



ADOPTION OF CORPORATE GOVERNANCE PRACTICES IN PUNJAB

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ABSTRACT

The present study entitled “Corporate Governance Practices in India - A Study of Listed Companies of the State of Punjab and Chandigarh” was undertaken with the specific objective of studying the adoption of corporate governance practices in the corporate sector. Data was collected from Primary and secondary sources. From the analysis it can be safely said that none of the selected companies had disclosure score more than 83 percent while on the other side, none of the selected companies had disclosure score of less than 60 percent. It is highlight of the study that there is still a scope of 17 percent to 40 percent for the improvement in disclosure score. Analysis further explored that follow-up pattern of corporate social responsibility practices was very much discouraging. The companies should perform this social responsibility in a responsible manner so that India like developing country may boost its pace of development.

Key words: corporate governance, companies, disclosure, corporate social responsibility.

1. Introduction

The concept of corporate governance depends on total transparency, accountability of the management and the board of directors. The importance of Corporate Governance lies in business prosperity and accountability. Corporate governance helps as a great tool for companies in the age of globalization. Good corporate governance is very much required for

the development of the companies and the economy. Therefore, the applicability of the corporate governance practices should be properly governed and controlled.

2. Review of Literature

Macro Becht, Patrick Bolton and Ailsa Roeli (2005) in their paper on Corporate Governance and Control studied that corporate governance is concerned with the resolution of collective action problems and reconciliation of conflict interest between various corporate claimholders. They observed during their study that there are some untold questions regarding the role of state in the economy and how corporate governance should be approached in the emerging market countries. **Jayati Sarkar and Subrata Sarkar (2006)** studied in their report that Indian corporate governance system is a mixture of outsider dominated market based economy of the UK and the US, and the insider dominated bank based system of Germany and Japan. They found in their study that institutional investors are not active in governance rather they found that the directors' block holds their holdings after a certain level to increase the company value. They observed in their study that large shareholders plays a pivotal role in monitoring the company value in a developing and emerging economy i.e. India. **Anita Anand, Frank Milne and Lynnette Purda (2006)** conducted study on Voluntary Adoption of Corporate Governance Mechanism. They examined the 200 Canadian firms and found that the firms adopt both the suggested best practices and as well as mandatory governance practices. They also found that adoption of voluntary governance has increased overtime. Their study concluded that presence of significant investment opportunities encourage the firm to adopt additional governance mechanism. They also stated that firm need to access capital markets to avail such investment opportunities. Companies implement governance mechanism to appeal to prospective investors. **Matej Lahovnik (2008)** studied the corporate governance in relation to the enhancement of social responsibility. He found that the managers take decisions for the welfare of the organisation as well as society. Social responsible behaviour is actually beneficial for the company. He studied the corporate governance practices in Slovenia during the period of 1998-2006 and found that most important long term strategic objective of Slovenian companies is growth and development. He concluded that stakeholder theory is leading corporate governance approach in Slovenian companies and their main emphasis is on employee relationship, supplier relationship and customer relationship management as well as partnership with the local community. **Bala N. Subramanian, Bernard S. Black and Vikramaditya Khanna (2009)** studied the corporate governance practices of the firm in

emerging market in their ECGI working paper series in Law. They studied the corporate governance practices of Indian firms and examined the areas where corporate governance practices are stronger or weaker, in relation to the developed countries. They also examined the relationship between corporate governance practices and the performance of the firm. They concluded that there was a stronger relationship between the shareholders rights index and the governance index of the firm. **Hueh-Chen Lin, Chin-Sheng Huang and Jack J.W. Yang (2015)** conducted study on market research to Voluntary and Mandatory Announcements of Independent Directors appointments. They examined the voluntary and mandatory independent directors' appointment using a sample of Taiwanese listed firms. They found during their study that there was a rise in stock prices of the firm with the announcement that it is appointing independent directors to its board. Higher degree of information asymmetry and poor corporate performance benefit from mandatory appointment were observed. **Sharukh Tara and Sorab Sadri (2015)** conducted study in their journal on corporate governance and risk management in Indian corporates. They observed during their study that the corporate governance is an integral part of the risk management of any company and should be adopted to protect the interest of shareholders and enhance the confidence of investors. They found during their study that directors of the company acts as the agents of the shareholders and also accountable for protecting their wealth. This pressure of accountability leads to practise of manipulation of accounting figures. Corporate governance practices are adopted to check this manipulation. They also concluded that there is a significant relationship between the corporate governance practices and the risk management. **Rajesh Chakrabarti (2016)** studied in his paper on Corporate Governance in India and its evolution and Challenges that around the world over a hundred corporate norms and codes have been identified and India is also a part of it. He viewed that development of new guidelines and norms is an important step to improve corporate governance. But the major challenge in India lies in the proper implementation of these norms at ground level. He found in his study that efforts of the industry organizations and chamber of Commerce will help in improving the corporate governance system in India and the future of corporate governance system seems to be better than the past.

3. Research Methodology

The purposive-cum-convenience technique of sample selection was used to select the companies for the study. Total 324 companies were listed in Ludhiana Stock exchange at the time of start of the study. Later Ludhiana Stock Exchange was wind up. But the list of 324

companies was kept intact by the researcher. Out of the list, an effort was made to find out 50 listed companies functioning in Punjab and Chandigarh. Finally 46 companies from the regions could be approached. Hence the present study is based on 46 listed companies under Corporate Governance Practices in Punjab and Chandigarh. For taking the opinion on corporate social responsibility, one company official from each company was interviewed.

