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MEASURING THE QUALITY OF FINANCIAL REPORTING IN INDIA'S IRON AND STEEL SECTOR THE IMPACT OF IND-AS ADOPTION

Basavaraja Y N[1], Dr Veena M[2]

[1]*Research Scholar, Department of Studies and Research in Commerce Vijayanara Sri Krishnadevaraya University Ballari, Karnataka India*

[2]*Assistant Professor, Department of Studies and Research in Commerce Vijayanara Sri Krishnadevaraya University Ballari, Karnataka India*

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ABSTRACT

This study examines the value relevance of accounting information reported under Indian Generally Accepted Accounting Principles (IGAAP) and Indian Accounting Standards (IND-AS) for the Indian Iron and Steel sector. Using key financial metrics—Book Value Per Share (BVPES), Earnings Per Share (EPS), and Share Price (SP)—the study assesses their relationship before and after the adoption of IND-AS. The findings reveal that under IGAAP, accounting information had limited explanatory power (R-square: 0.034), with weak and statistically insignificant relationships between financial metrics and share prices. In contrast, the adoption of IND-AS significantly enhanced the value relevance of accounting information, with a dramatic increase in explanatory power (R-square: 0.972) and statistically significant relationships, particularly for EPS. This improvement underscores the effectiveness of IND-AS in addressing the limitations of IGAAP by incorporating fair value principles, improving transparency, and aligning Indian financial reporting with global standards. The results emphasize the critical role of IND-AS in enhancing the decision-usefulness of financial statements in capital-intensive industries like Iron and Steel.

KEY WORDS : *IND-AS, Value relevance, EPS,SP*

INTRODUCTION

The adoption of Indian Accounting Standards (IND-AS) marks a transformative shift in financial reporting practices within India, aligning its accounting framework with the International Financial Reporting Standards (IFRS). This convergence, driven by the need for greater transparency, comparability, and relevance in financial statements, is particularly impactful for industries like Iron and Steel, where financial stability and reporting integrity are critical for stakeholders. The Iron and Steel sector, one of the core industries contributing significantly to the Indian economy, attracts a diverse range of stakeholders including investors, regulators, and global trading partners who rely on accurate financial information for informed decision-making.

Under the previous Indian Generally Accepted Accounting Principles (IGAAP), financial reporting was often criticized for its limited transparency and lack of comparability on a global scale. These challenges often resulted in inconsistencies and hindered the ability of users to make reliable cross-border comparisons. IND-AS seeks to address these limitations by emphasizing principles-based accounting, fair value measurements, and comprehensive disclosures that reflect the true financial performance and position of firms.

This study delves into the quality of financial reporting in India's Iron and Steel sector, with a specific focus on the value relevance of accounting information following IND-AS adoption. Value relevance, a critical component of reporting quality, reflects the degree to which financial information influences the decisions of investors and other stakeholders by providing insight into a company's financial health and future performance. By shifting toward fair value measurements and enhancing disclosure requirements, IND-AS aims to present financial data that is more aligned with market realities, making it more relevant for assessing a firm's worth. This research examines whether these changes have indeed enhanced the value relevance of financial reports in selected Iron and Steel companies, offering a clearer picture of the impact of IND-AS on financial transparency and decision-usefulness within the sector.

REVIEW OF LITERATURE

Jain (2020): Analyzes the effects of IND-AS on the financial reporting quality of Indian companies, highlighting significant improvements in the value relevance of financial information due to enhanced fair value reporting and disclosure practices. The study concludes that IND-AS adoption increases the decision-usefulness of financial statements in capital-intensive industries. Furthermore, it emphasizes the role of mandatory compliance in achieving consistent reporting standards.

Kumar and Gupta (2018): Provides evidence of improved transparency and disclosure quality in Indian firms post-IND-AS adoption, focusing on how these changes affect the usefulness of financial information for investment decisions. It notes that fair value accounting under IND-AS has reduced discrepancies in asset valuations. The authors suggest that such improvements have boosted investor confidence in emerging markets like India.

