

Table of Contents

DECLARATION	12
THESIS CERTIFICATE	13
ACKNOWLEDGEMENT	14
LIST OF TABLES	15
LIST OF FIGURES	24
ABSTRACT.....	28
LIST OF ABBREVIATIONS.....	30
CHAPTER 1	31
Introduction.....	31
1.1The beginning	32
1.2Corporate financial reporting	33
1.3 The users of accounting information	35
1.4 Evolution of International Accounting System.....	35
1.5 Timeline of the major events in the history	37
1.6 Harmonization and Convergence.....	39
1.7 International Financial Reporting Standards (IFRS)	40
1.8 History of Indian Accounting System.....	41
1.9 International Generally Accepted Accounting Principles (IGAAP).....	42
1.10 Indian Accounting Standards (Ind AS).....	43
1.11 Reasons behind Ind AS adoption.....	46
1.11.1 Global presence of companies	47
1.11.2 International investors.....	47

1.11.3 Multiple reporting systems	47
1.12 Advantages of Ind AS Implementation.....	47
1.12.1 Focus on investors.....	48
1.12.2 Comparability	48
1.12.3 Standardization of Accounting and Financial Reporting	48
1.12.4 Better access to foreign capital markets and investments	48
1.13 Challenges of Ind AS implementation	49
1.13.1 Fair value accounting	49
1.13.2 Taxation	49
1.13.3 Training.....	50
1.13.4 Changes in regulations	50
1.14 Need for the Study	50
1.15 Chapters of the thesis	50
CHAPTER 2	53
Review of Literature	53
2.1 Introduction.....	54
2.2 Studies Conducted Outside India.....	55
2.3 Studies Conducted in India	60
2.3.1 Studies on Conservatism.....	67
2.3.2 Studies on Harmonisation	68
2.3.3 Studies on Disclosure.....	68
CHAPTER 3	76
Research Methodology	76
3.1 Introduction.....	77

3.2 Rationale of study	77
3.3 Research Problem	77
3.4 Objectives	78
3.5 Research Design.....	79
3.6 Hypotheses.....	81
3.6.1 Testing of significance between standards – using variables.....	81
3.6.2 Testing of significance between standards – using ratios	82
3.6.3 Testing level of harmonization of accounting policies between standards.....	83
3.6.4 Testing quality of disclosure between standards.....	83
3.6.5 Testing the pre and post effect of adoption of Ind AS of selected companies in the sample.....	84
3.6.6 Testing the pre and post effect of adoption of Ind AS of selected Automobile companies.....	85
3.6.7 Testing the pre and post effect of adoption of Ind AS of selected Pharmaceutical companies.....	86
3.6.8 Testing the pre and post effect of adoption of Ind AS of selected IT companies	87
3.7 Sample Design	88
3.7.1 Size of Sample	88
3.7.2 Sample selection	88
3.7.3 Nifty 500.....	88
3.8 Data analysis and interpretation.....	90
3.8.1 Tools for Analysis.....	90
3.8.2 Variables under Study.....	90
3.8.3 Analysis	93
3.9 Limitations of the study	93
CHAPTER 4	95

Profile of Indian Industry and Sample companies	95
4.1 An overview of Indian Industrial sector	96
4.2 Automobile Industry	99
4.3 Pharmaceuticals Industry	104
4.4 Information Technology	107
4.4.1 IT Act 2000	109
4.5 Profile of companies	113
4.5.1 Automobile sector.....	113
4.5.2 Pharmaceuticals	116
4.5.3 Information technology.....	119
CHAPTER 5	126
Impact of Accounting Standards on Financial Reporting.....	126
5.1 Introduction.....	127
5.2 General features of Financial Statements	128
5.3 Structure & Content	129
5.4 Indian Accounting Standards	130
5.5 International Financial Reporting Standards (IFRS)	131
5.6 Ind AS and its theoretical impact.....	132
5.6.1 Elements of Financial statements.....	133
5.7 General Impact of Ind AS	134
5.8 Impact of Ind AS in disclosure requirements	137
5.9 Impact of Ind AS in compliance.	138
5.10 Exemptions on first time adoption of Ind AS	138
5.10.1 Mandatory Exemptions.....	139

5.10.2 Optional Exemptions	141
5.11 Carve outs from IFRS.....	144
CHAPTER 6	148
Data Analysis and Discussion.....	148
Part I: Analysis of Financial Variables & Ratios.....	149
6.1 Analysis using Financial Variables.....	149
6.1.1 Revenue	151
6.1.2 Cost of Goods Sold (COG)	152
6.1.3 Employee Benefits	154
6.1.4 Depreciation.....	156
6.1.5 Amortisation	158
6.1.6 Provision for Financial Assets	160
6.1.7 Finance Cost	162
6.1.8 Deferred Tax	164
6.1.9 Earnings Per Share (EPS)	166
6.1.10 Total Debt	168
6.1.11 Other Equity.....	170
6.1.12 Current Assets.....	172
6.1.13 Current Liabilities	174
6.1.14 Working Capital.....	176
6.1.15 Property Plant and Equipment (PPE).....	177
6.1.16 Short Term Financial Asset (STFA).....	179
6.1.17 Long Term Financial Asset (LTFA).....	182
6.1.18 Short Term Financial Liability (STFL).....	184

