5.608							

The results are further justified in Table 27, where ROA is significantly and positively associated with CG_F2, CG_F3, CG_F4, but has no correlation with CG_F1 and CG_F5.

TABLE 27

Model-Factor Correlation Table

	ROA	MVtoBV	CG_F1	CG_F2	CG_F2	CG_F3	CG_F4
ROA	-	.368**	.023	.101**	.063**	.373**	.034
MVtoBV	.368**	-	.069**	.074**	.106**	.712**	.087**
**. Correlation is significant at the 0.01 level (2-tailed).							

The market-based model (**see Equation 7**), as represented by MVtoBV in Table 28, indicate that all the factors emerging out of PCA, namely CG_F1, CG_F2, CG_F3, CG_F4, CG_F5 are significantly and favourably related to firm performance, which was also substantiated in the Correlations Table 27, above. This implies that all the variables chosen, that have clustered together under homogeneous groups on account of PCA, namely groups representing board characteristics, ownership structure, committee specific details and firm size, all are likely to impact firm performance when perceived from the market point of view. The results indicate that firms possessing the requisite ability to respond to market-changes dynamically, can reap the benefits of market-based CG structures. As a result of CG and stronger disclosure laws, Indian corporations are compelled to create more productive boards and be more accountable and transparent. The evidence so released boosts the stock market liquidity, enhancing overall pricing decisions and creating a positive influence on performance.

TABLE 28

PCA MVtoBV Model - Parameter Estimates, as per Equation 7

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	-1.264	.672	-1.88	.050	-2.583	.054	.001
CG_F1	4.927	.301	16.39	**.000**	4.338	5.517	.085
CG_F2	1.465	.074	19.76	**.000**	1.320	1.610	.119
CG_F3	1.462	.076	19.16	**.000**	1.313	1.612	.112
CG_F4	4.123	.054	76.99	**.000**	4.018	4.228	.671
CG_F5	1.224	.243	5.04	**.000**	.747	1.701	.009
R Squared = .850; F value = 39.167							

Thus, in unison, pursuing the results from the two models, we observe that CG specific variables, clustered together, as obtained under Objective 1, have the capability of significantly and favourably influencing firm performance. As per our results, we observe that the CG factors so generated, although impact both the accounting and the market-based measures of firm performance favourably, however, their impact on MVtoBV, representing the market-based measures, tend to be substantially high. This could go on to mean that firm performance, looked at from the market perspective, namely future-oriented, seem to be considerably influenced by the various dimensions of CG. Robust CG on the part of corporations is always noticed by stakeholders, investors, shareholders, employees and customers, which in turn has a strong impact on the company's market image. The strength of an entities CG practices could lead to the higher valuation of the entity. This result could thus hold value for various policy makers, academicians and other corporate practitioners.

5.4 ASSOCIATION BETWEEN GENDER DIVERSITY ON INDIAN CORPORATE BOARDS AND FIRM PERFORMANCE

Having one female director, at least, on the company board, has been mandated under the Companies Act, 2013 and the SEBI guidelines. However, despite the amendment and research evidence suggesting that greater female representation on firm boards tend to have a favourable impact on performance, this representation has not been adequate. Prevalence of women on boards, as per Haslam et al., (2010), only positively impacts accounting performance. Bennouri et al. (2018), showed that ROA and ROE statistically increase with the increase in women on boards, but alongside, Tobin's Q was seen insignificantly decreasing, when controlling for women director metrics. To envisage the relationship between women directors and firm performance, in addition to board size, firm age is taken into consideration as another control variable (Pandit and Sidhharthan, 2003), as per literature on firm market valuation. There exist arguments that older companies perform better in the stock market. They may have learning-based economies of scale and might outperform newcomers, escaping risks that come with being young. However, some argue that older organizations are more susceptible to latency and are rigid in adapting, which could result in decreased efficiency.

