1.1 Introduction

Business enterprises are the most vital and essential ingredient of the society. They act as change agent in the society. They make abrupt changes in the society and its environment. They use the social resources, enjoy social patronage to run and maintain their business operations and earn profit from the society. It is anticipated that they will serve the society considerably and will help the society to improve and develop by the effective utilization of social resources for the best interest of the society and its people, by amplifying the employment opportunities to the social people, by abiding the rules and regulations of the society, by protecting the environmental pollution of the society, by contributing legitimately into the central exchequer in the form of taxes, by ensuring the judicious allocation of scarce resources among different production purposes, by administering appropriate business management and control process to safeguard the diversified interests of the different stakeholders and so on. To this respect the role of corporate governance is of great significance to manage and govern the business enterprises with a view to attaining a sustainable overall development of the society. The socio-economic status of the global economy is enforcing the business communities to follow standard accounting practices for transparency in financial disclosure to safeguard the interests of the investors and other stakeholders and conform to rules and regulations prevailing the socio-corporate ambience and to incorporate more laws and enactment for the greater interests of them and the society as a whole.

Accounting is inseparable from business and management since accounting is the language of business. In fact, accounting is an integral part of the business operations. Accounting and Reporting constitute the back-bone of any entities and accounting and reporting are the essential parts of financial statements which show the true and fair picture of the business.

Corporate financial statement provides many accounting information which are useful for various user groups. Companies prepare financial reports that are
directed towards their primary users. The users of these reports include shareholders and investors, managers, employees, customers, lenders, security analysts, policymakers, regulators and the government. They take their investment decisions, determine credit policy and formulate other economic decisions based on the diverse information about different enterprises supplied by their financial reports.

Financial reporting is, therefore, not an end in itself. Its purpose is to provide information that is useful to those who make economic decision about business enterprises, and assist them in evaluating the alternative course of action. Hence, the framing of accounting rules for measurement and reporting is influenced by the predominant requirements of making the financial statements that serve the needs of a variety of stakeholders – present and potential investors, lenders, suppliers and customers, employees and the society at large.

In the past, most of the users of financial information were resident of the same country in which the companies were situated. The globalisation of the financial market, however, has changed the scenario. Transnational financial reporting has become a bare necessity because large corporations are attempting to expand both their sources of capital, as well as their investment opportunities. Different countries have their own accounting rules, which govern how financial reports are to be prepared and presented by enterprises in that country. Investors are not generally aware of the principles on the basis of which financial statements are prepared in the countries other than their own. If the accounting differences were limited only to the differences in language, currency, terminology (for example, the term ‘stock’ means ‘inventory’ in US and ‘shares’ in UK) or the form in which accounts are presented, it would not be difficult to produce a set of universally accepted accounting standards. The financial reporting requires the users to understand the accounting practices employed by the company. But the diversity in financial reporting has become a setback for the common investors to realize and interpret the information embedded therein.

In a globalised economy with large and growing cross-border capital movements, cross-border comparison by investors can be facilitated only by high quality internationally accepted accounting standards. The greater is the level of harmony in accounting standards, the greater will be the level of comparability between accounting reports. Harmonisation is the process of increasing the
comparability of accounting practices. The need of harmonisation is felt because the financial statements prepared in one country cannot be properly compared with those prepared in another country due to major differences in accounting practices. Harmonisation also enables the comparison of the performance of subsidiaries located in different countries, as well as the comparison of their performance with their domestic and international branches.

The various user groups find that accounting information is too much useful for them. And this can be useful when each and every entity follow the same accounting principles and systems. For that reason, within each country, local regulators issue Generally Accepted Accounting Principles (GAAP) that are called Accounting Standards or Financial Reporting Standards. Accounting standards are authoritative statements of how particular type of transactions and other events should be reflected in financial statements. These standards include specific principles bases, conventions, rules and practices necessary to prepare the financial statement and to draw the true and fair picture of the business. The accounting standards of India are the authoritative statements which show how a particular transaction or an event should be reflected in financial statements.

The elements of financial statements in India include: Notice of Annual General Meeting (AGM); Directors Report; Auditors Report; Profit or Loss Account or Income Statement (back year also); Balance Sheet (back year also); Fund Flow/Cash Flow Statement; Disclosures of Accounting Policies; Schedules and Notes of Accounting; Corporate Governance Report; Environmental Accounting Information; Comment on and Review of the Audited Accounting by Comptroller and Auditor General of India (C&AG), etc.

Now the study identifies how this information is useful for the different sectors or business enterprises. For this purpose a case study has also been done to clear the ideas and views about the utility of financial reporting.

1.1-1 Accounting Regulation- A background history

Regulation of Corporate Accounting is a new concept. In India, many years ago, there were different systems of accounting. Accounts were prepared under the guidance and control of the proprietor who prepared it for his own benefits. This was called “Self Regulation “of accounting.
During the British Raj, India was ruled by the East India Company - a joint stock company with its head office at London. In real sense corporate form of business was formally introduced in the year 1850 in India along with the passing of Companies Registration Act in that year.

The first Indian Act, regarding companies, was the Joint Stock Companies Act of 1850. This was based upon the English Act of 1844. The Act of 1850 was replaced by a new Act bearing the same name in 1857. In this Act the principles of limited liabilities was introduced for the first time in India. With the growing popularity of the corporate form of business organization, need was felt for more comprehensive company legislation. Acts relating to companies were passed in 1860, 1866, 1882, 1895, 1910, and 1913. The Act of 1913 remained in force up to 1956, though it was extensively amended in 1936 and 1951.

In the year 1956 the Companies Act - The first corporate legislation of independent India - was passed by the Parliament. And this act was amended several times. Gradually successive Companies Act has made this regulation more stringent in keeping with the changing needs of the society. The major ones having taken place in 1961, 1977, 1988, and 1989.

Along with the Companies Act many other regulatory agencies, both in Govt. and private sector are now regulating the Corporate Accounting in India. Notable among them are – The Institute of Chartered Accountants of India (ICAI), The Institute of Cost and Works Accountants of India (ICWAI), Stock Exchanges, Commercial Banks, Securities and Exchange Board of India (SEBI) and voluntary bodies of the country and abroad.

Accounting is thus considered as one of the most important business functions and naturally the degree of regulation increases day by day.

1.2 Literature Review

The literature review provides a summarisation of the underlying theory of Corporate Reporting Practices followed in India and abroad. The review makes an effort to trace the origins of corporate governance practices and the various studies which have elaborated the issue of Corporate Reporting Practices particularly in the context of listed companies. So many studies have been conducted in India and abroad covering
different aspects of Corporate Disclosure Practices. These include disclosure of accounting policies, report on corporate governance, convergence of accounting standards, etc. The literature review concerning the present study has been divided into three categories-

1. Studies relating to Corporate Reporting Practices in India and abroad.
2. Studies relating to Corporate Governance Practices in India and abroad.
3. Studies relating to global convergence of Accounting Standards.

Section – I

1.2-1 Studies relating to Corporate Reporting Practices in India and abroad

Some studies have been conducted in India and abroad covering different aspects of corporate reporting practices.

1.2-1.a International Status

A survey of the literature on corporate disclosure practices reveals that most of the studies on the subject have been conducted in foreign countries such as U.S.A., U.K., Australia, Canada and Japan.

Belal (2001) conducted a study on corporate social disclosures in Bangladesh. This is an important area that he tries to analyse. The study showed a survey of CSR practices in Bangladesh. The samples were collected from the list of companies quoted on the Dhaka Stock Exchange and in the Directory of Dhaka Metropolitan Chamber of Commerce and Industry. It represents 30 annual reports collected on an ad hoc basis directly by contacting the company sources. However, some of the annual reports have been collected from other sources such as The Dhaka Stock Exchange, The Chittagong Stock Exchange and The Institute of Chartered Accountants of Bangladesh. The main contribution of this paper was that in addition to measuring the extent and volume of disclosures by using content analysis, it explores the socio-political and economic context in which these disclosures take place.

Penman (2007) tries to focus on financial reporting quality. He also examined how fair values of assets and liabilities should be measured as per deliberations issued by International Accounting Standard Board (IASB) and Financial Accounting Standard Board (FASB) and whether fair values enhance the task of equity valuation and
stewardship assessment. For this purpose he has taken a demand approach in considering the pluses and minuses of fair value accounting and also considered the historical cost accounting system of measurement for asset and liabilities valuation.

Sutthachai and Cooke (2009) conducted a study on “Analysis of Thai Financial Reporting Practices and the Impact of the 1997 Economic Crisis”. The study focused on listed Thai companies between 1993 and 2002 to ascertain whether the 1997 economic crisis, which they refer to as an economic disturbance, had an impact on financial reporting practices. Both changes in measurement and disclosure practices are considered and the period of study has been divided into three sub-periods: the pre-economic crisis period (1993–96), the economic crisis period (1996–98) and the post-economic crisis period (1998–2002). For this purpose they have selected 106 companies listed on the Stock Exchange of Thailand (SET) from 1993 to 2002 and grouped into five industries: agribusiness, heavy industry, consumer goods, service sectors and some industries from other sectors. They used chi-square test to assess measurement practices over time and also in the three sub-periods (pre-economic crisis, economic crisis and post-economic crisis). For disclosure, the Friedman test was used for testing practices over the period 1993 to 2002, along with the paired sample t-test and Wilcoxon sign-ranked test and developed the following hypotheses-

**H1**: The number of companies using FIFO for inventory valuation will increase, compared to companies using the weighted average and LIFO method, over the period 1993 to 2002, particularly in the period of economic disturbance.