Bepari and Mollik (2015): Studies the adoption of IFRS in emerging economies and its impact on value relevance, finding that financial statements prepared under IFRS-like standards are more informative and better aligned with market expectations. The authors highlight the critical role of regulatory enforcement in sustaining reporting quality.

Daske et al. (2008): Investigates the economic consequences of IFRS adoption and finds evidence of improved financial reporting quality, including greater value relevance of financial statements, which benefits stakeholders through better capital market outcomes. The study also notes variations in reporting quality depending on the extent of compliance with IFRS principles.

Chand and Patel (2008): Examines the challenges faced during the adoption of IFRS in developing countries, discussing the need for better-quality financial reporting and the relevance of accounting information to meet global standards. The study underscores the importance of cultural and institutional alignment during standard implementation.

Verdi (2006): Explores the relationship between reporting quality and investment decisions, emphasizing that higher-quality financial reporting reduces information asymmetry and enhances value relevance, especially in industries with significant capital requirements.

Leuz and Wysocki (2016): Discusses the benefits of financial reporting convergence with global standards, arguing that improved transparency and consistency lead to higher value relevance of accounting information across industries.

Ball et al. (2003): This research highlights how the adoption of IFRS enhances financial reporting quality by improving comparability and transparency, particularly in emerging markets, and links these improvements to increased value relevance of financial information.

Barth et al. (2001): The study emphasizes the importance of value relevance in financial reporting, showing how fair value measurements under IFRS improve the association between financial information and stock market valuation, which is crucial for decision-making by investors.

STATEMENT OF THE PROBLEM

The adoption of Indian Accounting Standards (IND-AS), converged with International Financial Reporting Standards (IFRS), marks a significant reform in India's financial reporting practices, aiming to enhance transparency, comparability, and value relevance. The Iron and Steel sector, being capital-intensive and a key contributor to India's economy, relies heavily on high-quality financial reporting to meet the needs of investors and stakeholders. However, financial reporting under the earlier Indian Generally Accepted Accounting Principles (IGAAP) faced criticism for limited comparability, inconsistent valuation practices, and insufficient disclosures, which often reduced the value relevance of accounting information. IND-AS seeks to address these issues through fair value accounting, rigorous disclosure requirements, and globally aligned standards. Despite these advancements, questions remain about the extent to which IND-AS has improved financial reporting quality and whether these changes have translated into increased decision-usefulness of financial statements. This study examines the impact of IND-AS on the value relevance of financial reporting in the Iron and Steel sector, providing insights into its effectiveness in aligning Indian practices with global standards and meeting stakeholder expectations.

OBJECTIVE OF THE STUDY

1. To understand the concept and dimensions of quality in financial reporting, with a focus on its relevance to the Iron and Steel sector.
2. To measure and assess the value relevance of accounting information before and after the adoption of IND-AS in select Indian Iron and Steel companies.

HYPOTHESIS OF THE STUDY

H0: There is no significant difference in the value relevance of accounting information before and after the adoption of IND-AS in the Iron and Steel sector.

H1: There is a significant improvement in the value relevance of accounting information after the adoption of IND-AS in the Iron and Steel sector.

RESEARCH METHODOLOGY

Research Design This study adopts a comparative research design to analyze the quality of financial reporting and value relevance of accounting information before and after the adoption of IND-AS in selected Indian Iron and Steel companies. The research evaluates the impact of IND-AS on enhancing value relevance and overall financial reporting quality.

Scope of the study: The research focuses on the Indian Iron and Steel sector, which plays a pivotal role in the country's industrial and economic development. The study is limited to companies that have transitioned from IGAAP to IND-AS, ensuring the availability of comparable financial data.

Sample Selection: A purposive sampling technique is employed to select a sample of Iron and Steel companies listed on the National Stock Exchange (NSE) or Bombay Stock Exchange (BSE). These companies are selected based on their significant contribution to the sector, financial performance, and availability of data for the pre- and post-IND-AS adoption periods.

DATA COLLECTION

Secondary Data: The study exclusively relies on secondary data extracted from audited annual reports of the selected companies. The financial data covers a 10-year period, including five years before and five years after the adoption of IND-AS. Other secondary sources include industry reports, regulatory publications, and databases like CMIE Prowess and Bloomberg.

