

## **INTEGRATED REPORTING IN INDIA: AN ANALYSIS OF SELECT COMPANIES**

**Dr. (Mrs.) Prashanta Athma**

Professor in Commerce & Vice-Principal, Osmania University College for Women,  
Koti, Hyderabad, Telangana State, India Email: prashantaathma@gmail.com ;  
prashantaathma@osmania.ac.in Mobile: +91-9849517133

**Mrs. N. Rajyalaxmi**

Lecturer in Commerce, Department of Commerce, Osmania University College for  
Women, Koti, Hyderabad, Telangana State, India, Email:  
nandurirajyalaxmi@gmail.com Mobile: +91-9966697028

### **ABSTRACT**

*Sustainability Information is provided by the most of the Companies in their Annual Reports as a proof of reliable disclosure, accompanied by Sustainability Reports on their websites, reflecting a growing maturity on CSR disclosures. The Integrated Report is intended to demonstrate the integration of financial performance with other aspects of organizational performance towards reaching organization's vision. The Objectives of this paper are to bring out the differences between Financial Reporting and Integrated Reporting; compare the Integrated Reporting practices of Metair Investments Limited, a South African Company with Kirloskar Brothers Ltd., an Indian Company; and to analyze the Integrated Reporting Practices of BSE 30 Companies, both item-wise and company-wise. Disclosure practices of the Companies are analyzed with the help of an 'Index of Disclosure'. Mean Disclosure, Standard Deviation and Coefficient of Variation are employed to analyze item-wise and company-wise disclosure of the various aspects of Integrated Reporting. In South African Countries, it is mandatory to follow Integrated Reporting as per IIRC recommendations and South African Integrated Reporting Committee. Hence, all six capitals and other aspects are being presented under*

*Integrated Reporting. Kirloskar Brothers Ltd., an Indian Company is also following the same recommendations of IIRC and thus disclosing the required information though not mandatory in India. Overall, it may be stated that with regard to mandatory items, all the BSE 30 Companies are reporting the information, whereas there is a variation in the disclosure of voluntary information.*

**Key Words:** Integrated Reporting, Index of Disclosure, Six Capitals, Mean Disclosure

## **INTRODUCTION**

Sustainability Information is provided by the most of the Companies in their Annual Reports as a proof of reliable disclosure, accompanied by Sustainability Reports on their websites, reflecting a growing maturity on CSR disclosures. However, the linkage between financial and non-financial information in these reports is low. Integrated Reports are meant to overcome this issue. Integrated Reporting is expected to change the emphasis from the short-term value created for the shareholders to the long-term value for the stakeholders. Now, it is a time for 'One Report'. The Integrated Report is intended to demonstrate the integration of financial performance with other aspects of organizational performance towards reaching organization's vision. Integrated Reporting helps in providing a greater context to the non-financial data relating to the company's performance on environmental, social and governance (ESG) parameters, and how sustainability is embedded in the core business strata. Stakeholder's demand for a greater level of disclosure by the Companies and the regulations and compliance standards required by the Regulatory Bodies drive the companies to adopt Integrated Reporting. The Companies in certain countries, which have made it mandatory, adopt integrated Reporting. Denmark, France and UK of developed economies and South Africa a developing economy are leading in case of adopting Integrated Reporting.

## **NEED FOR THE STUDY**

Integrated Reporting covers all the information like performance, concerns of the society and governance in a way that reflects the commercial, social and environmental context. It provides a clear and concise picture of how an organization works on different issues. In Ordinary Reports, financial and nonfinancial performance is not made clear. To provide for the growing demand for broad information set from the Market, Regulators and Civil Society, a frame work is needed that can support the future development reporting. Integrated Reporting is the solution to meet the demand. In this context, the proposed study is undertaken to analyze the Integrated Reporting practices in India.

## REVIEW OF LITERATURE

Diana Sabina (2015) has made a study on Integrated Reporting with a main purpose to ascertain the current state of Social Responsibility Concerns and the Integrated Reporting Entities; stressed on the need for a more comprehensive reporting system showing how the activity of large companies affects the public interest, environment and society.

Anthony Thaigarajan, Utpal Baul (2014) study aimed at providing an integrative and comprehensive summary on both the theoretical and empirical underpinnings of the topic on Integrated Reporting to focus readers on the important issues affecting general understanding and its application. Madalina Dumitru, Catalina Gorgan, Valentin Florentin Dumitru (2014) analyzed the recent Corporate Reporting history at Takeda Pharmaceutical Company starting with the fiscal year 2006, for which first Integrated Annual Report was issued, the leader in its domain in Asia and one of the companies included in the International Integrated Committee (IIRC) pilot program business network.

Pooja Dhingla, Ajay Kumar Singh and Gauravmagu (2014) in their article aims to determine the disclosures required if the new form of reporting is adopted as an upshot of limitations of the current Financial Reporting and Sustainability Reporting.

