
CORPORATE GOVERNANCE AND DISCLOSURE PRACTICES IN EMERGING ECONOMIES- A CASE OF INDIA

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Abstract

Though India has been moving at snail's pace, establishing corporate governance principles over the last two decades, 2012 was a sparkling positive year for progression in the Indian corporate governance arena. The Companies Bill 2012, passed by Lok Sabha (the lower house) on 18 December 2012, includes a number of new provisions aimed at improving the governance of public companies. Interestingly, despite the structure of Indian businesses differing significantly from those in the UK, the foundations of the new Indian corporate governance model are drawn from the Anglo-Saxon governance model. The question therefore arises as to whether it is appropriate for a closed market to base its corporate governance model on practices developed for and in a market fundamentally different from its own. This study is an attempt to thoroughly examine the recent developments in corporate governance and its disclosure practices in India.

Keywords

Corporate Governance, Disclosure Practices, Companies Act 2013 and TCS

Introduction

The corporate sector in India could not remain indifferent to the developments of that were taking place in the UK, which had a tremendous influence on India too. They triggered off the thinking process on corporate governance in the country, which finally led to the government and regulators laying down the ground rules on it. As a result of the interest generated in the corporate sector by the Cadbury Committee's report, the issue of corporate governance was studied in depth and dealt with by the Confederation of Indian Industry (CII), the Associated Chambers of Commerce and the Securities and Exchange Board of India (SEBI). Though some of the studies on the subject did touch upon the shareholders' right to "vote by ballot" and a few other issues of general nature, none can claim to be wider than the Cadbury report. Prominent among them are: "Working Group on the Companies Act" (1996), "Kumar Mangalam Birla Committee" (1999), "Naresh Chandra Committee" (2002), The SEBI's Follow-up on "Birla Committee" (2002), "Narayana Murthy Committee" (2003) and "J. J. Irani Committee" on Company Law (2005). "Voluntary Corporate Governance Disclosure Practices (2009)", "Companies Act" (2013). (Avinash Mohapatra 2011)

Objective of the Study

- To analyse the implementation of corporate governance policies in TCS
- To study the recent developments of corporate governance disclosure practices in India

A chronological perspective towards Corporate Governance Disclosure Practices

The major corporate governance initiatives launched in India since the mid-1990s are discussed below:

The CII Code

On account of the interest generated by Cadbury Committee Report of UK, the Confederation of Indian Industry (CII) took special initiative with the objective to develop and promote a code of Corporate Governance to be adopted and followed by Indian Companies both in private & public sector, Banks and Financial Institutions. The final draft of the code was circulated in 1997 and the final code called 'Desirable Corporate Governance Code' was released in April 1998. The

Committee was driven by the conviction that good corporate governance was essential for Indian Companies to access domestic as well as global capital at competitive rates. The code was voluntary, contained detailed provisions with focus on listed companies. (Jiban K Mukhopadhyay et.al, 2012)

Kumar Mangalam Birla Committee Report

While the CII code was well received by corporate sector and some progressive companies also adopted it, it was felt that under Indian conditions a statutory rather than a voluntary code would be more meaningful. Consequently the second major initiative was undertaken by the Securities and Exchange Board of India (SEBI) which set up a committee under the chairmanship of Kumar Mangalam Birla in 1999 with the objective of promoting and rising of standards of good corporate governance. The Committee in its Report observed “the strong Corporate Governance is indispensable to resilient 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 practices. It is the muscle that moves a viable and accessible financial reporting structure”. In early 2000 the SEBI Board accepted and ratified the key recommendations of this committee and these were incorporated into Clause – 49 of the Listing Agreement of the Stock Exchanges. These recommendations, aimed at providing the standards of corporate governance, are divided into mandatory and non-mandatory recommendations. The recommendations have been made applicable to all listed companies with the paid-up capital of Rs. 3 crore and above or net worth of Rs.25 crore or more at any time in the history of the company. The ultimate responsibility of putting the recommendations into practice rests directly with the Board of Directors and the management of the company (Jiban K Mukhopadhyay et.al, 2012)

Report of Task Force

In May 2000, the Department of Corporate Affairs (DCA) formed a broad based study group under the chairmanship of Dr. P.L. Sanjeev Reddy, Secretary of DCA. The group was given the ambitious task of examining ways to “operationalize the concept of corporate excellence on a sustained basis” so as to “sharpen India’s global competitive edge and to further develop

corporate culture in the country". In November 2000 the Task Force on Corporate Excellence set up by the group produced a report containing a range of recommendations for raising governance standards among all companies in India. It also recommended setting up of a Centre for Corporate Excellence. (Jiban K Mukhopadhyay et.al, 2012)

