

Quarterly reporting deserves a defence

The fashion is to report less often.



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The world is quietly deciding that listed companies should report their numbers less often. In May this year, the United States proposed allowing companies to file results twice a year rather than four times. Britain and the European Union abandoned mandatory quarterly reporting more than a decade ago. The question this poses for India is easy to ask and harder to answer. Should we follow?

On 5 May 2026, the Securities and Exchange Commission proposed an optional half-yearly reporting regime for American companies.¹ A company would be free to elect to file a single semi-annual report, on a new Form 10-S, in place of two of its quarterly filings on Form 10-Q. The election would be made once a year and could not be changed midstream. A company that chose the half-yearly route could still issue quarterly earnings releases and hold quarterly calls if its investors wanted them. The annual report would remain untouched. The proposal followed a public endorsement by President Trump in September 2025, and an earlier call he made in 2018. The SEC Chairman, Paul Atkins, has pointed out that half-yearly reporting is no stranger to American markets, since foreign companies listed there already report on that basis.² Even within the Commission, the proposal drew a warning that letting some companies skip quarterly reporting while others retain it would make comparison across an industry harder.

The American move is the latest step in a longer drift. The United Kingdom abolished mandatory quarterly reporting in 2014, only seven years after introducing it.³ It acted in part on the Kay Review of 2012, which had argued that quarterly reporting fostered short-term thinking in companies and their owners.⁴ The European Union removed the quarterly requirement in 2013, through an amendment to its Transparency Directive. India sits in the opposite camp, and has done so for a long time. Regulation 33 of the SEBI Listing Obligations and Disclosure Requirements Regulations requires a listed company to file quarterly results within 45 days of the quarter end, and audited annual results within 60 days.⁵ We have reported quarterly since 2000, when SEBI amended Clause 41 of the old Listing Agreement on the recommendation of its Disclosure and Accounting Standards Committee under Y. H. Malegam, as part of a wider move towards continuous disclosure. Quarterly results were brought under a limited review by auditors in 2003.⁶

The case for reporting less often is not frivolous. Quarterly reporting is expensive. Each set of results must be prepared, reviewed by the auditors, approved by the board, certified by the chief executive and the chief financial officer, and filed in more than one format. For a large company with the staff to absorb the work, this is routine. For the many smaller companies on Indian exchanges, it is a real and recurring cost that falls due every three months. Audit fees, management time, and the distraction of a results season four times a year are not trivial for a company that counts every rupee. The compliance calendar is unforgiving, and the consequences of delay, from penalties to the freezing of promoter holdings, follow almost automatically.

The deeper argument is about behaviour. Critics say that quarterly reporting breeds short-termism. Managers come to run the company for the next set of numbers rather than the next decade. Research budgets and capital spending are trimmed to protect a quarterly margin. The market, fed a steady diet of three-month snapshots, rewards the firm that meets its guidance and punishes the one that spends to build for the future. On this view, reporting less often would allow managers to lift their gaze from the immediate to the important. It is an attractive theory, and it has persuaded thoughtful people in serious places.

A related complaint is volatility. A market that receives a fresh set of numbers every three months has four times as many occasions to over-react. A single soft quarter, perhaps the product of nothing more than the timing of an order or a tax entry, can move a share price sharply and unfairly. Less frequent reporting, the argument runs, would let the market judge a company on its trend rather than its tremors, and would spare honest managers the ordeal of explaining noise.

The case for keeping quarterly reporting is at least as serious, and in India it is stronger. The first argument is informational. Markets price securities on information, and information that arrives twice a year is staler than information that arrives four times. Six months is a long time for a company's fortunes to turn without the market being told. The investor who buys in the fifth month of a half-yearly cycle is trading on figures that are nearly half a year old. More frequent disclosure narrows that window, reduces the advantage held by those with private information, and lowers the cost of capital for the honest company that has nothing to hide. Price discovery is not a luxury; it is the work a market exists to do.

The second argument is about discipline. A reporting obligation is also a checkpoint. Four times a year, a company must confront its own books, submit them to review, and put a signature to them. Fewer checkpoints mean fewer occasions on which a problem must be faced rather than postponed. In a market with India's history of promoter-controlled companies and the occasional spectacular accounting failure, the value of frequent, externally reviewed disclosure is not an abstraction. The gap between two filings is the space in which trouble tends to grow unnoticed. India does not have to look far for the lesson. Its largest accounting frauds grew quietly between one set of results and the next, surfacing only when they could no longer be concealed.

Here the short-termism argument runs into an awkward fact. The claim that quarterly reporting causes corporate myopia is widely believed and thinly supported. When the United Kingdom dropped the requirement in 2014, it produced

something close to a controlled experiment. Studies of what followed found that the companies which stopped reporting quarterly did not, on the evidence, raise their capital expenditure or their research spending. What changed was that analysts covered them less closely, leaving them less watched rather than more patient.⁷ The European record points in the same direction. During the period when Europe had required quarterly interim statements, some research found more earnings management, not less.⁸ The volatility complaint fares no better, for information withheld does not cease to exist. It merely arrives later, and in a larger and more disruptive lump.

The reason is not difficult to see. Companies invest over horizons measured in years, and serious investors value them over horizons longer still. What pulls managers towards the short term is not the calendar of disclosure but the design of their incentives. Executive pay is usually tied to performance over a single year. The practice of issuing quarterly earnings guidance, and then managing the business to meet the figure, does far more to compress horizons than the act of publishing results ever could. It is telling that earnings guidance became more common, not less, once quarterly reporting was made compulsory in several markets.⁹ If the disease is short-termism, the frequency of reporting is the wrong organ on which to operate.

