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INTRODUCTION:

In a very common understanding research refers to a search for knowledge. One can also define research as a scientific & systematic search for information on a scientific topic. Some also regard research as a movement from unknown to known. According to Clifford Woody research comprises defining & redefining problems, formulating hypothesis or suggested solution, and collecting, organizing, evaluating data, making deductions & reaching conclusions, and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis. It can also be described as the original contribution to the existing stock of knowledge making for its advancement. Research in other words can be said as searching for truth, which has not been yet detected due to some reasons. There are many purposes of conducting a research, but in common it can be described as:

- To get familiarity with a phenomena or to achieve new insights.
- To portray accurately the characteristic of particular individual situation or a group.
- To determine the frequency with which something occurs or with which it is associated with something else.
- To test a hypothesis of a casual relationship between variables.

Any research work that is to be conducted should be followed in a particular way, it cannot be done is a haphazard manner. Each research has its own way but there are a common step that needs to be followed. Like are define the problem, sample size, collected the data, integrate it etc. even my research work follows the same steps or procedure which can seen after this.

In today’s business world each and every businessman needs to maintain suitable records of all day-to-day transactions that occurs. If a businessman does not maintain proper records so it is possible that he lost many opportunities. This reason to minimize loss and to take advantage of opportunities he maintains records which is known as “Business Reporting”.

But in today’s business world where cut-thought competition is prevail a businessman needs to diversify its work and a businessman use different products, different market and different processes for better results. As businessman diversify
its work so he needs to maintain suitable different reports and records for its business so for the facilitating this work they need to maintain “Segment Reports”. As for better understanding and facilitating ICAI issue Accounting Standards – 17 known as “Segment Reporting”. Here in this research, researcher gives emphasis on “Segment Reporting Practice in selected companies”.

This segment reporting practice helpful to all businessman in India to identify and analyze all opportunities and threats that he face in multiple products, services, markets processes etc. So he takes suitable benefits of this segment reporting.

3.2 MEANING OF RESEARCH:

Research is simply the process of arriving as dependable solution to a problem through the planned and systematic collection, analysis and interpretation of data. The term research consists of two words:

\[ \text{Research} = \text{Re} + \text{Search} \]

‘Re’ means again and again and ‘Search’ means to find out something.

The following is the process:

**Chart No 3.2.1: Process of Research**

![Diagram showing process of research](chart)

Therefore, research means to observe the phenomenon again and again from different dimensions. The research is a process of which a person observes the phenomena again and again and collects the data and on the basis of data he draws some conclusions.

3.3 RESEARCH DESIGN:

“According to Bernard S. Philips, "The research design constitutes the blue print for the collection, measure and analysis of data." The definition highlights that research design includes the methods of research, viz. Survey, observation,
experiment, the content analysis or their combinations. It also includes the types of data (quantitative or qualitative) data to be collected, questionnaire or schedule (structures or unstructured) and also about the size and technique of sampling.

Different authors have defined the research design differently. The most popular book on research methodology among the students of social sciences is that of Claire Selitz and others. "A research design is the arrangement of the condition for collection and analysis of data in a manner that aims to combine relevance to research purpose with economy in procedure."

Fred N. had opined that, "Research design is the plan (an overall outline from beginning to the end), structure and strategy (variables, and their operations, objectives, problems and solutions) of investigation conceived so as to obtain answers to each question and to control variance."

3.4 **PROBLEM IDENTIFICATION:**

Researcher has flamed following problem for this work.

*“Segment Reporting Practice in selected companies”*

The title of the study highlights the detailed analysis of Segment Reporting practices of selected Pharmaceuticals companies and on the basis of analysis, researcher has shown the findings and suggestions for improvement of the current system.

3.5 **SCOPE OF THE STUDY:**

After defining the problems and setting the objectives, the researcher next has to decide on the sample researcher will study. A sample is a part of the whole of the population of the study. This population is also known as universe or total. Universe is the entire population that comes under your research realm. All items in any field of inquiry constitute a universe or population. Determining the universe is the first and foremost step in developing a sampling design. The universe has to be clearly defined; it can be either finite or infinite. In a finite universe the population is definite whereas in infinite it is not definite i.e. to say the population is unlimited. The choice of the universe depends on the topic of research.
The research study is related to segment reporting. Segment reporting is a recent development and a rapidly growing area. The main object of segment reporting research is to know all opportunities and threats that a businessman face in different segments and outlines the importance of it.

There are many companies in India who take the benefits of segment reporting on the basis of various reports and records prepare in segment reporting and to prepare segment report, reporter needs to maintain record of all activities and they have to pass from all procedures which shows importance of segment reporting. On the basis of activities performing by segment reporting, there are various companies in India who use this, such companies are:

- Pharmaceuticals Industries
- Steels Industries
- Cement Industries
- Communication Industries
- Software Companies, etc.

### 3.6 SURVEY OF THE EXISTING LITERATURE:

For this study, researcher has reviewed various publications to get the proper understanding. Segment reporting is developing concept so the researcher has studied some articles, books and past research related with segment reporting which are as follows:

1. **Researcher:** Dr. Niranjan Swain, Anil Kumar, Sumit Arora, Garima Gupta
   
   **Title:** “Segment Reporting”
   
   **Published:** The Accounting World Magazine
   
   **Year:** August, 2002
   
   **Abstract:**

   SORRY, we cannot give you the operating profits of the various divisions. This has been the refrain of many a corporate management and their communications executives for many years. Now, with the Institute of Chartered Accountants of India making segment reporting mandatory to accounting periods commencing on or after April 01, 2001, the stakeholders have a better chance of assessing division-wise performance. There is always a need for information among the stakeholders of the
company and therefore it becomes more important for a company to disclose relevant information about various segments in which it is operating, specially when significant differences exists among these segments.