Naresh Chandra Committee Report

The Enron debacle of 2001 involving the hand-in-glove relationship between the auditor and the corporate client, the scams involving the fall of the corporate giants in the U.S. like the WorldCom, Owest, Global Crossing, Xerox and the consequent enactment of the stringent Sarbanes Oxley Act in the U.S. led the Indian Government to wake up. A committee was appointed by Ministry of Finance and Company Affairs in August 2002 under the chairmanship of Naresh Chandra to examine and recommend inter alia amendments to the law involving the auditor-client relationships and the role of independent directors. The committee made recommendations in two key aspects of corporate governance: financial and non-financial disclosures: and independent auditing and board oversight of management. (Jiban K Mukhopadhyay et.al, 2012)

Narayana Murthy Committee Report

The SEBI also analyzed the statistics of compliance with the clause-49 by listed companies and felt that there was a need to look beyond the mere systems and procedures if corporate governance was to be made effective in protecting the interest of investors. The SEBI therefore constituted a committee under the chairmanship of Narayana Murthy for reviewing implementation of the corporate governance code by listed companies and issue of revised clause 49. Some of the major recommendations of the committee primarily related to audit committees, audit reports, independent directors, related party transactions, risk management, directorships and director compensation, codes of conduct and financial disclosures. (Jiban K Mukhopadhyay et.al, 2012)

J.J. Irani Committee Report

The Companies Act 1956 was enacted on the recommendations of the Bhaba Committee set up in 1950 with the object to consolidate the existing corporate laws and to provide a new basis for corporate operation in independent India. With enactment of this legislation in 1956 the Companies Act 1913 was repealed. The need for streamlining this Act was felt from time to time

as the corporate sector grew in pace with the Indian economy and as many as 24 amendments have taken place since 1956. The major amendments to the Act were made through Companies (Amendment) Act 1998 after considering the recommendations of Sachar Committee followed by further amendments in 1999, 2000, 2002 and finally in 2003 through the Companies (Amendment) Bill 2003 pursuant to the report of R.D. Joshi Committee. After a hesitant beginning in 1980, India took up its economic reforms programme in 1990s and a need was felt for a comprehensive review of the Companies Act 1956. Unsuccessful attempts were made in 1993 and 1997 to replace the present Act with a new law. In the current national and international context the need for simplifying corporate laws has long been felt by the government and corporate sector so as to make it amenable to clear interpretation and provide a framework that would facilitate faster economic growth. The Government therefore took a fresh initiative in this regard and constituted a committee in December 2004 under the chairmanship of Dr. J.J. Irani with the task of advising the government on the proposed revisions to the Companies Act 1956. The recommendations of the Committee submitted in May 2005 mainly relate to management and board governance, related party transactions, minority interest, investors education and protection, access to capital, accounts and audit, mergers and amalgamations, offences and penalties, restructuring and liquidation, etc. (Jiban K Mukhopadhyay et.al, 2012)

Central Coordination and Monitoring Committee

A high powered Central Coordination and Monitoring Committee (CCMC) co-chaired by Secretary, Department of Corporate Affairs' and Chairman, SEBI was set up by the Department of Corporate Affairs to monitor the action taken against the vanishing companies and unscrupulous promoters who misused the funds raised from the public. It was decided by this committee that seven Task Forces be set up at Mumbai, Delhi, Chennai, Kolkata, Ahmadabad, Bangalore and Hyderabad with Regional Directors/Registrar of Companies of respective regions as convener, and Regional Offices of SEBI and Stock Exchanges as Members. The main task of these Task Forces was to identify the companies, which have disappeared, or which have misutilised the funds mobilized from the investors and suggests appropriate action in terms of Companies Act or SEBI Act.

Company s Act 2013

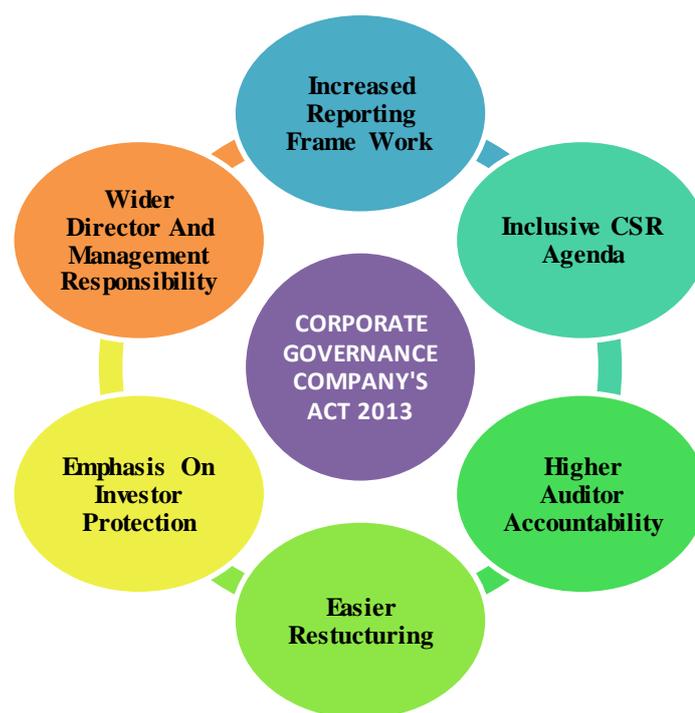
The 1956 Act needed a substantial revamp for quite some time, to make it more contemporary and relevant to corporates, regulators and other stakeholders in India.