There is a further lesson in the American proposal, and it is one its champions tend to pass over. Making quarterly reporting optional may change rather little. Foreign companies listed in the United States have never been required to report quarterly, yet a recent survey of the largest of them found that nine in 10 publish quarterly figures anyway. They do so because the market expects it, and because a company that goes dark for six months invites the suspicion that it has something to conceal. If the cadence of reporting is in practice set by investor demand rather than by regulation, then relaxing the rule delivers the cost saving only to the company that the market would rather hear from more often, not less.

India has its own reasons to be careful. Our market has been reshaped by retail participation on a scale few anticipated even a few months back. Tens of millions of individual investors have come in over the last few years, the majority of them without the analysts, the management access, or the private briefings that institutions take for granted. For these investors, mandatory disclosure is not one source of information competing with others. It is very often the only one. The regulator has spent more than a decade building investor protection on the foundation of transparency. It would be a strange moment to dilute the most basic transparency of all, the regular account of how a company is actually doing, just as the audience for it has grown larger than ever before. To reduce the frequency of disclosure would be to widen the gap between the informed and the uninformed in precisely the part of the market that can least afford it.

The cost argument, which is the most respectable case for change, has in any event already been answered in part. SEBI does not apply the full quarterly regime to everyone alike. Companies listed on the SME platform report half-yearly rather than quarterly, under Regulation 33 itself.¹⁰ The framework already accepts that the burden of disclosure should sit differently on a small company than on a large one. The sensible response to compliance cost is to calibrate it further along those lines, not to dismantle the disclosure that protects investors across the rest of the market.

None of this is to pretend that the present system cannot be improved. The genuine grievance is not that companies report often, but that reporting has grown into a thicket of overlapping formats, duplicated filings, and mechanical certifications that consume management time without adding much that an investor can use. There is real reform to be had here. Simplify the quarterly filing. Cut the duplication between what is sent to the exchange and what is published to the public. Reduce the number of formats. Ease of doing business is a worthy aim, and SEBI has rightly pursued it; but ease should come from removing the friction around disclosure, not from removing the disclosure itself. And if short-termism is the true worry, address it where it actually lives, in the structure of executive pay and the culture of quarterly guidance, rather than by taking timely numbers away from the people who rely on them.

India will be pressed to keep pace with a world that has decided to report less often. But regulation should follow the evidence, not the fashion. The evidence that quarterly reporting causes short-termism is weak. The evidence that timely disclosure protects investors is not. In a market built on the savings of ordinary people, the regulator's instinct should be to tell them more often, not less. India reports four times a year. It should keep doing so.

Views are personal.

¹ Securities and Exchange Commission (US), Semiannual Reporting, Release No. 33-11414 (5 May 2026); SEC Press Release No. 2026-42, 'SEC Proposes Amendments to Permit Optional Semiannual Reporting by Public Companies' (5 May 2026).

² Chairman Paul S. Atkins has observed that semi-annual reporting is already familiar to American markets because foreign private issuers are not subject to a mandatory quarterly regime. See White & Case LLP, 'SEC Proposes to Allow Semiannual Reporting for Domestic Issuers' (12 May 2026).

³ Financial Conduct Authority, Policy Statement PS14/15, 'Removing the Transparency Directive's Requirement to Publish Interim Management Statements' (November 2014); DTR 4.3 was deleted with effect from 7 November 2014. The United Kingdom had introduced the quarterly interim management statement requirement on implementation of the Transparency Directive in 2007.

⁴ John Kay, The Kay Review of UK Equity Markets and Long-Term Decision Making: Final Report (Department for Business, Innovation and Skills, July 2012).

⁵ Regulations 33(3)(a) and 33(3)(d), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

⁶ Introduced by SEBI Circular No. SMD-II/Policy/Cir-08/2000 dated 4 February 2000 (Amendments to the Listing Agreement), giving effect to the SEBI Board decision of 25 January 2000 on the recommendations of the Committee. Unaudited quarterly results were required with effect from the quarter ending 31 March 2000, and were brought under a limited review by the statutory auditors with effect from the quarter ending 30 June 2003. The regime is now contained in Regulation 33 of the LODR Regulations, 2015.

⁷ Suresh Nallareddy, Robert Pozen and Shivaram Rajgopal, 'Consequences of Mandatory Quarterly Reporting: The U.K. Experience', Columbia Business School Research Paper No. 17-33 (1 March 2017), SSRN abstract no. 2817120; see also CFA Institute, 'Corporate Myopia: Less-Frequent Reporting Will Not Reduce Managerial Short-Termism' (9 December 2025).

⁸ Jurgen Ernstberger, Benedikt Link, Michael Stich and Oliver Vogler, 'The Real Effects of Mandatory Quarterly Reporting', The Accounting Review, vol. 92, no. 5 (2017), at 33. The authors find an increase in real activities manipulation for firms required to move from semi-annual to quarterly interim reporting, consistent with greater short-termism.

⁹ The study at note 10 found a substantial increase in managerial guidance following the 2007 United Kingdom mandate. See also Norges Bank Investment Management, 'Corporate Reporting Frequency and Long-Term Value Creation' (Asset Manager Perspective, 21 January 2025).

¹⁰ Regulation 33(5), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, under which references to 'quarterly' are read as 'half yearly' for entities listed on the SME Exchange.