

Impact of Implementation of Corporate Governance Guidelines (Clause 49) on Financial Performance of Indian Listed firms

Effulgence

Vol. 15 No. 2

July-December, 2017

Rukmini Devi Institute of Advanced Studies

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<http://effulgence.rdias.ac.in/user/default.aspx>

<https://dx.doi.org/10.33601/effulgence.rdias/v15/i2/2017/1-16>

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Abstract

Generally the good corporate governance reduces the agency problem and improves the firm/enterprise's performance. It not only cubs the corporate frauds, scandals etc, but also improves the corporate image in the minds of all stakeholders and public at large. During liberalization in early nineties, evolution of corporate governance also started in India from Cadbury Committee Report to Kumar Manglam Birla report on Corporate Governance. Then, came the formal code of conduct or guidelines issued by the regulator of capital markets, Securities Exchange Board of India (SEBI) by inserting a new 'Clause 49' in the listing guidelines to make these mandatory for all the listed companies in India from January, 2006. The question is to determine how governance and firm performance interact with each other and study their relationship to find some meaningful results. This study examined the impact of the implementation of the Clause 49 (corporate governance) on the firm's performance in India. Since it is made compulsory for the listed companies, hence this study is done on the companies listed in the NSE. Both market and accounting based performance measures are used for the purpose. Unique data from 50 listed firms drawn from the index "Nifty 50" to represent the Indian listed firms for 16 years, covering eight years period each for prior and after 2006 to find out the impact by comparing the results.

The result of the study suggests that there is no positive impact of implementation of Clause 49 on the performance of the Indian listed companies.

Keywords: Corporate Governance, Clause 49 and Firm Performance

INTRODUCTION

Corporate governance empowers the board so that it can perform its duties being unbiased to promoter shareholders and/or to the top management of the firm, i.e. to resolve the agency problem and protect the shareholder's benefits at

large. Hence, the corporate governance is the process, rule and/or the laws to supervise, manage and govern the firms without under the undue influence of any one and to serve the all stakeholders. So, corporate governance mitigates the agency problems arising due to the complex relationship between agents and principals.

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Then what the Corporate Governance is all about? It is a relevant set of mechanisms to economic efficiency that has influence over investor's decision to provide finance to firm; debt or equity (Shleifer and Vishny, 1997). Mayer (1997) defined corporate governance as ways of bringing investor's and manager's interest in line to ensure firm's functioning for the investor's benefit. Corporate governance includes the structures, processes, cultures and systems that create organizations' successful operation (Keasey et al., 1997). Significant flow of capital to the financing of firms can be ensured with governance structure. Information asymmetry between suppliers' of capital and managers can cause into expropriation of investor's wealth due to separation between control and ownership (Berle and Means, 1932). This could be dealt properly with an appropriate governance structure in place that should take care of reducing rent seeking behavior of an agent while providing required necessary investment. As described by Deakin and Hughes (1997), corporate governance is the relationship between conception of society about the scope of firm's accountability and the mechanism adopted by the firm for internal governance. Due to presence of agency problem, for future decisions and any unforeseen situation that is not described in the current agreement between principal and agent, it is necessary to have a mechanism for this. Hart (1996) described that structure of governance provide a way to decide those actions which may be taken in future but were not initially specified in the contract. From the above discussion we can deduce that the structure and process set up by a company or enterprise to reduce the agency problem as ownership and controls are separated. Various different systems of corporate governance will draw a clear structure and legitimate accountability by explaining relationship between company and its key functionaries.

Due to East Asian crisis, increasing integration of business across the globe and some corporate scandals/frauds around the world, prominence and impetus to corporate governance has increased

world over. The existing literature on corporate governance is generally on and about large and listed firms in the US and UK, and these studies primarily focused on the relationship between corporate performance, structures of ownership and composition of boards.

In many Asian countries like India, Japan, Korea, and also in some South-East Asian countries large number of businesses are managed and owned by business families. By using cross investment and stock pyramids, these families retain their control on the businesses even without a controlling stake. A divergence between cash flow rights and voting (or control) rights is created due to this.

In Indian context, generally the agency problem is at the core of corporate governance, which is a conflict between shareholders and management. Earlier, companies who were going global started following stringent policies, disclosures and international accounting standards, but now after clause 49 for all listed companies and with new company law in place, most others are now considering it necessary to do so since they have to follow the current norms. In India, the Anglo-American model is generally followed that lays more importance to shareholders as compared to stakeholders.

The major areas of compliance in Clause 49 are :

- Enhanced role of Audit committee
- CEO/CFO Certification of Accounts by CEO/CFO
- Appointment of Independent Directors as per the requirements
- Code of Conduct for Board / Senior Management
- Legal Compliance Report and Risk Mitigation Report to the Board
- Compliance, related to Subsidiary Companies
- Information items to Board

Review of Literature:

Diverse, rather many times contrast objectives

emerge between owners and managers of business. This requires a system to control the cost associated with this divergence. Corporate governance serves that purpose and agency theory dominates the corporate governance literature.

It is generally accepted that there is a positive effect of good corporate governance on performance of firms that is enhanced due to good governance. Several studies supported this view (Weisbach, 1988; Brickley and James, 1987; Rosenstein and Wyatt, 1990; Lee et al, 1992; Byrd and Hickman, 1992; Brickley et al, 1994; Hossain et al, 2000; Chung et al, 2003). On the contrary to this generally accepted notion about positive impact of good governance on firm performance, many studies have found that there is no or negative relationship between performance of firm and good corporate governance (Prevost et al. 2002; Park and Shin, 2003; Young, 2003; Singh and Davidson, 2003; Bathala and Rao, 1995; Hutchinson, 2002) or have not found any relationship.

Some studies tried to find out the reasons of these diverse results and inconsistencies. Some found it is due to the limited scope of sources being it a survey data or publicly available data. Krivogorsky (2006) argued that the literature in corporate governance generally use only two variables at a time. For example, studies by McAvoy et al. (1983) and Hermalin and Weisbach (1991) studied relationship between firm performance and composition of board and Demsetz and Villalonga (2001) analysed the correlation between firm performance and managerial ownership. Furthermore, Gani and Jermias, (2006) pointed out that the restrictive use of accounting based measures like return on equity (ROE), return on assets (ROA) and return on capital employed (ROCE) or market based measures like market value of equities may be the reason of these inconsistencies.