**H2**: The number of companies using the asset-recognition method will increase, compared to companies using the expense-recognition method, over the period 1993 to 2002, particularly in the period of economic disturbance.

**H3**: The number of companies using FIFO to account for investments will increase over the period 1993 to 2002, compared to companies using identification and weighted average approaches, particularly in the period of economic disturbance.

**H4**: The number of companies using the straight-line method will increase over the period 1993 to 2002, compared to companies using the decreasing-balance method, particularly in the period of economic disturbance.
H8: There will be a significant association between measurement methods and the years studied and the degree of significance in the year 1998 will be more than those of other years.

H9: There will be a significant association between disclosure levels and the years studied and the degree of significance in the year 1998 will be more than those of other years.

The study showed that there were significant increases in disclosure levels over the ten years but no substantial changes in measurement methods.

1.2-1.b National Status

Some of the studies conducted in India are highlighted below:

Ahuja (1981) made an analytical study on Corporate Disclosure Practices in India. He tried to evaluate the current disclosure practices of Indian companies in the light of informational needs of the major users of financial statements.

S. Chander (1992) has focused on corporate disclosure practices with a comparative analysis of the disclosure practices of the public and private sectors in India. For this purpose he selected top 50 companies each from both the sectors. These companies included the companies such as BHEL, CCI, MMTC, SAIL, OIL, IOC, HMT, ONGC and ACC which have received award from the Institute of Chartered Accountants of India for their best presented accounts for the different years. In order to make inter-period analysis of the disclosure practices in both the sectors, a period of five years, i.e., from 1980-81 to 1984-85 has been selected. The findings revealed that the quality of disclosure analysed both on the basis of item-wise disclosure as well as company-wise disclosure was significantly better in case of the public sector as compared to the private sectors and large numbers of items have very lesser disclosure score in both the public and private sectors during all the five years of the study. The findings also showed that there has been improvement in the disclosure practices of the public and private sectors in 1984-85 over 1980-81. However comparatively higher improvement has been observed in the disclosure of the public sector companies.

Vasal (2000) conducted a study on interim financial reporting with the help of Interim Financial Reports (IFRs) of 226 Indian companies. A majority of Indian companies
have, quite willingly, compiled with the prescribed requirements of interim reporting. The objective of the study was to assess the degree of compliance by Indian companies with the disclosure required under the existing listing agreements. Further what were the world-wide trends in interim reporting and how did India measure up? IFRs of 226 companies were taken as sample for the study and for this the results published in The Economic Times during the period July, 1995 to June, 1996, were considered. The research findings on the interim reporting practices of sample companies were analysed with reference to each major provision of cause 41 in the listing agreements in India. The analysis of the sample IFRs revealed that, generally, companies do make efforts to meet the aforesaid time limit of two months. However, seven (3.1 per cent) companies were observed to have taken more than two months in approving their IFRs. The period actually taken by these companies ranged between 65 and 120 days.

Dr. Ubha (2001) tries to focus on the corporate disclosure practices in India with the help of five years annual reports of 50 Indian companies. He examined the different items disclosed in an annual report and tries to analyse what the companies disclosed and what the investors required. For this purpose he analysed the different information disclosed under the heads of Directors’ Report, disclosure of information in Chairman’s speech, disclosure of information through charts, diagrams and graphs, disclosure of information through highlights, disclosure of information through accounting ratio and disclosure of information in accounting policies. All these items are verified through mean disclosure, standard deviation and coefficient of variation.

B. Banerjee (2002) investigated the provisions of law relating to regulation of accounting in corporate sector in India since the inception of the Companies Act, 1857. The role of the professional and the other bodies, the impact of international developments on regulation, the present reporting practices in the corporate sector and the perceptions of the various user groups have been considered. For the purpose of analysing current reporting practices in the corporate sectors he has collected the annual reports of 50 companies which form a part of Bombay Stock Exchange (BSE) or National Stock Exchange (NSE) for the financial year 2000-2001 and divided them into two groups. On the basis of this he tries to examine the information disclosed in annual reports and finds that the companies belongs to first group disclosed more
mandatory and non-mandatory information in their annual reports and that’s why they are topped in ranking as per the market capitalisation under BSE or NSE.

**Dr. S Bareja (2003)** tries to focus her view on the social accounting and reporting in corporate sector. The study examined the comparative analysis of social accounting and reporting practices in Cement Corporation of India Ltd. and National Thermal Power Corporation of India Ltd. For this purpose she had collected the annual reports of two enterprises from the period of 1990-91 to 1997-98. For the purpose of comparative analysis she used some statistical tools like, percentage method, Chain base index number, and correlation and regression analysis. The key findings showed that the presentation of social accounts by Cement Corporation of India was far better than that of National Thermal Power Corporation Ltd.

**S. Subramanian (2006)** examined the differences in the disclosure levels of Indian Companies excluding financial services Companies based on management control. Mr. Subramanian classified Indian Companies into three categories based on management control, namely Public Sector Undertakings (PSUs – Owned and control by the Government), Private sector Companies and the subsidiaries of Multinational Companies (MNCs). The disclosure levels of the companies were measured using standard and poor’s transparency and disclosure index methodology. The findings indicated that there is no significant difference between PSUs and the Private sector companies in their disclosure scores. But the disclosure scores of MNCs in the ‘financial transparency and information disclosure’ category are lowered than that of the other companies.

**Chander and Mahajan (2008)** conducted a study on determinants of timeliness of corporate disclosure of selected companies in India. This study empirically examined the quality of corporate disclosure with special reference to its qualitative attribute of ‘Timeliness’. It was based on a sample of 288 and 292 companies drawn from BT-500 companies (November, 2004 issue) for the financial years 2004-05 and 2005-06. Auditor’s report has been used as a surrogate for timeliness. Descriptive statistics indicated that almost all the companies in the sample report within 180 days (as set by regulatory authorities in India) during both the years of the study. Non-parametric test namely Spearman’s Rank Correlation has been used to check the association of the independent variables with reporting lag. Backward Stepwise regression analysis
revealed that the corporate attributes namely, size of a firm, nature of industry and audit specific attributes namely, audit firm size and audit complexity significantly influenced the reporting lag of selected companies in India during both the years of study. Rest of the variables namely, profitability of a firm, listing category, residential status, age, leverage and audit fee could not significantly influenced the reporting lag during both the years of the study.

Section – II

1.2-2 Studies relating to Corporate Governance Practices in India and abroad

Corporate Governance is the framework of relationships, systems and process for making decisions on corporate affairs. It is a system of structuring, operating and controlling a company with a view to achieve long term strategic goals to satisfy shareholders, creditors, employees, customers and suppliers. Lots of study has been done relating to corporate governance practices in India and abroad to improve our corporate governance practices and policies followed in India and abroad to protect long term shareholders value along with the other stakeholders.

1.2-2.a International Status

Collett and Hrasky (March 2005) examined the “Voluntary Disclosure of Corporate Governance Practices by Listed Australian Companies”. The study has examined the relationship between the voluntary disclosure of information about corporate governance practices and the intention to raise external finance. This relationship is examined by using corporate governance disclosures in the annual reports of Australian companies in 1994. For this purpose the annual reports of 299 listed Australian companies for 1994 that are included in a Connect 4 database were examined. Connect 4 is an Australian company that specializes in providing information about companies which are listed on the Australian Stock Exchange and used regression analysis with the help of following hypotheses.

H1: In the absence of mandatory requirements to do so, companies are more likely to disclose corporate governance information if they intend to raise new share capital in the year following disclosure.
H2: In the absence of mandatory requirements to do so, companies are more likely to disclose corporate governance information if they intend to raise new debt funds in the year following disclosure.

Regression analysis indicated that the voluntary disclosure of corporate governance information is positively associated with the intention to raise equity capital, but not with the intention to raise debt capital.

*Collier and Zaman (November 2005)* analyses the concept of Convergence in European Corporate Governance with special reference to the audit committee concept. This paper analysed the recent corporate governance codes issued by 20 countries for evidence of convergence in corporate governance systems in Europe. The analysis showed that there has been a degree of convergence towards an Anglo-Saxon model of corporate governance as the audit committee concept is widely accepted in countries with both unitary and two-tier governance systems. Further, the latest audit committee recommendations in countries that have issued several governance codes showed a strengthening of the recommendations for an audit committee over time in line with the Anglo-Saxon audit committee concept and convergence with the debate in the US and UK on issues such as the independence and financial expertise of members. However, consistent with the literature on the convergence of European corporate governance systems, at an operational level there is limited consistency in the recommended structure and role of audit committees.

