Original Article
ISSN (Online): 2582-7472

ShodhKosh: Journal of Visual and Performing Arts
Multidisciplinary Issue on Humanities, Commerce, Science, Engineering & Technology
January-June 2023 4(MIHCSET), 53–67

IMPACT OF E-GOVERNANCE REFORMS ON FINANCIAL PERFORMANCE OF INDIAN IT COMPANIES UNDER THE COMPANIES ACT 2013

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DOI
10.29121/shodhkosh.v4.iMIHCSET.2023.6067

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

ABSTRACT

Almost a decade ago, economic slowdown in India have been observed. Indian tech giant made some manipulations that busted the bubble of tech boom in India. The non-transparent operations of the company have led this disaster. The concepts of corporate governance have been in existence. Companies remained reluctant in the implementations of the provisions of the corporate governance in India. In 2013 amendments were introduced with the help of Companies Act 2013. It was anticipated that the new laws will improve the transparency and improve corporate governance. It also has introduced digital provisions for corporate governance in India. Present research tried to estimate the performances of Indian companies in last few years. Researchers have also tried to know that whether the new e-corporate governance norms have contribution to the performances of the companies. Researchers have collected information from 90 employees form finance department of these companies. Their response about the impact of e-corporate governance provisions has been test for the frequency variation with the help of chai square test. The interpretation of the effect has been made with the actual financial performances of the IT companies. The research paper tried to focus upon the financial performance of the IT companies in India and it also contribute the legislative reforms in corporate governance provisions in India.

Keywords: IT Industries in India, Financial Performances, E-Corporate Governance

1. INTRODUCTION

When the businesses started, they focused upon the profit. Even the easiest way to explain the objective of a business is profit motives. For smaller operations in businesses, it can be accepted. But as the civilization grew, the structure of businesses has started growing. Businesses started functioning at larger scale and become corporates. But does the profit motives should remain as major objective of such corporates? Can concerns of society and environment should not be a part of business motives? Does the importance of a transparent, accountable and fair business still needed to be explained? The answer is a big 'No'. Humanity have already seen the devastating effects of governance less business. 1984, Bhopal gas tragedy, has created scars on the heart of humanity that can never be forgotten (Dinham, B., & Sarangi, S. 2002). Its is evident that business operations without good governance can lead to social as well as economic losses. In the early years of twenty first century Indian economy was seeming prosperous. But the bubble of prosperity busted as the SATYAM scam appeared. Lack of better governance practices has not only ruined a company but also halted the growth of a nation (Rishi, M., & Singh, A. 2011). In the modern business environments governments knew that it can not be only left to ethical codes of conducts to regulate businesses properly, so the governments in the world have made mandatory laws to enforce the corporate governance. India is no exception. Corporate governance in India is governed through multiple legal frameworks, including the Companies Act, 2013; SEBI's Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015; directives from the Reserve Bank of India (RBI), guidelines of the Insurance Regulatory and Development Authority of India (IRDAI); and the Department of Public Enterprises (DPE). This research specifically focuses on assessing the corporate governance reforms introduced under the Companies Act 2013. Further researchers have tried to analyse the performances of IT industries in India. This study aims to evaluate how legislative reforms in corporate governance have affected the performance of companies in the IT sector of India.

1.1. GENERIC FRAMEWORK OF CORPORATE GOVERNANCE IN INDIA

The concept of corporate governance has its roots in ancient Indian history. Actually, earlier the concepts of corporate governance were used by rulers for statecraft. Balakrishnan Muniapan (2008) used a qualitative research methodology called hermeneutics. He has established the relationship of Kautilya's Arthasastra with corporate social responsibility and corporate governance. The Arthashastra was written with the purpose of managing a kingdom or a country, but the concepts are vitally applicable on modern days businesses. Bharati, P., & Das, D. S. (2012) found the role of Kautilya's Arthasastra for modern day corporate governance. Kautilya has recommended that the State should control practically movements of every sort of administration. While the businessmen were allowed to proceed with their exchanging exercises, they needed to follow the guidelines set somewhere near the State. Kautilya had delegated administrators for pretty much every movement remembered for administration. They included administrators for loads and measures, exchange furthermore, business, farming, mining, indictments, pearls and gems, ponies, elephants, cows, tolls, storage facilities, timberland produce, ordnance, weaving, ships, alcohol, infantry, international IDs.

Modern day corporate governance lies upon three main pillars; transparency of operations, accountabilities towards shareholders and fairness in dealing. Time to time leaders and social influencers have appealed for fair and sustainable business practices. Pande, S., & Ansari, V. A. (2014) suggested the role of governance model based on the Gandhian concept of trusteeship. Due to the social image and ethical values many Indian corporate have contributed to good governance and social sustainably of businesses. TATA group remained one the business form pre-independence till now as most ethical business house of India. But it's not one or two business houses that needs to follow the ethical code of operations but it has been expected from all the business houses to follow the rules. So, finally the government have to intervene and make laws to enforce corporate governance practices among businesses. Post-independence, Indian industrialists showed growing interest in manufacturing essential goods. To support this movement, the government introduced price control mechanisms and established regulatory bodies such as the Bureau of Industrial Costs and Prices and the Tariff Commission. Legislative measures like the Industries (Development and Regulation) Act and the Companies Act were implemented in the 1950s to create a structured industrial framework. The 1960s further marked a significant phase in the expansion of industrial enterprises at a national level. The period between 70s and mid 80s was a period of cost-volume-benefit analysis, as an essential part of the expense book keeping exercises.

