



INTEGRATED REPORTING PRACTICES OF SELECTED LISTED INDIAN COMPANIES

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The objective of this paper is to check the compliance of integrated reporting framework by the selected listed Companies RIL, Infosys and L&T Ltd. For this the content analysis is done by covering all content elements given under <IR>Framework. The analysis is performed under two stages Item wise disclosure and Company wise disclosure. A disclosure of index is framed for the content elements by giving a score of '0' for non compliance and '1, 2.....' As per the level of disclosure (Annexure-1 &3). The study has used the time frame of one year 2017-18 as IR becomes mandatory from it. Out of the seven content elements maximum score is received on the operating Context (96.33%) and Organizational overview and Business model (88.83%). Another objective of the paper is to check disclosure of multiple capital model and it is found that all the six capital given in <IR> Framework is Presented by all the three sample companies and Maximum 93.33% disclosure score received on three capitals out of six i.e., intellectual capital, manufactured capital and Financial capital. Least reporting on Social and relationship capital 66.67%. In terms of Company wise disclosure RIL is leading among all and L&T Ltd has complied less.

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INTRODUCTION

Corporate reporting is an essential means of communication by the business for communicating its important decision-making information to its stakeholders, as part of their accountability and stewardship obligations. Corporate reporting like other business activities should keep a pace with the developing economic reality and address the needs of a wide stakeholder audience. Building on the premise of a growing audience, the content of corporate reporting should expand to address the wider needs for corporate information, both regarding financial and non-financial matters with a short and long term focus. As a result the landscape of corporate reporting is changing quickly. The concepts, elements and principles that characterize the way organizations plan, manage and report their annual performances are currently being questioned, debated and redesigned throughout the world. This redesigning of corporate reporting come up with the title of Integrated Reporting which shows the holistic picture of the business covering all financial and non financial information of the business. This will be useful to the users of Reports to take their better decision –making as compared to conventional and traditional reporting. Integrated Reporting is a process founded on “integrated thinking” that results in taking decision-making and actions that focus on the creation of value over the short, medium and long term.

Improved Company reporting has been mooted for more than half a century.

And actually its shape up in 1990 in south Africa. A Former judge of South Africa asked its king named ‘Marvyn King’ to chair a committee on Corporate Governance. And the committee’s first report (King I) was produced in 1994, and revised edition (King II) was released in 2002. A third revised edition (King III) was released in 2009. From March 2010, the Johannesburg Stock Exchange required listed companies to adopt the King III Principles Known as “Integrated Reporting”. In King III reports ‘sustainability issues ‘are ‘mainstream ‘. It notes that ‘Strategy, risk, performance and sustainability have become inseparable.’ Hence the best company reports are the one which gives the butterfly effect and holistic view of the business i.e., ‘Integrated Reporting’. Well companies in South Africa were compelled to highlight the none of the above mentioned attributes of value creation(i.e., Strategy, risk, performance and sustainability)were enforced to prepare from 2010 their Annual report mandatorily covering the given attributes. And the King of South Africa ‘Mervyn King’ lobbies worldwide for the introduction of integrated reporting, who is the Director of Global Reporting Initiative. (Dr. Madan Lal Bhasin, February 2017) An Integrated Reporting is a concise communication about how an organization’s Strategy, governance, performance and prospects in the context of its external environment, lead to the creation of value in short, medium and long-term. This meaning of Integrated Reporting is declared by International integrated Reporting Council in 2009. The

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First integrated Report was published in 2002 by Novozymes, a Danish manufacturer of industrial enzymes. The IIRC has prescribed the Framework for preparing Integrated Reports by the corporates. It has shared Seven “Guiding Principles” giving guidance on what content should be included in the report and how the information is presented. Moreover IIRC has even shared the eight content elements in line with guiding principles to prepare integrated reports. Both the Guiding Principle and Content Elements are prescribed below:

Guiding Principles

Strategic focus and future Orientation:Description of the strategy of the company and its relation to value creation and capitals.

Connectivity of Information:Relates to the inter-relatedness of the factors that affect the organization’s ability to create value over time.

Stakeholder Relationship:Description of the key stakeholders, including how the stakeholder’s interests are taken into account.

Materiality:Relates to the number of disclosures about matters that affect the organization’s ability to create value.

