

# 4

## **Impact of Ind AS Implementation on Financial Performance and Position-I (Variable wise Analysis)**

### **4.1 INTRODUCTION:**

Ind AS was made mandatorily applicable for the year 2016-2017. To study the financial reports of the select Indian companies, the list of 30 companies of BSE 30 Sensex as on 31<sup>st</sup> March 2017 (the first year of mandatory convergence to Ind AS) was taken from the BSE website ([www.bseindia.com](http://www.bseindia.com)). From the list the companies belonging to Banks, Insurance and NBFC were excluded and thus 9 (Nine) such companies were excluded. Thus the sample was finalised for 21 (twenty one) companies under study. The data for the adoption year 2016-2017 and comparative year 2015-16 was collected using the Annual Reports for analysis. The list of sample companies selected for study is presented in Table 1.2 of Chapter 1.

Statutorily the financial statements must also include the figures pertaining to comparative year. Thus, the figures pertaining to 2015-2016 being the comparative year for 2016-2017 were converted to Ind AS in the financials. The Annual Reports for the period 2016-2017 (with 2015-2016 as comparative year) provided the figures under Ind AS. Also, for the year 2015-2016 the Annual Reports available provided the figures under present AS framework. Thus, the figures of 2015-2016 under both AS and Ind AS framework could be derived.

From the 39 (Thirty Nine) notified standards the researcher identified 10 (ten) numbers of Ind AS using judgement sampling as listed in Table 1.3 of Chapter 1.

The variables for analysing the financial statements were grouped on the basis of review of literature done and presented in Table 1.4 of Chapter 1.

## 4.2 IMPACT ON REPORTED NET INCOME

### 4.2.1 IMPACT ON PROFIT BEFORE TAX (PBT)

Profit before Tax (PBT) is the measure of the entity's Profitability before the payment of corporate taxes. It represents the profit that a business earns before Income Tax is applied. It is shown in the Income Statement and the objective of Profit before Tax is to evaluate the profitability without considering Tax expenses of a business unit. Profit before tax is taken to be a vital performance indicator of a business. However, Profit before tax makes it difficult to assess the net income functioning of a business in varying business environment.

Below is a detailed account of Profit before Tax of select Companies under AS and Ind AS for 2015-2016

**Table 4.1 Table showing variation of Profit before Tax (PBT) as per AS and Ind AS**

Sl. No.	Entity Name	Sector	Profit before Tax (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	10,039.80	10,254.40	214.60	2.14
2	ITC Limited	Consumer Goods	14,958.39	14,434.07	(-) 524.32	(-) 3.51
3	Larsen & Toubro Limited	Infrastructure	6,689.11	6,255.62	(-) 433.49	(-) 6.48
4	Maruti Suzuki India Limited	Automobiles	6,535.00	7,443.70	908.70	13.91
5	NTPC Limited	Electric Utility	10,058.67	10,595.77	537.10	5.34
6	Oil & Natural Gas Corporation Limited	Energy	23,390.32	23,598.84	208.52	0.89
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	(-)1,067.91	(-) 1,082.06	(-) 14.15	1.33
8	Tata Steel Limited	Engineering	6,126.52	1,543.34	(-) 4,583.18	(-)74.81
9	Tata Consultancy Services Limited	Information Technology	29,116.64	29,339.00	222.36	0.76

Sl. No.	Entity Name	Sector	Profit before Tax (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
10	Asian Paints Limited	Manufacturing	2,377.75	2,403.10	25.35	1.07
11	Bajaj Auto Limited	Automobiles	5,385.18	5,547.32	162.14	3.01
12	Hero MotoCorp Limited	Automobiles	4,394.58	4,434.87	40.29	0.92
13	Mahindra & Mahindra Limited	Automobiles	4,229.90	4,284.46	54.56	1.29
14	Tata Motors Limited	Automobiles	150.39	(-)67.10	(-) 217.49	(-)144.62
15	HCL Technologies Limited	Information Technology	5,767.61	5,781.55	13.94	0.24
16	Infosys Limited	Information Technology	20,693.00	17,600.00	(-)3,093.00	(-)14.95
17	Tech Mahindra Limited	Information Technology	3,923.30	3,876.30	(-) 47.00	(-) 1.20
18	Hindustan Unilever Limited	Consumer Goods	5,870.59	5,946.00	75.41	1.28
19	Vedanta Limited	Engineering	5,479.90	(-)17,759.55	(-)23,239.45	(-) 424.09
20	Power Grid Corporation of India Limited	Electric Utility	7,618.73	7,540.56	(-) 78.17	(-) 1.03
21	Reliance Industries Limited	Energy	35,701.00	36,016.00	315.00	0.88
<b>Total</b>			<b>2,07,438.47</b>	<b>1,77,986.19</b>	<b>(-)29,452.28</b>	

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.2.2 PICTORIAL REPRESENTATION

The above analysis of Profit before Tax has been presented by way of a pictorial presentation.



**Figure 4.1** Figure showing variation of Profit before Tax (PBT) as per AS and Ind AS

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

### 4.2.3 HYPOTHESIS TESTING

The researcher has collected the data related to pre and post application of Ind AS for the F.Y. 2015-16 of sample companies' w.r.t. various financial parameters and for testing the significance, paired T-Test has been used. The researcher has formulated two hypothesis i.e. null hypothesis and alternative hypothesis for the reason of analysis of secondary data.

#### **Hypothesis 1: Profit before Tax (PBT)**

*H<sub>0AI</sub>: There is no significant impact in the profit before tax figures of sample companies post implementation of Ind AS.*

*H<sub>1AI</sub>: There is a significant impact in the profit before tax figures of sample companies post implementation of Ind AS.*

Hypothesis 1 examines the impact of Ind AS implementation on the Profit before Tax of sample companies.

