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SUSTAINABILITY ACCOUNTING AND INTEGRATED REPORTING: THE FUTURE OF CORPORATE REPORTING IN INDIA

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ABSTRACT

Over the last few years, integrated reporting and sustainability accounting have become critical tools for facilitating corporate transparency and accountability in India. Conventional financial reporting concentrates mostly on financial performance and tends to ignore the environmental and social consequences of business operations. Sustainability accounting fills this vacuum by measuring, disclosing, and controlling a firm's environmental, social, and governance (ESG) performance systematically. Integrated reporting takes a step further by bringing together financial and non-financial data in one coordinated report that gives stakeholders a complete picture of an organization's strategy, governance, performance, and prospects in relation to its external environment. It not only enhances stakeholder trust but also aligns corporate activities with sustainable development objectives. As India progresses towards international best practices of corporate governance, sustainability accounting and integrated reporting will give a new shape to the future of corporate reporting, challenging businesses to create long-term value while being socially conscious and environmentally responsible.

KEYWORDS: Integrated Reporting, Sustainability Accounting, Corporate Transparency, Corporate Accountability, Financial Performance, ESG Performance, Governance.

INTRODUCTION

This talk discusses the revolutionary landscape of corporate reporting in India, with emphasis on the emerging significance of sustainability accounting and integrated reporting frameworks.

We explore the way these practices are not only compliance exercises but strategic mandates, fuelling long-term value creation and ethical business practice within the Indian economic environment.

Sustainability Accounting is a technique that pushes the limits of traditional accounting by



incorporating non-financial factors like environmental, social, and governance (ESG) considerations into corporate reports. It seeks to quantify, manage, and report the influence of business operations on natural resources, climate change, community well-being, employee well-being, and ethical governance. In doing so, it helps organizations to detect risks and opportunities hidden in conventional financial statements, thereby enabling more robust and accountable decision-making.

Integrated Reporting, on the contrary, is an integrated approach that harmonizes financial and sustainability data into one integrated report. Established by the International Integrated Reporting Council (IIRC), Integrated Reporting aims to give stakeholders a comprehensive picture of how an organization generates, maintains, or destroys value for the short, medium, and long term. It links financial information with nonfinancial performance, governance practices, business models, and outlook, thus increasing the transparency, comparability, and credibility of corporate disclosures.

Within India, the drive towards sustainability accounting and integrated reporting has picked up strong traction over the last decade. Regulators like the Securities and Exchange Board of India (SEBI) have gone a long way in driving non-financial disclosure through requirements such as the Business Responsibility and Sustainability Reporting (BRSR) framework, which is now mandatory for the leading listed firms. Several Indian corporates, particularly large conglomerates and global footprint companies, have taken the initiative to implement Integrated Reporting frameworks on their own to enhance stakeholder confidence, win responsible investors, and keep pace with global best practices.

LITERATURE REVIEW:

Early Stages: 1990s

1. Gray et al. (1995)

Gray, Kouhy, and Lavers (1995) provided an early base for understanding corporate social and environmental reporting.

They discussed the development of environmental accounting and emphasized that, at this time, disclosure was primarily voluntary and prompted by external legitimacy demands as opposed to internal strategic objectives.

This phase brought to focus the absence of standards and low stakeholder awareness.

2. Early 2000s

Emergence of Global Guidelines

In the early 2000s, Global Reporting Initiative (GRI) guidelines began to catch on across the globe with their systematic approaches to sustainability reporting.

Gradually, businesses came to realize the necessity for non-financial disclosure, yet adoption in India was patchy and largely confined to multinational companies with global exposure.



3. Mid to Late 2000s

Rising Stakeholder Awareness

Scholarly discussion at this point centered on the ways in which stakeholders — particularly investors and civil society — were beginning to call for greater transparency around ESG dimensions.

Studies indicated that Indian operations of multinational companies were among the pioneers to try sustainability disclosures in order to satisfy international supply chain demands.

4. 2010 – 2015: Integrated Reporting Emerges

International Integrated Reporting Council (IIRC)

In 2010, the IIRC was formed to promote Integrated Reporting (<IR>) as a framework that combines financial and non-financial information in a single report.

Adams (2015) discussed how integrated reporting aimed to bridge the gap between financial performance and sustainability, helping stakeholders see how a company creates value over time.

5. 2013: Indian Context — Companies Act

Companies Act, 2013

India became one of the first countries to mandate Corporate Social Responsibility (CSR) for certain companies.

This legal push created a regulatory foundation for non-financial disclosures, indirectly encouraging sustainability accounting practices.

6. 2015 – 2020: Academic Recognition Grows

Singh and Kaur (2020)

Highlighted how Indian firms began aligning with global reporting frameworks such as GRI and IIRC.

Their study found that while awareness and reporting had increased, many companies still faced challenges like data standardization, lack of assurance, and integration gaps.

1. Foundational Stage: Traditional SA and CSR (Pre-2015)

This section represents the earliest focus of the literature, characterized by voluntary disclosures and the initial push toward social responsibility.

RESEARCH GAP:

Despite the growing emphasis on sustainability accounting and integrated reporting in India, notable



gaps persist in both literature and practice:

Insufficient Integration of ESG and Financial Data

Many Indian companies continue to disclose ESG and financial information in silos rather than combining them into a truly integrated report. Although frameworks such as the IIRC provide guidance, their practical implementation and genuine integration remain inconsistent and sector-specific.

