

## A Study of Sustainable Disclosure Practices of Indian Corporates

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**ABSTRACT**

*The corporate governing bodies have worked towards governance, socially responsibility over the last couple of decades. They are now emphasising sustainability reporting. The focus has now shifted from financial to the non-financial aspects of reporting. Sustainability reporting also termed as Triple-bottom-line reporting, which means the company has now to report on non financial aspects like environmental, social, governance along with the economic aspect. This is evident by the release of the National voluntary guidelines on Social, Environmental and Economic responsibility of business (NVG-SEE) by Ministry of Corporate Affairs, India in 2011; followed by SEBI mandating Clause 55 of the listing agreement with stock exchange in India in 2012; making Business responsibility reporting (BRR) compulsory for the top 100 listed companies (by market capitalisation). These non financial aspects have been well incorporated by the Global Reporting Initiative (GRI); a non-profit organisation providing sustainability guidance.*

*This paper is an attempt to study the comparative analysis of sustainability disclosure practices of Indian companies using GRI based index. The sustainability disclosures have been studies company-wise and Industry-wise. The study concludes that Indian companies have recognized the importance of sustainability reporting and the major companies are reporting on it. However, Indian companies do not give much consideration to their industries characteristics while disclosing information in their sustainability reports.*

**Key Words:** Sustainability Reporting disclosure, Global Reporting Initiative

**1. Introduction**

The corporate governing bodies have worked towards governance, socially responsibility over the last couple of decades. They are now emphasising sustainability reporting. The focus has now shifted from financial to the non-financial aspects of reporting. Sustainability reporting also termed as Triple-bottom-line reporting, which means the company has now to report on non financial aspects like environmental, social, governance along with the economic aspect. This is evident by the release of the National voluntary guidelines on Social, Environmental and Economic responsibility of business (NVG-SEE) by Ministry of Corporate Affairs, India in 2011; followed by SEBI mandating Clause 55 of the listing agreement with stock exchange in India in 2012; making Business responsibility reporting (BRR) compulsory for the top 100 listed companies (by market capitalisation). These non financial aspects have been well incorporated by the Global Reporting Initiative (GRI); a non-profit organisation providing sustainability guidance.

The increasing mandations towards sustainability have made the companies and its stakeholders much aware, and started looking towards the sustainable aspects. ‘Sustainability’, which more simply means -fulfilling the needs of the present generation, without compromising the needs of the future generations.

This paper is an attempt to study the comparative analysis of sustainability disclosure practices of Indian companies using GRI based index.

**2. Literature review**

(**Bhatia & Tuli, 2014**); tried to study and assess the extent and level of sustainability reporting in India. They concluded saying that Indian companies are recognising the importance of sustainability reporting. Their results showed an optimistic picture regarding sustainability.

(**Godha & Jain, 2015**); reviewed sustainability reporting and its benefits for the Indian Companies. They examined the development in the Indian regulatory environment for sustainability reporting along with finding out trend, application level and status of the sustainability reporting practice of Indian entities as per the GRI reporting framework. Their findings reveal that the development of the

sustainability reporting is maturing in India. Indian companies are increasingly realizing that they have much to lose by not following sustainability reporting.

(Goyal, 2014); studied industry-wise corporate sustainability reporting practices among Indian companies by selecting companies on BSE 500 index from different five sectors. He studied the level of corporate sustainability disclosures in India, and also the most frequent disclosed items. He concluded that sustainability reporting is gaining importance with the passage of time. Due to lack of a general framework for reporting, he found lot of variations in the disclosures by companies and industries.

(Mitra, 2012); studied the state of sustainability disclosures of Indian companies and found that many Indian companies are reporting complete information relevant to the reporting organisation.

(Kumar, 2014); examined and compared the sustainability reporting practices in the selected petroleum companies in the NSE nifty index companies and FORTUNE 50 companies basis of GRI. He found the NSE Nifty sample companies' disclosure practices to be very good than the Global Fortune 50 sample companies.