1.2. CORPORATE GOVERNANCE IN INDIA

The formal journey of corporate governance reform in India began between 1996 and 2008. Early initiatives emphasized enhancing transparency in boardroom operations and ensuring the effective role of audit committees. A pivotal milestone was the initiative by the Confederation of Indian Industry (CII) in 1996, which introduced the first voluntary code aimed at protecting investor interests. This initiative culminated in a finalized framework released in 1998, laying the groundwork for future regulatory standards.

Kumar Mangalam Birla commission's report was next in this direction. It has focused upon the role of board and management. SEBI constituted a Committee on Corporate Governance (Birla Committee). In 1999 the Committee submitted a report on promoting and raising the standard of Corporate Governance of listed companies. (Clause 49)

April 2001- Report of the Consultative Group of Directors of Banks/Financial Institutions by RBI

December 2002- Report of the Committee (Naresh Chandra) on Corporate Audit and Governance Committee

February 2003 (N. R. Narayan Murthy) – SEBI Report on Corporate Governance

July, 2003 (Naresh Chandra Committee II) Report of the Committee on Regulation of Private Companies and Partnerships

Clause 49 Amendments: In 2004 Clause 49 was further amended by SEBI as per the recommendations of Murthy Committee.

1.3. PROVISIONS OF COMPANY LAW RELATED TO CORPORATE GOVERNANCE

Companies' laws have been amended from time to time. It has following key impact in corporate governance in India:

- Appointment and maximum tenure of Independent Directors. (Section 149)
- Appointment of women director
- Appointment of whole time Key Managerial Personals
- Performance evaluation of Board of Directors
- Enhanced Disclosers
- Forward looking secretarial compliances and secretarial standard are made mandatory
- Enhanced compliances of related party transactions
- Auditors' role (Section 141) and rotations of Auditors
- Remuneration and CSR committee
- Secretarial Audit
- Mandatory electronic Voting

1.4. CONCEPT OF CORPORATE GOVERNANCE AND E- CORPORATE GOVERNANCE

For small businesses, it is always easy to operate. But once a big company gets registered it becomes a legal entity. Now the owner does not have control upon it. here comes the issue of governance. In such dark road of complex business operations, corporate governance becomes the torch bearer. It helps in decision making, accountability, control and behaviour of top management. Corporate governance is very broad spectrum that covers all the modern days' business operation regulations. though valuable, corporate governance had some loopholes. Papers, documents can be forged, fraud in books can be done and sometime companies can manipulate things up to a level where it creates non-compoundable losses. Companies Act 2013 introduced several provisions of digital governance. Apart from governance and transparency it has created green governance methods. Simply it can be said that e-governance means effective regulation of companies in India. It helps in increased participation of stake holders in decision making and helps audit easier thus brings transparent governance.

Ministry of corporate affairs in 2006 started efforts in form of MCA21 project in 2006. It was aiming for fully automated process of enforcement and compliance of legal requirements of Companies ACT 1956, which for now have been replaced by Companies Act 2013. Major provisions of the Act in the direction of e-corporate governance are following:

- Section 120

Documents, records, registers and minutes of the meetings have to be saved in electronic form as prescribed

- Section 128 (1)

encourage the company to keep the account books in electronic format, thus it is helping to Indian Accounting Standards to elevate to International Financial Reporting Standards

- Sending annual reports in digital format
- Paperless communication is allowed for Indian Companies by the Ministry of Corporate Affaires GOI, this has been considered as Green Initiative that can allow notice of general and board meetings Electronically
- Section 171

Company can invite a shareholder for general meeting through emails

- Section 173

Notice can be emailed to BOD

- Board Meetings can be held digitally
- Section 108 and Rule 20

Company (Listed/Having 1000 share holder and above) have to use electronic voting

- Section 20 (1)(2)

e-fining of compliances

Till now researchers have tried to summarise the importance and development of corporate governance in India and found that the provisions have been suitably amended. Further, researchers studied the financial performances of IT giants in India. Specific reason to choose IT sector only was that due to lack of improper corporate governance a decade ago IT sector disaster (SATYAM Scam) had happened. So, it will be worthy to observer the performances of IT companies in last few years.

1.5. INDIAN IT COMPANIES AFTER CORPORATE GOVERNANCE REFORMS

1) Tata Consultancy Services (TCS)

TCS is the largest provider of IT services globally. Founded in 1968, TCS is a part of the Tata Group. At the moment, the company makes up over 70% of Tata Sons' overall revenue.

