

# Implications of IFRS Adoption: Analysis of Financial Statements of selected Public Sector Undertakings in India

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## **ABSTRACT**

This empirical research investigates the relevance, reliability, and quality of corporate reporting by companies employing IND -AS reporting in India through the lens of International Financial Reporting Standards (IFRS). The study aims to identify statistically significant distinctions between financial statements prepared under Indian GAAP and IFRS for four adopting Indian companies. A 10-year period (pre-IFRS: 2012-2016 and post-IFRS: 2017-2021) of analysis involves financial ratios in categories such as liquidity, profitability, and investment valuation. The Gray Comparability Index is utilized to assess the relative impact, while statistical significance is examined through paired sample t-test. The results indicate an improvement in accounting information during the post-IFRS period according to the Gray's Comparability Index. However, the Paired t-test suggests that IFRS did not lead to significant changes in the post-IFRS period. It is important to exercise caution in generalizing these findings due to the limited sample size.

**Key words:** International Financial Reporting Standards (IFRS), Financial Ratio, IGAAP.

## **Introduction**

The miracle of globalization has made the world a global village. There is imperative need to have a common accounting language due to globalization. With investors no longer restricted by geographical boundaries and funds moving across borders, having uniform accounting standards (like IFRS) becomes vital for comparability and transparency. Adoption of IFRS is anticipated to enhance transparency, comparability, and the quality of financial reporting, thus benefiting investors. The adoption of IFRS by Indian companies is viewed as a step towards greater transparency and global integration. However, the transition process from Indian GAAP to IFRS converged Ind AS require careful consideration of their financial implications. The impact on financial statements is multi-faceted, encompassing changes in accounting policies, presentation, and disclosure practices.

The bearings of IFRS on financial statements in India can be assessed through various perspectives. One key aspect is the changes in accounting policies and practices mandated by IFRS. The shift to fair value measurement, recognition of financial instruments, and the treatment of leases are examples of areas where significant adjustments may have occurred.

Furthermore, Ind AS bring modification in the presentation and disclosure requirements in financial statements, aiming to provide a more comprehensive view of a company's financial position and performance. This shift also impacts how companies communicate with their investors and the level of detail they provide in their financial reports.

The execution of IFRS in India may have affected financial ratios, especially those related to aspects like liquidity, profitability, and valuation. Understanding these changes is crucial for investors, analysts, and other stakeholders who rely on financial statements to make informed decisions.

Financial reports are utilized by a wide range of stakeholders, including investors, creditors, employees, customers, competitors, government, and the public. Equity Investors use financial reports to assess the company's financial position for investment decisions. Loan Creditors scrutinize the liquidity position of the company to ensure that the company does not default. Employees try to find information on the company's health and financial stability. Suppliers evaluate the financial standing of the company for business relationships and to ensure timely payments. Customers use financial information to make

informed decisions about goodwill of the company. Competitors analyse financial reports for competitive acumen and frame strategies accordingly. Government monitor compliance with regulations and taxation. Public need transparency and information about the company's financial performance. Inshort, financial reports serve a diverse set of users, each with specific purposes for utilizing the information. Financial ratios serve as a yardstick for comparability of firms to review their growth in relation to previous years or with competing companies or against industry standard. This study intends to analyse the impact of IFRS adoption on various financial ratios of Indian Government companies.

### **Literature review**

Numerous investigations have explored the repercussions of adopting International Financial Reporting Standards (IFRS) on financial ratios and reporting methodologies in diverse countries. The influence of International Financial Reporting Standards (IFRS) adoption on the financial statements of companies has been extensively examined in various countries, including Germany, Spain, Turkey, and New Zealand.

**Agca and Aktas (2007)** similarly identified a significant impact of IFRS adoption on financial ratios such as the current ratio and net asset turnover in Turkish firms.

In Spain, **Callao, Jarne, and Lainez (2007)** noted noteworthy differences in financial ratios like the cash ratio and return on equity attributed to the utilization of different accounting standards.

**Hung and Subramanyam (2007)** investigated the impact of IFRS adoption on German companies from 1998 to 2002, concluding that the value of total assets, equity, and variability of net earnings was significantly higher under IFRS compared to German Accounting Standards. However, they could not establish corresponding changes in examined financial ratios.

