

**Impact of Ind AS Implementation on Corporate Financial Reporting- An
Analytical study of Selected Companies in India**

**A Synopsis Submitted to
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1.Introduction

“Corporate financial reporting is the system of preparing corporate financial reports. These corporate financial reports are income statement, balance sheet, cash flow statement, statement of retained earnings and financial policies explanation. Corporate financial reporting may be shown at the end of month or at the end of each quarter or at the end of year.”¹

1.1 International Financial Reporting Standards (IFRS)

International Financial Reporting Standards (IFRS) is a set of accounting standards, introduced by the International Accounting Standards Board (IASB), which is gradually considered as international standard for the preparation of books of accounts. International Financial Reporting Standards (IFRS) is formulated with a view to harmonize different accounting policies and practices used in various countries. The objective of IFRS is, therefore, to reduce the accounting intricacies in the preparation of financial statements within the countries and across the countries thereby ensuring comparability of financial statements of different endeavour with a view to provide meaningful information to various users of financial statements and enable them to make the best economic decisions.

IFRS is a set of principle-based accounting standards, and it uses fair value concepts for measurement of assets and liabilities. It provides greater transparency and understandability to the financial statements, lowers cost of capital to the countries and makes easier comparability of data across borders. This created a paradigm shift in the perspective of financial reporting. Financial reporting has become user oriented from preparer oriented under IFRS. Disclosures have given more importance in IFRS to help users to have a clear view on the performance of the company. The shareholders, as the owners of the company, are interested both in the profitability of the company and in its prospects i.e., its investment

¹ <https://www.svtuition.org/2011/08/corporate-financial-reporting.html>

capacity to create wealth to the investors. IFRS has been structured in a fashion that helps an organization in achieving these goals.

1.2 Accounting standards in India

Accounting Standards Board (ASB) is a committee under the Institute of Chartered Accountants of India (ICAI) and was constituted as a body in the year 1977. ASB consists of representatives from Government Departments, academicians, representatives from ASSOCHAM (The Associated Chambers of Commerce and Industry of India), CII(Confederation of Indian Industry), and FICCI(The Federation of Indian Chambers of Commerce and Industry) etc. and has issued 27 standards (AS) so far.

The basic objective of accounting standards is to remove variations in the treatment of several accounting aspects and to bring about standardization in presentation. They intend to harmonize the diverse accounting practices followed in the preparation and presentation of financial statements by different reporting enterprises to facilitate intra-firm and inter- firm comparison.

The Institute of Chartered Accountants of India has also recognized the issues at global level and the corresponding developments, subsequently they have decided to converge the existing accounting standards with the IFRS. Such standards are known as Indian Accounting Standards (Ind AS).

1.3 Indian Accounting Standards (Ind AS)

The need of convergence was identified in the 1990s, as the country was moving towards globalisation, countries becoming multinationals and economy being opened for free trade. The journey towards Ind AS has started in 2006 when the ICAI came up with a concept paper on IFRS. But the path to Ind AS wasn't that easy. India needed comprehensive changes in companies act and the existing framework to align itself to IFRS. The change was the call

of the time. India's journey towards convergence with IFRS has been slow and almost took a decade to achieve its goal. The convergence has been done in a manner, smoothly to avoid sudden changes in reporting. Before new standards were introduced, new companies act (2013) was implemented to ease the quantum jump towards new standards.

Now India have implemented Ind AS from the financial year of 2016-17 and have seen the new annual reports as per Ind AS. Financial statements have become investor friendly in many aspects including its disclosure aspect. Indian companies are going through a drastic experience of change in the aspects of recognition, measurement, and disclosure regarding financial reporting.

A table showing the list of Ind AS s and corresponding AS s are given below.

Table1.1 List of Ind AS s and AS s

Description	Ind AS	AS
Preparation of financial statements	Ind AS 1	AS 1
Inventories	Ind AS 2	AS 2
Statement of cash flows	Ind AS 7	AS 3
Accounting Policies, changes in accounting estimates and others	Ind AS 8	AS 5
Events after reporting period	Ind AS 10	AS 4
Income taxes	Ind AS 12	AS 22
Property plant and equipment	Ind AS 16	AS 10 and AS 6
Leases	Ind AS 117	AS 19
Employee Benefits	Ind AS 19	AS 15
Government grants	Ind AS 20	AS 12
Effects on changes in foreign exchange rates	Ind AS 21	AS 11
Borrowing costs	Ind AS 23	AS 16
Related party disclosures	Ind AS 24	AS 18
Separate financial statements	Ind AS 27	AS 21

Investments in associates and joint ventures	Ind AS 28	AS 23 and AS 27
Financial statements in hyperinflationary economies	Ind AS 29	-
Financial Instruments: Presentation	Ind AS 32	AS 31
Earnings per Share	Ind AS 33	AS 20
Interim Financial Reporting	Ind AS 34	AS 25
Impairment of Assets	Ind AS 36	AS 28
Provisions, Contingent Liabilities and Contingent Assets	Ind AS 37	AS 29
Intangible Assets	Ind AS 38	AS 26
Investment Property	Ind AS 40	AS 13
Agriculture	Ind AS 41	-
First-time Adoption of Indian Accounting Standards	Ind AS 101	-
Share-based Payments	Ind AS 102	-
Business Combinations	Ind AS 103	AS 14
Insurance Contracts	Ind AS 104	-
Non-current Assets Held for Sale and Discontinued Operations	Ind AS 105	AS 24
Exploration for and Evaluation of Mineral Resources	Ind AS 106	-
Financial Instruments: Disclosures	Ind AS 107	AS 32
Operating Segments	Ind AS 108	AS 17
Financial Instruments	Ind AS 109	AS 30
Consolidated Financial Statements	Ind AS 110	AS 21
Joint Arrangements	Ind AS 111	AS 27
Disclosure of Interests in Other Entities	Ind AS 112	AS 21, AS 23 and AS 27
Fair Value Measurement	Ind AS 113	-
Revenue from contracts with customers	Ind AS 115	AS 9 and 7

(Source: www.icai.org)

“The implementation of Ind AS has been done in phased manner.

Obligation to comply with Indian Accounting Standards (Ind AS). –

(i) any company may comply with the Indian Accounting Standards (Ind AS) for disclosure of financial statements for accounting periods beginning on or after 1st April, 2015, with the comparatives for the periods ending on 31st March 2015, or thereafter; (voluntary adoption)

(ii) the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April 2016, with the comparatives for the periods ending on 31st March, 2016, or thereafter, namely: -

(a) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of rupees ***five hundred crore or more***.

(b) companies other than those covered by sub-clause (a) of clause (ii) of sub- rule (1) and having net worth of rupees five hundred crore or more.

(c) holding, subsidiary, joint venture or associate companies of companies covered by sub-clause (a) of clause (ii) of sub- rule (1) and sub-clause (b) of clause (ii) of sub- rule (1) as the case may be; and

(iii) the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2017, with the comparatives for the periods ending on 31st March, 2017, or thereafter, namely:-

(a) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees five hundred crore;

(b) companies other than those covered in clause (ii) of sub- rule (1) and sub-clause (a) of clause (iii) of sub-rule (1), that is, unlisted companies having net worth of rupees two hundred and fifty crore or more but less than rupees five hundred crore.

(c) holding, subsidiary, joint venture or associate companies of companies covered under sub-clause (a) of clause (iii) of sub- rule (1) and sub-clause (b) of clause (iii) of sub- rule (1), as the case may be”

(Source: www.mca.org)

This study is an attempt to understand the implications of Ind AS by analysing selected companies in India from three different industries. It spans over a period of fourteen years where the first ten years are under the regime of AS and the next four years under Ind AS. Ind AS is still evolving and everyday newer changes have been brought into the subject, it is almost impossible to analyse the implications of Ind AS in an empirical way, this study is more in a hypothetical nature by considering a few selected Indian accounting standards.

2. Review of Literature

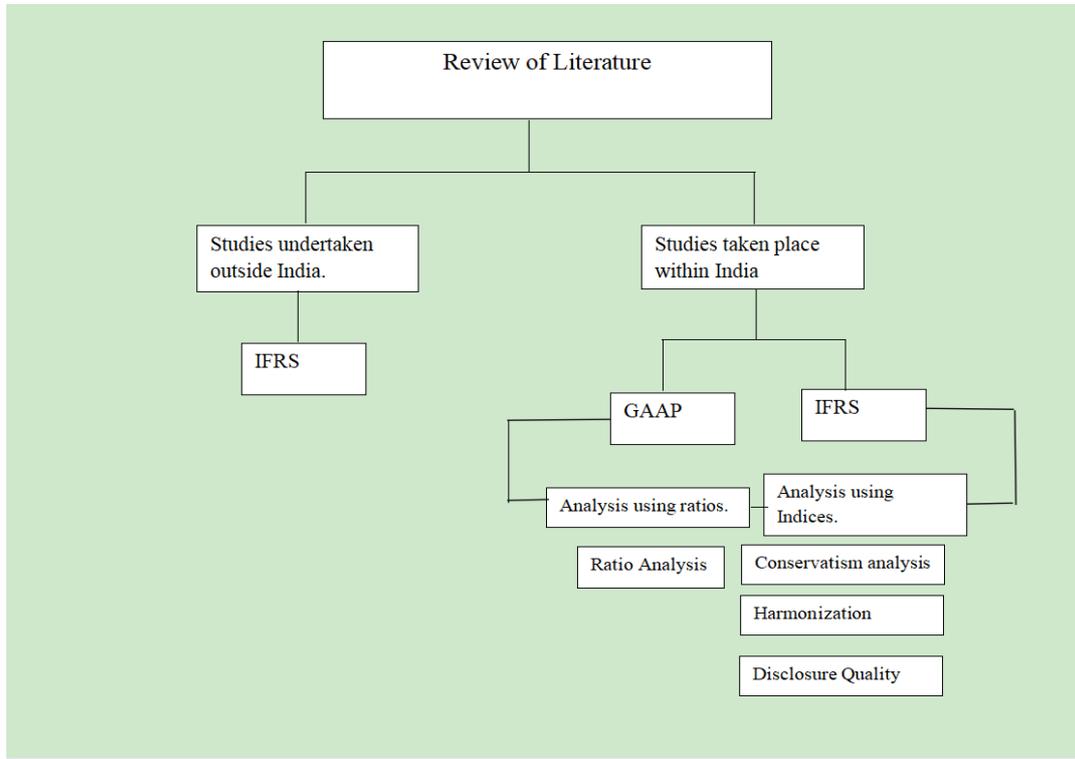
A comprehensive analysis has been done on the available literature in corporate financial reporting by classifying literature into those regarding the adoption of IFRS and those regarding the adoption of Ind AS. The studies on IFRS are further subdivided regionally; those conducted outside India and those conducted within India.