Segment reporting represents yet another step towards more transparent reporting. Financial statements are now required to report their segment resources utilized and performance thereof in accordance with management's organizational and internal reporting structure. Though the concept of segment reporting is new to India it is being followed in western countries-in USA since 1971.

Segment reporting involves breaking down the enterprise into its component parts or segments and reporting financial information on a disaggregated basis for each of the segments. Today the amount of segment information required by countries around the world differs significantly, both in terms of items disclosed and the number of segments reported, depending upon the accounting standard to which they are required to adhere to.

In view of ICAI's AS 17, SEBI has also mandated segment-wise disclosure vide clause 41 of the listing agreement. Disclosures have to be made in the prescribed format for revenue, results and capital employed. The companies have to make the disclosure quarterly instead of ICAI's recommended annually. This measure is intended to provide better information to the investor of the risks involved in investing in a particular company.

2. **Researcher: Yousef Jahmani**
   
   **Title:** “The Impact of Segmental Reporting Disclosure On A Firm's Perceived”
   
   **Published:** International Journal of Commerce and Management
   
   **Year:** 2003, Vol.13, Issu 2, pp.102-121
   
   **Abstract:**
   
   This paper investigates the impact of line of business and geographical segments information disclosure on the firms’ perceived risk when either of them is disclosed for the first time without prior segmental information. British data for both treatment and control groups were utilized and a dummy variable technique was employed in the study. The results show that the dummy variables in the treatment groups (line of business and geographical segments) were significant, but insignificant in the control group. The results indicate that the disclosure of line of
business and geographical segment information does have an impact on a firm's perceived risk.

3. **Researcher: Link Kevin W.**
   **Title:** Segment Reporting: Analysis of the Impact on the Banking Industry
   **Published:** The Journal of Bank cost & management accounting
   **Year:** January 1, 2003, Vol.16
   **Abstract:**
   This paper summarizes a study on the application of FASB Statement 131, Reporting Disaggregated Information about a Business Enterprise, and the degree to which any consistencies exist in the banking industry. Samples of 8 top-50 banks' were surveyed to assess the interpretation and implementation of segment reporting. Operating segments are components of a company for which separate financial information is available and is evaluated regularly by the chief operating decision maker (CODM) in deciding how to allocate resources and in assessing performance.

   Prior to 1998, detailed information for segments was only required annually, and requirements were vague. To improve this, FASB Statement 131 requires that internal segment financial information should be the basis for external segment reporting.

   A 1999 survey conducted by Investor Relations Magazine found that 86% of the Association for Investment Management and Research (AIMR) members rated enhanced segment reporting as the second most important disclosure issue behind the reporting of extraordinary events.

   The prior standard, SFAS 14 - Financial Reporting of Segments of a Business Enterprise - had significant shortcomings in the definitions of a segment. As a result, most financial institutions chose to report all of its operations in a single, broadly defined industry segment.

4. **Researcher: Singh Karamjeet**
   **Title:** “Segment Reporting: A Comparative Study of the Indian, U.S. and Japanese Companies”
   **Published:** journal Advances In Management
   **Year:** March, 2003
   **Abstract:**
This paper examines the segment reporting in India, USA and Japan. The objective was to see if there was a significant difference in segment disclosure in these countries. Annual reports of fifteen companies were taken from each country and segment disclosures were scanned. It was found that segment reporting practices of three countries are not different. Further, it is found that the Indian firms under study were found not to be reporting much on inter-segment transfer.

The U.S. firms were found to be making inter-segment transfer most of the times at Market price. Japanese firms under study were found to be pricing the inter-segment transfer at arm’s length price; cost plus mark up or at a price applicable to transaction with affiliates. Further, the study also examined the accounting standards followed in each country. It is found that all Indian firms under study were found to be following AS-17. All U.S. firms under study and most of the Japanese firms were found to be following SFAS No. 131.

5. Researcher: S Vijayalakshmi
Title: “Audit Firm and Quality of Segment Reporting”
Published: The IUP Journal of Accounting Research
Year: July, 2003
Abstract:
Segment results published in the annual report is part of general purpose financial statement as per AS-17 and hence the auditor’s certification covers the same. While some companies are forthcoming to disclose more, many companies declare that they are in a single segment.

It is difficult to establish whether they are in a single segment or a multiple segment, unless one has access to internal reports and an understanding of the risk-return characteristics of different segments. The role of auditor assumes importance in this context. This study examines the quality of the compliance of AS-17, of select Indian firms based on management discussion and analysis and then relates the same with the size of the auditing firms that certified the company’s reports. The study finds evidence that the quality of compliance is positively related to the size of the audit firm.
6. **Researcher:** Sanjeev Singhal  
**Title:** “AS 17: Segment Reporting”  
**Published:** The Accounting World Magazine  
**Year:** March, 2004  
**Abstract:**

Segment reporting helps investors in analyzing the risk and return associated with a particular segment. The author discusses the Indian Accounting Standard, AS 17, relating to segment reporting. Segment information is required for assessing the risks and returns of a diversified or multi-location enterprise that may not be determinable from the aggregate data. Such information when presented helps users of financial statements.

The difference hardly needs any explanation. If a stakeholder looks at the overall figure of PBT, he is bound to feel satisfied but can the same satisfaction be drawn after comparing the profitability of the two segments! The performance of "Pipes and Fittings" segment stands in no comparison with 'PVC' segment. AS 17 is to be applied in presenting general-purpose financial statements including consolidated financial statements. If a single financial report contains both consolidated financial statements and the separate financial statements of the parent, then the segment information needs to be presented only on the basis of the consolidated financial statements.