The most recent attempt to revise the 1956 Act was the Companies Bill, 2009 which was introduced in the Lok Sabha, one of the two Houses of Parliament of India, on 3 August 2009. This Companies Bill, 2009 was referred to the Parliamentary Standing Committee on Finance, which submitted its report on 31 August 2010 and was withdrawn after the introduction of the Companies Bill, 2011. The Companies Bill, 2011 was also considered by the Parliamentary Standing Committee on Finance which submitted its report on 26 June 2012. Subsequently, the Bill was considered and approved by the Lok Sabha on 18 December 2012 as the Companies Bill, 2012 (the Bill). The Bill was then considered and approved by the Rajya Sabha too on 8 August 2013. It received the President's assent on 29 August 2013 and has now become the Companies Act, 2013.

SEBI Listing Agreement Aligned with Company s Act 2013

Companies Act requirements on issuing a formal letter of appointment, performance evaluation, and conducting at least one separate meeting of the independent directors each year and providing suitable training to them are now included in the revised norms of SEBI. Independent directors are not entitled to any stock option, and companies must establish a whistle-blower mechanism and disclose them on their websites.

Recent Trends/ Changes in Corporate Governance



The Above Figure Puts The Entire Company's Act Changes With Respect To Corporate Governance In A Nutshell.

Aligning Listing Agreement with the Companies Act 2013

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Directorship

- **Restricting Number of Independent Directorships**

As per Clause 49, the maximum number of boards a person can serve as independent director is seven, and three in case of individuals also serving as a full-time director in any listed company. The Companies Act sets the maximum number of directorships at 20, of which not more than 10 can be public companies. There are no specific limits prescribed for independent directors in the Companies Act. Although SEBI reforms seem to be moving in the right direction, these limits may initially pose challenges in sourcing qualified independent directors for listed companies.

- **Maximum Tenure of Independent Directors**

Based on the Companies Act as well as the new Equity Listing Agreement, an independent director can serve a maximum of two consecutive terms of five years each (aggregate tenure of 10 years). These directors are eligible for reappointment after a cooling-off period of three years. The answer for the question, "Can a director who has served two five-year terms be considered independent after a cooling period of three years?" is cleared by CFA Institute that board members have to limit their length of service on a specific company board to no more than 15 years to ensure new board members with fresh insights and ideas are elected.

RECENT DEVELOPMENT ON THE CODES FOR CORPORATE GOVERNANCE FOR INDIAN COMPANIES

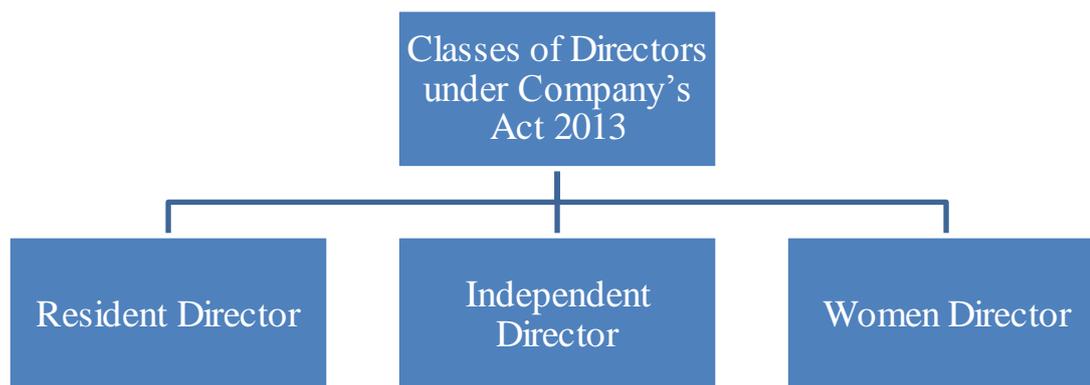
- A committee headed by Shri Naresh Chandra was constituted August 2002 to examine corporate audit, role of auditors, relationship of company & auditor.
- The key recommendations of the Naresh Chandra Committee are given below:
 - ✓ Recommended a list of disqualifications for Audit Assignments like Direct Relationship with company, any Business relationship with the client, and personnel relationship with the directors of the board.
 - ✓ Audit firms not provide services such as accounting, internal audit assignments etc. to audit clients.
 - ✓ Audit to disclose contingent liabilities & highlight significant accounting Policies.
 - ✓ Audit Committee to be first point of reference for appointment of auditors.
 - ✓ Chief Executive Officer (CEO) and Chief Financial Officer (CFO) of listed company to certify on fairness, corrections of annual audited accounts.
 - ✓ Redefinitions of independent Directors- Does not have any material relationship with the company.
 - ✓ Composition of Board of Directors
 - ✓ Statutory limit on the sitting fee to non-executive Directors to be reviewed.

