PREFACE

In the last couple of decades the focus of the corporate sectors has shifted from the financial information to the non financial information. Sustainability Reporting (SR) simple means to report the non financial information of the firms, which includes four parameters: Economic, Social, environment and Governance.

In India sustainability reporting became mandatory in the year 2012. Since, this research started in the year 2013, when sustainability was in its nascent stage in India and it was an emerging topic, and very less has been searched regarding the impacts of sustainability, especially in Indian context. In an emerging economy like India that roots on the notion of “Vasudhaiva Kutumbakam”, where sustainability development is of utmost importance; the present study also gains its relevance. Sustainability is a concept that cannot be ignored; and reporting on sustainability brings benefits attached to it. However, practicing and reporting on the sustainability issues involves heavy costs and may even affect its profits negatively. Thus, this study probes to find whether the sustainability reporting practices of the firms affect its financial performance, firm’s value and shareholder value. In order to measure sustainability, 3 major frameworks: GRI, CSRHub Database and S&P ESG India Index were used. GRI framework was used to compute disclosure indices. Varied sample sizes were used for different analysis depending upon the availability of consistent and uniform data. The impact of sustainability was measured using various statistical models and statistical tools such as: Bar-charts, Content Analysis, ANOVA, Correlation, Multiple Regression Analysis, Discriminant Analysis, Probit Regression Analysis. The study found mixed results as per the three frameworks with regards to the impact of sustainability reporting on firm’s profitability, firms’ value and shareholder value. The study also reveals that the larger firms can be more sustainable by decreasing their short term profits and degree of operating leverage in order to create greater firm value and shareholder value. Out of the major components of sustainability Social and Governance components were found to be predominant. Sustainability reporting is still at its nascent stage and hence much needs to be done in order to make the Indian corporates sustainable.

The study ends with the summarization of various findings and their implications, conclusions, suggestions, limitations and future scope.