5.4.1 MODEL SPECIFICATION

The following models have been developed to examine the effect of CG mechanisms on firm performance, with an emphasis on women directors on boards:

EQUATION 8:

$$ROA = \alpha + \beta_1 BdMeet + \beta_2\, PresenceWD + \beta_3\, PropWD + \beta_4\, BdSize + \beta_5\, FirmAge + S.E.$$

EQUATION 9:

$$MVTOBV = \alpha + \beta_1 BdMeet + \beta_2\, PresenceWD + \beta_3\, PropWD + \beta_4\, BdSize + \beta_5\, FirmAge + S.E.$$

5.4.2 CORRELATION ANALYSIS

Table 29 highlights that, both the dependent variables, have a significant positive association with all the independent variables implying that these independent variables possess a favourable association with the given accounting-based and market-based measures, with moderate correlation coefficients, and hence multicollinearity does not seem to pose an issue. Except for the association between FirmAge with PresenceWD and PropWD and the association between BdSize and PropWD, all other independent variables, too, have a significant and positive correlation amongst each other. In case of FirmAge and PresenceWD the relationship is insignificant and in case of FirmAge and PropWD we can see a significant relation, but it's negative. This implies that, as the age of the firms increase (older firms) the proportion of women on firm boards decrease. In case of BdSize and PropWD, once again we see a significant but negative relationship, implying that as the size of the boards increase, the percentage of women on it decreases.

TABLE 29

Pearson Correlation Matrix for Women Directors and Related Variables

	1	2	3	4	5	6	7
1. ROA	1						
2. MVtoBV	$.368^{**}$	1					
3. BdMeet	$.122^{**}$	$.154^{**}$	1				
4. PresenceWD	$.125^{**}$	$.122^{**}$	$.185^{**}$	1			
5. PropWD	$.086^{**}$	$.083^{**}$	$.071^{**}$	$.671^{**}$	1		
6. BdSize	$.123^{**}$	$.223^{**}$	$.371^{**}$	$.249^{**}$	$-.035^{*}$	1	
7. FirmAge	$.059^{**}$	$.052^{**}$	$.100^{**}$	.009	$-.071^{**}$	$.152^{**}$	1
Variance Inflation Factor (VIF)			**1.333**	**1.178**	**2.108**	**1.978**	**1.052**
**. Correlation is significant at the 0.01 level (2-tailed).							
*. Correlation is significant at the 0.05 level (2-tailed).							

5.4.3 REGRESSION ANALYSIS

The relationship between the dependent variables of financial performance, namely ROA and MVtoBV, and the independent variables as shown in the tables below, is tested by the empirically developed regression equation. The results as per Table 30, wherein ROA is the dependent variable, indicate an R-square value of .369, F value being 4.051, which happen to be statistically significant at the .000 level. These values indicate that a considerable proportion of the variation in financial performance is possibly explained by the variations inherent in the whole set of independent variables.

Results based on ROA Model (Equation 8) – As per Table 30, given Equation 8, we can see that performance, as denoted by ROA, has a significant and positive relationship with BdMeet. This result is at par with the observations made by Sonnenfeld (2002), Vafeas (1999a), Lipton & Lorsch (1992). Further, it was observed that there exists a significantly positive association between firm performance and PresenceWD. This result, in line with the results of Francoeur, Labelle & Desgagne, (2008); Campbell & Bohdanowicz, (2015), potentially justifies that higher firm profitability is positively related with prevalence of women on their boards. PropWD also seems to have a positive association with ROA, significant at .037, at par with the results observed by Adams and Ferreira, (2009); Catalyst, (2008); Erhardt, Webel and Shrader, (2003). These results depict that if there’s a greater female representation on firm boards with greater proportion of women present in board meetings voicing their opinions and giving suggestions, it could favourably impact firm performance. BdSize, being a control variable, also reflects a positive relationship with ROA; significant at .004 and consistent with the observations made by Jackling and Johl, (2009). FirmAge has a negative relationship with ROA, however in this case the relation is insignificant, at par with results of Vera and Martinez, (2010) and Adam and Ferreira, (2004).

TABLE 30

ROA-WD Model - Parameter Estimates, as per Equation 8

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	-0.26	6.236	-0.042	0.967	-12.488	11.968	.044
BdMeet	0.06	0.013	4.752	**0.000**	0.035	0.085	.008
PresenceWD	0.181	0.105	1.725	**0.045**	-0.025	0.387	.001
PropWD	1.162	0.556	2.091	**0.037**	0.072	2.252	.002
BdSize	0.042	0.015	2.905	**0.004**	0.014	0.071	.003
FirmAge	-0.007	0.057	-0.119	0.905	-3.76	3.329	.000
R Squared = .369; F value = 4.051							

The results as per Table 31, wherein MVtoBV is the dependent variable, R-square value of .517, F value being 7.440, which happen to be statistically significant at the .000 level. These values indicate that a significant percentage of variation in firm financial performance is possibly explained by the variations inherent in the whole set of independent variables.

