# Voluntary Corporate Disclosures By Indian Companies

*** Roshna Varghese**

## INTRODUCTION

The quality of corporate disclosure, influences to a great extent, the quality of investment decisions made by the investors. With improved corporate disclosure practices, the investors' interest is protected against securities fraud, and their confidence in the securities market is developed and maintained (Singhvi, 1967; Meek, Roberts & Gray, 1975). This in turn eases the problem of raising long-term capital funds through the securities market (Lal, 2005; Beaver, 1981). In the long run, adequate disclosure is expected to enhance the market price of a company's share in the investment market, which in turn will have a favourable impact on the company's cost of capital (Lal, 1985; Foster, 2002). The fact that companies are raising capital outside India through ADRs/GDRs further strengthens the need for improving the quality of corporate disclosure on a continuous basis (Narayanaswamy, 2006). The present study analyses the quality of voluntary reporting by Indian companies in their annual reports. It explores the relationship between corporate disclosure and certain select corporate attributes.

## BACKGROUND

A pioneering study on measuring corporate disclosure through an index of disclosure was conducted by Cerf (1961). He analyzed the annual reports of 527 companies and concluded from his study that a positive relationship existed between the disclosure scores and asset size, number of stockholders and rate of return. Singhvi (1967) compared corporate disclosure through annual reports in India with that of United States, for the period 1964-1965, and remarked that most of the Indian companies disclosed in their annual reports the information, which is required by the law, and the information which is required by law falls short of what is desired by the investors. Firth (1979) established that both the size of the company and stock market listing were related to the extent of the disclosure, but auditors' firm size had no impact on disclosure. Chow and Wong-Boren (1987) made an attempt to know the voluntary financial disclosure practices of 52 listed Mexican Corporations and whether the extent of the disclosure was related to the firm's size, financial leverage and the proportion of the assets in place. This study differs from other studies - in that it considered both the weighted and the unweighted scores in analyzing the disclosure practices of companies in a non Anglo- American country. The study concluded that the extent of the disclosure was significantly associated only with the size of the variable. Vasal (2006) examined the quality of corporate financial reporting by drawing a sample from the Central Public Sector Companies (CPSCs) and found that actual disclosure on the information items were not in harmony with the relative importance of the items to the users of annual reports. As can be seen from the review of literature, there are enough grounds to believe that no comprehensive study has been conducted in India to examine the disclosure practices of the companies. Hence, the present study is an attempt to analyze the voluntary disclosure practices of the selected Indian companies for a period of three years.

## RESEARCH DESIGN

☸ **Measurement of Voluntary Disclosure :** In the literature, two different methods have been used for measuring the level of disclosures: index of disclosure method and content analysis. In the present study, the method of disclosure index has been used, owing to its wider use and for the practical difficulties involved in using the content analysis method. A disclosure index is essentially an extensive list of items that may be disclosed through the annual reports. In this study, unweighted relative scoring method is adopted. The index of disclosure in the present study consists of 92 items of information, which are of voluntary in nature. The selection of various items for the construction of index was based on a detailed review of the Companies Act, 1956 and its amendments; review of guidelines issued by B/DPE

**Assistant Professor,* Rajagiri College of Social Sciences, Rajagiri Valley P. O., Kakkanad, Ernakulam, Kerala – 682039.
E-mail : roshnavarghese@gmail.com

(Bureau/Department of Public Enterprises); scanning the annual reports of the companies which received the award from the ICAI for their best presented published accounts ; discussion with practitioners like Chartered Accountants and by review of disclosure indices developed in the past research studies (Lal, 1985; Choi, 1974; Buzby, 1975; Firth, 1979; Chow and Wong-Boren, 1987; Vasal, 2006). While constructing the index, the idea was to ensure that the selected items of information are useful in making investment decisions and measuring corporate performance.

