A Study on Corporate Governance Practices in India ~ Case study of Family business groups ~

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Abstract: This paper considers corporate governance and disclosure practices within family business groups in India. The study focuses on the top 100 index of the Bombay Security Exchange during three financial years: 2017-18, 2018-2019, and 2019-2020. The methodology includes descriptive statistical analysis and the equal weightage method. The analysis concludes that Indian family business group companies currently adhere to high-quality corporate governance practices, following both mandated and non-mandated corporate governance guidelines. Furthermore, the study found disclosure status and concluded that transparency and accountability are highly emphasized within Indian family business groups.

Keywords: corporate governance, disclosure practices, family business groups, India.

1. Introduction

As an emerging market, India ranks as the world's second-largest market in terms of both population and GDP (Gross Domestic Product), closely following China. A distinctive feature of India is the prevalence of family business groups (FBGs) owned and managed by family or kinship networks. This paper investigates the status of corporate governance (CG) and disclosure practices among Indian FBGs.

India's CG landscape was initially governed by British company law and regulations until gaining independence in 1947. After breaking free from British colonial rule, India enacted its own Companies Act in 1956, which regulated CG within the country. In the same year, the Securities Contract Regulation Act of 1956 was also enacted, further strengthening oversight and regulation of listed companies.

The change of CG in India after the 1990s new economic reform by the government. Key marks in this change embrace the implementation of the Securities Exchange Board of India (SEBI) Act in 1992 and the introduction the Clause 49 of the Listing Agreement (which is called the CG Code) in 2001. Nevertheless, concerns about the CG Code's effectiveness have endured, with compliance rates reducing by about 60% of companies. This study has emphasized key issues about CG, such as a lack of transparency, accountability, insufficient disclosure practice, and the founder's influence on management in India.

In response to these apprehensions, the Indian government initiated reforms to the Companies Act (1956) and enacted the new Companies Act (2013). The Companies Act (2013) introduced several strict provisions, including required inside controls, reporting obligations for directors, the structure of independent directors, and stricter rules and regulations on insider trading. Particularly, the Company Act (2013) Introduces at least one female director and corporate social responsibility (CSR) activities which requires that typically an average of 2% of profits for the last three annual years (Kandel, 2016). The SEBI also revised the CG code in 2015 to align with the corporate law (2013).

To enhance CG standards in India, SEBI pursued revisions through various committees, including the Kumar Mangalam Birla Committee (1999), the Narayan Murty Committee (2003), and the Kotak Committee (2017). Therefore, this study focuses on Indian FBGs to elucidate the impact of the CG code revisions by the Kotak Committee in 2017 on their CG and disclosure practices.

This paper specifically explores the CG practices of FBGs in India and it's structured into the following sections. The second part defines FBGs, the third part offers a literature review of previous research on the topic, the fourth part describes the methodology and data sources. Moving on to the fifth part is the research findings, followed by a discussion in the sixth part. Finally, the seventh part concludes this study.

2. Definition of Family Business Groups

India's FBGs have a long history dating back to British colonial rule, and they continue to thrive in the present day. These businesses are characterized by their ownership and control within family and kinship networks. They have expanded into various sectors, incorporating companies across diverse fields as subsidiaries while maintaining their ownership and control (Kandel, 2016).

Khanna and Palepu (2000) provide a definition, stating that "Indian corporate groups typically comprise publicly traded companies operating in various industries, marked by significant shared ownership and control by family and kinship networks." Granovetter (1995) offers a perspective on FBGs as a "collection of formally and informally linked companies." Khanna and Rivkin (2001) describe FBGs as entities that are "…. legally independent but interconnected through formal and informal ties, characterized by a tradition of cooperative action." Furthermore, Khanna and Yafeh (2007) define FBGs as "groups of legally independent firms with formal and informal relationships, conducting operations in multiple (often unrelated) businesses." Schneider (2009) provides a distinct characterization, referring to FBGs as "distinct corporate groups, legally separate, engaged in diversified activities across three or more unrelated business areas, typically under concentrated control through significant shareholding or other financial linkages.".