**Daske and colleagues (2008)** undertook a study to assess the economic implications of the mandatory adoption of International Financial Reporting Standards (IFRS) and reporting practices globally. The analysis encompassed the impact on the cost of capital, market liquidity, and Tobin's q in 26 countries that had implemented IFRS mandatorily. Their findings indicated that the introduction of IFRS tended to enhance market liquidity and equity valuation, leading to a reduction in the cost of capital, contingent upon the occurrence of the anticipated impact. Moreover, the study revealed that countries with robust legal enforcement and transparent policies stood to gain advantages in the capital market.

Additionally, **Stent, Bradbury, & Hooks (2010)** revealed a statistically significant impact on the financial ratios of New Zealand companies following the adoption of NZ IFRS.

In Greece, **Tsalavoutas and Evans (2010)** conducted an analysis of the impact of IFRS on the financial statements of Greek companies, uncovering substantial changes in ratios such as shareholders' equity and gearing.

**Swaminathan (2011)** conducted a study analyzing the probable reasons for differences in total assets due to fair value measurement, variations in interest capitalization, deferred tax asset recognition, and accounting for foreign currency forward contracts. The study indicated that Indian accounting standards were conservative, and while return on equity, return on assets, total asset turnover, and net profit ratios were not significantly affected by converging to IFRS, the financial leverage ratio exhibited a significant change upon convergence.

**Swaminathan (2011)** analyzed the reasons for differences in total assets and financial ratios upon converging to IFRS. These studies collectively emphasize the varied impacts of IFRS adoption on financial reporting practices and ratios across different countries and industries.

**Durukan et al. (2012)** conducted a study to gauge the effectiveness of a corporate governance system, highlighting that disciplinary Chief Executive Officer (CEO) turnover exhibited a stronger association with corporate performance compared to voluntary CEO turnover. Within the IFRS sub-sample in Turkey, the relationship was more pronounced with contemporaneous performance measures.

**Athma and Rajyalaxmi (2013)** researched the phase-wise and sector-wise implementation of IFRS in India, emphasizing the mandatory implementation of IFRS in three phases and its adoption by Indian corporate entities.

**Terzi et al. (2013)** delved into the significant effects of transitioning from local Generally Accepted Accounting Principles (GAAP) to IFRS in 140 manufacturing companies in Turkey. Their findings underscored the statistically significant impact of IFRS adoption on inventories, fixed assets, long-term liabilities, and shareholders' equity, with variations noted at the industry level.

**Achalapathi and BhanuSireesha (2015)** empirically investigated the significant differences in financial statements prepared with Indian Generally Accepted Accounting Principles (I-GAAP) and IFRS by 10 Indian companies that voluntarily adopted IFRS. The study concluded that IFRS adoption

led to a statistically significant increase in liquidity, profitability, and valuation ratios, optimizing the Return on Assets (ROA) and Return on Equity (ROE) of Indian companies.

**Lee and colleagues (2015)** explored the influence of voluntary adoption of International Financial Reporting Standards (IFRS) on earnings quality and the cost of debt in unlisted firms in Korea. The study indicated that firms opting for IFRS demonstrated higher earnings quality and lower costs of debt compared to those that did not, suggesting a positive impact on the cost of debt when unlisted firms issued bonds.

**Jamiu (2016)** highlighted the benefits, challenges, and major differences between Nigerian Generally Accepted Accounting Principles and IFRS. The adoption of IFRS was associated with a decrease in Return on Shareholders' Fund, return on Capital Employed, Current Ratio, and Earnings Per Share, indicating a significant impact on these financial ratios.

**Das and Saha (2017)** conducted a comparative analysis between IFRS and Indian GAAP, specifically examining five voluntarily IFRS-implemented Indian information and technology (IT) companies. The study revealed disparities between I-GAAP and Ind-AS, with liquidity position being the only financial indicator showing a statistically significant difference. However, IFRS implementation was found to enhance market value in terms of foreign investors and acquisitions.

The Institute of Chartered Accountants of India (**ICAI, 2018**) conducted a detailed analysis of the impact of Indian Accounting Standards (Ind AS) on 170 listed companies across different industry groups. The study focused on quantitative and qualitative impact analysis on consolidated financial statements post-implementation. While no extensive impact on key financials was observed at the aggregate level, diverse impacts on Indian industries were revealed after the mandatory implementation of Ind AS.

Collectively, these studies highlight the diverse impacts of IFRS adoption on financial reporting practices and ratios across distinct countries and industries.

### **3.Objectives of the Study**

The study has clearly defined objectives focused on evaluating the impact of the adoption of International Financial Reporting Standards (IFRS) on the quality of financial statements within the context of the Indian Automobile industry. The specific aims are as follows:

**Objective I. Assessment of Financial Performance:**

**Rationale:** This objective seeks to comprehend the distinct financial performance of companies post-IFRS adoption, aiming to detect any apparent changes or patterns.

