

# Corporate Governance Practices in Maharatna Companies: A Comparative Analysis of BHEL and SAIL

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## Abstract

Corporate governance disclosure plays a crucial role in enhancing transparency, accountability, and stakeholder confidence in public sector enterprises. This study examines the corporate governance disclosure practices of Bharat Heavy Electricals Limited (BHEL) and Steel Authority of India Limited (SAIL), two prominent Central Public Sector Enterprises (CPSEs) in India, with the objective of evaluating the level of governance transparency and comparative disclosure performance. A Corporate Governance Disclosure Index (CGDI) was developed comprising ten key governance dimensions, including board composition, board functioning, independent directors, board committees, ethics and integrity, transparency practices, compliance mechanisms, shareholder communication, stakeholder responsibility, and sustainability reporting. The study is based on secondary data collected from the annual reports and corporate governance disclosures of the selected companies for the financial years 2022–23 to 2024–25. The findings reveal that both companies maintain a relatively high level of governance disclosure, indicating substantial compliance with regulatory frameworks such as the Companies Act, SEBI (LODR) Regulations, and Department of Public Enterprises guidelines. However, BHEL consistently demonstrates higher and more stable CGDI scores compared to SAIL, reflecting stronger governance transparency. While both enterprises perform well in areas such as ethics, integrity, and transparency practices, certain gaps persist in governance dimensions such as independent director evaluation, risk oversight, cybersecurity governance, and stakeholder engagement. The study also highlights the absence of Chairman–CEO separation in both companies, indicating structural limitations in governance practices. Overall, the research concludes that although governance disclosure frameworks in Indian CPSEs are well established, there is a need for continuous improvement in qualitative aspects of governance reporting, particularly in emerging areas such as ESG disclosures, board effectiveness, and stakeholder-oriented transparency to enhance accountability and long-term sustainability.

**Keywords-** Corporate Governance, Corporate Governance Disclosure Index (CGDI), Public Sector Enterprises, Governance Transparency, Board Structure, ESG Disclosure

## 1. Introduction

Corporate governance has emerged as a cornerstone of organizational accountability and stakeholder trust across sectors globally. In the context of public sector enterprises, governance disclosure practices take on heightened significance as these organizations operate with public resources and serve multiple

constituencies beyond traditional shareholders. Bharat Heavy Electricals Limited (BHEL) and Steel Authority of India Limited (SAIL) stand out as flagship Central Public Sector Enterprises (CPSEs) whose governance practices have implications for both the public sector and the broader Indian corporate landscape (Kiranmai & Mishra, 2019). The governance of public sector enterprises presents unique challenges that distinguish them from private sector counterparts. Unlike private corporations organized primarily to maximize shareholder wealth, CPSEs must balance multiple objectives: generating financial returns, providing public services, maintaining employment, and contributing to national economic development. This multifaceted mandate necessitates sophisticated governance structures and comprehensive disclosure practices that address the information needs of diverse stakeholders including government administrators, employees, communities, and the broader public. The governance framework for CPSEs extends beyond the Companies Act, 2013, and SEBI guidelines to encompass sector-specific regulations, government directives, and public accountability imperatives.

The evolution of corporate governance disclosure practices reflects a global shift from mandatory regulatory compliance toward increasingly comprehensive voluntary disclosures. This evolution has been particularly pronounced in emerging economies like India, where regulatory enhancements and increased investor emphasis on Environmental, Social, and Governance (ESG) factors have progressively expanded transparency expectations. The introduction of the Business Responsibility and Sustainability Reporting (BRSR) framework by SEBI in 2021–22 represents a significant regulatory development mandating Indian listed firms to provide comprehensive ESG disclosures (Mandviwala, 2025). For major CPSEs like BHEL and SAIL, maintaining governance disclosure practices aligned with both statutory requirements and international standards has become essential for maintaining stakeholder confidence and competitive positioning.

BHEL and SAIL exemplify the governance complexities facing the Indian public sector. BHEL operates in power equipment and electrical equipment manufacturing, while SAIL serves as India's largest integrated steel producer. Both organizations operate under government ownership while functioning as commercial enterprises competing in global markets, creating inherent tensions between public sector accountability objectives and commercial performance imperatives (D, 2024). This positioning makes comparative analysis of their governance disclosure practices valuable for understanding how CPSEs balance competing institutional pressures while pursuing governance excellence (Raut & Yadav, 2025). The theoretical foundations for understanding governance disclosure draw from multiple complementary frameworks. Agency theory emphasizes how disclosure mechanisms can reduce information asymmetries and reduce agency costs (Kadhim et al., 2025). Stakeholder theory recognizes that organizations create value by responding to the needs of all stakeholder groups, necessitating inclusive disclosure practices (-, 2023). Legitimacy theory suggests that organizations justify their operations through disclosure demonstrating alignment with societal norms (Kadhim et al., 2025). Institutional theory explains how organizations adopt governance practices to conform with institutional expectations and regulatory pressures (Fagbemi et al., 2025). Together, these perspectives provide a framework for analyzing how BHEL and SAIL structure their governance disclosures.

The comparative analysis of governance disclosure practices in BHEL and SAIL addresses an important gap in Indian corporate governance literature. While substantial research has examined banking sector governance, limited empirical evidence exists regarding comparative governance disclosure practices among major CPSEs (Kiranmai & Mishra, 2019). This study fills that gap by systematically examining how two enterprises in different sectors approach governance disclosure while navigating similar

regulatory requirements. The comparative approach enables identification of sector-specific governance challenges, assessment of different disclosure strategies, and insights regarding governance best practices within the CPSE context (Agarwal & Tripathi, 2025).

## 2. Review of Literature

This comprehensive literature review examines corporate governance disclosure practices in Central Public Sector Enterprises through systematic analysis of theoretical frameworks, regulatory landscapes, disclosure practices, and comparative dimensions relevant to BHEL and SAIL. The review addresses: (1) theoretical frameworks and governance principles; (2) the evolution of governance disclosure; (3) the unique governance framework applicable to Indian CPSEs; (4) disclosure practices and transparency mechanisms; (5) comparative analysis dimensions; and (6) challenges and future directions. By synthesizing recent research, regulatory developments, and governance best practices, this review provides a comprehensive understanding of how public sector enterprises like BHEL and SAIL navigate the complex landscape of governance disclosure while balancing competing institutional pressures and stakeholder expectations.

### 2.1 Theoretical Frameworks and Governance Principles

#### 2.1.1 Agency Theory and Principal-Agent Problems

The foundation of modern corporate governance discourse rests primarily on agency theory, which addresses the fundamental conflict between principals and agents in organisations. Agency theory posits that information asymmetries create principal-agent problems, necessitating mechanisms such as disclosure to align the interests of management with those of the organisation's stakeholders (Kadhim et al., 2025). In the context of public sector enterprises, this relationship becomes particularly complex due to the multiplicity of stakeholders beyond traditional shareholders. Voluntary disclosure of corporate governance information is a critical mechanism for reducing agency costs and demonstrating management's commitment to accountability. For Central Public Sector Enterprises (CPSEs) such as BHEL and SAIL, where the government serves as the ultimate principal and the public is a broader stakeholder group, this theoretical framework is particularly relevant. The principal-agent framework suggests that comprehensive corporate governance disclosures function as signals of management quality and organisational reliability. Research demonstrates that organisations disclosing governance information beyond mandatory requirements can reduce information asymmetries and enhance stakeholder confidence (Yazid et al., 2025). For public-sector enterprises, voluntary disclosure serves as a mechanism for demonstrating transparency and building public trust. In the context of India's banking sector, which shares governance challenges with CPSEs, enhanced board oversight and improved disclosure standards have strengthened the governance environment (Agarwal & Kumar, 2025). The extent to which BHEL and SAIL engage in proactive governance disclosure reflects their recognition of the benefits of reducing agency costs.

