International Journal of Finance and Commerce
www.commercejournals.com
Online ISSN: 2664-715X
Received: 29-06-2026, Accepted: 29-07-2026, Published: 13-08-2026
Volume 8, Issue 3, 2026, Page No. 65-69

Ind AS implementation and its impact on financial statements: Empirical evidence from the Pharmaceutical and Computer Software sectors

Atanu Pramanick
Assistant Professor, Department of Commerce, University of Calcutta, West Bengal, India
DOI: https://doi.org/10.66856/ijfc.2026.8.3.8054

Abstract
One of the major developments in India has been the convergence with International Financial Reporting Standards (IFRS) through the implementation of Indian Accounting Standards (Ind AS). This study examines the impact of Ind AS implementation on the financial position of selected Pharmaceutical and Computer Software companies listed on the NSE NIFTY 50 Index. Financial data for the transition year 2015–16, prepared under both the previous Accounting Standards (AS) and Ind AS, have been analysed. The Shapiro–Wilk test has been used to assess data normality, followed by the Paired t-test and Wilcoxon Signed-Rank Test, as appropriate. The results indicate that the implementation of Ind AS has not significantly affect most of the selected financial statement elements. However, Total Income and Total Expenses in the Pharmaceutical sector and Total Current Liabilities in the Computer Software sector have shown statistically significant differences.

Keywords: Computer software sector, financial position, financial reporting, Ind AS, pharmaceutical sector

Introduction

Financial reporting has a crucial role in providing relevant, reliable and comparable information for informed economic decision making. The increasing globalization of business and integration of capital markets, is required the need for a globally harmonized accounting framework became imperative. In response, India converged its Accounting Standards (AS) with the International Financial Reporting Standards (IFRS) by introducing the Indian Accounting Standards (Ind AS) through a phased implementation beginning in 2015. The transition from AS to Ind AS brought significant changes in the recognition, measurement, presentation and disclosure of financial information, which may have varying implications across industries. Against this backdrop, the present study empirically examines the impact of Ind AS implementation on the financial statements of selected Pharmaceutical and Computer Software companies by comparing AS based and Ind AS based financial figures for the transition year i.e. financial year 2025 - 26.

Literature Review

Several studies have been conducted by the academicians and researchers on different aspects in the field of accounting standards and its convergence and impact. Some of the relevant studies in this context are summarised below:

Chauhan (2013) [3] showed the impact of convergence to IFRS on financial position of the company. It also highlighted the challenges faced by firms in the process of adoption of IFRS in India. The Total liability and Equity position have been significantly impacted due to convergence with IFRS. It also found that IFRS is fair value oriented and Balance Sheet oriented accounting where more transparent disclosures are present whereas Indian GAAP is following conservative approach.

Shukla (2015) [18] investigated that there is no significant improvement in financial risk, investment activities, operating activities and debt covenant due to implementation of IFRS on some select Indian companies.

Achalapathi and Sireesha (2015) [1] revealed significant differences between AS based and IFRS based financial ratios and the IFRS adoption has led to statistically significant increase in liquidity, profitability and valuation ratios on some select Indian companies. Gray's Comparability Index is applied for measuring the relative impact of IFRS adoption on financial ratios of select companies.

Agarwal and Kumar (2020) [10, 11] checked the adoption of Ind AS leads to any changes in profitability position of the selected Information Technology companies in India and found out that there is no significant difference in the profitability after the transition from AS to Ind AS.

Agarwal & Kumar (2020) [10, 11] evaluated the impact of implementation of Ind AS implementation on the financial performance of metal sector companies in India. No significant impact due to implementation of Ind AS has been found on the financial ratios except on Inventory Turnover ratio of selected metal sector companies of India. Major causes of differences have also been identified in the study.

Sharma & *et al.* (2022) [17] examined the impact on some accounting ratios due to implementation of Ind AS. No statistically significant difference after the implementation of Ind AS was found. Through a primary survey, it was found that, there is homogeneity in the opinion of respondents regarding the impact of Ind AS.