(Daizy & Das, 2014); made comparative analysis of two famous sustainability reporting framework: - GRI (Global Reporting Initiative) and DJSI (Dow Jones Sustainability Index); and found that GRI is considered very much acceptable framework for sustainability reporting as compared to DJSI.

(Bhalla & Bansal, 2014); analysed the growth of sustainability reporting in India, with regard to only the economic aspect of reporting. They found that Indian companies have started actively participating in reporting the sustainability issues using GRI.

### 3. Research Questions:

The present study attempts to answer the following questions.

1. What are the sustainability disclosure practices of Indian Companies?
2. What is the extent of sustainability disclosures by Indian Companies?

### 4. Objectives

On the basis of the above questions and the literature review, the following are the major objectives of the present study:

- To study the sustainability disclosure practices of selected Indian companies
- To know whether the disclosure practices of selected Indian companies among industries differ significantly from each other or not.

### 5. Hypothesis

With reference to the objectives of the study and to know whether the disclosure practices of selected Indian companies among industries differ significantly from each other or not; the following Hypothesis were framed,

**H0:** There is no significant difference in the inter industry disclosure scores.

**H1:** There is a significant difference in the inter industry disclosure scores.

### 6. Research Methodology

A. **Period of the study:** the sustainable disclosure practices of the selected companies have been studied for the period of two years i.e. 2014-15 and 2013-14. The reason for choosing these two years is that we found maximum number of companies disclosing with the same GRI version in these two years.

#### B. Selection of Sample:

The samples were selected on the criteria that the company should be listed on NSE, with large market capitalization and should exclusively report on sustainability on the basis of GRI versions viz. (G4 and G 3.1)

The final sample size stood as follows:

<b>G 4</b>		<b>G 3.1</b>	
2014-15	2013-14	2014-15	2013-14
23	17	11	24

**C. Source of Data:**

The research is purely based on the secondary data of publically listed companies. The data was retrieved from the sustainability reports of the companies, and the sustainability reports were obtained from the official website of the selected companies.

**D. Research Method:**

This study aims to study the sustainability disclosure practices of Indian companies; hence content analysis has been used for the purpose of analysis. An index based on GRI version G3.1 and G4 was used to analyse the extent of disclosures. The reason to choose the GRI based index is that it is a more comprehensive and universally accepted. The following is the detail classification of the index based on GRI version G3.1 and G4:

**Table 1: Classification of Index of Disclosure into Categories as per GRI G 3.1**

Sr. No	Categories	No. of Items
1	Strategy and analysis	2
2	Organisational profile	10
3	Report parameters	13
4	Governance, commitment, & engagement	17
5	Management approach	6
6	Performance indicators	
6.1	Economic	9
6.2	Environmental	30
6.3	Social	
6.3.1	Labour practices & decent work	15
6.3.2	Human rights	11
6.3.3	Society	10
6.3.4	Product responsibility	9
	<b>Total</b>	<b>132</b>

**Table 2: Classification of Index of Disclosure into Categories as per GRI G 4**

Sr. No	Categories	No. of Items
1	Strategy and analysis	2
2	Organisational profile	11
3	Commitments to external initiatives	3
4	Identified Material Aspects and Boundaries	7
5	Stakeholder Engagement	4
6	Report Profile	6
7	Governance	22
8	Ethics and Integrity	3
9	Performance indicators	
9.1	Economic	10
9.2	Environmental	34
9.3	Social	
9.3.1	Employment	16
9.3.2	Human rights	12
9.3.3	Society	11
9.3.4	Product responsibility	9
	<b>Total</b>	<b>150</b>

The details of the above tables indicate the maximum disclosure. This was compared with the disclosures made by each company. The scoring was done as follows:

Nature	Score
Fully reported	2
Partially reported	1
Not reported	0
Not material	0
Not applicable	Excluded

The final scores were converted into percentage and ranks were allotted to the companies. The company with maximum percentage of disclosure was allotted first rank and so forth.