Inconsistent Standards and Limited Comparability

Research indicates that companies rely on varied frameworks and metrics (such as GRI, BRSR, and <IR>), resulting in fragmented and inconsistent disclosures. There is a lack of in-depth studies on how these standards can be aligned to ensure comparability across different industries and organisations.

Issues of Assurance and Report Credibility

The question of how to enhance the credibility and reliability of sustainability disclosures remains largely under-explored. Independent verification of ESG data is still rare in India, creating a credibility gap that affects stakeholder confidence.

Neglect of SMEs in Existing Research

Existing studies and policies largely focus on large, publicly listed companies, overlooking the vast segment of small and medium-sized enterprises (SMEs) that form a critical part of India's economy. There is a clear need for research into how SMEs can adopt sustainability accounting and integrated reporting practices.

Underdeveloped Social Impact Reporting

While environmental disclosures — such as carbon footprints — have gained traction, reporting on social aspects like labour welfare, community engagement, and human rights remains underdeveloped and poorly standardised. More research is needed to establish robust approaches for measuring and reporting social impacts.

Gaps in Organisational Capacity and Skills

Limited scholarly work has addressed how Indian firms can build the internal capabilities and professional skills required to implement sustainability accounting successfully. There is also a need to explore the role of technology in enhancing reporting quality and efficiency.

Unclear Effectiveness of Regulatory Requirements

Although new frameworks like the BRSR have made sustainability reporting mandatory for major companies, there is insufficient empirical evidence assessing whether such mandates are driving real improvements in corporate sustainability performance, rather than mere compliance.

Research Gaps in Sustainability Accounting (SA) and Integrated Reporting (IR) in India



1. Gap in the "Integrated Thinking" Dimension

- **The Gap:** Most studies focus on the *output* (the Integrated Report or BRSR document) rather than the internal process transformation—known as "Integrated Thinking"—that IR is supposed to drive.
- **Research Need:** Qualitative research (case studies, interviews) to explore how the adoption of IR or BRSR Core has changed management decision-making, resource allocation (across the six capitals), and organizational structure in Indian companies.

2. Gap in Value Relevance and Investor Use

- **The Gap:** There is limited recent empirical evidence on whether the enhanced, connected information in IR/BRSR is actually perceived as "value-relevant" and used by Indian capital providers (retail investors, domestic institutional investors, banks) in their decision-making.
- **Research Need:** Quantitative studies to test the association between the quality/connectivity score of IR disclosures and firm-level economic outcomes like cost of capital, firm valuation (Tobin's Q), and analyst forecast accuracy in the post-BRSR environment.

3. Gap in Sectoral and Size-Based Comparability

- **The Gap:** Current reporting frameworks (BRSR) apply to the top 1,000 listed entities, but the challenges and disclosures vary drastically. There is insufficient research comparing the maturity and impact of reporting across diverse Indian sectors (e.g., IT vs. Manufacturing vs. Finance) and across different size cohorts within the Top 1000.
 - **Research Need:** Comparative studies to identify which IR principles or BRSR indicators are material for specific Indian industries, and to analyze the challenges faced by mid-cap companies versus large-cap companies.
- #### 4. Gap in Assurance, Reliability, and Greenwashing
- **The Gap:** With the push toward mandatory assurance for the BRSR Core, there is a lack of research on the quality, scope, and impact of external assurance on sustainability data in the Indian context.
 - **Research Need:** Studies to evaluate the extent of greenwashing (superficial or misleading disclosures) in Indian IR/BRSR reports and to assess if independent assurance significantly improves the credibility and reliability of the reported ESG metrics.

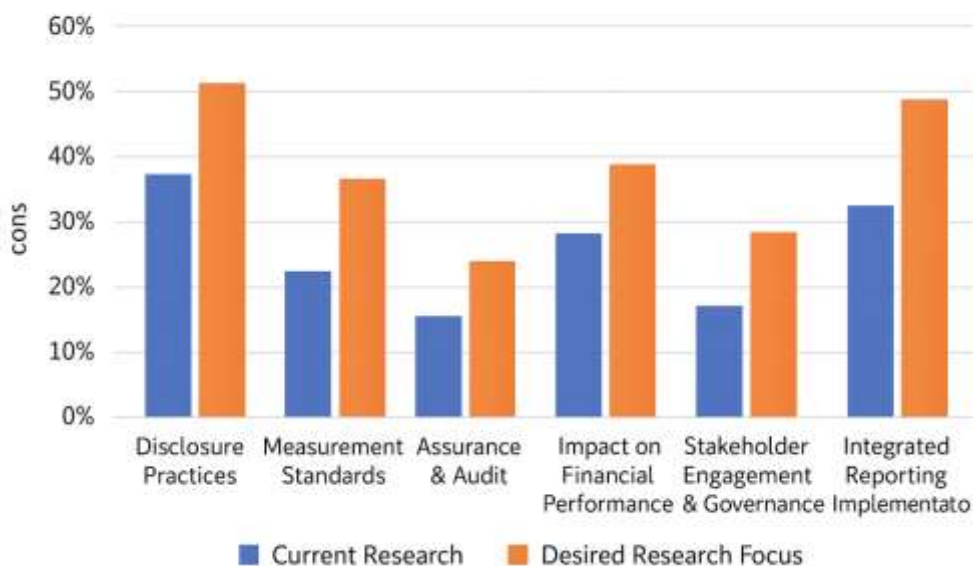
5. Gap in Technology and Data Management

- **The Gap:** The BRSR framework requires highly quantitative, real-time data, which is difficult to manage using traditional systems. There is a lack of research on the technological infrastructure and data governance practices companies are adopting.
- **Research Need:** Exploratory research on the adoption of technology (e.g., AI, specialized ESG software, blockchain for supply chain) to integrate and manage sustainability data and how this impacts the overall quality and efficiency of IR preparation.