Results and Discussion The results, arrived at by analyzing the collected data, have been discussed in this section.

Disclosure of Board and Corporate Governance issues by the selected companies The disclosure pattern of board and corporate governance adopted by the selected companies has been shown in Table 1.

Table 1: Disclosure of Board and Corporate Governance issues by the selected companies

S. No.	Company	Total Issues	Not Applicable		Remaining	Not Disclosed	Disclosed	
			No.	%age			No.	%age
1	Nahar Spinning Mills, Ludhiana	102	28	27.45	74	15	59	79.73
2	Nahar capital and financial services Pvt. Ltd.	103	17	16.50	86	20	66	76.74
3	Nahar poly films ltd.	105	20	19.05	85	18	67	78.82
4	JCT Ltd.	103	17	16.50	86	21	65	75.58
5	Adinath textiles ltd.	104	20	19.23	84	30	54	64.29
6	Trident	104	6	5.77	98	20	78	79.59
7	vardhman textile	105	16	15.24	89	23	66	74.16
8	Vardhman Acrylics Limited	105	13	12.38	92	22	70	76.09
9	SML Isuzu Limited	102	7	6.86	95	17	78	82.11
10	bcl industries	105	18	17.14	87	26	61	70.11
11	JAGATJIT	107	18	16.82	89	29	60	67.42
12	VPL	103	12	11.65	91	23	68	74.73
13	venus remedies chd	105	15	14.29	90	33	57	63.33
14	GS AUTO International	106	11	10.38	95	24	71	74.74
15	ind swift lab	106	12	11.32	94	25	69	73.40
16	Sportking India Ltd.	107	15	14.02	92	30	62	67.39
17	kddl	103	13	12.62	90	28	62	68.89
18	paul Merchants ltd.	105	15	14.29	90	33	57	63.33
19	swaraj engines	104	16	15.38	88	26	62	70.45
20	SEL MANUFACTURING	104	15	14.42	89	30	59	66.29
21	MILKFOOD LTD.	104	17	16.35	87	32	55	63.22
22	indian acrylics	104	11	10.58	93	34	59	63.44
23	VARDHMAN SPECIAL STEELS LTD	104	14	13.46	90	32	58	64.44
24	PCPL	104	13	12.50	91	21	70	76.92
25	Asianlak capital	105	17	16.19	88	29	59	67.05
26	NOVA PUBLICATIONS	105	18	17.14	87	29	58	66.67
27	MALWA COTTON SPINNING	108	21	19.44	87	31	56	64.37

	MILLS							
28	ADINATH YARNS LTD.	105	20	19.05	85	29	56	65.88
29	Swaraj Automotives Ltd.	105	20	19.05	85	30	55	64.71
30	Sarup Industries Ltd.	105	20	19.05	85	28	57	67.06
31	Majestic Auto Ltd.	106	14	13.21	92	30	62	67.39
32	Rana Sugars Ltd.	108	21	19.44	87	33	54	62.07
33	IND-SWIFT PHARMA	108	18	16.67	90	29	61	67.78
34	shreyans industries limited	105	18	17.14	87	23	64	73.56
35	Vardhaman Laboratories Limited	110	21	19.09	89	35	54	60.67
36	STYLAM INDUSTRIES LTD.	109	18	16.51	91	34	57	62.64
37	THE SUKHJIT STARCH & CHEMICALS LIMITED, PHAGWARA	106	18	16.98	88	32	56	63.64
38	STEEL STRIPS WHEELS LTD.	104	9	8.65	95	16	79	83.16
39	NECTOR LIFE SCIENCES LTD.	106	15	14.15	91	27	64	70.33
40	SAB INDUSTRIES LTD.	109	13	11.93	96	29	67	69.79
41	SATIA Industries ltd.	109	15	13.76	94	34	60	63.83
42	GLAXOSMITHKLINE CONSUMER HEALTHCARE LIMITED	108	15	13.89	93	24	69	74.19
43	MONTE CARLO FASHIONS LIMITED	103	16	15.53	87	22	65	74.71
44	CHAMAN LAL SETIA LTD.	106	16	15.09	90	30	60	66.67
45	KUANTUM PAPERS LIMITED	107	14	13.08	93	27	66	70.97
46	Nahar industrial enterprises ltd.	106	18	16.98	88	26	62	70.45

It can be seen from the Table that the highest disclosure score of board and corporate governance issues was 83.16 percent in Steel Strips Wheels Limited Company. There were total 104 issues, out of which 9 (8.65%) were not applicable to the company. There were remaining 95 issues to be disclosed but the company had disclosed 79 (83.16%) of these issues. The second major company which had disclosed 82.11 percent of the issues was SML Isuzu Limited. The companies having disclosure score between 70-80 percent were Nahar Spinning Mills with 79.73 percent disclosure, Trident with 79.59 percent disclosure, Nahar poly films ltd. With 78.82 percent disclosure, PCPL with 76.92 percent disclosure, Nahar capital and financial services Pvt. Ltd. Having 76.74 percent disclosure, Vardhman Acrylics Ltd. having 76.09 percent disclosure, JCT Ltd. having 75.58 percent disclosure score, GS AUTO International having 74.74 percent disclosure score, VPL having 74.73 percent disclosure score, Monte Carlo Fashions Limited with 74.71 percent disclosure score, Glaxosmithkline Consumer Healthcare Limited with 74.19 percent disclosure score, Vardhman Textiles with 74.16 percent disclosure score, Shreyans Industries Limited with 73.56 percent disclosure score, Ind Swift Lab with 73.40 percent disclosure score, Kuantum Papers Limited with 70.97 percent disclosure score, Swaraj Engines with 70.45 percent