Therefore, based on the above definitions, this study aligns with FBGs as entities characterized by ownership and control within companies that are diverse and operate in various fields under the umbrella of family and kinship networks.

3. Literature Review

3.1 Previous research on related CG

Kandel (2010) conducted a case study on the Indian large business group M&M Group, revealing its consistent operation under family control and management. However, it's important to note that they do not disclose the involvement of family members and blood relations in terms of personal connections.

Brenes et al. (2011) pointed out that the influence of family control is prominently seen in businesses that have originated as family enterprises and is reflected in CG. Cultural and regional tendencies and the desire for global control within companies influence the composition of their boards of directors. This implies that not all family-owned and controlled companies have diversified boards of directors. Even when they do, these boards often consist primarily of influential family members who are major shareholders. In addition, Brenes et al. (2011) suggested that boards composed exclusively of family members often prioritize family interests over corporate health, which can impact the objectivity and purpose of CG.

Babita and Sucheta (2015) conducted a study aimed at analyzing the condition of CG in India. They examined the latest annual reports (for the fiscal years 2012-13 and 2013-14) of 100 companies. The results indicated that Indian companies are currently implementing the CG provisions outlined by SEBI in Clause 49 of the Listing Agreement. Furthermore, their research suggested that there are no significant differences in CG practices among companies in different industries.

Ayuba (2021) conducted a case study using a mineral water manufacturing company, CV.XYZ, which is a purely family-owned and controlled business, to examine the implementation of good CG principles. The results showed that the company indirectly practices concepts of "good CG," such as transparency, accountability, independence, and fairness. However, the principle of "accountability" was not implemented as no clear organizational structure or formal policy, a gap in compliance with this aspect of CG.

3.2 Previous Research on CG Disclosure

Khanna and Palepu (1999) conducted research on the governance of FBGs in India. They observed that these firms exhibit lower transparency levels compared to non-family-controlled firms, which raises concerns about monitoring by external investors and creditors. Additionally, they pointed out that these firms often dominate corporate management without providing sufficient disclosure to other investors while flexibly transferring funds to their subsidiaries and affiliated companies.

Gupta and Parua (2006) aimed to assess the level of compliance with CG code among private Indian companies listed on the Bombay Stock Exchange (BSE). Their study included 1,245 companies for the period from 2004 to 2005. They selected 21 codes from the annual reports' CG reports for analysis. The results revealed that more than 70% of the companies were complying with over 80% of the codes. Compliance rates exceeded 80% for 17 of the selected codes. Nearly all companies achieved a significant level of compliance, even at the 1% level.

Dessai and Bhanumurthy (2011) conducted a study on the corporate governance disclosure practices of BSE 30 listed companies in India. The research assessed corporate governance and information disclosure practices based on the annual reports for the accounting year 2009. The results showed that the corporate governance and information disclosure practices adopted by these 30 companies were excellent, with only one or two exceptions in various aspects.

Setting of the Research Questions

Considering the literature mentioned above, this study formulated the following research questions (RQ) to analyze the status of CG and disclosure practices in Indian FBGs:
RQ1: Why do members of FBGs fail to comply with CG terms, and What is the current situation?
RQ2: How has the CG framework evolved concerning the composition of the board？
RQ3: How has the progression of disclosure practices developed within FBGs in India?
RQ4: How are FBGs evaluated in terms of disclosure, transparency, and accountability?

5. Methodology

This analysis concerns the CG practices of Indian FBGs companies which are listed in the BSE (Bombay Stock Exchange) in India. The methodology comprises two primary components, they are following:

First, this paper aims to investigate board composition and the involvement of family members in the board. This approach closely aligns with the descriptive statistical analysis method employed by Dessai and Bhanu Murthy (2011). This analysis is based on CG reports, which are part of annual reports of the target companies.

The second objective is to assess the disclosure practice and status of FBGs. To achieve this paper follows the methodology of Sarpal (2017) by employing the equal weightage method. Companies that disclose and adhere to specific items will be assigned a score of "1," while companies that do not will be assigned a score of "0." This scoring system will be used to analyze of information disclosure status of FBGs.