**Table 4.2: Table showing T Test values for Profit before tax for the year 2015-2016**

Profit Before Tax (PBT)	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	t	Df	Sig. (P-Value)
AS	21	9878.02	9600.77	2095.06	1402.49	1.247	20	0.227
Ind AS	21	8475.53	11337.05	2473.95				

*Source: Researcher's own compilation*

*Note: The financial data shows greater variation and hence the standard deviation is greater than mean for Ind AS values. Also, there are both positive (Profit) and negative (Loss) figures in the financial data resulting in higher standard deviation than mean for Ind AS values.*

The mean value of AS values is 9878.02 and Ind AS values is 8475.53. Mean difference of both AS and Ind AS values is 1402.49. The Standard Deviation values for AS is 9600.77 and the same for Ind AS is 11337.05. Difference between AS and Ind AS values for Profit before tax reveals that there is no major difference and the calculated  $t=1.247$ , ( $P=0.227$ ) is smaller than tabulated value of  $t= 2.086$  at  $df=20$  at 5% level of significance. Thus we accept the Null Hypothesis and conclude that there is no significant impact in the profit before tax figures of sample companies post implementation of Ind AS.

#### 4.2.4 ANALYSIS OF REASONS FOR VARIATIONS IN PROFIT BEFORE TAX (PBT)

**Table 4.3 Table showing analysis of reasons for variations in PBT values**

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
1	Bharti Airtel Limited	214.60	<p>1. Asset Retirement Obligation has been shown at the present value and accordingly the consequent depreciation and finance cost has been recognised.</p> <p>2. Certain Foreign Exchange Profits &amp; Losses earlier capitalised in AS are not allowed to be capitalised under Ind AS. Subsequent depreciation is recognised.</p> <p>3. Discounting effect on Non-current Financial Assets &amp; Liabilities has been considered.</p> <p>4. Impact of discounting on Interest Free loans given by Parent to its subsidiaries has been shown as interest income in the profit and loss statement.</p> <p>5. Variations in fair value of derivative contracts has been reported in the profit and loss statement.</p> <p>6. Current Investments are reported at fair Value through Profit or Loss and the change is presented in the profit and loss statement.</p> <p>7. Previous GAAP profit is reconciled to Total OCI under new standards.</p>
2	ITC Limited	(-)524.32	<p>1. Investment made in Mutual Funds previously grouped as Non-Current and shown at cost have been shown at Fair Value through Profit or Loss. Fair Value variations</p>

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
			<p>consequent to transition has been disclosed in the profit and loss statement.</p> <p>2. Under existing GAAP the net Mark to Market losses on outstanding portfolios of derivative financial instruments used to hedge foreign currency risks were recognised in the profit or loss. Further, the net gain, if any were ignored. Under the new standards the changes are recognised in the profit and loss statement.</p> <p>3. As per new standards, the actuarial losses and gains related to defined benefit schemes for gratuity and pension plans are presented in OCI instead of profit &amp; loss.</p>
3	Larsen & Toubro Limited	(-)433.49	<p>1. Projects completed through Joint ventures Un Incorporated (UJV) have been identified under Ind AS 111 and the share of Company in Assets, Liabilities, Income &amp; Expenses of such joint ventures has been consolidated on a line by line basis unlike as a single line item under AS.</p> <p>2. Borrowing cost amount has been calculated following method of Effective Interest Rate according to new standards.</p> <p>3. Provision against Trade Receivable has been made under Expected Credit Loss Method of Ind AS 109. Under AS the same was made when the receivable turned doubtful on a one to one basis.</p> <p>4. In Ind AS provision has been provided towards constructive obligations of the unit related to payment of performance linked rewards to employees.</p> <p>5. As per new standards post service cost on account of modifications in post-retirement benefits has been presented in the profit and loss statement.</p>

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
4	Maruti Suzuki India Limited	908.70	<p>1. Investments done in Debt Mutual Funds, Equity Instruments have been recorded at Fair Value and the resulting modifications of these investments have been shown in the profit or loss statement as applicable.</p> <p>2. Under Ind AS, Actuarial losses and profits and return gained on plan assets etc. are shown in OCI instead of profit or loss unlike in the part of AS where the same were forming portion of profit or loss.</p> <p>3. Under new standards profits and losses on hedges of cash flow have been shown in OCI.</p>
5	NTPC Limited	537.10	<p>1. Few Items of Spare Parts meeting definition of PPE as per new standard have been capitalised from Inventories. Hence, depreciation has been debited to profit and loss. Also the charges of major overhaul has been capitalised and depreciation has been charged separately.</p> <p>2. Under previous GAAP, transaction cost on borrowings have been charged to income statement or capitalised to PPE. Under Ind AS the same has been amortised as a modification to interest charge over the term of loan applying method of Effective Interest Rate.</p> <p>3. Under previous GAAP, liabilities payable for Capital Expenditure etc. are presented at cost and under Ind AS the same are shown as financial liabilities and recorded at amortised cost.</p> <p>4. Land under Finance lease earlier capitalised at a figure equal to upfront payments made at the time of lease have been now capitalised at present value of the total</p>



Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
			<p>minimum lease amounts to be disbursed over lease term. This has turned in significant impact on profits.</p> <p>5. Electricity sale is presented including duty of electricity under Ind AS. Under previous GAAP the same was presented as net of electricity duty.</p>
6	Oil & Natural Gas Corporation Limited	208.52	<p>1. Revenue through sale of products has been reported excluding excise duty under earlier GAAP. Under new standards the same has been reported inclusive of excise duty and excise duty paid is shown on the face of profit and loss statement of as part of expenses.</p> <p>2. Loan to subsidiary entities has been valued considering the method of effective Interest Rate as per new standard.</p> <p>3. Loans given to employees at concessional rate have been valued at Effective Interest Rate as per Ind AS 109.</p> <p>4. Under existing GAAP, the dry dock charges were amortised and reported as other expenditure. For Ind AS, this has been capitalised as portions of vessels &amp; rigs and charged off as depreciation in the profit &amp; loss statement.</p> <p>5. Under new standards, Gas and Oil Assets have been adjusted by application of Para No. D21 of Ind AS 101 resulting in decrease in carrying figure of Gas &amp; Oil Assets.</p> <p>6. Actuarial Profits and Losses of defined benefit Plans have been identified in OCI.</p>
7	Sun Pharmaceutical Industries	(-)14.15	<p>1. Under new standards, long term estimates have been recorded at present value.</p>

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
	Limited		<p>2. Separately acquired Intangibles have been capitalised under new standards. The same were not eligible for capitalisation under AS.</p> <p>3. Under AS, provision for debts that are doubtful has been done based on specific value for incurred losses. Under new regime the same has been reported as per model of expected Credit Loss.</p>
8	Tata Steel Limited	(-)4,583.18	<p>1. Premium on redemption and discounts on issue and other transaction costs shown directly in equity under AS have been recognised through the profit and loss statement applying the method of effective interest rate under Ind AS.</p> <p>2. Under Ind AS the entity has shown fair value as deemed cost for certain items of PPE resulting in increase in carrying values as compared under AS. The resulting impact on depreciation has been recognised.</p>
9	Tata Consultancy Services Limited	222.36	<p>1. The entity has opted to apply Ind AS 16 from the time of procurement of PPE and accordingly the modification in technique of charging depreciation has been prospectively done as a change in estimate. This has caused to increase PBT.</p> <p>2. Investments in Government Securities have been recorded at Fair Value. Also, the resulting modifications of these investments have been presented in the profit and loss statement as applicable.</p>
10	Asian Paints Limited	25.35	<p>1. The variation in the fair value of Non- Current Investments as per Ind AS and the corresponding carrying value as per financials under AS has resulted in rise in the carrying amount and on fair valuation the net gain has been shown in other income in</p>

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
			<p>the profit and loss statement.</p> <p>2. Under AS Goodwill was amortised over its useful time span not more than five years unless justified. Under Ind AS, Goodwill is to be tested annually for impairment process. The reversal of amortisation expense has caused rise in profit.</p>
11	Bajaj Auto Limited	162.14	<p>1. Under new standards few debt instruments have been re-measured at cost excluding before acquisition interest and amortisation has been reworked. Such variations have been shown in the profit/ loss statement.</p> <p>2. Under new standard the variations in Sales tax deferral amount and the fair value amount has been recognised as Government Grant on a straight line basis for the period of grant and unwinding of interest on fair value of sales tax deferral liability has been shown as finance cost.</p>
12	Hero MotoCorp Limited	40.29	<p>1. Under new standards leasehold land has been treated as operating lease as against PPE under AS. This has caused change in Rent expense and depreciation.</p> <p>2. Under Ind AS provision for warranty is recognised at present value and the same had been recognised without discounting under AS. This has resulted in rise in Profit before tax.</p> <p>3. Under Ind AS revenue deferment on future performances has caused increase in Profit before Tax.</p> <p>4. Under Ind AS Mark to market gain of derivative contracts are recognised in financial statements unlike in case of AS. This has caused change in PBT.</p>

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
13	Mahindra & Mahindra Limited	54.56	<p>1. Under new standards fair valuation of investments done in fixed maturity plans and some other mutual funds have caused variations in fair values and shown in the profit and loss statement.</p> <p>2. The variation between the fair value of Non- Current Investments as per Ind AS and the corresponding carrying amount as per financials under AS has resulted in increase in the carrying amount and on fair valuation the net gain has been presented in other income in the statement of profit/ loss.</p>
14	Tata Motors Limited	(-)217.49	<p>1. Investment made in Mutual Funds done earlier identified as Non-Current and carried at cost have been recognised at FVTPL. The changes in Fair Value consequent to transition has been reported in the profit and loss statement.</p> <p>2. Provision against Trade Receivable has been done under Expected Credit Loss Method of Ind AS 109. Under AS the same was made when the receivable turned doubtful.</p> <p>3. Under Ind AS all exchange differences have been accounted in the profit and loss statement in the year in which they arise. This has caused variation in PBT.</p>
15	HCL Technologies Limited	13.94	<p>1. Income through Interest arising on long term lease deposit and expense of rent has been shown in the profit and loss statement. No such accounting was prescribed under existing AS.</p> <p>2. Under Ind AS the fair value of share options are determined and recognised as charge over the vesting period. Under Ind AS the company identified the intrinsic value of share options as expense over the vesting period. Hence additional expense has been</p>

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
			disclosed in the profit and loss statement.
16	Infosys Limited	(-)3,093.00	<p>1. Under Ind AS, actuarial losses and gains have been identified in OCI and not reclassified to profit and loss in subsequent period.</p> <p>2. Unamortised negative previous service cost arising on modification of the gratuity plan in a previous period have been adjusted.</p> <p>3. Usage of method of discounting on deferred consideration and contingent consideration payable for business combination have been adjusted.</p>
17	Tech Mahindra Limited	(-) 47.00	<p>1. Long Term Investments in Unquoted and Quoted Equity shares have been recorded at Fair Value and accordingly the difference has been recognised.</p> <p>2. Modification in the technique of valuation of inventory compensation cost from intrinsic value technique to fair value technique using appropriate pricing model over the vesting period has caused decrease of profit.</p> <p>3. Current Investment made in Mutual Funds have been recorded at fair Value under new standard unlike cost or net realisable value under AS. This has caused rise in profit.</p>
18	Hindustan Unilever Limited	75.41	<p>1. Fair valuation concept of Plan Asset has caused to re measurement Gain/ (loss). This has been presented in the profit and loss statement.</p> <p>2. Investments in treasury Bills and government securities have been disclosed at Fair Value through OCI. Interest Income has been reported in the Profit and Loss statement.</p> <p>3. Fair Value changes in classification of Mutual Funds have been identified in the</p>

