

Corporate Governance Disclosure Practices of Selected Pharmaceutical Companies in India

Raj Kamal Prajapati
Research Scholar,
Faculty of Commerce
Banaras Hindu University

Dr. K. K. Misra
Professor,
Faculty of Commerce
Banaras Hindu University

Abstract:- Purpose of this paper is to examine the corporate governance practice in the pharmaceutical industry in India as per new norms of SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015. For this study, top 20 companies are selected as sample companies on the basis of market capitalization. Some norms are applicable from 01-04-2019 so data were collected from that effective date (01-04-2019) and only two financial years (2019-20 and 2020-21) were selected as time periods because of non-availability of other year data. Only secondary data were used for the purpose of this study and most of the data were collected through annual reports of selected companies. There are 159 items that are inserted to construct a corporate governance disclosure index which is grouped into 21 parameters and a dummy value is used to score if a particular item was followed by the company then score one is given otherwise zero. Equal and unequal method is used for the purpose of calculation of corporate governance disclosure score. Finding of the study shows that only three companies i.e. IPCA (91.19%), Cipla Company (82.70%), Laurus Lab (79.87%) are nearest to the maximum score and other companies are far away from the maximum score. Thus, there is a need to improve the level of disclosures of corporate governance so that domestic and abroad investor's confidence may be maintained along with protection of interest of other stakeholders of the company.

Keyword:- Corporate governance, SEBI (LODR) Regulations, 2015, Committee, Independent women directors.

I. INTRODUCTION

Sustainable growth and success of any country or society depends upon the collective function of a united group and resources and for better unity and coordination in society or any organization there should be a clear set of rules and regulations (Swami, 2007). There are different types of organizational structure in the present era, some of the cases handled by single or small group ownership or in other cases, the large or diverse ownership. In single ownership not more public interest are inherent while in other cases more public interests are attached with organization. So, (BAJPAI, 2016) it is being increasingly believed that in the majority of cases, organizations land up in financial distress mainly due to deficiency in corporate governance. (OECD, 2012) Corporate governance is treated as arrangements that are all about achieving the appropriate tradeoff between the degree of commitment and control to different parties with ensuring to promote corporate

activities and its values. (Lahlou, 2018) According to Shleifer and Vishny (1997) corporate governance is the way in which suppliers of finance to corporations assure themselves of getting a return on their investment.

(CFA, 2005) According to traditional definition of governance, it is the power delegated to the board of directors which act on behalf of and in interest of shareholders because shareholders usually do not have requisite skills to manage the company, however, they delegate the responsibility to people who can. (Swami, 2007) According to Financial Times (1997), corporate governance-which can be defined narrowly as the relationship of a company to its shareholders or more broadly, as its relationship to society.

(Fernando, Muraleedharan, & Satheesh, 2018) Corporate governance is basically based on the principles i.e. Principle of fairness, transparency principle, principle of accountability, fiduciary principle, reliability principle, principle of dignity, propriety principle and responsiveness principle. (Sharma P. K2015) While scholars stated that there are four principles of corporate governance i. e. transparency, accountability, fairness and responsibility.

II. LITERATURE REVIEWS

(Lipman&Lipman, 2006) Have stated that corporate governance image enhances the goodwill of entities and makes it more attractive to the customers, investors and suppliers along with non-profit organizations also. (Gupta & Sharma, 2014) Found that India has more stringent corporate governance practices which are based on the US model and it was also found that there was no impact of corporate governance practices on share price of companies but it had a very limited impact on financial performance. (Singhvi&Surendra, 1971) Examine the positive relation between type of CPA firm and quality of disclosure. (Yu, 2010) Found positive impact of corporate governance for different levels of analysts such as managers and investors, standard setters and regulators in emerging economies. It also insists that companies can improve the information environment by improving corporate governance at organization level. (Petra, 2006) Paper suggested that corporate governance reforms should focus directly on corporate boardrooms where the shareholders may insist directors' interest to be separate from CEO and upper management. It also suggested that the majority of reforms would have been satisfied by the global governance structure. (Donker&Zahir, 2008) Research shows a weak relationship between corporate governance rating and corporate performance. (Talamo, 2011) It was found

evidence that in less open market countries stronger ownerships were restricted and corporate seen the weak corporate governance while in open market countries have powerful and larger opportunities of investment. (Proimos, 2005)It was insisted in this paper that corporate governance should be effective so that it does not work as a guideline but also work as monitoring with stringent penalties if breaching of corporate governance principles. (Paul, 2017) Paper indicates that board meetings have positively related to firm performance (in this paper ROA is used as a firm performance tools), here it was clearly indicated that all major board activities related decisions are made in board meetings so significant attendance in board meetings is good indicators for monitoring of board activities. (Saravanan, Srikanth, &Avabruth , 2016) It is indicated that good governance practices in the firm depend upon the presence of a Non-executive director in the boardroom. Corporate governance has a positive impact on firm performance. (Arora&Bhandari, 2017) In this paper it is also stated that along with governance practices firms should focus on the CSR initiative as it leads to increase in firm value. After study of many research reports it is found that nobody conducted research work done with new norms of SEBI (LODR) Regulations, 2015 in India which is affected 01-04-2019.