#### 2.1.2 Stakeholder Theory and Interest Alignment

Stakeholder theory provides a crucial lens for understanding governance disclosure practices in public-sector enterprises, where multiple constituencies beyond shareholders have legitimate interests. Unlike private corporations that primarily serve shareholder interests, CPSEs must balance the needs of employees, suppliers, customers, communities, and the broader public. This expanded stakeholder base necessitates more comprehensive and transparent disclosure practices to ensure that various interest

groups can assess organisational performance and governance quality (-, 2023). Corporate governance in public sector undertakings is based on four pillars: transparency, full disclosure, independent oversight, and equity for all (Vartak, 2018). This foundation underscores the stakeholder-centric nature of CPSE governance. The application of stakeholder theory to CPSE governance reveals that effective disclosure practices must address the diverse information needs of multiple constituency groups. Employees require transparency regarding compensation policies and workplace governance. Customers need assurance regarding product quality and ethical business practices. Communities affected by operations seek environmental and social impact information. Government stakeholders expect detailed financial reporting and evidence of efficient resource utilization. The multifaceted demand for information shapes the scope and nature of corporate governance disclosures in public sector enterprises, pushing organizations toward more comprehensive reporting frameworks. For BHEL and SAIL, which operate as socially responsible units managing taxpayer money, this stakeholder-inclusive approach becomes central to governance legitimacy.

### **2.1.3 Legitimacy Theory and Corporate Reporting**

Legitimacy theory offers significant insight into why public sector enterprises engage in voluntary governance disclosures beyond regulatory requirements. According to this framework, organizations must continuously justify their existence and operations to society by demonstrating that they operate within socially acceptable norms and values (Kadhim et al., 2025). For CPSEs, which use public resources and are accountable to government and citizens, maintaining legitimacy is essential for sustained operations and social license. Governance disclosure serves as a legitimacy mechanism, allowing organizations to communicate their commitment to ethical practices, transparency, and responsible management. Additionally, research on voluntary disclosure quality demonstrates that stakeholders increasingly expect comprehensive information during uncertain periods, signaling organizational commitment to transparency (Hoang & Nguyen, 2024). Legitimacy theory also explains why disclosure practices tend to increase during periods of organizational scrutiny or when public confidence becomes fragile. The importance of governance disclosure in maintaining public trust is evident in banking sector research, where effective governance and voluntary ethical disclosure significantly mitigate financial reporting fraud (Yazid et al., 2025). In the Indian public sector context, where media scrutiny and public accountability are increasingly important, CPSEs employ governance disclosures strategically to maintain and enhance organizational legitimacy. The comprehensiveness and transparency of disclosed information reflect the organization's assessment of stakeholder expectations and societal norms regarding appropriate governance practices.

### **2.1.4 Institutional Theory and Regulatory Pressures**

Institutional theory provides a valuable framework for understanding how regulatory environments, societal norms, and organizational practices mutually influence corporate governance disclosure. This theory suggests that organizations adopt practices and structures that are institutionalized within their environment to gain legitimacy and maintain conformity with institutional expectations (Fagbemi et al., 2025). For Indian CPSEs, the institutional environment includes regulatory bodies like SEBI, Ministry of Heavy Industries, specific sectoral regulators, and international institutional investors who increasingly demand governance transparency. Organizations operating within these institutional constraints often adopt similar governance disclosure practices, leading to institutional convergence where competing organizations adopt common practices and reporting standards.

The institutional pressures facing BHEL and SAIL come from multiple sources: coercive pressures from government regulations and listing requirements, normative pressures from professional associations and industry standards, and mimetic pressures from observing peer organizations' governance practices. Institutional theory also suggests that organizations may engage in ceremonial compliance—adopting governance disclosure practices primarily to maintain legitimacy rather than to fundamentally transform organizational behavior. This distinction becomes important when analyzing the actual effectiveness of governance disclosure in public sector enterprises. The extent to which BHEL and SAIL demonstrate substantive governance improvements versus ceremonial compliance reveals their commitment to genuine transparency versus mere regulatory adherence.

## **2.2 Evolution of Corporate Governance Disclosure Practices**

### **2.2.1 From Mandatory to Voluntary Disclosure**

The landscape of corporate governance disclosure has undergone significant evolution, transitioning from purely mandatory regulatory requirements toward a more nuanced system incorporating voluntary and sustainability-oriented disclosures. Historically, governance disclosure was limited to mandatory financial reporting and statutory compliance requirements. However, over the past two decades, global trends have shifted toward recognizing the value of voluntary disclosures that provide stakeholders with deeper insights into governance quality and organizational performance drivers (Agarwal & Tripathi, 2025). Research on Indian companies demonstrates that leading enterprises have begun adopting integrated reporting frameworks that consolidate environmental, social, and governance information into coherent reports, significantly enhancing efficiency in voluntarily disclosing information. For Indian CPSEs, this transition has been gradual but accelerating. The Companies Act, 2013, established baseline mandatory disclosure requirements through its corporate governance code and financial reporting standards. However, beyond these minimums, major CPSEs have progressively adopted voluntary disclosure frameworks addressing environmental and social governance, sustainability, integrated reporting, and enhanced transparency regarding board composition and executive compensation. The shift from mandatory to voluntary disclosure reflects organizational recognition that comprehensive governance transparency enhances stakeholder trust and competitive positioning. This trajectory suggests that the most advanced CPSEs are leveraging voluntary disclosures strategically to differentiate themselves and demonstrate governance excellence beyond regulatory minimums.

### **2.2.2 International Standards and Frameworks**

The globalization of corporate governance standards has profoundly influenced disclosure practices in Indian public-sector enterprises. International frameworks such as the International Integrated Reporting Council (IIRC) framework and Global Reporting Initiative (GRI) standards establish global benchmarks for comprehensive organisational reporting that integrate financial, environmental, social, and governance information (Agarwal & Tripathi, 2025). The International Integrated Reporting framework represents a significant shift toward holistic organisational disclosure that emphasises value creation across multiple dimensions. Rather than separating financial and non-financial information, integrated reporting presents a unified narrative addressing how organisations create value through capital deployment. This framework aligns with public-sector governance objectives because it naturally accommodates CPSEs' broader value-creation mission beyond simple profit maximisation. For CPSEs such as BHEL and SAIL that engage in international business and attract international investors, alignment with these standards is increasingly important for demonstrating global competitiveness and governance sophistication. The emergence of

standardised ESG reporting frameworks reflects institutionalised pressures toward disclosure harmonisation (Fagbemi et al., 2025). Research demonstrates that firms that adopt international frameworks and enhance transparency initiatives increase not only profitability but also customer confidence and regulatory compliance (Yuvasubramaniyan & R, 2025). As Indian regulatory bodies and institutional investors increasingly reference these international frameworks when evaluating governance quality, CPSEs face pressure to align their disclosure practices with global standards.