These recommendations now have been formed part of companies (Amendment) Bill, 2003 by the Parliament of India.

- Securities Exchange Board of India (SEBI) constituted a committee headed by Shri

N.R.Narayana Murthy to review existing code of corporate Governance. The major recommendations were:

- ✓ Strengthening the responsibilities of Audit Committee
- ✓ Improving the quality of Financial Disclosures
- ✓ Utilizations of proceeds from IPO
- ✓ To assess and disclose Business risk
- ✓ Whistle Blower policy to be in place in a company providing Freedom to approach the Audit Committee
- ✓ Subsidiaries to be reviewed by Audit Committee of the holding company.
- Companies Act 2013 (CA 2013) [14], which has replaced the Companies Act 1956 (CA 1956), has brought in some significant changes in Corporate Governance standards, including:



Resident Director is a person who has stayed in India not less than 182 days in the previous calendar year. CA 1956 did not require appointment of Independent directors; CA 2013 makes it mandatory in line with Clause 49 of Listing Agreement with Stock Exchange, along with making it mandatory to have at least one Woman board director.

In addition to the above the Company Act 2013 (CA 2013) [14] obligates the board to constitute the following changes.

Board matters and committees

- **Board-Structure Criteria Redefined**

As per Clause 49 of the Equity Listing Agreement, 50% of the board should be made up of

independent directors if the board chair is an executive director. Otherwise, one-third of the board should consist of independent directors. Additionally, the board of directors of a listed company should have at least one female director.

CFA advocates that diversity should be embraced from all angles, such as diversity of backgrounds, expertise, and perspectives, including an increased investor focus to improve the likelihood that the board will act independently and in the best interest of shareholders. (PWC 2013)

- **Enhancing The Role of Audit Committee**

The SEBI reforms call for two-thirds of the members of audit committee to be independent directors, with an independent director serving as the committee's chairman. While the Companies Act requires the audit committee to be formed with a majority of independent directors, SEBI has gone a step further to improve the independence of the audit committee.

The role of the audit committee also has evolved to incorporate additional themes from the Companies Act, such as reviewing and monitoring auditor independence, approval of related-party transactions (RPTs), scrutiny of inter-corporate loans, valuations, and evaluations of internal financial controls and risk management systems.

- **Nomination And Remuneration Committee**

As per the 2013 Act, all listed companies and other prescribed classes of companies are required to constitute Nomination and Remuneration Committee that formulates the criteria for selection of the directors, a policy relating to the remuneration for the directors, Key Managerial Personnel ("KMP") and other employees. Such committee should consist of three or more non-executive directors and at least one-half of the members should be IDs. (PWC 2013)

- **The Corporate Social Responsibility (CSR) Committee**

The 2013 Act specifies that a company meeting certain conditions should formulate a CSR Committee of the Board, consisting of minimum of three directors. The CSR Committee should consist of a minimum of one Independent Director. The CSR committee should formulate and monitor CSR policies and discuss the same in the Board's report. (PWC 2013)

Related-Party Transactions

The scope of the definition of RPTs has been broadened to include elements of the Companies

Act and accounting standards:

- All RPTs require prior approval of the audit committee.
- All material RPTs must require shareholder approval through special resolution, with related parties abstaining from voting.
- The threshold for determining materiality has been defined as any transaction with a related party that exceeds 5% of the annual turnover or 20% of the net worth of the company based on the last audited financial statement of the company, whichever is higher.

Since SEBI Clause 49 requires shareholder approval for all material RPTs, with no exception for transactions in ordinary course of business or at arms-length, companies feel that this will result in practical difficulties (i.e., compliances costs and delays), particularly for those that regularly transact business with subsidiaries. The ultimate effectiveness of such legislation will depend upon the degree and quality of enforcement, or the monitoring capabilities of the regulator.

Improved Disclosure Norms

SEBI resorts to disclosure as an enforcement tool in certain areas. Listed companies are now required to disclose in their annual report granular details on director compensation (including stock options), directors' performance evaluation metrics, and directors' training. Independent directors' formal letter of appointment / resignation, with their detailed profiles and the code of conduct of all board members, must now be disclosed on companies' websites and to stock exchanges.

