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FINANCIAL DISCLOSURE PRACTICES IN INDIA'S IT INDUSTRY: A COMPARATIVE COMPANY-LEVEL ANALYSIS

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ABSTRACT

The present study examines the nature and extent of financial disclosure practices among selected Indian Information Technology companies with a specific focus on three key dimensions: brand valuation, employee welfare measures, and inflation accounting. The study is descriptive and analytical in nature and is based on secondary data collected from the annual reports of selected IT companies for a period of five financial years from 2020–21 to 2024–25. To assess disclosure practices, a disclosure index approach was adopted, wherein the presence of relevant disclosure was assigned a value of one and the absence was denoted by a dash. Descriptive statistics were used to understand the average level of disclosure across different categories, while single-factor Analysis of Variance (ANOVA) was applied to examine whether significant differences exist among the selected disclosure dimensions. The findings of the study reveal that the selected IT companies have increasingly emphasized financial disclosures in recent years, particularly in areas related to brand valuation and employee welfare measures. Inflation accounting disclosures, though relatively less common in earlier years, show a rising trend in the later period of the study. The ANOVA results indicate that there is no statistically significant difference in the mean disclosure levels among the three disclosure categories, suggesting a balanced and uniform approach to financial disclosure practices across companies.

KEYWORDS: Financial Disclosure Practices, Brand Valuation, Employee Welfare Measures, Inflation Accounting, Indian IT Companies

1. INTRODUCTION

Financial disclosure practices refer to the manner and extent to which companies communicate financial and related information to their stakeholders through formal reporting channels such as annual reports, financial statements, notes to accounts, management discussion and analysis, and sustainability or integrated reports. These practices are central to the transparency and credibility of corporate reporting, as they enable investors, creditors, regulators, and other stakeholders to understand a company's financial position, performance, risks, and future prospects. Sound financial disclosure reduces information asymmetry between management and

external users and plays a vital role in promoting confidence in capital markets.

Over time, financial disclosure practices have evolved from a narrow focus on statutory financial statements to a broader framework that includes qualitative explanations, forward-looking statements, and non-financial information with financial implications. Modern disclosures not only present historical financial data but also explain accounting policies, estimates, assumptions, and judgments used in the preparation of financial statements. This evolution has been driven by increasing complexity in business operations, globalization of capital markets, and growing stakeholder

demand for greater accountability and transparency. As a result, disclosures today are expected to provide a more comprehensive and faithful representation of a company's overall financial health.

In the Indian context, financial disclosure practices are governed by a combination of statutory requirements under the Companies Act, 2013, accounting standards such as Indian Accounting Standards (Ind AS), and regulatory guidelines issued by the Securities and Exchange Board of India. Listed companies are required to disclose detailed financial information, including segment reporting, related party transactions, risk management practices, and corporate governance details. These regulatory frameworks aim to ensure consistency, comparability, and reliability of financial information across companies and industries, while also protecting the interests of investors and other stakeholders.

Despite regulatory standardization, the extent and quality of financial disclosures often vary across companies due to differences in size, ownership structure, management philosophy, and industry characteristics. Large and well-established companies generally exhibit more comprehensive disclosure practices, as they are subject to greater scrutiny from regulators, analysts, and investors. In contrast, smaller firms may limit disclosures to minimum statutory requirements due to cost considerations or limited reporting capabilities. Such variations make comparative analysis of financial disclosure practices an important area of academic and professional research.

Financial disclosure practices also have a significant impact on corporate governance and decision-making. Transparent and timely disclosures enhance accountability by enabling stakeholders to evaluate managerial performance and the effectiveness of governance mechanisms. They also support informed investment and lending decisions, thereby contributing to efficient allocation of resources in the economy. Poor or inadequate disclosure, on the other hand, can undermine stakeholder trust, increase perceived risk, and adversely affect a company's reputation and market valuation.