According to Shleifer and Vishny (1997) in their extensive literature survey on corporate governance, suggested that shareholder's and creditor's control

over managers can be minimized by incorporating effective corporate governance. Jensen and Meckling (1976) have discussed about relationship between shareholders and managers and suggested that since managers manage the company on behalf of shareholders so managers are agents of shareholders and thus they must judiciously utilize the financial resources supplied by shareholders to the business. Now days, a lot is debated and discussed about the board's functioning and structures so this has become an important issue to be monitored by legal/regulatory authorities and also subject to continuous scrutiny by media. Quality of manager's decision making can be enhanced and improved by better board supervision (Monks and Minow, 1995). The association between board size and financial performance was analyzed on the data of 504 firms drawn from 18 industries by Kathuria and Dash (1999) in India. They found that if firm size grows, contribution of additional board member decrease if board size is increased but with increase in board size, performance of firm increases.

Another study, done by Dhawan (2006) in India on the large listed firms to identify the role of the directors (Board) in the corporate governance practices, found that the size of the board increases with the increase in turnover initially but after a certain level, increase in turnover has no influence on board size. He also found that what matter more than the size of board is, the appropriate combination of knowledge and skills. Relationship between Board parameters and financial performance of firms is empirically examined by Ghosh (2006) on 127 listed manufacturing firms and it was found that irrespective of market based or accounting based performance measures, there is negative influence of board size on the performance of firm. Also it is found that there is a significant impact of Chief Executive Officer's compensation on performance of firm. Generally it is believed that independence of board leads to better firm performance. A study based on factor analysis is done by Prasanna (2006) that empirically proved this belief. The study suggested that the independent

directors effectively lead various committees formed for better governance, make board more credible for improved governance and they also help board in functioning more efficiently and effectively. In another study done by Mayur and Saravanan (2006), who studied the relationship between performance of Indian banks and three chosen board parameters, it is deducted that board size does not affect the value of Bank. Later SEBI also came out with Clause 49 for all the listed companies that emphasized the importance and role of independent directors for the enhanced transparency and improved governance as compared to only executive/functional directors in the board. Recommendations by other committees like Kumar Manglam Birla Committee along with other recommendations also argued and advocated for independency of board for effective governance structure. Hence composition of board can be considered one of the important parameter in relation to performance of firm. Kumar and Singh (2012) conducted a study in 2008 on 157 non-financial Indian companies to find out the effectiveness of outside directors in boards of companies. The results of this study do not strongly confirm that more independent directors in board have positive impact on firm's value. On the other hand a study, done by Jackling and Johl (2009) on Indian companies supported agency theory and found that firm performance improves if more independent directors are inducted in boards of companies. Results of this study also opposed the idea of disassociation of ownership and control i.e. a strong owner cum (duality role, CEO is the promoter, and also the only board manager) have a negative impact on firm performance was not supported by this study. So the various studies which examined between firm performance and internal ownership can be categorized in to two sets; one with positive relationship and another with negative relationship between the two aspects. Impact of insider ownership on firm performance is industry specific and not general (Phani et al., 2005). This study examined the difference in cash flow rights and insiders control and also its impact on the individual firm performance. In a study on the

relationship between firm value and independence of audit committee by Chan and Li (2008) on fortune 200 companies, it is found that if top executives of other publically listed companies are considered as 'expert independent directors' then their presence in board or in audit committee as 'expert independent directors', increases the value of firm. The audit committee size has significant effect on the value of firm, however independence of audit committee and no. of meetings of audit committee were found insignificant with firm performance in a study conducted by Al-Matari et.al.(2012) on listed companies of Saudi on Saudi stock exchange (TADWAL) in year 2010. An increasing trend towards the compliance of clause 49 of SEBI was observed in the listed companies in a content analysis, done by Bhasin (2012) on top 500 listed companies in India.

Rationale of the study

Literature review suggests that lots of studies have been done on to find out the impact of corporate governance on firm performance. Many researchers have studied different aspects of corporate governance and linked these to firm performance like Board Size, Number of Independent Directors in board, Audit committees meetings etc. But we found very fewer studies find out the performance of Indian listed companies after the implementation of Clause 49 by the SEBI in 2006. So the researchers thought to study this impact on the Indian listed companies.

Objectives of the study

The objective of the study is:

- To find out the impact of implementation of Corporate Governance Guidelines (Clause 49) on performance of listed companies in India. To find out the impact on firm performance, various profitability parameters are tested (like EPS, leverage, gross profit and net profit etc.) of listed companies.

Research Methodology

The research methodology is based on the secondary source of information. In order to evaluate the financial performance and impact of implementation of clause 49 on performance of listed companies in India, various alternative hypotheses has been formulated which are tested through t-test (paired two samples for means). The present study covers listed firms drawn from the index "Nifty 50" to represent the Indian listed firms for a period of 16 years, which shows eight years study prior and eight years study after the implementation of the Clause 49, the corporate governance guidelines by the SEBI in 2006. Researchers have taken the current list of Nifty 50 companies, which may not be the same for the entire 16 years of study as some companies keep on changing in the list from time to time. So, data of the companies mentioned in the current list of Nifty 50 index is taken for this research purpose to maintain the consistency from prowess, moneycontrol.com and other sources. All data has been collected and compiled judiciously for this study.

Research Hypotheses:

The research hypotheses are formulated keeping the above objectives of the study in the mind. The following are the alternative hypotheses tested during the study period only.

H1: There is significance difference in the earning per share of Nifty-50 companies between pre and post implementation of clause-49 of corporate governance in India.

H2: There is significance difference in the gross profit ratio of Nifty-50 companies between pre and post implementation of clause-49 of corporate governance in India.

H3: There is significance difference in the net profit ratio of Nifty-50 companies between pre and post implementation of clause-49 of corporate governance in India.

H4: There is significance difference in the financial leverage of Nifty-50 companies between pre and post implementation of clause-49 of corporate governance in India.

Analysis and Discussion:

In this study alternate hypotheses are tested with the help of t-test (paired two samples for means) at 5% level of significance.

Hypothesis 1:

H1: There is significance difference in the earning per share of Nifty-50 companies between pre and post implementation of clause-49 of corporate governance in India.