### **2.2.3 Country-Specific Regulatory Landscape**

India's corporate governance regulatory framework has undergone significant development, creating a complex landscape that shapes disclosure practices for public sector enterprises. The Companies Act, 2013, established the foundational governance requirements for all listed and large unlisted companies, including mandatory disclosure of board composition, audit committee details, director remuneration, and risk management frameworks. Key regulatory developments include mandatory independent director requirements, limitations on executive tenure, enhanced audit committee powers, and requirements for comprehensive governance disclosures (Raut & Yadav, 2025). Research on corporate governance reforms indicates that these reforms have enhanced financial transparency and strengthened shareholder rights, thereby improving key performance indicators such as return on Assets.

For CPSEs specifically, additional governance requirements are set out in the Department of Public Enterprises' Guidelines for the Governance of Central Public Sector Enterprises, which specify governance standards tailored to government-owned enterprises. The Securities and Exchange Board of India has progressively expanded requirements for environmental and sustainability disclosures, recognising their materiality to long-term organisational performance (Mandviwala, 2025). Furthermore, SEBI introduced the Business Responsibility and Sustainability Reporting (BRSR) framework in 2021–22, requiring Indian listed firms to provide corporate social and environmental disclosures. For BHEL and SAIL, operating within this regulatory framework means navigating multiple layers of governance requirements emanating from the Companies Act, SEBI guidelines, DPE specifications, and sectoral regulators.

### **2.2.4 Integration of ESG and Sustainability Reporting**

Contemporary corporate governance discourse increasingly recognizes environmental, social, and governance (ESG) factors as integral to organizational risk management, value creation, and long-term sustainability. Global institutional investors, regulatory bodies, and stakeholders increasingly expect organizations to demonstrate how they manage environmental risks, maintain ethical social practices, and uphold robust governance standards (Fagbemi et al., 2025). Research on sustainability reporting in the banking sector demonstrates that banks have increasingly integrated ESG framework into their reporting, with larger banks showing greater integration of ESG reporting and carbon footprint reduction targets (Sina & Vennila, 2025). This integrative approach has profound implications for public sector enterprises like BHEL and SAIL, which operate in environmentally sensitive sectors and maintain significant social responsibilities. The integration of ESG into governance disclosure reflects recognition that these factors materially impact long-term organizational performance. A study examining corporate social responsibility practices in Indian public sector undertakings in the energy sector found that while stakeholder accountability is formally embedded through legislative and policy interventions like the Companies Act 2013, implementation gaps persist (Tamvada & Osuji, 2025). The extent to which BHEL and SAIL have integrated ESG considerations into their governance disclosure frameworks indicates their maturity in recognizing and managing interconnected risks and opportunities across multiple dimensions

of organizational performance. Organizations demonstrating comprehensive ESG disclosures signal recognition that sustainability across multiple dimensions is fundamental to long-term organizational viability.

## **2.3 Public Sector Enterprises Governance Framework**

### **2.3.1 Characteristics of Central Public Sector Enterprises**

Central Public Sector Enterprises occupy a unique position within India's economy as government-owned or government-controlled organizations operating in strategic and critical sectors. Unlike private corporations organized purely for shareholder value maximization, CPSEs must balance multiple objectives: generating financial returns, providing public services, maintaining employment, developing indigenous technological capabilities, and contributing to national economic growth. Research on governance practices in listed State-Owned Enterprises in India reveals that these organizations are characterized by complex governance structures with varying board sizes, board meetings, and board composition across different enterprises (Kiranmai & Mishra, 2019). BHEL, as a major power equipment manufacturer, exemplifies this complexity by operating in the critical energy infrastructure sector while managing commercial profitability. Similarly, SAIL, as India's largest integrated steel producer, balances commercial competitiveness with social responsibility. Their structural characteristics and stakeholder relationships amplify the governance complexity of CPSEs. These organizations typically operate across multiple business lines and geographic locations, requiring sophisticated governance structures to manage enterprise-wide risks and coordinate diverse operations. The ownership structure of CPSEs—where government maintains majority stake through administrative ministries—creates a distinct governance dynamic compared to widely held private corporations. Government ownership implies that governance disclosure must address not only traditional shareholders but also bureaucratic administrators, parliamentary oversight bodies, and the broader public as ultimate stakeholders. Additionally, CPSEs often face regulatory constraints and public accountability requirements that exceed those facing private sector enterprises. Understanding BHEL and SAIL requires recognizing these structural characteristics and their implications for governance disclosure requirements and practices.

### **2.3.2 Governance Requirements and Accountability Mechanisms**

Governance requirements for CPSEs emanate from multiple regulatory and administrative sources, creating a layered accountability framework that shapes disclosure practices. The Companies Act, 2013, establishes baseline governance requirements applicable to all listed companies, including major CPSEs. A study of corporate governance in Indian public sector undertakings found that building trust among multiple stakeholders—customers, suppliers, workers, shareholders, bankers, and society—requires CPSEs to adhere to corporate governance conditions since they are socially responsible units operated with taxpayer money (-, 2023). Beyond general requirements, the Department of Public Enterprises specifies governance standards tailored to government-owned enterprises, addressing board composition, audit and risk management arrangements, and transparency requirements specific to the public sector context.

The accountability mechanisms for CPSEs extend beyond typical corporate governance frameworks to include parliamentary oversight, government performance evaluation, and public accountability through freedom of information provisions. This multi-layered accountability framework necessitates comprehensive governance disclosures that address the information needs of diverse oversight bodies. Additionally, CPSEs must maintain transparency regarding government directives, policy compliance, and

performance against government-specified objectives. Research examining disinvestment practices in CPSEs emphasizes the critical role of sound corporate governance, transparency, and accountability in enhancing economic performance and reducing agency costs (D, 2024). For BHEL and SAIL, this accountability landscape means that governance disclosures serve multiple purposes: demonstrating compliance with corporate governance codes, addressing government oversight requirements, satisfying shareholder information needs, and maintaining public trust through transparency.

### 2.3.3 Indian PSE Regulatory Environment

The Indian public sector enterprise regulatory environment represents a sophisticated governance framework combining elements of corporate regulation, public administration, and sector-specific directives. The foundational legal structure for CPSEs includes the Companies Act, 2013, which applies to CPSEs as to all companies, alongside the Memoranda of Understanding (MoUs) that specify performance agreements between government and individual CPSEs. The SEBI Corporate Governance Code applies to all listed CPSEs, establishing requirements for independent directors, board committees, related party transactions, and transparency that are more stringent than baseline requirements. Additionally, individual sectors where CPSEs operate have sector-specific regulators and governance standards that CPSEs must navigate. The regulatory environment for CPSEs has evolved significantly, reflecting both global governance trends and specific Indian policy objectives. Recent developments emphasize greater transparency, strengthened board independence, enhanced audit committee powers, and improved environmental and social accountability. The introduction of mandatory environmental and social disclosure requirements reflects growing regulatory emphasis on sustainability (Mandviwala, 2025). Furthermore, the regulatory environment increasingly emphasizes performance beyond financial metrics, including environmental sustainability, social impact, governance quality, and contribution to government policy objectives. For BHEL and SAIL, this comprehensive regulatory landscape means that governance disclosure practices must address multiple regulatory bodies' requirements while demonstrating alignment with government strategic priorities. The sophistication of their disclosure frameworks reflects their navigation of this complex and evolving regulatory environment.