Target Companies and Data

This study concentrated on BFG companies listed on the top 100 index of the BSE and encompassed three financial years: 2017-18, 2018-2019, and 2019-2020. However, due to fluctuations in the BSE index, this analysis focuses only on the FBGs that are listed in the top 100 index as of March 2020. Other non-family group companies and financial companies were excluded.

The data was collected from various sources. First, the data regarding FBG companies were collected in the BSE database. Additionally, Other CG-related data were gathered from the CG reports disclosed within the annual reports of the target companies.

Significance of this Case Study

This paper mainly concentrates on the amendment corporate governance code enacted by SEBI in 2017, led by the Kotak Committee (Guragain, 2020). India is an emerging economy, and it has lots of FBGs. Therefore, this paper examines the effectiveness of the corporate governance code and its implementation status in the Indian FBGs context.

6. Results

6.1 Analysis 1: Results on Board Composition

Results of Ownership Structure of FBGs

When examining the ownership structure of Indian FBG companies, it is observed that the average family/founder shareholding percentage was 51.10% in the fiscal year 2018, which decreased slightly to 50.96% in 2019 and 50.93% in 2020. The lowest ownership percentage among Indian FBG companies was 21.71% in 2018, 21.51% in 2019, and 19.89% in the fiscal year 2020. On the other hand, the highest ownership percentage remained relatively consistent at around 75% throughout all three years. The standard error for these ownership percentages is about 2% over the three years.

Furthermore, when examining the age of Indian FBG companies, the youngest company in 2020 was 21 years, while the oldest had a history of 136 years (with a standard deviation of approximately 4%). These results show that there are FBGs with very long histories and others that have formed FBGs. Table 1 includes a description of the ownership structure of Indian FBGs.

Table 1 Ownership Structure of FBG Companies

Details	**ownership**			**Company Age**			**N. of family members**		
(Year)	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**	**2018**	**2019**	**2020**
Minimum	21.71	21.51	19.89	19	20	21	0	0	0
Average	51.10	50.96	50.93	54.58	55.6	56.6	2.76	2.76	2.76
Maximum	74.98	74.98	74.99	134	135	136	6	6	6
standard error	2.16	2.13	2.12	4.02	4.02	4.02	0.23	0.23	0.23
Total companies	50	50	50	50	50	50	50	50	50

Sources: Author.

In addition, table 1 shows results on the number of family members participating in the board. The average number of participants in the Board from 2018 to 2020 is approximately three persons, and the maximum number of six persons, respectively.

Related to Board Chair, CEO/MD

Table 2 shows a summary of the status of family members who participated in the Board Chair and CEO/MD. During this study period, it was observed that out of 50 companies, 22 (44%) did not split the chairman and CEO/MD on the board, while the remaining 28 (56%) did. Additionally, 14 (28%) companies appointed CEO/MD by family members, although 36 (72%) companies did not. On the other hand, 10 (20%) companies appointed family members as chairpersons of the boards, but the remaining 40 (80%) companies had individuals (who were not family members) in this role. These results show that family members hold significant top positions and influence on board in Indian FBGs.

Table 2 Related to Board Chair, CEO/MD

Details	Board Chair/CMD (Single Person)			Family CEO/MD			Family Board Chair		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
(Yes)	22	22	22	14	14	14	10	10	10
%	44	44	44	28	28	28	20	20	20
(No)	28	28	28	36	36	36	40	40	40
%	56	56	56	72	72	72	80	80	80
Total companies	50	50	50	50	50	50	50	50	50

Sources: Author.

Board Composition

The CG Code, which applies to all listed companies, requires that the board of directors must consist of a minimum of six and a maximum of 15 directors. When the chairman of the board is an executive officer (where the chairman and CEO/MD are the same person), the CG Code requires that at least 50% of the board of directors should be independent directors. Additionally, if the chairman of the board is non-executive, one-third of the directors must be independent directors. As of March 31, 2020, all FBGs among the 50 companies examined were following this mandated CG Code regarding board composition.

