A Project Work On

"Analysis of Impact of Corporate Governance on financial performance of selected IT companies"

Submitted To

Karnatak University Dharwad

In partial fulfilment of the Requirements for the Degree of

Master of Commerce

By:

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Certificate

This is to Certify that the Project work Titled **"Analysis of Impact of Corporate Governance on Financial Performance of selected IT companies in India "** is an original record of field works done by **Ms. Suha** with Registration No.**19C011052** in a partial fulfillment of the award of degree of **Master of Commerce** of the **Karnatak University, Dharwad** during 2020-21. The project satisfies the academic requirements in respect of project work prescribed for the Degree of **Master of Commerce** and is a record of her own independent work.

This project is based on the studies carried out by her and has not been submitted to any other University or Institution for the award of any degree or diploma.

13/04/202

Project Guide

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1.1 Introduction to Corporate Governance

It is believed that the steering agent for the survival and the growth of the company is primarily its 'Corporate Governance' policies. Corporate Governance is a conceptual and administrative framework to introduce basic directions and viewpoints for managing a business unit with best interest. It shows and determines a new and creative vision of business, where a set of core values, better managerial control, compassing human rights, making better coordination between business and society may be possible.

It deals with the manner in which companies are directed and controlled by the Board of Directors in order to create and enhance stakeholders' value by appropriately crafting the corporate strategy that creates tomorrow's organization. Corporate governance ensures how effectively the Board of Directors and management are discharging their functions in building and satisfying stakeholders' confidence.

In simple words, corporate governance refers to the accountability of the Board of Directors of a corporation towards its stakeholders. In order to protect and promote the interests of all stakeholders, corporate governance should encompass a well-defined set of systems and processes.

Systems include structural and organizational aspects like Constitution of Board of Directors, their optimum size, composition and qualifications, role and competencies, frequency of change of Board members and nominee Directors. In short, corporate governance refers to the manner in which a corporation is managed and controlled.

1.2 Objectives of the Study

This research aims to achieve the following objectives:

1) To provide an overview of various components of corporate governance;

5.3 Conclusion

Thus, it can be inferred from statistical results that governance rating of company has a significant impact on its financial performance. Studies argue that good governance fosters good financial performance. Here we find that ratings of company along with employees and environmental dimensions also significantly influence corporate financial performance.

This study provides the valuable results regarding the impact of corporate governance on financial performance in Indian IT companies. Corporate governance practices have become most important aspect for the development of the firm. The analysis of corporate governance and its impact on financial performance is helpful to understand the actual performance of the firm as well. This study was conducted using data of ten IT companies in India listed on Indian stock exchanges. Here we have examined 5 corporate governance variables, which are Board Size, Duality, Independence, Board Ownership and Audit Committee Independence. Including this the financial performances are also examined through variables like Return on Assets (ROA) and Return on Equity (ROE).