Axel Haller, Chris Van Staden (2014) in their paper contributed to the current discussions about the concepts of Integrated Reporting and provided a practical and useful proposal of an instrument that could help to apply the Integrated Reporting Concept in Corporate Practice.

Robert G Eccles and George Serafeim (2011) in their article examined the concept of Integrated Reporting and its current state of adoption around the globe and also discussed the benefits. Julia Catharina Jensen and Nicola Berg (2011) in their paper aimed to analyze the similarities and dissimilarities between the Companies with Traditional Sustainability Reports and Integrated Reports.

## RESEARCH GAP

The above Review of Literature reveals that various studies have been made on Integrated Reporting focusing on various issues like current state of Social Responsibility and the Integrated Reporting Entities, theoretical and empirical underpinnings of the topic on Integrated Reporting to focus readers on the important issues affecting general understanding and its application; the concept of Integrated Reporting and its current state of adoption around the globe; differences between the

companies with Traditional Sustainability Reports and Integrated Reports etc. However, an analysis of the item-wise and company-wise disclosure of various aspects of Integrated Reporting in India has not been done. Hence, the study is undertaken to fill this research gap.

## **OBJECTIVES**

The Objectives of this paper are to

- Bring out the differences between Financial Reporting and Integrated Reporting
- Compare the Integrated Reporting practices of Metair Investments Limited, a South African Company with Kirloskar Brothers Ltd., an Indian Company.
- Analyze the Integrated Reporting Practices of BSE 30 Companies

## **RESEARCH METHODOLOGY**

- Sources of Data: The Study is based on Secondary Data. The Secondary Sources include Annual Reports, KPMG Integrated Reporting, Metair Investment Limited Integrated Report and Kirloskar Brothers Ltd. Integrated Report, International Integrated Reporting Council (IIRC) Reports, Global Reporting Initiatives (GRI) Reports, Journals and Websites.
- Scope of the Study: The study covers the differences between Financial Reporting and Integrated Reporting; IIRC Six Capitals; and Integrated Reporting Practices of the select Companies. An analysis of Integrated Reporting Aspects of BSE 30 Companies - Item-wise and Company-wise is also highlighted.
- Period of the Study: A period of 10 years i.e., from 2004-05 to 2013-14 is taken for BSE 30 Companies, as SEBI announced revised clause of Corporate Governance in 2004.
- Sample Selection: Metair Investments Limited, a South African Company and Kirloskar Brothers Ltd., an Indian Company are taken up for comparison as both of them are Manufacturing Companies from developing economies and are following a full-fledged Integrated Reporting Practices. In India, Kirloskar Brothers Ltd. is the first Company to adopt a full-fledged Integrated Reporting (2013 -14) followed by Tata Steel (2014 -15) and a few other Companies are only adopting a Sustainability Report. Integrated Reporting in India is also analyzed by taking BSE 30 Companies. Bombay Stock Exchange is the oldest and a well known Stock Exchange in Asia. It was the first Stock Exchange in India to obtain permanent recognition in 1956 from Government of India under the Securities Contract (Regulation) Act, 1956 and is a national Stock Exchange. BSE has signed a Memorandum of Understanding (MoU) with Carbon Disclosure

- Project (CDP) India to jointly carry out the activities for creating awareness about filing Sustainability data / Environmental, Social and Governance (ESG) data.  
Hence, BSE 30 Companies are selected for the analysis.
- Scoring of items: An 'Index of Disclosure' is developed by assigning a score of either '0' or '1'. If an item is disclosed in the reports of the company, it is assigned a score of '1'. In case an item is not disclosed, score '0' is given. The scores are unweighted, as it permits an analysis independent of the perceptions of a particular user group. Unweighted scoring adopted results in objectivity and fairness in the scoring system, as different user groups give different weightage to the disclosure of an item depending upon their perception.
- Analysis of the Data: For analyzing the disclosure practices of Companies, an 'Index of Disclosure', has been constructed taking into consideration four (4) main categories viz., Financial, Environmental, Social and Governance. This classification has been made keeping in view the aspects to be disclosed under Integrated Reporting.
- Tools for the Study: Mean Disclosure, Standard Deviation and Coefficient of Variation are employed to analyze item-wise and company-wise disclosure of the various aspects of Integrated Reporting.

### **Financial Reporting VS Integrated Reporting**

Every Company has to prepare Financial Accounts at the end of the financial year mandatorily whereas Integrated Reporting is optional. The differences that exist between Financial Reporting and Integrated Reporting are presented in Table-1.

From the Table-1, it is observed that, there is quite a lot difference between the two types of Reporting. Financial Reporting covers only Financial Aspects related to short-term say one year but Integrated Reporting along with Financial Aspects covers Environmental, Social and Governance Aspects for short, medium and long-term period. The focus of Financial Reporting is on financial aspects related to past and present whereas the Integrated Reporting focuses on past and future business strategic aspects.