Results based on MVtoBV Model (Equation 9) – As per Table 31, given Equation 9, we can see that performance, as denoted by MVtoBV, has a positive relationship with BdMeet, significant at .000. This result is once again at par with the observations made by Sonnenfeld (2002), Vafeas (1999a), Lipton & Lorsch (1992). Further, it was observed that a statistically significant association exists between MVtoBV and PresenceWD, however the relationship was negative, wherein, if the presence of women on boards increases by one unit, the MVtoBV will then decrease by -0.584, significant at .021. The result suggests that having more women on firm boards will cause the firm profitability to decline. This finding is in line with what Bennouri at. al., (2018) and Haslam et. al., (2010) had observed. A potential reason for this inverse relationship could be attributed to biased investor perception towards female representation in top position. As per Solal and Snellman (2019), for two years after appointing women to firm boards, the market value of the firm experiences a fall, after no significant effect is noticed. Thus, they concluded that, rather than awarding companies that attempt to be more inclusive, investors appear to be penalizing them. They advocated this behaviour to the notion of stock market biasness, undermining women capability with respect to business decision - making as compared to their male counterparts.[49] Another theory is that investors respond to what they see as a shift in corporate priorities. Increased board diversity could suggest to investors that the company is more concerned about social objectives rather than shareholder value maximization. Thus, to the extent that investors are concerned about value for shareholders, they will penalize corporations that they believe are prioritizing other objectives. However, interestingly PropWD portrays a significantly positive relationship with firm financial performance here, significant at .000 and at par with the findings of Conyon and He (2017); Gordini and Rancati (2017) who suggest that gender diversity favourably influences market-based measures of firm performance. This difference could be attributed to the difference between perception and reality. While investors perception and behaviour towards higher inclusion of women on boards maybe adverse, leading to a decline in the stock market measure; the actual percentage increase of women prevalence on boards does favourably impact market value of a firm. BdSize, being a control variable, also reflects a significant and positive relationship with MVtoBV and FirmAge indicates a negative relationship with MVtoBV, however in this case too, the relation is insignificant.

TABLE 31

MVtoBV-WD Model - Parameter Estimates

Parameter	B	Std. Error	t	Sig.	95% Confidence Interval		Partial Eta Squared
					Lower Bound	Upper Bound	
Intercept	5.845	14.968	.391	.696	-23.503	35.193	.056
BdMeet	.121	.030	3.988	**.000**	.061	.180	.005
PresenceWD	-.584	.252	-2.316	**.021**	-1.078	-.090	.002
PropWD	5.322	1.334	3.989	**.000**	2.706	7.938	.005
BdSize	.336	.035	9.643	**.000**	.267	.404	.031
FirmAge	-0.090	0.137	-.653	.514	-11.342	5.673	.000
R Squared = .517; F value = 7.440							

[49] https://hbr.org/2019/11/why-investors-react-negatively-to-companies-that-put-women-on-their-boards

Thus, given the results arrived at, the overall observation deciphered from the analysis suggest that, greater prevalence of women on firm boards does significantly and favourably impact firm financial performance. To substantiate this further, Table 32 highlights that Infosys Ltd., which had been recognised as the “3rd Best Regarded Company in the World”, by the Forbes Annual List 2020, is one such companies that has amongst the maximum number of women directors, on their boards.

TABLE 32

Number of Women Directors on the Board of Infosys Ltd.

	2013	2014	2015	2016	2017	2018	2019	2020	AVERAGE	MEDIAN
Infosys Ltd	1	2	4	4	3	3	3	3	2.875	3

Despite these results, the representation of women on Indian corporate boards has not been quite encouraging. There are still companies, that we have observed in our sampled firms, that do not have even one woman-director on their boards, despite the mandate given by the Companies Act, 2013; Garden Reach Shipbuilders & Engineers Ltd., being one such company, wherein across all eight years, namely the sample period, there wasn’t even one woman inducted as a director on to the company’s board.

Hence, given our findings and given the era of globalisation that we are in, modern corporates may need to act quickly so as to boost the representation of women at top executive positions and hence savour the benefits in the long-run. Thus, it is urged that the policy of greater inclusion of women on boards, and not mere normative compliance, be consistently enforced and implemented by the business sector so as to be able to garner the advantages of having gender diverse boards for enhanced firm performance.