☸ **Scoring of Items :** Each item in the index of disclosure was assigned a score of either 0 or 1. If an item, which is applicable for a company, was disclosed in its annual report, the item was assigned a score of 1. In case of non disclosure of an applicable item, a score 0 was given. For calculating the company wise and item wise disclosure scores, a score sheet for all items was prepared for each annual report separately for the years 2001-02, 2002-03 and 2003-04. To calculate the company wise disclosure score, the score of each annual report was summed up to form a grand total. This total represents the score obtained by a given annual report. As all the items of information may not be applicable to each company, a maximum applicable score was computed in respect of companies. In the final step of the scoring process, the actual score attained by a company was divided by the company's maximum applicable score. This quotient was multiplied by 100. The resulting percentage is the company's disclosure percentage. This represents, as a percentage, the extent to which a given company discloses what it is required to disclose in its annual report. For computing the item wise disclosure, the scores assigned to a particular item in the score sheets of all the companies were added to get the grand total. This total was divided by the number of companies to which that particular item is applicable. Then this quotient was multiplied by 100 to get the item wise disclosure.

**Table 1: Industry Wise Classification of Companies**

| Sl No | Industry | N | Percentage |
|---|---|---|---|
| 1 | Automobiles & Tyres | 12 | 7.50 |
| 2 | Breweries & Food products | 2 | 1.25 |
| 3 | Electrical goods & Electronics | 9 | 5.63 |
| 4 | Cement | 5 | 3.13 |
| 5 | Computer Software Industry | 14 | 8.75 |
| 6 | Computer Hardware Industry | 4 | 2.50 |
| 7 | Construction | 3 | 1.87 |
| 8 | Chemicals & Pharmaceuticals | 30 | 18.75 |
| 9 | Diversified | 6 | 3.75 |
| 10 | Engineering | 5 | 3.13 |
| 11 | Entertainment | 2 | 1.25 |
| 12 | Fertilizers | 7 | 4.37 |
| 13 | Hotel and Travel Agencies | 3 | 1.88 |
| 14 | Healthcare & Personal Care | 4 | 2.50 |
| 15 | Miscellaneous | 17 | 10.62 |
| 16 | Refineries & Petrochemicals | 8 | 5.00 |
| 17 | Paper | 5 | 3.13 |
| 18 | Power Generation & Supply | 4 | 2.50 |
| 19 | Shipping | 3 | 1.87 |
| 20 | Steel & Metals | 7 | 4.37 |
| 21 | Sugar & Tea | 6 | 3.75 |
| 22 | Telecommunications | 2 | 1.25 |
| 23 | Textiles | 2 | 1.25 |
| | **Total** | **160** | **100** |

Source : Collected data; Legend: N - Number of companies

☸ **Selection of The Sample :** The companies in the study are included in the Bombay Stock Exchange Directory- 2002 (BSE 500) of which 33 are banks and investment companies. It was decided to concentrate on BSE 500 companies on the premise that these companies are most likely to represent the best current accounting practice in India. Accordingly, 160 companies from the BSE 500 were included for the purpose of the study. The sample of 160 companies represented 32% of the total companies in the BSE 500 directory. The annual reports of these 160 companies for the years 2001-02, 2002-03 and 2003-04 were examined for the study. The Table 1 shows the industry wise classification of the sample of 160 companies. The sample companies consists of domestic companies and MNC associates operating in India, which are registered as per the Indian Companies Act, 1956. Accordingly, there are 127 domestic companies and 33 MNC associates included in the sample.

☸ **Model Specification :** The researcher made an attempt to identify and determine the extent to which corporate attributes influence the extent of voluntary disclosure in corporate annual reports. The company attributes considered are size of a company, profitability of a company, extent of international operations, which includes income from abroad, extent of foreign shareholding and international listing status and finally, nature of the industry. Voluntary disclosure has been divided into three types-financial disclosure, non - financial disclosure and strategic disclosure. Multiple Regression Analysis was used to study the influence of independent variables (select corporate attributes) on dependent variables (extent of voluntary disclosure). The following regression model has been used :

$$Y = \alpha + \beta_1 \mathbf{X}_1 + \beta_2 \mathbf{X}_2 + \beta_3 \mathbf{X}_3 + \beta_4 \mathbf{X}_4 + \beta_5 \mathbf{X}_5 + \sum_{j=6}^{9} \beta_j \mathbf{X}_j + \epsilon$$

