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Research Paper

A STUDY ON CORPORATE GOVERNANCE AND FINANCIAL PERFORMANCE

MADALA PAVANI SATYA SOUMYA DEVI [1] **MBA Student**

MRS. D SUNITHA[2] **ASSISTANT PROFESSOR**

[1,2]MASTER OF BUSINESS ADMINISTRATION

[1,2]Megha Institute of Engineering and Technology for Women, Sy. No. 7, Edulabad Road, Edulabad, Ghatkesar, Telangana.

ABSTRACT

Corporate governance plays a vital role in enhancing the financial performance and long-term sustainability of organizations by promoting transparency, accountability, ethical decision-making, and effective management practices. This study examines the relationship between corporate governance mechanisms, such as board composition, audit committees, ownership structure, and regulatory compliance, and the financial performance of companies. The research evaluates key financial indicators, including profitability, return on assets (ROA), return on equity (ROE), and earnings per share (EPS), to determine the impact of strong governance practices on organizational success. The study is based on both primary and secondary data collected from corporate reports, published financial statements, journals, and stakeholder responses. The findings indicate that companies with effective corporate governance frameworks generally achieve better financial performance, improved investor confidence, enhanced risk management, and greater operational efficiency. The study concludes that adopting sound corporate governance practices is essential for creating sustainable shareholder value, strengthening corporate reputation, and ensuring long-term business growth in a competitive business environment.

CHAPTER – I

Meaning of Corporate Governance and Financial Performance

Corporate Governance and Financial Performance at least refer to the two statements which are prepared by a business concern at the end of the year. They are:

- Income statement or trading and profit and loss account which is prepared by a business concern in order to know the profit earned and loss sustained during a specific period.
- Position statement or balance sheet which is prepared by a business concern on a particular date in order to know its financial position.

Nature of Corporate Governance and Financial Performance

Corporate Governance and Financial Performance are prepared for the purpose of presenting a periodical review or report by the management and deal with the state of investments in business and result achieved during the period under review. They reflect a combination or recorded facts accounting conventions and personal judgments and conventions applied affect them materially. Form this it is clear that Corporate Governance and Financial Performance are affected by three things i.e., recorded facts, accounting conventions and personal judgments. Only those facts which are recorded in business books will be reflected in the Financial Performance.

The following points reflect truly the nature of Corporate Governance and Financial Performance of business entities.

- This are reports are summarized reviews about the performance, achievements and weakness of the business.
- These are prepared at the end of the accounting period so that various parties can take decision of their future actions in respect of the relationship with the business.
- The reliability of Corporate Governance and Financial Performance depends on the reliability of accounting data. These statements cannot be said to be true and fare representatives of the strength of profitability of the concern if there are numerous Challenges and defalcations in the accounts.

The figures in the Corporate Governance and Financial Performance are a combination of records facts. There may be certain developments and factors which may be very important for the business are not taken in to account as these are not recorded in the routine of accounting. More over fixed assets are recorded at a historical value without taking in to consideration the changes in their values due to price level fluctuations.

These statements are prepared as per accounting concepts and conventions

These Corporate Governance and Financial Performance are influence by the judgment of the accountant though he is expected to be more objective in his approach. These judgments may be related to valuation of inventory, depreciation of fixed assets and while making the distinction between capital and revenue.

Importance of Corporate Governance and Financial Performance

The information given in the Corporate Governance and Financial Performance is very useful to a number of parties these are the following

- **Owners: -** The Owners provide funds for the operations of a business and they want to know whether their funds are being properly utilized or not. The Corporate Governance and Financial Performance prepared from time to time satisfy their curiosity.
- **Creditors**: -Creditors (i.e.., suppliers of goods and services on credit, Technologieser‟s another lender of money) want to know the financial position of a concern before giving loans or granting credit. The Corporate Governance and Financial Performance help them in judging such position.
- **Inventors**: - Perspective inventors, who want to invest money in a firm would like to make an analysis of Corporate Governance and Financial Performance of that firm to know how safe the reposed investment will be.
- **Employees**: - Employees are interested in the financial position of a concern they serve, particularly when payment of bonus depends upon the size of the profits earned, they would like to know that the bonus being paid to them is correct; so they become interested in the preparation of correct profit and loss account.
- **Government**: - Central and State Governments are interested in the Corporate Governance and Financial Performance because they reflect the earnings for a particular period for taxation. Moreover, these Corporate Governance and Financial Performance are used for compiling statistics concerning business which, in turn help on compiling national accounts

- **Research Scholars**: -The Corporate Governance and Financial Performance s, being a mirror of the financial position on a firm, are of immense value to the research scholar who wants to make a study into financial operations of a particular firm.
- **Consumers**: -Consumers are interested in the establishment of good accounting control so that cost of production may be reduced with the resultant reduction of the prices of good they buy.
- **Managers**: - Management is the area of getting things done through others. This requires that the subordinates are doing work properly. Corporate Governance and Financial Performance are an aid in this respect because they serve the manager in appraising the performance of the subordinates. Actual results achieved by the employees can be measured against the budgeted performance they were expected to achieve and remedial action can be taken if the performance is not up to the mark.