		Paired Differences			t-value	Sig. (2-tailed)	Result of Hypotheses
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Pre-EPS A C C Ltd. – Post- EPS A C C Ltd.	-52.080	20.066	7.094	-7.341	0.000	Accepted
Pair 2	Pre-EPS Adani Ports and Special Economic Zone Ltd. - Post- EPS Adani Ports and Special Economic Zone Ltd.	-7.589	4.580	1.619	-4.686	0.002	Accepted
Pair 3	Pre-EPS Ambuja Cements Ltd. – Post- EPS Ambuja Cements Ltd.	-21.360	7.725	2.731	-7.821	0.000	Accepted
Pair 4	Pre-EPS Asian Paints Ltd. – Post- EPS Asian Paints Ltd.	-53.986	37.019	13.088	-4.125	0.004	Accepted

Pair 5	Pre-EPS Axis Bank Ltd. – Post- EPS Axis Bank Ltd.	-59.356	31.223	11.039	-5.377	0.001	Accepted
Pair 6	Pre-EPS Bajaj Auto Ltd. – Post- EPS Bajaj Auto Ltd.	-9.551	29.998	10.606	-0.901	0.398	Rejected
Pair 7	Pre-EPS Bank Of Baroda – Post- EPS Bank Of Baroda	-59.218	31.532	11.148	-5.312	0.001	Accepted
Pair 8	Pre-EPS Bharat Heavy Electricals Ltd. – Post- EPS Bharat Heavy Electricals Ltd.	-60.383	39.241	13.874	-4.352	0.003	Accepted
Pair 9	Pre-EPS Bharat Petroleum Corpn. Ltd. – Post- EPS Bharat Petroleum Corpn. Ltd.	5.081	49.320	17.437	0.291	0.779	Rejected
Pair 10	Pre-EPS Bharti Airtel Ltd. - Post- EPS Bharti Airtel Ltd.	-32.201	10.944	3.869	-8.322	0.000	Accepted
Pair 11	Pre-EPS Bosch Ltd. - Post- EPS Bosch Ltd.	-163.488	57.670	20.390	-8.018	0.000	Accepted
Pair 12	Pre-EPS Cairn India Ltd. - Post- EPS Cairn India Ltd.	-14.339	28.894	10.216	-1.404	0.203	Rejected
Pair 13	Pre-EPS Cipla Ltd. - Post- EPS Cipla Ltd.	-9.773	16.615	5.874	-1.664	0.140	Rejected
Pair 14	Pre-EPS Coal India Ltd. - Post- EPS Coal India Ltd.	-18.745	11.005	3.891	-4.818	0.002	Accepted
Pair 15	Pre-EPS Dr. Reddy'S Laboratories Ltd. - Post- EPS Dr. Reddy'S Laboratories Ltd.	-54.596	68.555	24.238	-2.253	0.059	Rejected
Pair 16	Pre-EPS G A I L (India) Ltd. - Post- EPS G A I L (India) Ltd.	-10.514	4.909	1.736	-6.058	0.001	Accepted
Pair 17	Pre-EPS Grasim Industries Ltd. - Post- EPS Grasim Industries Ltd.	-99.778	69.736	24.655	-4.047	0.005	Accepted
Pair 18	Pre-EPS H C L Technologies Ltd. - Post- EPS H C L Technologies Ltd.	-74.284	97.551	34.489	-2.154	0.068	Rejected
Pair 19	Pre-EPS H D F C Bank Ltd. - Post- EPS H D F C Bank Ltd.	-68.711	33.709	11.918	-5.765	0.001	Accepted
Pair 20	Pre-EPS Hero Motocorp Ltd. - Post- EPS Hero Motocorp Ltd.	-312.403	94.733	33.493	-9.327	0.000	Accepted
Pair 21	Pre-EPS Hindalco Industries Ltd. - Post- EPS Hindalco Industries Ltd.	-29.425	64.427	22.778	-1.292	0.237	Rejected
Pair 22	Pre-EPS Hindustan Unilever Ltd. - Post- EPS Hindustan Unilever Ltd.	56.888	203.813	72.059	0.789	0.456	Rejected
Pair 23	Pre-EPS Housing Development Finance Corpn. Ltd. - Post- EPS Housing Development Finance Corpn. Ltd.	-43.821	112.816	39.886	-1.099	0.308	Rejected
Pair 24	Pre-EPS I C I C I Bank Ltd. - Post- EPS I C I C I Bank Ltd.	-33.918	11.437	4.044	-8.388	0.000	Accepted
Pair 25	Pre-EPS I T C Ltd. - Post- EPS I T C Ltd.	-37.465	19.062	6.739	-5.559	0.001	Accepted
Pair 26	Pre-EPS Idea Cellular Ltd. - Post- EPS Idea Cellular Ltd.	-2.751	1.207	0.427	-6.446	0.000	Accepted
Pair 27	Pre-EPS Indusind Bank Ltd. - Post- EPS Indusind Bank Ltd.	-5.860	10.197	3.605	-1.625	0.148	Rejected
Pair 28	Pre-EPS Infosys Ltd. - Post- EPS Infosys Ltd.	-35.450	109.255	38.627	-0.918	0.389	Rejected
Pair 29	Pre-EPS Kotak Mahindra Bank Ltd. - Post- EPS Kotak Mahindra Bank Ltd.	-10.704	14.118	4.991	-2.144	0.069	Rejected
Pair 30	Pre-EPS Larsen & Toubro Ltd. - Post- EPS Larsen & Toubro Ltd.	-212.603	141.166	49.910	-4.260	0.004	Accepted
Pair 31	Pre-EPS Lupin Ltd. - Post- EPS Lupin Ltd.	-79.399	63.546	22.467	-3.534	0.010	Accepted
Pair 32	Pre-EPS Mahindra & Mahindra Ltd. - Post- EPS Mahindra & Mahindra Ltd.	-48.790	30.819	10.896	-4.478	0.003	Accepted
Pair 33	Pre-EPS Maruti Suzuki India Ltd. - Post- EPS Maruti Suzuki India Ltd.	-107.123	38.197	13.505	-7.932	0.000	Accepted

