In the modern business environment the objective of financial reporting is to assemble financial information useful for investors, information simplifying decisions related to investment and granting loans. With the rapid development and ever more widespread use of the Internet, joint stock companies have acquired a very effective communications tool for the presentation of vital information to investors and to creditors. The Internet enables relatively cheap and extremely fast presentation of useful information in varying formats to the millions of people who use the Internet every day. These characteristics have made financial reporting on the Internet and usual practice of the corporate sector in developing country like India as well.

5.1 INTRODUCTION

In the last ten years or so modern business operations have been increasingly characterized by greater involvement of the Internet. Today, numerous Internet applications are successfully employed in business, such as e-commerce, Internet banking and advertising. However, the Internet can also be utilized for the enhancement of the transparency of the operations of companies via the provision of useful financial and non-financial information to investors and other users/stakeholders. Such a practice has been known for some time already in developed and developing market economy countries, where it is useful for corporations to use the Internet for their financial reports, as has been borne out by academic research.
The main concern with financial reporting on the Internet is the fact that information on a Web site is available to anyone, anyplace, at any time. Increasing use of the World Wide Web for reporting purposes is challenging the very nature of financial reporting - its boundaries, its frameworks and even its fundamental role in society. While the advantages of the Web as a new mode of information dissemination are clear, financial reporting on the Web creates a number of challenges for companies and their auditors as well as for regulatory and standard setting organizations. It is no surprise that Web-based financial reporting has already drawn the attention of the international groups such as International Federation of Accountants (IFAC), International Accounting Standards Committee (IASC), Financial Accounting Standards Board (FASB), USA and major national regulatory organizations.

Financial reporting on the Internet will increase in the coming years. As we see an increase in transparency by Corporate and increase in users of Internet, this is a force to be reckoned with. At the moment existing financial-reporting rules apparently applies equally to the Web, the wide range of variations observed in Web-based financial reporting would probably draw one to conclude that some companies are violating existing financial-reporting regulations. Companies should ensure that they take a close look at what they are reporting (financials) on the Internet and make sure that the required safeguards are in place and they are not in violation of any reporting requirements / standards Corporate should not call the Web-based financial information an “annual report” unless it is as complete as the corresponding paper-based annual report and also make sure that there they add appropriate disclaimers.

It is also important that auditors and standard-setting organizations look at what the auditor's roles and responsibilities should be. Standard setting organizations may need to take a closer look at the various aspects involved in financial reporting on the Internet and provide guidance / Standard. Regulatory organizations will have to consider the fact that the Web-based paradigm is so different than the paper-based paradigm--
In terms of multimedia, hyper linking, virtual space, interactivity, bit-based ethereal audit trials—that these organizations will have to specifically address Web-based reporting. One way of moving towards a uniform financial reporting on the Internet is for the standard setters to come up with an accounting standard for the same. In future that may well happen.

The discussion can be concluded by quotes from Sir Bryan Carsberg who was the secretary-general of the International Accounting Standards Committee from 1995 to 2001 and which is relevant even now: “Technology has altered irreversibly not only the physical medium of corporate financial reporting but also its traditional boundaries. Paper reports are being supplemented - and, for many users, replaced - by electronic business reporting, primarily via the Internet.” And while we accounting standard-setters have, even to this day, tended to focus primarily on the traditional financial statements and related note disclosures, investors and lenders have moved far beyond that”. The present scenario of financial reporting on the Internet shows that there is no uniformity in terms of access, presentation, or contents of financial information or annual reports.

5.2 INTERNET FINANCIAL REPORTING PRACTICES BY INDIAN & U.S. COMPANIES

Growth of Internet users in the world is increasing at very fast rate and these users also very much interested to search financial information on the Internet and the advantages of Internet financial reporting over the paper based financial reporting (on the basis of review of literature available at international level), there is need to study thoroughly the practices of corporate financial reporting in International corporate scenario.

5.2.1 SAMPLE COMPANIES

There are two different samples of companies that have been investigated to examine the quality and quantity of Financial Information reported by Indian and U.S. companies. These include, top Hundred Companies listed in Bombay
Stock Exchange (BSE-100) and **Hundred companies** listed in New York Stock Exchange (NYSE-100) as on 14th October, **2010**, generating a total of **200 companies**.

### 5.2.2 CORPORATE INTERNET REPORTING INDEX (CIRI)

To measure the type and the extent of Web disclosure by the sample companies, a worksheet, referred to as Corporate Internet Reporting Index (CIRI), was prepared. For more details, please refer Appendix – 5 and 6. The CIRI, which consists of 60 items, is divided into six categories, viz.,

1. Accounting and Financial Information
2. Corporate Governance Information
3. Corporate Social Responsibility and Human Resource Information
4. Details of Investor Relation and Related Conveniences
5. Presentation Format; and

The maximum score of CIRI is 60 based on the same number of items by providing score 1 to each item.

The description of each category is as follows:

i) **Accounting and Financial Information (18 items):** It contained the accounting and financial information such as financial highlights, Income Statement or Profit & Loss A/c, Balance sheet statement, cash flow statement, Interim financial statement, Owner’s Equity Statement, Earnings per share, Share prices history, Financial Ratios & Statistics and Auditor’s Report etc.

ii) **Corporate Governance Information (15 items):** This tried to identify whether the organization disclosed corporate governance information on their website. This area covered the area of Corporate Governance report, audit committee report, chairman statement, Board of Director’s (BOD) statement, directors’ responsibility, Management’s Discussion and Analysis of Results, information regarding the authority (director, sponsor and management team), Details of
Directors Appointment/Re-appointment and members’ of audit committee etc.

iii) **CSR and Human Resources Information (3 items):** This focused on whether the company takes any activeness for the development of the society and to develop the skills of the employees. Availability of CSR report, Sustainability report and employment opportunity.

iv) **Detail of Investor Relation and Related Conveniences (12 items):**
This group measured whether the company provide the information regarding Share Price Chart, Dividend Policy, Investor Complaint/Grievance, Share-holding Patterns, Listing on Stock Exchanges, Distribution of Shareholdings, Investor Contacts, Dividend Payment History, Company’s Office Address, Registrar and Share Transfer Agent, Proxy Form and Attendance Slip to their stakeholders etc.

v) **Presentation Format (5 items):** It tried to identify whether the financial data were in presentable format, format of annual report, version of annual report (HTML, PDF or XBRL) and presence of any audio/video files.

vi) **Technological Advantages and Users Supports (7 items):** This group examined technological advancement of the company such as email new alerts, news and events, social media able interaction with stakeholders, Multiple Language Support, search engine, site map, feedback, and FAQ.

At the time of examining each of the variables mentioned above, a dichotomous procedure was followed by using ‘1’ and ‘0’. The ‘1’ is awarded when the company contained that information, otherwise ‘0’. Afterwards, the score of each item of every company are added to find out the individual total score of the company and the following formula is used to calculate the CIR Index in terms of percentage:
CIRI = \[
\frac{\text{Total Score of the Individual Company}}{\text{Maximum Possible Score Obtainable by Company}} \times 100
\]

In present case, the maximum possible score obtainable by a company is 60. So, CIR index in terms of percentage becomes:

\[
\text{CIRI} = \frac{\text{Total Score of the Individual Company}}{60} \times 100
\]

The aim of this section is to report on the observations made in relation to the financial and corporate information with regard to their corporate disclosures on websites of the selected companies. The findings of the study is concluded on the basis of score/index given out of total items shown by the companies.