Profit and Loss								
Consolidated Figures in Rs. Cr./View Standalone								
	March -15	March -16	March -17	March -18	March -19	March -20	March -21	TTM
Sales -	**94,648**	**1,08,646**	**1,17,966**	**1,23,104**	**1,46,463**	**1,56,949**	**1,64,177**	**1,77,998**
Sales Growth %	15.69 %	14.79 %	8.58%	4.36%	18.98 %	7.16%	4.61%	
Expenses -	**70,167**	**77,969**	**85,655**	**90,588**	**1,06,957**	**1,14,840**	**1,17,631**	**1,27,210**
Material Cost %	0%	0%	0%	0%	0%	0%	0%	
Manufacturing Cost %	26%	2%	2%	2%	2%	1%	1%	
Employee Cost %	41%	51%	52%	54%	53%	55%	56%	
Other Cost %	7%	18%	18%	17%	18%	17%	15%	
Operating Profit	**24,482**	**30,677**	**32,311**	**32,516**	**39,506**	**42,109**	**46,546**	**50,788**
OPM %	26%	28%	27%	26%	27%	27%	28%	29%
Other Income	3,720	3,084	4,221	3,642	4,311	4,592	1,916	3,454
Interest	104	33	32	52	198	924	637	609
Depreciation	1,799	1,888	1,987	2,014	2,056	3,529	4,065	4,282
Profit before tax	**26,298**	**31,840**	**34,513**	**34,092**	**41,563**	**42,248**	**43,760**	**49,351**
Tax %	24%	24%	24%	24%	24%	23%	26%	
Net Profit	**19,852**	**24,270**	**26,289**	**25,826**	**31,472**	**32,340**	**32,430**	**36,579**
EPS in Rs	50.68	61.58	66.71	67.46	83.87	86.19	87.67	98.56
Dividend Payout %	78%	35%	35%	37%	36%	85%	43%	

Table 1.1: Profit and Loss Account of TCS during the years of study

Balance Sheet							
Standalone Figures in Rs. Cr. / View Consolidated							
	March -15	March -16	March -17	March -18	March -19	March - 20	March - 21
Share Capital +	196	197	197	191	375	375	370
Reserves	45,221	64,816	77,825	75,675	78,523	73,993	74,424
Borrowings	273	178	250	225	39	5,262	5,077
Other Liabilities +	17,105	11,860	11,172	14,541	20,224	24,998	29,145
Total Liabilities	**62,794**	**77,051**	**89,444**	**90,632**	**99,161**	**1,04,628**	**1,09,016**
Fixed Assets +	7,996	9,080	9,231	9,440	9,661	16,122	16,059
CWIP	2,707	1,640	1,477	1,238	834	781	861
Investments	3,399	24,159	42,930	37,259	30,469	27,875	30,729
Other Assets +	48,692	42,172	35,806	42,695	58,197	59,850	61,367
Total Assets	**62,794**	**77,051**	**89,444**	**90,632**	**99,161**	**1,04,628**	**1,09,016**

Table 1.2: Balance sheet of TCS during the years of study

Cash Flows							
Standalone Figures in Rs. Cr. / View Consolidated							
	March -15	March -16	March -17	March -18	March -19	March -20	March -21
Cash from Operating Activity +	16,320	17,986	23,132	21,587	23,998	26,603	33,822
Cash from Investing Activity +	586	-4,478	-15,834	5,728	5,876	12,967	-4,539
Cash from Financing Activity +	-16,914	-9,586	-10,891	-26,827	-27,825	-39,045	-32,023
Net Cash Flow	**-9**	**3,922**	**-3,593**	**488**	**2,049**	**525**	**-2,740**

Table 13: Cash Flow Statements of TCS during the years of study

Researchers have tried to collect the information about company. Annual reports are a vital source of such information. But different companies have data presented in different formats. So, the researchers have used investment related websites. these website crate information in comprehensive formats. Key observations suggests that the company is making significant profit and over the years their performances are affirmative.

2) Infosys

Infosys, when founded in 1981, only had seven employees, today, it has more than 200,000 employees. It was the first Indian business to go public on the NASDAQ. Infosys is now actively engaged in research into NextGen technologies, artificial intelligence, and machine language in addition to providing software services to a range of industries.

Profit & Loss								
	March -15	March -16	March -17	March -18	March -19	March -20	March-21	TTM
Sales +	53,319	62,441	68,484	70,522	82,675	90,791	1,00,472	1,09,736
Expenses +	38,436	45,362	49,880	51,700	62,505	68,524	72,583	79,787
Operating Profit	**14,883**	**17,079**	**18,604**	**18,822**	**20,170**	**22,267**	**27,889**	**29,949**
OPM %	28%	27%	27%	27%	24%	25%	28%	27%
Other Income	3,430	3,120	3,050	3,311	2,882	2,803	2,201	2,302
Interest	12	0	0	0	0	170	195	196
Depreciation	1,017	1,459	1,703	1,863	2,011	2,893	3,267	3,345
Profit before tax	**17,284**	**18,740**	**19,951**	**20,270**	**21,041**	**22,007**	**26,628**	**28,710**
Tax %	28%	28%	28%	21%	27%	24%	27%	
Net Profit	**12,372**	**13,489**	**14,353**	**16,029**	**15,404**	**16,594**	**19,351**	**20,889**
EPS in Rs	26.93	29.36	31.24	36.69	35.26	38.96	45.42	49.2
Dividend Payout %	55%	41%	41%	59%	60%	45%	59%	

