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Does Ind AS Adoption Improve The Value Relevance Of Accounting Information? Evidence From Selected Listed Firms In India

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Abstract:
Background: *The adoption of Indian Accounting Standards (Ind AS), converged with International Financial Reporting Standards (IFRS), signifies a major reform in the Indian financial reporting system. Value relevance studies examine the degree to which accounting information reflects firm value and explains the variation in stock prices.*
Materials and Methods: *The present study examines the change in value relevance of accounting information following the transition from Indian Generally Accepted Accounting Principles (IGAAP) to Indian Accounting Standards (Ind AS) for selected companies of Nifty 50 index during 2011-12 to 2020-21. Ohlson's (1995) Price Regression Model is applied to panel data to examine the relationship between the stock price and the accounting variables namely Earnings per Share (EPS) and Book Value per Share (BVPS). The explanatory power of the model has been assessed with Adjusted R-squared in both the pre-Ind AS and post-Ind AS periods. The impact of Ind AS implementation is also assessed through the introduction of a dummy variable.*
Results: *The empirical results suggest that there is an improvement in the explanatory power of accounting variables during the post-Ind AS period. The results further reveal that BVPS has a better explanatory power than EPS, which indicates that book value has gained greater value relevance following implementation of Ind AS. Despite market disruptions in the period of the Covid-19 crisis, accounting information still demonstrates a significant association with stock prices.*
Conclusion: *The study concludes that the transition to Ind AS has enhanced the value relevance of accounting information in India, with book value emerging as a more significant determinant of stock prices. The findings contribute to the emerging market literature by providing empirical evidence that IFRS-converged standards improve the usefulness of financial reporting for investors.*
Keywords: *Book Value per Share, Earnings per Share, Value Relevance, IFRS, IGAAP, Ind AS.*

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I. Introduction

Background of the Study

The primary goal of financial reporting is to provide investors with relevant and accurate information to help in predicting stock prices. Value relevance of accounting information refers to the degree to which accounting data, such as earnings and book values, can assist investors in estimating the value of stocks. The value relevance concept has become a focal point in accounting research, as it helps understand how certain financial statement indicators, like Earnings per Share (EPS) and Book Value per Share (BVPS), contribute to the predictability of stock prices. Empirical studies examining the relationship between stock prices and accounting measures focus on how much variation in stock prices can be explained by these financial metrics. The stronger the relationship between accounting information and stock prices, the more useful and relevant this information becomes, thereby increasing its value relevance.

A critical area of research within value relevance is the effect of International Financial Reporting Standards (IFRS) implementation on the relevance of accounting information. IFRS is a global framework of accounting standards that dictates how financial statements should be prepared and presented, aiming to bring transparency, consistency, and comparability to financial reporting worldwide. The call for IFRS adoption grew in response to globalization and the increasing frequency of cross-border transactions, which revealed inconsistencies and confusion caused by the use of multiple accounting standards across countries. The necessity for a uniform set of standards became clear to ensure the comparability of financial reports. The International Accounting Standards Board (IASB) established IFRS in 2001 to address this need.

In countries like India, IFRS adoption has been adapted to fit local regulatory needs. To align with global standards while addressing the country's unique legal and economic environment, India adopted Indian Accounting Standards (Ind AS), which are IFRS-based standards developed by the Accounting Standards Board (ASB) of India, under the Institute of Chartered Accountants of India (ICAI). Full IFRS adoption was not considered feasible in India due to the discrepancies between developed economies' frameworks and India's specific context. However, Ind AS follows IFRS closely, ensuring consistency in financial reporting while accommodating India's regulatory requirements.

The effect of IFRS adoption on the value relevance of accounting metrics has been widely studied in developed economies. Many studies have concluded that IFRS adoption improves the value relevance of accounting data by enhancing comparability, reducing earnings management, and promoting timely loss recognition. Businesses applying IFRS are often found to exhibit improved financial reporting, which increases the explanatory power of accounting information, making it more useful for investors[1,2]. These studies suggest that IFRS adoption enhances the credibility and comparability of financial statements, thus providing investors with more reliable data. However, some challenges have emerged, such as issues with government intervention, superficial compliance, and inadequate enforcement, which can undermine the potential benefits of IFRS adoption[3].