### 2.3.4 Board Composition and Independence

Board composition and director independence represent critical elements of CPSE governance that directly influence disclosure practices and governance quality. The Companies Act, 2013, and SEBI guidelines establish requirements for minimum proportions of independent directors on boards, recognizing that director independence is essential for unbiased governance oversight. Research comparing governance practices in public and private sector banks reveals that corporate governance plays a critical role in ensuring transparency, accountability, and efficiency in the banking sector, with board composition being a key parameter (Behura & Meher, 2025). For CPSEs, the mandate for independent directors becomes particularly important given government ownership and the potential for political influence in governance decision-making. The challenge of maintaining director independence in CPSEs differs from private sector enterprises due to the nature of government ownership. While SEBI specifies that independent directors should have no material business relationships with the company or promoters, the government as principal shareholder maintains complex relationships with CPSEs extending beyond typical shareholder relationships. Research on family enterprises and governance reveals that independence in board composition directly influences governance quality (Vaid & Gupta, 2025). BHEL and SAIL must navigate this tension by establishing board structures that incorporate independent directors capable of providing genuine oversight while accommodating government's legitimate roles as

ultimate owner and policy-maker. The disclosure of board composition, director qualifications, and governance processes reflects how these organizations address this fundamental governance challenge.

## 2.4 Disclosure Practices and Transparency Mechanisms

### 2.4.1 Mandatory Disclosure Requirements

Mandatory disclosure requirements establish the baseline transparency framework that all CPSEs must observe, encompassing financial reporting, governance information, and regulatory compliance documentation. The Companies Act, 2013, requires comprehensive audited financial statements presented according to Indian Accounting Standards (IndAS), detailed notes to financial statements explaining significant accounting judgments and transactions, and auditors' reports providing assurance regarding financial statement accuracy. Beyond financial reporting, the Act mandates disclosure of board and management composition, remuneration details, related party transactions, and corporate governance compliance certifications (Behura & Meher, 2025). Research on governance disclosure practices demonstrates that Indian firms are relatively higher in local practices than global counterparts due to structured regulatory environment and focus on conformance to established rules and regulation (Kumar, 2024).

For CPSEs specifically, mandatory disclosure requirements extend beyond those applying to private sector enterprises. Government departments and regulatory bodies require submission of detailed governance reports, sustainability information, and performance metrics not typically required of private companies. The Department of Public Enterprises mandates submission of annual governance compliance certifications, detailed performance assessments, and comprehensive reports on corporate social responsibility activities. A study examining corporate social responsibility in Indian listed companies found that firms are now required to disclose CSR spending and practices, creating more comprehensive accountability frameworks (Debnath et al., 2024). For BHEL and SAIL, mandatory disclosures therefore encompass far broader categories of information than for typical private sector enterprises.

### 2.4.2 Voluntary Disclosure Trends

Beyond mandatory requirements, leading CPSEs increasingly engage in voluntary disclosures that provide stakeholders with deeper insights into governance quality, strategic direction, and organizational performance drivers. Voluntary governance disclosures might include enhanced transparency regarding board decision-making processes, detailed explanations of governance practices exceeding regulatory minimums, comprehensive strategic disclosure addressing long-term value creation plans, and proactive communication regarding organizational challenges. Research examining voluntary disclosure quality reveals that disclosure quality is positively associated with firm size, age, industry, and the audit committee (Hoang & Nguyen, 2024). Environmental and social disclosures addressing climate change strategies, resource efficiency initiatives, and environmental impact management represent another category of voluntary reporting gaining prominence in CPSE communication. The trends in voluntary disclosure among Indian CPSEs reveal progressive movement toward more comprehensive and integrated reporting frameworks. Increasingly, major CPSEs are adopting international reporting standards like the GRI framework or Integrated Reporting framework as guidance for structuring voluntary disclosures. A comprehensive study of integrated reporting and voluntary disclosures in Indian companies demonstrates that leading Indian companies have begun adopting the Integrated Reporting framework and are publishing Integrated Annual Reports, significantly enhancing their efficiency in voluntarily disclosing information (Agarwal & Tripathi, 2025). This adoption signals organizational recognition that global

governance norms represent best practices worth emulating. Additionally, voluntary disclosures in corporate sustainability reports and corporate governance reports reflect organizations' assessment that comprehensive transparency enhances stakeholder confidence and competitive positioning

#### **2.4.3 Quality and Comprehensiveness of Disclosures**

The quality and comprehensiveness of governance disclosures merit careful examination beyond mere assessment of compliance with disclosure requirements. Mandatory disclosure requirements specify what information organizations must provide, but organizations retain significant discretion in how they present this information, the level of detail provided, and the context within which they situate required disclosures. High-quality disclosures not only satisfy technical compliance requirements but also provide stakeholders with genuinely useful information enabling meaningful assessment of governance quality. Research on determinants of risk disclosure in automobile companies demonstrates that governance attributes such as board size, board independence, and ownership concentration significantly influence the extent of risk disclosure practices (Ganesaraman et al., 2024). Comprehensive disclosures address the full range of governance issues material to organizational performance and stakeholder interests.

For public sector enterprises, disclosure quality becomes particularly important because stakeholders include government bodies, parliament, media, and civil society representatives with legitimate interests in government resource utilization and organizational accountability. Poor-quality disclosures that technically comply with requirements while obscuring important organizational information undermine the transparency objectives that governance disclosure mechanisms are designed to achieve. Conversely, high-quality disclosures that clearly explain governance structures, decision-making processes, and organizational challenges demonstrate management's commitment to genuine transparency. Research examining corporate governance practices in the banking sector reveals that banks with independent, active, and diverse boards consistently outperform peers on key indicators such as return on assets and risk management (Yuvasubramaniyan & R, 2025). The comparative analysis of BHEL and SAIL's disclosure quality requires examining not only the comprehensiveness of information provided but also the clarity of presentation and the degree to which disclosures address stakeholder information needs.

#### **2.4.4 Role of External Audits and Assurance**

External audits and assurance mechanisms represent critical elements of governance disclosure frameworks, as they provide independent verification of disclosed information and governance practices. Audited financial statements carry greater credibility than unaudited information because external auditors provide independent assessment of financial reporting accuracy (Yazid et al., 2025). For CPSEs, external audits by statutory auditors and supplementary audits by the Comptroller and Auditor General (CAG) provide layered assurance regarding financial accountability and governance compliance. These audit mechanisms serve important governance purposes by verifying that management disclosures are accurate and that financial information underlying governance assessments is reliable.

Beyond traditional financial audits, contemporary governance frameworks increasingly incorporate assurance of non-financial information and governance disclosures. Some advanced organizations engage external assurance providers to verify environmental and social disclosures, sustainability claims, and governance practice descriptions. Research on the role of auditing in corporate governance for state-owned enterprises in South Africa reveals that SOEs appear to have adopted best audit practices to enhance the quality of their accountability (Adebayo & Ackers, 2024). For CPSEs like BHEL and SAIL, the extent to which they engage external auditors to verify governance disclosures and non-financial information indicates their commitment to disclosure credibility. Additionally, the transparency with which these

organizations disclose audit findings, management responses to audit observations, and governance improvements implemented in response to audit recommendations demonstrates their commitment to genuine governance accountability.