**Objective II. Examination and Comparison of Financial Performance:**

**Rationale:** This objective facilitates a comprehensive analysis of how the adoption of IFRS has impacted financial performance over time. The comparative analysis between pre- and post-adoption periods enhances the understanding of the overall influence.

**Objective III. Computation of Gray's Index of Comparability:**

**Rationale:** Gray's Index of Comparability offers a quantitative measure of the consistency and comparability of financial statements. This objective aims to gauge how uniform and comparable the financial statements are across the chosen companies.

Together, these objectives contribute to a thorough examination of the effects of IFRS adoption on the quality of financial statements in the Automobile industry. The specific goals are well-articulated, and the combination of qualitative and quantitative analysis methods is poised to provide a comprehensive understanding of the research topic.

**4. Research Methodology**

The section highlights detailed information about the sample size, data collection method, variables used in the study, and the timeframe for the analysis.

**4.1 Sample Size:**

**Selection Criteria:** Four listed Indian Public Sector Undertakings belonging to the Nifty 50 Index. Viz (i) Power Grid (ii) NTPC (iii) ONGC (iv) Coal India

**Ratios as Variables:**

- Profitability Ratios: Net Profit Margin, Return on Capital Employed, Asset Turnover Ratio
- Liquidity Ratios: Current Ratio, Quick Ratio, Inventory Turnover Ratio
- Investors Ratios: Basic Earnings Per Share, Book Value to Market Price, Earnings Yield

**Time Period for Research:** Ten years, spanning from the financial year 2011-12 to 2020-2021.

- Pre-IFRS (2012 to 2016): 5 years
- Post-IFRS (2017 to 2021): 5 years

#### **4.2 Source of Data:**

Information was collected from secondary sources, including the financial statements of the chosen companies and pertinent financial reports. All relevant data and information were sourced from published literature, such as books, journals, articles, reports; regulatory guidelines established by authoritative bodies; and news and feature articles found in financial dailies, finance-oriented magazines, and periodicals.

#### **4.3 Statistical Hypothesis:**

**H<sub>0</sub>1:** There is no significant difference between pre and post IFRS adoption financial performance of selected companies in India

**H<sub>1</sub>1:** There is significant difference between pre and post IFRS adoption financial performance of selected companies in India

**H<sub>0</sub>2:** There is no significant difference among selected companies regarding Gray 's Comparability Index in India.

**H<sub>1</sub>2:** There is significant difference among selected companies regarding Gray 's Comparability Index in India.

#### **4.4 Limitations of the Study:**

Several challenges and limitations were encountered throughout the entire research process, as outlined below:

- The reliability of secondary data from varied sources may raise scepticism among investors and researchers regarding its authenticity.
- Moreover, only few companies in India have adopted IFRS, restraining the generalizability of the study to other companies performing well in the same industry.
- The ratios examined in this study are both limited and conventional, with only three categories of ratios considered.

- IFRS implementation became mandatory in India from 1st April 2016. The post-implementation study is limited by the mandatory implementation date, potentially constraining the duration of the post-IFRS analysis.

## 5. Data Analysis and Findings

The present research studied the impact of IFRS adoption on the financial ratios of Indian Public Sector companies. To analyse the samples, financial ratios were used under the categories Investors ratios, Liquidity, and Profitability. Further using the Gray Comparability Index to analyse the relative effect, and Paired Sample t-test used for testing the statistical significance differences in mean values.

### 5.1 Ratio Analysis:

Initially, measures of descriptive statistics are presented to describe the main features of each of the ratios calculated. The table number 1, 2, 3 and 4 indicates the Investors, Profitability and Liquidity ratios considered for the study with average performance and variability of measures of standard deviations.