1.4: Profit and Loss Account of Infosys during the years of study

Balance Sheet							
	March - 15	March - 16	March - 17	March - 18	March - 19	March - 20	March - 21
Share Capital +	572	1,144	1,144	1,088	2,170	2,122	2,124
Reserves	50,164	60,600	67,838	63,835	62,778	63,328	74,227
Borrowings	0	0	0	0	0	4,633	5,325
Other Liabilities +	15,553	13,354	14,166	14,426	19,118	21,717	25,835
Total Liabilities	**66,289**	**75,098**	**83,148**	**79,349**	**84,066**	**91,800**	**1,07,511**
Fixed Assets +	11,346	13,386	14,179	12,574	15,710	23,789	25,505
CWIP	776	960	1,365	1,606	1,388	954	922
Investments	2,270	1,892	16,423	12,163	11,261	8,792	14,205
Other Assets +	51,897	58,860	51,181	53,006	55,707	58,265	66,879
Total Assets	**66,289**	**75,098**	**83,148**	**79,349**	**84,066**	**91,800**	**1,07,511**

Table 1.5: Balance sheet of Infosys during the years of study

Cash Flows							
	March -15	March -16	March -17	March -18	March -19	March -20	March -21
Cash from Operating Activity +	8,353	10,028	11,531	13,218	14,841	17,003	23,224
Cash from Investing Activity +	999	-885	-14,664	4,533	-632	-331	-7,373
Cash from Financing Activity +	-4,935	-6,813	-6,939	-20,505	-14,512	-17,591	-9,786
Net Cash Flow	**4,417**	**2,330**	**-10,072**	**-2,754**	**-303**	**-919**	**6,065**

Table 1.6: Cash Flow of Infosys during the years of study

Infosys has been showing increase in their profits over the years. The net profit has been consistently increasing. The liability and assets are also increasing this shows the growth in business operational of the company. Although researchers have tried to use standard head in all the financial performance indicator sheet, but it was not possible to take all the information. researchers have used indicators according to availability. The details of interpretations show the consistency of performance in the company.

3) Wipro

Founded in 1945, Wipro is among the oldest Indian companies. In 2002, it became the first Indian IT company to receive ISO 4001 certification, and currently has over 160,000 employees on six continents. The company provides the IT industry with business, consulting, and information technology services. Among Wipro's primary focus areas are analytics, data science, and machine learning. The company has recently invested heavily in blockchain technology

Profit & Loss								
	March-15	March -16	March -17	March -18	March -19	March -20	March -21	TTM
Sales +	46,951	51,244	55,448	54,487	59,019	61,138	61,935	70,052
Expenses +	36,652	40,448	44,128	44,100	47,406	48,795	47,164	53,542
Operating Profit	**10,299**	**10,796**	**11,321**	**10,387**	**11,613**	**12,342**	**14,771**	**16,509**
OPM %	22%	21%	20%	19%	20%	20%	24%	24%
Other Income	2,450	2,752	2,623	2,550	2,614	2,728	2,404	2,281
Interest	350	558	594	583	738	733	509	473
Depreciation	1,175	1,496	2,310	2,112	1,947	2,086	2,763	3,088
Profit before tax	**11,224**	**11,494**	**11,039**	**10,242**	**11,542**	**12,252**	**13,903**	**15,230**
Tax %	22%	22%	23%	22%	22%	20%	22%	
Net Profit	**8,661**	**8,908**	**8,493**	**8,003**	**9,004**	**9,722**	**10,796**	**12,114**
EPS in Rs	13.15	13.52	13.1	13.27	14.92	17.02	19.7	21.88
Dividend Payout %	34%	17%	6%	6%	7%	6%	5%	

1.7: Profit and Loss Account of Wipro during the years of study

Balance Sheet							
	March - 15	March - 16	March - 17	March - 18	March - 19	March - 20	March - 21
Share Capital +	494	494	486	905	1,207	1,143	1,096
Reserves	36,598	45,651	51,184	47,022	55,216	54,179	53,805
Borrowings	7,891	12,522	14,241	13,901	9,947	9,724	10,451
Other Liabilities +	13,367	12,924	12,761	13,563	16,217	15,954	17,213
Total Liabilities	**58,350**	**71,590**	**78,672**	**75,391**	**82,586**	**81,000**	**82,566**
Fixed Assets +	10,837	17,279	19,886	18,127	17,465	22,062	23,040
CWIP	395	381	738	1,378	2,142	1,881	1,853
Investments	5,532	20,915	29,913	25,797	22,887	20,032	18,775
Other Assets +	41,586	33,016	28,135	30,090	40,093	37,024	38,898
Total Assets	**58,350**	**71,590**	**78,672**	**75,391**	**82,586**	**81,000**	**82,566**

Table 1.8: Balance sheet of Wipro during the years of study

Cash Flows							
	March -15	March -16	March -17	March -18	March -19	March -20	March -21
Cash from Operating Activity +	7,840	7,887	9,277	8,423	11,632	10,064	14,755
Cash from Investing Activity +	-2,537	-13,761	-11,770	3,595	5,065	3,593	685
Cash from Financing Activity +	-830	-159	-2,275	-12,998	-4,937	-15,100	-12,884
Net Cash Flow	**4,474**	**-6,032**	**-4,767**	**-979**	**11,760**	**-1,442**	**2,556**

Table 1.9: Cash Flow of Wipro during the years of study

Wipro has shown consistency in the Operating Profits. Its operation profit margin is also improving and consistent around 20%. A company can be said growing well if it is performing well in consistent manner. Sudden growth and sudden fall is no where desired but the companies. Even the investors does not want to invest in a company that show huge variations. Books of account are very sensitive and can be manipulated. So, the actual interpretation can be made only it the different accounts are taken all together. Like Net profit, along with the Cash from Operating Activity studied the together will suggests the actual realization of profits. Some time profit in books may become NPA if not realized in time. Cash from Investing Activity and Financing Activity are negative for Wipro that shows good growth signs for business expansions. It has been a concern for the researchers to find the present performance of IT sector companies and to establish the relation of e-corporate governance practices with it.