Given these challenges and the specific regulatory context in India, it is important to assess whether accounting information post-Ind AS adoption continues to demonstrate value relevance in the Indian market. The regulatory framework in India differs from those in developed economies, which may have distinct implications for the usefulness of financial data for investors. A crucial question that arises is whether the convergence to IFRS through Ind AS has successfully enhanced the usefulness of accounting information in India. This inquiry is essential, especially when comparing the post-Ind AS period with the pre-convergence era. The empirical investigation of this question will provide valuable insights into the ability of India's accounting framework to offer useful information for stock price predictions, in a similar manner to fully IFRS-compliant economies.

Literature Review

The adoption of the International Financial Reporting Standards (IFRS) by the International Accounting Standards Board (IASB) in 2001 was a major development in the area of global accounting regulation. Its main goal was to standardize accounting methods between jurisdictions and promote transparency, comparability, and reliability of financial statements. Since then, a vast body of research has been done assessing the effect of IFRS adoption on the decision usefulness of accounting information. This literature review is an attempt to synthesize the results obtained from various studies relating to the adoption of IFRS and its effects on the explanatory power of earnings, and book values in different jurisdictions. Beisland and Knivsfla (2015)[4] found that IFRS had higher value relevance than Norway's GAAP. Their research showed that while the fair value measurements made the book values more relevant they made the earnings less relevant. Additionally, the acknowledgment of intangible assets improved the relevancy of earnings in term of book values. They concluded that influence of IFRS on value relevance changes by firm characteristics and chosen regulatory benchmarks for assessment. Chebaane and Othman (2014)[5] in their study focusing on the developing economies of Asia and Africa, found that in the post-IFRS adoption period, the value relevance of EPS and BVPS has been significantly increased in the financial sector. They also pointed out that factors such as Common law legal system, economic liberalization, investor protection, minority shareholder rights, and a well-developed capital market have a positive effect on value relevance. Chalmers et al. (2011)[6] found that in Australia, the value relevance of earnings increased following the changes to accounting practices under IFRS, while the value relevance of book value was stable during the research period from 1990 to 2008. Clarkson et al (2011)[7] found that the adoption of IFRS had a significant effect on the value relevance of accounting information in countries with a code law system in which the laws employed are mostly written codes or statutes rather than judicial decisions or case laws. Alain et al. (2020)[8] concluded that the adoption of IFRS positively influenced accounting performance showing positive relationship with accounting information and conservatism and reduce earning management. Kaushalya and Kehelwalatenna (2020)[9] suggested that when making investment decisions, investors tend to give priority to book value of a company over earnings. Temile (2018)[10] in his research paper found that in Nigeria, adoption of IFRS in Nigeria has enhanced the quality of financial reporting, making the accounting data more value relevant and decreased the practice of earnings management. The literature presents strong evidence that the adoption of IFRS has some impact on the value relevance of accounting information in different countries and sectors. Studies have found that IFRS adoption is likely to increase the value relevance of book value due to fair value measurements and recognition of intangible assets increased the relevance of earnings. However, the impact differs according to factors such as firm characteristics, legal systems, and capital market development. While the general trend shows positive effects, the results are not very homogeneous across different regions. Thus, more research is needed on what specific conditions are needed in order to make IFRS based standards suitable for optimal outcomes in terms of value relevance.

Research Gap

A key limitation in the existing body of literature is the scarcity of in-depth research exploring the long-term implications of IFRS adoption on the predictability of stock prices, especially in the context of emerging economies. While numerous studies have been conducted on the short-term benefits to financial reporting and the quality of earnings, little research has been done on the impact of these changes on investor decision-making and market efficiency over time. Furthermore, how macroeconomic factors, such as inflation, interest rates and macro-economic shocks, influence the effect of IFRS adoption has not been sufficiently explored. Future research should attempt to fill these gaps by conducting longitudinal studies that examine the durability of the effects of IFRS adoption on financial performance and on investor behavior in various economic settings. India, being a developing country, significantly differs from the developed countries in the context of legal, political, social framework. It fuels the question of suitability of the IFRS standards in India as IFRS is greatly influenced by developed country setup. Due to the need for standardization, trustworthiness, and comparability of organizational financial statements, the implementation of IFRS is a global concern among numerous nations. In India research work in this area of knowledge is limited and not detailed enough to conclude about the effectiveness of the newly adopted accounting standards and whether converging with IFRS standards improve the value relevance of accounting information in India.