A. Objective of the study:

- To study the corporate governance practices as per new norms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in selected Pharmaceutical Industry.
- To study the corporate governance disclosure practices according to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 of selected pharmaceutical companies in India.

III. RESEARCH METHODOLOGY

A. Scope of the study:

The study includes all pharmaceutical companies listed on BSE selected as population for this study, for the financial year 2019-20 to 2020-21. The total numbers of companies are 150 out of which top 20 pharmaceutical companies are selected on the basis of market capitalization as sample.

B. Period of the Study:

The study has been conducted for two years only from the financial year 2019-20 to 2020-21. These years have been selected as per availability of data because of new SEBI (Listing Obligations and Disclosure Requirements) regulations, 2015 mostly affected from the date 1.4.2019 and for the next financial year.

C. Data Collection:

The study is basically based on secondary data. Annual reports of all selected companies are used as a source of data.

D. Analysis of Data:

The study uses the 159 items of corporate governance which includes mandatory and non-mandatory disclosures as per the SEBI (Listing Obligations and Disclosure

Requirements) Regulations, 2015. These items were divided into 20 parameters, one item for corporate philosophy on code of governance, 28 items for Board of Directors, 11 items for Audit Committee, 9 items for Nomination and Remuneration Committee, 8 items for Remuneration of directors, 11 items for Shareholder Relationship committee, 4 items for Risk Management Committee, 30 items for Other Disclosure Practices, 9 items for Functional Websites, 5 items for Corporate governance requirements with respect to subsidiary of listed entity, one item for Secretarial Audit, 7 items for Obligation with respect to Independent Directors, 3 items for Obligations with respect to employees including senior management, key persons, directors and promoters, 6 items for General Body Meeting, 5 items for Means of Communication, 18 items for General Shareholders Information, one item for Declaration signed by CEO stating that the members of board of directors and senior management person of directors, One item for Compliance certificate from either Auditor or company secretary related to compliance of conditions of corporate governance and one items for Disclosures with respect to demat suspense account/unclaimed suspense account (Para no. F schedule –V).

E. Equal and Unequal Weight Method: (Singh &Gite, 2015)

It is used to calculate the corporate governance disclosure score of selected pharmaceutical companies.

$$\text{Corporate governance score} = \frac{\text{Score gained by selected companies}}{\text{total score}} \times 100$$

F. Results of Corporate Governance Disclosure (Item wise)

Items wise corporate governance disclosures of selected Pharmaceutical companies in India are shown in above table-1. The gist of the table-1 highlights, there is 100 percent of disclosure of 59 items out of 164 items in the checklist. There are 21 parameters in corporate governance disclosures which contain some points. The summary of all parameters are as follows:

G. Corporate Philosophy of code of governance:

Corporate governance philosophy was disclosed by all selected pharmaceutical companies in each year of study, there was 100 percent of mean disclosure score for these items.

H. Board of directors:

Board of directors monitor managers and control companies on behalf of all shareholders and they are expected to oversee corporate policies and strategies related to companies (Swami, 2007). Board of directors covers 28 points out of those 11 items were 100 percent disclosed by selected all pharmaceutical companies as shown in calculated mean in table-1. Other items like number shares and convertible instruments held by non-executive director was disclosed by 77.5 percent companies, both code of conduct for board of directors and senior management disclosed by 90 percent, whereas code of conduct for independent directors depicted by 52.5% companies, disclosure for relationship between directors inter-se disclosed by 95% companies, board of directors periodically

reviewed compliance report related to all laws applicable to listed entity disclosed only 12.5% companies, The board of directors satisfied itself that plans are in proper ways for orderly succession for appointment to the board of directors and senior management disclosed by mere 5% companies, Matrix setting out the skill/expertise/competence of the board of directors disclosed by 92.5% companies, Detail reasons for resignation of an Independent director (resignation before the expiry of his tenure) disclosed by only 27.5% companies, Minimum information are placed before Board of directors disclosed by 15% companies, Chief Executive Officer (CEO) and Chief Financial Officer provided compliance certificate to the board of directors disclosed by 52.5% companies, Independent directors have not any stock option disclosed by 20 percent companies, Board of directors comprise minimum half of Independent directors disclosed by 55 percent companies, Listed entity did not appoint a person or continue the directorship of any person as a non-executive directors who has attained the age of 75 years disclosed by 7.5 percent companies, Evaluation of Independent director has done by BOD disclosed by 80 percent companies and Separate post of chairperson and chief executive officer disclosed by 65% companies.