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
			Profit and Loss statement.
			4. The Interest cost on unwinding of discount and impact of modification in discount rate used for valuation of Non-Current Liabilities have been identified in the Profit and Loss statement.
19	Vedanta Limited	(-) 23,239.45	<p>1. As per new standard the company has considered to measure certain Items of PPE at its fair value on the time of transition. Consequently the change in depreciation charge is presented in the profit and loss statement.</p> <p>2. Under Ind AS fair valuation of investments have turned in changes in fair values and presented in the profit and loss statement.</p> <p>3. Under Ind AS the company has recognised amortisation of Oil and Gas Assets as per depletion policy. Also, impairment done for Gas and Oil Assets and investment made in subsidiary entity have been considered consequent to decline in value of oil prices causing in variation in PBT.</p>
20	Power Grid Corporation of India Limited	(-)78.17	<p>1. Under new standards, transaction costs incurred for borrowings have been deducted from carrying figure of borrowings on initial recognition and have been recorded in the profit and loss statement over the tenure applying effective Interest rate method. This has caused additional interest expense.</p> <p>2. Actuarial profits and losses as well as return on plan assets are recognised in OCI instead of profit or loss statement unlike in case of AS where the same were forming part of profit/ loss.</p>

Sl. No.	Entity Name	Variation in Profit before Tax post implementation (₹ in Crores)	Reasons for variations in PBT
			3. Restatement due to prior period error has turned in decrease in profit.
21	Reliance Industries Limited	315.00	<p>1. Modification in accounting Policy from Full Cost Method (FCM) to Successful Efforts Method (SEM) has caused in depletion and write offs in value and is recognised in the profit and loss statement.</p> <p>2. Under Ind AS the company has valued certain financial assets at fair value. The effect of fair value changes have been considered in the profit and loss statement.</p> <p>3. Under Ind AS the transaction charges and Loan processing Fees are considered for calculating effective interest rate. The resulting impact have been presented in the profit and loss statement.</p>

*Source: Published Annual Audited Financials of Sample Companies for the financial year 2016-2017*

Thus from the above it is noted that the major reasons for variations in Profit before tax figures are treatment of foreign exchange gain/ loss, use of effective interest rate method for calculation of rate, fair value changes consequent to transition to Ind AS, treatment of actuarial gains & losses on plan assets, fair value changes in grouping of Mutual Funds etc.

#### 4.2.5 IMPACT ON PROFIT AFTER TAX (PAT)

Profit after Tax (PAT) is the value of the Company's Profitability post calculation of corporate taxes. It is the profit that an entity earns after Income Tax is applied. It is presented in the profit & loss Statement and the objective of PAT is to ascertain the profitability after considering Tax expenses of a unit. PAT is considered as a vital performance indicator of a business.

Following is a detailed account of PAT of select Companies under AS and Ind AS for the financial year 2015-2016

**Table 4.4 Table showing variation of Profit after Tax (PAT) as per AS and Ind AS**

Sl. No.	Entity Name	Sector	Profit After Tax (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	7,546.50	7,780.30	233.80	3.10
2	ITC Limited	Consumer Goods	9,844.71	9,328.37	(-)516.34	(-)5.24
3	Larsen & Toubro Limited	Infrastructure	5,311.46	4,999.58	(-)311.88	(-)5.87
4	Maruti Suzuki India Limited	Automobiles	4,571.40	5,364.30	792.90	17.34
5	NTPC Limited	Electric Utility	10,242.91	10,769.60	526.69	5.14
6	Oil & Natural Gas Corporation Limited	Energy	16,003.65	16,139.93	136.29	0.85
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	(-)1,073.36	(-)1,087.51	(-)14.15	1.32
8	Tata Steel Limited	Engineering	4,900.95	955.65	(-)3,945.30	(-)80.50
9	Tata Consultancy Services Limited	Information Technology	22,882.70	23,075.00	192.30	0.84