**Table 1: Ratio Analysis for Investors' Ratio Analysis for Power Grid**

Year	Basic EPS (Rs.)	Book Value/ Share (Rs.)	Earnings Yield	Net Profit Margin (%)	Return on Capital Employed (%)	Asset Turnover Ratio (%)	Current Ratio	Quick Ratio	Inventory Turnover Ratio
2021	22.81	133.00	0.11	31.68	10.77	14.80	1.20	1.16	27.64
2020	20.67	123.17	0.13	29.87	10.42	14.15	0.71	0.68	25.84
2019	19.00	112.81	0.10	29.12	10.04	13.84	0.62	0.59	27.82
2018	15.75	104.01	0.08	27.69	9.86	13.97	0.40	0.36	28.65
2017	14.37	95.20	0.07	29.24	9.57	13.20	0.38	0.35	28.35
2016	11.52	81.68	0.08	28.97	3.93	11.65	0.40	0.36	25.26
2015	9.52	72.95	0.07	28.98	3.64	10.85	0.36	0.33	23.93
2014	9.36	65.87	0.08	29.52	3.74	10.91	0.47	0.43	21.38
2013	9.15	56.68	0.09	33.19	4.39	11.47	0.43	0.39	23.13
2012	7.03	50.73	0.07	32.02	8.32	11.26	0.56	0.52	23.08
Average	13.92	89.61	0.09	30.03	7.47	12.61	0.55	0.52	25.51
SD	5.48	28.45	0.02	1.70	3.12	1.52	0.25	0.25	2.56

**Table 2: Ratio Analysis for NTPC**

Year	Basic EPS (Rs.)	Book Value/ Share (Rs.)	Earnings Yield	Net Profit Margin	Return on Capital Employed	Asset Turnover Ratio (%)	Current Ratio	Quick Ratio	Inventory Turnover Ratio



				(%)	(%)				
2021	13.99	122.71	0.13	13.87	8.04	28.90	0.97	0.82	10.81
2020	10.22	114.78	0.12	10.35	7.88	29.81	1.00	0.81	9.10
2019	11.88	108.55	0.09	13.01	7.45	31.04	0.79	0.65	11.31
2018	12.54	123.43	0.07	12.39	7.57	32.07	0.84	0.70	13.78
2017	11.38	116.71	0.07	11.99	8.30	33.08	0.75	0.58	12.03
2016	13.06	110.72	0.10	15.20	5.94	32.92	0.87	0.67	10.11
2015	12.48	99.03	0.08	14.04	6.17	37.16	1.22	0.98	9.83
2014	13.31	104.08	0.11	15.23	7.11	40.10	1.58	1.36	13.40
2013	15.30	97.49	0.11	19.21	9.11	40.76	1.82	1.64	16.19
2012	11.19	88.89	0.07	14.86	7.46	44.06	2.17	1.96	16.76
Average	<b>12.54</b>	<b>108.64</b>	<b>0.10</b>	<b>14.02</b>	<b>7.50</b>	<b>34.99</b>	<b>1.20</b>	<b>1.02</b>	<b>12.33</b>
SD	<b>1.47</b>	<b>11.31</b>	<b>0.02</b>	<b>2.40</b>	<b>0.94</b>	<b>5.19</b>	<b>0.49</b>	<b>0.47</b>	<b>2.64</b>

**Table 3: Ratio Analysis for ONGC**

Year	Basic EPS (Rs.)	Book Value/ Share (Rs.)	Earnings Yield	Net Profit Margin (%)	Return on Capital Employed (%)	Asset Turnover Ratio (%)	Current Ratio	Quick Ratio	Inventory Turnover Ratio
2021	8.94	162.60	0.09	16.50	6.12	21.39	0.86	0.63	8.04
2020	10.69	154.48	0.16	13.98	10.96	32.41	0.67	0.45	11.23
2019	20.86	161.36	0.13	24.37	16.61	36.26	0.61	0.44	14.14
2018	15.54	150.69	0.09	23.47	12.56	29.17	0.44	0.30	12.70
2017	13.95	144.58	0.08	23.03	11.59	31.42	1.55	1.23	12.60
2016	12.58	193.76	0.09	20.81	7.91	34.94	1.72	1.41	13.78
2015	20.73	169.01	0.07	21.39	9.38	39.82	1.57	1.26	13.90
2014	25.83	159.81	0.08	26.33	12.26	42.09	1.56	1.26	14.26
2013	24.46	145.47	0.08	25.21	13.02	46.59	1.74	1.41	14.55
2012	29.36	132.03	0.11	32.83	17.20	44.55	1.42	1.22	14.81
Average	<b>18.29</b>	<b>157.38</b>	<b>0.10</b>	<b>22.79</b>	<b>11.76</b>	<b>35.86</b>	<b>1.21</b>	<b>0.96</b>	<b>13.00</b>
SD	<b>6.95</b>	<b>16.70</b>	<b>0.03</b>	<b>5.22</b>	<b>3.47</b>	<b>7.69</b>	<b>0.51</b>	<b>0.45</b>	<b>2.05</b>