### 5.3 ACCOUNTING AND FINANCIAL INFORMATION

Financial information is basic content of any annual report. The AICPA (1994) report on improving business reporting found that users’ information needs are different and changing and a business approach with more customer focus is needed to meet these diversified and changing information needs. This customer focus requires a flexible reporting system which the current model of general purpose reporting does not possess. Many of the recent proposed changes in financial reporting are premised on the provision of more relevant and timely information. Customization of reporting is a trend unlikely to go away – as illustrated by the AICPA report. The Internet may well play a key role in the customization of financial reporting.

The scope for customization of financial reporting is great. The potential changes to financial reporting involve dissemination methods, access approaches, presentation style, types of information items, levels of disaggregation, measurement and valuation systems, frequency of reporting, and language of
reporting. However, financial reporting is not just a technical matter. Rather it is politically and socially complex. Some dimensions of customization such as dissemination and presentation are easier to change than others such as measurement and valuation. Given that the Internet is a communication system, one could predict that the Internet will play an important role in changes in communicative aspects of financial reporting. The Internet may also facilitate changes in processing aspects of financial reporting, given its tremendous integrating power.

However, it remains unclear what communicative and processing aspects are most likely to change given the potential mediation of the above non-technological factors. Financial information is available at the right time at the right place at right time whenever the user wants is very important for the company.

In this study researcher prepared a check-list containing 18 items of different category of financial information which is important from the different stakeholder’s point of view and also from company's point of view as well. These are:

- **FINANCIAL HIGHLIGHTS**

These are narrative summary of major financially related happenings within the company in the previous financial year, often provided in a company’s report to its shareholders. Highlights could include various performance statistics, net cash flow, or acquisition information.

- **INCOME STATEMENT OR PROFIT & LOSS A/C**

Profit & Loss Account is very important and mandatory item according to Indian Companies Act 1956, SEBI guidelines on disclosure practices and ICAI's guidelines on financial reporting disclosure practices. P&L A/c is the part of final accounts of the company and it shown the actual profit or loss during the particular year.
The main advantage of internet financial reporting is that company is free to provide any type of information to its stakeholders in short period of time and also it is beneficial for the users to get the company’s financial information at any time at any place. P&L A/c is very important for the stakeholders to know about the company’s net profit during the particular period of time and also it is important for the prospective investors who are interested in company as well. P&L A/c included Incomes and Expenditures of the company during the year and finally shows the net Profit or Loss of the company accordingly.

- **BALANCE SHEET**

Balance sheet of the company provides the actual financial position to the market, shareholders, suppliers, or other stakeholders of company in a comprised manner. In today's scenario the shareholder or say the stakeholder(s) of the company are more intelligent in terms to know about the company’s financial performance because before they investing in a company first they know the financial position and also they compare between the companies on the basis of financial position of the company which is disclosed by the company in their annual reports.

For judging the financial performance, balance sheet is one of the best criteria and also it clears the actual position of the company in the minds of the stakeholders. So internet financial reporting provides the platform for the company to disseminate their financial performance to the users easily, timely and also whenever the user want balance sheet is available for analysis, for comparison, etc.

According to the Indian Companies Act 1956, according to SEBI guidelines regarding disclosure practices, ICAI guidelines regarding disclosure practices balance sheet is compulsorily shown by the company in their annual reports.

The contents of the balance sheet disclosed actual position of the company whether the company is reliable or not to pay its debts, whether company clear their creditors or not, its assets, any liabilities, etc along with the share capital, reserve and surplus, debtors, etc.
• CASH FLOW STATEMENT

A Cash flow statement is a statement showing inflows and outflows of cash during a particular period. The main source of information needed to estimate the future cash flows of a firm is the financial statements, namely balance sheet, income statement and cash flow statement. Financial statements assist stakeholders in estimating the value of a firm’s assets and the required rate of return and in understanding the composition of the cash flows of a firm and what will contribute in the growth of these cash flows. Cash flow statement is a financial statement that shows the effects on the firm’s cash flow or income flows and changes in its balance sheet. Even if a firm reports a large net income during a year, it doesn’t necessarily mean that the amount of the cash flow reported in the year-end balance sheet would equal this net income. The reason is that this net income may be used to pay dividends, to increase inventories, to finance account receivables, to invest in fixed assets, to reduce debt or to buy back shares. Therefore, cash flow statement summarizes the changes in a firm’s cash position.

• CONSOLIDATED FINANCIAL RESULTS

Consolidated financial results are financial result that factors the holding company's subsidiaries into its aggregated accounting figure. It is a representation of how the holding company is doing as a group. The consolidated accounts should provide a true and fair view of the financial and operating conditions of the group. Doing so typically requires a complex set of eliminating and consolidating entries to work back from individual financial statements to a group financial statement that is an accurate representation of operations.

• INTERIM FINANCIAL STATEMENT

A financial report/statement covering a period of less than one year is called interim report/statement. An interim statement is used to convey the performance of a company before the end of the year. Interim statements increase communication between companies and the public, and provide
investors with up-to-date information between annual reporting periods. In the present research quarterly reports are treated as interim financial statement.

The International Accounting Standards Board (IASB) suggests certain standards to be followed for interim statements. These include a series of condensed statements covering the company’s financial position, income, cash flows and changes in equity along with notes of explanation. The IASB also suggests that companies should follow the same guidelines in their interim statements as they use in preparing their annual reports, including using the same accounting methods.

- **OWNER’S EQUITY STATEMENT**

The Statement of Owner’s Equity shows the change in owner’s equity during a given time period. It lists the owner equity balance at the beginning of the period, additions and subtractions to the balance, and the ending balance. Additions come from owner investments and income; subtractions from owner withdrawals and losses

- **SCHEDULES TO B/S AND SCHEDULES TO P&L A/C**

Schedules to Balance Sheet and Schedules to Profit & Loss A/c are the statements showing the description of balance sheet and profit & loss A/c. According to The Companies Act, 1956, every company registered under this Act, is required to provide Balance Sheet and Profit & Loss A/c according to the schedules mention in Section 211, Part I, Schedule IV of this Act.

Schedules to balance sheet means the details of the balance sheet items or say that it is the integral part of the balance sheet. Generally the format of balance sheet showing only the figures of the main item(s)/head and all the details or break-up of this particular amount shown in schedules which includes item wise details plus amount **like in balance sheet of Dr. Reddy’s amount shown under the head Share Capital is Rs. 840865000 and in schedules disclosed the break-up of this amount like issued capital 168, 172, 946 equity shares @ Rs. 5 each fully paid-up amounts to Rs. 840865000 with proper working notes.**
• **NOTES ON BALANCE SHEET and NOTES ON P&L A/C**

Notes to financial statements (notes) are additional information added to the end of financial statements. Notes to financial statements help explain specific items in the financial statements as well as provide a more comprehensive assessment of a company’s financial condition. Notes to financial statements can include information on debt, going concern criteria, accounts, contingent liabilities or contextual information explaining the financial numbers (e.g. to indicate a lawsuit).

