CORPORATE GOVERNANCE PRACTICES OF AUTOMOBILE COMPANIES LISTED IN S&P BSE AUTO AND ITS IMPACT ON FIRM'S PERFORMANCE

A THESIS SUBMITTED IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF DOCTOR OF PHILOSOPHY

MOHD IFTIKHAR BAIG

MZU REGISTRATION NO.: 1506525

Ph.D. REGISTRATION NO.: MZU/Ph.D./1071 of 07.11.2017

DEPARTMENT OF MANAGEMENT

SCHOOL OF ECONOMICS, MANAGEMENT AND INFORMATION SCIENCE

MIZORAM UNIVERSITY

SEPTEMBER 2020

CORPORATE GOVERNANCE PRACTICES OF AUTOMOBILE COMPANIES LISTED IN S&P BSE AUTO AND ITS IMPACT ON FIRM'S PERFORMANCE

BY

MOHD IFTIKHAR BAIG

DEPARTMENT OF MANAGEMENT

DR. BIDHU KANTI DAS

(Supervisor)

SUBMITTED

IN PARTIAL FULFILLMENT OF THE REQUIREMENTS OF THE DEGREE OF

DOCTOR OF PHILOSOPHY

IN DEPARTMENT OF MANAGEMENT OF MIZORAM UNIVERSITY, AIZAWL

MIZORAM UNIVERSITY

(A Central University Accredited 'A' Grade by NAAC)

Dr. Bidhu Kanti Das
Assistant Professor

Department of Management
School of EMIS, Aizawl-796009, India
Tel: 0389-2330710/2330261(O)
Mob. 9862007320/9485119670(M)
Email id: bidhukantidas@mzu.edu.in
bidhudas11@gmail.com

CERTIFICATE

This is to certify that the thesis titled **"Corporate Governance Practices of Automobile Companies Listed in S&P BSE AUTO and Its Impact on Firm's Performance"** written by Mr. Mohd Iftikhar Baig has been undertaken under my supervision.

He has fulfilled all the required norms laid down under the Ph.D. Regulations of Mizoram University. The thesis is the result of his hard work and investigation. The thesis is verified for plagiarism and a certificate of it has been appended at the end of the thesis. Neither the thesis as a whole nor any part was ever submitted to any University for any degree or award.

Dr. Bidhu Kanti Das

(Assistant Professor)

(Supervisor)

DECLARATION

I Mohd Iftikhar Baig, hereby declare that the subject matter of this thesis is the record of work done by me, that the contents of this thesis did not form basis of the award of any previous degree to me or to do the best of my knowledge to anybody else, and that the thesis has not been submitted by me for any research degree in any other University/Institute.

This is being submitted to the Mizoram University for the degree of Doctor of Philosophy in the Management.

MOHD IFTIKHAR BAIG

DR. BIDHU KANTI DAS
(Supervisor)

AMIT KUMAR SINGH
(Head)

ACKNOWLEDGMENT

This acknowledgment is not only a simple consent to the norms of thesis submission or to fill the section called acknowledgement. I deem it my earnest responsibility and wish to humbly acknowledge the contribution to my own learning, experience and development to the people who rightfully deserve to be mentioned on these pages. It would have been impossible to transverse this long arduous terrain without the support, help, wisdom and expertise of many individuals who walked with me from time to time over these last three years. I must also thank numerous individuals who have helped me directly or indirectly during different phases of my research work and whose names are not mentioned explicitly.

My heartfelt gratitude to my supervisor Dr. Bidhu Kanti Das, Assistant Professor, Department of Management, Mizoram University. He extended a very able guidance, academic freedom, helpful criticisms and fruitful blend of intellectual guidance and challenge. These few words only convey my formal thanks to him under whose able guidance and supervision I have carried out my research work. Sir, I would like to thank you from the core of my heart and wish to have your support and blessings forever.

I would like to place on record the deep gratitude I feel for the faculty fraternity of the Department of Management for the instructive insights that helped me to formulate my study into a researchable one and a create space to learn, unlearn, relearn and think beyond the obvious. I gratefully acknowledge the academic support of Mizoram University and Central Library MZU, for providing indispensable books, articles and journals I needed for my work. A big "Thanks" to ICSSR for the Doctoral Fellowship which substantiated all the necessary financial help for my PhD course.

I must take this opportunity to express my insightful indebtedness to my parents- Mr. Mohd Ilyas Baig, Mrs Asfia Siddiqui and my brothers- Mr. Mohd Anwar Baig for their constant pursuit and encouragement in my unbridled flight to pursue all my academicism.

Nevertheless, the biggest stakeholder of the thesis is Dr. Biswajit Ghosh and my colleague Premendra Kumar Singh Without any hesitation they always helped me whenever I needed during the progress of my thesis work, and I hope this legacy will carry on as we progress into the academic fraternity.

I am obliged to many peers- Aien, Niharika, Diana, Caro, Esther and the list goes on. Your enormous encouragement, inspiration and moral support proved to be a gold mine. Heartfelt thanks to you all.

Thank God for blessing me immensely and unconditionally!

MOHD IFTIKHAR BAIG

List of Tables

List of Figures

Abbreviations

S. No.	Particulars	Full Form
1	ANOVA	Analysis of Variance
2	ATR	Assets Turnover Ratio
3	BSE	Bombay Stock Exchange
4	CPSE	Central Public Sector Enterprise
5	CEO	Chief Executive Officer
6	CFO	Chief Finance Officer
7	CII	Confederation of Indian Industry
8	CGDL	Corporate Governance Disclosure Level
9	CSR	Corporate Social Responsibility
10	CR	Current Ratio
11	DPE	Department of Public Enterprises
12	EBIT	Earnings before Interest and Tax
13	FDI	Foreign Direct Investment
14	ITR	Inventory Turnover Ratio
15	LODR	Listing Obligations and Disclosures Requirements
16	MCGDL	Mean Corporate governance Disclosure Level
17	MATR	Mean Assets Turnover Ratio
18	MCR	Mean Current Ratio
19	MDER	Mean Debt equity ratio
20	MITR	Mean Inventory Turnover Ratio
21	MNP	Mean Net Profit Ratio
22	MQR	Mean Quick Ratio
23	MROA	Mean Return on Assets

24	MROCE	Mean Return on Capital Employed
25	MROE	Mean Return on Equity
26	NP	Net Profit Ratio
27	OECD	Organization for Economic Cooperation and Development
28	PCAOB	Public Company Accounting Oversight Board
29	QR	Quick Ratio
30	ROA	Return on Assets
31	ROCE	Return on Capital Employed
32	ROE	Return on Equity
33	SIAM	Society of Indian Automobile Manufacturers
34	SOX	Sarbanes-Oxley Act
35	SEBI	Securities and Exchange Board of India
36	SEC	Securities and Exchange Commission
37	TELCO	Tata Engineering and Locomotive Company
38	UNCTAD	United Nations Conference on Trade and Development

Chapter-1

Introduction

1.1 Introduction to Corporate Governance

Good governance can bring a tremendous change in an economy. According to the World Bank "$2 trillion in foreign funds were invested around the world in 2016" There was a list of top 10 countries which was published in a report titled "political stability and security along with a stable legal and regulatory environment" in 2016 by a forum which was formed by the World Bank. This report tells that USA (FDI of $479.4 billion) and UK (FDI of $299.7 billion) are having the largest investment in 2016. Developing economies like India and China are also performing well in this field. China (FDI of $170.6 billion) and India (FDI of $44.4 billion) have also attracted the investors a lot. It can be seen that the world is changing very fast and lots of financial activities are going on around the world. New economic power houses are coming into existence but still the distribution of wealth in between the countries is highly unequal. Even now also the most of the patents are originating in a handful of developed economies i.e. USA, Germany and Japan. This inequality gives rise to many conflicts such as less productivity, fund crises, conflict between senior managers and the stakeholders, issues between interests of companies and nations etc. If we examine last 20 years of world's corporate history we will find many interconnected events like change in ownership structure, corporate collapse, corporate misconducts etc. which have forced the regulatory bodies to make some laws by which the activities of the corporations can be governed and it has given rise to corporate governance. It has been seen that from last two decades proprietor based business is shifting to limited company form of enterprise. This involves a large amount of capital which can be raised by individual investors or institutional investors. In return they want that their funds must be handled with care and invested in such a manner that they get good return out of it. Here the question arises that how will they get to know that funds are invested correctly not in risky projects, whether their rights have been given to them or not. They should not be exploited in any way. All these matters which are concern with the betterment of the stakeholder and the misuse of the powers of the manager and directors come under corporate governance. It safeguards not only the stakeholders but also the organization in getting into any false practices and resulting in bankruptcy or insolvency. It also plays a unique role in attaining the organizational goals in a smooth and uninterrupted manner so that all the entrepreneurial and business risks can be avoided. The two objectives of business enterprise i.e., to concentrate on profit earning as well as to conform to social responsibility performance fall inside the ambit of corporate administration. Corporate governance is a systematic and broad- based approach undertaken by an enterprise as a routine process to achieve the desired goals effectively and efficiently by giving due emphasis to the needs and desire of various parties having direct or indirect connection with the enterprise. It is the inbuilt and dynamic mechanism adopted by the corporate bodies to deal with their business activities in a compact and a transparent manner so that all the parties which are involved in the business like providers of capital, customers, creditors, government, society and the general public, should be satisfied. Corporate governance is not just about managing the corporations it is much more than that it involves a set of activities and rules which an organization must follow. It tells about the necessary disclosures which an enterprise has to make regarding the creditors, shareholders, peoples who are arranging finance, board of directors, company's policies and much more.

In India also corporate governance came after 1991 economic reforms. In 1998, the Confederation of Indian Industries (CII) has given a code of corporate governance titled Desirable Corporate Governance, which was based on the suggestions given by the committee which was formed under the guidance of Rahul Bajaj. Then in 2000, SEBI introduced Clause 49 of the Listing Agreement which was signed by all the listed companies of a stock exchange. This Clause 49 deals with the issues in corporate governance according to the recommendations of Kumara Mangalam Birla Committee**.** After that many other committees were formed and many changes were made in the Indian corporate governance structure. Today Indian corporate are governed by the Companies Act 2013 and "SEBI- Amended Clause 49 of Listing Agreement" before this they were governed by Companies Act 1956 and SEBI-clause 49 that is very close to UK & US model of corporate governance i.e., market base system of corporate governance. Initially private companies are mostly governed by the founder of the organization or by his close associates. Minority Shareholders do not have much control over the companies working and information.

Accessible writing on corporate governance and the manner in which organizations are run demonstrate that India also shared many features of the German and Japanese mode, but after the, suggestions of various committees for example- Kumar Mangalam Birla Committee, etc many consequent legislative measures came that compelled the country to adopt the Anglo-American model.

The automobile sector of India is playing an important role in boosting Indian economy. It is one of the most fast growing sectors in India and it is also one of the largest industries in the world. According to an article by Dr Ruchi Mehrotra Joshi on 18 April 2020 titled "Covid-19: Indian Automobile Sector Crunched Into Reverse Gear" At present automobile sector is contributing around 50 per cent of the manufacturing gross domestic product in India which is also 26 per cent of the industry GDP and 7.1 per cent of overall GDP. Not only this but this sector also contributes approximately 13 per cent of excise revenue to the government.

Thus the study tried to analyze the corporate governance practices of the automobile companies listed in S&P BSE AUTO and also examined the impact of corporate governance on the performance of these firms. There are 14 companies in this index which are taken up for the study. All of these companies were listed under top 50 companies of BSE in terms of market capitalization and also under top 100 most active stock of BSE as on 23 October 2017.

1.2 Concept of Corporate governance

Corporate governance is an environment consisting of trust, values, ethics and confidence among the stakeholders of the corporate sector. It also includes the government, general public and the other service providers connected directly or indirectly to the corporate sector.

The word corporate governance has come from an old Greek and Latin. The word corporate has been taken from the Latin word "corpus" which means "body". The word governance has come from Latinized Greek "gubernatio" which means management or government. The word "kybernao" in Greek means to steer, to drive, to guide, to act as a pilot. Thus the words Corporate Governance can be understand as way by which corporations are governed. It is the guidelines by which companies get the directions. It says that businesses should be done as per the stakeholder's desires. There are two key players which have an important role in corporate governance i.e. "the board of Directors" and "the committees for the company's." It is all about taking all the stakeholders together and working in one single direction that i.e. attaining organizational goal.

Corporate governance tells about the relationship between different stakeholders and company's management and helps in improving corporation's performance. A healthy relationship between manager and owner of the business is very important the performance of the manager should be in accordance to the standard guidelines and owner should have a check on it.

Corporate Governance helps in determining effective strategic actions which will help the organization in getting successful. The board of directors have full control on the decision making process of the organization and in today's competitive world they should use their power in an effective way so that it gives added value to all the peoples associated with the organization.

The foremost function of corporate governance is to ensure that transparency should be maintained. It is the right of the stakeholder to get timely all the relevant information ion of the company and their exploitation can end. From the previous study it has been found that the rights of minority shareholder have been suppressed by the majority shareholders. The new guidelines for corporate governance have given much importance in area also.

1.3 History of Corporate Governance

From the previous studies no definite historical record of corporate governance was found but sources tells that after the World War II USA experienced a boom in economy and its leading corporations started growing rapidly. During all this corporate developments corporations have neglected the internal governance of the companies because of which many corporate scandals came to light. So in the mid-1970s the Federal Securities and Exchange Commission (S.E.C.) introduced corporate governance as an official reform and in 1976, the term Corporate Governance first displayed in the Federal Register.

In the mid of 1970 many US firms were found involved in illicit payments to foreign officials which led S.E.C into the corporate governance realm. At that time few outside directors of many companies were involved in false activities like paying bribe and due to these corporate records were are affected. Many senior executives are also involved in this (Seligman, 1987). Due to this widespread corporate bribery federal agency has taken action and solved many cases and all those companies which were found guilty were ordered to make changes in their board. They are also instructed to appoint of additional outside or independent directors and they have to make an audit committee (Sommer, 1977). Not only this, in 1976 the S.E.C. amended the listing requirement for the companies listed in New York Stock Exchange. According to the new guidelines of the S.E.C each listed company has to maintain an audit committee composed of independent directors.

In 1977 the chairman of the New York Stock Exchange said that "the greatest challenge facing U.S. business and private enterprise generally might be the prospect of pervasive government supervision and control over corporate governance and management (Chicago Tribune, 10-8-1977)." After that world had seen many corporate scandals which are became very popular. Some of them are listed below.

Table: 1.1
History of Corporate Scandals

Company	Year	Country	Detail
Live entertainment corporation of Canada	1998	Canada	Accounting fraud and forgery resulting in bankruptcy
Long term capital management	1998	USA	Suffered a loss of $4.6bn because of purporting that they have found a new method of calculating derivative prices
Equitable life assurance society	2000	UK	Directors using people's money unlawfully
HIH insurance	2001	Australia	Insolvency due to increase in size of business

K-10 Stock (Khetan parrekh)	2001	India	Manipulation of stock exchange
Adelphia Communications	2002	USA	Internal corruption
Bayou hedge fund group	2005	USA	Fraud with the investors
Lehman Brothers	2008	USA	Bankruptcy due to wrong investment policies
Nortel	2009	Canada	Allegations over excess pay to the executives result in financial crises
Satyam	2009	India	Fake inflation of company revenue, profit and profit margin
Sahara	2011	India	Fraud with the investors
Dynegy	2012	USA	Bankruptcy due to series attempted takeover
Banco Espírito Santo	2014	Portugal	Financial irregularities
Dick Smith	2016	Australia	Incapability of board
Kingfisher (Vijay Mallya)	2016	India	Money laundering

Source: Wikipedia

Because of all these scandals governments of many countries made rules for corporate governance among which Sarbanes-Oxley Act of the USA legislated on 30 July 2002 was the most important and considerable act. Sarbanes-Oxley Act contains 3 important aspects of corporate governance. Firstly, it made changes in processes of auditing and presentation of financial data. Secondly, it reduces the conflicts of interest or individual pressure by redesigning the Board. Thirdly, it also made some modification in disclosures and transparency practices. There were many committees also which were formed around the world. Some of them are listed below:-

Table 1.2
Corporate Governance Committees

S. No	Committees	Country	Report Submission Year
1.	Cadbury Committee	England	1992
2.	King Committee	South Africa	1994 & 2002

3.	Greenbury Report	United Kingdom	1995
4.	Confederation of Indian Industry	India	1998
5.	Hampel Committee	England	1998
6.	Kukmar Mangalam Birla Committee	India	2000
7.	RBI Corporate Governance Report	India	2001
8.	Naresh Chandra Committee	India	2002
9.	Sarbanes-Oxley Act	USA	2002
10.	Narayan Murthy Committee	India	2003
11.	J.J. Irani Committee	India	2005
12.	SEBI's Amended Clause 49	India	2013

Source: Author's Compilation

1.4 Definitions of corporate governance

Academic Definitions

Corporate Governance is "the whole set of legal, cultural, and institutional arrangements that determine what public corporations can do, who controls them, how that control is exercised, and how the risks and return from the activities they undertake are allocated." – Margaret Blair, 1995

"How investors get the managers to give them back their money"-Shleifer & Vishny, 1997

"…corporate governance system is the combination of mechanisms which ensure that the management (the agent) runs the firm for the benefit of one or several stakeholders (principals). Such stakeholders may cover shareholders, creditors, suppliers, clients, employees and other parties with whom the firm conducts its business." — Goergen and Renneboog, 2006

"…. deals with the conflicts of interests between the providers of finance and the managers; the shareholders and the stakeholders; different types of shareholders (mainly the large shareholder and the minority shareholders); and the prevention or mitigation of these conflicts of interests." — Marc Goergen, 2012.

"Corporate Governance is the control of management in the best interests of the company, including accountability to shareholders who elect directors and auditors and vote on say on pay. How a company is governed influences rights and relationships among organizational stakeholders, and ultimately how an organization is managed, and whether it succeeds or fails. Companies do not fail: boards do." –Dr. Richard Leblanc, 2015

Practitioner Definitions

"….is the relationship among various participants [chief executive officer, management, shareholders, employees] in determining the direction and performance of corporations"- Monks and Minow, 1995 version

"Corporate governance is the process carried out by the board of directors, and its related committees, on behalf of and for the benefit of the company's stakeholders, to provide direction, authority, and oversights to management."-Paul J. Sobel, 2007

"Governance is taken herein to mean the process of deliberating, establishing, monitoring, and adjusting strategy, dealing and communicating the rules, by which strategy is implemented, and hiring, monitoring, and evaluating the senior executive team. It is both the domain and fiduciary duty of the Board of Directors."- Directors and Chief Risk Officers Guiding Principles for Compensation Committees, 2018

Legal Definitions

"…is a field in economics that investigates how to secure/motivate efficient management of corporations by the use of incentive mechanisms, such as contracts, organizational designs and legislation. This is often limited to the question of improving financial performance, for example, how the corporate owners can secure/motivate that the corporate managers will deliver a competitive rate of return."- Mathiesen, 2002

“Corporate Governance refers to the way in which a corporation is directed, administered, and controlled. Corporate governance also concerns the relationships among the various internal and external stakeholders involved as well as the governance processes designed to help a corporation achieve its goals. Of prime importance are those mechanisms and controls that are designed to reduce or eliminate the principal-agent problem.”- H. Kent Baker and Ronald Anderson, 2010

“The most fundamental principles of corporate governance are a function of the allocation of power within a corporation between its stockholders and its board of directors.”- J. Robert Brown, Jr. and Lisa L. Casey, 2012

Commission Definitions

“Corporate Governance is not an abstract goal, but exists to serve corporate purposes by providing a structure within which stockholders, directors and management can pursue most effectively the objectives of the corporation.” – US Business Round Table White Paper on Corporate Governance September 1997

“…by definition rests with the conduct of the board of directors, who are chosen on behalf of the shareholders” – Corporate Governance Forum of Japan, 1997

“Corporate Governance is concerned with holding the balance between economic and social goals and between individual and communal goals. The corporate governance framework is there to encourage the efficient use of resources and equally to require accountability for the stewardship of those resources. The aim is to align as nearly as possible the interests of individuals, corporations and society”- Sir Adrian Cadbury, 2000

“…is the system by which companies are directed and managed. It influences how the objectives of the company are set and achieved, how risk is monitored and assessed, and how performance is optimized. Good corporate governance structures encourage companies to create value (through entrepreneurism, innovation, development and exploration) and provide accountability and control systems commensurate with the risks involved.”- ASX Principles of Good Corporate Governance and Best Practices Recommendations, 2003

"…corporate governance involves 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."- OECD, 2004

The relationships among the management, Board of Directors, controlling shareholders, minority shareholders and other stakeholders" –International Financial Corporation

Scholarly definition

"the governance role is not concerned with the running of the business of the company per se, but with giving overall direction to the enterprise, with overseeing and controlling the executive actions of management and with satisfying legitimate expectations of accountability and regulation by interests beyond the corporate boundaries"-Triker, 1984

"Corporate Governance is very formal the process of Governing a country or organization"-Youssef, 1991

"Corporate governance is the process of supervision and control intended to ensure that the company's management acts in accordance with the interests of shareholders"- Parkinson, 1994

"Corporate governance as both the knowledge and the art of weighting divided interests of all the stakeholders. In other words, it is the effort of balancing the relationships of power. The importance of corporate governance has been realized all over the world with the integration and liberalization of financial markets"-Siebens, 2002

Corporate governance is "The process carried out by the board of directors, and its related committees, On behalf of and for the benefit of the company's Shareholders and the other Stakeholders, to provide direction, authority, and oversights to management it means how to make the balance between the board members and their benefits and the benefits of the shareholders and the other stakeholders". – Youssef, 2007

After studying all the definitions it can be said that corporate governance is a complex process of managing a firm in such a way that all the stakeholders can get benefit from it and the ownership of the business should not accumulate in few hands. It is a process of minimizing the risk involve in the business which can occur as a result of misconduct of the directors or the managers.

1.5 Committees on Corporate Governance Globally

1.5.1 Cadbury Committee

The Cadbury Committee was founded in 1991 by the Financial Reporting Council of the London Stock Exchange .The chairman of this committee was Sir Adrian Cadbury. This committee is one of the pioneers which was the base for corporate governance in the corporate world. The committee published its report in December 1992.

This committee has given the Codes of Best Practices by which the accountability of board of directors towards the shareholders and the society can be investigated. All though the recommendations given were not mandatory to follow but every company listed in London Stock Exchange have to tell in their account statement that whether they are following these codes or not. The Codes of Best Practices has been divided on four criteria i.e.

a) Related to board of directors

b) Related to non-executive directors

c) Related to executive directors

d) Relating to reporting and control

Recommendations of Cadbury committee

A. Recommendations for board of directors

a) The board must have an effective control on the management of the company and should meet regularly.

b) Responsibilities should be distributed accordingly. Powers should not be vested in one hand. If the chairman is also the executive director of the same company then there should be a capable and independent director on board.

c) Board should have non-executive directors of which are having enough potential and enough number to give their views on board's decisions.

d) All the directors should easily approach company secretary's advice and services because he or she is the only person responsible to the board regarding the board procedures, rules and regulations which are to be followed up

B. Recommendations for non-executive directors

a) The non-executive directors should be unbiased in giving judgment on the matters relating to strategies, appointments, performance, resources etc.

b) Their remuneration should be in accordance to the time, which they committed to the work of the company

c) Appointment and reappointment of the non-executive directors must be done through a proper process.

C. Recommendations related to executive directors

a) Director's tenure should not be more than 3 years without the permission of shareholders.

b) Full disclosure of the benefits which is received by the director and those of chairman including their pension, stock options, salary and performance related elements should be done.

c) Executive director should be paid according to the suggestion of a remuneration committee consisting of completely or partially of non-executive directors.

D. Recommendations for reporting and control

a) It is the duty of the board to display a clear position of the company where it stands presently.

b) There should be a healthy professional relationship between the auditors and the board.

c) There should be an audit committee consisting of at least three non-executive directors with written terms and conditions.

d) Both the auditors as well the directors should mention their responsibilities next to each other.

e) The board of directors should give information on the effectiveness of internal audit and control of company's system.

1.5.2 Greenbury Committee

The committee was enacted in January 1995 to examine the good practices followed by the corporations. This committee was set up by the Confederation of British Industry for deciding directors' remuneration and preparing a code for the remuneration related practices done by the public listed companies of United Kingdom. The chairman of this committee was Sir Richard Greenbury. There were three main aspects which were covered by the committee.

First was related to remuneration committee and it says that a remuneration committee must be set up containing non-executive directors and they should decide the executive director's pay. This committee should directly report to the shareholders by including details in Annual Report.

Secondly about the disclosure provisions, that the remuneration committee should inform about each and every element of directors remunerations, pension and service contract which are lasting more than one year to the members every year.

Thirdly was relating to the contract policies and remuneration. Remuneration committees should decide that what compensation should be paid to their directors if they are terminated early for the unsatisfactory performance and there should be a valid reason for increasing or decreasing the time period of the directors.

1.5.3 Hample Committee Report

The committee was setup in 1995 to analyze that how much Cadbury Committee Report and the Greenbury Committee Report had been implemented and to what level the given recommendations have been achieved. The Hampel committee's recommendations were further joined with the consultations of the London stock Exchange and become the Combined Code on Corporate Governance.

There are many other committees also which has given the Codes for corporate governance like The Combined Code, 1998, the Turnbull Committee, 1999 etc. After that, Organization for Economic Cooperation and Development (OECD) principle came and given new dimensions to corporate governance.

1.5.4 Organization for Economic Cooperation and Development (OECD)

Organization for Economic Cooperation and Development was the first non-government organization founded in 1961. Its headquarters is in Paris and it is funded by the contributions given by its 36 member states. In 2017 was having a budget of €374 million. It has given the measures for good corporate governance. The principles given by the OECD was very influential and proved to be the trend settlers. These principles were mainly based on:

i. Rights of shareholders which includes the set of rights related to the shareholders, their ownership, disclosure of information, mergers, new shares issued etc.
ii. Right to equitable treatment protects the rights of the minority shareholders by including managers and directors.
iii. Role of other parties in corporate governance which includes banks, brokers, bondholders and workers, OECD principles has given them also protection
iv. Principles relating to disclosures and transparency, OECD have given many provisions related to the important disclosures and the transparency. Provisions tell that the auditors and the directors should disclosure all the necessary information in the annual report.
v. Role of the board in protecting the company and its shareholders, in making strategies, avoiding risk and in making a good governance system is also one of the most important principles of OECD.

Another very important milestone in the area of corporate governance was the Sarbanes-Oxley Act, 2002.

1.5.5 Sarbanes-Oxley Act

The Sarbanes Oxley Act or SOX, is a legislation which was passed in 2002 by the U.S. congress. Its main aim of this act was to protect the shareholders and the general from the ongoing false practices of the companies and improve the disclosure standards of the corporations. The U.S. Securities and Exchange Commission (SEC) was the caretaker of this act and it modifies the act so that the disclosure requirements can be improved.

Major elements of Sarbanes-Oxley Act

a) Public Company Accounting Oversight Board (PCAOB)

PCAOB was established by Sarbanes Oxley Act 2000. This non-profit corporation was set up to protect the investors by overseeing the audit of listed companies. The main aim of this board is to examine the audit reports of the public accounting which are providing audit services. It is also responsible for overseeing the audits of the dealers, brokers and the compliance report filed in accordance to the federal securities laws for promoting investors protection.

b) Auditor Independence

SOX under the second title tell about the independence of the external auditor so that the conflicts of interest can be avoided. It also tells about the requirements for the approval of the new auditor, partner rotation in audit, and auditor reporting requirements. It restricts the audit service providing companies from practicing more than 5 consecutive years under the same issuer.

c) Corporate Responsibility

Title three of SOX tells that it is the individual responsibility of senior executives to give a complete and accurate financial report. It should also define the relationship between the external auditors and corporate audit committees, and what a corporate officer should do for a valid financial report.

d) Financial Disclosures

This comes under the fourth title of SOX. It contains the advance reporting requirements for financial transactions.

e) Analyst Conflicts of Interest

It tells about the code of conduct which securities analysts have to follow and requires disclosure of known conflicts of interest.

f) Commission Resources and Authority

It defines the practices to be done to restore the confidence of the investors in securities analysts.

These are some of the major elements of Sarbanes Oxley Act. There are many other provisions also which are mentioned in this act which has proven to be very beneficial for corporate governance. Our Indian corporate governance mechanism is also very much based on the provisions given by Sarbanes Oxley Act.

1.6 Models of Corporate Governance

Every country has modified corporate governance according to their needs. Their model has its own structure containing certain special features which distinguish it from other models. But researchers have analyzed that there are three major model or systems of corporate governance in developed capital markets and all the other models revolve around these three models. These are the market based system of corporate governance i.e. Anglo-US model, the Japanese model, and the German model.

1.6.1 The Anglo-US Model

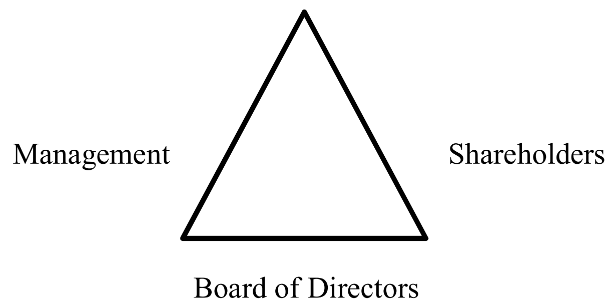
The US follows the Anglo-US model of corporate governance which is also called as market base system of corporate governance. It emphasizes on the interests of shareholders. In this model equity financing is used for raising capital by the corporations. Equity financing has a close relationship with the size of the capital market. It has single tire board. Executive director is selected by the shareholders. Non-executive directors are more in numbers than the executive directors and hold key positions. Institutional investors are key players in this model.

Major players of Anglo-US Model

There are many players which are the part of this model like self-regulatory organizations directors, management, government agencies, shareholders, stock exchanges, and consulting firms. Out of these players the most important players are management, directors and shareholders.

Fig. No. 1.1

Corporate Governance Triangle



Source: EWMI/PFS Program / Three Models of Corporate Governance – December, 2005

Ownership Structure

As far as ownership structure has been concern Anglo-American companies shows a dispersed ownership. The capital markets are well developed and the institutional shareholders hold a large amount of shares. Gillan and Starks (2003) stated that the US has substantially more dispersion in share ownership, and the largest shareholder often controls as little as 5% of voting rights.

Composition of Board

Anglo US model follows one tier board structure. In this structure if the chairman of the board is an executive director, the company must have a board consisting of 50% independent directors and if the chairman is a non-executive director, the company must have a board consisting of 1/3 independent directors. Here both the executive and the non-executive directors work together to increase the value of the firm.

Regulatory Framework

Anglo US model comprises of wide range of laws and regulatory codes for governing the corporations. In the US, after 2002 Sarbanes Oxley Act which was given by the federal agency i.e. the Securities and Exchange Commission (SEC) governs the disclosure requirements for corporations. It has not given much change in the basic model of the governance but has increased the safety measures. It has added an oversight by the authorities which are selected by the shareholders. The main aim of this act is to check the CEO and CFO of the company for better accountability and to protect the exploitation of the minority shareholders In UK situation is little different. There they do not have any regulatory body for corporate governance.

Disclosures

Disclosure requirements are quite high in Anglo-US model. In United States, US Security Exchange Commission is responsible for providing the guidelines for corporate disclosures. Some of the necessary disclosures given by SEC are

i. The effect of new accounting standards
ii. Financial Disclosure
iii. Disclosures related to board members
iv. Information related to board committees
v. Period of Disclosures
vi. Disclosures about Transfers of Financial Assets
vii. Risk management Disclosures.

1.6.2 Japanese Model

This model of corporate governance which is followed by Japan is known as the keiretsu model. Here the shareholdings are often held by the dominant shareholders such as the main banks also known as keiretsu partner. Almost every Japanese corporation are well connected with a main bank. The bank provides them all the necessary loans as well as services related to issue of equity and bonds, clearing accounts and other banking related services. Board of directors often composed of solely of insider. There is a low level of involvement of outside shareholder. In Japan equity financing is given much preference.

Major Players of Japanese Model

In Japan, the main bank and the group of affiliated corporations with broad power are the superior or the dominant shareholder. Except few, most of the Japanese companies have a close and strong relationship with a main bank. As compare to Anglo US model, minority shareholders don't enjoys much power in Japanese corporate governance model. Government directed policies also has a important role in Japanese corporate governance.

Ownership structure

In Japan, ownership of the equity market is mostly controlled by the financial institutions and. Here large financial institutions and the insurance companies hold around 43% percent of the equity market. The main bank owes the company by financing it and not only financing but also by providing other facilities. This distinguishes this model from the Anglo-US model. Instead of depending on a one bank, USA and UK corporations get their finance from other sources, including the developed securities market

Composition of the Board

Japan offers their firms to either one tier or two tier board structure. In a survey in 2004 it was found that 93% of the Japanese firm's follow two tier board structures. Only 7% follow one tier board structure. In Japan the board composed of insiders' i.e. executive managers, head of the divisions and the central administrative body. If the financial condition of the company is not good and profit falls, the main bank and the members of keiretsu can remove the directors and appoint their own nominee on company's board. In Japan boards are generally large having an average of 50 members

Regulatory Framework

Initially in Japanese model government plays a very important role in deciding the industrial policies. Ministries also give many regulatory controls. Administrative guidelines are given by the government for enforcing the corporate laws There was a good relationship between the Japanese corporates and the government. Very often the ex- government officials joins the corporations .But after the securities and banking scandals it was felt by the public that the state and the industry should work separately. This will also help in bringing foreign investment in the country. In 1998 Japanese corporate governance forum gave its guidelines in accordance with the governance structure which is followed in Western nations. Japan does not have any separate committee to monitor the corporate governance. Japanese corporate governance forum with the help of Tokyo Stock Exchange monitors the implementation of corporate governance rules on their domestic market.

Disclosures

Japanese model has strict disclosure requirements but not as strict as in the Anglo-US model. Corporations have to disclose a many items in the annual report and or which are mandatory in the AGM. In 2006 United Nations Conference on Trade and Development (UNCTAD) has published its Guidance on Good practices in Corporate Governance Disclosure. Under this UNCTAD has mentioned 52 items for disclosure. These items are divided into five categories. This list was also known as UNCTAD ISAR benchmark and it is used to evaluate the disclosure practices of more than 500 companies. According to this report, in Japan only 39 disclosure items are required.

1.6.3 German Model

This model of corporate governance has some resemblance of Japanese model but it is different in some ways. Here also banks plays a very important role like in Japanese model but there are other participants also which constantly participate in companies working. It is not like the Japanese model where only banks participate in the situation of financial distress. There are 3 main aspects of German Model. Two aspects are related to board and one aspect is related shareholder's voting right.

Major Players of German Model

In German model, corporate shareholders are the main players. They hold around 39% of the share. Then it comes to foreigner and the private investors who hold around 20 % of the share and the banks who hold around 8% of the share. Government does not have much control as it only hold around 7 % of the share.

Ownership structure

German organizations are the cardinal shareholders in Germany. In 2001, corporations held almost 39 percent of the German equity market, foreign investors and private investors have almost 20 percent shares and banks held almost 7 percent. Institutional investors, such as investment funds and individual owners, holding only 3 percent each are not very significant in Germany.

Composition of the Board

German model has two tire board which means there are two boards i.e. supervisory board and executive board. According to the law any public limited company or the private limited company, having more than 500 employees have to make a supervisory board and an executive board. One third member of the supervisory board is to be selected by employees and remaining by the shareholders if the firm is having less than 2000 staff. And the staff is more than 2000 then one half of the members of the supervisory board will be selected by the employees and remaining by the shareholders.

Regulatory Framework

In Germany federal law and the state laws are very strong. These laws govern the corporate governance of the country. Federal laws include: the Stock Corporation Law, Stock Exchange Law and Commercial Law, not only this but also the laws which are governing the supervisory board are also supervise by the federal law.

Disclosure

Disclosures in German model of corporate governance are moderate. They are not as strict as in Anglo-US model. They do not disclose as much wide range of information in their annual report as Anglo US model needs. Till 1995, according to the law it was compulsory for the German corporations to disclose shareholders holding which are having more than 25 percent of the total share capital but from 1995, this limit has been decreased to 5 percent, so that German model can come in line with international standards.

1.7 Codes of better corporate governance

Good corporate governance is an art by which the corporations are guided and controlled. The most important aspect of good governance is to safe guard the interest of the shareholders and it is the responsibility of the board of directors to do so. Nowadays due to increase in corporate scandals, monitoring of the companies has become very important and for that monitoring good corporate governance structure is needed. Given below are some of the codes of good corporate governance which can help in making a good corporate governance framework.

Shareholder rights

Ensuring shareholders rights is the basic and the most important requirement of a good corporate governance framework. Some of the basic rights are participating and voting in shareholder meetings, participating in election and removal of board members and getting share in company's profits. They should also be informed about any change which is relevant to them like any change in the rules and regulation or change in policy of the company etc.

Equal treatments to every shareholder

Every shareholder whether he is a minority shareholder or a foreign shareholder, must be treated in same way as it is said in the law. A good corporate governance structure will always provide an equitable environment to very shareholder and it is the prime duty of the directors to give priority to this matter.

Stakeholder interests

Corporate governance is not only about the shareholders it is about all the stakeholders which are related whether directly or indirectly to the corporations. For better governance it is very important to take care of the interest of every stakeholder because they are the pillars on which a successful organization stands. Corporate governance rules should support the corporation in building a healthy relationship with the stakeholders and in increasing the wealth. For Ex- Employees work very hard to take their company to new heights for this they should get compensation on the basis of their performance. The creditors sometimes feels insure or sometimes they suffer loss also so a good governance structure should make enough laws for protecting them.

Disclosure and Transparency

The corporate governance structure must provide the accurate and complete financial information on timely basis. Beside the financial the information any other information which is related to the company should also be disclosed in the annual reports. Now every country has given certain items which are mandatory for disclosure. United Nations Conference on Trade and Development (UNCTAD) has published its Guidance on Good practices in Corporate Governance Disclosure. Under this UNCTAD has mentioned 52 items for disclosure. So the governance structure should try to comply with these international standards of disclosures.

Responsibilities of the board

The responsibilities and the duties of the directors must be well defined in a good corporate governance framework. It is the duty of the board to make the strategies for future and provide an effective supervision of the financial and the business activities of the company.

Composition of the board should be made in such a way that it benefits the shareholders. Trustworthy people should be in the board. Majority of independent directors is much preferable.

Meetings should be held on time and the all the members who are going to attending the meeting should get enough time to prepare the necessary documents and the explanations needed.

Equal remuneration should be paid to the members of the board and same should also be reported in the annual report.

1.8 Importance of Corporate Governance

Now days businesses are changing very fast it's not like old days when only the majority shareholders are dominating and taking every decision without concerning the minority shareholders and companies are only disclosing a very little information to their investors. Now time has changed, every investor prefers to invest in those companies which disclose maximum information and satisfy their shareholders the most. And not only this, due to increase in scam, exploitation of shareholders rights and false promises done by the executives it has become very important to have a strong set of instructions which every business house should follow. To dissolve all these issues Corporate Governance came into the market. These are some of the important issues to tell why corporate governance is important:

i. **Change in Ownership Structure:** In last two decades it has been seen that the ownership structure of the corporations have changed a lot. Public financial institutions and mutual funds are majority shareholders in many companies. So it very important for the company to follow a good corporate governance structure. They should maintain transparency and accountability so that other stakeholders get benefited.

ii. **Corporate social responsibility:** CSR has always occupied an important position in corporate governance. Corporate governance is not only restricted too business. It is a wide field which talks about the betterment of whole society with the help of doing ethical business.

iii. **Scams**: In recent times a lot of scams have taken place both inside and outside India. A lot of public money have been misused and misappropriated. Many financial institutions have become bankrupt and many countries are in huge debts. Financial irregularities are increasing. To deal with such kind of situation, corporate governance is very important.

iv. **Protection of minority shareholders**: It has been seen that minority shareholders are inactive in the management of the company. They hardly get involved in the policy making and other important decisions of the company. But whenever company goes in loss, they are affected the most. So it is the duty of the corporate governance system to act as a whistleblower for them.

v. **Globalization**: Today whole world has become a market. Goods have been sold all around the globe. Every country wants to increase its profit and wants to capture the market. So they are attracting foreign customers and investors. In this scenario a solid set of rules and regulation is needed so that the interest of the stakeholders can be protected.

vi. **Takeovers and Mergers:** Nowadays takeovers and mergers in the business world are taking place so it is very important during takeovers and mergers that the interest of all the parties involved should be taken care off and cannot be done with corporate governance.

vii. **Necessary for stock markets:** Corporate governance has crucial role in stock market. Most of the people invest their money in stock markets and there is high chance of fraud in stock market. For ex-Insider trading means trading of shares of a company by insiders such directors, managers and other employees of the company on the basis of information which is not known to outsiders of the company. Corporate governance is crucial in stopping such practices.

viii. **Securities and Exchange Board of India:** SEBI has played a great part in the implementation of corporate governance, so that the interest of the investors and other related parties can be protected. It shows that great governance practices must be adequately executed and enforced ideally without anyone else guideline and willful reception of moral code of business lead and if necessary through pertinent administrative laws and rules encircled by Government or its organizations, for example, SEBI and RBI.

1.9 Bombay Stock Exchange (BSE)

The Bombay Stock Exchange also known as (BSE) is an Indian stock exchange which is located at Dalal Street in Mumbai. It was established in 1875 by Premchand Roychand. It is foremost the oldest stock exchange established in Asia. It's history stand back to 1855, when a few stock brokers gathered under a tree in front of Mumbai's Town Hall. In 1875 these few brokers founded an official organization known as The Native Share & Stock Brokers Association.

On August 31, 1957 Indian government recognized BSE under the Securities Contract Regulation Act and it was the first government recognized stock exchange of India. In 1980 the exchange moved to Phiroze Jeejeebhoy Towers at Dalal Street and in 1986 BSE has developed an index to calculate the overall performance of the exchange and that index was S&P BSE SENSEX. Year 2000 was very important in the history of BSE because in this year it used SENSEX for starting its derivatives market, trading S&P BSE SENSEX futures contracts.

BSE claims that it is world's fastest stock exchange with the speed of 6 micro seconds and one of India's leading exchange group also it is world's 10th largest stock exchange with an overall market capitalization of $2.3 trillion as on April 2018. Over the past 141 years BSE is providing many efficient services like market for trading in equity, debt instruments, derivatives, mutual funds. It has also provided a platform for trading in equities. BSE also provides other services to capital market participants like risk management, market data services, clearing and settlement. Also according to BSE "it is the first exchange in India and second in the world to obtain an ISO 9001:2000 certifications. It is also the first Exchange in the country and second in the world to receive Information Security Management System Standard BS 7799-2-2002 certification for its On-Line trading System (BOLT)".

1.10 S&P BSE AUTO

Bombay Stock Exchange comprises of many indices. Some of the well-known indices are SENSEX, BSE MIDCAP, BSE SMLCAP, BSE 100, BSE 200, BSE 500 etc. S&P BSE AUTO is also one the index listed at BSE. There are total 14 companies that were listed in S&P BSE AUTO as on 23 Oct 2017.

Table 1.3
Companies listed in S&P BSE AUTO

S. No.	Company Name	Industry	Market Capitalization (Rs cr)
1	Hero Moto Corp Ltd.	Auto - 2 & 3 Wheelers	75749.00
2	Maruti Suzuki India Ltd.	Auto - Cars & Jeeps	234865.74
3	Tata Motors Ltd.	Auto - LCVs & HCVs	143610.53
4	Ashok Leyland Ltd.	Auto - LCVs & HCVs	37430.38
5	Eicher Motors Ltd.	Auto - LCVs & HCVs	84907.13
6	MRF Ltd.	Tyres	26888.80
7	Motherson Sumi System Ltd.	Auto Ancillaries	75033.23
8	Bharat Forge Ltd.	Castings & Forgings	29681.28
9	Mahindra & Mahindra Ltd.	Auto - Cars & Jeeps	84073.70
10	Bajaj-Auto Ltd.	Auto - 2 & 3 Wheelers	92031.73

11	Bosch Ltd.	Auto Ancillaries	65222.82
12	Exide Industries Ltd.	Auto Ancillaries	17433.50
13	Cummins India Ltd.	Engines	24923.05
14	TVS Motors	Auto - 2 & 3 Wheelers	32567.22
	Total		1024418.11

Source*:* www.bseindia.com as on 23 Oct 2017

1.11 Significance of the study

According to Society of Indian Automobile Manufacturers (SIAM), India was the sixth largest producer of automobiles globally with an average annual production of about 29 million vehicles in 2017-18 also in sector wise classification in BSE, automotive sector of is the fourth largest sector on the basis of market capitalization with a total market capitalization of Rs 1,193,572 Cr as on 1 November 2017 also most of the companies listed under this sector come under top 100 most active stock of BSE. Seeing this investment has also increase in this sector for better returns so it is vital for these companies to follow good CSR & Corporate governance and discloses all the relevant information to their stakeholders. Corporate governance which was previously governed by Companies Act 1956 only disclose limited information but after the coming of Companies Act 2013 and Amended Clause 49 of Equity Listing Agreement, corporate governance has become very much important So, the study have analyze the level of corporate governance disclosures followed by the auto mobile companies listed in S&P BSE AUTO according to new rules and how corporate governance effect the performance of these companies. Further this study can be used by the investors in determining that which company is better in transparency and good for investment purpose and also by the policy makers for policy making.

1.12 Scope of the study

In this study all 14 companies listed in S&P BSE AUTO index were taken up for the study. These companies were Hero MotoCorp Ltd, Maruti Suzuki India Ltd, Tata Motors Ltd, Ashok Leyland Ltd, Eicher Motors Ltd, MRF Ltd, Motherson Sumi

System Ltd, Bharat Forge Ltd, Mahindra & Mahindra Ltd, Bajaj-Auto Ltd, Bosch Ltd, Exide Industries Ltd, Cummins India Ltd and TVS Motors. All these companies deal in automobiles and automobile parts. All of them are listed under top 50 companies in BSE on the base of market capitalization in November 2017. Study was conducted for a period of 5 years i.e. from 2014-15 to 2018-19. For the study, post Companies Act 2013 and Amended Clause 49 period were taken.

1.13 Literature Review

Carlson and Karlsson (1970) argued that old age board members are more experience than young age members and contribute more effectively in better performance of the firm but it was also found that old age board members are sometimes more aggressive and has dictatorial attitude which can result in risky decision making.

Shankar (1972) has directed an investigation to think about the precision of corporate reporting in the Indian yearly reports and the yearly reports of foreign nations. He chose 50 Indian and 25 foreign organizations for examining. He found that the foreign organizations' yearly reports are a lot of useful and illustrative. The Indian organizations' yearly reports were falling behind their foreign partners regarding the exposure of information, for example, corporate goals and strategies, corporate-government relations, data about workers and showcasing tasks.

Buzby (1975) inspected the connection between degree of exposure in yearly reports and company's qualities like asset size and listing status. The outcomes indicated that the degree of exposure was not influenced by the listing status of the organizations

Singh and Bhargava (1978) inspected the exposure of monetary and non-monetary things in yearly reports of forty public sector companies. They likewise investigated the relationship among the disclosure and organizational pattern and nature of industry. The discoveries of the investigation showed that there were huge cross sectional contrasts in the revelation of data by sample companies

Seshan and Gujrathi (1980) did a review on the financial reporting containing 200 public limited companies in India. They laid accentuation on considering the structure and substance of the balance sheet, profit and loss account, auditors' report and directors' report of the sample companies, and disclosure of information such as accounting policies, supplementary financial statements including the statement of changes in financial position, inflation adjusted statements, consolidated financial statements, historical summaries of the financial information, disposition of gross earnings and highlights of year's operations. In the investigation author found that numerous organizations were not unveiling the accounting related policies and the strengthening financia1 statements in their yearly reports.

Yermack (1996) in the study it was found that there is an inverse relationship between board size and the profitability and assets utilization. Increase in board size decreases the profitability of the firms and utilization of assets also decreases. This hypothesis was conforming by using Tobin's Q.

Bolton and Thadden (1998) study inferred that there is a positive connection between corporate governance and firms' liquidity.

Mitton (2000) studied the relationship between corporate governance and firm performance at the time of East Asian Crisis of 1997 and 1998. Study contains 398 firms from Korea, Malaysia, Indonesia and Thailand. The study showed that firms having higher disclosures, more outsider on board and are focused are having better price performance.

Elloumi and Gueyie (2001) from their investigation reasoned that the organizations which are having increasingly independent directors on the board face less financial pressure.

Jairus and Gautam (2001) contemplated the issues of corporate governance in enormous private sector organizations in India in agreement to an administrative framework which is changing quickly. The examination shows the incapability of boards in Indian organizations and the absence of transparency. It was likewise discovered that the Indian accounting practices are wandering from global principles and misconduct of institutional shareholders. The authors suggested that a much stronger regulatory intervention is needed and international standards must be adopted. There should be a mandatory introduction of nomination committees.

Gompers.et.al. (2003) conducted a study on corporate governance practice and the firm performance during 1990s. In the study it was found that the firms which are having strong shareholder's rights are outperforming the firms with poor shareholder rights in risk adjustment by 8.5%.

Sareen and Subbash (2003) in their investigation studied the corporate intentional disclosure practices of the private part in India. For that he has taken 50 organizations listed in BSE for the year 1997-98 having a place with various age gatherings, posting status, enterprises, sizes and productivity levels. From the examination it was reasoned that the yearly report is the most crucial record containing all the relevant data of a business entity. This report presents more data to the clients in a way, which suits the necessity of corporate part.

Mukherjee et al. (2004-06) in the investigation found that there is an issue because of the separation of control and ownership. They inferred that Indian corporate governance is still in an exceptionally fundamental stage. The choice and strategy making are as yet taken as an easygoing issue. The administration is additionally not as compelling as it ought to be and choices might be more affected by culture and custom as opposed to sound marketing prudence. The study also says that among the institutional investors also, it appears that the Foreign Institutional Investors are the steadiest in stock picking while the performances of the domestic institutional investors are not up to the mark. It was likewise discovered that capital markets are not being able to enforce better governance on the part of the directors or on the part of the managers.

Nicholson and Kiel (2004) in their study stated that it is very vital for the board of directors to have in different areas of management like finance, marketing, accounting, information system legal issues etc. for better decision making. Their knowledge has a direct impact on firm's performance.

Brown and Claylor (2004) conducted a study on US firms based on institutional investor. For this 2327 firms were taken. Study examines the relation between corporate governance and firm performance. The result concluded that better governed firms are comparatively more profitable and pay more cash to their shareholders.

Bhattacharyya, et al. (2005) looks at the impact of adoption of Clause 49 on share price volatility and returns for large Indian firms. They have taken two year information i.e. one-year time frame after adoption beginning from June 1, 2001 and one-year duration before adoption beginning from June 1, 1998. The desired outcome was that the Clause 49 ought to improve disclosure which will lessen data abnormalities and along these lines diminish share price volatility. The author discovered insignificant outcomes for volatility i.e. volatility is lower post-adoption for both large and small firms, by comparable sums), and mixed outcomes for returns post-adoption, returns are lower for the large firms, however positive for a second set of large firms which are additionally dependent upon Clause 49.

Smith et al. (2006) from their study concluded female plays an important role on the board. It was found that female board members are usually having better understanding of the market than males also the presence of female board member improves the image in the perception of the community for a firm which ultimately brings positive changes in firm's performance.

Coleman & Pee (2006) studied that board size is positively related to ROA but negatively related to sales growth rate as performance variables. The size of the board is on various performance measures though insignificant and surprisingly the board composition has a negative impact on firms' performance in Ghana.

Javad and Iqbal (2007) analyzed that whether the firm level corporate governance can affect the firm level performance. For this they used Tobin's Q and Corporate Governance Index (CGI). The CGI was made on 3 criteria i.e. Board, Shareholdings and Ownership, and Disclosures and Transparency. 50 firms listed in Karachi Stock Exchange were taken. From the result it was found that board composition and ownership and shareholdings effects the performance but transparency has no significant effect on firm performance.

Das (2007) critically examined the governance practices followed by the corporate sector in India in accordance with the regulatory framework. He has conducted an empirical study on four popular Indian companies in the information technologies industry. Those 4 companies are Infosys Technologies Limited, Wipro Limited, TCS Limited and Satyam Computer Service Limited. The study evaluates that how much these companies compliance with corporate governance norms given by Clause 49 of the Listing Agreement. The result shows that the IT industry represented by these major companies scored 68.5 point out of 100. The highest score was obtained by Infosys and lowest was obtained by Satyam.

Black, et al. (2007) studied the valuation effect of corporate governance reforms. It was found in the study that most reforms affect all firms in a country. Clause 49 requires, among other things, audit committees, a minimum number of independent directors, and CEO/CFO certification of financial statements and internal controls. The reforms were sponsored by the Confederation of Indian Industry (an organization of large Indian public firms), applied initially to larger firms, and reached smaller public firms only after a several-year lag. The difference in effective dates offers a natural experiment: large firms were the treatment group for the reforms. Small firms provide a control group for other news affecting India generally. If investors consider the reforms to be valuable (or more valuable for larger firms) large firms' share prices should react positively to reform announcements, relative to small firms.

Sharma (2007-08) examined the corporate governance practices in Auto Industry in India. The study examines the degree of corporate governance disclosure followed in Auto Sector as per the obligatory and non- obligatory requirements given by the Revised Clause 49 of (SEBI) Listing Agreement as likewise the provision required by the Companies Act, 1956. The sample size of the study was 12 organizations and time frame of five years (2003-04 to 2007-08). From the examination it was inferred that majority of organizations are in accordance with the terms and conditions of Corporate Governance as given by the Clause 49 of the Listing Agreement. Notwithstanding, few organizations are not following even with the obligatory requirements of Clause 49 too.

Bauer et al (2008) studied that the Japanese firms which are having multiple governance provisions, have better corporate performance than other firms. The result shows that well governed firm performs 15 percent better than poorly governed firms in a year.

Chen et al. (2008) examined the importance of separate responsibility of chairman and CEO for a period of 4 years i.e. from 1999 to 2003. They found that many businesses have changed their duality to a non-duality structure. They also concluded that firms with duality structure are misusing the powers on companies' expense.

Dahya et al. (2009) conducted a study on duality of CEO form 1994 to 2003. The study tells that policymakers of around 16 advance nations including United Kingdom recommended that the chairman or the chairwoman of the board and the chief executive officer of a firm should not be the same.

Bebchuk et al. (2009) stated that not only corporate governance features matter to all firms. Shareholder rights and takeover defenses practices effects the performance of the U.S. firm.

Heidrick and Struggles (2009) in their study found that 84 percent firms in Europe have separate chairman or chairwoman and chief executive officer on the board.

Chung et al. (2010) studied the empirical relationship between corporate governance and stock market liquidity. The result showed that the better corporate governance do not have wide spreads, market quality index is high, impact of price on trade is less and probability of information based trading is also low. It was also found that liquidity is significantly related to corporate governance index.

Bhanumurthy and Dessai, (2010) has conducted a study on Corporate Governance and Disclosure Practices: A Study of SENSEX (Index) Companies. The investigation examines the corporate governance and disclosure practices followed by 30 SENSEX organizations for the year finished 31st March 2009. The principle focal point of this examination is on Composition of Board of Directors, Audit committee and shareholders Grievance committee". In this study it is seen that the corporate governance disclosure practices followed by SENSEX organizations are generally excellent just with some exception.

Tang and Wang (2011) did a research on cross- sectional relationship between corporate governance and firm liquidity. For this they have taken each firm listed in

Shanghai Stock Exchange and Shenzhen Stock Exchange and whose information is publically available from 1999 to 2004. The result showed that if there is an increase of 1 percent in corporate governance index the annual turnover ratio is also increase by 1.2 percent.

Li et al. (2012) examined the relationship between liquidity, corporate governance and firm valuation in Russia for a period 2 years i.e. 2005 to 2007. In their study tried to find out that whether liquidity improves corporate governance and hence enhances the firms' value. From the result they concluded that liquidity has a positive effect on corporate governance which also increases the value of the firm.