disclosure score, Nahar Industrial Enterprises Ltd. with 70.45 percent disclosure score, Nector Life Sciences Ltd. with 70.33 percent disclosure score and BCL Industries with 70.11 percent disclosure score. The companies having disclosure score between 65-70 percent included Sab Industries Ltd. having 69.79 percent disclosure score, followed by KDDL having 68.89 percent disclosure score, Ind-Swift Pharma having 67.78 percent disclosure score, Jagatjit Industries having 67.42 percent disclosure score, Sportking India Ltd. having 67.39 percent disclosure score, Majestic Auto Ltd. with 67.39 percent disclosure score, Sarup Industries Ltd. with 67.06 percent disclosure score, Asianlak Capital with 67.05 percent disclosure score, Nova Publications with 66.67 percent disclosure score, Chaman Lal Setia Ltd. with 66.67 percent disclosure score, Sel Manufacturing with 66.29 percent disclosure score and Adinath Yarns Ltd. with 65.88 percent disclosure score. The companies having disclosure score between 60-65 percent were Swaraj Automotives Ltd. with 64.71 percent disclosure score, followed by Vardhman Special Steels Ltd. having 64.44 percent disclosure score, Malwa Cotton Spinning Mills with 64.37 percent disclosure score, Adinath Textiles Ltd. with 64.29 disclosure score, SATIA Industries Ltd. with 63.83 percent disclosure score, The Sukhjit Starch & Chemicals Limited, Phagwara with 63.64 percent disclosure score, Indian Acrylics with 63.44 percent disclosure score, Venus Remedies Chandigarh with 63.33 percent disclosure score, Paul Merchants Ltd. with 63.33 percent disclosure score, Milkfood Ltd. with 63.22 percent disclosure score, Stylam Industries Ltd. with 62.64 percent disclosure score, Rana Sugars Ltd. with 62.07 percent disclosure score and Vardhaman Laboratories Limited having a disclosure score of 60.67 percent. From the analysis it can be safely said that none of the selected companies had disclosure score more than 83 percent while on the other side, none of the selected companies had disclosure score of less than 60 percent. It is highlight of the study that there is still a scope of 17 percent to 40 percent for the improvement in disclosure score. In order to implement the corporate governance practices in its true sense, the improvement in disclosure score is must for the companies in question.

Companies split-up as per disclosure score: The selected companies were distributed according to their disclosure score and the same is shown in Table 2. The information given in Table 2 showed that the highest proportion i.e. 54.35 percent of the selected companies were found at the disclosure score level of 60 to 70 percent, followed by 41.30 percent with disclosure score of 70 to 80 percent.

Table 2: Companies as per disclosure score of corporate governance

S. No.	Disclosure	No.	%age
1	60%-70%	25	54.35
2	70%-80%	19	41.30
3	80%-90%	2	4.35
4	90%-100%	0	0.00
	Average	69.84	

There were only 4.35 percent of the selected companies who followed the corporate governance practices at the level of 80 to 90 percent. None of the companies was reported to be disclosing more 90 percent of the issues. The average disclosure score worked at 69.84 percent (say 70%). Thus, on the average, there is a gap of 30 percent between recommended disclosure and actual disclosure by the selected companies.

Item wise follow up of mandatory practices in companies Several mandatory items under Corporate Governance item wise follow up rate of mandatory items of companies is given in Table 3.

Table 3: Item wise follow-up of mandatory items in selected companies

S. No.	Item	Applicable	Followed	%age
1	Written code of conduct	46	46	100.00
2	Code of conduct on website	46	46	100.00
3	Corporate governance ideology	46	46	100.00
4	Disclosure of no. of shares and convertible instruments held by non-executive directors on Website	46	45	97.83
5	Advance notice with agenda of each Board/Committee meeting circulated to the Directors before 7 days	46	46	100.00
6	Board meets minimum four times in a year as per Companies Act 2013 guidelines	46	46	100.00
7	Sending notice of Annual General Meeting to the Directors before 21 days	46	46	100.00
8	Minutes of each of Board/Committee meeting circulated to the Directors within 15 days	46	46	100.00
9	Time gap between 2 consecutive Board meetings less than 120 days	46	46	100.00
10	Minutes of Board meetings of unlisted subsidiary company presented at board meetings of holding company	7	4	57.14