*Akkermans, Ees, Hermes, Hooghiemstra, Laan, Postma and Witteloostuijn (Nov. 2007)* tries to examine the Corporate Governance in the Netherlands with an overview of the application of the Tabaksblat Code in 2004. The study examined the overall acceptance of the best practice provisions contained in the Dutch corporate governance code and identifies those that receive comparably less agreement among 150 Dutch listed companies in 2004. The findings indicated a high level of compliance with the Code. Moreover, the extent of compliance is positively associated with company size. Provisions related to the remuneration of board members, independence of supervisory board members, and requirements with respect to internal control systems stand out when it comes to non-compliance.
Barako, Hancock and Izan (2006) observed the relationship between corporate governance and voluntary disclosures in annual reports with special reference to Kenyan companies. The study showed that in 2000, the CMA issued draft corporate governance guidelines outlining significant changes to listed companies corporate governance practices – key among them were: establishment of an audit committee, independence of non-executive directors and separation of the roles of the CEO and board chair. The study examined the corporate governance practices with the voluntary disclosures of selected information in the annual reports of Kenyan companies. Due to the relatively small number of companies listed on the NSE (54), all companies were considered for inclusion in the survey.

The main criteria used for sampling the firms were: (i) annual reports must be available at the stock exchange and (ii) the firm must have been listed for the entire period of the study 1992–2001. Firms that did not meet these criteria were excluded. Eight companies were excluded because they were listed after 1991 and three were excluded because their annual reports were not available. The companies listed on the NSE are classified into four main sectors: agriculture; commercial and services; finance and investments; and industrial and allied. They have formulated the following hypotheses:

**H1**: The higher the proportion of non-executive directors, the higher the level of voluntary disclosure.

**H2**: The extent of voluntary disclosure is higher for firms with a dual leadership structure.

**H3**: The level of voluntary disclosure is higher for firms that have an audit committee

To test the hypotheses, multiple regression analysis was used. The findings indicated that the presence of an audit committee is a significant factor associated with the level of voluntary disclosure, and the proportion of non-executive directors on the board is found to be significantly negatively associated with the extent of voluntary disclosure. In contrast, board leadership structure did not appear to have a significant influence on the level of voluntary disclosure by companies.
Hermalin and Weisbach (2007) in their NBER working paper series no.12875 focused on the transparency in corporate governance. The study showed that the corporate governance reforms are increased transparency. This goal has been relatively uncontroversial, as most observers believe increased transparency to be unambiguously good. They argued that, from a corporate governance perspective, there are likely to be both costs and benefits to increased transparency, leading to an optimum level beyond which increasing transparency lowers profits. This result holds even when there is no direct cost of increasing transparency and no issue of revealing information to regulators or product-market rivals. We show that reforms that seek to increase transparency can reduce firm profits, raise executive compensation, and inefficiently increase the rate of CEO turnover. We further consider the possibility that executives will take actions to distort information. We show that executives could have incentives, due to career concerns, to increase transparency and that increases in penalties for distorting information can be profit reducing.

1.2-2.b National Status

Shukla (2005) conducted a study on Indian Corporate Governance and Board Structure. Considering the importance of corporate governance in the context of sustainable development, this paper intends to judge the responsibility of the Indian corporate sector towards its various stakeholders. The prime objective of this explanatory study was to know the composition of boards of the corporate units working in India. The corporate governance of Indian companies has been analysed for the year ending as on March 31, 2004 for the study. One hundred companies in India were taken as a random sample for the study.
1.2-3 Studies relating to global convergence of Accounting Standards

The rapid globalisation of capital markets, however, has resulted in further acceleration in the global convergence of accounting standards, as national accounting standards are being converged with one another. The term convergence of Accounting Standards refers to the process of harmonisation of Accounting Standards. Lots of study has been done relating to global convergence of accounting standards in India and abroad to improve accounting standards followed in India and abroad.

1.2-3.a International Status

Jones and Higgins (2006) examined the globalisation of Accounting Standards in Australia as Australia’s switch to international financial reporting standards. The study was based upon telephone survey on adoption of international financial reporting standards (IFRS) from 60 firms drawn from among Australia’s top 200 corporations. They used $\chi^2$ test and variance (ANOVA) and developed the following hypothesis.

**H1**: The extent of knowledge of IFRS is greater for larger firms.

**H2**: The implementation of IFRS will have a more significant impact on a wider range of organizational functions, responsibilities and/or departments for larger firms.

**H3**: The higher the perceived impact of IFRS on financial performance, the more important IFRS rate as a business priority.

The study examined the commercial attitudes and opinions for the adoption of IFRS by senior financial executives of leading Australian companies. Although they find evidence of strong systematic variation in survey responses with factors such as firm size, industry background and expected impacts on financial performance, the general results indicate that many respondents have not been well prepared for the transition and are generally very skeptical about the claimed benefits of IFRS as enunciated in the government’s Corporate Law Economic Reform Program. The results have implications to other international reporting jurisdictions, particularly the European Union, where adoption of IFRS is already underway.
Taylor, Tower, Neilson (Sept. 2009) examined the corporate communication of financial risk of the Australian listed companies. The study provides insights on the Financial Risk Management Disclosure (FRMD) patterns of Australian listed resource companies for the 2002–2006 periods leading up to and immediately following adoption of the International Financial Reporting Standards (IFRS) on the basis of annual reports of 111 Australian listed extractive resource firms that were engaged in production activities at any time over a 4 year longitudinal timeframe encompassing the 2002–2006 years, 3 years pre-IFRS and one year post-IFRS adoption. They used regression analysis and framed the following hypotheses:

H1: There is a positive association between the adoption of IFRS and the extent of financial risk management disclosure levels (mandatory and discretionary) by Australian listed resource firms.

H2: There is a positive association between the strength of corporate governance structure and the extent of financial risk management disclosures (mandatory and discretionary) by Australian listed resource firms.

H3: There is a positive association between the occurrence of capital raisings and the extent of financial risk management disclosures (mandatory and discretionary) by Australian listed resource firms.

H4: There is a positive association between those firms that are listed in more than one jurisdiction and the extent of financial risk management disclosures (mandatory and discretionary) by Australian listed resource firms.

Regression analysis demonstrates that corporate governance and capital raisings of firms were significant and positively associated with FRMD patterns. In contrast, overseas stock exchange listing of firms was significantly negatively associated with FRMD patterns. The findings showed that the introduction of IFRS changes corporation’s willingness to communicate risk information.

Lantto, Sahlström (2009) studied the impact of International Financial Reporting Standard adoption on key financial ratios. They examined this issue in a continental European country (Finland). The purpose of the study is to investigate whether there are changes in accounting numbers and key accounting ratios after conversion from
Domestic Accounting Standard (DAS) to IFRS. Therefore, they first analyze the differences between financial ratios calculated before and after conversion from FAS to IFRS and test the statistical significances of the differences. Furthermore, if there are differences between the financial ratios calculated before and after the conversion, they investigate the main reasons for the differences using a two-step approach. First, they investigate which of the financial statement items (i.e. the balance sheet items and income statement items) changed after the conversion from FAS to IFRS. The findings showed that the adoption of IFRS changes the magnitude of the key accounting ratios.

1.2-3.b National Status

B. Banerjee (1991) tries to focus on the harmonisation of Accounting Standards in some SAARC countries with special reference to India. For the purpose of the study he examined 190 companies for the financial year 1987-88 with Accounting Standard 1-6 listed in Calcutta Stock Exchange both from public and private Sectors and also from companies that had been awarded prize by the Institute of Chartered Accountants of India (ICAI) for best presentation of accounts in India. However, only 53% companies response with their annual accounts. The findings showed that only in few cases under private sector companies followed AS 01, and only 88% in public sector companies followed AS 01 in their annual ports.

Verma, Garg and Singh (2000) examined the disclosure of accounting standards on Indian corporate sectors. The study revealed that the quality of disclosure of information in the annual reports is not an independent factor. It may vary on account of different philosophy and wide discretions of managements in disclosing information to the different users. Moreover, the Companies Act requires more and more disclosure of information after each amendment in the Act. The study was concerned to analyse the association between company characteristics and the extent of disclosure measured with reference to AS 01 to AS 10. The study covered a sample of 100 top companies

Equally drawn from the public and private sectors over a period of six years, from 1988-89 to 1993-94. In all, ten accounting standards (AS 01 to AS 10) out of fifteen issued by the ICAI during that period have been examined in the study. The
main sources of data are company’s annual reports. For the purpose of the study they used linear regression model. The regression analysis of the various company characteristics were measured like, net tangible assets, net sales, net profits and the age of a company with disclosure practices. The key findings showed that the comparatively the companies in public sector are more concerned regarding disclosure of accounting standard as compared to the private sector companies.