Further, industry wise disclosures were analysed using one way ANOVA to see if the disclosure practices of companies among industries differ significantly from each other or not. For this purpose the disclosures of companies chosen was for the year 2014-15 and reporting as per GRI G4. The reason for analysing the same was that for the other years and version of GRI we did not found any mean differences; and also this data being the latest will reflect the present scenario.

### 7. Results and Discussions

The sustainability disclosure practices of Indian companies have been summarized as follows:

Where,

- F- Fully Disclosed items
- P- Partially Disclosed items
- NO- Not disclosed items
- NA- Not Applicable
- Total- Total Items to be disclosed
- S- Score obtained
- AS- Applicable Score
- Per- Percentage Score

**Table 3: Company-wise disclosure for the year 2014-15 as per GRI G4**

Company-Wise Disclosure											
G4 2014-15											
Sr. No.	COMPANY	F	P	NO	NA	Total	S	AS	S/AS	Per	Rank
1	AXIS BANK	108	0	42	0	150	216	300	0.72	72.00	11
2	BP	135	0	11	4	150	270	292	0.92	92.47	3
3	GAIL	129	0	20	1	150	258	298	0.87	86.58	5
4	HDFC BANK	91	0	52	7	150	182	286	0.64	63.64	16
5	HINDALCO	134	9	7	0	150	277	300	0.92	92.33	4
6	HONDA	117	0	27	6	150	234	288	0.81	81.25	8
7	HP	59	0	91	0	150	118	300	0.39	39.33	20
8	INFOSYS	100	9	37	4	150	209	292	0.72	71.58	12
9	IOCL	148	0	1	1	150	296	298	0.99	99.33	1
10	ITC	124	1	20	5	150	249	290	0.86	85.86	6
11	Jindal Steel & Power Ltd JSPL	52	0	98	0	150	104	300	0.35	34.67	21
12	JK CEMENT	52	0	98	0	150	104	300	0.35	34.67	22
13	L&T	116	0	34	0	150	232	300	0.77	77.33	9

14	MAHINDRA finance	68	0	79	3	150	136	294	0.46	46.26	19
15	NEROLAC	128	0	22	0	150	256	300	0.85	85.33	7
16	OIL INDIA	72	6	72	0	150	150	300	0.50	50.00	18
17	SAIL	51	0	99	0	150	102	300	0.34	34.00	23
18	TATA CHEMICALS	98	0	52	0	150	196	300	0.65	65.33	14
19	TATA MOTORS	92	0	57	1	150	184	298	0.62	61.74	17
20	TATA POWER	148	0	2	0	150	296	300	0.99	98.67	2
21	TATA STEEL	109	0	40	1	150	218	298	0.73	73.15	10
22	Tech Mahindra	98	0	52	0	150	196	300	0.65	65.33	15
23	YES BANK	101	0	49	0	150	202	300	0.67	67.33	13