Conciseness:Relates to the concise format of the report.

Reliability and completeness:Relates to the balanced, complete character of the report, which should not include any material errors.

Consistency and comparability:Relates to the consistency and comparability of the information within the report

Content Elements

Organizational overview and External Environment:Description of the organization and the external environment (e.g. Competition)

Governance:Description of the governance structure and its relation to value creation

Business Model:Description of the business model with input, output and capitals included.

Risk and Opportunities:Description of the risks and opportunities and the risk mitigation system.

Strategy and Resource Allocation:Description of the concrete strategy of the company, both short term and long term focused.

Performance:Descriptions of the results, compared with targets, previous years and capitals.

Outlook: Description of the future challenges in relation to the company.

Basis of Preparation and Presentation: Description of the materiality determination process, reporting boundaries and frameworks used. (Bhasin, February 2017)

So considering a very contemporary topic in corporate disclosure researcher has made an attempt to explore the trend and compliance of integrated Reporting Practices of Indian companies. By keeping objectives of checking level of compliance by the Sample Companies as per <IR>Framework and showing the disclosure on all

attributes of six capitals as per <IR> Framework.Length of the paper further furnishes the information on Section-II SEBI Guidelines for Indian listed companies to adhere to IR. Section-III Literature Review, Section-IV Research Methodology Section-V Data Analysis Section –VI Findings and Suggestions, followed by conclusion and Appendix of analysis.

Section-II

SEBI Guidelines for IR

In has been observed that certain listed entities in India and other jurisdictions have been making disclosures by following the principles of integrated reporting. Towards the objective of improving disclosure standards, in consultation with industry bodies and stock exchanges, the listed entities are advised to adhere to the following.

Integrated Reporting may be adopted on a voluntary basis from the financial year 2017-18 by top 500 companies which are required to prepare BRR. The information related to Integrated Reporting may be provided in the annual report separately or by incorporating in Management Discussion & Analysis or by preparing a separate report (annual report prepared as per IR framework).

In case the company has already provided the relevant information in any other report prepared in accordance with national/international requirement / framework, it may provide appropriate reference to the same in its Integrated Report so as to avoid duplication of information. As a green initiative, the companies may host the Integrated Report on their website and provide appropriate reference to the same in their Annual Report. (SEBI Circular February 6,2017 on Integrated Reporting by Listed Entities)

Section III

Literature Review

Gillian Yeo, Lee Kin Wai and Mr. Thiruneeran 22 April, 2014 researched on IR Score and Market Valuation and find a positive and statistically significant association between the change in IR Score and the Change in Tobin’s Q from 2009 to 2012 after controlling for various firm characteristics such as firm size, sales growth, capital expenditure intensity, operating profitability, liquidity and industry membership. Moreover study even covers firm characteristics associated with IR like Asset Size, Profitability, Industry groups. it is found that larger firms, more profitable firms and firms in certain industry sectors have higher IR Score. (Professor Gillian Yeo, 2014)

IIRC background paper on Value creation July, 2013 considered the aspects like what value creation means for IR purpose? Who assess value for IR Purposes? And the information to be disclosed in terms of value creation should include what? Paper discloses the answers to the questions as Value is created through an organization’s business model and value of the business is considered first by the providers of the financial capital and they equate value creation with the Potential future cash flows and sustainable financial returns and also takes the importance and limitations of different forms of capital for value creation into account. And the information to be disclosed in terms of value creation should include; A description of

the business model, organization's governance structure, innovation and future outlook, performance, management's assessment of the way in which various forms of capital have been affected by the business model, value drivers e.g. financial drivers, non financial drivers such as customer relations and values. (IIRC, 2013)

Dr. (Mrs.) Prashanta Athma & Mrs. N. Rajayalaxmi, 2015 "integrated reporting in India" has brought out the differences between financial and integrated Reporting. And disclosed that IR is much broader and effective in nature as compared to FR. A Comparative analysis of integrated reporting practices of Metair investments Limited, A South African Company with Kirloskar Brothers ltd., an Indian company. Both of these companies are following full fledged integrated reporting practices. 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. There is 100% disclosure for all the years of the study period with regard to two items Financial and Governance aspects which are mandatory for the companies to disclose and there is some improvement in the other two Viz., Environmental and Social Aspects of IR. All the mandatory items are being shown by all the companies whereas there is a variation in the disclosure of the voluntary information. (Dr.(MRS.) Prashanta Athma)

Madan Bhasin, February 2017 "Integrated Reporting: The Future of Corporate Reporting" has analyzed Integrated Reporting for Company information, report information and report content. Moreover they were also evaluated as to the extent these adhered to the IR Guiding Principles, Content Elements, and the multiple capitals model. Findings of the study indicate that "early IR were mostly lengthy, fail to adhere to all the guiding principles and covered four of the six capitals suggested.

