Multidisciplinary Journal for Education, Social and Technological Sciences

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

An assessment of Information disclosures by Pharmaceutical Industry: Evidence from India

Rupali Khanna[1], Bhupinder Pal Singh Chahal[1]

[1]Research Scholar, University School of Business, Chandigarh University Mohali, India, Emails: rupaikhanna96@gmail.com; bpchahal@gmail.com

Received: 11 May 2018; Accepted: 06 August 2019

Abstract

The information disclosed by the companies in their annual reports reveals much about company's performance and prospects. Investors take the information as base for decision for investment. Under such circumstance, companies choose to disclose beyond what is mandatorily required. Theories like agency theory, capital need theory and signaling theory support the need of voluntary disclosure. This study is about investigating the extent of Voluntary disclosure in pharmaceutical sector of India which is 3rd in World in terms of Volume of Trade.

Objective: To investigate the extent of voluntary disclosure practices prevailing in pharma sector of India, for the year 2010-11 to 2017-18.

Significance of the study: This study aims to explore the corporate aspect of pharmaceutical sector. Any growing avenue is a potential opportunity for investors looking for parking their money to get adequate returns. Thus, Indian Pharma sector has come up in flying colors as an avenue for investors to place their money owing to its 100% FDI. Investors have been looking for more and more information from this sector to ensure the safety of funds. Thus, the extent of disclosures is worth studying to place a suggestion for the policymakers to introduce the changes in the present set of disclosure practices in pharmaceutical sector.

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Research Methodology: To understand the extent of voluntary disclosure, a disclosure checklist is constructed and descriptive statistics are carved out to reach the results. The checklist consists of 55 items which are not mandatory by law. The checklist is based on dichotomous scale of '1' and '0' representing presence and absence of the checklist item respectively. The cross-sectional analysis is carried out to investigate the year wise and company wise disclosure for eight years.

Findings: Though the study observes an increasing trend in the disclosure scores, but the findings are alarming to state that the highest score attained by any company throughout the period of 8 years was 37 (out of 55) not even meeting 80% of the total checklist score. This shows that pharmaceutical sector is not so friendly at disclosures. The probable reasons for such startling results are discussed in the study.

1. Introduction

Indian pharmaceutical industry has not only shown remarkable performance in the country but also established its foothold in overseas market. It is playing a vital role in promoting and sustaining development in the field of medicines and boasts of quality products in which are also approved by regulatory authorities of UK and USA. According to FICCI Report (2013) the pharmaceutical products have been catering to more than 95% pharmaceutical needs of the country with a population of 130crore. It has progressed significantly by shifting from traditional business practices to exploring and adapting new business strategies. Indian pharma companies have come up with desired competencies not only in their manufacturing abilities but in the processing of marketing and getting huge product acceptance abroad too. International brands associated with Indian pharma industries have been a significant platform for pharma companies to channelize their capabilities and convert them into opportunities to expand themselves to mark a presence on the global map.

Indian pharmaceutical sector has been making a spectacular growth especially since last decade. In terms of volume of business, it is placed on 3rd place and in terms of value it is at 13th position worldwide, making it one of the prominent sectors of manufacturing in the country. India owes such remarkable growth of pharmaceuticals to foreign direct investment which is 100% in green field and 75% in brown field. A highly organized sector of Indian economy, pharmaceutical industry is growing at 8-9% annually. Ranging from

Multidisciplinary Journal for Education, Social and Technological Sciences
https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

simple headache pills to complex Heart compounds, almost every type of medicine in made in India now.

There has been a paradigm shift in the policies and regulations governing Indian pharmaceutical industry that made, from being almost non-existent in 1970s transformed to a 6-Billion USD market in World. Drug Control Authority has done away with Industrial licensing for most of the drugs. Innovative scientific manpower, affordable research and development costs and equipped laboratories have given a new face to Indian Pharmaceutical industry which is self-reliant and technologically strong. Also, the role of Intellect Property protection rights is adding to the strength of pharma industry. Any company or individual can patent the formula which gives relief from imitation and malpractices of trade.

Indian pharmaceutical industry could be among pioneers to bring biogeneric i.e. generic versions of biological product in the organized form to the market. Today it is world's largest source of generic drugs, supplying almost 40 percent of total drug requirement of the US and a quarter of generic medicine demand of the UK (source: www.pharmaceutical-technology.com).

The industry is highly fragmented with more than 20,000 registered units which are fragmented all over the country. The industry is connected to length and breadth of the country connecting Kolkata in east to Mumbai and Pune in West extending to Bengluru in South and Himachal Pradesh (Baddi is emerging as pharmaceutical capital of India) in North. Country's large and diverse characteristic makes it a prime location for clinical trials. The industry is gradually discovering its niche of pharmaceutical formulations. Apart from that, bulk drugs and drug intermediaries are gaining momentum in the industry too.

Over the last 35 years of its existence and growth, Indian pharmaceutical market has shown its strong longevity. The significance of pharma industry can be gauged from the various parameters of its development and contributions that it makes to the country (as discussed in section 2.2 of the thesis)

Fierce policy reforms, over the last few decades, have pulled out the industry from the shackles of import burdens and made it self-reliant. The Foreign direct investment (FDI) in pharma sector is allowed upto 100% for Greenfield projects (through automatic route) and up to 74% allowed in brownfield project (through govt.approval). The FDI reforms, to welcome the foreign investment with open arms, have brought far reaching ramifications

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

and have leveraged domestic markets. The sector is expected to grow at a double digit growth rate (15% per annum approximately) between year 2015-2020. This growth rate is going to outperform the rate of global pharma industry growth which is expected to grow at the rate of 5 per cent per annum during the same period.

Until 1970, the recognition of product patent was not in force by law and one could only patent the process of making. This promoted the interest of researchers in pharmaceutical formulations as a result of which, India grabbed a major share in formulations and gradually became the largest producer, later exporter, of it. After the enactment of amended Patent Laws, the product patents came in as tool of securing and safeguarding the innovative minds. This, in fact, proved to be a boon to pharma industry. It is reflected from the fact that 20 brands of Indian companies are still prevailing in market for more than 10 years from now.

The resurgence of the Indian Pharmaceutical industry is looming large. The contribution of the pharma sector in country's GDP is immense. Being the third largest (in terms of volume) and 13th largest (in terms of value) in the World, the industry continues to be the leader of generic exports worldwide. The advantage of cost, low cost of labor, cost of inventory is much lower in the country. The multinational companies, investing in research and development in India, save up to 40% to 50% of their expenses (source:business.mapsofindia.com). It is analyzed that cost of hiring a research chemist in the US is five times higher than that of India and cost of conducting clinical trials in India is one-tenth the cost in US.