Pair 34	Pre-EPS N T P C Ltd. - Post- EPS N T P C Ltd.	-4.681	2.097	0.742	-6.313	0.000	Accepted
Pair 35	Pre-EPS Oil & Natural Gas Corpn. Ltd. - Post- EPS Oil & Natural Gas Corpn. Ltd.	-4.900	43.739	15.464	-0.317	0.761	Rejected
Pair 36	Pre-EPS Power Grid Corpn. Of India Ltd. - Post- EPS Power Grid Corpn. Of India Ltd.	-3.671	1.682	0.595	-6.175	0.000	Accepted
Pair 37	Pre-EPS Punjab National Bank - Post- EPS Punjab National Bank	-73.353	32.446	11.472	-6.394	0.000	Accepted
Pair 38	Pre-EPS Reliance Industries Ltd. - Post- EPS Reliance Industries Ltd.	-43.013	36.950	13.064	-3.292	0.013	Accepted
Pair 39	Pre-EPS State Bank Of India - Post- EPS State Bank Of India	-75.629	38.759	13.704	-5.519	0.001	Accepted
Pair 40	Pre-EPS Sun Pharmaceutical Inds. Ltd. - Post- EPS Sun Pharmaceutical Inds. Ltd.	-65.450	55.162	19.503	-3.356	0.012	Accepted
Pair 41	Pre-EPS Tata Consultancy Services Ltd. - Post- EPS Tata Consultancy Services Ltd.	-401.091	95.904	33.907	-11.829	0.000	Accepted
Pair 42	Pre-EPS Tata Motors Ltd. - Post- EPS Tata Motors Ltd.	-21.045	34.709	12.271	-1.715	0.130	Rejected
Pair 43	Pre-EPS Tata Power Co. Ltd. - Post- EPS Tata Power Co. Ltd.	-14.293	9.237	3.266	-4.376	0.003	Accepted
Pair 44	Pre-EPS Tata Steel Ltd. - Post- EPS Tata Steel Ltd.	-36.511	25.100	8.874	-4.114	0.004	Accepted
Pair 45	Pre-EPS Tech Mahindra Ltd. - Post- EPS Tech Mahindra Ltd.	-4.691	20.848	7.371	-0.636	0.545	Rejected
Pair 46	Pre-EPS Ultratech Cement Ltd. - Post- EPS Ultratech Cement Ltd.	-70.855	18.919	6.689	-10.593	0.000	Accepted
Pair 47	Pre-EPS Vedanta Ltd. - Post- EPS Vedanta Ltd.	-178.984	184.929	65.382	-2.737	0.029	Accepted
Pair 48	Pre-EPS Wipro Ltd. - Post- EPS Wipro Ltd.	24.444	62.900	22.239	1.099	0.308	Rejected
Pair 49	Pre-EPS Yes Bank Ltd. - Post- EPS Yes Bank Ltd.	-19.645	13.904	4.916	-3.996	0.005	Accepted
Pair 50	Pre-EPS Zee Entertainment Enterprises Ltd. - Post- EPS Zee Entertainment Enterprises Ltd.	-35.001	29.010	10.257	-3.413	0.011	Accepted

The results of Paired Samples t-Test in Table-1 depict that the alternative hypotheses of 16 companies have been rejected while it has been accepted for 34 companies. Hence statistically there is significance impact of implementation of clause-49 of corporate governance on the shareholder's wealth of majority of nifty-50 companies in India. The industries were further clustered on the basis of acceptance and rejection of the relevant hypotheses. It has been

observed that most of the bank's EPS have been impacted significantly.

Hypothesis 2:

H2: There is significance difference in the gross profit ratio of Nifty-50 companies between pre and post implementation of clause-49 of corporate governance in India.

Table-2 Paired Samples Test							
		Paired Differences			t-value	Sig. (2-tailed)	Result of Hypotheses
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Pre-GP Ratio A C C Ltd. - Post- GP Ratio A C C Ltd.	-8.767	11.705	4.424	-1.982	0.095	Rejected
Pair 2	Pre-GP Ratio Adani Ports and Special Economic Zone Ltd. - Post- GP Ratio Adani Ports and Special Economic Zone Ltd.	-29.003	14.796	5.592	-5.186	0.002	Accepted
Pair 3	Pre-GP Ratio Ambuja Cements Ltd. - Post- GP Ratio Ambuja Cements Ltd.	-1.870	15.043	5.686	-0.329	0.753	Rejected
Pair 4	Pre-GP Ratio Asian Paints Ltd. - Post- GP Ratio Asian Paints Ltd.	-2.467	3.809	1.440	-1.714	0.137	Rejected
Pair 5	Pre-GP Ratio Axis Bank Ltd. - Post- GP Ratio Axis Bank Ltd.	-1.873	1.720	0.650	-2.881	0.028	Accepted
Pair 6	Pre-GP Ratio Bajaj Auto Ltd. - Post-GP Ratio Bajaj Auto Ltd.	-5.504	1.559	0.589	-9.342	0.000	Accepted
Pair 7	Pre-GP Ratio Bank Of Baroda - Post- GP Ratio Bank Of Baroda	-1.229	0.978	0.370	-3.323	0.016	Accepted
Pair 8	Pre-GP Ratio Bharat Heavy Electricals Ltd. - Post- GP Ratio Bharat Heavy Electricals Ltd.	-5.237	8.061	3.047	-1.719	0.136	Rejected
Pair 9	Pre-GP Ratio Bharat Petroleum Corpn. Ltd. - Post- GP Ratio Bharat Petroleum Corpn. Ltd.	1.830	2.792	1.055	1.734	0.134	Rejected
Pair 10	Pre-GP Ratio BhartiAirtel Ltd. - Post- GP Ratio BhartiAirtel Ltd.	2.761	16.543	6.252	0.442	0.674	Rejected
Pair 11	Pre-GP Ratio Bosch Ltd. - Post- GP Ratio Bosch Ltd.	4.954	6.656	2.516	1.969	0.096	Rejected
Pair 12	Pre-GP Ratio Cairn India Ltd. - Post-GP Ratio Cairn India Ltd.	2435.906	2884.542	1090.254	2.234	0.067	Rejected
Pair 13	Pre-GP Ratio Cipla Ltd. - Post- GP Ratio Cipla Ltd.	-0.159	7.131	2.695	-0.059	0.955	Rejected
Pair 14	Pre-GP Ratio Coal India Ltd. - Post- GP Ratio Coal India Ltd.	-107.839	50.518	19.094	-5.648	0.001	Accepted
Pair 15	Pre-GP Ratio Dr. Reddy'S Laboratories Ltd. - Post- GP Ratio Dr. Reddy'S Laboratories Ltd.	-0.860	14.939	5.646	-0.152	0.884	Rejected
Pair 16	Pre-GP Ratio G A I L (India) Ltd. - Post- GP Ratio G A I L (India) Ltd.	6.883	10.697	4.043	1.702	0.140	Rejected
Pair 17	Pre-GP Ratio Grasim Industries Ltd. - Post- GP Ratio Grasim Industries Ltd.	-6.870	9.294	3.513	-1.956	0.098	Rejected
Pair 18	Pre-GP Ratio H C L Technologies Ltd. - Post- GP Ratio H C L Technologies Ltd.	0.304	18.204	6.881	0.044	0.966	Rejected
Pair 19	Pre-GP Ratio H D F C Bank Ltd. - Post- GP Ratio H D F C Bank Ltd.	-2.224	2.823	1.067	-2.084	0.082	Rejected
Pair 20	Pre-GP Ratio Hero Motocorp Ltd. - Post- GP Ratio Hero Motocorp Ltd.	2.701	5.476	2.070	1.305	0.240	Rejected
Pair 21	Pre-GP Ratio Hindalco Industries Ltd. - Post- GP Ratio Hindalco Industries Ltd.	12.090	13.255	5.010	2.413	0.052	Rejected
Pair 22	Pre-GP Ratio Hindustan Unilever Ltd. - Post- GP Ratio Hindustan Unilever Ltd.	1.180	6.797	2.569	0.459	0.662	Rejected
Pair 23	Pre-GP Ratio Housing Development Finance Corpn. Ltd. - Post- GP Ratio Housing Development Finance Corpn. Ltd.	-59.730	20.138	7.611	-7.848	0.000	Accepted
Pair 24	Pre-GP Ratio I C I C I Bank Ltd. - Post- GP Ratio I C I C I Bank Ltd.	-3.797	1.280	0.484	-7.851	0.000	Accepted
Pair 25	Pre-GP Ratio I T C Ltd. - Post- GP Ratio I T C Ltd.	-0.101	9.705	3.668	-0.028	0.979	Rejected
Pair 26	Pre-GP Ratio Idea Cellular Ltd. - Post- GP Ratio Idea Cellular Ltd.	-6.623	14.341	5.420	-1.222	0.268	Rejected
Pair 27	Pre-GP Ratio Indusind Bank Ltd. - Post- GP Ratio Indusind Bank Ltd.	-2.447	0.962	0.364	-6.729	0.001	Accepted
Pair 29	Pre-GP Ratio Kotak Mahindra Bank Ltd. - Post- GP Ratio Kotak Mahindra Bank Ltd.	-3.196	1.470	0.556	-5.752	0.001	Accepted
Pair 30	Pre-GP Ratio Larsen & Toubro Ltd. - Post- GP Ratio Larsen & Toubro Ltd.	-2.427	3.699	1.398	-1.736	0.133	Rejected