6. Gap in Regulatory Impact and Alignment

- **The Gap:** India has multiple, overlapping reporting regimes (Companies Act CSR, BRSR, voluntary IR). There is a lack of a comprehensive analysis of the interplay and potential harmonisation between the mandatory BRSR framework and the voluntary IR framework principles.
- **Research Need:** Normative or empirical studies to assess the effectiveness of the BRSR Core in achieving global alignment (e.g., with ISSB standards) and to propose a streamlined, cohesive framework for the *future* of mandatory corporate reporting in India.

Research Gaps in SA & IR (India)





SIGNIFICANCE

The significance of examining sustainability accounting and integrated reporting within the Indian context lies in its capacity to fundamentally reshape the way businesses disclose their actual performance and overall impact to stakeholders. Traditional financial reporting has primarily concentrated on economic outcomes, often overlooking the wider environmental and social implications of corporate activities. However, in an era marked by rising global awareness of climate change, social equity, and good governance, such a limited approach is increasingly inadequate. Sustainability accounting helps bridge this gap by systematically capturing, managing, and reporting data on a company's environmental, social, and governance (ESG) dimensions, offering a more comprehensive and responsible picture of corporate performance. Integrated reporting advances this concept by merging financial and non-financial information into a unified, cohesive report that demonstrates how an organisation's strategy, governance, and operations contribute to value creation within the broader framework of sustainable development. This integrated approach not only improves transparency but also strengthens trust among investors, regulators, consumers, and communities, while aligning corporate conduct with national priorities and global sustainability benchmarks, including the United Nations Sustainable Development Goals (SDGs). For India, a fast-growing economy with deeper links to international markets, adopting strong sustainability accounting and integrated reporting practices is critical for attracting ethical investment, enhancing corporate governance, and fostering long-term value creation that respects people, profit, and the planet. Furthermore, this topic is highly relevant for policymakers and regulators seeking to design clear and effective guidelines, for businesses striving to build internal capabilities and follow best practices, and for academics aiming to expand research and empirical evidence on these evolving frameworks in an Indian setting. By identifying the existing gaps, persistent challenges, and future directions, the study of this subject ultimately contributes to India's progress towards a more transparent, responsible, and future-ready corporate reporting ecosystem that aligns with the changing expectations of stakeholders.

Significance of Sustainability Accounting & Integrated Reporting in India

A. For the Company (Internal Significance)

1. **Enables Integrated Thinking:** It breaks down organizational "silos" by compelling management to view financial and non-financial (ESG) factors as interconnected. This shift from two separate reports to a unified strategy—drives a holistic understanding of risk and opportunity.
2. **Enhances Strategy and Risk Management:** By focusing on the **six capitals** and the **value creation model**, companies gain an improved ability to identify, measure, and manage long-term sustainability risks (e.g., climate change, resource scarcity, social license to operate) and opportunities for innovation.



3. **Improves Operational Efficiency:** Measuring environmental metrics (like energy, water, and waste) through rigorous SA practices, as required by BRSR, often leads to the identification of inefficiencies, resulting in cost reduction and optimized resource utilization.

4. **Strengthens Corporate Governance:** It places the responsibility for ESG performance squarely with the Board and top management, ensuring that sustainability is a board-level agenda and not just a compliance exercise.

B. For Investors and Capital Markets (External Significance)

5. **Facilitates Informed Investment Decisions:** IR and BRSR provide material, connected, and forward-looking information (e.g., on climate strategy, human capital) that is crucial for investors making long-term allocation decisions. This allows them to assess a company's true intrinsic value, which often includes intangible assets.

6. **Reduces Cost of Capital:** Companies with high-quality, transparent IR/BRSR disclosures are often viewed as less risky and more stable. This enhanced transparency and credibility can lead to better access to "green" or sustainable finance and a lower overall cost of equity and debt.

7. **Enhances Comparability and Benchmarking:** The standardized, quantitative structure of the BRSR framework allows investors and ESG rating agencies to compare ESG performance across Indian companies and sectors, which was difficult under the previous voluntary regimes.

8. **Mitigates Greenwashing:** The mandatory Assurance requirement for the "BRSR Core" parameters lends credibility and reliability to the reported data, significantly reducing the risk of greenwashing and building investor trust.

C. For National Development and Society (Broader Significance)

9. **Drives Alignment with Global Goals:** The BRSR framework is aligned with international standards like GRI, SASB, and the UN Sustainable Development Goals (SDGs), positioning Indian companies as global leaders in responsible business conduct and contributing to national and international sustainability targets (like India's Net Zero 2070 commitment).

10. **Promotes Inclusive Growth and Social Equity:** The BRSR mandates detailed disclosure on principles like employee well-being, human rights, and inclusive growth, forcing companies to account for their impact on their entire value chain, including marginalized communities and contract workers.



11. **Increases Corporate Accountability:** By moving from voluntary reporting to a "comply or explain" mandatory framework, the regulatory environment has fundamentally shifted, holding India's top corporates accountable for their social and environmental performance to a much higher degree.

12. **Fosters Stakeholder Trust and Reputation:** Providing a holistic and transparent account of performance builds stronger relationships with all stakeholders (employees, consumers, regulators, and local communities), enhancing the company's brand reputation and social license to operate.