*Bhullar (2007)* make a comparative analysis of Indian Accounting Standard and the U.S.G.A.A.P. The emphasis of the study was to determine the degree of harmonisation between Indian Accounting Standard and the US GAAP. For this purpose he selected only 13 companies which were prepared their financial statements as per both Indian Standard and the US Standard and the companies were listed in NYSE or NASDAQ. According to the study there are many differences in between the Indian Accounting Standard and the US GAAP.

1.3 Research Methodology

The preparation and presentation of financial statement is of great significance for companies as per statutory requirements. For the purpose of studying the financial disclosure practice by some selected companies in India, the annual reports of 50 companies have been collected. In order to make inter-period analysis of the disclosure practices of the selected companies, a period of ten years, i.e. from 1999-2000 to 2008-2009 has been chosen.

Out of 50 selected companies for the study, 25 companies have been selected from the list of top 500 companies (as per Economic Times ranking based on 365 days average market capitalization as on March 2000) and these companies are grouped as Group A companies for the purposes of the study. However, while selecting these 25 companies from among the top 500 of ET companies, the availability of relevant data on corporate disclosure for 10 consecutive periods from 1999-00 to 2008-09 has been given preference. These companies include the companies such as BHEL, SAIL, Reliance Industries, Tata Motors, ONGC, Hindalco Industries and Hero Honda Motors etc. which have received awards from the Institute of Chartered Accountants of India for their best presented published accounts for the different years and the companies like Hindustan Petroleum Corporation Ltd. etc. which have provided good corporate governance report and covered all the necessary
information as per clause 49 of the listing agreement and have won several awards for their best corporate governance reporting practices (Hindustan Petroleum Corporation Ltd. achieved award of excellence in 2008-09). The 'World Council for Corporate Governance' (WCFCG), UK and Institute of Directors, India have conferred on HPCL the prestigious 'Golden Peacock Corporate Governance Award 2008' under the petroleum category. This annual award is conferred to companies which demonstrate benchmark standards and excellence in Corporate Governance. The Group A companies have represented several Indian industries including Oil and Gas production, Computer-Software, Engineering-Heavy, Chemical, Pharmaceuticals and Finance-Banking Sector etc.

**Industry type of Group-A Companies**

Table 1.1

<table>
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<th>Industry groups</th>
<th>No. of Companies</th>
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<tbody>
<tr>
<td>Oil, Gas and Refineries</td>
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<tr>
<td>Steel/Power</td>
<td>03</td>
</tr>
<tr>
<td>Engineering-Heavy</td>
<td>02</td>
</tr>
<tr>
<td>Computer-Software</td>
<td>02</td>
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<tr>
<td>Banking Sector</td>
<td>02</td>
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<tr>
<td>Auto</td>
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</tr>
<tr>
<td>Pharmaceuticals</td>
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<tr>
<td>Finance-investment</td>
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<tr>
<td>Entertainment/Multimedia</td>
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<td>Telecommunication Service</td>
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<td>Aluminum</td>
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<tr>
<td>Cigarettes</td>
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<tr>
<td>Chemical, Cement</td>
<td>01</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
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</tbody>
</table>
The rest 25 companies for the study have been selected outside the ET 500 top companies but which are enlisted on BSE or other stock exchanges and these 25 companies are grouped as Group B companies for the study. These companies have been selected on a random basis subject to the availability of requisite information and relevant data on corporate disclosure for 10 consecutive periods from 1999-00 to 2008-09.

**Industry type of Group-B companies**

Table 1.2

<table>
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</thead>
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<tr>
<td>Steel/Alloys/Tubes</td>
<td>03</td>
</tr>
<tr>
<td>Textiles/synthetic blend</td>
<td>03</td>
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<tr>
<td>Computer-Software</td>
<td>02</td>
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<tr>
<td>Pharmaceuticals</td>
<td>02</td>
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<td>Leather</td>
<td>01</td>
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<tr>
<td>Domestic Appliances</td>
<td>01</td>
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<tr>
<td>Telecommunication Service</td>
<td>01</td>
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<tr>
<td>Natural Silk</td>
<td>01</td>
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<tr>
<td>Cycles &amp; Accessories</td>
<td>01</td>
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<tr>
<td>Cement</td>
<td>01</td>
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<tr>
<td>Tubes-coils</td>
<td>01</td>
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<tr>
<td>Forgings</td>
<td>01</td>
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<tr>
<td>Ceramics/Tiles/Sanitary ware</td>
<td>01</td>
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<tr>
<td>Banking Sector</td>
<td>01</td>
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<tr>
<td>Casting/Foundry</td>
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<tr>
<td><strong>Total</strong></td>
<td><strong>25</strong></td>
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<td>Sl. No.</td>
<td>Company Name</td>
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<tr>
<td>01</td>
<td>Infosys Technologies Ltd.</td>
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<td>02</td>
<td>WIPRO Ltd.</td>
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<td>03</td>
<td>Bharat Heavy Electricals Ltd.</td>
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<td>04</td>
<td>Tata Motors Ltd.</td>
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<td>05</td>
<td>Larsen &amp; Toubro Ltd.</td>
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<td>06</td>
<td>Reliance Industries Ltd.</td>
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<td>07</td>
<td>ITC Ltd.</td>
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<td>08</td>
<td>CIPLA Ltd.</td>
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<td>09</td>
<td>Oil &amp; Natural Gas Corp. Ltd.</td>
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<td>10</td>
<td>ICICI Bank Ltd.</td>
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<td>11</td>
<td>HDFC Bank</td>
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<td>12</td>
<td>Sun Pharmaceuticals Ltd.</td>
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<td>13</td>
<td>Grasim Industries Ltd.</td>
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<td>14</td>
<td>Hindalco Industries Ltd.</td>
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<td>15</td>
<td>Reliance Capital Ltd.</td>
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<td>16</td>
<td>Hero Honda Motors Ltd.</td>
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<td>17</td>
<td>Tata Power Company Ltd.</td>
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<td>18</td>
<td>Steel Authority of India(SAIL) Ltd.</td>
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<td>19</td>
<td>Jindal Steel &amp; Power Ltd.</td>
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<td>20</td>
<td>Bharat Petroleum Corp. Ltd.</td>
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<td>21</td>
<td>Hindustan Petroleum Corp. Ltd.</td>
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<td>22</td>
<td>VSNL Ltd.</td>
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<td>23</td>
<td>GAIL India Ltd.</td>
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<td>24</td>
<td>Mangalore Refineries and Petrochemicals Ltd.</td>
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<td>25</td>
<td>Zee Entertainment Enterprise Ltd.</td>
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<tr>
<td>Sl. No.</td>
<td>Company Name</td>
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<tr>
<td>01</td>
<td>Dhanalakshmi Bank Ltd.</td>
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<td>02</td>
<td>Atlas Cycles (Haryana) Ltd.</td>
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<td>03</td>
<td>Silktex Ltd.</td>
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<td>04</td>
<td>Shah Alloys Ltd.</td>
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<td>05</td>
<td>APM Industries Ltd.</td>
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<td>06</td>
<td>Balaji Amines Ltd.</td>
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<td>07</td>
<td>Surana Telecom &amp; Power Ltd.</td>
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<td>08</td>
<td>Mysore Petro/Chemicals Ltd.</td>
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<td>09</td>
<td>Hind Suntex Ltd.</td>
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<td>10</td>
<td>Zenith Fibres Ltd.</td>
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<td>11</td>
<td>TTK Healthcare Ltd.</td>
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<td>12</td>
<td>Cochin Minerals &amp; Rutile Ltd.</td>
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<td>13</td>
<td>Damodar Threads Ltd.</td>
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<td>14</td>
<td>Hawkins Cookers Ltd.</td>
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<td>15</td>
<td>R S Software(India) Ltd.</td>
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<td>16</td>
<td>Ram Informatics Ltd.</td>
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<td>17</td>
<td>Haria Exports Ltd.</td>
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<td>18</td>
<td>Relaxo Footwears Ltd.</td>
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<td>19</td>
<td>Sabero Organics Gujarat Ltd.</td>
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<td>20</td>
<td>Tayo Rolls Ltd.</td>
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<td>21</td>
<td>Deccan Cement Ltd.</td>
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<td>22</td>
<td>ILloys Metals &amp; Engineers Ltd.</td>
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<td>23</td>
<td>Pradeep Metals Ltd.</td>
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<td>24</td>
<td>Orient Ceramics and Industries Ltd.</td>
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<tr>
<td>25</td>
<td>Gandhi Special Tubes Ltd.</td>
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</table>
1.3-1 Brief highlights about the selected companies

**Group A companies**

**Infosys Technologies Ltd.**

Infosys Technologies Ltd. was established in 1981 by seven people with $ 250. Today, it is a global leader in the 'next generation' of IT and consulting with revenues of over $ 4 billion at its registered corporate office at Hosur Road, Electronics City, Bengaluru-560100, Karnataka. At Present Infosys runs with market capitalisation of Rs.1742998.8841336 (Rs. in Millions as on Oct. 2010) from Software Services and Products. Infosys was ranked among the top 50 most respected companies in the world by Reputation Institute’s Global Reputation Pulse 2009.