Patel and Patel (2012) have studied corporate governance in Oil and Gas Sector. The study consist of 4 companies i.e. IOCL, ONGC, RIL, CRAINS for study and they found that study reveals that there exists difference as to adherence to corporate governance norms as to practice and disclosure. Different items were taken by companies as per level of market capitalization and working laws pertaining to the industry. It was found that there is an inconsistency in the relationship between regulatory compliance of corporate governance items and respective growth of companies.

Saravanan (2012) in his paper studied the performance of companies and corporate governance with reference to manufacturing companies in India. Sample taken for the study was of 1732 firms and the time period was 2001 to 2010. Multiple regression analysis was applied to recognize the elements that influence firm value. From the results it was discovered that the firm value is significantly influenced by the corporate governance factors for manufacturing firms.

Ujunwa (2012) used panel data regression model in its study and found that the board size and CEO/Chairman duality has a negative relationship with the firm performance but the independent board have a positive relationship with firm performance.

Bilal et al. (2013) contemplated the effect of corporate governance mechanism based on Board Size, Board Composition, and CEO/Chairman Duality, on firm performance in sugar industry of Pakistan. For this study 12 listed sugar plants of

Pakistan were taken for a time frame of 5 years i.e. from 2005 to 2010. Arithmetic mean, ANOVA and t-test were applied to discover the outcomes. It was found from the outcomes that there is a significant impact of corporate governance on firm performance. It likewise clarifies that there is a significant impact of board size, CEO/Chairman Duality on firm performance and there is insignificant impact of Board Composition on firm performance.

Haldar and Rao (2013) in their paper, have made a model on corporate governance disclosure index for big listed Indian firms for a period of 4 years i.e. 2008 to 2011. The index contains six important corporate governance items namely the Board of Directors, the Audit Committee, the Board Committees, and Disclosure Practices. The study shows that there is an escalating trend in the level of corporate governance disclosure of Indian companies. The study also examines the effect of corporate governance index and financial performance of companies.

Srinivasan (2013) has studied the related party transactions in Indian firms. She analyzed 171 Indian companies which were part of BSE 200, for three years i.e. from 2009 to 2011 and finds that Related Party Transactions are active in almost all companies during this period. Further, companies with high Related Party Transactions related to income were found to report lower performance compared to companies with low Related Party Transactions

Vo and Phan (2013) has conducted a study titled Corporate Governance And Firm Performance: Empirical Evidence From Vietnam. Aim of this study was to analyze the impact of corporate governance on firm's performance in Vietnam. For this sample of 77 companies listed in Ho Chi Minh City Stock Exchange (HOSE) were taken. Time period taken was 6 years i.e. from 2006 to 2011. . The study concluded that large board size negatively affects company's performance. Compensation given to directors also affects firm's performance.

Sharma *et al.* (2013) has led an investigation to know the degree disclosure level in 30 BSE SENSEX companies 2010-11. In analysis it was discovered that the disclosure practices made by Indian company as per Clause 49 are to some extant in line with various principles of OECD on corporate governance. The study additionally shows that the role stakeholders in corporate governance have accomplished more noteworthy significance. The principle on Board Responsibilities and Disclosure and Transparency should be increasingly stressed by companies to comply with corporate governance practice at worldwide level.

Mahrabani and Dadgar (2013) studied The Impact of Corporate Governance on Firm Performance: Evidence from Iran. The study examines the corporate governance of 110 companies listed in Tehran Stock Exchange for 10 years i.e. from 2001 to 2010 and its impact on firm's performance. It was concluded that there is a gap between CG and relevant corporate governance regulations in Iran. They are also not complying with international standards. It was also found that there is a directly proportional relationship between CG and performance of the firm.

Panday (2013) in his paper studied the Impact of Corporate Governance practices on firm's performance. He has taken five different leading sectors i.e., Automobile, IT, FMCG, Power and Construction. From every sector, five leading companies have been taken. The total sample was of twenty five listed companies from different sectors. The sample companies are those listed on Bombay Stock Exchange (BSE) and National Stock Exchange (NSE). He found that none of the corporate governance variables have significant impact on firm's value.

Kumar (2014) has conducted a comparative study on corporate governance structure followed by India and South Korea. He concluded that Infosys in Indian and Samsung in South Korea have gained a lot of success by following good corporate governance.

Rajyalaxmi and Memdani (2014) have conducted a comparative study of Corporate Governance Disclosure practices adopted by Listed Companies in Manufacturing and Software sectors in India. to study the existing corporate governance disclosure practices followed by organizations in software and manufacturing sectors, create corporate governance disclosure score and to make a similar investigation of the corporate disclosure practices followed by companies in manufacturing and software sectors. The study concluded that the disclosure practices of software companies are much better than manufacturing companies.

Florinița (2014) inspected the connection between corporate governance and liquidity of firms in Romania listed in Bucharest Stock Exchange over the 2006-2013 interval. In the study it was found that there is a positive correlation between corporate governance and firms' liquidity.

Beekes et al. (2015) analyzed the connection between corporate governance, company's disclosure practices and their equity market transparency. For this investigation more than 5,000 listed companies of 23 countries were taken. The time frame taken was of 5 years. Their outcome demonstrates that the better-governed firms are disclosing information increasingly to the market. It was likewise found that disclosures are more frequent in those countries which are following common law in comparison to those who are following code law. However firms with better governance in both code and common law countries make progressively better disclosures.

Baijal (2015) from Indian Institute of Corporate Affairs, said in his report that the major failure of large corporations were a result of improper financial disclosures. For imposing corporate governance in India the convergence of Indian Accounting Standards should be done with International Financial Reporting Standards (IFRS) as much as possible.

Baig and Das (2016) compared corporate governance disclosure done by two companies listed in BSE i.e. Dabur India Ltd and Godrej Consumer products. Corporate governance disclosure index was used for analyzing the result and it was found that Dabur has shown better disclosure then Godrej.

Baig and Das (2016) studied 'Market Base System of Corporate Governance'. This study was carried out to compare corporate governance structure followed in US and India. It was found that Indian structure is very much similar to US structure of corporate governance i.e., market base system of corporate governance but still there are some areas where Indian system of corporate governance lacks and need some improvement.

Baig and Das (2016) also studied the corporate governance disclosure of Selected Fast Moving Consumer Goods (FMCG) companies listed in Nifty FMCG index. It was concluded from the study that most of the selected FMCG companies are complying with the new rules but still there are certain areas which are lacking in disclosure and need to be addressed.

Arora and Bodhanwala (2018) studied the relationship between Corporate Governance Index (CGI) and performance of the firm. For constructing CGI governance indicators like ownership structure, market for corporate control, board structure and market competition were taken. Performance was analyzed with help of ratios. In the study it was found that CGI has a positive relationship with firm performance.

Baig and Das (2018) studied Level of Corporate Disclosure in Selected Automobile Companies Listed in S&P BSE AUTO And Its Relationship with Firm's Profitability, Liquidity and Efficiency. Three companies i.e. Hero Moto Corp Ltd, Bajaj-Auto Ltd and TVS Motors dealing in 2 & 3 wheeler automobile were taken up for the study for a period of 3 years. . It was also found that there is negative relationship among the two variables which is not good for the companies so they should work in this area and should find out the shortcomings and the flaws in the present structure.

Baig and Das (2019) conducted a study on Corporate Governance practices of companies listed in NIFTY CPSE index and its relationship with companies' liquidity. It was found that the liquidity of these central public sector enterprises have a negative relationship with corporate governance.

Baig and Das (2020) studied the impact of corporate governance on firm's profitability and for that S&P BSE SENSEX was taken. The results have shown that there is no positive significant impact of corporate governance on firm's profitability. There are studies like Javad and Iqbal (2007), Varshney et al. (2012), Coleman and Pee (2006) and many others which explains that it is not necessary that in every set of companies corporate governance will have a positive significant impact on company's profitability.

Baig and Das (2020) studied the impact of corporate governance on public sector banks in India. For that nineteen Indian public banks were taken. The results showed that there is a significant but negative impact of corporate governance on the performance of public sector banks in the given period of time.

1.14 Research Gap

From the available literature it was found that there were many studies on Corporate Governance and its impact on firm's performance but not much in automobile sector. The automobile sector, according to the studies is contributing around 50 per cent of the manufacturing gross domestic product in India which is also 26 per cent of the industry GDP and 7.1 per cent of overall GDP. Not only this but this sector also contributes approximately 13 per cent of excise revenue to the government but being such a dominant sector of Indian economy, much studies were not found addressing corporate governance and its impact on automobile sector especially after the implementation of the Companies Act 2013 and Amended Clause 49 of Listing Agreement. So the study was an attempt to examine the corporate governance in the automobile companies listed in S&P BSE AUTO and its impact on firm's performance after the implementation of Companies Act 2013 and amended Clause 49.

1.15 Statement of problem

According to the figures given by Society of Indian Automobile Manufacturers (SIAM) in 2017-18 India was the sixth largest producer of automobiles globally with an average annual production of about 29 million vehicles and with this it is also contributing 7.1 % in GDP. It also provides direct and indirect employment to more than 29 million people. The report on FDI in automobile sector given by Department for Promotion of Industry and Internal Trade says that "automobile sector has attracted about US$ 14.48 billion (5.2% of total) in cumulative FDI equity inflows between 2000 and 2015". This also attracted many other countries like Japan, Italy, Mauritius and Netherlands to invest in India. The Economic progress of this industry is indicated by the amount of goods and services produced which give the capacity for transportation and boost the sale of vehicles. The Automotive Mission Plan 2016-2026, shows the interest and vision of the government to convert and project India as a globally competitive Research and Development hub throughout the world. Despite to being such an influential sector in India economy the studies shows that automobile sector has witnessed many governance related issues like poor board management, few quality certification, trained production workers etc which effects the company's position negatively. There is need of through study which explains that how a good corporate governance structure can solve these issues.

The literature cited above revealed that studies on corporate governance in different sectors especially automobile sector in India were made prior to "Companies Act 2013 and amended Clause 49 of Equity Listing Agreement". But Companies Act 2013 and amended Clause 49 have given many new provisions regarding corporate governance which was not present in Companies Act 1956 and Clause 49 of listing agreement. Disclosures which were not mandatory prior to Companies Act 2013 are now made mandatory. At the same time, new disclosures have come up mandatory as well as companies in other parts of the world are also following the best corporate governance structure. As a fair corporate governance practice, how far these new rules have affected the corporate governance in automobile sector and also the performance of the companies were investigated.

1.16 Objectives of the study

The objectives of the study are:-

1. To examine the level of corporate governance practices in automobile companies listed in S&P BSE AUTO.
2. To compare the corporate governance disclosure level among the companies.
3. To study the impact of corporate governance on firm's liquidity
4. To find the relationship between corporate governance and firm's solvency
5. To study the effect of corporate governance on firm's profitability
6. To find how corporate governance is effecting firm's efficiency

1.17 Hypotheses

Hypothesis for the study:-

$H_0$1 There is no significant difference in the corporate governance practices followed by the companies.

$H_1$1 There is a significant difference in the corporate governance practices followed by the companies.

$H_0$2 There is no significant relationship between corporate governance and firm's liquidity.

$H_1$2 There is a significant relationship between corporate governance and firm's liquidity.

$H_0$3 There is no significant relationship between corporate governance and firm's solvency.

$H_1$3 There is a significant relationship between corporate governance and firm's solvency.

$H_0$4 There is no significant relationship between corporate governance and firm's profitability.

$H_1$4 There is a significant relationship between corporate governance and firm's profitability

$H_0$5 There is no significant relationship between corporate governance and firm's efficiency.

$H_1$5 There is a significant relationship between corporate governance and firm's efficiency.

1.18 Limitations of the study

1. The research conducted was limited to only one specific index.
2. Time period of the study was also short as the study was focused on the period post Companies Act 2013 and Amended Clause 49 of Listing Agreement.
3. The corporate governance indicators which were taken were also limited and a more comprehensive study can be done to know the impact of some other corporate governance indicator on performance of the firm.

Chapter-2
Research Methodology

2.1 Introduction to Research Methodology

Research Methodology is science which explains how research can be carried out in a scientific manner. In every research there are research problems which are solved by taking logical steps. With help of research methodology researchers can not only get the outcome but can also understand the process of getting that output. It also explains the limitations and the resources to the data and also enables the other research to find new ways of doing research in a particular field. With the help of research methodology new model can be derived or a present model can be modified which will ultimately benefit the community as a whole.

Qualities of good research

1. The research must be factually right. The facts mentioned in the research must be authentic and accurate.
2. The language used in the report must be simple and easy to understand. Use of scientific terms and jargons must be avoided.
3. The report must not be made unnecessarily long. Infect it should be clear and up to the point.
4. A report must be organized and well structured so that it impresses the readers.
5. It is very important to keep ethics in mind while preparing a report. It should not be biased or manipulated.

2.2 Research Methodology

This whole research contains certain important elements i.e. corporate governance in world, corporate governance in India, Bombay Stock Exchange and S&P BSE AUTO (index). The study is descriptive in nature. It shows the level of corporate governance followed by the selected companies listed in S&P BSE AUTO and also its impact on firm's performance.

2.2.1 Population

In the selected index i.e. S&P BSE AUTO there was 14 companies listed as on 23 October 2017. The companies were Hero MotoCorp Ltd, Maruti Suzuki India Ltd, Tata Motors Ltd, Ashok Leyland Ltd, Eicher Motors Ltd, MRF Ltd, Motherson Sumi

System Ltd, Bharat Forge Ltd, Mahindra & Mahindra Ltd, Bajaj-Auto Ltd, Bosch Ltd, Exide Industries Ltd, Cummins India Ltd and TVS Motors. All these companies were taken up for the study.

These companies were listed under top 50 companies on the base of market capitalization and also listed under top100 most active stocks of BSE as on 23 October 2017.

2.2.2 Sources of data

The study was based on secondary data. The data was collected from yearly reports, sustainability reports and reports on corporate governance of the selected companies. Apart from these books, journal, websites and research papers on corporate governance were also taken.

2.2.3 Time period

The time period which was taken for the study was from post Companies Act 2013 and Amended Clause 49 of Equity listing agreement i.e. from 2014-15 to 2018-2019.

2.2.4 Criteria for comparison of Corporate Governance

The relation between corporate governance and companies' performance was analyzed with the help of Corporate Governance Disclosure Level (CGDL) and Financial Ratios. The important dimensions for the CGDL are disclosures.

There are two sets of disclosures which are given by "Companies Act 2013 and Amended Clause 49 of Listing Agreement". These are

- Mandatory disclosures
- Non-Mandatory disclosures

In the study a mix of both the mandatory and non- mandatory items was taken and with that Corporate Governance Disclosure Level (CGDL) was prepared.

2.2.5 Items used in constructing CGDL

In the study, corporate governance disclosures were measured with the help of twenty six variables which were divided into six categories. There are twenty six questions prepared on based on these variables which have been asked under each category and according to their answers which were collected from the annual reports and the corporate governance reports, CGDL has been created. Questions asked under each category in the study are mentioned below:

A. **Board Structure**

Q-1:- What is the Board size of the Companies.

Board Size is taken randomly by following Arora and Bodhanwala (2018) who has constructed CGI of 587 Indian listed firms.

1. If the board size is 5 or less, score will be 0.50
2. If the board size is 6 and 7, score will be 0.65
3. If the board size is 8 and 9, score will be 0.80
4. If the board size is 10 and 11, score will be 1
5. If the board size is 12 and 13, score will be 0.95
6. If the board size is 14 and above, score will be 0.90

Q-2:- What is the proportion of Independent directors on board?

According to Clause 49 of Listing Agreement of SEBI where chairman is non-executive Director as least 1/3rd of the board should comprise Independent Director, and if the Chairman is executive director then 1/2 of the board should comprise of Independent Director. In the study to know the proportion of independent directors, the ratio of independent directors by total number of directors was taken.

Q-3:-How many women directors are there in the board?

Section 149(1) of Companies Act, 2013 says that in case of public company there should be minimum three directors, in case of private company there should be minimum two directors and one director in the case of one Person Company. It also says that there should be at least one women director in the class of companies mentioned above. More women on board do not only mean the mode to attract sales and production but also creates some public image. The board of a private sector company, run by a professional CEO with a mix of both men and women, helped ROE rise by 4.4% in 2014 over the last year Murthy (2015). So in the study if the company was having at least one woman director then 1 mark was allotted, if more than 1 then 2 marks and if no women director then 0 marks was given to the company.

Q-4:- How many board meetings have been conducted every year?

For board meeting it is required that every listed company have to conduct one meeting in each quarter and at least four meetings in a year. In the study,

1. If the number of meetings is less than 4 then 0 marks was given.
2. If number of meetings are 4 then 1 marks was given
3. If number of meetings are more than 4 then 2 marks was given.

B. Committees

Q-5:- How many audit committee meetings have been conducted every year?

If minimum 4 board meetings a year took place, then 1 mark allotted and if more than 4 meetings held in one year then 2 marks allotted.

Q-6:- What many independent directors are there in the audit committee?

If 2/3 or more than half of the members of the committee are independent directors, then 1 mark was allotted otherwise 0.

Q-7:- Whether the Chairman of the audit committee is independent director or not.

If Chairman of audit committee was an independent director, then 1 mark allotted otherwise 0.

Q-8:- Whether the members of audit committee are financially literate or financial expert also.

According to Clause 49 of Listing Agreement all the members shall be financially literate & at least one member must have expertise in accounts & finance field. In the study if all members are financially literate and one of them is financial expert, then 1 mark was allotted and if more than one person is financial expert then 2 marks allotted

Q-9:- What is the strength of independent directors in the remuneration and compensation committee?

If 2/3 of the members of the committee were independent directors, then 1 mark was allotted otherwise 0.5

Q-10:- Is the Chairman of the remuneration and compensation committee is independent director or not?

If Chairman of the committee was an independent director, then 1 mark is allotted and if the chairman in non-executive non independent then 0.5 mark is allotted.

Q-11:- How many remuneration and compensation committee meetings have been conducted every year?

If minimum 4 board meetings a year took place, then 1 mark allotted, if meetings are less than 4 then 0.5 and if more than 4 meetings held in one year then 2 marks allotted.

Q-12:- What is the strength of independent directors in the stakeholder's relationship committee?

If 2/3 of the members of the committee are independent directors, then 1 mark was allotted otherwise 0.5

Q-13:- Is the Chairman of the stakeholder's relationship committee is independent director or not?

If Chairman of the committee is an independent director, then 1 mark is allotted and if the chairman in non-executive non independent then 0.5 mark is allotted.

Q-14:- How many stakeholders' relationship committee meetings have been conducted every year?

If minimum 4 board meetings a year took place, then 1 mark allotted, if meetings are less than 4 then 0.5 and if more than 4 meetings held in one year then 2 marks allotted.

C. Shareholding Pattern

Q-15:-What percent of equity is held by the promoters?

Promoters' equity is calculated by dividing the equity shares held by the promoters to the total equity shareholding of the company. If promoters' are holding much equity it means power is concentrated into limited hands hence decision making will be influenced by a group of peoples not by all the stakeholders. Higher promoters holding are debated to have concentrated ownership structure and hence monopolistic decision-making power, as observed by Ganguli and Agrawal (2009). In the study, if promoters' equity was below 30 per cent then 2 marks allotted, if it was between 30-50 per cent, then 1 mark is allotted, if it was between 50-60 then 0.5 mark allotted and if it is above 60 per cent 0.25 mark is allotted.

Q-16:-What percent of equity is held by the non- promoters?

The market of external takeovers has been measured by the concentration of equity shares with non-promoters. The main motive behind this is keep a check and stopping the promoter group from doing activities which are bias. It also makes the corporate control more effective. It also provides the managers an opportunity to work more independently. Higher concentration of non- promoters' shareholding shows an increased firm value "Non-promoter shareholding is considered as proxy for diffusion of ownership by previous studies like Ganguli and Agrawal (2009)". . In the study, Non promoter shareholding was taken as the percentage given in annual report.

Q-17:-What percent of equity is held by the general public?

It is the ratio of proportion of equity shareholding which is offered to the general public for trading purpose. In the study general public shareholding was also taken as the percentage given in annual report.

D. Means of Communication

Q-18:-Whether the companies are disclosing relevant information on quarterly, half yearly and annual basis.

If companies are disclosing this information than 1 mark otherwise 0 mark.

Q-19:-Whether the companies have updated their website regarding shareholder's information.

If companies are disclosing this information than 1 mark otherwise 0 mark.

Q-20:-Whether they have disclosed the presentation made to institutional investors or not.

If companies are disclosing this information than 1 mark otherwise 0 mark.

E. **Other disclosures**

Q-21:-Whether the companies have disclosed information regarding related party transactions.

Related party transactions are those transactions which are conducted by the members of the companies with their close associates. This information is important and should be mentioned in annual reports. It can change the financial results and also the financial positions. So in the study if the details of related party transaction were mentioned in the reports then 1 mark is given and if no details are given then 0 marks was given.

Q-22:-Whether the companies have disclosure their whistle blowing mechanism

If yes then 1 mark was allotted otherwise 0 marks is allotted.

Q-23:-Whether the companies have disclosed the general shareholder's information

It is the duty of the company to inform the shareholders regarding the Annual general meeting's date, time and venue, financial year, date of book closure, dividend payment date, listing on stock exchanges, stock code, registrar and transfer agents, share Transfer System, distribution of shareholding, dematerialization of shares and liquidity, plant address, address for correspondence.

If the companies have disclosed all these information in their annual report then 1 mark is allotted otherwise 0 mark is allotted.

Q24:-Whether the companies are disclosing the details of non-compliance or not.

If yes then 1 mark is allotted otherwise 0 marks is allotted.

Q-25:-Whether the companies have disclosed the CFO/CEO certificate in the annual report.

If yes then 1 mark is allotted otherwise 0 marks is allotted.

F. **Chairman CEO Duality**

Q-26:-Whether the companies are have separate Chairman and CEO or same person is appointed as Chairman and CEO.

It has been seen recently that companies are consistently moving toward separate chairman and CEO roles. According to Spencer Stuart, just over half of companies in the S&P 500 Index are led by a dual chairman/CEO, down from 77 percent 15 years ago. Independent chairman can improve the oversight of the boards towards management. So in the study if the company is having separate Chairman and CEO then 2 mark was given and if there is single person who was acting both as chairman and CEO then 1 mark was given.

So, in total twenty six questions were designed which has covered twenty six variables and to balance the model three control variables were taken to. Those three variables were size of the firm which was calculated by natural log of total assets, Age of firm (form the date of inception) and leverage which was calculated by debt equity ratio.

In analyzing the relationship between solvency and corporate governance disclosure level debt equity ratio is taken as the main variable and interest coverage was taken as a control variable.

2.2.6 Corporate Governance Disclosure level (CGDL)

CGDL measures the extent to which the companies are disclosing information to the general public. Many researchers like Abdul Rouf in his study The Financial Performance (Profitability) and Corporate Governance Disclosure in the Annual Reports of Listed Companies of Bangladesh, Jouini Fathi in her study on Corporate Governance and the Level of Financial Disclosure by Tunisian Firm and many others have used his method before for their study. In the present study also this method is used. For that corporate governance disclosures of all the automobile companies in the index are taken. After that a mix of mandatory and non-mandatory disclosures were made and divided into different categories. Marks have been allotted to them on the basis of compliance with Amended

Clause 49 of SEBI and Company Act 2013. On this basis corporate governance disclosure index will be developed by using the formula:-

Overall CGDL = Adding the obtained score form all the disclosure items.

2.2.7 Firm's performance measurement tools

To measure firm's performance there are 4 types of financial ratios i.e. liquidity, solvency, profitability and efficiency. These ratios help in analyzing firm's strength and weakness and also provide firm's historical data. It also helps in estimating firm's financial status and helps the investors in comparing the companies of same industry. The comparison of ratios with historical data is very beneficial for not only the investors but also for the company.

Liquidity Ratios

Liquidity ratio is used to know the amount of liquid assets available to a company. The most commonly used liquid ratio is current ratio. It shows the ratio of current assets and current liabilities or it can also be said that it shows company's capacity to pay its short term loans or bills. This ratio must be greater than one. If the ratio is less than one than it means that the company is having more liabilities than assets. If the ratio is high it means the company is on more safe side. This ratio can be improved by paying down debentures, converting short term debt into long term debt etc.

The two liquidity ratios i.e. current ratio and quick ratio were taken in the study. These ratios assess the overall health of a business based on its ability to keep up with debt.

Current Ratio

Current ratio is a tool used by the companies to assess their short term liquidity. It shows that how much cash a company can generate in a short period to pay off its debts due at a particular time.

$$\text{Formula for Current Ratio: } \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

Current assets are those which easily be converted in cash within one year like cash in hand, cash at bank, trade receivables, short-term investment, Trade receivable, bills receivable, sundry debtors etc.

Current liabilities are those liabilities which are to be paid within one year like trade payables, bank overdraft, provision of tax, sundry creditors, bills payables etc.

Quick Ratio

It is also known as acid test ratio and it explains the relationship between quick assets and current liabilities. It also aims to measure the ability of a firm to pay its current liability. The main difference between current assets and quick assets is that quick assets do not consider stock and prepaid expenses in calculation. These assets can be converted into cash in very short period of time.

$$\text{Quick ratio: } \frac{\text{Quick Assets}}{\text{Current Liabilities}}$$

Quick assets = Current assets – (Stock + Prepaid expenses)

Solvency Ratio

Solvency means the power or ability of a concern individual, firm or an organization to meet its long term borrowings. These borrowings include funds raise from debentures, financial institutions and other creditors selling goods on credit. The main aim of this ratio is to examine the repaying ability of long term borrowing of the firm.

In the study, Debt-equity ratio was used as variable to measure solvency of the firms. The debt-equity ratio is very significant as it is a great way for the company to measure its leverage or indebtedness.

$$\text{Debt- equity ratio: } \frac{\text{Outsiders' Funds}}{\text{Shareholders'Fund}}$$

Outsiders' funds = Long term Debts/Liabilities to outsider

Shareholders' fund= equity share capital, preference share capital, reserves and surplus and fictitious assets

Efficiency Ratios

They are also known as activity or turnover ratios and their main aim is to measure the efficiency of the firms. These ratios explains who effectively the firms are using are using their resources. There are different kinds of efficiency ratios but in the present study three efficiency ratios were taken. i.e. Return on Capital employed, Assets Turnover ratio and Inventory Turnover ratio.

Return on Capital Employed

Return on capital employed (ROCE) is an accounting ratio which measures a firm's efficiency by which its capital is used or it can be said that this ratio explains how well a firm is generating profit from its capital. Sometimes it is also used as a profitability ratio by the investors.

$$\text{Return on Capital Employed} = \frac{\text{EBIT}}{\text{Capital Employed}}$$

EBIT= Earnings before Interest and Tax

Capital Employed= Total assets - current liabilities

Assets Turnover Ratio

Assets turnover ratio is also an efficiency ratio which explains how efficiently and effectively a firm is using its assets to generate revenue. Higher assets turnover ratio denotes that the firm is more efficient in generating revenue through its assets.

$$\text{Assets Turnover} = \frac{\text{Total Sales}}{\text{Average assets}}$$

Total sales = Annual total sales

Average assets= (opening stock of assets + closing stock assets) / 2

Inventory Turnover Ratio

It is a ratio which measures the effect of cost of revenue from operation on the average inventory. It is very important for the firms to maintain their inventory in such a manner so that it should not be very high or very low. It explains how efficiency firm is maintaining its inventory.

$$\text{Inventory Turnover} = \frac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}}$$

Cost of Revenue from Operation = Opening stock +Net Purchases + Direct Expenses –Closing stock

Average Inventory = (opening stock + closing stock) / 2

Profitability Ratios

Profitability ratios are those ratio which are used which are used to assess the revenue generating ability of the business. These ratios very informative and useful when used to compare a one firm to other similar firm, the firm's own history, or average ratios for the firm's industry as a whole.

In the study three profitability ratios were taken i.e. Net Profit ratio, Return on Assets ratio and Return on Equity ratio.

Net profit ratio

The net profit ratio determines the net profit percentage of the firm after deducting taxes and other expenses. It is considered as one of the best measures of the overall results of a firm.

$$\text{Net Profit Ratio} = \frac{\text{Net Profit}}{\text{Net sales}}$$

Net sales = Sales- sales return

Net profit

Net sales- (Cost of goods sold + Administrative Expenses) = Income before tax

Income before tax –Income tax = Profit after tax

Return on Assets

It is an indicator which shows the profitability of a firm with respect its total assets. It gives an idea to the investors and the analyst that how efficient a company is maintaining their assets and generating earnings from it. If the return on assets is higher it means the assets efficiency of the firm is good.

$$\text{Return on Assets} = \frac{\text{Net Income}}{\text{Total Assets}}$$

Net income = Amount of income, net of expense, and taxes that a company created for a given period.

Return on Equity

It is also one of the profitability ratios which measure the financial performance of a firm by dividing net income of the firm by its shareholders' equity. It is closely related to return on assets the only difference is in place to total assets, net assets were taken i.e. total assets minus debentures.

$$\text{Return on Equity} = \frac{\text{Net Income}}{\text{Average Shareholders}'\text{Equity}}$$

Net income = Amount of income, net of expense, and taxes that a company created in a given period.

Average Shareholder's Equity = (equity in the beginning of the year + equity in the end of the year) / 2

2.2.8 Statistical Techniques

After all the relevant data was collected, Karl Pearson Coefficient of Correlation was applies to analyses the relationship between corporate governance disclosure level and firm's performance. Single factor ANOVA and Multivariate Regression was applied for testing the hypothesis.

Karl Pearson Coefficient of Correlation

It is also known as Pearson product-moment correlation coefficient (PPMCC) or the Bivariate Correlation. It calculates the linear correlation between two variables for example X and Y and its value lies between +1 and -1. 1 depicts the total positive linear correlation, 0 shows no linear correlation, and −1 shows total negative linear correlation.

$$r = \frac{\sum XY - \frac{\sum X \sum Y}{N}}{\sqrt{\left(\sum X^2 - \frac{(\sum X)^2}{N}\right)\left(\sum Y^2 - \frac{(\sum Y)^2}{N}\right)}}$$

Where

r = the Pearson correlation coefficient

N = the total number of pairs of X and Y

X = raw score on the X variable

Y = raw score on the Y variable

One –way Analysis of Variance (ANOVA)

It is a statistical technique or method which is used to compare the means of two or more samples with the help of F distribution. It determines whether there is a statistically significant difference between the means of three or more independent (unrelated) groups or not. In the present study Stata software was used to apply one-way analysis of variance.

Multivariate Regression

According to statistical definition Multivariate Regression is a technique or method that estimates a single regression model with more than one outcome variable. It contains more than one predictor variable in a multivariate regression model, the model is a multivariate multiple regressions. In the present study Stata software was used to apply one-way analysis of variance.

2.2.9 Empirical Model

For estimation of the impact of corporate governance on firm's performance the following equations were formed:

For Liquidity

$$CR_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \varepsilon_{it}$$

$$QR_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \varepsilon_{it}$$

For Profitability

$$NP_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \varepsilon_{it}$$

$$ROA_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \varepsilon_{it}$$

$$ROE_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \varepsilon_{it}$$

For Solvency

$$DE_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * IC_{it} + \mathcal{E}_{it}$$

For Efficiency

$$ROCE_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \mathcal{E}_{it}$$

$$ATR_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \mathcal{E}_{it}$$

$$ITR_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \mathcal{E}_{it}$$

Where CR= current ratio, QR= quick ratio, NP= net profit ratio, ROA= return on assets, ROE= return on equity, DE= debt equity ratio, ROCE= return on capital employed, ATR= assets turnover ratio, ITR= inventory turnover ratio,

CGDL= Corporate Governance Disclosure Level,

Age_{it}, $Size_{it}$ and Lev_{it} are control variables and $\mathcal{E}_{it}$ is the error term

Chapter-3

Corporate Governance in India

3.1 History of Corporate Governance in India: An Introduction

In modern world, corporate governance got importance when the Stock Exchange of London appointed the famous Cadbury Committee which submitted its report in 1992 that include the Code of Best Practices. In India also the history of corporate governance dates back to the year 1992. Soon after 1991 liberalization policies in India many scams started evolving. Some of the popular scams which have shaken the trust of the shareholders and also affected Indian economy were Harshad Mehta scam (1992), Vanishing Companies scam (1992-1998), Bhansali scam (1994), Ketan Parikh scam (2001), the UTI scam (2001), and many more. After these scams Indian government and the SEBI decided to set some standards to check all the business houses. For this SEBI and Indian government appointed many committees like Kumar Mangalam Birla committee 1999, The Companies Amendment Act 2000, Naresh Chandra committee 2002 and Narayan Murthy committee 2003. All these committees recommended having a strong set of rules and regulations which every company has to follow in order to promote good governance.

Previously there were many loopholes in the administrative and legal policies of India and these loop holes provides a greater scope for corrupt practices in businesses. In India for last 50 years after independence, lack of transparency, corruption and mismanagement become very common. Most of the business houses and companies were doing business without take care of minority stakeholders and the society. Power has been started accumulating in several hands as a result, unless the management is committed to be honest and observes the principles of proprietary the atmosphere is too unwise and not observing good corporate governance.

3.2 Major committees on Corporate Governance in India

3.2.1 Confederation of Indian Industry's Code of Corporate Governance (CII 1998)

Confederation of Indian Industry (CII) and business association developed a code for corporate governance. This was the first initiative taken by them to promote corporate governance in India. These codes were for the companies working in India and the main aim of these codes were the insurance of investor's interest, maintaining transparency, exposure of data and to work as indicated by international standards. “The CII set up a National Task Force to analyze corporate governance issues and suggested a voluntary code of best practice. The team introduced the draft rules and the Code of Corporate Governance in April 1997 at the CII's national conference and annual session”. After that these codes were discussed in many workshops and seminars and numbers of suggestions were given. Based on these recommendations the task force released Desirable corporate governance: A Code’ in April 1998.

Recommendations given by Desirable Corporate Governance: A Code

1) There is no need of two tire system. Even a single board can go the work if it performs well. It can also maximize shareholder’s fund and can do all the necessary things which two tire system can do. It should not be thought that two tire system is the only remedy for every corporate problems.

2) Any listed organization “which have a turnover of 100 crore or more, ought to have expertly or professionally able, independent non-executive directors and they should consist of at least 30 percent of the board if the Chairman of the organization is a non-executive director and minimum 50 percent of the board if the Chairman and Managing Director is a similar individual”.

3) Non -executive director need to assume a significant job in corporate decision making and in amplifying long term investor's value, they should become dynamic members of the board hence not just simply tolerating or permitting what others do.

4) To make sure about better exertion from the side of non-executive directors, organizations should pay a commission well beyond the sitting fees for the utilization of their expert inputs. Stock options offering ought to be thought of, in order to relate awards to performance. Stock options are rewards which dependent upon future valuation for corporate worth.

5) No single individual ought to be selected as director of in excess of 10 listed companies.

6) If a director is not available in 50 percent or more meetings then this thing ought to be mentioned in the resolution that is put to cast a ballot. As a general practice, he ought not to re-select any director.

7) Important information like yearly working plans and financial plans, labor and overhead spending plans, quarterly outcomes, interior review reports, show cause, request and contamination issue, default in paying creditors and inter-corporate deposits, any public or product liability claims of a generous sort including a judgment which may have either passed strictly on the conduct of the organization, joint venture, exchange that include amount for goodwill, brand value or intellectual property, recruitment and compensation of senior officials just beneath the board level, work issues, outside trade exposures and so on.

8) All the listed organizations with either a turnover over 100 crores or paid up capital of Rs 20 crores should set up Audit Committees inside two years and these advisory groups should comprise of at least three members which are from the organizations non-executive directors and ought to have sufficient information of accounts, finance and fundamental components of company law.

9) Complete board should meet at least six time in a year and with a pause of not more than two months and each meeting ought to have plans that required a discussion of at least half-a-day.

10) Under "Additional Shareholder's Information listed companies should give information on high and low month to month averages of share prices in all the stock exchanges where the company is listed for the reporting year. Statement on value added, which is barring the cost of all inputs and administrative expenses from total income, more noteworthy subtleties on the business sections or divisions up to 10% of turnover, giving share in revenues, survey of tasks, examination of market and future possibilities".

11) All the significant Indian stock exchanges ought to firmly demand a compliance certificate, marked by the Chief Executive Officer and the Chief Finance Officer which obviously expresses that (a) the administration is liable for reasonable introduction of the financial statements and other relevant information in the annual report and company will proceed in business throughout the next year (b) accounting strategies and policies ought to follow the standards and if not following then full disclosure ought to be made identified with the issue (c) The board have to

supervised company's system of administrative controls and internal accounting either through director or through its Audit Committee.

12) Consolidation of Group Accounts should be optional.

13) More noteworthy financing must be permitted to the corporate sector against the security of share.

14) It would be likable for financial institutions as unadulterated leasers to rework their agreements to take out having nominee directors with the exception of (a) in case of genuine and orderly debt default and (b) in the event of the borrower organization not giving six-month to month or quarterly operational information to the concerned financial institutions. Financial institutions should make a policy to pull back from boards of companies where their individual shareholding is 5 percent or less, or an overall financial institution holding is under 10 percent.

15) If any organization or company has consulted more than one credit rating agency then this should be mentioned in the prospectus and a document which shows the rating given by all the other agencies that conducted such an exercise should also be issued. Not just this they additionally need to make a table which shows that where the organization stands according to a comparative positioning.

16) Companies that are showing default in their fixed deposits ought not to be allowed to (a) accept further deposits and make between corporate advances or investments until the default is made acceptable and (b) announce dividends till the time the default is made acceptable.

These were the 16 proposals or recommendations given by the CII's Desirable Corporate Governance: A Code after this another advisory group named as Kumar Mangalam Birla Committee was set up by SEBI in the year 1999.

3.2.2 Kumar Mangalam Birla Committee 1999

Securities and Exchange Board of India (SEBI) has established a committee under Kumar Mangalam Birla, to raise the standards of good corporate governance. The primary focal point of the Committee was:

(1) To recommend appropriate amendments to the listing agreement executed by the stock exchange with the organizations and some other measures to improve the gauges of corporate administration in the listed organizations, in various zones like "constant exposure of material information, both money related and non-monetary way and the frequency of such disclosures, duties of independent directors".

(2) To outline the best corporate governance code.

(3) To recommend safety strategies which the organizations ought to follow to manage insider data and insider trading.

The premier goal of the advisory committee was to see corporate governance from the viewpoint of the shareholders and investors and to set up a 'Code' which favors the Indian corporate workplace. The three main members, their jobs and obligations and their rights with regards to better corporate governance are perceived by the committee and they were "he shareholders, the management and the board of directors. The committee stated that primary goal of corporate governance is to increase shareholders value and also keeping in view the interests of other stakeholder. The committee also said that likewise expressed that it isn't sufficient to just draft a code of corporate governance yet it ought to be practiced effectively. The recommendation given by this committee was divided on the base of two criteria i.e. mandatory and non-mandatory.

Recommendations of the Committee

This Report was the first and foremost main formal attempt to develop a Code of Corporate Governance in India and it was imagined that the code of Corporate Governance must be dynamic so it was important that this code ought to likewise be assessed now and again and fundamental changes ought to be made by according to the prevailing market conditions.

Main objective of Corporate Governance

The committee concurred that the main aim of corporate governance is the enhancement of shareholder value and also keeping interests of other stakeholder in mind.

Mandatory and Non Mandatory Recommendations

According to the committee those suggestions which are significant for corporate governance can be characterized with accuracy and which can be applied through the amendment of the listing agreement could be delegated as mandatory. Others, which are either alluring or which may require change of laws, may, until further notice, be delegated non-mandatory.

Implementation

The committee suggested that the suggestions ought to be made applicable to the listed companies. Information related to the directors, executive and other related staff related of these companies was also given further in this section.

Committee says that suggestions will apply to all the listed companies whether private or public, in line with the schedule of implementation. With respect to listed entities, which are not companies, however body of corporate for example private and public banks, financial organizations, insurance agencies etc. which are incorporated under other statutes, the suggestions will apply to the degree that they don't disregard their particular resolutions, and rules gave by the relevant regulatory authorities.

To concord with the suggestions, committee admitted that there will be a need of rebuilding the current structure of boards of the companies. Committee suggested that all the listed companies will be included under these suggestions and recommendations and given some significant points which related to the implementation of such suggestions. Those points were:-

1. All the entities within financial year 2000-2001 but not later than 31 march 2001 included either in Group 'A' of the BSE or in S&P CNX Nifty index as on 1 January 2000. These companies may have to begin the process of implementation as early as possible and would cover more than 80% of the market capitalization.
2. All the entities within financial year 2001-2002, but not later than 31 March 2002 which are presently listed, with paid up share capital of Rs. 10 crore and

above, or net worth of Rs 25 crore or more any time in the history of the company.

3. All the entities within financial year 2002-2003, but not later than 31 March 2003 which are presently listed, with paid up share capital of Rs 3 crore and above.

Mandatory recommendations

Some of the mandatory recommendations of Kumar Mangalam Birla Committee are as follow:

Board of Director

An effective and efficient corporate governance framework is one, which permits the board to play out the double function i.e. leadership and strategic guidance. The governing body of a company coordinates and controls the management of a company and is responsible to the shareholders. The board observes and guides the company by figuring and checking on company's policies, procedures, significant action plans, risk policy, yearly business plans and marketable strategies and by performing many other functions.

Composition of Board of Directors

The conformation of the board is significant in as much as it decides the capacity of the board to provide the leadership and guarantees that no individual or a group can command the board. The executive directors are engaged with the everyday administration of the companies and the non-executive directors bring outside and more extensive viewpoints to the decision making.

Definition of Independent Directors

The committee decided that an independent director is that who has no monetary relationship or transactions apart from receiving director’s remuneration with the company, its promoters, its management or its subsidiaries, which in the judgment of the board may affect their independence of judgment and all the monetary transactions of non-executive directors should be disclosed in the annual report.

The Committee suggests that the board of a company have an ideal blend of executive and non-executive directors with at least 1/2 of the board including the non-executives director. In the case that an company has a non-executive chairman, not less than 1/3rd of board ought to contain of independent directors and in case a company has an executive chairman, not less than half of board ought to be independent.

Definition of Nominee Directors

These directors are nominated by financial and investment institutions to safeguard their interest. They are mostly selected from the present or retired employees of the company or from outside. There are contentions both in the favor and against the institution of nominee directors. So the committee recommended that institutions should appoint nominees on the boards of companies only on a selective basis and the nomine directors should have the same responsibility, be subject to the same discipline and be accountable to the shareholders in the same manner as any other director of the company.

Role of Audit Committee

The Kumar Manglam Birla Committee suggested that there should be qualified and independent audit committee which is set up by the board of a company. This help in improving the credibility of the monetary disclosures of an organization and promoting transparency.

Number of meetings and quorum

Committee recommended that the audit committee should meet thrice a year. One meeting must be held necessarily every six months and before finalizing the annual accounts. The quorum should contain either two members or one third member of the audit committee, whichever is higher and there should be a minimum of two independent directors.

Non mandatory recommendations

The non-mandatory recommendations of Kumar Mangalam Birla Committee are as follow:

Role of Chairman

Kumar Mangalam Birla Committee stated that "the non-executive chairman should be entitled to maintain a Chairman's office at company's expense and all his expenses should also be reimbursed which he has incurred in performance of his duties". This will allow him to discharge the responsibilities effectively.

Remuneration Committee

The committee recommends that the board should set up a remuneration committee to determine on their behalf and on behalf of the shareholders with agreed terms of reference, the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.

Shareholders' rights

The Committee suggests that the half yearly revelation of financial performance including remembering rundown of the critical events for most recent a half year, ought to be sent to every household shareholders.

3.2.3 Companies Amendment Act 2000

There were many amendments related to corporate governance which were made in Companies Act in 2000 such as additional grounds on which directors can be disqualified, formation of audit committees, director's responsibility statement in director's report, etc. New definition of corporate governance was also given in 2001 by the advisory group consisting of the standing committee on International Finance Reporting Standards and Codes of Reserve Bank of India under the chairmanship of Dr. Y.V. Reddy who was the RBI Governor at that time.

3.2.4 Naresh Chandra Committee 2002

The Naresh Chandra committee was formed in August 2002 by the Department of Company Affairs (DCA) under the Ministry of Finance and Company Affairs to examine various corporate governance issues. In December 2002 the Committee submitted its report. It has given suggestion in three key areas of corporate governance i.e. (1) Auditor-company relationship (2) Role of statutory auditors and (3) Independent directors role, remuneration and training. The committee has given its report on various aspects of corporate governance such as role of independent directors, remuneration and training given to them, audit committee, relationship of auditors with the company and how they can improve their role.

Committee's recommendations were mainly concerned with:

Auditor- Company Relationship

Suggestions under this head include disqualifications for audit assignment, list of prohibited non audit services, independence Standard for Consulting and Other Entities that are affiliated to audit firms, auditor's disclosure of contingent liabilities, auditor's disclosure of qualifications and consequent action, management's certification in the event of auditor's replacement, auditor's annual certification of independence, appointment of auditors, CEO and CFO certification of annual audited accounts.

Auditing the Auditors

Suggestions under this head include setting up of "independent quality review board and proposed disciplinary mechanism for auditors"

Independent Directors

Suggestions under this head include defining an independent director, percentage of independent directors, Minimum board size of listed companies, disclosure on duration of board meetings / Committee meetings, tele-conferencing and video conferencing, additional disclosure to directors, independent directors on Audit Committees of listed companies, audit Committee charter, remuneration of non-executive directors, exempting non-executive directors from certain liabilities.

Recommendations given by this committee have succeeded the recommendation given by the Kumar Mangalm Birla committee on two counts i.e. on composition of independent directors in the board and the conformation of the audit committee. It has recommended that "every board needs to have half of its members as independent directors". The committee also recommended that all the members of the audit committee should be independent directors. Committee recommended that an audit firm along with its subsidiary cannot have more than 25 per cent of its business from a single client. Committee also proposed that audit committee should be rotated. Partners and half of the audit team working and maintaining on the accounts of a company should be rotated at least once in a five year. These were the main aspects of Naresh Chandra committee.

3.2.5 Narayan Murthy Committee, 2003

SEBI felt that there is a flaw in the prevailing corporate governance system i.e. investor's protection so coop up with this problem it formed a committee under the chairmanship of N.R. Narayan Murthy who was at that time the chairman and chief mentor of Infosys Technologies Ltd.

This Committee met thrice to deliberate the issues related to corporate governance and finalize its recommendations to SEBI. It has given two set of recommendations i.e. mandatory recommendations and non-mandatory recommendations. Narayan Murthy Committee recommend that the mandatory recommendations in the report of the Naresh Chandra Committee, that are related to corporate governance should be mandatorily implemented by SEBI through an amendment to clause 49 of the Listing Agreement

Major recommendations of Narayan Murthy Committee were:

Mandatory Recommendations

Some of the mandatory recommendations of Narayan Murthy committee were:

Audit Committee

Audit committee is one of the most important committee which helps in improving the quality of governance. Committee suggested that the audit committee of every publically listed company should disclose and review the following information:

i. Financial statements

ii. Audit reports containing quarterly and half yearly financial information.

iii. Decisions taken by management, financial conditions and operations.

iv. Matters related to laws and risk management

v. Information regarding internal control weakness issued by statutory internal auditors

vi. Information related to related party transactions

Related Party Transactions

The details of all the related party transactions including their bases should be placed before the audit committee for the approval or rectification and if transactions are not on an arm length basis, management should provide an explanation to the audit committee justifying the same.

Risk Management

Proper procedures must be used to inform the board members about the risk involve in the business and how it can be minimized. There should be a proper framework to follow these procedures. Management should present a report in front of the entire board of director's quarterly showing the business risk faced by the company and the steps taken to resolve those issues. The board should formally approve this document.

Code of Conduct

The committee stated that it should be obligatory for the Board of a company to lay down the code of conduct for all Board members and senior management of a company. This code of conduct shall be posted on the website of the company. All Board members and senior management personnel shall affirm compliance with the code on an annual basis. The annual report of the company shall contain a declaration to this effect signed off by the CEO.

Nominee Directors

Regarding nominee director committee stated that where an institution wishes to appoint a director on the Board, such appointment should be made by the shareholders. An institutional director, so appointed, shall have the same responsibilities and shall be subject to the same liabilities as any other director. Nominee of the Government on public sector companies shall be similarly elected and shall be subject to the same responsibilities and liabilities as other directors

Non-Executive director Compensation

Compensation and remuneration which is to be paid to the non-executive directors should be fixed by the board of directors of the company and prior permission should be taken by the shareholders in general meeting. There should be a fixed limit for the maximum number of stock options that can be issued to non-executive directors in a particular financial year and in total.

Whistle blower policy

Companies shall take proper steps to ensure that the right information should be communicated at right time to all employees through proper means of internal circulars, etc. All the policies of the company shall contain provisions for protecting the stakeholder "whistle blowers" from unfair termination and other unfair practices.

Non-mandatory recommendation

Some of the non-mandatory recommendations of Narayan Murthy committee were:

Assessment of board performance

The Non-executive director's performance should be evaluated by the group of Board of Directors, excluding that director who is going to be evaluated and the basis of this evaluation extension of the term of appointment should be decided.

Training of members of board

The committee says Companies should be encouraged to train their Board members in the business model of the company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them.

There were many other committees which are formed to give a proper direction to corporate governance practices in India but these five committees laid the foundation and played a very important role for corporate governance in India. These were short and selected reviews of Indian corporate governance. As it has been already known that how corporate governance came to India and how the above listed committees laid the foundation for corporate governance in India now let's discusses about the present reforms of corporate governance in India.

Presently Indian Corporate governance is governed by the Companies Act of 2013 before this they are governed by Companies Act 1956 that follows more or less the UK model. SEBI is also one of the most important body that governs Indian corporate. SEBI's Clause 49. Together this Clause 49 of listing Agreement and "Companies Act 2013" helped in making Indian corporate governance structure better.

3.2.6 J.J. Irani Committee on Company Law

In 2004 the Ministry of Company Affairs (MCA) formed a committee on Company Law under the chairmanship of Dr. J. J. Irani, Director, Tata Sons for advising the Government on the proposed revisions to the Companies Act, 1956. Some of its recommendations related to management and board governance were:-

No limit on maximum number of directors.

No State intervention in appointment, removal, remuneration of directors.

Companies should have at least one resident director. Minimum of 1/3rd of the total directors as independent director to be adequate irrespective of whether then chairman is executive or non-executive.

Nominee directors are not to be deemed independent.

The number of alternate directorships a person holds to fall within the overall limit of directorships (to be limited to 15).

The concepts of 'minority' and 'minority interest' should be recognized under law. Law must balance the need for effective decision making on corporate matters through consensus without permitting persons in control to stifle action for redressal arising out of their own wrongdoings."

To strengthened disclosure regime for related party transactions with coverage in Directors' Responsibility Statement. Transactions beyond threshold should require shareholders' approval.

3.2.7 Guidelines on Corporate Governance for Central Public Sector Enterprise

There are around 250 Central Public Sector Enterprise (CPSE) in India and majority of them are earning profit and showing good financial performance. According to the new introduced Maharatna Scheme, CPSEs should expand international operations and for that an effective Corporate Governance is needed. With regard to this situation, Department of Public Enterprises (DPE)" has issued guidelines in May 2010.

According to these guidelines CPSEs have been categorized into two groups, namely, (i) those listed on the Stock Exchanges; (ii) those not listed on the Stock Exchanges. In so far as listed CPSEs are concerned, they have to follow the SEBI Guidelines on Corporate Governance. In addition, they shall follow those provisions in these Guidelines which do not exist in the SEBI Guidelines and also do not contradict any of the provisions of the SEBI Guidelines and Non listed CPSE should strive to institutionalize good Corporate Governance practices broadly in conformity with the SEBI Guidelines. The listing of the non-listed CPSEs on the stock exchanges may also be considered within a reasonable time frame to be set by the Administrative Ministry concerned in consultation with the CPSEs concerned. The non-listed CPSEs shall follow the Guidelines on Corporate Governance given Department of Public Enterprises (DPE).

3.2.8. Kotak Committee

The committee was formed by SEBI in June 2017. The Chairman of this committee was Mr. Uday Kotak. The main aim of this committee was to improve the standard of corporate governance in listed companies in India. This committee has given its report on October 5, 2017. The recommendations of the committee were:-

Ensuring independence in spirit of Independent Directors and their active participation in functioning of the company

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 corporate governance in India.

3.2.9 SEBI's Clause 49 of Listing Agreement

The Securities and Exchange Board of India sniff around and regulate corporate governance in India through Clause 49. This Clause was incorporated in listing agreement of Stock exchange and it is mandatory for every company to follow the provision before getting listed. Clause 49 was issues by SEBI in February 2000. According to this all the listed companies with a minimum paid up capital of Rs 10 crore and net worth of Rs 25 crore had to comply with the provisions by 31 March 2002 and those companies with a minimum paid up capital of Rs 3 crore or net worth of Rs 25 crore had to comply with the provisions by 31 March 2003.

Important Provisions made under Clause 49

Composition of Board

It 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 of independent directors. Provided that where the non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of independent directors.

Audit Committee

For audit committee, Clause 49 states that the audit committee should have 3 independent directors with the chairman having sound financial background. A minimum of three meeting should be held in each year. Audit committee is also accountable for the financial performance annually or half yearly, review on internal control system and the appointment or reappointment of auditors.

Remuneration to Directors

Board will discuss the remuneration of non-executive directors. Other information like stock option, performance based incentives of directors etc should be disclosed to the shareholders.

i. Board procedures: Board ought to have at least four meetings during a year. Clause 49 also stated that a director should not be a member in more than 10 committees or act as Chairman of more than five committees across all companies in which he is a director.
ii. Shareholders information: Every relevant information regarding the company should be uploaded on companies website like resume of newly appointed directors, financial results submitted to stock exchange etc. Shareholders/ investors grievance committee meeting should be held minimum 2 times in a year. Corporate governance report and compliance certificate from auditor should also be provided.

This is a very brief description of Clause 49 of listing agreement. Clause 49 was amended by SEBI and a Revised Clause 49 came to existence.

Key differences between Original Clause 49 and Revised Clause 49

The New Clause 49 was little bit stricter than the Old Clause. According to the New Clause 49 no person can become the independent director if he or she:-

i. Is a material suppliers or a customer of the company.
ii. Is a shareholder of more than 2 percent stake of the company?
iii. Is the partner of the present legal, audit and consulting firms and also the partners of such firms that had worked for the company in the last 3 years.
iv. Is in a family relation with the promoter, or an executive director or a senior executive one level below an executive director.

According to New Clause 49 there should be maximum of 3 months' time between two board meetings which was previously four months in Old Clause.

According to New Clause 49 it is obligatory for the audit committee to meet at least four times a year with a maximum time gap of four month.

Old Clause 49 does not give any emphasis on the qualifications of the members of the audit committee but the New Clause state that "the members of audit committee should be financial literate and at least one of the member should have the expertise in financial management. According to the New Clause 49 the Nominee directors should be considered as independent directors.

According to New Clause 49

i. Code of conduct will be laid down by the board and all the senior management of the company has to follow it.
ii. CEO and CFO will certify the financial statements and cash flow statements of the company”.
iii. At least one independent director of the holding company will be a member of the board of a material non-listed subsidiary.
iv. The unlisted subsidiary of the company shall also be reviewed by the audit committee of the respective listed company.

This was a brief description about the history of Clause 49 of listing agreement. According to the conditions minor changes were made in it to make corporate governance practices more effective in India. But the major changes came after the statute of new “Companies Act 2013”. The Securities and Exchange Board of India (SEBI) has amended the “Clause 49 of the Listing Agreement. According to the new Master Circular No. CIR/CFD/POLICY CELL/2/2014 dated 17.04.2014 all other earlier circulars issued by SEBI on “Clause 49 of the Equity Listing Agreement” was withdrawn and this new circular containing new provisions started prevailing.

Now let’s have a look on current amendments in Clause 49 and Companies Act 2013 for improving the corporate governance practices in India. It is already stated above that after the enactment of Companies Act 2013 SEBI has amended the Clause 49. The main objectives of the revising Clause 49 was the alignment of its provisions with the Companies Act, 2013 and to focus on considering best practices on corporate governance and making the corporate governance structure more effective. These amendments of the revised clause 49 will be made applicable on all listed companies w. e. f. 01st October, 2014.