11	A separate meeting of independent directors held during the last three years	46	45	97.83
12	They reviewed performance of Non-Independent Directors, Chairperson and Board members	46	45	97.83
13	It was disclosed in the Annual Report	45	45	100.00
14	Any Director of Company is appointed as member in more than 10 board level committees	46	0	0.00
15	Any Director hold Directorship in more than 20 Private Companies	46	0	0.00
16	Any Director acts as Chairman in more than 5 Board Level Committees	46	0	0.00
17	Any Independent Director hold membership as Independent Director in more than 7 Companies	46	0	0.00
18	Independent Directors to Directors in Audit Committee is 50%	46	46	100.00
19	Company has at least one member as financially literate	46	46	100.00
20	Constitution of Audit Committee is in accordance with Companies Act 2013 and SEBI (LODR) Regulations 2015	46	46	100.00
21	Company has rotated the Auditor / Audit Firm in accordance with Section 139 of Companies Act 2013	42	1	2.38
22	Chairman of the Audit Committee an Non Executive Director	46	46	100.00
23	Company Secretary a Compliance Officer of Audit committee	46	45	97.83
24	Organisation has Corporate Social Responsibility Committee	38	37	97.37
25	Organisation follows a policy on Corporate Social Responsibility	35	35	100.00
26	Organisation discloses its Corporate Social Responsibility activities in board meetings and website of a Company	35	35	100.00
27	CSR UNSPENT	7	7	100.00
28	Company has Internal Complaints Committee (ICC) in all offices / branches of the organization as per sexual harassment prevention act	44	20	45.45
29	Organization has anti-sexual harassment policy aligned with the provisions of the new law	46	38	82.61
30	Company organizes workshops and awareness programmes periodically for sensitizing employees on implications of sexual harassment at the workplace	46	23	50.00
31	Company submits required information related to sexual harassment to specified authorities	45	37	82.22
32	Organisation has Nomination and Remuneration Committee	46	45	97.83
33	Chairman of Nomination and Remuneration Committee an Independent Director	45	45	100.00
34	Role of Nomination and Remuneration Committee disclosed in the Annual Report	46	46	100.00
35	Company has Criteria for determination of Remuneration of Executive and Non-Executive Directors approved by the Board	46	46	100.00
36	Company has well laid criteria for determination of remuneration of its Senior Executives	46	46	100.00
37	Company focus on Diversification (Qualification/Experience) of members of Board of Directors	46	46	100.00

38	Company send Documents to ADR holders as per their requirements	20	8	40.00
39	Organisation have Stakeholder Relationship Committee	46	44	95.65
40	Constitution of the Stakeholder Relationship Committee is in accordance with Companies Act 2013 and SEBI (LODR) Regulations 2015	46	45	97.83
41	Company provide E-Voting facility to Shareholders	46	46	100.00
42	Chairperson of Stakeholder Relationship Committee an Independent Director	45	45	100.00
43	Company has paid dividend in any of the previous five financial years	46	34	73.91
44	Company has Share Transfer Committee apart from Stakeholder relationship committee	45	14	31.11
45	Company have Registrar to Issue (RTI) or Share Transfer Agent (STA) or in House share Transfer Facility	46	43	93.48
46	Company submit compliance certificate to the stock exchange as per the requirements of SEBI	46	45	97.83
47	Company registered on SCORES or other Electronic Platform as per SEBI guidelines	46	32	69.57
48	All activities relate to Share Transfer maintained by RTI/STA	45	45	100.00
49	Chairman of Share Transfer Committee is Non Executive Director	22	22	100.00
50	Company have Risk Management Committee	42	27	64.29
51	Company have dissolved Risk Management Committee due to SEBI regulations 2015	41	20	48.78
52	Company Secretary a Compliance Officer of company	45	45	100.00
53	Company have Whistle Blower Mechanism about illegal or unethical practices	46	46	100.00
	Average Follow up Score			81.49

The mandatory items which were 100 percent followed included written code of conduct, Code of conduct on website, Corporate governance ideology, Advance notice with agenda of each Board/Committee meeting circulated to the Directors before 7 days, Board meets minimum four times in a year as per Companies Act, 2013 guidelines, Sending notice of Annual General Meeting to the Directors before 21 days, Minutes of each of Board/Committee meeting circulated to the Directors within 15 days, time gap between 2 consecutive board meetings was less than 120 days, It was disclosed in the Annual Report, Independent Directors to Directors in Audit Committee is 50%, Company has at least one member as financially literate, Constitution of Audit Committee is in accordance with Companies Act 2013 and SEBI (LODR) Regulations 2015, Chairman of the Audit Committee an Non Executive Director, Organisation follows a policy on Corporate Social Responsibility, Organisation discloses its Corporate Social Responsibility activities in board meetings and website of a Company, CSR UNSPENT, Chairman of Nomination and

Remuneration Committee an Independent Director, Role of Nomination and Remuneration Committee disclosed in the Annual Report, Company has Criteria for determination of Remuneration of Executive and Non-Executive Directors approved by the Board, Company has well laid criteria for determination of remuneration of its Senior Executives, Company focus on Diversification of members of Board of Directors, Company provide E-Voting facility to Shareholders, Chairperson of Stakeholder Relationship Committee an Independent Director, All activities relate to Share Transfer maintained by RTI/STA, Chairman of Share Transfer Committee is Non Executive Director, Company Secretary a Compliance Officer of company and Company have Whistle Blower Mechanism about illegal or unethical practices. The mandatory items which were followed for less than 100 percent and more than 90 percent were identified as Disclosure of no. of shares and convertible instruments held by non- executive directors on Website, A separate meeting of independent directors held during the last three years, They reviewed performance of Non-Independent Directors, Chairperson and Board members, Company Secretary a Compliance Officer of Audit committee, Organisation has Nomination and Remuneration Committee, Constitution of the Stakeholder Relationship Committee is in accordance with Companies Act 2013 and SEBI (LODR) Regulations 2015, Company submit compliance certificate to the stock exchange as per the requirements of SEBI, Organisation has Corporate Social Responsibility Committee, Organisation have Stakeholder Relationship Committee and Company have Registrar to Issue (RTI) or Share Transfer Agent (STA) or in House share Transfer Facility. The mandatory items which were followed up for 50 to 90 percent were Organization has anti-sexual harassment policy aligned with the provisions of the new law , Company submits required information related to sexual harassment to specified authorities, Company has paid dividend in any of the previous five financial years, Company registered on SCORES or other Electronic Platform as per SEBI guidelines, Company have Risk Management Committee, Minutes of Board meetings of unlisted subsidiary company presented at board meetings of holding company and Company organizes workshops and awareness programmes periodically for sensitizing employees on implications of sexual harassment at the workplace. The mandatory items being followed for less than 50 percent and above 20 percent included Company have dissolved Risk Management Committee due to SEBI regulations 2015, Company has Internal Complaints Committee (ICC) in all offices / branches of the organization as per sexual harassment prevention act, Company send Documents to ADR holders as per their requirements, Company has Share Transfer Committee apart from Stakeholder relationship committee and Company has a non-listed Indian Subsidiary