Objective of the study:

- 1.To analyse the current status of sustainability accounting practices adopted by Indian companies across various sectors.
- 2.To examine the level of awareness and adoption of integrated reporting frameworks among Indian corporates.
- 3.To identify key drivers and barriers influencing the implementation of sustainability accounting and integrated reporting in India.
- 4.To assess the extent to which companies integrate ESG factors with traditional financial disclosures in their annual reports.
- 5.To evaluate the effectiveness of existing regulatory frameworks (such as SEBI's BRSR and CSR provisions under the Companies Act, 2013) in promoting comprehensive sustainability reporting.
- 6.To highlight best practices and benchmark Indian corporate reporting standards against global frameworks like GRI and <IR>.
- 7.To suggest strategies and policy recommendations for improving the quality, credibility, and comparability of sustainability disclosures in India.
- 8.To explore the role of technological tools and organisational capacity building in enhancing sustainability accounting and integrated reporting.
- 9.To contribute to the academic understanding of sustainability accounting and integrated reporting within the context of an emerging economy like India.

I. Analyzing the Current Landscape (Descriptive)

1. To analyze the current status and extent of adoption of Sustainability Accounting (SA) and Integrated Reporting (IR/BRSR) among a defined sample of Indian companies.
2. To evaluate the quality and completeness of disclosures in IR/BRSR reports based on key principles (e.g., connectivity, materiality, future orientation, and the six capitals framework).



3. To identify and document the primary drivers and barriers (organizational, regulatory, and cultural) influencing the transition from traditional financial reporting to IR in the Indian corporate sector.

II. Assessing the Impact (Analytical/Empirical)

4. To investigate the relationship between the quality of IR disclosures and firm performance (financial, market, and environmental), focusing on the effect on cost of capital and firm valuation.

5. To assess the perceived value relevance and utilization of IR/BRSR information by key stakeholders in India, particularly institutional investors, financial analysts, and lending institutions.

6. To examine the shift in internal corporate practices (i.e., "Integrated Thinking") resulting from the adoption of the IR or BRSR framework.

III. Proposing a Future Roadmap (Prescriptive)

7. To evaluate the effectiveness of the SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework in achieving harmonization with global sustainability reporting standards (like ISSB/IFRS S1 and S2).

8. To propose a set of policy and managerial recommendations for regulatory bodies (SEBI, MCA) and Indian companies to enhance the credibility, comparability, and strategic utility of corporate sustainability and integrated reporting.

RESEARCH METHODOLOGY:

To gain a well-rounded understanding of the current status and future direction of sustainability accounting and integrated reporting in India, this study uses a mixed-methods approach that combines both quantitative and qualitative research. On the quantitative side, the study will analyse secondary data drawn from the annual reports, Business Responsibility and Sustainability Reports (BRSR), and integrated reports of the top 100 listed companies in India over a period of five years. This will help identify patterns, gaps, and differences across industries by examining key environmental, social, and governance (ESG) indicators and how these are linked with financial information. To add depth to the findings, the qualitative part of the research will include semi-structured interviews with sustainability managers, CFOs, and CSR heads to gather practical insights about the challenges, drivers, and real-world practices related to sustainability accounting and integrated reporting. The interview responses will be carefully analysed to highlight common themes and viewpoints. In addition, the study will review relevant policies, regulatory guidelines, and well-known global standards like the GRI and the International Integrated Reporting (IR) Framework to place the results in the right context. By combining data analysis with insights from industry professionals, this research aims to provide a



clear picture of how Indian companies are adopting sustainability reporting, what challenges they face, and what steps can help build a stronger, more transparent reporting system for the future.

Importance of the Topic:

The topic of sustainability accounting and integrated reporting is very important today because it pushes companies to look beyond just profits and consider how their actions affect people and the planet. In India, where businesses are growing fast and facing global competition, it is no longer enough for companies to only show their financial performance. Investors, customers, and communities now want to know whether companies are using resources responsibly, treating employees fairly, and taking care of the environment. Sustainability accounting helps companies measure and report these things in a clear way, while integrated reporting combines all this information — both financial and non-financial — into a single, easy-to-understand report. This builds trust with stakeholders and shows that companies are serious about being responsible and sustainable. For India, adopting these practices means stronger corporate governance, better chances to attract global investors, and a bigger contribution to global goals like fighting climate change and promoting social welfare. In simple terms, this topic matters because it encourages businesses to grow in a way that benefits not just themselves but also society and future generations.

Regulatory Driver: SEBI's BRSR Mandate

The most significant driver in India is the Business Responsibility and Sustainability Reporting (BRSR) framework, mandated by the Securities and Exchange Board of India (SEBI).

Feature Details

Mandatory for the top 1,000 listed companies by market
Applicability capitalization (from FY 2022-23).

Introduced for a phased implementation of mandatory assurance
BRSR Core for key ESG performance indicators (KPIs), increasing the credibility of the data.

Comprehensive and aligned with global frameworks (GRI, SASB), requiring disclosures on nine principles of responsible. Scope business conduct (e.g., respecting human rights, protecting the environment).

Requires both quantitative (e.g., energy consumption, water withdrawal) and qualitative (e.g., policies, processes)
Nature disclosures, categorized into Essential (mandatory) and Leadership (voluntary) indicators.