2.1 Research Gap

Researcher has tried to include the major studies taken place in financial reporting. Studies have been categorized into two broad area namely, those involved with the adoption and implementation of IFRS and those with Ind AS. Further they have been sub categorized into studies on IFRS conducted outside India and within India. However, Ind AS is still a very new subject in India and limited studies were available to the researcher.

By analysing the available literature, it could be concluded that, most of the studies involving IFRS talks about the impact of adoption with an economic point of view. Very few studies analyse the accounting effect brought in by the adoption of IFRS. In foreign studies,

Figure 2.1 Graphic Representation of ROL



(Created By Researcher)

Michail pazarksis et.al, Dritas & Petrakos(2013), Balios Dimitros & Nicolas(2011) are the few papers which attempted to explore the consequences of IFRS adoption from a financial point of view. They concluded that IFRS has a very minimal impact in the financial figures. Even though these studies were undertaken with a limited data which to a maximum range to six years. An impact of a change can only be truly seen in the long run. In short run, the companies will be trying to align themselves to the changes and hence, their true implications cannot be identified.

In India, it was made optional to adopt IFRS in 2011 and some of the giant companies did adopt IFRS during the period. Prof. Bhanu Achalapati(2015) Ramkesh Gupta(2016)Suchitra Shukla(2015),Surajit Das(2015) are some of the studies which has taken place with regard to those companies. All the studies unanimously found that there is little impact of adoption of IFRS on financial statements. Other studies conducted in India on

IFRS adoption are based on these few companies and some of the studies are just a case analysis.

The literature on Ind AS was very limited and hence, research papers and articles are reviewed thoroughly. In Ind AS most of the papers are theoretical in nature; however, it gave an idea about the problems in implementation, advantages of Ind AS, the perspectives of accountants and users towards Ind AS and various other perspectives. *Comparatively, studies on Pre & Post adoption of Ind AS on various elements of financial statements including, profit and taxation have been found very less.*

A research gap is identified as there isn't a comprehensive study regarding the implications of Ind AS, it would be fruitful to undertake one such with a financial perspective.

3. Research Problem

Indian Accounting faced a sea change because of its convergence with IFRS. The implementation of Ind AS reporting standards had crucial impacts on recognition, measurement, and disclosure in financial reporting of the companies. The introduction of fair value measurement created implications in the valuation of assets and liabilities. The comprehensive disclosure requirements have paved way to higher transparency in the annual reports published by the companies. This triggered wider implications in corporate financial reporting. The present research is designed to find out the impact of implementation of Ind AS in corporate financial reporting practices in India based on some selected companies. The following areas has been identified some areas on which the study shall be focused.

- ❖ Impact of Ind AS on measurement of items in financial statements.
- ❖ The disclosure quality of annual reports and its connection with reporting practices

- ❖ Introduction of fair value measurement concepts and its implications in valuation of assets and liabilities.
- ❖ The changes in basic belief systems have been brought down by new standards of accounting and its impact on financial reporting.

3.1 Objectives

1. To study the accounting differences between AS and Ind AS.
2. To analyse the impact of Ind AS adoption on various items of financial statement.
3. To study the adoption of Ind AS on pre-post basis within selected industries.
4. To compare the impact of Ind AS adoption between selected industries and understand the differences.
5. To quantitatively analyze both AS and Ind AS figures with respect to the year, 2015-16 as derived from the published annual reports of sample companies.
6. To study the level of conservatism with regards to the changes in reporting practices of corporate financial reporting with special reference to Ind AS.
7. To understand the practical insights brought by the implementation of Indian accounting standards in harmonizing the accounting practices.
8. To analyze the impact of Ind AS reporting practice and disclosure quality of sample companies.
9. To find out the relationship between reporting practices and financial performance.

3.2 Research Design

The research is planned on the major events occurred leading to the convergence of accounting standards:

The following 3 events has been identified as the milestones in the adoption of Ind AS.

- ✓ Revision of schedule VI of companies act in 2011-12
- ✓ Introduction of new companies act in 2013.
- ✓ Adoption of IFRS converged accounting standards (Ind AS) by selected companies.

The study spans over a period of 15 years divided into pre and post adoption of Ind AS. The period has been divided into four parts based on the above-mentioned events.

- ◆ 2006 to 2010 - Period before revision of schedule VI
- ◆ 2011 to 2013- period after revision of schedule VI, but before new Companies Act.
- ◆ 2013 to 2015- period under the new companies act.
- ◆ 2016 to 2019- period under Ind AS.

From 2006 to 2016, India was under the regime of IGAAP, even though revisions were going on to align the existing standards to a common platform. From 2016 to 2019, after the adoption of Ind AS, the financial statements are prepared under new accounting standard.

The study is designed in a way to assess the impact of changes in reporting practices on the financial performance of the company and to understand the impact on the quality of reporting by the companies. As it is evident that the changes taken place in each of the period under study is not only focused on improving the disclosure of financial performance of companies but also to have more transparency in reporting by offering a common yardstick to recognize, measure and disclose the items of financial statements.

The **FIRST** part of analysis is designed in a pre and post study of adoption of Ind AS. Annual reports of selected companies are extensively analysed to find out the changes in the financial reporting of companies because of Ind AS implementation.

The **SECOND** part of analysis is to study the impact brought down by Ind AS in the qualitative aspects of reporting in companies. The study attempts to measure the level of

conservatism under different standards, the level of harmonization brought in by the new standard, the quality of disclosure in financial reporting brought in by new standard.

3.3 Sampling Design

Sampling design is defined as a plan for obtaining a sample from the given population of study.

3.3.1 Sample selection

The population of the study covers all the listed and unlisted companies in India including its subsidiaries which has a net worth of 500 crore. As the list is wide, the NIFTY 500(National Stock Exchange Fifty 500) index is used as a parameter for selection of sample.

3.3.2 Size of Sample

To attain the objectives of the study, 30 companies have been selected from the Nifty 500 Index from National Stock Exchange, whose net worth is more than Rs.500 crore.

3.3.3 Nifty 500 (National Stock Exchange Fifty 500)

This Index is a broad-market Index, consisting of the large, liquid stocks listed on the Exchange. It serves as a benchmark for measuring the performance of stocks or portfolios such as mutual fund investments. It represents the top 500 companies.

The NIFTY 500 Index represents about 96.1% of the free float market capitalization of the stocks listed on NSE as on March 29, 2016.The total traded value for the last six months ending March 2021, of all Index constituents is approximately 96.5% of the traded value of all stocks on NSE.

The NIFTY 500 companies are dis-aggregated into industry indices viz. NIFTY Industry Indices. NIFTY 500, represents almost 96 percent of market capitalization including

17 industries. As Ind AS is not applicable to financial sector, those companies are excluded while sample selection. There are some industries having a smaller number of industries, they are also excluded at researchers' discretion.

The articles published by various agencies like Credit Rating and Information Services of India Limited (CRISIL), RSM India, Deloitte, Price Waterhouse Coopers (PWC), Ernst and Young (EY) after Ind AS adoption by companies has played a big role in helping researcher in selecting the industries for the study.

Along with the published research reports by the above-mentioned agencies and keeping in mind the following **parameters**, final industries taken under study were selected.

- Performance over the past decade.
- Level of operation in Indian market.(whether the industry is major player or not)
- Compliance with Ind AS

The data compiled from RSM study report as well as CRISIL study report is included in the figure 3.1. It is evident from the data that industries viz., Automobiles, Pharmaceuticals and Information technology have been affected more in comparison to other industries. Thus, they are selected for the study from each industry, **10 companies** have been selected from NIFTY 500 based on availability of data, consistency in financial year of the published reports and availability of standalone financial statements.

Figure 3.1

Sector-specific impact

Areas of accounting change	Auto	IT	Pharma	Infrastructure & capital goods	Telecom	Retail
Revenue recognition	✓	✓	-	✓	✓	✓
Fair valuation of PPE	✓					✓
Fair valuation of financial instruments (networth)	✓	✓	✓	✓	✓	✓
Fair valuation of gains and losses through FVTPL	✓	✓	✓	-	✓	-
Amortisation of intangibles/goodwill	-	✓	✓	-	-	-
Consolidation	✓	✓	✓	✓	-	-
Capitalisation of exchange differences on foreign currency loans	✓	✓	-	✓	✓	-
Reclassification of actuarial gains/losses as OCI	-	✓	✓	-	-	-
Employee stock options	✓	✓	✓	-	-	-
Capitalisation of spares/costs as fixed assets	✓	-	-	✓	-	-
Lease accounting	-	-	-	-	✓	✓
Service concession agreement	-	-	-	✓	-	-

Source: Research report of CRISIL dated 1-4-2016

The selected companies are given below.

