



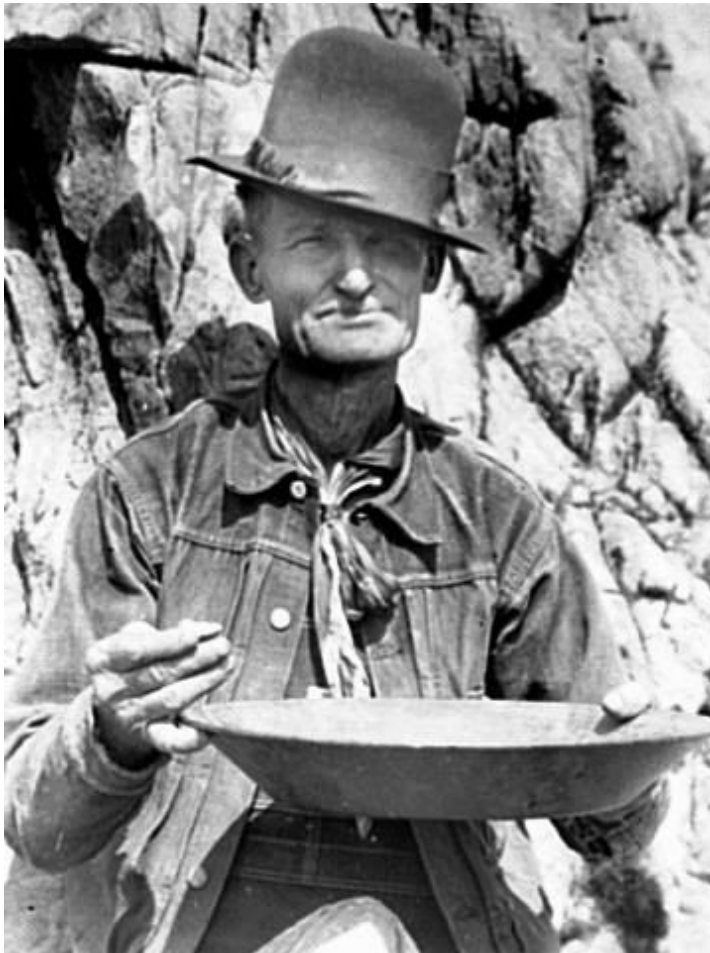
# **Annual Reports: The Corporate Calling Card**

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February 29, 2012  
Mumbai**



# 6 Turning Points in Corporate Reporting History

# 1. A Gold miner's Gift: The Birth of Annual Report



- **Victorian Gold Rush**
  - 500 gold mining companies formed between 1851-1864
  - Companies Act 1864 repealed the Mining Companies Act of 1855
  - New act required MoA, AoA and Register of Members to be filed
  - Miners requisitioned for simpler provisions of 1855 act
  - In return for simple registration, Annual Information Sharing was accepted –The Birth of Annual Report
- **Mandated for Companies**
  - Victoria in 1896 AD
  - England in 1928 AD
  - USA in 1934 AD

## 2. Rich Treasure: The First Billion \$ Company



### US Steel Corporation



### 1<sup>st</sup> Annual Report, 1902

- Formed by merger of 8 companies
- Sales of \$423 m and Profits \$90 m
- Comprehensive Reporting
  1. Consolidated Financials (2001)
  2. Cash flow statement (1995)
  3. Quarterly Profits
  4. Data on production and GD (1973)
  5. Inventory classified into RM, WIP and FG (1956)
  6. Department wise # of employees
  7. Orders on hand

# 3. Glossy Look & Graphic Design Attract & Educate New Investors



## 1955 Annual Report

- Paul Rand a Graphic designer engaged
- Produced a glossy magazine look and feel Annual Report

*'by using a photo that is non-representational, non-recognizable, and abstruse, a bit mysterious, I am able to convey what IBM really is.'*

# 4. Themes for Annual Report Litton Industries, 1960s



## Global Thirst for Freedom



## Business Defense Contractor

## Corporate Calling Card

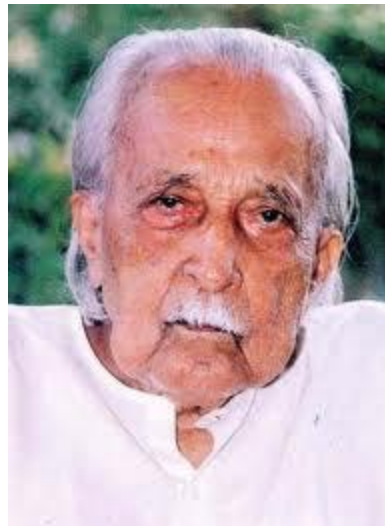
- Salesman used Annual Reports to build credibility
- A small company that grew big through acquisitions
- Distributed 220,000 Annual reports, shareholder base 140,000
- Annual reports in French, German and Italian



# Indian Annual Reports Come of Age

**After Controller of Capital Issues Abolished**

# 5. The Journey to Page 1 What Do They Have in Common?





# Infosys Annual Reports: 1995-2000



Year	Distinctive Feature
1995	World of Infosys through Stakeholders Eyes; <b>US GAAP</b>
1996	Pursuit of Excellence: <b>HR Valuation</b>
1997	CSR: Brand Valuation
1998	Infosys Software at Work: <b>Report on Corporate Governance</b>
1999	IT in next Millennium: <b>Risk Management Report</b>
2000	Infosys Technology at Work: <b>Current Cost Accounting</b>

# 6. From Paper to Bites

## A Vacant Space to Capture



- From 2011, shareholders choice to receive Annual reports
  - Can be viewed as cost saved, or
  - Use it to design better report to hold investor attention
  - E-reports need good selection and better design
1. **Content Rich**
    - Executive message, theme, key financial data, ratios, MDNA, Risk Management
  2. **Data Rich**
    - Financials, Corporate Governance reports, Board of Directors report

# A Few Insights



## Good Annual Reports need

### 1. Thought and efforts, must be planned

- Consistency in communication: Berkshire Hathway

### 2. Is balanced, share both good and bad news

- Tennis equivalent of Unforced Errors – Energy Utility company
- ‘I was dead wrong’ on housing recovery

### 3. Is educational, share new thoughts and insights

- Basis for share buyback: like shooting fish in a barrel
- Price below 110% of book value and excess cash  $\geq$  \$20 billion

# A Few Insights



## Good Annual Reports are

4. **Attractive and Crisp, blending pictures and charts**
  - Focusing the headlights
5. **Brief and detailed, needs executive summary**
  - Reflects decision making
6. **Guides and enlightens, basis for assumption stated**
  - A “Tellus” Transparency

# They Don't Need a Visiting Card



**But Do We?**

# Any Questions?