Sustainability Accounting is the process of collecting, analyzing, and reporting information about a



company's economic, social, and environmental performance. Its importance in the Indian context stems from several key factors:

- **Strategic Imperative:** It allows companies to embed sustainability into their core business strategy by helping them identify, measure, and manage their environmental and social impacts (risks and opportunities).
- **Regulatory Compliance:** India has been a frontrunner in mandating nonfinancial disclosures, notably with the Business Responsibility and Sustainability Report (BRSR) required by the Securities and Exchange Board of India (SEBI) for the top listed companies. Sustainability accounting provides the necessary data for this compliance.
- **Risk Management:** It helps companies understand and quantify ESG-related risks (e.g., climate change impact, resource scarcity, social unrest) and opportunities, allowing for proactive mitigation and planning.
- **Operational Efficiency:** By tracking resource consumption (like water and energy) and waste generation, it drives initiatives for cost reduction and process streamlining, leading to greater efficiency.
- **Enhanced Reputation and Brand Value:** Transparent disclosure of sustainability performance builds trust with consumers, employees, and the public, enhancing corporate image and brand loyalty.

Importance of Integrated Reporting

Holistic Decision-Making: IR forces management to actively consider the relationships between all parts of the business (finance, HR, operations, sustainability) and the "six capitals" (Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural). This breaks down internal silos.

Enhanced Strategic Focus: By connecting strategy, resource allocation, and performance to long-term value creation, IR provides a clearer articulation of the business model and its sustainability. It helps management focus on the issues that truly matter (materiality).

Improved Risk and Opportunity Management: It allows the organization to better identify, assess, and manage risks and opportunities by looking beyond short-term financial metrics to include non-financial factors like reputation, resource scarcity, and talent retention.

Increased Internal Efficiency: The process encourages a more cohesive and efficient reporting approach, often reducing duplication between separate financial, governance, and sustainability reports.



Stronger Corporate Governance: It strengthens governance by requiring the board and management to take explicit accountability for the full range of capitals and the organization's ability to create and sustain value over time.

2. Importance for Stakeholders (External Benefits)

IR provides a completer and more useful picture for external stakeholders, especially those providing financial capital.

A. For Investors and Financial Capital Providers

The primary audience for the integrated report is providers of financial capital.

Comprehensive View of Value: Investors gain a complete picture of performance, going beyond just historical financial data to include the intangible factors (like intellectual property, brand, and human capital) that account for an increasingly large percentage of a company's market value.

Insight into Long-Term Sustainability: It helps investors assess a company's resilience and its ability to create value over the long term by understanding how the business manages its environmental, social, and governance (ESG) dependencies and impacts.

Better Capital Allocation: With clearer, connected information, investors can make more informed and efficient capital allocation decisions, favoring companies that demonstrate a sustainable and sound value creation model.

Enhanced Transparency and Trust: By providing a concise, honest, and balanced view of both positive and negative material matters, IR builds greater trust and credibility with the investment community.

B. For Broader Stakeholders (Employees, Customers, Communities)

The integrated report's focus on all six capitals ensures it is highly relevant to all key stakeholders.

Clearer Stakeholder Relationship Management: The report provides insight into the nature and quality of the organization's relationships with its key stakeholders and how it responds to their legitimate needs and interests.

Boosted Employee Engagement: By clearly communicating the company's strategy, purpose, and contribution to society, integrated reporting can foster a sense of purpose and motivation among employees.

Improved Reputation: Demonstrating a commitment to transparency, ethical governance, and balancing financial performance with social and environmental responsibilities enhances the company's reputation and brand value.



SIGNIFICANCE:

The significance of examining sustainability accounting and integrated reporting within the Indian context lies in its capacity to fundamentally reshape the way businesses disclose their actual performance and overall impact to stakeholders. Traditional financial reporting has primarily concentrated on economic outcomes, often overlooking the wider environmental and social implications of corporate activities. However, in an era marked by rising global awareness of climate change, social equity, and good governance, such a limited approach is increasingly inadequate. Sustainability accounting helps bridge this gap by systematically capturing, managing, and reporting data on a company's environmental, social, and governance (ESG) dimensions, offering a more comprehensive and responsible picture of corporate performance. Integrated reporting advances this concept by merging financial and non-financial information into a unified, cohesive report that demonstrates how an organisation's strategy, governance, and operations contribute to value creation within the broader framework of sustainable development. This integrated approach not only improves transparency but also strengthens trust among investors, regulators, consumers, and communities, while aligning corporate conduct with national priorities and global sustainability benchmarks, including the United Nations Sustainable Development Goals (SDGs). For India, a fast-growing economy with deeper links to international markets, adopting strong sustainability accounting and integrated reporting practices is critical for attracting ethical investment, enhancing corporate governance, and fostering long-term value creation that respects people, profit, and the planet. Furthermore, this topic is highly relevant for policymakers and regulators seeking to design clear and effective guidelines, for businesses striving to build internal capabilities and follow best practices, and for academics aiming to expand research and empirical evidence on these evolving frameworks in an Indian setting. By identifying the existing gaps, persistent challenges, and future directions, the study of this subject ultimately contributes to India's progress towards a more transparent, responsible, and future-ready corporate reporting ecosystem that aligns with the changing expectations of stakeholders.

Significance of Sustainability Accounting & Integrated Reporting in India

A. For the Company (Internal Significance)

5. **Enables Integrated Thinking:** It breaks down organizational "silos" by compelling management to view financial and non-financial (ESG) factors as interconnected. This shift from two separate reports to a unified strategy—drives a holistic understanding of risk and opportunity.
6. **Enhances Strategy and Risk Management:** By focusing on the **six capitals** and the **value creation model**, companies gain an improved ability to identify, measure, and manage long-term sustainability risks (e.g., climate change, resource scarcity, social license to operate) and opportunities for innovation.