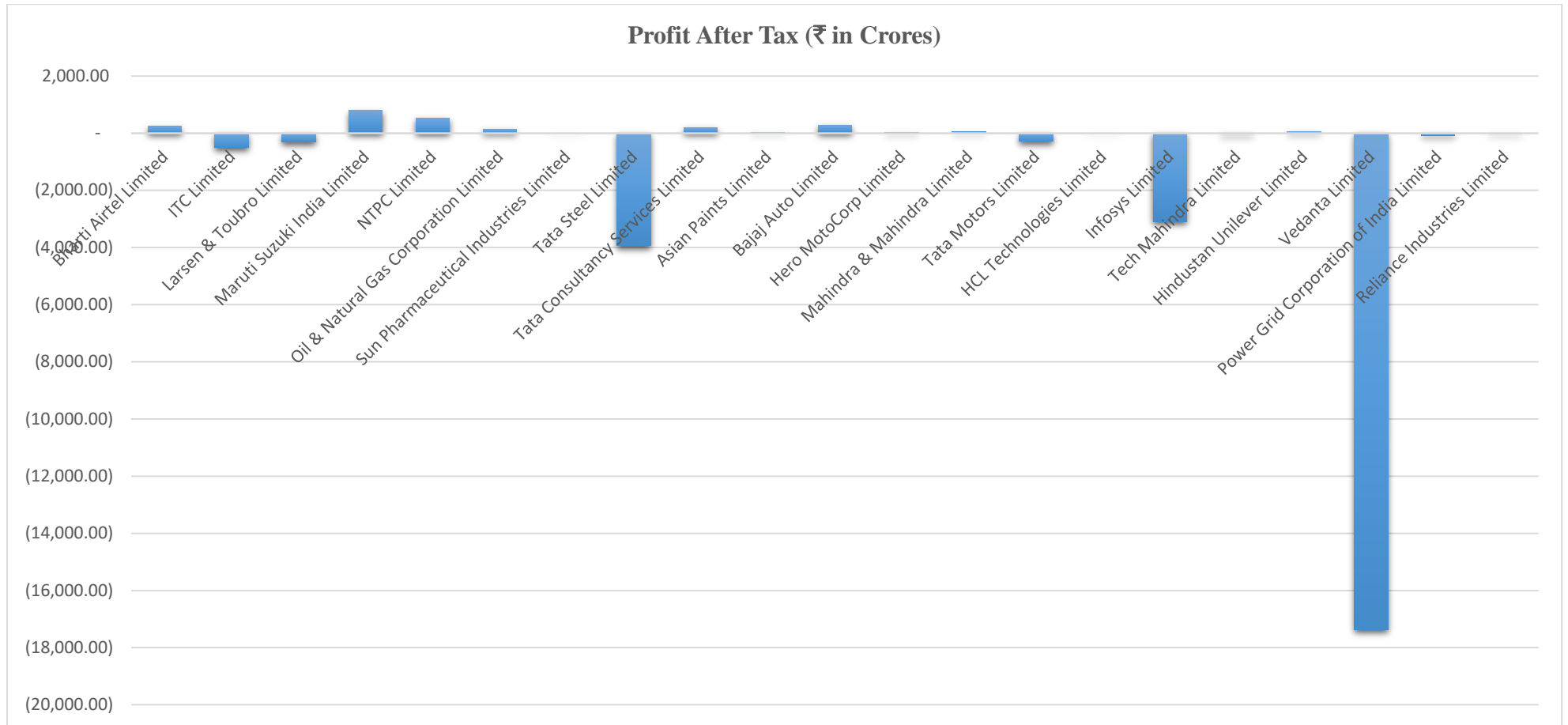


Sl. No.	Entity Name	Sector	Profit After Tax (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
10	Asian Paints Limited	Manufacturing	1,597.43	1,622.81	25.38	1.59
11	Bajaj Auto Limited	Automobiles	3,652.41	3,929.67	277.26	7.59
12	Hero MotoCorp Limited	Automobiles	3,132.37	3,160.19	27.82	0.89
13	Mahindra & Mahindra Limited	Automobiles	3,167.48	3,204.57	37.09	1.17
14	Tata Motors Limited	Automobiles	234.23	(-)62.30	(-)296.53	(-)126.60
15	HCL Technologies Limited	Information Technology	4,733.68	4,719.08	(-)14.60	(-)0.31
16	Infosys Limited	Information Technology	15,786.00	12,693.00	(-)3,093.00	(-)19.59
17	Tech Mahindra Limited	Information Technology	3,220.00	3,172.80	(-)47.20	(-)1.47
18	Hindustan Unilever Limited	Consumer Goods	4,082.37	4,137.00	54.63	1.34
19	Vedanta Limited	Engineering	5,471.88	(-)11,906.23	(-)17,378.11	(-)317.59
20	Power Grid Corporation of India Limited	Electric Utility	6,026.72	5,948.50	(-)78.22	(-)1.30
21	Reliance Industries Limited	Energy	27,417.00	27,384.00	(-)33.00	(-)0.12
<b>Total</b>			<b>1,58,752.49</b>	<b>1,35,328.31</b>	<b>(-)23,424.17</b>	

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.2.6 PICTORIAL REPRESENTATION

The above analysis of Profit after Tax has been presented by way of a pictorial presentation:



**Figure 4.2** Figure showing variation of Profit after Tax (PAT) as per AS and Ind AS

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.2.7 HYPOTHESIS TESTING

The researcher has collected the data related to before and post implementation of Ind AS for the F.Y. 2015-2016 of selected companies' w.r.t. various financial parameters and for testing the significance, paired T-Test has been applied. The scholar has formulated two hypothesis i.e. null hypothesis and alternative hypothesis for the objective of studying secondary data.

#### Hypothesis 2: Profit after Tax (PAT)

*H<sub>0A2</sub>: There is no significant impact in the profit after tax figures of sample companies post implementation of Ind AS.*

*H<sub>1A2</sub>: There is a significant impact in the profit after tax figures of sample companies post implementation of Ind AS.*

Hypothesis 2 examines the impact of Ind AS implementation on the after tax profit of selected entities.

**Table 4.5: Table showing T Test values for Profit after tax for the year 2015-2016**

Profit After Tax (PAT)	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	t	df	Sig. (P-Value)
AS	21	7559.64	7297.51	1592.45	1115.44	1.314	20	0.204
Ind AS	21	6444.21	8414.86	1836.27				

**Source: Researcher's own compilation**

*Note: The financial data shows greater variation and hence the standard deviation is greater than mean for Ind AS values. Also, there are both positive (Profit) and negative (Loss) figures in the financial data resulting in higher standard deviation than mean for Ind AS values.*

The mean figure of AS values is 7559.64 and Ind AS values is 6444.21. Mean difference of both AS and Ind AS values is 1115.44. The Standard Deviation values for AS is 7297.51 and the same for Ind AS is 8414.86. Difference between AS and Ind AS values for Profit after tax reveals that there is no significant difference and the calculated  $t = 1.314$ , ( $P = 0.204$ ) is smaller than tabulated value of  $t = 2.086$  at  $df = 20$  at 5% level of significance. Thus we accept the Null Hypothesis and conclude that there is no major impact in the PAT figures of sample entities after implementation of new standards.