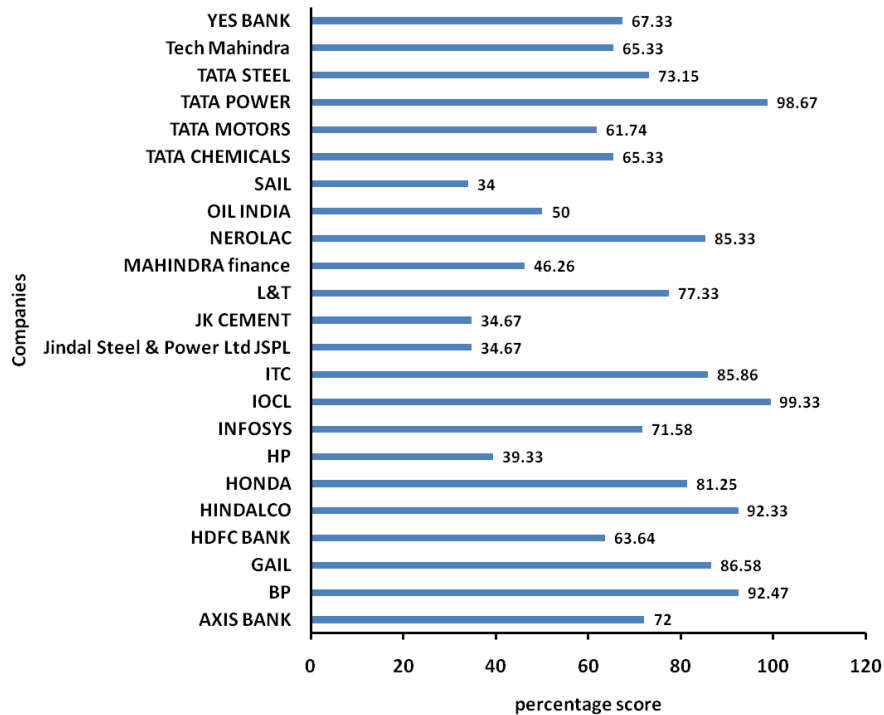


Figure 1: Company-wise disclosure for the year 2014-15 as per GRI G4

Table 4: Company-wise disclosure for the year 2013-14 as per GRI G4

G4 2013-14											
Sr. No.	COMPANY	F	P	N0	NA	Total	S	AS	S/AS	Per	Rank
1	ACC	84	1	62	3	150	169	294	0.57	57.48	12
2	AMBUJA CEMENT	140	6	4	0	150	286	300	0.95	95.33	2
3	BHEL	138	0	11	1	150	276	298	0.93	92.62	3
4	BP	135	0	11	4	150	270	292	0.92	92.47	4
5	COLGATE	53	0	97	0	150	106	300	0.35	35.33	15
6	Godrej & Boyce Manufacturing	40	0	110	0	150	80	300	0.27	26.67	17
7	INFOSYS	106	5	34	5	150	217	290	0.75	74.83	8

8	IOCL	144	0	6	0	150	288	300	0.96	96.00	1
9	ITC	119	0	26	5	150	238	290	0.82	82.07	6
10	Jindal Steel & Power Ltd JSPL	51	0	99	0	150	102	300	0.34	34.00	16
11	MARUTI SUZUKI	86	0	64	0	150	172	300	0.57	57.33	13
12	NEROLAC	134	0	16	0	150	268	300	0.89	89.33	5
13	NOVARTIS	122	0	28	0	150	244	300	0.81	81.33	7
14	OIL INDIA	52	12	86	0	150	116	300	0.39	38.67	14
15	SHREE CEMENT	106	0	43	1	150	212	298	0.71	71.14	9
16	TATA CHEMICALS	99	0	51	0	150	198	300	0.66	66.00	10
17	YES BANK	87	0	63	0	150	174	300	0.58	58.00	11