Research Objectives

The present study is aimed at finding the value relevance of accounting information in the Indian capital market by analysing the relationship between accounting variables and stock prices of selected Nifty-50 companies during 2011-12 to 2020-21. Specifically, the study seeks to ascertain the value relevance of Earnings per Share and Book Value per Share in determining share prices in the pre-Ind AS and post-Ind AS periods. Furthermore, the present study is aimed at investigating if the adoption of Indian Accounting Standards (Ind AS) which is converged with IFRS has resulted in an improvement, decline, or no change in value relevance of accounting information of the selected companies, thereby assessing the incremental value relevance related with the implementation of Ind AS.

Importance of the study

This paper intends to provide greater insight into the changes in value relevance of accounting information against the backdrop of reform of accounting standards in India. The study focuses on solving problems in financial market to support investors about which particular piece of accounting information explains the stock price or return more and which specific factors affect the value relevance in India. The purpose of the proposed research will be to assess how the transformation from Indian Generally Accepted Accounting Principles to IFRS-converged accounting standards (Ind AS) in India impacted the relevance of accounting information. The study will also help to know whether the implementation of Ind AS has improved the usefulness of accounting metrics in India. The study is targeted to offer information that is pertinent to investors, standard-setters, and other users of accounting information. The study will be significant in the context of India considering the lack of documented research work in this particular domain.

II. Material And Methods

Study Design: The present study is empirical in nature and examines the value relevance of accounting information before and after the adoption of Indian Accounting Standards (Ind AS). The analysis covers a period of ten financial years from 2011-2012 to 2020-2021, which is further divided into two sub-periods: Pre-Ind AS period (2011-2012 to 2015-2016) and Post-Ind AS period (2016–17 to 2020–21). The study employs the Price Regression Model developed by Ohlson (1995)[11] to examine the relationship between accounting variables and stock prices using pooled regression analysis.

Data Source: The study is based on secondary data collected from multiple sources. Financial data relating to earnings and book value were obtained from the CMIE Prowess database, while stock price information was collected from the official website of the National Stock Exchange (NSE). Additional financial information was verified using the annual reports of the selected companies. The statistical analysis was carried out using STATA software.

Sample Selection: The population for the study consists of companies included in the Nifty-50 Index. However, banks, non-banking financial companies (NBFCs), and insurance companies were excluded from the analysis because the implementation of Ind AS for financial institutions in India follows a different regulatory framework. Furthermore, companies that had voluntarily adopted IFRS prior to 1 April 2016 were also excluded from the sample. After applying these criteria, the final sample consisted of 34 companies.

Variables Used: The study examines the relationship between stock price and accounting variables commonly used in value relevance research. The variables used in the study are as follows:

Dependent Variable:
P_{kt}: Market price per share of firm k in year t

Independent Variables:
EPS_{kt}: Earnings per share of firm k in year t
$BVPS_{kt}$: Book value per share of firm k in year t

Dummy Variable
D: Ind AS dummy variable (0 for pre-Ind AS period and 1 for post-Ind AS period)

Interaction Variables
$D \times EPS_{kt}$: Interaction between dummy variable and EPS
$D \times BVPS_{kt}$: Interaction between dummy variable and BVPS

Econometric Model: To examine the value relevance of accounting information, the study employs the Price Regression Model proposed by Ohlson (1995). Two regression models are estimated.

Model 1

$$P = \alpha_0 + \alpha_1 EPS + \alpha_2 BVPS + e$$

Model 1 examines the association between stock price, earnings per share (EPS), and book value per share (BVPS) during the pre-Ind AS and post-Ind AS periods.

Model 2

$$P = \beta_0 + \beta_1 EPS + \beta_2 BVPS + \beta_3 D + \beta_4 (D \times EPS) + \beta_5 (D \times BVPS) + e$$

Model 2 is estimated to analyze the incremental value relevance of accounting information after the adoption of Ind AS. The dummy variable D captures the effect of Ind AS implementation. The interaction terms $\beta_4 (D \times EPS)$ and $\beta_5 (D \times BVPS)$ measure whether the value relevance of EPS and BVPS has changed in the post-Ind AS period. A positive and significant coefficient indicates an increase in value relevance following Ind AS adoption.

III. Data Analysis And Interpretations

This section presents the empirical analysis conducted to examine the value relevance of accounting information in the pre-Ind AS and post-Ind AS periods and incremental value relevance of EPS and BVPS post-Ind AS adoption period. Below are the results of descriptive statistics, correlation matrix and multicollinearity test using VIF for the pre adoption period dataset, post adoption dataset and pooled dataset using dummy Ind AS variable.