**Table 4: Ratio Analysis for Coal India**

Year	Basic EPS (Rs.)	Book Value/ Share (Rs.)	Earnings Yield	Net Profit Margin (%)	Return on Capital Employed (%)	Asset Turnover Ratio (%)	Current Ratio	Quick Ratio	Inventory Turnover Ratio
2021	12.40	27.18	0.10	1193.29	34.91	2.84	8.21	8.21	640.25
2020	18.31	27.28	0.13	1334.76	52.02	3.77	7.70	7.67	56.42
2019	16.87	22.71	0.07	1120.58	57.78	4.90	2.68	2.64	30.46
2018	14.97	20.45	0.05	2549.63	54.45	1.97	1.17	1.16	17.04
2017	23.12	22.42	0.08	5001.75	81.76	1.53	2.77	2.72	4.24
2016	26.27	25.40	0.09	10024.16	85.54	0.77	3.23	3.15	1.09

<b>2015</b>	21.19	26.49	0.06	3457.16	67.35	1.74	4.73	4.70	6.64
<b>2014</b>	23.76	26.04	0.08	4775.98	78.36	1.25	2.58	2.58	7.88
<b>2013</b>	15.65	32.48	0.05	2780.50	40.98	1.03	2.28	2.28	22.49
<b>2012</b>	12.83	30.97	0.04	1939.37	35.28	1.35	2.68	2.68	22.47
<b>Average</b>	<b>18.54</b>	<b>26.14</b>	<b>0.08</b>	<b>3417.72</b>	<b>58.84</b>	<b>2.12</b>	<b>3.80</b>	<b>3.78</b>	<b>80.90</b>
<b>SD</b>	<b>4.82</b>	<b>3.72</b>	<b>0.03</b>	<b>2706.15</b>	<b>18.87</b>	<b>1.33</b>	<b>2.36</b>	<b>2.36</b>	<b>197.21</b>

### 5.2 Gray's Index of Comparability:

Gray's comparability index was used to measure the relative impact of IFRS adoption on financial ratios of the Indian Public Sector companies under study. The results are presented as below:

<b>Ratios</b>	<b>Comparability Index for Power Grid</b>	<b>Comparability Index for NTPC</b>	<b>Comparability Index for ONGC</b>	<b>Comparability Index for Coal India</b>
<b>Basic earnings per share</b>	<b>1.50</b>	0.91	0.39	0.84
<b>Book Value to per share</b>	<b>1.42</b>	<b>1.15</b>	0.97	0.82
<b>Earning Yield</b>	<b>1.20</b>	<b>1.02</b>	<b>1.22</b>	<b>1.26</b>
<b>Net Profit Margin</b>	0.97	0.73	0.75	-0.05
<b>Return on capital employed</b>	<b>1.53</b>	<b>1.09</b>	0.97	0.91
<b>Asset turnover ratio</b>	<b>1.20</b>	0.74	0.62	<b>1.59</b>
<b>Current ratio</b>	<b>1.33</b>	0.24	0.06	<b>1.31</b>
<b>Quick ratio</b>	<b>1.35</b>	0.14	-0.15	<b>1.31</b>
<b>Inventory Turnover Ratio</b>	<b>1.16</b>	0.84	0.79	<b>1.92</b>

**Table 5: Gray's Comparability Index**

The table 5 shows the Gray's Comparability Index calculated for selected variables under the study. Results depict that half of the ratios showing more than 1 index value while half of the ratios below 1. However, those which are showing less than 1 are also nearby 1 index value so company will result in better performance under IFRS periods.

### 5.3 Paired Sample t-Test Statistic:

It is a statistical method of determining if any differences arising in average financial performance of companies in pre and post IFRS adoption. The t-test is used to test the first null hypothesis. To test the first hypothesis of the study, the variables should be normally distributed. Kolmogorov-Smirnov and Shapiro-Wilks tests were used and the results determined that the variables were normally distributed. Thus, application of any parametric test is possible and can draw robust conclusion. Thus, the researcher has applied parametric tests i.e., paired sample t test to reach to the conclusion.