5.5 SUMMARIZED FINDINGS OF THE STUDY

For the purpose of our study, we had divided our research into three broad objectives, namely:

1. *To develop a comprehensive and alternative measure for assessing the quality of firm level CG* – we divided this objective into two distinct parts, namely: A Comprehensive Measure and An Alternative Measure of CG. In order to construct a comprehensive measure, we developed a CG index (see Equation 1), employing twenty-one parameters, across 415 companies for eight financial years. We had allocated the companies into deciles, ranging from 0.00-1.00. We observed that there were no companies falling within the range 0.00-0.10; one company, namely Amber Enterprises India Ltd., falling in the range 0.11-0.20; 22 companies falling in the range 0.21-0.30; 91 companies lying in the range 0.31-0.40; 84 companies under the range 0.41-0.50; 92 companies falling within the range 0.51-0.60; 82 companies falling within the range of 0.61-0.70; 38 companies under 0.71-0.80; 4 companies under 0.81-0.90 and 1 company in lying in the range 0.91-1.00, namely Infosys Ltd. Given the lowest decile range, namely 0.00-0.10, we don't have any company falling in this category and as far as the highest range is considered, namely 0.91-1.00, we observe just one company under this range, which encompasses a mere 0.2% of the sample. These values indicate that the maximum number of companies, namely 92 companies, lie in the range 0.51-0.60. This implied that 92 companies, have in practice, 50%-60% of the CG parameters that have been used in the construction of our CG index. This is an encouraging figure as these companies have been following most of the CG practices that we have assumed to be a likely measure of the quality of firm-level CG. However, in terms of the proportion of companies falling in this range, only about 22% of the sampled firms have in practice a majority of the CG parameters that could likely impact firm performance. We further classified our sample on the basis of the industry the companies belong to

and found, firms in the service sector had seemed to do better, even though marginally, as compared to firms in the manufacturing sector. Further we also observed that the PSEs had the highest overall CGI score, indicating a higher level of compliance on their behalf, and hence a promising and encouraging result with respect to the PSE's that are otherwise referred to as the 'laggards'.

Now coming to the alternative measure, we ran Factor Analysis, with PCA as the method used. Analysis revealed a KMO value of 0.818 implying that our results could be termed as 'meritorious' and adequate for conducting factor analysis. We retained those factors that hold an Eigen value greater than one. Hence, this resulted in extracting five factors maintaining 71.964% of the total variance inherent in the original data. These five factors characterized the dimensionality of our 20 individual indicators, used to develop an alternative measure for assessing the quality of firm level CG. We also computed Cronbach Alpha for all the factors having more than one variable loading. The alpha coefficients reflected mean (median) of .803 (.791) respectively. This percentage of reliability was higher than Nunnally's (1978) proposed standard, who recommended that the minimally acceptable reliability should be greater than (or equal to) .70. Thus, the measurement analysis deciphered as a part of our research has a higher level of reliability in comparison to single indicators used to measure CG.

2. To explore the extent of Gender Diversity on Corporate Boards in the Indian Companies - Despite the ongoing efforts to overcome the paucity of female representation on company boards, majority of boardrooms are still male dominated. Thus, in light of the given situation, we sought to identify whether normativity or mere compliance with the said regulations, seems to retard the representation of women on boards, despite substantial literature backing up the fact that women directors favourably influence firm financial performance. Analysis revealed that 80.8% of our sample firms have presence of women directors on their boards, as opposed to 19.2% of the firms who still don't. This comes across as an encouraging figure as it indicates that women are being included and being made a part of a majority of the corporate boards. However, these figures were not indicative of the number of women directors forming a part of the board. What was intriguingly observable was that maximum number of the sampled firms indicate having only one women director on their boards (1,721 out of 3,320 firm years), implying tokenism. This was followed by two women directors (719 out of 3,320 firm years) and no women directors (636 out of 3,320 firm years). As per Simpson et al. (2010), having three or more women directors as a part of boards, signifies difference in terms of voice. Boards that have three or more women on them, could help firms make better decisions, since different characteristics in boardrooms could assist in fulfilling their obligation to properly monitor and supervise top management in order to generate maximum shareholder wealth. But as per our dataset this proportion is particularly small (244 out of 3,320 firm years), implying that women representation on Indian corporate boards has perhaps just been adopted as a normative behaviour in pursuance of merely adhering to the mandate given by the Companies Act, 2013. Given the tenure of our study, namely 2012-2013 to 2019-2020, for maximum number of firm years, that is 637 firm years, the proportion of women on the boards had been NIL. We also observed that the highest percentage representation of women is pegged at fifty percent, however, this percentage held true for negligible number of firm years. This also highlighted the potential patriarchy inherent in Indian corporate boards, wherein the maximum proportion of women directors are not even allowed to be pushed beyond fifty percent, thereby undermining women ability to govern a firm on her own accord.