## **2.5 Comparative Analysis Dimensions**

### **2.5.1 Financial Disclosure Practices**

Financial disclosure serves as the foundation of corporate governance communication, providing stakeholders with quantitative information regarding organizational performance, financial position, and capital allocation decisions. The comprehensiveness and clarity of financial disclosures indicate the organization's transparency regarding financial matters and management's confidence in the organization's financial condition. For BHEL and SAIL, financial disclosures must address the information needs of multiple stakeholder groups: shareholders evaluating investment returns, government stakeholders assessing resource utilization, creditors evaluating repayment capacity, employees evaluating organizational financial health, and broader publics assessing organizational contribution to economic development. The comparative analysis of BHEL and SAIL's financial disclosures should examine several dimensions: the comprehensiveness of financial statements beyond minimum requirements, the quality of management discussion and analysis addressing financial drivers and organizational strategy, the transparency of capital allocation decisions, and the disclosure of financial challenges. Research on corporate governance in Indian banking demonstrates that enhanced financial transparency through governance reforms has improved profitability and reduced non-performing assets (Agarwal & Kumar, 2025). Additionally, the presentation of forward-looking financial guidance and explanation of financial targets provides insight into management's confidence in financial forecasts and strategic direction. For BHEL and SAIL, financial disclosure quality reflects their organizational sophistication in financial management and their commitment to financial transparency as a foundation for governance credibility.

### **2.5.2 Environmental, Social, and Governance Disclosures**

Contemporary governance frameworks increasingly recognize that environmental, social, and governance (ESG) factors represent material dimensions of organizational performance and long-term value creation. Environmental disclosures address how organizations manage ecological impacts, adapt to climate change, and maintain resource efficiency. Social disclosures regarding employee relations, community engagement, supply chain ethics, and diversity reflect organizational commitment to sustainable stakeholder relationships. Research examining corporate sustainability reporting practices reveals that financial inclusion, green technology, and financial literacy are top priorities under sustainability reporting among Indian banking companies (Debnath et al., 2024). Governance disclosures integrated with ESG considerations present a holistic picture of organizational management quality. For BHEL and SAIL, ESG disclosures carry particular significance given their operations in capital-intensive, environmentally sensitive industries with substantial employment and community impacts. A comprehensive review of ESG and sustainability reporting evolution reveals a clear progression toward institutionalized ESG disclosure driven by regulatory reforms, investor demand, and normative legitimacy pressures (Fagbemi et al., 2025). Environmental disclosures addressing climate change adaptation in thermal power generation, resource efficiency in steel production, and pollution management demonstrate management's engagement with material environmental challenges. Social disclosures regarding large-scale employment, employee skill development, and community relations reveal commitment to sustainable

stakeholder relationships. The comparative analysis of BHEL and SAIL's ESG disclosures reveals their different positions regarding the materiality of these factors to organizational performance.

### **2.5.3 Governance Structure Transparency**

Governance structure transparency refers to clear disclosure regarding how organizations organize decision-making authority, ensure accountability, and coordinate diverse organizational functions toward common objectives. Comprehensive governance structure disclosure explains the roles and responsibilities of different governance bodies—board, audit committee, remuneration committee, and management—and describes how these entities coordinate to ensure effective governance. Transparent disclosure addresses how governance structures ensure that independent directors can effectively provide oversight and how remuneration committees ensure that executive compensation aligns with organizational performance (Behura & Meher, 2025). Additionally, governance structure disclosures explain how organizations manage conflicts of interest and prevent abuse of management power through governance safeguards. For CPSEs specifically, governance structure transparency must address the unique challenges posed by government ownership and the potential for political influence in governance decisions. A study of corporate governance practices in listed state-owned enterprises in India reveals that detailed analysis of governance variables including board size, board meetings, board committees, board composition, and independent directors is essential for understanding governance effectiveness (Kiranmai & Mishra, 2019). Transparent disclosure regarding director appointment processes, the criteria used for director selection, and independence assurance mechanisms demonstrates organizational commitment to governance quality despite ownership structure constraints. Organizations that transparently explain their governance structure and coordinate mechanisms demonstrate greater confidence in their governance arrangements and stronger commitment to stakeholder understanding of decision-making processes.

### **2.5.4 Stakeholder Communication and Engagement**

Governance disclosure ultimately serves purposes of stakeholder communication and engagement, enabling diverse constituency groups to assess organizational governance quality, understand management decision-making, and maintain informed perspectives regarding organizational direction and performance. Effective stakeholder communication extends beyond mandated disclosure documents to encompass multiple channels through which organizations communicate governance information: annual reports, corporate governance reports, sustainability reports, website information, investor presentations, and direct engagement with stakeholder groups. Research on governance and corporate sustainability disclosure reveals that signaling theory demonstrates how board shareholding structures convey signals to market and different stakeholders, with specific governance characteristics showing positive relationships with sustainability disclosure (Bae et al., 2018). The quality of stakeholder engagement related to governance reflects whether organizations view stakeholders as passive information recipients or active participants in governance dialogue. For BHEL and SAIL, stakeholder engagement regarding governance might include consultation with employees regarding workplace governance, dialogue with community representatives regarding social and environmental governance, engagement with investors regarding financial governance, and dialogue with government regarding policy alignment and performance accountability. Research examining good corporate governance principles at state-owned banks indicates that transparency, accountability, responsibility, independence, and fairness in corporate governance systems contribute positively to strengthening internal control systems, enhancing public trust, and supporting the stability and sustainability of banking operations (Shakira et al., 2026). The extent to which

these organizations systematically engage diverse stakeholders in governance dialogue indicates their governance maturity.

## **2.6 Challenges, Implementation Gaps, and Future Directions**

### **2.6.1 Compliance and Implementation Barriers**

Despite the substantial regulatory framework establishing governance disclosure requirements, numerous practical and organizational barriers complicate full implementation of governance best practices and comprehensive disclosure. One significant barrier involves the complexity of managing multiple, sometimes overlapping regulatory requirements from different governance bodies operating at national, sectoral, and organizational levels. For BHEL and SAIL, managing compliance with Companies Act requirements, SEBI guidelines, DPE governance standards, and sectoral regulator requirements creates substantial governance administration challenges. Additionally, the evolution of governance requirements means that compliance frameworks must continually adapt to new regulations, creating ongoing governance administration burdens. Another significant implementation barrier involves resource constraints, particularly in developing governance disclosure infrastructure and maintaining specialized governance compliance expertise. Furthermore, cultural and organizational factors may impede full implementation of governance improvements: established organizational cultures may resist transparency that reveals governance challenges, political considerations may constrain candid disclosure of governance difficulties, and ingrained management approaches may resist governance changes required by evolving regulatory standards. Research examining challenges in corporate governance implementation emphasizes that family-owned firms often resist many governance norms imposed on them, leading to superficial compliance and ultimately impediments to the overall effectiveness of those reforms (Raut & Yadav, 2025). The extent to which BHEL and SAIL have overcome these implementation barriers and invested in comprehensive governance frameworks indicates their governance maturity.