Research Gap

A review of the existing literature reveals that several studies have examined the impact of the implementation of Ind AS on the financial reporting and financial position of Indian companies. However, limited research has focused on the sector-wise impact of Ind AS implementation, particularly through a comparative analysis of different industries. In particular, there is a paucity of studies comparing the effects of Ind AS on the financial position of companies in the Pharmaceutical and Computer Software sectors. Therefore, the present study seeks to address this gap through the following objectives.

Objectives

The specific objectives of the paper are:

1. To examine the impact of implementation of Ind AS on the financial position of the select companies in the Pharmaceutical and Computer Software Sectors
2. To compare the impact of implementation of Ind AS on the financial position of the select companies in the Pharmaceutical and Computer Software Sectors companies

Database & Methodology

The present study is exploratory and empirical in nature. For the exploratory component, information has been collected from published sources, including books, journals, research articles, reports, web-based materials, regulatory frameworks issued by authoritative bodies, and news and feature articles published in financial newspapers, finance-related magazines, and periodicals.

The empirical analysis is based on secondary data collected from the published annual reports of the selected companies, Accounting Standards (AS), and Indian Accounting Standards (Ind AS).

The study considers companies included in the NSE NIFTY 50 Index (as on 31 March 2017). The Pharmaceutical and Computer Software sectors have been selected to examine the impact of the implementation of Ind AS on the financial position of companies during the transition year (2015–16). The following table presents the list of companies from these two sectors selected for the analysis.

Table 1: List of select companies for the study

Sl. No.	Name of the Company	Industry/ Sector
1.	'Aurobindo Pharma Ltd.'	'Pharmaceuticals'
2.	'Cipla Ltd.'	'Pharmaceuticals'
3.	'Dr. Reddy's Laboratories Ltd.'	'Pharmaceuticals'
4.	'Lupin Ltd.'	'Pharmaceuticals'
5.	'Sun Pharmaceutical Industries Ltd.'	'Pharmaceuticals'
1.	'HCL Technologies Ltd.'	'Computers – Software'
2.	'Infosys Ltd.'	'Computers – Software'
3.	'Tata Consultancy Services Ltd.'	'Computers – Software'
4.	'Tech Mahindra Ltd.'	'Computers – Software'
5.	'Wipro Ltd.'	'Computers – Software'

Source: NSE website (www.nseindia.com) as on 31.03.2017

Following table showing the list of the elements from the financial statements selected for the analysis part of the study.

Table 2: Select elements from financial statement for the study

Sl. No.	Name of the Element	Source of the Element
1.	'Total Non-Current Assets'	'Balance Sheet'
2.	'Total Current Assets'	'Balance Sheet'
3.	'Equity'	'Balance Sheet'
4.	'Total Non-Current Liabilities'	'Balance Sheet'
5.	'Total Current Liabilities'	'Balance Sheet'
1.	'Total Income'	'Statement of Profit & Loss'
2.	'Total Expenses'	'Statement of Profit & Loss'
3.	'Profit After Tax'	'Statement of Profit & Loss'

Source: Researcher's compilation

For the purpose of analysis, data relating to the financial year 2015–16 have been considered. The financial information prepared under the Accounting Standards (AS) framework extracted from the standalone financial statements of the selected companies for the financial year 2015–16. The corresponding Ind AS figures for the same financial year have been obtained from the comparative financial statements shown in the Annual Reports for the financial year 2016–17, in which the financial statements for 2015–16 were restated in accordance with Ind AS.

Before conducting the statistical analysis, the 'Shapiro–Wilk' (S–W) tests was performed to examine the normality of the data. Based on the results of these normality tests, the 'Paired t-test' was applied to variables that followed a normal distribution, while the 'Wilcoxon Signed-Rank Test' was employed for variables that did not satisfy the normality assumption. These tests were used to analyse and interpret the impact of the implementation of Ind AS on the financial position of the selected companies.