Table 3 Composition of the Board

Details	Board Composition			Independent Directors			Non-Executive Directors			Women Directors		
	2018	2019	2020	2018	2019	2020	2018	2019	2020	2018	2019	2020
Minimum	7	7	7	2	2	3	0	0	0	0	0	0
Average	11.46	11.46	11.12	6.14	6.26	5.78	2.5	2.38	2.42	1.9	1.9	2.04
Maximum	17	17	16	9	10	9	6	6	6	5	5	5
standard error	0.31	0.31	0.30	1.40	1.60	1.46	1.50	1.48	1.37	0.99	0.99	1.05
Total com.	50	50	50	50	50	50	50	50	50	50	50	50

Sources: Author.

As depicted in Table 3, the analysis of board composition was conducted based on four key factors: board size, independent directors, non-executive directors, and female directors. The findings reveal that board sizes ranged from a minimum of 7 members to a maximum of 17 members (in 2018 and 2019). In 2020, the maximum board size was 16 members. However, the average number of board of directors over the three years was approximately 11 members.

Observing the independent directors, Indian FBG companies appointed a minimum of 2 and a maximum of 10 members in the 2018 and 2019 fiscal years; up to 9 independent directors were appointed in 2020. The average number of independent directors was about 6. The number of non-executive directors was about 2, with a maximum of 6 members appointed. The average female director was about 2, with a maximum of 5 members. These results suggest that Indian FBGs have achieved diversity in board composition.

Table 4 Status of Board Meeting

Details	Board Meeting (Yearly 4 Time)	Attendance of Directors at Board Meetings (%)	Attendance of Directors at AGM

	2018	2019	2020	2018	2019	2020	2018	2019	2020
Minimum	4	4	4	60.78	52	60.43	2	2	4
Average	6.16	5.84	5.98	84.86	86.55	86.41	9.2	9.3	9.38
Maximum	11	10	11	100	99.6	100	15	15	16
standard error	0.24	0.22	0.21	1.29	1.31	1.35	0.36	0.37	0.41
Total	50	50	50	50	50	50	50	50	50

Sources: Author.

Board Meetings

Table 4 summarizes the number of board meetings, board attendance, and AGMs over the three years. First, the number of board meetings held by Indian FBG firms, over three years ranged from a minimum of 4 to a maximum of 11, with an average of about 6 meetings. This indicates that Indian FBGs are following the requirement of the CG Code to hold a minimum of 4 board meetings per fiscal year. secondly, the attendance rates for board meetings were as follows: for fiscal year 2018, attendance ranged from a minimum of 61% to a maximum of 100%, with an average of about 85%. For fiscal year 2019, attendance ranged from a minimum of 52% to a maximum of 99.6%, with an average of about 87%; for fiscal year 2020, attendance ranged from around 60% to 100%. Thus, the average attendance rate for directors was around 86% each.

Additionally, director attendance at AGMs was as follows: in fiscal years 2018 and 2019, attendance ranged from a lowest of 2 to a highest of 15 directors. However, in fiscal year 2020, the attendance increased from a lowest of 4 to a highest of 16 directors. The average attendance for three years was around 9 directors for each fiscal year. These results show insights into the frequency of board meetings, director attendance, and their involvement in AGMs for Indian FBGs.

Table 5 Number of Board Committees, Total Appoint as Directors, Other Companies Chairs

Details	Number of Board Committee(s)			Total companies of Appoint as a director			Other Companies Chair		
	2018	2019	2020	2018	2019	2020	2018	2019	2020
Minimum	3	3	3	0	0	0	0	0	0
Average	6.02	6.12	6.14	3.46	3.38	3.22	1.04	0.66	0.44
Maximum	12	12	10	7	7	9	6	5	4
standard error	1.88	1.88	1.73	0.24	0.24	0.28	1.34	1.12	0.97
Total com.	50	50	50	50	50	50	50	50	50

Sources: Author.

About the Board Committees

Table 5 summarizes three key points about the Board of Directors. First, the number of committees established under the Board of Directors has been constant, with a minimum of three committees over the three years; in fiscal years 2018 and 2019 there was a maximum of 12 committees, which decreased to a maximum of 10 committees in fiscal year 2020; the three-year average shows that around six committees have been established. This indicates that the FBGs in India comply with the requirement in the CG Code to establish a minimum of three committees per fiscal year.