### **2.6.2 Quality versus Quantity in Disclosure**

A fundamental tension in governance disclosure frameworks involves balancing the desire for comprehensive information against concerns regarding information quality, clarity, and genuine usefulness to stakeholders. Regulatory requirements establishing minimum disclosure standards create incentives for organizations to satisfy requirements through technical compliance while potentially obscuring important governance information through presentation strategies (Yazid et al., 2025). Stakeholders sometimes face disclosure overload: annual reports, corporate governance reports, sustainability reports, financial statements, and supplementary regulatory filings collectively may contain hundreds of pages of information that overwhelm rather than illuminate governance quality. The challenge for organizations like BHEL and SAIL involves structuring disclosures that provide stakeholders with genuinely material governance information presented with sufficient clarity to enable meaningful stakeholder assessment.

The quality versus quantity tension extends to the substantive content of governance disclosures: do organizations use disclosed information to provide stakeholders with genuine insight into governance processes and organizational decision-making, or do they present polished, carefully curated information that technically satisfies disclosure requirements while obscuring actual governance practices? Research on earnings management detection in Indian corporate enterprises reveals that stakeholder perceptions of disclosure quality are significantly influenced by how organizations present financial and governance information (Goel, 2017). Organizations that balance comprehensive disclosure quantity with information

quality and genuine transparency demonstrate greater governance maturity and stronger commitment to stakeholder understanding.

### 2.6.3 Digital Transformation and Technology Integration

Contemporary governance frameworks increasingly recognize that digital technologies offer opportunities to enhance governance disclosure, improve governance process efficiency, and enable more sophisticated stakeholder engagement regarding governance information. Digital platforms enable organizations to present governance information dynamically, enable stakeholders to access governance data in searchable formats, and provide real-time updates regarding governance developments. However, research examining reporting practices in Indonesian state-owned enterprises reveals challenges related to timely reporting and governance gaps that digital transformation could address (Widhiyani et al., 2025). Advanced organizations use digital platforms to enable interactive stakeholder engagement regarding governance priorities, collect feedback on disclosure adequacy, and respond to stakeholder questions regarding governance practices. For BHEL and SAIL, digital transformation of governance processes and disclosure practices offers opportunities to enhance governance quality while potentially reducing governance administration burdens. Digital platforms could enable more sophisticated stakeholder engagement regarding governance priorities and performance assessment, facilitate real-time communication regarding governance developments, and improve the accessibility and clarity of governance information for diverse stakeholder groups. Additionally, digital technologies enable governance analytics that could reveal patterns in governance decision-making, highlight governance risks, and identify governance improvement opportunities. However, digital transformation also presents governance challenges: cybersecurity risks regarding governance information, potential overreliance on technology-based governance processes at the expense of human judgment. The extent to which BHEL and SAIL have embraced digital transformation in governance disclosure and processes indicates their forward-looking orientation regarding governance evolution.

### 2.6.4 Emerging Trends and Best Practices

The global corporate governance landscape continues to evolve in response to changing stakeholder expectations, emerging organizational risks, and expanding recognition of factors material to long-term organizational viability. Several emerging trends merit attention for their implications for CPSE governance disclosure practices. First, the integration of governance, risk, and compliance (GRC) functions represents an emerging best practice reflecting recognition that these traditionally separate functions are interconnected and benefit from integrated management (Fagbemi et al., 2025). Research examining the relationship between corporate governance and financial performance in state-owned enterprises demonstrates that governance structures can significantly influence organizational outcomes when effectively implemented (Mbewe & Mudenka, 2025). The expansion of governance disclosure to address cyber governance, data privacy, and technology-related risks reflects emerging recognition that digital technologies and information assets represent material governance concerns. Third, the increasing emphasis on governance related to organizational purpose and stakeholder value beyond shareholder profit reflects a significant evolution in governance philosophy (Nair, 2025). The concept of "stakeholder capitalism" aligns naturally with CPSE mandates to serve multiple stakeholder interests. Fourth, the emphasis on governance diversity—board composition diversity, leadership diversity, and diversity in governance perspectives—reflects growing recognition that diverse governance bodies make better decisions. Research examining anti-corruption disclosure in Indonesian state-owned enterprises reveals that gender diversity, the presence of foreign commissioners, and the size of the board of commissioners

significantly influence governance disclosure practices (Hayati et al., 2025). The extent to which BHEL and SAIL have embraced these emerging governance trends in their disclosure practices and governance structures indicates their positioning as governance leaders within the Indian public sector.

### 3. Research Methodology

This study employs a descriptive-analytical research design to examine the corporate governance disclosure practices of selected Central Public Sector Enterprises in India. The analysis is based on secondary data collected from the annual reports and corporate governance reports of Bharat Heavy Electricals Limited (BHEL) and Steel Authority of India Limited (SAIL) for the financial years 2022–23 to 2024–25. To measure the level of governance transparency, a Corporate Governance Disclosure Index (CGDI) has been constructed, consisting of ten key governance dimensions, including board composition, board functioning, independent directors, board committees, ethics and integrity, transparency and disclosure practices, compliance and risk oversight, shareholder rights, stakeholder responsibility, and sustainability reporting. Each disclosure item was evaluated based on the presence or absence of governance information in the reports, and scores were assigned accordingly. The total CGDI score was then calculated for each company to assess and compare the extent of corporate governance disclosures across the selected enterprises.

#### 3.1 The main objectives of the study are as follows

- To develop a Corporate Governance Disclosure Index (CGDI) based on key governance parameters.
- To examine the extent of corporate governance disclosures made by BHEL and SAIL in their annual reports.
- To evaluate the level of transparency and governance practices in the selected Central Public Sector Enterprises.
- To compare the corporate governance disclosure practices between BHEL and SAIL during the study period.
- To analyse the trend of governance disclosure practices over the selected financial years.

#### 3.2 Sample Selection

The empirical analysis is based on a purposive sample of two major Central Public Sector Enterprises listed on Indian stock exchanges. The selected companies include Bharat Heavy Electricals Limited (BHEL) and Steel Authority of India Limited (SAIL). These enterprises were selected because they represent large industrial CPSEs operating in strategic sectors of the Indian economy. Both companies are publicly listed and therefore subject to multiple layers of governance regulation including the Companies Act, SEBI Listing Obligations and Disclosure Requirements (LODR), and Department of Public Enterprises governance guidelines.

#### 3.3 Data Collection

The study relies exclusively on secondary data sources. The primary data for constructing the Corporate Governance Disclosure Index were collected from the published annual reports of BHEL and SAIL for the selected financial years. Additional governance-related information was obtained from corporate governance reports, sustainability disclosures, and official company websites. All governance disclosure items were carefully reviewed and coded according to the parameters defined in the CGDI framework.

#### 3.4 Hypothesis

H<sub>0</sub>: There is no significant difference in the Corporate Governance Disclosure Index (CGDI) scores between BHEL and SAIL.

H<sub>1</sub>: There is a significant difference in the Corporate Governance Disclosure Index (CGDI) scores between BHEL and SAIL.