Applicability of Revised Clause 49:

This Clause 49 of Listing Agreement is applicable to all the listed companies w. e. f. 01st October, 2014. Other entities which are not company but fall under the head of body corporate and are guided by some other statute, Clause will apply on them till it is conformity with their statute. In case any of the provision violates the statue, the listing agreement would cease to apply. This Clause does not apply on mutual funds.

Overall framework for Corporate Governance

Revised clause 49 lays down overall framework of requirements of clause 49 and companies are expected to follow those provisions in alignment with the principles. Key components of those frameworks were:-

Composition of Board

According to the revised Clause 49 age of the director should not be less than 21 years. Other requirements are aligned with Companies Act 2013.

Number of directorships

Companies Act 2013 lays down limit on overall number of directorships whereas Revised Clause 49 lays down restrictions on number of companies in which person can serve as an independent director. As per revised Clause 49, a person shall not serve as an independent director in more than 7 listed companies. Further, any person who is serving as a whole time director in any listed company shall serve as an independent director in not more than 3 listed companies.

Limit of tenure of Independent Directors

Maximum tenure of independent directors in Revised Clause 49 is 10 years (5 years + another term of 5 years). However, transition rules to new requirements are different. As per Clause 49, a person who has already served as an independent director for five years or more in a company as on October 1, 2014 shall be eligible for reappointment, on completion of his present term, for one more five consecutive years on passing of a special resolution by the company.

Subsidiary companies

According to revised clause 49:-

(a) At least one independent director on the Board of Directors of the holding company shall be a director on the Board of Directors of a material non-listed Indian subsidiary company.

(b) The Audit committee of the listed holding company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company. These provisions are also mentioned in old clause 49.

Risk Management

According to Revised clause 49 there should be a risk management committee.

Related Party transactions

Revised Clause 49 has a strict and a wider scope of requirements regarding related party transactions. It requires all material related party transaction to be approved by shareholders through special resolution and the related parties shall abstain from voting on such resolutions also requires company to lay down its policy for material related party transactions and manner of dealing with related parties.

Remuneration of Directors

Following are the provision given in revised Clause 49 regarding the remuneration of directors:

a) All aspects of remuneration of individual directors summarized under major groups shall be made under the section of corporate governance of the annual report.
b) Details of all the fixed and performance linked benefits, along with performance criteria and service contracts and notice period should also be mentioned in annual report. Stock option details also.

These are some of the provisions which have been changed by SEBI and presented in the form of Revised Clause 49. These changes were made to align the corporate governance norms present in Companies Act 2013 to make a better corporate governance structure in India. The period taken in this study contains post Companies Act 2103 and Amended Clause 49 period period.

Chapter- 4

Profile of the companies and their Corporate Governance Policies

4.1 Introduction

This chapter highlights the profile of the companies listed in S&P BSE AUTO. There were 14 companies in S&P BSE AUTO index as on 27 June 2018 i.e. Hero MotoCorp Ltd, Maruti Suzuki India Ltd, Tata Motors Ltd, Ashok Leyland Ltd, Eicher Motors Ltd, MRF Ltd, Motherson Sumi System Ltd, Bharat Forge Ltd, Mahindra & Mahindra Ltd, Bajaj-Auto Ltd, Bosch Ltd, Exide Industries Ltd, Cummins India Ltd And TVS Motors. Rahul Oberai a market expert published an article titled “Superb outlook, but lazy stocks: Auto sector presents mega puzzle” in ETMarkets.com on Aug 30, 2018 According to this article in times of market high, the auto sector is presenting the ultimate puzzle i.e. projections are superb, but stocks are not going into fast lane. But now the automobile industry has shown some positive signs and effects can be seen as there is a growth in tractor volume from 16 per cent to 21 per cent from the financial year 2017 to financial year 2018 also there is an increase in two wheeler sales. It has gone up from 7 per cent to 15 per cent from financial year 17 to financial year 18. In the auto ancillary space Motherson Sumi System Ltd. has performed well. According to the article Motherson Sumi has already doubled investor money since February 2016”. According to Rakesh Tarway, Head of Research, Reliance Securities, Auto companies are delivering sustained earnings growth. This sector augurs well for reasonable investment performance over the next 12-18 months. So, the overall the companies listed in BSE Auto index have shown a slow but strong growth chances. These companies has posted 3 per cent and 37 per cent year over year rise in net sales and net profit till June 2018.

Table 4.1
Automobile Companies listed in S&P BSE AUTO Index

S No.	Company Name	Industry	Market Capitalization (Rs cr)
1	Hero Moto Corp Ltd.	Auto - 2 & 3 Wheelers	75749.00
2	Maruti Suzuki India Ltd.	Auto - Cars & Jeeps	234865.74
3	Tata Motors Ltd.	Auto - Lcvs & Hcvs	143610.53
4	Ashok Leyland Ltd.	Auto - Lcvs & Hcvs	37430.38

5	Eicher Motors Ltd.	Auto - Lcvs & Hcvs	84907.13
6	MRF Ltd.	Tyres	26888.80
7	Motherson Sumi System Ltd.	Auto Ancillaries	75033.23
8	Bharat Forge Ltd.	Castings & Forgings	29681.28
9	Mahindra & Mahindra Ltd.	Auto - Cars & Jeeps	84073.70
10	Bajaj-Auto Ltd.	Auto - 2 & 3 Wheelers	92031.73
11	Bosch Ltd.	Auto Ancillaries	65222.82
12	Exide Industries Ltd.	Auto Ancillaries	17433.50
13	Cummins India Ltd.	Engines	24923.05
14	TVS Motors Ltd.	Auto - 2 & 3 Wheelers	32567.22
	Total		1024418.11

source: *moneycontrol.com as on 30 November 2017*

4.2 Hero MotoCorp Ltd.

Hero MotoCorp was previously known as Hero Honda. This Indian company manufactures motorcycle and scooter. In 1983 Hero cycle singed a collaboration agreement with Honda Motor Co. Ltd. of Japan. In 2010 the management of Hero Honda Group decided to end this joint venture and the company's name has been changed from Hero Honda Motors Limited to Hero Moto Corp Limited in 2011. According to the company's annual report 2016-17, it is the largest two-wheeler manufacturer in the world and in India also it has a market share of about 46%."Presently the company is having five manufacturing units located at Dharuhera, Gurgaon, Neemrana, Haridwar and Halol under Green Field stage. According to Economic Times article Hero Moto Corp plans 6th plant, scouts for site in South India These plants together have a production capacity of over 7.6 million 2-wheelers per year.

Table 4.2
Products and Services of Hero MotoCorp Ltd.

S. No	Motorcycles	Scooters
1	Xpulse 200/200T	Destini125
2	Xtreme 200S/200R/Sports	Duet
3	Karizma ZMR	Maestro Edge/ Maestro Edge125

4	Achiever 150	Pleasure/ Pleasure+
5	Glamour	
6	Super Splendor IBS/iSmart IBS/Splendor IBS	
7	Passion	
8	HF Deluxe IBS/ IBSi3S	

Source: Heromotocorp.com

Corporate Governance of Hero MotoCorp Ltd.

Hero Moto Corp Ltd. has a very good governance philosophy which is all-encompassing and it constantly working to align with the vision and business strategy to promote the well-being and best interest of all stakeholders. Company's best corporate governance practices enable it to attract more and more financial and human capital. It corporate governance structure relies on the four pillars i.e. transparency, full disclosure, independent monitoring and fairness to all, the stakeholders. The company always believed that the core value of corporate governance lies in the phrase Your Company. It is Your Company because it belongs to you – the shareholders

Table-4.3
Awards and Achievements of Hero MotoCorp Ltd. for good governance

S. No.	Awards and Achievements
1	Appreciation award by District Administration of Alwar for undertaking Rain Water harvesting project under Mukhya Mantri Jal Swavlamban Abhiyan 2018
2	Award on Gyan Sankalp portal Hall of fame by Rajasthan government for contribution in field of Education in 2018
3	Award for Best Green Excellence - Sustainability by ET Now in 2018
4	Social Innovation Awards - Best Social Media Campaign in 2017
5	Global Green Future Leadership Award - The Outstanding Achievement Award for Mr Vijay Sethi, CIO & Head CSR in 2017.
6	Golden Globe Tigers Award - Outstanding contribution in CSR - Corporate segment in 2016.

source: heromotocorp.com

Table-4.4
General Information of Hero MotoCorp Ltd.

Industry	Head office	Chairman	Market Capitalization	Head office
Auto - 2 & 3 Wheelers	New Delhi	Pawan Munjal	75749 cr as in November 2017	**Address:** Hero Moto Corp Ltd, 34,Community Centre, Basant Lok, Vasant Vihar, New Delhi - 110057, India **Email:**customercare@heromotocorp.com **Website:**www.heromotocorp.com

source: heromotocorp.com

4.3 Maruti Suzuki India Ltd.

Maruti Suziki India Limited (MSIL) which is also known as Maruti Udyog Limited is among the largest automobile manufacturing company of India. It is a subsidiary of Suzuki Motor Corporation of Japan. It captures around fifty per cent of the total domestic car market of India. Maruti Udyog Limited was incorporated in 1981according to the provisions of Indian Companies Act 1956. Initially this company was established as a government company and Suzuki was a minor partner in it. On 2 October 1982 Maruti signed a joint venture agreement with Suzuki Motors Corporation of Japan and in 1983 the company started its production and lunched Maruti 800. Next year they launched maruti Omni and in 1985 came Maruti Gypsy. In 1990 it launched India's first Sedan. After that in 1993 company introduced the Maruti Zen and in the next year i.e. in 1994 they launched Maruti Esteem in Indian market. In 1999 the third plant was also setup. In 2000 company launched Maruti Alto and in the year 2002 "Suzuki Motor Corporation increased its share to 54.2 per cent in the company. Maruti also started the business for the sales purchase and trade of pre-owned cars in India by the name Maruti True Value. In 2005 the company launched the SWIFT' in India and in 2006 they launched their first car that can run on both petrol and LPG i.e. WaganR Duo. In the year 2008-09 the company launched A-star in India and. In 2009-10 their capacity of producing next generation K-series engine" plant was boost up to more than 500000 units per annum and they also launched the Ritz. In 2012 company reviled its Life Utility Vehicle i.e. Ertiga which was also a version of compact SUV. In 2015 Maruti started its premium retail showroom by the name NEXA brand and in 2016 Maruti launched its premium hatchback Baleno and mid-size sedan Ciaz has crossed an overall domestic sale of one lakh units. At present Maruti Suzuki is manufacturing 16 cars out of which 4 cars belongs to Nexa segment. List of the cars are given below.

Table-4.5
Products and Services of Maruti Suzuki Ltd.

S. No	Car	Segment
1	Alto 800	Hatchback
2	Alto K10	Hatchback
3	WagonR	Hatchback
4	Celerio	Hatchback
5	CelarioX	Hatchback
6	Swift	Hatchback
7	Dzire	Sedan
8	Ertiga	MUVs/SUVs
9	Vitara Brezza	MUVs/SUVs
10	Gypsy	MUVs/SUVs
11	Omni	Vans
12	Eeco	Vans

Source: www.marutisuzuki.com

Table-4.6
Nexa brand cars

S. No	Car	Segment
1	Ignis	Hatchback
2	Baleno	Hatchback
3	Ciaz	Sedan
4	S-cross	MUVs/SUVs

Source: www.marutisuzuki.com

Corporate Governance of Maruti Suzuki India Ltd.

Maruti Suzuki India Limited is one largest car manufacturing company in India and it is also fully committed in practicing sound corporate governance and maintaining the highest business standards. Maruti Suzuki has always worked in strengthening the trust with all the stakeholders keeping in mind the principles of good corporate governance. The Company has developed an appropriate system so that its Board of Directors are well-informed regarding the overall responsibilities and should be well-equipped to provide better management with the strategic decision making. The Company has a multi-tier management structure. The Company has five business heads i.e. Quality Assurance, Production, Engineering, Supply Chain and Marketing & Sales. The top level management of these heads are formed by taking a team of two persons i.e. one Japanese manager and one Indian manager. This kind of structure not only help is easy and effective communication but also allows the board members to give proper recommendations relating to business operations.

As on December 31, 2018 Suzuki Motor Corporation holds 56.21 per cent stake in the company followed by Foreign Institutional Investors to the extent of 22.78 per cent. Maruti Suzuki India Limited has complied with new corporate governance rules given by SEBI and bagged my awards for good governance and sustainable development. Some of the achievements are listed below:-

Table-4.7
Awards and Achievements of Maruti Suzuki India Ltd. for good governance

S. No.	Awards and Achievements
1	National Safety Award by Ministry of Labour and Employment, Government of India in 2018
2	Company of the Year award for corporate excellence in Economic times Awards in 2017
3	Automobile Manufacturer of the Year at BTVi's "The Auto Show - Car India & Bike India Awards 2017.
4	Golden Peacock Occupational Health and Safety Award" second time in a row in 2017
5	Commendation for Significant Achievement" in CSR domain at the CII-ITC Sustainability awards in 2018

6	Golden Peacock Occupational Health and Safety Award in 2016
7	Award for winning Customer Satisfaction Index (CSI) for the 16th time in a row in 2016
8	Golden Peacock Award' for Corporate Social Responsibility in Automobile Sector in 2015
9	Bagged 'Hall of the Fame' at NDTV Car & Bike Awards, for its consistent performance for last 10 years in 2015
10	CSR award for Driving Safety at Autocar India Awards in 2015
11	Maruti Suzuki ranked third in the list of the 100 most successful and influential companies in India listed by TLG Partners, a London-based consultancy that advises companies on how to build their reputation and shareholder value in 2013

Source: www.marutisuzuki.com

Table-4.8
General Information of Maruti Suzuki India Ltd.

Industry	Head office	Chairman	Market Capitalization	Head office address, website &Email
Auto - Cars & Jeeps	New Delhi	R.C. Bhargav	234865.74 cr as in November 2017	**Address:** Maruti Suzuki India Limited 1, Nelson Mandela Road, Vasant Kunj, New Delhi- 110070, India **Email:** investors@maruti.co.in **Website:** www.marutisuzuki.com

Source: www.marutisuzuki.com

4.4 Tata Motors Ltd.

Tata Motors Limited was previously known as Tata Engineering and Locomotive Company (TELCO). The company was established in 1945 as locomotives manufacturer. It started manufacturing its first vehicle in1954 in collaboration with Daimler-Benz. In 1988 it launched Tata Sumo and in 1998, it launched its first passenger car, Indica. In 2004, Tata Motors acquired South Korean truck manufacturing unit "Daewoo" and later it was renamed as Tata Daewoo. In 2005 the company formed a joint venture with Brazil-based Macropolo Bus to build buses and coaches which can be seen in metropolitan cities in India. In 2008 Tata purchased Jaguar and Land Rover from Ford and also launched Tata Nano, which become the world's cheapest car. In 2012, From December 2016 till today Akshay Kumar is the brand ambassador of vehicles of commercial range of Tata Motors. Tata Motors are manufacturing a wide range of vehicles in India. List of the vehicles is listed below:-

Table-4.9
Products and Services of Tata Motors Ltd.

S. No	Car	Segment
1	Tiago	Hatchback
2	Bolt	Hatchback
3	GenX Nano	Hatchback
4	Tigor	Sedan
5	Zest	Sedan
6	Harrier	SUV
7	Nexon	SUV
8	Hexa	SUV
9	Safari Strome	SUV
10	Sumo Gold	SUV

source: www.tatamotors.com

Table-4.10
Tata Motors Passenger and Cargo vehicles manufactured in India

S. No	Car	Segment
1	Buses	Passenger vehicle
2	Winger	Passenger vehicle
3	Magic	Passenger vehicle
4	Magic Iris	Passenger vehicle
5	Prima	Cargo
6	M&HCV Construck	Cargo
7	Light Trucks	Cargo
8	M&HCV Cargo	Cargo
9	ULTRA	Cargo
10	Xenon Pickup	Cargo
11	ACE	Cargo
12	Super Ace Mint	Cargo
13	Ace Zip	Cargo
14	Ace Mega	Cargo

Source: www.tatamotors.com

This list does not ends here Tata motors is also manufacturing defence vehicle which is widely used by the Indian army for transporting defence equipment and ammunition from one location to another.

Corporate Governance of Tata Motors Ltd.

Tata Motors is a subsidiary of Tata Company which is one of the most trusted names in the world. The pillars of company's philosophy on corporate governance stands on fair, ethical and transparent governance practices and it has always maintained the high standards of professionalism, honesty and integrity. The Board along with the committees takes full responsibility of the stakeholder by ensuring transparency and independence in decision making. The company has developed Tata Business Excellence Model to strengthen corporate governance of the company. They also use Balance scorecard for analysing the progress of long term objectives. Their Code of Conduct works on ethical values and business principles and also guides the management of the company in right direction. The company complies with all the regulations given by SEBI's (Listing obligations and disclosures requirements) Regulations, 2015. According to the Tata Motors corporate governance report Company's Depository Program is listed on the New York Stock Exchange and the Company also complies with US regulations as applicable to Foreign Private Issuers. Tata Motors has shown excellent governance by building trust not only among the customers but also among the employees. The company has bagged many awards. Some of them are listed below:-

Table-4.11
Awards and Achievements of Tata Motors Ltd. for good governance

S. No.	Awards and Achievements
1	Renewable Energy Excellence End User' Award at Renewable Energy India Awards 2018
2	Best Learning Organization of Asia (2011-12)
3	HR Innovation of the Year' award for outstanding contribution to skill development, at the Asia Pacific Excellence Awards, 2016
4	Best Companies to Work for' Award 2017
5	Risk Management Award (IRMA) – Supply Chain Risk Management Award in 2016
6	Golden Peacock Environment Management Award (GPEMA) in Automobile

	sector (India) in 2016
7	CII Energy Efficient Unit Award 2015
8	1st Prize in Productivity Case Study Contest organized by Indian Institute of Industrial Engineering in Medium Scale Corporate category in 2015
9	Won 3rd Prize in Excellence in Suggestion Scheme category in Auto Industry group at 26th National Convention of Indian National Suggestion Scheme's Association in 2015
10	Manufacturing Supply Chain Operational Excellence for automobiles is awarded to Tata Genuine Parts by Asia Manufacturing Supply Chain Awards in 2014

Source: www.tatamotors.com

Table-4.12
General Information of Tata Motors Ltd.

Industry	Head office	Chairman	Market Capitalization	Head office address, website & E-mail
Auto-LCV's &HCV's	Mumbai	Natrajan Chandeasekaran	143610.53 Cr as in November 2017	**Address:** Tata Motors Ltd 4th Floor, Ahura Centre 82 Mahakali Caves Road MIDC, Andheri East Mumbai **Email:**inv_rel@tatamotors.com **Website:**www.tatamotors.com

Source: www.tatamotors.com

4.5 Ashok Leyland Ltd.

The company was founded in 1948 by Raghunandan Sarana. He was a freedom fighter. After independence he invested a modern industrial venture after he was persuaded by PM Nehru. In 1948 the company started he assembling and manufacturing Austin cars from England. Its headquarter lies in Rajaji Saalai, Chennai and first plant in Ennore. In 1954 Leyland Motors of England joined the company and their name changed to Ashok Leyland. According to company's annual report 2016, it is fourth largest manufacturer of buses in the world and 10th largest manufacturer of trucks globally. It has nine plants all over the country and it had sold approximately 140,000 vehicles (M&HCV + LCV) in FY 2016.

Table-4.13

Products and Services of Ashok Leyland Ltd.

Trucks	Defence vehicles
Buses	Spares
Light Vehicles	Other services
Power Solutions	

Source: ashokleyland.com

Corporate Governance of Ashok Leyland Ltd.

Ashok Leyland always tries to the enhance shareholder's value with the help of better business decisions, sound financial management and best standards of ethical values. It has achieved excellence in corporate governance by applying the mandatory guidelines on corporate governance given by SEBI. It regularly reviews and modifies the board processes and the management information systems for further improvement. The company has undertaken a code of conduct for the members of the Board and their subordinates

Table-4.14

Awards and Achievements of Ashok Leyland Ltd. for good governance

S. No.	Awards and Achievements
1	Ashok Leyland wins Golden Peacock Award for Sustainability for the year 2018
2	Ashok Leyland, Hosur Unit II conferred the 2017 Deming Prize for successful implementation of Total Quality Management
3	CII Awards on 'water management' have been won consistently
4	Manufacturing unit in Bhandara have won many environment management and conservation awards instituted by external agencies including the Golden Peacock

Source: ashokleyland.com

Table-4.15

General Information of Ashok Leyland Ltd.

Industry	Head office	Chairman	Market Capitalization	Head office address, website & E-mail
Auto-LCV's &HCV's	Chennai	R J Shahaney	37430 Cr as in November 2017	Ashok Leyland Ltd., No.1, Sardar Patel Road, Guindy, Chennai - 600 032, India. **Email:**secretarial@ashokleyland.com **Website:**www.ashokleyland.com

Source: ashokleyland.com

4.6 Eicher Motors Ltd.

Eicher Motors Ltd is the manufacturer of the iconic brand name Royal Enfield which is one of the most demanded motorcycles in India at present time. It is also one of the oldest motorcycle brand which still running worldwide. Eicher Motors Ltd. which is a commercial vehicle manufacturer in India was set up in 1948. In 1959 Eicher Tractor Corporation of India Private Ltd was established, jointly with the Eicher tractor company. The company had 50-50 joint venture with Volvo group. Volvo Eicher Commercial Vehicle Ltd. In 1986 company started producing commercial vehicle in their plant located in Pithampur in Madhya Pradesh. Company also has collaborations with Mitsubishi Motors Corporation of Japan for product light commercial vehicle in India which they ended in 1994. In 2005, company's Tractor division at Parwanoo and Engines division at Alwar had been sold to TAFE Motors and Tractors Ltd for a consideration of Rs 310 crore In July 2012 Eicher Motors agreed on a joint venture with Polaris Industries Inc. to set up a project name "Greenfield". In 2016 Eicher Motors most renowned brand Royal Enfield declared its tie up with flipkart to sell Royal Enfield gear and accessories. The company is the manufacturer of wide varieties of vehicle some of them are listed below:-

Table-4.16
Products and Services of Eicher Motors Ltd.

Royal Enfield Segment	Eicher Commercial Vehicle
Interceptor	Haulage Truck
Continental GT	Tipper Truck
Himalayan	School Bus
Thunderbird	Staff Bus
Classic	Tourist Bus
Bullet	Route Permit Bus

www.eichertrucksandbuses.com

Corporate Governance of Eicher Motors Ltd.

Corporate governance has always remained one of the most focused areas for the company. The company is always committed to protect the rights of the stakeholders and manage their wealth by reducing the risk element in the business. It always tries to maintain the bets environment for working. The code of conduct strongly emphasizes on accountability, compliance and transparency. The governance process which the company follows consists of sub-committees of the board to monitor the functions of executive managers. These committees mainly comprise of independent directors and non-executive directors which regularly meet to perform their duties.

Table-4.17
Awards and Achivement of Eicher Motors Ltd. for good governance

S. No.	Awards and Achievements
1	Eicher bags Award at African Road Safety Forum 2018
2	CII National 5S Excellence Awards 2017
3	5th World Auto Forum Awards 2017 for Best Marketing & Sales Function and Best Finance function
4	Manufacturing Today Awards 2017 VECV honored with the Excellence in HR
5	CII National Energy Management Award 2017
6	7th CII National HR Excellence award 2016
7	Business Standard Awards 2015
8	9th CII National Competitiveness & Cluster Summit 2014

Source: www.eichertrucksandbuses.com

Table-4.18
General Information Eicher Motors Ltd.

Industry	Head office	Key people	Market Capitalization	Head office address, website &E-mail
Automotive	New Delhi	Siddhartha Lal (CEO & MD)	84907.13 Cr as in November 2017	**Address**: 3rd Floor- Select Citywalk A-3 District Centre, Saket New Delhi- 110 017 **Website**: www.eichermotors.com

Source: Annual report 2017-18

4.7 MRF Ltd.

MRF was incorporated as a rubber balloon factory with a cost of Rs. 14000 in 1946 by KM Mammen Mappillai. In 1952 MRF started investing in the manufacturing tread rubber and setup the first rubber mill in the factory. Soon in 1960 MRF became a private limited company. It started manufacturing tyres and tubes for automobile, aircraft and cycle in collaboration with the Mansfield Tire & Rubber Co., Mansfield, Ohio, U.S.A. In 1961 it became a public limited company. In 1967 MRF came out to be the first Indian company to export tyres to USA. 1980 was an important year for MRF. It took part in collaboration with BF Goodrich Tire Co., USA. In this year only name of the company i.e. Madras Rubber Factory Ltd. was changed to MRF Ltd. In 1989 MRF got the status of 'Star Exporter' which granted company a priority status on several fields like customs, RBI, etc. In 2000 MRF had set up shop in Dubai and targeted customers in the UAE to strengthen its export thrust. In 2009 MRF appointed Mr. Sanjay Sharad Vaidya as a Director and Dr. Salim Joseph Thomas as an Additional Director of the company. In 2015 MRF was listed in India's Super 50 list given by Forbes. Company is not only in tyres business but also in sports and toys business. Its products and services are listed below:-

Table 4.19
Products and Services of MRF Ltd.

Tyres	Tiretok
Sports Goods	Tiredrome
Funskool	MRF Fasst
Paints and Cots	Muscle Zone
Pretreads	MIDD

Source: mrftyres.com

Corporate Governance of MRF Ltd.

MRF has always followed the best code of corporate governance practices tries to preserve the top levels of transparency, accountability fairness, and ethical values in all facets of its operations. Its corporate governance ensures that timely and accurate disclosure on all matters including the financial situation and performance. It also maintains all the regulatory requirements given by SEBI and Company Act 2013. MRF believes that good corporate governance is essential for achieving long-term corporate goals for meeting the needs and aspirations of its stakeholders, including shareholders.

Table-4.20
Awards and Achievement of MRF Ltd. for good governance

S. No.	Year	Awards and Achievements
1	2018	MRF tractor tyre was rated no.1 on J.D. Power customer satisfaction index
2	2018	MRF Car/SUV tyres ranked highest in customer satisfaction.
3	2017	MRF jumped 5 rank up in the list of Super 30 Companies in India
4	2017	MRF was listed in brand list of top 50 valuable Indian brands
5	2016	MRF won J.D. Power award for 12th time in 16 years
6	2015	MRF was listed in Forbes India's Super 50 list of Indian companies
7	2014	MRF won J.D. Power award for 11th time

Source: mrftyres.com

Table-4.21
General Information MRF LTD.

Industry	Head office	Key people	Market Capitalization	Head office address, website &E-mail
Tyres	Chennai	Rahul Mammen (Chairman & MD))	26888.80 Cr as on November 2017	**Address**: No. 114, Greams Road, Chennai, Tamilnadu- 600006 **Website**: mrftyres.com

Source: mrftyres.com

4.8 MOTHERSON SUMI SYSTEMS LTD.

Motherson Sumi Systems was incorporated in 1986 as a private limited company and became a public limited company in April 1987. There were two promoters of this company, K.L. Sehgal and V.C. Sehgal. Company basically deals in integrated wiring and components for integrated wiring. In 1993 company got Best Display Award in Auto Expo Exhibition held at Pragati Maidan in New Delhi. In 1995 company had been awarded the ISO 9001.It has also received the award of Best Vendor Award in the field of Electricals from Maruti Udyog Limited in 1994-95.In 1997 company supplied material for Integrated Wiring Harness for the “Honda Siel project” due for commercial production. In 2007 company entered into a joint venture with Calsonic Kansei. In 2012 Mr. Sushil Chandra Tripathi, IAS (Retd.), Mr. Satya Pal Talwar and Mr.Gautam Mukherjee” has appointed Independent Directors of the company. Company has received the biggest order of 15400 cr. order from Daimler in 2015. In 2017 it acquired Kobek Siebdruck GmbH & Co. of Germany for printed products and screen printing solutions. The company produce wide variety of product which are listed below:-

Table-4.22
Products and Services of Motherson Sumi Systems

Vision System	Wiring Harness
Modules and Polymer Products	Retail and Services
Technology and Software	Aerospace, Defence and Security
Metal Products	Logistics

Source: www.motherson.com

Corporate Governance of Motherson Sumi Ltd.

Company's corporate governance always emphasizes on the principles of transparency, accountability integrity, and ethical values. It also takes into account the policies of Corporate Governance not only to on paper, but also implemented in the best possible way, keeping in view the interest of all its stakeholders. The company recognizes the corporate governance as an important tool which can help in enhancing trust of the company's customers, employees, investors and the community at large and it also helps the company in achieving its goal i.e. maximizing stakeholder's value.

Table-4.23
Awards and Achievement of Motherson Sumi Ltd. for good governance

S. No.	Awards and Achievements
1	Overall Best QCDM performance Award by Renault Nissan
2	Certificate for Safety by Maruti Suzuki
3	Award for overall performance by Maruti Suzuki
4	Quality management Award by Honda Motorcycles & Scooter
5	Award for Excellence in Quality, Delivery, Technological Support and Cost Management by John Deere
6	Significant Contribution on Quality Award by Tata Hitachi
7	Zero Defect Business Partner Award by Ashok Leyland

Source: www.motherson.com

Table-4.24
General Information Motherson Sumi Ltd.

Industry	Head office	Key people	Market Capitalization	Head office address, website &E-mail
Auto Ancillaries	Noida	Vivek Chaand Sehga(Chairman)	Rs 75033.23 Cr. as in March 2017	Unit 705, C Wing, ONE BKC, G Block, Bandra Kurla Complex, Mumbai, Maharashtra-400051 **Website**:www.motherson.com **Email:** investorrelations@motherson.com

Source: www.motherson.com

4.9 Bharat Forge Ltd.

The Company was incorporated in 1961 in Mumbai with the objective of manufacturing forgings and finished crankshafts. The company entered into a technical collaboration with Sifco Industries Inc., of U.S.A. In 1983 company established a joint venture with Maharashtra Electronics Corporation Ltd. (MELTRON) for manufacturing colour T.V. In April 1986 Company became Bharat Forge, Ltd. From Bharat Forge Co. Ltd. In 1995 company decided to establish a plant for manufacturing Finish Machined Crankshafts" in Pune. The company became the leading player in the forging sector. It became the flagship of The Kalyani group. In 2002 a leading Chinese auto dealer OEM had given a large contract to Bharat Forge, Ltd. and in 2003 it become second largest customer in China. In 2008 a Memorandum of Understanding (MOU) with NTPC Ltd was signed by the company. In 2011 Mr Ajay Kumar Sharma has been appointed as Company Secretary of the Company.

Table-4.25
Products and Services of Bharat Forge Ltd.

Automotive Parts	Thermal, Hydro and Wind power parts
Oil & Gas components	Rail components
Marine Parts and components	Aerospace components
Construction & Mining components	Solutions for E-Mobility

Source: www.bharatforge.com

Corporate Governance of Bharat Forge Ltd.

Bharta Forge Ltd. is a world class company and it has adopted transparent, appropriate disclosure. It has constantly performing best board practices and high standards of corporate conduct towards the stakeholders. Bharat Forge Ltd. has also adopted the practices mandated in Amended Clause 49 of the Listing Agreement and has established procedures to be fully compliant with it. The methodology which company follows, are reviewed on regular time interval it ensures that there is a continuous and responsiveness solution for needs of the shareholders.

Table-4.26
Awards and Achievement of Bharat Forge Ltd. for good governance

S. No.	Year	Awards and Achievements
1	2018	MRF tractor tyre was rated no.1 on J.D. Power customer satisfaction index
2	2018	Bharat Forge bagged Silver Award in the category of Business Alignment at the Ashok Leyland Conference on 20th April 2018.
3	2017	Bharat Forge was awarded First Position in 5S and Energy Conservation Competitions at by ACMA (Western Region).
4	2017	Baba N. Kalyani, Chairman & Managing Director was felicitated by the Hon'ble Chief Minister of Maharashtra, Shri Devendra Fadnavis at the Nava Maharashtra Conclave on 20th November 2017 for his outstanding contribution towards Maharashtra's development.
5	2016	Mr. Baba Kalyani, Chairman & Managing Director, Bharat Forge received "ICSI Lifetime Achievement Award" for Translating Excellence in Corporate Governance into Reality for the year 2016.
6	2015	Bharat Forge Limited received Recognition Prize - Energy Efficiency Award 2015 by the German Energy Agency
7	2014	Baba Kalyani, Chairman and Managing Director, Bharat Forge recived the prestigious IIM-JRD Tata Award for Excellence in Corporate Leadership in Metallurgical industries – 2014

Source: www.bharatforge.com

Table-4.27
General Information Bharat Forge Ltd.

Industry	Head office	Key people	Market Capitalization	Head office address, website &E-mail
Forging Metals Machinery Engineering	Pune	Baba Kalyani (Chairman)	Rs 29681.28 Cr as in March 2017	**Address**: Pune Cantonment, Mundhwa, Pune - 411 036. INDIA **Website**:www.bharatforge.com **Email:** info@bharatforge.com

Source: www.bharatforge.com

4.10 Mahindra & Mahindra Ltd.

Mahindra & Mahindra Ltd. was started as steel trading company in 1945 as Muhammad & Mahindra by two brothers' name Kailash Chandra Mahindra and Jagdish Chandra Mahindra with Malik Ghulam Muhammad. After partion on India Ghulam Muhammad went to Pakistan and the company name changed to Mahindra and Mahindra in 1948. It started with the assembly under the licence of Willys Jeep and soon became an established Jeep Manufacturer of India. It also started making light commercial vehicles and agriculture tractors. The company has also taken over Kinetic Motors to enter into the two wheeler market in India. It also acquired South Korea's SsangYong Motor Company in year 2011. In 2014 the company acquired 51% stake in Peugeot Motorcycles. In January 2017, Mahindra and Mahindra Ltd. also acquired 75.1 stakes in Hisarlar Makina Sanayi ve Ticaret Anonim Şirketi (Hisarlar), a farm equipment company, for entering in the market of Turkey.

Table-4.28
Products and services of Mahindra & Mahindra Ltd.

Aerospace	Boats
Aftermarket	Clean Energy
Agri Industry	Construction Tools
Automotive	Consulting firms
Defence vehicles	Farm Equipment
Hospitality vehicles	Information technology equipment
Insurance Broking services	Logistics services
Power Backup solution	Real Estate & Infrastructure sector

Retail sector	Housing Finance sector
Steel sector	Truck & Buses segment
Two Wheelers segment	Vehicle & Equipment Finance services

Source: www.mahindra.com

Corporate Governance of Mahindra & Mahindra Ltd.

Company's corporate governance shows the culture, policies, relationship the shareholder, commitment to values and business ethics. It displays timely and accurate disclosures listed in SEBI's Clause 49 and Companies Act 2013 i.e. financial disclosures, performance, ownership and governance. Its ethical business conduct is globally renowned and consistent.

Table-4.29
Awards and Achievement of Mahindra & Mahindra Ltd. for good governance

S. No.	Year	Awards and Achievements
1	2018	Won Golden Peacock Global Award for Excellence in Corporate Governance instituted by "Institute Of Directors, Delhi (IOD)
2	2017	Global Sustainability Award, Platinum rating at World Renewable Energy Congress 2016 (for AD Nashik Plant)
3	2017	Best Innovative CSR Project by India CSR Awards 2016 (for Mahindra Finance)
4	2016	TOI Social Impact Award for K. C. Mahindra Education Trust's project Nanhi Kali in the 'Corporate - Education' category.
5	2016	Golden Peacock Award for Excellence in Corporate Governance by the Institute of Directors.
6	2015	Tech Mahindra Performance Engineering got IT Europa Awards under the category of Data Centre Solution of the year
7	2014	Tech Mahindra Ltd. won Land Transport Excellence Awards for Best ICT Solution Delivery Partner

Source: www.mahindra.com

Table-4.30
General Information Mahindra & Mahindra Ltd.

Industry	Head office	Chairman	Market Capitalization	Head office address, website &E-mail
Auto - Cars & Jeeps	Mumbai	Anand Mahindra	Rs 84073.70 Cr as in March 2017	**Address:** Mahindra & Mahindra Limited, Gateway Building, Apollo Bunder, Mumbai 400 001, India **Website**:www.mahindra.com **Email:** investors@mahindra.com

Source: www.mahindra.com

4.11 Bajaj Auto Ltd.

Bajaj Auto was founded in 1945 under the name of M/s Bachraj Trading Corporation private Limited and in 1948 it started selling two and three wheeler in India. In 1959 company obtained permission from the Govt. of India of manufacturing two-three wheelers and became a public limited company in 1960. In 1970 achieved the mile stone of 100000th vehicle. On 19 January 1984 it laid down the foundation of its new plant at Waluj Aurangabad and started production on 5 November 1985. In 1998 it commenced production at Chakan Pune Plant. In 2001 Bajaj launched Pulsar. Then from 2003 onwards bajaj has lanched many bikes like Caliber 115, Boxer and Discover etc. In 2008 demerger of Bajaj Holdings & Investments Ltd took place. Bajaj Auto had increased the production capacity of two & three wheelers by 300000 to 4260000 and from 780000 to 5040000 in 2009-10 to 2010-11 respectively. On 8 August 2017 Bajaj Auto and Triumph Motorcycles UK announced global partnership. Presently Bajaj is one of the largest and leading manufacturer of and two and three wheelers in India. List of the bikes produce by the company ids given below:

Table -4.31
Products and Services of Bajaj Auto Ltd.

S.No.	Vehicles	Segment
1	Dominer 400	Two wheeler
2	Pulsar RS200/ NS200/ NS160/ 220F/ 180 /150/ 150 Twin disc	Two wheeler

3	Avenger Cruise220, Street 220, Street 180	Two wheeler
4	V15, V12	Two wheeler
5	Discover	Two wheeler
6	Platina	Two wheeler
7	Ct100	Two wheeler
8	Compact	Three wheeler
9	Maxima	Three wheeler
10	Maxima C	Three wheeler

Source: www.bajajauto.com

Corporate Governance of Bajaj Auto Ltd.

Bajaj Group is one of the most trusted brands of two and three wheeler in India as well as outside India. They are always committed to high standards of corporate governance practices and comply with all the provisions given by recent SEBI's Listing Regulations, 2015. The company always maintains the ethical dealing, transparency, accountability and disclosures so that the trust in the eyes of the stakeholders can be maintained. Company also works on the optimum ratio of the executive and independent directors so that the independence of the board can be maintained. Company has bagged many award for its best practice in corporate governance some of them are listed be below:-

Table-4.32
Awards and Achievements of Bajaj Auto Ltd. for good governance

S. No.	Year	Awards and Achievements
1	2018	Sanjiv Bajaj of Bajaj Auto won the coveted Business Leader of the Year award given by Economic Times (ET).
2	2017	Shri Rahul Bajaj Chairman, Bajaj Auto Limited has received the prestigious ICSI Lifetime Achievement Award for Translating Excellence in Corporate Governance into Reality.
3	2017	Bajaj Auto and British niche bike maker Triumph announced a global partnership for design, development and distribution of mid-range motorcycles.
4	2015	Bajaj Auto has given a grant of Rs. 30 crore to the Indian School of Business (ISB) with an aim to boost its learning facilities
5	2014	BrandZ ranked Bajaj Auto 5th in top 50 most valuable Indian

		brands 2014
6	2014	Forbes ranked Bajaj Auto 96th in top 100 Wolds Most Innovative Companies 2014
7	2013	Rahul bajaj, chairman of Bajaj Auto received Rotary Life Time Achievement Award in Leadership Excellence

source: www.bajajauto.com

Table-4.33
General Information Bajaj Auto Ltd.

Industry	Head office	Chairman	Market Capitalization	Head office address, website &E-mail
Auto - 2 & 3 Wheelers	Pune	Rahul Bajaj	92031.73 Cr as in March 2017	**Address:** Bajaj Auto Ltd. Complex Bajaj Auto Ltd Complex, Akurdi, Pune-411035, India **Email:** investors@bajajauto.co.in **Website:** www.bajajauto.com

Source: www.bajajauto.com

4.12 Bosch Ltd.

Bosch is an auto component making company based in India. It deals in three business sectors, i.e. Automotive Technology, Industrial Technology and Consumer Goods and Building Technology. Robert Bosch GmbH and Robert Bosch Engineering and Business Solutions holds 70.49% stake in the company. It was incorporated in 1951 by the name “Motor Industries Company Ltd”. It entered into India and established its office in Calcutta and in 1953 initiated their manufacturing at Bangalore Plant. In 1972, the company has setup its second manufacturing plant at Nashik for manufacturing nozzle and nozzle holders. In 2001 company took a big step by acquiring Rexroth and establishing themselves as a leading player in drive, control and motion technology. In 2008, company changed their name from Motor Industries Company Ltd to Bosch Ltd. in 2014, company launched Energy and Building Solutions business in India.

Table-4.34
Products and services of Bosch Ltd.

Home Products	Mobility	Industry and trade
Heating and Hot water appliance	Auto Parts and accessories	Drive and control technology
Ovens	Car service centers	Energy and Building Solutions
Microwave		Engineering and Business Solution
Washing Machine		Packing technology
Chimneys		Power tools for professionals
Refrigerator		Security Solutions

source: www.bosch.in

Corporate Governance of Bosch Ltd.

The company has always tried to improve the quality of people's lifestyle with the help of its products and services. It has always given the importance to the values and responsibility towards the society. Its business practices are inclined towards better environment, products and customers, associates and young talents for better corporate governance. It also follows national laws and universally valid rules and standards.

Table-4.35
Awards and Achievement of Bosch Ltd. for good governance

S. No.	Year	Awards and Achievements
1	2018	Gold Award in Auto ancillary sector by Frost & Sullivan India Manufacturing Excellence Award
2	2018	Bosch Energy and Building Solutions India wins "Renewable Energy India (REI) 2018 Award in Leading EPC - Solar Rooftop Category
3	2016	Bosch India received a CSR Award for **"Best Overall Sustainable Performance"** from the "World CSR Congress"
4	2016	CSR Award by the Federation of Indian Chambers of Commerce and Industry (FICCI) for **BRIDGE** (**B**osch's **R**esponse to **I**ndia's **D**evelopment and **G**rowth through **E**mployability **E**nhancement), a flagship CSR program of Bosch Limited
5	2015	Winner of "Inter Solar Award 2015" in industrial and commercial category

source: www.bosch.in

Table-4.36
General Information Bosch Ltd.

Industry	Head office	Key people	Market Capitalization	Head office address, website &E-mail
Auto Ancillaries	Bengaluru	Bernhard Straub(Chairman)	Rs 65222.82 Cr. As in March 2017	P. B. No. 3000, Hosur Road, Adugodi, Bengaluru, Karnataka -560030 India, **Website**: www.bosch.in **Email:** investors@in.bosch.com

Source: www.bosch.in

4.13 Exide Industries Ltd.

It is one of the best storage battery producing company in India. It has its headquarters at Kolkata. According to investing news.com it is the largest manufacturer of automotive and industrial lead-acid batteries in India and fourth largest in the world. It was incorporated as Associated Battery Makers (Eastern) Ltd. on 31 January 1947 under the Companies Act. In 1995 company got the name Exide Industries Ltd. It has eight factories located all around the country i.e. two in Maharashtra, two in West Bengal, one in Tamil Nadu, one in Haryana and two in Uttarakhand. It has business network across 46 countries spanning across 5 continents.

Table-4.37
Products and Services of Exide Industries Ltd.

Automotive Batteries	Industrial Batteries
Inverter Batteries	Solar Batteries
Genset Batteries	Submarine Batteries
Home UPS system	

Source: www.exideindustries.com

Corporate Governance of Exide Industries Ltd.

Transparency is a major area in company's corporate governance. It adheres to all the necessary requirements given by SEBI and Companies Act. All the committees of the board comply with the norms given by SEBI Listing Obligations & Disclosure Requirements" Regulations, 2015. It always believes that while substantial resources are being utilized by large corporates in generating wealth and add value, it is the duty of corporate governance that should keep them on the right track so that the process of wealth creation is maintained over an extended period of time.

Table-4.38

Awards and Achievement of Exide Industries Ltd. for good governance

S. No.	Year	Awards and Achievements
1	2018	CII-ITC Sustainability Award 2018
2	2018	Gold Award from Indus Towers for Technology Support
3	2017	Greentech Safety Award 2017
4	2017	Rashtra Vibhushan Award
5	2016	Golden Peacock Award for Excellence in Corporate Governance 2016
6	2016	Frost & Sullivan Sustainability 4.0 Awards
7	2015	16th Annual Greentech Environment -Gold Award by Greentech

Source: www.exideindustries.com

Table-4.39

General Information Exide Industries Ltd.

Industry	Head office	Key people	Market Capitalization	Head office address, website &E-mail
Auto Ancillaries	Kolkata	Bharat D Shah (Chairman)	17433.50 as in March 2017	**Address:** Exide Industries Ltd. Exide House 59E Chowringhee, Kolkata – 700020" **Website**: www.exideindustries.com **Email:** exideindustrieslimited@exide.co.in

Source: www.moneycontrol.com

4.14 Cummins India Ltd.

The company was incorporated in 1962 at Pune and it is a part of US $23.8 billion Cummins Inc. It basically deals in designing, manufacturing, distributing and servicing diesel and alternative fuel engines. It has four business segments in India i.e. Engine Business Unit which designs natural gas powered engines and diesel, Power System Business Units which designs power generation and high-horsepower engines, Components Business Unit which designs Filtration, Emission Solutions, Turbo Technology and Fuel Systems and Distribution business Unit which deals in sales, service and support to our customers across India. In 2017 Cummins engines powered Tata PRIMA trucks at T1 Racing Championship.

Table-4.40
Products and Services of Cummins India Ltd.

Engines
Generators
Components

Source: www.cumminsindia.com

Corporate governance of Cummins India Ltd.

Cummins is a global company ad it always tries to do what is right. It always stand strong for the commitment with integrity and applies the best structure for all the business activities and this commitment serves as a foundation for the company's governance policies. The company has believed in good governance which has laid the foundation for a truly sustainable company. The composition of company's board of directors shows and protects the interests of the company's stakeholders and the relation with the legal responsibility for overseeing the affairs of the company.

Table-4.41
Awards And Achievement of Cummins India Ltd. for good governance

S. No.	Awards and Achievements
1	Cummins India was ranked 16th in 2015 on the list of Best Companies for CSR in India by the Economic Times
2	The Cummins Turbo Technologies Dewas plant bagged the Runner-Up position at the Manufacturing Today Conference and Awards for Corporate Social Responsibility (CSR) and Quality Development
3	Confederation of Indian Industry (CII) presented Cummins India with the 11th National Award for 'Excellence in Energy Management 2010' for the rural electrification project
4	Tata Cummins Limited in India won the 13th Annual Greentech Environment Award in the silver category of the automobile sector in 2013
5	Cummins India named one of the World's Most Ethical Companies by the Ethisphere Institute in 2013
6	Corporate Responsibility magazine named Cummins to its 2012 list of the world's 100 Best Corporate Citizens

Source: www.cumminsindia.com

Table-4.42
General Information Cummins India Ltd.

Industry	Head office	Key people	Market capitalization	Head office address, website &E-mail
Engines	Pune	Mark Levett (Chairman)	Rs 24923.05 Cr. as in March 2017	**Address:** Cummins India Office Campus Tower A & B, Survey No. 21, Balewadi Pune – 411 045, Maharashtra, India **Website**: www.cumminsindia.com **Email:** cil.investors@notes.cummins.com

Source: www.cumminsindia.com

4.15 TVS Motor Company Ltd.

TVS motor company is a multinational company with its headquarters in Chennai. In 1962 Sundaram Clayton came into existence in collaboration with Clayton Dewandre. It started manufacturing exhausts, compressors, brakes, and other automotive parts. In 1980 it launched India's first two-seater moped, TVS 50. In 1982 Sundaram Clayton and Suzuki Ltd. signed a joint venture and in 1984 commercial production of motorcycles began. According to TVS website it is third largest motorcycle company in India with revenue of over ₹20,000 crore in 2018-19 and also the second largest exporter in India with exports to over 60 countries.

Table-4.43
Products and Services of TVS Motor Company Ltd.

Scooters	Motorcycles	Moped	Three Wheeler
Ntorq	Apache Rr310	Xl 100/Xl 100 Comfort/Xl 100 Heavy Duty/ Xl 100 Heavy Duty I-Touchstart/	King
Jupiter	Apache Rtr 160 4v/Rtr 200 4v Abs R 2.0/ Rtr 200 4v R 2.0/Rtr 200 Fi 4v R 2.0/ Rtr 180 Abs/Rtr 180/ Rtr 160	Xl100hd I-Touch-Spl-Edition	
Wego	Radeon		
Zest 110	Victor		
Scooty Pep+	Star City +		
	Sport		

Source: www.tvsmotor.com

Corporate governance of TVS Motor Company Ltd.

TVS motor has always been practicing the principles of good Corporate Governance for many years and emphasised on transparency, accountability and integrity. It had made separate section on corporate governance and also shows the certificate is awarded by Statutory Auditors of the company for the compliance of conditions of Corporate Governance mentioned under the "Listing Regulations of SEBI" as a part of its Annual Report.

Table-4.44
Awards and Achievements of TVS Motor Company Ltd. for good governance

S. No.	Awards and Achievements
1	TVS Motor has been awarded Highest in Customer Satisfaction by J.D. Power Asia Pacific Awards for 2018
2	TVS Motor Company was named the Two Wheeler Manufacturer of the Year by NDTV Car and Bike Awards 2015
3	TVS is India's Most Trusted Brand in the Two Wheeler Category by Economic Times Most Trusted Brand Survey, 2012
4	TVS Motor Company Ltd is a winner of the CII ITC Sustainability Awards, 2012, Certificate of Commendation for Significant Achievement.
5	TVS Apache RTR180 is the Most Appealing Premium Motorcycle as awarded by J.D.Power Asia Pacific Awards, 2016.

Source: www.tvsmotor.com

Table-4.45
General Information TVS Motor Company Ltd.

Industry	Head office	Key people	Market Capitalization	Head office address, website &E-mail
Auto - 2 & 3 Wheelers	Chennai	Venu Srinivasan (Chairman &MD)	32567.22 as in March 2017	**Address**: Chaitanya , No. 12, Khader Nawaz Khan Road, Nungambakkam, Chennai Tamil Nadu- 600034 **Website**: www.tvsmotors.com **Email:** investorscomplaintssta@scl.co.in

Source: www.tvsmotor.com

Chapter-5
Data Analysis and Interpretation

5.1 Introduction

This chapter contains a frame work which shows that how the corporate governance index is prepared by taking twenty six variables. The variables have already been discussed in detail in chapter number two. The corporate governance disclosure level of the companies has been classified on the basis of year, company and variables or items. This chapter also shows that impact of corporate governance on firm's performance. The performance measures are also divided into four categories i.e. liquidity, efficiency, profitability and solvency. The study the impact Karl Pearson coefficient of correlation and panel regression has been implied. The analysis starts with the first objective i.e.

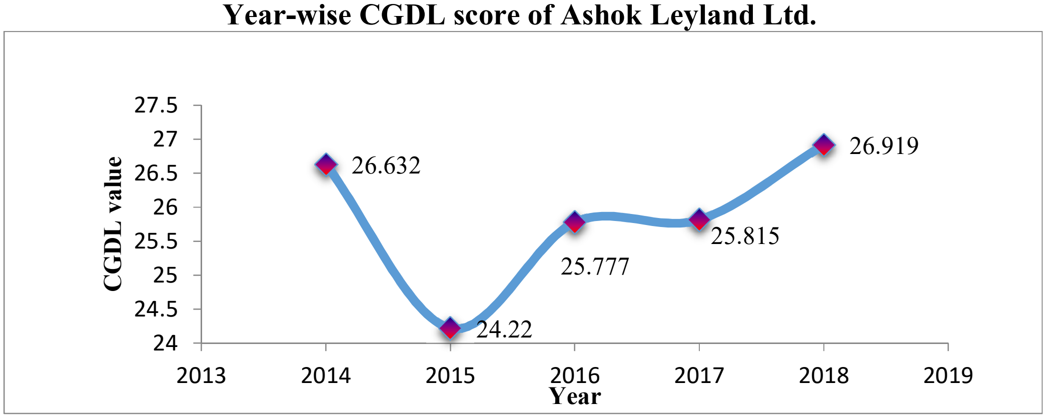
> To examine the corporate governance practices in automobile companies listed in S&P BSE AUTO

5.2 Corporate governance practices of companies listed in S&P BSE AUTO INDEX

5.2.1 Ashok Leyland Ltd.

The graph below shows that how the CGI score of Ashok Leyland has varied in last five years. Initially in 2014 the CGI value was 26.623 but when new corporate governance norms came their CGI came down 24.22 and in next year it went up again to 25.77 and in last year i.e. in 2018-2019 it was 26.919.

Fig: 5.1
Year-wise CGDL score of Ashok Leyland Ltd.

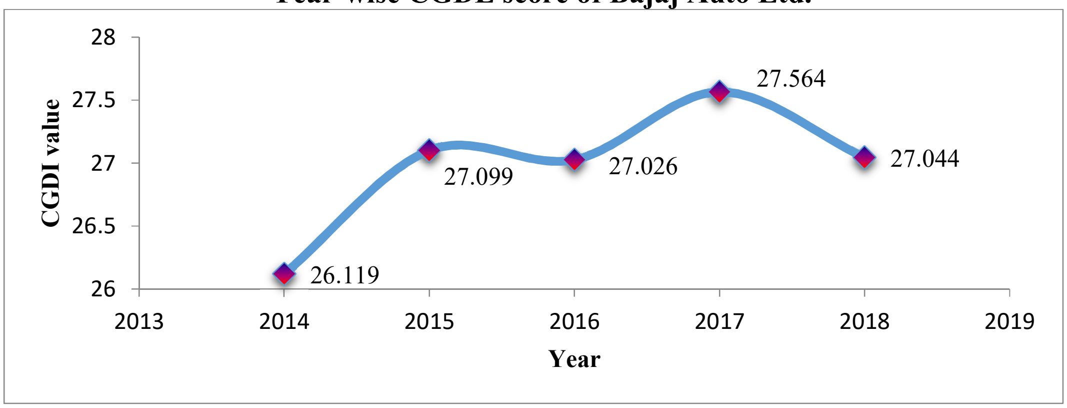


Source: author's calculation

5.2.2 Bajaj Auto Ltd.

The fig below shows the CGI score of Bajaj Auto Ltd. It can be seen that the corporate governance of Bajaj Auto has improved. It was 26.119 in 2014 which reached to 27.044 in 2018. Though there is a slight fall in from last year but still it is higher than in 2014.

Fig: 5.2
Year-wise CGDL score of Bajaj Auto Ltd.

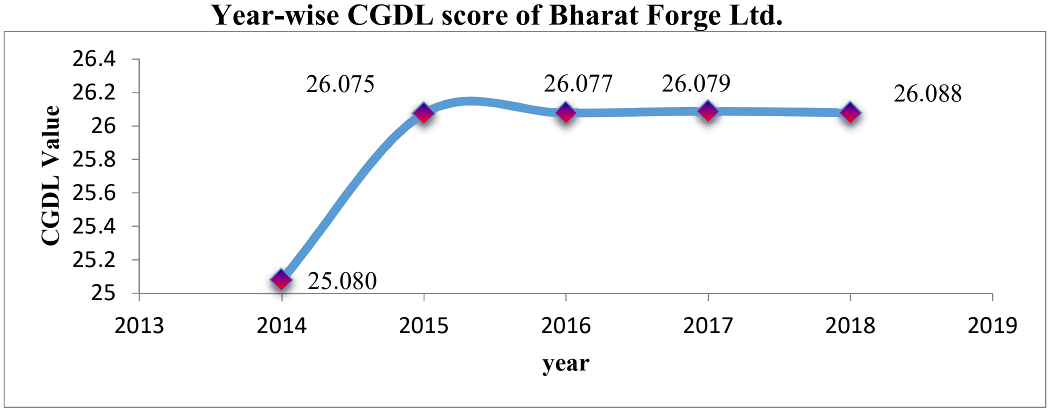


Source: Author's calculation

5.2.3 Bharat Forge Ltd.

The figure below shows the CGI score of Bharat forge from 2014-15 to 2018-19. It can be seen that the CGI score of the company has risen from 25.080 in 2014 to 26.088 in 2018. It shows that from year 2016 the CGI score is almost constant every year.