E-voting Mandatory for All Listed Companies

Until now, resolutions at shareholder meetings in listed Indian companies were usually passed by a show of hands (except for those that required postal ballot). This means votes were counted based on the physical presence of shareholders. SEBI also has changed Clause 35B of its Equity Listing Agreement to provide e-voting facility for all shareholder resolutions.

We think this is a pertinent change as it will allow minority shareholders to express their voices at shareholder meetings without having a physical presence. CFA Institute has advocated for company rules that ensure each share has one vote.

Conclusion

The changes are a step in the right direction made by both, The Companies Act, 2013 as well as Revised Clause 49 of the Listing Agreement empowers independent directors with proper checks and balances, so that such extensive powers are not exercised in an unbridled manner, but in a rational and accountable way. It should further enhance corporate governance and ensure the management and affairs of the companies are conducted in the interest of stakeholders. These provisions have recognized the role of Independent Directors as watchdog of corporate governance. These are the welcome changes, which will help improve the manner in which business is run in India by imbedding strong corporate governance norms in a company.

CASE STUDY

TATA CONSULTANCY SERVICES

TCS is a Member of TATA Group. It is the largest provider of information technology in Asia and second largest provider of business process outsourcing (BPO) services in India. it began as the "Tata Computer Centre", for the company Tata Group whose main business was to provide computer services to other group companies. F C Kohli was the first general manager. J. R. D. Tata was the first chairman TCS's first international order came from Burroughs, one of the first business computer manufacturers. TCS bag its first onsite project - the Institutional Group & Information Company (IGIC). During 2005, TCS ventured into a new area for IT services – Bioinformatics.

It was founded by Jamsetji Tata in 1848 and it is one of India's most respected institutions today. Their mission reflects the Tata Group's longstanding commitment in providing excellence. To maintain a long standing customer relationship that helps in achieving their business objectives by providing innovative, best-in-class consulting, IT solutions and services, and to actively engage all stakeholders in a productive, collaborative, and mutually beneficial relationship.

TCS' ability to deliver high-quality services and solutions is unmatched. They are the world's first organization to achieve an enterprise-wide Maturity Level 5 on both CMMI and P-CMM, using the most rigorous assessment methodology – SCAMPISM. Additionally, TCS' Integrated Quality Management System (IQMS) integrates process, people and technology maturity through various established frameworks and practices including IEEE, ISO 9001:2000, and CMMI, SW-

CMM, P-CMM and 6-Sigma.

