

Greetings!!!

Financial reporting has long been the bedrock of company reporting, widely used by stockholders and others to understand company performance and outlook. But in a world where corporate actions and relationships within communities are far more visible, integrated reporting is gathering steam.

Over the last decade, many businesses and investors realized that conventional reporting is too complex, lacks relevance and weren't enabling them to communicate with each other sufficiently. Stakeholders are very keen to get access of financial and nonfinancial information on companies' business activities and sustainable value creation. Despite availability of information, yet many stakeholders cannot use pertinently the disclosed information due to separation of reports. Thus, "Integrated Report" brings together financial and nonfinancial measure in one-piece of the report. Integrated Reporting (IR) is expected to encourage companies to consider sustainability risks and adopt sustainable business practices, and in time, create a more sustainable society. IR may even improve quality of information accessible to stakeholders through combining the different constituents of reporting (financial, management commentary, governance and remuneration and sustainability reporting) in a comprehensible way that explain an organization's ability to create and sustain value.

The International Integrated Reporting Council (IIRC) is a coalition of major global businesses, investors, accountancy and other likeminded organizations that came together with the clear objective of making integrated reporting the global norm. The IIRC Framework defines integrated thinking as the active consideration by an organization of the relationships between its various operating and functional units and the capital that the organization uses and effects. Integrated thinking leads to integrated decision-making and actions that consider the creation of value over the short, medium and long-term. It promotes a more holistic assessment to grow better businesses and better societies. The Council has also prescribed guiding principles which underpin the preparation of an integrated report, specifying the content of the report and how information is to be presented. The report should include all material matters, both positive and negative, in a balanced approach and without

material error.

To improve disclosure standards and help shareholders make informed decision, SEBI has asked top 500 listed companies to voluntarily commit to publish Integrated Reports rather than only Sustainability Reports from 2017-2018 financial year onwards. Integrated reports include producing both financial and sustainability reports as one report. SEBI has also mandated the requirement of submission of Business Responsibility Report for top 500 listed entities under Regulation 34(2)(f) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 ("SEBI LODR"). The key principles which are required to be reported by the entities pertain to areas such as environment, governance, stakeholder's relationships, etc.

SEBI is of the opinion that the integrated report by a company should include insight into the organization's strategy and how it relates to the organization's ability to create value. Such information should also explain the possible impact on the company's capital due to its strategies. Also an integrated report should provide insight into the nature and quality of the organization's relationships with its key stakeholders, including how and to what extent the organization understands, takes into account and responds to their legitimate needs and interests. The purpose of integrated reporting is to provide shareholders and interested stakeholders with relevant information that is useful for making investment decisions.

Companies that have embarked on the integrated reporting journey, view it as a change process and has enabled them to think differently about their business techniques. Internal collaboration has been enhanced and also internal and external communications have increased to a considerable extent. Some have also used the process to develop key performance indicators to provide clarity regarding their business models.

This issue presents a good number of articles on the cover story theme 'Integrated Reporting: Going beyond the financial results' by distinguished experts and authors. We look forward to constructive feedback from our readers on the articles and overall development of the journal. Please send your mails at editor@icmai.in. We thank all the contributors to this important issue and hope our readers enjoy the articles.