Second, the percentage of directors serving on the boards of other companies increased: in FY 2018 and FY 2019, seven directors were serving on the boards of other companies, while in FY 2020, there were nine. The average is about 3 companies.

Third, the data show that the percentage of directors who chaired other company boards averaged around 1 in each fiscal year. Furthermore, the maximum percentage of chairmen has decreased over the years, from 6 companies in 2018 to 4 companies in 2020. However, the data show a significant decrease in the number of appointments to the chairmanship of the board of other companies. These changes can be attributed to the strengthening of CG practices.

6.2 Analysis 2: Results on Disclosure Practices

This part examines the situation of CG disclosure practice in Indian FBGs. This analysis includes various aspects such as a board of directors, independent directors, related parties, non-mandatory requirements, committees, and other disclosure requirements.

Table 6 Results of Disclosure Practices about the Board Unit: Number of Companies

Details		2017/2018		2018/2019		2019/2020	
1	**Related to Board of Director**	**Yes**	**No**	**Yes**	**No**	**Yes**	**No**
	Board composition	50	0	50	0	50	0
	Family CEO/MD	50	0	50	0	50	0
	Independent Director	50	0	50	0	50	0
	Non-Executive Director	50	0	50	0	50	0
	Women Director	50	0	50	0	50	0
	Separate chair, CEO/MD	50	0	50	0	50	0
	Involved family members in the Board	50	0	50	0	50	0
1.1	**Other Disclosure of Board of Directors**						
	Number of Board Meetings (Minimum 4 Times per Fiscal Year)	50	0	50	0	50	0
	Attendance of Directors at the Board Meetings	50	0	50	0	50	0
	Attendance of Directors at the Shareholders' General Meeting	50	0	50	0	50	0
	Board Meetings (with a 3-month Gap)	50	0	50	0	50	0
	Directors Being to a Maximum of 10 Committees	50	0	50	0	50	0
	Chairman (with a maximum of 5 companies)	50	0	50	0	50	0
	Code of conduct	50	0	50	0	50	0
	Disclosure of Directors' Specialized Knowledge and Skills	50	0	50	0	50	0
	Knowledge Upgrade for Directors	50	0	50	0	50	0
	Quorum of the Board of Directors	50	0	50	0	50	0
	Maximum Number of Directorship	22	28	31	19	38	12
	Disclosure of Board Evaluation	50	0	50	0	50	0
	Disclosure of Matrix Structure	0	50	6	44	48	2

Sources: Author.

Table 6 presents the results of the analysis of disclosures related to the board. The analysis was divided into seven subsections, which revealed that all subsections related to the board of directors are practiced and disclosed in the annual reports of FBG companies. In addition, 13 sub-items related to other aspects of the board of directors were also analyzed. The results showed that, except for two sub-items, all other sub-items are being practiced and disclosed in the annual reports. The two non-disclosed sub-items were the maximum number of directorships held by directors and the matrix report structure. The maximum number of directorships held by directors was practiced by 22 companies in the 2017/2018 fiscal year, 31 companies in the 2018/2019 fiscal year, and 38 companies in the 2019/2020 fiscal year. On the other hand, the matrix report structure was virtually absent in the 2017/2018 fiscal year (0 companies), 6 companies in the 2018/2019 fiscal year, and 48 companies in the 2019/2020 fiscal year. This research indicates the Changing implication and disclosure status within FBGs on an annual basis.

Table 7 Disclosure Status Related to Independent Director

Details	2017/2018	2018/2019	2019/20
Minimum Number of Independent Directors	50	50	50
Resignation of Independent Director	50	50	50
Exclusive meeting of Independent Director	50	50	50
Insurance for Independent Direct	50	50	50
Tenure on the Board of Directors	50	50	50
Disclosure of Independent Directors and Their Age	50	50	50
Performance Evaluation for Independent Directors	50	50	50
Minimum compensation to Independent Director	50	50	50
Engagement of ID with top Management Team	50	50	50

Sources: Author.