In recent years, the scope of financial disclosure has

expanded further to incorporate elements related to sustainability, risk management, and long-term value creation. Although these disclosures may not always be purely financial in nature, they have important financial implications and are increasingly integrated with traditional financial reporting. This shift reflects a growing recognition that financial performance cannot be fully understood in isolation from environmental, social, and governance factors. Consequently, financial disclosure practices today represent a dynamic and evolving framework that seeks to balance regulatory compliance with the broader objective of transparent and responsible corporate reporting.

2. LITERATURE REVIEW

Begum & Vepa (2022) examined the evolving landscape of corporate disclosure practices with a focus on the breadth and depth of reporting among firms across sectors. Their literature review highlighted that, despite regulatory frameworks mandating comprehensive financial reporting, many companies often fall short in disclosing critical financial information that stakeholders deem important. The authors found that financial disclosures are influenced not only by compliance requirements but also by internal governance practices, firm size, and market pressures, leading to variations in transparency levels across industries. Their comprehensive analysis underscored the need for standardized disclosure indices to measure comparative practices objectively and recommended enhanced regulatory oversight to bridge reporting gaps.

Gupta (2024) investigated mandatory risk disclosure practices and their relationship with firm value in Indian-listed non-financial companies for the period 2018–2022. Using a panel fixed-effect regression model and a risk disclosure index based on Ind-AS 107 requirements, the study found a significant positive impact of risk-related financial disclosures on firm valuation. Gupta's findings suggest that robust mandatory disclosure practices contribute to greater investor confidence, attract investment, and improve firm performance, reinforcing the notion that transparent financial reporting adds tangible market value. The study also identified firm size as a supporting factor for enhanced disclosure, while

risk variables showed inverse relationships with value, highlighting nuanced dynamics in disclosure outcomes.

V. N. R. (2024) conducted an empirical analysis of corporate disclosure practices in Indian banks, exploring how organizational attributes influence the extent of reporting. This study developed an unweighted disclosure index to quantify disclosure intensity and found that larger and more financially robust banks tend to exhibit higher levels of disclosure across financial and non-financial items. It also highlighted that governance structures, such as board composition and audit committee effectiveness, play significant roles in shaping disclosure behavior. By focusing on the Indian banking sector, this research contributed evidence that firm-specific characteristics meaningfully affect financial disclosure practices and contribute to improved transparency in reporting.

Kanoujiya, Abraham, Rastogi & Bhimavarapu (2023) investigated transparency and disclosure (T&D) practices and their influence on financial distress among non-financial firms in India. Incorporating competitive market dynamics, the study found that higher levels of disclosure initially improve financial stability but beyond a point may contribute to increased financial distress, indicating a complex, non-linear relationship. Their panel analysis highlighted that while transparency is integral to sound governance, excessive or poorly contextualized disclosure could pose interpretative challenges for investors and stakeholders. The findings emphasize that optimal disclosure balances depth and relevance, ensuring clarity without overwhelming users with superfluous information.

Hooda & Singla (2023) focused on Management Discussion and Analysis (MD&A) reporting practices among Indian firms. Through content analysis of annual reports, they revealed that MD&A disclosures have increased in both quantity and quality in recent years, particularly post-pandemic, reflecting firms' growing emphasis on narrative financial disclosure alongside statutory numbers. Their results indicate that companies increasingly use MD&A sections to provide context for financial results, discuss strategic direction, and explain future prospects—elements that enrich stakeholders' understanding beyond

traditional financial figures. The study emphasizes that qualitative disclosures complement quantitative data and are vital for holistic transparency.

Kanoujiya et al. (2023) (a separate perspective within the same research) also highlighted that competitive pressures and governance reforms have reshaped disclosure expectations, with firms adopting more comprehensive reporting to meet investor demands. Their paper underscored how improved financial disclosure practices can signal managerial accountability and corporate legitimacy, further enhancing stakeholder trust and decision-making.