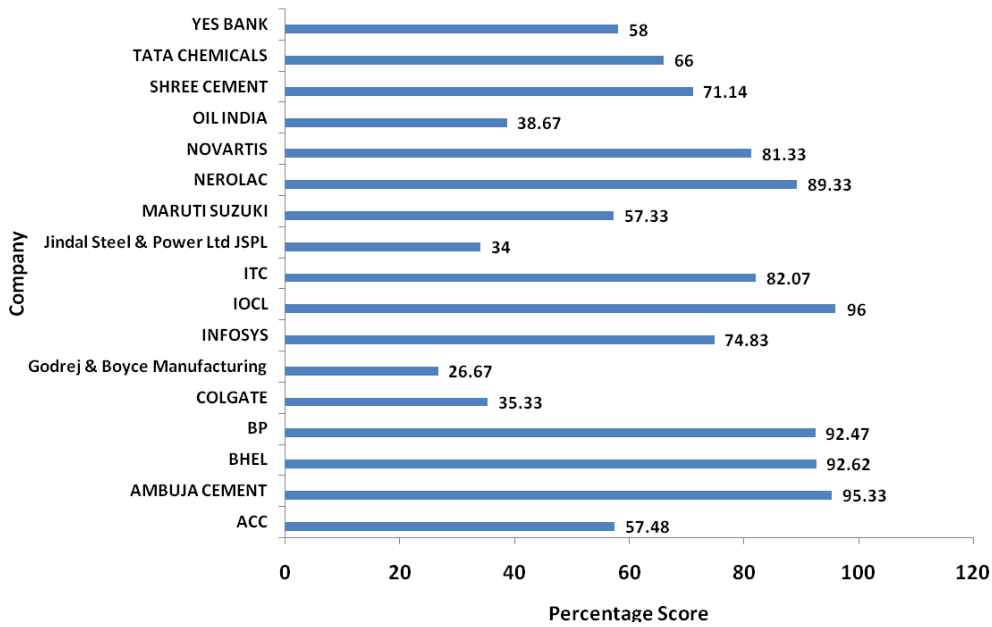


Figure 2: Company-wise disclosure for the year 2013-14 as per GRI G4

Table 5: Company-wise disclosure for the year 2014-15 as per GRI G3.1

G3.1 2014-15											
Sr. No.	COMPANY	F	P	NO	NA	Total	S	AS	S/AS	Per	Rank
1	AIRTEL	88	0	19	25	132	176	214	0.82	82.24	8
2	CAIRAN INDIA	98	11	23	0	132	207	264	0.78	78.41	10
3	COAL INDIA	94	0	38	0	132	188	264	0.71	71.21	11
4	ESSAR shipping	95	14	20	3	132	204	258	0.79	79.07	9
5	HCL technologies	117	3	1	11	132	237	242	0.98	97.93	2
6	Jubilant Life Sciences Ltd	131	1	0	0	132	263	264	1.00	99.62	1
7	Mind tree	101	9	1	21	132	211	222	0.95	95.05	4
8	ONGC	114	8	8	2	132	236	260	0.91	90.77	6
9	TCS	126	3	3	0	132	255	264	0.97	96.59	3
10	Mahindra Rise	115	4	11	2	132	234	260	0.90	90.00	7
11	ULTRATECH CEMENT	125	0	7	0	132	250	264	0.95	94.70	5