With respect to the scenario of women independent directors on the boards of our sampled firms, we observed that the average number of women independent directors on the firms' boards was 0.70, which could be approximated to one, with the maximum being four women directors who are independent on a firms' board and zero being the minimum. The proportion of independent women directors to the total number of women on boards, indicate that on an average around 49% of the total women directors on the boards are independent. This is an encouraging figure as women independent directors, most of whom are experienced professionals, serve as influencers, advocate for the advancement of women in the workplace, and campaign for greater women recruitment, amongst several other aspects. With respect to the ratio between independent women directors and the total board size, it reflects a mean value of approximately 6.6%, implying, given the total board size, independent women directors encompass only 6.6% of it. This once again goes on to validate the fact that most firms have inducted women independent directors on to their boards, just as a normative compliance.

3a. To analyse the relationship between the level of CG and firm performance – So as to gauge the impact of the level of CG on firm performance and to validate our results, we have divided this objective, into three further bifurcations, which further yielded symmetric results:

i. An investigation into the relationship between the CG variables used in the study and firm performance, it helps us garner insight into how a firm has been fairing, both in terms of accounting and market-based measures. Given the results arrived at (given Equations 2 and 3), we observed that of the variables selected, most of them had a significant and positive association with firm performance. This suggests that, good, proper and robust CG parameters tends' to impact firm performance, favourably.

ii. Investigating the relationship between the CG Index, so constructed, and firm performance, we observed that the sampled firms have implemented approximately 51% of the CG parameters enlisted on the index, which corresponded with our explanation in objective 1 and is a satisfactory figure. For both the models, namely the ROA model and the MVtoBV model (given Equations 4 and 5), the CGI so constructed depicted a strong, significant and favourable relationship with it.

iii. So as to investigate the relationship between the factor scores generated using PCA and firm performance (given Equations 6 and 7), the accounting-based model, reflected that given the factors making up each of the components, from the accounting perspective firm performance is most likely to be impacted by board characteristics, such as size of the boards, the nature of the directors, meetings held, prevalence of certain critical committees, like the audit committee, the CSR committee, nomination-remuneration committee and firm size. The market-based model, as represented by MVtoBV indicated that all the factors emerging out of PCA, were significantly and favourably related to firm performance. This implies that all the variables chosen, that have clustered together under homogeneous groups on account of PCA, namely groups representing board characteristics, ownership structure, committee specific details and firm size, all are likely to impact firm performance when perceived from the market point of view.

3b. To examine whether there exists an association between Gender Diversity on corporate boards and firm performance - Women directors on major corporation boards are becoming more widely regarded as an important ingredient of strong CG. Having female representation as a part of the board directors, has been predominantly prompted by the value proposition that women have capabilities and perspectives discrete from men that contribute positively to board proceedings and managerial surveillance. The central argument favouring the notion of more gender diverse boards, is that women happen to be innately different from their male equivalents, seeming to be more democratic, exemplifying trust-building style of leadership, reflecting conservative behaviour when it comes to risk involved in financial judgments, portraying greater degree of morality, and seem to be more meticulous. Also, firms are focused on gender parity as there are increasing number of women having high administrative roles now. In accordance with the findings of Smith, Smith, and Verner (2005), percentage of women holding leadership positions have a favourable bearing on corporate performance. However, despite a vast magnitude of literature backing up the fact that women prevalence and participation on corporate boards have a reasonably favourable link and enhance corporate performance in reality, women's interaction on boards has been insufficient. Hence, given this scenario we sought to highlight the influence of female representation on boards, on corporate performance, as measured by ROA and MVtoBV (given Equations 8 and 9) and identify the gap between the theory and actualisation. We found that significant positive relationship exists between ROA and number of board meeting, presence of women directors on boards, proportion of women directors on boards and size of the board. MVtoBV, on the other hand, showed a statistically significant and a favourable association with number of board meeting, proportion of women directors on boards and size of the board and a significantly negative relation with women director prevalence on boards. MVtoBV being a stock-based measurement, this result could be attributed to biased investor perception towards women holding executive roles. Thus, the results arrived at provide an overall impression that, women representation on firm boards do seem to significantly and positively impact financial performance of a firm. However, as stated previously, presence of less than three women directors on boards, merely implies a conformity to norms and regulations; and despite the wide and diverse sample, we notice that the prevalence of women on boards has not been substantial. Most of the NSE 500 firms, have had predominantly one or two female directors on their boards, thereby understating the influence of women in positively impacting firm financial performance. Having, three or more women forming part of the board, could benefit firm decision-making, as various attributes in boardrooms could help boards fulfil their duty to effectively supervise and oversee top management in order to ensure shareholder wealth maximisation.