Data Analysis

- **Value Relevance Analysis:** The study applies regression models to assess the relationship between accounting information (such as earnings and book value) and market value of equity for the pre- and post-IND-AS adoption periods.
  The model used is based on the Ohlson framework, where market capitalization is regressed on book value per share and earnings per share.
- **Comparative Analysis:** The results of the regression models for the two periods are compared to identify changes in value relevance. The adjusted R-squared values are used as indicators of how well the accounting information explains market value.
- **Hypothesis Testing:** A paired t-test is conducted on the regression coefficients and adjusted R-squared values to determine whether the changes in value relevance are statistically significant.

  Study Period: The study covers a period from 2011 to 2021, with financial data for five years before (2011–2015) and five years after (2017–2021) the mandatory adoption of IND-AS in 2016.

Research Tools

- Statistical tools such as SPSS or R are utilized for regression analysis and hypothesis testing.
- Descriptive statistics like mean and standard deviation are calculated to summarize key variables.

Limitations

- The study is limited to the secondary data of selected companies in the Iron and Steel sector.
- The results may not be applicable to other sectors or countries.
- Market conditions and other external factors influencing stock prices are not accounted for in the value relevance analysis.

To understand the concept and dimensions of quality in financial reporting, with a focus on its relevance to the Iron and Steel sector, the following steps can be undertaken:

QUALITY IN FINANCIAL REPORTING

Quality in terms of financial reporting is a comprehensive and multi-dimensional concept that encompasses various attributes such as conformance to accounting standards, fitness for purpose, reliability, stakeholder satisfaction, continuous improvement, transparency, and value for decision-making. High-quality financial reports meet or exceed regulatory and user expectations, provide accurate and timely information, and offer insights that enhance decision-making. In essence, quality in financial reporting is about delivering excellence, ensuring compliance, and creating positive experiences for users and stakeholders through clear, accurate, and insightful financial information.

According to the IASB (2010), the two main qualitative attributes of information in financial statements are relevance and faithful representation. Information is deemed relevant if it has the potential to influence the decisions of financial statement users, providing confirmatory or predictive value. Faithful representation implies that the information accurately depicts the actual economic events

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it claims to represent. These qualities, relevance and faithful representation, render financial statements valuable to readers. Additionally, there are supplementary qualitative characteristics that enhance these fundamental attributes: comparability, verifiability, timeliness, and understandability. Qualitative characteristics help differentiate more useful information from less useful information. They enhance the decision-usefulness of financial reporting information that is relevant and faithfully represented.

The quality of financial reporting refers to the degree to which financial statements accurately reflect a company's economic reality and provide useful information to stakeholders for decision-making purposes. High-quality financial reporting is characterized by several key attributes that enhance the reliability, relevance, and transparency of financial information. It plays a crucial role in ensuring that stakeholders, such as investors, creditors, regulators, and the public, can make informed decisions based on accurate and complete financial data.

High-quality financial reporting is marked by accuracy and completeness, ensuring that financial reports accurately represent the financial position, performance, and cash flows of a company. All relevant financial transactions and events must be included without omission or misstatement. Relevance is another critical attribute, as the information provided in financial reports must be pertinent to the users' decision-making needs. It should help stakeholders make informed decisions regarding the company. Additionally, reliability is essential; financial information should be dependable and free from significant error or bias, faithfully representing the company's economic activities.

There is no consensus in the literature on the definition of accounting quality. Despite extensive research on the topic, the term remains difficult to define and varies across studies, individuals, projects, and Researchers. Consequently, the definition is often tailored to the specific context and objectives of the research. Common variables used to measure accounting quality include earnings management, income smoothing, timely loss recognition, and earnings persistence (Menicucci, 2020; Singleton-Green, 2015).

Accounting quality is also influenced by factors such as corporate governance, regulatory environment, and the quality of external audits (Dechow, Ge, & Schrand, 2010). High-quality accounting information is characterized by its relevance, reliability, comparability, and understandability (Barth, Landsman, & Lang, 2008). It ensures that financial statements present a true and fair view of a company's financial position, enabling stakeholders to make informed decisions.