NEED OF THE STUDY:

To understand the existing financial position of the Asian Paints Limited relating to its financial position and to know what are the factors that result and organization yield profit and loss.
The need of Corporate Governance and Financial Performance analysis study to diagnose the information contain in Corporate Governance and Financial Performance so as to judge the profitability and financial position of the firm Asian Paints Limited Financial analyst analyses the Corporate Governance and Financial Performance with various tools of analysis before commanding upon the financial health of the firm.

SCOPE OF THE STUDY:

Analysis of Corporate Governance and Financial Performance (ABF) can be undertaken by different persons and for different purposes, therefore, the scope of the AFS may be varying various circumstances for business decision making process However, the following are some the techniques of the AFS are (a) Comparative Corporate Governance and Financial Performance (b) Common-size Corporate Governance and Financial Performance (c) Trend percentage analysis (d) Statement of changes in financial position (e) Cost-volume-profit relations, and (f) Ratio analysis.
The ratio analysis is the most common, comprehensive and powerful tool of the AFS. The importance of ratio analysis lies in the fact that it presents facts on a comparative basis. As such, this study focuses only on ratio analysis. To carry out this study, it was collected financial information of CAPTIAL IQ from financial year 2018-20 to financial year 2022-23.

OBJECTIVES OF THE STUDY

To determine the Corporate Governance and Financial Performance and weakness of the firm.
To determine the short –term solving of the firm
To diagnose the information contained to Corporate Governance and Financial Performance so as to judge the profitability and fondness of the firm.
To establish relationship between various figures or the income statement and balance sheet.

To know the financial position of the firm.

METHODOLOGY OF THE STUDY
RESEARCH DESIGN:

This is a systematic way to solve the research problem and it is important component for the study without which researches may not be able to obtain the format. A research design is the arrangement of conditions for collection and analysis of data in a manager that aims to combine for collection and analysis of data relevance to the research purpose with economy in procedure.

The formidable problem that follows the task of defining the research problem is the preparation of design of the research project, popularly known as the research design, decision regarding what, where, when, how much, by what means concerning an inquiry of a research study constitute a research design. A research design is the arrangement of conditions for collection and analysis of data in a manager that aims to combine for collection and analysis of data relevance to the research purpose with economy in procedure.

TOOLS AND TECHNIQUES:

Comparative Income and Balance Sheet Statements and some ratios

SOURCES OF DATA

Data we collected based on two sources.

- Primary data.
- Secondary data.

Primary data

The Primary data are those information‟s, which are collected afresh and for the first time, and thus happen to be original in character.

Secondary Data:

The Secondary data are those which have already been collected by some other agency and which have already been processed. The sources of Secondary data are Annual Reports, browsing Internet, through magazines.

- It includes data gathered from the annual reports of CAPTIAL IQ
- Articles are collected from official website of CAPTIAL IQ

LIMITATIONS OF THE STUDY

Through an attempt has been made to study the Corporate Governance and Financial Performance Analysis. Study may suffer from the following limitations.

- The study is conducted for the purpose of fulfillment of the condition stipulated for Completion of course, so the study may not be fulfillment of the requirements of a detailed investigation.
- The study was conducted with the data available and the analysis was made according the detail of the study is for the past years only form 2017-18 to 2021-2022.
- Time was the major constraint. It does not allow me to study in depth.
- It does not consider the changes in prices level.
- Different people may interpret the same analysis in different ways.

2.REVIEW OF LITERATURE

Introduction

Methods used by interested parties such as investors, creditors, and management to evaluate the past, current, and projected conditions and performance of the firm. Ratio analysis is the most common form of financial analysis. It provides relative measure of the firm conditions and performance. Horizontal

analysis and vertical analysis are also popular firms. Horizontal analysis is use to evaluate the trend in the accounts over the years, while vertical analysis, also called a common size Corporate Governance and Financial Performance discloses the internal structure of the firm. It indicates the existing relationship between sales and each Unicom statement account. It indicates the mix of assets that produce income and the mix of sources o f capital, whether by a current or long term debt or by equity funding. When using the financial ratios, a financial analysis makes 2 types of comparisons.