2. LITERATURE REVIEW

A systematic literature review has been conducted for the present study. Research paper published on the related issues from 2015 to 2021 have been considered.

In a notable study, Afrifa and Tauringana (2015) applied unbalanced panel regression methods to data from 234 SMEs listed on the Alternative Investment Market over the period of 2004-2013. Their findings indicated a significant relationship between SME performance and governance variables such as board size, CEO characteristics (age and tenure), and executive remuneration. Notably, while board size showed a consistent influence across both small and medium firms, CEO's age emerged as a significant factor only for medium-sized businesses, whereas remuneration of directors had relevance solely for smaller firms. Interestingly, CEO's tenure and the proportion of non-executive directors did not demonstrate a notable impact for either category. Few researchers of other countries have tried to estimate the effect of corporate governance on performances of businesses. Zagorchev and Gao (2015) A study conducted on U.S. financial institutions covering the years 2002 to 2009 measured the role of corporate governance in shaping institutional performance. The analysis revealed that strong governance frameworks were associated with reduced instances of risky financial behavior and improved overall institutional outcomes. More specifically, firms with robust governance exhibited lower levels of total and real estate-related non-performing assets, alongside higher values of Tobin's Q, a key performance indicator. Additionally, institutions practicing sound governance tended to allocate more reserves and provisions for potential asset or loan losses, aligning with the income smoothing theory. These findings remained consistent even when the data excluded the financial crisis period, and various robustness checks supported the reliability of the results. Ahmed and Hamdan (2015) study analyzing firms listed on the Bahrain Bourse between 2007 and 2011 investigated how corporate governance policies influence company performance. Drawing from a sample of 42 out of 48 listed firms, the research revealed that, on average, these companies complied with around 61.2% of the established governance criteria during the review period. The empirical findings showed a significant positive association between governance practices and indicators like Return on Assets and Return on Equity. However, Earnings Per Share did not reflect any meaningful change due to governance standards. Overall, the study concluded that corporate governance mechanisms generally contributed to enhanced firm performance in Bahrain's capital market. Outa and Waweru (2016) explored this relationship, offering insights into how CG practices correlate with both firm value and financial outcomes in Kenya. Notably, their work examined board evaluation practices—an area previously underexplored in "comply or explain" regulatory environments. Additionally, the study assessed the impact of the Capital Markets Authority (CMA) 2002 CG guidelines on corporate performance throughout their implementation span from 2002 to 2014. The findings are considered valuable for regulators like the CMA and other stakeholders aiming to strengthen governance frameworks within the region. Škare and Hasić (2016) A comprehensive literature review has explored the link between corporate performance and broader economic development. Both country-specific and international studies largely conclude that effective corporate governance contributes positively to organizational success and, by extension, national economic progress. Empirical and theoretical findings consistently highlight corporate governance as a critical factor in economic growth models. The review also outlines key insights and identifies areas for further investigation regarding the relationship between governance standards and economic expansion.

Additionally, some researchers have examined how corporate governance, particularly when quantified using a Corporate Governance Index, impacted firm performance and dividend decisions during the 2008 financial crisis. The findings suggested a strong correlation between good governance and firm value as reflected in Tobin's Q. Enhanced governance was also linked to increased dividend distributions. However, while return on assets improved during this time for well-governed firms, Tobin's Q did not show a similar trend. Interestingly, firms with stronger governance frameworks were more conservative in their dividend payouts compared to those with weaker governance structures.

Kamalluarifin (2016) examined the connection between corporate governance practices, firm attributes, and the promptness of corporate internet reporting (TCIR) using the market capitalization. The study focused on role duality, board independence, and board experiences and examined firm characteristics like: size, profitability, and leverage.

In their study, Garg and Singh (2017) investigate the connection between company performance and corporate governance in the Indian setting. As measures of firm success, the study takes into account the following corporate governance variables: ownership structure, board composition, return on equity (ROE), market to book value (MB), return on assets (ROA), and natural log of earnings per share (LOGEPS). The relationship between corporate governance and business performance is examined using regression analysis of panel data. The study found that ownership structure variables were positively correlated with business performance, while board variables were negatively correlated.

Bhatt and Bhatt (2017) found a positive and significant correlation between the firm's performance and corporate governance was found.. Second, after MCCG 2012 was implemented, the corporate governance of the sample companies shows a significant improvement over MCCG 2007.

Arora and Bodhanwala (2018), examined the relation between Corporate Governance Index (CGI) and firm performance. CGI is built using key governance features like market competitiveness, corporate control, and ownership and board structures. The panel data set consists of listed companies, and the estimation analysis was performed using the random effects method. Firm performance metrics and CGI were found to be strongly positively correlated by the study. One important and causal component in the explanation of business performance is CGI. Companies that maintain high governance standards would also be viewed favorably by investors, which could result in lower funding costs. Corporate governance is very important these days, especially in light of the high rate of corporate failures and bad management across the globe. Banking organizations need rational CG practices due to their prominence and uniqueness, particularly with Basel Committee on Banking Supervision.