The notes clarify individual statement line-items. For example, if a company lists a loss on a fixed asset impairment line in their income statement, notes could corroborate the reason for the impairment by describing how the asset became impaired. Notes are also used to explain the accounting methods used to prepare the statements and they support valuations for how particular accounts have been computed.

• **NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**

In consolidated financial statements, all subsidiaries are listed as well as the amount of ownership (controlling interest) that the parent company has in the subsidiaries. Any items within the financial statements that are evaluated by estimation are part of the notes if a substantial difference exists between the amount of the estimate previously reported and the actual result. Full disclosure of the effects of the differences between the estimate and actual results should be included.

• **SUMMARY OF FINANCIAL INFORMATION OF SUBSIDIARY COMPANY**

According to Section 212 schedule VI of the Indian companies act 1956, companies are mandatory to disclose the summary of financial information of their subsidiary companies (if company having their subsidiary companies) in their annual reports.
• **Earnings Per Share**

Earnings per Share is the Net Income (profit) of a company divided by the number of outstanding shares. For example if a company earned Rs. 2 million in one year and had 4 million shares of stock outstanding, its EPS would be Rs. 0.50 per share. Earnings per Share is the single most popular variable in dictating a share’s price. EPS indicates the profitability of a company.

• **Share Price History**

Share price history generally shows the trend graph i.e. upward and downward of prices of shares during the previous years. It is mostly demanded by the investors for comparing the share prices during the previous years with different companies.

By Internet financial reporting, companies disclosed share price history in very dynamic way by using different graphs, charts, tables, trend graphs, etc. which is very useful for the investors and users.

• **Annual Report**

An annual report is a document produced annually by companies designed to portray a true and fair view of the company’s annual performance, with audited financial statements prepared in accordance with company law and other regulatory requirements.

• **Financial Ratios & Statistics**

When it comes to investing, analyzing financial statement information (also known as quantitative analysis), is one of, if not the most important element in the fundamental analysis process. At the same time, the massive amount of numbers in a company's financial statements can be bewildering and intimidating to many investors. However, through financial ratio analysis, you will be able to work with these numbers in an organized fashion. Financial ratio is a relationship that indicates something about a company's activities, such as
the ratio between the company's current assets and its current liabilities or between its debtors and its turnover.

The basic source of these ratios is the company's profit & loss account and balance sheet that contain all kinds of important information about that company. The ratios really help to bring those details to light and identify the financial strengths and weaknesses of the company.

Internet Financial Reporting provides different tools for presenting ratio analysis of the company in different manners which is easy for different class of stakeholders.

- **AUDITOR’S REPORTS**

When financial statements are finalized, they usually must contain an evaluation – an auditor's report - from an independent auditor. The audit report evaluates the validity and reliability of a company or organization's financial statements. The goal of an auditor's report is ultimately to document reasonable assurance that a company's financial statements are free from material error. In auditor's report, auditor gives certificate that the annual accounts of the company is true and fair.

**TABLE: 5.1 – DISCLOSURE OF ACCOUNTING AND FINANCIAL INFORMATION**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>ACCOUNTING AND FINANCIAL INFORMATION</th>
<th>INDIAN COMPANIES</th>
<th>U.S. COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Financial Highlights</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>2.</td>
<td>Income Statement or Profit &amp; Loss A/c</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>3.</td>
<td>Balance sheet</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>4.</td>
<td>Cash Flow Statement</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>5.</td>
<td>Consolidated Financial Results</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>6.</td>
<td>Interim Financial Statement</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>7.</td>
<td>Owner’s Equity Statement</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
</tbody>
</table>
8. Schedules to B/S  
9. Schedules to P&L A/c  
10. Notes on B/S  
11. Notes on P&L A/c  
12. Notes forming part of the Consolidated Financial Statements  
14. Earnings Per Share  
15. Current Share Price  
16. Annual Report  
17. Financial Ratios & Statistics  
18. Auditor’s Reports

- All the sample companies disclose all Accounting and Financial Information. However, quantity of disclosure is different. Quantity of Disclosure made by U.S. companies is more than Indian companies. But these differences are due to the differences in Accounting standards and disclosure guidelines of respective countries.
- Some Indian companies like, ABB Ltd., Adani Enterprises Ltd., GMR Infrastructure Ltd., Grasim Industry Ltd., ITC Ltd., Hindustan Unilever Ltd., Wipro, Infosys, State Bank of India and few more Indian Companies shown their annual reports in parts and even there is download facility to download a complete reports or a specific part of it.
- In case of U.S. companies, there is almost each company provides option to view or download their annual reports in part or a complete report.
- Aditya Birla Nuva Ltd. and HUL Ltd. provide their annual reports in E-Book format which an innovative idea. It is an interactive book format in which financial data are shown though dynamic charts and diagrams and text matter are shown with animation effects.
- Indian companies like, ABB Ltd., ACC Ltd., Crompton & Greaves Ltd., Ranbaxy Ltd., etc., provide interactive chart and diagrams for its key
financial indicators and also provide facility to compare current and previous years major ratios whether standalone or consolidated.

- Indian companies like, Crompton & Greaves Ltd., Dr. Reddy's Lab, Infosys, TCS, Wipro, etc, provide their accounting and financial data in Indian GAAP, US GAAP, and in IFRS also.

5.4 CORPORATE GOVERNANCE INFORMATION

In the fast changing dynamic and globalised business scenario, good Corporate Governance helps in achieving long term Corporate Goals of enhancing Stakeholders’ value. Corporate Governance focuses on commitment to values adhering to ethical business practices. This includes corporate structures, culture, policies and the manner in which the corporate entity deals with various stakeholders, with transparency being the key word. Accordingly, timely, adequate and accurate disclosure of information on the performance and ownership forms the cornerstone of Corporate Governance.

The main motto of corporate governance is that to provide effective management of relationships with integrity to produce enhanced company performance. Corporate governance is about how companies are directed and controlled. Good governance is an essential ingredient in corporate success and sustainable economic growth.

Entities will want to disclose sufficient corporate governance information to enable a reader to understand the entity's governance processes. Providing only a list of the board of directors is insufficient. Instead, the governance section is recommended to include at least corporate independence guidelines i.e. its CG philosophy, the board and committee mandates, the corporate code of conduct/ethics, a record of board compliance, etc.

In the era of Internet Financial Reporting, corporate governance is very important segment for reporting because today the whole world is on one platform and the investor or user is more elegant regarding the company's governance policies, their code of conduct or in short the company follows the rules and regulations regarding corporate governance.
- **CORPORATE GOVERNANCE REPORT**

Company should provide separate section on Corporate Governance in the Annual Report of Company, with a detailed compliance report on Corporate Governance. Non-compliance of any mandatory requirement of this clause with reasons thereof and the extent to which the non-mandatory requirements have been adopted should be specifically highlighted.

- **COMPANY’S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company’s philosophy of corporate governance stems out from its belief that timely disclosures, transparent accounting policies, and a strong and independent Board go a long way in preserving shareholders’ trust while maximizing long-term corporate values.