I. Audit Committee:

According to Section 177 of the Companies Act, 2013 and Rule 6 of the Companies (Meeting of Board and its Powers) Rule, 2014 the board of directors shall constitute an Audit Committee. It works as a link between board of directors and auditors (external and internal) and it oversees the financial reporting process and disclosure of its financial information is correct and sufficient (Sharma, 2018). This head covers eleven items out of which 8 items were disclosing by all selected companies (100 percent companies followed eight items) remaining items like all members of audit committee are financial literate and minimum one member having accounting or related financial management expertise was disclosed by 55 percent companies, Chairperson of the audit committee is present at annual general meeting to answer shareholders' queries disclosed by 97.5 percent companies, The company secretary acted as the secretary of audit committee disclosed by 80 percent companies.

J. Nomination and Remuneration Committee:

According to Section 177 of the Companies Act, 2013 and Rule 6 of the Companies (Meeting of Board and its Powers) Rule, 2014 the board of directors shall constitute Nomination and Remuneration Committee and it determines the slate of directors nominees for election to company identify and recommend candidates to fill vacancies occurring between AGM (Sharma, 2018). It includes nine items in which only five items were disclosed by all companies (100 percent disclosure), whereas items like All the directors of committee are non-executive directors was disclosed by 65 percent companies, Chairperson of the committee is Independent director disclosed by 92.5 percent companies, Chairperson was present at annual general meeting to answer shareholders' queries and Performance evaluation criteria for Independent Directors by 90 percent companies.

K. Remuneration of Directors:

Only one item i.e. disclosures in respect to remuneration such as salary, benefits, bonuses, stock options, pension etc. was disclosed by all companies and other items such as All pecuniary relationship of non-executive directors disclosed in annual report in case of listed entity, Criteria of making payments to non-executive directors, Details of performance incentive along with criteria, Service contracts of directors, Notice period of director, Severances fees of director and Detail of stock option were disclosed 82.5 percent, 90 percent, 67.5 percent, 85 percent, 65 percent, 52.5 percent, 72.5 percent companies respectively.

L. Shareholder relationship committee:

According to section 178 of Company Act, 2013 board of directors shall constitute Stakeholder Relationship Committee to look into redressal of shareholders' complaints (Sharma, 2018). Under this head, 4 items were disclosed by all companies (i. e. Chairperson of the committee is non-executive director, Name of chairperson, Minimum three directors are in committee and Chairperson of SRC was present at annual general meeting to answer queries of shareholders with 100 percentage disclosure score). Similarly, others items such as Name and designation of compliance officer, At least one director is independent director, Meeting of SRC held at least once in a year, Roll of SRC, Number of shareholders' complaints received so far, Number of unsolved complaints to satisfaction of shareholders and Number of pending complaints were disclosed by 92.5 percent companies, 90 percent companies, 92.5 percent companies, 92.5 percent companies, 95 percent companies, 95 percent companies and 95 percent companies respectively.

M. Risk Management Committee:

Risk management is the identification, assessment, and prioritization of risks and RMC is to assist the board of directors in fulfilling its oversight responsibilities related to risks inherent in organization (Sharma, 2018). It covers 4 items and all items like Constitution of Risk Management Committee, Majority of board of directors in membership of RMC; Chairperson of RMC was member of the board of directors and At least once meeting in a year were disclosed by all companies (100 percent score gained by all companies).