**Wipro Ltd.**

Wipro Ltd., the flagship company of the Azim H Premji group was incorporated in the year 1945. In the Indian market, Wipro is a leader in providing IT solutions and services for the corporate segment in India offering system integration, network integration, software solutions and IT services. Wipro also has profitable presence in niche market segments of consumer products and lighting. In the Asia Pacific and Middle East markets, Wipro provides IT solutions and services for global corporations. Wipro has won Golden Peacock Innovation Management Award in 2007. Wipro has registered corporate office at Doddakannelli, Sarjapur Road, Bengaluru-560035, Karnataka and runs successfully with market capitalisation of Rs. 1142736.8932646 (Rs. in Millions as on Oct. 2010).

**BHEL**

BHEL (Bharat Heavy Electricals), established in 1964 is the largest engineering and heavy electrical equipment manufacturing enterprise in India. BHEL manufactures over 180 products under 30 major groups and caters to core sectors of the Indian economy viz., power generation & transmission, industry, transportation, telecommunication, renewable energy, etc. BHEL is ISO 9001 certified for quality management system, ISO 14001 certified for environmental management system & OHSAS 18001 certified Occupational Health & Safety Management Systems. BHEL receives ICWAI National Award for Excellence in Cost Management 2006. BHEL
has registered corporate office at B H E L House, Siri Fort, New Delhi-110049 and runs successfully with market capitalisation of Rs. 1221352.4 (Rs. in Millions as on Oct. 2010).

**Tata Motor Ltd.**

Tata Motors was established in 1945 as Tata Engineering and Locomotive Co. Ltd. to manufacture locomotives and other engineering products. It is the leader in commercial vehicles in each segment, and among the top three in passenger vehicles with winning products in the compact, midsize car and utility vehicle segments. The company is the world's fourth largest truck manufacturer, and the world's second largest bus manufacturer. Tata Motors bags the NDTV Profit Business Leadership Award 2008. Tata Motors has registered corporate office at Bombay House, 24 Homi Mody Street, Mumbai-400001, Maharashtra and runs successfully with market capitalisation of Rs. 597594.3576988 (Rs. in Millions as on Oct. 2010).

**Larsen & Toubro Ltd.**

Larsen & Toubro (L&T) is a technology, engineering, construction and manufacturing company established in 1946. It is one of the largest and most respected companies in India's private sector engaged in Construction, Engineered Products & Systems, Electrical & Electronic Products & Systems, IT & Engineering Services, Machinery, Valves & Industrial Consumables, Financial Services, and Shipbuilding etc. L & T Ltd. has registered corporate office at L & T House, Ballard Estate, Mumbai-400001, Maharashtra and runs successfully with market capitalisation of Rs. 1225837.2765512 (Rs. in Millions as on Oct. 2010).

**Reliance Industries Ltd.**

The Reliance Group, founded by Dhirubhai H. Ambani, is India's largest private sector enterprise, with businesses in the energy and materials value chain established in 1966. The flagship company, Reliance Industries Limited, is a Fortune Global 500 company and is the largest private sector company in India. The company works under different business segments like Exploration and Production, Petroleum Refining and Marketing, Petrochemicals Textiles, Retail. Reliance Industries has registered corporate office at 3rd Floor Maker Chambers IV,222 Nariman Point,
Mumbai-400021, Maharashtra and runs successfully and runs successfully with market capitalisation of Rs. 3409594.734826 (Rs. in Millions as on Oct. 2010).

**ITC Ltd.**

ITC was incorporated on August 24, 1910 under the name of 'Imperial Tobacco Company of India'. In first six decades, the company solely focused on growth and strengthening its *cigarettes and leaf tobacco* business. In seventies it witnessed an evolution leading towards momentous changes in the life of company. In 2002 it entered in marketing of Agarbattis & matches, creating brands like *Mangaldeep, Spriha, Aim Metro and so on*. It won the Golden Peacock Awards for 'Corporate Social Responsibility (Asia)' in 2007. ITC has registered corporate office at Virginia House, 37 Jawaharlal Nehru Road, Kolkata-700071, West Bengal and runs successfully and runs successfully with market capitalisation Rs. 1304280.1765875 (Rs. in Millions as on Oct. 2010).

**CIPLA**

Chemical, Industrial & Pharmaceutical Laboratories, now known as Cipla, was incorporated in 1935. Cipla offers drugs used for treatment of cancer, Alzheimer's, arthritis, Parkinson's, cardiovascular diseases and many more. It also offers drugs that prevent transmission of AIDS from mother to child. Cipla has registered corporate office at Mumbai Central, Mumbai-400008, Maharashtra and runs successfully with market capitalisation of Rs. 268175.733238 (Rs. in Millions as on Oct. 2010).

**ONGC Ltd.**

Oil and Natural Gas Corporation was established in 1959 and was incorporated on March 26, 1993 under the companies Act 1956 after converting a statutory commission namely Oil and Natural Gas Commission into a public limited company. ONGC ranks as the Numero Uno Oil & Gas Exploration & Production (E&P) Company in the world, as per Plants 250 Global Energy Companies List for the year 2008 based on assets, revenues, profits and return on invested capital (ROIC). ONGC has registered corporate office at Jeevan Bharati Building, Tower-2, 124 Indira Chowk New Delhi-110001, Delhi and runs successfully and runs successfully with market capitalisation of Rs. 2892183.435066 (Rs. in Millions as on Oct. 2010).
ICICI Bank Ltd.

ICICI Bank was originally promoted in 1994 by ICICI Limited, an Indian financial institution, and was its wholly-owned subsidiary. ICICI was formed in 1955 at the initiative of the World Bank, the Government of India and representatives of Indian industry. The principal objective was to create a development financial institution for providing medium-term and long-term project financing to Indian businesses. ICICI Bank has registered corporate office at Virginia Landmark, Race Course Circle, AlkapuriVadodara-390007, Gujarat and runs successfully with market capitalisation of Rs. 1281937.54514875 (Rs. in Millions as on Oct. 2010).

HDFC Bank

The Housing Development Finance Corporation (HDFC) Bank was incorporated on August 1994 by the name of 'HDFC Bank Limited', with its registered office in Mumbai, India. HDFC Bank commenced operations as a Scheduled Commercial Bank in January 1995. HDFC Bank won Asian Banker Excellence in Retail Financial Services - 'Asian Banker Best Retail Bank in India Award' in 2009. HDFC has registered corporate office at HDFC Bank House, Senapati Bapat Marg,Kamala Mills Compound Lower Parel (West)Mumbai-400013, Maharashtra and runs successfully with market capitalisation of Rs. 1089758.245145 (Rs. in Millions as on Oct. 2010).

Sun Pharmaceutical Industries Ltd.

Sun Pharmaceutical Industries began with just 5 products to treat psychiatry ailments in 1983. Sales were initially limited to 2 states - West Bengal and Bihar. Sales were rolled out nationally in 1985. The company is engaged in manufacturing of product in the CNS disorders, Cardiology, Allergy, Asthma and Inflammation, Gynecological therapy areas. Sun Pharmaceutical won Forbes Global ranks Sun Pharma in the list of the best small 200 companies for 2003. Sun Pharmaceutical has registered corporate office at Sun Pharma Advanced Research Centre (Spare), Tandalja, Vadodara - 390020, Gujarat and runs successfully with market capitalisation of Rs. 425209.950723 (Rs. in Millions as on Oct. 2010).
Grasim Industries Ltd.

Grasim Industries, the flagship company of the Aditya Birla Group was incorporated on August 25, 1947. It ranks among India's largest private sector companies. Products and services offered by the Grasim are Viscose staple fibre (VSF), Grey cement, White cement, Fertilizers, Chemicals, Mining, Fatty Alcohol/Fatty Acids, Insulators, Software, BPO Finance and Insurance, Retail, Sponge iron and Textiles etc. Grasim bagged Greentech Environmental Excellence Award by Greentech Foundation in 2006. Grasim Industries has registered corporate office at Birlagram, Nagda-456331, Madhya Pradesh and runs successfully with market capitalisation of Rs. 204113.757965 (Rs. in Millions as on Oct. 2010).

Hindalco Industries Ltd.

Hindalco Industries, the metals flagship company of the Aditya Birla Group, is an industry leader in aluminium and copper established in 1958. Hindalco is the world's largest aluminium rolling company and one of the biggest producers of primary aluminium in Asia. Hindalco Industries bags Greentech Safety Gold Award in 2008. Hindalco Industries has registered corporate office at Century Bhavan 3rd Floor, Dr Annie Besant Road Worli, Mumbai-400030, Maharashtra and runs successfully with market capitalisation of Rs. 390266.11935715 (Rs. in Millions as on Oct. 2010).

Reliance Capital Ltd.