## 4. Analysis and Interpretation

**Table 1: Corporate Governance Disclosure Index**

Steel Authority of India Limited (SAIL)						
Sr. No.	Governance Parameters	Total Score	Points Score	2022 –23	2023 –24	2024 –25
<b>1</b>	<b>Board Composition &amp; Structure</b>	12				
	I) Composition of Board (Executive / Non-Executive / Independent)		2	2	2	2
	II) Presence of Woman Director		2	2	2	2
	III) Chairman–CEO Duality		2	0	0	0
	IV) Tenure & Age Limit of Directors		2	2	2	2
	V) Board Diversity (Skills, Experience, Background)		2	2	2	2
	VI) Appointment of Independent Director		2	2	2	2
<b>2</b>	<b>Board Meetings &amp; Functioning</b>	10				
	I) Statement on Code of Governance Philosophy		2	2	2	2
	II) Number and Frequency of Board Meetings		2	2	2	2
	III) Attendance of Directors in Meetings		2	2	2	2
	IV) Post-Meeting Follow-up & Compliance Procedures		2	2	2	2
	V) Succession Planning Policy for Key Managerial Personnel		2	0	0	0
<b>3</b>	<b>Independent Directors and Evaluation</b>	10				
	I) Appointment Process for Independent Directors		2	2	2	2
	II) Definition and Selection Criteria for Independent Directors		2	2	2	2
	III) Evaluation of Board & Committee Performance		2	2	2	2
	IV) Evaluation of Non-Executive Directors		2	0	0	0
	V) Disclosure of Independence Criteria & Tenure		2	0	0	0
<b>4</b>	<b>Board Committees (Structure &amp; Transparency)</b>	12				
	I) Audit Committee Composition and Disclosure		2	2	2	2
	II) Nomination / Remuneration Committee Details		2	2	2	2
	III) Stakeholders Relationship Committee		2	2	2	2

	IV) Risk Management Committee		2	2	2	2
	V) CSR Committee		2	2	2	2
	VI) Disclosure of Committee Attendance & Reports		2	0	0	0
<b>5</b>	<b>Ethics, Conduct and Integrity</b>	10				
	I) Code of Conduct Disclosure		2	2	2	2
	II) Affirmation of Compliance		2	2	2	2
	III) Whistle-blower & Vigil Mechanism		2	2	2	2
	IV) Disclosure of Vigilance / Integrity Framework		2	2	2	2
	V) Code for Prevention of Insider Trading		2	2	2	2
<b>6</b>	<b>Transparency and Disclosure Practices</b>	10				
	I) Disclosure on Remuneration Policy		2	2	2	2
	II) Disclosure on Remuneration of Directors		2	2	2	2
	III) Disclosure on Related Party Transactions Policy & Controls		2	2	2	2
	IV) Internal Control & Risk Management Disclosure		2	2	2	2
	V) Audit Committee Charter and Reporting		2	2	2	2
<b>7</b>	<b>Compliance, Certification &amp; Risk Oversight</b>	8				
	I) CEO / CFO Certification		2	2	2	2
	II) Clean Audit / Compliance Certificate		2	2	2	2
	III) Cybersecurity and Data Protection Governance		2	0	0	0
	IV) Risk Management Report & Board-Level Discussion		2	2	2	2
<b>8</b>	<b>Shareholder Rights and Communication</b>	10				
	I) Means of Communication & Shareholder Information		2	2	2	2
	II) General Body Meeting Disclosures		2	2	2	2
	III) Share Transfer / Investor Grievance Mechanism		2	2	2	2
	IV) Disclosure of Shareholder Rights and Voting		2	2	2	2
	V) Training & Orientation for Board Members		2	0	0	0
<b>9</b>	<b>Stakeholder and Social Responsibility</b>	10				
	I) Disclosure of Stakeholder Interest (EHS, HRD, CSR, IR)		2	2	2	2
	II) Policy on Stakeholder Engagement		2	0	0	0
	III) Human Resource Development Initiatives		2	2	2	2
	IV) Industrial Relations Transparency		2	2	2	2

	V) Community and Environmental Responsibility		2	2	2	2
<b>10</b>	<b>Sustainability, ESG and Strategic Accountability</b>	8				
	I) Environment, Health & Safety Practices		2	2	2	2
	II) Corporate Social Responsibility (CSR) Performance Disclosure		2	2	2	2
	III) ESG / Sustainability Reporting		2	2	2	2
	IV) Management Discussion & Analysis		2	2	2	0
	<b>Total</b>	<b>100</b>	<b>100</b>	<b>74</b>	<b>74</b>	<b>72</b>
	<b>Bharat Heavy Electricals Limited (BHEL)</b>					
<b>Sr. No.</b>	<b>Governance Parameters</b>	<b>Total Score</b>	<b>Points Score</b>	<b>2022 -23</b>	<b>2023 -24</b>	<b>2024 -25</b>
<b>1</b>	<b>Board Composition &amp; Structure</b>	12				
	I) Composition of Board (Executive / Non-Executive / Independent)		2	2	2	2
	II) Presence of Woman Director		2	2	2	2
	III) Chairman-CEO Duality		2	0	0	0
	IV) Tenure & Age Limit of Directors		2	2	2	2
	V) Board Diversity (Skills, Experience, Background)		2	2	2	2
	VI) Appointment of Independent Directors		2	2	2	2
<b>2</b>	<b>Board Meetings &amp; Functioning</b>	10				
	I) Statement on Code of Governance Philosophy		2	2	2	2
	II) Number and Frequency of Board Meetings		2	1	2	1
	III) Attendance of Directors in Meetings		2	2	1	2
	IV) Post-Meeting Follow-up & Compliance Procedures		2	2	1	2
	V) Succession Planning Policy for Key Managerial Personnel		2	2	2	2
<b>3</b>	<b>Independent Directors and Evaluation</b>	10				
	I) Appointment Process for Independent Directors		2	2	2	2
	II) Definition and Selection Criteria for Independent Directors		2	2	2	2
	III) Evaluation of Board & Committee Performance		2	0	0	0
	IV) Evaluation of Non-Executive Directors		2	0	0	0
	V) Disclosure of Independence Criteria & Tenure		2	2	2	2
<b>4</b>	<b>Board Committees (Structure &amp; Transparency)</b>	12				

	I) Audit Committee Composition and Disclosure		2	2	2	2
	II) Nomination / Remuneration Committee Details		2	2	2	2
	III) Stakeholders Relationship Committee		2	2	2	2
	IV) Risk Management Committee		2	2	2	2
	V) CSR Committee		2	2	2	2
	VI) Disclosure of Committee Attendance & Reports		2	2	2	2
<b>5</b>	<b>Ethics, Conduct and Integrity</b>	10				
	I) Code of Conduct Disclosure		2	2	2	2
	II) Affirmation of Compliance		2	2	2	2
	III) Whistle-blower & Vigil Mechanism		2	2	2	2
	IV) Disclosure of Vigilance / Integrity Framework		2	2	2	2
	V) Code for Prevention of Insider Trading		2	2	2	2
<b>6</b>	<b>Transparency and Disclosure Practices</b>	10				
	I) Disclosure on Remuneration Policy		2	2	2	2
	II) Disclosure on Remuneration of Directors		2	2	2	2
	III) Disclosure on Related Party Transactions Policy & Controls		2	2	2	2
	IV) Internal Control & Risk Management Disclosure		2	2	2	2
	V) Audit Committee Charter and Reporting		2	2	2	2
<b>7</b>	<b>Compliance, Certification &amp; Risk Oversight</b>	8				
	I) CEO / CFO Certification		2	2	2	2
	II) Clean Audit / Compliance Certificate		2	2	2	2
	III) Cybersecurity and Data Protection Governance		2	0	0	0
	IV) Risk Management Report & Board-Level Discussion		2	2	2	2
<b>8</b>	<b>Shareholder Rights and Communication</b>	10				
	I) Means of Communication & Shareholder Information		2	2	2	2
	II) General Body Meeting Disclosures		2	2	2	2
	III) Share Transfer / Investor Grievance Mechanism		2	2	2	2
	IV) Disclosure of Shareholder Rights and Voting		2	2	2	2
	V) Training & Orientation for Board Members		2	0	0	0
<b>9</b>	<b>Stakeholder and Social Responsibility</b>	10				