Where,

Y = Extent of voluntary disclosure/extent of voluntary financial disclosure /extent of voluntary strategic disclosure;

$\alpha$ = Intercept ;

$\beta_1$ = Regression coefficient of size ;

$X_1$ = Size, measured as turnover;

$\beta_2$ = Regression coefficient of profitability;

$X_2$ = Profitability;

$\beta_3$ = Regression coefficient of income from abroad;

$X_3$ = Income from abroad;

$\beta_4$ = Regression coefficient of foreign shareholding;

$X_4$ = Foreign shareholding;

$\beta_5$ = Regression coefficient for dummy variable international listing status;

$X_5$ = International listing status- dummy variable;

$\beta_j$ = $\beta_6$ to $\beta_9$ = regression coefficients for industry dummy variables;

$X_j$ = $X_6$ to $X_9$ = Industry dummy variables, and;

$\epsilon$ = Regression residual.

Results obtained by applying the above model to the sample data was tested for their statistical significance. While t-test was used to test the significance of the regression coefficients for each of the explanatory variables, overall significance of the model was tested in terms of the adjusted R-square and F-test values.

☸ **Period of The Study :** This study covers a period of three years - 2001-02, 2002-03 and 2003-04. Adequacy of data and the latest annual reports available at the time of data collection were the two criteria adopted by the researcher in choosing this time period for the study. The period of three years is considered sufficient to analyze the company wise and item wise disclosure practices of Indian companies.

## DESCRIPTION OF VARIABLES

☸ **Voluntary Disclosure - Financial, Non Financial And Strategic Disclosures :** Voluntary items are those which are not mandatory, but these items are voluntarily (not mandatory) disclosed by companies in their annual reports, which are deemed to be relevant for the interested groups. The various items included in the index of disclosure can be categorized into strategic and non-strategic informational items. Strategic disclosures are those which reveal strategic approaches and include general corporate characteristics, corporate strategy, research and development, and future prospects information. These are forward-looking statements and reveal the long-term prospects information about a company. Non-strategic disclosures are backward-looking information, and can be financial and non-financial items of information in a corporate annual report. Financial disclosures include segment information, financial review information, operating results, foreign-currency information, and stock price information. Non-financial items consist of information about directors, employee information, social responsibility and value added statement. The index of disclosure for the present study consists of 17 items of strategic information, 37 financial information items and 38 non-financial information items.

☸ **Corporate Attributes :** The analysis of company wise disclosure is essential for knowing the interfirm variability in disclosures during the period of study. The assumption here is that the extent of the disclosure in annual reports is not an independent variable, rather, it is likely to be influenced by several company-specific factors ( Wallace,1988 ; Chander, 1992; Owusu-Ansah, 1998; Vasal, 2006). It is generally argued that knowledge of the relationship between the extent of disclosure, and the company characteristics would facilitate in formulation of the appropriate corporate disclosure policies. Corporate attributes explored in this study are company size, profitability, extent of international operations and nature of the industry.

**(i) Company Size :** A number of possible reasons have been advanced in the literature in support of an a priori expectation that the extent of disclosure is positively associated with the size of the firm (Cerf, 1961; Desai and Singhvi, 1971; Buzby, 1975; Lal, 1982; Meek, Roberts and Gray, 1995). These reasons do cover a broad range of possibilities which, taken as a group, might lead one to an expectation of a positive association between the two variables. One such reason is that the accumulation and dissemination of information is a costly affair, and perhaps the smaller firms may not possess the necessary resources for collecting and presenting an extensive amount of information. Secondly, larger firms, as compared to smaller firms, make more extensive use of the securities market for external financing of their operations. A third reason might be that smaller firms may feel that a fuller disclosure of their affairs puts them at a competitive disadvantage with larger firms in their industry. Finally, larger firms are more closely watched by various government agencies. It is possible that these firms may believe that better reporting will tend to lessen undesired pressures from the government. Thus:

☸ **$H_1$ : The larger the size of a company, the greater will be the extent of the voluntary disclosure.**

In the present study, size has been measured using turnover of a company for a particular year.