Table 3.1 Selected Sample Companies

Code	AUTOMOBILES	Code	PHARMACEUTICALS	Code	INFORMATION TECHNOLOGY
A1	Amara Raja Batteries	P1	Aurobindo Pharma	P1	First source Solutions
A2	Apollo Tyres	P2	Biocon	P2	Info Edge
A3	Bajaj Auto	P3	Cadilla	P3	Infosys
A4	Balkrishna Industries	P4	Cipla	P4	Mindtree
A5	CEAT	P5	Divis Laboratory	P5	Mphasis
A6	Hero Motor Corp	P6	Dr.Reddys Laboratory	P6	NIIT
A7	MothersonSumi Systems Ltd	P7	Jubilant Lifesciences	P7	ORACLE
A8	Sundaram Clayton Ltd	P8	Lupin Pharma	P8	Persistent Systems
A9	Tata Motors	P9	Suven Lifesciences Ltd	P9	WIPRO
A10	TVS Motor Company Ltd	P10	Piramal Enterprises Ltd	P10	Zensar

3.5 A brief Profile of Selected Sample Companies

To understand the basic financial nature of the selected companies, a few selected variables, viz., Net Profit, Net Sales, Tangible Assets, Total Debt and Working capital for the whole period of study is summarized below: Automobile companies are denominated as A1,A2,...A10, Pharmaceuticals companies as P1,P2,...P10 and Information Technology companies as I1,I2.....I10. All the values in the tables are in *Millions*. From the year 2007-2016, the companies follow AS and from 2017-2019, the figures are calculated under Ind AS, and the comparative figures of 2016 in Ind AS is taken from the annual report of 2016-17.

3.5.1 Net Profit

Table No. 3.2 Net Profit for Selected Automobile Companies

Net Profit	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
2019	5921.09	2889.1	15861.6	26691.5	6701.4	8138	20206	1196.6	7820	4834.9
2018	6226.88	2787.2	16249	32242.1	6625.9	8792	-10349	549.2	7392.5	4713.2
2017	8027.56	3627.27	20175.4	33771.2	5580.8	8273	-24800	1055.9	7151.4	4784.9
2016	10021.6	4452.03	20986.8	31600.9	4892.8	7186	-622.6	1444.4	4385.7	4916.4
2016	8524.63	4524.28	21383.7	31323.7	4321.4	7120	2342.3	1396	5676.88	4890.34
2015	6450.92	2989.83	18317	23856.4	3478.3	5149	-47390	711.6	4888.15	4101.06
2014	4426.19	2537.79	17016.9	21088.6	2616.3	5351	3345.2	536.8	4883.71	3674.36
2013	3125.48	1063.82	13626	21181.6	1160.3	4696	3018.6	354.2	3558.39	2867.05
2012	1813.33	75.44	10240.9	23777.7	2490.7	3172	12422.3	722.99	2684.73	2151.44
2011	1982.53	222.22	7873.43	19278.4	1946.2	2875	18118.2	372.58	1856.78	1482.19
2010	4149.94	1611.54	8163.76	22318.1	878.5	1784.76	22400.8	123.54	2065.23	1567.97
2009	1081.18	-197.21	5371.11	12819.3	300.5	668.8	10012.6	63.02	699.45	906.69
2008	2192.99	1481.74	7994.93	9667.3	317.7	1282.53	20289.2	241.88	1068.26	949.79
2007	1132.7	392.55	6682.27	8578.4	665.9	1155.36	19134.6	907.73	949.79	474.005

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table No. 3.3 Net Profit for Selected Pharmaceutical Companies

Net Profit	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
2019	15297.3	4927	14417	18885	12773	13326.5	15388.6	-8617.8	1476.3	1500.62
2018	18127.7	2385	7153	16235.6	5669	8695.3	13446.5	5184.7	2633.83	1584.28
2017	17068.2	5193	3863	9749.19	13841	10532.95	31413.6	7767.8	791.94	1234.81
2016	16267.3	3686	46378	14623	13743	11108.77	28309	9957	730.03	1001
2016	16197	8088	18663	13980.3	13545	11072	28850.7	10610.5	790.68	949.98
2015	15163.5	3612	10051	11811.1	16794	8470.26	23973.5	3727.4	2051.1	1088.36
2014	11720.9	4585	9036	13883.4	19328	7917.26	24242.2	-3698.8	8.24	1441.83
2013	4959.9	2757	4986	15071.1	12655	6115.07	12604.5	-2314.4	-433.26	308.47
2012	-426.1	2555	10682	11239.6	9124	5459.17	8044.6	1307.4	-809.15	143.28
2011	5937.9	3783.431	11640	9603.9	8934	4364.6	8099.6	127461.9	2796.26	103.76
2010	5257.6	1930.052	5033	10814.9	8466	3442.13	6130.7	4431	3631.01	70.09
2009	1249.2	1119.027	2659	7976	5609	4243.32	3791.8	2753.4	2607.99	71.82
2008	2907.8	4348.037	2362	7014.3	4754	3535.59	4433.8	3032.3	3922.67	84.25
2007	2290.8	1581.876	2047	6680.3	11305.14	1917.18	2614.5	1882.4	2314.94	113.2

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table No.3.4 Net Profit for Selected IT Companies

Net Profit	I1	I2	I3	I4	I5	I6	I7	I8	I9	I10
2019	147020	12824.77	76140	2817.03	2990	7694.34	1990.21	7540	3150.08	25800
2018	161550	10059.9	77228	1823.67	2262	7398.91	1919.16	5699	3421.17	19258
2017	138180	12881.08	81617	2043.09	1649	6250.1	1883.59	4891	2940.29	1802.22
2016	126930	8977.11	82005	1251.18	1917	4571.36	1511.51	5810	2496.01	2381.7
2016	157860	9288.5	80990	1415.8	1936.19	4583.65	1676.44	6049	2654.61	2343.13
2015	121640	10580.21	81933	1937.87	1476.9	5530.3	1880.14	5343	2592.97	1831.04
2014	101940	11483.62	73874	1284.94	2084.08	2295.24	1344.89	4512	2485.7	1871.75
2013	91160	10292.6	56502	1022.46	1679.04	5394.2	1173.89	3833	1817.81	1215.19
2012	84700	10892.33	46851	1226.23	962.54	6110.45	453.59	2187	1373.87	945.46
2011	64430	9679.79	48437	1220.03	497.3	7819.62	662.61	1231	1335.87	884.68
2010	71710	6608.51	46489	941.33	954.36	9968.918	674.61	2081.05	1169.7	839.1
2009	58190	6957.137	38492	596.878	891.91	8368.713	685.208	299.866	585.23	604.74
2008	44700	4108.75	30633	554.863	1427.43	2207.695	677.78	1041.805	836.04	451.78
2007	37848	3546.745	28421	270.11	1114.15	1307.499	742.829	900.526	590.72	338.55

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

3.5.2 Working capital.

Table No. 3.5
Working Capital for Selected Automobile Companies

Working Capital	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
2019	8613.41	21889.8	(942.7)	39852.8	-8867.8	10088	-25770	-147	10530.7	13016
2018	18052.51	51243.4	123.9	45048.6	-12263	8810	1492.9	-663.6	5950.4	11593.2
2017	2793.55	61787.9	4859.55	33598.5	-6641.9	9070	(90597.4)	250.4	1043	9990
2016	3425.09	19442.6	2803.17	27029	-4295.1	3798	-68400.5	197.6	486.8	7703.4
2016	1496.48	16652.3	2541.08	8862.7	-2983.4	3252	-70451.5	148.7	859.9	7787.22
2015	-710.32	50494.8	2564.4	13987.1	-2143.6	1112	-117977	174	5938.7	7380.35
2014	-2055.88	8863.9	-1937.9	11328.8	-4847.5	514	-120585	-99.1	3107.8	6649.07
2013	-579.75	20644.5	-4301.7	9069.3	-1290.4	811	-109697	-357.5	5817.4	6806.59
2012	-3178.52	5649.9	-3334.48	5663.4	-2668.8	-240	-84252.5	-311.8	5122.2	5239.52
2011	5988.51	-8243.2	-2525.48	-2448.7	-480.7	-796	-21646.3	-348.01	-7289.4	3634.8
2010	3513.64	-12740.2	2414.55	-19488.3	2311.1	1529.6	-58659.8	1725.6	3918.25	3119.78
2009	4849.51	199877.1	3122.42	-10393.3	2778.4	349.9	-11438.2	2190.4	3515.28	3416.81
2008	4668.9	-2275.8	2184.59	-8879.6	2080.4	2143	-2728.5	4465.8	4028.98	3955.22
2007	4370.54	-5141.3	562.22	-5658.9	1956.5	1838.1	27840.5	4374.7	3500.19	2187.92

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table 3.6
Working Capital for Selected Pharmaceutical companies.

Working Capital	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
2019	36718.8	14531	15278	71106.5	58539	38150	74871.2	-107881	-165.66	5004.69
2018	32270.2	12261	7607	766500	43186	39134	63812.4	-64179	874.06	4450.83
2017	24563.8	16733	-8745	37895.1	43358	33833	66863.9	-43829	2336.34	3726.32
2016	24308.1	15085	10013	35128.7	58223	25420	53013	-52751	-876.3	3222.45
2016	24418.6	14915	10032	33827	52962	26030	49417.8	31239	-1249.82	3624.62
2015	24218.9	11719	6769	29922.4	57247	20236	47921.1	47741	3465.29	3495.92
2014	17639.8	8635	5113	26812.3	47936	16729	35823.8	-33057	-14302	1269.22
2013	8628	8454	1476	45103.3	25271	13224	18847	-9784	-3340.04	294.68
2012	3610.7	7885	2355	36202.2	18614	12009	9904.4	-8747	934.54	-377.1
2011	5932.5	8862	5661	29558.9	10490	11260	8277.5	-3224	3873.75	385.57
2010	20695.3	6437	6287	31378	19367	5715	15393.2	52106	7835.9	456.59
2009	20856.7	4813	5985	30150.1	26640	5814	8891.4	10677.9	6148.49	414.46
2008	18089.9	2906	5921	29130.8	21972	3853	11813	6226.8	5620.58	619.06
2007	18745.2	2635	3563	23065.5	29682	3056	10534.6	4941.3	3967.72	545.38

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table No 3.7 Working Capital for Selected IT Companies