N. Disclosures practices:

According to Howard Schultz 'the currency of leadership is transparency while Narayan Murthy, the Chairman of Infosys adds 'Good disclosures are needed to enhance the trust of stakeholders at large' (BAJPAI, 2016). It contains 30 items out of that 6 items were 100 percent disclosed by selected companies and other items like significant related party transactions that may have potential conflict with the interest of listed entity at large was disclosed by 92.5% selected companies, Prior approval of audit committee for all related party transactions disclosed by 50% selected companies, Details of compliance of mandatory requirement disclosed by 45 % selected companies, adaption of the non-mandatory requirements disclosed by 60% selected companies, Web link containing policy determining material subsidiaries disclosed by 90 % selected companies,

Disclosure of commodity price risks and commodity hedging activities disclosed by 52.5% companies, Detail of uses of funds raised through preferential allotment or qualified institutions placements disclosed by 80 percent companies, Certificate from company secretary (none of the directors on the board of the company have been debarred or disqualified in case of appointment) disclosed by 87.5 percent companies, If the board did not accept any recommendation of any committee of the board which is mandatory required in relevant FY to be disclosed along with reason disclosed by 57.5% companies, Total fees for all services paid by listed entity and its subsidiaries to statutory auditor and network firm of which statutory auditor is part disclosed by 95 percent companies, Details of non-compliance by listed entity, penalties, strictures imposed on the listed entity, at any matter related to capital market during the last three years disclosed by 85 percent companies, Non-compliance of any requirement of corporate governance report of sub-para (2) to (10) above, with reasons disclosed by 25% percent companies, The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 Regulation disclosed by 50 percent companies, Disclosure of quarterly compliance report on corporate governance & Sign either by compliance officer or chief executive officer on quarterly compliance report disclosed by none of the selected companies, Audit qualification/ Modified opinion in audit report disclosed by 77.5% companies, Half yearly declaration of financial performance sent to shareholders disclosed by 17.5% companies, Summary of significant events in last six months sent to shareholders disclosed by only 10 percent companies, Reporting of internal auditing disclosed by 62.5 percent companies, Separate non-executive chairman's office disclosed by 45 percent companies, Intimation to shareholders about appointment of new directors or reappointment of a director shareholder disclosed by 22.5 percent companies, Disclosure of resignation of directors disclosed by and Disclosures of formal letter of appointment disclosed by 27.5 percent companies, Disclosure of remuneration policy and evaluation criteria disclosed by 90 percent companies etc.

O. Functional websites (SEBI regulation 46):

None of the companies disclosed all the items with 100 percent included in this head. In comparatively other head of corporate governance score, this head covers least disclosure of corporate governance score. Three items like as Terms and conditions of appointment of Independent director, Composition of various committee of board of director and Criteria of making payments to non-executive directors were disclosed by only 5 percent companies whereas two items such as Code of conduct of board of director and Detail of familiarization programs imparting to Independent director were disclosed by mere 12.5 percent companies. Similarly, another two items such as Code of conduct of senior management personnel and Policy concerning related party transactions were disclosed by 15 percent companies whereas two items including detail of establishment of vigil mechanism and Policy for determining material subsidiaries were disclosed by 10 percent companies.

P. Corporate governance requirements with respect to subsidiary of listed entity:

Items such as, Material subsidiary of listed entity (disclosed by 62.5 percent companies), At least one independent directors of listed entity be director on the board of unlisted material subsidiary (disclosed by 17.5 percent companies), Audit committee of listed entity reviewed financial statement which contained investments made by unlisted subsidiary (disclosed by 37.5 percent companies), Minutes of meetings of the board of directors of the unlisted subsidiary placed at the meeting of the board of listed entity (disclosed by 35 percent companies), Statements of all significant transactions and arrangements entered into by the unlisted subsidiary (disclosed by 30 percent companies). It means none of the companies followed 100 percent score under this head.

Q. Secretarial audit

It includes only one item and all companies disclose its item.

R. Obligations with respect to Independent directors:

This includes seven items out of which only items i.e. At least one meeting of independent directors in a year and List of various programs through which independent directors are familiarized disclosed by all companies whereas items such as , no person is appointed or continued as alternate directors for and independent directors disclosed by 15 percent companies, Maximum tenure of independent directors disclosed by 42.5 percent companies, Review the performance of independent directors and the board of directors disclosed by 77.5 percent companies, Review the performance of the chairperson disclosed by 80 percent companies, Assess the quality, quantity and timelines of flow of information between the management and the board disclosed by 42.5 percent companies and so on.

S. Obligations with respect to employees including senior management, key persons, directors and promoters:

It includes only three items out of which two items (Limits of committees and Affirmation on compliance of code of conduct by director and senior management) were disclosed by all selected companies while one items i.e. Disclosure by senior management to the board of directors about all material, financial and commercial transactions was disclosed by only 22.5 percent of companies.