7. **Researcher:** Hitesh J Shukla  
**Title:** “Indian Corporate Disclosures and Segment Reporting: An Exploratory Study”  
**Published:** The Accounting World Magazine  
**Year:** October, 2004  
**Abstract:**

Segment reporting is a specific issue that has grown in importance and is receiving wider recognition in the field of corporate financial reporting. Segmental disclosures are mandatory for all the listed companies whose turnover exceeds Rs. 50 cr from April 1, 2001. This research seeks to provide primer evidence on segment disclosure practices and policies of corporate units working in India. One hundred companies were taken randomly as sample for the study of segmental reporting, of which 79 companies were found fit for the disclosures required by the standard AS-
17. The sample was further divided into 14 industries and disclosures required by the standard were observed from these companies' annual reports for the year ending on March 31, 2004. An overview of the segmental disclosures of the whole sample was also studied and whatever difficulties and limitations faced while reporting for the segment were brought into light in the conclusion. There are many specific issues that have grown in importance and are receiving wider recognition in the field of corporate financial reporting in the recent years. Segment reporting is one of them. In the light of the accounting standard introduced by The Institute of Chartered Accountants of India (AS-17) and clause 41 of the listing agreement amended by the Securities and Exchange Board of India (Sebi). Companies, particularly those are multi-product and multi-location, are required to disclose their segment wise operations in their annual reports as well as in their quarterly reports. The information disclosed would enable users of financial statements to understand the performance of an enterprise better, assess risks, returns and make better judgments about the enterprise as a whole. Disclosures have to be made by companies in the format prescribed by SEBI for revenue, results and capital employed. The objectives of this disclosure are to have better corporate practices, and greater transparency for the users of the accounts. These disclosures are mandatory for accounting period beginning on or after April 1, 2001 for all the listed companies whose turnover exceeds Rs. 50 cr.

8. **Researcher: Neetu Prakash**

   **Title:** Segment Reporting (AS 17): A Survey of Foreign Banks Working in India

   **Published:** The Accounting World Magazine

   **Year:** May, 2007

   **Abstract:**

   In recent years, there are certain specific issues that have gained importance and are receiving a wider recognition in the field of corporate financial reporting. All these issues have forced the accountants and professional bodies to shape the reporting of accounting information in such a manner that it should meet the need and expectations of the users as well as the stakeholders. As we know that the investors as well as other stakeholders rely on the annual report (which is in the form of a consolidated statement) to make their economic decisions, it is a matter of fact that information in the form of consolidated statement is not enough to serve the purpose
of stakeholders in taking their decisions. Since the consolidated information shows the status of whole business collectively, not in the form of product/division wise, investors, creditors and other stakeholders would be better off for their investment and credit decisions if segment information on different products and geographical areas is available. This has resulted in segment reporting.

Under segment reporting, companies/banks, particularly those that specialize in multi-products and have multiple locations, are required to disclose their segment wise operations in their annual reports as well as in their quarterly reports. Since the segment reporting information gives an investor information about the performance of the company's/bank's individual divisions, the investor can judge the impact of their managerial decisions. The presentation of segmental information, as an integral part of financial statements becomes more essential to provide useful information for economic decisions.

9. Researcher: Neeti Sanan
Title: “Segmental Disclosures and Corporate Governance: The Road Ahead”
Published: The Accounting World Magazine
Year: June, 2007
Abstract:
Good corporate governance promotes the well-being of all stakeholders. In addition to profits, which result from the symmetry between the stakeholders in the near term, balancing interests guarantee the organization's survival and growth in the long-term. A good corporate governance engenders good financial reporting, which results in the production of efficient segmental reports. This in turn facilitates good governance. Quality segment reporting protects investors and inculcates confidence in the company's performance by overseeing and assessing management's stewardship. Segmental disclosures are regarded as one of the most useful revelations of financial reporting.

10. Researcher: Sanjiv Agarwal
Title: “Segment Reporting by Banks”
Published: The Accounting World Magazine
Year: July, 2007
Abstract:
Segment reporting is one of the important disclosures based on segmentation. The RBI has issued a set of new guidelines in April, 2007 to provide better and objective disclosure standards for segment reporting in banks. Unlike AS-17 norms, Indian banks are now required to disclose five business segments—treasury, corporate/wholesale banking, retail banking, other business operations and residual operations w.e.f. March, 2008. While we have guidelines now in place, the objective will be achieved only when bank managements are proactive in information disclosure, which will result in better corporate disclosure. When it comes to segment reporting of business results by banking companies, there is a clash of norms under Companies Act and the Accounting Standard- 17 (AS-17) stipulated by the Institute of Chartered Accountants of India (ICAI) and other guidelines issued by the Reserve Bank of India (RBI). AS-17 deals with accounting, presentation and disclosure of financial statements of reportable segments of an enterprise which could be a business segment (i.e., a product, a division, a unit, a process or a class of products or services or a business classified as a distinguishable business segment) or a geographic segment based upon geographic boundaries, locations, nature of risks associated with businesses, regulations, operations in different locations etc., (e.g., exports, imports, domestic, international, regional segmentation, etc.)

11. **Researcher: Pro. Dr. Patricia Everaert**

   **Title:** “Segment reporting of Belgian listed companies”

   **Published:** Research Work

   **Year:** 2008-09

   **Abstract:**

   The most disclosed obligatory items for the primary segments are external revenue, result, reconciliation and assets. The fewest disclosed obligatory item is equity method income. Regarding the secondary segments, the most disclosed item is revenue followed by assets. Although the findings of the early adopters of the new segment reporting standard -IFRS 8- are mixed, we can conclude that 1) there is in general not a significant decrease in the provided geographic segment information 2) that companies give more explanation than under IAS 14R 3) that more companies only disclose according to one base of segmentation. However, as a consequence of having few early adopters, generalizing these findings regarding IFRS 8 should be done with caution.