The philosophy on corporate governance is an important tool for shareholder protection and maximization of their long term values. The cardinal principles such as independence, accountability, responsibility, transparency, fair and timely disclosures, credibility etc. serve as the means for implementing the philosophy of corporate governance in letter and spirit. So, on that basis we can say that companies are liable to show on their websites.

- **MANAGEMENT’S DISCUSSION AND ANALYSIS OF RESULTS**

In this section, companies generally showing progress of company during particular year, information regarding new product, trends in global market as well as in Indian market, growth in revenues, comparative analysis of some key factors with the past year, share market around the world plus in Indian reference also, key products, information regarding their human resource in that particular year, awards & recognition (if any), brief on environmental, safety, health, societal, CSR reporting, research & development activities, financial information in short, threats, risk management, brief information regarding corporate governance, merger, acquisition & joint ventures, summary of subsidiary companies, etc.
The main purpose of MD&A is that the information disclosed in annual report is justified by the management board of the company with proper analysis. This section takes the user in trust by showing MD&A with signature of chairman and also the user get brief picture of the company of the particular year. Internet provides so many facilities for company to provide MD&A in a very dynamic and easy format by using pictures, comparative analysis, etc. internet provide facilities to user as well for using this data in easy way.

**BOARD OF DIRECTORS**

One of the items that must be included for best practice in relation to corporate governance disclosure is each director’s full biography and photograph. The Composition of the Board of Directors is governed by the Companies Act, 1956, the Banking Regulation Act, 1949 and the listing requirements of the Indian Stock Exchanges. The constitution of the Board aims at ensuring Directors commitment to participate in the affairs of the Company with understanding and competence to deal with current and emerging business issues.

**AUDIT COMMITTEE**

The management is responsible for the Company’s internal controls and the financial reporting process while the statutory auditors are responsible for performing independent audits of the Company’s financial statements in accordance with generally accepted auditing practices and for issuing reports based on such audits.

**DESCRIPTION OF OTHER COMMITTEES OF THE BOARD**

Other than Audit Committee, The Board of a company has different other committees like:

- Compensation Committee
- Shareholders’ Grievance Committee
- Nomination Committee
- The Risk Management Committee
• INFORMATION REGARDING DIRECTORS AND MANAGEMENT

Information regarding directors and management is also mentioned in the annual report. This contains information like, Name of the Director, category of directorship, their brief C.V., their number of directorship in other companies, Company’s Shares owned at the end of financial year and number of membership(s)/ chairmanship(s) of Board Committees of other companies etc.

• CHAIRMAN’S STATEMENT

Chairman’s statement is very important part of the annual report, It increases the reliability of the report because without chairman’s communiqué to its shareholders on websites, they are not believed that the report is authentic because the first page of any report is its chairman’s message for its shareholders indicate that the reports/information disclosed on the website is substantiate and reliable and there is no ambiguity in this report.

As concerned with Internet financial reporting, Chairman’s message with signature is the main ingredient of the annual reports and all the financial performance plus information about research and development and new projects during the particular financial year, etc provided in very short manner.

• MANAGING DIRECTOR’S STATEMENT

Managing Director’s Statement or Director’s Report is the nucleus of the Annual Report. It is perceived that the Director’s report which is the principle medium of communication should not only be clear, factual and authentic but also accurate, unbiased and fair.

• BOARD OF DIRECTOR’S STATEMENT

Board of Directors is the pillars of the company and it is the responsibility of the company to show the name and designation of its board of directors with their photographs on the Internet.
The stakeholders also interested to know about the directors of the company and annual report is the only media through which the stakeholders get the information regarding BODs. Internet financial reporting provides facility to company for published more details regarding their BODs with their profiles, their photographs, their achievements, their area of interest, their work towards company and country, etc.

- **DIRECTOR’S RESPONSIBILITY STATEMENT**

Directors Responsibility Statement contains written assurances from the board of directors that all company policies are followed:

i) in the preparation of the Annual Accounts, the applicable Accounting Standards and there are no material departures;

ii) selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

- **DESCRIPTION OF BOARD MEETINGS**

The Company plans and prepares the schedule of the Board and Board Committee meetings a year in advance to assist the Directors in scheduling their program. The schedule of meetings and agenda for meeting is finalized in consultation with an independent Director of the Company. The agenda of the meeting is pre-circulated with presentations, detailed notes, supporting documents and executive summary. Under Indian laws, the Board of Directors must meet at least four times a year, with a maximum time gap of four months between two Board meetings.

This is the mandatory item as per the Indian companies’ act 1956 and also this is very important item for disclosing company’s activities. It is also one of the best parameter to judge transparency level of the company.
• **DETAILS OF DIRECTOR’S APPOINTMENT/RE-APPOINTMENT**

Details of director's appointment/re-appointment consists appointment of new director in AGM, its procedure and if any director is going to retire and he/she willing to reappointment then his/her reappointment detail are also shown in the annual report.

• **DETAILS OF SUBSIDIARY COMPANIES**

Every holding company is required to show details of its subsidiary companies. It includes annual account of the subsidiary company, shareholding of parent company in subsidiary company etc.

• **AWARD, RECOGNITION & CERTIFICATION**

To judge the company initially on the basis of their achievements in different areas and it creates a unique approach in the minds of the stakeholders. As we know through internet financial reporting the company is spread all over the world and anyone can find any company anywhere whenever they needed and they select the company on the basis of performance of the company in different areas and awards, recognition and certification is one of the best criteria to select the company initially with the financial performance, or their corporate governance structure, etc.

So, in the scenario of internet financial reporting the companies are necessarily showing the details regarding awards & recognition and if there is any certification from an authorized national or international body on their websites.
### Table: 5.2 – Disclosure of Corporate Governance Information

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Corporate Governance Information</th>
<th>Indian Companies</th>
<th>U.S. Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Corporate Governance Report</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>2.</td>
<td>Company’s Philosophy on Corporate Governance</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>3.</td>
<td>Management’s Discussion and Analysis of Results</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>4.</td>
<td>Board of Directors</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>5.</td>
<td>Audit Committee</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>6.</td>
<td>Description of other Committees of the Board</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>7.</td>
<td>Information regarding Directors and Management</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>8.</td>
<td>Chairman Statement</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>9.</td>
<td>Managing Director’s Statement</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>10.</td>
<td>Board of Director’s Statement</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>11.</td>
<td>Director’s Responsibility Statement</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>12.</td>
<td>Description of Board Meetings</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>13.</td>
<td>Details of Director’s Appointment/Re-appointment</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>14.</td>
<td>Details of Subsidiary Companies</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>15.</td>
<td>Award, Recognition &amp; Certification</td>
<td>All Companies</td>
<td>99 Companies</td>
</tr>
</tbody>
</table>

- Corporate Governance Information is also a mandatory disclosure in both countries. However, in present Index awards, recognition and certification is a non-mandatory in both the countries but they are shown in general practices.
- All the Indian companies disclose all the items of Corporate Governance Information.
- In case of U.S., Berkshire Hathaway Inc. Cl B is the only company who does not show item no. 15. Its website http://www.berkshirehathaway.com does not show any information regarding its awards, recognition and certification. However as research already describes that this is not mandatory but use in practice to increase the goodwill and image of the company.
- Some Indian companies like, ABB Ltd., ACC Ltd., Axis Bank, Adani Enterprises Ltd., GMR Infrastructure Ltd., Grasim Industry Ltd., ITC Ltd., Hindustan Unilever Ltd., Wipro, Infosys, TCS, State Bank of India, etc., provide chairman speech or report and director’s report separately.
- Almost every Indian and U.S. Company discloses its awards, recognitions and certifications on website with a separate web page for this.