Reliance Capital is part of the Reliance Anil Dhirubhai Ambani Group and is among the top three private sector financial services companies in India. It was incorporated in 1986. It is engaged in businesses like asset management, mutual funds, life and general insurance, private equity and proprietary investments, stock broking, depository services, distribution of financial products, consumer finance and other activities in the financial services space. Reliance Capital Asset Management received “Social & Corporate Governance Award 2007” by Bombay Stock Exchange and Nasscom. Reliance Capital has registered corporate office at H - Block 1st Floor, Dhirubhai Ambani Knowledge City, Navi Mumbai-400710, Maharashtra and runs successfully with market capitalisation of Rs. 203027.79084 (Rs. in Millions as on Oct. 2010).
Hero Honda Motors Limited

Hero Honda Motors Ltd. is the World's single largest two-wheeler motorcycle company. Honda Motor Company of Japan and the Hero Group entered a joint venture to set up Hero Honda Motors Limited in 1984. Hero Honda has registered corporate office at 34 Community Centre, Basant Lok Vasant Vihar, New Delhi-110057, Delhi and runs successfully with market capitalisation of Rs. 367824.375 (Rs. in Millions as on Oct. 2010).

Tata Power Company Ltd.

Tata Power, erstwhile known as Tata Electric, pioneered the generation of electricity in India nine decades ago. The company started as Tata Hydroelectric Power Supply Company in 1911, it got its new status with the amalgamation of two entities viz, Tata Hydroelectric Power Supply Company and Andhra Valley Power Supply Company in 1916. Today, it is the country's largest private power utility, established as a licensee in Mumbai and with ambitious expansion plans from being essentially Mumbai-centric to a major national player, not only in the fields of Power but also in Energy and Broadband Communication. Tata Power won “Greentech Safety Gold Award” in 2008. Tata Power has registered corporate office at Bombay House, 24 Homi Mody Street, Mumbai-400001, Maharashtra and runs successfully with market capitalisation of Rs. 327377.1974238 (Rs. in Millions as on Oct. 2010).

Steel Authority of India Ltd. (SAIL)

Steel Authority of India (SAIL) is India’s largest state-owned iron ore producer established in 1954. It is one the leading steel-making company in India. It has country’s second largest mines network. All plants of SAIL are ISO certified. SAIL manufactures and sells a wide variety of steel products such as hot and cold rolled sheets and coils, galvanized sheets and electrical sheets etc. It received Dun and Bradstreet's American Express Award 2007 as the Top Indian Company in the iron and steel sector. SAIL has registered corporate office at Ispat Bhawan, Lodi Road, New Delhi-110003, Delhi and runs successfully with market capitalisation of Rs. 904144.6793005 (Rs. in Millions as on Oct. 2010).
Jindal Steel & Power Ltd.

Jindal Steel & Power Limited (JSPL) was established in the year 1990. JSPL is a leading player in Steel, Power, Mining, Oil & Gas and Infrastructure. JSPL won Golden Peacock Environment Management Award in 2008 and also bags Think Odisha Leadership Award in Corporate Social Responsibility in 2009 for the best community development programme and its implementation in rural areas. JSPL has registered corporate office at O P Jindal Marg, Hisar-125005, Haryana and runs successfully with market capitalisation of Rs. 661885.411187 (Rs. in Millions as on Oct. 2010).

Bharat Petroleum Corporation Ltd. (BPCL)

Bharat Petroleum Corporation Ltd. (BPCL) was established in 1952 and has equity base of Rs.361.54 crore with refineries background business operation. It is one of the leading company in the petroleum sector in India. BPCL was ranked 287th position during 2007-08 in Fortune Global 500 list. BPCL has registered corporate office at Bharat Bhavan, 4 & 6 Currimbhoy Road ,Ballard Estate P O Box No 688 Mumbai-400001, Maharashtra and runs successfully with market capitalisation of Rs. 257779.534412 (Rs. in Millions as on Oct. 2010).

Hindustan Petroleum Corporation (HPCL)

Hindustan Petroleum Corporation (HPCL) is one of the leading petroleum company in India. Established in 1953, its business activities ventures include exploration, production, and marketing of petroleum and petroleum-related products. HPCL has registered corporate office at Petroleum House, 17 Jamshedji Tata Road, ChurchgateMumbai-400020, Maharashtra and runs successfully with market capitalisation of Rs. 167959.116 (Rs. in Millions as on Oct. 2010).

VSNL

Tata Communication was established in 1986. The Company formerly Videsh Sanchar Nigam, was acquired from the Government of India by Tata Communication. It is leading global provider of a new world of communications. It provides a range of services that includes transmission, IP, converged voice, mobility and managed network connectivity etc. Tata Communications won 'Best Market Strategy' at the
Capacity magazine Global Wholesale Telecommunications Awards, 2008. Tata Communication has registered corporate office at Videsh Sanchar Bhavan, Mahatma Gandhi Road, Fort, Mumbai-400001, Maharashtra and runs successfully with market capitalisation of Rs. 90373.5 (Rs. in Millions as on Oct. 2010).

**GAIL (India) Ltd.**

GAIL (India), a natural gas company, famous for exploration, production, processing, transmission, distribution and marketing of natural gas was established in 1984. It was incorporated in August 1984 and now has a turnover of Rs.18,008 crore. It received National Award for Excellence in Cost Management from The Institute of Cost and Works Accounts of India (ICWAI). GAIL has registered corporate office at 16 Bhikaji Cama Place, R K Puram, New Delhi-110066, Delhi and runs successfully with market capitalisation of Rs. 644132.82372 (Rs. in Millions as on Oct. 2010).

**MRPL**

Mangalore Refinery and Petrochemicals (MRPL) was established in 1988. It was honoured with Green Tech Gold Safety award for Health and Safety Management Systems in 2005. MRPL was awarded the Commendation Certificate for 'Large Scale Manufacturing Industry - Chemical Industry' under the Rajiv Gandhi National Quality Award 2006. MRPL has registered corporate office at Mudapadav, Kuthethoor, P.o. Via Katipalla Mangalore-575030, Karnataka and runs successfully with market capitalisation of Rs. 140733.6817931 (Rs. in Millions as on Oct. 2010).

**ZEE Ltd.**

Zee Entertainment is India’s largest vertically integrated media & Entertainment Company established in 1982. It was previously known Zee Telefilms and was founded in 1992. Zee Telefilms was among the ten Indian companies in the Forbes International 200 Small Best Companies selected from among 20,000 small companies worldwide for the year 2001. Zee was also awarded 'BSE Award for Maximization of Shareholders Wealth - 2000'. Zee has registered corporate office at Continental Building, 135 Dr Annie Besant Road, Worli, Mumbai-400018, Maharashtra and runs successfully with market capitalisation of Rs. 137966.7957662 (Rs. in Millions as on Oct. 2010).
Group B companies

Dhanalakshmi Bank Ltd.

Dhanalakshmi Bank was incorporated in 1927 by group of entrepreneurs at Thrissur located in Kerala. The bank started with a seed capital of Rs.11,000 and with workforce of 7 employee. Much later in 1977, the bank was converted into Scheduled Commercial Bank. LMEL has registered corporate office at P B No 9, Dhanalakshmi Buildings, Naickanal Thrissur-680001, Kerala and runs successfully with market capitalisation of Rs. 15997.47702 (Rs. in Millions as on Oct. 2010).

Atlas cycle Ltd.

Atlas Cycles (Haryana), Sonepat is one of India's oldest and most trusted cycling companies. Atlas Cycles started its odyssey way back in 1951 and today it is one of the largest manufacturers of bicycles in the world. Atlas bicycles are ridden over 50 countries around the globe. Atlas Cycles has registered corporate office at Atlas Road, Industrial Area, Sonepat-131001, Haryana and runs successfully with market capitalisation of Rs. 864.3600702 (Rs. in Millions as on Oct. 2010).

Silktex Ltd.

Silktex Ltd. was incorporated on August 30, 1993 as Silktex Private Limited and was converted into a public limited company by passing a Special Resolution under Section 44 of the Companies Act, 1956 on July 11, 1994 and adopted a new set of Articles with effect from July 12, 1994 and the name of the company was changed to Silktex Limited. Silktex is an Indian silk manufacturing company that caters to the growing need for high-quality, premium silk fabric across the world. Silktex Ltd. has registered corporate office at White House,23-29,St Marks RoadBengaluru-560001, Karnataka and runs successfully with market capitalisation of Rs. 101.232 (Rs. in Millions as on Oct. 2010).

Shah Alloys Ltd.

Shah Alloys was incorporated as a private limited company on November 23, 1990 and got converted into a public limited company on April 23, 1992. Shah Alloys is engaged in the manufacturing of stainless steel. The Company also has a minor operation in the form of a medical store. Shah Alloys has registered corporate office at 5/1, Shreeji House, 5th floor Ashram Road behind M.j. Library Ahmedabad-
380006, Gujarat and runs successfully with market capitalisation of Rs. 407.829324 (Rs. in Millions as on Oct. 2010).

APM Industries Ltd.
APM Industries is one of the India’s oldest industries in the field of man-made fibers spun yarn established in 1973. APM has registered corporate office at S P 147 s P 147,R I I C O Industrial Area, Alwar, Bhiwadi Dist-301019, Rajasthan and runs successfully with market capitalisation of Rs. 410.61584 (Rs. in Millions as on Oct. 2010).