Fig: 5.3
Year-wise CGDL score of Bharat Forge Ltd.

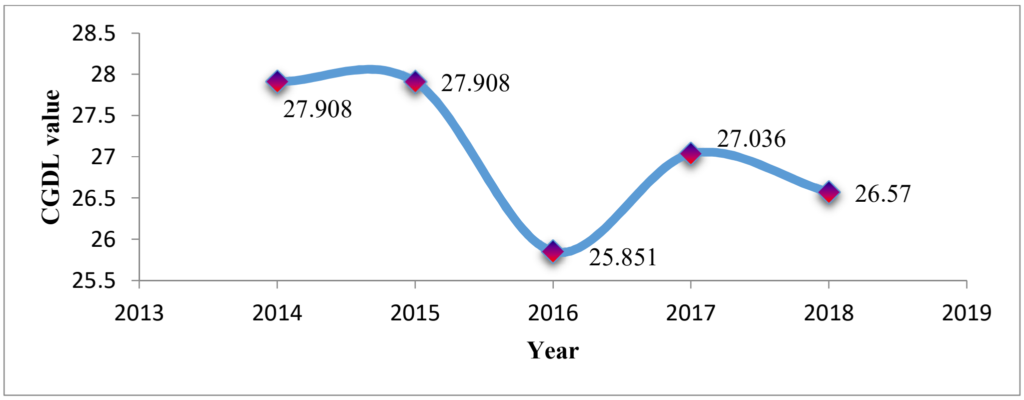


Source: Author's calculation

5.2.4 Bosch Ltd.

The figure below shows the CGI score of Bosch from 2014-15 to 2018-19. It shows that in 2014 the CGI score was highest i.e. 27.908 but after the implementation of new corporate governance norms has gone down and reached to 25.851 in 2016. However it has increase in 2017 but went down again in 2018.

Fig: 5.4
Year-wise CGDL score of Bosch Ltd.

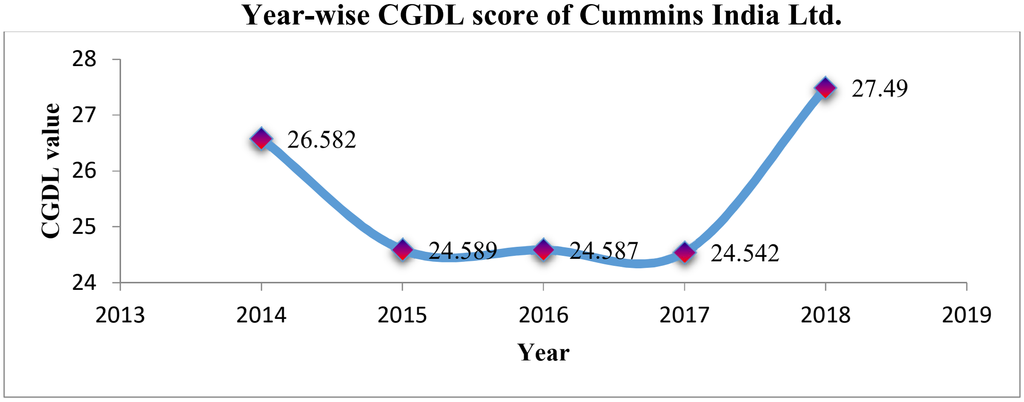


Source: Author's calculation

5.2.5 Cummins India Ltd.

The figure below shows the CGI score of Cummins India from 2014-15 to 2018-19. It be seen that the corporate governance score is become better. In 2014-15 it was 26.582 which have reached to 27.490 in 2018-19. From 2015 to 2017 CGI has remain almost constant.

Fig: 5.5
Year-wise CGDL score of Cummins India Ltd.

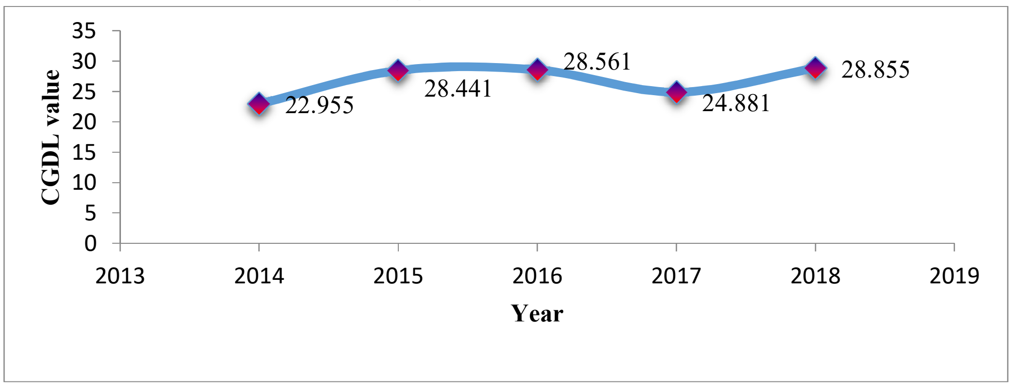


Source: Author's calculation

5.2.6 Eicher Motors Ltd.

The figure below shows the CGI score of Eicher Motors from 2014-15 to 2018-19. It be seen that the corporate governance score has improved almost every year i.e. from 22.955 it has increased to 28.855. In 2017 there was some decline in the score but in 2018 it has again increased.

Fig: 5.6
Year-wise CGDL score of Eicher Motors Ltd.

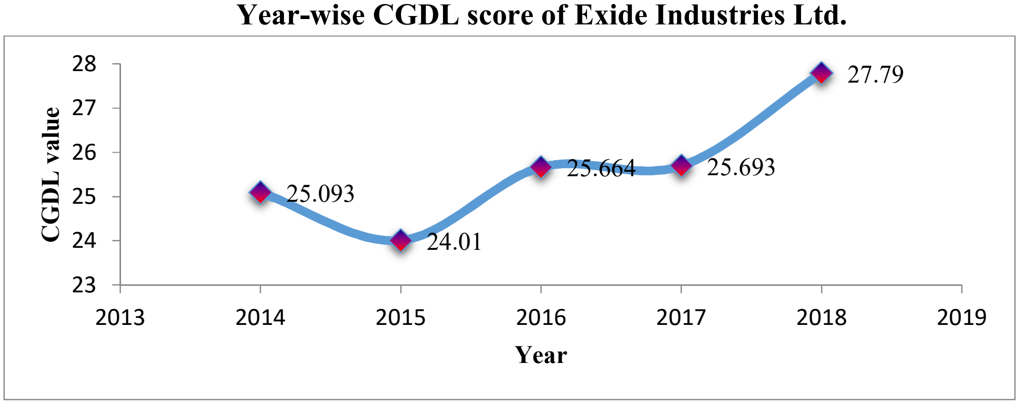


Source: Author's calculation

5.2.7 Exide Industries Ltd.

The figure below shows the CGI score of Exide Industries from 2014-15 to 2018-19. It shows that the every year CGI score of Exide has increased. In 2014 it was 25.093 which have increased to 27.79 in 2018. It a good sign for the company.

Fig: 5.7
Year-wise CGDL score of Exide Industries Ltd.



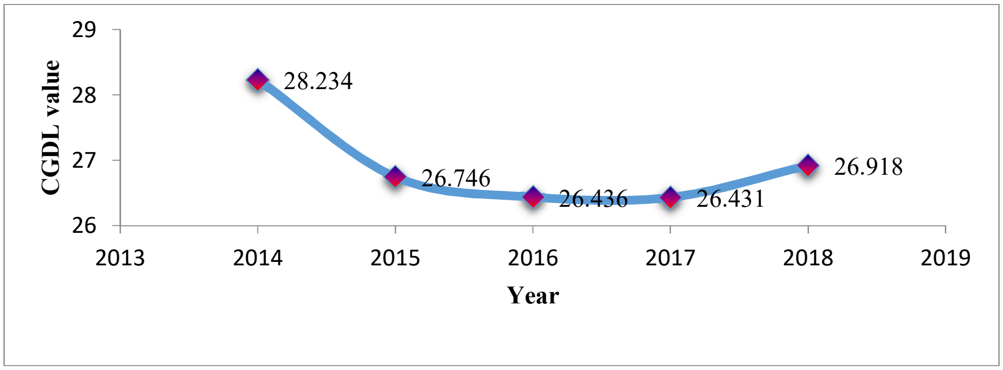
Source: Author's calculation

5.2.8 Hero MotoCorp Ltd.

The figure below shows the CGI score of Hero MotoCorp from 2014-15 to 2018-19. It can be seen that the CGI score of the company has decreased aster 2014. That may be because of the implementation of new corporate governance norms. It takes time to comply with the new norms. The fig also shows that the CGI score has increased in 2018 which means company is coming back on track.

Fig: 5.8

Year-wise CGDL score of Hero MotoCorp Ltd.



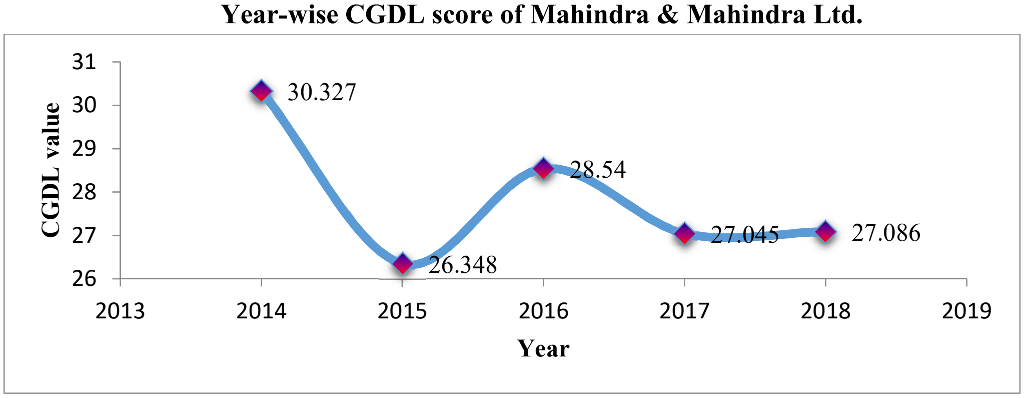
Source: Author's calculation

5.9 Mahindra & Mahindra Ltd.

The figure below shows the CGI score of Mahindra & Mahindra from 2014-15 to 2018-19. It depicts that the company's score is not as better as it was before. It has decrease from 30.327 in 2014 to 27.087 to 2018. It is not good for the company and its stakeholders.

Fig: 5.9

Year-wise CGDL score of Mahindra & Mahindra Ltd.

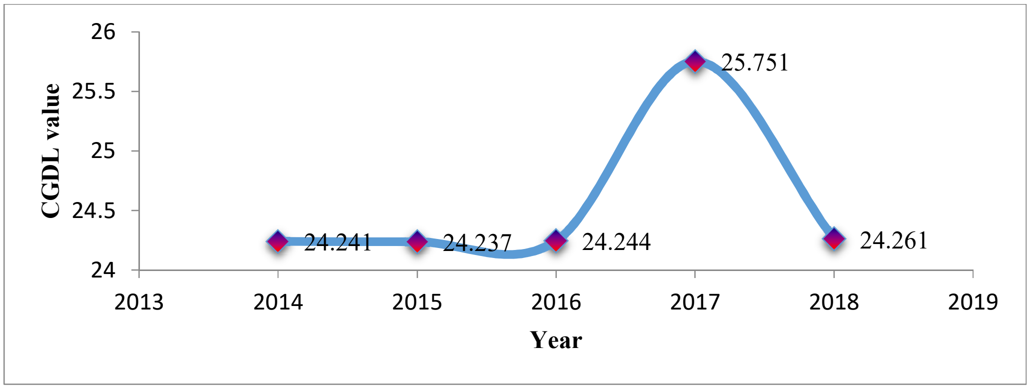


Source: Author's calculation

5.2.10 Maruti Suzuki Ltd.

The figure below shows the CGI score of Maruti Suzuki in India from 2014-15 to 2018-19. There are minor up down from the year 2014 to 2016 but in 2017 there was good increase i.e. from 24.244 to 25.751. In the 2018 CGI has again decreased to 24.261 which is not a good sign for the company.

Fig: 5.10
Year-wise CGDL score of Maruti Suzuki Ltd.

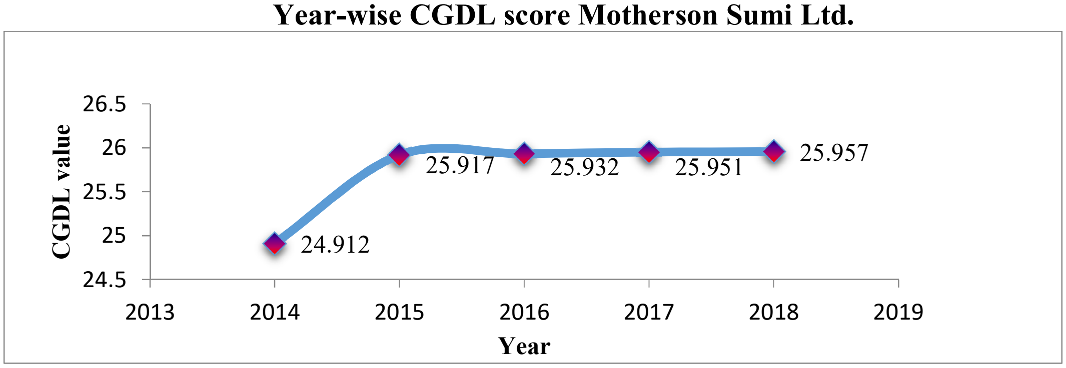


Source: Author's calculation

5.2.11 Motherson Sumi Ltd.

The figure below shows the CGI score of Motherson Sumi from 2014-15 to 2018-19. The can be seen that after 2014 the CGI score of the company has increased to 25.917 in 2015 and kept increasing till 2018. In 2018 the score was 25.957 which is better as compared to 24.912 in 2014.

Fig: 5.11
Year-wise CGDL score Motherson Sumi Ltd.



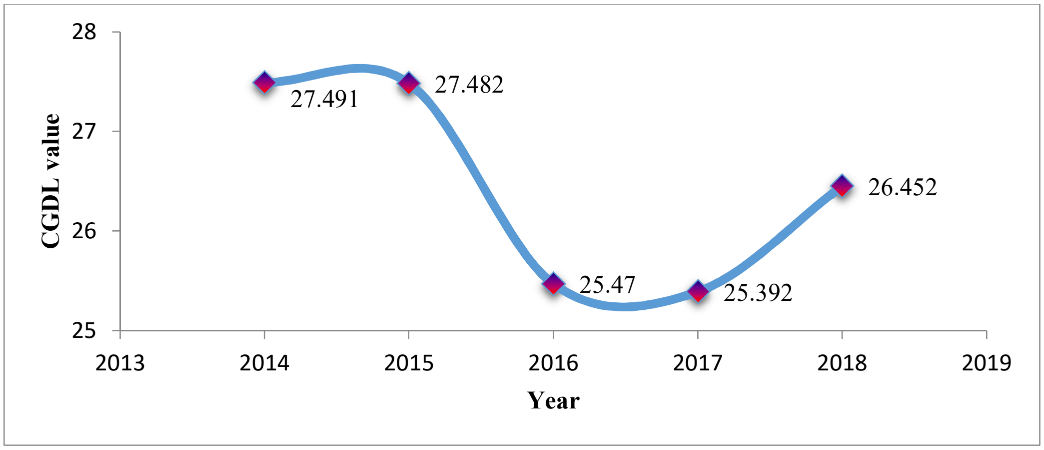
Source: Author's calculation

5.2.12 MRF Ltd.

The figure below shows the CGI score of MRF Ltd. from 2014-15 to 2018-19. It can be seen that in 2014 the CGI score of the company was 27.491 which decreased a bit in 2015 and went on decreasing till 2017 i.e. 25.392. It may be because of the non-compliance with the new corporate governance norms but after 2017 it has increased again and reached to 26.452 in 2018 which is good sign of corporate governance in the company.

Fig: 5.12

Year-wise CGDL score MRF Ltd.



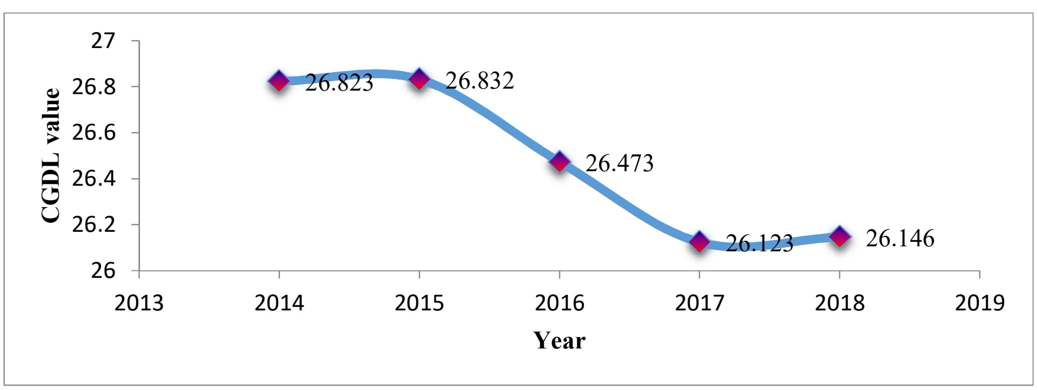
Source: Author's calculation

5.2.13 Tata Motors Ltd.

The figure below shows the CGDL score of Tata Motors from 2014-15 to 2018-19. It depicts that there was an increase in CGDL score of the company soon after the new corporate governance norms came and CGDL which was 26.823 in 2014 has reached to 26.832 in 2015. But after that the CGDL score decreased and came to 26.473 in 2016 and kept on declining till next year. In 2018 it has increased a little and reached to 26.146

Fig: 5.13

Year-wise CGDL score of Tata Motors Ltd.

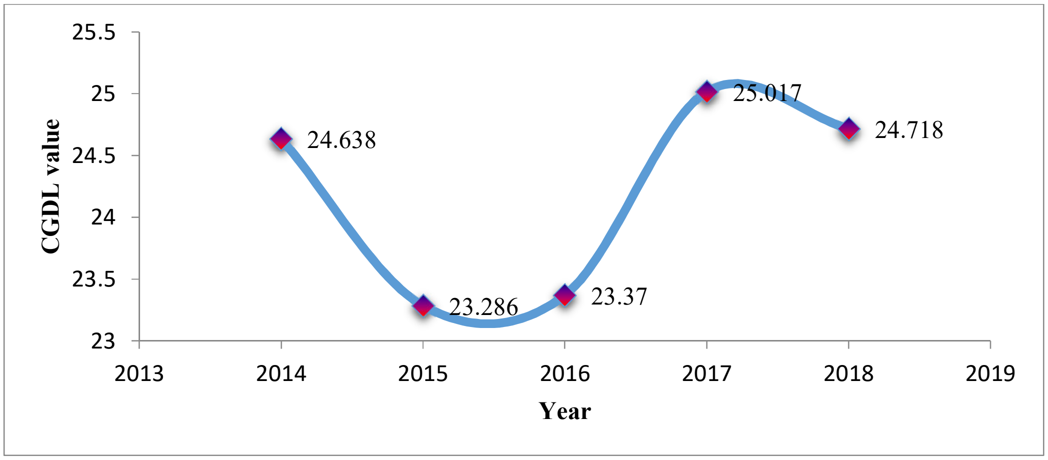


Source: Author's calculation

5.2.14. TVS Motors Company Ltd.

The figure below shows the CGI score of TVS Motors from 2014-15 to 2018-19. It can be seen that in 2014 the CGI score was 24.638 which decreased in 2015 and reached to 23.286 but after that from 2016 it started increasing again and reached to 25.017 in 2017 which is highest CGI in last five years. In 2018 it dropped down again to 24.718.

Fig: 5.14
Year-wise CGDL score of TVS Motors Ltd.



Source: Author's calculation

5.3 Corporate Governance Disclosure Level score of companies listed in S&P BSE AUTO

The table below summaries the CGDL scores given in the above graphs and it also shows the mean CGDL score of all fourteen companies. The table explains that how the corporate governance practices of these listed companies has changed from year to year. It also shows that according to the mean CGDL score Mahindra & Mahindra is best in disclosing its corporate governance practices.

Table-5.1
Year wise CGDL score of companies listed in S&P BSE AUTO

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean
Ashok Leyland	26.632	24.22	25.777	25.815	26.919	25.873
Bajaj Auto	26.119	27.099	27.026	27.564	27.044	26.971
Bharat Forge	25.08	26.075	26.077	26.088	26.079	25.88
Bosch	27.908	27.908	25.851	27.036	26.57	27.055
Cummins India	26.582	24.589	24.587	24.542	27.49	25.558

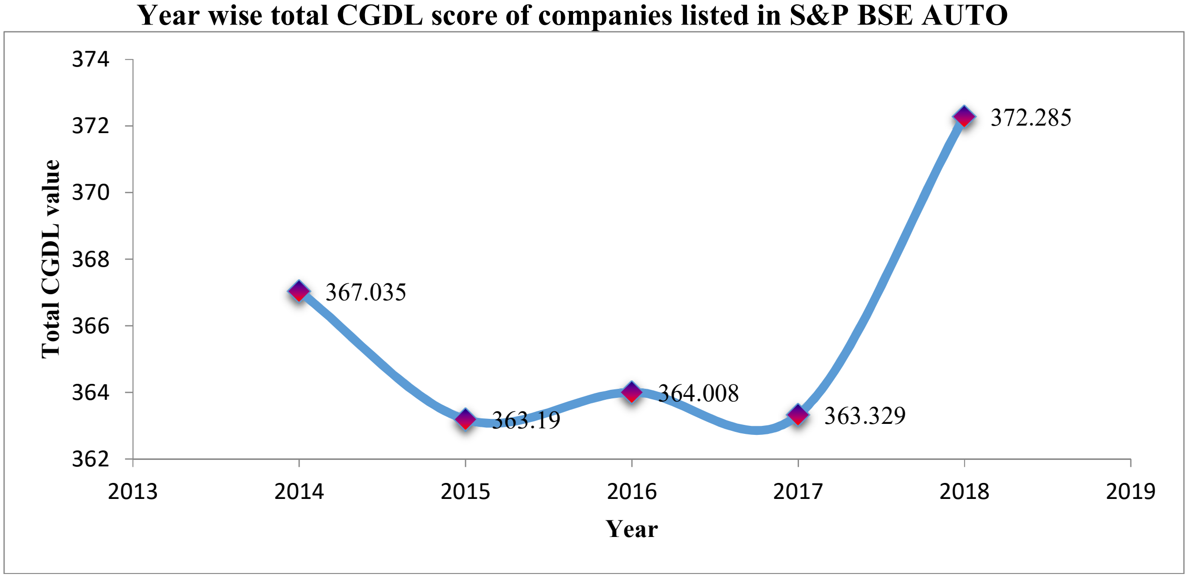
Eicher Motors	22.955	28.441	28.561	24.881	28.855	26.739
Exide Industries	25.093	24.01	25.664	25.693	27.79	25.65
Hero MotoCorp	28.234	26.746	26.436	26.431	26.918	26.953
Mahindra &Mahindra	30.327	26.348	28.54	27.045	27.086	27.87
Maruti Suzuki	24.241	24.237	24.244	25.751	24.261	24.547
Motherson Sumi	24.912	25.917	25.932	25.951	25.957	25.734
MRF Ltd.	27.491	27.482	25.47	25.392	26.452	26.458
Tata Motors	26.823	26.832	26.473	26.123	26.146	26.48
TVS Motors	24.638	23.286	23.37	25.017	24.718	24.206

Source: author's calculation

The figure below shows the overall CGDI score of all the fourteen companies in five years i.e. from 2014-15 to 2018-19. From the figure it can be analyzed that the total CGDI score of the companies has increased from 2014-15 to 2018-19. In 2014-15 the score was 367.035 which have been increased to 372.285 in 2018-19. From the figure it can also be seen that there is some up down trend in the score like in 2015 the score decreased and reached to 363.19 then it increased to 364.008 and again decreased to 363.329 and finally it witnessed a good rise and reached to 372.285.

Fig: 5.15

Year wise total CGDL score of companies listed in S&P BSE AUTO



Source: author's calculation

The second objective of the study was "To compare the corporate governance disclosure level among the companies."

5.4 Company wise comparison of CGDL

The table below shows company wise comparison of corporate governance disclosure level (CGDL). It can been that in overall disclosures done in five years Mahindra & Mahindra is the best it has scored 139.346 and scored first rank. Then it is followed by Bosch which has scored 135.273 and scored second rank. Third rank goes to Bajaj Auto which has scored 134.852. Forth position goes to Hero Motocorp which has scored 134.765. Fifth rank goes to Eicher Motors which has scored 133.369. Sixth rank goes Tata Motors which has scored 132.397. Seventh position goes to MRF Ltd. which has scored 132.287. Eighth rank goes to Bharta Forge which has scored 129.399. Ninth rank goes to Ashok Leyland which has scored 129.363. Tenth rank goes to Motherson Sumi which has scored 128.669. Eleventh rank goes to Exide Industries which has scored 128.250. Twelfth rank goes to Cummins India which has scored 127.790. Thirteenth rank goes to Maruti Suzuki which has scored 122.734 and the last i.e. fourteenth rank goes to TVS Motors which has scored 121.029.

Table-5.2
Comparison of CGDL of companies listed in S&P BSE AUTO

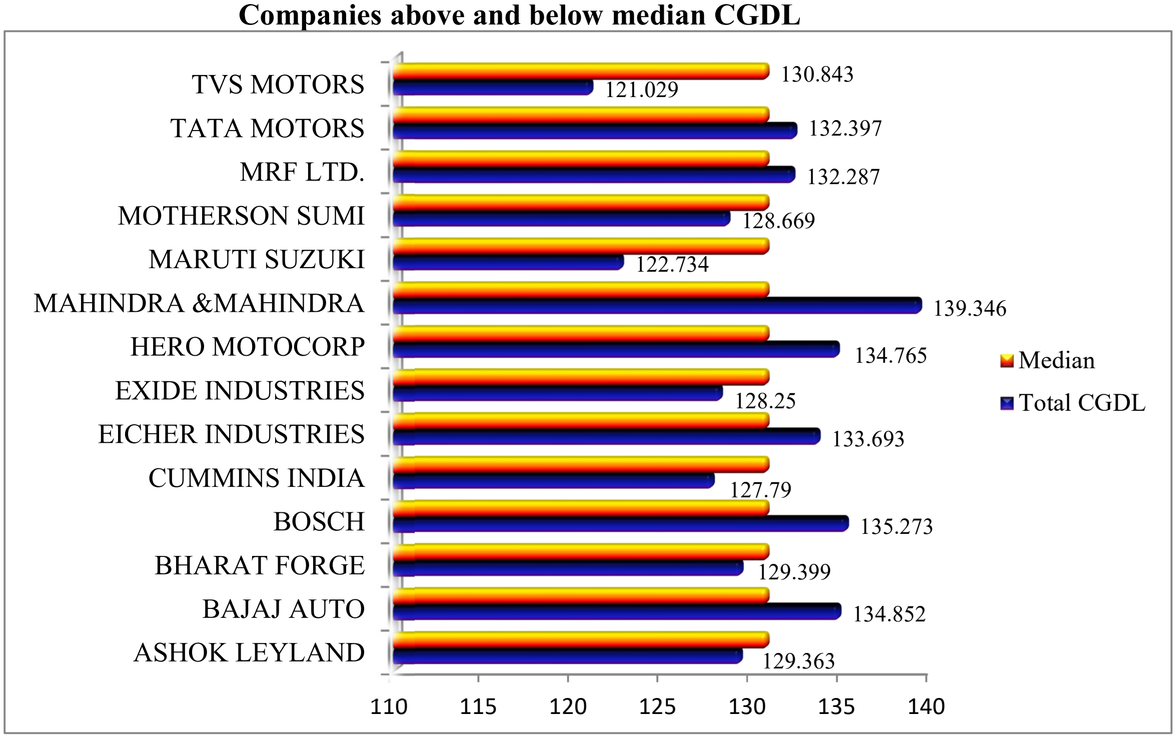
Name of Company	Total CGDL	Mean of Total CGDL	Rank
Ashok Leyland Ltd.	129.363	**130.703**	9
Bajaj Auto Ltd.	134.852		3
Bharat Forge Ltd.	129.399		8
Bosch Ltd.	135.273		2
Cummins India Ltd.	127.790		12
Eicher Motors Ltd.	133.693		5
Exide Industries Ltd.	128.250		11

Hero MotoCorp Ltd.	134.765		4
Mahindra & Mahindra Ltd.	139.346		1
Maruti Suzuki Ltd.	122.734		13
Motherson Sumi Ltd.	128.669		10
MRF Ltd.	132.287		7
Tata Motors Ltd.	132.397		6
TVS Motors Company Ltd.	121.029		14

Source: author's calculation

The fig below shows the CGDL score and median CGDL of the companies. The median score was 130.843. The companies which were below median CGDL score were TVS Motor, Motherson Sumi, Maruti Suzuki, Exide Industries, Cummins India, Bharat Forge and Ashok Leyland while the companies which were above median CGDL score were Tata Motors, MRF Ltd., Mahindra And Mahindra, Hero MotoCorp., Eicher Motors, Bosch and Bajaj Auto.

Fig 5.16
Companies above and below median CGDL



Source: Authors calculation

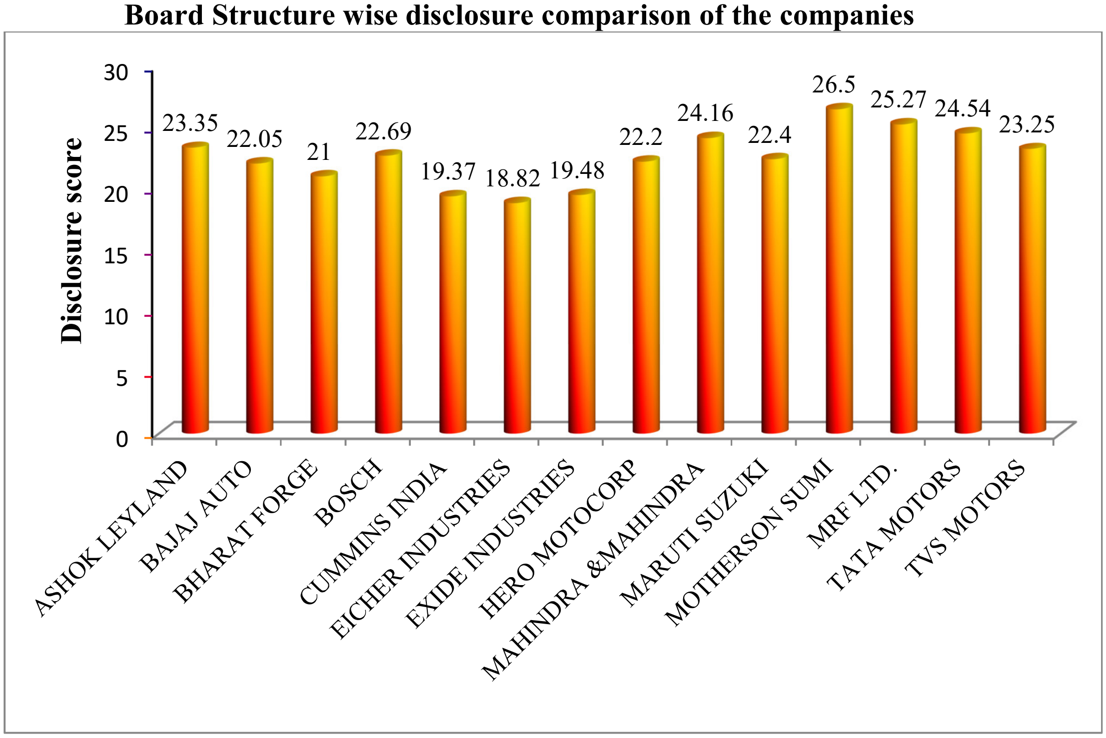
The comparison has been done variable/ item wise and year wise. Given below is the item wise comparison of the corporate governance disclosure level (CGDL) of the companies.

There were total twenty six items which were taken to study corporate governance and these items were divided in six heads i.e. board structure, Committees, Shareholding pattern, CEO & Chairman duality, and Other disclosures. The comparison of the variables is given below:-

5.5 Comparison on the basis of Board Structure

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of board structure. The board structure consists of four items i.e. size of the board (total number of directors), number of independent directors, number of women directors and board meeting in a year. It can be seen that among the companies MRF Ltd. has the best board structure. It has scored 26.5 in disclosure and the lowest is Eicher Motors which has scores 18.82.

Fig.5.17
Board Structure wise disclosure comparison of the companies

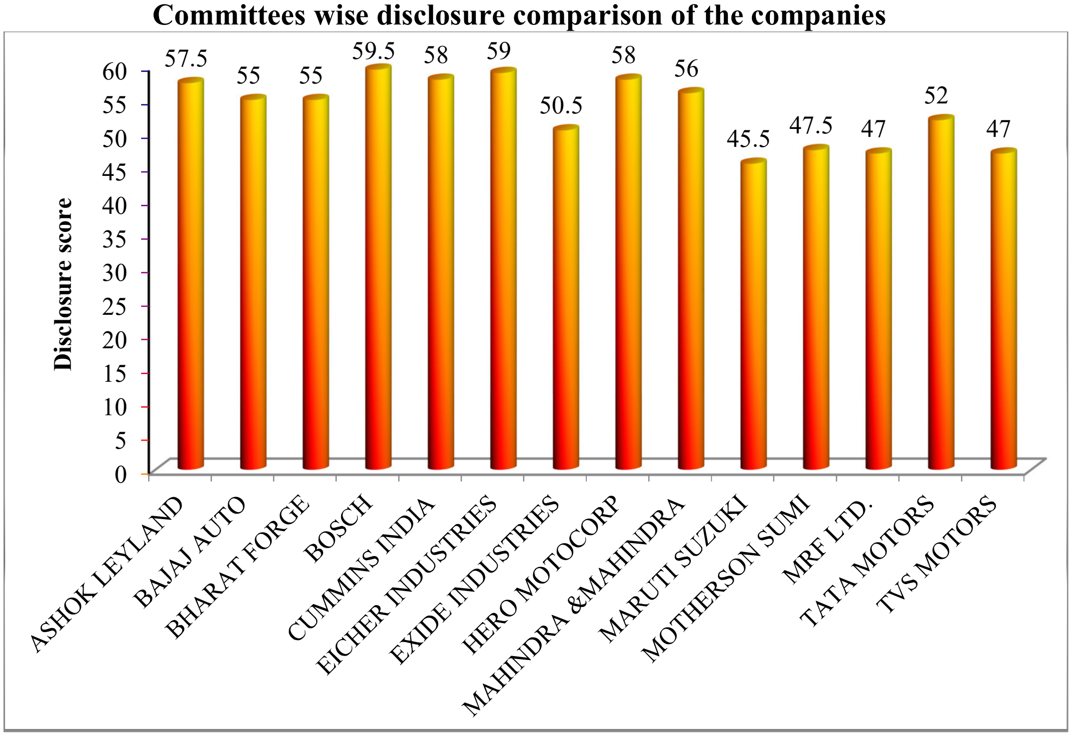


Source: Author's calculation

5.6 Comparison on the basis of Committees

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of Committees. Under this head three mandatory committees were taken up i.e. Audit committee, Nomination and remuneration committee and Stakeholder Relationship committee. These committees were further divided in to sub heads and on the basis of their disclosure practice marks were allotted to them accordingly. On the basis of disclosure score Bosch is best in disclosing and following corporate governance. It has scored the highest i.e. 59.5 and Maruti Suzuki is the last it has scored 45.5 only.

Fig.5.18
Committees wise disclosure comparison of the companies

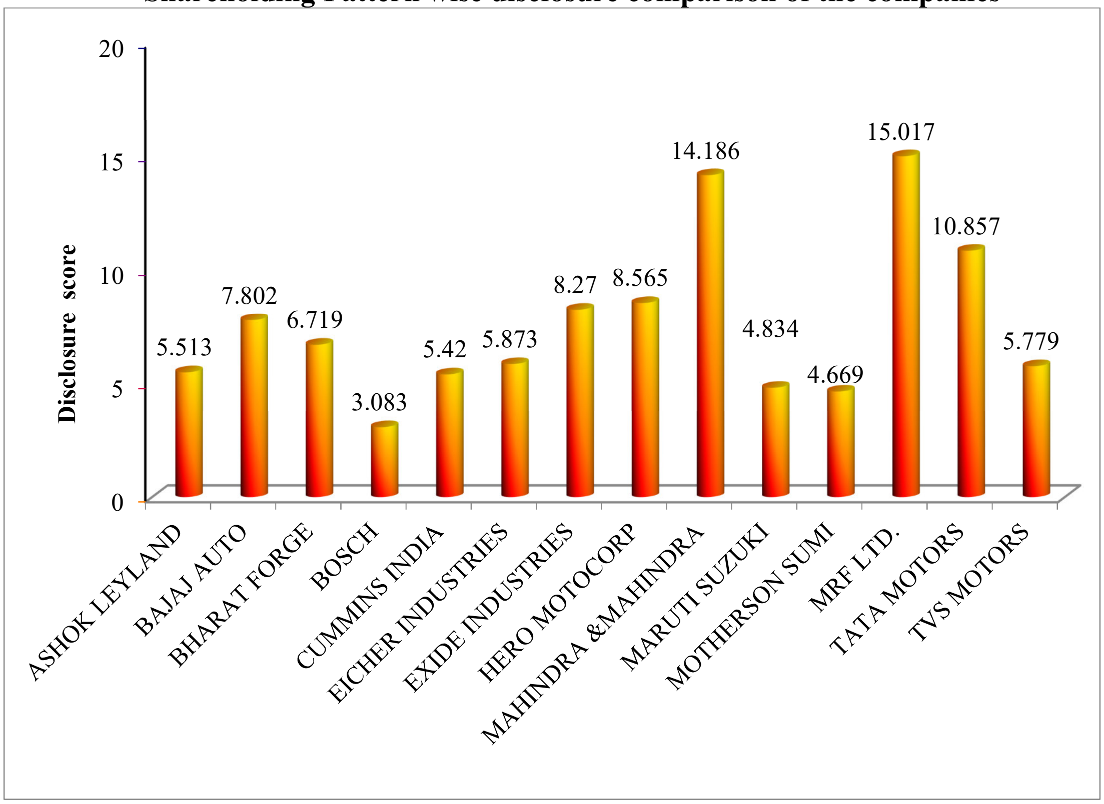


Source: Author's calculation

5.7 Comparison on the basis of Shareholding Pattern

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of shareholding pattern. Under this head there were three items i.e. Promoter's equity, Non Promoter's equity and Minority shareholder equity. On the basis of the disclosure practices in these three items, scores were allotted to the companies. It can be seen in the figure that here also MRF Ltd. has scored the highest i.e. 15.017 and Bosch has scored the lowest i.e. 3.083.

Fig: 5.19
Shareholding Pattern wise disclosure comparison of the companies

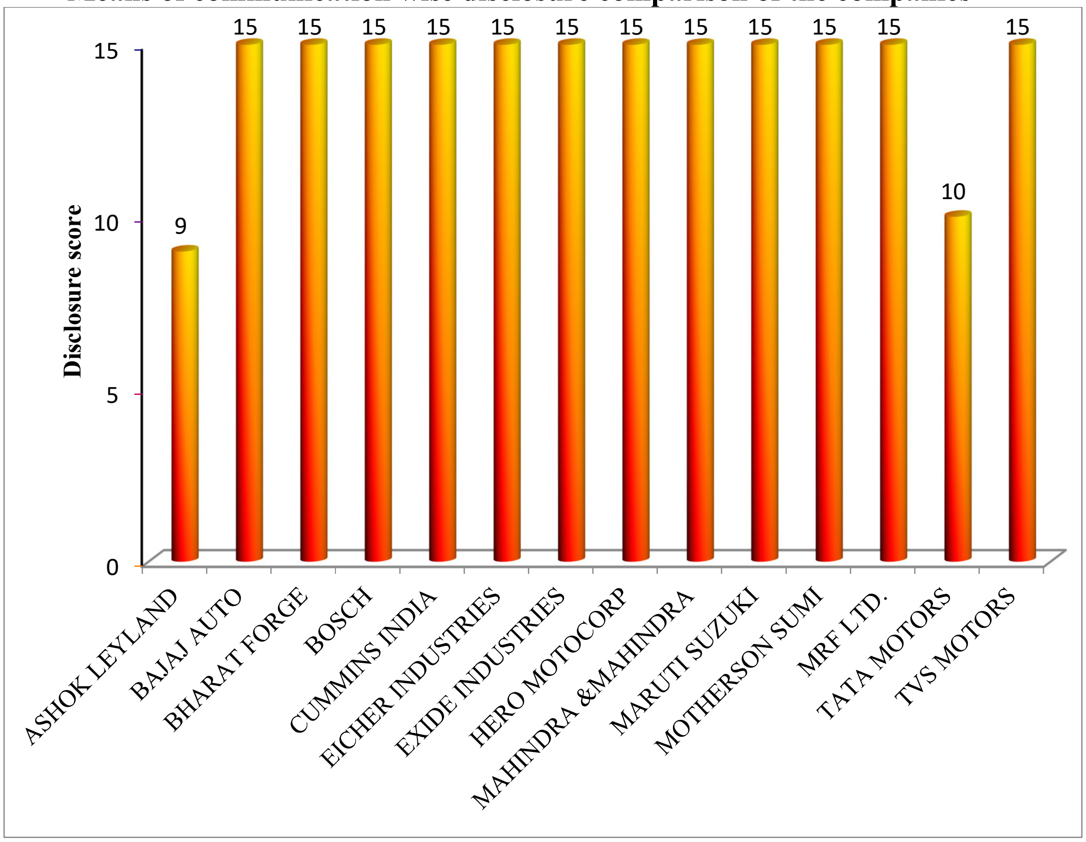


Source: Author's calculation

5.8 Comparison in the basis of Means of communication

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of Means of communication. Under this head disclosures were divided into 3 criteria i.e. quarterly/half yearly/yearly were published in newspaper and company's website or not, all the investors related information is available on company's website or not and presentations were made to the institutional investors or not. In the study it was found that except Ashok Leyland and Tata Motors all other companies are fulfilling these requirements completely. They have scored 100 per cent in this disclosure category.

Fig: 5.20
Means of communication wise disclosure comparison of the companies

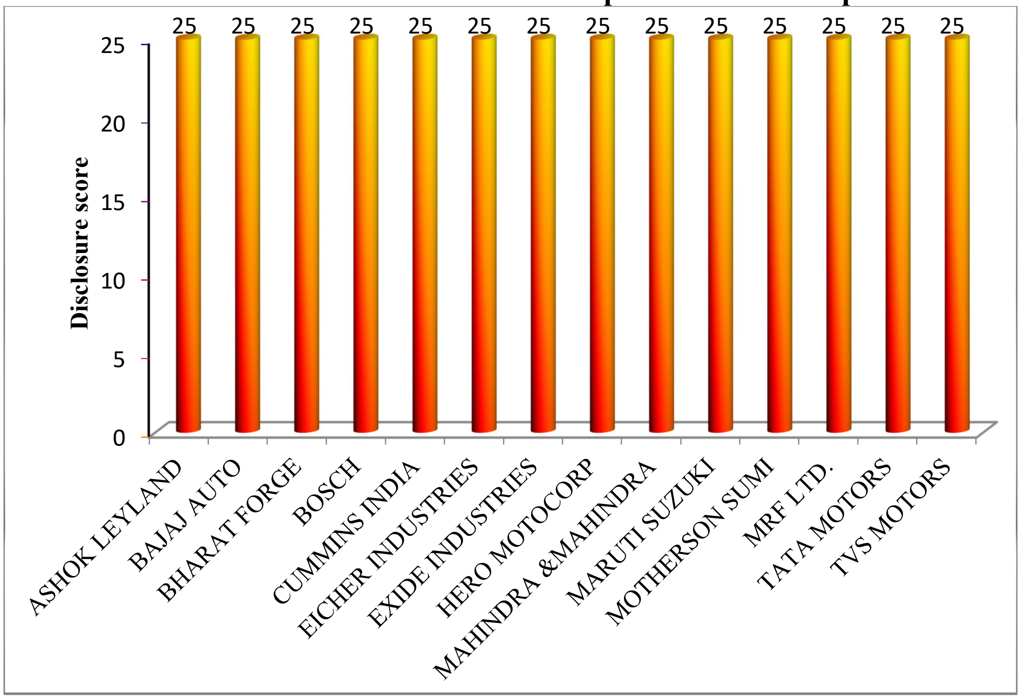


Source: Author's calculation

5.9 Comparison on the basis of Other Disclosures

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of other disclosures. In other disclosure there were five disclosures i.e. General shareholder's information, related party transaction, Whistle blowing mechanism, Details of Non-Compliance and CFO certification. In general shareholder's information details of annual general meeting, financial year, book closure date, dividend payment date, share transfer system, share transfer agent, and plant location address were taken. In this category all the companies have shown full and equal disclosures in each year. They all have scored 25 marks i.e. 100 per cent disclosure level.

Fig 5.21
Other Disclosures wise disclosure comparison of the companies

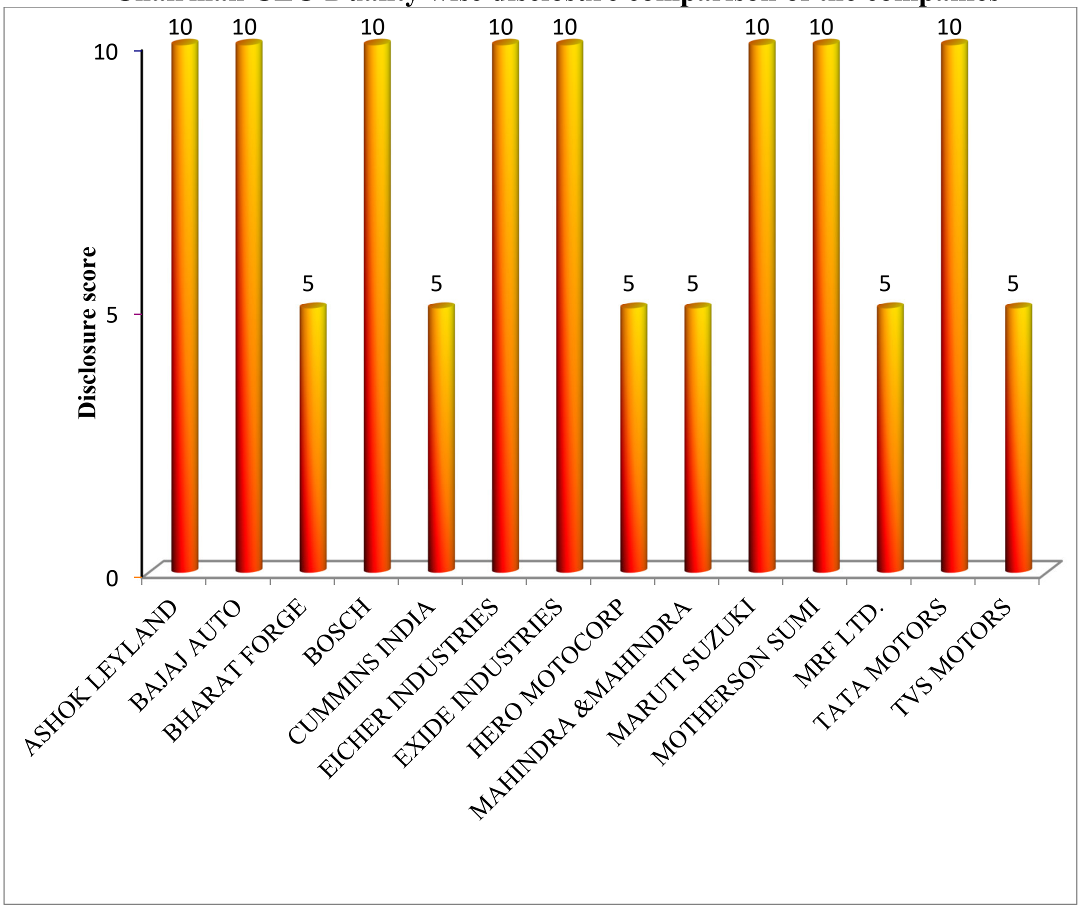


Source: Author's calculation

5.10 Comparison on the basis of Chairman CEO Duality

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of Chairman CEO Duality. In this disclosure the researcher has given score on the basis of the centralization of power. If a company is having same person as the Chairman and CEO/Managing director, then there is a chance of misuse of power. So in this category a company who has separate Chairman and CEO/Managing director, has allotted 2 marks and those who has same person as Chairman and CEO it has been allotted 1 mark each year. On the basis of that discloser scores were given. It can be seen that there are eight companies out of fourteen which has scored 10 marks in five years. This means that has separate Chairman and CEO/Managing director and six companies have scored 5 which means they have same person as Chairman and CEO.

Fig: 5.22
Chairman CEO Duality wise disclosure comparison of the companies



Source: Author's calculation

The next four objectives of the study were.

To study the impact of corporate governance on firm's liquidity

To find the relationship between corporate governance and firm's solvency

To study the effect of corporate governance on firm's profitability

To find how corporate governance is effecting firm's efficiency

These objectives concentrate the impact of corporate governance on firm's performance and for measuring the performance four parameters were taken i.e. liquidity, profitability, solvency and efficiency. It has been mentioned in pervious chapter that financial ratios were used to analyze the liquidity, profitability, solvency and efficiency of the companies.

5.11 Analysis of performance of S&P BSE AUTO companies

It has been already discussed that for checking the performance of the companies, financial ratios has been used. They have been divided on four bases i.e. profitability, liquidity, solvency ad efficiency.

5.11.1. Liquidity Ratios Analysis

To check the liquidity, two ratios have been taken i.e. current ratio and quick ratio. A good current ration lies between 1.2 to 2. A current ratio which is less than 1, shows that the company doesn't have enough liquid assets to cover its short-term liabilities. The table below shoes the current ratio analysis of the companies for five years. It concludes that Cummins India has the highest mean current ratio of 2.23 and it has also shown an increase from 2014-15. On the other hand Tata Motors has shown a lowest mean current ratio i.e. of 0.63. The overall mean current ratio of the companies in five years is stagnant at 1.49.

Table –5.3
Current Ratio analysis

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV %
Ashok Leyland Ltd.	0.93	1.06	0.93	0.91	0.93	0.95	0.06	6.41
Bajaj Auto Ltd.	2.13	1.70	2.92	2.25	1.45	2.09	0.57	27.04
Bharat Forge Ltd.	3.03	1.82	1.53	1.35	1.56	1.86	0.68	36.40
Bosch Ltd.	2.32	2.33	2.24	2.08	1.99	2.19	0.15	6.88
Cummins India Ltd.	1.96	2.50	2.21	2.23	2.24	2.23	0.19	8.58
Eicher Motors Ltd.	1.30	0.87	0.92	1.15	2.21	1.29	0.54	42.09
Exide Industries Ltd.	1.96	1.95	1.96	1.79	1.77	1.89	0.10	5.15
Hero MotoCorp Ltd.	1.36	1.47	1.82	2.04	1.96	1.73	0.30	17.38
Mahindra &Mahindra Ltd.	1.13	1.18	1.31	1.24	1.26	1.22	0.07	5.74

Maruti Suzuki Ltd.	0.93	0.71	0.66	0.51	0.87	0.74	0.17	22.85
Motherson Sumi Ltd.	1.09	1.32	1.72	1.60	1.72	1.49	0.28	18.59
MRF Ltd.	1.38	1.55	1.61	1.69	1.53	1.55	0.11	7.38
Tata Motors Ltd.	0.42	0.93	0.59	0.62	0.58	0.63	0.19	29.61
TVS Motors Company Ltd.	0.90	0.81	0.77	0.68	0.78	0.79	0.08	10.05
Mean	1.49	1.44	1.51	1.44	1.49			
SD	0.70	0.56	0.69	0.61	0.54			
CV %	47.09	39.12	45.65	42.19	36.18			

Source: www.equitymaster.com

A quick ratio above 1 is considered to be good. The table below shoes the quick ratio analysis of the companies for five years. It shows how quickly a company can meet its short tern financial liabilities. The table concludes that Bajaj Auto has the highest mean quick ratio i.e. 1.88 and it has also shown an increase from 2014-15 to 2017-18 but decreased in 2018-19. On the other hand Tata Motors has shown the lowest mean quick ratio i.e. of 0.33. The overall mean quick ratio of the companies in five years has shown an increased.

Table No-5.4
Quick Ratio Analysis

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	0.65	0.73	0.52	0.71	0.63	0.65	0.08	12.74
Bajaj Auto Ltd.	1.95	1.44	2.70	2.07	1.25	1.88	0.57	30.34
Bharat Forge Ltd.	2.54	1.62	1.34	1.14	1.29	1.59	0.56	35.36
Bosch Ltd.	1.82	1.86	1.79	1.74	1.55	1.75	0.12	6.91
Cummins India Ltd.	1.41	1.83	1.75	1.85	1.83	1.73	0.19	10.68

Eicher Motors Ltd.	1.09	0.62	0.70	0.98	1.91	1.06	0.51	48.40
Exide Industries Ltd.	0.68	1.17	1.01	0.82	0.85	0.91	0.19	20.81
Hero MotoCorp Ltd.	1.15	1.30	1.66	1.85	1.71	1.53	0.30	19.25
Mahindra &Mahindra Ltd.	0.86	0.91	1.02	1.03	0.99	0.96	0.07	7.69
Maruti Suzuki Ltd.	0.63	0.43	0.42	0.31	0.64	0.49	0.14	29.63
Motherson Sumi Ltd.	0.61	0.78	1.17	0.97	0.97	0.90	0.21	23.65
MRF Ltd.	0.79	1.08	1.07	1.21	0.99	1.03	0.15	15.04
Tata Motors Ltd.	0.19	0.36	0.33	0.38	0.37	0.33	0.08	24.02
TVS Motors Company Ltd.	0.54	0.51	0.43	0.43	0.49	0.48	0.05	10.21
Mean	1.07	1.05	1.14	1.11	1.11			
SD	0.65	0.51	0.67	0.58	0.50			
CV %	61.25	48.55	58.94	52.26	45.34			

Source: www.equitymaster.com

5.11.2 Solvency Ratio Analysis

Solvency ratios are used to measure the debt clearing ability of the company. It shows whether a company has enough cash flow to satisfy its short term and long term liabilities. If the solvency ratio of the company is higher this there are more chances that company default its liabilities.

In the present study to measure the solvency of the companies, total debt equity ratio has been taken for five years. A debt equity ratio between 1 to 1.5 has supposed to be a good ratio. The table concludes that Tata Motors has the highest mean total debt equity ratio i.e. 0.89 and it has also shown a decrease from 2014-15 to 2018-19. On the other hand there are three companies i.e. Bosch, Hero Moto Corp and Maruti Suzuki which has shown the lowest mean total debt equity ratio i.e. of 0.00 which means they are not relying on borrowings. The overall total debt equity ratio of the companies in five years has decreased.

Table no-5.5
Total Debt equity ratio

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	0.63	0.34	0.22	0.08	0.05	0.26	0.24	89.10
Bajaj Auto Ltd.	0.01	0.00	0.01	0.01	0.00	0.01	0.01	91.29
Bharat Forge Ltd.	0.47	0.64	0.40	0.45	0.56	0.50	0.10	18.96
Bosch Ltd.	0.01	0.00	0.00	0.00	0.00	0.00	0.00	223.61
Cummins India Ltd.	0.00	0.00	0.07	0.06	0.07	0.04	0.04	91.86
Eicher Motors Ltd.	0.00	0.01	0.02	0.02	0.01	0.01	0.01	69.72
Exide Industries Ltd.	0.00	0.02	0.03	0.00	0.00	0.01	0.01	141.42
Hero MotoCorp Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Mahindra &Mahindra Ltd.	0.14	0.08	0.10	0.09	0.07	0.10	0.03	28.14
Maruti Suzuki Ltd.	0.01	0.00	0.01	0.00	0.00	0.00	0.01	136.93
Motherson Sumi Ltd.	0.20	0.14	0.20	0.18	0.18	0.18	0.02	13.61
MRF Ltd.	0.40	0.28	0.21	0.16	0.14	0.24	0.11	44.31
Tata Motors Ltd.	1.35	0.61	0.89	0.81	0.79	0.89	0.28	31.10
TVS Motors Company Ltd.	0.56	0.39	0.45	0.36	0.41	0.43	0.08	17.89
Mean	0.27	0.18	0.19	0.16	0.16			
SD	0.39	0.23	0.25	0.23	0.25			
CV%	143.56	1.30	1.34	1.48	1.52			

Source: www.equitymaster.com

5.11.3. Profitability Ratios Analysis

Profitability ratios are those ratios which measure the ability of generating revenue or earnings of a company. These ratios are very useful in comparing the performance of two or more companies. There are various types of profitability ratios which are used to assess the performance of the company. In the present study three profitability ratios were used i.e. net profit ratio, return on assets ratio and return on equity ratio.