### 5.5 CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RESOURCE INFORMATION

Corporate Social Responsibility (CSR) is the continuing commitment by businesses to behave ethically and contribute to economic development, while improving the quality of life of the workforce and their families as well as of the local community and society at large. Over the last years an increasing number of companies worldwide started promoting their business through Corporate Social Responsibility strategies because the customers, the public and the investors expect them to act sustainable as well as responsible. CSR can not only refer to the compliance of human right standards, labor and social security arrangements, but also to the fight against climate change, sustainable management of natural resources and consumer protection. The various practices followed by the corporate in different parts of the world differ significantly. In the Developed nations, the basic needs of the population do not need so much support as in the under-developed nations. In the Indian context, CSR mostly involves activities like adopting villages for holistic development, in
which they provide medical and sanitation facilities, build school and houses, and helping villages become self-reliant by teaching them vocational and business skills.

Human Resource refers to the individuals or personnel or workforce within an organization responsible for performing the tasks given to them for the purpose of achievement of goals and objectives of the organization. Understanding what causes are important to employees is usually the first priority because of the many interrelated business benefits that can be derived from increased employee engagement (i.e. more loyalty, improved recruitment, increased retention, higher productivity, and so on). Human resource information consist proper recruitment and selection, providing proper orientation an induction, training, skill developments, proper assessment of employees (performance appraisal), providing appropriate compensation and benefits, maintaining proper labour relations and ultimately maintaining safety, welfare and health concern of employees, which is the process of the human resource management.

In the present research, researcher concludes all the above point in following three items:

- CSR Information
- Employment Opportunity
- Career Development

**TABLE: 5.3 – CORPORATE SOCIAL RESPONSIBILITY AND HUMAN RESOURCE INFORMATION**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>CORPORATE GOVERNANCE INFORMATION</th>
<th>INDIAN COMPANIES</th>
<th>U.S. COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>CSR Information</td>
<td>91 Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>2.</td>
<td>Employment Opportunity</td>
<td>All Companies</td>
<td>99 Companies</td>
</tr>
<tr>
<td>3.</td>
<td>Career Development</td>
<td>95 Companies</td>
<td>99 Companies</td>
</tr>
</tbody>
</table>
• CSR and HR information is not mandatory for all the companies in both the countries. But by providing such information, company can build a good image in the mind of its customers, investors, employees, government and other stakeholders.

• In case of India, 91 companies out of 100 sample companies provide Corporate Social Responsibility Information on their respective websites. Companies are also shown information related to CSR activities in their annual reports but that are limited to the one or two paragraphs.

• However some companies like, Cairn Indian Ltd., DLF Ltd., Crompton & Greaves Ltd., Century Textiles & Industries Ltd., GAIL, HCL, ITC Ltd., Infosys Ltd., ICICI Bank Ltd., Ranbaxy Ltd., HUL, Hindustan Petroleum Ltd., TCS Ltd., Wipro, Jindal Steels Ltd., Larson & Tourbo Ltd., all the companies of Reliance group and all the companies of TATA group has CSR dedicated web page for CSR report and every CSR activity.

• ITC Ltd. provide sustainability App (software application) for mobile phone & tables.

• All the Indian companies has dedicated web page for Employment opportunity, career opportunity or job opportunity whatever name is called.

• Only one U.S. company i.e., Berkshire Hathaway Inc. Cl B who does not provide any career related option on its website.

• But in case of Career Training & Development information, 95 companies out of 100 sample companies disclose this information on their websites. Aban Offshore Ltd., Bank of India, Century Textiles & Industries Ltd., Divi’s Lab, and India Cement Ltd. are the Indian companies who do not have this type of information on their website.
5.6 DETAILS OF INVESTOR RELATION AND RELATED CONVENIENCES

- **STOCK QUOTES**

The price of a stock as quoted on an exchange. Basic quotes for a specific stock provide information, such as its bid and ask price, last-traded price and volume traded. Investors increasingly access stock quotes online or on mobile devices, such as smart phones, rather than through print media such as newspapers and magazines. A large number of Internet portals and websites offer delayed stock quotes at no charge, with real-time stock quotes generally restricted to paying subscribers.

- **PRESS RELEASES**

Companies often feed information to analysts through press releases. Luckily, individual investors can easily access these press releases on company’s website. Press releases can announce a range of business news such as: scheduled events, awards, accomplishments, new products, new services, executive promotions, sales and other financial data, etc. So, this type of announcement on the website of the company can also be helpful to the users to internet reporting.

- **INVESTOR COMPLAINT/GRIEVANCE**

This section is additional content of the annual report but very important for the investors as well. In this section companies generally shows the nature of complaints, subject of complaint, parties of complaints. The main problems like:

- Complaints received from statutory bodies
- Complaints received from court or any legal matters.
- Dividends related complaints from investors
- Shares related problems, etc.

Also shows total statistics regarding complaints like total number of complaints received during the year, total replied, total pending complaints, total solved complaints, in process, etc.
In Internet financial reporting, companies are flexible to disclosed complaints statistics in very dynamic way and also companies provide facilities of E-mails and other direct contact facilities for existing as well as prospective investors by which investors easily solved their queries online very quickly.

- **SHARE-HOLDING PATTERNS**

Shareholding pattern of a company shows how its shares are split among the entities that make up its owners. There are two main sections: the promoter and promoter group and the public shareholding.

- **LISTING ON STOCK EXCHANGES**

This information shows the presence of company in different stock exchanges at national level or also at international level. This is also very important item for users and also for company that it presents more transparency in the minds of stakeholders.

- **INVESTOR EVENTS**

Investor events are the events of the companies related to their investors and financial analysts. Events like, Webcasts, webinars, Audio-video podcasts, annual general meeting notice, and every event which affect the interest of the stakeholders are come in this. Financial Calendar, Investor calendar, Upcoming Events are the name which are used as synonyms to investor events.

- **INVESTOR CONTACTS**

This section discloses the information regarding contacts of different important personals of company who directly contacted with the investors and solve their queries hand to hand online.

In internet financial reporting, this section is very important for the investors or users because they directly contact with the prescribed person/authority of the company and put problem or query easily and quickly.
**DIVIDEND INFORMATION**

Dividend is the only item which is mostly demanded by the investors, analysts also interested to see the dividends during the past years say last 5-8 years to find out the trend of dividend payment, etc. This section is very important from the viewpoint of investors and also for other stakeholders so this is the responsibility of the company to disclosed dividend statistics in their annual reports.

The main feature of internet financial reporting is that the annual report is available with the user every time, everyplace so the user can take investment decision easily and quickly.