T. General Body Meeting:

General body meeting covers 6 items two items such as Location and time (last three AGMs held) and whether the any special resolutions passed in the previous three annual general meetings were disclosed by 100 percent (disclosed by all companies) whereas Whether any resolution passed last year through postal ballot-details of voting pattern disclosed by 85 percent companies, Person who conducted the postal ballot exercise disclosed by 77.5 percent companies, Whether any special resolution is proposed to be conducted through postal ballot disclosed by 60 percent companies and Procedure for postal ballot disclosed by 80 percent companies.

U. Means of Communication:

It covers 5 items such as Quarterly results, Newspapers, Any website, Official news releases and Presentations made to institutional investors or to analysts. All these items were disclosed by 100 percent companies.

V. General shareholder information:

There are eighteen items included in this head out of which only 8 items were disclosed by 100 percent companies while the other ten were not disclosed by all companies. these items such as Dividend payments date disclosed by 85 percent companies, Name and address of each stock exchange at which securities of listed entity are listed disclosed by 87.5 percent companies, Confirmation about payment of annual listing fee to each stock exchange disclosed by 92.5 percent companies, In case the securities are suspended from trading, the directors report shall explain the reason thereof disclosed by 22.5 percent companies, Appointment of Registrar to an issue and share transfer agents disclosed by 80 percent companies, Share

transfer system disclosed by 75 percent companies, ADR, GDR or warrants or any convertible instrument conversion date and equity disclosed by 82.5 percent companies, Commodity price risk or foreign exchange risk and hedging activities disclosed by 75 percent companies, Plant locations disclosed by 92.5 percent companies and List of all credit ratings obtained by the entity disclosed by 85 percent companies.

There are three items in spite of above items such as Declaration signed by CEO stating that the members of board of directors and senior management persons of directors, Compliance certificate from either Auditor or company secretary related to compliance of conditions of corporate governance and Disclosures with respect to demat suspense account/unclaimed suspense account (Para no. F schedule –V) were disclosed by 97.5 percent, 97.5 percent and 62.5 percent respectively.

Company	2019-20	2020-21	Mean	SD
Sun Pharma	118	123	120.5	3.54
Divis Labs	115	127	121	8.49
Dr. Reddy Labs	115	114	114.5	0.71
Cipla	129	134	131.5	3.54
Cadila Health	126	125	125.5	0.71
AurobindoPharma	125	126	125.5	0.71
Lupin	108	110	109	1.41
Gland	14	110	62	67.88
Torrent pharma	118	119	118.5	0.71
Alkem Lab	115	123	119	5.66
Abbott India	119	128	123.5	6.36
Laurus Labs	125	129	127	2.83
Ipcalabs	153	137	145	11.31
GlaxoSmithKline	116	112	114	2.83
NatcoPharma	103	109	106	4.24
Alembic Pharma	117	125	121	5.66
Glenmark	108	117	112.5	6.36
Ajanta Pharma	124	125	124.5	0.71
SuvenPharma	116	132	124	11.31

Table 1

Source: Compile from annual report selected companies)

The table-1 shows the mean score of IPCA Lab (145) is maximum followed by Cipla Company (131.5), Laurus Labs (127), Cadila Health (125.5), AurobindoPharma (125.5), Ajanta Pharma (124.5), SuvenPharam (124), Abott India (123.5), both Divis Lab and Alembic Pharma (121), Sun Pharma (120.5), Alembic Lab(119), Torrent Pharma (118.5), Dr. Reddy Lab (114.5), Glaxo Smith Line (114), Glenmark (112.5), Lupin (109), NatcoPharma (106) and Gland (62). Similarly, Highest standard deviation has been seen in the Gland (67.88) followed by both IPCA Labs and SuvenPharma (11.31), Divis Lab (8.49), both Glenmark and Abbott (6.36), both Alem Lab and Alembic (5.66), NatcoPharma (4.24), both Sun Pharma and Cipla (3.54), Glaxo Smith Kline and Laurus Lab (2.83), Lupin (1.41), four companies i.e. Dr. Reddy Lab, Cadila Health, AurobindoPharma, TorrentoPharma and Ajanta Pharma (0.71). The maximum governance score are determined 100 percent (total 159 score) while top five scores companies

are IPCA (91.19%), Cipla Company (82.70%), Laurus Lab (79.87%), and both Cadila Health and Aurobindo (78.93%) and disclosure score of other companies are below these score.