Meaning of Analysis of Corporate Governance and Financial Performance

Analysis is the process of critically examining in details accounting information given in the Corporate Governance and Financial Performance . For the purpose of analysis, individual items are studied, there interrelationships with other related figures established, the data is sometimes rearranged to have better understanding of the information with the help of different techniques or relationship between component parts of Corporate Governance and Financial Performance to obtain a better understanding firms position and performance. In the words of Myer, "Corporate Governance and Financial Performance analysis is largely a study of relationship among the various financial factors in a business as disclosed by a single set of statement and a study of the trend of these factors as shown in a series of statements". The analysis of Corporate Governance and Financial Performance thus refers to the treatment of the information contained in the Corporate Governance and Financial Performance in a way so as to afford a full diagnosis of the profitability and financial position of the firm concerned. For this purpose, Corporate Governance and Financial Performance are classified methodically, analyzed and compared with the figures of previous years or other similar firms.

Meaning of Interpretation

Analysis and interpretation are closely related. Interpretation is not possible without analysis and without interpretation analysis has no value. Various account balances appear in the Corporate Governance and Financial Performance s. These account balances do not represent homogeneous data so it is difficult to interpret them and draw some conclusions. This requires an analysis of the data in the Corporate Governance and Financial Performance so as to bring some homogeneity to figures shown in the Corporate Governance and Financial Performance s. Interpretation is thus drawing of inference and stating what the figures in the Corporate Governance and Financial Performance really mean. Interpretation is dependent on interpreter himself. Interpreter must have experience, understanding and intelligence to draw correct conclusions from the analyzed data.

In other words of Kennedy and Memullar, "The analysis and interpretation of Corporate Governance and Financial Performance are an attempt to determine the significance and meaning of the Corporate Governance and Financial Performance data so that a forecast may be made of the prospects for future earnings, ability to pay interest and get maturities (both current and long-term), and probability of a sound dividend policy ".

The most important objective of the analysis and interpretation of Corporate Governance and Financial Performance are to understand the significance and meaning of Corporate Governance and Financial Performance data to know the strength and weakness of a business undertaking so that a forecast may be made of the future prospects of the business undertaking.

CHAPTER – III
INDUSTRY PROFILE & COMPANY PROFILE

The Financial Information Services industry provides the critical "oxygen" (data, news, and analytics) that powers global capital markets. Every investment bank, private equity firm, hedge fund, and

corporate strategy team relies on these platforms to screen for targets, value companies, manage risk, and execute trades.

- **Market Structure:** It is a highly consolidated oligopoly. A few massive players control the vast majority of the market due to the incredibly high barrier to entry (it takes decades and billions of dollars to build a database of global financial histories).

- **The "Big Four" Competitors:**
    1. **Bloomberg (The Bloomberg Terminal):** The undisputed king of real-time trading data and fixed income.
    2. **S&P Capital IQ:** The leader in deep fundamental data, private company screening, and Excel integration for investment banking.
    3. **FactSet:** A massive competitor favored by buy-side asset managers and portfolio managers.
    4. **Refinitiv (Now part of London Stock Exchange Group / LSEG):** Strong in forex, commodities, and broad market data.

Market Size & Economics

- **Global Valuation:** The global financial market data and analytics industry is valued at approximately **$35 to $40 Billion USD** (roughly **₹2.9 Lakh Crore to ₹3.3 Lakh Crore**) and grows consistently at 5% to 7% annually.
- **Business Model:** The industry operates on an incredibly lucrative **B2B SaaS (Software as a Service)** model. Firms charge high annual subscription fees per user (a "seat" on Capital IQ can cost between $10,000 to $15,000+ per year), leading to highly predictable, recurring revenue streams and massive profit margins.