Pair 31	Pre-GP Ratio Lupin Ltd. - Post- GP Ratio Lupin Ltd.	-8.980	5.081	1.920	-4.676	0.003	Accepted
Pair 32	Pre-GP Ratio Mahindra & Mahindra Ltd. - Post- GP Ratio Mahindra & Mahindra Ltd.	-2.580	5.069	1.916	-1.347	0.227	Rejected
Pair 33	Pre-GP Ratio Maruti Suzuki India Ltd. - Post- GP Ratio Maruti Suzuki India Ltd.	1.647	8.891	3.361	0.490	0.641	Rejected
Pair 34	Pre-GP Ratio N T P C Ltd. - Post- GP Ratio N T P C Ltd.	6.221	15.002	5.670	1.097	0.315	Rejected
Pair 35	Pre-GP Ratio Oil & Natural Gas Corpn. Ltd. - Post- GP Ratio Oil & Natural Gas Corpn. Ltd.	-1.089	16.130	6.097	-0.179	0.864	Rejected
Pair 36	Pre-GP Ratio Power Grid Corpn. Of India Ltd. - Post- GP Ratio Power Grid Corpn. Of India Ltd.	86.120	270.571	102.266	0.842	0.432	Rejected
Pair 37	Pre-GP Ratio Punjab National Bank - Post- GP Ratio Punjab National Bank	-2.053	1.247	0.471	-4.355	0.005	Accepted
Pair 38	Pre-GP Ratio Reliance Industries Ltd. - Post- GP Ratio Reliance Industries Ltd.	2.837	6.741	2.548	1.114	0.308	Rejected
Pair 39	Pre-GP Ratio State Bank Of India - Post- GP Ratio State Bank Of India	-0.926	1.843	0.697	-1.329	0.232	Rejected
Pair 40	Pre-GP Ratio Sun Pharmaceutical Inds. Ltd. - Post- GP Ratio Sun Pharmaceutical Inds. Ltd.	5.164	16.437	6.212	0.831	0.438	Rejected
Pair 41	Pre-GP Ratio Tata Consultancy Services Ltd. - Post- GP Ratio Tata Consultancy Services Ltd.	-1.440	7.625	2.882	-0.500	0.635	Rejected
Pair 42	Pre-GP Ratio Tata Motors Ltd. - Post- GP Ratio Tata Motors Ltd.	2.467	8.488	3.208	0.769	0.471	Rejected
Pair 43	Pre-GP Ratio Tata Power Co. Ltd. - Post- GP Ratio Tata Power Co. Ltd.	2.700	6.054	2.288	1.180	0.283	Rejected
Pair 44	Pre-GP Ratio Tata Steel Ltd. - Post- GP Ratio Tata Steel Ltd.	-8.346	17.858	6.750	-1.236	0.262	Rejected
Pair 45	Pre-GP Ratio Tech Mahindra Ltd. - Post- GP Ratio Tech Mahindra Ltd.	-5.187	8.356	3.158	-1.642	0.152	Rejected
Pair 46	Pre-GP Ratio Ultratech Cement Ltd. - Post- GP Ratio Ultratech Cement Ltd.	-10.483	9.103	3.440	-3.047	0.023	Accepted
Pair 47	Pre-GP Ratio Vedanta Ltd. - Post- GP Ratio Vedanta Ltd.	-11.583	45.827	17.321	-0.669	0.529	Rejected
Pair 48	Pre-GP Ratio Wipro Ltd. - Post- GP Ratio Wipro Ltd.	2.387	7.218	2.728	0.875	0.415	Rejected
Pair 49	Pre-GP Ratio Yes Bank Ltd. - Post- GP Ratio Yes Bank Ltd.	-4.346	3.036	1.147	-3.787	0.009	Accepted
Pair 50	Pre-GP Ratio Zee Entertainment Enterprises Ltd. - Post- GP Ratio Zee Entertainment Enterprises Ltd.	-7.440	12.375	4.677	-1.591	0.163	Rejected

The results of Paired Samples t-Test in Table-2 depict that the alternative hypotheses of 36 companies have been rejected while it has been accepted for 14 companies. Hence statistically there is no significance impact of implementation of clause-49 of corporate governance on the gross profit ratio of majority of nifty-50 companies in India. The industries were further clustered on the basis of

acceptance and rejection of the hypotheses. It has been observed that gross profit ratios of the firms affected significantly are banks.

H3 : There is significance difference in the net profit ratio of Nifty-50 companies between pre and post implementation of clause-49 of corporate governance in India.