Shobhwani (2024) explored the impact of overall and individual ESG disclosure scores on firm performance, finding that higher ESG disclosure—encompassing financial transparency and sustainability reporting—correlates with better firm outcomes. The research showed that companies with robust ESG disclosures enjoy superior financial and operating performance, indicating that market participants increasingly value comprehensive disclosure that blends financial and non-financial elements. These findings suggest that disclosure practices extend beyond mere compliance toward strategic communication that reinforces corporate reputation and investor confidence.

Al-Mohareb (2025) analysed qualitative accounting disclosures in Jordanian service and manufacturing firms to understand how disclosure content quality affects perceived transparency. Their study found that firms with richer qualitative disclosures, including forward-looking statements and contextual financial explanations, exhibited higher reporting quality and stakeholder trust. The research highlighted that disclosure practice quality, not just quantity, plays a decisive role in reducing information asymmetry and enhancing the utility of financial reports for decision-making.

3. RESEARCH OBJECTIVES

1. To analyse the financial disclosure practices of selected IT companies.
2. To make a comparative analysis of financial disclosure practices among selected IT companies of India.

4. DATA ANALYSIS

4.1 Disclosure of Brand Valuation

COMPANY	2024-25	2023-24	2022-23	2021-22	2020-21
Tata Consultancy Services Ltd	1	1	1	1	-
Infosys Ltd	1	-	1	1	1
HCL Technologies Ltd	1	1	-	1	1
Wipro Ltd	1	1	1	1	-
LTIMindtree Ltd	1	1	-	-	1

The above table presents a comparative view of brand valuation disclosure practices among selected Indian IT companies over the period from 2020–21 to 2024–25. In this context, a value of ‘1’ indicates that the company has disclosed information relating to brand valuation in its annual report for the respective financial year, whereas a ‘-’ denotes the absence of such disclosure. The interpretation of this table provides important insights into the consistency, trend, and company-wise variation in brand valuation disclosure practices within the Indian IT sector.

Tata Consultancy Services Ltd demonstrates a high level of consistency in disclosing brand valuation information during the later years of the study period. From 2021–22 to 2024–25, the company has consistently reported brand valuation details in its annual reports, as reflected by continuous ‘1’ values. However, the absence of disclosure in 2020–21 suggests that such reporting was either not emphasized or not formally incorporated in the company’s disclosure framework during that period. The subsequent consistent disclosure indicates a strategic shift toward greater transparency, possibly driven by increased investor focus on intangible assets such as brand value.

Infosys Ltd shows a largely positive disclosure pattern, with brand valuation information disclosed in four out of five years under review. The absence of disclosure in 2023–24 appears to be an isolated instance rather than a long-term trend. Overall, the disclosure behaviour of Infosys suggests a strong inclination toward recognizing brand value as an important corporate asset. The intermittent non-disclosure may reflect changes in reporting priorities, valuation methodology, or management discretion

rather than a systematic lack of transparency.

HCL Technologies Ltd presents a moderately consistent disclosure pattern, with brand valuation disclosed in most years except 2022–23. The presence of disclosure in both earlier and later years indicates that the company acknowledges the importance of brand valuation in its corporate reporting. The single year of non-disclosure could be attributed to internal reporting policy adjustments or a temporary shift in focus toward other financial or strategic disclosures. Overall, HCL Technologies exhibits a generally stable approach toward brand-related disclosure.

Wipro Ltd stands out as one of the most consistent disclosers of brand valuation information during the study period. The company has disclosed brand valuation details in all years from 2021–22 to 2024–25, with only one instance of non-disclosure in 2020–21. This pattern suggests that Wipro places significant importance on communicating the value of its brand to stakeholders. The sustained disclosure in recent years reflects a mature and structured reporting framework that aligns with best practices in corporate transparency.

LTIMindtree Ltd shows a mixed and comparatively uneven disclosure pattern. While the company has disclosed brand valuation information in 2020–21, 2023–24, and 2024–25, it has not done so in 2021–22 and 2022–23. This inconsistency may be influenced by organizational changes, integration processes following mergers, or evolving disclosure policies. The reappearance of disclosure in the later years indicates a renewed emphasis on brand valuation, possibly as the company consolidated its market identity and strategic positioning.