Ana Isabel Lopes, Jonas Oliveira, Ana Margarida Coelho, 2017 "How relevant is Integrated Reporting?" has focused on the potential market benefits of presenting a high quality Integrated Report. Study in detail investigated whether the market valuation of traditional accounting measures (Book value of equity and net income) is higher for companies presenting an integrated report considered as leading practice when compared to companies publishing a regular integrated report. By using OLS regression analysis and descriptive statistics study confirms that either the book value of equity or operating income have a positive and statistically significant impact on the market value. (Lopes)

Alexandra F. Clayton, Jayne M. Rogerson, Issac Rampedi, April 2015 "Integrated reporting vs. sustainability reporting for corporate responsibility in South Africa" to study the review of the development of integrated reporting by large corporate in South Africa and assess the impact of the required transition from sustainability reporting to integrated reporting on non-financial disclosure of eight South African Corporates using content analysis of annual reports. And it is found that most of the reports were just presented and published as a compliance exercise rather than a communication exercise. (Alexandra F. Clayton, 2015)

Ioana Sofian and Madalina Dumitru, July 2017 "The Compliance of the Integrated Reports issued by European Financial Companies with the International Integrated Reporting Framework" has analyzed how the integrated reports issued by companies from the financial sector in Europe are following the guidance of the international integrated reporting Framework. For this the company is using the checklist method with scoring of items and its average and percentage analysis revealed that out of level seven content element major score received on Strategic Objectives and Strategies to achieve them 84.38% company wise compliance disclosure. And the governance category obtained the lowest compliance. (Dumitru, 2017)

Sonia Rebai, Mohamed Naceur Azaiez & Dhafer Saiden, February 2016 "A multi-attribute utility model for generating a sustainability index in the banking sector" The study develops a performance evaluation model for banking while integrating sustainability. This model is based on a multi-attribute utility approach. It accounts for the interests of the various banks' stakeholders in a win-win paradigm. In addition, it yields a global measure of performance as an indication of a bank's sustainability degree, referred to as *banking sustainability performance index*. This index may constitute a basis for ranking banks. Further, the model may constitute a bridge between the assessment types of financial and extra-financial rating agencies. It can also be seen as a measuring tool that complements the emerging trend of integrated reporting. A real application is performed on three French banks. (Sonia Rebai, 2016)

Section IV

Research Methodology: The type of the research is an Empirical research. The data type used in the study are secondary data used for a period of 2017-18. The data sources used in the study are annual reports (Financial, Sustainability reporting) of the sample companies, research articles used in the journals and magazines etc.

Research Objectives

1. To Study the Compliance of Integrated Reporting Framework of the selected BSE listed companies.
2. To Study the level of disclosure of all the types of capital by sample firms.

Research Design: For studying the level of disclosure of different attributes of six capital in the study and compliance of IR Framework by the selected BSE Listed companies 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'. & for vice a versa '0' is given. Integrated reporting provides the holistic picture of the company and overcoming some of the limitations of the traditional financial reporting by providing the users of reporting both financial and Non-financial information for their better financial & Investment decision making.

Analysis of the data: For analyzing the disclosure practices of companies, an 'index of Disclosure' has been constructed taking into consideration seven (7) content elements of reporting given under <IR> Framework (Covered under section-1 introduction) And similarly for six capitals Annexure-02 Capital disclosure indexes were Constructed.

Tools for the Study: Mean Disclosure is employed to analyze item-wise and Company wise disclosure of the various aspects of integrated reporting.