Handa (2018) found that average director compensation, board committees, chairman-CEO duality, and female directors are significant factors affecting bank performance. The study offers a strong basis for further research, despite certain limitations that make it challenging to generalize the results.

Al-ahdal and Almaqtari (2021) which shows a positive correlation analyze how CG procedures affect the performance of companies in the Gulf and India. Data from annual reports of 100 companies spanning the eight-year period from 2010 to 2017 was gathered manually using content analysis. Based on market capitalization, fifty publicly traded non-financial businesses were chosen from each emerging market. These practices typically have a negative impact on business performance in both regions, especially as measured by return on assets (ROA), in addition to the efficacy of governance.

When examining performance through Tobin's Q (TQ), the study reveals that governance elements related to board structure (BS) influenced the firm value negatively in both India and the Gulf countries.

On the other hand, aspects such as transparency and disclosure (TD), leverage (LEV), and GE positively affected performance. These findings offer useful information for legislators and business executives who want to align governance standards with improved financial outcomes. Being among the first to compare the effects of corporate governance in Gulf Cooperation Council (GCC) and Indian companies, this study is notable. The body of research on the topic has been examined by the researchers. Corporate governance has been the focus of a variety of studies, it was found. A gap in the literature has been identified by researchers: a thorough examination of the financial results of IT companies after corporate governance reforms must be conducted. A reasonable correlation between Indian IT companies' financial performance

3. RESEARCH METHODOLOGY

The research methodology is very crucial part of systematic research. In the present study, the task of research design was too difficult. Reason of such difficulty is that isolated study of financial performances of a company can be done with several financial indicators like ROA. CGAR etc, but an integrated study of the effect of any concept with respect to growth was difficult.

3.1. OBJECTIVES

- To study the performance of IT companies in past few years
- To study the relation of e-corporate governance provisions with the financial growth of companies

Hypothesis:

H01: The financial growth patterns among the selected IT companies do not exhibit statistically significant consistency.

H02: There is no statistically significant variation in the perspectives of finance department managers regarding the influence of e-corporate governance practices on company growth.

3.2. RESEARCH DESIGN

1) The research is organised in following steps:
2) Introduction of key issues
3) Collection of the Data
4) Examining the Literature Review
5) Secondary Data analysis: Screener is a user-friendly yet robust platform for analysing stock market data. It enables users to filter and screen companies using various financial indicators such as price-to-earnings (PE) ratio, market capitalization, book value, return on equity (ROE), net profit, and revenue metrics. For the purposes of this study, the researchers utilized this platform to gather structured secondary data. They specifically focused on evaluating the consistency of financial performance as a key analytical parameter for the selected companies. Researchers have used following aspects of companies to estimate their performances:
    - Sales Growth
    - OPM (Operating Profit margins)
    - Net Profit Margin
    - Fixed Assets Turnover Ratio
    - Cash from Operating Activities
    - Cash from Investing Activities
    - Cash from Financing Activities
6) Primary data collection and analysis: The researchers have collected the response of managerial level employees from finance department of the companies selected for the study. Thirty respondents of such types have been selected from all the 3 companies. So, the opinion of 90 respondents have been collected for the effectiveness of e-corporate governance.
7) Finally, the analysis has been used to test the hypothesis and draw conclusions.

3.3. SAMPLING AND DATA COLLECTION

Secondary data has been collected with the help of annual reports and investment websites (Screener.com, Money control.com etc.). Only selected heads have been considered as per the analytical limitation of study.

Primary data has been collected with simple random sampling. A three-point scale has been used to collect the opinion about effectiveness of e-corporate governance on growth of the firms.

3.4. FINANCIAL AND STATISTICAL TOOLS FOR EVALUATION

Sales Growth: The rate at which sales grows year over year.

Sales Growth =(Salesy/Salesy-1)-1

O**PM (Operating Profit margins):** Operating Profit Margin is calculated by dividing the operating profit by total revenue and expressed as a percentage.

Operating Profit margins= Operating Profit margins/ Total Revenue

Net Profit Margin: How much percentage of the company's earnings is left after deducting all the operating and non-operating expenses in a given quarter/year.

Net Profit Margin = (Net Profit / Total revenue) x 100

Fixed Assets Turnover Ratio: The fixed asset turnover ratio serves as an efficiency metric that indicates how effectively a company utilizes its investments in fixed assets to generate revenue. It is determined by comparing net sales to the value of fixed assets, offering insight into the productivity of a company's operational infrastructure.

Fixed Assets Turnover= Net Sales/ (Fixed Assets-Accumulated Depreciations)

Cash from Operating Activity: Cash flow from operating activities reflects the movement of cash resulting from a company's core business operations, including revenues and expenses related to the sale of goods and services.

Cash from Investing Activity: It refers to how much cash a company generated and used making investments during a specific time period.

Cash from Financing Activity: Cash flow from financing activities captures transactions that affect a company's capital structure, such as issuing or buying back shares and bonds, as well as distributing dividends to shareholders.