Moreover, accounting quality plays a critical role in reducing information asymmetry between managers and investors, thereby enhancing market efficiency (Bushman & Smith, 2001). It also contributes to better resource allocation and economic growth by providing credible and transparent financial information. The interaction between accounting standards, enforcement mechanisms, and firm-specific characteristics further complicates the assessment of accounting quality, making it a dynamic and multi-faceted concept (Ball, Kothari, & Robin, 2000).

In essence, while the precise definition of accounting quality may vary, it fundamentally revolves around the integrity and usefulness of financial information in meeting the needs of its users.

The qualitative characteristics in financial reporting are the attributes that make financial information useful to users. These characteristics are defined by standard-setting bodies like the International Accounting Standards Board (IASB) and the Financial Accounting Standards Board (FASB) and are outlined in their respective frameworks, such as the Conceptual Framework for Financial Reporting. These characteristics are divided into two main categories: fundamental and enhancing characteristics.

Fundamental Quality Characteristics of Financial Statements

In the realm of financial reporting, the fundamental qualitative characteristics of relevance and faithful representation, as delineated by the International Accounting Standards Board (IASB) Framework, are pivotal in ensuring the utility and reliability of financial information. Relevance ensures that the financial information provided is capable of making a difference in the decision-making process of users by being timely, pertinent, and predictive or confirmatory in nature. Faithful representation, on the other hand, demands that financial information accurately reflects the economic phenomena it purports to represent, ensuring completeness, neutrality, and freedom from error. Together, these characteristics form the bedrock of high-quality financial reporting, guiding preparers to deliver information that not only meets the needs of users but also upholds the integrity and transparency essential for trust and confidence in financial markets. The IASB Framework emphasizes these qualities to standardize financial reporting globally, fostering comparability, consistency, and reliability across jurisdictions.

1. **Relevance**: Financial information is relevant if it is capable of making a difference in the decisions made by users. Relevant information helps users to predict future outcomes (predictive value) or confirm or correct prior expectations (confirmatory value). For example, a company's revenue trends can help investors predict future performance.
2. **Faithful Representation**: Faithful representation means that financial information accurately reflects the economic phenomena it purports to represent. To achieve faithful representation, the information must be complete, neutral, and free from error. This ensures that the financial statements present a true and fair view of the company's financial position and performance.

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Enhancing Quality Characteristics of Financial Statements

The enhancing qualitative characteristics of financial information are supplementary attributes that amplify the fundamental qualities of relevance and faithful representation. These characteristics—comparability, verifiability, timeliness, and understandability—serve to improve the usefulness and accessibility of financial information for users. By fostering these attributes, the IASB Framework aims to ensure that financial reports not only meet the primary needs of users but also facilitate better decision-making through increased transparency, reliability, and clarity. These characteristics help users to interpret and compare financial data more effectively, promoting confidence and trust in financial reporting.

1. **Comparability**: Comparability enables users to identify and understand similarities and differences among items. Financial information is more useful if it can be compared with similar information about other entities and across different time periods. Consistent application of accounting policies over time helps achieve comparability.
2. **Verifiability**: Verifiability means that different knowledgeable and independent observers can reach a consensus that a particular depiction is faithfully represented. Verifiable information provides assurance that it faithfully represents the economic phenomena it claims to represent. Auditing and independent verification processes enhance verifiability.
3. **Timeliness**: Timeliness means that financial information is available to users in time to influence their decisions. Information that is outdated is of less use. Therefore, timely reporting ensures that stakeholders can make decisions based on the most current information.
4. **Understandability**: Understandability means that financial information is presented clearly and concisely so that users can comprehend it. While users are expected to have a reasonable knowledge of business and economic activities, complex information should be explained or simplified to enhance understandability.

Value Relevance

Some studies consider value relevance as one of the factors in the quality of financial reporting. The relevance of accounting information affects the share price of the company. In the value relevance model, there are two types: the pricing model and the return model.