   Regarding the composition of geographic groupings we can say that the practices differ from company to company. Although it is difficult to judge about the
appropriateness of the geographic groupings, it is however clear that the geographic segment information is unsatisfactory for some companies. In general we can conclude that the findings of this study are in line with the findings of previous literature. However some differences have been found that could be subject for further research. When interpreting the findings of this study, the reader should take into account the limitations specified in the discussion section.

12. **Researcher:** Mohammad Talha, Abdullah Sallehuddin Abdullah Salim  
   **Title:** “What prompts firm to choose between business and geographic segments as a primary segment?”  
   **Published:** Managerial Auditing Journal  
   **Year:** 2010, Vol-25, Issue-1

**Abstract:**

*Purpose* – The purpose of this paper is to investigate what causes a firm to choose between a business segment and a geographic segment as a primary segment for its segmental information disclosure. It seeks to examine Malaysian firms' experiences as they disclose segmental information under the new accounting standard known as FRS 114, Segment Reporting.

*Design/methodology/approach* – The paper involves 374 Malaysian public-listed companies which disclosed segmental information in their 2006 annual reports. Four hypotheses are developed to examine the influence of these five factors, namely the size of the company, listing status, financial leverage, financial performance, and industrial membership. The non-parametric test is employed to test the formulated hypotheses.

*Findings* – The results reveal two important outcomes: first, size of company, financial performance, and industrial membership are significantly associated with the choice of a primary segment; and financial leverage of a company and listing status are not significantly associated with the choice of a primary segment.

*Research limitations/implications* – The limited number in the sample and inherent segmental reporting problems present limitations.

*Practical implications* – The paper implies extensive auditing work as the new standard requires more extensive disclosure for the primary segment, although the standard allows the adoption of primary segment reporting at management's discretion.
Originality/value – The paper’s value lies in determining what motivates a company to disclose a business segment or a geographic segment as its primary segmental reporting basis.

13. Researcher: Raju L Hyderbad and P.B.Kalyanshetti
Title: “Segment Reporting Practices in Indian IT Companies”
Published: The IUP Journal of Accounting Research and Audit Practices
Abstract:
A firm reporting by segments leaves more information in the hands of stakeholders and helps to improve the quality of decisions undertaken by them. AS-17 in India mandates listed and other companies to report information by segments. The present paper analyzes such segmental reporting practices of IT companies in view of their changing customer profile and geographical existence. The study finds the Indian IT companies to identify a few segments and business segment is the primary segment.

Multiple-listed companies identify more segments than single stock exchange listed companies and revenue is the basic criteria used for identifying reportable segments. The sample firms score poorly in disclosing both mandatory and voluntary information. Profitability, listing status, external shareholding and proportion of independent directors positively affect the reporting practices of IT companies in India, while size of the firms affects negatively.

14. Researcher: Palanisamy Saravanan
Title: “Are Recent Segment Disclosures of Indian Firms Useful? - An Exploratory Study”
Published: The Accounting World Magazine
Year: March, 2011
Abstract:
The major objective of financial statements is to provide information, which is useful to the present and prospective investors, creditors and other user group (Exhibit-1) to make rational investment, credit and other pertinent economic decision-making (Ashok Chandak, 2003). With the globalisation and liberalization of economy, firms have diversified their operations in different products, services as well as in different geographical areas. Rates of profitability, opportunities for growth
and risks vary significantly from one industrial sector to another and from one geographical area to another (Iyer, N.V, 2003). Thus, firms which are diversified and multi locational need to provide information about different type of products, services and its operation in different geographical areas and the relative important of each in order to understand the enterprise, the economic environment in which it operates and the development of the situation of the firm. In this paper, we made an attempt to document some of the first hand evidences from the users perspective especially from the analysts about the usefulness of the segment reporting.

15. Researcher: Raju L Hyderabad and P B Kalyanshetti
   Title: “Segment Reporting Practices in Indian IT Companies”
   Published: The Accounting World Magazine
   Year: July, 2011
   Abstract:
   A firm reporting by segments leaves more information in the hands of stakeholders and helps to improve the quality of decisions undertaken by them. AS-17 in India mandates listed and other companies to report information by segments.

   The present paper analyzes such segmental reporting practices of IT companies in view of their changing customer profile and geographical existence. The study finds the Indian IT companies to identify a few segments and business segment is the primary segment. Multiple-listed companies identify more segments than single stock exchange listed companies and revenue is the basic criteria used for identifying reportable segments. The sample firms score poorly in disclosing both mandatory and voluntary information. Profitability, listing status, external shareholding and proportion of independent directors positively affect the reporting practices of IT companies in India, while size of the firms affects negatively.

16. Researcher: Dr. Martin Onsiro Ronald, Dr. Richard Nyangosi , Lumumba Martin
   Title: “Segment Reporting (Ifrs-14 And As-17); A Study Of Commercial Banks In Kenya And India”
   Published: International Journal of Multidisciplinary Research
   Abstract:
Segment reporting requires companies especially those which are multi-product and multi-location to disclose their segment-wise operations in their annual reports as well as in their quarterly reports. The present study therefore is based on identification of annual reports of 26 Indian commercial banks as well as 25 Kenyan commercial banks and shows that segment reporting practices of these units have taken a new turn after the implementation of the standards (IAS-14/Indian AS-17 respectively). There is no difference between the disclosure practices of Indian commercial banks and Kenyan commercial banks though they are adopting different accounting standards. There is a need for convergence to IFRS so that global understanding in the banking sector world over may develop.