From a year-wise perspective, the table reveals that brand valuation disclosure has generally improved over time, particularly in the post-2021–22 period. Most companies show a higher frequency of disclosure in recent years, suggesting growing awareness of the importance of brand value as a key intangible asset. This trend reflects broader developments in corporate reporting, where stakeholders increasingly expect companies to provide information beyond traditional financial metrics.

Overall, the analysis indicates that while brand valuation disclosure is not uniformly practiced across all companies and years, there is a clear movement toward greater transparency among leading Indian IT firms. Variations in disclosure practices highlight differences in corporate strategy, reporting philosophy, and managerial judgment. The increasing prevalence of brand valuation disclosure in recent years underscores its rising relevance in assessing corporate performance, market reputation, and long-term value creation within the IT industry.

4.2 Disclosure of Employee Welfare Measures

COMPANY	2024-25	2023-24	2022-23	2021-22	2020-21
Tata Consultancy Services Ltd	1	1	-	1	-
Infosys Ltd	1	-	1	-	1
HCL Technologies Ltd	1	1	-	1	-
Wipro Ltd	1	-	1	1	-
LTIMindtree Ltd	1	1	-	-	1

The above table presents the disclosure pattern of Employee Welfare Measures among selected Indian IT companies for the period from 2020–21 to 2024–25. In this context, a value of ‘1’ indicates that the company has disclosed information relating to employee welfare measures in its annual report for the respective financial year, whereas a ‘-’ signifies the absence of such disclosure. The interpretation of this table highlights company-wise consistency, variations over time, and emerging trends in employee-centric reporting practices within the Indian IT sector.

Tata Consultancy Services Ltd exhibits a relatively consistent disclosure pattern with respect to employee welfare measures. The company has disclosed such information in three out of five years, namely 2021–22, 2023–24, and 2024–25. However, the absence of disclosure in 2020–21 and 2022–23 indicates some inconsistency in reporting. Despite this, the presence of disclosures in recent years suggests a renewed or strengthened focus on employee welfare, reflecting the company’s recognition of human capital as a critical organizational asset.

Infosys Ltd demonstrates a mixed disclosure pattern over the study period. The company has disclosed

employee welfare measures in 2020–21, 2022–23, and 2024–25, while disclosures are absent in 2021–22 and 2023–24. This alternating pattern indicates that while Infosys acknowledges the importance of employee welfare, the extent of formal disclosure may vary depending on internal reporting priorities or strategic emphasis in particular years. Nevertheless, the repeated reappearance of disclosures reflects an underlying commitment to employee-related initiatives.

HCL Technologies Ltd shows a moderate level of consistency in employee welfare disclosure. The company has reported such information in 2021–22, 2023–24, and 2024–25, while non-disclosure is observed in 2020–21 and 2022–23. The disclosure pattern suggests that HCL Technologies has increasingly incorporated employee welfare information into its reporting framework in recent years, possibly influenced by greater stakeholder expectations and evolving corporate governance norms.

Wipro Ltd presents a somewhat uneven disclosure trend. The company disclosed employee welfare measures in 2021–22, 2022–23, and 2024–25, but did not disclose such information in 2020–21 and 2023–24. The presence of disclosures in consecutive years during the middle of the study period indicates a phase of stronger emphasis on employee welfare reporting. However, the absence in certain years points toward fluctuations in disclosure practices rather than a fully standardized approach.

LTIMindtree Ltd reflects a selective disclosure pattern in relation to employee welfare measures. The company disclosed information in 2020–21, 2023–24, and 2024–25, while no disclosure is observed in 2021–22 and 2022–23. This inconsistency may be attributed to organizational restructuring, integration challenges, or evolving reporting policies. The disclosure in the most recent years suggests a growing alignment with industry norms emphasizing employee well-being and engagement.