7. **Improves Operational Efficiency:** Measuring environmental metrics (like energy, water, and waste) through rigorous SA practices, as required by BRSR, often leads to the identification of inefficiencies, resulting in cost reduction and optimized resource utilization.

8. **Strengthens Corporate Governance:** It places the responsibility for ESG performance squarely with the Board and top management, ensuring that sustainability is a board-level agenda and not just a compliance exercise.

B. For Investors and Capital Markets (External Significance)

9. **Facilitates Informed Investment Decisions:** IR and BRSR provide material, connected, and forward-looking information (e.g., on climate strategy, human capital) that is crucial for investors making long-term allocation decisions. This allows them to assess a company's true intrinsic value, which often includes intangible assets.

10. **Reduces Cost of Capital:** Companies with high-quality, transparent IR/BRSR disclosures are often viewed as less risky and more stable. This enhanced transparency and credibility can lead to better access to "green" or sustainable finance and a lower overall cost of equity and debt.

11. **Enhances Comparability and Benchmarking:** The standardized, quantitative structure of the BRSR framework allows investors and ESG rating agencies to compare ESG performance across Indian companies and sectors, which was difficult under the previous voluntary regimes.

12. **Mitigates Greenwashing:** The mandatory Assurance requirement for the "BRSR Core" parameters lends credibility and reliability to the reported data, significantly reducing the risk of greenwashing and building investor trust.

C. For National Development and Society (Broader Significance)

13. **Drives Alignment with Global Goals:** The BRSR framework is aligned with international standards like GRI, SASB, and the UN Sustainable Development Goals (SDGs), positioning Indian companies as global leaders in responsible business conduct and contributing to national and international sustainability targets (like India's Net Zero 2070 commitment).

14. **Promotes Inclusive Growth and Social Equity:** The BRSR mandates detailed disclosure on principles like employee well-being, human rights, and inclusive growth, forcing companies to account for their impact on their entire value chain, including marginalized communities and contract workers.



15. **Increases Corporate Accountability:** By moving from voluntary reporting to a "comply or explain" mandatory framework, the regulatory environment has fundamentally shifted, holding India's top corporates accountable for their social and environmental performance to a much higher degree.

16. **Fosters Stakeholder Trust and Reputation:** Providing a holistic and transparent account of performance builds stronger relationships with all stakeholders (employees, consumers, regulators, and local communities), enhancing the company's brand reputation and social license to operate.

Objective of the study:

- 1.To analyse the current status of sustainability accounting practices adopted by Indian companies across various sectors.
- 2.To examine the level of awareness and adoption of integrated reporting frameworks among Indian corporates.
- 3.To identify key drivers and barriers influencing the implementation of sustainability accounting and integrated reporting in India.
- 4.To assess the extent to which companies integrate ESG factors with traditional financial disclosures in their annual reports.
- 5.To evaluate the effectiveness of existing regulatory frameworks (such as SEBI's BRSR and CSR provisions under the Companies Act, 2013) in promoting comprehensive sustainability reporting.
- 6.To highlight best practices and benchmark Indian corporate reporting standards against global frameworks like GRI and <IR>.
- 7.To suggest strategies and policy recommendations for improving the quality, credibility, and comparability of sustainability disclosures in India.
- 8.To explore the role of technological tools and organisational capacity building in enhancing sustainability accounting and integrated reporting.
- 9.To contribute to the academic understanding of sustainability accounting and integrated reporting within the context of an emerging economy like India.

I. Analyzing the Current Landscape (Descriptive)

4. To analyze the current status and extent of adoption of Sustainability Accounting (SA) and Integrated Reporting (IR/BRSR) among a defined sample of Indian companies.
5. To evaluate the quality and completeness of disclosures in IR/BRSR reports based on key principles (e.g., connectivity, materiality, future orientation, and the six capitals framework).



6. To identify and document the primary drivers and barriers (organizational, regulatory, and cultural) influencing the transition from traditional financial reporting to IR in the Indian corporate sector.

II. Assessing the Impact (Analytical/Empirical)

7. To investigate the relationship between the quality of IR disclosures and firm performance (financial, market, and environmental), focusing on the effect on cost of capital and firm valuation.

8. To assess the perceived value relevance and utilization of IR/BRSR information by key stakeholders in India, particularly institutional investors, financial analysts, and lending institutions.

9. To examine the shift in internal corporate practices (i.e., "Integrated Thinking") resulting from the adoption of the IR or BRSR framework.

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9. To evaluate the effectiveness of the SEBI's Business Responsibility and Sustainability Reporting (BRSR) framework in achieving harmonization with global sustainability reporting standards (like ISSB/IFRS S1 and S2).

10. To propose a set of policy and managerial recommendations for regulatory bodies (SEBI, MCA) and Indian companies to enhance the credibility, comparability, and strategic utility of corporate sustainability and integrated reporting.