CHAPTER 6: CONCLUSION

6.1 CONCLUSION

The prominence of CG is expanding in today's market-oriented economy. This is owing to CG being a focal point in maintaining transparency and safeguarding the pursuits of all shareholders. A company that exhibits good CG develops a formidable brand recognition and, most crucially, emanates being more resilient. There is substantial evidence in literature that good CG improves a company's profitability. Evidence suggests that if companies work towards improving and enhancing their CG standards, their market valuation in turn improves.

The sample of our study was based off firms publicly traded on NSE 500 as on March 31, 2020; constructed considering the accounting periods 2012-13 to 2019-20. Given the objectives of the study, we first constructed a relative disclosure CG Index comprising twenty-one parameters, as a comprehensive measure of the quality of firm level CG, followed by an alternative measure for evaluating the quality of firm-level CG using PCA. Further, studies with an emphasis on women directors, have not been taken up for such a sample size. To determine the impact of CG mechanisms on firm performance, firstly we employed Pearson's Correlation Analysis so as to gauge the association between the variables selected and to ensure that the issue of multi-collinearity does not persist. This was then followed by Fixed Effects Panel Regression with OLS being the method of estimation. All banks and financial institutions had been excluded from the sample, since their nature of accounting practices and policies adopted are different. Upon such exclusion, the sample size stood at 415 companies, which upon calculation summed up to 3,320 firm years.

The uniqueness of our study lies in the fact that we developed an index using a large firm level database, encompassing facets of CG mechanisms that have not been studied in consolidation. This sort of comparative analysis, across such a vast number of companies has not been substantially investigated, more so in the Indian context. The robustness of the results is itself validated by the quantum of our dataset, thereby making it all the more comprehensive. Investigating the relationship between the CGI and firm performance, we observed that the sampled firms have implemented approximately 51% of the CG parameters enlisted on the index. For both the ROA model and the MVtoBV model, that we used to measure firm performance, the CGI developed by us depicted a statistically significant and favourable relationship with it. Further, the alternate measure for assessing the quality of firm level CG, so developed, and given the reliability and robustness of the results obtained from PCA (KMO value of 0.818), we could safely infer that the factor loadings so generated and clustered into the five components, could be regressed against measures of firm performance, so as to assess the level of association between them. Examining the relationship between the factor scores generated and firm performance, the accounting-based model reflected that given the factors making up each of the components, firm performance is most likely to be impacted by board characteristics, such as board size, the nature of the directors, meetings held, prevalence of certain critical committees, like the audit committee, the CSR committee, nomination-remuneration committee and firm size. The market-based model, indicated that all the factors emerging out of PCA, that have clustered together under homogeneous groups on account of PCA, namely groups representing board characteristics, ownership structure, committee specific details and firm size, all are likely to favourably impact firm performance when perceived from the market point of view.

Studies with an emphasis on women directors and its impact on firm performance, have not been examined in depth for such a sample size. We, thus, conducted an analysis on gender diversity and tried to identify the gap between the theory and actualisation. Analysis revealed that 80.8% of our sample firms had a presence of women directors on their boards, as opposed to 19.2% of the firms who still don’t. What was intriguingly observable was that maximum number of the sampled firms indicate having only one women director on their boards, implying tokenism. This once again went on to validate the fact that most of the firms have probably just inducted women directors on to their boards, just as a normative compliance.