Table-3 Paired Samples Test							
		Paired Differences			t-value	Sig. (2-tailed)	Result of Hypotheses
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Pre-NP Ratio A C C Ltd. - Post- NP Ratio A C C Ltd.	-10.969	10.660	3.769	-2.910	0.023	Accepted
Pair 2	Pre-NP Ratio Adani Ports and Special Economic Zone Ltd. - Post- NP Ratio Adani Ports and Special Economic Zone Ltd.	-37.813	11.080	3.917	-9.653	0.000	Accepted
Pair 3	Pre-NP Ratio Ambuja Cements Ltd. - Post- NP Ratio Ambuja Cements Ltd.	-0.426	8.465	2.993	-0.142	0.891	Rejected
Pair 4	Pre-NP Ratio Asian Paints Ltd. - Post- NP Ratio Asian Paints Ltd.	-3.245	1.734	0.613	-5.293	0.001	Accepted
Pair 5	Pre-NP Ratio Axis Bank Ltd. - Post- NP Ratio Axis Bank Ltd.	-6.724	2.371	0.838	-8.022	0.000	Accepted
Pair 6	Pre-NP Ratio Bajaj Auto Ltd. - Post- NP Ratio Bajaj Auto Ltd.	-5.906	3.971	1.404	-4.207	0.004	Accepted
Pair 7	Pre-NP Ratio Bank Of Baroda - Post- NP Ratio Bank Of Baroda	-6.226	3.030	1.071	-5.813	0.001	Accepted
Pair 8	Pre-NP Ratio Bharat Heavy Electricals Ltd. - Post- NP Ratio Bharat Heavy Electricals Ltd.	-6.013	4.317	1.526	-3.939	0.006	Accepted
Pair 9	Pre-NP Ratio Bharat Petroleum Corpn. Ltd. - Post- NP Ratio Bharat Petroleum Corpn. Ltd.	0.799	1.354	0.479	1.668	0.139	Rejected
Pair 10	Pre-NP Ratio BhartiAirtel Ltd. - Post- NP Ratio BhartiAirtel Ltd.	-14.813	12.250	4.331	-3.420	0.011	Accepted
Pair 11	Pre-NP Ratio Bosch Ltd. - Post- NP Ratio Bosch Ltd.	-4.349	5.460	1.930	-2.253	0.059	Rejected
Pair 12	Pre-NP Ratio Cairn India Ltd. - Post- NP Ratio Cairn India Ltd.	1113.215	3152.698	1114.647	0.999	0.351	Rejected
Pair 13	Pre-NP Ratio Cipla Ltd. - Post- NP Ratio Cipla Ltd.	0.043	3.644	1.288	0.033	0.975	Rejected
Pair 14	Pre-NP Ratio Coal India Ltd. - Post- NP Ratio Coal India Ltd.	-1187.510	1194.632	422.366	-2.812	0.026	Accepted
Pair 15	Pre-NP Ratio Dr. Reddy'S Laboratories Ltd. - Post- NP Ratio Dr. Reddy'S Laboratories Ltd.	-1.346	10.203	3.607	-0.373	0.720	Rejected
Pair 16	Pre-NP Ratio G A I L (India) Ltd. - Post- NP Ratio G A I L (India) Ltd.	1.419	4.695	1.660	0.855	0.421	Rejected
Pair 17	Pre-NP Ratio Grasim Industries Ltd. - Post- NP Ratio Grasim Industries Ltd.	-10.710	4.654	1.645	-6.509	0.000	Accepted
Pair 18	Pre-NP Ratio H C L Technologies Ltd. - Post- NP Ratio H C L Technologies Ltd.	14.225	19.177	6.780	2.098	0.074	Rejected
Pair 19	Pre-NP Ratio H D F C Bank Ltd. - Post- NP Ratio H D F C Bank Ltd.	-1.166	2.631	0.930	-1.254	0.250	Rejected
Pair 20	Pre-NP Ratio Hero Motocorp Ltd. - Post- NP Ratio Hero Motocorp Ltd.	-0.320	2.662	0.941	-0.340	0.744	Rejected
Pair 21	Pre-NP Ratio Hindalco Industries Ltd. - Post- NP Ratio Hindalco Industries Ltd.	10.155	5.863	2.073	4.899	0.002	Accepted
Pair 22	Pre-NP Ratio Hindustan Unilever Ltd. - Post- NP Ratio Hindustan Unilever Ltd.	0.321	3.806	1.345	0.239	0.818	Rejected
Pair 23	Pre-NP Ratio Housing Development Finance Corpn. Ltd. - Post- NP Ratio Housing Development Finance Corpn. Ltd.	-1.565	7.364	2.603	-0.601	0.567	Rejected
Pair 24	Pre-NP Ratio I C I C I Bank Ltd. - Post- NP Ratio I C I C I Bank Ltd.	-3.604	3.908	1.382	-2.608	0.035	Accepted
Pair 25	Pre-NP Ratio I T C Ltd. - Post- NP Ratio I T C Ltd.	0.768	2.308	0.816	0.941	0.378	Rejected
Pair 26	Pre-NP Ratio Idea Cellular Ltd. - Post- NP Ratio Idea Cellular Ltd.	-16.805	14.294	5.054	-3.325	0.013	Accepted
Pair 27	Pre-NP Ratio Indusind Bank Ltd. - Post- NP Ratio Indusind Bank Ltd.	-2.330	6.226	2.201	-1.058	0.325	Rejected
Pair 28	Pre-NP Ratio Infosys Ltd. - Post- NP Ratio Infosys Ltd.	2.909	2.068	0.731	3.978	0.005	Accepted
Pair 29	Pre-NP Ratio Kotak Mahindra Bank Ltd. - Post- NP Ratio Kotak Mahindra Bank Ltd.	9.658	11.434	4.043	2.389	0.048	Accepted
Pair 30	Pre-NP Ratio Larsen & Toubro Ltd. - Post- NP Ratio Larsen & Toubro Ltd.	-3.794	2.298	0.812	-4.670	0.002	Accepted
Pair 31	Pre-NP Ratio Lupin Ltd. - Post- NP Ratio Lupin Ltd.	-9.194	3.551	1.255	-7.324	0.000	Accepted