RESEARCH METHODOLOGY:

To gain a well-rounded understanding of the current status and future direction of sustainability accounting and integrated reporting in India, this study uses a mixed-methods approach that combines both quantitative and qualitative research. On the quantitative side, the study will analyse secondary data drawn from the annual reports, Business Responsibility and Sustainability Reports (BRSR), and integrated reports of the top 100 listed companies in India over a period of five years. This will help identify patterns, gaps, and differences across industries by examining key environmental, social, and governance (ESG) indicators and how these are linked with financial information. To add depth to the findings, the qualitative part of the research will include semi-structured interviews with sustainability managers, CFOs, and CSR heads to gather practical insights about the challenges, drivers, and real-world practices related to sustainability accounting and integrated reporting. The interview responses will be carefully analysed to highlight common themes and viewpoints. In addition, the study will review relevant policies, regulatory guidelines, and well-known global standards like the GRI and the International Integrated Reporting (IR) Framework to place the results in the right context. By combining data analysis with insights from industry professionals, this research aims to provide a



clear picture of how Indian companies are adopting sustainability reporting, what challenges they face, and what steps can help build a stronger, more transparent reporting system for the future.

Importance of the Topic:

The topic of sustainability accounting and integrated reporting is very important today because it pushes companies to look beyond just profits and consider how their actions affect people and the planet. In India, where businesses are growing fast and facing global competition, it is no longer enough for companies to only show their financial performance. Investors, customers, and communities now want to know whether companies are using resources responsibly, treating employees fairly, and taking care of the environment. Sustainability accounting helps companies measure and report these things in a clear way, while integrated reporting combines all this information — both financial and non-financial — into a single, easy-to-understand report. This builds trust with stakeholders and shows that companies are serious about being responsible and sustainable. For India, adopting these practices means stronger corporate governance, better chances to attract global investors, and a bigger contribution to global goals like fighting climate change and promoting social welfare. In simple terms, this topic matters because it encourages businesses to grow in a way that benefits not just themselves but also society and future generations.

Regulatory Driver: SEBI's BRSR Mandate

The most significant driver in India is the Business Responsibility and Sustainability Reporting (BRSR) framework, mandated by the Securities and Exchange Board of India (SEBI).

Feature Details

Mandatory for the top 1,000 listed companies by market
Applicability capitalization (from FY 2022-23).

Introduced for a phased implementation of mandatory assurance
BRSR Core for key ESG performance indicators (KPIs), increasing the credibility of the data.

Comprehensive and aligned with global frameworks (GRI, SASB), requiring disclosures on nine principles of responsible. Scope business conduct (e.g., respecting human rights, protecting the environment).

Requires both quantitative (e.g., energy consumption, water withdrawal) and qualitative (e.g., policies, processes)
Nature disclosures, categorized into Essential (mandatory) and Leadership (voluntary) indicators.



Sustainability Accounting is the process of collecting, analyzing, and reporting information about a company's economic, social, and environmental performance. Its importance in the Indian context stems from several key factors:

- **Strategic Imperative:** It allows companies to embed sustainability into their core business strategy by helping them identify, measure, and manage their environmental and social impacts (risks and opportunities).
- **Regulatory Compliance:** India has been a frontrunner in mandating nonfinancial disclosures, notably with the Business Responsibility and Sustainability Report (BRSR) required by the Securities and Exchange Board of India (SEBI) for the top listed companies. Sustainability accounting provides the necessary data for this compliance.
- **Risk Management:** It helps companies understand and quantify ESG-related risks (e.g., climate change impact, resource scarcity, social unrest) and opportunities, allowing for proactive mitigation and planning.
- **Operational Efficiency:** By tracking resource consumption (like water and energy) and waste generation, it drives initiatives for cost reduction and process streamlining, leading to greater efficiency.
- **Enhanced Reputation and Brand Value:** Transparent disclosure of sustainability performance builds trust with consumers, employees, and the public, enhancing corporate image and brand loyalty.

Importance of Integrated Reporting

Holistic Decision-Making: IR forces management to actively consider the relationships between all parts of the business (finance, HR, operations, sustainability) and the "six capitals" (Financial, Manufactured, Intellectual, Human, Social and Relationship, and Natural). This breaks down internal silos.

Enhanced Strategic Focus: By connecting strategy, resource allocation, and performance to long-term value creation, IR provides a clearer articulation of the business model and its sustainability. It helps management focus on the issues that truly matter (materiality).

Improved Risk and Opportunity Management: It allows the organization to better identify, assess, and manage risks and opportunities by looking beyond short-term financial metrics to include non-financial factors like reputation, resource scarcity, and talent retention.

Increased Internal Efficiency: The process encourages a more cohesive and efficient reporting approach, often reducing duplication between separate financial, governance, and sustainability



reports.

Stronger Corporate Governance: It strengthens governance by requiring the board and management to take explicit accountability for the full range of capitals and the organization's ability to create and sustain value over time.

2. Importance for Stakeholders (External Benefits)

IR provides a completer and more useful picture for external stakeholders, especially those providing financial capital.

A. For Investors and Financial Capital Providers

The primary audience for the integrated report is providers of financial capital.

Comprehensive View of Value: Investors gain a complete picture of performance, going beyond just historical financial data to include the intangible factors (like intellectual property, brand, and human capital) that account for an increasingly large percentage of a company's market value.

Insight into Long-Term Sustainability: It helps investors assess a company's resilience and its ability to create value over the long term by understanding how the business manages its environmental, social, and governance (ESG) dependencies and impacts.

Better Capital Allocation: With clearer, connected information, investors can make more informed and efficient capital allocation decisions, favoring companies that demonstrate a sustainable and sound value creation model.

Enhanced Transparency and Trust: By providing a concise, honest, and balanced view of both positive and negative material matters, IR builds greater trust and credibility with the investment community.