From a year-wise perspective, the table indicates that employee welfare disclosure is more prominent in recent years, particularly in 2023–24 and 2024–25, where most companies have reported such

information. This trend reflects the increasing importance of employee welfare in corporate reporting, especially in the post-pandemic period, where workforce health, safety, and well-being have gained heightened attention.

Overall, the analysis reveals that while employee welfare measures are recognized as an important aspect of corporate responsibility among selected IT companies, disclosure practices remain inconsistent across companies and over time. The gradual improvement in recent years indicates a positive shift toward greater transparency and employee-centric reporting. However, the presence of non-disclosure in several years suggests the need for more standardized and continuous disclosure practices to enhance comparability and stakeholder confidence.

4.3 Disclosure of Inflation Accounting

COMPANY	2024-25	2023-24	2022-23	2021-22	2020-21
Tata Consultancy Services Ltd	1	1	1	1	1
Infosys Ltd	1	1	1	-	-
HCL Technologies Ltd	1	1	1	1	-
Wipro Ltd	1	-	-	-	-
LTIMindtree Ltd	1	1	1	-	1

The above table depicts the disclosure of inflation accounting among selected Indian IT companies for the period from 2020–21 to 2024–25. In this table, a value of ‘1’ indicates that the company has disclosed information relating to inflation accounting in its annual report for the respective financial year, whereas a ‘-’ denotes the absence of such disclosure. The interpretation of this table provides insight into the extent, consistency, and evolution of inflation accounting disclosure practices within the Indian IT sector.

Tata Consultancy Services Ltd demonstrates a highly consistent and comprehensive disclosure pattern with respect to inflation accounting. The company has disclosed inflation-related accounting information in all five years under study. This consistent reporting indicates a strong commitment to transparency and a proactive approach toward addressing the impact of inflation on financial performance. Such sustained

disclosure suggests that Tata Consultancy Services recognizes the relevance of inflation accounting in providing a more realistic view of costs, revenues, and financial position, thereby enhancing the usefulness of financial statements for stakeholders.

Infosys Ltd exhibits a partially consistent disclosure pattern. The company has disclosed inflation accounting information in the most recent three years, from 2022–23 to 2024–25, while disclosures are absent in 2020–21 and 2021–22. This pattern suggests that Infosys began emphasizing inflation-related disclosures in response to rising inflationary pressures in recent years. The absence of earlier disclosures may reflect a perception that inflation accounting was less material during those periods or not explicitly highlighted in reporting frameworks at the time.

HCL Technologies Ltd shows a generally strong disclosure trend, with inflation accounting information disclosed in four out of five years. The only instance of non-disclosure is observed in 2020–21. The consistent disclosure from 2021–22 onwards indicates that HCL Technologies has increasingly acknowledged the importance of inflation-adjusted financial information. This trend reflects a growing alignment with enhanced financial reporting practices aimed at improving comparability and transparency in an inflationary economic environment.

Wipro Ltd displays a limited and relatively weak disclosure pattern in relation to inflation accounting. The company has disclosed such information only in 2024–25, while no disclosures are reported in the preceding four years. This indicates that Wipro’s consideration of inflation accounting is a recent development rather than an established practice. The late adoption of disclosure may be attributed to changes in economic conditions, regulatory expectations, or internal reporting policies that prompted the company to address inflation-related financial impacts more explicitly.

LTIMindtree Ltd presents a mixed disclosure pattern over the study period. The company has disclosed inflation accounting information in 2020–21, 2022–23, 2023–24, and 2024–25, while disclosure is absent in 2021–22. This inconsistency suggests

that inflation accounting disclosure has not been uniformly applied across all years. However, the predominance of disclosure in most years indicates a general recognition of the importance of inflation-related financial information, particularly in the later part of the study period.

From a year-wise analysis, it is evident that inflation accounting disclosures have increased significantly in recent years, especially from 2022–23 onwards. The rising frequency of disclosures across companies reflects heightened awareness of inflationary pressures and their impact on financial reporting. This trend underscores the growing relevance of inflation accounting in periods of economic volatility, where historical cost-based financial statements may

not fully capture the real economic effects.