Working Capital	I1	I2	I3	I4	I5	I6	I7	I8	I9	I10
2019	307930	20826.26	315858	9444.01	6442	10278.3	6330.28	19107	11884.14	11018.5
2018	324280	21063.86	279314	9510.18	5288	15959.68	5837.98	15160	11652.07	8300.7
2017	358960	9529.37	348872	10614.62	5019	24267.15	5283.8	12193	9312.18	9119.41
2016	345090	23363.02	300484	8485.5	3560	21302.08	3641.61	9613	9101.18	8171.19
2016	305600	13440.71	284216	9215.7	2491	21043.28	3985.48	8863	8900.26	8057.33
2015	290370	12815.01	224902	10114.76	2793	17416.76	2659.07	12271	7162.82	6236.04
2014	289810	67646.6	176886	2876.57	3922	13285.55	237.51	10274	6619.3	5188.55
2013	259450	54939.67	122602	2375.45	3345	10392.92	-1045.76	7799	4914.29	3916.03
2012	224280	45387.08	137176	1413.91	151.88	22652.46	-5770.52	5819	4132.19	2900.05
2011	175410	33151.61	113876	2125.61	623.67	19502.93	9140.9	4231	4472.57	2216.62
2010	131310	30779.48	95737	2139.31	883	10073.64	9370.53	1588	2436.79	1737.12
2009	122880	24208.39	60952	2655.47	-548	6491.4	2531.98	1006	692.8	1172.53
2008	51910	17556.35	72632	-373.93	1379	2941.09	-1956	1923	552.92	1173.31
2007	71370	14997.37	25277	-168.27	1077	2509.23	4335	1833	447.25	1041.43

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

5.3 Tangible Assets

Table No 3.8

Tangible Assets for Selected Automobile Companies

Tangible Assets	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
2019	63680.79	16886.9	27857.4	44775.3	25262.9	17087	183166.1	7450.5	27066.5	18090.5
2018	56793.23	18212.2	23993.1	44858.9	23154.6	14644	181925.2	6163.6	27674	16981.9
2017	47709.47	18986	23406.15	43107.3	19306.4	13824	173647.7	4823.9	28369.4	14870.2
2016	32869	19363.8	19170.39	34654.6	16726.7	14086	175732.5	4331.6	28540.6	13479.5
2016	30883.83	19363.8	19048.95	37178.5	15459.3	14086	122527.8	4435.5	28496	13122.66
2015	30965.27	19172.4	14249.52	28182.9	12981.1	14612	122605	4082.4	24134.7	9398.93
2014	32421.61	20060.4	14129.55	18972.7	11059.4	14330	121335	3969.7	23285.6	6198.94
2013	30633.9	18044.3	14419.22	18917.6	10068.5	14166	122877.1	3962.8	12765.5	3554.97
2012	28447.02	14795.9	14595.37	17431.4	10196.4	12164	117464.7	3095.3	8267.2	3524.8
2011	23835.77	14784.3	12986.38	16125.3	9353.1	8973	134170	3329.5	6856.3	3132.81
2010	16102.25	14795.9	7689.27	16587.8	9557.3	6691.1	112038.9	2961.3	2565.84	3057.25
2009	11433.36	15260.3	7753.85	15737.1	9959.4	4668.7	76452.7	2648.3	5345.54	2813.24
2008	9709.96	12580.8	7866.2	11562.6	10164.8	4123.2	53873.1	2244.9	4244.64	1888.51
2007	9508.55	12519.7	7000.09	11655.3	7970.8	3249.4	49325.3	3132.2	3122.6	1568.3

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table No. 3.9
Tangible Assets for Selected Pharmaceutical Companies

Tangible Assets	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
2019	41458.5	10291	28815	39921.3	39504	20834	30672	14354.3	14879.08	2905.62
2018	54304.98	8341	25454	41583.7	39790	19893	30272	13817.9	14331.56	3049.43
2017	32116.2	8649	22050	40951.6	40433	15557	29929.8	7125.2	14173.85	3044.75
2016	25681.3	8596	19986	37022.8	35938	14357	23278.4	6952.9	14111.72	3050.56
2016	25681.3	9035	19997	37244.4	35938	14357	23278.4	7013.6	14081.83	3050.56
2015	21900	8986	17530	34683.3	31294	13048	20206.7	6620.4	14387.76	1717.53
2014	19739.4	9410	15392	35195.9	26937	12216	21709.1	6578	20458.89	1792.34
2013	20119.1	8455	14644	34182.9	23355	9085	20006.3	6541.7	20901.22	1615.15
2012	16266.5	6757	12007	30026.6	19967	7381	16972.3	6319	17633.1	1324.44
2011	13497.2	6662	10033	28676.5	16893	5897	13395.9	5331.6	14917	1056.78
2010	15448.1	6600	10933	26954.1	20610	5896	13322.2	10738.9	14592.52	1095.61
2009	11588.3	6753	9542	23588.1	16220	5896	10919.3	10187.2	13967.84	1122.59
2008	9507.6	6519	7839	18944.8	9874	4969	8630.7	8082.3	9223.56	1097.74

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table No.3.10
Tangible Assets for Selected IT Companies

Tangible Assets	I1	I2	I3	I4	I5	I6	I7	I8	I9	I10
2019	103940	2085.67	32742	103940	3956	886.05	454.6	3757	2130.26	812.6
2018	90270	2109.81	38026	90270	4240	529.04	274.83	3509	2323.88	840
2017	86050	2428.13	37555	586.03	4501	628.54	292.87	3753	2501.1	815.98
2016	82480	2513.9	36418	725.33	4694	434.23	256.6	4109	2771.92	820.17
2016	82480	2615.33	37262	902.04	4694	434.23	265.49	4304	2811.16	820.16
2015	73470	2972.71	35700	807.57	3102	565.46	322.27	4507	2871.79	774.94
2014	57190	3381.34	36215	822.86	2587	637.13	447.13	3266	2555.19	729.63
2013	44250	3739.75	35560	857.62	2604	595.13	538.96	2485	2638.35	790.79
2012	40450	3555.25	41961	518.81	1496.3	1103.37	758.43	2548	2402.67	860.28
2011	40560	3090.1	41045	521.13	1242.37	1577.33	791.5	2951	1612.82	883.16
2010	37790	2065.73	36116	287.72	908	1433.39	1110.17	2539	1790.17	978.06
2009	37990	2366.09	31349	301.47	1017	1843.19	1368.18	2395	1793.13	1015.63
2008	26710	1804.12	22395	318.14	725	1802.9	1087	2357	1640.88	581.33
2007	21500	1493.21	16373	101.54	565	1224.06	1077	568	1611.18	580.31

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

3.5.4 Net Sales

Table No.3.11 Net Sales for Selected Automobile Companies

Net Sales	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
2019	120895.8	295672.5	68000.6	330249.3	179125.1	75107	687640.3	17851	52445	67695
2018	103881.3	250986.4	63691.8	322308.4	153100	76118	582331.7	16073.4	44644.6	62147.5
2017	98066.22	226948.7	63330.36	305406.7	130638.2	69777	483865.5	14459.6	37883	53022.5
2016	96514.81	234483.9	60824.28	304614.9	119533	58330	468807.3	14826.6	32725.2	46155.4
2016	96193.86	235462.4	61210.32	306180.9	120945	58824	462220.5	14833.9	32624.48	46892.73
2015	98772.72	220132.1	60837.46	292356.4	105763.2	54587	391142.1	13763.8	37962.81	42096.44
2014	95892.83	207270.4	58461.43	271262.1	85446.9	49819	373586.4	12451	35741.42	34345.44
2013	94529.05	206178.7	53050.43	256269.5	77483.8	47452	488875.7	10650.1	32027.14	29573.94
2012	89065.35	198270.3	47923.43	251854.3	75801	38681	588455.3	10514.47	28194.27	23662.26
2011	60009.56	168302.3	37516.16	207737.6	67114.8	30689	508364.1	8321.09	19054.38	17599.3
2010	54256.38	121180.8	29899.72	167806.2	46795.9	18284	383641	5346.13	13979.18	14652.09
2009	45496.32	90496.6	26112.28	135430.9	40089.1	14429	285682.1	5342.51	12613.14	13131.78
2008	42469.83	96899.5	26029.65	120385.5	36835.3	15155.79	330939.3	4932.5	10038.12	10833.25
2007	37743.43	106391.4	23906.12	115420.4	44734	12384.72	318194.8	9512.67	9678.32	5958.01

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

**Table No.3.12
Net Sales for Selected Pharmaceutical Companies**

Net Sales	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
2019	119387	26402	62070	119684.4	105729	47372.2	110315.6	21103.9	33933.78	6453.49
2018	100419.6	22153	55887	110044.4	93026	37319	98539	19863	32610.43	6125.82
2017	95393.6	24086	30980	106370.8	96281	40128.19	123980.8	20808.2	24471.85	5382.21
2016	90789.6	21633	65296	118287.4	102348	37139.93	108828.7	18670.7	26074.97	4995.22
2016	89223.8	21602	64365	117799	101506	37139.52	108100.1	18271	26075.19	4995.22
2015	80180.1	21410	46861	97389.6	99275	30723	96115.4	16768.9	31406.23	5208.54
2014	70495.7	20967	35245	90758.4	96468	25071.73	87771.8	14819	36275.14	5103.12
2013	53529.1	18361	29165	80424	82447	21239.51	70104.9	12836.8	30946.85	2578.84
2012	42046	15035	24133	68346.9	66678	18394.39	53159.1	10962.5	26176.39	2041.7
2011	41331.1	13251	21762	61351.6	52489	13086.55	44262.5	7897.4	21903.9	1504.07
2010	32522.7	11280	18329	53595.2	44370	9292.92	36730.5	26509.4	24462.01	1293.12
2009	27948.3	9034	16985	49606	40376	11905.6	28985.6	23162.6	24307.58	1400.12
2008	22928.9	8321	16420	39979	33723	10331.85	25436.9	19121.3	19767.49	1172.8
2007	18785.7	8238	14137	34382.4	37948	7244.24	19709.3	16013.8	16096.99	1117.17

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table No. 3.13 Net Sales for Selected IT companies