Table 1 Descriptive Statistics of Panel Data for Pre Ind AS (2011-12 to 2015-16)

Variable	No. of Observations	Mean	Std. Dev.	Min.	Max.
Price	170	628.0375	723.3963	11.56	3719.1
EPS	170	47.63129	53.50677	-166.79	385.63
BVPS	170	288.5166	292.2529	15.15	1486.06

Table 2 Descriptive Statistics of Panel Data for Post Ind AS (2016-17 to 2020-21)

Variable	No. of Observations	Mean	Std. Dev.	Min.	Max.
Price	170	1211.891	1462.694	24.78	8863.15
EPS	170	62.147	113.6872	-46.75	793.35
BVPS	170	343.0459	446.0495	6.36	3030.75

Table 3 Descriptive Statistics of Panel Data of 34 companies for 10 years ranging from 2011-12 to 2020-21

Variable	No. of Observations	Mean	Std. Dev.	Min.	Max.
Price	340	919.964	1188.669	11.56	8863.15
EPS	340	54.88915	89.01361	-166.79	793.35
BVPS	340	315.7812	377.5077	6.36	3030.75
D x EPS	340	31.0735	86.09145	-46.75	793.35
D x BVPS	340	171.5229	358.7388	0	3030.75

The market price had a mean of 628.04 (SD = 723.40) in the pre-period, 1211.89 (SD = 1462.69) in the post-period, and 919.96 (SD = 1188.67) for the pooled sample. EPS and BVPS showed similar patterns with means of 47.63 (SD = 53.51) and 288.52 (SD = 292.25) in the pre-period, 62.15 (SD = 113.69) and 343.05 (SD = 446.05) in the post-period, and 54.89 (SD = 89.01) and 315.78 (SD = 377.51) in the pooled sample. The large variations suggest considerable dispersion in firm performance. EPS and BVPS exhibited positive correlations across all models: 0.3460 in the pre-period, 0.5513 in the post-period, and 0.5730 in the pooled sample. These correlations reflect the expected relationship between earnings and book values, with the highest correlation found between EPS and BVPS (0.6703) in the pooled model. VIF values remained under the critical threshold of 5.0, with values ranging from 1.14 to 2.37 across models. Tolerance values exceeded 0.10 in all cases, indicating no significant multicollinearity issues. VIF values were derived from the reported correlation structure. These results confirm that while moderate correlations exist, they do not pose a risk to the stability of the regression estimates.

Below are the results of the regression analysis conducted on different datasets:

Table 4 Pooled Regression of Panel Data for Pre Ind AS (2011-12 to 2015-16)

Dependent Variable- Share Price	Model-1: $P_{kt} = \alpha_0 + \alpha_1 EPS_{kt} + \alpha_2 BVPS_{kt} + e_{kt}$			
Variables	Co-efficient	t-statistics	p values	Std. Err.
EPS	7.201149***	6.82	0.000	1.055129
BVPS	0.0097968	0.05	0.960	0.193177
Intercept	282.2109***	4.07	0.000	69.26552
F-stat.(2,167)= 33.45 Prob>F= 0.0000		Total no. of observations= 170 Adj. R^2= 0.4775		

Source: Author's own computation using STATA

Interpretations:

Table 4 shows the pooled regression results analysis of value relevance of accounting information in pre-Ind AS period (2011-12 to 2015-16). The regression model is performed to analyze the relationship between share price (dependent variable) and two accounting variables Earnings per Share (EPS) and Book Value per Share (BVPS). The results show that EPS shows a positive and significant relationship with share price (α_1 = 7.201149, $p < 0.001$). This implies that earnings information was also very relevant to investors in the pre-Ind AS period. Specifically, a one-unit increase in EPS is followed by an approximate 7.20 unit increase in share price, suggesting that investors depended heavily on earnings as an indicator of firm performance and future profitability when making valuation decisions.

In contrast, there is a positive but statistically insignificant association of BVPS with the share price (α_2 = 0.0097968, p = 0.960). The high p-value shows that book value did not have any meaningful influence on share prices during the pre-Ind AS period. This implies that investors placed relatively less emphasis on the balance sheet information as compared to earnings when valuing the firms during the Indian GAAP regime. The F-statistic (33.45) with a probability value of 0.000 means that the regression model is statistically significant and the independent variables can significantly explain variations in the share price. Furthermore, the Adjusted R^2 value of 0.4775 implies that about 47.75% of the variance in share prices can be explained by EPS and BVPS in the model and it is a moderate value in terms of the model's explanatory power. Overall, the results show that earnings per share was the most important value relevant accounting variable in the pre-Ind AS period, while book value per share had no significant effect on share prices. This finding implies that investors in the Indian capital market used the information of the income statement more than the balance sheet information before the adoption of Ind AS.