17. Researcher: Helen Kang & Sidney J. Gray
Title: “Segment Reporting Practices in Australia: Has IFRS 8 Made a Difference?”
Published: Australian Accounting Review
Abstract:
This study examines changes in segment reporting in Australia following the adoption of the international accounting standard, IFRS 8 Operating Segments. We analyse segment disclosures of the top 200 companies listed on the Australian Stock Exchange in their pre- and post-adoption of AASB 8, the equivalent Australian standard to IFRS 8. Our findings indicate that the number of reportable segments and the extent of disclosure have increased post-adoption of AASB 8. Contrary to expectations, however, there is very little change in the identification of reportable segments. Companies, in general, have managed to retain their segment reporting formats and disclosures from the pre-AASB 8 period.

3.7 UNIVERSE AND SAMPLE OF THE STUDY:
The present study has been carried out on the micro level since it is not possible for the researcher to conduct it on the macro level. Into considerations the convenience, researcher has selected whole India country for study. The researcher has selected the segment reporting in India for taking all benefits of segment reporting in various industries in India.
Here researcher gives more emphasis on pharmaceutical companies and researcher undertakes research on 18 pharmaceutical companies in India. There are further classifications of the companies as those who are into business of:

- **Industry : Pharmaceuticals - Gelatin Capsules**
- **Industry : Pharmaceuticals - Indian - Bulk Drugs**
- **Industry : Pharmaceuticals - Indian - Bulk Drugs & Formln Lrg**
- **Industry : Pharmaceuticals - Indian - Bulk Drugs & Formln M/S**
- **Industry : Pharmaceuticals - Indian – Formulations**
- **Industry : Pharmaceuticals – Multinational**

Hence the selection of the companies has been done from the last type of companies in the pharmaceutical industry of India. It was imperative on the part of the researcher to select those companies which disclose segment reporting for the last 10 year. The following table shows the selected 18 companies are as under:

**Table No 3.7.1: List of Selected Pharmaceuticals Companies**

<table>
<thead>
<tr>
<th>SR. NO.</th>
<th>NAME OF COMPANY</th>
<th>PHARMACEUTICALS INDUSTRY</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Capsugel Healthcare Ltd</td>
<td>Gelatin Capsules</td>
</tr>
<tr>
<td>2</td>
<td>Natural Capsules Ltd</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td>Sunil Healthcare Ltd</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Suven Life Sciences Ltd</td>
<td>Indian - Bulk Drugs</td>
</tr>
<tr>
<td>5</td>
<td>Jubilant Life Sciences Ltd</td>
<td></td>
</tr>
<tr>
<td>6</td>
<td>Hiran Orgochem Ltd</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td>Natco Pharma Ltd</td>
<td>Indian - Bulk Drugs &amp; Formln Lrg</td>
</tr>
<tr>
<td>8</td>
<td>Ranbaxy Laboratories Ltd</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Piramal Enterprises Ltd</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Gufic BioSciences Ltd</td>
<td>Indian - Bulk Drugs &amp; Formln M/S</td>
</tr>
<tr>
<td>11</td>
<td>Claris Lifesciences Ltd</td>
<td></td>
</tr>
<tr>
<td>12</td>
<td>Anglo-French Drugs &amp; Industries Ltd</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td>Amrutanjan Health Care Ltd</td>
<td>Indian – Formulations</td>
</tr>
<tr>
<td>14</td>
<td>Ambalal Sarabhai Enterprises Ltd</td>
<td></td>
</tr>
<tr>
<td>15</td>
<td>Zim Laboratories Ltd</td>
<td></td>
</tr>
<tr>
<td>16</td>
<td>Novartis India Ltd</td>
<td>Multinational</td>
</tr>
<tr>
<td>17</td>
<td>Merck Ltd</td>
<td></td>
</tr>
<tr>
<td>18</td>
<td>Pfizer Ltd</td>
<td></td>
</tr>
</tbody>
</table>
3.8 **NATURE OF STUDY:**

As one of the objectives is to acquire deeper insight into the various pertinent aspect of the problem thus the study can be termed as analytical in nature. The researcher has also utilized the facts and information available in various secondary sources to make critical evaluation and thus from this point of view the nature of the study becomes analytical.

3.9 **PERIOD OF THE STUDY:**

As any researcher wish to collect all required data and information about research so a research is interested to take long period of the study so researcher properly collect data, analyze and come to conclusion. So for any research, researcher is interested for long period.

Here researcher undertakes research on segment reporting, segment-reporting practice is start in India with effect from 1st April 2001. So researcher undertakes research for the period of 2003-2004 to 2012-2013.

3.10 **OBJECTIVE OF THE STUDY:**

The broader objective of this study is to understand the segment reporting practices of the corporate units working in India. To fulfill the objectives the whole segment reporting is sub divided into the following points; disclosures about business segment and geographical segment, segment revenue, sales to external and internal customers, results of segments, segment wise assets and liabilities allocation, capital expenditures, segment wise depreciations written off, other non cash item written off during the accounting period, transfer price of the goods transferred among the departments, and any extraordinary items of the segment.

Other objectives are as following:

- To know the benefits and advantages of segment reporting in business and industry.
- To become helpful accountants and accounting practioners to know all formalities of segment reporting.
- To anticipate opportunities and threats in different segment to businessman.
- Better understand the performance of the enterprise;
Better assess the risks and returns of the enterprise; and
Make more informed judgments about the enterprise as a whole.
Reporting financial information about: Different types of products and services an enterprise produces, and the different geographical areas in which it operates.

3.11 SIGNIFICANCE OF THE STUDY:

- **Contribution to the Knowledge**
  1. Through this study the knowledge particularly regarding Segment Reporting Concept will improve.
  2. Through this study the knowledge particularly regarding primary and secondary discloser based on Segment Reporting will improve.
  3. Through this study the knowledge regarding statistical tools and technique and statistical test will improve.

- **Contribution to the Society**
  1. Through this research society will able to know the real situation in different markets and different product of selected companies.
  2. Through this study the investors can take proper decision.
  3. Through this study the management of the selected companies can improve their performance of segment reporting discloser.