Net Sales	I1	I2	I3	I4	I5	I6	I7	I8	I9	I10
2019	731070	35808.97	480298	10982.56	19992	34340.19	7247.52	70215	19598.67	137008
2018	619410	38617.27	447100	9154.91	16459	32748.71	7628.18	54628	17327.49	128581
2017	592890	37363.22	456396	8021.06	15951	30185.54	8408.65	47526	17329.64	12723.93
2016	539830	35284.31	446808	7176.07	14842	29236.44	8262.12	43398	14471.36	12331.22
2016	539830	34868.09	446846	7234.76	14679	29266.63	8265.12	43565	14471.36	12331.22
2015	473000	33410.95	412100	6113.46	13461	30264.46	8898.21	35474	12424.98	10524.52
2014	443410	31594.68	387572	5051.35	13084.76	13289.66	9541.72	30316	11841.16	9084.7
2013	367650	29377.01	332265	4349	11083.04	33214.8	9106.37	23618	9967.51	8250.63
2012	312540	26058.54	316829	3756.38	7381.28	34208.39	7596.7	19152	8103.64	7001.58
2011	253850	23605.06	263005	2936.21	6480.11	34041.29	6657.89	15090	6101.27	5625.66
2010	227420	22434.69	229220	2322.22	4935.78	37700.85	6521.49	12332.49	5044.13	4970.83
2009	202640	22126.22	215073	2451.66	5020.68	34050.22	5660.44	10125.69	5196.91	4218.69
2008	156480	17929.71	174926	2189.39	4447.14	17035.61	4896.38	7338.395	3828.77	3358.71
2007	131490	15523.44	136839	1395.69	2971.65	11028.55	4326.82	5903.523	2970.55	2782.78

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

3.5.5 Total Debt

Table No. 3.14
Total Debt for Selected Automobile Companies

Total debt	A1	A2	A3	A4	A5	A6	A7	A8	A9	A10
2019	41050.17	42822.2	28365.6	35761.5	43962.1	23150	312204.4	9845.1	12493.1	7277.6
2018	40243.84	3694.35	24050.7	35209.5	37333.4	23730	306966.9	10702.9	12909.7	8191.3
2017	26588.19	26355.5	19054.56	32472.7	30241.1	21994	340449.1	5653.7	17717.2	6340.8
2016	14875.76	24503	1637.34	26505.6	25177.8	11616	299791.6	5501	22620.1	5511.7
2016	24133.29	27940.5	12418	28513.2	23021.7	8740	229562.8	4381.5	12883	4025.35
2015	20204.72	26799.9	12442.85	27313.6	23972.4	8399	289336.2	4545.3	19927.1	3350.46
2014	17927.47	21691.4	16665.3	23150.4	14747.9	10542	241878.9	4376.8	23439.8	2121.09
2013	24778.07	20508.8	15798.88	21755	13544.4	13136	227237.1	4949.1	20635.4	2234.6
2012	28446.93	21005.6	17277.5	33045.6	14531.6	13027	197171.6	4293.7	16629.4	840.76
2011	29207.52	20809.8	16502.44	35443.4	13025.7	11059	262459.6	3958.7	5980.95	901.12
2010	18153.78	29097.8	13011.12	11774.7	16705	7382.1	284192.3	3338.8	5792.32	2301.91
2009	11443	23699.8	10491	7815.2	14563.2	7695.8	218968.3	3791	5575.1	3815.17
2008	10218.47	22788	9546.63	8880.7	11721	6445.4	146486.8	3222.1	6407.91	4084.84
2007	11398.33	30951.9	9238.56	8495.5	12105.8	5275.4	93715.1	3133.3	5321.4	2084.14

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table No. 3.15
Total Debt for Selected Pharmaceutical Companies

Total debt	P1	P2	P3	P4	P5	P6	P7	P8	P9	P10
2019	64871	712	28192	534	19233	1056	14305.2	181374	21983.37	977.28
2018	55398.8	1126	27629	2245.4	36498	631	20512.8	152913	19992	896.15
2017	28701.7	1970	27850	3243.3	23781	357	18092.3	109194	21847.17	943.57
2016	37519.1	2113	10343	11318.1	31099	418	17388.1	141564	21728.98	1014.07
2016	41914	2113	10343	11318.1	33366	419	16674.5	124014	19210.16	1447.03
2015	40424.6	353	12632	13806.1	33296	261	13829.7	38033	25870.7	1760.17
2014	28148.6	714	14112	8773.4	28359	178	11232.5	58131	42000.43	1547.03
2013	27749.6	723	16455	9658.1	17122	326	14247.1	44625	38958.22	1642.58
2012	24419.4	992	10958	122	16473	527	17080.7	11921	38004.3	1431.98
2011	16958.5	2017	5241	4404.8	15773	185	15670.8	2862	35393.87	898.77
2010	19447.8	2177	5986	50.7	5632	1904.03	15135.9	9427.9	25318.29	804.14
2009	21146.8	1792	8249	9402.4	6403	2082.97	17157.4	12343.2	29294.05	654.83
2008	21629.5	1740	9819	5805.3	4623	2358.12	14024.5	7519.9	19068.62	753.81
2007	22944.1	1438	4551	4294.9	3299	2554.38	12182.7	5960.4	18418.37	544.23

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

Table No.3.16
Total Debt for Selected IT Companies

Total debt	I1	I2	I3	I4	I5	I6	I7	I8	I9	I10
2019	102110	2278.96	124657	621.16	1113	7534.77	711.1	4571	1171.04	2151.9
2018	63330	4906.79	116504	511.85	1247	5201.43	1023.34	6532	1024.14	2444.7
2017	53650	20671.45	120250	464.15	988	4845.27	2321.17	4888	1318.88	1218.54
2016	58170	7368.78	131395	316.02	1062	6277.41	2488.16	5265	1195.97	1082.69
2016	34420	7425.73	127355	329.77	1809	6348.42	2529.47	4534	1211.36	1285.45
2015	31560	8023.9	117905	409.31	2664	5980.89	3478.34	2708	467.59	754.07
2014	25930	11606.64	99637	1868.47	1907	5511.21	3784.61	2975	640.49	697.87
2013	14700	8996.82	89806	1611.29	1523	6213.44	13880.56	2661	441.47	672.59
2012	24540	7530.87	91709	1499.19	3975	9060	14024.19	3052	665.44	1133.46
2011	2870	5655.58	85866	1167.88	4597.77	8607	14977.95	1855	560.98	590.95
2010	17630	34849.02	94222	797.63	1357	5697.28	12627.67	2526	1109.74	481.37
2009	7780	29806.96	97776	708.39	3063	9952.6	14589.25	3893	660.69	465.21
2008	7880	4279.73	71840	980.2	915	3912.6	11813	2255	460.63	434.96
2007	5800	5930.4	33052	668.3	601	2222.54	1436	1201	355.46	483.86

(Source: Compiled from Annual Reports of selected companies from the years 2007-16 which are under AS and 2016-2019 which are under Ind AS)

4. Data Collection

The study is based on secondary data.

4.1 Secondary data

Data is collected from the financial statements published in the annual reports of the selected companies. Data is also collected from reconciliation reports from ICAI, cost audit reports, statutory reports issued by the selected companies.

4.3 Data analysis and interpretation

The tools used in the analysis and interpretation are as follows.

- **Tools for Analysis**

1. Ratio Analysis
2. Percentage Analysis

- **Variables under Study**

Debt equity ratio, Debt ratio, Equity ratio, Interest coverage Ratio, Capitalization Ratio, Current ratio, Quick Ratio, Cash returns to net assets, cash return to current liabilities, cash returns to total liabilities, Gross Profit Ratio, Net Profit Ratio, operating Profit Ratio, ROA, ROE, ROCE, Working capital turnover Ratio, Assets Turnover ratio, Inventory Turnover Ratio, Fixed assets turnover ratio. are to be used for analysing the impact on the various financial statement line items.

- **Statistical Tools**

1. Measures of Central Tendency
2. Measures of Dispersion
3. Correlation Analysis
4. Paired T-Test

5. Test for Sample Mean

6. ANOVA

● **Other tools for analysis for studying qualitative aspects.**

1. Gray's Index (S.J Gray,1980)

2. Harmonization Index (Van Ter Das, 1988)

3. Disclosure Quality Index

4. Content Analysis

● **Variables under study (Qualitative aspects)**

Level of Prudence, Level of Harmonization, Quality of Disclosure

Table No 4.1 Selection of qualitative aspects for Study

Sl. No	Author/s	Propositions
1.	Hiral Desai (2016)	“Convergence to IFRS is expected to improve the <u>relevance</u> , reliability, and <u>comparability</u> of financial reports”
2.	CA Vijay Mathur & CA Kavita Gunderia (2016)	“Ind AS adoption will also improve the <u>transparency</u> in financial reporting by Indian companies, making them <u>more comparable</u> to their international peers due to the enhanced stature of the reporting framework adopted”
3.	Suchitra Shukla (2015)	“lead to an <u>increase in transparency, comparability</u> , and quality of financial reporting, thereby benefitting investors.”
4.	Dr. A Vinayagamoorthy (2014)	“will help to <u>harmonize</u> company financial information, improve <u>the transparency</u> of accounting, and ensure that investors receive more accurate and consistent reports”
5.	Manoj Bansal (2014)	“high quality, <u>transparent and comparable</u> information in financial statements”

6.	Meenu Samburu & Dr. Kavita (Nov 2014)	“The framework of IFRS is qualitative and the characteristics are Understandability, <u>Relevance</u> , <u>Reliability</u> , <u>Comparability</u> ”
7.	Sobhna Swaminathan & Dr. Sindhu (Nov 2011)	“IFRS <u>increases comparability</u> among different sectors, countries, and companies, which will lead to more transparent financial reporting..... Corporates would come to know its true worth has <u>Fair valuation</u> is mandated for many balance sheet items.”
8.	Pawan Jain (2011)	“Enhanced <u>comparability</u> , <u>Improved transparency of results</u> ”

(Compiled from Review of Literature)

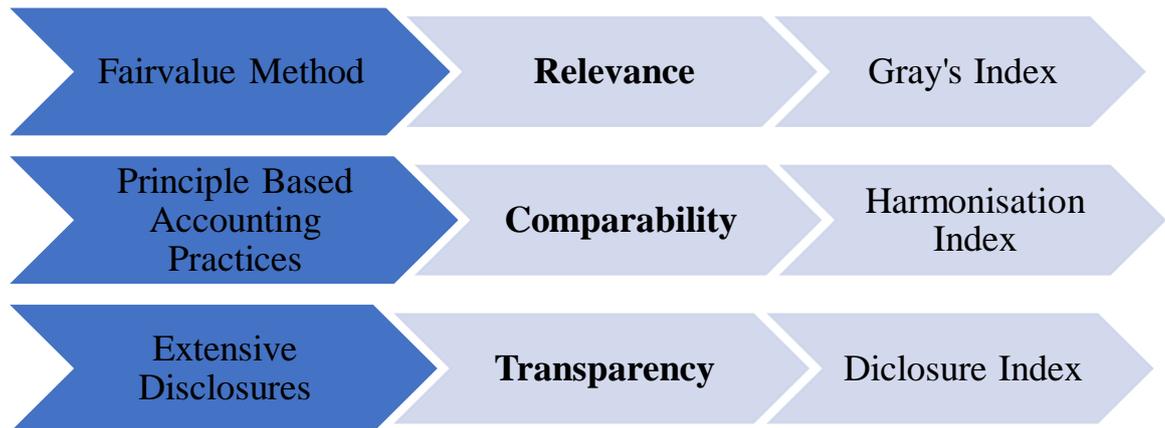
Hence this study takes these three aspects.

