

Abstract

Corporate Risk Disclosure is an essential part of corporate governance and reporting, enabling the board, management, investors, and other stakeholders to get a clear picture about the sustainability of a company's business. The current study aims to investigate the scenario of corporate risk disclosures in India. For this purpose, listed companies from the non-finance sector in the Nifty 50 index of the National Stock Exchange of India were studied. An index of corporate risk disclosure was formulated using regulatory provisions and surveys of risk perception conducted by industry associations and consulting firms in India. Corporate risk disclosure index (CRD index) scores of three financial years starting from the financial year 2015-16 upto 2017-18 were calculated. This was done in view of the fact that the latest major regulatory changes in the corporate disclosure regime were made from the financial year 2015-16. The CRD index scores so obtained were investigated for their relationship with firm characteristics viz. firm size by market capitalization, profitability, board independence, proportion of institutional holding, and dividend payout. Significant positive association was observed between corporate risk disclosure and firm size by market capitalization, and board independence. Significant negative association was observed between corporate risk disclosure and firm profitability, and dividend payout. Association between corporate risk disclosure and proportion of institutional holding was found to be negative but not statistically significant. This leads to the conclusion that when it comes to risk disclosure, firm size does matter but at the same time, more profitable firms in India do not need to be more accountable to investors as they continue to attract investment based on their performance.