Overall, the table indicates that while inflation accounting disclosure is not uniformly practiced across all selected IT companies, there is a clear movement toward greater acknowledgment of inflation-related financial impacts in recent years. Companies such as Tata Consultancy Services and HCL Technologies demonstrate strong and consistent disclosure practices, whereas others like Wipro show delayed adoption. The overall trend suggests an evolving disclosure environment in which inflation accounting is gaining prominence as an important component of transparent and meaningful financial reporting.

Anova: Single Factor						
SUMMARY						
<i>Groups</i>	<i>Count</i>	<i>Sum</i>	<i>Average</i>	<i>Variance</i>		
Disclosure of Brand Valuation	5	19	3.8	0.7		
Disclosure of Employee Welfare Measures	5	15	3	1.5		
Disclosure of Inflation Accounting	5	17	3.4	1.8		
ANOVA						
<i>Source of Variation</i>	<i>SS</i>	<i>df</i>	<i>MS</i>	<i>F</i>	<i>P-value</i>	<i>F crit</i>
Between Groups	1.6	2	0.8	0.6	0.564474	3.885294
Within Groups	16	12	1.333333			
Total	17.6	14				

H_0 : There is no significant difference in the mean level of disclosure among Disclosure of Brand Valuation, Disclosure of Employee Welfare Measures, and Disclosure of Inflation Accounting.

Interpretation:

The results of the single-factor ANOVA indicate that there is no statistically significant difference in the mean disclosure levels among brand valuation, employee welfare measures, and inflation accounting. This is evidenced by the calculated F-value of 0.6, which is lower than the critical F-value of 3.8853, and a p-value of 0.5644, which is greater than the conventional significance level of 0.05. Therefore, the null hypothesis is accepted. This suggests that the selected IT companies exhibit a broadly similar level

of disclosure across the three disclosure dimensions considered, and none of the disclosure categories significantly dominates or lags behind the others during the study period.

5. CONCLUSION

The present study concludes that financial disclosure practices among the selected Indian IT companies exhibit a generally balanced and comparable pattern across different disclosure dimensions, namely brand valuation, employee welfare measures, and inflation accounting. The descriptive analysis reveals that while there are year-wise and company-wise variations in the disclosure of specific items, most companies have increasingly recognized the importance of transparent reporting in recent years.

This trend indicates a gradual shift toward enhanced accountability and improved communication with stakeholders, particularly in areas that extend beyond traditional financial statements.

The inferential analysis using single-factor ANOVA further strengthens this conclusion by demonstrating that there is no statistically significant difference in the mean level of disclosure among the three selected disclosure categories. The acceptance of the null hypothesis suggests that companies do not disproportionately emphasize one disclosure area over another. Instead, disclosures related to brand valuation, employee welfare, and inflation accounting are reported at relatively similar levels, reflecting a uniform approach to financial transparency. This finding implies that the selected IT companies have adopted a broadly consistent disclosure strategy, possibly influenced by regulatory frameworks, industry norms, and stakeholder expectations.

Moreover, the growing presence of disclosures in recent years highlights the evolving nature of corporate reporting in the Indian IT sector. Intangible assets such as brand value, human capital considerations, and macroeconomic factors like inflation are increasingly being integrated into corporate disclosures. This evolution reflects the sector's responsiveness to changing economic conditions, investor awareness, and governance standards. Companies that consistently disclose across these dimensions demonstrate a stronger commitment to transparency and long-term value creation.

Overall, the study concludes that while minor inconsistencies exist, the overall level of financial disclosure among the selected IT companies is adequate and progressively improving. The absence of significant differences among disclosure categories indicates maturity in reporting practices and alignment with contemporary corporate disclosure expectations. These findings underscore the importance of continued emphasis on comprehensive and consistent financial disclosures to strengthen stakeholder confidence, enhance comparability, and support informed decision-making in the capital market.

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