B. For Broader Stakeholders (Employees, Customers, Communities)

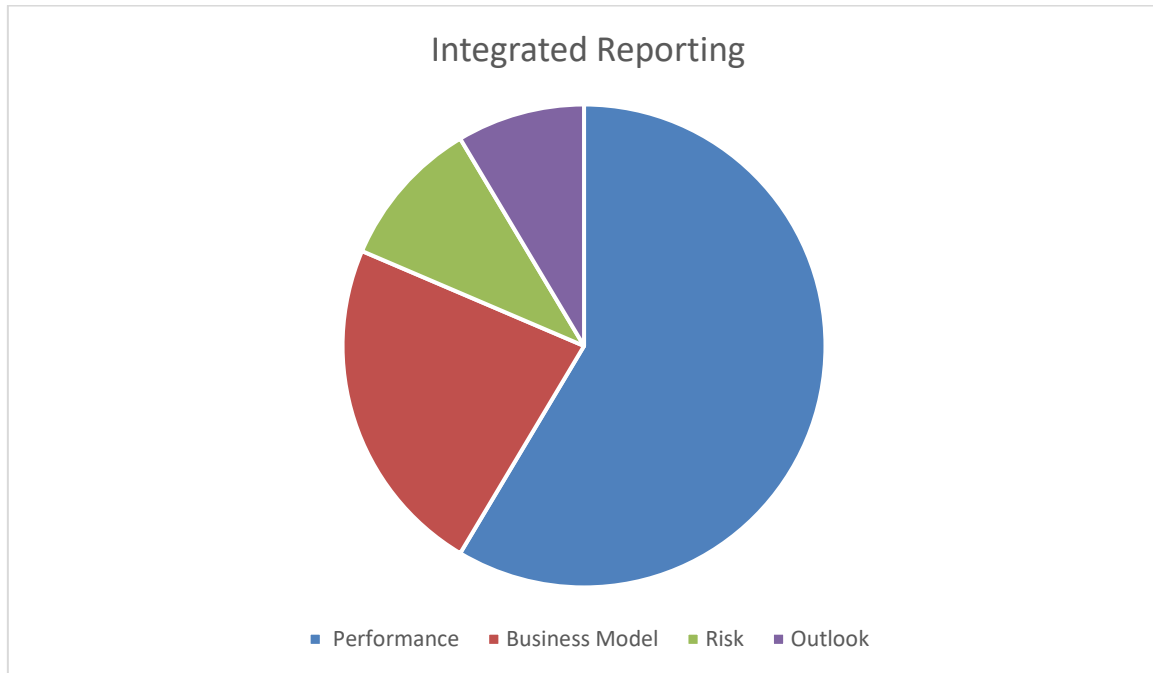
The integrated report's focus on all six capitals ensures it is highly relevant to all key stakeholders.

Clearer Stakeholder Relationship Management: The report provides insight into the nature and quality of the organization's relationships with its key stakeholders and how it responds to their legitimate needs and interests.

Boosted Employee Engagement: By clearly communicating the company's strategy, purpose, and contribution to society, integrated reporting can foster a sense of purpose and motivation among employees.

Improved Reputation: Demonstrating a commitment to transparency, ethical governance, and balancing financial performance with social and environmental responsibilities enhances the

company's reputation and brand value.



FINDINGS OF STUDY

1. Many Indian companies, especially large listed ones, have started to realise that they need to report not just profits but also how their work affects the environment and society.
2. Frameworks like SEBI's Business Responsibility and Sustainability Report (HRSR) have made sustainability reporting more structured and mandatory for top companies.
3. Companies are better at sharing environmental data (like carbon emissions and water usage) because these are easier to measure and are often required by regulations.
4. Reporting on social aspects, like worker welfare, community development, and itunsan rights, is still not very detailed or consistent.
5. Although some companies try to connect sustainability data with their financial information, fully integrated reporting combining both in one clear report is still at an early stage in India.
6. There are differences between sectors, some industries are more advanced in sustainability reporting, while others stilling behind.
7. One big problem is that companies often use different standards and methods, which makes it hard to compare their reports.



8. Independent checks (assurance) of sustainability data are still rare, which affects the credibility and trustworthiness of what company's report

9. Many companies need better internal skills, trained people, and good methodology to collect and share ESG information properly.

10. Overall, while India making good progress, more work is needed to ensure sustainability accounting and integrated reporting truly help companies create long-term value, not just meet compliance rules.

Conclusion:

In conclusion, sustainability accounting and integrated reporting are becoming essential parts of how Indian companies share information with the world. In the past, businesses mostly focused on showing profits and financial results, but now there is a growing understanding that companies must also take responsibility for how they affect the environment, people, and communities.

New rules like SEBI'S BRSR have pushed companies to share more details about their environmental, social, and governance (ESG) practices, which is a positive step towards greater transparency and accountability. However, while many companies are getting better at reporting environmental data, reporting on social factors still needs improvement, and combining financial and non-financial information into one clear report is still at an early stage.

There are also gaps in how companies collect, verify, and present this information, which need



to be addressed through better standards, more skilled people, and stronger checks. Going forward, sustainability accounting and integrated reporting will play a big role in helping Indian companies build trust, attract responsible investors, and show that they care about long-term growth not just short-term profits. For this to happen, businesses, regulators, and society must work together to make corporate reporting more honest, clear, and meaningful.

By doing this, Indian companies can become more competitive globally and contribute to building a fairer, greener, and more sustainable future for everyone

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