

# INTEGRATED REPORTING



# SEBI advises listed companies to adopt integrated reporting voluntarily

SEBI has issued a circular on February 7th, 2017 advising top 500 listed companies which are required to prepare BRR to adopt Integrated Reporting (IR) on a voluntary basis from the financial year 2017-18.

Important Points while disclosing IR should be taken into account:-

**Reporting of IR:** The information related to IR may be provided in the following ways:

1. As part of annual report with a separate section on IR
2. Incorporating in management discussion and analysis, or
3. By preparing a separate report (annual report prepared as per IR framework).
4. 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.

**Hosting on company's website:** Companies may host the IR on their website and provide appropriate reference to the same in their annual report.

## Background

SEBI notified the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) on September 2nd, 2015. Clause 34(2)(f) of the Listing Regulations requires mandatory submission of Business Responsibility Report (BRR) for top 500 listed entities based on market capitalisation (calculated as on 31 March of every year). The BRR should describe the initiatives taken by the companies from an environmental, social and governance perspective, in the format as specified by SEBI from time to time.

## Approach for IR

The IIRC has prescribed the following guiding principles which underpin the preparation of an integrated report, specifying the content of the report and how information is to be presented:

Strategic focus and future orientation	An insight into the organisation's strategy and how it relates to a. an organisation's ability to create value in the short, medium and long term. b. its use of and effects on capital should be provided.
Connectivity of information	A holistic picture of the combination, interrelatedness and dependencies between the factors that affect the organisation's ability to create value over time should be shown.
Stakeholder relationships	An insight into the nature and quality of the organisation's relationships with its key stakeholders, including how and to what extent the organisation understands, takes into account and responds to their legitimate needs and interests should be provided.
Materiality	Information about matters that substantively affect an organisation's ability to create value over the short, medium and long term should be disclosed.
Conciseness	An integrated report should be concise.
Reliability and completeness	All material matters, both positive and negative, in a balanced way and without material errors should be included.
Consistency and comparability	The information in an integrated report should be presented: a. On a basis that is consistent over time, and b. In a way that enables comparison with other organisations to the extent it is material to the organisation's own ability to create value over time.
Disclosure of capital	IIRC has categorised the forms of capital as follows: Financial capital Manufactured capital Intellectual capital Human capital Social and relationship capital Natural capital.

The International Integrated Reporting Council (IIRC) was formed in August 2010 and aims to reduce the gap between current reporting and information needs of investors and other stakeholders through the introduction of the concept of Integrated Reporting (IR). There are now over 750 participants in the IR networks worldwide, with, for example, 180 businesses currently practicing IR in Japan alone. More than 1,000 businesses globally are using it to communicate with their investors and there is increasing interest in IR by pioneers in the public sector. Regulators in countries such as Japan, India and the UK are among those taking a greater interest in IR as a route towards achieving more cohesive reporting and promoting financial stability, with the European Commission labelling IR as 'a step-ahead'.

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