1. Relevance of Accounting data: One of the main reasons of converging with IFRS and adopting Ind AS was to bring relevance to the accounting data. Fair value method increases the relevance of the financial statements and reduces conservatism. Gray’s Index is used to measure the conservatism in the financial statements. The higher the conservatism, lower the relevance.
2. Comparability of financial reports: Ind AS is based on principle-based accounting practices there by bringing higher comparability among financial statements by harmonizing the accounting practices across industries. The Harmonization Index measures the level of harmony in the financial statements.
3. Transparency of Accounting information: Ind AS requires extensive disclosure requirements which gradually increases the transparency of the financial

statements. Disclosure Index measures the level of disclosure in the financial statements.

and analyzes whether Ind AS has been successful in achieving them.

Figure 4.1 Flowchart of selection of Indices



5. Analysis

The analysis part of the study is divided into two parts.

- A. Analysis using Ratios and Percentages
- B. Analysis using various Indices.

Initially the accounting changes brought in by Ind AS are tabulated. It is being compiled from content analysis of both IGAAP and Ind AS and from various published articles by research firms.

5.1 Analysis using Ratios and Percentages

Table No.5.1 List of Accounting Changes brought in by Ind AS

Items under study	Major changes introduced by Ind AS
Revenue	For recognition of revenue, Ind AS considers time value of money, for service contracts, only percentage of completion method can be used. Also, Ind AS requires, interest income to be recognised using EIR
COG	Ind AS defines fair value and provides an explanation in respect of distinction between 'net realisable value' and 'fair value for inventory
Employee Benefits	Actuarial gains or losses with respect to employee benefits to be recognised in OCI (Other Comprehensive Income)
Depreciation	Component approach introduced under Ind AS
Amortisation	Annual Impairment testing for Intangible Assets with indefinite lives
Provision for Financial Assets	Ind AS introduced ECL method (Expected Credit Loss Model)
Finance Cost	Borrowing Cost is calculated using Effective Interest Rate Method (EIR)
Deferred Tax	Only Balance Sheet model can be used. Deferred tax is charged on Ind AS adjustments.
EPS	Requires presentation of basic and diluted EPS from continuing and discontinued operations separately
Total Debt	Debt instruments under Ind AS are valued at either Amortised cost/FVTPL/FVTOCI
Other Equity	Other Equity includes items from other comprehensive income.
Current Assets	Under Ind AS current assets include financial assets and other current assets. The financial assets are valued at fair value.
Current Liability	Under Ind AS current Liability include financial liability and other current liabilities and provisions. They are shown at discounted values.
Working Capital	The combined effects of current assets and current liabilities
Property Plant and Equipment	For valuation, Ind AS use fair value, and Ind AS allows capitalisation of major overhaul and eligible spare parts.
Short Term Financial Asset	All these items are measured at fair value under Ind AS, Classification based on entity's business model, Amortised cost based on Effective Interest Rate, Under Ind AS, investments are to be categorised as FVTOCI, FVTPL, and Amortised cost and Impairment is measured using Expected Credit Loss Method.
Long Term Financial Asset	
Short Term Financial Liability	
Long Term Financial Liability	

(Source: Compiled from reports of ICAI, RSM India, Deloitte)

For each item mentioned in table 5.1, the value is compared from the financial statements of annual reports of 2016-17(Ind AS) and 2016-15(AS), making the year **2016** common under both regimes. Data is collected and tabulated with regard to all the items, however, *some selected items* are given below.

5.1.1 Depreciation

Depreciation	Ind AS	AS	Ind AS-AS	% Difference
Amararaja Batteries	1393.50	1389.35	4.15	0.30
Apollo Tyres	2622.80	2657.52	-34.72	-1.31
Bajaj Automobiles	2625.20	2625.20	0.00	0.00
Balkrishna Industries	2808.00	2805.23	2.77	0.10
CEAT	1003.10	938.94	64.16	6.83
HERO Motor Corp	3829.10	3866.70	-37.60	-0.97
Motherson Sumi	2005.00	2005.00	0.00	0.00
Sundaram Clayton	540.90	540.90	0.00	0.00
Tata Motors	13966.50	13099.80	866.70	6.62
TVS	2206.60	1744.50	462.10	26.49
Aurobindo Pharma	2630.00	2630.00	0.00	0.00
Biocon	1351.00	1263.00	88.00	6.97
Cadilla	2110.00	2110.00	0.00	0.00
Cipla	4152.90	4116.50	36.40	0.88
Divi's Laboratories	1164.45	1164.45	0.00	0.00
Dr Reddys Pharmaceuticals	5364.00	5364.00	0.00	0.00
SUVEN	174.70	166.93	7.77	4.65
Jubilant Life Sciences	834.87	833.67	1.20	0.14
Lupin Pharma	3004.70	3004.70	0.00	0.00
Piramal	613.30	614.00	-0.70	-0.11
Wipro	8640.00	8640.00	0.00	0.00
First Source Solutions	123.01	134.85	-11.84	-8.78
Infosys	11150.00	11150.00	0.00	0.00
Info edge	177.86	181.05	-3.19	-1.76
Mphasis	221.86	220.41	1.45	0.66
Mind tree	1200.00	1192.00	8.00	0.67
NIIT	506.00	505.00	1.00	0.20
Oracle	497.71	497.72	-0.01	0.00
Persistent	469.03	469.55	-0.52	-0.11
Zensar	187.05	187.05	0.00	0.00

(Source: Compiled from Annual Reports of selected companies for the year 2015-16 and 2016-17)

5.1.2 Total Debt

Total Debt	Ind AS	AS	Ind AS-AS	%Difference
Amararaja Batteries	4217.60	4025.35	192.25	4.78
Apollo Tyres	6310.08	5900.03	410.05	6.95
Bajaj Automobiles	20270.40	21895.20	-1624.80	-7.42
Balkrishna industries	7673.00	12883.06	-5210.06	-40.44
CEAT	6092.60	6190.00	-97.40	-1.57
HERO Motor Corp	2650.56	2801.77	-151.21	-5.40
Motherson Sumi	2794.70	2801.70	-7.00	-0.25
Sundaram Clayton	5445.26	5603.47	-158.21	-2.82
Tata Motors	299791.60	229562.80	70228.80	30.59
TVS	23021.70	23021.70	0.00	0.00
Aurobindo Pharma	37519.10	41914.00	-4394.90	-10.49
Biocon	3620.00	3620.00	0.00	0.00
Cadilla	10343.00	10343.00	0.00	0.00
Cipla	11318.10	11318.10	0.00	0.00
Divi's Laboratories	418.88	418.87	0.01	0.00
Dr Reddys Pharmaceuticals	30835.00	30840.00	-5.00	-0.02
SUVEN	1014.06	1027.21	-13.15	-1.28
Jubilant Life Sciences	19332.60	19210.16	122.44	0.64
Lupin Pharma	3868.20	3868.20	0.00	0.00
Piramal	141564.00	124014.00	17550.00	14.15
Wipro	66960.00	66960.00	0.00	0.00
First Source Solutions	1929.60	1748.02	181.58	10.39
Infosys	685.00	696.00	-11.00	-1.58
info edge	3.79	3.79	0.00	0.00
Mphasis	1325.10	1325.10	0.00	0.00
Mind tree	418.00	418.00	0.00	0.00
NIIT	89.00	60.00	29.00	48.33
Oracle	0.00	0.00	0.00	0.00
Persistent	26.91	25.70	1.21	4.71
Zensar	140.25	140.25	0.00	0.00

(Source: Compiled from Annual Reports of selected companies for the year 2015-16 and 2016-17)

5.1.3 Long Term Financial Asset (LTFA)

Long Term Financial Asset	Ind AS	AS	Ind AS-AS	%Difference
Amararaja Batteries	253.90	374.08	-120.18	-32.13
Apollo Tyres	11314.84	10354.15	960.69	9.28
Bajaj Automobiles	77474.00	84765.80	-7291.80	-8.60

Balkrishna Industries	6057.10	6985.82	-928.72	-13.29
CEAT	2847.40	3331.57	-484.17	-14.53
HERO Motor Corp	11618.10	10193.60	1424.50	13.97
Motherson Sumi	1440.00	8449.00	-7009.00	-82.96
Sundaram Clayton	1460.50	899.40	561.10	62.39
Tata Motors	158929.30	194754.80	-35825.50	-18.40
TVS	12702.60	13212.20	-509.60	-3.86
Aurobindo Pharma	12650.20	15996.70	-3346.50	-20.92
Biocon	34360.00	13922.00	20438.00	146.80
Cadilla	33203.00	33768.00	-565.00	-1.67
Cipla	39756.70	50904.20	-11147.50	-21.90
Divi's Laboratories	688.00	2058.00	-1370.00	-66.57
Dr Reddys Pharmaceuticals	20460.00	24157.00	-3697.00	-15.30
SUVEN	280.81	270.75	10.06	3.72
Jubilant Life Sciences	17269.77	19832.13	-2562.36	-12.92
Lupin Pharma	37743.50	40123.90	-2380.40	-5.93
Piramal	221271.00	217662.00	3609.00	1.66
Wipro	11763.00	11929.00	-166.00	-1.39
First Source Solutions	12430.90	14154.24	-1723.34	-12.18
Infosys	620.00	730.00	-110.00	-15.07
Info edge	7767.29	5876.72	1890.57	32.17
Mphasis	17835.65	22621.95	-4786.30	-21.16
Mind tree	9426.00	10894.00	-1468.00	-13.48
NIIT	3595.00	4251.00	-656.00	-15.43
Oracle	23.03	0.00	23.03	NA
Persistent	3718.44	3694.95	23.49	0.64
Zensar	147.47	320.45	-172.98	-53.98

(Source: Compiled from Annual Reports of selected companies for the year 2015-16 and 2016-17)

It can be observed that long term financial asset and total debt has significantly changed till the introduction of Ind AS and fair value system of valuation. Even though componentization has been introduced, depreciation has not shown any drastic changes.