Table 5 Pooled Regression of Panel Data for Post Ind AS (2016-17 to 2020-21)

Dependent Variable- Share Price	Model-1: $P_{kt} = \alpha_0 + \alpha_1 EPS_{kt} + \alpha_2 BVPS_{kt} + e_{kt}$			
Variables	Co-efficient	t-statistics	p values	Std. Err.
EPS	-3.103908**	-2.09	0.038	1.483125
BVPS	2.676881***	7.08	0.000	0.3780126
Intercept	486.4962***	4.31	0.000	112.8652
F-stat.(2,167)= 53.22 Prob>F= 0.0000		Total no. of observations= 170 Adj. R^2= 0.4819		

Source: Author's own computation using STATA

Table 5 shows the pooled regression results in the post Ind AS period (2016-17 to 2020-21) with regard to the value relevance of accounting information. The results show that there is a positive and statistically significant relationship between Book Value per Share (BVPS) and share price (α_2 = 2.676881, $p < 0.001$). This implies that with a one unit increase in BVPS, there is an increase of approximately 2.68 units in share price which implies that book value is highly value relevant in explaining stock price movements during the post Ind AS period.

In contrast Earnings per Share (EPS) has a negative and statistically significant coefficient (α_1 = -3.103908, p = 0.038). The negative relationship may be explained by the inclusion of financial years 2019-20 and 2020-21, which were greatly impacted by the pandemic of the Covid-19 virus. During this period, corporate earnings were extremely volatile and uncertain because of the economic disruptions, lockdowns and reduced business activity. As a result, investors perhaps put less faith on current earnings information because they viewed it as unstable and less indicative of the long-term performance of firms. Instead, market participants probably relied more on balance sheet information such as book value, which represents underlying net assets of firms and is relatively more stable in times of economic uncertainty. This explains the greater positive effect of BVPS compared to EPS in determining the share prices during the post Ind AS period. The F-statistic (53.22, $p < 0.001$) shows that the overall regression model is statistically significant. The adjusted R^2 value of 0.4819 indicates that about 48.19% of the variation in the share prices is explained by EPS and BVPS and hence the model explains the variation in the share prices with moderate power. Overall, the results suggest that book value is better valued than earnings in the post Ind AS period, especially in the pandemic-affected years when profitability levels for earnings became more volatile and less relevant for investors.

Table 6 Pooled Regression with Dummy Ind AS variable of Panel Data of 34 companies for 10 years ranging from 2011-12 to 2020-21.

Dependent Variable- Share Price Model-2: $P_{kt} = \beta_0 + \beta_1 EPS_{kt} + \beta_2 BVPS_{kt} + \beta_3 D + \beta_4 (D\times EPS) + \beta_5 (D\times BVPS_{kt}) + e_{kt}$				
Variables	Co-efficient	t-statistics	p values	Std. Err.
EPS	6.69477***	4.33	0.000	1.547687
BVPS	-0.1225074	-0.44	0.658	0.2760882
D × EPS	-9.985764***	-5.07	0.000	1.971094
D × BVPS	2.933351***	7.73	0.000	0.3795531
Intercept	398.335***	5.83	0.000	68.35544
F-stat.(4,335)= 56.59 Prob>F= 0.0000		Total no. of observations= 340 Adj. R^2= 0.4961		

Source: Author's own computation using STATA

Table 6 contains the results of the pooled regression keeping a dummy variable for Ind AS adoption period to check whether there was a change in the value relevance of accounting information following the implementation of Ind AS. The interaction terms (D×EPS) and (D×BVPS) represent the incremental effect of the post-Ind AS period on the relationship between accounting variables and share price.

The results show that the Earnings per Share (EPS) has positive and statistically significant coefficient (β_1 = 6.69477, $p < 0.001$), and it shows that the earnings information was value relevant in explaining share prices during the pre-Ind AS period. This suggests that investors relied on earnings as an important indicator of firm performance in valuing companies. In contrast, Book Value per Share (BVPS) has a negative and statistically insignificant coefficient (β_2 = -0.1225074, p = 0.658), indicating that book value did not have a significant impact on share prices in the base period.