Balaji amines Ltd.
Balaji Amines (BAL) incorporated in 1988; is engaged in manufacturing of methylamines, ethylamines, derivatives of specialty chemicals and natural products. The company was set up to cater to the growing requirements of value based Specialty Chemicals. BAL has registered corporate office at Balaji Bhavan, 165-A Railway Lines, Solapur-413001, Maharashtra and runs successfully with market capitalisation of Rs. 1541.96359 (Rs. in Millions as on Oct. 2010).

Surana Telecom & Power Ltd.
Surana Telecom & Power Ltd. was incorporated as a private company on August 14, 1989 as Surana Petro Products Pvt. Ltd and was engaged in the business of manufacturing of petro products such as petroleum jelly and telecom products such as jointing kits. Surana Telecom & Power Ltd. has registered corporate office at Suya Towers, 2nd Floor, Sardar Patel Road Secunderabad-500003, Andhra Pradesh and runs successfully with market capitalisation of Rs. 757.28016 (Rs. in Millions as on Oct. 2010).

Mysore Petro Chemicals Ltd.
Mysore Petro Chemicals, incorporated on June 9, 1969, is engaged in the manufacturing and sale of chemicals. The company earlier known as Premier Petro Chemicals, it got its present name on September 3, 1970. The company is engaged in the manufacture and sale of chemicals. Its products include phthalic anhydride and maleic anhydride. Mysore Petro Chemicals has registered corporate office at D - 4, Jyothi Complex,134 / 1 Infantry Road Bengaluru-560001, Karnataka and runs successfully with market capitalisation of Rs. 161.9538048 (Rs. in Millions as on Oct. 2010).
Hind Syntex Ltd.

Hind Syntex Ltd. set up a Synthetic Spinning Unit, in 1983 to manufacture Polyester/Viscose and 100% Viscose Electronically cleared, Spliced Auto coned. The company is ISO 9002 certified by Bureau of Indian Standards. Hind Syntex Ltd. has registered corporate office at 1A/8A, Industrial Area, Agra Bombay Road, Dewas (M.P.) 455 001 and runs successfully with market capitalisation of Rs. 800 (Rs Cr. as on Oct. 2010).

Zenith Fibres Ltd.

Zenith Fibres incorporated in the year 1989 is the only company in India manufacturing the entire range of Polypropylene Staple Fibre (PPSF). Zenith Fibres has registered corporate office at 205 Marol Bhavan, 2nd Floor Marol Co-op Industrial Estate Ltd, M V Road J B Nagar Post Andheri EastMumbai-400059, Maharashtra and runs successfully with market capitalisation of Rs. 143.5051277 (Rs. in Millions as on Oct. 2010).

T T K Healthcare Ltd.

T T K Healthcare Ltd was incorporated in 1958 and went public in the same year. The company's brand wagon consists of products that are sought after by a wide range of customers. TTK Healthcare has an All India sales and distribution network for marketing not only their own products, but also the KIWI Brand (Shoecare), Brylcreem (Haircare) etc. T T K Healthcare has registered corporate office at No 6,Cathedral Road, Chennai-600086, Tamil Nadu and runs successfully with market capitalisation of Rs. 3207.350979 (Rs. in Millions as on Oct. 2010).

Cochin minerals & Rutile Ltd.

Cochin Minerals & Rutile (CMRL) manufactures the best quality Synthetic Rutile across the world. CMRL is India's largest manufacturer of Aqua Ferric Chloride, which conforms to all major international standards. CMRL has registered corporate office at P B No 73 ,8/224,Market RoadAluva-683101, Kerala and runs successfully with market capitalisation of Rs. 465.885 (Rs. in Millions as on Oct. 2010).
Damodar Threads Ltd.

Damodar Threads is one of leading manufacturer and exporter of Cotton, Polyester and Polyester Blended Value Added Yarns established in 1987. The group is specialized in manufacturing of Linen Like Yarns, Silk Like Yarns, Slub Yarns, Neps Yarns in 100 % Cotton, 100 % Polyester, Poly/Viscose and other special blends. Damodar Threads has registered corporate office at Damodar Threads Ltd. A1/202, Centre Point, 2nd floor, N.M. Joshi Marg, Lower Parel (E), Mumbai - 400 006 and runs successfully with market capitalisation of Rs. 45.05 (Rs Cr. as on Oct. 2010).

Hawkins Cookers Ltd.

Hawkins Cookers has been in business since 1959. The Company presently has two offices, three factories and about 1000 persons working for it. The company markets its product range under its own brand names, Hawkins and Futura. Haria Export Ltd has registered corporate office at Maker Towers, F 101, Cuffe ParadeMumbai-400005, Maharashtra and runs successfully with market capitalisation of Rs. 5717.185578 (Rs. in Millions as on Oct. 2010).

R S Software (India) Ltd.

R S Software (India) Ltd. (RSL) was incorporated as a private limited company on December 2, 1987 under the Companies Act 1956 and it was converted into a public limited company on February 5 1992. RSL has registered corporate office at F M C Fortuna 1st Floor A-2,234/3 A, A J C Bose Road Kolkata-700020, West Bengal and runs successfully with market capitalisation of Rs. 498.26493 (Rs. in Millions as on Oct. 2010).

RAM Informatics Ltd.

RAM Informatics ltd. started business operations in 1995 and has established a loyal customer base. It is a contemporary technologies software services and products company offering solutions for government, banking, insurance and retail business. RAM Informatics has registered corporate office at 8-2 1 / B / 1, S V R Towers, Srinagar Colony Road, PunjaguttaHyderabad-500082, Andhra Pradesh and runs successfully with market capitalisation of Rs. 101.73467 (Rs. in Millions as on Oct. 2010).
Haria Export Ltd.

Haria Export Ltd. is one of the India’s oldest industries in the field of Textile established in 1973. Haria Export Ltd has registered corporate office at Subhash Road, Vile Parle East, Mumbai-400057, Maharashtra and runs successfully with market capitalisation of Rs. 27.3224 (Rs. in Millions as on Oct. 2010).

Relaxo Footwear Ltd.

Relaxo Footwear Ltd. stepped into the footwear industry in 1976 promoted by M L Dua and R K Dua. It started off with the manufacture of Hawaii slippers and subsequently diversified into manufacturing casuals, joggers, school and leather shoes. Relaxo is one of India's most quality conscious and progressive footwear companies. Relaxo Footwear has registered corporate office at 316-319, Allied House, 3Rd Floor Old Rohtak Road Inderlok Chowk, New Delhi-110035, Delhi and runs successfully with market capitalisation of Rs. 5181.5181 (Rs. in Millions as on Oct. 2010).

Sabero Organics Gujarat (SABERO) Ltd.

Sabero Organics Gujarat (SABERO) was established in the year 1991 to manufacture specialty chemicals and intermediates for the crop protection business. Sabero then forward integrated in 1997 into manufacturing crop protection chemicals. SABERO has registered corporate office at Plot No 2102, Gidc Sarigam, Bulsar-396155, Gujarat and runs successfully with market capitalisation of Rs. 2404.491467 (Rs. in Millions as on Oct. 2010).

Tayo Rolls Ltd.

Tayo Rolls Limited, a subsidiary of Tata Steel was promoted in 1968 in collaboration with Yodogawa Steel Works of Japan. Since inception, Tayo has been a market leader and has met the country's roll requirements for a wide variety of industries. Tayo Rolls Ltd. has registered corporate office at X L R I New Administrative Building, X L R I Campus, Circuit House Area (E), Jamshedpur-831001, Jharkhand and runs successfully with market capitalisation of Rs. 1288.26038925 (Rs. in Millions as on Oct. 2010).
Deccan cement Ltd.

Deccan Cements operates in five segments: Slag cement plant, cement plant, hydel power, wind power and thermal power and established in 1979. The company manufactures OPC, PPC cement, slag cement, blended cement, clinker and generates hydel power, wind power and thermal power. The company’s plants are located at Andhra Pradesh and Tamil Nadu and its registered office is located at Deccan Chambers, 6-3-666/B, Somajiguda, Hyderabad-500082, Andhra Pradesh and running successfully with market capitalisation of Rs. 15997.47702 (Rs. in Millions as on Oct. 2010). The company’s principal activity is to manufacture cement, power and clinker.

Llyods Metals & Engineers Ltd. (LMEL)

Llyods Metals & Engineers (LMEL) was incorporated on April 5, as a private company in the name of Nagarjuna Metals and Engineers. The company was converted into a public company on September 9, 1986. Products manufactured by the company are Sponge Iron, Pipes & Tubes Steel, HR/CR Coils/Sheets/Strips etc. LMEL has registered corporate office at Plot No. A 1-2,M I D C Area, Ghugus Chandrapur Dist-442505, Maharashtra and runs successfully with market capitalisation of Rs. 5870.6155475 (Rs. in Millions as on Oct. 2010).

Pradeep Metals Ltd.