Company. One item such as Company has rotated the Auditor / Audit Firm in accordance with Section 139 of Companies Act 2013 was followed only for 2.38 percent, while 5 mandatory items were not followed at all. These mandatory items were Any Director of Company is appointed as member in more than 10 board level committees, Any Director holds Directorship in more than 20 Private Companies, Any Director acts as Chairman in more than 5 Board Level Committees and Any Independent Director hold membership as Independent Director in more than 7 Companies. The average follow-up score of mandatory items came to be 81.49 percent. Though the average score was quite high but it was 18.51 percent far from achieving 100 percent follow up rate. The items which had been ignored by the companies should be strictly dealt with. It should be made obligatory for the company to follow-up the mandatory items at the 100 percent level so that corporate governance may be implemented in its true sense and spirit.

Item wise follow up of non-mandatory practices in companies As much as 50 items were observed as the non-mandatory items to be followed up by the companies under corporate governance. The item wise follow up rate of mandatory items of companies is given in Table 4. Two of these items were not applicable i.e. gap in reappointment was more than 3 years of Cooling Period and an alternate Director was appointed in his/her place. The rate of follow-up of remaining 48 non-mandatory items has been computed and given in Table 4.

Table 4: Item wise follow-up of non-mandatory corporate governance practices in companies.

S. No	Item	Applicable	Followed	%age
1	Chairman of Board as Executive Director	46	26	56.52
2	50% of Board members as independent directors	25	25	100.00
3	Chairman of Board as non-Executive Director	46	20	43.48
4	1/3rd of board members as independent directors	20	20	100.00
5	Disclosure of relationship between Directors inter se on Company Website	44	41	93.18
6	Same person appointed as Chairman and Chief Executive Officer	46	19	41.30
7	Company facilitates video Conferencing or other A-V means for participation in Board/committee	46	2	4.35
8	Company passed any special resolution through postal ballot	45	7	15.56
9	Company informs Board of Directors about statutory compliances of various laws at its meeting in each quarter by statutory compliance certificate(s)	46	41	89.13
10	Director of Subsidiary company is Independent Director of Holding Company	9	0	0.00
11	Board of Directors are regular in attending Board Meetings	46	46	100.00
12	Company has reappointed any Independent Director	46	0	0.00

13	Gap in reappointment was more than 3 years of Cooling Period	0	0	
14	Any Director of the Company was re-appointed even if he/she had attendance less than 50% in the Board meetings held during his/her tenure	40	0	0.00
15	An Alternate Director was appointed in his/her place	0	0	
16	Chairperson of the Board of the Company is appointed in another Company also	44	34	77.27
17	Woman Director of your Company appointed in another company also	46	28	60.87
18	Internal Auditor directly report to the Audit Committee	46	34	73.91
19	Internal Auditor, Statutory Auditors and Cost Auditors also attend the meetings	44	37	84.09
20	CSO/CFO Certified managigng director and CFO certification is placed in board meetings	30	25	83.33
21	Chairman of the Audit Committee attend the Annual General Meetings	46	44	95.65
22	Voluntary CSR activities	7	2	28.57
23	Company discloses %age of differently-abled persons that the company employs	46	0	0.00
24	Company made changes to the employment contracts to make the employees legally bound for the acts of sexual harassment in the workplace	46	16	34.78
25	Company organizes Orientation programmes for members of the Internal Complaints Committee	39	21	53.85
26	Company displays conspicuously at the workplace, the penal consequences of indulging in acts that may constitute sexual harassment and the composition of the Internal Complaints Committee	45	31	68.89
27	Composition of Nomination & Remuneration Committee is as per Companies Act 2013 and SEBI (LODR) Regulations 2015	46	46	100.00
28	Company allowed reimbursement of expenses incurred by Non Executive Chairperson while performing duty	12	8	66.67
29	Organization has a transparent Corporate Disclosure Policy	43	18	41.86
30	Organisation disclose Related party transactions in Annual Report	46	45	97.83
31	Organisation declare and send half Yearly financial Performance including summary of events of last six months to shareholders	46	46	100.00
32	Company disclose and declare Dividend on per Share basis only	46	43	93.48
33	Company have any negative remark in following report of Auditor	14	4	28.57
34	Company fill the statements of investors complaints with stock exchange within 30 days of Quarter End	46	46	100.00
35	Organisation have Media as a stake holder	6	6	100.00
36	Organisation has policy on Confiscation of Shares and Cancellation of Fraudulent Securities	45	11	24.44
37	Majority of members of Risk Management Committee are board members	25	25	100.00
38	Chairman of the Stakeholders Relationship Committee a non-executive Director	41	40	97.56
39	Company give notice before transferring the dividend amount in to IEPF	45	45	100.00
40	Organisation have adequate mechanism to address the grievances of the shareholders	46	46	100.00
41	Shareholders Grievances Committee address the redressal of shareholders and investors complaints	36	36	100.00