### **Integrated Reporting: Six Capitals**

International Integrated Reporting Committee (IIRC) frame work described Six Capitals which the Companies have to show in their Annual Reports and the same is presented in Table-2.

**Table 1: Financial Reporting Vs. Integrated Reporting**

Sl. No.	Financial Reporting	Integrated Reporting
1	Only Financial Aspects are covered	Both, Environmental & Social and Governance Aspects are covered along-with financial aspects
2	Focus is on the past and present financial aspects	Focus is on the past and future connected strategic aspects
3	Time frame of Financial Reporting is short-term i.e. one year	Time frame of Integrated Reporting is short, medium and long term
4	Narrow disclosure of transactions	Greater transparency
5	Rule bound	Responsive to individual circumstances
6	Lengthy and Complex in nature	Concise and Comprehensive
7	Mainly paper based	Technology based

Source: Compiled from Financial Reporting and Integrated Reporting information

**Table 2: Integrated Reporting: Six Capitals**

Capital Name	Description
Financial Capital	The pool of funds that is available to an organization for use in the production of goods or the provision of services and which is obtained through financing.
Manufactured Capital	Manufactured physical objects that are used in the production of goods or the provision of services, including Buildings, Equipment and Infrastructure.
Intellectual Capital	Organizational knowledge-based intangibles, including intellectual property and "Organizational Capital" such as tacit knowledge.
Human Capital	People competencies, capabilities and experience, and their motivations to innovate, including their ability to implement strategy, loyalties and motivation.
Social & Relationship Capital	The institutions and the relationships within and between communities and groups of stakeholders, including shared norms, trust and reputation.
Natural Capital	All renewable and non-renewable environmental resources and processes that provides goods or services including air, water, land and eco system health.

Source: Integrated Reporting in South Africa: From Concept to Practice.

Corporate Firms depend on various forms of capitals. These capitals are inputs of the Organization's Business Model.

Corporate Firms depend on various forms of capitals. These capitals are inputs of the Organization's Business Model. Capital my increase, decrease or transformed through the activities of the organization.

IIRC identified six types of capitals which are the basis for an organization's value creation. These capitals are not entirely independent. They depend directly or indirectly on each other. The nature of their interaction is a function of organizational focus and beliefs. While most organizations rely on all capitals to an extent, some forms of capital may be less important and are immaterial for reporting purpose.

### **Integrated Reporting: South African Company VS Indian Company**

South African Companies are following Integrated Reporting Practices from 1994 onwards making modifications as and when revised. Metair Manufacturers Limited is a South African Company which manufactures and distributes automotive components for original Equipment Manufacturers and batteries manufactured are distributed for use in non-automotive sectors. Every year, Metair's Company prepares and presents the Integrated Annual Reports.

Kirloskar Brothers Limited is an Indian Manufacturing Company with expertise in Engineering and Manufacturing. This company has 14 Manufacturing Plants worldwide. In India, Kirloskar Brothers Limited is the first Company to prepare and present the Integrated Annual Reports from 2013-14 onwards.

A comparison of Integrated Reporting of South African Company and Indian Company is given below in Table-3.

In South African Countries, it is mandatory to follow Integrated Reporting as per IIRC recommendations and South African Integrated Reporting Committee. Hence, all six capitals and other aspects are being presented under Integrated Reporting. Kirloskar Brothers Ltd., an Indian Company is also following the same recommendations of IIRC and thus disclosing the required information though not mandatory in India.

**Table 3: Integrated Reporting: South African Company vs. Indian Company**

Aspects Covered	Metair Manufacturers Limited	Kirloskar Brothers Limited
<b>Nature of Capital:</b>		
1. Financial Capital	✓	✓
2. Manufactured Capital	✓	✓
3. Intellectual Capital	✓	✓
4. Human Capital	✓	✓
5. Social and Relationship Capital	✓	✓
6. Natural Capital	✓	✓
<b>Other Aspects:</b>		
1. Financial Review	✓	✓
2. Operational Review	✓	✓
3. Corporate Governance	✓	✓
4. Social and Ethics Committee Report	✓	✓
5. Shareholders Analysis	✓	✓
6. Strategy	✓	✓
7. Future Outlook	✓	✓

Source: Compiled from the Annual Reports of respective Companies

➤ **Financial Capital**

Kirloskar Brothers Limited (KBL) shareholding includes Indian Public, Mutual Funds, Insurance Companies and Private Corporate Bodies. It uses the financial capital generated through its internal operations and also through borrowing to meet the working capital requirements. KBL generates financial value for its stakeholders. It distributes this financial capital to shareholders as dividend, payment to suppliers for the materials and services, salaries to employees and taxes to the Government. Metair Manufacturers Limited has restructured its Capital in 2014 and R754 millions capital has been reinvested in the group.