**(ii) Profitability :** The variation in the extent of disclosure among companies can be explained, to some extent, by the differences in the profitability of the companies. First, profitable and well run firms have incentives to distinguish themselves from less profitable firms in order to raise capital on the best available terms. One way to do this is through voluntary information disclosure (Foster, 2002). Thus, more profitable firms can be expected to disclose more voluntary accounting information (Meek, Roberts and Gray, 1995). Secondly, when profitability is high, the management has incentives to disclose more information to serve its own interests, in order to support the continuance of its positions and their compensation. On the other hand, when the profitability is low, the management may disclose less information in order to cover up the reasons for losses or declining profits. Hence, it is expected that companies with higher profitability are likely to be disclosing more information.
To examine the direction and significance of the relationship between profitability measured in terms of ROTA (Return On Total Assets) and the extent of disclosure, the following hypothesis was formulated and tested :

☸ **$H_2$ : Profitability of a company and the extent of disclosure are directly related.**

**(iii) Extent of International Operations :** As firms go multinational, they face new demands for information beyond those faced at home (Choi & Mueller, 1992). The increased internationalization of operations results in a larger proportion of foreign stakeholders in the company. The presence of Foreign Institutional Investors (FII) further increases the necessity of voluntary disclosure (Rudra, 2010). Also, Indian firms listed on overseas stock exchanges are subject to detailed disclosure requirements as specified by the relevant exchanges (Narayanswamy, 2006; Cooke, 1989, 1991; Gray et al., 1995). Thus, the variety of information demanded can be expected to increase, resulting in an increased level of voluntary disclosure. To study the relationship between the extent of disclosure and the extent of the international operations of a company, three factors have been considered.

**1)** Income derived by a company from abroad is measured as a ratio of sales from outside India to total sales in a particular year.

**2)** Extent of foreign shareholding in the capital structure of a company, excluding the holdings by foreign promoters. It includes the shareholdings by FIIs (Foreign Institutional Investors) and OCB (Overseas Corporate Bodies).

**3)** International listing status is indicated by using 0, 1 dummy variables depending upon whether the company is domestic only, or internationally listed, respectively.

To know the significance of the relationship, the third hypothesis was formulated and tested :

☸ **$H_3$ : There is a positive and significant relationship between income derived by a company from abroad, extent of foreign shareholding and overseas listing status and the extent of disclosure.**

**(iv) Nature of The Industry :** Differences in the extent of disclosure in corporate annual reports may occur due to companies belonging to different industries (Verrecchia, 1983; Cooke, 1989; Chander, 1992; Meek, Roberts and Gray, 1995; Vasal, 2006). The degree of competition within an industry may influence the quantum and quality of information disclosed by the companies belonging to that industry (Meek, Roberts & Gray, 1995). In order to examine the association between nature of industry and the extent of disclosure in corporate annual reports, the researcher divided the sample companies into five broad classifications of the industry, i.e., engineering; consumer goods and services; metals and construction; oil, chemicals and pharmaceuticals; and information technology. Four industry dummy variables were introduced for conducting the regression analysis. Each of these dummy variables was assigned a value of 1 for all those companies that fell in the industry group represented by it. Values of all the four dummy variables were zero for the *'benchmark'* industry group *'engineering'*. To examine the relationship between the nature of the industry and the extent of disclosure, the following hypothesis was formulated :

☸ **$H_4$: The nature of the industry affects the extent of disclosure.**

## RESULTS AND DISCUSSION

☸ **Item Wise Voluntary Disclosure :** The mean disclosure scores and standard deviation of strategic, financial and non - financial informational items included in the index of disclosure are presented in the Table 2.

