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**Topic: Corporate Governance and its Impact on Market Value Of Firms: An  
Empirical Study of the Indian Firms**

### **ABSTRACT**

Corporate governance is considered to have important implications for the extension and projections of an economy. Good corporate governance practices are always observed as essential in reduction of risk for the investors, drawing investment capital and enhancing the performance of companies. The means in which corporate governance is planned differs from country to country which depends on social, political and economic contexts. Issues of Corporate Governance have attracted a reasonable public interest because of their evident importance for the economic strength of corporations and society in general, especially after the superfluity of corporate scandals and debacles in recent times.

Corporate Governance is a practice, in which transparency, answerability and a better performance is required from the various executives of the companies. From the internal management of the company to the value of its shareholders as well as the corporate ethics and social responsibility gives the motive for choosing corporate level units which are operating in India is to figure out whether corporate governance is actually being practiced by the corporate level executives or not and whether they have impact on their performance.

This study shows that the concept of Corporate Governance is in its nascent stage and there is further scope for its development and improvement. It aims to study the impact of corporate governance practices on firm's performance in Indian context for companies listed on NSE CNX 100 over the period of five years. Corporate Governance variables studied include Board Size, Board Independence, Board Committees, Board Activity, Ownership Structure and Leverage whereas the financial measures include are Tobin's Q, Return on Equity and Return on Capital

Employed. A Corporate Governance score was created using equal weighted approach. Multiple regression analysis was conducted to identify the factors that affect firm value. The data was analyzed using t test, f test, analysis of variance and stepwise regression techniques. This study found that corporate governance has still a long way to go, to influence the firm's value; and it has less significant influence on firm's profitability.

The thesis is organized into six chapters. Details are given below:

Chapter 1 lays down the background and introduction for the study along with the statement of problems and objectives of the research. It also presents the data sources and methodology which will be used in the study.

Chapter 2 presents the review of existing literature. This review has helped in analyzing the research gaps as well as improvising on the previous studies conducted. It reviews contemporary research, discusses about the corporate governance approaches and definitions, theories, principles, best practices ,regulatory framework for corporate governance ,evolution of corporate governance and setting up of various committees in India.

Chapter 3 contains the corporate governance code; corporate governance indices, corporate structure and corporate structure and performance, performance and other measures in corporate governance are discussed.

Chapter 4 examines the research method that was used to determine the impact of corporate governance on financial performance.

Chapter 5 carries the analysis of impact of corporate governance mechanisms on the firm value and the investment returns of the various companies under study.

Chapter 6 summaries the results and conclusions along with suggestions based on the data analysis.