➤ **Manufactured Capital**

KBL has 6 manufacturing plants - namely Kirloskarvadi, Dewas, Kondhapuri, Shirwal, Kaniyur and Sanand. It has "Yamuna" a platinum rated green building as its corporate office in Pune. KBL has established infrastructure including design and development software, in-house foundry, machines for manufacture of pump components, Assembly and testing of pumps. It also has residential colony for its employees at Kirloskarvadi. KBL's output in terms of manufactured capital is pumps and pumping systems which are installed in various segments like domestic, agriculture, industry, building and construction, power, water, irrigation, Oil & gas and Defense. Metair Manufacturers Limited has made investment to increase capacity and efficiency; and also steel and alloys used in Manufacturing Products, Plant and Equipment.

➤ **Intellectual Capital**

KBL has developed intellectual capital of designing, manufacturing and testing of pumps which cater to the requirements of various segments of the business. Capability to design engineered Concrete volute pumps, Metallic Volute Pumps, Lowest Life Cycle Cost Pumps and total Pumping system solutions as per customer specific requirements are the intellectual capital of the Company. KBL has implemented global management systems like ISO 9000, ISO 14000, and OHSAS 1800. KBL's expertise of designing and manufacturing custom designed pumps developed over many years is the output in terms of intellectual capital. It has also developed systems and process for manufacturing of these pumps and capability to test and commission these pumps at the customer sites. Metair Manufacturers Limited has skilled and experienced employees, Technical expertise shared across operations, which are being disclosed.

➤ **Human Capital**

KBL considers talent of people as one of the assets. It has developed Human Resource

Policies which ensure attracting and retaining the talent. KBL has vision to be most preferred employer. The talent of the employees and partners is developed through structured training and development process. KBL has developed process of aligning the team and individual level goals which are aligned to the strategy of the organization. Involving employees in cross functional teams for improvement initiatives aims for effective utilization of its human capital. Metair Manufacturers Limited has 6,607 skilled permanent employees in three countries of operations.

➤ **Social and Relationship Capital**

KBL continues to build its relationships with the suppliers', customers and society through various initiatives. It actively builds networks through its participation in Industry Bodies like Confederation of Indian Industries (CII), Federation of Indian Chambers of Commerce and Industry (FICCI) and educational institutions like IIT, IIM and reputed universities in USA and UK. Relationships are built with suppliers, dealers, consultants and contractors. KBL works with Vikas Charitable Trust and Kirloskar Foundation to implement social initiatives. A long term relationship with customers and suppliers has resulted in trust and they continue to work with KBL. This relationship has resulted in joint development programs for mutual benefit and growth. KBL has established strong image as a responsible corporate citizen in communities where it operates. Metair Manufacturers Limited adopts Stakeholder-inclusive business model, Close operational relationships with customers and Partner model in certain operating businesses.

➤ **Natural Capital**

KBL products use natural resources like materials – metals and non- metals for pump components, tools and consumable materials for manufacturing processes, power and fuel and water. KBL strives to reduce its non- renewable content of the power and fuel. KBL invests in developing energy efficient products and pumping solutions. KBL energy efficient pumps and pumping systems help reduce the impact on GHG emissions. KBL's solar pumps help reduce impact on natural capital. The pumping energy audit and energy saving solutions impact on reducing the carbon foot print at the customer's end. Metair Manufacturers Limited uses Electricity, water and air, lead and other base metals.

**INTEGRATED REPORTING: BSE SENSEX 30 COMPANIES**

The items to be disclosed in Integrated Reports are as follows:

✓ **Financial Aspects**

Financial aspects include disclosure of financial information to the Management and

the public about how the company is performing over a specific period to time. Financial aspects shown in Financial Reporting help the Management in effective decision making and provide vital information regarding the financial health and various activities of the company to its stakeholders.

✓ **Environmental Aspects**

In India, there are no regulations enforcing the disclosure of environmental information, but the Ministry of Environment and Forests has proposed that every Company should disclose, briefly, steps taken for or proposed to be taken towards adoption of clean technologies for prevention of pollution, waste management, water re-cycling and utilization, pollution control measures, investment on environmental protection and impact of these measures on waste reduction, water and other resource conservation.

✓ **Social Aspects**

Indian Companies have to face strong international competition and therefore they are required to disclose both financial and non financial information including social aspects like creation of self employment opportunities, better education, promotion of gender equality and empowerment, reduction of child mortality, improvement of maternal care, and promotion of environmental sustainability etc.

✓ **Governance Aspects**

Corporate Governance is broadly defined as “a set of relationships between a Company's Board, its Shareholders, and other Stakeholders”. There have been several major Corporate Governance Initiatives launched in India since the mid 1990s. Based on the different Committee recommendations, SEBI revised Clause 49 of the listing agreement in 2004. However, in the year 2008, SEBI made amendments in Clause 49 again. Corporate Governance is a method of governing the Company like a sovereign state, imposing its own customs, policies and laws to its employees from the highest to lowest levels. It increases the accountability of the Company and avoids massive disasters before they occur. Indian Companies, though not mandatory to adopt Integrated Reporting Practices, most of them are covering Integrated Reporting Aspects in their Annual/Sustainability/ Business Responsibility Reports.