The value relevance of accounting information refers to the ability of this information to explain variations in market value (Barth et al., 2001). A value relevance study seeks to determine the relationship between a firm's market value and its accounting information. Ohlson's model (1995) posits that a firm's market value of equity can be explained by two key accounting variables: book value of equity and earnings. According to Tanaka (2015),

Book Value and earnings play a crucial role in the valuation process of companies. Recent empirical studies have examined the global impact of IFRS on value relevance using the Ohlson (1995) model. These studies provide comprehensive insights into how IFRS adoption affects the association between accounting information and market value across different regions and market conditions.

For instance, Alnodel (2018) found that IFRS adoption in Saudi Arabia significantly improved the value relevance of accounting information, indicating better transparency and comparability. Similarly, Atoyebi, Salaudeen, & Onyilokwu (2018) reported enhanced value relevance of financial information post-IFRS adoption in Nigeria, suggesting that the new standards helped align local practices with international norms. Elbakry et al, (2017) highlighted that in Germany and the UK, IFRS adoption led to higher value relevance of earnings compared to the pre-IFRS period.

In South Korea, Ki et al. (2019) discovered that the shift to IFRS increased the value relevance of book value but had a varied impact on earnings depending on firm size and industry. Kouki (2018a) noted that in Tunisia, the adoption of IFRS did not uniformly enhance the value relevance of accounting information, pointing to challenges in implementation and economic environment differences. Similarly, Nijam & Jahfer (2016) identified a mixed impact of IFRS on value relevance in Sri Lanka, emphasizing the role of firm-specific factors.

Odoemelam, Okafor, & Ofoegbu (2019) found that in Nigeria, IFRS adoption significantly increased the explanatory power of book value and earnings for market value, reflecting improved financial reporting quality. Outa et al. (2017). Temiz & Gulec (2017) reported that in Turkey, IFRS adoption enhanced the value relevance of financial statements, making them more useful for investors. Wu et al. (2017) concluded that in China, the value relevance of accounting information improved post-IFRS adoption, with a notable increase in the usefulness of earnings information.

Hung and Subramanyam (2007) compared the value relevance of two accounting standards by regressing stock prices on book values and net incomes. Their study found that, although the differences in R-squared values between the two standards were not significant, book values of equity had a higher coefficient under IAS, while net incomes had a higher coefficient under German GAAP.

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These studies collectively highlight the positive impact of IFRS on the value relevance of accounting information across various global contexts, although the extent of improvement can vary based on local implementation, market conditions, and firm-specific characteristics.

A value relevance study seeks to determine the relationship between a firm's market value and its accounting information. Ohlson's model (1995) posits that a firm's market value of equity can be explained by two key accounting variables: book value of equity and earnings. According to Tanaka (2015), book value and earnings play a crucial role in the valuation process of companies. Recent empirical studies have examined the global impact of IFRS on value relevance using the Ohlson (1995) model (Alnodel, 2018; Atoyebi, Salaudeen, & Onyilokwu, 2018; Elbakry et al., 2017; Ki et al., 2019; Kouki, 2018a; Nijam & Jahfer, 2016; Odoemelam, Okafor, & Ofoegbu, 2019; Outa et al., 2017; Temiz & Gulec, 2017; Wu et al., 2017).
Compared the value relevance of accounting information before and after the mandatory adoption of IFRS in Germany and analysed using Basic Ohlson pricing model, the modified – equity valuation model and the extended – equity valuation model. It is found that the figures provided in accordance with the IFRS more informative than the numbers reported under the local GAAP. Elbakry et al. (2017)

The **value relevance** of accounting information refers to its ability to influence investors' decisions by providing reliable and decision-useful insights into a company's financial performance and position. This attribute is essential in ensuring that financial statements reflect the economic realities of an enterprise and meet the expectations of stakeholders, particularly in capital-intensive industries such as the Iron and Steel sector. The adoption of Indian Accounting Standards (IND-AS), converged with International Financial Reporting Standards (IFRS), was a pivotal step toward aligning Indian financial reporting practices with global benchmarks.

Before the implementation of IND-AS, the Indian Generally Accepted Accounting Principles (IGAAP) often faced criticism for their limited emphasis on fair value measurement, inconsistencies in disclosure practices, and lack of comparability. These issues hindered the relevance of financial statements, reducing their ability to reflect the true market value of firms' assets, liabilities, and earnings. IND-AS, with its focus on fair value accounting, enhanced transparency, and rigorous disclosures, was introduced to address these limitations and improve the value relevance of accounting information.