Key Trends Shaping the Sector in 2025/2026

1. **The Rise of Private Markets Data:** As fewer companies go public, global capital has flooded into Private Equity and Venture Capital. The biggest race among data providers today (like PitchBook vs. Capital IQ) is who can provide the most accurate revenue, valuation, and cap-table data on *unlisted, private* companies.
2. **Generative AI & NLP Integration:** The industry is aggressively deploying GenAI. Capital IQ and its competitors now feature AI assistants that can read a 100-page corporate earnings transcript in seconds and instantly summarize management sentiment, regulatory risks, and strategic shifts.
3. **Alternative Data:** Investors no longer just want balance sheets. Data platforms are acquiring companies that track satellite imagery of retail parking lots, credit card transaction data, and global supply chain shipping logs to predict a company's revenue before they even announce it.
4. **The Shift from Terminals to APIs (Cloud Delivery):** Quantitative funds and AI-driven trading firms do not want a web interface; they want the raw data. There is a massive industry shift toward selling data feeds directly via cloud architectures (like AWS or Snowflake), allowing clients to feed S&P data directly into their own algorithmic trading models.

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COMPANY PROFILE

S&P Capital IQ is a premier, web-based financial data, research, and analytics platform used by top-tier investment banks, private equity firms, asset managers, and corporate executives globally. It provides deep fundamental data, quantitative research, and screening tools on public and private companies globally.

- **Founded:** 1999 (Acquired by Standard & Poor's / McGraw-Hill in 2004)
- **Parent Company:** S&P Global Inc.
- **Global Headquarters:** New York City, NY, USA
- **Major India Presence:** Hyderabad (HITEC City), Gurgaon, and Ahmedabad. *(S&P Global maintains a massive workforce in India, with its Hyderabad offices acting as a critical hub for global data operations, software development, and quantitative analysis for the Capital IQ platform).*
- **Industry:** Financial Information Services / FinTech / Market Data
- **Website:** www.spglobal.com/marketintelligence

Key Executives (S&P Global)

- **Douglas Peterson:** President & Chief Executive Officer (CEO), S&P Global
- **Adam Kansler:** President, S&P Global Market Intelligence

History & Milestones

- **1999:** Capital IQ was founded as an independent startup in New York by a group of investment bankers and tech entrepreneurs aiming to build a more accessible, web-based alternative to the expensive, hardware-locked Bloomberg Terminal.
- **2004:** In a highly strategic move, McGraw-Hill (which owned Standard & Poor's) acquired Capital IQ for approximately $200 Million.
- **2015:** S&P acquired SNL Financial (a leading provider of sector-specific data) and merged it with Capital IQ to form **S&P Global Market Intelligence**, creating a data powerhouse.
- **2022:** S&P Global completed a mega-merger with IHS Markit (valued at $44 Billion), integrating massive amounts of alternative data, supply chain metrics, and fixed-income analytics into the broader Capital IQ and Market Intelligence ecosystem.

4.DATA ANALYSIS AND INTERPRETATION

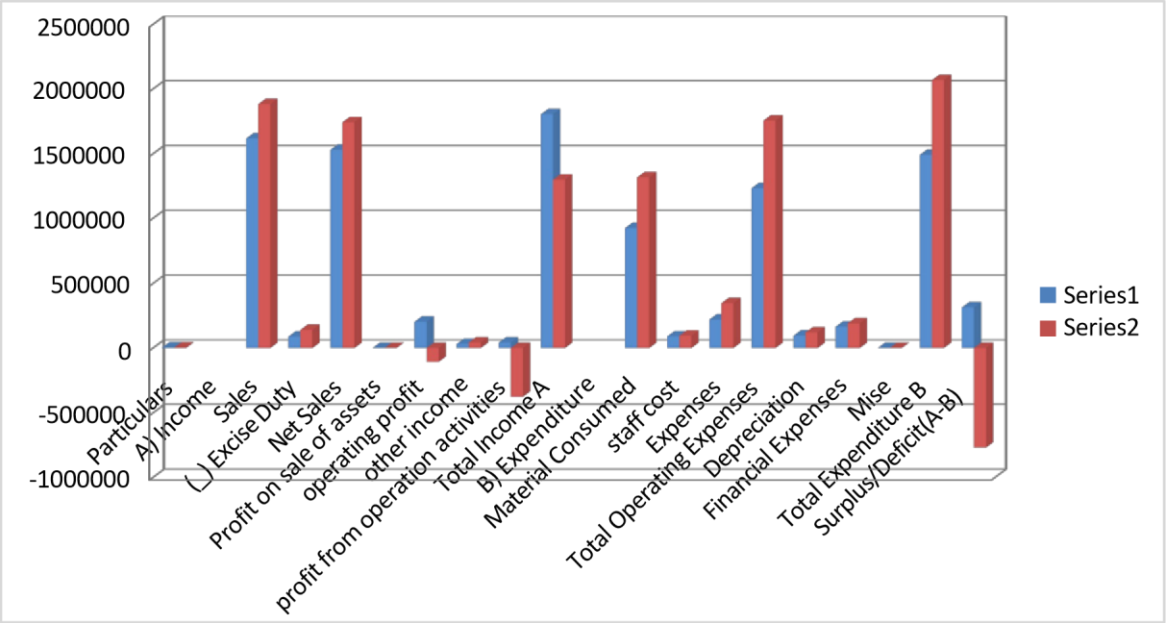
TABLE 3.1 Tabular representation of Comparative Income Statement of CAPTIAL IQ
For the year Ended 1-4-2021 to 31-3-2022