IV. CONCLUSION

It has been observed from the items wise analysis that four parameters such as Corporate Philosophy on code of governance, Risk Management committee, Secretarial audit, Means of Communication were disclosed by all companies while other five parameters were disclosed by above the 90 percent (Nomination and Remuneration Committee 93.05 % companies, audit committee 93.86, shareholders Relationship Committee 95.86% companies, Declaration signed by CEO and Compliance certificate from either Auditor or company secretary both 97.5 % companies) but less than 100 percent companies. Similarly, eights

parameters were disclosed by above the 60 percent but less than 90 percent companies expect two parameter i.e. CG requirements with respect to subsidiaries of listed entities (36.5%), and Functional websites 10%). (SEBI, 02-09-2015) There four items i.e. 'a non-executive chairperson may be entitled to maintain a chairperson's office at the listed entity's expenses and also allowed reimbursement of expenses incurred in performance of his duties, Shareholders' rights, Modified opinion in audit report and Reporting of internal auditor' are under discretionary requirements Part-E, section 27(1) in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulation, 2015 which is almost 2.515 percent of total score other 97.485 percent items were must be followed by listed companies. But no companies gained this disclosure score while some companies such as IPCA (91.19%), Cipla Company (82.70%), Laurus Lab (79.87%) nearest this score. thus, it is concluded that improvement is required to by pharmaceutical companies in level of corporate governance disclosure because, it is the time of global era need to be maintained corporate governance standards and also people of country gradually aware their interest, so the corporate governance principles should be followed.

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Corporate Governance Parameters	total	2019-20	%	2020-21	%
Corporate Philosophy on code of governance	20	20	100	20	100
Board of Directors					
Optimum combination of executive and non-executive directors	20	20	100	20	100
At least one independent women directors in the board	20	20	100	20	100
Board meeting	20	20	100	20	100
Attendance of director at board meeting	20	20	100	20	100
Attendance of directors at annual general meeting	20	20	100	19	95
Number of board meeting held	20	20	100	20	100
Date of board meeting	20	20	100	20	100
Number of share and convertible instrument held by non-executive directors	20	15	75	16	80
Code of conduct for board of directors	20	18	90	18	90
Code of conduct for senior management	20	18	90	18	90
Code of conduct for Independent directors which included duties of Independent directors	20	10	50	11	55
Disclosure of relationship between directors inter-se	20	19	95	19	95
Details of familiarization programs provided to Independent directors is disclosed on web link	20	20	100	20	100
The board of directors periodically reviewed compliance reports related to all laws applicable to listed entity	20	2	10	3	15
The board of directors satisfied itself that plans are in proper ways for orderly succession for appointment to the board of directors and senior management	20	1	5	1	5
Matrix setting out the skill/expertise/competence of the board of directors	20	18	90	19	95
Detail reasons for resignation of an Independent director (resignation before the expiry of his tenure)	20	5	25	6	30
Minimum information are placed before Board of directors	20	2	10	4	20
Chief Executive Officer (CEO) and Chief Financial Officer provided compliance certificate to the board of directors	20	11	55	10	50
Listing entities laid down procedure to inform members of board of directors about risk assessment and minimization procedures	20	20	100	20	100
Independent directors have not any stock option	20	4	20	4	20
Board of director of the top 1000 listed entities comprise minimum six directors	20	20	100	20	100
Board of directors comprise minimum half of Independent directors	20	10	50	12	60
Listed entity did not appoint a person or continue the directorship of any person as a non-executive directors who has attained the age of 75 years	20	1	5	2	10
Quorum of meeting (1/3 total strength or 3 directors whichever is higher)	20	20	100	20	100
Quorum of meeting comprise of at least one Independent director	20	20	100	20	100
Evaluation of Independent director has done by BOD	20	15	75	17	85
Separate post of chairperson and chief executive officer	20	13	65	13	65
Audit Committee					
Audit committee has minimum three members as directors	20	20	100	20	100
Two third members of audit committee are independent directors	20	20	100	20	100
All members of audit committee are financial literate and minimum one member having accounting or related financial management expertise	20	10	50	12	60
Chairperson of the audit committee is Independent director	20	20	100	20	100
Chairperson of the audit committee is present at annual general meeting to answer shareholders' queries	20	20	100	19	95
The company secretary acted as the secretary of audit committee	20	15	75	17	85
Audit committee meeting	20	20	100	20	100