Fig 1: TCS in a Nutshell

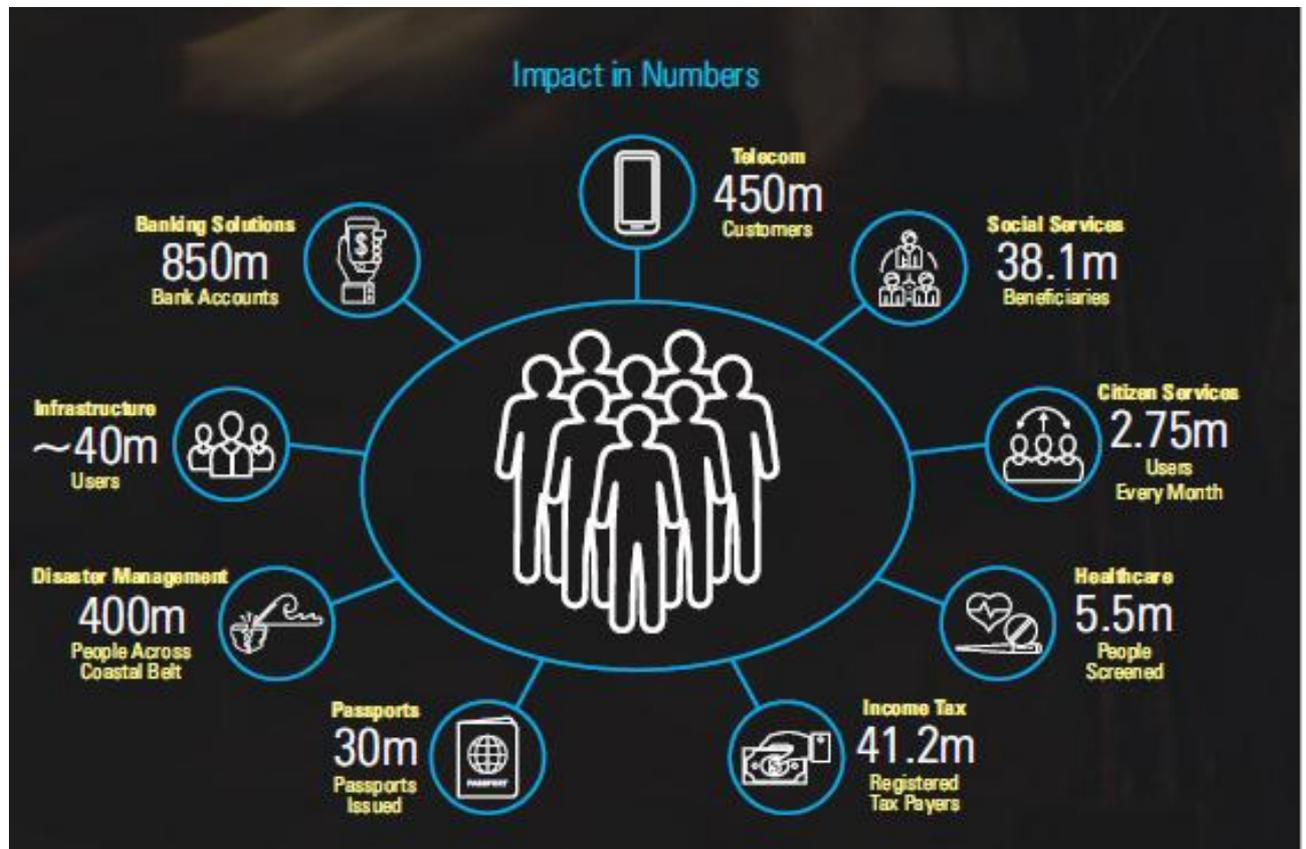


Fig 1: gives a clear outlay of TCS and its brilliant diversification strategies.

FEATHERS TO THE CROWN OF TCS

Tata Consultancy Services is an IT services, consulting and business solutions organization that delivers real results to global business, ensuring a level of certainty no other firm can match. TCS offers a consulting-led, integrated portfolio of IT, BPS, infrastructure, engineering and assurance services. It has backed many awards from the time of its existence. To name a few:

In the year 2014-2015:

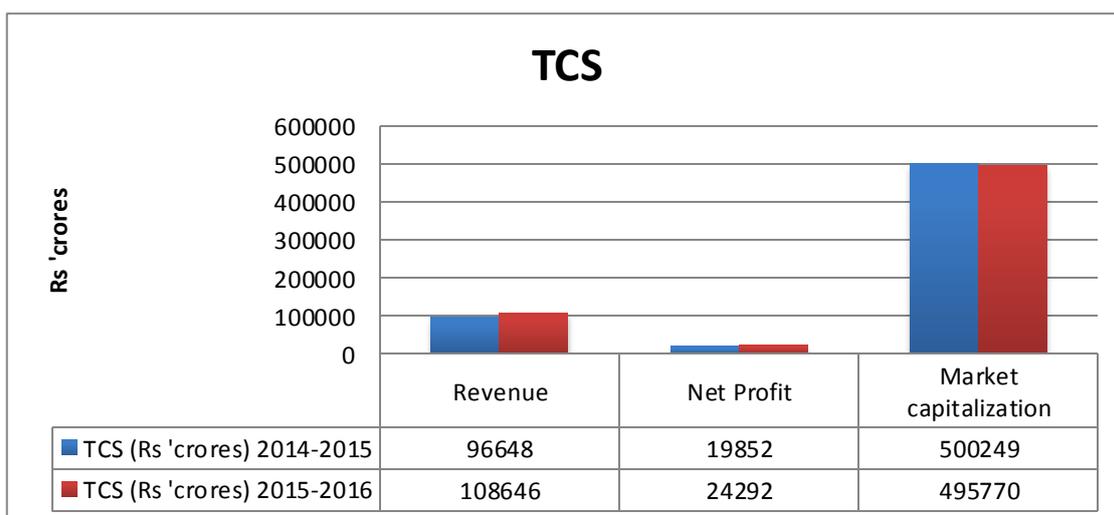
- ✓ TCS Honored as Gold and Silver Stevie® Winner at the 2014 American Business Awards Gold Stevie® for Corporate Social Responsibility Program of the Year, Silver Stevie® for HR Department of the Year.
- ✓ TCS named a Leader for seventh year in a row by Gartner in Magic Quadrant for International Retail Core Banking report by Don Free and Ethan Wang, published on 13th November, 2014

- ✓ Skoch Technology Awards conferred the Skoch Order-of-Merit to TCS BANCS Insurance and New India Assurance Co. Ltd project 'Automation & Rigorous Application Monitoring & Control'

In the year 2015-2016:

- Golden Peacock National Training Award
- Ranked 57 among Top 100 US Brands by Brand Finance
- Winner 'Make In India Awards for Excellence'
- Organization of the Year by the World HRD
- BPS sector - Business Today – People Strong Survey
- Excellence Awards and Recruiting and Staffing

Comparative analysis of TCS performance of 2015-2016 to the year 2014-2015



Source: Annual Reports of 2015-16 and 2014-15

The above figure explains that the Company has delivered a strong performance during 2015-16 and crossed the trillion rupee revenue milestone, with reported revenues of `1, 08,646 crores at an annual growth of 14.8 per cent in comparison to the year 2014-2015. The annual net profit has also seen a remarkable increase to 24,292 crores which has enabled the Company to retain its position as the most valuable company in India with a market capitalization of 4,95,770 crores.