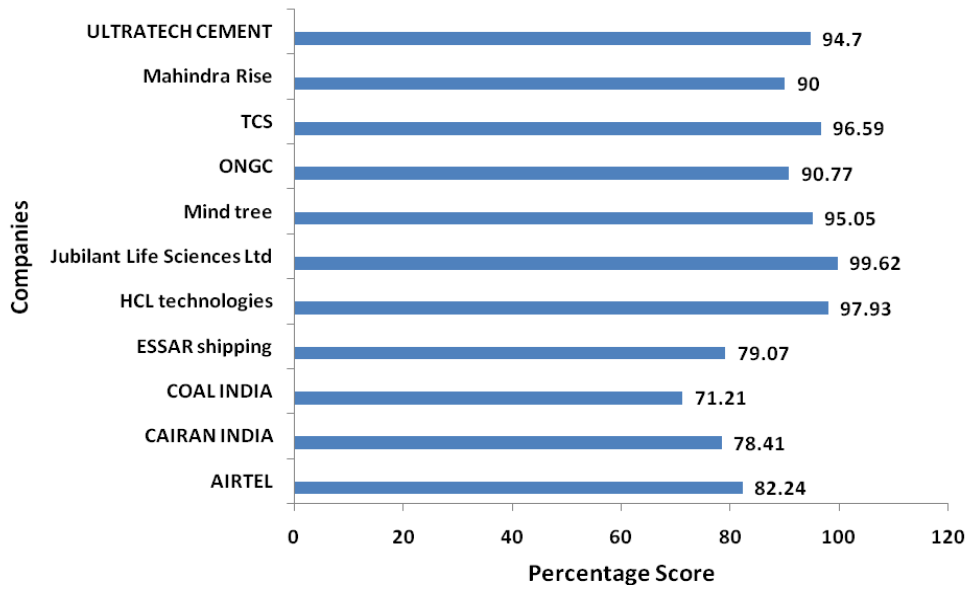


Figure 3: Company-wise disclosure for the year 2014-15 as per GRI G3.1

Table 6: Company-wise disclosure for the year 203-14 as per GRI G3.1

G3.1 2013-14											
Sr. No.	COMPANY	F	P	N0	NA	Total	S	AS	S/AS	Per	Rank
1	BP	105	17	10	0	132	227	264	0.86	85.98	19
2	CAIRAN INDIA	99	10	23	0	132	208	264	0.79	78.79	23
3	COAL INDIA	90	0	42	0	132	180	264	0.68	68.18	24
4	ESSAR shipping	108	17	7	0	132	233	264	0.88	88.26	17
5	ESSAR ENERGY	122	7	3	0	132	251	264	0.95	95.08	11
6	GAIL	127	2	3	0	132	256	264	0.97	96.97	7.5
7	HDFC BANK	100	8	20	4	132	208	256	0.81	81.25	22
8	HINDALCO	100	28	4	0	132	228	264	0.86	86.36	18
9	HP	120	8	4	0	132	248	264	0.94	93.94	13
10	JSW energy	121	0	11	0	132	242	264	0.92	91.67	15
11	Jubilant Life Sciences Ltd	131	1	0	0	132	263	264	1.00	99.62	5
12	MAHINDRA finance	94	16	11	11	132	204	242	0.84	84.30	21
13	MAHINDRA LIFESPACE DEVELOPERS LIMITED	128	1	2	1	132	257	262	0.98	98.09	6
14	Mind tree	96	9	3	24	132	201	216	0.93	93.06	14
15	NTPC	128	0	0	4	132	256	256	1.00	100.00	1
16	ONGC	114	8	8	2	132	236	260	0.91	90.77	16
17	RELIANCE	126	4	2	0	132	256	264	0.97	96.97	7.5
18	TATA MOTORS	120	3	6	3	132	243	258	0.94	94.19	12
19	TATA POWER	132	0	0	0	132	264	264	1.00	100.00	1



20	TATA STEEL	132	0	0	0	132	264	264	1.00	100.00	1
21	TCS	132	0	0	0	132	264	264	1.00	100.00	1
22	Mahindra Rise	111	5	16	0	132	227	264	0.86	85.98	20
23	Tech Mahindra	114	7	1	10	132	235	244	0.96	96.31	9
24	ULTRATECH CEMENT	127	0	5	0	132	254	264	0.96	96.21	10