Section V (Data Analysis)

Table 1 Main checklist results of the selected companies
<IR> Framework Content element disclosure compliance by the selected listed companies -2017-18

Checklist Items	Maximum Score	Average Score	%
Organizational overview and business model	6	5.33	88.83
Operating Context	9	8.67	96.33
Strategic Objectives and Strategies to achieve them	7	3.67	52.42
Governance	5	4	80
Performance	6	4	66.67
Future outlook	4	2.67	66.75
Assurance	3	2	66.67
Totals	40	30.34	75.85
Number of Pages			

(Source: Author’s own compilation from the Annual Report of 2017-18, Appendix A)

Item Wise Disclosure

Analysis of Checklist Items:Of all the Content element checklist items ‘Operating Context’ elements are very near to compliance requirements presenting 96.33% average score obtained by all the three companies. This means that all the external environmental factors in which the firm operates, key risks and Opportunities, Material Issues and creating impact on values are narrated fairly by all the sample companies.

In terms of Organizational Overview and Business Model Infosys is leading among all scored 100% under all the different categories. The Presentation of ‘Strategic Objectives and Strategies to achieve them’ are scored good by Infosys and very less by L&T. None of the companies under study has obtained full score on Strategic objectives and strategies to achieve them, plus Governance, Performance, future outlook and Assurance. Content element Future Outlook very important decision element is being not disclosed by Reliance Industries and L& T ltd as per compliance requirement. Reliance industries ltd has opted for assurance KPMG India and rest two i.e., Infosys ltd and L&T Ltd has received assurance services from Deloitte Haskins and sells LLP ltd. Overall compliance results are very good with an average score percentage of 75%, giving a good respect by leading corporate giants. Overall this results presents more than expected acceptability of SEBI Guidelines on Corporate Reporting to be followed on voluntary basis from the year 2017-18. (Prescribed as per<IR> Framework)

Table 2 Disclosure Score of Six Capitals by sample Companies as per <IR>Framework

Types of Capital	Aspects Covered (Appendix-2)	Mean % item wise disclosure	Mean % Company wise disclosure RIL ltd Infosys ltd L&T Ltd		
Natural Capital	05	80%	100%	80%	60%
Human Capital	05	73.4%	100%	60%	60%
Social and Relationship Capital	05	66.67%	80%	60%	60%
Intellectual capital	06	93.33%	80%	100%	100%
Manufactured Capital	05	93.33%	100%	100%	80%
Financial Capital	05	93.33%	100%	80%	100%

(Source: Author’s own compilation Capital disclosure index-Appendix-2 & Description of Capital-Appendix-03)

Interpretations; From the Table -02 it can be inferred that average highest % disclosure among all the capitals is intellectual, Manufacture and Financial Capital and then afterwards Natural Capital followed by Human, Social and Relationship Capital. The least score received on Social and Relationship capital. There are five aspects covered under this capital among these aspects on Corruption and anti-competitive behavior is not disclosed by two companies out of the three.

Company Wise Disclosures

RIL: Table -02 it can be said that there is a no single capital on which all the sample companies have reported all the aspects of index 100%. RIL is leading among all the companies in terms of disclosure presentation. It has shown all the <IR> Framework items out of six in four capital i.e., Natural, Human, Manufactured and Financial. For the rest of the two capitals Social and intellectual capital it has received 80% disclosure scores by not showing anti-competitive behavior (Social and Relationship capital-Appendix-02) and Expenditure on Software Development for internal control system.(Intellectual Capital-Appendix-02)

Infosys ltd: From the table-02 above it can be inferred that Infosys ltd had given good performance in reporting intellectual and manufactured capital and least score 60% received on human and Social & Relationship capital by not showing Viz., Corruption and anti-competitive behavior (Appendix-02)There is a 80% score received on Natural and Financial capital . The 20% deficiency in disclosure is due to not showing under Natural capital aspect of Material and in Financial Capital aspect of Market capitalization is not covered.