**COMPANY’S OFFICIAL ADDRESS**

A registered office is the official address of a company. A registered address is required to ensure physical presence of the business. This address helps customers, suppliers, shareholders and other stakeholders if they have any query, complaint, or they need to talk company officials than they can communicate on this address.

**REGISTRAR AND SHARE TRANSFER AGENT**

A stock transfer agent or share registry is a company, usually a third party unrelated to stock transactions, which cancels the name and certificate of the shareholder who sold the shares of stock, and substitutes the new owner’s name on the official master shareholder listing.

**PROXY FORM**

Proxy Form is a form that shareholders receive with their invitations to attend an AGM, and that they fill in if they want to appoint a proxy to vote for them on a resolution. This is an important form because this treats as a legal document in which shareholder of the company transfer its voting right to other person. Proxy form is the part of annual report and generally at the end of the report, it is enclosed.
• **ATTENDANCE SLIP**

Attendance slip is a document which is filled at the time of attending AGM or other company meetings. This document is a proof that you attend the meeting and investors are aware about the agenda of the meeting and investors also aware about the decisions taken on the meeting. Attendance Slip is the part of annual report and generally at the end of the report, it is enclosed.

**TABLE: 5.4 – DETAILS OF INVESTOR RELATION AND RELATED CONVENIENCES**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>DETAILS OF INVESTOR RELATION AND RELATED CONVENIENCES</th>
<th>INDIAN COMPANIES</th>
<th>U.S. COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Stock Quotes</td>
<td>94 Companies</td>
<td>99 Companies</td>
</tr>
<tr>
<td>2.</td>
<td>Press Releases</td>
<td>99 Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>3.</td>
<td>Investor Complaint/Grievance</td>
<td>89 Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>4.</td>
<td>Share-holding Patterns</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>5.</td>
<td>Listing on Stock Exchanges</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>6.</td>
<td>Investor Events</td>
<td>92 Companies</td>
<td>99 Companies</td>
</tr>
<tr>
<td>7.</td>
<td>Investor Contacts</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>8.</td>
<td>Dividend Information</td>
<td>92 Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>9.</td>
<td>Company’s Official Address</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>10.</td>
<td>Registrar and Share Transfer Agent</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>11.</td>
<td>Proxy Form</td>
<td>88 Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>12.</td>
<td>Attendance Slip</td>
<td>88 Companies</td>
<td>All Companies</td>
</tr>
</tbody>
</table>

• 6 Indian and one U.S. Company do not have Stock Quotes option in their websites.

• Indian companies like, Aditya Birla Nuva, Ambuja Cement, Axix Bank, Bank of Baroda, Bank of India, Airtel, BHEL, Cairn India, Divi’s Lab, Crompton & Greaves, DLF, GMR, Grasim, ITC, Hindalco, Hindustan Petroleum, Infosys, Wipro, Reliance, TATA etc., companies either have
Market Tracker of NSE or Stock Watch of BSE or both. This Market Tracker and Stock Watch software made by National Stock Exchange and Bombay Stock Exchange respectively is a direct link to the stock exchange web page of the concern company. This is a real time system which shows the stock quotes of the company every day.

- 11 Indian companies do not disclose information regarding investor complaints and grievance handling mechanism on its websites.
- 8 Indian and one U.S. company i.e., Berkshire Hathaway Inc. Cl B do not have Investor events page on their websites.
- 8 Indian companies do not disclose dividend information on its websites; however, they disclose this item on its annual report.
- 12 Indian companies do not provide proxy form and attendance slip neither in the annual report nor in the websites.

5.7 PRESENTATION FORMAT

- FINANCIAL DATA IN PROCESS-ABLE FORMAT (I.E., XLS OR TXT FILES)

Process-able format means that the data is in such a format that can be re-used or reutilized if needed. Financial data in Excel or in spreadsheet can be re-used or altered easily if required. In the same way information in word files i.e., .doc, .docx or in .rtf format can be changed and altered easily.

- HTML FORMAT OF FINANCIAL DATA

In order to make Financial Report more useful and transparent to readers, company can include HTML versions of report, which allow readers to navigate through the Report much more quickly and easily, view the source data for the Report’s charts and graphs, and access other related sites and information.
• **PDF VERSION OF ANNUAL REPORT**

Portable Document Format (PDF) is a file format used to represent documents in a manner independent of application software, hardware, and operating systems. Each PDF file encapsulates a complete description of a fixed-layout flat document, including the text, fonts, graphics, and other information needed to display it. The popularity behind the PDF files is its standard security which consists of two different methods and two different passwords, user password, which encrypts the file and prevents opening, and owner password, which specifies operations that should be restricted even when the document is decrypted, which can include: printing, copying text and graphics out of the document, modifying the document, or adding or modifying text notes.

• **XBRL VERSION OF ANNUAL REPORT**

XBRL stands for Extensible Business Reporting Language, is an electronic format for communication of business and financial data which is modernize business reporting around the world. XBRL improve the usability and transparency of financial information reported under existing accounting standards or accounting system, simplifies disclosure, and allows users to communicate financial information more readily and accurately.

• **AUDIO/VIDEO FILES**

Audio/video files are a multimedia container format which allows users to see the faces and expression and hear the voice of presenter. In the present research, webcasts, podcasts, webinars and recorded videos which are available on company’s websites, considered.
### Table: 5.5 – Presentation Format

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Presentation Format</th>
<th>Indian Companies</th>
<th>U.S. Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Financial Data in Process-able Format (i.e., xls or txt files)</td>
<td>68 Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>2.</td>
<td>HTML Format of Financial Data</td>
<td>70 Companies</td>
<td>91 Companies</td>
</tr>
<tr>
<td>3.</td>
<td>PDF Version of Annual Report</td>
<td>All Companies</td>
<td>All Companies</td>
</tr>
<tr>
<td>4.</td>
<td>XBRL Version of Annual Report</td>
<td>Nil</td>
<td>All Companies</td>
</tr>
<tr>
<td>5.</td>
<td>Audio/ Video Files (Webcasts, Webinars)</td>
<td>84 Companies</td>
<td>99 Companies</td>
</tr>
</tbody>
</table>

- In case of use of presentation formats, there is no company from the Indian companies sample which files their financial data in XBRL format. While in case of U.S. all sample companies file their annual and quarterly data in XBRL format.
- All the sample companies of India and U.S. are using PDF version to provide their annual and quarterly data.
- 70 Indian and 91 U.S. companies from the sample are using HTML format for presentation of financial data.
- In case of Audio/video file in which hosting of webinars, webcasts, podcasts and recorded audio video file are considered, only 84 India companies have these files on their websites. Under U.S. companies, Berkshire Hathaway Inc. Cl B is the only company who does not have any audio/video files in its website.
- Data in Excel format are provided by all the U.S. companies but only 68 companies out of 100 sample Indian companies, provide financial data in Excel format.
5.8 TECHNOLOGICAL ADVANTAGES AND USES SUPPORT

- **E-MAIL NEWS ALERTS**

E-mail alerts are breaking news updates that are free to anyone who register themselves on a particular company’s website. These alerts are customizable by topic and you may choose to receive these emails daily and/or weekly. User must register in order to utilize this feature. This will help internet financial reporting users if they are too busy and they do not have sufficient time to open and access company’s website daily. Once they register for email alerts, every new information will directly reach to their email box.