- **Contribution to the Industry**
  1. Industry may be able to create more Wealth.
  2. The selected units may show Segment Reporting practices in their published annual reports.

3.12 SAMPLING DESIGN:

There are 18 sample units working in India are taken in the study pharmaceutical industry. The sample has been selected on the following bases.

- Availability of the data for last 10 years.
- The unit having its head office or branch office in India.
- The unit engaged in pharmacy industry.
- The unit should be registered in stock exchange.
- The sample unit has diversified company.
3.13 **SOURCE OF DATA:**

Every research is based on sound facts and data that are collected by the researcher. The kind of data collected and the methods used to collect the data is a very important aspect of the research. There are two basic means of collection of data i.e. primary and secondary.

Chart No 3.13.1: Source of Data

- **PRIMARY DATA:**
  
  We collect primary data during the course of doing experiments in an experimental research but in case we do research of the descriptive type and perform surveys, whether sample surveys or census surveys, then we can obtain primary data either through observation or through direct communication with respondents in one form or another or through personal interviews. This, in other words, means that there are several methods of collecting primary data, particularly in surveys and descriptive researches.

  Important ones are: (i) observation method, (ii) interview method, (iii) through questionnaires, (iv) through schedules, and (v) other methods which include (a) warranty cards; (b) distributor audits; (c) pantry audits; (d) consumer panels; (e) using mechanical devices; (f) through projective techniques; (g) depth interviews, and (h) content analysis. We briefly take up each method separately.

- **SECONDARY DATA:**
  
  The secondary data are those which have already been collected by someone else and which have already been passed through the statistical process. The researcher would have to decide which sort of data he would be using for his study and according he will have to select one or the other method of data collection.
The methods of collecting primary and secondary data differ since primary data are to be originally collected, while in case of secondary data the nature of data collection work is merely that of compilation. Secondary data means data that are already available i.e. they refer to the data, which have already been collected and analyzed by someone else. Secondary data may be either published data or unpublished data.

Research must be very careful in using secondary data. He must make a minute scrutiny because it is just possible that the secondary data may be unsuitable or may be inadequate in the context of the problem, which the researcher wants to study. The researcher must, before using the secondary data, see that they possess (i) Reliability of data (ii) Suitability of data (iii) Adequacy of data.

The researcher has used both method of collection of data for her convenience. But researcher gives more emphasis on secondary data because the researcher undertakes research in “Segment Reporting Practice in Selected companies” for which researcher needs all segment reports and records from Pharmaceuticals Company which are in nature of secondary data.

All data which are necessary for the research have been collected from the annual reports of different companies under study. Additional information required was collected by Personal interviews with the executives of the companies and other dignitaries and also from various Journals, Magazines and other publications. This research is based on secondary data.

The research work is based on data taken from the annual reports of the selected companies for the period of study. Various other publications for the Pharmaceutical Industry have also been taken into consideration. The data obtained have been duly classified, edited and tabulated under various groups and sub-groups, as per requirement of the study.

3.14 HYPOTHESIS:

G. A. Berg corroborates that, "A hypothesis is a tentative generalization the validity of which remains to be tested. In its most elementary stage, the hypothesis may be any hunch, guess or imaginative idea, which becomes the basis for action or investigation." The definition rightly specifies that the hypothesis provides the basis
for the research work and the entire research work is oriented towards the hypothesis.

“A hypothesis is a special proposition formulated to be tested in a certain given situation as a part of research which stats what the researcher is looking for.”

Hypothesis formulated under the study are as follows: For the present study the researcher has formulated two hypothesis viz. Null hypothesis and Alternative hypothesis. Both hypotheses were tested with the help of statistical tools. The statements of hypothesis were as under:

➢ **NULL HYPOTHESIS:**

If we have to compare method A with method B about its superiority and if we proceed on the assumption that both methods are equally good, then this assumption is termed as null hypothesis. It means that there is no significant difference between methods. Null hypothesis is symbolized by Ho.

➢ **ALTERNATIVE HYPOTHESIS:**

As against null hypothesis, we may think that the method A is superior or the method B is inferior, we are then stating what is termed as alternative hypothesis. It means that there is a significant difference between two methods. Alternative hypothesis is symbolized by H1.

➢ **LEVEL OF SIGNIFICANCE:**

This is very important concept in the context of hypothesis testing. It is always some percentage (usually 5%) which should be chosen with great care, thought and reason. In case we take the significance level at 5%, then this implies that Ho will be rejected when the sampling result (observed evidence) has a less than 0.05 probability of occurring if Ho is true. Thus the significance level is the maximum value of probability of rejecting Ho when it is true and it usually determined in advance before the testing the hypothesis. Hypothesis formulated under this study are listed below. They are based on T-test.

The following is the broader hypothesis for the study. The basic assumption for the study is that all the companies working in India have same segment disclosure practices. Hypothesis formulated under this study are listed below. They are based on T-test. The statement of null hypothesis and alternative hypothesis is under:
[1]
(H0): “There is no significant difference in the Business Segment Reporting Practice in the selected Gelatin Capsules Pharmaceutical units in India.”
(H0): “There is no significant difference in the Geographical Segment Reporting Practice in the selected Gelatin Capsules Pharmaceutical units in India.”
(H1): “There is significant difference in the Business Segment Reporting Practice in the selected Gelatin Capsules Pharmaceutical units in India.”
(H1): “There is significant difference in the Geographical Segment Reporting Practice in the selected Gelatin Capsules Pharmaceutical units in India.”