If the net profit is up to 5 percent then it considered to be low, if it is up to 10 percent then it is considered to be average and if it is up to 20 percent then it considered as high. The table below shows the net profit of the companies. Eicher Motors is having the highest mean net profit i.e. of 20.68. The companies like Bajaj Auto, Bharat Forge and Cummins India are also having good net profit i.e. above 15 percent. Tata Motors is the only company whose mean net profit is negative i.e.-3.53. The overall mean net profit ratio of the companies in five years has increased.

Table no-5.6
Net profit

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	2.46	2.05	6.07	6.51	6.82	4.78	2.33	48.66
Bajaj Auto Ltd.	13.01	17.39	17.58	16.16	15.45	15.92	1.85	11.61
Bharat Forge Ltd.	15.80	16.09	15.13	13.30	16.43	15.35	1.24	8.09
Bosch Ltd.	11.06	15.78	16.68	11.72	13.03	13.65	2.48	18.14
Cummins India Ltd.	17.83	16.01	14.46	13.93	12.76	15.00	1.97	13.12
Eicher Motors Ltd.	20.00	21.16	22.16	19.12	20.97	20.68	1.16	5.62
Exide Industries Ltd.	7.94	9.11	9.14	7.27	7.97	8.29	0.82	9.84
Hero MotoCorp Ltd.	8.64	10.95	11.84	11.47	10.05	10.59	1.28	12.09
Mahindra &Mahindra Ltd.	8.52	7.83	8.27	8.94	8.94	8.50	0.47	5.55

Maruti Suzuki Ltd.	7.42	9.32	10.80	9.68	8.71	9.19	1.25	13.57
Motherson Sumi Ltd.	10.32	13.57	13.15	11.79	10.73	11.91	1.43	12.04
MRF Ltd.	13.76	12.43	10.95	7.36	6.92	10.28	3.04	29.57
Tata Motors Ltd.	-13.05	-0.14	-5.48	-1.17	2.19	-3.53	6.00	-170.10
TVS Motors Company Ltd.	3.44	4.40	4.59	4.37	3.68	4.10	0.50	12.30
Mean	9.08	11.14	11.10	10.03	10.33			
SD	7.81	5.92	6.45	4.93	4.89			
CV%	85.98	53.14	58.12	49.13	47.32			

Source: www.equitymaster.com

In general a return on assets above 5 percent is considered good. The tables below shows return on assets ratio (ROA) of the companies. ROA explains the relationship between the companies profit and its total assets. The table concludes that Eicher Motors has the best ROA ratio i.e. 26.48 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. . Here also Tata Motors is the only company whose ROA is negative i.e. -2.43. The ROA ratio of the all the companies in five years has increased. The Coefficient of variation (CV) shows more variation in Tata Motor and less in Mahindra &Mahindra.

Table no-5.7
Return on Assets

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	2.51	3.04	8.71	9.90	10.88	7.01	3.94	56.28
Bajaj Auto Ltd.	18.08	23.83	18.38	17.07	17.07	18.89	2.83	14.96
Bharat Forge Ltd.	11.27	9.71	7.62	8.45	10.77	9.56	1.53	16.03

Bosch Ltd.	12.82	12.31	14.75	9.84	12.57	12.46	1.75	14.06
Cummins India Ltd.	18.18	16.79	14.57	12.80	12.34	14.94	2.52	16.87
Eicher Motors Ltd.	24.50	36.12	28.15	21.97	21.67	26.48	5.98	22.59
Exide Industries Ltd.	10.10	10.17	10.23	9.03	10.32	9.97	0.53	5.33
Hero MotoCorp Ltd.	22.67	25.38	22.98	22.08	19.18	22.46	2.22	9.89
Mahindra &Mahindra Ltd.	10.08	9.02	9.11	9.18	9.10	9.30	0.44	4.74
Maruti Suzuki Ltd.	11.06	12.79	14.34	13.00	11.91	12.62	1.23	9.76
Motherson Sumi Ltd.	13.77	18.45	9.99	9.97	8.99	12.23	3.93	32.10
MRF Ltd.	6.80	18.78	9.72	6.70	6.01	9.60	5.33	55.46
Tata Motors Ltd.	-9.48	-0.10	-4.12	-1.74	3.31	-2.43	4.78	-197.05
TVS Motors Company Ltd.	7.55	9.88	9.45	9.22	8.00	8.82	1.00	11.29
Mean	11.42	14.73	12.42	11.25	11.58			
SD	8.55	9.43	7.63	6.12	4.96			
CV%	74.90	64.05	61.41	54.45	42.79			

Source: www.equitymaster.com

The tables below shows return on equity ratio (ROE) of the companies. ROE tells the company's overall return on shareholder's equity and a good return on equity lies between 15-20 percent. The table concludes that Eicher Motors has the best ROE ratio i.e. 40.36 percent but it has decreased in last three years i.e.in 2016-17, 2017-18 and 2018-19. . Here also Tata Motors is the only company whose ROE is negative i.e. -7.94 percent. The overall mean ROE ratio of the companies in five years has decreased. The Coefficient of variation (CV) shows more variation in Tata Motor and less in Exide Industries.

Table No-5.8
Return on Equity

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	8.17	7.20	19.96	23.70	23.80	16.57	8.26	49.87
Bajaj Auto Ltd.	26.31	29.62	22.46	21.29	21.46	24.23	3.63	15.00
Bharat Forge Ltd.	20.56	19.47	13.82	15.32	19.84	17.80	3.02	16.98
Bosch Ltd.	18.20	16.06	19.78	13.73	17.51	17.06	2.29	13.43
Cummins India Ltd.	27.22	21.66	19.63	17.77	17.49	20.75	3.98	19.19
Eicher Motors Ltd.	45.30	56.03	39.77	31.88	28.82	40.36	10.90	27.01
Exide Industries Ltd.	13.53	13.84	13.97	12.40	14.09	13.57	0.68	5.05
Hero MotoCorp Ltd.	36.47	39.42	33.39	31.41	26.32	33.40	4.99	14.95
Mahindra &Mahindra Ltd.	17.25	14.29	13.60	14.37	14.01	14.70	1.45	9.89
Maruti Suzuki Ltd.	15.65	17.95	20.17	18.49	16.25	17.70	1.81	10.22
Motherson Sumi Ltd.	20.91	29.28	14.25	14.22	12.64	18.26	6.94	37.99
MRF Ltd.	19.87	34.54	16.98	11.37	10.29	18.61	9.74	52.35
Tata Motors Ltd.	31.93	-0.26	-11.48	-5.13	9.11	-7.94	15.38	-193.70
TVS Motors Company Ltd.	21.14	24.98	23.17	23.00	20.02	22.46	1.93	8.58
Mean	18.48	23.15	18.53	17.42	17.98			
SD	17.28	14.19	11.45	9.20	5.83			
CV%	93.53	61.32	61.79	52.81	32.42			

Source: www.equitymaster.com

5.11.4 Efficiency Ratio Analysis

The efficiency ratio analyzes the resource management ability of the company. It shows that how effectively and efficiently a company is managing its assets and liabilities. In the present study three efficiency ratios were used i.e. has return on capital employed (ROCE), Assets turnover ratio (ATR) and Inventory turnover ratio (ITR).

ROCE ratio determines that how efficiently the companies have employed their capital. 20 percent ROCE is considered good. The table below shows the ROCE ratio of the companies. The table concludes that here also Eicher Motors has the best ROCE ratio i.e. 45.93 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. . Here also Tata Motors is has the lowest ROCE i.e. 0.94 percent. The average ROCE ratio of the all the companies in five years has increased. The Coefficient of variation (CV) shows more variation in Tata Motor and less in Exide Industries.

Table no-5.9
Return on Capital Employed

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	4.04	4.94	16.05	30.07	27.81	16.58	12.26	73.93
Bajaj Auto Ltd.	25.38	28.67	30.32	29.50	28.28	28.43	1.88	6.60
Bharat Forge Ltd.	13.65	13.17	10.87	23.20	24.26	17.03	6.22	36.51
Bosch Ltd.	16.97	15.41	18.98	13.17	24.83	17.87	4.43	24.81
Cummins India Ltd.	25.39	20.97	19.16	17.32	24.16	21.40	3.37	15.74
Eicher Motors Ltd.	24.46	54.04	56.17	52.91	42.05	45.93	13.18	28.71
Exide Industries Ltd.	18.99	19.44	18.96	18.86	18.28	18.91	0.42	2.20
Hero MotoCorp Ltd.	35.93	37.77	44.00	42.35	37.15	39.44	3.52	8.93
Mahindra &Mahindra Ltd.	13.85	12.49	14.28	16.95	16.86	14.89	1.96	13.15

Maruti Suzuki Ltd.	15.00	17.35	26.42	25.83	21.60	21.24	5.05	23.79
Motherson Sumi Ltd.	20.91	26.55	11.78	11.95	16.32	17.50	6.29	35.96
MRF Ltd.	17.83	27.00	13.88	9.29	14.51	16.50	6.61	40.06
Tata Motors Ltd.	-16.02	5.31	-1.19	5.04	11.57	0.94	10.50	1114.75
TVS Motors Company Ltd.	14.73	18.55	18.27	19.48	24.06	19.02	3.35	17.60
Mean	16.51	21.55	21.28	22.57	23.70			
SD	11.96	12.96	14.41	12.99	8.43			
CV%	72.45	60.17	67.72	57.57	35.58			

Source: www.equitymaster.com

Assets turnover ratio (ATR) determines the value of the company's sales in relation to the value of assets. The table below shows the ATR of the companies. The table concludes that TVS Motors has the highest ATR ratio i.e. 215.47 percent and it has increased in last two years i.e.in 2017-18 and 2018-19. Here Bharat Forge has the lowest ATR i.e. 62.23 percent. The overall mean ATR ratio of the all the companies went down in 2015-16 but started increasing from next year. The Coefficient of variation (CV) shows highest variation in Exide Industries and lowest in TVS Motors.

Table no-5.10
Assets Turnover Ratio

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	101.88	148.25	143.44	152.02	159.42	141.00	22.64	16.05
Bajaj Auto Ltd.	138.87	137.00	104.57	105.64	110.48	119.31	17.16	14.38
Bharat Forge Ltd.	71.33	60.36	50.34	63.54	65.59	62.23	7.76	12.46
Bosch Ltd.	115.86	78.03	88.43	83.93	96.44	92.54	14.67	15.85

Cummins India Ltd.	101.94	104.86	100.72	91.88	96.67	99.21	5.05	5.09
Eicher Motors Ltd.	2.94	170.70	127.03	114.91	103.34	103.78	61.87	59.61
Exide Industries Ltd.	127.23	111.65	111.92	124.19	129.56	120.91	8.55	7.07
Hero MotoCorp Ltd.	262.17	231.74	193.95	192.54	190.74	214.23	31.77	14.83
Mahindra &Mahindra Ltd.	118.21	115.14	110.22	102.67	101.74	109.60	7.33	6.69
Maruti Suzuki Ltd.	148.93	137.19	132.74	134.34	136.68	137.98	6.38	4.63
Motherson Sumi Ltd.	133.32	135.92	75.94	84.63	83.33	102.63	29.41	28.65
MRF Ltd.	23.13	151.00	88.74	90.92	86.88	88.13	45.24	51.33
Tata Motors Ltd.	72.67	75.59	75.26	99.35	113.61	87.30	18.26	20.92
TVS Motors Company Ltd.	219.32	224.23	205.52	210.73	217.57	215.47	7.37	3.42
Mean	116.99	134.40	114.92	117.95	120.86			
SD	65.32	48.72	42.02	40.55	41.13			
CV%	55.84	36.25	36.57	34.38	34.03			

Source: www.equitymaster.com

Inventory turnover ratio (ITR) mainly focuses on how effectively and efficiently a company is managing its stocks. The table below shows the ITR ratio of the companies. The table concludes that Hero MotoCorp has the highest mean ITR ratio i.e. 38.05 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. . Here Exide Industries has the lowest mean ITR i.e. 5.32 percent. The overall mean ITR ratio of the all the companies has shown an up and down trend in five years. In last year it has decreased to 14.61 percent as compared to previous year. The Coefficient of variation (CV) shows high-test variation MRF Ltd. and Tata Motors. It is nearly equal i.e. 30.81 and 30.58 respectively and lowest in Bosch.

Table no- 5.11
Inventory Turnover Ratio

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	9.70	11.65	7.65	14.99	10.82	10.96	2.71	24.68
Bajaj Auto Ltd.	26.55	31.41	29.88	33.89	31.46	30.64	2.70	8.81
Bharat Forge Ltd.	8.47	11.93	9.06	9.88	8.57	9.58	1.43	14.88
Bosch Ltd.	9.47	8.14	8.84	9.54	8.49	8.90	0.61	6.85
Cummins India Ltd.	6.46	7.84	9.03	9.46	9.05	8.37	1.23	14.65
Eicher Motors Ltd.	16.19	20.60	21.83	23.62	16.18	19.68	3.37	17.12
Exide Industries Ltd.	4.51	6.05	4.97	5.22	5.87	5.32	0.64	11.97
Hero MotoCorp Ltd.	33.83	42.50	43.43	39.13	31.38	38.05	5.30	13.92
Mahindra &Mahindra Ltd.	15.98	15.21	15.97	18.02	13.96	15.83	1.48	9.33
Maruti Suzuki Ltd.	19.11	18.37	20.86	25.23	25.87	21.89	3.47	15.86
Motherson Sumi Ltd.	8.19	8.25	9.09	8.07	7.19	8.16	0.68	8.27
MRF Ltd.	6.26	10.58	5.54	6.82	5.37	6.91	2.13	30.81
Tata Motors Ltd.	7.56	8.37	7.98	10.38	14.84	9.83	3.00	30.58
TVS Motors Company Ltd.	12.32	15.95	12.55	15.69	15.49	14.40	1.80	12.52
Mean	13.19	15.49	14.76	16.42	14.61			
SD	8.46	10.28	10.93	10.44	8.91			
CV%	64.17	66.37	74.06	63.59	60.98			

Source: www.equitymaster.com

5.12 Descriptive analysis of dependent variables

The table below shows the descriptive analysis of the companies. It can be analyzed from the table that Current ratio of the companies varies from 0.42 to 3.03 with a mean value of 1.47 and deviation of 0.61. The quick ratio varies from 0.19 to 2.70 with a mean value of 1.09 and deviation of 0.57. The debt equity ratio of the companies remains between 0 to 1.35. Its mean value was 0.19 and standard deviation was 0.27. The Net profit ratio of the companies varies much i.e. from -13.05 to 22.16 with mean value of 10.34 and standard deviation of 6.19. The ROA of the companies is also showing an up down trend. It varies from -9.48 to 36.12 with an average of 12.28 and standard deviation of 7.41. The ROE of the companies varies even more i.e. from -31.93 to 56.03 with an average of 19.11 and standard deviation of 12.06. The ROCE also varies much as ROE i.e. from -16.02 to 56.17. Its average is 21.12 and standard deviation of 12.21. The ATR of the companies has the largest variations i.e. from 2.94 to 262.17. It mean value is 121.02 and a high standard deviation of 49.31 and finally the ITR of the companies which varies from 4.51 to 43.43 with a mean of 14.89 and standard deviation of 9.62.

From table it can be determined that there are high variations in certain ratios which means some companies in the index are performing extremely well but on the other hand there are certain companies whose performance is very low.

Table no-5.12
Descriptive Analysis

	Maxima	**Minima**	**Mean**	**SD**
Performance Measures				
Current Ratio	3.03	0.42	1.47	0.61
Quick Ratio	2.70	0.19	1.09	0.57
Total debt equity Ratio	1.35	0.00	0.19	0.27
Net profit Ratio	22.16	-13.05	10.34	6.19
Return on Assets Ratio	36.12	-9.48	12.28	7.41
Return on equity Ratio	56.03	-31.93	19.11	12.06

Return on Capital employed Ratio	56.17	-16.02	21.12	12.21
Assets turnover ratio	262.17	2.94	121.02	49.31
Inventory turnover Ratio	43.43	4.51	14.89	9.62

Source: Author's calculation

5.13 Relationship between CGDL and Liquidity

To study the relationship between corporate governance disclosure level and liquidity two ratio i.e. current ratio and quick ratio has been taken and Pearson correlation has been applied.

The table below shows the correlation between mean CGDL score of five years of the companies and the mean current ratio of five years of the companies. CGDL and current ratio is supposed to have a positive correlation. It can be seen that there is a positive correlation of 0.345 between CGDL and current ratio among the companies. Increase in CDGL shows an increase in current ration and vise verse.

Table no-5.13
Correlation matrix of CGDL and Current Ratio

Name of Company	Mean CGDL	Mean CR	MCGDL-MCR
Ashok Leyland Ltd.	25.873	0.952	0.345
Bajaj Auto Ltd.	26.970	2.090	
Bharat Forge Ltd.	25.880	1.858	
Bosch Ltd.	27.055	2.192	
Cummins India Ltd.	25.558	2.228	
Eicher Motors Ltd.	26.739	1.290	
Exide Industries Ltd.	25.650	1.886	
Hero MotoCorp Ltd.	26.953	1.730	
Mahindra &Mahindra Ltd.	27.869	1.224	
Maruti Suzuki Ltd.	24.547	0.736	
Motherson Sumi Ltd.	25.734	1.490	

MRF Ltd.	26.457	1.552	
Tata Motors Ltd.	26.479	0.628	
TVS Motors Company Ltd.	24.206	0.788	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean quick ratio (QR) of five years of the companies. CGDL and quick ratio is supposed to have a positive correlation It can be seen that there is a positive correlation of 0.449 between CGDL and quick ratio among the companies. Increase in CDGL shows an increase in quick ratio and vise verse.

Table no-5.14
Correlation matrix of CGDL and Quick Ratio

Name of Company	**Mean CGDL**	**Mean QR**	**MCGDL-MQR**
Ashok Leyland Ltd.	25.873	0.648	0.449
Bajaj Auto Ltd.	26.970	1.882	
Bharat Forge Ltd.	25.880	1.586	
Bosch Ltd.	27.055	1.752	
Cummins India Ltd.	25.558	1.734	
Eicher Motors Ltd.	26.739	1.06	
Exide Industries Ltd.	25.650	0.906	
Hero MotoCorp Ltd.	26.953	1.534	
Mahindra &Mahindra Ltd.	27.869	0.962	
Maruti Suzuki Ltd.	24.547	0.486	
Motherson Sumi Ltd.	25.734	0.9	
MRF Ltd.	26.457	1.028	
Tata Motors Ltd.	26.479	0.326	
TVS Motors Company Ltd.	24.206	0.48	

Source: Author's calculation

5.14 Relationship between CGDL and profitability

To study the relationship between corporate governance disclosure level and profitability three ratio i.e. net profit ratio, return on assets and return on equity ratio has been taken and Pearson correlation has been applied.

The table below shows the correlation between mean CGDL score of five years of the companies and the mean net profit ratio (NP) of five years of the companies. CGDL and Net profit ratio is supposed to have a positive correlation It can be seen that there is a positive correlation of 0.230 between CGDL and net profit ratio among the companies. Increase in CDGL shows an increase in net profit and vise verse.

Table no-5.15
Correlation matrix of CGDL and Net Profit ratio

Name of Company	Mean CGDL	Mean NP	MCGDL-MNP
Ashok Leyland Ltd.	25.873	4.782	0.230
Bajaj Auto Ltd.	26.970	15.918	
Bharat Forge Ltd.	25.880	15.35	
Bosch Ltd.	27.055	13.654	
Cummins India Ltd.	25.558	14.998	
Eicher Motors Ltd.	26.739	20.682	
Exide Industries Ltd.	25.650	8.286	
Hero MotoCorp Ltd.	26.953	10.59	
Mahindra &Mahindra Ltd.	27.869	8.5	
Maruti Suzuki Ltd.	24.547	9.186	
Motherson Sumi Ltd.	25.734	11.912	
MRF Ltd.	26.457	10.284	
Tata Motors Ltd.	26.479	-3.53	
TVS Motors Company Ltd.	24.206	4.096	

Source: Author’s calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean return on assets (ROA) of five years of the companies. CGDL and Return on assets is supposed to have a positive correlation It can be seen that there is a positive correlation of 0.212 between CGDL and return on assets (ROA) among the companies. Increase in CDGL shows an increase in ROA and vise verse.

Table no- 5.16
Correlation matrix of CGDL and Return on Assets ratio

Name of Company	Mean CGDL	Mean ROA	MCGDL-MROA
Ashok Leyland Ltd.	25.873	7.008	0.212
Bajaj Auto Ltd.	26.970	18.886	
Bharat Forge Ltd.	25.880	9.564	
Bosch Ltd.	27.055	12.458	
Cummins India Ltd.	25.558	14.936	
Eicher Motors Ltd.	26.739	26.482	
Exide Industries Ltd.	25.650	9.97	
Hero MotoCorp Ltd.	26.953	22.458	
Mahindra &Mahindra Ltd.	27.869	9.298	
Maruti Suzuki Ltd.	24.547	12.62	
Motherson Sumi Ltd.	25.734	12.234	
MRF Ltd.	26.457	9.602	
Tata Motors Ltd.	26.479	-2.426	
TVS Motors Company Ltd.	24.206	8.82	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean return on equity (ROE) of five years of the companies. CGDL and Return on equity is supposed to have a positive correlation It can be seen that there is a weak but positive correlation of 0.062 between CGDL and return on equity (ROE) among the companies. Increase in CDGL shows an increase in ROE and vise verse.

Table no-5.17
Correlation matrix of CGDL and Return on Equity ratio

Name of Company	Mean CGDL	Mean ROE	MCGDL-MROE
Ashok Leyland Ltd.	25.873	16.566	0.062
Bajaj Auto Ltd.	26.970	24.228	
Bharat Forge Ltd.	25.880	17.802	
Bosch Ltd.	27.055	17.056	
Cummins India Ltd.	25.558	20.754	
Eicher Motors Ltd.	26.739	40.36	
Exide Industries Ltd.	25.650	13.566	
Hero MotoCorp Ltd.	26.953	33.402	
Mahindra &Mahindra Ltd.	27.869	14.704	
Maruti Suzuki Ltd.	24.547	17.702	
Motherson Sumi Ltd.	25.734	18.26	
MRF Ltd.	26.457	18.61	
Tata Motors Ltd.	26.479	-7.938	
TVS Motors Company Ltd.	24.206	22.462	

Source: Author's calculation

5.15 Relationship between CGDL and Efficiency

To study the relationship between corporate governance disclosure level and efficiency three ratio i.e., return on capital employed, Assets turnover ratio and inventory turnover ratio has been taken and Pearson correlation has been applied.

The table below shows the correlation between mean CGDL score of five years of the companies and the mean return on capital employed (ROCE) of five years of the companies. ROCE and corporate governance disclosure level is supposed to have a positive relationship. It shows that there is a weak but positive correlation of 0.158

between CGDL and return on capital employed (ROCE) among the companies. Increase in CDGL shows an increase in ROCE and vice versa.

Table no-5.18
Correlation matrix of CGDL and Return on Capital Employed ratio

Name of Company	Mean CGDL	Mean ROCE	MCGDL-MROCE
Ashok Leyland Ltd.	25.873	16.582	0.158
Bajaj Auto Ltd.	26.970	28.43	
Bharat Forge Ltd.	25.880	17.03	
Bosch Ltd.	27.055	17.872	
Cummins India Ltd.	25.558	21.4	
Eicher Motors Ltd.	26.739	45.926	
Exide Industries Ltd.	25.650	18.906	
Hero MotoCorp Ltd.	26.953	39.44	
Mahindra &Mahindra Ltd.	27.869	14.886	
Maruti Suzuki Ltd.	24.547	21.24	
Motherson Sumi Ltd.	25.734	17.502	
MRF Ltd.	26.457	16.502	
Tata Motors Ltd.	26.479	0.942	
TVS Motors Company Ltd.	24.206	19.018	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean Assets turnover ratio (ATR) of five years of the companies. ATR and corporate governance disclosure level is supposed to have a positive relationship but the study shows that there is a negative correlation of -0.316

between CGDL and Assets turnover ratio (ATR) among the companies. Increase in CDGL shows a decrease in ATR and vice versa.

Table no-5.19
Correlation matrix of CGDL and Assets turnover ratio

Name of Company	Mean CGDL	Mean ATR	MCGDL-MATR
Ashok Leyland Ltd.	25.873	141.002	-0.316
Bajaj Auto Ltd.	26.970	119.312	
Bharat Forge Ltd.	25.880	62.232	
Bosch Ltd.	27.055	92.538	
Cummins India Ltd.	25.558	99.214	
Eicher Mptors Ltd.	26.739	103.784	
Exide Industries Ltd.	25.650	120.91	
Hero MotoCorp Ltd.	26.953	214.228	
Mahindra &Mahindra Ltd.	27.869	109.596	
Maruti Suzuki Ltd.	24.547	137.976	
Motherson Sumi Ltd.	25.734	102.628	
MRF Ltd.	26.457	88.134	
Tata Motors Ltd.	26.479	87.296	
TVS Motors Company Ltd.	24.206	215.474	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean Inventory turnover ratio (ITR) of five years of the companies. ITR and corporate governance disclosure level is supposed to have a positive relationship and the study shows that there is a positive correlation of 0.241

between CGDL and Inventory turnover ratio (ITR) among the companies. Increase in CDGL shows a decrease in ITR and vice versa.

Table no-5.20
Correlation matrix of CGDL and Inventory turnover ratio

Name of Company	Mean CGDL	Mean ITR	MCGDL-MITR
Ashok Leyland Ltd.	25.873	10.962	0.241
Bajaj Auto Ltd.	26.970	30.638	
Bharat Forge Ltd.	25.880	9.582	
Bosch Ltd.	27.055	8.896	
Cummins India Ltd.	25.558	8.368	
Eicher Motors Ltd.	26.739	19.684	
Exide Industries Ltd.	25.650	5.324	
Hero MotoCorp Ltd.	26.953	38.054	
Mahindra &Mahindra Ltd.	27.869	15.828	
Maruti Suzuki Ltd.	24.547	21.888	
Motherson Sumi Ltd.	25.734	8.158	
MRF Ltd.	26.457	6.914	
Tata Motors Ltd.	26.479	9.826	
TVS Motors Company Ltd.	24.206	14.4	

Source: Author's calculation

5.26 Relationship between CGDL and Solvency

To study the relationship between corporate governance disclosure level and solvency, Total debt to equity ratio has been taken and Pearson correlation has been applied.

The table below shows the correlation between mean CGDL score of five years of the companies and the mean Debt to equity ratio of five years of the companies. Debt equity and corporate governance disclosure level is supposed to have a negative relationship. It can be seen that there is a weak and negative correlation of -0.175

between CGDL and total debt to equity among the companies. Increase in CDGL shows a decrease in debt equity and vice versa.

Table no-5.21
Correlation matrix of CGDL and Debt equity ratio

Name of Company	Mean CGDL	Mean Debt equity ratio	MCGDL-MDER
Ashok Leyland Ltd.	25.873	0.264	-0.175
Bajaj Auto Ltd.	26.970	0.006	
Bharat Forge Ltd.	25.880	0.504	
Bosch Ltd.	27.055	0.002	
Cummins India Ltd.	25.558	0.04	
Eicher Motors Ltd.	26.739	0.012	
Exide Industries Ltd.	25.650	0.01	
Hero MotoCorp Ltd.	26.953	0	
Mahindra &Mahindra Ltd.	27.869	0.096	
Maruti Suzuki Ltd.	24.547	0.004	
Motherson Sumi Ltd.	25.734	0.18	
MRF Ltd.	26.457	0.238	
Tata Motors Ltd.	26.479	0.89	
TVS Motors Company Ltd.	24.206	0.434	

Source: Author's calculation

It has been expected that corporate governance should always have an positive impact on the performance of the firm and from the above study it can be determined that in S&P BSE Auto Index corporate governance has a positive impact. It is a good sign for the companies who are constantly trying to improve their corporate governance structure. This will build their reputation in the market and investors will also be attracted towards them.

5.17 Hypothesis Testing

In the study there are total five hypotheses in the study. All the hypotheses are in alignment with the objectives. The first objective of the study is **:-**

$H_0$1 There is no significant difference in the corporate governance practices followed by the companies**.**

$H_1$1 There is significant difference in the corporate governance practices followed by the companies.

To test this hypothesis single factor ANOVA has been applied and the result is mentioned below:-

Table no-5.22
Summary of CGDL for ANOVA

Name of Company	Mean	Std. Dev.	Freq.
Ashok Leyland Ltd.	25.873	1.051	5
Bajaj Auto Ltd.	26.970	0.525	5
Bharat Forge Ltd.	25.880	0.447	5
Bosch Ltd.	27.055	0.886	5
Cummins India Ltd.	25.558	1.387	5
Eicher Motors Ltd.	26.739	2.668	5
Exide Industries Ltd.	25.650	1.377	5
Hero MotoCorp Ltd.	26.953	0.746	5
Mahindra &Mahindra Ltd.	27.869	1.589	5
Maruti Suzuki Ltd.	24.547	0.673	5
Motherson Sumi Ltd.	25.734	0.460	5
MRF Ltd.	26.457	1.028	5
Tata Motors Ltd.	26.479	0.347	5
TVS Motors Company Ltd.	24.206	0.814	5
Total	26.141	1.425	70

Source: Author's calculation

Table no-5.23

Analysis of Variance

Source	SS	df	MS	F	Prob > F
Between groups	64.569	13	4.966	3.68	0.0003
Within groups	76.54	56	1.348		
Total	140.109	69	2.03		

Source: Author's calculation Significance level at 5%

The above table shows the variance analysis of CGDL of the companies. The p value of the ANOVA is 0.0003 which smaller than 0.05. So in this case the null hypothesis is rejected and the alternative hypothesis is accepted i.e. "There is significant difference in the corporate governance practices followed by the companies".

The second hypothesis was based on the impact of corporate governance on firm's liquidity and to test this hypothesis all fourteen companies were taken for five years. Multivariate regression was applied to know the impact.

$$CR_{it} = \alpha_0 + \beta_0\text{*CGDL}_{it} + \beta_1\text{*Age}_{it} + \beta_2\text{*Size}_{it} + \beta_3\text{* Lev}_{it} + \varepsilon_{it}$$

$$QR_{it} = \alpha_0 + \beta_0\text{*CGDL}_{it} + \beta_1\text{*Age}_{it} + \beta_2\text{*Size}_{it} + \beta_3\text{* Lev}_{it} + \varepsilon_{it}$$

$H_0$2 There is no significant relationship between corporate governance and firm's liquidity

$H_1$2 There is significant relationship between corporate governance and firm's liquidity

For liquidity in the study two ratios were taken i.e. current ratio and quick ratio and multivariate regression was applied separately.

The table below shows the regression results of current ratio and corporate governance. From the table it can be analysed that CGDL has weak but positive impact on current ratio but not significant. Leverage and size of the firms has a negative and significant impact on current ratio. Age of the firms also has positive and significant impact on the firms. It shows that older firms are well established and there liquidity is better.

Table no-5.24

Regression Analysis of CGDL and Current ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	0.059	1.300	0.198
Leverage	-0.605	-2.580	0.012**
Age	0.007	2.270	0.027**
Size	-0.536	-3.980	0.000***
Constant	2.417	2.040	0.460
F-statistic	10.737***		
Standard R^2	0.397		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression analysis of quick ratio and corporate governance. From the table it can be determined that there is significant positive impact of CGDL on quick ratio of the firms. Here also leverage and size of the firms has a negative and significant impact on quick ratio. Age of the firms also has positive impact on the firms. It also shows that older firms are well established and there liquidity is better.

Table no-5.25

Regression Analysis of CGDL and Quick ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	0.089	2.030	0.046**
Leverage	-0.479	-2.130	0.037**
Age	0.005	1.640	0.106
Size	-0.507	-3.910	0.000***
Constant	1.213	1.060	0.291
F-statistic	9.528***		
Standard R^2	0.369		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The above results have shown that in the given years the firms has positive impact or relationship between corporate governance disclosure level and liquidity but in the case of current ratio the relationship is not significant while in the case of quick ratio the relationship is significant. Firstly it is known that in quick ratio the items which are taken are more liquid then the item in current ratio. Secondly the coefficient of regression is higher in quick ratio then in current ratio which means the impact of CGDL is higher on quick ratio then on current ratio. So in that case for the liquidity quick ratio has been considered over current ratio and from the regression results it is concluded that CGDL has a significant positive impact or relationship with liquidity of the firms.

Therefore the null hypothesis $H_0 2$ “There is no significant relationship between corporate governance and firm’s liquidity” has been rejected and alternative hypothesis $H_1 2$ “There is significant relationship between corporate governance and firm’s liquidity has been accepted.

The third hypothesis was based on the impact of corporate governance on firm’s solvency and to test this hypothesis all fourteen companies were taken for five years. Multivariate regression was applied to know the impact.

$$DE_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * IC_{it} + \mathcal{E}_{it}$$

$H_0$3 There is no significant relationship between corporate governance and firm’s solvency.

$H_1$3 There is significant relationship between corporate governance and firm’s solvency.

For solvency, Total Debt to Equity ratio was taken and multivariate regression was applied.

The table below shows the regression analysis of total debt equity ratio and corporate governance. From the table it can be determined that there is negative impact of CGDL on debt equity ratio of the firms. Here age and size of the firms has a positive but not significant impact on debt equity ratio. Only Interest coverage has negative significant impact on the firms. It is expected that better corporate governance will decrease the debt equity ratio and here the relation between CGDL and debt equity is negative as expected but it is not significant.

Table no-5.26
Regression Analysis of CGDL and Total Debt equity Ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	-0.009	-0.430	0.670
Interest Coverage	-0.139	-4.220	0***
Age	0.000	0.280	0.779
Size	0.093	1.420	0.161
Constant	0.115	0.210	0.837
F-statistic	8.454***		
Standard R^2	0.342		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

So from the above table it is concluded that there is no significant impact of CGDL on firm's solvency. Hence the null hypothesis is accepted i.e. $H_0$3 "There is no significant relationship between corporate governance and firm's solvency" and the alternative hypothesis is rejected i.e. "$H_1$3 There is significant relationship between corporate governance and firm's solvency".

The fourth hypothesis was based on the impact of corporate governance on firm's profitability and to test this hypothesis all fourteen companies were taken for five years. Multivariate regression was applied to know the impact or relationship.

$NP_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \varepsilon_{it}$

$ROA_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \varepsilon_{it}$

$ROE_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \varepsilon_{it}$

$H_0$4 There is no significant relationship between corporate governance and firm's profitability.

$H_1$4 There is significant relationship between corporate governance and firm's profitability.

For profitability in the study three ratios were taken i.e. Net profit ratio, Return on Assets ratio and Return on Equity ratio. Multivariate regression was applied separately to know the relationship.

The table below shows the regression results of Net profit ratio and corporate governance. From the table it can be analysed that CGDL has a strong positive impact on net profit ratio and it is significant. Leverage and size of the firms has a negative and significant impact on net profit ratio. Age of the firms also has positive but not significant impact on the firms.

Table no-5.27

Regression Analysis of CGDL and Net profit ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	0.972	2.660	0.010**
Leverage	-10.001	-5.360	0.000***
Age	0.008	0.310	0.758
Size	-6.514	-6.060	0.000***
Constant	20.994	2.220	0.030**
F-statistic	28.079***		
Standard R^2	0.633		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression results of Return on Assets ratio and Corporate Governance. From the table it can be analyzed that CGDL has a strong positive impact on return on assets ratio and it is significant. Leverage, size and age of the firms have a negative and significant impact on return on assets ratio. The relationship between CGDL and Return on Assets is expected to be positive the in the present case it is positive.

Table no 5.28

Regression Analysis of CGDL and Return on Assets

Variables	Coeff.	t-Statistics	Prob.
CGDL	1.609	4.020	0.000***
Leverage	-14.426	-7.070	0.000***
Age	-0.098	-3.270	0.002***
Size	-6.193	-5.270	0.000***
Constant	11.823	1.140	0.256
F-statistic	36.966***		
Standard R^2	0.694		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression results of Return on Equity ratio and Corporate Governance. From the table it can be analyzed that CGDL has a strong positive impact on return on equity ratio and it is significant. Leverage, size and age of the firms have a negative and significant impact on return on equity ratio. The relationship between CGDL and Return on equity is expected to be positive the in the present case it is positive.

Table no 5.29
Regression Analysis of CGDL and Return on Equity

Variables	Coeff.	t-Statistics	Prob.
CGDL	1.935	2.790	0.007***
Leverage	-18.864	-5.340	0.000***
Age	-0.168	-3.240	0.002**
Size	-12.442	6.110	0.000***
Constant	48.472	2.710	0.009***
F-statistic	30.775***		
Standard r sq.	0.654		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

So to analyse the relationship of corporate governance and profitability three ratios were taken and from the regression results it was found that all the profitability variables has a positive and significant relationship with CGDL. Hence in this case the null hypothesis is rejected i.e. $H_0 4$ "There is no significant relationship between corporate governance and firm's profitability" and the alternative hypothesis is accepted i.e. $H_1 4$ "There is significant relationship between corporate governance and firm's profitability".

The fifth hypothesis was based on the impact of corporate governance on firm's efficiency and to test this hypothesis all fourteen companies were taken for five years. Multivariate regression was applied to know the impact or relationship.

$$ROCE_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \varepsilon_{it}$$

$$ATR_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \varepsilon_{it}$$

$$ITR_{it} = \alpha_0 + \beta_0 * CGDL_{it} + \beta_1 * Age_{it} + \beta_2 * Size_{it} + \beta_3 * Lev_{it} + \varepsilon_{it}$$

$H_0$5 There is no significant relationship between corporate governance and firm's efficiency.

$H_1$5 There is significant relationship between corporate governance and firm's efficiency.

For efficiency in the study three ratios were taken i.e. Return on Capital Employed Ratio, Assets Turnover Ratio and Inventory Turnover Ratio. Multivariate regression was applied separately to know the relationship.

The table below shows the regression results of Return on Capital Employed and Corporate Governance. From the table it can be analyzed that CGDL has a strong positive impact on return on capital employed and it is significant. Leverage, size and age of the firms have a negative and significant impact on return on capital employed ratio. The relationship between CGDL and Return on capital employed is expected to be positive the in the present case it is positive and significant.

Table no-5.30
Regression Analysis of CGDL and Return on Capital Employed

Variables	Coeff.	t-Statistics	Prob.
CGDL	2.856	3..55	0.001***
Leverage	-21.034	-5.120	0.000***
Age	-0.173	-2.870	0.005***
Size	-8.080	-3.420	0.001***
Constant	3.923	0.190	0.851
F-statistic		19.437***	
Standard R^2	0.544		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression results of Assets Turnover Ratio and Corporate Governance. From the table it can be analyzed that CGDL has a strong positive relationship with Assets turnover ratio but it is not significant. Leverage, size and age of the firms have a negative relationship with Assets Turnover Ratio but only age's relationship is significant. The relationship between CGDL and Assets Turnover Ratio is expected to be positive and in the present case it is positive but not significant.

Table no-5.31
Regression Analysis of CGDL and Assets Turnover Ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	4.086	0.990	0.325
Leverage	-28.690	-1.370	0.177
Age	-1.386	-4.480	0.000***
Size	-3.337	-0.280	0.784
Constant	120.532	1.130	0.261
F-statistic	5.993***		
Standard R^2	0.269		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression results of Inventory Turnover Ratio and Corporate Governance. From the table it can be analyzed that CGDL has a positive relationship with inventory turnover ratio and it is significant. Leverage and age of the firms have a negative significant relationship with Inventory Turnover Ratio. Age of the firm have a positive but not significant relationship with CGDL. The relationship between CGDL and Inventory Turnover Ratio is expected to be positive and in the present case it is positive and significant.

Table no-5.32
Regression Analysis of CGDL and Inventory Turnover ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	1.900	2.430	0.018**
Leverage	-12.622	-3.170	0.002***
Age	-0.234	-4.000	0.000***
Size	2.724	1.190	0.239
Constant	-32.809	-1.630	0.108
F-statistic	7.323***		
Standard R^2	0.31		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

So to analyse the relationship of Corporate governance and efficiency of the firms three ratios were taken and from the regression results its was found that out of three, two efficiency ratios i.e. Return on Capital Employed and Inventory turnover Ratio has a positive and significant relationship with CGDL. So with this it can be concluded that the null hypothesis is rejected i.e. $H_0 5$ "There is no significant relationship between corporate governance and firm’s efficiency” and the alternative hypothesis is accepted i.e. $H_1$5 There is significant relationship between corporate governance and firm’s efficiency.

Chapter-6

Findings and Summary

6.1 Introduction

This chapter discusses the finding and the summary of the study. The findings are based on three criteria i.e. (1) findings related to corporate governance disclosure level of the firms, (2) findings related to performance of the firms and (3) findings related to the impact of corporate governance disclosure level on firm's performance.

6.2 Findings related to Corporate Governance Disclosure Level of the firms

In the study it was found that Ashok Leyland has improved its corporate governance disclosure level (CGDL) from 26.632 in 2014 to 26.919 in 2018. In Bajaj Auto the CGDL score has improved i.e. from 26.119 in 2014 which reached to 27.044 in 2018.

Bharat forge has shown a high growth in CGDL score i.e. 26.075 in 2015 as compare to 25.080 in 2014 and after that its growth remain constant and steady growth in last three year. When it comes to Bosch their performance in corporate governance has declined. In 2014 their CGDL score was 27.908 which has reduced to 26.570 in 2018.

Cummins India has also shown an improvement in CGDL. It was 26.582 in 2014 which has increased to 27.490 in 2018. Eicher Motors has shown a tremendous growth after the new corporate governance norms. In 2014 its CGDL was 22.955 which has reached to 28.855

Exide Industries has also shown a good increase in its CGDL score. In 2014 its score was 25.093 which have reached to 27.790 in 2018 but when it comes to Hero MotoCorp the CGDL has shown as downward movement it was 28.234 in 2014 which has reached to 26.918 in 2018.

Mahindra & Mahindra score has also shown as downward movement which is not good for the firm. It has decrease from 30.327 in 2014 to 27.087 to 2018. In Maruti Suzuki CGDI score trend is also not good. There are minor up down from the year 2014 to 2016 but in 2017 there was good increase i.e. from 24.244 to 25.751. In the 2018 CGI has again decreased to 24.261 which is not a good sign for the company.

Motherson Sumi CGDL score has increased in five years. In 2018 the score was 25.957 which is better as compared to 24.912 in 2014. In MRF growth of CGDL score is not good. In 2018 the score was 26.452 which is less as compared to 27.491 in 2014.

Tata Motors depicts that there was a decrease in CGDL score of the company soon after the new corporate governance norms came and CGDL which was 26.823 in 2014 has decreased to 26.146 in 2018. The CGI score of TVS Motors was 24.638 in 2014 which has increased in 2018 and reached to 24.718

The year wise corporate governance disclosure level was also calculated of all the companies. It was found that in 2014-15 the CGDL score of all the companies were 367.035 which went down in 2015-16 and increased in 2016-17 and again went down in 2017-18. But in the last year is has shown a good increase and reached to 372.285 i.e. highest in five years.

To allot the ranks on the basis of CGDL score, total CGDL for five years for every company was taken. From the results it was found that Mahindra & Mahindra has scored 139.346 and secured first rank. Then it is followed by Bosch which has scored 135.273 and secured second rank. Third rank goes to Bajaj Auto which has scored 134.852. Forth rank goes to Hero Motocorp which has scored 134.765. Fifth rank goes to Eicher Motors which has scored 133.369. Sixth rank goes Tata Motors which has scored 132.397. Seventh rank goes to MRF Ltd. which has scored 132.287. Eighth rank goes to Bharta Forge which has scored 129.399. Ninth rank goes to Ashok Leyland which has scored 129.363. Tenth rank goes to Motherson Sumi which has scored 128.669. Eleventh rank goes to Exide Industries which has scored 128.250. Twelfth position goes to Cummins India which has scored 127.790. Thirteenth rank goes to Maruti Suzuki which has scored 122.734 and the last i.e. fourteenth rank goes to TVS Motors which has scored 121.029.

The companies which were below median CGDL score were TVS Motor, Motherson Sumi, Maruti Suzuki, Exide Industries, Cummins India, Bharat Forge and Ashok Leyland while the companies which were above median CGDL score were Tata

Motors, MRF Ltd., Mahindra & Mahindra, Hero Moto Corp., Eicher Motors, Bosch and Bajaj Auto.

It has been already mentioned in previous chapters that there were twenty six items which were taken to determine the corporate governance disclosure level (CGDL). These items were divided under six heads. The first head was of board structure in which Motherson Sumi has secured the highest score i.e. of 26.500 and Eicher Motors has secured the lowest score i.e. 18.820. Second comparison is done on the bases of committees. In this comparison Bosch has secured the highest score i.e. 59.500 and Maruti Suzuki has secured the lowest i.e. 45.500. Third comparison is done on the bases of Shareholding Pattern. In this comparison MRF Ltd. has secured the highest score i.e.15.017 and Bosch has secured lowest marks i.e. 3.083. The fourth comparison is done on the bases of means of communication. In this comparison only two companies i.e. Ashok Leyland and Tata Motors have scored 10 marks and all the remaining 12 companies have scored equal i.e. 15 marks. Fifth comparison is done on the bases of other disclosures. In this comparison all have scored equal i.e. 25 marks the highest score i.e. and last i.e. sixth comparison is done on the bases of chairman CEO duality. Here eight companies have scored 10 marks and 6 companies have scores 5 marks.

6.3 Findings related to performance of the firms

For liquidity two ratios were taken i.e. current ratio and quick ratio. The current ratio analysis of the companies describes that Cummins India has the highest mean current ratio of 2.23 and it has also shown an increase from 2014-15. On the other hand Tata Motors has shown a lowest mean current ratio i.e. of 0.63. The mean current ratio of the all the companies in five years has not moved much and remain stagnant i.e. 1.49.

In quick ratio analysis it was found that Bajaj Auto has the highest mean quick ratio i.e. 1.88 and it has also shown an increase from 2014-15 to 2017-18 but decreased in 2018-19. On the other hand Tata Motors has shown the lowest mean quick ratio i.e. of 0.33. The mean quick ratio of the all the companies in five years has shown an increased from 1.07 in 2014-15 to 1.11 in 2018-19.

For solvency analysis, total debt equity ratio was taken. In was analyzed that Tata Motors has the highest mean total debt equity ratio i.e. 0.89 and it has also shown a decrease from 2014-15 to 2018-19. On the other hand there are three companies i.e. Bosch, Hero Moto Corp and Maruti Suzuki which has shown the lowest mean total debt equity ratio i.e. of 0.00 which means they are not relying on borrowings. The mean total debt equity ratio of the all the companies in five years has decreased.

For profitability three ratios were used i.e. net profit ratio, return on assets ratio and return on equity ratio. It was found that Eicher Motors is having the highest mean net profit i.e. of 20.68. The companies like Bajaj Auto, Bharat Forge and Cummins India are also having good net profit i.e. above 15 percent. Tata Motors is the only company whose mean net profit is negative i.e.-3.53and it is the lowest also.

In return on assets analysis it was found that that Eicher Motors has the best ROA ratio i.e. 26.48 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. Here also Tata Motors is the only company whose ROA is negative i.e. -2.43. The overall ROA ratio of the companies in five years has increased. The Coefficient of variation (CV) shows more variation in Tata Motor and less in Mahindra &Mahindra.

In return on equity analysis it was found that Eicher Motors has the best ROE ratio i.e. 40.36 percent but it has decreased in last three years i.e.in 2016-17, 2017-18 and 2018-19. Here also Tata Motors is the only company whose ROE is negative i.e. -7.94 percent. The overall mean ROE ratio of the companies in five years has decreased.

For efficiency three ratio were taken i.e. return on capital employed (ROCE), Assets turnover ratio (ATR) and Inventory turnover ratio (ITR). In ROCE it was found that here also Eicher Motors has the best ROCE ratio i.e. 45.93 percent but it has decreased in last two years i.e. 2017-18 and 2018-19. Here also Tata Motors is has the lowest ROCE i.e. 0.94 percent. The average ROCE ratio of the all the companies in five years has increased.

Assets turnover ratio analysis of the companies concludes that TVS Motors has the highest mean ATR ratio i.e. 215.47 percent and it has increased in last two years i.e.in 2017-18 and 2018-19. Here Bharat Forge has the lowest mean ATR i.e. 62.23 percent. The overall mean ATR ratio of the all the companies went down in 2015-16 but started increasing from next year.

Inventory turnover ratio concludes that Hero Motocorp has the highest mean ITR ratio i.e. 38.05 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. Here Exide Industries has the lowest mean ITR i.e. 5.32 percent. The overall mean ITR ratio of the all the companies has shown an up and down trend in five years. In last year it has decreased to 14.61 percent as compared to previous year.

The descriptive analysis of performance measures of the companies explains that current ratio of the companies varies from 0.42 to 3.03 with a mean value of 1.47 and deviation of 0.61. The quick ratio varies from 0.19 to 2.70 with a mean value of 1.09 and deviation of 0.57. The debt equity ratio of the companies remains between 0 to 1.35. Its mean value was 0.19 and standard deviation was 0.27. The Net profit ratio of the companies varies much i.e. from -13.05 to 22.16 with mean value of 10.34 and standard deviation of 6.19. The ROA of the companies is also showing an up down trend. It varies from -9.48 to 36.12 with an average of 12.28 and standard deviation of 7.41. The ROE of the companies varies even more i.e. from -31.93 to 56.03 with an average of 19.11 and standard deviation of 12.06. The ROCE also varies much as ROE i.e. from -16.02 to 56.17. Its average is 21.12 and standard deviation of 12.21. The ATR of the companies has the largest variations i.e. from 2.94 to 262.17. Its mean value is 121.02 and a high standard deviation of 49.31 and finally the ITR of the companies which varies from 4.51 to 43.43 with a mean of 14.89 and standard deviation of 9.62.

6.4 **Finding regarding the impact or relationship of corporate governance disclosure level and firm's performance.**

One of the objectives of the study was to know the relationship between corporate governance and liquidity of the firms. The study depicts that there is a positive correlation of 0.345 between the mean CGDL score of five years of the companies and the mean current ratio of five years of the companies. It also display that there is a positive correlation of 0.449 between CGDL and quick ratio among the companies which implies that increase in CDGL will also increase in quick ratio and vise verse.

The other objectives of the study was to know the relationship between corporate governance and profitability of the firms and for those three ratios were taken i.e. net profit ratio, return on assets and return on equity ratio. The study shows that there is a positive correlation of 0.230 between CGDL and net profit ratio among the companies. Also there is a positive correlation of 0.212 between CGDL and return on assets (ROA) among the companies and there is a weak but positive correlation of 0.062 between CGDL and return on equity (ROE) among the companies.

The study also examines the relationship between corporate governance disclosure level and efficiency and for that three ratios i.e., return on capital employed, Assets turnover ratio and inventory turnover ratio were taken. . It shows that there is a weak but positive correlation of 0.158 between CGDL and return on capital employed (ROCE) among the companies. Increase in CDGL shows an increase in ROCE and vice versa but there is a negative correlation of -0.316 between CGDL and Assets turnover ratio (ATR) among the companies. It also shows that there is a positive correlation of 0.241 between CGDL and Inventory turnover ratio (ITR) among the companies.

The study also analyzes the relationship between corporate governance disclosure level and solvency and for that debt equity ratio was taken. It was examined that there is a weak and negative correlation of -0.175 between CGDL and total debt to equity among the companies. Increase in CDGL shows a decrease in debt equity and vice versa.

The first hypothesis was tested by applying one way ANOVA. It was found that the p value of the ANOVA is 0.0003 which smaller than 0.05. So in that case the null hypothesis is rejected and the alternative hypothesis is accepted i.e. there is a significant difference in the corporate governance practices followed by the companies.

In all the other hypotheses multivariate regression was applied. Second hypothesis was formulated to find relationship between corporate governance and firm's liquidity. From the results it was found that there is significant relationship between corporate governance and firm's liquidity.

The third hypothesis was formulated to find relationship between corporate governance and firm's solvency. From the results it was found that there is no significant relationship between corporate governance and firm's solvency.

The fourth hypothesis was formulated to find relationship between corporate governance and firm's profitability. From the results it was found that there is significant relationship between corporate governance and firm's profitability.

The fifth and the last hypothesis was formulated to find relationship between corporate governance and firm's efficiency. From the results it was found that there is significant relationship between corporate governance and firm's efficiency.

6.5 Summary of the study

The study consist of seven chapters, the first chapter is Introduction. It discusses about the concept of corporate governance or it can be said that it defines corporate governance in a wider perspective. It mentions some of the very popular definition of corporate governance given by different institutions and the scholars. It also discusses the history of corporate governance in world and also mentions some very famous corporate scandals like Lehman Brothers, Nortel, Satyam etc. It mentions the very famous committee like Cadbury, Greenbury and Hample committees which were founded to deal with the issue of corporate governance and it also explains briefly the recommendations given by these committees. This chapter also explains the three models of corporate governance i.e. Anglo – US model, Japanese model and the German model and the codes for good corporate governance. Beside this chapter includes literature review, research gap and statement of problem, objectives and the hypothesis of the study.

The second chapter is of research methodology. This chapter discusses the variables which were taken for the study. It is already mentioned that study was conducted in S&P BSE AUTO Index so the population taken for the study was all the fourteen automobile companies listed in this index and the time period taken was five years i.e. from 2014-15 to 2018-19. The study was based on secondary data. The data was collected from annual reports, sustainability reports and reports on corporate governance of the selected companies. The relation between corporate governance and companies' performance is analyzed with the help of Corporate Governance Disclosure Level (CGDL) and Financial Ratios. In the present study a mix of both the mandatory and non- mandatory items has been taken and with that Corporate Governance Disclosure Level (CGDL) has been prepared. To measure firm's performance there are 4 types of financial ratios i.e. liquidity, solvency, profitability and efficiency were used. After all the relevant data was collected, Karl Pearson Coefficient of Correlation was applies to analyses the relationship between corporate governance disclosure level and firm's performance. Single factor ANOVA and Multivariate Regression was applied for testing the hypothesis.

The third chapter discusses the history of corporate governance in India and what are the main reasons for bringing corporate governance to India. It gives brief description of most important committees like Confederation of Indian Industry's Code of Corporate Governance, Kumar Mangalam Birla Committee, The Companies Amendment Act, 2000, Naresh Chandra Committee, 2002, Narayan Murthy Committee, 2003and the most important amended SEBI's Clause 49 of Listing Agreement. This chapter also discusses the recommendations given by these committees for better corporate governance.

The fourth chapter discusses about the listed in S&P BSE AUTO Index and taken up for the study. This chapter discusses broadly four aspects of each company i.e. about the history and present position of the company, about the corporate governance of the company about the awards and achievements of the companies for their good governance and the general information of the company like its Chairman's name, head office address, market capitalization, email id and website.

The fifth chapter was very important one it contains the data analysis. This chapter shows the corporate governance disclosure level (CGDL) of the companies that were taken up for the study and for that different variable were used that have been already discussed in chapter two. After the CGDL, the performance of the companies was measured with the help of accounting ratios and after getting these two data, Karl

Pearson Coefficient of Correlation was applies to analyses the relationship between corporate governance disclosure level and firm's performance. Single factor ANOVA and Multivariate Regression was applied for testing the hypothesis.

The sixth chapter contains the finding and the summary of the study. Findings of the study is based on three criteria i.e. (1) findings related to corporate governance disclosure level of the firms, (2) findings related to performance of the firms and (3) findings related to the impact of corporate governance disclosure level on firm's performance and after that a short summary of all the chapters are written.