Company s Philosophy on corporate governance

The Company’s understanding/ philosophy on corporate governance looks deeply into business

strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors and the society at large.

Corporate governance practices have been the Company's hallmark inherited from the Tata culture and ethos. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors, which was revised during the year to align with changing cultural and regulatory norms across the multiple jurisdictions in which the Company conducts its business. In addition, the Company has adopted a Code of Conduct for its non-executive directors which includes Code of Conduct for Independent Directors which suitably incorporates the duties of independent directors as laid down in the Companies Act, 2013 ("Act"). These codes are available on the Company's website. The Company's corporate governance philosophy has been further strengthened through the Tata Business Excellence Model, the TCS Code of Conduct for Prevention of Insider Trading and the Code of Corporate Disclosure Practices ("Insider Trading Code"). The Company has in place an Information Security Policy that ensures proper utilization of IT resources.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") the Company has executed fresh Listing Agreements with the Stock Exchanges. The Company is in compliance with the requirements stipulated under Clause 49 of the Listing Agreements and regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI Listing Regulations, as applicable, with regard to corporate governance.

Board of Directors and Board Structure

As on March 31, 2016, the Company has eleven Directors. Of the eleven Directors, nine (i.e. 81.82%) are Non-Executive Directors and six (i.e. 54.55%) are Independent Directors. The composition of the Board is in conformity with Regulation 17 of the SEBI Listing Regulations read with Section 149 of the Act.

Board of Directors

Non-Executive Board Members

Cyrus Mistry, Chairman

Prof. Clayton M Christensen, Director

Aman Mehta, Director

Dr. Ron Sommer, Director

Dr. Vijay Kelkar, Director

Ishaat Hussain, Director

OP Bhatt, Director

Venkatraman Thyagarajan, Director

Executive Board Members

N Chandrasekaran, Chief Executive Officer and Managing Director

Aarthi Subramanian, Global Head of Delivery Excellence Group

- ✓ Eight Board Meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held:
April 16, 2015; June 30, 2015; July 9, 2015; September 3, 2015; October 13, 2015; January 11, 2016; January 12, 2016 and March 10, 2016.
- ✓ During the year, two meetings of the Independent Directors were held on October 13, 2015 and March 11, 2016. The Independent Directors, *inter-alia*, reviewed the performance of non-independent directors, Chairman of the Company and the Board as a whole.
- ✓ The Board periodically reviews the compliance reports of all laws applicable to the Company, prepared by the Company.

BOARD COMMITTEES

Audit Committee

The audit committee of the Company is constituted in line with the provisions of Regulation 18 of SEBI Listing Regulations, read with Section 177 of the Act.

The audit committee invites such of the executives, as it considers appropriate (particularly the head of the finance function), representatives of the statutory auditors and

representatives of the internal auditors to be present at its meetings. The Company Secretary acts as the Secretary to the Audit Committee. Mr. Suprakash Mukhopadhyay, Vice President and Company Secretary was appointed as the Compliance Officer by the Board to ensure compliance and effective implementation of the Insider Trading Code.

Quarterly Reports are sent to the members of the Committee on matters relating to the Insider Trading Code. The previous Annual General Meeting (“AGM”) of the Company was held on June 30, 2015 and was attended by Mr. Aman Mehta, Chairman of the audit committee.

Five audit committee meetings were held during the year and the gap between two meetings did not exceed one hundred and twenty days. The dates on which the said meetings were held are as follows:

April 16, 2015; July 9, 2015; September 3, 2015; October 13, 2015 and January 12, 2016

Nomination and Remuneration Committee

The nomination and remuneration committee of the Company is constituted in line with the provisions of Regulation 19 of SEBI Listing Regulations, read with Section 178 of the Act. Three nomination and remuneration committee meetings were held. The dates on which the said meetings were held are as follows:

April 16, 2015; January 11, 2016 and March 11, 2016

The Company does not have any Employee Stock Option Scheme. The performance evaluation criteria for independent directors are determined by the Nomination and Remuneration committee. Remuneration policy in the Company is designed to create a high performance culture. It enables the Company to attract, retain and motivate employees to achieve results. Our Business Model promotes customer centricity and requires employee mobility to address project needs. The Company pays remuneration by way of salary, benefits, perquisites and allowances (fixed component) and commission (variable component) to its Managing Director and the Executive Directors.