[2]
(H0): “There is no significant difference in the Business Segment Reporting Practice in the selected Indian - Bulk Drugs Pharmaceutical units in India.”
(H0): “There is no significant difference in the Geographical Segment Reporting Practice in the selected Indian - Bulk Drugs Pharmaceutical units in India.”
(H1): “There is significant difference in the Business Segment Reporting Practice in the selected Indian - Bulk Drugs Pharmaceutical units in India.”
(H1): “There is significant difference in the Geographical Segment Reporting Practice in the selected Indian - Bulk Drugs Pharmaceutical units in India.”

[3]
(H0): “There is no significant difference in the Business Segment Reporting Practice in the selected Indian - Bulk Drugs & Formln Lrg Pharmaceutical units in India.”
(H0): “There is no significant difference in the Geographical Segment Reporting Practice in the selected Indian - Bulk Drugs & Formln Lrg Pharmaceutical units in India.”
(H1): “There is significant difference in the Business Segment Reporting Practice in the selected Indian - Bulk Drugs & Formln Lrg Pharmaceutical units in India.”
(H1): “There is significant difference in the Geographical Segment Reporting Practice in the selected Indian - Bulk Drugs & Formln Lrg Pharmaceutical units in India.”

[4]
(H0): “There is no significant difference in the Business Segment Reporting Practice in the selected Indian - Bulk Drugs & Formln M/S Pharmaceutical units in India.”
(H0): “There is no significant difference in the Geographical Segment Reporting Practice in the selected Indian - Bulk Drugs & Formln M/S Pharmaceutical units in India.”

(H1): “There is significant difference in the Business Segment Reporting Practice in the selected Indian - Bulk Drugs & Formln M/S Pharmaceutical units in India.”

(H1): “There is significant difference in the Geographical Segment Reporting Practice in the selected Indian - Bulk Drugs & Formln M/S Pharmaceutical units in India.”

[5]

(H0): “There is no significant difference in the Business Segment Reporting Practice in the selected Indian – Formulations Pharmaceutical units in India.”

(H0): “There is no significant difference in the Geographical Segment Reporting Practice in the selected Indian – Formulations Pharmaceutical units in India.”

(H1): “There is significant difference in the Business Segment Reporting Practice in the selected Indian – Formulations Pharmaceutical units in India.”

(H1): “There is significant difference in the Geographical Segment Reporting Practice in the selected Indian – Formulations Pharmaceutical units in India.”

[6]

(H0): “There is no significant difference in the Business Segment Reporting Practice in the selected Multinational Pharmaceutical units in India.”

(H0): “There is no significant difference in the Geographical Segment Reporting Practice in the selected Multinational Pharmaceutical units in India.”

(H1): “There is significant difference in the Business Segment Reporting Practice in the selected Multinational Pharmaceutical units in India.”

(H1): “There is significant difference in the Geographical Segment Reporting Practice in the selected Multinational Pharmaceutical units in India.”

[7]

(H0): “There is no significant difference in the Business Segment Reporting Practice in the all selected Pharmaceutical sample units working in India.”

(H0): “There is no significant difference in the Geographical Segment Reporting Practice in the all selected Pharmaceutical sample units working in India.”

(H1): “There is significant difference in the Business Segment Reporting Practice in the all selected Pharmaceutical sample units working in India.”
(H1): “There is significant difference in the Geographical Segment Reporting Practice in the all selected Pharmaceutical sample units working in India.”

3.15 **TOOLS OF ANALYSIS:**

The following two types of Tools and Techniques of Analysis have been used:

- Accounting Techniques
- Statistical Techniques

3.15.1 **ACCOUNTING TECHNIQUES:**

The researcher pick up the technique to suit their requirement and also on the basis of data available to them. The accounting techniques which are used for the analysis of segment reporting of various Pharmaceuticals Company data are as follows.

- Segment Reporting

Accounting standards 17, ‘Segment Reporting’, issued by the council of the Institute of chartered Accountants of India. This standard comes into effect in respect of accounting periods commencing on or after 1.4.2001 and is mandatory in nature, from that date, in respect of the following:

(i) Enterprises whose equity or debt securities are listed on a recognized stock exchange in India and enterprises that are in the process of issuing equity or debt securities that will be listed on a recognized stock exchange in India as evidenced by the board of director’s resolution in this regard.

(ii) All other commercial, industrial and business reporting enterprises, whose turnover for the accounting period exceeds Rs. 50 crores.

The researcher has selected the segment reporting in India for taking all benefits of segment reporting in various industries in India. Here researcher gives more emphasis on pharmaceutical companies and researcher undertakes research on 18 pharmaceutical companies in India. The primary sources used for the survey include company annual reports and internet.

There are further classifications of the companies as those who are into business of:
RESEARCH METHODOLOGY

- **Industry**: Pharmaceuticals - Gelatin Capsules
- **Industry**: Pharmaceuticals - Indian - Bulk Drugs
- **Industry**: Pharmaceuticals - Indian - Bulk Drugs & Formln Lrg
- **Industry**: Pharmaceuticals - Indian - Bulk Drugs & Formln M/S
- **Industry**: Pharmaceuticals - Indian – Formulations
- **Industry**: Pharmaceuticals – Multinational

With the help of the list of disclosure issues, the annual reports of the companies will be examined. A dichotomous procedure will be followed to score each of the disclosure issue. Each company will be awarded a score of ‘1’ if the company appears to have disclosed the concerned issue in one year and ‘0’ otherwise. If company segment disclosure in all 10 year than score will be awarded 10 .The score of each company will be totaled to find out the net score of the company.

3.15.2 STATISTICAL TECHNIQUES:

It is an empirical study, so researcher has followed scientific approach to design the research methodology for investigation. For this study researcher has used secondary data as a source of information for thus research e.g. the Annual Reports, websites and other publications.

The researcher has used the methods of t – test, F – test, Kruskal walls test, wald wilcoxon test, for analysis of data. As per depend on sample size and most usefulness of data researcher gives more emphasis on T test and use T test for analysis.