Chi Sq. Test: In statistics the most vital and complex test is Chi Sq. Test. It can be used as parametric test as well as non-parametric test. The basic function of this test is to distinguish whether an observed set of frequency differ from a specified frequency. As a parametric test this tool is used to test the variance. As a non-parametric test, it tests the goodness of Fit and independence. Here the test is used to find the significant difference in the opinions of respondents.

$$\text{Chi Sq} = \sum(O-E)^2/E$$

4. FINDINGS OF THE STUDY

The researchers have analysed the Profit and loss account, Balance sheet and Cash flow ratio of the companies in the study. The desired details have been tabulated as below:

TCS

	March-15	March -16	March -17	March -18	March -19	March -20	March -21
Sales Growth		0.147895	0.085783	0.043555	0.18975	0.071595	0.046053
OPM	26%	28%	27%	26%	27%	27%	28%
Net Profit Margin	21%	22%	22%	21%	21%	21%	20%
Fixed Assets Turnover Ratio	11.83692	11.96542	12.77933	13.04068	15.16023	9.735082	10.22336
Cash from Operating Activity	16320	17986	23132	21587	23998	26603	33822
Cash from Investing Activity	586	-4478	-15834	5728	5876	12967	-4539
Cash from Financing Activity	-16914	-9586	-10891	-26827	-27825	-39045	-32023

Infosys

	March - 15	March - 16	March - 17	March - 18	March - 19	March - 20	March - 21
Sales Growth		0.171083	0.096779	0.029759	0.172329	0.098168	0.10663
OPM	28%	27%	27%	27%	24%	25%	28%
Net Profit Margin	23%	22%	21%	23%	19%	18%	19%
Fixed Assets Turnover Ratio	4.699365	4.66465	4.82996	5.608557	5.262572	3.816512	3.939306
Cash from Operating Activity	8,353	10,028	11,531	13,218	14,841	17,003	23,224
Cash from Investing Activity	999	-885	-14,664	4,533	-632	-331	-7,373
Cash from Financing Activity	-4,935	-6,813	-6,939	-20,505	-14,512	-17,591	-9,786

Wipro

	March - 15	March - 16	March - 17	March - 18	March - 19	March - 20	March - 21
Sales Growth		0.091436	0.082039	-0.01733	0.083176	0.035904	0.013036
OPM	22%	21%	20%	19%	20%	20%	24%
Net Profit Margin	18%	17%	15%	15%	15%	16%	17%
Fixed Assets Turnover Ratio	4.332472	2.965681	2.788293	3.005848	3.379273	2.77119	2.688151
Cash from Operating Activity	7840	7887	9277	8423	11632	10064	14755
Cash from Investing Activity	-2537	-13761	-11770	3595	5065	3593	685
Cash from Financing Activity	-830	-159	-2275	-12998	-4937	-15100	-12884

The researchers have tabulated all the required details to examine the consistency in the selected companies. It is evident form the table that sales growth of the companies is continuous. Although the effect of recent economic slowdown due to pandemic has its impact but the term of consistency is validated. Operating profit margins in all the three companies are no visible variation. Net profit margin for all the companies have been adhered to a specific point (TCS-20%, Infosys-20% and Wipro 17%). A company is supposed to have consistency in business if these financial indicators show no or less variance. Fixed assets turnover ratio shows that a company gets in return on his investments. For all these three companies this ratio is satisfactory. Cash flow from operating activities suggests that most of the profit earned by the companies has been realised by the companies. Profit (as a head of accountancy books) is only an accounting number, which can be manipulated very easily. But the cash flow statements are comparatively robust. Cash from Investing and Financing Activity have to be negative. The negative value of these two heads represents the expansion of businesses. Negative Cash from Investing Activity shows that company is investing in assets where are negative Cash from Financing Activity shows that the company was capable to pay the debt and dividend. So, with the above study and interpretations it can be said as, 'There is significant consistency in the growth of selected IT companies.'

Transparency

Researchers have further collected primary data for the effectiveness of the e-corporate governance practices on different aspects. Managers of department of finance have shown the response for transparency.

Effect on Transparency due to e-Corporate Governance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	22	24.4	24.4	24.4
	Medium	21	23.3	23.3	47.8
	High	47	52.2	52.2	100.0
	Total	90	100.0	100.0	

Table 4.1: Transparency

The response pattern of senior financial employees suggests that they have firm believe that the e-corporate governance practices of Companies Act 2013 will make the operations of a company transparent.

Accountability

Mandatory disclosers are the checks on malpractice in the companies. The response pattern of senior financial employees suggests that they have firm believe that the e-corporate governance practices of Companies Act 2013 will make the operations of a company more accountable then earlier.

Effect on Accountability due to e-Corporate Governance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	23	25.6	25.6	25.6
	Medium	26	28.9	28.9	54.4
	High	41	45.6	45.6	100.0
	Total	90	100.0	100.0	

Table 4.2: Accountability

Promptness

Keeping the records in digital formats will make it easy to access. Those errors that were almost impossible to find in paper accounting books ca easily be found with few clicks if the records are maintained in digital format.

Effect on Promptness due to e-Corporate Governance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	45	50.0	50.0	50.0
	Medium	35	38.9	38.9	88.9
	High	10	11.1	11.1	100.0
	Total	90	100.0	100.0	

Table 4.3: Promptness

Respondents are of firm believe that the key provisions of Companies Act 2013 will enable the quick audit of the companies. Further the digital meeting can make the decision making quick. Earlier special resolutions remained pending for months in the waiting of next general meeting. But with e-corporate governance things are moving with higher speed.

