CHAPTER -7

MAJOR FINDINGS, SUGGESTIONS

AND OVERALL CONCLUSION

7.1 Major Findings

‘Corporate Governance’ is the current buzzword in India as well as the world over. It is practice at every stage of company affairs at present. Good governance is the expectation of every shareholder.

When a firm’s management is separate and distinct from the providers of the firm’s capital, managers have a responsibility to use assets efficiently in pursuit of the firm’s objective. Ensuring that they do so is important to a firm’s successful economic performance as well as to its ability to attract long-term, stable, low-cost investment capital. This is true whether the firm is publicly traded, privately held, family-controlled or state-owned. (It is only when the managers of a firm themselves own the entire firm – and are committed to relying solely on their own capital– that managers generally are free to apply corporate assets (as their own private property) inefficiently or for non-productive uses.) The fundamental concern of corporate governance is to ensure the means by which a firm’s managers are held accountable to capital providers for the use of assets. The responsibilities and functions of the corporate board in both developed and developing nations are receiving greater attention as a result of the increasing recognition that a firm’s corporate governance affects both its economic performance and its ability to access patient, low-cost capital. After all, the board of directors – or, in two-tier systems, the supervisory board – is the corporate
organ designed to hold managers accountable to capital providers for the use of firm assets. The past five years has witnessed a proliferation of corporate governance guidelines and codes of “best practice” designed to improve the ability of corporate directors to hold managements accountable. This global movement to emphasize that boards have responsibilities separates and apart from management – and to describe the practices that best enable directors to carry out these responsibilities – is a manifestation of the importance now attributed to corporate governance generally and, more particularly,

Following are major findings of study:

1. Disclosure related to remuneration package of directors is efficiently disclosed and score is 77%.

2. Disclosure regarding appointment/reappointment of directors is much efficiently disclosed in all selected group companies and score is 100%.

3. Disclosure regarding material transaction among board and management is also efficiently disclosed. Score is 100%. It means all material development is always disclosed in selected group companies.

4. Disclosure regarding loans and advances to group companies is efficiently disclosed and score is 100%.

5. Level of subsidiaries has been least disclosed and score is just 20%, which is very poor score.

6. Disclosure regarding fulfilment of various social responsibilities of sampled group companies which includes social welfare, help to have not’s, women
development, sports promotion, employment generation, educational qualification etc, is satisfactorily disclosed and score is 91.66%.

7. Disclosure about facilities provided to employees is good and has score index of 91.66%.

8. Parameter of audit of environment is highly disclosed and has score index of 100%.

9. Disclosure of social audit regarding large scale projects is 100% among all sampled group companies.

10. Parameter of pollution control is also efficiently disclosed by all sampled group companies and score index is 96.66%.

11. The disclosure of women representation at top level is efficiently disclosed and score index is 93.33% and the actual score of sampled group companies is 28 and expected score of this disclosure is 30.

12. The disclosure of price sensitivity of sampled group companies is least disclosed item having 0% score index.

13. It has been observed in research that almost all companies are non ISO certified. It is suggested that for flawless implementation of corporate governance practices, companies must get themselves ISO certified.

7.2 SUGGESTIONS

1. Though remuneration package given to directors is having index of 77%, of selected group companies, it is less compared to international standards, at least it can be brought on the level of international standards.
2. Many selected group companies has not disclosed level of subsidiaries, it should be correctly and properly disclosed.

3. Women representation is having good index of 93.33%, but according to researcher there should be active participation to, stop further corporate governance scandals.

4. Price sensitivity of share prices should be properly and effectively disclosed. Volatility of share prices on various stock exchanges should be disclosed.

5. SEBI’S new recommendations should be mandatory on all corporate in India, in order to protect minority share holders interests.

6. It has been observed in research that almost all companies are non ISO certified. It is suggested that for flawless implementation of corporate governance practices, companies must get themselves ISO certified.

7.3 CONCLUSION

This study is based on secondary data related to the published data of sampled group companies. The study is related with corporate governance disclosure disclosed by sampled group companies. Thus this study has scope of further investigation. As corporate governance has been evolved as recent practice among Indian companies, the study itself is an investigation for the new concept.

With recent changes made by SEBI (February 2014) in corporate governance laws researcher expects POSITIVE CHANGE in corporate governance disclosure of Indian companies.