4.1 Research Design

To glean insights about Corporate Governance (CG) practices, it was initially decided to utilize primary as well as secondary data. Primary data were solicited with the help of a questionnaire which was mailed to the sample companies. Prior to finalizing the questionnaire, a pilot survey had been carried out and it involved five Vadodara-based publicly listed companies. For secondary data, a request letter was sent by post to the sample companies described under Methodology seeking their annual reports. It was also decided that other modes of collecting secondary data would be used, if the need arose.

4.2 Methodology

The Securities and Exchange Board of India regulations relating to CG viz., Clause 49 of the Listing Agreement are applicable to listed companies. Clause 49 contains mandatory and non-mandatory CG norms. Listed companies fulfilling certain criteria are to adhere to mandatory CG norms while adherence to non-mandatory CG norms is voluntary. * A total of fifty companies, whose equity shares comprise the Standard and Poor’s (S&P) CNX NIFTY Index, or more popularly, the Nifty, were chosen for the study. These

* i) By all entities seeking listing for the first time; ii) by all listed companies having a paid up share capital of Rs. 3 Crore and above or net worth of Rs. 25 Crore or more at any time in the history of the entity; and such listed companies include public sector units and body corporate i.e. private and public sector banks, financial institutions, insurance companies and exclude mutual funds.

Source: FAQs on Corporate Governance, January 2006, available at www.nseindia.com
companies are subject to compliance with CG norms and their credibility among investors is pertinent and vital. Another reason for choosing the sample companies is that they are comparatively medium to large in size. The extent and degree of disclosures have been found to be better in larger companies.\textsuperscript{1} Also, a possible argument offered is that larger firms have more resources for undertaking additional CG initiatives as they draw considerable attention from the investing public, and so have to disclose more information.\textsuperscript{2} It has also been argued that disclosures by companies in their annual reports should be considered as the most important source of information.\textsuperscript{3} Accordingly, the approach of this study is consistent with other studies in which CG practices were examined from the annual reports of companies.\textsuperscript{4} Therefore, the findings of the study are based on the information derived from annual reports of the sample companies. An in-depth study of such companies can bring out model practices in CG for other companies to emulate.

4.3 Scope of the Study

The scope of the study covers three financial years viz., 2005-06, 2006-07, and 2007-08. The financial year-end i.e., 31.03.2006 is also considered as reporting on CG practices was made mandatory since then. Fifty companies comprising the S&P CNX NIFTY in each of the years feature in the study, considering the criteria and schedule of implementation of CG requirements. As these being generally reputed companies, it was thought that the findings and recommendations of this study may serve to project exemplary CG practices for other companies to emulate.
4.4 Sources of Data

The sources of data and information for the study were the websites of selected companies and Prowess database accessed from the Smt. Hansa Mehta Library of The Maharaja Sayajirao University of Baroda, Vadodara.

4.5 Sampling Plan

Purposive (deliberate or judgment) sampling technique was used for deciding the sample for the study. As mentioned before, the sample consists of fifty companies pertaining to different sectors which comprise S&P CNX NIFTY Index.

4.6 Data Collection

The response to the endeavour to generate primary data was inadequate. Therefore, the work proceeded on the basis of secondary data. Secondary data and information were culled from annual reports which were obtained from different sources. Some annual reports were received directly from the selected companies on request. As only some of the companies sent their annual reports, others were downloaded via the internet, i.e., from the websites of selected companies and in the process, Prowess database was also accessed for the required information. The data and information used from annual reports for the study was for the three financial years viz., 2005-06, 2006-07 and 2007-08.
4.7 Data Processing and Analysis

Calculation of percentages to analyze data and appropriate statistical techniques to test relevant hypotheses were employed by using the data obtained from secondary sources in order to achieve the objectives of the study.

4.8 Limitations

The results of the study should be viewed in the background of limitations such as sample size, sampling technique, prevalent laws and the duration of the study. Publicly disclosed information e.g., in the annual reports is considered as correct, regardless of whether the company followed it or not in actual practice.
REFERENCES