- **SOCIAL MEDIA ABLE INTERACTION WITH STAKEHOLDERS**

Social media has the potential to foster interactions between company and stakeholders or users. In internet, social media means social networking website like, Twitter and Facebook etc. The term “social media” includes a range of tools and services that all enable direct user interaction on computer mediated environments. Recently, many companies used this innovative method to communicate with their stakeholders. Many companies has their Twitter account, Facebook account, Google plus account and the list is not limited. Company and their investors and users add each other on these social networking sites to communicate with each other.

- **SEARCH ENGINE**

A web search engine is a software system that is designed to search for information on the World Wide Web. The search results are generally presented in a line of results often referred to as search engine results pages (SERPs). The information may be a specialist in web pages, images, information and other types of files.
In case of Internet Financial Reporting, search engine can be used to find out company's website, to find out company's related news on other website and to search information that is not available on company's website.

- **MULTIPLE LANGUAGE SUPPORT**

Multiple-language support provides the capability to allow users to read and interact with more than a single language. In present, global scenario of business, every company try to go in global market and company’s website is the prime face of the company in unknown international market. So, if company provides multiple-language support than the image of the company can be strong. Also the existing companies who are already a global player should provide multiple-language support for their foreign customers and stakeholders.

- **SITE MAP**

The sitemap is a very important and necessary component in each website. In short, the sitemap is an index page of your website, which offers links to all pages of your website. These links are categorized and organized in hierarchical form, which makes finding them very easy. In case the visitor of your website cannot find the needed page, he or she should refer to the sitemap. Moreover, the sitemap helps the search engines to index your website. Providing text-based links to key pages makes the sitemap a great way to be found by the search engines.

This is pretty helpful for users of internet financial reporting because if they fail to find out their required information than they can use sitemap to locate the information or they can know whether such information is available on company's website or not.

- **RSS NEWSFEEDS**

RSS Rich Site Summary (originally RDF Site Summary, often dubbed Really Simple Syndication) is a family of web feed formats used to publish frequently updated works—such as blog entries, news headlines, audio, and video—in a
standardized format. An RSS document (which is called a “feed”, "web feed", or "channel") includes full or summarized text, plus metadata such as publishing dates and authorship. This will help the user of internet reporting as and when the user registered themselves on company’s website for RSS Newsfeed from that point articles related to the company, events of the company and other information of the company can directly reach to the registered users in their email.

- **FREQUENTLY ASKED QUESTIONS**

Frequently asked questions are listed questions and answers, all supposed to be commonly asked in some context, and pertaining to a particular topic. Originally the term "FAQ" referred to the Frequently Answered Question itself and the compilation of questions and answers was known as a "FAQ list" or some similar expression. The term became more frequently used to refer to the list, and a text consisting of questions and their answers is often called a FAQ regardless of whether the questions are actually frequently asked, if they are asked at all.

**TABLE: 5.6 – TECHNOLOGICAL ADVANTAGES AND USES**

**SUPPORT**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>PRESENTATION FORMAT</th>
<th>INDIAN COMPANIES</th>
<th>U.S. COMPANIES</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>E-mail News Alerts</td>
<td>90 Companies</td>
<td>99 Companies</td>
</tr>
<tr>
<td>2.</td>
<td>Social Media able Interaction with Stakeholders</td>
<td>70 Companies</td>
<td>99 Companies</td>
</tr>
<tr>
<td>3.</td>
<td>Search Engine</td>
<td>90 Companies</td>
<td>99 Companies</td>
</tr>
<tr>
<td>4.</td>
<td>Multiple Language Support</td>
<td>33 Companies</td>
<td>94 Companies</td>
</tr>
<tr>
<td>5.</td>
<td>Site Map</td>
<td>90 Companies</td>
<td>93 Companies</td>
</tr>
<tr>
<td>6.</td>
<td>RSS Newsfeeds</td>
<td>67 Companies</td>
<td>91 Companies</td>
</tr>
<tr>
<td>7.</td>
<td>Frequently Asked Questions</td>
<td>78 Companies</td>
<td>92 Companies</td>
</tr>
</tbody>
</table>
90 companies from Indian sample do not have E-mail News Alerts option for investors and users. However, these companies have feedback option through which investors can ask their queries. In case of U.S. companies, except Berkshire Hathaway Inc. Cl B, all companies are providing this option to their registered users.

Social Media Interaction with its stakeholders is not very much popular in India so, 30 Indian companies have no Facebook, Twitter, LinkedIn or other social networking account on internet. In case of U.S. companies, except Berkshire Hathaway Inc. Cl B, all companies are communicating with their stakeholders and other users on social networking sties.

Other than use of social networking websites, blogging facilities which allows people to interact with each other, is also an innovative idea through which companies and their investors can share their ideas and views. Indian companies like, HCL, Infosys and Wipro Ltd. provide this facility.

Search Engine option is provide by 90 Indian companies on their website while 99 U.S. companies have this option on their websites. Berkshire Hathaway Inc. Cl B is the only company which does not provide this.

Only 33 Indian companies are support multiple language or in other words they give facility to their global users that they can read information available on website in other than English Language. In case of U.S. companies, 94 companies have this facility.

Difference in providing site map facility is not very much in Indian and U.S. companies. 90 Indian and 93 U.S. companies have this option on their websites.

Only 67 Indian companies have RSS Newsfeeds option on their websites while 91 U.S. companies have this option.

FAQs facility is given by 78 Indian companies, while in case Of U.S. corporate sector it is provided by 91 U.S. companies.
5.9 COMPARISON OF INTERNET FINANCIAL REPORTING WITH PRINTED FORMAT OF ANNUAL REPORT

Internet financial reporting is the new concept in case of Indian corporate scenario but U.S. companies are very much familiar with this. Due to the mandatory requirements of Indian Companies Act, 1956 and guideline of other regulatory bodies, paper based published reports are still mandatory in India. Therefore; it would be significant to find out the differences of Internet financial reporting over the paper based conventional financial reporting.

This section of the study describes the comparison between the contents of Internet financial Reporting and Paper based financial reporting in such a way that one can easily understand the variations between the contents/items shown in Internet financial reporting and paper based financial reporting.

**METHODOLOGY USED**

To achieve this objective, information available on company’s official website is compared with the PDF format of annual report available on the same website. The PDF format of annual report is as same as the printed format of annual report so, the annual report in the PDF format is treated as paper based printed report and the information available on the official website other than the PDF annual report is compared with PDF format of annual report.