An investigation into the relationship between the CG variables used in the study and firm performance, the results revealed that of the variables selected, most of them had a significant and positive association with firm performance. This suggested that, good and robust CG parameters tend to impact firm performance, favourably. We also sought to highlight the influence of female representation on boards, on corporate performance. We found that significant positive relationship exists between ROA and number of board meetings, presence of women directors on boards, proportion of women directors on boards and board size. MVtoBV on the other hand, showed a statistically significant and a favourable association with number of board meeting, proportion of women directors on boards and board size and a significantly negative relation with women director prevalence on boards. MVtoBV being a stock-based measurement, this result could be attributed to biased investor perception towards females in top positions. Thus, the results arrived at provide an overall impression that, women representation on firm boards do seem to significantly and positively impact performance of a firm. However, despite these positive inclinations, the behaviour of the corporates has mostly been normative and compliant, rather than actually looking at women presence on boards as a strong resource to be harnessed towards enhancing profitability.

Given the overall results and the summarized findings, we can conclude that good and robust CG mechanisms employed and promoted by the firms could trigger a favourable influence on the firm performance, thereby improving a company's profitability. Establishing an efficient CG structure has the primary purpose of maximising long-term profitability for shareholders as well as stakeholders. With respect to the prevalence of women directors on corporate boards, there has been substantial evidence that female representation on board of directors prompt a value proposition that women have capabilities and perspectives that contribute positively to board proceedings, managerial surveillance and hence boost firm performance. However, despite these positive inclinations the behaviour of the corporates has mostly been normative and compliant in nature, rather than actually looking at women presence on boards as a strong resource to be harnessed towards enhancing profitability.

We also observed, across all the objectives, that good CG mechanisms including greater gender diversity on boards, are more likely to influence the forward looking and future oriented measures of firm performance, namely the market-based measures as opposed to historical return that are backward looking in nature, namely the accounting-based measures of firm performance. These observations were validated by the consistent, greater R square values as denoted by the market-based models for all regression analysis conducted to substantiate our objectives, seeking to establish an association between the CG variables and firm performance, implying that improving CG and maintaining higher standards in this regard could enhance market value of firms in the long run.

6.2 LIMITATIONS OF THE STUDY

Although the results of any study are valuable, they are always subject to a number of limitations. To begin with, the sample size seems to be a drawback, with this study's sample consisting solely of non-financial organisations. Banks and financial institutions have been omitted because they are governed by a separate set of directives and standards than other businesses (Abed et al., 2011). As a result, the sample size was trimmed from 500 to 415 companies. Second, to evaluate corporate performance, this study used only one accounting - based indicator, ROA, and one market-based indicator, MVtoBV. Market-based indicators of firm performance are notably challenging in emerging markets, since the majority of businesses rely on debt rather than equity funding. Because India is a developing economy, the stock market has yet to develop in a way that is comparable to mature markets. Third, our research was conducted under the current CG regulatory framework. However, given the multiple regulatory adjustments, it's possible that the significance of our findings won't hold good in the wake of large regulatory changes. Furthermore, we primarily focused on the internal processes of CG for the sake of our study, providing room for the external mechanisms to be studied more thoroughly in this domain and therefore broaden the research.

6.3 FUTURE SCOPE OF RESEARCH

This research contributes significantly to the understanding of CG practises and their impact on listed company performance. However, though the emphasis of this research was on companies listed on the NSE, it is also critical to evaluate existing CG practises in non-listed corporations. Thus, a comparative analysis of the CG practises of listed and non-listed corporations might be a potential subject for future research. This research was conducted from 2013 to 2020, i.e., after the Companies Act was amended. Subsequent analysis could look at CG practises and business performance over a longer time period to gain a better comprehension of the association and facilitate a comparison between before and after the Companies Act 2013. Examining external stakeholders' perspectives of CG practises in developing countries is another prospective area for further exploration. In emerging economies, these stakeholders include shareholders, investors, external auditors, academics, and the general public. Furthermore, future research could also look into CEO performance, CEO tenure, CEO skills, staff tenure and credentials, executive salary and management incentives, since they can be utilised as CG mechanisms to assess their association with company performance in publicly traded companies. Comprehending the impact of CG practises on other financial and market performance indicators, with a focus on return on sales, profits, and shares per earning, could also be useful. Future studies in India could look into the connection between CG and economic, social, and environmental performance.

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