Table 7 illustrates the disclosure status concerning Independent Directors. The results, segmented into 9 sub-items, reveal that all companies disclose items related to independent directors in their annual reports. Moreover, the data on disclosure outcomes indicates that there are no issues with the practice related to independent directors in FBGs. This finding implies that FBGs are actively disclosing information related to their independent directors, signifying their dedication to transparency and corporate governance.

Table 8 Disclosure Status of Related Parties

Details	2017/2018	2018/2019	2019/2020
Basis of related party transaction	50	50	50
Disclosure of material transactions with related party	50	50	50
Disclosure of financial statements with management explanation	50	50	50
Risk assessment and minimization procedure by the Board	50	50	50
Proceeds from public /right /preferential issues	50	50	50
Criteria of Remuneration of Directors	50	50	50
Management	50	50	50
Shareholders	50	50	50

Sources: Author.

Table 8 summarizes the survey findings regarding related parties has been. The investigation, divided into 8 sub-items related to related parties, shows that all target companies are disclosed in their annual reports. This thorough disclosure status concerning related parties aligns with good corporate governance practices, ensuring transparency and accountability.

Concerning other items related to corporate governance, an investigation was conducted, categorizing items related to subsidiaries, CEO/CFO certification, compliance reports, and CG reports. The results, as shown in

Table 9, indicate that the disclosure rate for all target companies is 100%, with all of them disclosing these items in their annual reports.

Table 9 Disclosure of Other Information Related to Corporate Governance

Details	20107/2018	2018/19	2019/2020
Related to Provisions of Subsidiaries	50	50	50
CEO/CFO Certification, Certification of Financial Statements	50	50	50
Related to the Compliance report	50	50	50
Related to the corporate Governance report	50	50	50

Sources: Author.

This high practice rate demonstrates a strong commitment to corporate governance practices and transparency within FBGs, as all companies are actively disclosed to subsidiaries, CEO/CFO certification, compliance reports, and CG reports in FBGs.

Table 10 Disclosure Status of Non-Mandatory Requirements

Details	20107/2018	2018/19	2019/2020
Board of Directors (Non-Executive Director Tenure)	50	50	50
Compensation Committee	50	50	50
Shareholder Rights	50	50	50
Audit Qualification	50	50	50
Training for Board of Directors	50	50	50
Performance Evaluation of Non-Executive Directors	50	50	50
Whistleblower Policy	50	50	50

Sources: Author.

In the CG Code, several items are designated as non-mandatory. An investigation was conducted by categorizing these non-mandatory requirements into 7 sub-items. The results, as shown in Table 10, indicate that all companies are implementing non-mandatory requirements. Furthermore, they disclose all these items in their annual reports. All target companies are voluntarily employing and disclosing non-mandatory requirements reflecting a proactive approach to CG practices and a commitment to transparency and accountability.

Table 11 Disclosure Status of the Audit Committee

Details	2017/2018	2018/2019	2019/2020
Composition of Audit Committee	50	50	50
Compliance with the minimum requirements for independent directors on the committee	50	50	50
Compliance with the minimum requirement for the number of committee meetings held	50	50	50
Disclosure of the literacy and expertise of committee members	50	50	50
Participation of the Chief Financial Officer, Auditor, and Chief Internal Auditor in committee meetings	50	50	50
Disclosure of Audit Committee Regulations/Responsibilities	50	50	50
Disclosure of Publication of the Audit Committee Report	50	50	50

Sources: Author.

In Table 11, To ensure that Indian FBGs have good implementation of transparency and accountability, the CG Code mandates the formation of an independent audit committee. An investigation was conducted on the establishment of this audit committee, which includes 7 sub-items. The results, as shown in Table 11, reveal that all target companies comply with the CG Code's provisions related to the audit committee and disclose the necessary information.

Table 12 Disclosure related to the Nominating and Compensation Committee

Details	2017/2018	2018/2019	2019/2020
Composition of the Compensation Committee	50	50	50
Disclosure of the number of committee meetings held	50	50	50
Compliance with the minimum requirement for the number of independent directors on the committee	50	50	50
Compliance with the appointment of an independent director as the committee chairman	50	50	50
Disclosure of the participation of all members in the committee Meeting	50	50	50
Disclosure of seating arrangements in the Board and committees.	50	50	50

Sources: Author.