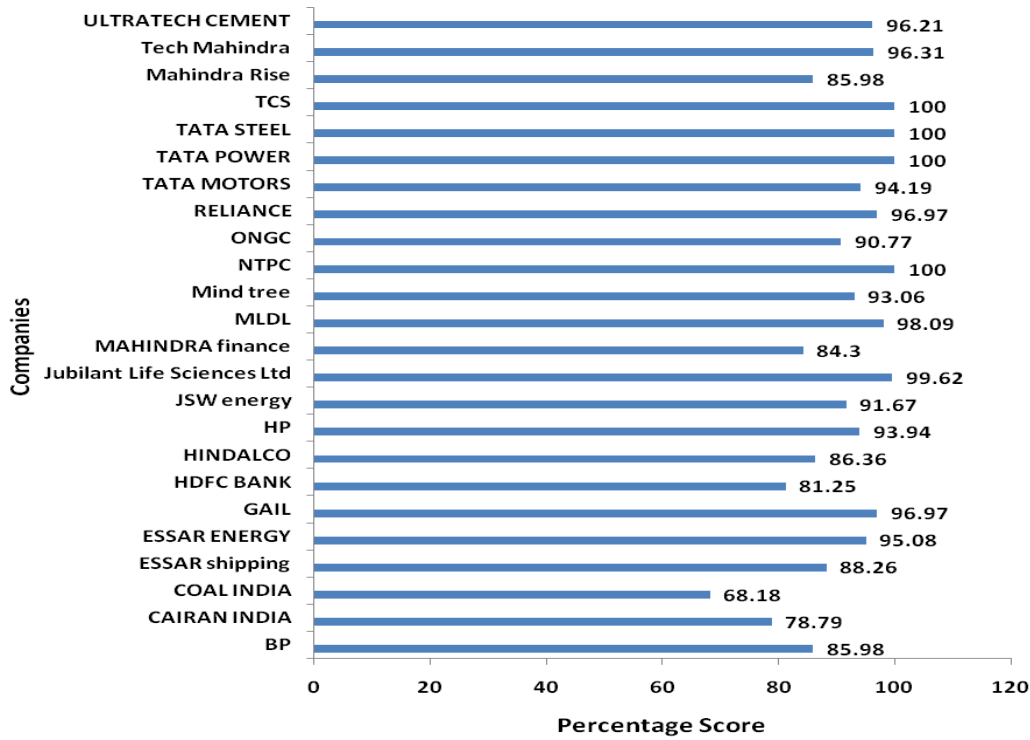


Figure 4: Company-wise disclosure for the year 2013-14 as per GRI G3.1

The following observations are obtained from the above table:

Table 7: Observations obtained

GRI	Year	Minimum percent score	Maximum percent score
G4	2014-15	34.00 (SAIL)	99.33 (IOCL)
	2013-15	26.67 (Godrej & Boyce Manufacturing)	96.00 (IOCL)
G 3.1	2014-15	71.21 (COAL INDIA)	99.62 (Jubilant Life Sciences Ltd)
	2013-15	68.18 (COAL INDIA)	100 (TCS, TATA STEEL, TATA POWER, NTPC )

An increase has been noticed in the percentage score of companies in both the versions. More companies have started reporting on sustainability measures. Companies opt the latest version of GRI for reporting on sustainability.

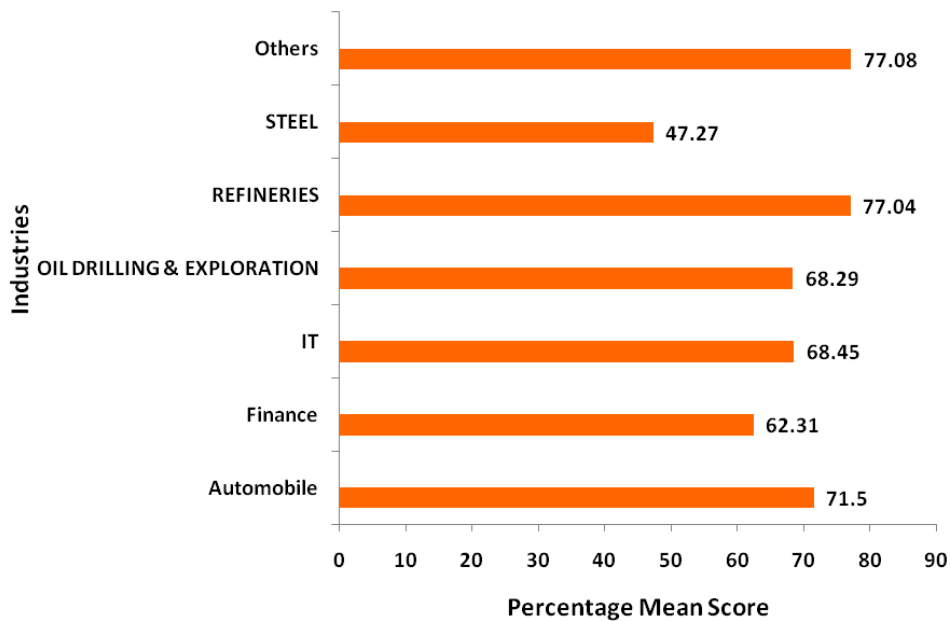
**Industry-Wise Disclosure**

To study the industry wise sustainability disclosure practices of Indian companies; the companies reporting on GRI G4 for the year 2014-15 were grouped industry wise. Percentage mean scores were

obtained to study industry wise sustainability disclosure practices. This has been shown in Table below:

**Table 8: Industry-wise disclosure for the year 2014-15 as per GRI G4**

<b>Industry-wise Disclosure Scores</b>					
<b>G4 2014-15</b>					
<b>SR NO</b>	<b>COMPANY</b>	<b>Sector</b>	<b>Industry Group</b>	<b>Percentage Score</b>	<b>Percentage Mean Score</b>
6	HONDA	AUTO - 2 & 3 WHEELERS	Automobile	81.25	71.50
19	TATA MOTORS	Auto - LCVs & HCVs		61.74	
1	AXIS BANK	Banks - Private Sector	Finance	72.00	62.31
4	HDFC BANK	Banks - Private Sector		63.64	
23	YES BANK	Banks - Private Sector		67.33	
14	MAHINDRA finance	FINANCE - LEASING & HIRE PURCHASE		46.26	
8	INFOSYS	Computers - Software	IT	71.58	68.45
22	Tech Mahindra	Computers - Software		65.33	
3	GAIL	OIL DRILLING AND EXPLORATION	OIL DRILLING AND EXPLORATION	86.58	68.29
16	OIL INDIA	OIL DRILLING AND EXPLORATION		50.00	
2	BP	REFINERIES	REFINERIES	92.47	77.04
7	HP	REFINERIES		39.33	
9	IOCL	REFINERIES		99.33	
17	SAIL	STEEL - LARGE	STEEL	34.00	47.27
21	TATA STEEL	STEEL - LARGE		73.15	
11	Jindal Steel & Power Ltd JSPL	STEEL - SPONGE IRON		34.67	
5	HINDALCO	Aluminium	Others	92.33	77.08
12	JK CEMENT	CEMENT - MAJOR		34.67	
18	TATA CHEMICALS	Chemicals		65.33	
10	ITC	CIGARETTES		85.86	
15	NEROLAC	PAINTS & VARNISHES		85.33	
20	TATA POWER	POWER - GENERATION & DISTRIBUTION		98.67	
13	L&T	INFRASTRUCTURE - GENERAL		77.33	



**Figure 5: Industry-wise disclosure for the year 2014-15 as per GRI G4**

From the above table it is observed that: the industry score ranges from 47.27% (Steel sector) to 77.08% (other sectors). However, except steel sector almost all sectors score above average.

Further, industry wise disclosures were analysed using one way ANOVA to see if the disclosure practices of companies among industries differ significantly from each other or not. For this purpose the disclosures of companies chosen was for the year 2014-15 and reporting as per GRI G4. The following table shows the results of ANOVA:

**Table 9: ANOVA**

INDPERSC

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3679.990	11	334.545	8.731	.259
Within Groups	38.316	1	38.316		
Total	3718.307	12			

It can be observed from the Table 5 that the value of F (8.731) is not significant at the 5% percent level. Thus, no statistically significant variation has been found in the mean disclosure scores of various industry groups. Therefore, the null hypothesis H0 has been accepted that there is no significant difference in the inter industry disclosure scores. This shows that Indian companies do not give much consideration to their industries characteristics while disclosing information in their sustainability reports.

**8. Conclusions:**

The major finding of the study can be summarized as follows:

- Indian companies have recognized the importance of sustainability reporting and the major companies are reporting on it.
- More companies have started using the latest version of GRI for reporting on sustainability.
- An increase has been noticed in the percentage score of companies in both the versions of GRI (G3.1 & G4).
- Indian companies do not give much consideration to their industries characteristics while disclosing information in their sustainability reports.

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