#### 4.2.8 ANALYSIS OF REASONS FOR VARIATIONS IN PROFIT AFTER TAX (PAT)

**Table 4.6 Table showing analysis of reasons for variations in Profit after Tax**

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
1	Bharti Airtel Limited	233.80	1. During the period the entity has recognised the resulting deferred tax implications on the effect due to modifications to Asset Retirement Obligations, effect of discounting on Interest Free Loans given by Parent to its subsidiaries, effect of discounting on Non-Current Financial Assets & Liabilities, modifications in fair value of derivative contracts etc. Thus, a total adjustment of 19.40 Crores in deferred tax is made.
2	ITC Limited	(-)516.34	<p>1. Amounts invested in Mutual Funds previously classified as Non-Current and shown at cost have been identified at FVTPL. Fair Value changes consequent to transition has been shown in the profit and loss statement.</p> <p>2. Under existing GAAP the net Mark to Market losses on outstanding portfolios of derivative financial instruments used to hedge foreign currency risks were reported in the profit or loss and the net gain, if any were ignored. Under Ind AS the changes are shown in the profit and loss statement.</p> <p>3. As per Ind AS, the actuarial gains and losses related to defined benefit schemes for gratuity and pension plans are reported in OCI and not in profit &amp; loss.</p>
3	Larsen & Toubro Limited	(-)311.88	1. Projects completed through Joint ventures Un-Incorporated (UJV) have been classified under Ind AS 111 and the Company's share in Assets, Liabilities, Income & Expenses of such joint ventures has been consolidated on a line by line basis

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>unlike as a single line item under AS.</p> <p>2. Deferred Tax has been recognised under new system due to temporary differences between tax base and the book base of the related Assets &amp; liabilities. Under I GAAP the same was reported based on timing differences.</p>
4	Maruti Suzuki India Limited	792.90	<p>1. Under Ind AS, Deferred Tax figures have been booked on the modifications pursuant to transition. Further deferred Tax is also recognised on brought forward capital losses and Cash low hedge reserve recognised earlier in books on which no deferred Tax was created under AS regime.</p>
5	NTPC Limited	526.69	<p>1. Few Items of Spare Parts meeting criteria of PPE have been capitalised from Inventories. Hence, depreciation is charged to profit and loss. Also the figure of major overhaul has been capitalised and depreciation has been charged separately.</p> <p>2. Under previous GAAP, transaction cost on borrowings have been charged to income statement or capitalised to property, plant and equipment. Under the new standards the same has been amortised as an item of adjustment to interest charges over the term of loan using the method of Effective Interest Rate.</p> <p>3. Under previous GAAP, liabilities payable for Capital Expenditure etc. are shown at cost and under Ind AS the same are presented as financial liabilities and recorded at amortised amount.</p> <p>4. Land under Finance lease earlier capitalised at value equal to upfront payments made at the time of lease have been now capitalised at present value of the total minimum lease amount disbursements to be compensated over lease term. This has</p>

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>led to significant impact on profits.</p> <p>5. Electricity sale has been presented inclusive of electricity duty in the new standards of Ind AS. Under previous GAAP the same was presented as net of electricity duty.</p> <p>6. Under previous GAAP, deferred Tax Accounting was done using Income Statement approach. However, under Ind AS 12 Deferred Tax accounting has been done using Balance Sheet approach.</p>
6	Oil & Natural Gas Corporation Limited	136.29	<p>1. Revenue from products sale has been presented exclusive of excise duty under earlier standards. Under new standards the same has been presented inclusive of excise duty and excise duty paid is disclosed in the profit and loss statement as part of expenses.</p> <p>2. Loan to subsidiaries has been valued using the method of Effective Interest Rate as per provisions of Ind AS 109.</p> <p>3. Loans given to employees at concessional rate have been valued at Effective Interest Rate as per Ind AS 109.</p> <p>4. Under existing GAAP, the dry dock charges were amortised and presented as other expenditure. Under Ind AS, the charges have been capitalised as portion of rigs and vessels and charged off as depreciation in the profit and loss statement.</p> <p>5. Under Ind AS, Oil and Gas Assets have been adjusted by application of Para D21 of Ind AS 101 resulting in decrease in carrying value of Gas and Oil Assets.</p>

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>6. Actuarial Losses and Gains of Defined benefit Plans have been shown in Other comprehensive Income.</p> <p>7. Deferred Tax due to above adjustments have been done under new system resulting in increase in deferred tax.</p>
7	Sun Pharmaceutical Industries Limited	(-)14.15	<p>1. According to new standards long term provisions have been recorded at present value.</p> <p>2. Separately acquired Intangible Assets have been capitalised under new system. These were not eligible for capitalisation under AS.</p> <p>3. Under AS, doubtful debts provision is booked based on specific amount for incurred losses. Under new system the same has been reported as per the model of expected Credit Loss.</p> <p>4. Under new system, Actuarial losses and gains and return on plan assets etc. are reported in OCI instead of profit or loss unlike under AS where these were forming part of profit or loss.</p> <p>5. Deferred Tax impact on the adjustments to transition resulted in modification in PAT figures.</p>
8	Tata Steel Limited	(-) 3,945.30	<p>1. Premium on redemption and issue discounts and other transaction costs shown directly in equity under the paras of AS have been recognised through the statement of profit and loss using the method of effective interest rate under Ind AS.</p> <p>2. Under Ind AS the company has considered fair value as deemed amount for certain components of PPE resulting in increase in carrying values as compared</p>