**RESULTS**

After comparison and evaluation of PDF version of annual reports and information available on the companies’ websites, researcher concludes that there is no difference in Internet Financial Reporting with printed format of annual reports. However, companies’ are efficiently use internet to provide information which comes after the declaration of quarterly or annual results. Companies’ put all the relevant information and news promptly on the website
and even companies’ provide information regarding every new event and result directly in the mail box of their registered users through email. From the comparison of PDF version of annual reports and the information available on companies’ websites following items are found up dated:

- Board of Directors, CEO’s and CFO’s
- Award, Recognition & Certification
- Information on CSR activities
- Environmental and Sustainable Development
- Stock Quotes (Current Share Price as well history of Share Prices)
- Share-holding Patterns
- Dividend Statistics
- Financial Statistics
- Share Price Chart
- New Ventures (within a financial year)
- Change in Key Management Personnel
- Research & Development (within a financial year)

Above said information are changed during the financial year and annual report is published after the end of every financial year and it would take at least 2 month in publication and distribution to its shareholders. So in the time gap between two consecutive financial year and time gap between the end of financial year and publication of annual report, there may be changes in organization on above said points but these changes can't be include in paper based reports because it is a published report and it include the data and information which lies at the end of financial year. While internet based reporting is a dynamic reporting which can be changed whenever any major or minor changed occurred in the company. Information available on internet has no end; companies can put lot of information on their website with almost zero cost if they already have a website. Above mentioned points are just an example, but in practice company tries to put every event on their website that are useful for an investor, its bankers, government, suppliers and other stakeholders.
Whether companies are Indian or U.S. based, they effectively use internet and their websites to communicate with their different stakeholders.

5.10 Test of Hypotheses

In the beginning of research, other than objectives, researcher also frames six hypotheses on the following basis:

Size of Company

- $H_{01}$: There is no association between company size and the dissemination of financial information on the Internet.

Independent Variables: To test this hypothesis, Net Worth and Profit After Tax are considered as independent variable to measure size of the sample companies.

Dependent Variable: Score of Corporate Internet Reporting Index (CIRI) of sample companies.

Profitability

- $H_{02}$: There is no association between companies profitability and the dissemination of financial information on the Internet.

Independent Variables: To test this hypothesis, Return on Net Worth and Profit after Tax are considered as independent variable to measure profitability of the sample companies.

Dependent Variable: Score of Corporate Internet Reporting Index (CIRI) of sample companies.

Leverage

- $H_{03}$: There is no association between leverage and the dissemination of financial information on the Internet.

Independent Variables: To test this hypothesis, Debt-Equity ratio is considered as independent variable to measure profitability of the sample companies.
**Dependent Variable:** Score of Corporate Internet Reporting Index (CIRI) of sample companies.

**INTERNATIONALITY**
- \( H_{04} \): Companies with relatively more international activities are more likely to adopt Internet financial reporting than companies with relatively less international activities.

- **Independent Variables:** To test this hypothesis, number of stock exchanges in which sample companies are listed considered as independent variable to measure internationality of the company.

- **Dependent Variable:** Score of Corporate Internet Reporting Index (CIRI) of sample companies.

**COMPANY AGE:**
- \( H_{05} \): Older companies are more likely to adopt Internet financial reporting than younger companies.

**Independent Variables:** To test this hypothesis, sample companies’ age as on 2012 are considered as independent variable to measure internationality of the company.

**Dependent Variable:** Score of Corporate Internet Reporting Index (CIRI) of sample companies.

**LISTED IN STOCK EXCHANGE:**
- \( H_{06} \): There is no significance difference between Internet Financial Reporting of companies listed in Stock Exchange of developed countries and companies listed in Stock Exchange of developing countries.

**Independent Variables:** To test this hypothesis, CIRI score companies’ listed in Stock Exchange of developed countries (companies of NYSE in present study) are considered as independent variable.
**Dependent Variable:** Score of Corporate Internet Reporting Index (CIRI) of companies listed in Stock Exchange of developing countries (companies listed in BSE for present study) are considered as dependent variable.

These hypotheses are tested by *Kruskal-Wallis Test* and *Mann-Whitney U-test* were used for testing these hypotheses at the 5% level of significance or 95% level of confidence and run through SPSS. Following table gives a brief view of hypotheses testing and their results:

**TABLE: 5.7 – TEST OF HYPOTHESES**

<table>
<thead>
<tr>
<th>Null Hypotheses</th>
<th>Test</th>
<th>P-value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H₀₁: There is no association between company size and the dissemination of financial information on the Internet</td>
<td>Kruskal-Wallis Test</td>
<td>.000</td>
<td>Reject the Null Hypothesis</td>
</tr>
<tr>
<td>H₀₂: There is no association between companies profitability and the dissemination of financial information on the Internet</td>
<td>Kruskal-Wallis Test</td>
<td>.000</td>
<td>Reject the Null Hypothesis</td>
</tr>
<tr>
<td>H₀₃: There is no association between leverage and the dissemination of financial information on the Internet</td>
<td>Mann-Whitney U-test</td>
<td>.000</td>
<td>Reject the Null Hypothesis</td>
</tr>
<tr>
<td>H₀₄: Companies with relatively more international activities are more likely to adopt Internet financial reporting than companies with relatively less international activities.</td>
<td>Mann-Whitney U-test</td>
<td>.000</td>
<td>Reject the Null Hypothesis</td>
</tr>
</tbody>
</table>
**H₀₅:** Older companies are more likely to adopt Internet financial reporting than younger companies.

<table>
<thead>
<tr>
<th>Hypothesis</th>
<th>Test Statistic</th>
<th>P-value</th>
<th>Conclusion</th>
</tr>
</thead>
<tbody>
<tr>
<td>There is no significance difference between Internet Financial Reporting of companies listed in Stock Exchange of developed countries and companies listed in Stock Exchange of developing countries</td>
<td>Mann-Whitney U-test</td>
<td>.000</td>
<td>Reject the Null Hypothesis</td>
</tr>
</tbody>
</table>

The Significance level is 0.05

If the P-value is smaller than 0.05 (i.e., significant level) than it is concluded that Null Hypothesis is rejected. So, the result of both tests shows that all the hypotheses are rejected. So, it can be concluded that size and age of the company, profitability, leverage and internationality of the company has significant impact on companies’ disclosure practices in case of Indian and US companies selected for study.

**SUMMARY**

Internet financial reporting is the very new concept in Indian corporate scenario and here is the attempt to analyze the practices of financial reporting by the Indian companies compare with U.S. companies on the Internet. For analysis Corporate Internet Reporting Index (CIRI) was constructed into seven parts (Accounting & Financial Information, Corporate Governance Information, Corporate Social Responsibility & Human Resource Information, Details of Investor Relation And Related Conveniences, Presentation Format, Technological
Advantages & Uses Support) which covered all the financial as well as relevant information required for any decision(s).

The results found that all the companies having their websites on the Internet and also all the sample companies disclosed financial information on their websites in dynamic manner. From the total sample size of Indian and U.S. companies, IT-software companies are pioneer in adopting Internet Financial Reporting.

U.S. companies are better than Indian companies in adopting internet technology in comparison to Indian companies. However, Indian companies also changed in dynamic manner.

So, on that basis it can be said that Internet financial reporting is new concept for Indian scenario but it depicts that companies are interested to provide the financial as well as non-financial information as much as possible in updated manner.

It can also be concluded that size and age of the company, profitability, leverage and internationality of the company has significant impact on companies’ disclosure practices in case of Indian and US companies selected for study.

REFERENCES


- Omneya H. Abdelsalam, Stephanie M. Bryant, and Donna L. Street “An Examination of the Comprehensiveness of Corporate Internet Reporting Provided by London-Listed Companies”, Journal of International Accounting Research, Vol. 6, No. 2, 2007, pp. 1–33