42	Organisation have Separate Financial Management Committee	45	9	20.00
43	Financial Management committee have one member as Independent Director	16	6	37.50
44	Chief Financial officer is also the member of Financial Management Committee	6	6	100.00
45	Financial Management committee have one member as Independent Director	6	6	100.00
46	Financial Management Committee address Banking related issues, Loans etc. in the meeting	7	7	100.00
47	Company has Strategy Committee	45	3	6.67
48	Strategy Committee address long term strategic planning and Resource Management	3	3	100.00
49	Company has Restructuring Committee	45	2	4.44
50	Restructuring Committee address efficient utilization of resources and Future Growth	2	2	100.00

It is clear from the Table that there were 16 of 50 (32%) non-mandatory items which were followed –up by companies at the rate of 100 percent. These items included 50% of Board members as independent directors, 1/3rd of board members as independent directors, Board of Directors are regular in attending Board Meetings, Composition of Nomination & Remuneration Committee is as per Companies Act 2013 and SEBI (LODR) Regulations 2015, Organisation declare and send half Yearly financial Performance including summary of events of last six months to shareholders, Company fill the statements of investors complaints with stock exchange within 30 days of Quarter End, Organisation have Media as a stake holder, Majority of members of Risk Management Committee are board members, Company give notice before transferring the dividend amount in to IEPF, Organisation have adequate mechanism to address the grievances of the shareholders, Shareholders Grievances Committee address the redressal of shareholders and investors complaints, Chief Financial officer is also the member of Financial Management Committee, Financial Management committee have one member as Independent Director, Financial Management Committee address Banking related issues, Loans etc. in the meeting, Strategy Committee address long term strategic planning and Resource Management and Restructuring Committee address efficient utilization of resources and Future Growth. There were 5 items which were followed up at the rate ranging from above 90 percent but less than 100 percent. These items were Organisation discloses related party transactions in Annual Report (97.83%), Chairman of the Stakeholders Relationship Committee a non-executive Director (97.56%), Chairman of the Audit Committee attend the Annual General Meetings (95.65%), Company disclose and declare Dividend on per Share basis only (93.48%) and Disclosure of relationship between

Directors inter se on Company Website (93.18%). Three items were followed at the rate of 80 to 90 percent, which included Company informs Board of Directors about statutory compliances of various laws at its meeting in each quarter by statutory compliance certificate(s) (89.13%), Internal Auditor, Statutory Auditors and Cost Auditors also attend the meetings (84.09%) and CSO/CFO Certified managing director and CFO certification is placed in board meetings (83.33%). The follow-up rate of the items like Chairperson of the Board of the Company is appointed in another Company also (77.27%) and Internal Auditor directly report to the Audit Committee (73.91%) was found to be from 70 to 8 percent. The follow up rate of items like Company displays conspicuously at the workplace, the penal consequences of indulging in acts that may constitute sexual harassment and the composition of the Internal Complaints Committee (68.89%), Company allowed reimbursement of expenses incurred by Non Executive Chairperson while performing duty (66.67%) and Woman Director of your Company appointed in another company also (60.87%) was 60 to 70 percent, There were 5 non-mandatory items which were followed up at the rate of 40 to 60 percent. These items included Chairman of Board as Executive Director (56.52%), Company organizes Orientation programmes for members of the Internal Complaints Committee (53.85%), Chairman of Board as non-Executive Director (43.48%), Organization has a transparent Corporate Disclosure Policy (41.86%) and Same person appointed as Chairman and Chief Executive Officer (41.30%). Some items were followed for above 10 percent but less than 40 percent-Financial Management committee have one member as Independent Director (37.50%), Employment contracts of sexual harassment is.78%), Voluntary CSR activities (28.57%), Negative remark in Auditor Report(28.57%), policy on Confiscation of Shares (24.44%), Separate Financial Management Committee (20.00%) and Postal ballot (15.56%). The items which were followed at the rate of less than 10 percent included Company has Strategy Committee (6.67%), Restructuring Committee (4.44%) and video Conferencing or other A-V means for participation in Board/committee (4.35%), Director of Subsidiary company is Independent Director of Holding Company. There were 4 items which were not followed up at all. These items were Director of Subsidiary Company is Independent Director of Holding Company, Company has reappointed any Independent Director, The average score of follow up of non-mandatory corporate governance practices came to be 65.08 percent, which seemed to be much below what was expected for effective corporate governance. Such a high gap of 35 percent ought to be covered by making special efforts by the companies. Particularly, the items followed at the rate below 50 percent need special attention of the management of the companies.