Pair 32	Pre-NP Ratio Mahindra & Mahindra Ltd. - Post- NP Ratio Mahindra & Mahindra Ltd.	-4.041	3.363	1.189	-3.399	0.011	Accepted
Pair 33	Pre-NP Ratio Maruti Suzuki India Ltd. - Post- NP Ratio Maruti Suzuki India Ltd.	-4.295	5.675	2.006	-2.141	0.070	Rejected
Pair 34	Pre-NP Ratio N T P C Ltd. - Post- NP Ratio N T P C Ltd.	3.009	4.674	1.653	1.821	0.111	Rejected
Pair 35	Pre-NP Ratio Oil & Natural Gas Corpn. Ltd. - Post- NP Ratio Oil & Natural Gas Corpn. Ltd.	-1.089	3.395	1.200	-0.907	0.395	Rejected
Pair 36	Pre-NP Ratio Power Grid Corpn. Of India Ltd. - Post- NP Ratio Power Grid Corpn. Of India Ltd.	137.326	389.149	137.585	0.998	0.351	Rejected
Pair 37	Pre-NP Ratio Punjab National Bank - Post- NP Ratio Punjab National Bank	-3.401	5.433	1.921	-1.771	0.120	Rejected
Pair 38	Pre-NP Ratio Reliance Industries Ltd. - Post- NP Ratio Reliance Industries Ltd.	1.070	3.663	1.295	0.826	0.436	Rejected
Pair 39	Pre-NP Ratio State Bank Of India - Post- NP Ratio State Bank Of India	-2.439	3.377	1.194	-2.042	0.080	Rejected
Pair 40	Pre-NP Ratio Sun Pharmaceutical Inds. Ltd. - Post- NP Ratio Sun Pharmaceutical Inds. Ltd.	4.305	54.066	19.115	0.225	0.828	Rejected
Pair 41	Pre-NP Ratio Tata Consultancy Services Ltd. - Post- NP Ratio Tata Consultancy Services Ltd.	-0.820	4.725	1.670	-0.491	0.639	Rejected
Pair 42	Pre-NP Ratio Tata Motors Ltd. - Post- NP Ratio Tata Motors Ltd.	-2.025	7.091	2.507	-0.808	0.446	Rejected
Pair 43	Pre-NP Ratio Tata Power Co. Ltd. - Post- NP Ratio Tata Power Co. Ltd.	-0.970	2.581	0.913	-1.063	0.323	Rejected
Pair 44	Pre-NP Ratio Tata Steel Ltd. - Post- NP Ratio Tata Steel Ltd.	-7.455	11.038	3.902	-1.910	0.098	Rejected
Pair 45	Pre-NP Ratio Tech Mahindra Ltd. - Post- NP Ratio Tech Mahindra Ltd.	7.948	8.105	2.866	2.773	0.028	Accepted
Pair 46	Pre-NP Ratio Ultratech Cement Ltd. - Post- NP Ratio Ultratech Cement Ltd.	-12.931	4.459	1.577	-8.202	0.000	Accepted
Pair 47	Pre-NP Ratio Vedanta Ltd. - Post- NP Ratio Vedanta Ltd.	-15.618	27.087	9.577	-1.631	0.147	Rejected
Pair 48	Pre-NP Ratio Wipro Ltd. - Post- NP Ratio Wipro Ltd.	3.070	2.618	0.926	3.317	0.013	Accepted
Pair 49	Pre-NP Ratio Yes Bank Ltd. - Post- NP Ratio Yes Bank Ltd.	-13.410	7.624	2.695	-4.975	0.002	Accepted
Pair 50	Pre-NP Ratio Zee Entertainment Enterprises Ltd. - Post- NP Ratio Zee Entertainment Enterprises Ltd.	-3.311	11.283	3.989	-0.830	0.434	Rejected

The results of Paired Samples t-Test in Table-3 depict that the alternative hypotheses of 28 companies have been rejected while it has been accepted for 22 companies. Hence statistically there is no significance impact of implementation of clause-49 of corporate governance on the net profit ratio of majority of nifty-50 companies in India. The industries were further clustered on the basis of acceptance and rejection of the hypotheses. It has

been observed that net profit ratios of the firms affected significantly are not from a particulate industry.

H4 : There is significance difference in the financial leverage of Nifty-50 companies between pre and post implementation of clause-49 of corporate governance in India.

Table-4 Paired Samples Test							
		Paired Differences			t-value	Sig. (2-tailed)	Result of Hypotheses
		Mean	Std. Deviation	Std. Error Mean			
Pair 1	Pre-FL A C C Ltd. - Post- FL A C C Ltd.	1.204	3.222	1.139	1.057	0.326	Rejected
Pair 2	Pre-FL Adani Ports and Special Economic Zone Ltd. - Post-FL Adani Ports and Special Economic Zone Ltd.	-0.753	0.794	0.281	-2.679	0.032	Accepted
Pair 3	Pre-FL Ambuja Cements Ltd. - Post- FL Ambuja Cements Ltd.	0.691	0.555	0.196	3.521	0.010	Accepted
Pair 4	Pre-FL Asian Paints Ltd. - Post- FL Asian Paints Ltd.	0.204	0.067	0.024	8.634	0.000	Accepted
Pair 5	Pre-FL Axis Bank Ltd. - Post- FL Axis Bank Ltd.	2.365	1.802	0.637	3.712	0.008	Accepted
Pair 6	Pre-FL Bajaj Auto Ltd. - Post-FL Bajaj Auto Ltd.	-0.445	0.252	0.089	-5.000	0.002	Accepted
Pair 7	Pre-FL Bank Of Baroda - Post- FL Bank Of Baroda	1.789	2.527	0.893	2.002	0.085	Rejected
Pair 8	Pre-FL Bharat Heavy Electricals Ltd. - Post- FL Bharat Heavy Electricals Ltd.	0.291	0.477	0.169	1.726	0.128	Rejected
Pair 9	Pre-FL Bharat Petroleum Corpn. Ltd. - Post- FL Bharat Petroleum Corpn. Ltd.	-0.906	1.797	0.635	-1.426	0.197	Rejected
Pair 10	Pre-FL BhartiAirtel Ltd. - Post- FL BhartiAirtel Ltd.	42.156	49.064	17.347	2.430	0.045	Accepted
Pair 11	Pre-FL Bosch Ltd. - Post- FL Bosch Ltd.	0.438	0.369	0.131	3.352	0.012	Accepted
Pair 12	Pre-FL Cairn India Ltd. - Post-FL Cairn India Ltd.	-3.028	7.098	2.510	-1.206	0.267	Rejected
Pair 13	Pre-FL Cipla Ltd. - Post- FL Cipla Ltd.	-0.138	0.126	0.045	-3.081	0.018	Accepted
Pair 14	Pre-FL Coal India Ltd. - Post- FL Coal India Ltd.	0.799	0.661	0.234	3.418	0.011	Accepted
Pair 15	Pre-FL Dr. Reddy'S Laboratories Ltd. - Post- FL Dr. Reddy'S Laboratories Ltd.	0.711	1.548	0.547	1.300	0.235	Rejected
Pair 16	Pre-FL G A I L (India) Ltd. - Post- FL G A I L (India) Ltd.	0.141	0.166	0.059	2.401	0.047	Accepted
Pair 17	Pre-FL Grasim Industries Ltd. - Post- FL Grasim Industries Ltd.	1.178	1.277	0.452	2.607	0.035	Accepted
Pair 18	Pre-FL H C L Technologies Ltd. - Post- FL H C L Technologies Ltd.	-0.080	0.237	0.084	-0.956	0.371	Rejected
Pair 19	Pre-FL H D F C Bank Ltd. - Post- FL H D F C Bank Ltd.	-0.158	0.532	0.188	-0.837	0.430	Rejected
Pair 20	Pre-FL Hero Motocorp Ltd. - Post- FL Hero Motocorp Ltd.	-0.108	0.192	0.068	-1.580	0.158	Rejected
Pair 21	Pre-FL Hindalco Industries Ltd. - Post- FL Hindalco Industries Ltd.	-0.115	0.232	0.082	-1.400	0.204	Rejected
Pair 22	Pre-FL Hindustan Unilever Ltd. - Post- FL Hindustan Unilever Ltd.	0.034	0.057	0.020	1.688	0.135	Rejected
Pair 23	Pre-FL Housing Development Finance Corpn. Ltd. - Post- FL Housing Development Finance Corpn. Ltd.	0.551	0.860	0.304	1.813	0.113	Rejected
Pair 24	Pre-FL I C I C I Bank Ltd. - Post- FL I C I C I Bank Ltd.	1.853	3.543	1.253	1.479	0.183	Rejected
Pair 25	Pre-FL I T C Ltd. - Post- FL I T C Ltd.	0.075	0.079	0.028	2.688	0.031	Accepted
Pair 26	Pre-FL Idea Cellular Ltd. - Post- FL Idea Cellular Ltd.	-0.490	8.780	3.104	-0.158	0.879	Rejected
Pair 27	Pre-FL Indusind Bank Ltd. - Post- FL Indusind Bank Ltd.	3.584	6.052	2.140	1.675	0.138	Rejected
Pair 28	Pre-FL Infosys Ltd. - Post- FL Infosys Ltd.	0.081	0.027	0.010	8.524	0.000	Accepted
Pair 29	Pre-FL Kotak Mahindra Bank Ltd. - Post- FL Kotak Mahindra Bank Ltd.	-1.068	1.454	0.514	-2.077	0.076	Rejected
Pair 30	Pre-FL Larsen & Toubro Ltd. - Post- FL Larsen & Toubro Ltd.	0.955	0.877	0.310	3.080	0.018	Accepted