In a similar fashion, tables are created for all the elements under study mentioned in Table 5.1. Further to test the significance of difference between the values under both standards the following null hypotheses for all items in Table 5.1 are formulated and tested using **One Tailed T-Test**.

5.2 Null Hypotheses

H0: Value of Depreciation under Ind AS is greater than value of Depreciation under AS.

H0: Value of Total Debt under Ind AS is greater than value of Total Debt under AS.

H0: Value of Long-Term Financial Assets under Ind AS is greater than value of Long-Term Financial Assets under AS.

5.3 Ratio Analysis

Further **RATIOS** are calculated under both standards for the year **2016**. The following ratios are calculated.

Stability ratios are calculated to analyze the company's long-term liquidity. It studies the impact of long-term debt in the company. The following ratios are calculated in this category.

Stability Ratios	Formula Used
Debt Equity Ratio	Total Debt/Total Equity
Debt Ratio	Total Debt/Total Assets
Equity Ratio	Total Equity/Total Assets
Interest Coverage	EBIT/Interest Amount
Capitalisation ratio	Long Term Liabilities/Long Term Assets

Liquidity Ratios are calculated to analyze the companies short term liquidity. It studies the impact of current liabilities in the company. i.e., whether the companies have enough fund in the day-to-day operations and to meet the current liabilities. The following ratios are calculated in this category.

Liquidity Ratios	Formula Used
Current Ratio	Current Assets/Current Liabilities
Quick Ratio	Quick Assets/Current Liabilities
Cash Returns to Net Assets Ratio	Net Cash Flows/(Total Assets-Current Liabilities)
Cash Returns to Current Liabilities Ratio	Net Cash Flows/Current Liabilities
Cash Returns to Total Liabilities Ratio	Net Cash Flows/Total Liabilities

Profitability ratios measure the profit earning capacity of the company.

Profitability Ratios	Formula Used
Gross Profit Ratio	Gross Profit/Sales
Net Profit Ratio	Net Profit/Sales
Operating Profit Ratio	Earnings before Interest and Tax/Sales
Return on Asset (ROA)	Profit After Tax/ Average Total Assets
Return on Equity (ROE)	Profit After Tax/ Average Total Equity
Return on Capital Employed (ROCE)	Earnings Before Interest and Tax/(Average Total Assets-Average Current liabilities)

Activity ratios help to understand the efficiency of the company to use its various resources and generate revenue.

Activity Ratios	Formula Used
Working Capital Turnover Ratio	Sales/Working Capital
Assets Turnover Ratio	Sales/ Average Total Assets
Fixed Assets Turnover Ratio	Sales/Average Fixed Assets
Inventory Turnover Ratio	Cost of Goods Sold / Average Inventory

Further the following hypotheses were formulated to test the significance of the difference between the ratios. **Z-Test** is used to test the Hypotheses.

H₀: There is no significant difference between the Debt equity ratio under AS and Ind AS.

H₀: There is no significant difference between the Debt ratio under AS and Ind AS.

H₀: There is no significant difference between the Equity ratio under AS and Ind AS.

Table No.5.3.1
Result of T-Test for the selected companies for the year 2016

95 % confidence				
Sl. No.	ITEMS	P-Value	Null Hypotheses	Result
1	Debt Equity Ratio	0.36	There is no significance difference between Debt Equity Ratio under Ind AS and AS	Accepted
2	Debt Ratio	0.24	There is no significance difference between Debt Ratio under Ind AS and AS	Accepted

3	Equity Ratio	0.03	There is no significance difference between Equity Ratio under Ind AS and AS	Rejected
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Similar hypotheses are formulated and tested for each ratio mentioned in section 5.3 using Z-test.

5.4 Financial Analysis of Pre-Ind AS period and Post Ind AS Period

India has adopted Ind AS in 2016-17 and next part of analysis is to look at the pre and post effects of the transition with the help of the selected ratios.

Pre-Transition Period.	2013-14 to 2015-16
Post-Transition Period	2016-17 to 2018-19

The following hypotheses were framed, and **Z-Test** is used.

H₀: There is no significant difference between the Debt equity ratio before and after adoption of Ind AS.

H₀: There is no significant difference between the Debt ratio before and after adoption of Ind AS.

Table No 5.3.2
Result of Z-test for the selected companies

SAMPLE	BEFORE (2014-16)	AFTER (2016-19)	Z-test
Debt -Equity Ratio	0.391	1.036	0.246
Debt Ratio	0.216	0.499	0.310

(Source: Computed from annual reports of selected companies from 2014-19)

Similarly, hypotheses are formed and tested for all ratios mentioned in Section 5.3.

To test whether there is any significance difference between ratios of Pre and Post adoption of Ind AS in Automobile industry, the following hypotheses were formulated and tested using **T-test**.

H0: There is no significant difference between the Debt equity ratio before and after adoption of Ind AS under Automobile Industry.

H0: There is no significant difference between the Debt ratio before and after adoption of Ind AS under Automobile Industry.

**Table No 5.3.3
Result of T-Test in Automobile Industry**

AUTO	BEFORE (2014-16)	AFTER (2016-19)	T- test
Debt -Equity Ratio	0.678	0.827	0.261
Debt Ratio	0.327	0.339	0.616

(Source: Computed from annual reports of selected companies from 2014-19)

Similarly, hypotheses are formed for all ratios mentioned in section 5.3.

To test whether there is any significance difference between ratios of Pre and Post adoption of Ind AS in Pharmaceutical industry, the following hypotheses were formulated and tested using T-test.

H0: There is no significant difference between the Debt equity ratio before and after adoption of Ind AS under Pharmaceutical Industry.

H0: There is no significant difference between the Debt ratio before and after adoption of Ind AS under Pharmaceutical Industry.

**Table No 5.3.4
Result of T-Test in Pharmaceutical Industry**

PHARMA	BEFORE (2014-16)	AFTER (2016-19)	T- test
Debt -Equity Ratio	0.325	2.001	0.351

Debt Ratio	0.189	1.019	0.378
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(Source: Computed from annual reports of selected companies from 2014-19)

Similarly, hypotheses are formed for all ratios mentioned in section 5.3.

To test whether there is any significance difference between ratios of Pre and Post adoption of Ind AS in IT industry, the following hypotheses were formulated and tested using T-test.

H0: There is no significant difference between the Debt equity ratio before and after adoption of Ind AS under IT Industry.

H0: There is no significant difference between the Debt ratio before and after adoption of Ind AS under IT Industry.

Table No 5.3.5
Result of T-Test in IT Industry

IT	BEFORE (2014-16)	AFTER (2016-19)	T-test
Debt -Equity Ratio	0.146	0.188	0.171
Debt Ratio	0.133	0.139	0.749

(Source: Computed from annual reports of selected companies from 2014-19)

Similarly, hypotheses are formed for all ratios mentioned in section 5.3.

5.5 Analysis using various Indices.

The accounting standards are converged with IFRS to achieve better quality of financial reporting. The *fair value method* is supposed to bring *relevance* to the accounting data. Better *disclosure levels* intend to bring higher *transparency* and *harmonization* of the accounting practices for wider *comparability*.

To measure the relevance of accounting data, Gray's index is used. To measure the comparability of accounting information, C Index of Harmonisation is used and to measure the transparency, disclosure index is used.

“Accounting information must deal with a trade-off between relevance and reliability. On the one hand, accounting must provide relevant information that allows its user to use it in the formation of its opinion and in decision-making. On the other hand, the information must be reliable and not be at the mercy of bias of who prepares it. An accounting that values relevance should make its rules flexible, allowing a greater subjectivity in applying accounting standards, which, if well used, produces better information, but facilitates the misuse of accounting information” (Clênia de Oliveira Pires, Roberto Frota Decourt,2015).

Fair value accounting helps the Ind AS to produce relevant financial statements. It means having lesser conservatism. The less standard is conservative, it produces highly relevant financial statements.

To determine the level of **conservativeness** between Ind AS and AS, Gray's Index is used.

5.4.1 Gray's Conservatism Index (GIC)

In 1987, S J Gray formulated an index based on various financial ratios to compare companies that follow different types of accounting methods and practices. This Index later came to be known as Gray's Index and it is widely used in measuring the degree of conservatism between various accounting standards. Gray stated “- Profits-measurement behaviour, which is the net outcome of the set of accounting practices employed, can thus be assessed along a continuum of conservatism”.

The following formula is used by Gray in his paper “The Impact of International Accounting Differences from a Security Analysis Perspective: Some European Evidence”.

$$1 - \frac{(Ra - Rd)}{|Ra|}$$

It has been modified and used by Costal Istrate, (2013) Alaxandro Ioan Cuza University, Romania, Dr. Bhanu Achalapati,(2015) and many others to study the impact of International Financial Accounting Standards (IFRS) and domestic accounting standards.