Quorum of audit committee meeting (2 or 1/3 whichever is more)	20	20	100	20	100
At least two Independent directors in the audit committee meeting	20	20	100	20	100
Attendance of member during the year	20	20	100	20	100
Role of the audit committee	20	20	100	20	100
Nomination and Remuneration Committee					
Committee has minimum three directors	20	20	100	20	100
Name of the member and chairman	20	20	100	20	100
All the directors of committee are non-executive directors	20	12	60	14	70
At least half of directors are independent directors in committee	20	20	100	20	100
Chairperson of the committee is Independent director	20	18	90	19	95
Chairperson was present at annual general meeting to answer shareholders' queries	20	17	85	19	95
Nomination and Remuneration committee has been conducted at least once meeting in year	20	20	100	20	100
Quorum for meeting (two or one third of committee)	20	20	100	20	100
Performance evaluation criteria for Independent Directors	20	18	90	18	90
Remuneration of Directors					
All pecuniary relationship of non-executive directors disclosed in annual report in case of listed entity	20	16	80	17	85
Criteria of making payments to non-executive directors,	20	17	85	19	95
Disclosure in respect to remuneration such as salary, benefits, bonuses, stock options, pension etc.	20	20	100	20	100
Details of performance incentive along with criteria	20	12	60	15	75
Service contracts of directors	20	16	80	18	90
Notice period of director	20	13	65	13	65
Severances fees of director	20	9	45	12	60
Detail of stock option	20	14	70	15	75
Shareholder relationship committee					
Chairperson of the committee is non-executive director	20	20	100	20	100
Name of chairperson	20	20	100	20	100
Name and designation of compliance officer	20	18	90	19	95
Minimum three directors are in committee	20	20	100	20	100
At least one director is independent director	20	17	85	19	95
Chairperson of SRC was present at annual general meeting to answer queries of shareholder	20	20	100	20	100
Meeting of SRC held at least once in a year	20	18	90	19	95
Roll of SRC	20	18	90	19	95
Number of shareholders' complaints received so far	20	19	95	19	95
Number of unsolved complaints to satisfaction of shareholders	20	19	95	19	95
Number of pending complaints	20	19	95	19	95
Risk Management Committee					
Constitution of Risk Management Committee	20	20	100	20	100
Majority of board of directors in membership of RMC	20	20	100	20	100
Chairperson of RMC was member of the board of director	20	20	100	20	100
At least once meeting in a year	20	20	100	20	100
Disclosures practices					
Significant related party transactions that may have potential conflict with the interest of listed entity at large	20	18	90	19	95
Prior approval of audit committee for all related party transactions	20	9	45	11	55

Establishment of vigil mechanism	20	20	100	20	100
Details of compliance of mandatory requirement	20	8	40	10	50
adaption of the non-mandatory requirements	20	10	50	14	70
Web link containing policy determining material subsidiaries	20	18	90	18	90
Web link contains policy related to related party transactions	20	20	100	20	100
Disclosure of commodity price risks and commodity hedging activities	20	9	45	12	60
Detail of uses of funds raised through preferential allotment or qualified institutions placements	20	16	80	16	80
Certificate from company secretary (none of the directors on the board of the company have been debarred or disqualified in case of appointment)	20	17	85	18	90
If the board did not accept any recommendation of any committee of the board which is mandatory required in relevant FY to be disclosed along with reason	20	11	55	12	60
Total fees for all services paid by listed entity and its subsidiaries to statutory auditor and network firm of which statutory auditor is part	20	19	95	19	95
Disclosure in relation to sexual harassment of women at workplace (includes only 13,14,15)					
Total complaints filed during financial year	20	20	100	20	100
Total complaints disposed of during the financial year	20	20	100	20	100
Total complaints pending as on and of financial year	20	20	100	20	100
Details of non-compliance by listed entity, penalties, strictures imposed on the listed entity, at any matter related to capital market during the last three years	20	16	80	18	90
Non-compliance of any requirement of corporate governance report of sub-paras (2) to (10) above, with reasons thereof are disclosed	20	4	20	6	30
The Company has duly complied with the requirements specified in Regulations 17 to 27 and Clauses (b) to (i) of sub-regulation (2) of Regulation 46 Regulation	20	10	50	10	50
Discloser of quarterly compliance report on corporate governance	20	0	0	0	0
Sign either by compliance officer or chief executive officer on quarterly compliance report	20	0	0	0	0
Audit qualification/ Modified opinion in audit report	20	15	75	16	80
Half yearly declaration of financial performance sent to shareholders	20	3	15	4	20
Summary of significant events in last six months sent to shareholders	20	2	10	2	10
Reporting of internal auditing	20	11	55	14	70
Separate non-executive chairman's office	20	9	45	9	45
Management discussion and analysis	20	20	100	20	100
Intimation to shareholders about appointment of new directors or reappointment of a director shareholder	20	4	20	5	25
Disclosure of resignation of directors	20	4	20	7	35
Disclosures of formal letter of appointment	20	5	25	6	30
Disclosure of remuneration policy and evaluation criteria	20	17	85	19	95
Functional websites (SEBI regulation 46)					
Terms and conditions of appointment of Independent director	20	1	5	1	5
Composition of various committee of board of director	20	1	5	1	5
Code of conduct of board of director	20	2	10	3	15
Code of conduct of senior management personal	20	3	15	3	15
Detail of establishment of vigil mechanism	20	2	10	2	10
Criteria of making payments to non-executive directors	20	1	5	1	5
Policy concerning to related party transactions	20	3	15	3	15
Policy for determining material subsidiaries	20	2	10	2	10
Detail of familiarization programs imparting to Independent director including to following details	20	2	10	3	15
Corporate governance requirements with respect to subsidiary of listed entity					