The last chapter i.e. the seventh chapter is of conclusion and suggestions.

Chapter 7

Conclusion and Suggestions

7.1 Conclusion

The role of automobile sector in boosting Indian economy is amazing. It is one of the fasting growing sectors in India and it is also one of the largest industries in the world. According to an above cited article by Dr Ruchi Mehrotra Joshi on 18 April 2020 titled “Covid-19: Indian Automobile Sector Crunched Into Reverse Gear”, Automobile sector is contributing around 50 per cent of the manufacturing gross domestic product in India which is also 26 per cent of the industry GDP and 7.1 per cent of overall GDP. Not only this but this sector also contributes approximately 13 per cent of excise revenue to the government. The reason for the massive increase in the demand for cars, and other vehicles is due to the increase in the income. The facility of finance and easy repayment schemes has also great support in the growth of the automobile sector. Before the independence Indian automobile market was mostly dependent on imported vehicles. At that time Indian automobile sector mainly focused on servicing, dealership and maintenance of vehicles. Manufacturing started only after a decade, from independence. Till 1950’s India’s transportation was heavily dependent on Indian Railways. This ratio has changed much today but still majority of Indians use railways. Since independence the Indian automobile industry faced many challenges but slowly it has progressed and has achieved a remarkable success today. In recent times India has emerged as the fourth largest exporter of automobiles after Japan, South Korea and Thailand in Asia. It is expected that the volumes of the cars will reach approximately 611 million vehicles on the nation’s roads by 2050.

But with success comes the responsibility. As it is already mentioned that automobile sector in India is a fast growing sector and because of that there are many investing opportunities in these companies. When it comes to investing it is very important to safeguard the interest of not only the investors but also the other stakeholders. Indian automobile sector has also witnessed scandals like “Volkswagen AG's widespread emission scam” in which the company has lost over 33% of its market value in few days. Hyundai was fined by “Competition Commission of India (CCI)” for Rs 2,544.64 for engaging in unfair trade practices. In 2009, Toyota was held responsible by the courts over 'unintended acceleration' issues that had resulted in the death of several people also Toyota refused to share data with the authorities, related to the problem and escalated the matter. Toyota's stock price fell in a month, by about 20%. These kinds of issues shake the trust of the stakeholders and results in an ultimate loss of shareholders, company and the economy of the country. To cope up with such kind of issue government and the regulators bodies are modifying the corporate governance structure and giving new rules and regulations to the listed companies on regular interval.

The present study has shown that new corporate governance norms given by SEBI and Companies Act 2013 are proving beneficial. It was found that these corporate governance norms have a positive impact on the performance of the company and no new scandal in automobile sector has been heard. But still this impact is very weak and needed to be improved. There are some areas like shareholding pattern and board structure where more strict norms are needed. Companies in this sector are very influential and have great impact on the stock market of India. If proper efforts are made for improving the governance in this sector it will definitely create good opportunity for investing and will also boost up the economy.

7.2 Suggestions

The study provides a framework for the automobile companies to how to apply effective and efficient corporate governance structure. It has been observed that in today's word competition is increasing and with this competition comes a lot of responsibility and scams which is to be dealt very carefully. To come up with these issues and to improve the standard of the corporate governance it is very important to modify the corporate governance structure regularly. Following are some suggestions for the different stakeholders. These suggestions will help in identifying those areas where there is a need of improvement and also help in determining proper actions that can improve their corporate governance structure.

7.2.1 Suggestions for the companies

For deciding the best policies for good governance of a company it is very important to have good and effective board and for the effective board it is very important that there should be adequate number of directors with expertise in the particulars field.

Form the literature review it was found that ten to eleven directors with expertise in their fields, is a good combination. So it is suggested that companies can maintain an optimum ratio of directors on Board so that power can equally distributed.

It is mandatory for a public listed company to have a woman director on its board and all the companies in the study is following it but a study by “Bank of America Merrill Lynch” says “gender diversity can boost return on equity, market capitalization, and that too, at less risk”. In the present study also it was found that most of the companies have less than 10 percent women director on board. Therefore it is suggested to the companies to increase this percentage.

Audit is one of the most effective and influential pillar of the company. Findings show that some companies are having only one financial expert in Audit committee. Therefore companies are suggested to have at least half of the population as financially expert not only financial literate.

When it comes to nomination & remuneration committee and stakeholders’ relationship committee there are some companies which have non- executive directors on board but they are not independent. In such case the decisions making can be effected so the companies are suggested to appoint non-executive independent directors on the board.

Complaints of shareholders need to be redressed. Their feedback, suggestions need to be given much importance. Therefore it is advisable to have a help desk to shareholders which can provide handbook to shareholders which highlights their rights and responsibilities since they are one the major stakeholders of the bank.

An article by Rajesh Mascarenhas, editor of the economics times states that “Companies with promoter holdings beyond 65 per cent of the outstanding equity base are likely to underperform in coming two years”. Another article by Amit Mudgill, editor of the economics times states that “Finance Minister Nirmala Sitharaman in her maiden budget speech urged SEBI to consider increasing the minimum public shareholding in listed firms to 35 per cent from 25 per cent”. The study also shows that most of the companies are having around 50 percent promoter's equity. So the companies are advised to reduce its promoter's holdings and increase its public shareholding for better transparency and functioning.

The company can have a separate portion in the corporate governance report which show the awards and the achievements which company has accomplished particularly in the field of good governance.

It was also found that in some areas the relationship or the impact of corporate governance disclosure level on firm's performance is inverse of what is expected, so the companies can take further steps and can become more carefully in these areas so that the desired results can be received.

Those companies whose CGDL is below the median score are suggested to have a deeper look into their corporate governance structure and found the areas in which they are lacking and they must take proper steps for improving their corporate governance structure.

It was found in the study that companies are following the minimum requirements given by SEBI clause 49 for corporate governance but it very important for the companies to increase those standards and take it to another level.

7.2.2 Suggestions for Shareholder

Shareholders must actively involve themselves as the market participant and they are suggested to communicate with the company on regular intervals in which they are investing especially with regard to the disclosure practices.

Minority shareholders has the power to vote through the postal ballot system, but they rarely exercise this power as they may not be very much interested in getting involved on the subject. Shareholders are advised to exercise the option of postal ballot system and must participate in every voting of the company.

It has been observed that in recent times many defaulters have ran away with huge money and stakeholders are bearing the ultimate loss. Therefore shareholders are suggested to ask the companies and the regulatory bodies to impose heavy penalty, increase in the imprisonment on the defaulters. They can also ask the delisting of companies share which are involved in unethical practices.

It is very difficult for the shareholders to attend every important event or meetings of the company physically as they are dispersed all over the country and they hardly communicate with each other. So it is advised to have an electronic platform and which is easily accessible so that every shareholder can participate in voting and other important events of company.

7.2.3 Suggestions for the regulatory bodies and government

Related Party Transaction (RPTs) is one of the most disputed are where chance of fraud is also high. It is the duty of the audit committee to review RPTs periodically but it not sufficient. It is suggested to make a mandatory rule that if RPTs has taken place then it should be reviewed at the same time by the audit committee.

The government can asked the companies to discloses the reason in their annual report for the classification of a related party transaction as extraordinary or material, or as non-extraordinary or nonmaterial

It is advisable that if a company is disinvesting or selling of its major subsidiaries or any part of business then they can ask for the opinion and approval of the shareholder also. In some cases it has been observed that such transfers have been done without giving proper information to the shareholders.

In the study it was found that most of the companies are owned by the promoter which raises the issue of excessive remunerations to the executive which are the members or close ones of the promoters. Regulatory bodies are requested to made strict norms to check such types of irregularities.

The promoters have a fiduciary responsibility towards the business and the minority shareholders. At times these fiduciary responsibilities are under looked by the promoters and the ultimate loss is faced by the minority shareholders. To stop this unethical practice, some strong controlling mechanism can be made.

The selection of independent directors of the company is very important especially for the minority shareholders and this matter should not only be left in the hands of companies. It is suggested to have a body or institution which can assist and can keep a watch over the appointments of independent directors. Section 151 of the Companies Act 2013 provides that “listed company may have one director elected by small shareholders under the terms and conditions as may be prescribed, where small shareholders is defined as a shareholder holding shares of nominal value of not more than INR 20,000 (equivalent to USD 333) or such other sum as may be prescribed”. Every rule should be made mandatory for every company.

In present time, there is nothing specific on the liability of independent directors and their remuneration except their sitting fees. It is inadequate in view of their associated responsibilities and risks. The Companies Act, 2013 explicitly defines the duties of directors towards the company, its employees, its shareholders and the community as a whole but there is a need of rule in which he /she will also be liable for the loss of the minority shareholder.

Training programs can be conducted especially for the board members to cope up with the new types of frauds and the challenges which are coming in present scenario.

Investor education is also a key to improve the governance structure. It is advised to conduct such programs on regular intervals. This will not only increase their participation in general meetings but also help the government and companies getting new idea which can pave way for a better economy.

It is suggested to have specialized courts which only deal with this cases of corporates. If such courts are set up then the trails will be faster and every commercial case can be solved easily and this will also reduce the damage caused to economy of the country.

7.3 Future scope of the study

The area of the study can be increased and some more automobile companies from other index can also be included so that the result is generalized.

Times to time new amendments are coming up in corporate governance and many disclosures are being made mandatory. So a more comprehensive study can be done while considering new corporate governance norms.

The time period was also short because the study was conducted on the basis of new norms given by SEBI Amended Clause 49 and Companies Act 2013. This can also be increase and comparative study on the basis of old rules and new rules on corporate governance can also be done.

Bibliography

Afsharipour, A. (2010). The promise and challanges of India's corporate governance reforms. *Indian Journal of Law and Economics, 1*, 33-70.

Agarwal, S. K. (2008). *Towards improving governance.* New Delhi: New Delhi Academic Foundation.

Arora, A., & Bodhanwala, S. (2018). Relationship between Corporate governace index and firm performance: Indian evidence. *Global Business Review, 19*(3), 675-689.

Ashok Leyland. (2014-15-2018-19). *Annual report*. Chennai: Ashok Leyland

Aydemir, B. (2012). *Corporate Governance– An Empirical Analysis of the Relationship between SAHA's Corporate Governance Rating Scores and Firm Performance at Istanbul Stock Exchange.* Sweden: Södertörn University.

Baig, M. I., & Das, B. K. (2016). Corporate governance in FMCG Compnaies listed in BSE : A Comparitive Study of Godrej & Dabur India Ltd. In S. Shah, & S. K. Bansal, *Business and Management, some emerging issues* (pp. 77-93). Kolkatta: Mitram.

Baig, M. I., & Das, B. k. (2016). Market Base System of Corporate Governance:A Comparative study. In R. G. Singh, *Corporate Governance & Corporate Social Responsibility in India Issues and perspective* (pp. 143-160). New Delhi: Ruby Press & Co.

Baig, M. I., & Das, B. K. (2018). Level of Corporate Disclosure in selected Automobile Companies Listed in S&P BSE Auto and its Relationship with Firm's Profitability, Liquidity and Efficiency. In W.C. Singh, *Recent Trends in Business and Meangement*(pp. 242-250). Mumbai: Himalayan Publishing House.

Baig, M. I., & Das, B. K. (2019). Relationship between Coprorate governance and Environmental Disclosures: A Study of selected companies listed in S&P BSE SENSEX. W.C. Singh, L.S. Sharma, *Sustainability and Business Managemnent*(pp.219-226). New Delhi: Excel India Publishers.

Baig, M. I., & Das, B. K. (2019). Corporate governence practices in companies listed in NIFTY CPSE index and its relationship with companies' liquidity. *European Academic Research. 11*(6), 6139-6149.

Baig, M. I., & Das, B. K. (2020). Does corporate governance have an impact on firm's profitability? A study of selected companies listed in S&P BSE SENSEX. *Studies in Indian Place Names. 40*(3), 3833-3843

Baig, M. I., & Das, B. K. (2020). Impact of Corporate Governance on Banks: A Study of Public Sector Banks in India. *Management Convergence.2*(1), 41-49

Baijal, M. (2015, july). *Indian Institute of Corporate Affairs.* Retrieved Aug 23, 2016, from http://iica.in/:http://iica.in/images/Knowledge_IICA_Reserch_and_publications.pdf

Bajaj Auto. (2014-15-2018-19). *Annual report.* Pune: Bajaj Auto.

Balasubramnain, N., Black, B., & Khanna, V. (2010). The relationship between firm-level corporate governance and market value: A study of India . *Emerging Markets Review, 11*(4), 319-340.

Banaji, J., & Mody, G. (2001). *Corporate Governance and the Indian Private Sector: A Report.* Queen Elizabeth House.

Basu, C. (2019, 03 06). *Chron.* Retrieved 03 14, 2020, from smallbusiness.chron.com: https://smallbusiness.chron.com/four-basic-types-financial-ratios-used-measure-companys-performance-25299.html

Bekees, W., Brown, P. R., Zhan, W., & Zhang, Q. (2015). Corporate governance, companies' disclosure practices, and market transparency: A cross country study. *Journal of Business Finance and Accounting, 43*(3-4), 263-297.

Ben, P. J. (2014). Corporate governace index and firm performance. *Journal of Contemporary Research in Management, 9*(3), 33-44.

Bhanumurthy, I., & Desai, S. S. (2010, Oct 4). *Corporate Governance and Disclosure Practices: A Study of SENSEX (Index) Companies*. Retrieved Nov 8, 2017, from papers.ssrn.com: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=1686650&rec=1&srcabs=1729422&alg=1&pos=7

Bhattacharyya, A. K., & Rao, S. V. (2005, Feb 2). *Economic Impact of Regulation on Corporate Governance: Evidence from India.* Retrieved Nov 3, 2017, from https://papers.ssrn.com: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=640842&rec=1&srcabs=1436185&alg=1&pos=8

Bharat Forge. (2014-15-2018-19). *Annual report.* Pune: Bharat Forge.

Bhuiyan, H. U., & Biswas, P. K. (2007). Corporate Governance and Reporting: An Empirical Study of the Listed Companies in Bangladesh. *Dhaka University Journal of Business Studies, 28*(1), 34-64.

Bison, T. A. (1954). *Zaibatsu Dissolution in Japan.* Westport, CT: Greenwood press.

Black, B. S., & Khanna, V. S. (2007). Can Corporate Governance Reforms Increase Firm Market Values? Event Study Evidence from India. *Journal of Empirical legal studies, 4*(4), 749-796.

Bosch. (2014-15-2018-19). *Annual report.* Banglore: Bosch.

Brown, D. L., & Caylor, M. L. (2004). *Corporate Governance and Firm Performance .* Retrieved 2019, from SSRN: https://ssrn.com/abstract=586423

Business Standard. (2018). *Business Standard.* Retrieved feb 16, 2019, from www.business-standard.com: https://www.business standard.com/company/bajaj-auto-28074/information/company-history

Business Standard. (2019, Feb 8). *Business Standard.* Retrieved Feb 14, 2019, from www.business-standard.com https://www.business-standard.com/company/maruti-suzuki-5496/information/company-history

Buzby, S. (1975). Company size, listed versus unlisted stocks and the extent of financial disclosure. *Journal of Accounting Research, 13(1)*, 16-37.

Campos, C., Newell, R., & Wilson, G. (2002). Corporate governance develops in emerging markets. *McKinsey on Finance*, pp. 15-18.

Carlsson, G., & Karlsson, K. (1970). Age, Cohorts and the Generation of Generations. *American Sociological Review, 35*(4), 710-718. Retrieved July 19, 2020, from www.jstor.org/stable/2093946

Chander, S. (1992). *Corporate reporting practices in public and private sectors.* New Delhi: Deep and Deep publication.

Chandra, G. (1974). A study of the consensus on disclosure among public accountants and security analyst. *The Accounting Review*, pp. 733-744.

Chaudhary, S. K., Das, S. K., & Mishra, D. P. (2011). Corporate governance practices in selected Indian financial institutions. *European journal of business and economics*, 39-48.

Cheffins, B. R. (2012). History of Corporate governance. *European Corporatre governance institute Law Working Paper N 184/2012*.

Chikhale, D. (2014). Maruti Suzuki- Setting up subsidiary in Gujarat- Is it a corporate governance issue. *Abhinav National Monthly Refereed Journal of Research in commerce and mangement, 3*(5), 47-50.

Chicago tribune. (1977, Augest 10). NYSE Chairman Sees Bigger Government Role. *Chicago tribune* , p. E9.

Clarke, T. (2007). *International Corporate Governance:A comparative approach.* Abingdon: Taylor & Francis e-Library.

Cummins India. (2014-15-2018-19). *Annual report.* Pune: Cummins India.

Das, S. C. (2013). *Corporate Governance: Codes, Systems, Standards and Practice.* Chennai: PHE.

Desjerdenis, J. (2017, April 11). *Business Insider*. Retrieved Oct 25, 2017, from www.businessinsider.com: http://www.businessinsider.com/here-are-the-20-biggest-stock-exchanges-in-the-world-2017-4?IR=T

Dhanank, D. (2015, july 27). *Corporate law Reporter.* Retrieved 8 29, 2016, from http://corporatelawreporter.com/: http://corporatelawreporter.com/2015/07/27/revised-clause-49-listing-agreement/

Eicher Motors. (2014-15-2018-19). *Annual report.* New Delhi: Eicher Motors

Elloumi, F., & Gueyie, J. (2001). Financial Distress and Corporate Governance: an empirical analysis. *Corporate Governance International Journal of Business in Society, 1*(1), 15-23.

Erise, K. (1996). Information Disclosure in Annual Reports. *The Chartered Accountant 45(7)*, pp. 45-48.

ET Buerue. (2018, sept 7). *The Economic Times.* Retrieved feb 16, 2019, from economictimes.indiatimes.com: https://economictimes.indiatimes.com/news/company/corporate-trends/perseverance-strategy-big-winners-at-et-awards/articleshow/65713317.cms

Exide Industries. (2014-15-2018-19). *Annual report.* Kolkata: Exide Industries.

Express Drives Desk. (2018, oct 4). *Express Drives.* Retrieved feb 12, 2019, from https://www.financialexpress.com: https://www.financialexpress.com/auto/car-news/maruti-suzuki-receives-national-safety-award-from-ministry-of-labour-and-employment/1337582/

Fernando, A. C. (2006). *Corporate Governance Principles, Policies and Practices.* New Delhi: Dorling Kindersley(india) Pvt.Ltd.

Gompers, Paul A. Ishii, Joy L. & Metrick, Andrew. Corporate Governance and Equity Prices. *Quarterly Journal of Economics, 118*(1), No. 1, pp. 107-155.

Gregory, E. P., & Shailer, A. (2004). *Introduction to corporate governance in Australia.* Australia: Frenchs Forest, NSW : Pearson Education.

Haldar, A., & Rao, S. N. (2013). Corporate Governance Index for Listed Indian Companies. *XII Capital Market Conference* (p. 25). Mumbai: ResearchGate.

Hero Motocorp. (2014-15-2018-19). *Annual Report.* New Delhi: Hero Motocorp.

Hoshi, T., Kashyap, A., & Scharfstein, D. (1991). Corporate structure, liquidity and investment: Evidence from Japanese industrial group. *Quaterly Journal of Economics,106* , 33-60.

Jathmalani, H. (2019, 03 08). *Mint.* Retrieved 12 2019, 12, from www.livemint.com: https://www.livemint.com/market/mark-to-market/if-having-more-women-directors-boosts-returns-why-is-india-inc-shying-away-1551992727731.html

Javed, A., & Iqbal, R. (2006). Corporate governance and firm performance : Evidence from Karachi Stock Exchange. *The pakistan Development Review, 45*(4), 947-964.

Joshi, A. A. (2008, 3). *E-Governance in India*. Retrieved 3 2017, from http://indiaegovernance.blogspot.in/: http://indiaegovernance.blogspot.in/2008/03/objectives-of-e-governance.html

Joshi, R. (2020, April 18). *Entrepreneur India.* Retrieved April 18, 2020, from www.entrepreneur.com: https://www.entrepreneur.com/article/349464

Kumar, H. (2014). Corporate governance and its core: Acomparitive study of India and South Korea. *Ineternational Journal for Research in Management and Pharmacy, 3*(4), 14-22.

Latif, B., Shahid, M., Haq, M., Waqas, H., & Arshad, A. (2013). Impact of Corporate Governance on Firm Performance: Evidence from Sugar Mills of Pakistan. *European Journal of Business and Management, 5*(1), 51-59.

Mahindra &Mahindra. (2014-15-2018-19). *Annual Report.* Mumbai: Mahindra &Mahindra.

Mallin, C. A. (2006). *Handbook on Internatinal Corporate Governance: Country Analyses.* Cheltenhem: Edward Elger Publishing.

Martson, C. (1986). *Financial reporting in India.* London: Croom Helm Ltd.

Maruti Suzuki. (2014-15-2018-19). *Annual Report.* New Delhi: Maruti Suzuki.

Maruti Suzuki. (2018, 12 6). *Maruti Suzuki*. Retrieved 2 14, 2019, from www.marutisuzuki.com:https://www.marutisuzuki.com/corporate/aboutus/strength#accolades

Miglani, S. (2019). *The Innovation, Economic Development, and Intellectual Property in India and China.* Singapore: Springer Singapore.

Mitton, T. (2000). A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis. *SSRN Electronic Journal*.

Mohanty, P. (2003). Institutional investors and corporate governance in India. *Research Paper of National Stock Exchange*. Mumbai, India: National Stock Exchange.

Morck, R. K. (2005). The Global History of Corporate Governance: An Introduction. *A History of Corporate Governance around the world: Family Business Groups to Professional Managers.* Chicago: University of Chicago Press.

Motherson Sumi. (2014-15-2018-19). *Annual report.* Noida: Motherson Sumi.

MRF. (2014-15-2018-19). *Annual report.* Chennai: MRF.

Mudgil, A. (2019, 07 05). *The Economic Times Markets.* Retrieved 01 02, 2020, from economictimes.indiatimes.com: https://economictimes.indiatimes.com/markets/stocks/news/fm-nirmala-sitharaman-pushes-sebi-to-raise-public-stake-limit-to-35-analysts-cagey/articleshow/70085955.cms?utm_source=contentofinterest&utm_medium=text&utm_campaign=cppst

Mukherjee, S. (n.d.). *http://www.economicsdiscussion.net/.* Retrieved from Economics Dicussion: http://www.economicsdiscussion.net/business environment/corporate-governance/corporate-governance-in-india-need-importance-and-conclusion/10145

Navratan. (n.d.). *Corporate governance disclosure practices in Indian telecom sector [A comparitive study between Bharat sanchar nigam limited and Bharti airtel limited].* Dayalbagh eductational institute, (Deemed University) Dayalbadh, Agra: unpublished.

Nicholson, G., & Kiel, G. (2004). A Framework for Diagnosing Board Effectiveness. *Corporate Governance*, *12*(4), 442-460.

Othman, H. B., & Zeghal, D. (2008). A study of corporate governance disclosure and its country-level determinants in the emerging markets. *Research in Accounting in Emerging Economies, Volume 8*, 125-155.

Pande, S., & Kaushik, K. v. (n.d.). *Study on the State of Corporate Governance In India.* New Delhi: Thought Arbitrage Research Institute.

Pandya, H. B. (2013). Impact of Corporate Governance Practices on Firm's Performance: An Indian Prespective. *International Journal of current Business and Economics , 2*(9), 43-51.

Parkinson, J. (1994). *Creating Corporate Social Responsibility Orientation through Strategic.* Benedictine University.

Patel, R., & Patel, S. (2012). Corporate governance in oil & gas sector: an empirical investigation. *International journal of research in Commerce, IT & Management, 2*(8), 92-100.

Press Information Bureau. (2015). *Note on Skill India, Ministry of Skill Development and Enterpreneurship.* New Delhi: Press Information Bureau.

Press Information Bureau. (2016). *Startup India Programme, Ministry of commerce & Industry.* New Delhi: Press Information Bureau.

Rajyalaxm, M. &. (2014). Comparative Study of Corporate Governance Disclosure practices adopted by Listed Companies in Manufacturing and Software sectors in India. *Pacific Business Review International, 6*(8), 31-35.

Rergistrar general in India . (2011). *Primary census abstract 2011.* New delhi: Rergistrar general in India .

Sample registration system;office of Registrar General of India. (2016). *Sepcial Bulletin on Maternal Mortality in india.* New Delhi: Sample registration system;office of Registrar General of India.

Saravanan, P. (2012, march). *National Foundation for Corporate Governance.* Retrieved Aug 24, 2016, from www.nfcgindia.org: www.nfcgindia.org/pdf/cor_gover_manu_firms.pdf

Sareen, V. K., & Chander, S. (2009). Firm's Attributes and Corporate Governance Disclosure Practices: An Empirical Investigation. *Indian Journal of Corporate Governance*, *2*(1), 23–57.

Sarkar, J., Sarkar, S., & Sen, K. (2012). A corportae governance index for the large listed companies in India. *Indian Accounting Review, 16*(1), 1-16.

Seligman, J. (1987). “A Sheep in Wolf’s Clothing: The American Law Institute Principles of Corporate Governance Project.”. *George Washington Law Review 55*, 325-81.

Selvam, M., Raja, J., & Kumar, A. S. (2006). Corporate Governance and Performance Indian Banking System.

Seshan S A and Gujrathi M R (1980), A Survey of Financial Reporting Practices in India, IIM, Ahmedabad.

Shankar, T. (1972). Making corporate practices more communicative. *Economic and Political Weekly, 7(41)*, pp. 164-168.

Sharma, S., Saxena, P., & Saxena, N. K. (2013, june 14). *Social Siecnce Research Network.* Retrieved aug 24, 2016, from papers.ssrn.com: papers.ssrn.com/sol3/papers.cfm?abstract_id=2279413

Shelifer, A., & Vishny, R. W. (1997). A Survey of Corporate Governance. *The journal of Finance, 2*(2), 737-781.

Siebens, H. (2002). Concepts and Working Instruments for Corporate Governance. *Journal of Business Ethics 39*, 109-116.

Singh, D. R., & Bhargava, S. K. (1978). Quality of disclosure in the public sector enterprises. *Vikalpa 3(4)*, pp. 257-64.

Singh, S. (2016). *The Indian Express Tech i.e.* Retrieved 2017, from http://indianexpress.com/: http://indianexpress.com/article/technology/tech-news-technology/national-optical-fibre-network-project-fast-internet-slow-implementation/

Singhvi. (1967). *Corporate disclosure through Annual reports in US and India.* Graduate School of Business, University of Columbia.

Singhvi, S. S., & Desai, H. B. (1971). An empirical analysis of the quality of corporate financial disclosure. *The Accounting Review*, pp. 129-138.

Smith, N., Smith, V., & Verner, M. (2006). Do women in top management affect firm performance?A panel study of 2,500 Danish firms. *International Journal Of Productivity And Performance Management*, *55*(7), 569-593

Som, L. S. (2006). Corporate Governance Codes in India. *Economic and Political Weekly,Vol. 41, No. 39*, 4153-4160.

Sommer, A. A. (1977). The Impact of the SEC on Corporate Governance. *Law and Contemporary Problems 41*, 115-145.

Srinivasan, P. (2013, september). *National Stock Exchange of India Ltd.* Retrieved aug 24,2016,fromwww.nseindia.com: https://www.nseindia.com/research/content/res_iimb_3.pdf

Statista. (2019). *Statista*. Retrieved feb 20, 2019, from www.statista.com: https://www.statista.com/statistics/252195/bajaj-autos-number-of-employees/

Steger, U., & Amann, W. (2008). *Corporate Governance: How to Add Value.* Hoboken, New Jersy: John willey & Sons Inc.

Stuart L.Gillian, L. T. (2003). *Corporate Governance, Corporate Ownership, And roles of institutional investors:A Global Prespective.* Newark: John L Winbarg Centre for Corporate Governance University of Delaware.

Tata Motors. (2014-15-2018-19). *Tata Motors.* Mumbai: Tata Motors.

Thadden, V., & Boltan, P. (1998). Liquidity and Control: A Dynamic Theory of Corporate Ownership Structure. *Journal of Institutional and Theoretical Economics, 154*(1), 177-187.

Thakkar, K. (2015, Aug 12). *The Economic Times.* Retrieved Feb 13, 2019, from economictimes.indiatimes.com: https://economictimes.indiatimes.com/maruti-suzuki-posts-highest-market-share-in-more-than-a-decade-in-july/articleshow/48445994.cms

The Institute of Company Secretaries of India. (2017). *Press Release.* New Delhi: The Institute of Company Secretaries of India.

Tom, W. C., & Lin. (2011). The Corporate Governance of Iconic Executives. *87 Notre Dame Law Review 351* , 32.

Tricker, R. I. (1984). *Corporate Governance: Practices, Producers and Powers in British.* Aldershot: Gower Press.

TVS Motor. (2014-15-2018-19). *Annual report.* Chennai: TVS Motors.

Varshney, A., Kaul, V., & Vasal, V. (2012). *Corporate governance index and firm performnace: Empirical evidence from India.* Retrieved 2019, from SSRN: http://ssrn.com/abstract=2103462

Wallace, R. O., & Naser, K. (1995). Firm-specific determinants of the comprehensiveness of mandatory disclosure in corporate annual reports of firms listed on stock exchange of Hong Kong. *Journal of Accounting and Public Policy, 14 (4)*, 311-368.

Wikipedia. (2019, Feb 11). *Wikipedia.* Retrieved feb 12, 2019, from en.wikipedia.org: https://en.wikipedia.org/wiki/Tata_Motors

World Bank. (2018). *Doing Business.* Washington D.C.: World Bank.

World Bank. (n.d.). *Political Stability and Security along with a Stable Legal and Regulatory Environment.* World Bank.

World Economic Forum. (2018). *The Global Competitiveness Report.* Cology: World Economic Forum.

Yermack, D. (1996), "Higher market valuation of companies with a small board of directors", *Journal of Financial Economics*, *40* (2), 185-221.

Youssuf, M. T. (2010). Corporate Governance An Overview – Around the Globe (1). *Corporate Governance An Overview – Around the Globe (1)*. Egypt: Grand Thornton.

Zysman, J. (1983). *Governments Markets and Growth: Financial Systems and the Politics of Industrial Change.* Ithaca, NY: Cornell University Press.

CURRICULUM VITAE

MOHD IFTIKHAR BAIG
Ph.D. Scholar
Department of Management,
Mizoram University,
Aizawl, Mizoram
E-mail: iftikhar.mzu@gmail.com
Mob No. 9897585560

Career objective

To achieve the goal through using knowledge and experience gathered by me, and other experts comes in way of my profession.

Educational Qualification

Degree	**University/School**	**Year**	**Percent (%) / CGPA**
High School	Ayesha Train School	2007	73%
SSSC (II)	Aligarh Muslim University	2009	72%
B.Com (H)	Aligarh Muslim University	2012	64%
MBA	Jamia Hamdard	2015	7.53 CGPA
M.Phil.	Mizoram University	2017	7.55 CGPA

M.Phil. Topic- Corporate Governance Practices In Selected Fast Moving Consumer Goods (FMCG) Companies Listed In S&P BSE FMCG

Publications (Journals)

1. Article published titled "Impact of Corporate Governance on Banks: A Study of Public Sector Banks in India" in *Management Convergence, an International Journal of Management* published by Department of Management, Mizoram University, ISSN No. 0976-5492
2. Article published titled "Does corporate governance have an impact on firm's profitability? A study of selected companies listed in S&P BSE SENSEX selected companies listed in S&P BSE SENSEX" in *Current Issues in Studies in Indian Place*

Names journal published by The Place Name Society of India, ISSN 2394-3114 (UGC CARE listed)

3. Article published titled "Corporate governance practices in companies listed in NIFTY CPSE index and its relationship with companies' liquidity" in *European Academic Research* by Kogaion Publishing Center, Editors: Dr. Ecaterina Patrascu, ISSN- 2286-4822, Bucharest

Publications (Book Chapters)

1. Article published titled "Relationship between corporate governance and environmental disclosure: A study of selected companies listed in S&P BSE Sensex" in book entitled "Sustainability and Business Management" in by Excel India Publisher, Editors: Prof. L.S. Sharma, Dr. Sunildro L.S. Akoijam, Prof. W.C. Singh, Prof. J.U. Ahmed ISBN-978-93-88237-87-1, New Delhi
2. Article published titled "Level of Corporate Disclosure in Selected Automobile Companies Listed in S&P BSE Auto and its Relationship with firm's Profitability, Liquidity and Efficiency" in book entitled Recent Trends in Business and Management by Himalaya Publishing House, Editors: Prof. L.S. Sharma, Dr. Sunildro L.S. Akoijam, Prof. W.C. Singh, Prof. J.U. Ahmed ISBN- 978-93-5299-481-6
3. Article published titled "Corporate governance practices in selected Fast Moving Consumer Goods (FMCG) companies listed in NIFTY FMCG Index " in book entitled "Management in Current Scenario Trends, Issues and Challenges " by Global Publishing House India, Editors: Prof. Dr. Mukulesh Barua, Dr. Sinmoy Goswami, Dr. Shazeed Ahmed, ISBN- 978-93-81563-94-6, New Delhi
4. Article published titled, "Market Base System of Corporate Governance: A Comparative Study, "Corporate Governance & Corporate Social Responsibility in India Issues and Perspectives" Editor: Rajkumar Giridhari Singh, Publisher: Ruby Press & Co. New Delhi, Publishing year: 2016, ISBN 978-93-82395-88-1
5. Article published titled, "Corporate Governance in FMCG Companies Listed in BSE: A Comparative Study of Godrej and Dabur India" in book entitled "Business and Management, Some Emerging Issues" Editor: Salim Shah & Sanjeev K. Bansal, Publisher: Mitram, 37A, Collage Street, Kolkatta-700073, ISBN 978-93-80036-88-5

Conferences and Seminar attended with paper

1. Presented a paper titled "Does Corporate Governance affect the efficiency of a firm: A study of companies listed in Nifty CPSE Index" in 6th International Integrative Research Conference on Governance in Society, Business and Environment, held on 18 &19 December in Comilla, Bangladesh"
2. Presented a paper titled "Relationship between corporate governance and environmental disclosure: A study of selected companies listed in S&P BSE Sensex" presented in "International conference on theme "Sustainable Business Management and Information Technology" held on 31 October and 1 November, 2019 organized jointly by Department of Management, Mizoram University and North Eastern Management Association.
3. Presented a paper titled "Level of Corporate Disclosure in Selected Automobile Companies Listed in S&P BSE Auto and its Relationship with firm's Profitability, Liquidity and Efficiency" in presented in International conference on theme "Recent Trends in Business, Management and Sustainable Development" held on 22-24 November, 2018 organized jointly by Manipur Institute of Management Studies (MIMS), Mizoram University and North Eastern Management Association (NEMA).
4. Presented a paper titled, "Role of E- Governance in Digitalization of India: A study of different government schemes and their impacts" in an International conference on Emerging India and Second Generation Reforms: Initiatives and Implications, Organized by Dept. of Applied Economics, Lucknow University on 8^{th} and 9^{th} April 2017
5. Presented a paper titled, "Corporate Governance Practices in Selected Fast Moving Consumer Goods (FMCG) companies listed in Nifty FMCG index", in a national conference on Management in the current scenario, trends, issues and challenges Organized by Assam Institute of Management on 3^{rd} and 4^{th} March, 2017
6. Presented a paper titled, "Corporate Governance promoting Women Entrepreneurship in India: A Study" in a national seminar on "Women Entrepreneurship in North East India: Issues & Challenges", Organized by Department of Management, Mizoram University on 17^{th} – 18^{th} September, 2015.
7. Presented a paper titled, "Market based System of Corporate Governance: A Comparative Study", in a national conference Organized by Department of Management, Mizoram University on 27^{th} – 28^{th} August, 2015.

Other information

Father's Name	:	Mohd Ilyas Baig
Permanent Address	:	S/o M.I. Baig, 46 Sagar Complex. P.O. ADF Anoopshaher Road Aligarh- 202122 (UP)
Date of Birth	:	12.12.1991
Religion	:	Islam
Nationality	:	Indian
Gender	:	Male
Language Known	:	To read English, Hindi To write English, Hindi To speak English, Hindi

The information furnished above by me is true to be best of my knowledge and belief and that nothing material has been concealed.

Mohd Iftikhar Baig

Dated: 04/04/2020

PARTICULARS OF THE CANDIDATE

NAME OF CANDIDATE	: MOHD IFTIKHAR BAIG
DEGREE	: DOCTOR OF PHILOSOPHY
DEPARTMENT	: MANAGEMENT
TITLE OF THESIS	: CORPORATE GOVERNANCE PRACTICES OF AUTOMOBILE COMPANIES LISTED IN S&P BSE AUTO AND ITS IMPACT ON FIRM'S PERFORMANCE
DATE OF ADMISSION	: 14-03-2017

APPROVAL OF RESEARCH PROPOSAL

1. DRC : 18-10-2017
2. BOS : 03-11-2017
3. SCHOOL BOARD : 07-11-2017

MZU REGISTRATION NO	: 1506525
Ph.D. REGISTRATION NO	: MZU/Ph.D./1071 of 07.11.2017
EXTENSION	: N/A

HEAD

DEPARTMENT OF MANAGEMENT

MIZORAM UNIVERSITY

CORPORATE GOVERNANCE PRACTICES OF AUTOMOBILE COMPANIES LISTED IN S&P BSE AUTO AND ITS IMPACT ON FIRM'S PERFORMANCE

ABSTRACT

MOHD IFTIKHAR BAIG
MZU REGISTRATION NO.: 1506525
Ph.D. REGISTRATION NO.: MZU/Ph.D./1071 of 07.11.2017

DEPARTMENT OF MANAGEMENT
SCHOOL OF ECONOMICS, MANAGEMENT AND INFORMATION SCIENCE
MIZORAM UNIVERSITY
SEPTEMBER 2020

Chapter-1: Introduction

1.1 Introduction to Corporate Governance

Good governance can bring a tremendous change in an economy. According to the World Bank "$2 trillion in foreign funds were invested around the world in 2016" There was a list of top 10 countries which was published in a report titled "political stability and security along with a stable legal and regulatory environment" in 2016 by a forum which was formed by the World Bank. This report tells that US (FDI of $479.4 billion) and UK (FDI of $299.7 billion) are having the largest investment in 2016. Developing economies like India and China are also performing well in this field. China (FDI of $170.6 billion) and India (FDI of $44.4 billion) have also attracted the investors a lot. It can be seen that the world is changing very fast and lots of financial activities are going on around the world. With these heavy investment activities comes the need of proper governance and hence corporate governance has become one of the main pillar of corporate world.

The automobile sector is playing an important role in boosting Indian economy. It is one of the most fast growing sectors in India and it is also one of the largest industries in the world. According to an article by Dr Ruchi Mehrotra Joshi on 18 April 2020 titled "Covid-19: Indian Automobile Sector Crunched Into Reverse Gear" at present automobile sector is contributing about 50 per cent of the manufacturing gross domestic product in India which is also 26 per cent of the industry GDP and 7.1 per cent of overall GDP. Not only this but this sector also contributes approximately 13 per cent of excise revenue to the government. Being such a dominant sectors investors are much interested in investing in this particular sector and corporate governance has becomes very important. Thus the study was an attempt to evaluate the corporate governance practices of the auto companies listed in S&P BSE AUTO and will also examine the impact of corporate governance on the performance of these firms.

1.2 Concept of Corporate governance

Corporate governance is an environment consisting of trust, values, ethics and confidence among the stakeholders of the corporate sector. It also includes the government, general public and the other service providers connected directly or indirectly to the corporate sector. Corporate governance tells about the relationship between different stakeholders and company's management and helps in improving corporation's performance. A healthy relationship between manager and owner of the business is very important the performance of the manager should be in accordance to the standard guidelines and owner should have a check on it.

1.3 History of Corporate Governance

From the previous studies no definite historical record of corporate governance was found but sources tells that after the World War II USA experienced a boom in economy and its leading corporations started growing rapidly. During all this corporate developments corporations have neglected the internal governance of the companies because of which many corporate scandals came to light. So in the mid-1970s the Federal Securities and Exchange Commission (S.E.C.) introduced corporate governance as an official reform and in 1976, the term Corporate Governance first displayed in the Federal Register.

1.4 Committees on Corporate Governance Globally

1.4.1 Cadbury Committee

The Cadbury Committee was founded in 1991 by the Financial Reporting Council of the London Stock Exchange .The chairman of this committee was Sir Adrian Cadbury. It was setup to address the concerns increasingly voiced at that time about how UK companies dealt with financial reporting and accountability and the wider implications of this. It published its final report and recommendations in December 1992. Central to these was a Code of Best Practice and the requirement for companies to comply with it.

1.4.2 Greenbury Committee

The committee was enacted in January 1995 to examine the good practices followed by the corporations. This committee was set up by the Confederation of British Industry for deciding directors' remuneration and preparing a code for the remuneration related practices done by the public listed companies of United Kingdom. The chairman of this committee was Sir Richard Greenbury. There were three main aspects which were covered by the committee.

1.4.3 Hample Committee Report

The committee was setup in November 1995 to analyse that how much Cadbury Committee Report and the Greenbury Committee Report had been implemented and to what level the given recommendations have been achieved. The Hampel committee's recommendations were further joined with the consultations of the Landon stock Exchange and become the Combined Code on Corporate Governance.

1.4.4 Organization for Economic Cooperation and Development (OECD)

Organization for Economic Cooperation and Development was the first non-government organization founded in 1961. Its headquarters is in Paris and it is funded by the contributions given by its 36 member states. It has given the measures for good corporate governance. The principles given by the OECD was very influential and proved to be the trend settlers.

1.4.5 Sarbanes-Oxley Act

The Sarbanes Oxley Act or SOX, is a legislation which was passed in 2002 by the U.S. congress. Its main aim of this act was to protect the shareholders and the general from the on-going false practices of the companies and improve the disclosure standards of the corporations. The U.S. Securities and Exchange Commission (SEC) was the caretaker of this act and it modifies the act so that the disclosure requirements can be improved.

1.5 Bombay Stock Exchange (BSE)

The Bombay Stock Exchange also known as (BSE) is an Indian stock exchange which is located at Dalal Street in Mumbai. It was established in 1875 by Premchand

Roychand. On August 31, 1957 Indian government recognized BSE under the Securities Contract Regulation Act and it was the first government recognized stock exchange of India. In 1986 BSE has developed an index to calculate the overall performance of the exchange and that index was S&P BSE SENSEX. Year 2000 was very important in history of BSE because in this year it used SENSEX for starting its derivatives market, trading S&P BSE SENSEX futures contracts.

1.6 S&P BSE AUTO

Bombay Stock Exchange comprises of many indices. Some of the well-known indices are SENSEX, BSE MIDCAP, BSE SMLCAP, BSE 100, BSE 200, BSE 500 etc. S&P BSE AUTO is also one the index listed at BSE. There are total 14 companies that were listed in S&P BSE AUTO as on 23 Oct 2017.

Table 1.1
Companies listed in S&P BSE AUTO

SL No.	Company Name	Industry	Market Capitalization (Rs cr)
1	Hero Moto Corp Ltd.	Auto - 2 & 3 Wheelers	75749.00
2	Maruti Suzuki India Ltd.	Auto - Cars & Jeeps	234865.74
3	Tata Motors Ltd.	Auto - LCVs & HCVs	143610.53
4	Ashok Leyland Ltd.	Auto - LCVs & HCVs	37430.38
5	Eicher Motors Ltd.	Auto - LCVs & HCVs	84907.13
6	MRF Ltd.	Tyres	26888.80
7	Motherson Sumi System Ltd.	Auto Ancillaries	75033.23
8	Bharat Forge Ltd.	Castings & Forgings	29681.28
9	Mahindra & Mahindra Ltd.	Auto - Cars & Jeeps	84073.70
10	Bajaj-Auto Ltd.	Auto - 2 & 3 Wheelers	92031.73
11	Bosch Ltd.	Auto Ancillaries	65222.82
12	Exide Industries Ltd.	Auto Ancillaries	17433.50
13	Cummins India Ltd.	Engines	24923.05
14	TVS Motor Company Ltd.	Auto - 2 & 3 Wheelers	32567.22
	Total		1024418.11

Source:- *www.bseindia.com as on 23 Oct 2017*

1.7 Significance of the study

According to Society of Indian Automobile Manufacturers (SIAM), India was the sixth largest producer of automobiles globally with an average annual production of about 29 million vehicles in 2017-18 also in sector wise classification in BSE, automotive sector of is the fourth largest sector on the basis of market capitalization with a total market capitalization of Rs 1,193,572 Cr as on 1 November 2017 also most of the companies listed under this sector come under top 100 most active stock of BSE. Seeing this investment has also increase in this sector for better returns so it is vital for these companies to follow good CSR & Corporate governance and discloses all the relevant information to their stakeholders. Corporate governance which was previously governed by Companies Act 1956 only disclose limited information but after the coming of Companies Act 2013 and Amended Clause 49 of Equity Listing Agreement, corporate governance has become very much important So, the study have analyse the level of corporate governance disclosures followed by the auto mobile companies listed in S&P BSE AUTO according to new rules and how corporate governance effect the performance of these companies. Further this study can be used by the investors in determining that which company is better in transparency and good for investment purpose and also by the policy makers for policy making.

1.8 Scope of the study

In this study all 14 companies listed in S&P BSE AUTO index were taken up for the study. These companies are Hero MotoCorp Ltd, Maruti Suzuki India Ltd, Tata Motors Ltd, Ashok Leyland Ltd, Eicher Motors Ltd, MRF Ltd, Motherson Sumi System Ltd, Bharat Forge Ltd, Mahindra & Mahindra Ltd, Bajaj-Auto Ltd, BOSCH Ltd, Exide Industries Ltd, Cummins India Ltd and TVS Motors Company.

All these companies deal in automobiles and automobile parts. All of them are listed under top 50 companies in BSE on the base of market capitalization. Study was conducted for a period of 5 years i.e. from 2014-15 to 2018-19. For the study post Companies Act 2013 and Amended Clause 49 period were taken.

1.9 Literature Review

Shankar (1972) has directed an investigation to think about the precision of corporate reporting in the Indian yearly reports and the yearly reports of foreign nations. He chose 50 Indian and 25 foreign organizations for examining. He found that the foreign organizations' yearly reports are a lot of useful and illustrative. The Indian organizations' yearly reports were falling behind their foreign partners regarding the exposure of information, for example, corporate goals and strategies, corporate-government relations, data about workers and showcasing tasks.

Singh and Bhargava (1978) inspected the exposure of monetary and non-monetary things in yearly reports of forty public sector companies They likewise investigated the relationship among the of disclosure and organizational pattern and nature of industry. The discoveries of the investigation showed that there were huge cross sectional contrasts in the revelation of data by sample companies.

Yermack (1996) in the study it was found that there is an inverse relationship between board size and the profitability and assets utilization. Increase in board size decreases the profitability of the firms and utilization of assets also decreases. This hypothesis was conform by using Tobin's Q

Bolton and Thadden (1998) in there study inferred that there is a positive connection between corporate governance and firms' liquidity.

Mitton (2001) studied the relationship between "corporate governance and firm performance" at the time of "East Asian Crisis of 1997 and 1998". Study contains 398 firms from Korea, Malaysia, Indonesia and Thailand. The study showed that firms having higher disclosures, more outsider on board and are focused are having better price performance.

Nicholson and Kiel (2004) in their study stated that it is very vital for the board of directors to have in different areas of management like finance, marketing, accounting, information system legal issues etc. for better decision making. Their knowledge has a direct impact on firm's performance.

Sharma (2007-08) examined the corporate governance practices in Auto Industry in India. The study examines the degree of corporate governance disclosure followed in

Auto Sector. The sample size of the study was 12 organizations and time frame of five years (2003-04 to 2007-08). From the examination it was inferred that majority of organizations are in accordance with the terms and conditions of Corporate Governance as given by the Condition 49 of the Listing Agreement. Notwithstanding, few organizations are not following even with the obligatory requirements of Clause 49 too.

Saravanan (2012) in his paper studied the performance of companies and corporate governance with reference to manufacturing companies in India. Sample taken for the study was of 1732 firms and the time period was 2001 to 2010. Multiple regression analysis was applied to recognize the elements that influence firm value. From the results it was discovered that the firm value is significantly influenced by the corporate governance factors for manufacturing firms.

Mahrabani and Dadgar (2013) studied The Impact of Corporate Governance on Firm Performance: Evidence from Iran". The study examines the corporate governance of 110 companies listed in Tehran Stock Exchange for 10 years i.e. from 2001 to 2010 and its impact on firm's performance. It was concluded that there is a gap between Corporate Governance and relevant corporate governance regulations in Iran. They are also not complying with international standards. It was also found that there is a directly proportional relationship between Corporate Governance and performance of the firm.

Floriniţa (2014) inspected the connection between corporate governance and liquidity of firms in Romania listed in Bucharest Stock Exchange over the 2006-2013 interval. In the study it was found that "there is a positive correlation between corporate governance and firms' liquidity.

Baijal (2015) from Indian Institute of Corporate Affairs, said in his report that the major failure of large corporations were a result of improper financial disclosures. For imposing corporate governance in India the convergence of Indian Accounting Standards should be done with International Financial Reporting Standards (IFRS) as much as possible.

Baig and Das (2016) also studied the corporate governance disclosure of Selected Fast Moving Consumer Goods (FMCG) companies listed in Nifty FMCG index. It was concluded from the study that most of the selected FMCG companies are complying with the new rules but still there are certain areas where there is a need of attention to be paid.

Arora and Bodhanwala (2018) studied the relationship between Corporate Governance Index (CGI) and performance of the firm. For constructing CGI governance indicators like ownership structure, market for corporate control, board structure and market competition were taken. Performance was analysed with help of ratios. In the study it was found that CGI has a positive relationship with firm performance.

1.10 Research Gap

From the available literature it was found that there were many studies on Corporate Governance and its impact on firm's performance but not much in automobile sector. The automobile sector, according to the studies is contributing around 50 per cent of the manufacturing gross domestic product in India which is also 26 per cent of the industry GDP and 7.1 per cent of overall GDP. Not only this but this sector also contributes approximately 13 per cent of excise revenue to the government but being such a dominant sector of Indian economy, much studies were not found addressing corporate governance and its impact on automobile sector especially after the implementation of the Companies Act 2013 and Amended Clause 49 of Listing Agreement. So the study was an attempt to examine the corporate governance in the automobile companies listed in S&P BSE AUTO and its impact on firm's performance after the implementation of Companies Act 2013 and amended Clause 49.

1.11 Statement of problem

According to the figures given by Society of Indian Automobile Manufacturers (SIAM) in 2017-18 India was the sixth largest producer of automobiles globally with an average annual production of about 29 million vehicles and with this it is also contributing 7.1 % in GDP. It also provides direct and indirect employment to more than 29 million people. The report on FDI in automobile sector given by Department for Promotion of Industry and Internal Trade says that automobile sector has attracted about US$ 14.48 billion (5.2% of total) in cumulative FDI equity inflows between 2000 and 2015. This also attracted many other countries like Japan, Italy, Mauritius and Netherlands to invest in India. The Economic progress of this industry is indicated by the amount of goods and services produced which give the capacity for transportation and boost the sale of vehicles. The Automotive Mission Plan 2016-2026, shows the interest and vision of the government to convert and project India as a globally competitive Research and Development hub throughout the world. Despite to being such an influential sector in India economy the studies shows that automobile sector has witnessed many governance related issues like poor board management, few quality certification, trained production workers etc which effects the company's position negatively. There is need of through study which explains that how a good corporate governance structure can solve these issues.

The literature cited above revealed that studies on corporate governance in different sectors especially automobile sector in India were made prior to "Companies Act 2013 and amended Clause 49 of Equity Listing Agreement". But Companies Act 2013 and amended Clause 49 have given many new provisions regarding corporate governance which was not present in Companies Act 1956 and Clause 49 of listing agreement. Disclosures which were not mandatory prior to Companies Act 2013 are now made mandatory. At the same time, new disclosures have come up mandatory as well as companies in other parts of the world are also following the best corporate governance structure. As a fair corporate governance practice, how far these new rules have affected the corporate governance in automobile sector and also the performance of the companies were investigated.

1.12 Objectives of the study

The objectives of the study are:-

1. To examine the level of corporate governance practices in automobile companies listed in S&P BSE AUTO.
2. To compare the corporate governance disclosure level among the companies.

3. To study the impact of corporate governance on firm's liquidity
4. To find the relationship between corporate governance and firm's solvency
5. To study the effect of corporate governance on firm's profitability
6. To find how corporate governance is effecting firm's efficiency

1.13 Hypotheses

Hypothesis for the study:-

$H_0$1 There is no significant difference in the corporate governance practices followed by the companies.

$H_1$1 There is a significant difference in the corporate governance practices followed by the companies.

$H_0$2 There is no significant relationship between corporate governance and firm's liquidity.

$H_1$2 There is a significant relationship between corporate governance and firm's liquidity.

$H_0$3 There is no significant relationship between corporate governance and firm's solvency.

$H_1$3 There is a significant relationship between corporate governance and firm's solvency.

$H_0$4 There is no significant relationship between corporate governance and firm's profitability.

$H_1$4 There is a significant relationship between corporate governance and firm's profitability

$H_0$5 There is no significant relationship between corporate governance and firm's efficiency.

$H_1$5 There is a significant relationship between corporate governance and firm's efficiency.

Chapter-2: Research Methodology

2.1 Research Methodology

2.1.1 Population

In the selected index i.e. S&P BSE AUTO there were 14 companies listed as on 23 October 2017. The companies were Hero MotoCorp Ltd, Maruti Suzuki India Ltd, Tata Motors Ltd, Ashok Leyland Ltd, Eicher Motors Ltd, MRF Ltd, Motherson Sumi System Ltd, Bharat Forge Ltd, Mahindra & Mahindra Ltd, Bajaj-Auto Ltd, Bosch Ltd, Exide Industries Ltd, Cummins India Ltd and TVS Motor Company Ltd.. All these companies were taken up for the study. These companies were listed under top 50 companies on the base of market capitalization and also listed under top100 most active stocks of BSE as on 23 October 2017.

2.1.2 Sources of data

The study was based on secondary data. The data was collected from yearly reports, sustainability reports and reports on corporate governance of the selected companies. Apart from these books, journal, websites, prowess database and research papers on corporate governance were also be taken.

2.1.3 Time period of the study

The time period which was taken for the study was from post Companies Act 2013 and Amended Clause 49 of Equity listing agreement i.e. from 2014-15 to 2018-2019.

2.1.4 Criteria for comparison of Corporate Governance

The relation between corporate governance and companies' performance was analyzed with the help of Corporate Governance Disclosure Level (CGDL) and Financial Ratios. The important dimensions for the CGDL are disclosures.

There are two sets of disclosures which are given by "Companies Act 2013 and Amended Clause 49 of Listing Agreement". These are

- Mandatory disclosures
- Non-Mandatory disclosures

In the study a mix of both the mandatory and non- mandatory items was taken and with that Corporate Governance Disclosure Level (CGDL) was prepared.

2.1.5 Items used in constructing CGDL

In the study, corporate governance disclosures were measured with the help of twenty seven variables which were divided into six categories. There are twenty six questions prepared on based on these variables which have been asked under each category and according to their answers which were collected from the annual reports and the corporate governance reports, CGDL has been created. Questions asked under each category in the study are mentioned below:

A. Board Structure

Q-1:- What is the Board size of the companies.

Board Size is taken randomly by following Arora and Bodhanwala (2018) who has constructed CGDI of 587 Indian listed firms.

1. If the board size is 5 or less, score will be 0.50
2. If the board size is 6 and 7, score will be 0.65
3. If the board size is 8 and 9, score will be 0.80
4. If the board size is 10 and 11, score will be 1
5. If the board size is 12 and 13, score will be 0.95
6. If the board size is 14 and above, score will be 0.90

Q-2: What is the proportion of Independent directors on board?

In the study to know the proportion of independent directors, the ratio of independent directors by total number of directors was taken.

Q-3 How many women directors are there in the board?

In the study if the company was having at least one woman director then 1 mark was allotted, if more than 1 then 2 marks and if no women director then 0 marks was given to the company.

Q-4:- How many board meetings have been conducted every year?