6.1.19 Long Term Financial Liability	185
6.2 Testing of significance	188
6.2.1 Paired T-test	188
6.2.2 Inference	188
6.3 Ratio Analysis	190
6.3.1 Stability Ratios	190
6.3.1.1 Debt Equity Ratio	190
6.3.1.2 Debt ratio	194
6.3.1.3 Equity Ratio	197
6.3.1.4 Interest Coverage Ratio	201
6.3.1.5 Capitalization ratio	204
6.3.2 Liquidity Ratios	208
6.3.2.1 Current Ratio	208
6.3.2.2 Quick Ratio	212
6.3.2.3 Cash Returns to Net Assets Ratio	215
6.3.2.4 Cash Returns to Current Liabilities Ratio	219
6.3.2.5 Cash Returns to Total Liabilities Ratio	222
6.3.3 Profitability Ratios	225
6.3.3.1 Gross Profit Ratio	226
6.3.3.2 Net Profit Ratio	229
6.3.3.3 Operating profit ratio	232
6.3.3.4 ROA	235
6.3.3.5 ROE	239
6.3.3.6 ROCE	242
6.3.4 Activity Ratios	245
6.3.4.1 Working Capital Turnover Ratio	245
6.3.4.2 Assets Turnover Ratio	248
6.3.4.3 Fixed Assets Turnover Ratio	252
6.3.4.4 Inventory Turnover Ratio	255
6.4 Testing of Significance	259
6.4.1 Paired T-test	259

6.4.2 Inference	259
Part II: Analysis using Indices	262
6.5 Section 1: Study of conservatism in accounting standards	262
6.5.1 Conservatism Index	263
6.5.2 Data Analysis	264
6.5.3 Results of Gray's Index for Stability Ratios	265
6.5.4 Results of Gray's Index for Liquidity Ratios	269
6.5.5 Results of Gray's Index for Profitability Ratios	272
6.5.6 Results of Gray's Index for Activity Ratios	277
6.6 Section II: Study of Harmonization of Accounting Policies	280
6.6.1 C index- A concept	281
6.6.2 Advantages of C index	281
6.6.3 Theoretical perspective	282
6.6.4 Summary of result of C- Index	286
6.7 Testing of Hypothesis	289
6.8 Section III: Analysis using Disclosure Index	290
6.8.1 Disclosure Index	291
6.8.1.1 Disclosure index of Presentation of Financial Statements	292
6.8.1.2 Disclosure Index of Inventories	295
6.8.1.3 Disclosure Index of Cash Flow Statements	297
6.8.1.4 Disclosure Index of Events After Reporting Period	299
6.8.1.5 Disclosure Index of Income Tax	300
6.8.1.6 Disclosure Index on Property, Plant and Equipment	302
6.8.1.7 Disclosure Index on Leases	304

6.8.1.8 Disclosure Index on Revenue	306
6.8.1.9 Disclosure Index of Employee Benefits.....	307
6.8.1.10 Disclosure Index of Government Grant	309
6.8.1.11 Disclosure Index of changes in foreign exchange rate.....	310
6.8.1.12 Disclosure Index of Borrowing Cost	312
6.8.1.13 Disclosure Index of Related Party Disclosures.....	313
6.8.1.14 Disclosure Index of Earnings per Share.....	315
6.8.1.15 Disclosure of Impairment of Assets.....	317
6.8.1.16 Disclosure Index of Provisions, Contingent Liabilities and Assets	319
6.8.1.17 Disclosure Index of Intangible Assets	320
6.8.1.18 Disclosure Index of Investment Property.....	322
6.8.1.20 Disclosure Index of Assets Held for Sale	325
6.8.1.21 Disclosure Index of Fair Value Measurement	327
6.8.1.22 Disclosure Index of Financial Instruments	329
6.8.1.23 Disclosure Index of Selected Voluntary Disclosures.....	331
6.8.1.24 Disclosure Index of Schedule III of Companies Act	333
Part III: Financial Analysis of the Period - Pre Ind-AS and Post Ind AS.....	336
6.9 Ratio Analysis	336
6.9.1 Stability Ratios.....	336
6.9.1.1 Debt Equity Ratio	337
6.9.1.2 Debt Ratio	338
6.9.1.3 Equity Ratio	340
6.9.1.4 Interest Coverage Ratio.....	341
6.9.1.5 Capitalization Ratio	342
6.9.1.6 Consolidation of Stability Ratios	344
6.9.2 Liquidity Ratios	344
6.9.2.1 Current Ratio.....	345

6.9.2.2 Quick Ratio	346
6.9.2.3 Cash Returns to Net Assets Ratio	348
6.9.2.4 Cash Returns to Current Liabilities Ratio	350
6.9.2.5 Cash Returns to Total Liabilities Ratio	351
6.9.2.6 Consolidation of Liquidity Ratios	353
6.9.3 Profitability Ratios	353
6.9.3.1 Gross Profit Ratio	354
6.9.3.2 Net Profit Ratio	355
6.9.3.3 Operating Profit Ratio	357
6.9.3.4 Return on Assets (ROA)	358
6.9.3.5 Return on Average Equity (ROE)	360
6.9.3.6 Return on Capital Employed (ROCE)	361
6.9.3.7 Consolidation of Profitability Ratios	363
6.9.4 Activity Ratios	363
6.9.4.1 Working Capital Turnover Ratio	364
6.9.4.2 Assets Turnover Ratio	365
6.9.4.3 Fixed Assets Turnover Ratio	367
6.9.4.4 Inventory Turnover Ratio	369
6.9.4.5 Consolidation of Turnover Ratios	370
6.10 Testing of Hypotheses	371
6.10.1 Two Sample Z Test	371
6.10.2 T- Test	373
6.10.3 Inference	373
6.11 Correlation Analysis	377
CHAPTER 7	382
Conclusion, Findings and Suggestions	382
7.1 Conclusion	383
7.2 Findings	384
7.3 Suggestions	390
7.4 Scope for Further Study	393

Definitions.....	394
References.....	397
APPENDIX.....	409