L&T ltd: From the Table-02 above it is revealed that L&T has scored 100% disclosure in reporting two capitals i.e., intellectual and Financial capital. And less score received on Natural, Human and Social and relationship Capital. In natural capital it has not shown aspect of material and under Human Capital aspect of labor mgt relations and aspect related to Diversity and equal employment opportunity is missing.(Appendix-02)

Section VI (Findings and Suggestion)

1. All the three Sample Companies have covered all the content elements shown under <IR> Framework.
2. Maximum disclosure of content element Operating Context and least disclosure on the Strategic Objectives and Strategies to achieve them and Future outlook.
3. Average Disclosure of Content element by all the three companies is 67.40%(Average of Appendix-1 % of Maximum)which reflects the good sign of reporting and following <IR> Framework in the initial year of its implementation.
4. In terms of company wise disclosure maximum score received by Reliance industries ltd (Appendix-1 % of Maximum) and least by L&T ltd.
5. Disclosure of Six Capitals as per given in <IR> Framework:

Appendix 1

Table A1 The integrated reporting (IR) checklist and sample results KPI: Key Performance Indicator

Checklist Elements (Maximum Score)	Reliance industries Ltd	Infosys Ltd	Larsen & Toubro Ltd	Average Score obtained= Total Score Obtained/No. of Companies
Organizational Overview and External Environment(6)	5	6	5	16/3=5.33
Mission and Vision Statement (0=no statement in the report, 1=mission or vision statement, 2 = Mission and Vision Statement)	1	2	1	
Value and Culture(0=No Mention, 1= general comments on adherents to ethical values, 2= code of conduct reference, list of values etc.)	2	2	2	
Ownership and Operating Structure(0= no mention, 1= ownership and operating structure described)	1	1	1	
Principle Activities, markets, products, services (0=no specifics on principal activities; 1=activities/markets/products services listed.)	1	1	1	
Operating Context (9)	9	8	9	26/3=8.67
Legal,commercial,social,environmental,political (maximum of 5 points, 1 for each context)	5	4	5	
Key risks and opportunities (maximum of 2 points 1 for describing risks, 1 for describing opportunities.)	2	2	2	
Material issues/determination, impact on creating /preserving values(0= no discussion of material issue,1= description of some elements of material issues disclosure, 2= determination of creating/preventing value considered)	2	2	2	
Strategic objectives and strategies to achieve them (7)	5	6	0	11/3 =3.67
Short, medium, long term objectives (0= no mention, 1=strategic objectives are stated without time frame, 2= strategic objectives and their time frame are listed.)	2	2	0	
Implementation plan in relation to business model (0= No Specific description, 1=Specific actions taken/planned are described.)	1	1	0	
Effect on key capital/risk management arrangements(1=mention, 2= elaborate)	2	2	0	
Stakeholders consultation in formulating strategies (0= no specific details, 1= identification of stakeholders, 2= stakeholders identified and engagement avenues described.)	0	1	0	
Governance (5)	4	4	4	12/3=4
Leadership Structure, diversity and skill set of those charged with governance(1=Member of BOD/committees listed; 2= their experience and skills are listed well)	2	2	2	
Actions taken to monitor strategic direction(0= no actions determinable from narrative, 1= determinable actions)	0	0	0	
Executive pay/Bribery and Corruption norms/Political lobbying/tax strategy(0=no mention, 1= mention of just Executive pay or bribery and corruption norms,2= mention of executive pay, bribery & Corruption norms, political lobbying & tax strategy)	2	2	2	
Performance(6)	6	4	2	12/3=4
KPI(0=no mixed performance measures; 1=KPIs or equivalent)	1	1	1	
KRIs(0= no key risk indicators described; 1=KRIs or equivalent)	1	1	1	
The Organisation's effect on the capitals(0=no consideration to the six capitals, 1= consideration of the two or more capitals, 2= consideration of the all six capitals.)	2	2	0	
Comparison of actual results vs. target(0=no comparison provided,1= comparison provided)	1	0	0	
Comparison against regional/industry benchmarks (0= no benchmarks provided; 1= benchmarking used)	1	0	0	
Future outlook (4)	3	3	2	8/3=2.67
Management's expectations (0= no statement of expectations; 1=expectations described)	1	1	1	
Likely operating context(0=no express consideration given; 1=future context discernible from narrative)	1	0	0	
Real risks with extreme consequences (0= no mention, 1=consideration of risks with extreme consequences provided.)	0	1	0	
Key assumptions, possible risks (0=no consideration given; 1=mention)	1	1	1	
Assurance (3)	2	2	2	6/3=2
(0=no assurance; 1= mandatory audit; 2=review; 3= audit)	2	2	2	
Assurance Company	KPMG india	Deloitte Haskins &SellsLLP	Deloitte Haskins &SellsLLP	
Total (45)	34	33	24	
% of maximum	75.55%	73.33%	53.33%	
No. of Pages of the Report	444	279	484	