For board meeting it is required that every listed company have to conduct one meeting in each quarter and at least four meetings in a year. In the study,

1. If the number of meetings is less than 4 then 0 marks was given.
2. If number of meetings are 4 then 1 marks was given
3. If number of meetings are more than 4 then 2 marks was given.

B. Committees

Q-5:- How many audit committee meetings have been conducted every year?

If minimum 4 board meetings a year took place, then 1 mark allotted and if more than 4 meetings held in one year then 2 marks allotted.

Q-6:- How many independent directors are there in the audit committee?

If 2/3 or more than half of the members of the committee are independent directors, then 1 mark was allotted otherwise 0.

Q-7:- Whether the Chairman of the audit committee is independent director or not.

If Chairman of audit committee was an independent director, then 1 mark allotted otherwise 0.

Q-8:- Whether the members of audit committee are financially literate or financial expert also.

In the study if all members are financially literate and one of them is financial expert, then 1 mark was allotted and if more than one person is financial expert then 2 marks allotted

Q-9:- What is the strength of independent directors in the remuneration and compensation committee?

If 2/3 of the members of the committee were independent directors, then 1 mark was allotted otherwise 0.5

Q-10:- Is the Chairman of the remuneration and compensation committee is independent director or not?

If Chairman of the committee was an independent director, then 1 mark is allotted and if the chairman in non-executive non independent then 0.5 mark is allotted.

Q-11:- How many remuneration and compensation committee meetings have been conducted every year?

If minimum 4 board meetings a year took place, then 1 mark allotted, if meetings are less than 4 then 0.5 and if more than 4 meetings held in one year then 2 marks allotted.

Q-12:- What is the strength of independent directors in the stakeholder's relationship committee?

If 2/3 or more members of the committee are independent directors, then 1 mark was allotted otherwise 0.5

Q-13:- Is the Chairman of the stakeholder's relationship committee is independent director or not?

If Chairman of the committee is an independent director, then 1 mark is allotted and if the chairman in non-executive non independent then 0.5 mark is allotted.

Q-14:- How many stakeholders' relationship committee meetings have been conducted every year?

If minimum 4 board meetings a year took place, then 1 mark allotted, if meetings are less than 4 then 0.5 and if more than 4 meetings held in one year then 2 marks allotted.

C. Shareholding Pattern

Q-15:-What percent of equity is held by the promoters?

In the study, if promoters' equity was below 30 per cent then 2 marks allotted, if it was between 30-50 per cent, then 1 mark is allotted, if it was between 50-60 then 0.5 mark allotted and if it is above 60 per cent 0.25 mark is allotted.

Q-16:-What percent of equity is held by the non- promoters?

Non-promoter shareholding is considered as proxy for diffusion of ownership by previous studies like Ganguli and Agrawal (2009). In the study, Non promoter shareholding was taken as the percentage given in annual report.

Q-17:-What percent of equity is held by the general public?

It is the ratio of proportion of equity shareholding which is offered to the general public for trading purpose. In the study general public shareholding was also taken as the percentage given in annual report.

D. Means of Communication

Q-18:- Whether the companies are disclosing relevant information on quarterly, half yearly and annual basis.

If companies are disclosing this information than 1 mark otherwise 0 mark.

Q-19:- Whether the companies have updated their website regarding shareholder's information.

If companies are disclosing this information than 1 mark otherwise 0 mark.

Q-20:- Whether they have disclosed the presentation made to institutional investors or not.

If companies are disclosing this information than 1 mark otherwise 0 mark.

E. Other disclosures

Q-21:- Whether the companies have disclosed information regarding related party transections.

In the study if the details of related party transaction were mentioned in the reports then 1 mark is given and if no details are given then 0 marks was given.

Q-22:- Whether the companies have disclosure their whistle blowing mechanism

If yes then 1 mark was allotted otherwise 0 marks is allotted.

Q-23:- Whether the companies have disclosed the general shareholder's information

It is the duty of the company to inform the shareholders regarding the Annual general meeting's date, time and venue, financial year, date of book closure, dividend payment date, listing on stock exchanges, stock code, registrar and transfer agents, share Transfer System, distribution of shareholding, dematerialization of shares and liquidity, plant address, address for correspondence.

If the companies have disclosed all these information in their annual report then 1 mark is allotted otherwise 0 mark is allotted.

Q24:-Whether the companies are disclosing the details of non-compliance or not.

If yes then 1 mark is allotted otherwise 0 marks is allotted.

Q-25:- Whether the companies have disclosed the CFO/CEO certificate in the annual report.

If yes then 1 mark is allotted otherwise 0 mark is allotted.

F. Chairman CEO Duality

Q-26:- Whether the companies are have separate Chairman and CEO or same person is appointed as Chairman and CEO.

In the study if the company is having separate Chairman and CEO then 2 mark was given and if there is single person who was acting both as chairman and CEO then 1 mark was given.

To balance the model three control variables were taken to. Those three variables were size of the firm which was calculated by natural log of total assets, Age of firm (form the date of inception) and leverage which was calculated by debt equity ratio.

In analyzing the relationship between solvency and corporate governance disclosure level debt equity ratio is taken as the main variable and interest coverage was taken as a control variable.

2.2.6 Corporate Governance Disclosure level (CGDL)

In the present study also this method is used. For that corporate governance disclosures of all the automobile companies in the index are taken. After that a mix of mandatory and non-mandatory disclosures were made and divided into different categories. Marks have been allotted to them on the basis of compliance with Amended Clause 49 of SEBI and Company Act 2013. On this basis corporate governance disclosure index will be developed by using the formula:-

Overall CGDL = Adding the obtained score form all the disclosure items.

2.1.7 Firm's performance measurement tools

To measure firm's performance there are 4 types of financial ratios i.e. liquidity, solvency, profitability and efficiency. These ratios help in analysing firm's strength and weakness and also provide firm's historical data. It also helps in estimating firm's financial status and helps the investors in comparing the companies of same industry. The comparison of ratios with historical data is very beneficial for not only the investors but also for the company.

Liquidity Ratios

The two liquidity ratios i.e. current ratio and quick ratio were taken in the study.

1) Current Ratio is a tool used by the companies to assess their short term liquidity. It shows that how much cash a company can generate in a short period to pay off its debts due at a particular time.

Current Ratio: $\frac{\text{Current Assets}}{\text{Current Liabilities}}$

2) Quick Ratio explains the relationship between quick assets and current liabilities. It also aims to measure the ability of a firm to pay its current liability.

Quick ratio: $\frac{\text{Quick Assets}}{\text{Current Liabilities}}$

Quick assets = Current assets – (Stock + Prepaid expenses)

Solvency Ratio

In the study, Debt-equity ratio was used as variable to measure solvency of the firms. The debt-equity ratio is very significant as it is a great way for the company to measure its leverage or indebtedness.

1) Debt- equity ratio: $\frac{\text{Outsiders' Funds}}{\text{Shareholders' Fund}}$

Outsiders' funds = Debts/Liabilities to outsider

Shareholders' fund= equity share capital, preference share capital, reserves and surplus and fictitious assets

Efficiency Ratios

In the study three efficiency ratios were taken. i.e. Return on Capital employed, Assets Turnover ratio and Inventory Turnover ratio.

1) Return on Capital Employed measures a firm's efficiency by which its capital is used or it can be said that this ratio explains how well a firm is generating profit from its capital.

Return on Capital Employed = $\frac{\text{EBIT}}{\text{Capital Employed}}$

EBIT= Earnings before Interest and Tax

Capital Employed= Total assets - Current liabilities

2) Assets turnover ratio is also an efficiency ratio which explains how efficiently and effectively a firm is using its assets to generate revenue.

Assets Turnover Ratio= $\frac{\text{Total Sales}}{\text{Average assets}}$

Total sales = Annual total sales

Average assets= (opening stock of assets + closing stock assets) / 2

3) Inventory Turnover is a ratio which measures the effect of cost of revenue from operation on the average inventory.

Inventory Turnover = $\frac{\text{Cost of Revenue from Operations}}{\text{Average Inventory}}$

Cost of Revenue from Operation = Opening stock +Net Purchases + Direct

Expenses –Closing stock

Average Inventory = (opening stock + closing stock) / 2

Profitability Ratios

In the study three profitability ratios were taken i.e. Net Profit ratio, Return on Assets ratio and Return on Equity ratio.

1) The net profit ratio determines the net profit percentage of the firm after deducting taxes and other expenses. It is considered as one of the best measures of the overall results of a firm

Net Profit Ratio = $\frac{\text{Net Profit}}{\text{Net sales}}$

Net sales = Sales- sales return

Net profit

Net sales- (Cost of goods sold + Administrative Expenses) = Income before tax

Income before tax –Income tax = Profit after tax

2) Return on Assets is an indicator which shows the profitability of a firm with respect its total assets.

Return on Assets = $\frac{\text{Net Income}}{\text{Total Assets}}$

Net income = Amount of income, net of expense, and taxes that a company created for a given period.

3) Return on Equity is also one of the profitability ratio which measures the financial performance of a firm by dividing net income of the firm by its shareholders' equity.

Return on Equity = $\frac{\text{Net Income}}{\text{Average Shareholders}'\text{Equity}}$

Net income = Amount of income, net of expense, and taxes that a company created in a given period.

Average Shareholder's Equity = (equity in the beginning of the year + equity in the end of the year) / 2

2.1.8 Statistical Techniques

After all the relevant data was collected, Karl Pearson Coefficient of Correlation was applies to analyses the relationship between corporate governance disclosure level and firm's performance. Single factor ANOVA and Multivariate Regression was applied for testing the hypothesis.

2.1.9 Empirical Model

For estimation of the impact of corporate governance on firm's performance the following equations were formed:

For Liquidity

$CR_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \mathcal{E}_{it}$

$QR_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \mathcal{E}_{it}$

For Profitability

$NP_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \mathcal{E}_{it}$

$ROA_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \mathcal{E}_{it}$

$ROE_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \mathcal{E}_{it}$

For Solvency

$DE_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ IC_{it} + \mathcal{E}_{it}$

For Efficiency

$ROCE_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \mathcal{E}_{it}$

$ATR_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \mathcal{E}_{it}$

$ITR_{it} = \alpha_0 + \beta_0{*}CGDL_{it} + \beta_1{*}Age_{it} + \beta_2{*}Size_{it} + \beta_3{*}\ Lev_{it} + \mathcal{E}_{it}$

Where CR= current ratio, QR= quick ratio, NP= net profit ratio, ROA= return on assets, ROE= return on equity, DE= debt equity ratio, ROCE= return on capital employed, ATR= assets turnover ratio, ITR= inventory turnover ratio,

CGDL= corporate governance disclosure level,

Age_{it}, $Size_{it}$ and Lev_{it} are control variables and $\mathcal{E}_{it}$ is the error term

Chapter-3: Corporate Governance in India

3.1 History of Corporate Governance in India: An Introduction

In India also the history of corporate governance dates back to the year 1992. Soon after 1991 liberalization policies in India many scams started evolving. Some of the popular scams which have shaken the trust of the shareholders and also affected Indian economy were Harshad Mehta scam (1992), Vanishing Companies scam (1992-1998), Bhansali scam (1994), Ketan Parikh scam (2001), the UTI scam (2001), and many more. After these scams Indian government and the SEBI decided to set some standards to check all the business houses. For this SEBI and Indian government appointed many committees like "Kumar Mangalam Birla committee 1999, The Companies Amendment Act 2000, Naresh Chandra committee 2002 and Narayan Murthy committee 2003". All these committees recommended having a strong set of rules and regulations which every company has to follow in order to promote good governance.

Previously there were many loopholes in the administrative and legal policies of India and these loop holes provides a greater scope for corrupt practices in businesses. In India for last 50 years after independence, lack of transparency, corruption and mismanagement become very common. Most of the business houses and companies were doing business without take care of minority stakeholders and the society. Power has been started accumulating in several hands as a result, unless the management is committed to be honest and observes the principles of proprietary the atmosphere is too unwise and not observing good corporate governance

3.2 Major committees on Corporate Governance in India

1) **Confederation of Indian Industry's Code of Corporate Governance (CII 1998)**

   Confederation of Indian Industry (CII) and business association developed a code for corporate governance. This was the first initiative taken by them to promote corporate governance in India. These codes were for the companies working in India and the main aim of these codes were the insurance of investor's interest, maintaining transparency, exposure of data and to work as indicated by international standards.

2) Kumar Mangalam Birla Committee 1999

Securities and Exchange Board of India (SEBI) has established a committee under Kumar Mangalam Birla, to raise the standards of good corporate governance"

3) Companies Amendment Act 2000

There were many amendments related to corporate governance which were made in Companies Act in 2000 such as additional grounds on which directors can be disqualified, formation of audit committees, director's responsibility statement in director's report, etc.

4) Naresh Chandra Committee2002

The Naresh Chandra committee was formed in August 2002 by the Department of Company Affairs (DCA) under the Ministry of Finance and Company Affairs to examine various corporate governance issues.

5) Narayan Murthy Committee, 2003

SEBI felt that there is a flaw in the prevailing corporate governance system i.e. investor's protection so coop up with this problem it formed a committee under the chairmanship of N.R. Narayan Murthy who was at that time the chairman and chief mentor of Infosys Technologies Ltd. This Committee met thrice to deliberate the issues related to corporate governance and finalize its recommendations to SEBI". It has given two set of recommendations i.e. mandatory recommendations and non-mandatory recommendations. Narayan Murthy Committee recommend that the mandatory recommendations in the report of the Naresh Chandra Committee, that are related to corporate governance should be mandatorily implemented by SEBI through an amendment to clause 49 of the Listing Agreement.

6) J.J. Irani Committee on Company Law, 2004

In 2004 the Ministry of Company Affairs (MCA) formed a committee on Company Law under the chairmanship of Dr. J. J. Irani, Director, Tata Sons for advising the Government on the proposed revisions to the Companies Act, 1956.

7) SEBI's Clause 49 of Listing Agreement

The Securities and Exchange Board of India sniff around and regulate corporate governance in India through Clause 49. This Clause was incorporated in listing agreement of Stock exchange and it is mandatory for every company to follow the provision before getting listed. Clause 49 was issues by SEBI in February 2000. According to this "all the listed companies with a minimum paid up capital of Rs 10 crore and networth of Rs 25 crore had to comply with the provisions by 31 March 2002 and those companies with a minimum paid up capital of Rs 3 crore or net worth of Rs 25 crore had to comply with the provisions by 31 March 2003".

Chapter-4: Profile of the companies and their Corporate Governance

4.1 Introduction

In this chapter the profile of the company was discussed on the basis of five aspects i.e. company's history, company's products, company's corporate governance philosophy, company's awards and achievements in the field of corporate governance and company's general information.

Chapter-5: Data Analysis and Interpretation

5.1 Introduction

This chapter contains a frame work which shows that how the corporate governance index is prepared by taking twenty six variables. The variables have already been discussed in detail in chapter number two. The corporate governance disclosure level of the companies has been classified on the basis of year, company and variables or items. This chapter also shows that impact of corporate governance on firm's performance. The performance measures are also divided into four categories i.e.

liquidity, efficiency, profitability and solvency. The study the impact Karl Pearson coefficient of correlation and panel regression has been implied. The analysis starts with the first objective i.e.

To examine the corporate governance practices in automobile companies listed in S&P BSE AUTO

5.2 Corporate Governance Disclosure Level score of companies listed in S&P BSE AUTO

The table below summaries the CGDL scores of all the companies in each year and it also shows the mean CGDL score of all fourteen companies. The table explains that how the corporate governance practices of these listed companies has changed from year to year. It also shows that according to the mean CGDL score Mahindra & Mahindra is best in disclosing its corporate governance practices.

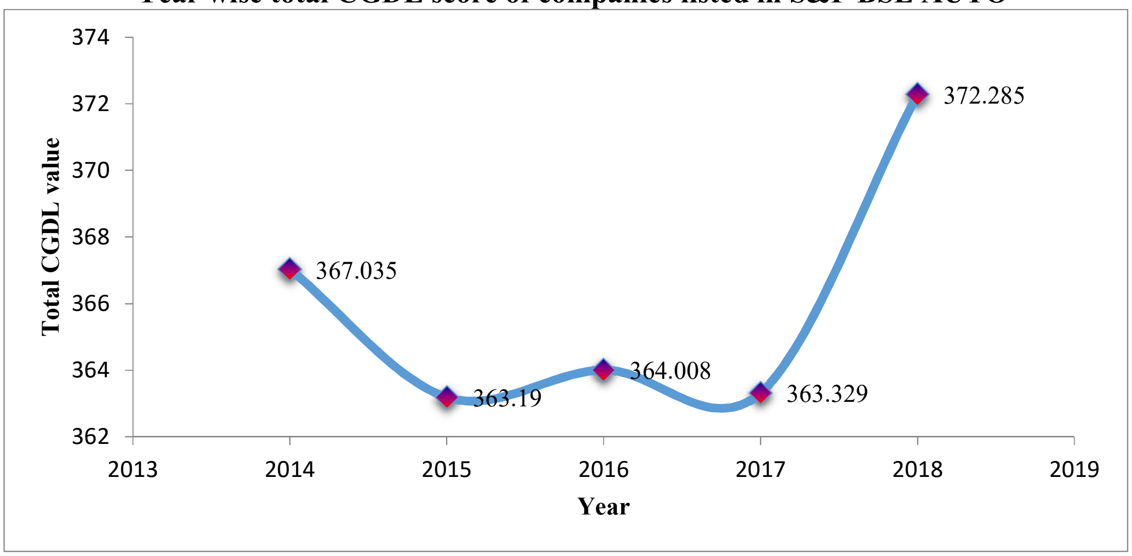
Table-5.1
Year wise CGDL score of companies listed in S&P BSE AUTO

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean
Ashok Leyland	26.632	24.22	25.777	25.815	26.919	25.873
Bajaj Auto	26.119	27.099	27.026	27.564	27.044	26.971
Bharat Forge	25.08	26.075	26.077	26.088	26.079	25.88
Bosch	27.908	27.908	25.851	27.036	26.57	27.055
Cummins India	26.582	24.589	24.587	24.542	27.49	25.558
Eicher Motors	22.955	28.441	28.561	24.881	28.855	26.739
Exide Industries	25.093	24.01	25.664	25.693	27.79	25.65
Hero MotoCorp	28.234	26.746	26.436	26.431	26.918	26.953
Mahindra &Mahindra	30.327	26.348	28.54	27.045	27.086	27.87
Maruti Suzuki	24.241	24.237	24.244	25.751	24.261	24.547
Motherson Sumi	24.912	25.917	25.932	25.951	25.957	25.734
MRF Ltd.	27.491	27.482	25.47	25.392	26.452	26.458
Tata Motors	26.823	26.832	26.473	26.123	26.146	26.48
TVS Motors	24.638	23.286	23.37	25.017	24.718	24.206

Source: author's calculation

The figure below shows the overall CGDI score of all the fourteen companies in five years i.e. from 2014-15 to 2018-19. From the figure it can be analysed that the total CGDI score of the companies has increased from 2014-15 to 2018-19. In 2014-15 the score was 367.035 which have been increased to 372.285 in 2018-19. From the figure it can also be seen that there is some up down trend in the score like in 2015 the score decreased and reached to 363.19 then it increased to 364.008 and again decreased to 363.329 and finally it witnessed a good rise and reached to 372.285.

Fig: 5.15
Year wise total CGDL score of companies listed in S&P BSE AUTO



Source: author's calculation

The second objective of the study was "To compare the corporate governance disclosure level among the companies."

5.4 Company wise comparison of CGDL

The table below shows company wise comparison of corporate governance disclosure level (CGDL). It can been that in overall disclosures done in five years Mahindra & Mahindra is the best it has scored 139.346 and scored first rank. Then it is followed by Bosch which has scored 135.273 and scored second rank. Third rank goes to Bajaj Auto which has scored 134.852. Forth position goes to Hero Motocorp which has scored 134.765. Fifth rank goes to Eicher Motors which has scored 133.369. Sixth rank goes Tata Motors which has scored 132.397. Seventh position goes to MRF Ltd. which has scored 132.287. Eighth rank goes to Bharta Forge which has scored 129.399. Ninth rank goes to Ashok Leyland which has scored 129.363. Tenth rank goes to Motherson Sumi which has scored 128.669. Eleventh rank goes to Exide Industries which has scored 128.250. Twelfth rank goes to Cummins India which has scored 127.790. Thirteenth rank goes to Maruti Suzuki which has scored 122.734 and the last i.e. fourteenth rank goes to TVS Motors which has scored 121.029.

Table-5.2

Comparison of CGDL of companies listed in S&P BSE AUTO

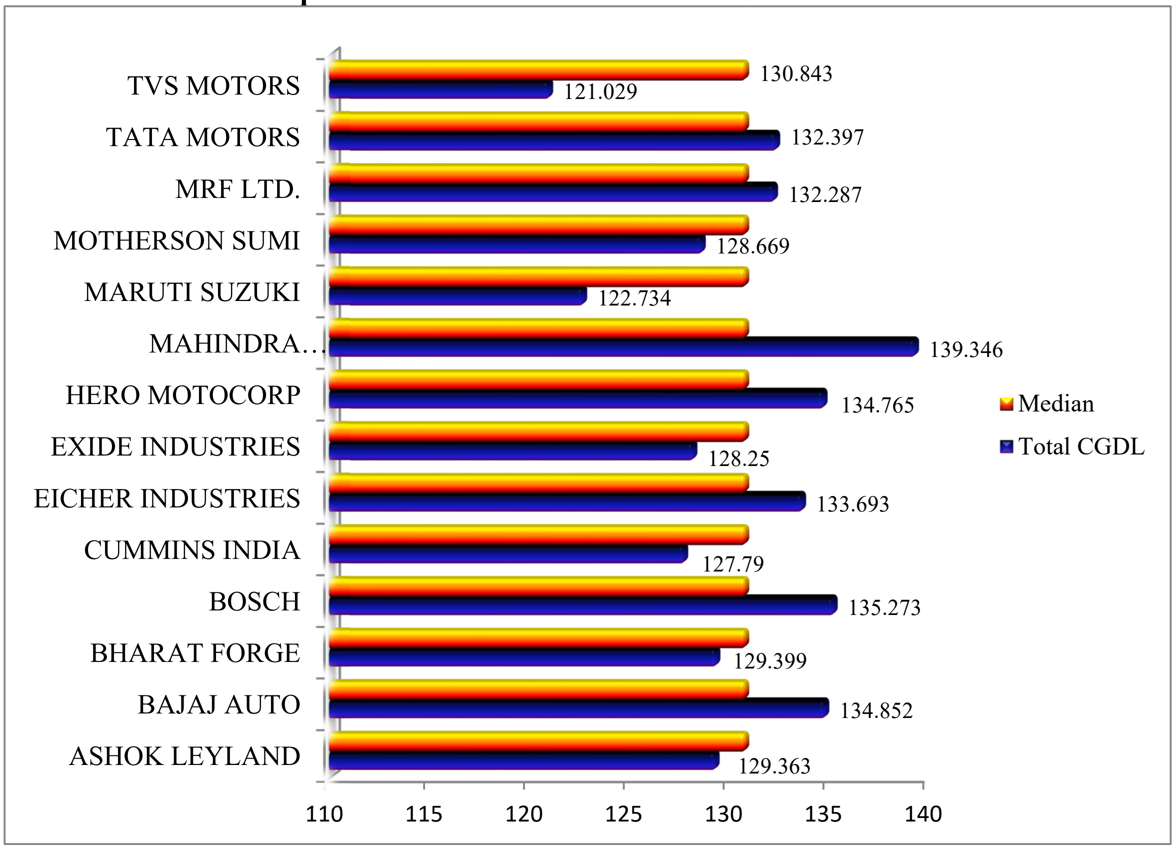
Name of Company	Total CGDL	Mean of Total CGDL	Rank
Ashok Leyland Ltd.	129.363	**130.703**	9
Bajaj Auto Ltd.	134.852		3
Bharat Forge Ltd.	129.399		8
Bosch Ltd.	135.273		2
Cummins India Ltd.	127.790		12
Eicher Motors Ltd.	133.693		5
Exide Industries Ltd.	128.250		11
Hero MotoCorp Ltd.	134.765		4
Mahindra & Mahindra Ltd.	139.346		1
Maruti Suzuki Ltd.	122.734		13
Motherson Sumi Ltd.	128.669		10
MRF Ltd.	132.287		7
Tata Motors Ltd.	132.397		6
TVS Motors Company Ltd.	121.029		14

Source: author's calculation

The fig below shows the total CGDL score and median CGDL of the companies. The median score was 130.843. The companies which were below median CGDL score were TVS Motor, Motherson Sumi, Maruti Suzuki, Exide Industries, Cummins India, Bharat Forge and Ashok Leyland while the companies which were above median

CGDL score were Tata Motors, MRF Ltd., Mahindra And Mahindra, Hero MotoCorp., Eicher Motors, Bosch and Bajaj Auto.

Fig 5.16
Companies above and below median CGDL



Source: Authors calculation

The comparison has been done variable/ item wise and year wise. Given below is the item wise comparison of the corporate governance disclosure level (CGDL) of the companies.

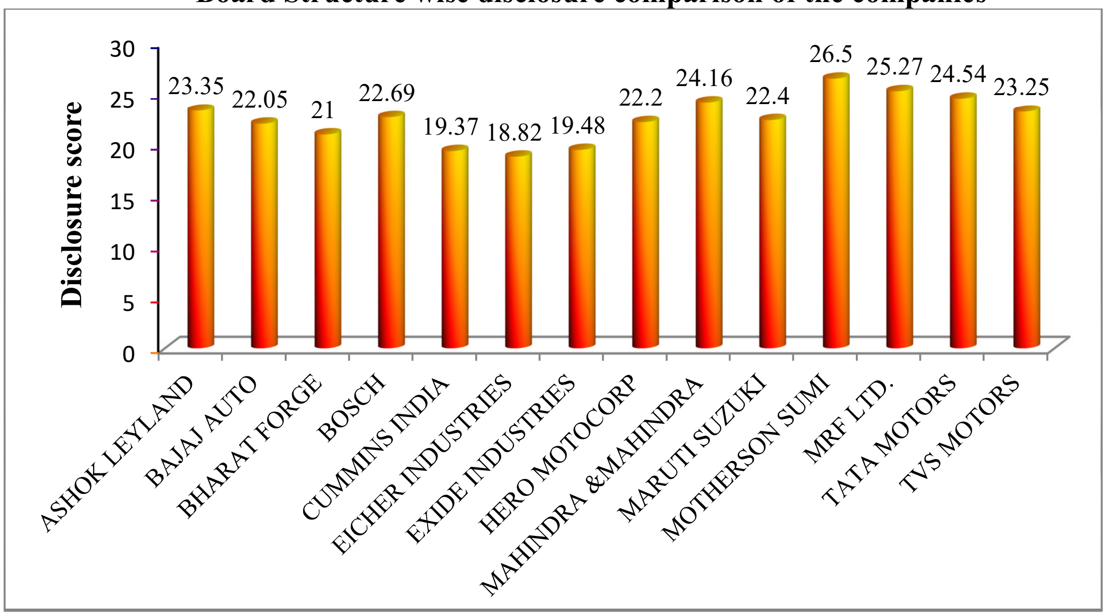
There were total twenty six items which were taken to study corporate governance and these items were divided in six heads i.e. Board structure, Committees, Shareholding pattern, CEO & Chairman duality, Means of communication and Other disclosures. The comparison of the variables is given below:-

5.4 Comparison on the basis of Board Structure

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of board structure. The board structure consists of four items i.e. size of the board (total number of directors), number of independent directors, number of women directors and board meeting in a year. It can be seen that among the companies MRF Ltd. has the best board structure. It has scored 26.5 in disclosure and the lowest is Eicher Motors which has scores 18.82.

Fig.5.3

Board Structure wise disclosure comparison of the companies

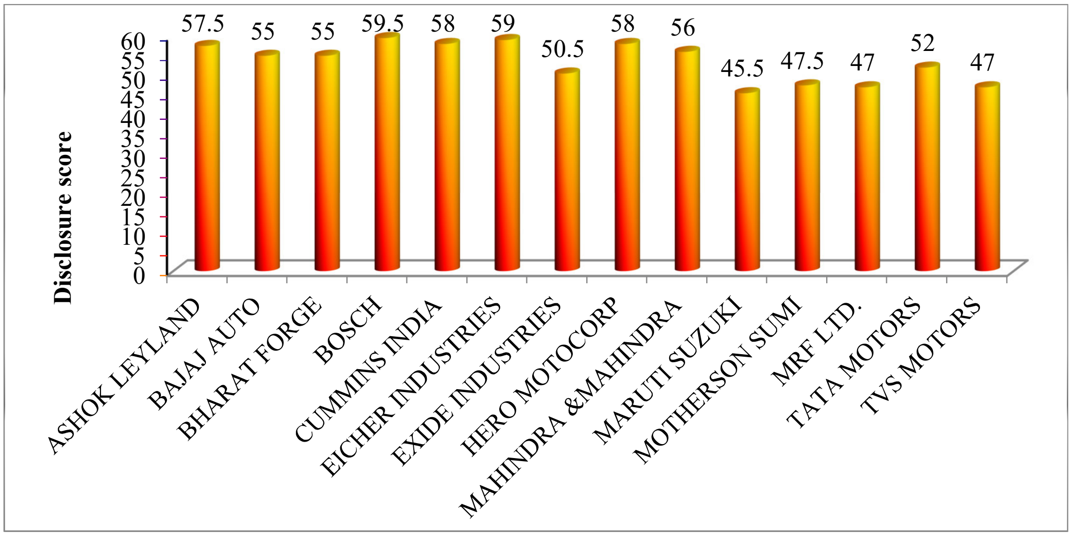


Source: Author's calculation

5.5 Comparison on the basis of Committees

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of Committees. Under this head three mandatory committees were taken up i.e. Audit committee, Nomination and remuneration committee and Stakeholder Relationship committee. These committees were further divided in to sub heads and on the basis of their disclosure practice marks were allotted to them accordingly. On the basis of disclosure score Bosch is best in disclosing and following corporate governance. It has scored the highest i.e. 59.5 and Maruti Suzuki is the last it has scored 45.5 only.

Fig.5.4
Committees wise disclosure comparison of the companies



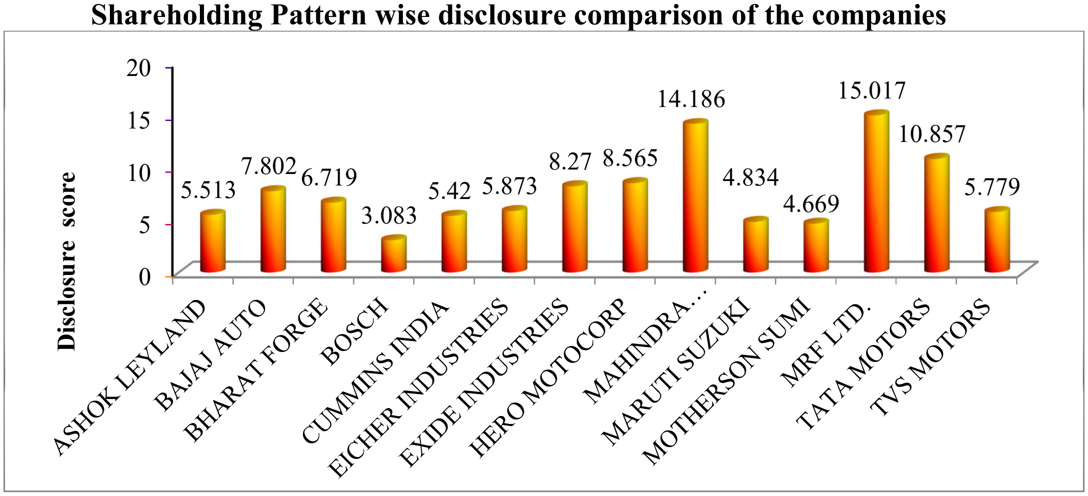
Source: Author's calculation

5.6 Comparison on the basis of Shareholding Pattern

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of shareholding pattern. Under this head there were three items i.e. Promoter's equity, Non Promoter's equity and Minority shareholder equity. On the basis of the disclosure practices in these three items, scores were allotted to the companies. It can be seen in the figure that here also MRF Ltd. has scored the highest i.e. 15.017 and Bosch has scored the lowest i.e. 3.083.

Fig.5.5

Shareholding Pattern wise disclosure comparison of the companies

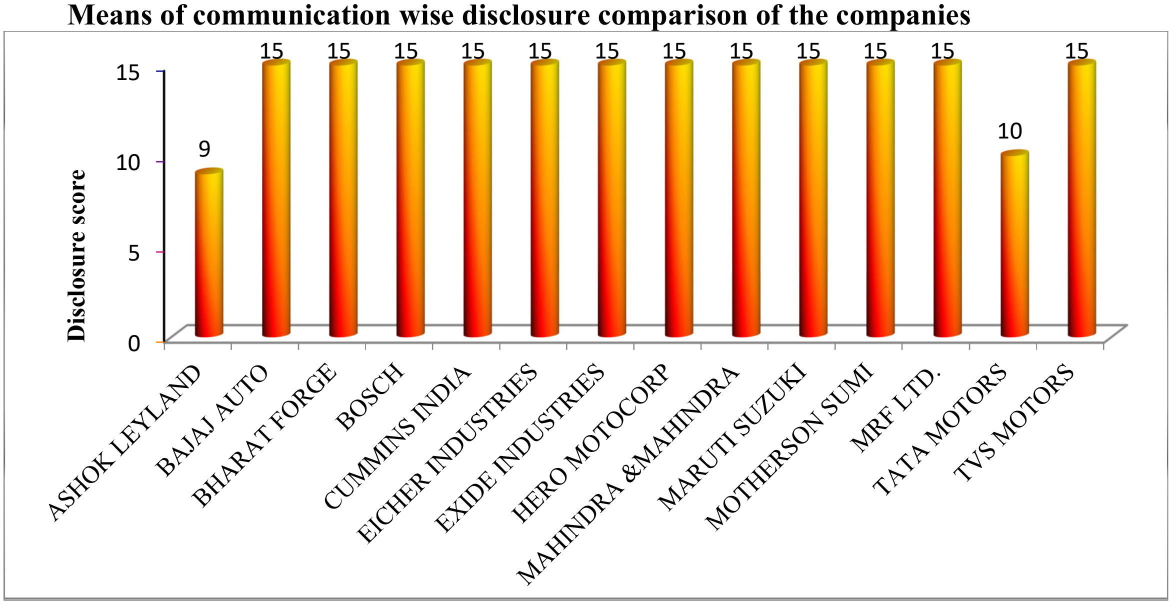


Source: Author's calculation

5.7 Comparison in the basis of Means of communication

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of Means of communication. Under this head disclosures were divided into 3 criteria i.e. quarterly/half yearly/yearly were published in newspaper and company's website or not, all the investors related information is available on company's website or not and presentations were made to the institutional investors or not. In the study it was found that except Ashok Leyland and Tata Motors all other companies are fulfilling these requirements completely. They have scored 100 per cent in this disclosure category.

Fig.5.6
Means of communication wise disclosure comparison of the companies



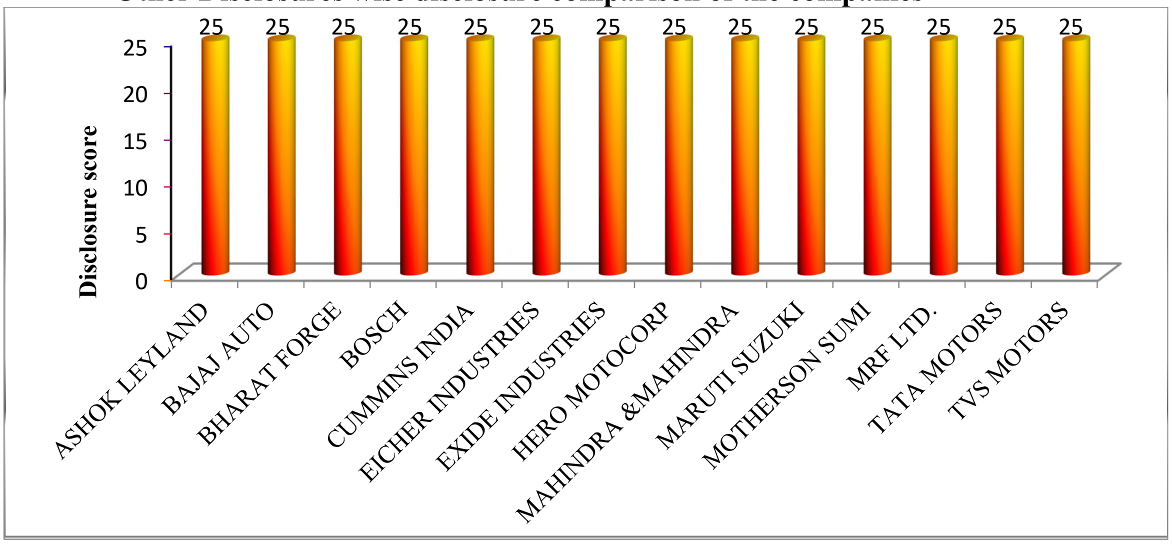
Source: Author's calculation

5.8 Comparison on the basis of Other Disclosures

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of other disclosures. In other disclosure there were five disclosures i.e. General shareholder's information, related party transaction, Whistle blowing mechanism, Details of Non-Compliance and CFO certification. In general shareholder's information details of annual general meeting, financial year, book closure date, dividend payment date, share transfer system, share transfer agent, and plant location address were taken. In this category all the companies have shown full and equal disclosures in each year. They all have scored 25 marks i.e. 100 per cent disclosure level

Fig 5.7

Other Disclosures wise disclosure comparison of the companies

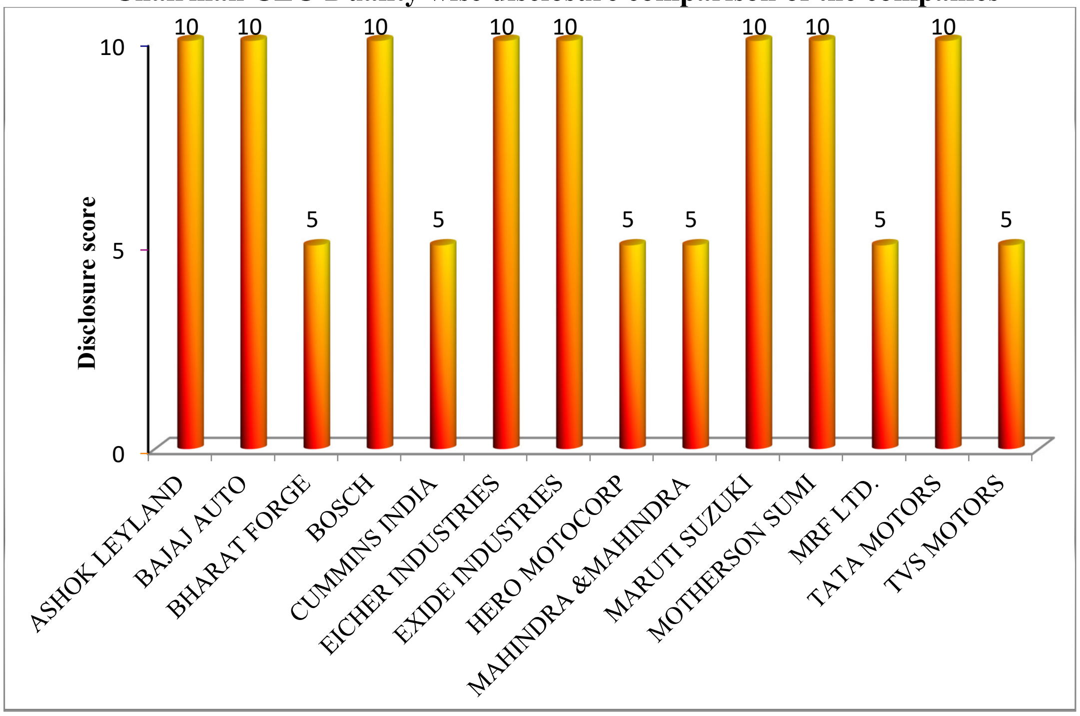


Source: Author's calculation

5.9 Comparison on the basis of Chairman CEO Duality

The figure below shows the comparison of the corporate governance disclosure level of the companies on the basis of Chairman CEO Duality. In this disclosure the researcher has given score on the basis of the centralization of power. If a company is having same person as the Chairman and CEO/Managing director, then there is a chance of misuse of power. So in this category a company who has separate Chairman and CEO/Managing director, has allotted 2 marks and those who has same person as Chairman and CEO it has been allotted 1 mark each year. On the basis of that discloser scores were given. It can be seen that there are eight companies out of fourteen which has scored 10 marks in five years. This means that has separate Chairman and CEO/Managing director and six companies have scored 5 which means they have same person as Chairman and CEO.

Fig 5.8
Chairman CEO Duality wise disclosure comparison of the companies



Source: Author's calculation

The next four objectives of the study were.

To study the impact of corporate governance on firm's liquidity

To find the relationship between corporate governance and firm's solvency

To study the effect of corporate governance on firm's profitability

To find how corporate governance is effecting firm's efficiency

These objectives concentrate on the impact of corporate governance on firm's performance and for measuring the performance four parameters were taken i.e. liquidity, profitability, solvency and efficiency. It has been mentioned in pervious chapter that financial ratios were used to analyse the liquidity, profitability, solvency and efficiency of the companies

5.11 Analysis of performance of S&P BSE AUTO companies

It has been already discussed that for checking the performance of the companies, financial ratios has been used. They have been divided on four bases i.e. profitability, liquidity, solvency ad efficiency.

5.11.1. Liquidity Ratios Analysis

To check the liquidity, two ratios have been taken i.e. current ratio and quick ratio. The table below shoes the current ratio analysis of the companies for five years. It concludes that Cummins India has the highest mean current ratio of 2.23 and it has also shown an increase from 2014-15. On the other hand Tata Motors has shown a lowest mean current ratio i.e. of 0.63. The overall mean current ratio of the companies in five years is stagnant at 1.49.

Table –5.3
Current Ratio analysis

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV %
Ashok Leyland Ltd.	0.93	1.06	0.93	0.91	0.93	0.95	0.06	6.41
Bajaj Auto Ltd.	2.13	1.70	2.92	2.25	1.45	2.09	0.57	27.04
Bharat Forge Ltd.	3.03	1.82	1.53	1.35	1.56	1.86	0.68	36.40
Bosch Ltd.	2.32	2.33	2.24	2.08	1.99	2.19	0.15	6.88
Cummins India Ltd.	1.96	2.50	2.21	2.23	2.24	2.23	0.19	8.58
Eicher Motors Ltd.	1.30	0.87	0.92	1.15	2.21	1.29	0.54	42.09
Exide Industries Ltd.	1.96	1.95	1.96	1.79	1.77	1.89	0.10	5.15
Hero MotoCorp Ltd.	1.36	1.47	1.82	2.04	1.96	1.73	0.30	17.38
Mahindra &Mahindra Ltd.	1.13	1.18	1.31	1.24	1.26	1.22	0.07	5.74
Maruti Suzuki Ltd.	0.93	0.71	0.66	0.51	0.87	0.74	0.17	22.85
Motherson Sumi Ltd.	1.09	1.32	1.72	1.60	1.72	1.49	0.28	18.59
MRF Ltd.	1.38	1.55	1.61	1.69	1.53	1.55	0.11	7.38
Tata Motors Ltd.	0.42	0.93	0.59	0.62	0.58	0.63	0.19	29.61

TVS Motors Company Ltd.	0.90	0.81	0.77	0.68	0.78	0.79	0.08	10.05
Mean	1.49	1.44	1.51	1.44	1.49			
SD	0.70	0.56	0.69	0.61	0.54			
CV %	47.09	39.12	45.65	42.19	36.18			

Source: www.equitymaster.com

The table below shoes the quick ratio analysis of the companies for five years. It shows how quickly a company can meet its short tern financial liabilities. The table concludes that Bajaj Auto has the highest mean quick ratio i.e. 1.88 and it has also shown an increase from 2014-15 to 2017-18 but decreased in 2018-19. On the other hand Tata Motors has shown the lowest mean quick ratio i.e. of 0.33. The overall mean quick ratio of the companies in five years has shown an increased.

Table No-5.4
Quick Ratio Analysis

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	0.65	0.73	0.52	0.71	0.63	0.65	0.08	12.74
Bajaj Auto Ltd.	1.95	1.44	2.70	2.07	1.25	1.88	0.57	30.34
Bharat Forge Ltd.	2.54	1.62	1.34	1.14	1.29	1.59	0.56	35.36
Bosch Ltd.	1.82	1.86	1.79	1.74	1.55	1.75	0.12	6.91
Cummins India Ltd.	1.41	1.83	1.75	1.85	1.83	1.73	0.19	10.68
Eicher Motors Ltd.	1.09	0.62	0.70	0.98	1.91	1.06	0.51	48.40
Exide Industries Ltd.	0.68	1.17	1.01	0.82	0.85	0.91	0.19	20.81
Hero MotoCorp Ltd.	1.15	1.30	1.66	1.85	1.71	1.53	0.30	19.25
Mahindra &Mahindra Ltd.	0.86	0.91	1.02	1.03	0.99	0.96	0.07	7.69
Maruti Suzuki Ltd.	0.63	0.43	0.42	0.31	0.64	0.49	0.14	29.63
Motherson Sumi Ltd.	0.61	0.78	1.17	0.97	0.97	0.90	0.21	23.65
MRF Ltd.	0.79	1.08	1.07	1.21	0.99	1.03	0.15	15.04
Tata Motors Ltd.	0.19	0.36	0.33	0.38	0.37	0.33	0.08	24.02
TVS Motors Company Ltd.	0.54	0.51	0.43	0.43	0.49	0.48	0.05	10.21

Mean	1.07	1.05	1.14	1.11	1.11			
SD	0.65	0.51	0.67	0.58	0.50			
CV %	61.25	48.55	58.94	52.26	45.34			

Source: www.equitymaster.com

5.11.2 Solvency Ratio Analysis

Solvency ratios are used to measure the debt clearing ability of the company. It shows whether a company has enough cash flow to satisfy its short term and long term liabilities. If the solvency ratio of the company is higher this there are more chances that company default its liabilities.

In the present study to measure the solvency of the companies, total debt equity ratio has been taken for five years. A debt equity ratio between 1 to 1.5 has supposed to be a good ratio. The table concludes that Tata Motors has the highest mean total debt equity ratio i.e. 0.89 and it has also shown a decrease from 2014-15 to 2018-19. On the other hand there are three companies i.e. Bosch, Hero Moto corp and Maruti Suzuki which has shown the lowest mean total debt equity ratio i.e. of 0.00 which means they are not relying on borrowings. The overall total debt equity ratio of the companies in five years has decreased.

Table no-5.5
Total Debt equity ratio

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	0.63	0.34	0.22	0.08	0.05	0.26	0.24	89.10
Bajaj Auto Ltd.	0.01	0.00	0.01	0.01	0.00	0.01	0.01	91.29
Bharat Forge Ltd.	0.47	0.64	0.40	0.45	0.56	0.50	0.10	18.96
Bosch Ltd.	0.01	0.00	0.00	0.00	0.00	0.00	0.00	223.61
Cummins India Ltd.	0.00	0.00	0.07	0.06	0.07	0.04	0.04	91.86
Eicher Motors Ltd.	0.00	0.01	0.02	0.02	0.01	0.01	0.01	69.72
Exide Industries Ltd.	0.00	0.02	0.03	0.00	0.00	0.01	0.01	141.42
Hero MotoCorp Ltd.	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0

Mahindra &Mahindra Ltd.	0.14	0.08	0.10	0.09	0.07	0.10	0.03	28.14
Maruti Suzuki Ltd.	0.01	0.00	0.01	0.00	0.00	0.00	0.01	136.93
Motherson Sumi Ltd.	0.20	0.14	0.20	0.18	0.18	0.18	0.02	13.61
MRF Ltd.	0.40	0.28	0.21	0.16	0.14	0.24	0.11	44.31
Tata Motors Ltd.	1.35	0.61	0.89	0.81	0.79	0.89	0.28	31.10
TVS Motors Company Ltd.	0.56	0.39	0.45	0.36	0.41	0.43	0.08	17.89
Mean	0.27	0.18	0.19	0.16	0.16			
SD	0.39	0.23	0.25	0.23	0.25			
CV%	143.56	1.30	1.34	1.48	1.52			

Source: www.equitymaster.com

5.11.3. Profitability Ratios Analysis

Profitability ratios are those ratios which measure the ability of generating revenue or earnings of a company. These ratios are very useful in comparing the performance of two or more companies.

There are various types of profitability ratios which are used to asses the performance of the company. In the present study three profitability ratios were used i.e. net profit ratio, return on assets ratio and return on equity ratio.

The table below shows the net profit of the companies. Eicher Motors is having the highest mean net profit i.e. of 20.68. The companies like Bajaj Auto, Bharat Forge and Cummins India are also having good net profit i.e. above 15 percent. Tata Motors is the only company whose mean net profit is negative i.e.-3.53. The overall mean net profit ratio of the companies in five years has increased.

Table no-5.6
Net profit

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	2.46	2.05	6.07	6.51	6.82	4.78	2.33	48.66
Bajaj Auto Ltd.	13.01	17.39	17.58	16.16	15.45	15.92	1.85	11.61
Bharat Forge Ltd.	15.80	16.09	15.13	13.30	16.43	15.35	1.24	8.09

Bosch Ltd.	11.06	15.78	16.68	11.72	13.03	13.65	2.48	18.14
Cummins India Ltd.	17.83	16.01	14.46	13.93	12.76	15.00	1.97	13.12
Eicher Motors Ltd.	20.00	21.16	22.16	19.12	20.97	20.68	1.16	5.62
Exide Industries Ltd.	7.94	9.11	9.14	7.27	7.97	8.29	0.82	9.84
Hero MotoCorp Ltd.	8.64	10.95	11.84	11.47	10.05	10.59	1.28	12.09
Mahindra &Mahindra Ltd.	8.52	7.83	8.27	8.94	8.94	8.50	0.47	5.55
Maruti Suzuki Ltd.	7.42	9.32	10.80	9.68	8.71	9.19	1.25	13.57
Motherson Sumi Ltd.	10.32	13.57	13.15	11.79	10.73	11.91	1.43	12.04
MRF Ltd.	13.76	12.43	10.95	7.36	6.92	10.28	3.04	29.57
Tata Motors Ltd.	-13.05	-0.14	-5.48	-1.17	2.19	-3.53	6.00	-170.10
TVS Motors Company Ltd.	3.44	4.40	4.59	4.37	3.68	4.10	0.50	12.30
Mean	9.08	11.14	11.10	10.03	10.33			
SD	7.81	5.92	6.45	4.93	4.89			
CV%	85.98	53.14	58.12	49.13	47.32			

Source: www.equitymaster.com

The table below shows return on assets ratio (ROA) of the companies. ROA explains the relationship between the companies profit and its total assets. The table concludes that Eicher Motors has the best ROA ratio i.e. 26.48 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. . Here also Tata Motors is the only company whose ROA is negative i.e. -2.43. The ROA ratio of the all the companies in five years has increased. The Coefficient of variation (CV) shows more variation in Tata Motor and less in Mahindra &Mahindra.

Table no-5.7
Return on Assets

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	2.51	3.04	8.71	9.90	10.88	7.01	3.94	56.28
Bajaj Auto Ltd.	18.08	23.83	18.38	17.07	17.07	18.89	2.83	14.96

Bharat Forge Ltd.	11.27	9.71	7.62	8.45	10.77	9.56	1.53	16.03
Bosch Ltd.	12.82	12.31	14.75	9.84	12.57	12.46	1.75	14.06
Cummins India Ltd.	18.18	16.79	14.57	12.80	12.34	14.94	2.52	16.87
Eicher Motors Ltd.	24.50	36.12	28.15	21.97	21.67	26.48	5.98	22.59
Exide Industries Ltd.	10.10	10.17	10.23	9.03	10.32	9.97	0.53	5.33
Hero MotoCorp Ltd.	22.67	25.38	22.98	22.08	19.18	22.46	2.22	9.89
Mahindra &Mahindra Ltd.	10.08	9.02	9.11	9.18	9.10	9.30	0.44	4.74
Maruti Suzuki Ltd.	11.06	12.79	14.34	13.00	11.91	12.62	1.23	9.76
Motherson Sumi Ltd.	13.77	18.45	9.99	9.97	8.99	12.23	3.93	32.10
MRF Ltd.	6.80	18.78	9.72	6.70	6.01	9.60	5.33	55.46
Tata Motors Ltd.	-9.48	-0.10	-4.12	-1.74	3.31	-2.43	4.78	-197.05
TVS Motors Company Ltd.	7.55	9.88	9.45	9.22	8.00	8.82	1.00	11.29
Mean	11.42	14.73	12.42	11.25	11.58			
SD	8.55	9.43	7.63	6.12	4.96			
CV%	74.90	64.05	61.41	54.45	42.79			

Source: www.equitymaster.com

The table below shows return on equity ratio (ROE) of the companies. ROE tells the company's overall return on shareholder's equity. The table concludes that Eicher Motors has the best ROE ratio i.e. 40.36 percent but it has decreased in last three years i.e.in 2016-17, 2017-18 and 2018-19. . Here also Tata Motors is the only company whose ROE is negative i.e. -7.94 percent. The overall mean ROE ratio of the companies in five years has decreased. The Coefficient of variation (CV) shows more variation in Tata Motor and less in Exide Industries.

Table No-5.8
Return on Equity

COMPANIES	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Mean**	**SD**	**CV%**
Ashok Leyland Ltd.	8.17	7.20	19.96	23.70	23.80	16.57	8.26	49.87

Bajaj Auto Ltd.	26.31	29.62	22.46	21.29	21.46	24.23	3.63	15.00
Bharat Forge Ltd.	20.56	19.47	13.82	15.32	19.84	17.80	3.02	16.98
Bosch Ltd.	18.20	16.06	19.78	13.73	17.51	17.06	2.29	13.43
Cummins India Ltd.	27.22	21.66	19.63	17.77	17.49	20.75	3.98	19.19
Eicher Motors Ltd.	45.30	56.03	39.77	31.88	28.82	40.36	10.90	27.01
Exide Industries Ltd.	13.53	13.84	13.97	12.40	14.09	13.57	0.68	5.05
Hero MotoCorp Ltd.	36.47	39.42	33.39	31.41	26.32	33.40	4.99	14.95
Mahindra &Mahindra Ltd.	17.25	14.29	13.60	14.37	14.01	14.70	1.45	9.89
Maruti Suzuki Ltd.	15.65	17.95	20.17	18.49	16.25	17.70	1.81	10.22
Motherson Sumi Ltd.	20.91	29.28	14.25	14.22	12.64	18.26	6.94	37.99
MRF Ltd.	19.87	34.54	16.98	11.37	10.29	18.61	9.74	52.35
Tata Motors Ltd.	31.93	-0.26	-11.48	-5.13	9.11	-7.94	15.38	-193.70
TVS Motors Company Ltd.	21.14	24.98	23.17	23.00	20.02	22.46	1.93	8.58
Mean	18.48	23.15	18.53	17.42	17.98			
SD	17.28	14.19	11.45	9.20	5.83			
CV%	93.53	61.32	61.79	52.81	32.42			

Source: www.equitymaster.com

5.11.4 Efficiency Ratio Analysis

The efficiency ratio analyse the resource management ability of the company. It shows that how effectively and efficiently a company is managing its assets and liabilities. In the present study three efficiency ratios were used i.e. has return on capital employed (ROCE), Assets turnover ratio (ATR) and Inventory turnover ratio (ITR).

ROCE ratio determines that how efficiently the companies have employed their capital. The table below show the ROCE ratio of the companies. The table concludes that here also Eicher Motors has the best ROCE ratio i.e. 45.93 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. . Here also Tata Motors is has the lowest ROCE i.e. 0.94 percent. The average ROCE ratio of the all the companies in five years has increased. The Coefficient of variation (CV) shows more variation in Tata Motor and less in Exide Industries.