To achieve the objectives, the following hypotheses are formulated:

H_{01}: There is no significant statistical impact in the 'Total Non-Current Asset' figures of Pharmaceuticals sector companies due to implementation of Ind AS for the financial year 2015-16

H_{02}: There is no significant statistical impact in the 'Total Current Assets' figures of Pharmaceuticals sector companies due to implementation of Ind AS for the financial year 2015-16

H_{03}: There is no significant statistical impact in the 'Equity' figures of Pharmaceuticals sector companies due to implementation of Ind AS for the financial year 2015-16

H_{04}: There is no significant statistical impact in the 'Total Non-Current Liabilities' figures of Pharmaceuticals sector companies due to implementation of Ind AS for the financial year 2015-16

H_{05}: There is no significant statistical impact in the 'Total Current Liabilities' figures of Pharmaceuticals sector companies due to implementation of Ind AS for the financial year 2015-16

H_{06}: There is no significant statistical impact in the 'Total Income' figures of Pharmaceuticals sector companies due to implementation of Ind AS for the financial year 2015-16

H_{07}: There is no significant statistical impact in the 'Total Expenses' figures of Pharmaceuticals sector companies due to implementation of Ind AS for the financial year 2015-16

H_{08}: There is no significant statistical impact in the 'Profit after Tax' figures of Pharmaceuticals sector companies due to implementation of Ind AS for the financial year 2015-16

H_{09}: There is no significant statistical impact in the 'Total Non-Current Asset' figures of Computers - Software sector companies due to implementation of Ind AS for the financial year 2015-16

H_{10}: There is no significant statistical impact in the 'Total Current Assets' figures of Computers - Software sector companies due to implementation of Ind AS for the financial year 2015-16

H_{11}: There is no significant statistical impact in the 'Equity' figures of Computers - Software sector companies due to implementation of Ind AS for the financial year 2015-16

H_{12}: There is no significant statistical impact in the 'Total Non-Current Liabilities' figures of Computers - Software sector companies due to implementation of Ind AS for the financial year 2015-16

H_{13}: There is no significant statistical impact in the 'Total Current Liabilities' figures of Computers - Software sector companies due to implementation of Ind AS for the financial year 2015-16

H_{14}: There is no significant statistical impact in the 'Total Income' figures of Computers - Software sector companies due to implementation of Ind AS for the financial year 2015-16

H_{15}: There is no significant statistical impact in the 'Total Expenses' figures of Computers - Software sector companies due to implementation of Ind AS for the financial year 2015-16

H_{16}: There is no significant statistical impact in the 'Profit after Tax' figures of Computers - Software sector companies due to implementation of Ind AS for the financial year 2015-16

Analysis & Findings

Sector wise analysis has been made in the study. 'Shapiro-Wilk' (S-W) test has been done to check the normal distribution of the data. Since the sample size is less than 50, greater emphasis has been placed on the results of the 'Shapiro–Wilk' test for assessing the normality of the data. Following table is showing the result of normality of the data for the select Pharmaceuticals Sector companies.

Table 3: Normality test result for Pharmaceuticals Sector (2015-16)

	S-W		Distribution Type
	Statistic	**Sig.**	
'Total Non-Current Assets'	0.803	0.085	Normal
'Total Current Assets'	0.686	0.007	Not normal
'Equity'	0.880	0.307	Normal
'Total Non-Current Liabilities'	0.980	0.937	Normal
'Total Current Liabilities'	0.758	0.035	Not normal
'Total Income'	0.953	0.760	Normal
'Total Expenses'	0.875	0.288	Normal
'Profit After Tax'	0.994	0.991	Normal

Source: Researcher's computation

Based on the results of the normality tests, it has been found that 'Total Current Assets' and 'Total Current Liabilities' do not follow a normal distribution ($p < 0.05$), whereas all other financial elements are normally distributed ($p > 0.05$). So, for 'Total Current Assets' and 'Total Current Liabilities' elements 'Wilcoxon Signed Ranked Test' and for other elements 'Paired t-test' have been performed. Following two tables are showing the result of 'Paired t-test' and 'Wilcoxon Signed Ranked Test' for the analysis. The hypotheses were tested at the 5% level of significance, with the null hypothesis being rejected when the p-value was less than 0.05.