The modified Index used in this study is as follows:

$$\frac{\text{Ratio under AS} - \text{Ratio under Ind AS}}{\text{Ratio under AS}}$$

Gray (1980) describes “- ratios have been classified into nine categories from the highly conservative or pessimistic category of <0.50 to the less conservative or optimistic category of >1.50. In addition, three subgroups have been identified which are labelled pessimistic, neutral, and optimistic. The pessimistic grouping is for conservatism ratios of <0.95, whereas the optimistic grouping is for ratios of >1.05. While a strictly neutral ratio would be unity, it seems appropriate to allow some measure of tolerance-hence the neutral grouping for ratios of 0.95-1.05.” In other words, it can be interpreted as follows.

GIC>1 implies that the new standard values are greater than the previous standard values. Hence, the new standard is less prudent and conservative than the previous standard. New standard is more *optimistic* in approach.

GIC<1 means that the previous standard values are more than values of the new standard. It implies that, the new standard is more conservative and prudent than previous standard. New standard is more *pessimistic* in approach.

GIC=1 means that both the accounting standards gives the same value. That is prudence is equal and conservatism is equal among the standards. Both standards are *neutral* in approach.

A sample of 2017-16 is given below for three ratios. Similarly, GIC is calculated for all the ratios mentioned in *section 5.3* and for years mentioned in *section 3.2*.

Table No. 5.4.1
Summary of Gray’s Index of Conservatism

Ratio/Year	2017 (Ind AS)	2016 (AS)	GIC
Debt Equity Ratio	0.41	0.25	1.64
Debt Ratio	0.22	0.11	2.00
Equity Ratio	0.72	0.65	1.11

(Source: Computed from annual reports of selected companies from 2016-17 and 2015-16)

The table shows that for three ratios mentioned, GIC is more than 1 meaning that the new standard is more optimistic than existing standard. It means, Ind AS is less conservative, more progressive, and AS is more conservative and prudent. When a standard is said to be more prudent, it suggests that it uses more conservative methods of preparing financial statements and gradually helps the financial reports to be more reliable.

5.6 Harmonisation of Accounting Practices.

Ind AS is meant to provide better transparency and comparability of financial statements. Comparability increases when business entity chooses one method or a limited number of accounting methods among various alternative accounting methods. This should come from the harmonisation of accounting practices. Hence when a country converges to a new and international accounting standard, it shall improve the harmonisation aspect of the standard.

“Harmonisation is a process of increasing the compatibility of accounting practices by fixing the limits to their degree of variation. Harmonisation carries a wider meaning than standardization although it is sometimes being used inter changeably.”¹ Harmonisation can be

¹ <http://www.yourarticlelibrary.com/accounting/harmonisation-of-accounting-reports/meaning-harmonisation-of-accounting-reports/harmonisation-of-accounting-meaning-need-and-forces-leading-to-it-financial-analysis/67404>

traced at two levels; harmonisation of accounting standards and harmonisation of accounting practices.

When a country implements new accounting standards it is important to analyse the extent to which the new standards cater to the harmonisation of accounting practices. This section intends to identify the extent to which adoption of Ind AS has affected the harmonisation of accounting practices followed in different companies by comparing the accounting practices with respect to the assets and liabilities of selected companies.

For measuring the harmonisation Index, the following 4 time points have been used which are influential during convergence towards Ind AS in 2016-17.

For calculating C Index, the following years are chosen.

- a) **2017-16** : Being the initial year of adoption of Ind AS
- b) **2014-13** : Being the year of adoption of new companies act
- c) **2012-11** : Being the year in which schedule VI has been revised
- d) **2007-06** : Being the year in which IFRS as a concept paper introduced by ICAI

It is to be noted that except for the year 2016-17, Indian companies were following AS for the rest of the mentioned years. Hence, while analysing the theoretical difference, only AS and Ind AS will be discussed. However, index is computed for all the four years to see the change in the journey towards Ind AS.

5.5.1 C index- A concept

De facto Harmonisation is the process of harmonisation which aims at bringing the diverse financial reporting practices within a country to a common platform. It is also called material harmonisation. When the companies in a country use similar accounting practices, it

enhances comparability between the financial statements and eventually leads to better quality financial statements.

Harmonisation can be measured using different indices.

1. H index for measuring harmonisation within the country
2. C index for measuring the harmonisation within the country with multiple reporting systems
3. I index for measuring international harmonisation.

The present study analysed the harmonisation level of Indian GAAP and Ind AS within India. Hence, the tool applicable here shall be the c index. It is the ratio calculated as the quotient of the number of comparable pairs of the financial report. Here, c index prescribed by Van ter tas(1988) in his paper is used. The C index can be calculated using the following formula.

$$\frac{\sum_k \binom{n}{k} (n_k(n_k - 1))}{(N \times (N - 1))}$$

Where,

n_k represents number of business entities with method n till k

N represents total number of business entities

Interval boundaries for c index, according to van ter tas (1988:164) are ranging from 0 (disharmony with infinite number of alternative methods) to 1 (harmonization where all business entities use the same method).

The following table shows the calculated C Index for the years, 2016-17, 2014-13, 2012-11, and 2006-07. Similarly, C Index is calculated for various elements of the financial statements under selected years.

Table No 5.4.2
Summary of Calculated C Index

Items	N	2016-17	N	2014-13	N	2012-11	N	2007-06
Fixed Assets	30	1.00	30	0.70	30	0.70	30	0.66
Borrowing Cost	29	1.00	28	0.44	25	0.67	14	1.00

(Source: Computed from annual reports of selected companies from 2007-19)

It is evident that, with the various amendments in law governing financial reporting, harmonisation has increased and by 2016-17, most of the companies use the same methods for different accounting practices.

Further the following hypotheses were tested for significance using **ANOVA**.

H0: There is no significant difference between harmonization level of accounting policies in 2006-07, 2011-12, 2013-14, 2016-17.

H0: There is no significant difference between the harmonization level of accounting policies under AS and Ind AS

5.7 Disclosure Index

One of the main fascinations while converging with IFRS was the enhanced disclosures prescribed by the standards. Ind AS like IFRS requires the companies to disclose a lot more than AS. The companies that follow Ind AS has to disclose the items prescribed by Ind AS, Companies Act and SEBI. Altogether the disclosures in financial statement are governed by all these three. However, under Ind AS, many of disclosures under AS regime is to be continued. Ind AS just contributed additional requirements. The following are the number of disclosures identified by this study for a company:

1. Disclosures required by AS/Ind AS – 91 under AS and additional 121 under Ind AS
2. Disclosures required by SEBI- As companies are listed, only the financial statements – 3 Statements.
3. Disclosures required by Companies Act- 36 items.

4. Voluntary Disclosures- 29 items. (selected from Review of Literature)

Thus, a total of **280** items are recognised under study and annual reports of each selected companies are studied to identify the presence and absence of the items in the years: 2007,2012,2014, and 2017. Further the data is compiled into the table given below for all the selected companies and percentage of disclosure is calculated for each year recognised under study.

Table No 5.4.3
Summary of Items Present in Financial Statements

	2017	2014	2012	2007
A1	166	110	88	59
A2	191	106	89	73
A3	180	99	90	76
A4	178	110	97	71

(Source: Computed from annual reports of selected companies from 2007-19)

The table shows the number of items present out of 280 items in the annual report of four automobile companies for the years:2017,2014,2012, and 2007. The growth in the disclosure of items can be seen from the table.

Similar tables are created for all the 30 selected companies across all the 4 selected years under study.

Further the following hypothesis is tested using **TWO WAY ANOVA**.

H0: There is no significant difference between the quality of disclosure 2006-07, 2011-12, 2013-14, 2016-17

Similarly, To test the following hypotheses, **ONE WAY ANOVA** is tested.

H0: There is no significant difference between the quality of disclosure under AS and Ind AS under Automobile Industry

H0: There is no significant difference between the quality of disclosure under AS and Ind AS under Pharmaceuticals Industry

H0: There is no significant difference between the quality of disclosure under AS and Ind AS under IT Industry

6. Correlation Analysis

The study analyses financial reporting over the period from 2007 to 2019 by using various indices and understands the performance of companies using ratios. The final part of the study is to determine whether the financial performance of the company is depended upon these qualitative aspects of the financial reporting of the companies.

In other words, whether the financial performance of the company is related to the relevance of accounting data, comparability of financial information and transparency of financial reports. For that purpose, correlation technique is used. Pearson's correlation coefficient is calculated to determine the relationship between the Profitability of the company and the qualitative characteristics. To measure the profitability of the company, EBIT is chosen.

Table No 6.1
Variables used in Correlation Analysis

Year	EBIT	C Index	Disclosure Index	Gray's Index
2016-17	21071.16	0.88	0.61	0.92
2014-13	17558.27	0.68	0.43	1.09
2012-11	13125.06	0.74	0.38	1.14
2007-06	6877.57	0.75	0.32	1.27

(Source: Computed from annual reports of selected companies from 2007-19)

The result of Correlation is tabulated below.

Table No 6.2
Results of Correlation Analysis

	EBIT	C Index	Disclosure Index	Gray's Index
EBIT	1			
C Index	0.42314	1		
Disclosure Index	0.90882	0.75167	1	
Gray's Index	-0.9655	-0.6432	-0.979489733	1

(Source: Computed from annual reports of selected companies from 2007-19)

It is evident from Table No 6.2 that EBIT has a strong positive correlation between C Index and Disclosure Index and a strong negative correlation with Gray's Index. It means that the profitability of company increases with the harmonisation of accounting practices and improvement of disclosure requirements.

7. Limitations of the Study

- The study is taken from financial perspective, hence, the obligations under Income Tax act or any other tax related act is ignored.
- The study is limited to a period ranging from 2006 to 2016, thereby ignoring the accounting standards accepted after 2016.
- The study focuses on qualitative aspects, hence only essential ratios are calculated for financial analysis.