Table no-5.9
Return on Capital Employed

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	4.04	4.94	16.05	30.07	27.81	16.58	12.26	73.93
Bajaj Auto Ltd.	25.38	28.67	30.32	29.50	28.28	28.43	1.88	6.60
Bharat Forge Ltd.	13.65	13.17	10.87	23.20	24.26	17.03	6.22	36.51
Bosch Ltd.	16.97	15.41	18.98	13.17	24.83	17.87	4.43	24.81
Cummins India Ltd.	25.39	20.97	19.16	17.32	24.16	21.40	3.37	15.74
Eicher Motors Ltd.	24.46	54.04	56.17	52.91	42.05	45.93	13.18	28.71
Exide Industries Ltd.	18.99	19.44	18.96	18.86	18.28	18.91	0.42	2.20
Hero MotoCorp Ltd.	35.93	37.77	44.00	42.35	37.15	39.44	3.52	8.93
Mahindra &Mahindra Ltd.	13.85	12.49	14.28	16.95	16.86	14.89	1.96	13.15
Maruti Suzuki Ltd.	15.00	17.35	26.42	25.83	21.60	21.24	5.05	23.79
Motherson Sumi Ltd.	20.91	26.55	11.78	11.95	16.32	17.50	6.29	35.96
MRF Ltd.	17.83	27.00	13.88	9.29	14.51	16.50	6.61	40.06
Tata Motors Ltd.	-16.02	5.31	-1.19	5.04	11.57	0.94	10.50	1114.75
TVS Motors Company Ltd.	14.73	18.55	18.27	19.48	24.06	19.02	3.35	17.60
Mean	16.51	21.55	21.28	22.57	23.70			
SD	11.96	12.96	14.41	12.99	8.43			
CV%	72.45	60.17	67.72	57.57	35.58			

Source: www.equitymaster.com

Assets turnover ratio (ATR) determines the value of the company's sales in relation to the value of assets. The table below show the ATR of the companies. The table concludes that TVS Motors has the highest ATR ratio i.e. 215.47 percent and it has increased in last two years i.e.in 2017-18 and 2018-19. Here Bharat Forge has the lowest ATR i.e. 62.23 percent. The overall mean ATR ratio of the all the companies went down in 2015-16 but started increasing from next year. The Coefficient of variation (CV) shows highest variation in Exide Industries and lowest in TVS Motors.

Table no-5.10
Assets Turnover Ratio

COMPANIES	**2014-15**	**2015-16**	**2016-17**	**2017-18**	**2018-19**	**Mean**	**SD**	**CV%**
Ashok Leyland Ltd.	101.88	148.25	143.44	152.02	159.42	141.00	22.64	16.05
Bajaj Auto Ltd.	138.87	137.00	104.57	105.64	110.48	119.31	17.16	14.38
Bharat Forge Ltd.	71.33	60.36	50.34	63.54	65.59	62.23	7.76	12.46
Bosch Ltd.	115.86	78.03	88.43	83.93	96.44	92.54	14.67	15.85
Cummins India Ltd.	101.94	104.86	100.72	91.88	96.67	99.21	5.05	5.09
Eicher Motors Ltd.	2.94	170.70	127.03	114.91	103.34	103.78	61.87	59.61
Exide Industries Ltd.	127.23	111.65	111.92	124.19	129.56	120.91	8.55	7.07
Hero MotoCorp Ltd.	262.17	231.74	193.95	192.54	190.74	214.23	31.77	14.83
Mahindra &Mahindra Ltd.	118.21	115.14	110.22	102.67	101.74	109.60	7.33	6.69
Maruti Suzuki Ltd.	148.93	137.19	132.74	134.34	136.68	137.98	6.38	4.63
Motherson Sumi Ltd.	133.32	135.92	75.94	84.63	83.33	102.63	29.41	28.65
MRF Ltd.	23.13	151.00	88.74	90.92	86.88	88.13	45.24	51.33
Tata Motors Ltd.	72.67	75.59	75.26	99.35	113.61	87.30	18.26	20.92
TVS Motors Company Ltd.	219.32	224.23	205.52	210.73	217.57	215.47	7.37	3.42
Mean	116.99	134.40	114.92	117.95	120.86			
SD	65.32	48.72	42.02	40.55	41.13			
CV%	55.84	36.25	36.57	34.38	34.03			

Source: www.equitymaster.com

Inventory turnover ratio (ITR) mainly focuses on how effectively and efficiently a company is managing its stocks. The table below show the ITR ratio of the companies. The table concludes that Hero Motocorp has the highest mean ITR ratio i.e. 38.05 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. . Here Exide Industries has the lowest mean ITR i.e. 5.32 percent. The overall mean ITR ratio of the all the companies has shown an up and down trend in five years. In last year it has decreased to 14.61 percent as compared to previous year. The Coefficient of variation (CV) shows high-test variation MRF Ltd. and Tata Motors. It is nearly equal i.e. 30.81 and 30.58 respectively and lowest in Bosch.

Table no- 5.11
Inventory Turnover Ratio

COMPANIES	2014-15	2015-16	2016-17	2017-18	2018-19	Mean	SD	CV%
Ashok Leyland Ltd.	9.70	11.65	7.65	14.99	10.82	10.96	2.71	24.68
Bajaj Auto Ltd.	26.55	31.41	29.88	33.89	31.46	30.64	2.70	8.81
Bharat Forge Ltd.	8.47	11.93	9.06	9.88	8.57	9.58	1.43	14.88
Bosch Ltd.	9.47	8.14	8.84	9.54	8.49	8.90	0.61	6.85
Cummins India Ltd.	6.46	7.84	9.03	9.46	9.05	8.37	1.23	14.65
Eicher Motors Ltd.	16.19	20.60	21.83	23.62	16.18	19.68	3.37	17.12
Exide Industries Ltd.	4.51	6.05	4.97	5.22	5.87	5.32	0.64	11.97
Hero MotoCorp Ltd.	33.83	42.50	43.43	39.13	31.38	38.05	5.30	13.92
Mahindra &Mahindra Ltd.	15.98	15.21	15.97	18.02	13.96	15.83	1.48	9.33
Maruti Suzuki Ltd.	19.11	18.37	20.86	25.23	25.87	21.89	3.47	15.86
Motherson Sumi Ltd.	8.19	8.25	9.09	8.07	7.19	8.16	0.68	8.27
MRF Ltd.	6.26	10.58	5.54	6.82	5.37	6.91	2.13	30.81
Tata Motors Ltd.	7.56	8.37	7.98	10.38	14.84	9.83	3.00	30.58
TVS Motors Company Ltd.	12.32	15.95	12.55	15.69	15.49	14.40	1.80	12.52
Mean	13.19	15.49	14.76	16.42	14.61			

SD	8.46	10.28	10.93	10.44	8.91			
CV%	64.17	66.37	74.06	63.59	60.98			

Source: www.equitymaster.com

5.12 Descriptive analysis of dependent variables

The table below shows the descriptive analysis of the companies. It can be analysed from the table that Current ratio of the companies varies from 0.42 to 3.03 with a mean value of 1.47 and deviation of 0.61. The quick ratio varies from 0.19 to 2.70 with a mean value of 1.09 and deviation of 0.57. The debt equity ratio of the companies remains between 0 to 1.35. Its mean value was 0.19 and standard deviation was 0.27. The Net profit ratio of the companies varies much i.e. from -13.05 to 22.16 with mean value of 10.34 and standard deviation of 6.19. The ROA of the companies is also showing an up down trend. It varies from -9.48 to 36.12 with an average of 12.28 and standard deviation of 7.41. The ROE of the companies varies even more i.e. from -31.93 to 56.03 with an average of 19.11 and standard deviation of 12.06. The ROCE also varies much as ROE i.e. from -16.02 to 56.17. Its average is 21.12 and standard deviation of 12.21. The ATR of the companies has the largest variations i.e. from 2.94 to 262.17. It mean value is 121.02 and a high standard deviation of 49.31 and finally the ITR of the companies which varies from 4.51 to 43.43 with a mean of 14.89 and standard deviation of 9.62.

From table it can be determined that there are high variations in certain ratios which means some companies in the index are performing extremely well but on the other hand there are certain companies whose performance is very low.

Table no-5.12
Descriptive Analysis

	Maxima	**Minima**	**Mean**	**SD**
Performance Measures				
Current Ratio	3.03	0.42	1.47	0.61
Quick Ratio	2.70	0.19	1.09	0.57
Total debt equity Ratio	1.35	0.00	0.19	0.27
Net profit Ratio	22.16	-13.05	10.34	6.19

Return on Assets Ratio	36.12	-9.48	12.28	7.41
Return on equity Ratio	56.03	-31.93	19.11	12.06
Return on Capital employed Ratio	56.17	-16.02	21.12	12.21
Assets turnover ratio	262.17	2.94	121.02	49.31
Inventory turnover Ratio	43.43	4.51	14.89	9.62

Source: Author's calculation

5.13 Relationship between CGDL and Liquidity

To study the relationship between corporate governance disclosure level and liquidity two ratio i.e. current ratio and quick ratio has been taken and Pearson correlation has been applied.

The table below shows the correlation between mean CGDL score of five years of the companies and the mean current ratio of five years of the companies. CGDL and current ratio is supposed to have a positive correlation. It can be seen that there is a positive correlation of 0.345 between CGDL and current ratio among the companies. Increase in CDGL shows an increase in current ration and vise verse.

Table no-5.13
Correlation matrix of CGDL and Current Ratio

Name of Company	Mean CGDL	Mean CR	MCGDL-MCR
Ashok Leyland Ltd.	25.873	0.952	0.345
Bajaj Auto Ltd.	26.970	2.090	
Bharat Forge Ltd.	25.880	1.858	
Bosch Ltd.	27.055	2.192	
Cummins India Ltd.	25.558	2.228	
Eicher Motors Ltd.	26.739	1.290	
Exide Industries Ltd.	25.650	1.886	
Hero MotoCorp Ltd.	26.953	1.730	
Mahindra &Mahindra Ltd.	27.869	1.224	
Maruti Suzuki Ltd.	24.547	0.736	
Motherson Sumi Ltd.	25.734	1.490	
MRF Ltd.	26.457	1.552	

Tata Motors Ltd.	26.479	0.628	
TVS Motors Company Ltd.	24.206	0.788	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean quick ratio (QR) of five years of the companies. CGDL and quick ratio is supposed to have a positive correlation It can be seen that there is a positive correlation of 0.449 between CGDL and quick ratio among the companies. Increase in CDGL shows an increase in quick ratio and vise verse.

Table no-5.14
Correlation matrix of CGDL and Quick Ratio

Name of Company	Mean CGDL	Mean QR	MCGDL-MQR
Ashok Leyland Ltd.	25.873	0.648	0.449
Bajaj Auto Ltd.	26.970	1.882	
Bharat Forge Ltd.	25.880	1.586	
Bosch Ltd.	27.055	1.752	
Cummins India Ltd.	25.558	1.734	
Eicher Motors Ltd.	26.739	1.06	
Exide Industries Ltd.	25.650	0.906	
Hero MotoCorp Ltd.	26.953	1.534	
Mahindra &Mahindra Ltd.	27.869	0.962	
Maruti Suzuki Ltd.	24.547	0.486	
Motherson Sumi Ltd.	25.734	0.9	
MRF Ltd.	26.457	1.028	
Tata Motors Ltd.	26.479	0.326	
TVS Motors Company Ltd.	24.206	0.48	

Source: Author's calculation

5.14 Relationship between CGDL and profitability

To study the relationship between corporate governance disclosure level and profitability three ratio i.e. net profit ratio, return on assets and return on equity ratio has been taken and Pearson correlation has been applied.

The table below shows the correlation between mean CGDL score of five years of the companies and the mean net profit ratio (NP) of five years of the companies. CGDL and Net profit ratio is supposed to have a positive correlation It can be seen that there is a positive correlation of 0.230 between CGDL and net profit ratio among the companies. Increase in CDGL shows an increase in net profit and vise verse.

Table no-5.15
Correlation matrix of CGDL and Net Profit ratio

Name of Company	Mean CGDL	Mean NP	MCGDL-MNP
Ashok Leyland Ltd.	25.873	4.782	0.230
Bajaj Auto Ltd.	26.970	15.918	
Bharat Forge Ltd.	25.880	15.35	
Bosch Ltd.	27.055	13.654	
Cummins India Ltd.	25.558	14.998	
Eicher Motors Ltd.	26.739	20.682	
Exide Industries Ltd.	25.650	8.286	
Hero MotoCorp Ltd.	26.953	10.59	
Mahindra &Mahindra Ltd.	27.869	8.5	
Maruti Suzuki Ltd.	24.547	9.186	
Motherson Sumi Ltd.	25.734	11.912	
MRF Ltd.	26.457	10.284	
Tata Motors Ltd.	26.479	-3.53	
TVS Motors Company Ltd.	24.206	4.096	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean return on assets (ROA) of five years of the companies. CGDL and Return on assets is supposed to have a positive correlation It can be seen that there is a positive correlation of 0.212 between CGDL and return on assets (ROA) among the companies. Increase in CDGL shows an increase in ROA and vise verse.

Table no- 5.16
Correlation matrix of CGDL and Return on Assets ratio

Name of Company	Mean CGDL	Mean ROA	MCGDL-MROA
Ashok Leyland Ltd.	25.873	7.008	0.212
Bajaj Auto Ltd.	26.970	18.886	
Bharat Forge Ltd.	25.880	9.564	
Bosch Ltd.	27.055	12.458	
Cummins India Ltd.	25.558	14.936	
Eicher Motors Ltd.	26.739	26.482	
Exide Industries Ltd.	25.650	9.97	
Hero MotoCorp Ltd.	26.953	22.458	
Mahindra &Mahindra Ltd.	27.869	9.298	
Maruti Suzuki Ltd.	24.547	12.62	
Motherson Sumi Ltd.	25.734	12.234	
MRF Ltd.	26.457	9.602	
Tata Motors Ltd.	26.479	-2.426	
TVS Motors Company Ltd.	24.206	8.82	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean return on equity (ROE) of five years of the companies. CGDL and Return on equity is supposed to have a positive correlation It can be seen that there is a weak but positive correlation of 0.062 between CGDL and return on equity (ROE) among the companies. Increase in CDGL shows an increase in ROE and vise verse.

Table no-5.17
Correlation matrix of CGDL and Return on Equity ratio

Name of Company	Mean CGDL	Mean ROE	MCGDL-MROE
Ashok Leyland Ltd.	25.873	16.566	0.062
Bajaj Auto Ltd.	26.970	24.228	
Bharat Forge Ltd.	25.880	17.802	
Bosch Ltd.	27.055	17.056	
Cummins India Ltd.	25.558	20.754	

Eicher Motors Ltd.	26.739	40.36	
Exide Industries Ltd.	25.650	13.566	
Hero MotoCorp Ltd.	26.953	33.402	
Mahindra &Mahindra Ltd.	27.869	14.704	
Maruti Suzuki Ltd.	24.547	17.702	
Motherson Sumi Ltd.	25.734	18.26	
MRF Ltd.	26.457	18.61	
Tata Motors Ltd.	26.479	-7.938	
TVS Motors Company Ltd.	24.206	22.462	

Source: Author's calculation

5.15 Relationship between CGDL and Efficiency

To study the relationship between corporate governance disclosure level and efficiency three ratio i.e., return on capital employed, Assets turnover ratio and inventory turnover ratio has been taken and Pearson correlation has been applied.

The table below shows the correlation between mean CGDL score of five years of the companies and the mean return on capital employed (ROCE) of five years of the companies. ROCE and corporate governance disclosure level is supposed to have a positive relationship. It shows that there is a weak but positive correlation of 0.158 between CGDL and return on capital employed (ROCE) among the companies. Increase in CDGL shows an increase in ROCE and vice versa.

Table no-5.18
Correlation matrix of CGDL and Return on Capital Employed ratio

Name of Company	Mean CGDL	Mean ROCE	MCGDL-MROCE
Ashok Leyland Ltd.	25.873	16.582	
Bajaj Auto Ltd.	26.970	28.43	
Bharat Forge Ltd.	25.880	17.03	
Bosch Ltd.	27.055	17.872	
Cummins India Ltd.	25.558	21.4	
Eicher Motors Ltd.	26.739	45.926	0.158
Exide Industries Ltd.	25.650	18.906	

Hero MotoCorp Ltd.	26.953	39.44	
Mahindra &Mahindra Ltd.	27.869	14.886	
Maruti Suzuki Ltd.	24.547	21.24	
Motherson Sumi Ltd.	25.734	17.502	
MRF Ltd.	26.457	16.502	
Tata Motors Ltd.	26.479	0.942	
TVS Motors Company Ltd.	24.206	19.018	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean Assets turnover ratio (ATR) of five years of the companies. ATR and corporate governance disclosure level is supposed to have a positive relationship but the study shows that there is a negative correlation of -0.316 between CGDL and Assets turnover ratio (ATR) among the companies. Increase in CDGL shows a decrease in ATR and vice versa.

Table no-5.19
Correlation matrix of CGDL and Assets Turnover Ratio

Name of Company	**Mean CGDL**	**Mean ATR**	**MCGDL-MATR**
Ashok Leyland Ltd.	25.873	141.002	-0.316
Bajaj Auto Ltd.	26.970	119.312	
Bharat Forge Ltd.	25.880	62.232	
Bosch Ltd.	27.055	92.538	
Cummins India Ltd.	25.558	99.214	
Eicher Motors Ltd.	26.739	103.784	
Exide Industries Ltd.	25.650	120.91	
Hero MotoCorp Ltd.	26.953	214.228	
Mahindra &Mahindra Ltd.	27.869	109.596	
Maruti Suzuki Ltd.	24.547	137.976	
Motherson Sumi Ltd.	25.734	102.628	
MRF Ltd.	26.457	88.134	
Tata Motors Ltd.	26.479	87.296	
TVS Motors Company Ltd.	24.206	215.474	

Source: Author's calculation

The table below shows the correlation between mean CGDL score of five years of the companies and the mean Inventory turnover ratio (ITR) of five years of the companies. ITR and corporate governance disclosure level is supposed to have a positive relationship and the study shows that there is a positive correlation of 0.241 between CGDL and Inventory turnover ratio (ITR) among the companies. Increase in CDGL shows a decrease in ITR and vice versa.

Table no-5.20
Correlation matrix of CGDL and Inventory Turnover Ratio

Name of Company	Mean CGDL	Mean ITR	MCGDL-MITR
Ashok Leyland Ltd.	25.873	10.962	0.241
Bajaj Auto Ltd.	26.970	30.638	
Bharat Forge Ltd.	25.880	9.582	
Bosch Ltd.	27.055	8.896	
Cummins India Ltd.	25.558	8.368	
Eicher Motors Ltd.	26.739	19.684	
Exide Industries Ltd.	25.650	5.324	
Hero MotoCorp Ltd.	26.953	38.054	
Mahindra &Mahindra Ltd.	27.869	15.828	
Maruti Suzuki Ltd.	24.547	21.888	
Motherson Sumi Ltd.	25.734	8.158	
MRF Ltd.	26.457	6.914	
Tata Motors Ltd.	26.479	9.826	
TVS Motors Company Ltd.	24.206	14.4	

Source: Author's calculation

5.26 Relationship between CGDL and Solvency

To study the relationship between corporate governance disclosure level and solvency, Total debt to equity ratio has been taken and Pearson correlation has been applied.

The table below shows the correlation between mean CGDL score of five years of the companies and the mean Debt to equity ratio of five years of the companies. Debt equity and corporate governance disclosure level is supposed to have a negative relationship. It can be seen that there is a weak and negative correlation of -0.175 between CGDL and total debt to equity among the companies. Increase in CDGL shows a decrease in debt equity and vice versa.

Table no-5.21
Correlation matrix of CGDL and Debt equity ratio

Name of Company	Mean CGDL	Mean Debt equity ratio	MCGDL-MDER
Ashok Leyland Ltd.	25.873	0.264	-0.175
Bajaj Auto Ltd.	26.970	0.006	
Bharat Forge Ltd.	25.880	0.504	
Bosch Ltd.	27.055	0.002	
Cummins India Ltd.	25.558	0.04	
Eicher Motors Ltd.	26.739	0.012	
Exide Industries Ltd.	25.650	0.01	
Hero MotoCorp Ltd.	26.953	0	
Mahindra &Mahindra Ltd.	27.869	0.096	
Maruti Suzuki Ltd.	24.547	0.004	
Motherson Sumi Ltd.	25.734	0.18	
MRF Ltd.	26.457	0.238	
Tata Motors Ltd.	26.479	0.89	
TVS Motors Company Ltd.	24.206	0.434	

Source: Author's calculation

It has been expected that corporate governance should always have an positive impact on the performance of the firm and from the above study it can be determined that in S&P BSE Auto Index corporate governance has a positive impact. It is a good sign for the companies who are constantly trying to improve their corporate governance structure. This will build their reputation in the market and investors will also be attracted towards them.

5.17 Hypothesis Testing

In the study there are total five hypotheses in the study. All the hypotheses are in alignment with the objectives. The first objective of the study is **:-**

$H_0$1 There is no significant difference in the corporate governance practices followed by the companies**.**

$H_1$1 There is significant difference in the corporate governance practices followed by the companies.

To test this hypothesis single factor ANOVA was applied and the result is mentioned below:-

Table no-5.22
Summary of CGDL

Name of Company	Mean	Std. Dev.	Freq.
Ashok Leyland Ltd.	25.873	1.051	5
Bajaj Auto Ltd.	26.970	0.525	5
Bharat Forge Ltd.	25.880	0.447	5
Bosch Ltd.	27.055	0.886	5
Cummins India Ltd.	25.558	1.387	5
Eicher Motors Ltd.	26.739	2.668	5
Exide Industries Ltd.	25.650	1.377	5
Hero MotoCorp Ltd.	26.953	0.746	5
Mahindra &Mahindra Ltd.	27.869	1.589	5
Maruti Suzuki Ltd.	24.547	0.673	5
Motherson Sumi Ltd.	25.734	0.460	5
MRF Ltd.	26.457	1.028	5
Tata Motors Ltd.	26.479	0.347	5
TVS Motors Company Ltd.	24.206	0.814	5
Total	26.141	1.425	70

Source: Author's calculation

Table no-5.23
Analysis of Variance

Source	SS	df	MS	F	Prob > F
Between groups	64.569	13	4.966	3.68	0.0003
Within groups	76.54	56	1.348		
Total	140.109	69	2.03		

Source: Author's calculation Significance level at 5%

The above table shows the variance analysis of CGDL of the companies. The p value of the ANOVA is 0.0003 which smaller than 0.05. So in this case the null hypothesis is rejected and the alternative hypothesis is accepted i.e. there is significant difference in the corporate governance practices followed by the companies.

The second hypothesis was based on the impact of corporate governance on firm's liquidity and to test this hypothesis all fourteen companies were taken for five years. Multivariate regression was applied to know the impact.

$H_0$2 There is no significant relationship between corporate governance and firm's liquidity.

$H_1$2 There is significant relationship between corporate governance and firm's liquidity.

For liquidity in the study two ratios were taken i.e. current ratio and quick ratio and multivariate regression was applied separately. The table below shows the regression results of current ratio and corporate governance. From the table it can be analysed that CGDL has weak but positive impact on current ratio but not significant. Leverage and size of the firms has a negative and significant impact on current ratio. Age of the firms also has positive and significant impact on the firms. It shows that older firms are well established and there liquidity is better.

Table no-5.24
Current ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	0.059	1.300	0.198

Leverage	-0.605	-2.580	0.012**
Age	0.007	2.270	0.027**
Size	-0.536	-3.980	0.000***
Constant	2.417	2.040	0.460
F-statistic	10.737***		
Standard R^2	0.397		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression analysis of quick ratio and corporate governance. From the table it can be determined that there is significant positive impact of CGDL on quick ratio of the firms. Here also leverage and size of the firms has a negative and significant impact on quick ratio. Age of the firms also has positive impact on the firms. It also shows that older firms are well established and there liquidity is better.

Table no-5.26
Quick ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	0.089	2.030	0.046**
Leverage	-0.479	-2.130	0.037**
Age	0.005	1.640	0.106
Size	-0.507	-3.910	0.000***
Constant	1.213	1.060	0.291
F-statistic	9.528***		
Standard R^2	0.369		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The above results have shown that in the given years the firms has positive impact or relationship between corporate governance disclosure level and liquidity but in the case of current ratio the relationship is not significant while in the case of quick ratio the relationship is significant. Firstly it is known that in quick ratio the items which are taken are more liquid then the item in current ratio. Secondly the coefficient of regression is higher in quick ratio then in current ratio which means the impact of

CGDL is higher on quick ratio then on current ratio. So in that case for the liquidity quick ratio has been considered over current ratio and from the regression results it is concluded that CGDL has a significant positive impact or relationship with liquidity of the firms.

Therefor the null hypothesis $H_0 2$ There is no significant relationship between corporate governance and firm's liquidity has been rejected and alternative hypothesis $H_1 2$ There is significant relationship between corporate governance and firm's liquidity has been accepted.

The third hypothesis was based on the impact of corporate governance on firm's solvency and to test this hypothesis all fourteen companies were taken for five years. Multivariate regression was applied to know the impact.

$H_0 3$ There is no significant relationship between corporate governance and firm's solvency.

$H_1 3$ There is significant relationship between corporate governance and firm's solvency.

For solvency, Total Debt to Equity ratio was taken and multivariate regression was applied.

The table below shows the regression analysis of total debt equity ratio and corporate governance. From the table it can be determined that there is negative impact of CGDL on debt equity ratio of the firms. Here age and size of the firms has a positive but not significant impact on debt equity ratio. Only Interest coverage has negative significant impact on the firms. It is expected that better corporate governance will decrease the debt equity ratio and here the relation between CGDL and debt equity is negative as expected but it is not significant.

Table no-5.27
Total Debt equity Ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	-0.009	-0.430	0.670
Interest Coverage	-0.139	-4.220	0***

Age	0.000	0.280	0.779
Size	0.093	1.420	0.161
Constant	0.115	0.210	0.837
F-statistic	8.454***		
Standard R^2	0.342		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

So from the above table it is concluded that there is no significant impact of CGDL on firm's solvency. Hence the null hypothesis is accepted i.e. $H_0$3 There is no significant relationship between corporate governance and firm's solvency and the alternative hypothesis is rejected i.e. $H_1$3 There is significant relationship between corporate governance and firm's solvency.

The fourth hypothesis was based on the impact of corporate governance on firm's profitability and to test this hypothesis all fourteen companies were taken for five years. Multivariate regression was applied to know the impact or relationship.

$H_0$4 There is no significant relationship between corporate governance and firm's profitability.

$H_1$4 There is significant relationship between corporate governance and firm's profitability.

For profitability in the study three ratios were taken i.e. Net profit ratio, Return on Assets ratio and Return on Equity ratio. Multivariate regression was applied separately to know the relationship.

The table below shows the regression results of Net profit ratio and corporate governance. From the table it can be analysed that CGDL has a strong positive impact on net profit ratio and it is significant. Leverage and size of the firms has a negative and significant impact on net profit ratio. Age of the firms also has positive but not significant impact on the firms.

Table no-5.28
Net profit

Variables	Coeff.	t-Statistics	Prob.
CGDL	0.972	2.660	0.010**
Leverage	-10.001	-5.360	0.000***
Age	0.008	0.310	0.758
Size	-6.514	-6.060	0.000***
Constant	20.994	2.220	0.030**
F-statistic	28.079***		
Standard R^2	0.633		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression results of Return on Assets ratio and Corporate Governance. From the table it can be analysed that CGDL has a strong positive impact on return on assets ratio and it is significant. Leverage, size and age of the firms has a negative and significant impact on return on assets ratio. The relationship between CGDL and Return on Assets is expected to be positive the in the present case it is positive.

Table no 5.29
Return on Assets

Variables	Coeff.	t-Statistics	Prob.
CGDL	1.609	4.020	0.000***
Leverage	-14.426	-7.070	0.000***
Age	-0.098	-3.270	0.002***
Size	-6.193	-5.270	0.000***
Constant	11.823	1.140	0.256
F-statistic	36.966***		
Standard R^2	0.694		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression results of Return on Equity ratio and Corporate Governance. From the table it can be analysed that CGDL has a strong positive impact on return on equity ratio and it is significant. Leverage, size and age of the firms have a negative and significant impact on return on equity ratio. The relationship between CGDL and Return on equity is expected to be positive the in the present case it is positive.

Table no 5.30
Return on Equity

Variables	Coeff.	t-Statistics	Prob.
CGDL	1.935	2.790	0.007***
Leverage	-18.864	-5.340	0.000***
Age	-0.168	-3.240	0.002**
Size	-12.442	6.110	0.000***
Constant	48.472	2.710	0.009***
F-statistic	30.775***		
Standard R^2	0.654		

Source: Author's calculation

*, ** and *** shows significance at 10%, 5% and 1%

So to analyse the relationship of corporate governance and profitability three ratios were taken and from the regression results its was found that all the profitability variables has a positive and significant relationship with CGDL. Hence in this case the null hypothesis is rejected i.e. $H_0$4 There is no significant relationship between corporate governance and firm's profitability and the alternative hypothesis is accepted i.e. $H_1$4 There is significant relationship between corporate governance and firm's profitability.

The fifth hypothesis was based on the impact of corporate governance on firm's efficiency and to test this hypothesis all fourteen companies were taken for five years. Multivariate regression was applied to know the impact or relationship.

$H_0$5 There is no significant relationship between corporate governance and firm's efficiency.

$H_1$5 There is significant relationship between corporate governance and firm's efficiency

For efficiency in the study three ratios were taken i.e. Return on Capital Employed Ratio, Assets Turnover Ratio and Inventory Turnover Ratio. Multivariate regression was applied separately to know the relationship.

The table below shows the regression results of Return on Capital Employed and Corporate Governance. From the table it can be analysed that CGDL has a strong positive impact on return on capital employed and it is significant. Leverage, size and age of the firms has a negative and significant impact on return on capital employed ratio. The relationship between CGDL and Return on capital employed is expected to be positive the in the present case it is positive and significant.

Table no-5.31
Return on Capital Employed

Variables	Coeff.	t-Statistics	Prob.
CGDL	2.856	3..55	0.001***
Leverage	-21.034	-5.120	0.000***
Age	-0.173	-2.870	0.005***
Size	-8.080	-3.420	0.001***
Constant	3.923	0.190	0.851
F-statistic		19.437***	
Standard R^2	0.544		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression results of Assets Turnover Ratio and Corporate Governance. From the table it can be analysed that CGDL has a strong positive relationship with Assets turnover ratio but it is not significant. Leverage, size and age of the firms have a negative relationship with Assets Turnover Ratio but only age's relationship is significant. The relationship between CGDL and Assets Turnover Ratio is expected to be positive and in the present case it is positive but not significant.

Table no-5.32
Assets Turnover Ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	4.086	0.990	0.325

Leverage	-28.690	-1.370	0.177
Age	-1.386	-4.480	0.000***
Size	-3.337	-0.280	0.784
Constant	120.532	1.130	0.261
F-statistic	5.993***		
Standard r sq.	0.269		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

The table below shows the regression results of Inventory Turnover Ratio and Corporate Governance. From the table it can be analysed that CGDL has a positive relationship with inventory turnover ratio and it is significant. Leverage and age of the firms have a negative significant relationship with Inventory Turnover Ratio. Age of the firm have a positive but not significant relationship with CGDL. The relationship between CGDL and Inventory Turnover Ratio is expected to be positive and in the present case it is positive and significant.

Table no-5.33
Inventory Turnover ratio

Variables	Coeff.	t-Statistics	Prob.
CGDL	1.900	2.430	0.018**
Leverage	-12.622	-3.170	0.002***
Age	-0.234	-4.000	0.000***
Size	2.724	1.190	0.239
Constant	-32.809	-1.630	0.108
F-statistic	7.323***		
Standard r sq.	0.31		

Source: Author's calculation *, ** and *** shows significance at 10%, 5% and 1%

So to analyse the relationship of Corporate governance and efficiency of the firms three ratios were taken and from the regression results its was found that out of three, two efficiency ratios i.e. Return on Capital Employed and Inventory turnover Ratio has a positive and significant relationship with CGDL. So with this it can be concluded that the null hypothesis is rejected i.e. H_05 There is no significant relationship between corporate governance and firm's efficiency" and the alternative hypothesis is accepted i.e. $H_1$5 There is significant relationship between corporate governance and firm's efficiency.

Chapter-6: Findings and Summary

6.1 Introduction

This chapter discusses the finding and the summary of the study. The findings are based on three criteria i.e. (1) findings related to corporate governance disclosure level of the firms, (2) findings related to performance of the firms and (3) findings related to the impact of corporate governance disclosure level on firm's performance.

6.2 Findings related to Corporate Governance Disclosure Level of the firms

From the study it was found that out of fourteen companies, nine companies i.e. Ashok Leyland, Bajaj Auto, Bharat forge, Cummins India, Eicher Motors, Exide Industries, Maruti Suzuki, Motherson Sumi, TVS Motors have shown an upward movement in their Corporate Governance Disclosure Level and remaining five companies i.e. Bosch, Hero Moto Corp, Mahindra &Mahindra, MRF and Tata Motors have shown a downward movement in Corporate Governance Disclosure Level.

The year wise corporate governance disclosure level was also calculated of all the companies. It was found that in 2014-15 the CGDL score of all the companies were 367.035 which went down in 2015-16 and increased in 2016-17 and again went down in 2017-18. But in the last year is has shown a good increase and reached to 372.285 i.e. highest in five years.

To allot the ranks on the basis of CGDL score, total CGDL for five years for every company was taken. From the results it was found that Mahindra & Mahindra has scored 139.346 and secured first position. Then it is followed by Bosch which has scored 135.273 and secured second position. Third position goes to Bajaj Auto which has scored 134.852. Forth position goes to Hero MotoCorp which has scored 134.765. Fifth position goes to Eicher Motors which has scored 133.369. Sixth position goes Tata Motors. which has scored 132.397. Seventh position goes to MRF Ltd. which has scored 132.287. Eight position goes to Bharta Forge which has scored 129.399. Ninth position goes to Ashok Leyland which has scored 129.363. Tenth position goes to Motherson Sumi which has scored 128.669. Eleventh position goes to Exide Industries which has scored 128.250. Twelfth position goes to Cummins India which has scored 127.790. Thirteen position goes to Maruti Suzuki which has scored 122.734 and the last i.e. fourteen position goes to TVS Motors which has scored 121.029.

The companies which were below median CGDL score were TVS Motor, Motherson Sumi, Maruti Suzuki, Exide Industries, Cummins India, Bharat Forge and Ashok Leyland while the companies which were above median CGDL score were Tata Motors, MRF Ltd., Mahindra and Mahindra, Hero Moto Corp., Eicher Motors, Bosch and Bajaj Auto.

The first head was of board structure in which Motherson Sumi has secured the highest score i.e. of 26.500 and Eicher Motors has secured the lowest score i.e. 18.820. Second comparison is done on the bases of committees. In this comparison Bosch has secured the highest score i.e. 59.500 and Maruti Suzuki has secured the lowest i.e. 45.500. Third comparison is done on the bases of Shareholding Pattern. In this comparison MRF Ltd. has secured the highest score i.e.15.017 and Bosch has secured lowest marks i.e. 3.083. The fourth comparison is done on the bases of means of communication. In this comparison only two companies i.e. Ashok Leyland and Tata Motors have scored 10 marks and all the remaining 12 companies have scored equal i.e. 15 marks. Fifth comparison is done on the bases of other disclosures. In this comparison all have scored equal i.e. 25 marks the highest score i.e. and last i.e. sixth comparison is done on the bases of chairman CEO duality. Here 8companies have scored ten marks and 6 companies have scored 5 marks.

6.3 Findings related to performance of the firms

For liquidity two ratios were taken i.e. current ratio and quick ratio. The current ratio analysis of the companies describes that Cummins India has the highest mean current ratio of 2.23 and it has also shown an increase from 2014-15. On the other hand Tata

Motors has shown a lowest mean current ratio i.e. of 0.63. The mean current ratio of the all the companies in five years has not moved much and remain stagnant i.e. 1.49.

In quick ratio analysis it was found that Bajaj Auto has the highest mean quick ratio i.e. 1.88 and it has also shown an increase from 2014-15 to 2017-18 but decreased in 2018-19. On the other hand Tata Motors has shown the lowest mean quick ratio i.e. of 0.33. The mean quick ratio of the all the companies in five years has shown an increased from 1.07 in 2014-15 to 1.11 in 2018-19.

For solvency analysis, total debt equity ratio was taken. In was analysed that Tata Motors has the highest mean total debt equity ratio i.e. 0.89 and it has also shown a decrease from 2014-15 to 2018-19. On the other hand there are three companies i.e. Bosch, Hero Moto Corp and Maruti Suzuki which has shown the lowest mean total debt equity ratio i.e. of 0.00 which means they are not relying on borrowings. The mean total debt equity ratio of the all the companies in five years has decreased.

For profitability three ratios were used i.e. net profit ratio, return on assets ratio and return on equity ratio. It was found that Eicher Motors is having the highest mean net profit i.e. of 20.68. The companies like Bajaj Auto, Bharat Forge and Cummins India are also having good net profit i.e. above 15 percent. Tata Motors is the only company whose mean net profit is negative i.e.-3.53and it is the lowest also.

In return on assets analysis it was found that that Eicher Motors has the best ROA ratio i.e. 26.48 percent but it has decreased in last two years i.e.in 2017-18 and 2018-19. Here also Tata Motors is the only company whose ROA is negative i.e. -2.43. The overall ROA ratio of the companies in five years has increased. The Coefficient of variation (CV) shows more variation in Tata Motor and less in Mahindra &Mahindra.

In return on equity analysis it was found that Eicher Motors has the best ROE ratio i.e. 40.36 per cent but it has decreased in last three years i.e.in 2016-17, 2017-18 and 2018-19. Here also Tata Motors is the only company whose ROE is negative i.e. -7.94 per cent. The overall mean ROE ratio of the companies in five years has decreased.

For efficiency three ratio were taken i.e. return on capital employed (ROCE), Assets turnover ratio (ATR) and Inventory turnover ratio (ITR). In ROCE it was found that also Eicher Motors has the best ROCE ratio i.e. 45.93 per cent but it has decreased in last two years i.e. 2017-18 and 2018-19. Here also Tata Motors is has the lowest ROCE i.e. 0.94 per cent. The average ROCE ratio of the all the companies in five years has increased.

Assets turnover ratio analysis of the companies concludes that TVS Motors has the highest mean ATR ratio i.e. 215.47 per cent and it has increased in last two years i.e.in 2017-18 and 2018-19. Here Bharat Forge has the lowest mean ATR i.e. 62.23 per cent. The overall mean ATR ratio of the all the companies went down in 2015-16 but started increasing from next year.

Inventory turnover ratio concludes that Hero MotoCorp has the highest mean ITR ratio i.e. 38.05 per cent but it has decreased in last two years i.e.in 2017-18 and 2018-19. Here Exide Industries has the lowest mean ITR i.e. 5.32 per cent. The overall mean ITR ratio of the all the companies has shown an up and down trend in five years. In last year it has decreased to 14.61 per cent as compared to previous year.

6.4 **Finding regarding the impact or relationship of corporate governance disclosure level and firm's performance.**

One of the objectives of the study was to know the relationship between corporate governance and liquidity of the firms. The study depicts that there is a positive correlation of 0.345 between the mean CGDL score of five years of the companies and the mean current ratio of five years of the companies. It also display that there is a positive correlation of 0.449 between CGDL and quick ratio among the companies which implies that increase in CDGL will also increase in quick ratio and vise verse.

The other objective of the study was to know the relationship between corporate governance and profitability of the firms and for that three ratios were taken i.e. net profit ratio, return on assets and return on equity ratio. The study shows that there is a positive correlation of 0.230 between CGDL and net profit ratio among the companies. Also there is a positive correlation of 0.212 between CGDL and return on assets (ROA) among the companies and there is a weak but positive correlation of 0.062 between CGDL and return on equity (ROE) among the companies.

The study also examines the relationship between corporate governance disclosure level and efficiency and for that three ratios i.e., return on capital employed, Assets turnover ratio and inventory turnover ratio were taken. . It shows that there is a weak but positive correlation of 0.158 between CGDL and return on capital employed (ROCE) among the companies. Increase in CDGL shows an increase in ROCE and vice versa but there is a negative correlation of -0.316 between CGDL and Assets turnover ratio (ATR) among the companies. It also shows that there is a positive correlation of 0.241 between CGDL and Inventory turnover ratio (ITR) among the companies.

The study also analyse the relationship between corporate governance disclosure level and solvency and for that debt equity ratio was taken. It was examined that there is a weak and negative correlation of -0.175 between CGDL and total debt to equity among the companies. Increase in CDGL shows a decrease in debt equity and vice versa.

The first hypothesis was tested by applying one way ANOVA. It was found that the p value of the ANOVA is 0.0003 which smaller than 0.05. So in that case the null hypothesis is rejected and the alternative hypothesis is accepted i.e. there is significant difference in the corporate governance practices followed by the companies.

In all the other hypotheses multivariate regression was applied. In second hypothesis was formulated to find relationship between corporate governance and firm's liquidity. From the results it was found that there is significant relationship between corporate governance and firm's liquidity.

The third hypothesis was formulated to find relationship between corporate governance and firm's solvency. From the results it was found that there is no significant relationship between corporate governance and firm's solvency.

The fourth hypothesis was formulated to find relationship between corporate governance and firm's profitability. From the results it was found that there is significant relationship between corporate governance and firm's profitability.

The fifth and the last hypothesis was formulated to find relationship between corporate governance and firm's efficiency. From the results it was found that there is significant relationship between corporate governance and firm's efficiency.

Chapter-7: Conclusion and Suggestions

7.1 Conclusion

The role of automobile sector in boosting Indian economy is amazing. It is one of the fasting growing sector in India and it is also one of the largest industry in the world. According to an above cited article by Dr Ruchi Mehrotra Joshi on 18 April 2020 titled "Covid-19: Indian Automobile Sector Crunched Into Reverse Gear", Automobile sector is contributing around 50 per cent of the manufacturing gross domestic product in India which is also 26 per cent of the industry GDP and 7.1 per cent of overall GDP. Not only this but this sector also contributes approximately 13 per cent of excise revenue to the government.. The reason for the massive increase in the demand for cars, and other vehicles is due to the increase in the income. The facility of finance and easy repayment schemes has also great support in the growth of the automobile sector.

The study has shown that new corporate governance norms given by SEBI and Companies Act 2013 are proving beneficial. It was found that these corporate governance norms have a positive impact on the performance of the company and no new scandal in automobile sector has been heard. But still this impact is very weak and needed to be improved. There are some areas like shareholding pattern and board structure where more strict norms are needed. Companies in this sector are very influential and have great impact on the stock market of India. If proper efforts are made for improving the governance in this sector it will definitely create good opportunity for investing and will also boost up the economy.

7.2 Suggestions

The study provides a framework for the automobile companies to how to apply effective and efficient corporate governance structure. It has been observed that in today's word competition is increasing and with this competition comes a lot of responsibility and scams which is to be dealt very carefully. To come up with these issues and to improve the standard of the corporate governance it is very important to modify the corporate governance structure regularly. Following are some suggestions for the different stakeholders. These suggestions will help in identifying those areas where there is a need of improvement and also help in determining proper actions that can improve their corporate governance structure.

7.2.1 Suggestions for the companies

For deciding the best policies for good governance of a company it is very important to have good and effective board and for the effective board it is very important that there should be adequate number of directors with expertise in the particulars field. Form the literature review it was found that ten to eleven directors with expertise in their fields, is a good combination. So it is suggested that companies can maintain an optimum ratio of directors on Board so that power can equally distributed.

It is mandatory for a public listed company to have a woman director on its board and all the companies in the study is following it but a study by "Bank of America Merrill Lynch" says "gender diversity can boost return on equity, market capitalization, and that too, at less risk". In the present study also it was found that most of the companies have less than 10 percent women director on board. Therefore it is suggested to the companies to increase this percentage.

Audit is one of the most effective and influential pillar of the company. Findings show that some companies are having only one financial expert in Audit committee. Therefore companies are suggested to have at least half of the population as financially expert not only financial literate.

When it comes to nomination & remuneration committee and stakeholders' relationship committee there are some companies which have non- executive directors on board but they are not independent. In such case the decisions making can be effected so the companies are suggested to appoint non-executive independent directors on the board.

Complaints of shareholders need to be redressed. Their feedback, suggestions need to be given much importance. Therefore it is advisable to have a help desk to shareholders which can provide handbook to shareholders which highlights their rights and responsibilities since they are one the major stakeholders of the bank.

An article by Rajesh Mascarenhas, editor of the economics times states that Companies with promoter holdings beyond 65 per cent of the outstanding equity base are likely to underperform in coming two years. Another article by Amit Mudgill, editor of the economics times states that Finance Minister Nirmala Sitharaman in her maiden budget speech urged SEBI to consider increasing the minimum public shareholding in listed firms to 35 per cent from 25 per cent. The study also shows that most of the companies are having around 50 percent promoter's equity. So the companies are advised to reduce its promoter's holdings and increase its public shareholding for better transparency and functioning.

The company can have a separate portion in the corporate governance report which show the awards and the achievements which company has accomplished particularly in the field of good governance.

It was also found that in some areas the relationship or the impact of corporate governance disclosure level on firm's performance is inverse of what is expected, so the companies can take further steps and can become more carefully in these areas so that the desired results can be received.

Those companies whose CGDL is below the median score are suggested to have a deeper look into their corporate governance structure and found the areas in which they are lacking and they must take proper steps for improving their corporate governance structure.

It was found in the study that companies are following the minimum requirements given by SEBI clause 49 for corporate governance but it very important for the companies to increase those standards and take it to another level

7.2.2 Suggestions for Shareholder

Shareholders must actively involve themselves as the market participant and they should communicate with the company on regular intervals in which they are investing especially with regard to the disclosure practices.

Minority shareholders has the power to vote through the postal ballot system, but they rarely exercise this power as they may not be very much interested in getting involved on the subject. Shareholders should exercise the option of postal ballot system and must participate in every voting of the company.

It has been observed that in recent times many defaulters have ran away with huge money and stakeholders are bearing the ultimate loss. Therefore shareholders should ask the companies and the regulatory bodies to impose heavy penalty, increase in the imprisonment on the defaulters. They should also ask the delisting of companies share which are involved in unethical practices.

It is very difficult for the shareholders to attend every important event or meetings of the company physically as they are dispersed all over the country and they hardly communicate with each other. So they should be an electronic platform and it should be easily accessible so that every shareholder can easily participate in voting and other important events of company.

7.2.3 Suggestions for the regulatory bodies and government

Related party transection (RPTs) is one of the most disputed are where chance of fraud is also high. It is the duty of the audit committee to review RPTs periodically but it not sufficient. It should be made mandatory that if RPTs has taken place then it should be reviewed at the same time by the audit committee.

The government should asked the companies to discloses the reason in their annual report for the classification of a related party transaction as extraordinary or material, or as non-extraordinary or nonmaterial

It should be made mandatory that if a company is disinvesting or selling of its major subsidiaries or any part of business then they should ask for the opinion and approval of the shareholder also. In some cases it has been observed that such transfers have been done with giving proper information to the shareholders.

In the study it was found that most of the companies are owned by the promoter which raises the issue of excessive remunerations to the executive which are the members or close ones of the promoters. Regulatory bodies should male strict norms to check such types of irregularities.

The promoters have a fiduciary responsibility towards the business and the minority shareholders. At times these fiduciary responsibilities are under looked by the promoters and the ultimate loss is faced by the minority shareholders. To stop this unethical practice, some strong controlling mechanism should be made.

The selection of independent directors of the company is very important especially for the minority shareholders and this matter should not only be left in the hands of companies. There should be a body or institution which can assist and can keep a watch over the appointments of independent directors. Section 151 of the Companies Act 2013 provides that listed company may have one director elected by small shareholders under the terms and conditions as may be prescribed, where small shareholders is defined as a shareholder holding shares of nominal value of not more than INR 20,000 (equivalent to USD 333) or such other sum as may be prescribed". Every rule should be made mandatory for every company.

In present time, there is nothing specific on the liability of independent directors and their remuneration except their sitting fees. It is inadequate in view of their associated responsibilities and risks. The Companies Act, 2013 explicitly defines the duties of directors towards the company, its employees, its shareholders and the community as a whole but there is a need of rule in which he /she will also be liable for the loss of the minority shareholder.

Training programs must be conducted especially for the board members to cope up with the new types of frauds and the challenges which are coming in present scenario.

Investor education is also a key to improve the governance structure. It should be done on regular intervals. This will not only increase their participation in general meetings but also help the government and companies getting new idea which can pave way for a better economy.

There should be specialized courts which should only deal with these cases of corporates. If such courts are set up then the trails will be faster any the commercial cases can be solved easily and this will also reduce the damage caused to economy of the country.

Future scope

The research conducted was limited to only one specific index. The area can be increased and some more automobile companies from other index can also be included so that the result can be generalized.

The corporate governance indicators which were taken were also limited and a more comprehensive study can be done to know the impact of some other corporate governance indicator on performance of the firm.

The time period was also short because the study was conducted on the basis of new norms given by SEBI Amended Clause 49 and Companies Act 2013. This can also be increase and comparative study on the basis of old rules and new rules on corporate governance can also be done.

Bibliography

Arora, A., & Bodhanwala, S. (2018). Relationship between Corporate governace index and firm performance: Indian evidence. *Global Business Review, 19*(3), 675-689.

Ashok Leyland. (2014-15-2018-19). *Annual report*. Chennai: Ashok Leyland

Baig, M. I., & Das, B. K. (2016). Corporate governance in FMCG Compnaies listed in BSE : A Comparitive Study of Godrej & Dabur India Ltd. In S. Shah, & S. K. Bansal, *Business and Management, some emerging issues* (pp. 77-93). Kolkatta: Mitram.

Baig, M. I., & Das, B. k. (2016). Market Base System of Corporate Governance:A Comparative study. In R. G. Singh, *Corporate Governance & Corporate Social Responsibility in India Issues and perspective* (pp. 143-160). New Delhi: Ruby Press & Co

Bajaj Auto. (2014-15-2018-19). *Annual report.* Pune: Bajaj Auto.

Balasubramnain, N., Black, B., & Khanna, V. (2010). The relationship between firm-level corporate governance and market value: A study of India . *Emerging Markets Review, 11*(4), 319-340.

Ben, P. J. (2014). Corporate governace index and firm performance. *Journal of Contemporary Research in Management, 9*(3), 33-44.

Bharat Forge. (2014-15-2018-19). *Annual report.* Pune: Bharat Forge.

Brown, D. L., & Caylor, M. L. (2004). *Corporate Governance and Firm Performance* . Retrieved 2019, from SSRN: https://ssrn.com/abstract=586423

Business Standard. (2018). *Business Standard.* Retrieved feb 16, 2019, from www.business-standard.com: https://www.business-standard.com/company/bajaj-auto-28074/information/company-history

Business Standard. (2019, Feb 8). *Business Standard.* Retrieved Feb 14, 2019, from www.business-standard.com: https://www.business-standard.com/company/maruti-suzuki-5496/information/company-history

Central Ground Water Board. (2017). *Dynamic Ground Water Resources of India.* New Delhi: Central Ground Water Board.

Chikhale, D. (2014). Maruti Suzuki- Setting up subsidiary in Gujarat- Is it a corporate governance issue. *Abhinav National Monthly Refereed Journal of Research in commerce and mangement, 3*(5), 47-50.

Eicher Motors. (2014-15-2018-19). *Annual report.* New Delhi: Eicher Motors

ET Buerue. (2018, sept 7). *The Economic Times.* Retrieved feb 16, 2019, from economictimes.indiatimes.com: https://economictimes.indiatimes.com/news/company/corporate-trends/perseverance-strategy-big-winners-at-et-awards/articleshow/65713317.cms

Express Drives Desk. (2018, oct 4). *Express Drives.* Retrieved feb 12, 2019, from https://www.financialexpress.com: https://www.financialexpress.com/auto/car-news/maruti-suzuki-receives-national-safety-award-from-ministry-of-labour-and-employment/1337582/

Exide Industries. (2014-15-2018-19). *Annual report.* Kolkata: Exide Industries.

Hero Motocorp. (2014-15-2018-19). *Annual Report.* New Delhi: Hero Motocorp.

Javed, A., & Iqbal, R. (2006). Corporate governance and firm performance : Evidence from Karachi Stock Exchange. *the pakistan Development Review, 45*(4), 947-964.

Mahindra &Mahindra. (2014-15-2018-19). *Annual Report.* Mumbai: Mahindra &Mahindra.

Maruti Suzuki. (2014-15-2018-19). *Annual Report.* New Delhi: Maruti Suzuki.

Maruti Suzuki. (2018, 12 6). *Maruti Suzuki*. Retrieved 2 14, 2019, from www.marutisuzuki.com: https://www.marutisuzuki.com/corporate/about-us/strength#accolades

Ministry of Environment, Forest & Climate change. (2018). *Forest Survey of India* . New Delhi: Ministry of Environment, Forest & Climate change.

Ministry of Health & Family Welfare . (2015-16). *National Family Health Survey (NFHS-4).* New Delhi: Interational institute of population Sciences and ICF.

Mitton, T. (2000). A Cross-Firm Analysis of the Impact of Corporate Governance on the East Asian Financial Crisis. *SSRN Electronic Journal*.

Motherson Sumi. (2014-15-2018-19). *Annual report.* Noida: Motherson Sumi.

MRF. (2014-15-2018-19). *Annual report.* Chennai: MRF.

Nicholson, G., & Kiel, G. (2004). A Framework for Diagnosing Board Effectiveness. *Corporate Governance*, *12*(4), 442-460.

Press Information Bureau. (2015). *Note on Skill India, Ministry of Skill Development and Enterpreneurship.* New Delhi: Press Information Bureau.

Press Information Bureau. (2016). *Startup India Programme, Ministry of commerce & Industry.* New Delhi: Press Information Bureau.

Rergistrar general in India . (2011). *Primary census abstract 2011.* New delhi: Rergistrar general in India .

Sample registration system;office of Registrar General of India. (2016). *Sepcial Bulletin on Maternal Mortality in india.* New Delhi: Sample registration system;office of Registrar General of India.

Sarkar, J., Sarkar, S., & Sen, K. (2012). A corportae governance index for the large listed companies in India. *Indian Accounting Review, 16*(1), 1-16.

Statista. (2019). *Statista*. Retrieved feb 20, 2019, from www.statista.com: https://www.statista.com/statistics/252195/bajaj-autos-number-of-employees/

Singh, D. R., & Bhargava, S. K. (1978). Quality of disclosure in the public sector enterprises. *Vikalpa 3(4)*, pp. 257-64.

Sharma, S., Saxena, P., & Saxena, N. K. (2013, june 14). *Social Siecnce Research Network.* Retrieved aug 24, 2016, from papers.ssrn.com: papers.ssrn.com/sol3/papers.cfm?abstract_id=2279413

Tata Motors. (2014-15-2018-19). *Tata Motors.* Mumbai: Tata Motors.

TVS Motor. (2014-15-2018-19). *Annual report.* Chennai: TVS Motors.

Thakkar, K. (2015, Aug 12). *The Economic Times.* Retrieved Feb 13, 2019, from economictimes.indiatimes.com: https://economictimes.indiatimes.com/maruti-suzuki-posts-highest-market-share-in-more-than-a-decade-in-july/articleshow/48445994.cms

Thadden, V., & Boltan, P. (1998). Liquidity and Control: A Dynamic Theory of Corporate Ownership Structure. *Journal of Institutional and Theoretical Economics, 154*(1), 177-187.

The Institute of Company Secretaries of India. (2017). *Press Release.* New Delhi: The Institute of Company Secretaries of India.

Varshney, A., Kaul, V., & Vasal, V. (2012). *Corporate governance index and firm performnace: Empirical evidence from India.* Retrieved 2019, from SSRN: http://ssrn.com/abstract=2103462

Wikipedia. (2019, Feb 11). *Wikipedia.* Retrieved feb 12, 2019, from en.wikipedia.org: https://en.wikipedia.org/wiki/Tata_Motors

World Bank. (2018). *Doing Business.* Washington D.C.: World Bank.

World Economic Forum. (2018). *The Global Competitiveness Report.* Cology: World Economic Forum.

Yermack, D. (1996), "Higher market valuation of companies with a small board o of directors", *Journal of Financial Economics*, *40* (2), 185-221.