Table 12 addresses the remuneration and compensation committee, encompassing the 6 items specified in the CG Code for Indian FBGs. The results indicate that all target companies are adhering to the CG Code's provisions related to the remuneration and compensation committee, and they disclose this information in their annual reports.

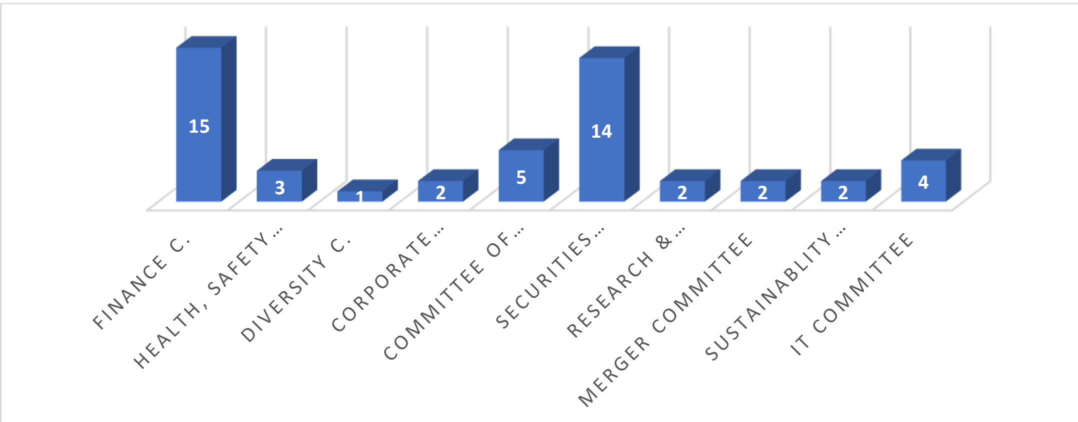
Table 13 Disclosure status of other committees.

Details	2017/2018	2018/2019	2019/2020
Risk Management Committee	50	50	50
Corporate Social Responsibility (CSR) Committee	50	50	50
Stakeholder Engagement Committee	50	50	50

Sources: Author.

Table 13 investigates the other committees including the Risk Management Committee, CSR Committee, and Stakeholder Relationship Committee, all of which were established by the year 2020. The results show that all target companies have established these committees, and disclosure of these committees is evident in their annual reports.

Figure 1: The status of non-mandatory board committees



Sources: Author.

Figure 1 demonstrates that Indian FBG companies, although not explicitly required by the CG Code, have established committees essential for corporate operations under the board of directors. For example, Figure 1 illustrates that 15 companies have established finance committees, and 14 companies have established securities committees.

Table 14 Disclosure status of AGM

Details	2017/2018	2018/2019	2019/2020
The locations and dates/times of the general meetings held in the past three years	50	50	50
The content of special resolutions passed at the AGM/EGM over the past three years	50	50	50
Details of postal voting resolutions from the past three years, including the names of voters and the voting methods, etc.	50	50	50

Sources: Author.

Table 14 shows the target company's disclosure status of AGM information last three years, which encompasses the 6 items specified in the CG Code. All target FBG companies have adhered the CG terms and disclosed their annual reports over the last three years.

Table 15 Related CG Disclosure Evaluation Matrix

SN	Item details	Sub-Item	2017	2018	2020
1	Disclosure practices concerning the Board of Directors	7	●	●	●
2	Other Disclosure Status of Board of Directors	13	○	○	●
3	Disclosure Status of Independent Director	9	●	●	●
4	Disclosure Status of Related Parties	8	●	●	●
5	Disclosure of Other Information Related to Corporate Governance	4	●	●	●
6	Disclosure Status of Non-Mandatory Requirements	7	●	●	●
7	Disclosure Status of the Audit Committee	7	●	●	●
8	Disclosure related to the Nominating and Compensation Committee	6	●	●	●
9	Disclosure status of other committees.	3	●	●	●
10	Disclosure status of non-mandatory committee	10	○	○	○
11	Disclosure of the Annual General Meeting of Shareholders	3	●	●	●

Sources: Author.