**Table 2: Disclosure of Strategic, Financial and Non Financial Information**

| Type of Information | Disclosure Score | | | | | |
|---|---|---|---|---|---|---|
| | 2001 - 02 | | 2002 - 03 | | 2003 - 04 | |
| | Mean | SD | Mean | SD | Mean | SD |
| Strategic Information | 40.51 | 42.23 | 40.18 | 41.91 | 40.51 | 42.23 |
| Financial Information | 44.34 | 38.21 | 43.85 | 37.96 | 44.34 | 38.21 |
| Non financial Information | 38.88 | 35.06 | 39.16 | 35.02 | 38.87 | 35.03 |

Source : Collected data ;Legend: SD- Standard Deviation

The Table 2 reveals that mean disclosure scores of strategic, financial and non-financial informational items vary, to some extent. One-way ANOVA (Analysis of Variance) was used for testing the difference of means among these three heads of disclosure. The ANOVA model is presented in the Table 3. The values of F ratio are 0.202, 0.155 and 0.203 ( Table 3) for the years 2001-02, 2002-03 and 2003-04 respectively, which are not significant at the 5 percent level of significance. Hence, it can be concluded that statistical significant differences were not found among the mean disclosure scores of strategic, financial and non- financial informational items. The companies disclosed financial, non - financial and strategic information more or less in the same way in their annual reports.

☸ **Voluntary Disclosure And Corporate Attributes :** The variation in the disclosure scores across sample companies has been explained by taking 9 explanatory variables in a single regression model. The results of the regression analysis are depicted in the Tables 4, 5 and 6.

**Table 3: ANOVA – Strategic, Financial And Non Financial Disclosure**

| Year | | Sum of squares | Df | Mean Square | F Ratio | Sig. |
|---|---|---|---|---|---|---|
| 2001- 02 | Between Groups | 574.37 | 2 | 287.19 | 0.202 | 0.202 |
| | Within Groups | 126565.89 | 89 | 1422.09 | | |
| | **Total** | **127140.26** | **91** | | | |
| 2002- 03 | Between Groups | 435.49 | 2 | 217.74 | 0.155 | 0.857 |
| | Within Groups | 125340.28 | 89 | 1408.32 | | |
| | **Total** | **125775.76** | **91** | | | |
| 2003- 04 | Between Groups | 577.50 | 2 | 288.75 | 0.203 | 0.817 |
| | Within Groups | 126491.44 | 89 | 1421.25 | | |
| | **Total** | **127068.94** | **91** | | | |

Source : Collected data

**Table 4 : Regression Results : 2001-02**

| | Financial Disclosure | Non- Financial Disclosure | Strategic Disclosure | Overall Disclosures |
|---|---|---|---|---|
| Adjusted $R^2$ | 15.9 | 17.5 | 15.1 | 21.0 |
| F | 3.140 | 3.526 | 2.963 | 4.431 |
| Company size | 1.085E-6 (1.654)** | 2.236E-6 (3.048)* | 1.188E-6 (2.045)* | 1.67E-6 (3.197)* |
| Profitability | 0.091 (2.890)* | 0.093 (2.647)* | 0.073 (3.666)* | 0.078 (3.081)* |
| Income from abroad | 0.020 (0.606) | 0.030 (0.799) | 0.123 (4.188)* | 0.047 (1.768)** |
| Foreign shareholding | 0.134 (1.535) | 0.085 (1.219) | 0.055 (0.705) | 0.047 (0.677) |
| Overseas listing | 4.209 (1.844)** | 4.284 (1.890)** | 0.758 (0.375) | 3.807 (2.094)* |
| Consumer goods & services | -2.710 (-1.148) | -5.004 (-1.896)** | 1.071 (0.513) | -2.844 (-1.533) |
| IT industry | -0.982 (-0.313) | -7.680 (2.190)* | -1.759 (-0.633) | -3.706 (-1.483) |
| Metals and construction | -2.815 (-0.719) | -1.089 (-0.321) | -0.985 (-0.366) | -1.413 (-0.583) |
| Oil & chemicals | -3.311 (-1.355) | -2.630 (-0.963) | 0.669 (0.309) | -2.232 (-1.147) |