	I) Disclosure of Stakeholder Interest (EHS, HRD, CSR, IR)		2	2	2	2
	II) Policy on Stakeholder Engagement		2	0	0	0
	III) Human Resource Development Initiatives		2	0	0	0
	IV) Industrial Relations Transparency		2	0	0	0
	V) Community and Environmental Responsibility		2	2	2	2
<b>10</b>	<b>Sustainability, ESG and Strategic Accountability</b>	<b>8</b>				
	I) Environment, Health & Safety Practices		2	2	2	2
	II) Corporate Social Responsibility (CSR) Performance Disclosure		2	2	2	2
	III) ESG / Sustainability Reporting		2	2	2	2
	IV) Management Discussion & Analysis		2	2	2	2
	<b>Total</b>	<b>100</b>	<b>100</b>	<b>83</b>	<b>82</b>	<b>83</b>

Source: Annual Reports of SAIL & BHEL

The Corporate Governance Disclosure Index (CGDI) was constructed to evaluate the level of governance transparency in the selected Central Public Sector Enterprises. The index measures governance disclosure across ten major parameters, including board composition, board functioning, independent directors, board committees, ethics and integrity, transparency practices, compliance mechanisms, shareholder communication, stakeholder responsibility, and sustainability reporting. The maximum possible CGDI score is 100, indicating the highest level of governance disclosure.

The results show that SAIL achieved a CGDI score of 74 during the financial years 2022–23 and 2023–24 and CGDI score of 72 in 2024-25, while BHEL achieved a CGDI score of 83 during the financial years 2022–23 and 2024–25 and score of 82 in 2023-24. This indicates that BHEL has maintained high level of corporate governance transparency during these years. The results suggest that the selected CPSEs largely comply with governance disclosure requirements prescribed under the Companies Act, SEBI regulations, and Department of Public Enterprises guidelines. In particular, both companies demonstrated strong disclosure practices in areas such as ethics and conduct, transparency and disclosure practices, and corporate governance policies, where full scores were obtained.

The parameter-wise analysis further reveals that both companies maintained strong governance disclosure in areas such as ethics, integrity frameworks, and transparency practices. These areas consistently received the maximum possible score across all years, reflecting the companies' commitment to regulatory compliance and governance standards. On the other hand, relatively lower scores were observed in parameters such as independent director evaluation, risk oversight, and certain sustainability disclosures, indicating areas where governance reporting can be further strengthened. Overall, the comparative results suggest that while both companies demonstrate a relatively high level of corporate governance disclosure, BHEL exhibits slightly stronger governance transparency compared to SAIL in the most recent financial year. The findings highlight the importance of continuous improvement in governance reporting, particularly in areas related to board effectiveness, stakeholder communication, and sustainability accountability.

## Observations

The Corporate Governance Disclosure Index (CGDI) analysis indicates a consistently higher and more stable level of governance transparency in Bharat Heavy Electricals Limited (BHEL) as compared to Steel Authority of India Limited (SAIL) over the study period 2022–23 to 2024–25. BHEL records strong and nearly uniform CGDI scores of 83, 82, and 83, reflecting sustained commitment to comprehensive governance disclosure practices. In contrast, SAIL shows comparatively lower scores of 74, 74, and 72, with a noticeable decline in the most recent year, indicating emerging gaps in governance reporting. A parameter-wise assessment reveals that both enterprises exhibit full compliance in core governance dimensions such as ethics, integrity frameworks, and transparency practices, underscoring a well-established regulatory compliance structure. However, structural and qualitative limitations persist across both organizations. Notably, the absence of separation between the roles of Chairman and CEO in both companies reflects a governance rigidity that may affect board independence. Furthermore, SAIL demonstrates recurring deficiencies in areas such as succession planning, independent director evaluation, cybersecurity governance, stakeholder engagement policy, and training initiatives for board members, which collectively weaken its disclosure quality. On the other hand, BHEL, despite its higher overall performance, shows limitations in board evaluation mechanisms and stakeholder-related disclosures, particularly in human resource development and industrial relations transparency. While both companies maintain strong board composition and committee disclosures, the relatively weaker performance in risk oversight and certain ESG-related dimensions suggests scope for qualitative enhancement. Overall, the findings highlight that although governance disclosure practices in both CPSEs are broadly robust, BHEL exhibits superior consistency and depth, whereas SAIL requires focused improvements in critical governance areas to strengthen overall transparency and accountability.

## 5. Conclusion

The present study examined the corporate governance disclosure practices of two major Central Public Sector Enterprises, namely Bharat Heavy Electricals Limited (BHEL) and Steel Authority of India Limited (SAIL), using a Corporate Governance Disclosure Index. The analysis was conducted for the financial years 2022–23, 2023–24, and 2024–25 in order to assess the extent of governance transparency and disclosure in the selected enterprises. The findings reveal that both Central Public Sector Enterprises exhibit a relatively high level of governance transparency, reflecting substantial compliance with the regulatory requirements prescribed under the Companies Act, SEBI (LODR) Regulations, and Department of Public Enterprises guidelines. The consistent achievement of high scores across key parameters such as ethics, integrity, board structure, and transparency practices indicates that formal governance frameworks are well institutionalised in both organisations. However, the comparative analysis highlights notable differences in the consistency and depth of disclosure practices. BHEL demonstrates relatively stronger and more stable governance performance throughout the study period, maintaining higher CGDI scores with only marginal fluctuations. In contrast, SAIL shows comparatively lower and declining scores in the most recent year, indicating gaps in specific governance dimensions such as independent director evaluation, succession planning, cybersecurity governance, and stakeholder engagement. Additionally, both companies exhibit structural limitations, particularly the absence of Chairman–CEO separation, and relatively weaker disclosures in areas related to board evaluation, risk oversight, and certain ESG aspects. The study therefore concludes that while governance disclosure practices in Indian CPSEs are broadly robust and compliant in nature, there remains significant scope for qualitative improvement. Strengthening

board effectiveness mechanisms, enhancing risk and cybersecurity disclosures, and deepening stakeholder-oriented and sustainability reporting will be critical for advancing governance maturity. Continuous refinement of disclosure practices, beyond mere regulatory compliance, will not only improve transparency and accountability but also reinforce stakeholder confidence and long-term organisational sustainability.

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