India presently enjoys position in global pharma market. The country has large pool of scientists, chemists, engineers and lab technicians who have the potential to drive the industry to reach new heights. It is significant to mention that more than 80 percent of the drugs to fight AIDS are supplied by Indian pharma companies to the World. Six companies of India have the UN-backed Patent pool, enabling them to supply medicines to 112 countries of the World.

Government of India has long recognized the strategic importance of pharmaceutical sector of India. India's policies have shown immense excellence in uplifting the industry to transform it into a global leader for manufacturing pharmaceutical and innovations in medical research. A strong correlation exists between the government's initiative of 'Make in India' and domestic pharmaceutical market. Another move of government by enacting GST has proved a boon to the industry by safeguarding it from multiple states tax. The industry is reducing its dependence upon other states now and thus strengthening its supply

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

chain. Department of pharmaceuticals of central government, in its report 'Pharma Vision 2020', aims to make India a major hub of new drug and development by the year 2020

The disclosure framework in India is governed by the principal act Indian Companies Act 1956 (Now 2013). The act lays down the provisions and regulations of disclosures in financial statements. It focuses on maintenance of books and presentation of annual reports. The act also lays mechanisms for issuing of standards. Despite the detailed requirements of maintenance of books, the thrust of companies act is on 'True and Fair view' of company accounts. Another body that has a major role in influencing the disclosure framework is Securities and Exchange Board of India (SEBI) which governs the disclosure requirements of companies listed on stock exchanges. The reporting requirements imposed by SEBI through its guidelines are in addition to those laid by the Companies Act which is to be followed by the companies listed on Stock Exchange. Together, the requirements of SEBI and Companies Act provide a legal framework for corporate reporting in India. Reinforcement to the regulations of these statutory bodies, are the regulating provisions of Institute of Chartered Accountants of India (ICAI) which formulates Accounting Standards. The ICAI derives its power from the Chartered Accountants Act, 1949 (Banerjee, 2002). The ICAI established the Accounting Standards Board (ASB) on April 21, 1977 in order to harmonize diverse accounting policies and practices of India. The main task of the ASB is to formulate accounting standards, so that the council of the ICAI can make these standards mandatory. The ASB considers the laws, customs and business environment of India while formulating its standard. ICAI plays pivotal role in the improvement of disclosure practices of Indian companies. Accounting Standards are pronounced by the ICAI that applies to 'general purpose financial statements.'

Beyond these mandatory limits of disclosure requirements, there exists a set of non mandatory disclosures which are completely discretionary on the part of companies to what extent the companies want to disclose beyond what is mandatorily required. Worth mentioning here that the discretionary disclosures are highlighted in a separate report called as Corporate Governance Report.

1.2. Regulatory Framework of governing Corporate Disclosures in India

1.2.1 Almost every firm in India takes a legal form as a limited liability company. Financial reporting of limited liability companies is mainly regulated by Companies Act 2013 (The then Companies Act 1956). The provisions of Act relating to Accounting and Audit are built around the concept of 'True and Fair' disclosure which characterizes the reporting in the UK, among other countries. The act provides the financial statements in its schedules

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

and also lays down the penalty to be imposed both on the company and its managers responsible, for the non compliance with the provisions of the Act.

1.2.2 Corporate Disclosures for the listed limited liability companies are also governed by the listing agreement with the stock exchange provided by the regulatory body Securities and Exchange Board of India.

Clause 32 of the listing agreement with any stock exchange in India, requires a listed company to publish cash flow statements

Clause 41 of the listing agreement with any stock exchange in India, a listed company is required to publish unaudited half yearly results.

Clause 43 of the listing agreement with the stock exchange, companies are required to publish a comparison of projected Gross profit, Net Profit and Earnings per share as shown in the offer document in a public offer of shares with the actual performance, in the report of the directors in the Annual Report.

The Non-Compliance with the provisions of the listing agreement results in delisting of the company's securities from the trading on the exchange.

1.2.3 The third element of the regulatory framework that governs disclosures in India is the standards and guidance Notes issued by Accounting Standard Board (ASB) of the Institute of Chartered Accountants of India (ICAI). Currently there are 32 Accounting standards which have been issued by ASB out of which 29 are mandatory and 3 are recommendatory. The noncompliance of the requirements of these standards will attract a qualification in the Auditor's report. In addition to the standards, ICAI also issues guidance notes and statements. Guidance Notes are persuasive in character. They are issued as a precursor to an Accounting standard.

The first and foremost Standard i.e.AS-1 is the harbinger of the Disclosure trends. AS-1 talks about Disclosure of Accounting policies which make it mandatory for the firms to disclose the fundamental accounting assumptions, Nature of Accounting Policies and consideration in selecting policies.

The disclosure requirements specified in the Accounting standards are in addition to and not in substitution of the disclosure requirements under Companies Act, 2013.

The corporate Reporting Regulations aim at providing investors with the minimum amount of information to facilitate the investment decision making (Griffin & William, 1960) but voluntary information is aimed at providing a clear view to stakeholders about the business' long term sustainability (Healey and Palepu, 2001). However, argued that, voluntary disclosure will still remain a matter of biased information selected by managers (Core, 2001).

1.3 Incentives of Voluntary Disclosures

As discussed above in the agency theory, the asymmetric may potentially bring out a breakdown in the functioning of the stock market; voluntary disclosures play a significant role to solve those information gaps. There are many factors affecting manager's disclosures decisions. The most important factor that makes managers decide for voluntary disclosure is due to its benefits on diminishing the cost of capital. According to Capital Market transaction Hypothesis, it is not easy for existing shareholders to make public equity when a firm has high information asymmetry level. Thus, managers have incentives to disclose voluntarily in order to minimize the information asymmetry, and as a result, they can lower the firm's cost of external borrowing when they enter into capital market transactions.

However, firm may reduce voluntary disclosure due to proprietary cost associated. The studies of Verrechchia (1983) and Gigler (1994) show that voluntary disclosures can damage a firm's competitive position when there does competition exist, and firms are facing a threat of entry. Higher disclosure will allow an easy entry of the competitor to the industry whereas low level of disclosure will keep it protected.