*p < 0.05; **p < 0.10.; Source : Collected data

Multiple regression results have shown that coefficients of size, profitability, income from abroad, foreign shareholding and international listing are positive. On the other hand, coefficients of industry variables were found to have positive and negative signs. The coefficients of profitability (ROTA) and size have been found to be statistically significant at 5 percent level of significance for all the three years of the study and for all the four categories of information. International listing also had statistically significant coefficients at the 10 percent level of significance for the all years for financial, non - financial and overall disclosures, but was found to be insignificant in influencing strategic disclosures. All other variables were found to have statistically non-significant coefficients. Other variables like income from abroad and foreign shareholding and nature of industry were found to have statistically non significant relationship with the extent of disclosure for all the three years of the study. The results also indicate that the determining factors differ among financial, non - financial, strategic and overall disclosures. Overall significance of the results was examined by using the values of F test and adjusted R-square. The F values were found to be significant at the 5 percent level of significance. Thus, the overall regression model is valid. Furthermore, the values of adjusted R-square shows the amount of explained variations in disclosure ranges from 11.1 per cent to 15.9 per cent for financial information ; 17.5 per cent to 20.1 per cent for non- financial information ; 9.1 per cent to 20.1 per cent for strategic information and 19.8 per cent to 21.5 per cent for overall disclosures for the three years under study. Standard diagnostic tests were also performed on the variables and error terms. The results were tested for multicollinearity by using the Variance Inflation Factor (VIF); the values of VIF were less than 10 for all the coefficients for the period of the study. Thus, there was no problem of multicollinearity across the independent variables. Furthermore, Kolgomorov Smirnov Goodness of fit test was performed on the regression residuals to test

| Table 5: Regression Results : 2002-03 | | | | |
|---|---|---|---|---|
| | Financial Disclosure | Non- Financial Disclosure | Strategic Disclosure | Overall Disclosures |
| Adjusted $R^2$ | 11.1 | 20.1 | 20.6 | 19.8 |
| F | 2.090 | 4.190 | 4.327 | 4.106 |
| Company size | 1.520E-6 (2.161)* | 1.794E-6 (2.970)* | 1.317E-6 (2.135)* | 1.264E-6 (2.623)* |
| Profitability | 0.068 (2.218)* | 0.096 (2.925)* | 0.057 (3.055)* | 0.072 (2.994)* |
| Income from abroad | 0.050 (1.482) | 0.021 (0.569) | 0.141 (5.230)* | 0.059 (2.191)* |
| Foreign shareholding | 0.108 (0.961) | 0.043 (0.822) | 0.008 (0.093) | 0.018 (0.208) |
| Overseas listing | 3.741 (1.742)** | 7.151 (2.911)* | 0.352 (0.194) | 4.405 (2.441)* |
| Consumer goods & services | -3.321 (-1.381) | -5.949 (-2.295)* | 1.003 (0.524) | -3.506 (-1.841)** |
| IT industry | -2.915 (-0.910) | -6.642 (-1.924)* | -1.661 (-0.651) | -4.018 (-1.584) |
| Metals and construction | -2.689 (-0.862) | -0.996 (-0.296) | -0.647 (-0.260) | -1.570 (-0.635) |
| Oil & chemicals | -3.532 (-1.403) | -2.293 (-0.845) | -0.407 (-0.203) | -2.289 (-1.148) |
| $p < 0.05$; **$p < 0.10$; | Source : Collected data | | | |

