INTERNATIONAL JOURNAL OF RESEARCH IN COMMERCE, ECONOMICS & MANAGEMENT

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   REVIEW OF LITERATURE

   NEED/IMPORTANCE OF THE STUDY

   STATEMENT OF THE PROBLEM

   OBJECTIVES

   HYPOTHESES

   RESEARCH METHODOLOGY

   RESULTS & DISCUSSION

   FINDINGS

   RECOMMENDATIONS/SUGGESTIONS

   CONCLUSIONS

   SCOPE FOR FURTHER RESEARCH

   ACKNOWLEDGMENTS

   REFERENCES

   APPENDIX/ANNEXURE

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- Bowersox, Donald J., Closs, David J., (1996), "Logistical Management." Tata McGraw, Hill, New Delhi.
- Hunker, H.L. and A.J. Wright (1963), "Factors of Industrial Location in Ohio" Ohio State University, Nigeria.

CONTRIBUTIONS TO BOOKS
- Sharma T., Kwatra, G. (2008) Effectiveness of Social Advertising: A Study of Selected Campaigns, Corporate Social Responsibility, Edited by David Crowther & Nicholas Capaldi, Ashgate Research Companion to Corporate Social Responsibility, Chapter 15, pp 287-303.

JOURNAL AND OTHER ARTICLES
- Schemenner, R.W., Huber, J.C. and Cook, R.L. (1987), "Geographic Differences and the Location of New Manufacturing Facilities," Journal of Urban Economics, Vol. 21, No. 1, pp. 83-104.

CONFERENCE PAPERS
- Garg, Sambhav (2011): "Business Ethics" Paper presented at the Annual International Conference for the All India Management Association, New Delhi, India, 19–22 June.

UNPUBLISHED DISSERTATIONS AND THESES
- Kumar S. (2011): "Customer Value: A Comparative Study of Rural and Urban Customers," Thesis, Kurukshetra University, Kurukshetra.

ONLINE RESOURCES
- Always indicate the date that the source was accessed, as online resources are frequently updated or removed.

WEBSITES
- Garg, Bhavet (2011): Towards a New Natural Gas Policy, Political Weekly, Viewed on January 01, 2012 http://epw.in/user/viewabstract.jsp

CORPORATE GOVERNANCE DISCLOSURE PRACTICES IN G N F C LTD.

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ABSTRACT

The cases of corporate failures in past and latest satyam due to failure of corporate governance, the word "governance" has become a hot word of discussion in corporate sector and government corporate governance disclosure (CGD) demonstrate the quality, reliability and accuracy of information to the users mainly stakeholders. In the present study, an attempt is made to analyze CGD practices in GNFC by the item-wise disclosure ratings. It observes that there is no relationship between level of disclosure and market valuation of the firm.

KEYWORDS
corporate governance, disclosure practices.

INTRODUCTION
The concept of corporate governance which merged as a response to corporate failures and wide spread dissatisfaction with the way many corporate function, has become one of wide and deep discussions around the global. Recently, governance has assumed greater limelight with the public and private sectors, following which the markets, the investors and the infallibility of these large systems. Corporate governance can be improved by making corporate operations more transparent, without sacrificing business strategy and secrets, which are absolutely necessary for success in the competitive market places

DEFINITION

The Kumar Mangalam Birla Committee constituted by SEBI has observed that: "Strong corporate governance is indispensable to resident and vibrant capital market and is an important instrument of investor protection it is the blood that fills the veins of transparent corporate disclosure and high quality accounting practice, it is the muscle that moves a viable and accessible financial reporting structure." Cadbury committee U.K. has defined corporate governance as follows: "The system by which companies are directed and controlled,"

LITERATURE REVIEW
Gopalsamy N. has written a book "A Corporate Governance a new paradigm published by Wheeler & Co., It covers basic three parts (1) Corporate Governance (2) Business Environment and (3) Globalization. In this basic he has covered conceptual overview, role of Board of Directors, Audit, Corporate Disclosure and Investor's protection etc.

In july 2003, The Chartered Accountant, an article written by Prof. Saeed Khwaja Amjad titled "Corporate Governance Global and Pakistan Experience." In this article, he has focused on concept, major theme, global dimension and experience of Pakistan. It is an empirical study on corporate governance.

Bhattacharya Ashish k. has highlighted corporate governance through his article titled "Ethics in Corporate Financial Accounting". He has focused on fundamental relationship, shareholders value, accounting standards and ethical dilemma.

Garg Laxmikant, in the same journal has evaluated implications for the Accountants, Audit Committee, Directors Report, Accountant's Role and Good Governance Practices.

Through amazon.com researcher has collected various definitions on corporate governance, their relationship with company.