Another factor which works as an incentive for voluntary disclosure is the litigation cost. It has two side impacts. First, firm may choose to disclose more in order to avoid litigation cost (Skinner 1994). There is always a trend in the stock market that investors keep a watch on the news whether there are delays in announcement of any unfavorable news and if there is any, it is evidence that firms have not disclosed voluntarily earlier in a timely manner. They may face serious litigations due to this. So, to avoid the threat of litigation, the firm may choose to disclose more information of poor performance. On the other hand, litigation can also reduce firm's motivation to disclose because it may increase litigation risk. The penalty imposed by the legal system may be much worse as the market players forecast the information in good faith. Healy and Palepu (2001) suggest that firm with high level of positive information on future earnings are followed by high level risk of litigation. Thus, litigation may de-motivate firms to disclose forward looking information.

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Thus, Overall solution to reduce agency cost and information asymmetry is to make full disclosure of specific firm characteristics. In fact, it is to say that higher level of disclosure will have an impact on agents who indulge in withholding private information and hence increase transparency in the stock market.

Literature Review

In Indian Context, SEBI has laid down statutory provisions for listed companies to ensure compliance of transparent disclosure practices. Irrespective of sector, each company has to comply with those provisions. India at this time is an attractive destination of foreign investment. The investment environment in India has undergone a tremendous change. In the process of such change, knowledge of the extent of compliance is indispensable for domestic as well as foreign investors. Indian Pharmaceutical sector, which is 3rd largest growing sector in the world, under the aegis of Companies Act, 2013, ICAI pronouncement and SEBI regulations, is not left behind in the disclosure context. Literature has taken a thrust upon discussing the disclosure practices in the pharmaceutical industry in India. These studies have covered different aspects of disclosures, be it mandatory or voluntary. Kamath.G (2008) talks about the disclosure of intellectual capital in reports of pharmaceutical companies of India while Rajashekhar (2018) discussed corporate governance disclosure practices. Dasgupta.M (2003) associates company characteristics of Indian pharmaceutical industry with its financial performance whereas Sachdeva et al. (2015) does an inter-sector comparison of the disclosure practices of Indian listed companies including pharmaceutical sector. Sharma's (2016) brings the discussion about the practices of disclosure of valuation of intangible assets prevailing in Indian pharmaceutical industry. Sinha et al. (2012) investigate whether the corporate disclosure practices of Indian pharmaceutical companies approach to harmonize with IFRS. In fact, after the enactment of Companies (Amendment) Act, 2013, pharmaceutical sector has even witnessed research on Corporate Social responsibility disclosures in the financial reports.

The disclosure framework in Pharmaceutical sector has taken a shape after year 2011 (Mehta & Chandani; 2015). The study of Mehta and Chandani (2015) takes top five Pharma companies listed on BSE for the year 2009-10 to 2014-15 and establishes relation between their CSR disclosures and financial performance. They assert that disclosure of CSR and its importance on company's strategy has significantly improved 2011 onwards.

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Sachdeva, Batra & Walia (2015) investigated growth in corporate disclosure practices in selected Indian companies listed on BSE during the year 2005-2012 from Pharmaceutical, FMCG, Automobile, Financial, telecom and IT Sector. The study shows that among all sectors, pharmaceutical sector shows the least (7%) growth in disclosure scores over the seven years as compared to FMCG sector where average increase is 26% since 2005.

Halder & Mishra (2017) studied the factors affecting timeliness of information in Indian Pharmaceutical sector on a sample of top 50 pharma companies listed on BSE. The authors studied the lag in number of days that companies take to disclose during the year 2010-11 to 2012-13. They found that there is an average maximum lag of 211 days in reporting information in annual reports. They asserted that Age of the company, Foreign shareholding and Revenue from abroad have significant impact on timeliness of disclosure.

The other investigation on disclosure of Corporate Governance Practices by Kalashree & Rajshekhar (2018) on 53 listed Indian Pharmaceutical companies (mid cap and large cap) for the year 2013-14 found that among the ten disclosure segments that authors divided for disclosure score, the listed companies are liberal towards disclosing information about remuneration, and compliance and management aspects but disclose least about subsidiary companies.

While studying various aspects of mandatory and voluntary disclosure in pharmaceutical sector in India, most of the previous studies ignored attributes like profitability, liquidity, volatility, market price of shares being affected by the nature and extent of disclosures. If such an association between the disclosures with the other variables is brought out, supported by the conclusive statistical results, the disclosure environment will set itself into a new pace. This study aims to contribute to the uprising pharmaceutical industry by motivating the industry for maximum extent of disclosures. As it is rightly said that, health sector, by its mere honest disclosure practices, can contribute to the healthy living of the masses.

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Objective of the study

To ascertain the extent of voluntary information disclosures in Indian Pharmaceutical Companies listed on Bombay Stock Exchange (BSE)

Research Methodology

-Sample Unit: Companies listed on Bombay Stock Exchange (BSE)

-Sample Size: Companies listed companies from BSE (large cap having capital of more than Rs. 10,000crores)

-Sector under study: Pharmaceutical sector

-Period under study: 8 years from 2010-11 to 2017-18

-Basis for selection of companies under study:

The company is listed on the Bombay stock exchange for more than three years.

The basis for selection is their Market capitalization

The company's ticker symbol does not suffer a halt for more than three months on stock market.

The company's Voluntary data should coincide at least 50% of the check list set in by the researcher for the purpose of study.

The data about the company should be available.

There are 170 Pharma companies listed on BSE. Out of these first twenty companies are large cap companies having a market capitalization of more than Rs.10, 000 crore. Out of the total market capitalization of Rs.7, 71,998crores, the market capitalization of these twenty sums up to Rs.6, 54, 792crores, which represent 84.82% of total visible pharma market on BSE. Rest are mid cap companies having the market capitalization between

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Rs.2crores to Rs.10,000crores and only one small cap company having a market capitalization of less than 2crore. Thus, taking into consideration the magnificent impact of big cap firms in shaping the face of pharma market, this study takes into account only large cap firms as sample under study.

Hence the sample is chosen among the twenty big cap companies listed on BSE satisfying the criteria mentioned under 'basis of selection of company'. The companies, whose data are unavailable for any year during the period under study (Financial year 2010-11 to 2017-18), are wiped out. Filtering such companies, the final sample size is 13 companies chosen among those total 20 big cap companies.

Measurement of Corporate Voluntary Disclosure (VDCL)

Prior to year 1985, Many studies had calculated disclosure quality but the concrete explanation about calculating the extent of voluntary disclosure was formulated by Firer and Meth, 1986; Wallace, 1988; Meek, Roberts and Gray, 1995. Wallace et al. described disclosure as an abstract construct that does not possess its own inherent characteristics. They developed a checklist method to score the voluntary disclosure items on a dichotomous scale of assigning 1 if disclosure is there and 0 is no disclosure found and thus; calculating the total score. Chau and Gray (2002) have also used this checklist with some minor changes to calculate the voluntary disclosure of Hong Kong Firms.