(Source: Aspects of disclosure index covered from the paper The Compliance of the integrated reports issued by European Financial Companies with the IIRF published in journal Sustainability 2017,9,1319;doi:10.3390/su9081319. Online: www.mdpi.com/journal/sustainability)

- ✓ All the Companies have disclosed all the six capitals given under <IR> Framework
- ✓ Maximum compliance as per disclosure index frame (Appendix-2) reported under intellectual, Manufactured and Financial Capital. (Table-02) and least disclosure of Social & Relationship Capital and Human Capital.(Annexture-2)
- ✓ in terms of Company wise disclosure RIL is leading among all out of six it has reported 100% on Four Capitals. And Infosys has complied 100% with three capitals out of six. L&T ltd two Capitals out of six. (Table-02, Annexture-2)

Recommendations

From the Appendix-1 it is found that less score received by the companies on Content element Strategic Objectives and Strategies to achieve them and Future outlook. So it is advisable to disclose more on this as the future prospects of the business is much dependent upon this elements and investors decision making is much dependent upon this two content element.

In case of company wise disclosure L&T ltd has scored very less as compared to rest of the two companies so it is suggested it to follow compliance requirement more stringently to adhere to the norms prescribed by SEBI under integrated reporting guidelines.

Appendix-02

Table Showing Types, meaning and description of different capital covered under <IR> Framework

Types of Capital	Meaning/Description of Capital
1.Natural Capital	1) Natural Capital is the environmental stock or resources of Earth that provide goods, flows and ecological services required to support life. Examples of natural capital include: minerals; water; waste assimilation; carbon dioxide absorption; arable land; habitat; fossil fuels; erosion control; recreation; visual amenity; biodiversity; temperature regulation and oxygen. Natural capital has financial value as the use of natural capital drives many businesses.(Source: Sustainability Concepts http://www.gdrc.org/sustdev/concepts/26-nat-capital.html)
2. Social & Relationship Capital	The institutions and relationships established within and between each community, group of stakeholders and other networks to enhance individual and collective well-being. It includes: 1.common values and behaviors 2. Key relationships, and the trust and loyalty that an organization has developed and strives to build and protect with customers, suppliers and business partners. 3. An organization’s social license to Operate. Related aspects given in the capital index appendix-03 (Source: IIRC Prototype Framework) People’s competencies, capabilities and experience, and their motivations to innovate. • Alignment with and support for an organization’s governance framework and risk management approach, and ethical values such as recognition of human rights
3. Human Capital	• Ability to understand, develop and implement an organization’s strategy • Loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate (Source: https://www.ey.com/Publication/vwLUAssets/ey-capital-in-integrated-reporting/\$FILE/ey-capital-in-integrated-reporting.pdf)
4. Intellectual Capital	Intangibles that provide competitive advantage, including: • intellectual property, such as patents, copyrights, software and organizational systems, procedures and protocols • the intangibles that are associated with the brand and reputation that an organization has developed. (Source: IIRC Prototype Framework)
5.Manufactured Capital	Manufactured physical objects (as distinct from natural physical objects) that are available to the organization for use in the production of goods or the provision of services, including: • Buildings • Equipment • Infrastructure (such as roads, ports, bridges and waste and water treatment plants). (Source: IIRC Prototype Framework)
6.Financial Capital	The pool of funds that is: • available to the organization for use in the production of goods or the provision of services • obtained through financing, such as debt, equity or grants, or generated through operations or investments (Source: IIRC Prototype Framework)