Pair 31	Pre-FL Lupin Ltd. - Post- FL Lupin Ltd.	0.853	0.406	0.144	5.939	0.001	Accepted
Pair 32	Pre-FL Mahindra & Mahindra Ltd. - Post- FL Mahindra & Mahindra Ltd.	1.034	0.962	0.340	3.038	0.019	Accepted
Pair 33	Pre-FL Maruti Suzuki India Ltd. - Post- FL Maruti Suzuki India Ltd.	0.471	1.988	0.703	0.671	0.524	Rejected
Pair 34	Pre-FL N T P C Ltd. - Post- FL N T P C Ltd.	0.296	0.302	0.107	2.776	0.027	Accepted
Pair 35	Pre-FL Oil & Natural Gas Corpn. Ltd. - Post- FL Oil & Natural Gas Corpn. Ltd.	-0.078	0.515	0.182	-0.426	0.683	Rejected
Pair 36	Pre-FL Power Grid Corpn. Of India Ltd. - Post- FL Power Grid Corpn. Of India Ltd.	0.410	0.372	0.132	3.117	0.017	Accepted
Pair 37	Pre-FL Punjab National Bank - Post- FL Punjab National Bank	1.270	3.424	1.210	1.049	0.329	Rejected
Pair 38	Pre-FL Reliance Industries Ltd. - Post- FL Reliance Industries Ltd.	0.346	0.246	0.087	3.983	0.005	Accepted
Pair 39	Pre-FL State Bank Of India - Post- FL State Bank Of India	1.723	2.871	1.015	1.697	0.134	Rejected
Pair 40	Pre-FL Sun Pharmaceutical Inds. Ltd. - Post- FL Sun Pharmaceutical Inds. Ltd.	0.124	0.156	0.055	2.238	0.060	Rejected
Pair 41	Pre-FL Tata Consultancy Services Ltd. - Post- FL Tata Consultancy Services Ltd.	-0.058	0.088	0.031	-1.839	0.109	Rejected
Pair 42	Pre-FL Tata Motors Ltd. - Post- FL Tata Motors Ltd.	-2.935	12.293	4.346	-0.675	0.521	Rejected
Pair 43	Pre-FL Tata Power Co. Ltd. - Post- FL Tata Power Co. Ltd.	0.189	0.312	0.110	1.712	0.131	Rejected
Pair 44	Pre-FL Tata Steel Ltd. - Post- FL Tata Steel Ltd.	1.031	1.369	0.484	2.131	0.071	Rejected
Pair 45	Pre-FL Tech Mahindra Ltd. - Post- FL Tech Mahindra Ltd.	-0.106	0.269	0.095	-1.116	0.301	Rejected
Pair 46	Pre-FL Ultratech Cement Ltd. - Post- FL Ultratech Cement Ltd.	-0.798	4.918	1.739	-0.459	0.660	Rejected
Pair 47	Pre-FL Vedanta Ltd. - Post- FL Vedanta Ltd.	-1.880	6.206	2.194	-0.857	0.420	Rejected
Pair 48	Pre-FL Wipro Ltd. - Post- FL Wipro Ltd.	0.143	0.404	0.143	0.998	0.352	Rejected
Pair 49	Pre-FL Yes Bank Ltd. - Post- FL Yes Bank Ltd.	-1.485	1.900	0.672	-2.211	0.063	Rejected
Pair 50	Pre-FL Zee Entertainment Enterprises Ltd. - Post- FL Zee Entertainment Enterprises Ltd.	0.249	0.311	0.110	2.261	0.058	Rejected

The results of Paired Samples t-Test in Table-4 depict that the alternative hypotheses of 31 companies have been rejected while it has been accepted for 19 companies. Hence statistically there is no significance impact of implementation of clause-49 of corporate governance on the financial leverage of most of the nifty-50 companies in India. The industries were further clustered on the basis of acceptance and rejection of the hypotheses. It has been observed that financial leverage of the firms affected significantly are not from a particular group of companies.

Conclusion, Limitations and Future Scope

As per this study the corporate governance (clause-49) plays a significant role for the improvement in earnings per share for most of the nifty-50 firms but

not protest its impact on other selected parameter for firm performance i.e. gross profit ratio, net profit ratio and financial leverage.

Researchers have taken the current list of Nifty 50 companies, which may not be the same for the entire 16 years of study as some companies keep on changing in the list from time to time. So, data of the companies mentioned in the current list of Nifty 50 index is taken for this research purpose to maintain the consistency, thereby some variation may occurred in the data collected from deferent sources. Other variables were assumed as constant while testing the impact of clause-49 implementation on the performance of the listed companies in India.

A comprehensive research may be done by taking top 100 or top 200 listed companies to find out this

impact with Individual Industry wise study and/or comparative study may also done to find out the implementation status and its impact on firm performance. A detailed study may also be conducted to list out the important factors in Corporate Governance and their individual and /or cumulative impact on firm performance.

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