Following the same checklist method, the Corporate Voluntary Disclosure as denoted by VDCL is arrived at, by splitting total 55 items into six categories of different items of same nature placed under one category. These 55 items are extracted from a list of 71 variables, eliminating the mandatory ones. The sub categories are

VDCL1= General Corporate Information

VDCL2= External Audit Committee

VDCL3= Financial Information

VDCL4=Forward Looking Information

VDCL5= Employee Information, Social Responsibility and Environmental policy

VDCL6= Board Structure Disclosure

Multidisciplinary Journal for Education, Social and Technological Sciences
https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Taking into consideration the mandatory disclosure framework laid under the regulations of SEBI, ICAI and Accounting standards, the author has come up with the disclosure items that are not mandatory. The author is able to identify total 55 items of different nature placed under six different categories. The author goes through the annual reports of each company for each year from 2010-11 to 2017-18 and identifies the disclosures matching with the list of disclosure items under study.

2. Analysis and Interpretations

In the present study, in order to understand the voluntary corporate disclosure practices followed by the pharmaceuticals companies selected for the purpose of study a voluntary disclosure index has been designed based on which the calculation is done. The index designed for understanding the voluntary disclosure index considers the 55 statements related to the voluntary disclosure broadly classified into six dimensions. The response about the particular statement was considered to be binomial in nature having a zero score for a non-response item while one was assigned to a positive response item. The results of companies on a disclosure index are shown as follows:

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Table 1: Classification of Information Items for Voluntary Disclosure

Sl. No	Classification Item	Items	Percentage
1	I. General Corporate Information	12	21.82
2	II. External Audit Committee	7	12.73
3	III. Financial Information	5	9.09
4	IV. Forward-looking Information	9	16.36
5	V. Employee Information, Social Responsibility and Environmental Policy	14	25.45
6	VI. Board Structure Disclosure	8	14.55
	Total	55	100.00

Table 1 shows that all the statements related to voluntary disclosure in the annual reports of the pharmaceutical companies are classified into broad 6 dimensions and consist of 55 items related to the 6 dimensions under the study period (2010-11 to 2017-18). All the annual reports were considered for the study and the disclosure made in the annual reports are considered.

Table 2: Item wise Voluntary Disclosure Score

Classification of Items	2018	2017	2016	2015	2014	2013	2012	2011
I. General Corporate Information								
1. General information about the economy	92.31	100.00	100.00	100.00	92.31	100.00	92.31	92.31
2. Corporate mission statements	69.23	76.92	69.23	69.23	69.23	46.15	38.46	38.46
3. Brief history of the corporation (the establishment and development)	30.77	23.08	15.38	15.38	7.69	23.08	23.08	30.77
4. Description of major goods/products	38.46	15.38	30.77	23.08	23.08	38.46	15.38	15.38
5. Analysis of enterprises' market share	69.23	76.92	76.92	69.23	61.54	61.54	53.85	46.15
6. Business environment (economics, political…)	23.08	15.38	15.38	15.38	23.08	15.38	15.38	15.38

Multidisciplinary Journal for Education, Social and Technological Sciences
https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

7. Statement disclosures relating to competitive position in the industry	23.08	15.38	15.38	15.38	15.38	23.08	15.38	15.38
8. Description of marketing networks for finished goods/products	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9. Information of member companies	61.54	46.15	46.15	38.46	46.15	46.15	38.46	38.46
10. Methods of quality control	23.08	15.38	38.46	23.08	15.38	23.08	15.38	23.08
11. Company's achieved awards	61.54	69.23	76.92	61.54	53.85	61.54	46.15	30.77
12. Corporate contributions to the national economy	30.77	30.77	30.77	46.15	23.08	7.69	7.69	7.69
II. External Audit Committee								
1. The role and function of the audit committee	92.31	92.31	92.31	92.31	84.62	76.92	76.92	76.92
2. Names and qualifications of the members of audit committee	76.92	76.92	76.92	76.92	69.23	76.92	76.92	76.92
3. Number of members on audit committee	84.62	92.31	92.31	84.62	84.62	76.92	76.92	76.92
4. Number of committee meetings	84.62	92.31	92.31	84.62	84.62	84.62	84.62	84.62
5. Attendance at committee meetings	53.85	53.85	53.85	53.85	53.85	46.15	46.15	46.15
6. Statement of independence	92.31	92.31	92.31	84.62	84.62	84.62	84.62	84.62
7. Report on completed work	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
III. Financial Information								
1. Summary of financial data for the last 3 years or over	84.62	76.92	69.23	61.54	61.54	69.23	61.54	69.23
2. Share price information	92.31	92.31	100.00	92.31	84.62	92.31	92.31	84.62
3. Retained profit	84.62	84.62	84.62	84.62	76.92	76.92	76.92	76.92
4. Bank loan, mortgage and their use	76.92	76.92	76.92	69.23	61.54	46.15	38.46	38.46
5. Advertising and publicity expenditure	15.38	15.38	23.08	15.38	0.00	0.00	0.00	0.00
IV. Forward-looking Information								
1. Factors that may affect future performance	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2. New product/service development	61.54	61.54	61.54	53.85	46.15	38.46	46.15	38.46
3. Marketing plan, distribution system expanding plan	15.38	30.77	15.38	23.08	0.00	7.69	0.00	0.00
4. Effect of business strategy on future performance	15.38	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5. Research and development expenditure	53.85	69.23	69.23	53.85	46.15	53.85	53.85	61.54
6. Projection of cash flows	7.69	7.69	7.69	0.00	0.00	0.00	0.00	0.00
7. Earnings per share forecast	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Planned capital expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