Appendix-3

Capital matrix as per the <IR> Framework

Particulars	RIL	Infosys	L&T	Average Score Obtained=Total Score obtained/no.of companies
1.Natural Capital(05)	(05)	(04)	(03)	12/3=4
- Materials	1	0	1	
- Energy	1	1	0	
- Water	1	1	1	80%
- Biodiversity	1	1		
- Emissions, Effluents and Waste	1	1	1	
2. Human Capital(05)	(05)	(03)	(03)	11/3=3.67
- Employee turnover	1	1	1	
- Labor –mgt relations	1	0	0	
- Occupational health and Safety	1	1	1	73.4%
- Training and Education	1	1	1	
- Diversity and equal Opportunity	1	0	0	
3. Social and Relationship Capital(05)	(04)	(03)	(03)	10/3=3.33
- Community	1	1	1	
- Corruption	1 (Considered under human capital)	0	0	
- Anti-Competitive behavior	0	0	0	66.67%
- Customer health, safety and privacy	1	1	1	
- Human rights such as non-discrimination, freedom of association and indigenous rights	1	1	1	
4. intellectual Capital(06)	(04)	(05)	(05)	14/3=4.67
- Money spend on R&D	1	1	1	
-no. of new products developed	1	1	1	
- Expenditure on organizational change and process development	1	1	1	
- Expenditure on Software development for internal systems	0	1	1	93.33%
- Sales generated by R&D derived products	1	1	1	
- Brand awareness	0	0	0	
5. Manufactured Capital(05)	(05)	(05)	(04)	14/3=4.67
- Tools	1	1	1	
- Technology	1	1	1	
- Machines	1	1	1	93.33%
- Buildings	1	1	1	
- All forms of infrastructure	1	1	0	
6. Financial capital(05)	(05)	(04)	(05)	14/3=4.67
- Capital expenditure	1	1	1	
- Revenue	1	1	1	
- Debt/Equity ratio	1	1	1	93.33%
- PAT	1	1	1	
- Market capitalization	1	0	1	

(Aspects of disclosure index sourced from the <IR> background paper on capital disclosure Page no.17 & 21: <https://integratedreporting.org/wp-content/uploads/2013/03/IR-Background-Paper-Capitals.pdf>)

It will be beneficial to users of the accounting to locate the information on the different capital reporting if it is covered separately under the index of disclosure of the report.

Under the Human capital aspects on labor management relations & Diversity and equal opportunity are least scored out of three only two companies have presented. This aspect is one of the most important aspects considered by all the stakeholders while analyzing value chain propositions of the business.

Another capital social and relationship capital not covered the aspects of corruption and anti-competitive behavior so it is recommended to the board to give it the utmost weight age in reporting and showing the sense of working on just and equitable ground.

Main objective of IR is to present material information in concise form but seeing to the length of the report this objective is not survived as all the reports are comprise of more than 270 pages. So companies still needs to work on this aspect i.e., how to concise the material information and internal connectivity of the same?

IR is more useful to the SRI (Socially responsible investor) than Mainstream investor and it is advisable to include all the non-financial information in separate report than combining with the financial report.

Limitations and Future Scope of the study

The results of the analysis are not generalized as the sample size of the study is very small. Future research can be conducted with more sample size. The derived results are confined to the year 2017-18, as application of <IR> Compliance becomes mandatory from this year. Main objective of IR is to create value to the investor in short, medium and long term so future research can be conducted to check impact of IR Score on business valuation. IR includes reporting of business model so further studies can be possible on learning business model and its linkages in creating value for the business. Moreover sectorial compliance analysis can also be done to check sectorial <IR> Compliance and its impact on business valuation.

CONCLUSION

A sustainable development is the demand of an era. This sustainability has shifted the core objective of business houses from money making to managing 4M of the business i.e., Man, Machine, Material and Money to create the long term value for their business and stakeholders. For this purpose shift in thinking is required to manage and correlate this four aspects. As a result concept of IR evolved to communicate positive and negative behaviors that substantively affect their ability to create value over short, medium and long term. Practitioners are also expected to provide an adequate and sufficient context about their strategy, governance and prospects of the business in a balanced way. The objective of the current paper is to check the compliance of <IR> Framework by the three leading giant RIL, Infosys and L&T & it is found that in the year of its mandatory compliance all the three sample companies has complied more than 75%(Appendix-01). Moreover in case of disclosure of all the six capital with different aspects framed under capital disclosure index all the capitals were reported more or less by all the sample

companies. Although the companies included in sample are in different stages of IR adoption, our results contribute to understanding the practice of IR & not covering the value creation as IR is currently in infant stage and not able to create any value for the business initially. Lastly it can be concluded that Success of the IR is based upon organizational efficiency in managing the business and ability in communicating the same.

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