Frequency of follow-up of corporate social responsibility practices: The respondents were asked to register the frequency of follow-up of different corporate social responsibility practices in terms of always, sometimes and never. These attributes were assigned score in the respective order of 2, 1 and 0 and the mean scores were computed to glance the overall frequency of follow-up of different corporate social responsibility practices, The results have been presented in Table 5.

Table 5: Frequency of following Corporate Social Responsibility Practices by the selected companies

S. No.	CSR Practices	Always		Sometimes		Never		Mean	Overall
		N o.	%age	N o.	%age	N o.	%age		
1	Promotion on Rural Transformation of [Poverty]	12	26.09	4	8.70	30	65.22	0.61	Sometimes
2	Promotion on Rural Transformation of [Hunger]	13	28.26	2	4.35	31	67.39	0.61	Sometimes
3	Promotion on Rural Transformation of: [Malnutrition]	10	21.74	1	2.17	35	76.09	0.46	Never
4	Promotion on Rural Transformation of : [Sustainable Agriculture]	3	6.52	0	0.00	43	93.48	0.13	Never
5	Social Welfare: [Gender Equality]	3	6.52	0	0.00	43	93.48	0.13	Never
6	Social Welfare: [Slum Developments]	8	17.39	3	6.52	35	76.09	0.41	Never
7	Social Welfare: [Toilets Building]	10	21.74	0	0.00	36	78.26	0.43	Never
8	Social Welfare: [Contributions to Governments Funds]	9	19.57	6	13.04	31	67.39	0.52	Sometimes
9	Social Welfare: [Community Halls]	8	17.39	0	0.00	38	82.61	0.35	Never
10	Social Welfare: [Health Centres]	14	30.43	1	2.17	31	67.39	0.63	Sometimes
11	Social Welfare: [Promoting the Interest of Disadvantaged and Impaired Sections of Society]	7	15.22	2	4.35	37	80.43	0.35	Never
12	Social Welfare: [Technical Training]	5	10.87	1	2.17	40	86.96	0.24	Never
13	Social Welfare: [Armed Force/ War Widows]	0	0.00	0	0.00	46	100.00	0.00	Never
14	Sports: [Paralympics Sports]	1	2.17	0	0.00	45	97.83	0.04	Never
15	Sports: [Olympic Sports]	4	8.70	0	0.00	42	91.30	0.17	Never
16	Sports: [Other Sports]	3	6.52	0	0.00	43	93.48	0.13	Never

17	Protection of National Heritage Art and Culture: [Promotion of Artists and Craftsman]	0	0.00	1	2.17	45	97.83	0.02	Never
18	Protection of National Heritage Art and Culture[Public libraries /Documentation]	0	0.00	1	2.17	45	97.83	0.02	Never
19	Women Empowerment [Promotion of Brest feeding and Nutritional Food]	1	2.17	2	4.35	43	93.48	0.09	Never
20	Women Empowerment [Rehabilitation of Abandoned Women And Children's]	5	10.87	3	6.52	38	82.61	0.28	Never
21	Women Empowerment [Rural Women Education]	9	19.57	0	0.00	37	80.43	0.39	Never
22	Women Empowerment [Women Employment]	6	13.04	0	0.00	39	84.78	0.26	Never
23	Education [Primary Education]	16	34.78	0	0.00	30	65.22	0.70	Sometimes
24	Education [Secondary Education]	16	34.78	0	0.00	30	65.22	0.70	Sometimes
25	Education [Teachers Empowerment]	2	4.35	0	0.00	44	95.65	0.09	Never
26	Education [Mid Day Meal Programmes]	1	2.17	1	2.17	44	95.65	0.07	Never
27	Education [Scholarships and Merits]	8	17.39	2	4.35	36	78.26	0.39	Never
28	Education [Infrastructure for Schools]	18	39.13	0	0.00	28	60.87	0.78	Sometimes
29	Research and Science [Innovations]	3	6.52	1	2.17	42	91.30	0.15	Never
30	Health [Counselling and Testing Centres for HIV Aids]	4	8.70	3	6.52	39	84.78	0.24	Never
31	Health [Reproductive Health / Disease protection]	6	13.04	4	8.70	36	78.26	0.35	Never
32	Health [Education for Drugs Prevention]	4	8.70	1	2.17	41	89.13	0.20	Never
33	Environmental Protection [Plantation of Trees]	11	23.91	2	4.35	33	71.74	0.52	Sometimes
34	Environmental Protection [Promoting Renewable Energy]	44	95.65	2	4.35	0	0.00	1.96	Always
35	Environmental [Self Disposal of Waste]	38	82.61	1	2.17	7	15.22	1.67	Always
36	Environmental [Eco System]	24	52.17	10	21.74	12	26.09	1.26	Sometimes
37	Environmental [Gardens Development]	5	10.87	1	2.17	40	86.96	0.24	Never
38	Environmental Protection [Flora Fauna]	1	2.17	0	0.00	45	97.83	0.04	Never
39	Environmental [Animal Welfare]	2	4.35	0	0.00	44	95.65	0.09	Never