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>under AS. The consequential impact on depreciation figure has been recognised.</p> <p>3. Deferred Tax impact on above has been reported using Balance Sheet approach unlike timing difference approach as used earlier.</p>
9	Tata Consultancy Services Limited	192.30	<p>1. The entity has considered to use Ind AS 16 from the date of procurement of PPE and accordingly the modification in method of depreciation has been prospectively done as a change in estimate. This has resulted in rise in PAT.</p> <p>2. Under Ind AS, Actuarial losses and gains and return value on plan assets etc. are booked in OCI instead of profit or loss unlike in case of AS where the same were forming part of profit or loss. This has caused in increase in profit.</p> <p>3. Investments in Government Securities are reported at Fair Value and the resulting modifications of these investments have been booked in the profit and loss statement as applicable.</p> <p>4. There have been deferred Tax impact due to differences between AS and Ind AS.</p>
10	Asian Paints Limited	25.38	<p>1. The variations between the fair value of Non- Current Investments as per Ind AS and the corresponding carrying amount as per financials under AS has caused in increase in the carrying amount and on fair valuation the net gain has been identified in other income in the profit and loss statement.</p> <p>2. Re-measurement value of defined benefit plans under new system has resulted in the rise in PAT.</p> <p>3. Under AS Goodwill was amortised over its useful life span not greater than five years unless justified. Under Ind AS, Goodwill is required to be tested annually for</p>



Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>impairment. The reversal of amortisation expense has caused in increase in profit.</p> <p>4. Deferred Tax impact on above has been reported using Balance Sheet approach unlike Income Statement approach as used earlier.</p>
11	Bajaj Auto Limited	277.26	<p>1. Under Ind AS few debt instruments have been re-measured at cost minus pre acquisition interest and amortisation has been reworked. Such modifications have been reported in the profit and loss statement.</p> <p>2. Under new system the variation between Sales tax deferral figure and the fair value figure has been reported as Government Grant on the basis of straight line for the period of grant and unwinding of interest on fair value figures of sales tax deferral liability has been identified as finance cost.</p> <p>3. Under Ind AS, Actuarial losses and gains and return on plan assets etc. are reported in OCI and not in profit or loss unlike in case of AS where the same were forming part of profit or loss.</p> <p>4. Deferred Tax impact on above Ind AS Transition adjustments have caused change in PAT.</p>
12	Hero MotoCorp Limited	27.82	<p>1. As per new standards leasehold land has been treated as operating lease as against fixed assets under AS. This has caused change in Rent expense and depreciation.</p> <p>2. Under Ind AS, Actuarial losses and gains and return on plan assets etc. are disclosed in OCI and not in profit or loss unlike in case of AS where the same were forming part of profit or loss.</p>

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>3. Under Ind AS provision for warranty is shown at present value figure and it had been recognised without discounting under AS. This has caused in rise in Profit after tax.</p> <p>4. Under Ind AS revenue deferment on future performances has caused in increase in Profit before Tax.</p> <p>5. Under Ind AS Mark to market gain of derivative contracts are reported in the financials unlike in case of AS. This has caused rise in PBT.</p> <p>6. Impact of Deferred Tax on above adjustments have resulted in modification in PAT.</p>
13	Mahindra & Mahindra Limited	37.09	<p>1. Under Ind AS fair valuation of fixed maturity plans investments and other mutual funds have caused changes in fair values and reported in the profit and loss statement.</p> <p>2. The variation between the fair value of Non- Current Investments as per Ind AS and the corresponding carrying amount as per financials under AS has caused increase in the carrying amount and on fair valuation the net gain has been disclosed in other income in the statement of profit and loss.</p> <p>3. Deferred Tax on above adjustments have impacted in change in PAT.</p>
14	Tata Motors Limited	(-)296.53	<p>1. Mutual Funds Investment earlier shown as Non-Current and disclosed at cost have been considered at Fair Value through Profit or Loss. Fair Value changes consequent to transition has been shown in the profit and loss statement.</p>

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>2. Provision against Trade Receivable has been made under method of Expected Credit Loss under Ind AS 109. Under AS the same was made when the receivable turned doubtful on a case to case basis.</p> <p>3. Under Ind AS all exchange differences have been accounted in the profit and loss statement in the time in which they arise. This has caused change in PBT.</p> <p>4. Deferred Taxes on undistributed earnings of joint operations and intra company adjustments with joint operations were not recorded under AS. The same is shown under new system resulting in modification in PAT.</p>
15	HCL Technologies Limited	(-)14.60	<p>1. Under new standards, Actuarial losses and profits and return on plan assets etc. are shown in other comprehensive income instead of profit or loss unlike in case of AS where the same were forming part of profit or loss.</p> <p>2. Under new system the figures of fair value of share options are determined and recognised as expense over the period of vesting. Under new standards the company recognised the intrinsic value of share options as expense over the time frame of vesting. Hence additional expense has been shown in the statement of profit and loss.</p> <p>3. Deferred Tax impact on above modifications have caused change in PAT.</p> <p>4. Under AS, Interest and Penalties levied under Tax legislations were treated as expenses in calculating PBT. Under Ind AS the same has been booked as Tax Expense and hence caused change in Tax Expense and PAT.</p>