9. Future profit forecast	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
V. Employee Information, Social Responsibility and Environmental Policy								
1. Total number of employees for the last or more years	84.62	84.62	76.92	76.92	61.54	61.54	46.15	46.15
2. Category of employees by gender	53.85	53.85	38.46	23.08	23.08	23.08	7.69	7.69
3. Amount of employee remuneration, remuneration policies and bonus	69.23	61.54	69.23	61.54	46.15	38.46	23.08	30.77
4. Policy on employee training	38.46	38.46	30.77	15.38	7.69	7.69	0.00	7.69
5. Expenses for employee training	0.00	0.00	0.00	7.69	7.69	7.69	0.00	0.00
6. Reasons for change in employee number	7.69	0.00	0.00	0.00	0.00	0.00	7.69	7.69
7. Qualification of the accountants	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Data on workplace accidents	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.69
9. Disclosure of welfare policy	15.38	15.38	7.69	0.00	0.00	0.00	0.00	0.00
10. Recruitment policy	30.77	23.08	15.38	7.69	0.00	0.00	0.00	0.00
11. Factors of corporate culture	15.38	7.69	0.00	7.69	0.00	0.00	0.00	0.00
12. Information about safety policy	84.62	84.62	46.15	38.46	23.08	23.08	7.69	30.77
13. Cost of safety measures	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
14. Environment protection programs	100.00	100.00	76.92	69.23	53.85	53.85	38.46	53.85
VI. Board Structure Disclosure								
1. Education and professional qualification of directors	61.54	53.85	53.85	53.85	53.85	61.54	61.54	61.54
2. Directors' interests in competing businesses	30.77	30.77	38.46	23.08	23.08	30.77	23.08	23.08
3. Directors'shareholding in the company and other related interests	84.62	84.62	76.92	76.92	46.15	38.46	46.15	46.15
4. Number of meetings per year	92.31	92.31	92.31	92.31	84.62	84.62	84.62	92.31
5. Director's analysis of the fee and other benefits disclosure	76.92	69.23	69.23	69.23	61.54	61.54	53.85	53.85
6. Role and function of the remuneration committee	84.62	76.92	84.62	76.92	69.23	61.54	61.54	61.54
7. Directors' current accounts/loans to officers	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
8. Directors'interests in significant contracts	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Table 2 shows that for calculating item wise voluntary disclosure score each of the items were considered and the number of companies disclosing that particular item was divided by the total number of companies considered for the purpose of study. In this present study the total number of companies selected was 13, and hence, the maximum attainable score

Multidisciplinary Journal for Education, Social and Technological Sciences
https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

is 13. The maximum score which can be achieved in a particular year for any item will be 100 if all the companies disclose item for all the years. The results are disappointing to see that only cent percent score is achieved in the first item of section I i.e. General information of the company. In rest all of the items the disclosure score is not so satisfactory. Startling to see that in items like data on workplace accidents, employee trainings or director loans, the score is as low as zero in consecutive years, depicting that none of the company in those particular years have revealed any information about these items. No doubt, the good news is that the trend of disclosure is escalating year by year.

Table 3: Company wise Disclosure Scores

Company/Year	2018	2017	2016	2015	2014	2013	2012	2011	Average Score (2010-18)	Average % (2010-18)
CADILA	25	25	18	18	19	17	17	22	20.13	36.59
BIOCON	26	27	28	27	24	25	22	22	25.13	45.68
CIPLA	28	27	28	24	13	13	13	13	19.88	36.14
PIRAMAL	37	31	30	25	20	17	18	17	24.38	44.32
DREDDY	26	28	26	23	24	26	12	12	22.13	40.23
LUPIN	27	24	24	25	24	24	22	21	23.88	43.41
TORRENT	15	14	14	10	8	7	7	7	10.25	18.64
PFIZER	32	30	28	26	12	16	10	14	21.00	38.18
GLAXO	15	16	15	17	15	16	15	15	15.50	28.18
DIVIS LAB	17	20	20	13	15	18	18	16	17.13	31.14
AURO	32	28	30	29	28	28	25	26	28.25	51.36
AJANTA	16	17	17	17	18	15	14	15	16.13	29.32
SUNPHARMA	22	22	21	20	18	16	14	15	18.50	33.64

Multidisciplinary Journal for Education, Social and Technological Sciences
https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Table 3 is about the voluntary disclosure scores obtained by the companies from the year 2010-11 to 2017-18 is calculated for the companies selected for the purpose of the study. The range of voluntary disclosure score ranges from 10.25 to 28.25 (in absolute terms) with the score range ranging from 18.64 % to 51.36 %. Most of the companies could not score high in the voluntary disclosure scores. This is a disheartening picture of the disclosure practices prevailing the pharmaceutical sector. The highest score obtained is 37 (out of 55) by Piramal. The highest score figure is not even equivalent to 8 percent of total score expected. Where companies like Auro, Piramal and Pfizer are among the list of companies showing good amount of disclosure, the companies like Torrent, Glaxo and Ajanta are revealing poor disclosure scores throughout eight years of study.

Table 4: Descriptive Statistics of Voluntary Disclosure Score

	2018	2017	2016	2015	2014	2013	2012	2011
Mean	24.46	23.77	23.00	21.08	18.31	18.31	15.92	16.54
Standard Error	1.97	1.54	1.61	1.60	1.58	1.63	1.42	1.40
Median	26.00	25.00	24.00	23.00	18.00	17.00	15.00	15.00
Mode	26.00	27.00	28.00	25.00	24.00	16.00	22.00	15.00
Standard Deviation	7.11	5.54	5.79	5.75	5.71	5.89	5.11	5.06
Sample Variance	50.60	30.69	33.50	33.08	32.56	34.73	26.08	25.60
Kurtosis	-0.93	-0.98	-1.54	-0.62	-0.56	-0.19	-0.39	0.09
Skewness	0.05	-0.54	-0.27	-0.56	-0.05	0.09	0.15	0.17

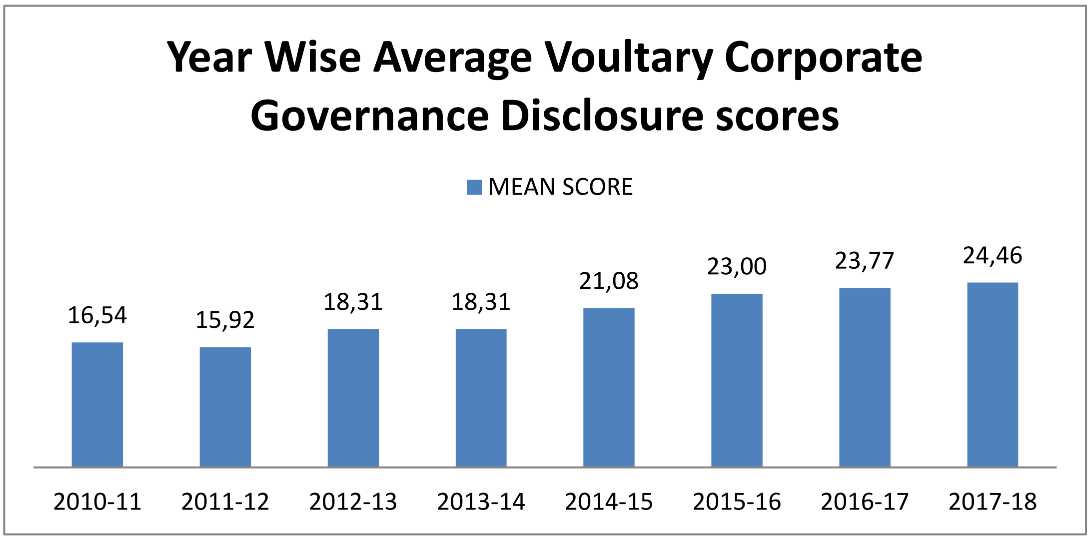
The above table 4 depicts that mean score of the companies for voluntary disclosure ranges from 16.54 to 24.46 starting from the year 2011 to 2018. The mean voluntary disclosure score exhibits a steady increasing trend over the years; however during