**Table 6: Paired Samples Test Statistics for Power Grid**

Pairs	Mean	Std. Deviation	T - Value	Prob. Value	Result	
Pair 1	BEPS - AEPS	-9.20400	2.15544	-9.548	.001	Effect
Pair 2	BBVS - ABVS	-48.05600	2.73718	-39.258	.000	Effect
Pair 3	BEY - AEY	-.02000	.02739	-1.633	.178	No Effect
Pair 4	BNPM - ANPM	1.01600	3.20598	.709	.518	No Effect
Pair 5	BROCE - AROCE	-5.32800	2.34465	-5.081	.007	Effect
Pair 6	BATR - AATR	-2.76400	.55057	-11.226	.000	Effect
Pair 7	BCR - ACR	-.21800	.38101	-1.279	.270	No Effect
Pair 8	BQR - AQR	-.22200	.37798	-1.313	.259	No Effect
Pair 9	BITR - AITR	-4.30400	2.02530	-4.752	.009	Effect

**Table 7: Paired Samples Test Statistics for NTPC**

Pairs	Mean	Std. Deviation	T - Value	Prob. Value	Result	
Pair 1	BEPS - AEPS	1.06600	1.58029	1.508	.206	No Effect
Pair 2	BBVS - ABVS	-17.19400	9.75284	-3.942	.017	Effect
Pair 3	BEY - AEY	-.00200	.03347	-.134	.900	No Effect
Pair 4	BNPM - ANPM	3.38600	2.10581	3.595	.023	Effect
Pair 5	BROCE - AROCE	-.69000	1.42709	-1.081	.340	No Effect
Pair 6	BATR - AATR	8.02000	2.58559	6.936	.002	Effect
Pair 7	BCR - ACR	.66200	.60582	2.443	.071	No Effect
Pair 8	BQR - AQR	.61000	.60889	2.240	.089	No Effect
Pair 9	BITR - AITR	1.85200	2.02623	2.044	.110	Effect

**Table 8: Paired Samples Test Statistics for ONGC**

Pairs	Mean	Std. Deviation	T - Value	Prob. Value	Result	
Pair 1	BEPS - AEPS	8.59600	4.64571	4.137	.014	Effect
Pair 2	BBVS - ABVS	5.27400	17.53671	.672	.538	No Effect
Pair 3	BEY - AEY	-.02400	.04669	-1.149	.314	No Effect
Pair 4	BNPM - ANPM	5.04400	3.50656	3.216	.032	Effect
Pair 5	BROCE - AROCE	.38600	3.72699	.232	.828	No Effect

Pair 6	BATR - AATR	11.46800	4.76387	5.383	.006	Effect
Pair 7	BCR - ACR	.77600	.53575	3.239	.032	Effect
Pair 8	BQR - AQR	.70200	.41985	3.739	.020	Effect
Pair 9	BITR - AITR	2.51800	2.04303	2.756	.051	No Effect

**Table 9: Paired Samples Test Statistics for Coal India**

Pairs		Mean	Std. Deviation	T - Value	Prob. Value	Result
Pair 1	BEPS - AEPS	2.80600	8.87583	.707	.519	No Effect
Pair 2	BBVS - ABVS	4.26800	5.95033	1.604	.184	No Effect
Pair 3	BEY - AEY	-.02200	.03271	-1.504	.207	No Effect
Pair 4	BNPM - ANPM	2355.43200	4402.89588	1.196	.298	No Effect
Pair 5	BROCE - AROCE	5.31800	36.81836	.323	.763	No Effect
Pair 6	BATR - AATR	-1.77400	1.31424	-3.018	.039	Effect
Pair 7	BCR - ACR	-1.40600	2.49937	-1.258	.277	No Effect
Pair 8	BQR - AQR	-1.40200	2.54244	-1.233	.285	No Effect
Pair 9	BITR - AITR	-137.56800	281.62505	-1.092	.336	No Effect

Considering the probability values in Table 6,7,8 & 9, we find that few ratios is statistically significant as their values are less than 0.05 so we reject the null hypothesis and interpret that there are some significant differences in before and after IFRS adoption average performance of that company. However, for rest of all other variables, probability values are greater than 0.05 so we fail to reject the null and interpret that there are no statistically significant differences in average performance.

## 6. Conclusion:

The transition to IFRS may have posed few challenges for the selected public sector companies, including the requirement for staff training, system upgrades, and adjustments to internal controls. These provisional challenges could have short-term effects on financial ratios. Despite the initial challenges, the adoption of IFRS is likely to bring long-term benefits to the selected public sector companies, including improved credibility of financial reporting, improved access to global capital markets, and better risk management practices. The findings indicate a mixed picture, with Gray's Index results suggesting positive effects on financial ratios post-IFRS adoption, while t-Test results show statistically insignificant differences in average performance. It's important for stakeholders to continuously screen and analyse the impact of IFRS adoption on the financial ratios of selected public sector companies. Consistent assessments can help identify trends, challenges, and opportunities arising from changes in accounting standards.

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