Table 4: Paired t-test result – Pharmaceuticals Sector

	t value	P value	Hypothesis
'Total Non-Current Assets'	1.175	0.305	Fail to reject H_0
'Equity'	-1.194	0.298	Fail to reject H_0
'Total Non-Current Liabilities'	2.089	0.105	Fail to reject H_0
'Total Income'	-4.545	0.010	Reject H_0
'Total Expenses'	-3.601	0.023	Reject H_0
'Profit After Tax'	-0.233	0.827	Fail to reject H_0

Source: Researcher's computation

Table 5: Wilcoxon Signed Ranked Test result – Pharmaceuticals Sector

	Z value	P value	Hypothesis
'Total Current Assets'	-1.214	0.225	Fail to reject H_0
'Total Current Liabilities'	-0.674	0.500	Fail to reject H_0

Source: Researcher's computation

The results of the 'Paired t-test' and 'Wilcoxon Signed-Rank Test' indicate that the implementation of Ind AS has not resulted in statistically significant changes in most of the selected financial statement elements of Pharmaceutical sector companies for the financial year 2015–16. However, statistically significant differences have been observed in 'Total Income' and 'Total Expenses', indicating that these two financial statement elements are significantly affected by the transition to Ind AS.

The significant variation in Total Income appears to be attributable to Ind AS adjustments relating to the measurement of financial instruments, accounting for government grants, recognition of deferred tax, presentation of excise duty and other transition adjustments. Similarly,

the variation in Total Expenses may primarily be associated with changes in accounting for employee benefits, impairment and amortisation, capitalisation of eligible assets and measurement of provisions under Ind AS. Overall, the findings suggest that the transition to Ind AS had a more pronounced impact on the 'Statement of Profit and Loss' than on the Statement of Financial Position of the selected Pharmaceutical sector companies during the transition year.
Following table is showing the result of normality of the data for the select Computers - Software Sector companies.

Table 6: Normality test result for Computers - Software Sector (2015-16)

	Computers - Software				Distribution Type
	K-S		S-W		
	Statistic	Sig.	Statistic	Sig.	
'Total Non-Current Assets'	0.333	0.074	0.823	0.124	Normal
'Total Current Assets'	0.460	0.001	0.570	0.000	Not normal
'Equity'	0.272	0.20	0.788	0.064	Normal
'Total Non-Current Liabilities'	0.331	0.077	0.825	0.128	Normal
'Total Current Liabilities'	0.209	0.200	0.946	0.708	Normal
'Total Income'	0.472	0.001	0.555	0.000	Not normal
'Total Expenses'	0.469	0.001	0.562	0.000	Not normal
'Profit After Tax'	0.445	0.002	0.617	0.001	Not normal

Source: Researcher's computation

Based on the results of the normality tests, 'Total Current Assets', 'Total Income', 'Total Expense's, and 'Profit After Tax' have been found to deviate from a normal distribution ($p < 0.05$). The remaining financial statement elements were normally distributed ($p > 0.05$). Accordingly, the 'Wilcoxon Signed-Rank Test' has been applied to the non-normally distributed variables, while the 'Paired t-test' has been used for the variables that satisfied the normality assumption. The results of these tests are presented in the following tables. The hypotheses are tested at the 5% level of significance, with the null hypothesis being rejected when the p-value is less than 0.05.

Table 7: Paired t-test result – Computers Sector

	t value	P value	Hypothesis
'Total Non-Current Assets'	-0.666	0.542	Fail to reject H_0
'Equity'	-1.578	0.190	Fail to reject H_0
'Total Non-Current Liabilities'	-1.993	0.117	Fail to reject H_0
'Total Current Liabilities'	2.835	0.047	Reject H_0

Source: Researcher's computation

Table 8: Wilcoxon Signed Ranked Test result – Computers Sector

	Z value	P value	Hypothesis
'Total Current Assets'	-1.826	0.068	Fail to reject H_0
'Total Income'	-0.405	0.686	Fail to reject H_0
'Total Expenses'	-0.674	0.500	Fail to reject H_0
'Profit After Tax'	-0.134	0.893	Fail to reject H_0

Source: Researcher's computation

The results of the 'Paired t-test' and 'Wilcoxon Signed-Rank Test' indicate that the implementation of Ind AS has not resulted in statistically significant changes in most of the selected financial statement elements of the Computer Software sector companies during the financial year 2015–16. However, Total Current Liabilities exhibits a statistically significant difference ($p = 0.047$), indicating that this financial statement element is significantly affected by the transition to Ind AS.
The observed variation in 'Total Current Liabilities' may primarily be attributed to changes introduced by Ind AS in the accounting treatment of proposed dividends, financial instruments measured at fair value, transaction costs on borrowings using the effective interest rate method, discounting of deferred or contingent consideration and other transition adjustments disclosed by the selected companies.