Multidisciplinary Journal for Education,
Social and Technological Sciences

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

the year 2012 the mean score marginally dipped to 15.92 from 16.54 during the year 2011. The year 2013 and 2014 showed the same mean score of 18.31 for the voluntary disclosure score. The year 2015 to 2018 showed an increasing trend starting from 21.08 (2015) to 24.46 (2018). The median of the voluntary disclosure score exhibits a steady increasing trend over the years starting from 15.00 (2011) to 26.00 (2018). The modal value of the voluntary disclosure score exhibits increasing trend over the years starting from 15.00 (2011) to 26.00 (2018), with fluctuations during the intermediate years with the score being 22.00(2012); 28.00(2016), thereby exhibiting fluctuations in the intermediate years. The sample variance of the voluntary disclosure score exhibits a steady increasing trend over the years starting from 25.60 (2011) to 50.60 (2018) thereby exhibiting higher variability in the companies reporting the Voluntary Disclosure Scores. The sample skewness and kurtosis of the voluntary disclosure score exhibits normality of the data set over the years.

Graph 1: Year wise Mean score of Voluntary Disclosure



Multidisciplinary Journal for Education, Social and Technological Sciences
https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

The above graph shows mean score of the companies for voluntary disclosure ranges from 16.54 to 24.46 starting from the year 2011 to 2018. The mean voluntary disclosure score exhibits a steady increasing trend over the years; however during the year 2012 the mean score marginally dipped to 15.92 from 16.54 during the year 2011. The year 2013 and 2014 showed the same mean score of 18.31 for the voluntary disclosure score. The year 2015 to 2018 showed an increasing trend starting from 21.08 (2015) to 24.46 (2018).

Table 5: Top Five Companies on the basis of Voluntary Disclosure Score

Rank	Company	Average Disclosure Score
1	AURO	28.25
2	BIOCON	25.13
3	PIRAMAL	24.38
4	LUPIN	23.88
5	DREDDY	22.13

The table 5 reveals the overall average Voluntary Corporate Governance Disclosure Scores of the top five companies for all eight years. The chart is topped by AURO with a score of 28.25, followed by BIOCON (25.13), PIRAMAL (24.38), LUPIN (23.88) and DREDDY (22.13).

3. Conclusion

In the present study, in order to understand the voluntary corporate disclosure practices followed by the pharmaceutical's companies selected for the purpose of study a voluntary disclosure index has been designed based on which the calculation is done. The index designed for understanding the voluntary disclosure index considers the 55 statements related to the voluntary disclosure broadly classified into six dimensions. The response about the particular statement was considered to be binomial in nature having a zero score for a non-response item while one was assigned to a positive response item. The disclosure scores when summed up, it was found that a maximum value that a company could attain any year was 37 (Piramal) out of total 55 (refer table 1). That means not even a single company discloses at least 80% of the proposed voluntary disclosure items considered under study. The companies are not disclosure friendly. Though there have been strict regulations laid by the regulators of the company especially after the enactment of companies Act 2013 that focus on strict disclosures, still the companies show a reluctance

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

in disclosing the information. No doubt there seem to be increasing trend in the extent of disclosures from 2010-11 to 2017-18, yet companies like Torrent pharmaceuticals are existing with a disclosure score as low as 17 out of 55 in a year. Overall the increasing trends in last 8 years can be good news if the trend continues in same direction. Thus, fulfilling its one objective i.e. to know that extent of disclosure, the overall score is not so satisfactory.

There may be reasons inferred from the disappointing scores of the pharmaceutical sector which may be hidden in the theories explaining the need for voluntary disclosure. The Theories like signaling theory state the deliberate supply of information beyond need can prove to be a reason of conflict between incentives and deterrent forces. Whereas there is another theory based on agency problem stating that disclosure of information also uncovers superior information of the top management which is not supposed to be in the heads of shareholders just because they are not active players of the management. But this demand and supply in equilibrium creates information asymmetry which may lead to several other consequences. Literatures have been supporting the lack of information supply as a cause to fluctuation of stock prices and diminishing market values of the companies. Another aspect of information availability is linked with entering the market sources for money borrowing. The interested parties may not lend to the companies having extra disclosures, as their idea of understanding the information, which is complex to decode, may bring them into the dilemma of lending decisions (which should not happen actually). Where, as per theory of cost of capital, more disclosures lead to decrease in cost of capital, the theory has proven to be contradicting itself in the studies where the disclosure surpassed beyond a minimal core.

To conclude, the present disclosure system in India fails to distinguish between the very different needs of the users of the financial reports. While some users may be happy to have lengthy disclosures that may bring a positive impact on fluctuate of stocks in the market, others may be sent information that is far longer and complex to understand to make use of. The set of information useful for most users could be sort, precise and beyond a minimal core, no doubt, it has to be decided by the company to reflect its own circumstances, but the role of policy makers cannot be isolated in converging the global disclosure standards towards Indian pharmaceutical sector which is the third largest income generating sector in the world.

4. References

1. Accounting, F. (2014). Voluntary disclosure frequency and cost of debt : an analysis in the Tunisian context Dorra Talbi * Mohamed Ali Omri, *6*(2). https://doi.org/10.1504/IJMFA.2014.064521

2. Adam, T., and V. K. Goyal. "The Investment Opportunity Set and Its Proxy Variables." Journal of Financial Research 31.1 (2008): 41. Print. https://doi.org/10.1111/j.1475-6803.2008.00231.x

3. Agarwal, S. P., Monem, R. M., & Ariff, M. (1996). Price to Book Ratio as a Valuation Model: An Empirical Investigation. *Finance India*, *10*(2), 333–344. https://doi.org/10.1.1.570.3053

4. AICPA (1994), "*Improving Business Reporting-a Customer Focus:Meeting the Information Needs of Investors and Creditors*", Comprehensive Report of the Special Committee on Financial Reporting (the Jenkins report),

5. Barry, c., and s. Brown. "Differential Information and Security Market Equilibrium." Journal of Financial and Quantitative Analysis 20 (1985): 407-422. https://doi.org/10.2307/2330758

6. Baumann, U., and E. Nier. 2003. "Market Discipline, Disclosure, and Moral Hazard in Banking." In Proceedings of the 2003 Conference on Bank Structure and Competition. Chicago: Federal Reserve Bank of Chicago

7. Bertomeu, J., Beyer, A., & Dye, R. A. (2011). Capital structure, cost of capital, and voluntary disclosures. *Accounting Review*, *86*(3), 857–886. https://doi.org/10.2308/accr.00000037

8. Buzby, S.L. (1974a), "The Nature of Adequate Disclosure", Journal of Accountancy, April, pp. 3 8-47. Buzby, S.L. (1974b), "Selected Items of Information and their Disclosure in Annual Reports", Accounting Review, Vol. XLIX NO. 3 July, PP. 423-43 5. Buzby, S.L. (1975a), "The Boundaries of Adequate Disclosure", The Singapore Accountant, Vol. 10, pp. 83-91.