Particulars	2021	2022	Absolute Change	% Change

A) Income				
Sales	1619777	1884162	264385	16.32230856
(_) Excise Duty	87929	139404	51475	58.54155057
Net Sales	**1531848**	**1744758**	**212910**	**13.89889859**
Profit on sale of assets	_	20	_	_
operating profit	203169	-108393	-311562	-153.351151
other income	30002	41781	11779	39.26071595
profit from operation activities	41082	-378304	-419386	-1020.850981
Total Income A	**1806101**	**1299862**	**-506239**	**-28.02938485**
B) Expenditure				
Material Consumed	925939	1318229	392290	42.36672178
staff cost	88436	93956	5520	6.241801981
Expenses	219340	345533	126193	57.53305371
Total Operating Expenses	**1233715**	**1757718**	**524003**	**42.47358588**
Depreciation	94696	120138	25442	26.86702712
Financial Expenses	163590	190170	26580	16.24793692
Mise	268	268		
Total Expenditure B	**1492269**	**2068294**	**576025**	**38.60061423**
Surplus/Deficit(A-B)	**313832**	**-768432**	**-1082264**	**-343.85**

Source: Annual Report of CAPTIAL IQ

GRAPH 3.1Graphical representation of Comparative Income Statement of CAPTIAL IQ For the year Ended 1-4-2021 to 31-3-2022.



INTERPRETATION

Sales volume is increased by 13.89% during the year 2022,Profit on sale of assets nil in 2021 and in the 2022 it was RS 20,000,Other income is increased by 39.20%,Increases in sales are highlighting increase in Material consumption, staff cost, depreciation, financial expenses, misc exp written off,Surplus is decreased by 343.85%.

5.1 FINDINGS

- The comparative Balance Sheet of the company reveals that during the year 2018 there has been a decrease in current assets of Rs. 12302712 i.e., 0.89%. While current liabilities have decreased by Rs. 19472581 i.e., 3.74%. This fact depicts that the company is suffering with inadequate working capital to meet its short-term obligations.
- While there is increase in fixed assets value to the extent of Rs. 82776289 to that of current liabilities. This fact depicts that the company has diverted its loans in the form of working capital to meet its short-term obligations.
- On the whole the overall financial position of the company is satisfactory.
- The comparative Balance Sheet of the company reveals that during the 2019 there has been an increase in current assets of Rs. 579256200 i.e., 42%. While current liabilities also increased by Rs.210218075 i.e., 53.74%. This fact depicts that the company is having adequate working capital to meet its short-term obligations.

- While there is increase in fixed assets value to the extent of Rs. 141624087 to that of current liabilities. This fact depicts that the company has diverted its cash & Technologies balances to acquire these fixed assets.
- On the whole the overall financial position of the company is satisfactory.
- The comparative Balance Sheet of the company reveals that during the year 2020 there has been an increase in current assets of Rs. 522543202 i.e., 26%. While current liabilities also increased by Rs.46721842 i.e., 7.74%. This fact depicts that the company is having adequate working capital to meet its short-term obligations.
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5.2 SUGGESTIONS

- The water industry is huge and has huge potential for growth; the company should its operations.
- The management needs to increase the stock.
- It can be done by increasing production, achieve economies of scale and hen increase market penetration.
- It is suggested for the company to control over the current liabilities.
- The product is doing reasonably well in most of the market so they should promote the product accordingly. Eg: free sampling, discounts etc. 3 **CONCLUSION**

This project of Corporate Governance and Financial Performance analysis in the production concern is not merely a work of the project. But a brief knowledge and experience of that how to analyse the financial performance of the firm. The study undertaken has brought in to the light of the following conclusions. According to this project I came to know that from the analysis of Corporate Governance and Financial Performance it is clear that CAPTIAL IQ . This satisfactory level of profits during the period of study. So the firm should focus on maximising the profits in the coming years by taking care of internal as well as external factors. And with regard to resources, the firm is take utilization of the assets properly. And also the firm has a maintained low inventory.

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