CORPORATE GOVERNANCE
The initiative taken by government in 1991 aimed at economic liberalization and globalization of domestic economy, led India to initiate reform process in order to suitably respond to development taking lace world over on account of interest generated by the Cadbury Committee Report.

The Confederation of Indian Industries (CII) has done pioneering work in this field. It formulates its code on governance in 1998. We have the Kumaramangalam Birla Committee Report 2000 focused on the need for code on corporate governance. Further there are committees under the Ministry of Company Affairs and the Securities and Exchange Board of India (SEBI) which also brought out reports to supplement the emerging need for public policy on corporate governance. Then, the Standing Conference on Public Enterprises (SCOPE) came out with guidelines on the subject. For public enterprises and banking sector, the consultative group of Reserve Bank of India (RBI) gave recommendations for strengthening the boards of banks, in particulars, in related areas of selection of directors, their training and contract.

SEBI has amended section 49 (dealing with listing agreement with companies) to include conditions which will reinforce governance in corporate bodies. Besides these, the self-regulatory section of The Institute of Chartered Accountants of India and the Company Secretaries took initiatives to raise the professional standards of the corporate bodies at par with the changing international levels. The Indian company law has been amended and is now under revision for meeting the exigencies of business and industry in the contemporary competitive globalize market ambience, where effective corporate governance is inevitable for success. All these initiatives establish the emergent desire as well as the need at policy making and institutional levels to make improvements in the structure and the system for effective governance in corporate organizations. In addition, corporate bodies having international presence have voluntarily taken initiatives not only to meet the basics in good governance but have done excellently, and even exceeded the international expectations on disclosure and accounting reporting.

Indian Institute of Management, Bangalore and the Management Development Institute, Gurgaon, organize courses for the top management on corporate governance The Government of India has set a national foundation for corporate governance.

Private companies like Wipro, ICICI Bank, Infosys and the PSUs like ONGC, are making efforts to internationalize their business. These organizations observe the codes of corporate governance in the respective countries.

The International Monetary Fund (IMF) brought out its principle on transparency and OECD (Organization for Economic Cooperation and Development) has set forth its codes on governance, which are taken as global standards. The group of thirty member countries has adopted the revised version of the code in April 2004.

After issuing August'03 circular, SEBI received representations/suggestions from the corporate/public on various provisions of the said circular. Then SEBI decided to defer the implementation of the provisions of the August 26, 2003 circular and revisit Clause 49. The Narayana Murthy committee then considered and deliberated on suggestions and comments received from corporate/ public. Based on the revised recommendations of the committee, it was decided to further revise the provisions of clause 49 of the listing agreement vide circular dated 29th October'05, SEBI has again revised clause 49. This circular is a master circular and supersedes all other earlier circulars issued by SEBI on this subject.

OBJECTIVES OF THE STUDY

1. To determine the disclosure and transparency score of GNFC.
2. To determine the market valuation and operating performance of GNFC.
3. To examine the relationship between market valuation and operating performance with disclosure and transparency score of GNFC.

HYPOTHESIS OF THE STUDY

$H_{1:}$ There is no significant difference between disclosure score and dividend payout ratio of GNFC.
$H_{2:}$ There is no significant difference between disclosure score and profit after tax of GNFC.
H_3: There is no significant difference between disclosure score and revenue of GNFC.

SOURCES OF DATA

The present study is based on secondary data. The data relating to this study are extracted from the following sources:

- Published Annual Reports for five years of GNFC.
- Books & Journals.
- Websites:
- www.gnfc.in
- www.google.com

ANALYTICAL TOOLS USED FOR THE STUDY

To determine the relationship between disclosure and transparency with performance of the company (from 2005-06 to 2009-10) the various statistical techniques are used, such as Correlation Analysis, Regression Analysis, Coefficient of Determinants and ANOVA-test.

PROFILE OF THE GUJARAT NARMADA VALLEY FERTILIZERS COMPANY LIMITED (GNFC.)

Gujarat Narmada Valley Fertilizers Company Limited engages in manufacture and marketing of fertilizers and industrial chemicals in India. It offers nitrogenous and phosphate fertilizers, such as urea, ammonium nitro phosphate, and calcium ammonium nitrate. The company also involves in handling and importing urea, diammonium phosphate, and muriate of potash; and handling traded fertilizers, such as single super phosphate. It also provides calcium ammonium nitrate and chemicals comprising ammonia, weak nitric acid, concentrated nitric acid, methanol, acetic acid, formic acid, aniline, and toluene di-isocyanate. The company's industrial products are used in chemicals, rubber, textiles, tanneries, and pharmaceuticals industries. In addition, it offers various information technology services, including digital signature certificates, data centers, e-procurement, and e-governance services. The company was founded in 1976 and is based in Bharuch, India.