9. Botosan, C.A. (1997). Disclosure level and the cost of equity capital, Accounting Review, 72, pp. 323–350. Botosan, C.A. (2006). Disclosure and the cost of capital: What do we know? Accounting and Business Research, International Accounting Policy Forum, pp. 31-40. http://dx.doi.org/10.1080/00014788.2006.9730042

10. Botosan, C.A. and M.A. Plumlee (2002), A Re-examination of Disclosure Level and the Expected Cost of Equity Capital, *Journal of Accounting Research*, vol. 40 (1), pp. 21-40. https://doi.org/10.1080/00014788.2006.9730042

11. Cooke, T. E. (1989). Voluntary Corporate Disclosure by Swedish Companies. *Journal of International Financial Management & Accounting*, *1*(2), 171–195. https://doi.org/10.1111/j.1467-646X.1989.tb00009.x

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

12. Campbell, D., Shrives, P., & Saager, H.B. (2001). Voluntary disclosure of mission statements in corporate annual reports: signaling what and to whom?, Business and Society Review, 106(1), pp. 65–87. https://doi.org/10.1111/0045-3609.00102
13. Cheynel, E. (2013). A theory of voluntary disclosure and cost of capital. *Review of Accounting Studies*, *18*(4), 987–1020. https://doi.org/10.1007/s11142-013-9223-1
14. Choi, F.D.S. (1973). Financial disclosure and entry to the European capital market, Journal of Accounting Research, 11(2), pp. 159–175. http://dx.doi.org/10.2307/2490187
15. David, P., J. P. O'Brien, and T. Yoshikawa. "The Implications of Debt Heterogeneity for R&D Investment and Firm Performance." The Academy of Management Journal 51.1 (2008): 165-81. Print https://doi.org/10.5465/amj.2008.30772877
16. Determination of the weighted average cost of capital of UPC and. (2009), (October).
17. Diamond, D., & Verrecchia, R. (1991). Disclosure, liquidity, and the cost of capital, The Journal of Finance, 46(4), pp. 1325–1355. http://dx.doi.org/10.2307/2328861
18. Forker, J. J. (1992), "Corporate Governance and Disclosure Quality", Accounting and Business Research, Vol. 22, No. 86, Spring, pp. 111-124. https://doi.org/10.1080/00014788.1992.9729426
19. Francis, J., Nanda, D., & Olsson, P. (2008). Voluntary disclosure, earnings quality, and cost of capital. *Journal of Accounting Research*, *46*(1), 53–99. https://doi.org/10.1111/j.1475-679X.2008.00267.x
20. Gray, S. J. with McSweeney, L. B. and Shaw, J. C. (1984), Information Disclosure and the Multinational Corporation, Chichester: John Wiley & Sons, Inc.
21. Gelb David.S; Paul Zarowin (2002) "Corporate Disclosure Policy and the Informativeness of Stock Prices Review of Accounting Studies"; Mar 2002; ABI/INFORM Global pg. 33
22. Haggard, K. S., Martin, X., & Pereira, R. (2008). Stock Price Informativeness ? *Financial Management*, 747–768. https://doi.org/10.1111/j.1755-053X.2008.00033.x
23. Hail, L., C. Leuz (2007), Capital Market Effect of Mandatory IFRS Reporting in the EU: Empirical Evidence, http://www.afm.nl https://doi.org/10.2139/ssrn.1511671

24. Hassan Omaima A.G, Peter Romilly, Gianluigi Giorgioni, David Power : The value relevance of disclosure: Evidence from the emerging capital market of Egypt *The International Journal of Accounting*, Volume 44, Issue 1, Pages 79-102
25. Healy, Paul M. and Palepu, Krishna, Information Asymmetry, Corporate Disclosure and the Capital Markets: A Review of the Empirical Disclosure Literature (December 2000). JAE Rochester Conference April 2000. https://doi.org/10.2139/ssrn.258514
26. Ibrahim, K. (2014). Firm Characteristics and Voluntary Segments Disclosure among the Largest Firms in Nigeria. *International Journal of Trade, Economics and Finance*, *5*(4), 327–331. https://doi.org/10.7763/IJTEF.2014.V5.392
27. Jensen, M.C., & Meckling, W.H. (1976). Theory of the firm: managerial behavior, agency costs and ownership structure, Journal of Financial Economics, 3(4), pp. 305–360. http://dx.doi.org/10.1016/0304-405X(76)90026-X
28. Kristandl, G., & Bontis, N. (2007). The impact of voluntary disclosure on cost of equity capital estimates in a temporal setting. *Journal of Intellectual Capital*, *8*(4), 577–594. https://doi.org/10.1108/14691930710830765
29. Lang, M., & Lundholm, R. (1993). Cross-sectional determinants of analyst ratings of corporate disclosures, Journal of Accounting Research, 31(2), pp. 246–271. http://dx.doi.org/10.2307/2491273
30. Lang, M., & Lundholm, R. (1996). Corporate disclosure policy and analysts behaviour, The Accounting Review, 71, pp. 467–492.
31. Lang, H.L., R.J. Lundholm (2000), Voluntary Disclosure and Equity Offerings: Reducing Information Assymetry or Hyping the Stock, *Contemporary Accounting Research*, vol. 17 (4), pp. 623-662. https://doi.org/10.1506/9N45-F0JX-AXVW-LBWJ
32. Leuz, c., and Verrecchia (2000) "The Economic Consequences of Increased Disclosure." Journal of Accounting Research (2000): 91-124. https://doi.org/10.2307/2672910
33. Lindblom, C.K. (1994). The implications of organizational legitimacy for corporate social performance and disclosure, Critical Perspectives on Accounting Conference. New York.
34. Magness, V. (2006). Strategic posture, financial performance and environmental disclosure: an empirical test of legitimacy theory, Accounting, Auditing and

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Accountability Journal, 19(4), pp. 540–563. http://dx.doi.org/10.1108/09513570610679128

35. Mangala, D. (2015). Disclosure through Annual Reports: A Study of Indian Corporate Sector. *International Journal of Research in Management, Science & Technology*, *3*(2), 2321–3264. Retrieved from http://www.ijrmst.org/download/vol3no2/152.pdf

36. Mathew James (1999), "Perception about the Need for Innovations in Financial Reporting: A Survey", the Management Accountant, (May), pp. 373-375.