Stakeholders’ Relationship Committee

The stakeholders’ relationship committee is constituted in line with the provisions of Regulation 20 of SEBI Listing Regulations read with section 178 of the Act. Two meetings of

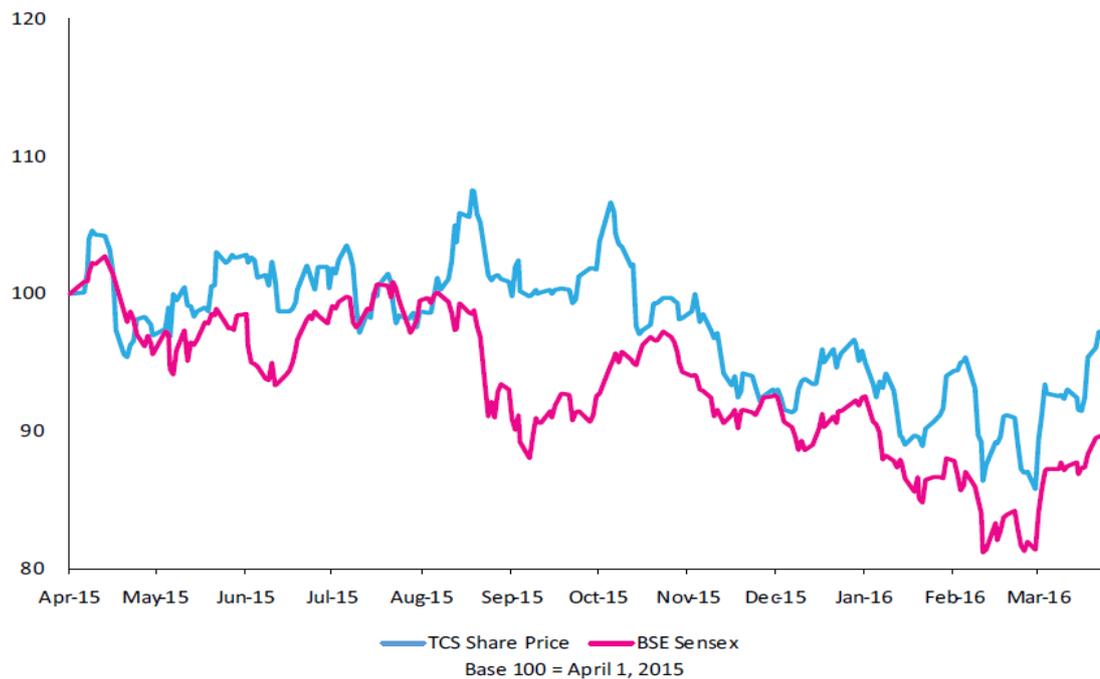
the stakeholders' relationship committee were held during the year on September 3, 2015 and March 11, 2016. The Company has always valued its customer relationships. This philosophy has been extended to investor relationship and an Investor Relations Department (IRD) was set up in June 2004, prior to the Company's Initial Public Offer of shares.

Other Committees

- **Ethics And Compliance Committee**
- **Bank Account Committee**
- **Executive Committee**
- **Software Technology Parks Of India (STPI) / Special Economic Zone (SEZ) Committee**
- **Risk Management Committee**
- **Health, Safety And Sustainability Committee**
- **Corporate Social Responsibility ("CSR") Committee**

Fig 3: Performance by Share Value

TCS Share price and BSE Sensex movement



Source: TCS Annual Report 2015-2016

The above figure clearly relates the performance of the share price of the company in comparison to the BSE index.

What makes TCS to always be on a greater side?

When India has taken the lead in mandating corporate spend on social causes. FY 2015 represents the first year for reporting on CSR under the new regime of the Companies Act 2013. TCS has a CSR Committee of the Board and has published a global CSR Policy. It has also established a CSR Foundation to undertake large scale projects. This is in addition to the existing volunteering and projects which utilize core competency to support social causes. TCS was among the first corporates to identify with the Prime Minister's Swachh Bharat Abhiyan (Clean India Initiative) and has pledged `100 Crores to build dedicated sanitation facilities for girl students in government schools. Their CSR flagship, the Adult Literacy programme, reached over 2 lakh beneficiaries with ~ 30,000 jail inmates becoming literate.

The above details are to name a few which always keeps TCS at a higher pace in comparison with other companies.

TCS stands out to be one of the best among the top companies listed as 'A' Group in BSE. The market sustainability of TCS is amazing as its customers rely and reward it as excellent performer. TCS is invariably noted for its financial performance and its transparency i.e. its corporate governance disclosure practices. The most prestigious 'Golden Peacock Award' was added to the crown of TCS more than four times for its excellent disclosure practices and corporate social responsibility. Nevertheless with a customer relationship like the TCS has a very long way to go.

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