However, the interaction terms show the changes of value relevance after the adoption of Ind AS. The coefficient of (D×EPS) is negative and statistically significant (β_4 = -9.985764, $p < 0.001$) suggests that value relevance of EPS decreased in the post-Ind AS period. One reason for this decline may be the inclusion of the financial years 2019-20 and 2020-21 that were greatly impacted by the pandemic of Covid-19. During this period, corporate earnings grew highly volatile due to lockdowns and production disruptions, in general. As a result, investors may have found earnings less reliable in gauging firm value. This interpretation is consistent with the findings of Bilgic (2018), who argued that macroeconomic shocks make the value relevance of accounting information, especially earnings, decrease due to the existence of uncertainty brought about by macroeconomic shocks. On the other hand, Interaction coefficient (D×BVPS) is positive and highly significant (β_5 = 2.933351, $p < 0.001$) which indicates that the value relevance of book value increased after the adoption of Ind AS. This indicates that investors laid more emphasis on the balance sheet information in the post-Ind AS period. Book value represents underlying net assets position of firms and is more stable than earnings in economic uncertainty.

Furthermore, the F-statistic (56.59, $p < 0.001$) results show that the overall regression model is statistically significant. The adjusted R-squared value of 0.4961 shows that about 49.61% of the variation in share prices is accounted for by the accounting variables included in the model, which is an indication of a moderate explanatory power. Overall, the results indicate that while earnings were value relevant in the earlier period, their value relevance diminished following the adoption of Ind AS, possibly because of macroeconomic disruptions such as the Covid-19 pandemic. Conversely, post-Ind AS book value had greater value relevance, suggesting that investors paid more attention to balance sheet information in times of economic uncertainty.

IV. Conclusion

This study has focused on the value relevance of accounting information in India by examining the relationship between the share price and two important accounting information viz. Earnings per Share (EPS) and Book Value per Share (BVPS) during the pre-Ind AS (2011-12 to 2015-16) and post-Ind AS (2016-17 to 2020-21) period. The results show that in pre-Ind AS period EPS had a positive and significant effect on share prices and BVPS was positive but insignificant which can be interpreted as investors were more dependent on earnings information in valuing the firms under former accounting regime. However, the post-Ind AS period showed a reversed picture in which BVPS was positive and highly significant whereas EPS showed a decrease in value relevance. The dummy variable regression analysis further established that the value relevance of BVPS increased significantly after the adoption of Ind AS, while the value relevance of EPS went down. This shift may be attributed to the increased focus on fair value measurement under Ind AS as well as the economic uncertainty due to the Covid-19 pandemic on the later years of the sample period making the earnings more volatile and less reliable for valuation purposes. These findings are also consistent with the argument of Bilgic (2018) that macroeconomic shocks can decrease usefulness of some accounting information for capital markets[12]. Overall, the study concludes that adoption of Ind AS has resulted in improved value relevance of accounting information for India and more specifically, this has led to an increased importance of balance-sheet information (such as book value) in explaining share prices. This finding aligns with earlier studies showing that, following IFRS adoption, book value exhibits greater value relevance than earnings[13,14].

The findings make a contribution to the works on value relevance and IFRS convergence, as they provide empirical evidence from an emerging economy. The study supports the theoretical argument that accounting reforms in accordance with international standards can improve the usefulness of financial reporting in the capital markets. In addition, the results indicate that the relative importance of accounting variables may vary after regulatory reforms, pointing to the increasing importance of balance sheet information in valuation models. The findings have practical implications for investors, analysts and policymakers. Investors may place greater emphasis on book value and balance sheets information while taking investment-related decisions in the post-Ind AS environment. For regulators and standard setting bodies, the results indicate that the move towards Ind AS has led to an improvement in the informativeness of financial statements and thus, greater transparency in the markets. Corporate managers may also find it useful to know that investors are relying more on net asset information during periods of economic uncertainty.

There are several limitations to this study. First, the sample consists of 34 companies, which might affect the generalisability of the results to the entire Indian corporate sector. Second, the study only takes into account two accounting variables (EPS and BVPS) to determine the value relevance of accounting variables, but there are other variables that could affect stock prices, such as cash flows, dividends, or comprehensive income. Third, the period of the study covers the years affected by Covid-19, which might have induced some market distortions that are temporary and might affect the earnings information.

Future research may broaden the scope of this research by considering a higher number of firms and longer time periods to capture the long-term effects of Ind AS adoption. Researchers might also include additional accounting variables such as cash flows, dividends or other financial indicators to give a more complete analysis of value relevance. Furthermore, comparative research between sectors or between emerging and developed markets may shed more light on the effects of accounting reforms on the usefulness of financial information in capital markets.

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