Table-4 presents six capitals disclosed and Table-5 presents other Integrated Reporting Aspects covered by BSE Sensex 30 Companies.

Table 4: BSE 30 Companies: Six Capitals (as on 31-03-2014)

Company Name	Financial Capital	Manufactured Capital	Human Capital	Social & Relationship Capital	Natural Capital
Axis Bank	✓	✓	✓	✓	
Bajaj Auto Ltd	✓	✓	✓		
BHEL	✓	✓	✓		
Bharti Airtel Ltd	✓	✓	✓		
Cipla Ltd	✓	✓	✓	✓	
Coal India Ltd.	✓	✓	✓		
Dr. Reddy's Laboratory Ltd	✓	✓	✓	✓	
GAIL	✓	✓	✓	✓	✓
HDFC	✓		✓	✓	
HDFC Bank	✓		✓	✓	
Hero Motocorp	✓	✓	✓	✓	
Hindalco	✓		✓	✓	
HUL	✓		✓	✓	
ICICI Bank	✓		✓		
Infosys	✓		✓	✓	✓
ITC	✓		✓	✓	
Larsen	✓	✓	✓	✓	
Lupin	✓	✓	✓		✓
M&M	✓	✓	✓	✓	
NTPC Ltd	✓	✓	✓	✓	
ONGC	✓	✓	✓	✓	
RIL	✓	✓	✓	✓	
Seas Goa Ltd.	✓	✓	✓	✓	
SBI	✓		✓	✓	
Sun Pharmaceutical Limited	✓	✓	✓	✓	
Tata Consultancy Ltd.	✓		✓	✓	
Tata Motors Ltd.	✓	✓	✓	✓	
Maruti Suzuki Ltd.		✓	✓	✓	
Tata Steel Ltd.	✓	✓	✓	✓	
Wipro Ltd.	✓		✓	✓	

Source: Companies Annual Reports

From the above table, it is observed that, most of the Companies are presenting Financial Capital, Manufactured Capital, Human Resources Capital and Social & Relationship Capital. GAIL, Infosys and Lupin Companies are showing Natural Capital also in their Annual Reports. Gail Company is all set to commence work on the 2500 Kms Jagdishpur – pulpur – Haldia Natural gas pipe line at an estimated cost of Rs. 10,000 crores. The pipeline serves as 'Energy Highway'. None of the companies is showing intellectual capital as such. It is the Financial and Human Capital, which are shown by all the Companies. Manufacturing and Automobile Companies are showing Manufactured Capital.

## Integrated Reporting in India: An Analysis of Select Companies

**Table 5: BSE Sensex 30 Companies: Other Aspects of Integrated Reporting**

Company Name	Type of Industry	Financial Aspects	Environmental Aspects	Social Aspects	Governance Aspects
AXIS Bank	Banking	✓	✓	✓	✓
Bajaj Auto Ltd	Manufacturing Company	✓	-----	-----	✓
BharatHeavy Electricals Ltd	Engineering & Manufacturing Company	✓	-----	-----	✓
Bharti Airtel Ltd	Telecommunication Services	✓	✓	✓	✓
Cipla Ltd	Global Pharmaceutical Manufacturing Company	✓	✓	✓	✓
Coal India Ltd	Coal Company	✓	✓	✓	✓
Dr.Reddy's Laboratories Ltd	Pharmaceutical Manufacturing Company	✓	✓	✓	✓
GAIL	Natural Gas & Distribution Company	✓	✓	✓	✓

HDFC	Housing Development	✓	✓	✓	✓
HDFC Bank	Banking	✓	✓	✓	✓
Hero Motocorp.	Automobile	✓	✓	✓	✓
Hindalco	Aluminium Producers	✓	✓	✓	✓
HUL	Consumer Goods Company	✓	✓	✓	✓
ICICI Bank	Banking	✓	-----	-----	✓
Infosys	IT	✓	✓	✓	✓
ITC	Multi-business Conglomerate	✓	✓	✓	✓
Larsen	Technology, Engineering, Construction, Manufacturing and Financial Services Conglomerate	✓	✓	✓	✓
Lupin	Pharmaceutical Company	✓	-----	-----	✓
M&M	Automobile Industry	✓	✓	✓	✓
NTPC Ltd	Energy Conglomerate	✓	✓	✓	✓
ONGC.	Oil and Gas Company	✓	✓	✓	✓
RIL	Conglomerate Holding Company	✓	✓	✓	✓
Sesa Goa Ltd.	Natural Resources Company	✓	✓	✓	✓
SBI	Banking	✓	✓	✓	✓
Sun Pharmaceutical Industries Ltd	Pharmaceutical	✓	✓	✓	✓
Tata Consultancy Services Ltd	IT Services, Consulting & Business Solutions	✓	✓	✓	✓
Tata Motors Ltd.	Automotive Manufacturing Company	✓	✓	✓	✓
Maruti Suzuki Ltd	Automobile	✓	✓	✓	✓
Tata Steel Ltd.	Steel Making Company	✓	✓	✓	✓
Wipro Ltd.	IT	✓	✓	✓	✓