- **T – TEST**:

When population standard deviation (σp) is not known and the sample is of a small size (i.e. n ≤ 30), Researcher use t distribution for the sampling distribution of mean and workout t variable as:

\[ t = \frac{(\bar{x} - \mu)}{\frac{s}{\sqrt{n}}} \]

Where, \( s = \sqrt{\frac{\Sigma(x_i - \bar{x})^2}{n} - 1} \)

The sample standard deviation. T – Distribution is also symmetrical and is very close to the distribution of standard normal variable z, except for small values of n. The variable t differs from z in the sense that researcher use sample standard
deviation ($\sigma_s$) in the calculation of $t$, whereas researcher use standard deviation of population ($\sigma_p$) in the calculation of $z$.

There is a different $t$ distribution for every possible sample size i.e., for different degree of freedom. The degree of freedom for a sample of size $n$ is $n - 1$. As the sample size gets larger, the shape of the $t$ distribution becomes approximately equal to the normal distribution. In fact for sample sizes of more than 30, the $t$ distribution is so close to the normal distribution that we can use the normal. When $n$ is small, the $t$ distribution is far from normal but when $n \to \infty$, $t$ distribution is identical with normal distribution.

The $t$ distribution tables are available which give the critical values of $\delta$ for different degrees of freedom at various levels of significance. The table value of $t$ for given degrees of freedom at a certain level of significance is compared with the calculated value of $t$ from the sample data, and if the latter is either equal to or exceeds, we infer that the null hypothesis can not be accepted.

**MEAN:**

In mathematics and statistics, the arithmetic mean (or simply the mean) of a list of numbers is the sum of the entire list divided by the number of items in the list. If the list is a statistical population, then the mean of that population is called a population mean. If the list is a statistical sample, we call the resulting statistic a sample mean. The mean is the most commonly-used type of average and is often referred to simply as the average.

The term “mean” or “arithmetic mean” is preferred in mathematics and statistics to distinguish it from other averages such as the median and the mode. The arithmetic mean is the “standard” average, often simply called the “mean”. The formula of mean is as under.

The most of commonly used average are the arithmetic mean, briefly referred as the mean”. Adding all the score of segment reporting disclouser and dividing by the total number of the companies has found the mean. In order to find the arithmetic mean of a set of individual observations, the following formula has been used.

**Equation:** \[ \bar{x} = \frac{\sum x}{N} \]
STANDARD DEVIATION:

In statistics, standard deviation is a simple measure of the variability or dispersion of a data set. A low standard deviation indicates that the data points tend to be very close to the same value (the mean), while high standard deviation indicates that the data are “spread out” over a large range of values. In addition to expressing the variability of a population, standard deviation is commonly used to measure confidence in statistical conclusions.

The term “standard deviation” was first used [1] in writing by Karl Pearson [2] in 1894 following use by him in lectures. This was as a replacement for earlier alternative names for the same idea; for example Gauss used “mean error” [3] a useful property of standard deviation is that, unlike variance, it is expressed in the same units as the data. The formula of standard deviation is as under.

Equation: $S = \sqrt{\frac{\sum (x - \bar{x})^2}{N}}$

3.16 RESEARCH PLANNING:

The detailed analytical report of the subject under study is presented into five chapters, identified as under:

Chapter – 1 BUSINESS REPORTING IN INDIA


Chapter – 2 OVERVIEW OF PHARMA INDUSTRY

This chapter covers introduction of pharmacology, drugs, status of pharma industries in India, overview of Indian pharmaceutical industries, key characteristics of the pharmaceutical, key performance indicators, SWOT analysis of pharmaceutical industries in India, patent protection of pharmaceutical industries in India, globalization & it’s impact on the Indian pharma industry, History and evaluation of some well-known pharma company, Reference.

Chapter – 3 RESEARCH METHODOLOGY

The third chapter describes title of the study, scope of the study, universe of the study, nature of the study, period of the study, hypothesis, objective of the study,
sampling design, data collection, tools of analysis, presentation of the report limitation of the study, further scope for the study.

Chapter – 4 ANALYSIS AND INTERPRETATION OF SEGMENT REPORTING DISCLOSURE

For analysis of segment reporting researcher undertakes “t” distribution test and select 21 requires business disclosures and 5 geographical disclosures are taken for the study from accounting standard. The observations from the sample are indicates in the total rows of the table.

Chapter – 5 SUMMARIES, FINDINGS AND SUGGESTIONS

In this chapter a consolidated research report covering summary, findings, conclusion and suggestion of the whole study will be described. In this chapter, researcher comes out with the summary of the whole research work. The findings of the research work also discussed and on the basis of findings, researcher tries to give some valuable suggestions also.

3.17 LIMITATIONS OF THE STUDY:

- **Research Time:** The study is limited to only ten financial years analysis i.e. from the year 2003-04 to 2012-13.
- **Scope Of Study:** This study was limited only to 18 pharmaceutical companies. As a result it has a narrow outlook.
- **Data Collection Method:** The study is based on the secondary data collected from the published annual report of the selected companies and website like www.capitaline.com. so limitation of the secondary data will remain with the study.
- **Personal Bias:** Every person has its own thinking and believes so in this research work may include personal bias during the research work.
- **Analytical Tools:** Analytical tools, which are used in the study, may have their own limitations, which may apply to this study too.
- **Area:** This research is only for pharmaceutical industry. So the research area is very limited.
3.18 **FURTHER SCOPE FOR STUDY:**

Keeping in view the limitations of the study and the experience gain by the researcher during the course of his research work, the research perceives that a full-fledged conclusive research work at macro level may be undertaken. For this type of macro level study may be helpful in identifying distinctive conclusions separately.

Similarly, the study can be made for different subgroups of the units in terms of bank, chemical, software, eng., jewelry, cement, communications, textile etc.
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