Cost Effectiveness

E-corporate governance initiatives are not only business friendly but they are also environment friendly. Most of the cost involved in the operations of general governance have been reduce by e-governance. Response pattern shows that respondents are firm believer of cost effectiveness of e-corporate governance practices.

Cost Effectiveness due to e-Corporate Governance					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Low	29	32.2	32.2	32.2
	Medium	21	23.3	23.3	55.6
	High	40	44.4	44.4	100.0
	Total	90	100.0	100.0	

Table 4.4: Cost Effectiveness

Easy for compliances

Response pattern shows that the respondents are of firm believe that the provisions of Company Act 2013 are helpful in meeting regulatory compliances.

Effect on Compliances due to e-Corporate Governance				
		Frequency	Percent	Cumulative Percent
Valid	Low	24	26.7	26.7
	Medium	24	26.7	53.3
	High	42	46.7	100.0
	Total	90	100.0	

Table 4.5: Easy for compliances

Those documents which have been submitted to government and investors now can be sent easily to them in digital mode. Surely the e-corporate governance has helped business to generate effective compliance meeting. Governance and compliance include rules of control. On issues of compliance, the principles start from outside sources. They may be enactment, contracts, industry standards, or various arrangements that commit the company's reaction. Compliance arrangements are not discretionary; they should be met and remain within the provisions. Enforcement ramifications for noncompliance may incorporate punishments, fines, legitimate activity, loss of agreements, and renouncement of licenses or allows.

4.1. THE IMPACT OF E-CORPORATE GOVERNANCE PRACTICES ON GROWTH

Researchers have used the Chi Sq. test to examine the difference of opinion of managers and employees (Accountants/CS/CA) of finance department about the impact of e-corporate governance practices on growth. If the tabulated value is less than calculated value of degree of freedom 2 it can be assumed that the difference of opinion is significant.

Sr. No.	Observed Aspects	No. of observations	Df (degree of freedom) for observation	chi-square value at 0.05 level of significance	chi-square value for observation
1	Transparency	90	2	5.991	14.466
2	Accountability	90	2	5.991	6.199
3	Promptness	90	2	5.991	21.666
4	Cost Effectiveness	90	2	5.991	6.066
5	Occurrence of market	90	2	5.991	7.200

Table 4.6: Chi Square analysis of observed variables

The chi sq calculation table shows that the all the observed value of aspects is higher than the tabulated value of chi sq. for said degree of freedom so it can be said as, 'There is significant difference in the opinion of managers of finance department about the impact of e-corporate governance practices on growth of companies.' Further the response pattern and the company's financial performance suggest that there is positive impact of e-corporate governance practices on growth of companies.

5. CONCLUSION

Researchers have found that e-corporate governance provisions have significant impact on the growth of the company's performances. Further they have observed that the IT industry which suffered a lot due to STYAM scam. The scam has not only hit the It firms but the whole economy of the country has suffered. But the analysis in the present research shows that the IT companies have improved their performances over the years. It is expected that the rest of the companies should start adhering to the provisions of corporate governance. In present research, researchers have used specific methods and limited numbers of companies have been selected. It remains the limitations of present study, but on the same hand it also creates scope of future research. Further researchers can investigate two of these standards: transparency and trust. Corporate governance allows the organizations to showcase their positive qualities. With their expectations made apparent to all, organizations have to be considered responsible for their conduct and hence more able to separate themselves from duplicity. This is particularly significant since trust in organizations is on the decrease.

In an endeavour to limit the danger of distrust, organizations make a special effort to underscore their social obligation in their corporate governance materials.

In the Indian context, CG encompasses a structured system of internal controls, policies, and procedures that guide a company's interactions with key stakeholders including customers, employees, management, regulatory authorities, and industry bodies. These governance frameworks are designed to reinforce core principles such as transparency, ethical conduct, integrity, and accountability. Serving as the ethical backbone of an organization, corporate governance plays a critical role in shaping responsible and sustainable business practices.

Given the outlined responsibilities, company directors are entrusted with ensuring adherence to a broad spectrum of legal standards and governance practices. Beyond mere compliance with statutory norms and regulatory frameworks issued by various institutions, businesses are also expected to operate with a sense of social responsibility. In today's interconnected environment, the influence of corporations extends across the entire population, making their accountability even more critical. As these entities now follow clearly defined regulations, their operational burden has lessened in terms of policy formulation. However, achieving robust governance also requires the active engagement of all stakeholders including government bodies, financial institutions, regulatory authorities like the RBI, and independent board members. A collaborative approach is essential to establishing a trustworthy and well-regulated corporate ecosystem that guards against governance failures.

Furthermore, in an era where corporate transparency is closely tied to investor confidence and public trust, the role of governance extends beyond compliance to fostering long-term sustainability and ethical leadership. The digitalization of governance mechanisms, such as e-voting and electronic disclosures, has not only streamlined compliance processes but also enhanced stakeholder engagement and oversight. This technological integration, backed by legal mandates, reflects a progressive shift towards real-time accountability. As global business environments become increasingly complex, Indian corporations must continue evolving their governance strategies to align with international best practices while remaining sensitive to domestic socio-economic priorities.

CONFLICT OF INTERESTS

None.

ACKNOWLEDGMENTS

None.

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