Material subsidiary of listed entity	20	12	60	13	65
At least one independent directors of listed entity be director on the board of unlisted material subsidiary	20	3	15	4	20
Audit committee of listed entity reviewed financial statement which contained investments made by unlisted subsidiary	20	7	35	8	40
Minutes of meetings of the board of directors of the unlisted subsidiary placed at the meeting of the board of listed entity	20	6	30	8	40
Statements of all significant transactions and arrangements entered into by the unlisted subsidiary	20	6	30	6	30
Secretarial audit	20	20	100	20	100
Obligations with respect to Independent directors					
No person is appointed or continued as alternate directors for and independent directors	20	2	10	4	20
Maximum tenure of independent directors	20	8	40	9	45
At least one meeting of independent directors in a year	20	20	100	20	100
Review the performance of independent directors and the board of directors	20	15	75	16	80
Review the performance of the chairperson	20	16	80	16	80
Assess the quality, quantity and timelines of flow of information between the management and the board	20	8	40	9	45
List of various programs through which independent directors are familiarized	20	20	100	20	100
Obligations with respect to employees including senior management, key persons, directors and promoters					
Limits of committees (membership not more than 10 public company and chairmanship not more than 5 committees)	20	20	100	20	100
Affirmation on compliance of code of conduct by director and senior management	20	20	100	20	100
Discloser by senior management to board of directors about all material, financial and commercial transactions	20	4	20	5	25
General Body Meeting					
Location and time (last three AGMs held)	20	20	100	20	100
Whether the any special resolutions passed in the previous three annual general meetings	20	20	100	20	100
Whether any resolution passed last year through postal ballot-details of voting pattern	20	16	80	18	90
Person who conducted the postal ballot exercise	20	14	70	17	85
Whether any special resolution is proposed to be conducted through postal ballot	20	12	60	12	60
Procedure for postal ballot	20	15	75	17	85
Means of Communication					
Quarterly results	20	20	100	20	100
Newspapers	20	20	100	20	100
Any website	20	20	100	20	100
Official news releases	20	20	100	20	100
Presentations made to institutional investors or to analysts	20	20	100	20	100
General shareholder information					
AGM: date, time and venue	20	20	100	20	100
Financial year	20	20	100	20	100
Dividend payments date	20	16	80	18	90
Name and address of each stock exchange at which securities of listed entity are listed	20	16	80	19	95
Confirmation about payment of annual listing fee to each stock exchange	20	18	90	19	95
Stock code	20	20	100	20	100
Market price date (high and low during the each month in last financial year)	20	20	100	20	100
Performance in comparison to broad-based indices such as BSE sensx, CRISIL Index	20	20	100	20	100

etc.					
In case the securities are suspended from trading, the directors report shall explain the reason thereof	20	4	20	5	25
Appointment of Registrar to an issue and share transfer agents	20	15	75	17	85
Share transfer system	20	13	65	17	85
Distribution of shareholding	20	20	100	20	100
Dematerialization of shares and liquidity	20	20	100	20	100
ADR, GDR or warrants or any convertible instrument conversion date and equity	20	16	80	17	85
Commodity price risk or foreign exchange risk and hedging activities	20	15	75	15	75
Plant locations	20	18	90	19	95
Address for correspondence	20	20	100	20	100
List of all credit ratings obtained by the entity	20	17	85	17	85
Declaration signed by CEO stating that the members of board of directors and senior management person of directors	20	19	95	20	100
Compliance certificate from either Auditor or company secretary related to compliance of conditions of corporate governance	20	19	95	20	100
Disclosures with respect to demat suspense account/unclaimed suspense account (Para no. F schedule –V)	20	12	60	13	65

Table 2: Corporate Governance Disclosure Score of selected Pharmaceutical Indian companies

Source: Compiled with the help of SEBI (LODR), Regulations 2015