| Table 6 : Regression Results : 2003-04 | | | | |
|---|---|---|---|---|
| | Financial Disclosure | Non- Financial Disclosure | Strategic Disclosure | Overall Disclosures |
| Adjusted $R^2$ | 13.8 | 19.6 | 9.1 | 21.5 |
| F | 2.676 | 4.056 | 3.727 | 4.576 |
| Company size | 1.218E-6 (2.327)* | 2.112E-6 (3.711)* | 1.283E-6 (2.717)* | 1.662E-6 (4.055)* |
| Profitability | 0.136 (1.997)* | 0.205 (3.768)* | 0.266 (3.939)* | 0.144 (2.706)* |
| Income from abroad | 0.062 (2.006)* | 0.059 (1.717)** | 0.065 (2.325)* | 0.065 (2.661)* |
| Foreign shareholding | 0.007 (0.067) | 0.101 (0.949) | 0.041 (0.459) | 0.040 (0.517) |
| Overseas listing | 4.254 (1.914)* | 5.268 (2.180)* | 0.528 (0.263) | 3.902 (2.242)* |
| Consumer goods & services | 1.104 (0.462) | -2.237 (-0.861) | 1.111 (0.516) | -0.244 (-0.130) |
| IT industry | -1.655 (-0.501) | -7.736 (-2.151)* | -1.653 (-0.554) | -4.104 (-1.585) |
| Metals and construction | 1.488 (0.460) | 1.965 (0.573) | 0.258 (0.091) | 1.498 (0.607) |
| Oil & chemicals | -2.527 (-1.012) | -2.051 (-0.755) | 1.258 (0.558) | -1.672 (-0.855) |
| *$p < 0.05$; **$p < 0.10$; | Source : Collected data | | | |

whether the residuals are normally distributed. Further, Durbin- Watson's statistics are all in the region of two. Results of these tests have revealed that the estimated regression model has satisfied the assumptions of the classical regression model, and it can be relied upon. For identifying the order of importance of the independent variables in explaining the variation in disclosure scores, the dependent variable was regressed by using forward step wise procedure. The findings revealed that size, profitability and international listing status are the most important and consistent determinants of voluntary disclosure.

## CONCLUDING REMARKS

In this paper, the extent of disclosure has been measured by using an index of disclosure. An attempt has also been made to examine the relationship between select corporate attributes and the extent of disclosure. The analysis revealed that there are wide variations in disclosure scores across different information items. Multiple regression analysis was applied for estimating the relationship between six corporate attributes and the extent of disclosure in corporate annual reports. It was found that the profitability of a company, measured in terms of Return On Total Assets (ROTA) has a positive and statistically significant relationship with the extent of the disclosure. It can be inferred that the higher the profitability, the greater will be the disclosure in the annual reports, to a certain extent. Further, size of a company, as measured by the average of total assets, has a positive and statistically significant influence on the extent of disclosure in the annual reports of Indian companies selected for the study. Thus, big sized companies tend to disclose more than comparatively small or medium-sized companies. The International listing status also had a positive and statistically significant relationship with the extent of disclosure for all the years of the study, except for strategic informational items. It implies that when a company goes for an international or overseas listing, in order to comply with the overseas listing requirements, the companies disclose more in their annual reports than the only domestic listed companies. Other variables like income from abroad and foreign shareholding were found to have statistically non significant relationship with the extent of the disclosure. Thus, there is no significant difference between the disclosure status of a company with major share of revenue from abroad and a company with lesser or no revenue from abroad. Furthermore, foreign shareholding does not have a significant impact on the extent of the disclosure. Further, though there are differences in the mean disclosure scores of the companies belonging to different industries; it was found that the nature of the industry does not influence significantly, the extent of disclosure in annual reports of Indian companies.

## SCOPE FOR FUTURE RESEARCH

Finally, there are implications for future research on voluntary disclosure. Future studies can recognize certain new determinants of corporate disclosure and also influence particular business groups in corporate disclosure practices. Further research can be carried out on certain emerging issues in corporate disclosure such as corporate sustainability reporting, value reporting, accounts of subsidiary companies and further the quality of consolidated financial statements. It would also be desirable that future studies recognize the shortcomings and possible areas of revision in the Indian Companies Act, 1956 in the context of new businesses and economic realities.

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