Conclusions

In this paper, the impact of the implementation of Ind AS on Pharmaceuticals and Computer sector has been examined. For this examination secondary data have been used. The findings of the study indicate that the implementation of Ind AS has a selective rather than a pervasive impact on the financial position of the selected Pharmaceutical and Computer Software sector companies during the transition year (2015–16). While most of the financial statement elements have not exhibited statistically significant changes, the Pharmaceutical sector has been experienced significant changes in Total Income and Total Expenses, whereas the Computer Software sector has shown a significant impact only on Total Current Liabilities. Overall, the transition to Ind AS has influenced certain financial statement elements without causing a significant overall change in the financial position of the selected companies, highlighting that the impact of Ind AS varies across industries and accounting items.

References

1. Achalapathi KV, Bhanusireesha P. Impact of IFRS adoption on financial statements of select Indian companies. Osmania Journal of International Business Studies, 2015, 10(1).
2. Aurobindo Pharma Ltd. Aurobindo Pharma. https://www.aurobindo.com/, n.d.
3. Chauhan A. To study the impact of convergence to IFRS on financial position of a company and challenges faced by the company: A case study in India. Global Research Analysis, 2013, 2(10).
4. Cipla Ltd. Cipla. https://www.cipla.com/, n.d.
5. Dr. Reddy's Laboratories Ltd. Dr. Reddy's Laboratories. https://www.drreddys.com/, n.d.
6. HCL Technologies Ltd. HCLTech. https://www.hcltech.com/, n.d.
7. Infosys Ltd. Infosys. https://www.infosys.com/, n.d.
8. Institute of Chartered Accountants of India. Concept paper on convergence with International Financial Reporting Standards (IFRS) in India. https://www.icai.org, 2006.
9. Institute of Chartered Accountants of India. The Institute of Chartered Accountants of India. https://www.icai.org/, n.d.
10. Kumar R, Agarwal R. Impact of first-time application of Ind AS on profitability of selected Indian information technology companies. Studies in Indian Place Names, 2020, 40(56).
11. Kumar R, Agarwal R. Impact of Ind AS first-time application on financial performance of Indian metal

sector companies. Pacific Business Review International, 2020, 12(12).
12. Lupin Ltd. Lupin. https://www.lupin.com/, n.d.
13. Ministry of Corporate Affairs. Companies (Accounting Standards) Rules, 2006. Government of India. https://www.mca.gov.in, 2006.
14. Ministry of Corporate Affairs. Companies (Indian Accounting Standards) Rules, 2015. Government of India. https://www.mca.gov.in, 2015.
15. Ministry of Corporate Affairs. Ministry of Corporate Affairs. https://www.mca.gov.in/, n.d.
16. National Stock Exchange of India Ltd. National Stock Exchange of India. https://www.nseindia.com/, n.d.
17. Sharma A, *et al*. Impact of Ind AS on accounting numbers: An analytical study in the context of Indian companies. Journal of Commerce & Accounting Research,2022:11(4):54–61.
18. Shukla S. An empirical study of the impact of adoption of IFRS on the financial activities of companies in India. International Conference on Multidisciplinary Research & Practice,2015:3(1):323–327.
19. Sun Pharmaceutical Industries Ltd. Sun Pharmaceutical Industries. https://sunpharma.com/, n.d.
20. Tata Consultancy Services Ltd. Tata Consultancy Services. https://www.tcs.com/, n.d.
21. Tech Mahindra Ltd. Tech Mahindra. https://www.techmahindra.com/, n.d.
22. Wipro Ltd. Wipro. https://www.wipro.com/, n.d.