37. Meek, G. K. and Gray, S. J. (1989), "Globalisation of Stock Market and Foreign Listing Requirement: Voluntary Disclosures by Continental European Companies Listed on the London Stock Exchange", *Journal of International Business Studies*, Vol. 20(2). https://doi.org/10.1057/palgrave.jibs.8490854

38. Palepu K.G., P.M. Healy and V.L. Bernard (2004), Business Analysis and Valuation: Using Financial Statements, Mason, Thomson South Western

39. Pankaj M Madhani (2008) "New Models for Financial Reporting in the 21st Century" in Corporate Disclosure: Concepts and Practices, The Icfai University Press

40. Petrova, E., Georgakopoulos, G., Sotiropoulos, I., & Vasileiou, K. Z. (2012). Relationship between Cost of Equity Capital and Voluntary Corporate Disclosures. *International Journal of Economics and Finance*, *4*(3), 83–96. https://doi.org/10.5539/ijef.v4n3p83

41. Ross, S.A. (1977). The determination of financial structure: the incentive signaling approach, Bell Journal of Economics, 8(1), pp. 23–40. https://doi.org/10.2307/3003485

42. Shahriari, M., Mesbahi, L., & Saeedi, S. M. (2015). *Risk Free Rate in the Context of Indian Market* (Vol. 1). Retrieved from www.ijariie.com547

43. Schutter P. and V.O Connell (2006) "The Trend Toward Voluntary Corporate Disclosures" Management Accounting Quarterly, 7, no. 2 (Winter) 1-9.

44. Shankar Tilak, "Making Corporate Reporting Practices More Communicative", Economic and Political Weekly, November 1972, pp.164-168.

45. Singh, D.R. and Gupta, B.N., "Corporate financial disclosure in Indian Companies," Indian journal of Accounting (June and December 1977), pp. 21-37

46. Singhvi, S. S. (1972), "Corporate Management's Inclination to Disclose Financial Information", Financial Analyst's Journal, July-August, pp. 66-73. Solomons, D. (1989), Guidelines for Financial Reporting Standards, London: The Institute of Chartered Accountants in England and Wales. https://doi.org/10.2469/faj.v28.n4.66

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

47. Spero, L. L. (1979), The Extent and Causes of Voluntary Disclosure of Financial Information in Three European Capital Markets: An Exploratory Study, Unpublished Doctoral Dissertation, Harvard University.
48. Spence, M. (1973). Job market signalling, Quarterly Journal of Economics, 87(3), pp. 355–374 http://dx.doi.org/10.2307/1882010
49. Verrecchia, R.(1990) "Information Quality and Discretionary Disclosure." Journal of Accounting and Economics 12 (1990): 365-380. https://doi.org/10.1016/0165-4101(90)90021-U
50. Watson, A., Shrives, P., & Marston, C. (2002). Voluntary disclosure of accounting ratios in the UK, British Accounting Review, 34(4), pp. 289–313. http://dx.doi.org/10.1006/bare.2002.0213

Web Links:-

- https://www.kellogg.northwestern.edu/accounting/papers
- www.mccombs.utexas.edu/~/media/.../Clinch%20%20Verrecchia030512.pdf
- https://olin.wustl.edu/docs/Faculty/Dye.pdf
- www.nber.org/papers/w14897
- www.emeraldinsight.com/doi/pdf/10.1108/14691930710830765
- www.rug.nl/research/portal/files/14494335/thesis.pdf
- pasj.org/IIJM/Volume2Issue7/IIJM02.pdf
- www.indianjournaloffinance.co.in/index.php/IJF/article/view/72089
- http://www.afm.nl
- http://www.fasb.org
- www.ibef.org

Multidisciplinary Journal for Education, Social and Technological Sciences
https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

Annexure

Following are the contents under each category: -

I. General Corporate Information
1. General information about the economy
2. Corporate mission statements
3. Brief history of the corporation (the establishment and development)
4. Description of major goods/products
5. Analysis of enterprises' market share
6. Business environment (economics, political…)
7. Statement disclosures relating to competitive position in the industry
8. Description of marketing networks for finished goods/products
9. Information of member companies
10. Methods of quality control
11. Company's achieved awards
12. Corporate contributions to the national economy
II. External Audit Committee
13. The role and function of the audit committee
14. Names and qualifications of the members of audit committee
15. Number of members on audit committee
16. Number of committee meetings
17. Attendance at committee meetings
18. Statement of independence
19. Report on completed work
III. Financial Information
20. Summary of financial data for the last 3 years or over

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

21. Share price information
22. Retained profit
23. Bank loan, mortgage and their use
24. Advertising and publicity expenditure
IV. Forward-looking Information
25. Factors that may affect future performance
26. New product/service development
27. Marketing plan, distribution system expanding plan
28. Effect of business strategy on future performance
29. Projection of research and development expenditure
30. Project of cash flows
31. Earnings per share forecast
32. Planned capital expenditure
33. Future profit forecast
V. Employee Information, Social Responsibility and Environmental Policy
34. Total amount of employees for the last year or more years
35. Category of employees by sex
36. Amount of employee remuneration, remuneration policies and bonus
37. Policy on employee training
38. Expenses for employee training
39. Reasons for change in employee number
40. Qualification of the accountants
41. Data on workplace accidents
42. Disclosure of welfare policy
43. Recruitment policy
44. Factors of corporate culture
45. Information about safety policy

https://doi.org/10.4995/muse.2019.11531
ISSN: 2341-2593

46. Cost of safety measures
47. Environment protection programs

VI. Board Structure Disclosure
48. Education and professional qualification of directors
49. Directors' interests in competing businesses
50. Directors'shareholding in the company and other related interests (e.g. stock options)
51. Number of meetings per year
52. Director's analysis of the fee and other benefits disclosure
53. Role and function of the remuneration committee
54. Directors' current accounts/loans to officers
55. Directors' interests in significant contracts