9							5		
4							93.4		
0	Environmental [Agro Forestry]	3	6.52	0	0.00	43	8	0.13	Never
4							80.4		
1	Environmental [Promoting Biodiversity]	9	19.57	0	0.00	37	3	0.39	Never
4							28.2		
2	Environmental [Natural Resources]	25	54.35	8	17.39	13	6	1.26	Sometimes
4							21.7		
3	Environmental [Soil, Air and Water]	33	71.74	3	6.52	10	4	1.50	Always
4							97.8		
4	Disaster Response [Food]	1	2.17	0	0.00	45	3	0.04	Never
4							97.8		
5	Disaster Response [Shelter]	0	0.00	1	2.17	45	3	0.02	Never
4							97.8		
6	Disaster Response [Medical Treatments]	1	2.17	0	0.00	45	3	0.04	Never
4							97.8		
7	Disaster Response [Expertise]	1	2.17	0	0.00	45	3	0.04	Never
	Overall							0.41	Never

Total 47 corporate social responsibility practices were identified, out of which only 3 (6.38%) practices were found to be always followed by the selected companies. These practices included Environmental Protection [Renewable Energy], always followed by 44 (95.65%) companies with a mean score 1.96, Environmental Protection [Waste], always followed by 38 (82.61%) companies with mean score of 1.67 and Environmental Protection [Soil, Air and Water], always followed by 33 (71.74%) companies with mean score of 1.50. The mean scores were nearer to 2. Hence the practice was at always level. However, the gap between 2 and the achieved score should be plugged. As much as 10 (21.28%) practices were sometimes followed by the selected companies. These practices included Environmental Protection with mean score 1.26. Education [Infrastructure] with mean score of 0.78, Education [Primary Education] and [Secondary Education] with mean score of 0.70, Social Welfare: [Health Centres] with mean score of 0.63, Promotion on Rural Transformation of: [Poverty] with and [Hunger] with mean score of 0.61, Social Welfare and Environmental Protection [Plantation of Trees with mean score of 0.52. All the mean scores were nearer to 1. The mean score of the remaining 35 (74.47) % practices was found to be nearer to 0 and it was observed that these practices, by and large, never followed by the selected companies. The mean score was nearer to zero because majority of the companies never followed the practices. These practices included Promotion on Rural Transformation of: [Malnutrition], never followed by 35 (76.09%) companies with mean score of 0.46, Social Welfare: [Toilets], never followed by 36 (78.26%) companies with mean score of 0.43, Social

Welfare: [Slum], never followed by 35 (76.09%) companies with mean score of 0.41, Women Empowerment [Rural Education], never followed by 37 (80.43%) companies with mean score of 0.39 and Education [Scholarships], never followed by 36 (78.26%) companies with mean score of 0.39.

The other CSR practices never followed were Environmental Protection [Biodiversity], never followed by 37 (80.43%) companies with mean score of 0.39, Social Welfare: [Community Halls], never followed by 38 (82.61%) companies with mean score of 0.35, Social Welfare: [Impaired Sections], never followed by 37 (80.43%) companies with mean score of 0.35, Health never followed by 36 (78.26%) companies with mean score of 0.35, Women Empowerment [Rehabilitation of Women, never followed by 38 (82.61%) companies with mean score of 0.28, Women Empowerment, never followed by 39 (84.78%) companies with mean score of 0.26, Social Welfare: [Technical Training], never followed by 40 (86.96%) companies with mean score of 0.24, Health [HIV Centres], never followed by 39 (84.78%) companies with mean score of 0.24, Environmental Protection [Development of Gardens], never followed by 40 (86.96%) companies with mean score of 0.24 and Health [Drugs Prevention], never followed by 41 (89.13%) companies with mean score of 0.20. The practices whose mean score was even less than 0.20 included Sports: [Olympic Sports] (0.17), Research and Science [Innovations] (0.15), Rural Transformation of : [Agriculture] (0.13), Social Welfare: [Gender Equality] (0.13), Sports: [Other] (0.13), Environmental Protection [Agro] (0.13), Women Empowerment [Brest feeding] (0.09), Eduaction [Teachers] (0.09), Environmental Protection [Animal Welfare] (0.09), Education [Mid Day] (0.07), Sports: [Paralympics Sports] (0.04), Environmental Protection [Flora and Fauna] (0.04), Disaster Response [Food,Treatments and Developing Expertise] (0.04), Protection of National Heritage: [Promotion of Artists,Protection of National Heritage,Public libraries,Disaster Response (0.02: [War Widows] (0.00). The overall mean score came to be 0.41, nearer to zero. Hence the follow-up pattern of corporate social responsibility practices was very much discouraging.

Conclusion

From the analysis it can be safely said that none of the selected companies had disclosure score more than 83 percent while on the other side, none of the selected companies had disclosure score of less than 60 percent. It is highlight of the study that there is still a scope of 17 percent to 40 percent for the improvement in disclosure score. In order to implement the corporate governance practices in its true sense, the improvement in disclosure score is must

for the companies in question. On the average, there is a gap of 30 percent between recommended disclosure and actual disclosure by the selected companies. The average follow-up score of mandatory items came to be 78.49 percent. Though the average score was quite high but it 22.5 percent far from achieving 100 percent follow up rate. The average score of follow up of non-mandatory corporate governance practices came to be 65.08 percent, which seemed to be much below what was expected for effective corporate governance. Such a high gap of 35 percent ought to be covered by making special efforts by the companies. Particularly, the items followed at the rate below 50 percent need special attention of the management of the companies. The overall mean score came to be 0.41, nearer to zero. Hence the follow-up pattern of corporate social responsibility practices was very much discouraging. The companies should perform this social responsibility in a responsible manner so that India like developing country may boost its pace of development. The companies should contribute significantly towards the development and upliftment of the poor, down trodden, women and affected by natural disasters.

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