IMPACT OF DISCLOSURE SCORE ON MARKET VALUATION

The disclosure and transparency of GNFC crossed check with the latest guidelines of SEBI by using annual reports of the company from 2005-06 to 2009-10 in detail and specific score are allotted for the compliance of each clause. The following disclosure scores for GNFC were determined.

TABLE -1: SHOWS THE DISCLOSURE SCORES OF GNFC (2005-06 TO 2009-10)

Years	2005-06	2006-07	2007-08	2008-09	2009-10
Disclosure Score (%)	84.62	89.74	81.18	81.18	89.74

To determine the impact of disclosure and transparency and market valuation, the following two parameters are taken into consideration.

1. Dividend payout ratio
2. Operating performance (sales and profit after tax)

DISCLOSURE SCORE AND DIVIDEND PAYOUT RATIO

Dividend pay out ratio is the percentages of earning paid in cash to shareholders. It is calculated by dividing the dividend paid on common stock by earning per share. In general, a corporation with a higher payout ratio will be more mature where as company in a growth phase usually reinvests all earning and pays little or no dividend. In this part, the impact of corporate governance on Dividend payout ratio is determined. The result of the calculation is given below:

TABLE -2: SHOWS THE DISCLOSURE SCORES AND DIVIDEND PAYOUT RATIO OF GNFC

Years	2005-06	2006-07	2007-08	2008-09	2009-10
Disclosure Score (%)	84.62	89.74	81.18	81.18	89.74
Dividend payout ratio (%)	42.50	42.50	42.50	32.50	32.50

The result of the correlation between disclosure score and dividend pay out ratio is -0.036. The regression equation for Dividend payout ratio (Y) dependent on Disclosure score (X) is Y = 42.381 – 0.046 (X). Here coefficient of determination between Disclosure score and Dividend payout ratio is: $R^2 = 0.001$. The p-value is more than 0.05, it concludes that the null hypothesis is accepted.

OPERATING PERFORMANCE (REVENUE AND PAT)

The operating performance is the measure of profitability in relation to sales revenue, this ratio determines the net income earn on the sales revenue generated. Improving the performance is related with profitability, which in turn returns to brand image. Therefore, the brand is the practical reason for improving the governance. Improved governance also protects the viability of business by regaining the customer confidence and market trust. This section of the study attempts to determine the impact of transparency and disclosure on operating performance of GNFC for the years 2005-06 to 2009-10.

TABLE -3: SHOWS THE DISCLOSURE SCORES, TURNOVER AND PAT OF GNFC

Years	2005-06	2006-07	2007-08	2008-09	2009-10
Disclosure Score (%)	84.62	89.74	81.18	81.18	89.74
Turnover (in Rs. Cr.)	2281.33	2956.67	3433.91	2920.06	2614.45
PAT (in Rs. Cr.)	294.72	326.47	372.88	227.52	123.84

DISCLOSURE SCORE AND TURNOVER

Revenue is an amount generated from sale of goods or service, or any other use of capital or assets, associated with the main operations of firm before any cost or expenses are deducted revenue as shown usually as the top item in an income statement from which all charges, cost, an expenses are subtracted to arrive at net income of the firm, also called sales or turnover.

The result of the correlation between Disclosure score and Turnover is -0.391. The regression equation for Turnover (Y) dependent on Disclosure score (X) is Y = 6168.309 – 39.007 (X). Here coefficient of determination between Disclosure score and Turnover is: $R^2 = 0.153$. The p-value is more than 0.05, it concludes that the null hypothesis is accepted.

DISCLOSURE SCORE AND PROFIT AFTER TAX

Profit is often a better predicator of company's future performance. Security analysis do use company profile profits as a key measure of performance, usually in the form of Earning Per Share (EPS) which (in its most straightforward form) is PAT divided by the number of ordinary shares in issue.

The result of the correlation between Disclosure score and PAT is -0.399. The regression equation for Dividend payout ratio (Y) dependent on PAT (X) is Y = 1035.992 – 8.992 (X). Here coefficient of determination between Disclosure score and PAT ratio is : $R^2 = 0.159$. The p-value is more than 0.05; it concludes that the null hypothesis is accepted.

In case of GNFC it can be observed from the table-3 that in the year 2005-06 the disclosure score of the company is 84.62, but in the year 2006-07 the score has increased by 5.12% due to which there was a increase in profit after tax of the company. From the year 2007-08 to 2008-09 the disclosure score has decreased 8.56% it is reverse effect due to PAT. And again the disclosure score in the 2009-10 has increased by 8.56% which had significant impact on the profit after tax of the company.

RESULT OF THE STUDY

In this study, it is found through a comprehensive analysis, a negative relationship between level of disclosure and market valuation of company which indicates increase or decrease in transparency and disclosure does not affect on valuation of the company.

CONCLUSION

It can be concluded that there is no link between disclosure and transparency of a firm with profitability and investment performance measure of the GNFC.

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