Source: Compiled from various Companies Annual/Sustainability/Business Responsibility Reports

Integrated Reporting consists of disclosure of Six Capitals as given by IIRC and other aspects relating to financial, social, environmental and governance which are being followed by the South African Countries. In India, as Integrated Reporting is not mandatory, excepting Kirloskar Brothers Ltd. (2013-2014 onwards) and Tata Steel Ltd. (2014-2015 onwards) no other company is following Integrated Reporting in a full-fledged manner. A majority of the Indian Companies listed on Bombay Stock Exchange (BSE 30) are disclosing financial, environmental, social and corporate governance in various reports viz., Annual Reports, Business Responsibility Reports, Sustainability Reports and Corporate Governance Reports respectively.

## **BSE 30 Companies: Item-Wise Disclosure**

Item-wise analysis shows the disclosure of the items by the BSE 30 Companies which enables us to know as to which item is very well disclosed. The analysis is done with the help of mean disclosure, standard deviation and coefficient of variation.

If the Mean Disclosure is the highest for a particular item, it means that, when compared to the other items, disclosure of that particular item is more. If mean disclosure is more than 50 per cent, disclosure is better with regard to that particular item and vice-versa.

Standard Deviation shows the variability of the disclosure from the Mean Disclosure. Lower the Standard Deviation, lower is the variation of disclosure from its mean disclosure. It means there is consistency in the disclosure practices of that item by the Companies.

In all, four categories of items are taken for analysis of item-wise disclosure by the companies. For each item included in the 'Index of Disclosure', the percent of disclosure of that item by the companies is obtained by dividing the number of companies disclosing that particular item by the total number of companies.

Item-wise disclosure along with mean disclosure, standard deviation and coefficient of variation is presented in Table-6. From the table, it is clear that there is 100% disclosure for all the years of the study period with regard to two (2) items viz., Financial and Governance Aspects which are mandatory for the Companies to disclose. Standard Deviation and coefficient of variation for these items is zero (0) as there is no deviation in the disclosure of these items.

There is an increasing trend i.e., improvement in the disclosure of the other two items viz., Environmental and Social Aspects of Integrated Reporting. Most of the Indian Companies have disclosed information relating to Environmental & Social Aspects through their Sustainability Reports, Business Responsibility Reports and websites. Use of Environmental Reporting depends upon the target audience of the report. These reports are used by the investors to check whether there are environmental liabilities which if not properly managed could cost them in the form of low returns on their investments. On the whole, the status of voluntary disclosure of Environmental Aspects of the Indian Companies is poor compared to the Foreign Companies. This is due to the voluntary nature of disclosure and lack of commitment and awareness on the part of the Company Management.

Table 6: BSE 30 Companies: Item-wise Disclosure (31<sup>st</sup> March)

Item/Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Mean	S.D	C.V
Financial	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	100	0	0
Environmental	7/30 (23.3)	7/30 (23.3)	9/30 (30)	11/30 (36.66)	12/30 (40)	14/30 (46.6)	17/30 (56.66)	22/30 (73.3)	24/30 (80)	26/30 (86.6)	49.64	23.43	47.19
Social	7/30 (23.3)	7/30 (23.3)	9/30 (30)	11/30 (36.66)	12/30 (40)	14/30 (46.6)	17/30 (56.66)	22/30 (73.3)	24/30 (80)	26/30 (86.6)	49.64	23.43	47.19
Governance	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	30/30 (100)	100	0	0
Grand Mean	60	60	63.3	66.65	70	73.3	76.65	86.65	90	91.65			

Source: Annual/Sustainability/Business Responsibility Reports of various Companies

**Note:**

- ✓ The numerator indicates the number of Companies disclosing a particular item
- ✓ The denominator represents the total number of Companies
- ✓ The figures in the parenthesis are the percentage of Companies reporting out of the total number of Companies

To improve the corporate image, a number of Indian Companies have been reporting their social performance in their Sustainability, Business Responsibility Reports, etc. Most of the Indian Companies have disclosed social information on a voluntary basis.

**BSE 30 Companies: Company-Wise Disclosure**

Company-wise analysis shows the disclosure of the items by the BSE 30 Companies from which it can be inferred as to which Company is better in disclosure. Table-7 presents Company-wise disclosure of items over a period of 10 years. The 'Index of Disclosure' consists of 4 items, of which 2 items are mandatory, which are disclosed by all the Companies.