Pradeep Metals Ltd. started as a private limited company in 1982 and commenced manufacturing precision closed die steel forgings at Dombivli, near Mumbai with an annual installed capacity of 1200 tons. Pradeep Metals has registered corporate office at R-205,Ttc Indl. Area Midc Rabale, Navi Mumbai-400701, Maharashtra and runs successfully with market capitalisation of Rs. 206.7 (Rs. in Millions as on Oct. 2010).

Orient Ceramics Ltd.

Orient Ceramics & Industries Ltd was incorporated as a Public Limited Company on May 18, 1977 for the manufacture of ceramic tiles. Haria Export Ltd has registered corporate office at 8, Industrial Area, Distt. Bulandshahr Sikandrabad-203205, Uttar Pradesh and runs successfully with market capitalisation of Rs. 1010.88 (Rs. in Millions as on Oct. 2010).
Gandhi Special Tubes Ltd.

Gandhi Special Tubes Limited formerly known as Gandhi Special 07 Tubes Limited was established in 1985. The company manufactures Steel & Iron Products etc. Gandhi Special Tubes Ltd. has registered corporate office at Jariwala Mansion, 43 K M Munshi Marg, Near Bharatiya Vidya BhavanMumbai-400007, Maharashtra and runs successfully with market capitalisation of Rs. 2021.0597 (Rs. in Millions as on Oct. 2010).

1.3-2 Statistical Analysis

Considering the different financial reporting of diverse companies in India and abroad and as per recommendations of various committees on corporate governance practice it is recognized that in general the annual reports as a whole contain five major areas of reporting - Disclosure of Financial Information, Disclosure of Non-Financial Information, Directors’ Report, Report on Corporate Governance; and Disclosure of Significant Accounting Policies and Notes on Account. The information disclosed by the sample companies under each of the above heads have been collected from their annual reports for the financial year 1999-2000 to 2008-2009 and thereafter those have been counted as to their number of disclosure during the period and those have been presented in numerical terms and also in percentages for proper analysis and interpretation. For that purpose, different statistical measures like computation of arithmetic mean, standard deviation and coefficient of variation have been used for proper analysis. Standard deviation highlights the degree of variation in the information disclosed in different financial years under study and the coefficient of variation indicates the variation level in item-wise disclosure in annual reports in different financial years of the two selected groups of companies. The group for which the coefficient of variation is greater is said to be more variable or conversely less consistent, less uniform, less stable or less homogeneous. On the other hand, the group for which coefficient of variation is less, is said to be less variable or more consistent, more uniform, more stable or more homogeneous.

Apart from this, the Spearman’s Rank correlation coefficient has also been used and an attempt has been undertaken to measure the degree of association or relationship between the different aspects of disclosures like 1) Disclosure of
Financial Information, 2) Disclosure of Non-Financial Information, 3) Disclosure of Information under Directors’ Report, 4) Disclosure of Information under Report on Corporate Governance and 5) Disclosure of Information under Significant Accounting Policies and Notes on Account of selected 25 Group A companies and also of selected 25 Group B companies during the study period from 1999-00 to 2008-09, for which correlation analysis has been applied taking into account their magnitudes by Pearson’s simple correlation coefficient, for ranking of their magnitudes by Spearman’s rank correlation coefficient and for highlighting the nature of their associated changes by Kendall’s correlation coefficient. In order to examine whether the computed value of correlation coefficient for selected 25 Group A companies and also for selected 25 Group B companies are statistically significant or not, ‘t’ test has been used.

To decide whether the two sets of random samples have been drawn from the same population, Wilcoxon-Mann-Whitney U test is also applied.

1.4 Data Collection

The annual reports of the selected companies of both the groups were the major source of data collection. For this purpose, the two web-sites i.e. www.insightbusiness.com and www.asianerc.com helped much in collecting the annual reports of the selected companies for the study period 1999-00 to 2008-09. In order to collect the necessary information of the different companies under study, the different journals and bulletins of Dr. B.C. Roy Library, IIM-Joka, Kolkata were consulted and used.

1.5 Objectives and Rationale of the Study

The basic goal of a country’s economy is to maximize the economic and social welfare of its citizen through an efficient and judicious utilization of scarce resources and conformance to rules and regulations. To attain this goal, one needs adequate information from the corporate annual reports to make sound economic and social decision. Financial statements prepared under financial accounting serve the needs of the shareholders and potential investors in making sound economic decision. So the objective of this study is to evaluate the current disclosure practices of Indian companies in the light of the informational needs of the major users of financial
statements. An evaluation of current disclosure practices of Indian companies can help in identifying the areas where there is scope and need to improve reporting practices.

The other objective is to make a comparative analysis of the disclosure of information followed by the two groups of companies under study. The companies belonging to Group A mainly represent the top level companies whose reporting practices are sound as well as satisfactory as may be usually expected and the companies belonging to Group B represent some low level companies whose reporting practices are not so good in comparison to Group A companies. The companies belonging to Group A have been better with regards to disclosure of different information in the annual reports which are necessary for the different user groups of the financial reporting. The study has the following objectives:

- To study and compare the nature and extent of disclosure in the annual reports of the two selected groups of companies during the study period 1999-00 to 2008-09.

- To examine the state of disclosure practices among these two groups of companies with regard to the Financial Information, Non-Financial Information, Directors Report, Report on Corporate Governance and Significant Accounting Policies and Notes on Account.

- To assess the trend in corporate disclosure practices of the selected companies belonging to these two groups during the period of study.

- To study the contemporary issues in corporate governance practices in India, such as clause 49 of the listing agreements issued by the SEBI.

- To highlight the impact of different rules and regulations issued time to time by the different regulatory bodies in India on the corporate disclosure practices followed by the companies in India.

The rationale of the study lies on the recent trail of rapid growth in globalisation and massive flow of cross border capital that have increased the dependence of business entities on the suppliers of fund and its corollary. There has
been increasing trend in the expectations of the stakeholders from the business enterprises. The requirements of the present world in respect of corporate disclosure are more demanding than before because of the changing global scenario and also because of the frequent happening of corporate failures in different parts of the globe that have even rocked the investors' credence and loyalty with companies. Thus, the study is significant to give a clear picture about the recent practice followed by the selected companies in India as a part of their corporate governance practice and policy in terms of the different regulations and enactments in vogue in India and abroad.

1.6 Limitations of the study

It cannot be claimed that the present study is exhaustive in all respects and free from any sort of limitation. The theory and practice of financial accounting has come under severe criticism in the recent years. Financial reporting as exists today, is found to be inadequate in many respects. The corporate report suggests that the current reporting practices do not fully meet all the needs of the user groups. Corporate reports of business enterprises are concerned mainly with providing conventional financial information for the use of shareholders and creditors. But such enterprises have responsibilities towards many more interest groups with wider needs of both financial and non-financial information.

At present there are lots of rules and regulations provided by the Companies Act, SEBI Act but till now so many enterprises do not follow these rules and regulations. Besides this, there is lack of uniformity in presentation of financial statements. The following are the main limitations of the study -

 ✓ The sample of the study has been restricted to 50 companies selected from the list of 500 ET companies and also from the list of other companies not belonging to the list of 500 ET companies based on the availability of requisite information required for the purpose of the study.

 ✓ The study has been restricted to the period of ten years only from 1999-2000 to 2008-2009.

 ✓ The majority of the companies included in Group A of the study belong to different sectors in comparison to the companies belonging to Group B.
1.7 Thesis Structure

This research study has been scheduled to be divided into seven chapters.

CHAPTER-1 which is presently continuing represents an introductory discussion on the current study. It also discusses the review of literature, research methodology, and collection of data, objective and limitation of the study, the research design and the chapter scheme.

CHAPTER-2 highlights the concept of financial reporting. The chapter deals with meaning and importance of financial reporting and the different users of financial statements. It also discusses the different elements of financial reports. This chapter analyses the financial reporting practices followed in India and in some Asian countries.

CHAPTER-3 portrays a summary of corporate legislation and regulation of accounting in India and the role of ICAI in the matter of standard setting and convergence of accounting standards. It also focuses on the Accounting Standards issued in India and a comparative study in between International Accounting Standards and Indian Accounting Standards. This chapter summarizes the role of Government and other regulatory bodies in the matter of corporate disclosure practices in India and the relevant issues relating to IFRS.

CHAPTER-4 highlights the conceptual framework of Corporate Governance with special reference to OECD principles of Corporate Governance and Clause 49 of the Listing Agreements. The chapter also covers the recommendations of various committees on Corporate Governance practice and policy. Finally an analysis has been done on Corporate Governance in Asia-The ACGA Survey.

CHAPTER-5 gives a brief idea about the items covered under five major areas of reporting and the companywise performance score of the selected Indian companies during the study period.
CHAPTER-6 has been employed for the purpose of highlighting and interpreting the reporting practices followed by the selected 50 companies (listed in BSE/NSE) during the study period from 1999-00 to 2008-09. In this chapter an analytical study has been conducted to show in detail the performance of corporate governance practice of the selected companies under study.

CHAPTER-7 highlights in brief the summary of the study, conclusion as well as suggestions of the study.
References


22. www.shine.com