The Iron and Steel sector, characterized by high capital intensity, cyclical market dynamics, and substantial fixed assets, serves as an ideal context for evaluating the impact of IND-AS adoption. This study aims to measure and assess the value relevance of key accounting variables—such as earnings and book value of equity—before and after the adoption of IND-AS. By analyzing the extent to which these variables correlate with market valuations, the study seeks to determine whether IND-AS has enhanced the decision-usefulness of financial statements in the sector.

The findings of this research will provide insights into the effectiveness of IND-AS in addressing the challenges of financial reporting under IGAAP, particularly in improving the value relevance of accounting information. Such insights are critical for policymakers, standard-setters, and industry stakeholders to evaluate the benefits of IND-AS adoption and guide future enhancements in financial reporting practices.

Measuring the Value Relevance of Accounting Information Before and After Adoption of IND-AS
Value relevance is identified as one of the four fundamental qualitative characteristics that determine the usefulness of accounting information in making investment decision. Relevance is affected by the materiality of information contained in the financial statements because only material information influences the economic decisions of its users. Value relevance is an important topic in capital market research as it examines whether the financial statements provide high-quality and valuable accounting information that enable investors to take informed decision. IFRS aims to provide more accurate and transparent financial statements and hence to be more value-relevant to investors than local accounting standards use.The value relevance model measures how well financial statement information, such as earnings analyzing the relationship between financial metrics and market prices or returns, this model determines the usefulness of financial information for investors. Factors influencing value relevance include accounting standards, economic conditions, and firm-specific characteristics, highlighting the importance of transparent and high-quality financial reporting for informed investment decisions and efficient capital markets.

In the Price Model, dependent variable is Share Price (SP); and independent variables are Earnings Per Share (EPS) and Book Value Per Share (BVPS). The value relevance metric is based on the combined explanatory power of regression of BVPS and EPS on share price.

Independent Variables Are
1. Book value of equity per share
2. Earnings per share

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Dependent variable is

1. Share price

The value relevance model, developed by Feltham & Ohlson (1995) and subsequently used by Researchers such as Burgstahler & Dichev (1997) and Hellstrom (2006), is formulated as follows:

1. **$SP = \beta_0 + \beta_1 BVPS + \beta_2 EPS + e$ (Price Model)**

Where:

The variables are defined as follows for a firm in a given year:

SP: Share price of the firm, as reported in the Annual reports.

BVPS: Book value of equity of the firm, calculated as total assets minus total liabilities. Divided by number of outstanding shares.

EPS: Net income before extraordinary items, as recorded in the profit and loss account. Divided by ordinary shares

Key Factors of Value relevance

In the data analysis for measuring the value relevance of accounting information, the Researcher employed regression analysis and interpreted several key factors.

The standardized beta values indicate the relative strength and direction of the relationship between independent variables and the dependent variable, allowing for comparison across variables.

The unstandardized beta values provide the actual change in the dependent variable for a one-unit change in the predictor, measured in the units of the dependent variable. The

R-squared (R^2) value represents the proportion of variance in the dependent variable explained by the independent variables, indicating the model's overall fit.

The significance value (Sig.) assesses the statistical significance of the relationships, with a low value (typically less than 0.05) suggesting that the relationships observed in the data are unlikely to have occurred by chance. Together, these factors help evaluate the relevance and impact of accounting information under different accounting standards.

ANALYSIS AND INTERPRETATION

Value Relevance of accounting information reported under IGAAP and IND-AS of OVERALL Indian Iron and Steel companies