The Company-wise disclosure percentage has been calculated, by taking the total score obtained by a Company for all the items together in a particular year and dividing it by the total score applicable to that Company during that year. The disclosure score has been calculated in percentages so as to make the disclosure by the Companies comparable.

Table 7: BSE 30 Companies: Company wise Disclosure (31<sup>st</sup> March)

Name of the Company	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	Mean %	S.D	C.V
Axis Bank	2/4 (40%)	2/4 (40%)	2/4 (40%)	2/4 (40%)	2/4 (40%)	2/4 (40%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	70	25.81	36.87
Bajaj Auto Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	50	0	0
Bharat Heavy Electrical Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	50	0	0
Bharti Airtel Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	55	15.81	28.74
Cipla Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	65	24.15	37.15
Coal India Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	70	25.81	36.87
Dr.Reddy's Laboratories Ltd.	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	100	0	0
GAIL	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	70	25.81	36.87
HDFC	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	65	24.15	37.15
HDFC Bank	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	65	24.15	37.15
Hero Moto Corp.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	60	21.08	35.13
Hindalco	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	75	26.35	35.13
HUL	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	65	24.15	37.15
ICICI Bank	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	50	0	0
Infosys	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	100	0	0
ITC	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	100	0	0
Larsen	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	80	25.21	31.51
Lupin	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	50	0	0
Mahindra & Mahindra	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	85	24.15	28.41
NTPC Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	60	21.08	35.13
Oil & Natural Gas Corporation Ltd.	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	90	21.08	23.4
Reliance Industries Ltd.	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	100	0	0
Sesa Goa Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	55	15.81	28.74
State Bank of India	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	75	26.35	35.13
Sun Pharmaceutical Industries Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	65	24.15	37.15
Tata Consultancy Services Ltd.	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	90	21.08	23.42
Tata Motors Ltd.	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	100	0	0
Maruti Suzuki Ltd.	2/4 (50%)	2/4 (50%)	2/4 (50%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	85	24.15	28.41
Tata Steel Ltd.	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	100	0	0

## Integrated Reporting in India: An Analysis of Select Companies

Wipro Ltd.	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	4/4 (100%)	100	0	0
Grand Mean (%)	61.6	61.6	65	68.33	70	73.33	78.33	86.67	88.33	91.67			

Source: Various Companies Annual/Sustainability/Business Responsibility Report

### Note:

- ✓ The numerator for each year represents the number of items disclosed by the Company and the denominator represents the total number of items to be disclosed
- ✓ The figures in the parenthesis represent disclosure index in percentages

The mandatory aspects (Financial and Governance) are being disclosed by all the Companies. As far as voluntary items (Environmental and Social Aspects) are concerned, 7 Companies are disclosing throughout the study period whereas 4 Companies are disclosing only mandatory aspects. The remaining 19 Companies have started disclosing the non mandatory aspects in a phased manner, the details of which are tabulated below.

**Table 8: Integrated Reporting: Disclosure Details of BSE 30 Companies**

Year 31 <sup>st</sup> March	Company	No. of Cos.	Aspects
2005	Dr. Reddy's Laboratories Ltd. Infosys, ITC, Reliance Industries Ltd., Tata Motors Ltd., Tata Steel Ltd. and Wipro Ltd.	7	Mandatory & Non Mandatory
2005	Bajaj Auto Ltd., Bharat Heavy Electrical Ltd., ICICI Bank and Lupin	4	Mandatory
2007	ONGC and Tata Consultancy Services Ltd.	2	Mandatory & Non Mandatory
2008	Mahindra & Mahindra and Maruti Suzuki Ltd.	2	Mandatory & Non Mandatory
2009	Larsen	1	Mandatory & Non Mandatory
2010	Hindalco and State Bank of India	2	Mandatory & Non Mandatory
2011	Axis Bank, Coal India Ltd. and GAIL	3	Mandatory & Non Mandatory
2012	Cipla Ltd., HDFC, HDFC Bank, HUL and Sun Pharmaceuticals Ltd.	5	Mandatory & Non Mandatory
2013	Hero Moto Corporation and NTPC Ltd.	2	Mandatory & Non Mandatory
2014	Bharti Airtel Ltd., and Sesa Goa Ltd.	2	Mandatory & Non Mandatory
Total Number of Companies		30	

Source: Compiled from Table-7

Overall, it is observed that there is an improvement in the disclosure practices relating to the various aspects of Integrated Reporting by the end of 2013 – 14. The mean disclosure of items by the sample companies increased from 61.6 per cent in 2004 - 2005 to 91.67 per cent by the end of March 2014 due to a growing awareness of Corporate Social Responsibility among the companies and the introduction of Section 135 of the Companies Act 2013.

