Preface

In India, the last decade has experienced profound changes in corporate disclosure practices. Changing economic and business conditions, rapid technological innovation, proliferation of the internet and globalization are creating competitive market environment which are driving corporate sectors to transform the manner in which they disseminate information to the stakeholders. The days of minimalist corporate reporting are over with the market crying out for more information and companies continuing to report in the traditional manner have felt the necessity to change thereby going beyond the statutorily required minimum financial reporting in its annual reports. The financial statements of the companies started to disclose more and became more transparent. The Institute of Chartered Accountants of India, in order to keep pace with international developments published as many as 32 standards and Companies Act made compliance of accounting standards mandatory in respect of listed companies. In my area of research, the key focus has been laid on current practice of voluntary disclosures in the financial statements of listed public limited companies in the IT Industry in India. The study tried to make an assessment of the emerging trends of the voluntary disclosure practices in the annual reports of the IT companies in India. For this purpose, the top 10 IT companies have been selected. A comparative analysis has also been made between the selected IT sector companies with some selected companies belonging to sectors other than IT which are considered for calculating the BSE Sensex. These analyses were followed by a questionnaire based study to form an idea about the perception of voluntary disclosures on the part of the stakeholders of the companies for ascertaining the gaps that exist between the information disclosed in the annual reports and the information required by the users of accounts for taking more informed decisions.

In brief, the comprehensive framework developed in this study for organizing and evaluating voluntary disclosures is an initial step in the direction of examining voluntary disclosure practices of Indian IT companies. It can finally be concluded that, although there has been a marked improvement in the quantity and quality of information provided in the financial statements by the Indian IT companies over the years, there still exists a gap between the information required by the stakeholders for taking decisions and information provided in the published annual report. Thus, more efforts should be put to reduce the diversity and ambiguity in their disclosure and hence enhancing the quality, reliability, comparability and comprehensibility of accounting information.