Table 15, based on the results obtained across different categories from Tables 8 to 16 regarding CG disclosure status, presents an assessment of the sampled companies. The evaluation results from this matrix table reveal that as of 2020, all sampled companies demonstrate strong adherence to the practical effects of the CG Code.

This assessment, which covered three years from 2017 to 2020, indicates that the sampled Indian FBG companies are effectively implementing the provisions of the CG Code, demonstrating their commitment to robust CG practices.

Discussion

This study focused on Indian FBGs and conducted an analysis of CG and disclosure practices. Through the discussion of the research findings and addressed four RQs.

About RQ 1, this research reveals that the participation rate of family members as board members in the target FBG companies is high, suggesting that it does not significantly impact CG practices. It becomes evident that the higher the participation rate of family members, the more effectively CG practices are adhered to by FBGs in India.

Regarding RQ2, the results indicated that the CG practices and the composition of the board of the target companies have improved over the study period. Additionally, this study suggests that target FBG companies have followed and complied with CG terms. Therefore, it appears that there are no significant issues with CG practices in Indian FBGs.

Concerning RQ3, as demonstrated by the results, target FBG companies have disclosed all information related to CG in their annual reports from 2017 to 2020. It is evident that the high participation rate of family members on the board of directors has a positive influence on CG compliance and information disclosure in Indian FBGs.

For RQ4, as indicated by the results in Table 15, the status of transparency and accountability among the sampled companies is notable. The results reveal that Indian FBG companies adhere well to CG codes, and their transparency and accountability are highly regarded. Therefore, these results suggest that effective relationships are established with minority shareholders, investors, and other stakeholders.

Conclusion,

This study aimed to investigate the state of CG and disclosure practices in Indian FBGs based on their annual reports. The findings of this research align with some previous studies while offering insights that may differ from others. For instance, this study does not support Kandel's (2010) claim of non-disclosure regarding the participation of family members on the board of directors. Instead, this study concluded that Indian FBGs adhere to CG regulations and disclose all director's information. Brenes et al. (2011), suggest that cultural and regional tendencies and a desire for control can influence the composition of boards in Indian FBGs. This is consistent with Brenes et al. (2011) findings that boards consisting solely of family members can impact corporate health and the objectivity of CG. This study Similar to Babita and Sucheta (2015) found no significant differences in the way CG is practiced among different industries.

In contrast to Khanna and Palepu's (1999) claims that transparency in Indian FBGs is lower than in non-family companies and that they are less monitored by external investors and creditors, this study's results do not support such assertions. While some FBGs may not provide sufficient information disclosure about their subsidiaries, overall, extensive information disclosure was observed. This finding aligns with the analyses of Gupta and Parua (2006) and Dessai and Bhanumurthy (2011).

This study indirectly suggests that Indian FBGs practice the concept of "good CG," including transparency, accountability, independence, and fairness, which is consistent with Ayuba's (2021) findings. Khanna and Palepu (1999) claim that lower transparency and accountability in Indian FBGs compared to non-family businesses do not seem to hold in the context of modernized CG practices in India.

In conclusion, based on the results of this study and the extensive information disclosure in the Indian family business group companies under consideration, it can be concluded that these companies are currently practicing high-quality CG in accordance with both mandated and non-mandated CG guidelines.

Limitations of this study and Future research

This study analyzed the corporate governance (CG) and disclosure practices of a limited number of Indian FBGs listed on the BSE. It's important to acknowledge some limitations in this study. First, the sample size was small. Second, the analysis was based on data collected over a relatively short three-year period. A more extended time frame might capture longer-term trends and changes in CG practices and their impact on company performance.

The study primarily employed a descriptive-analytical framework, and future research could benefit from more advanced statistical analyses to explore the relationships between various CG factors and company performance. Additionally, Investigating the impact of concentrated ownership by FBG leaders on management and profitability is an important avenue for future research.

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