Overall, it may be stated that with regard to mandatory items, all the companies are reporting the information, whereas there is a variation in the disclosure of voluntary information.

## FINDINGS

- ✓ Metair Manufacturers Limited, a South African Company and Kirloskar Brothers Ltd., an Indian Company are following a full-fledged Integrated Reporting Practices.
- ✓ Most of the companies are presenting Financial Capital, Manufactured Capital, Human Resources Capital and Social & Relationship Capital. GAIL, Infosys and Lupin Companies are showing Natural Capital also in their Annual Reports. None of the Companies is showing Intellectual Capital as such. It is the Financial and Human Capital which are shown by all the Companies. Manufacturing and Automobile Companies are showing Manufactured Capital.
- ✓ There is 100% disclosure for all the years of the study period with regard to two (2) items viz., Financial and Governance Aspects which are mandatory for the Companies to disclose.
- ✓ There is an increasing trend i.e., improvement in the disclosure of the other two items viz., Environmental and Social Aspects of Integrated Reporting. Most of the Indian Companies have disclosed information relating to Environmental & Social Aspects through their Sustainability Reports, Business Responsibility Reports and websites.
- ✓ The mandatory aspects (Financial and Governance) are being disclosed by all the Companies. As far as voluntary items (Environmental and Social Aspects) are concerned, 7 Companies are disclosing throughout the study period whereas 4 Companies are disclosing only mandatory aspects. The remaining 19 Companies have started disclosing the non mandatory aspects in a phased manner.
- ✓ The mean disclosure of items by the sample companies increased from 61.6 per cent in 2004-2005 to 91.67 per cent by the end of March 2014 due to a growing awareness of Corporate Social Responsibility among the Companies and the introduction of Section 135 of the Companies Act 2013.
- ✓ Overall, it may be stated that with regard to mandatory items, all the companies are reporting the information, whereas there is a variation in the disclosure of voluntary information.

## SUGGESTIONS

- ✓ Indian Companies can go for adopting Integrated Reporting though not mandatory as per the Companies Act. However, most of the Companies are covering financial and nonfinancial aspects required under Integrated

Reporting in different reports. Instead of preparing several reports, they can prepare only one report and save time and money. Stakeholders will get all the information in one report.

- ✓ Most of the Companies are disclosing nonfinancial information on voluntary basis. To improve understandability, uniformity, and comparability of Environmental, Social and Governance Aspects, the study suggests making it mandatory.
- ✓ Ministry of Corporate Affairs may prescribe a standard format by amending the Indian Companies Act.
- ✓ Academic Research in the area of Integrated Reporting shall be encouraged by the Industries and Funding Agencies like UGC, ICSSR to strengthen the research in this area.

## CONCLUSION

Integrated Report is intended to demonstrate the integration of financial performance with other aspects of organizational performance towards reaching organization's vision. Integrated Reporting covers all the information like performance, concerns of the society and governance in a way that reflects the commercial, social and environmental context. In India, it is only Kirloskar Brothers Ltd. and Tata Steel Ltd. which have adopted a full-fledged Integrated Reporting Practices. A majority of the Indian Companies are showing Integrated Reporting aspects in either Annual Reports or Business Responsibility Reports or Sustainability Reports or Corporate Governance Reports, though not in a full-fledged manner. Instead of preparing several reports, they can prepare only one report and save time and money and the Stakeholders can get all the information in one report. The mean disclosure of various aspects of Integrated Reporting by the sample companies showed an increasing trend due to a growing awareness of Corporate Social Responsibility among the Companies and the introduction of Section 135 of the Companies Act 2013.

## REFERENCES

- Dhingla, P., Singh, A. K., & Gauravmagu. (2011). Limitations of current Financial Reporting: A case study of Integrated Reporting. *Business Annalist*, Vol. 35, No. 1, 1-10.
- Diana, S. (2015). *Integrated Reporting – The Future of Financial Reporting*. India: Internal Audit and Risk Management.
- Dumitru, M., Gorgan, C., & Dumitru, V. F. (2014). Integrated Reporting: A case Study. *AMIS* (pp. 20-34). Romania: 9th International Conference.
- Eccles, R. G., & Serafeuim, G. (2011). The Role of the Board in Accelerating the adoption of Integrated Reporting. *Directors Note*, 70-92.
- Haller, A., & Staden, C. V. (2014). The Value added Statement – an appropriate instrument for Integrated Reporting. *Accounting, Auditing and Accountability Journal*, Vol. 27, Issue: 7, 1190-1216.
- Jensen, J. C., & Berg, N. (2011). Determinates of Traditional Sustainability Reporting verses Integrated Reporting- An Institutional Approach. *Business Strategy and Environment*, Vol.21,, 299-316.
- Thaigarajan, A., & Baul, U. (2014). Value Reporting and Integrated Reporting in the Ear of Intellectual Capital. *IJCEM*, Vol. 17, Issue 1, 42-56.