	Before Adoption of IND-AS				After Adoption of IND-AS		
Financial year	**BVPES**	**EPS**	**SP**	**Financial year**	**BVPES**	**EPS**	**SP**
2007-08	401.2	69.5	89.8	2015-16	361.13	-0.13	108.01
2008-09	430.5	27.7	204.7	2016-17	325.30	10.02	165.92
2009-10	383.9	32.3	208.4	2017-18	297.53	11.27	134.93
2010-11	382.1	26.2	111.7	2018-19	314.82	16.69	119.30
2011-12	443.0	21.5	121.7	2019-20	320.28	9.78	164.23
2012-13	476.3	15.6	107.3	2020-21	344.53	28.51	355.89
2013-14	336.3	7.4	132.0	2021-22	399.40	52.94	554.64
2014-15	329.9	13.2	72.1	2022-23	437.84	56.57	604.65
Standardized Coefficient Beta	**0.186**	**-0.055**		**Standardized Coefficient Beta**	**0.249**	**0.773**	
Unstandardized Coefficient Beta	**0.183**	**-0.143**		**Unstandardized Coefficient Beta**	**1.067**	**7.455**	
R square	**0.034**			**R square**	**0.972**		
Sig value	**.917[b]**			**Sig value**	**.000b**		

Source: Computed by the Researcher based on Annual reports

Interpretation

The above table provides the value relevance of accounting information before and after adoption of IND-AS Before the adoption of IND-AS, the model's R square value was very low at 0.034, indicating that only approximately 3.4% of the variability in stock prices (SP) could be explained by book value per share (BVPES) and earnings per share (EPS). This suggests a weak explanatory power in the model under the previous accounting standards. However, after the adoption of IND-AS, the R square value increased substantially to 0.972, signifying that about 97.2% of the variation in SP could be explained by BVPES and EPS. This significant increase indicates a remarkable improvement in the model's ability to explain the variability in stock prices under the new accounting standards.

Before IND-AS adoption, the standardized beta coefficient for BVPES was positive at 0.186, indicating a weak positive relationship with SP. In contrast, the standardized beta coefficient for EPS was negative at -0.055, suggesting a weak negative relationship with

SP. Post-IND-AS adoption, both BVPES and EPS showed positive relationships with SP, with standardized beta coefficients of 0.249 and 0.773, respectively.

Before IND-AS adoption, the unstandardized beta coefficients for BVPES and EPS were 0.183 and -0.143, respectively. After the adoption of IND-AS, the unstandardized beta coefficients for BVPES and EPS increased to 1.067 and 7.455, respectively. These values suggest a strong positive impact of both BVPES and EPS on changes in SP under the new accounting standards.

Before the adoption of IND-AS, the significance value was very high at 0.917, indicating that the model lacked statistical significance under the previous accounting standards. This suggests that BVPES and EPS were not reliable predictors of SP. Post-IND-AS adoption, the significance value decreased dramatically to 0.000, well below the conventional threshold of 0.05. This indicates that the model became highly statistically significant under the new accounting standards, suggesting that BVPES and EPS became extremely robust predictors of SP for Overall Indian Iron and Steel Companies under IND-AS.

In summary, the adoption of IND-AS has led to a substantial improvement in the model's explanatory power, as evidenced by the significant increase in the R square value. Both BVPES and EPS demonstrated strong positive relationships with SP under IND-AS, and the model became highly statistically significant, suggesting that accounting information became highly relevant for predicting stock prices for Overall Indian Iron and Steel Companies under the new accounting standards.

Outcome of the study and conclusion

The study reveals a significant improvement in the value relevance of accounting information for Indian Iron and Steel companies after the adoption of IND-AS. Under IGAAP, financial metrics such as Book Value Per Share (BVPES) and Earnings Per Share (EPS) had minimal influence on share prices, with a low explanatory power (R-square: 0.034) and statistically insignificant relationships. However, post-IND-AS adoption, the explanatory power of accounting information surged to 97.2% (R-square: 0.972), with strong and statistically significant relationships between BVPES, EPS, and share prices. This highlights the enhanced decision-usefulness of financial statements due to IND-AS's focus on fair value, transparency, and global comparability, addressing the limitations of IGAAP effectively.

The findings confirm that the adoption of IND-AS has significantly enhanced the value relevance of accounting information for Indian Iron and Steel companies. Under IND-AS, the alignment with fair value principles, improved transparency, and enhanced disclosures have contributed to making financial information more predictive and relevant for investors and other stakeholders. This demonstrates the success of IND-AS in addressing the limitations of IGAAP and providing globally comparable financial reporting standards in the Indian context.

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