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
16	Infosys Limited	(-)3,093.00	<p>1. Under new system, actuarial profits and losses have been disclosed in OCI and not charged to profit and loss in subsequent period.</p> <p>2. Unamortised negative service cost of past periods arising on modification of the gratuity plan in an earlier period have been adjusted.</p> <p>3. Use of discounting on deferred consideration and contingent consideration payable for business combination have been adjusted.</p> <p>4. As per provisions of Ind AS, profit on transfer of business between units under common control which is an item of exceptional nature has been reversed and has been considered in business transfer reserve account.</p>
17	Tech Mahindra Limited	(-)47.20	<p>1. Long Term Investments in Unquoted and Quoted Equity shares have been identified at Fair Value and accordingly the difference has been recognised.</p> <p>2. Change in the technique of Stock valuation compensation cost from method of intrinsic value to method of fair value using appropriate pricing model over the vesting period has resulted in decrease of profit.</p>
18	Hindustan Unilever Limited	54.63	<p>1. Fair valuation for items of Plan Asset has caused re measurement Gain/ (loss) and has been thus identified in the profit and loss statement.</p> <p>2. Changes in Fair Value figures in grouping of Mutual Funds have been shown in the Profit and Loss statement.</p> <p>3. The Interest cost on unwinding of discount and impact of modification in discount rate applied for valuation of Non-Current Liabilities have been disclosed in the</p>

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>Profit and Loss statement.</p> <p>4. Interest on Income Tax Refund was earlier recognised as Other Income and have been disclosed as a component of expenses of Income Tax under the new system.</p> <p>5. Deferred Tax impact on above has been identified using Balance Sheet approach unlike Income Statement approach as used earlier.</p> <p>6. Under AS, Interest on Income Tax Refund was recognised as other Income. Under new standards the same is recognised as a portion of Income Tax Expense resulting in modification in PAT.</p>
19	Vedanta Limited	(-)17,378.11	<p>1. Under Ind AS fair valuation technique of investments have caused changes in fair values and reported in the profit and loss statement.</p> <p>2. Under Ind AS the company has recognised amortisation of Gas and Oil Assets as per the depletion policy. Also, impairment of Gas and Oil Assets and investment in subsidiaries have been reported consequent to decline in oil prices resulting in modification in Profit before Tax.</p> <p>3. Deferred Tax impact on above has been identified using Balance Sheet approach unlike Income Statement approach as used earlier.</p>
20	Power Grid Corporation of India Limited	(-)78.22	<p>1. Under new standards, Actuarial profits and losses and plan assets returns etc. are presented in OCI instead of profit or loss unlike in the matter of AS where they were forming part of profit or loss.</p> <p>2. Retention amount on Capital Expenditure have been disclosed at fair value. The</p>

Sl. No.	Entity Name	Variations in Profit after Tax post implementation (₹ in Crores)	Reasons for variations in Profit after Tax
			<p>profit has decreased due to charging of notional interest on retention money liability.</p> <p>3. Under new system few items of spares have been capitalised touching the criteria of qualifying Assets. The corresponding depreciation have been presented in the profit and loss statement.</p> <p>4. Restatement due to prior period error has caused fall in profit.</p>
21	Reliance Industries Limited	(-)33.00	<p>1. Modification in accounting Policy from Full Cost Method to Successful Efforts Method has caused depletion and write offs and is shown in the profit and loss statement.</p> <p>2. Under Ind AS the entity has valued certain financial assets at fair value. The effect of changes in the figure of fair value have been shown in the profit and loss.</p> <p>3. Under Ind AS the transaction charges and Loan processing Fees are considered for calculating effective interest rate. The net impact have been presented in the profit and loss statement.</p>

*Source: Published Annual Reports of Sample Companies for the financial year 2016-2017*

Thus from the above it is observed that the major cause of variation in PAT figures can be attributed to treatment of deferred tax calculations for temporary differences between the book base and the tax base for the relevant items of assets & liabilities, treatment of revenue inclusive of excise duty, measurement of long term provisions at present value, deferred tax impact on Ind AS transition adjustments, treatment of provision against trade receivable under expected credit loss method, treatment of interest on Income Tax Refund, measurement of certain items of Property, Plant & Equipment at its fair value on the transition date etc.

### 4.3 IMPACT ON PROPERTY PLANT & EQUIPMENT (PPE) & CAPITAL WORK IN PROGRESS (CWIP)

Property, Plant & Equipment & Capital Work in Progress is an integral component of the Balance Sheet. It enables the stakeholders of the financial statements to analyse the information about an entity's investment in its Property, Plant & Equipment together with Capital Work in Progress and the variations in such investment.

A detailed scrutiny of the audited financial reports of the sample entities has been done to comprehend the effect of implementation of Ind AS on the reported PPE & CWIP figures.

Following is a detailed position of PPE & CWIP of select Companies under AS and new standards for the financial year 2015-2016.

**Table 4.7 Table showing variation of Property, Plant & Equipment and Capital Work in Progress as per AS and Ind AS**

Sl. No.	Entity Name	Sector	Property, Plant & Equipment and Capital Work in Progress (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	33,981.40	34,126.10	144.70	0.43
2	ITC Limited	Consumer Goods	16,286.85	15,980.38	(-)306.47	(-)1.88
3	Larsen & Toubro Limited	Infrastructure	7,371.28	7,383.11	11.83	0.16
4	Maruti Suzuki India Limited	Automobiles	13,427.80	13,170.00	(-)257.80	(-)1.92
5	NTPC Limited	Electric Utility	1,57,571.86	1,57,704.95	133.09	0.08
6	Oil & Natural Gas Corporation Limited	Energy	1,19,830.58	1,10,883.73	(-)8,946.85	(-)7.47
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	4,280.63	4,281.74	1.11	0.03
8	Tata Steel Limited	Engineering	51,855.14	77,735.06	25,879.92	49.91

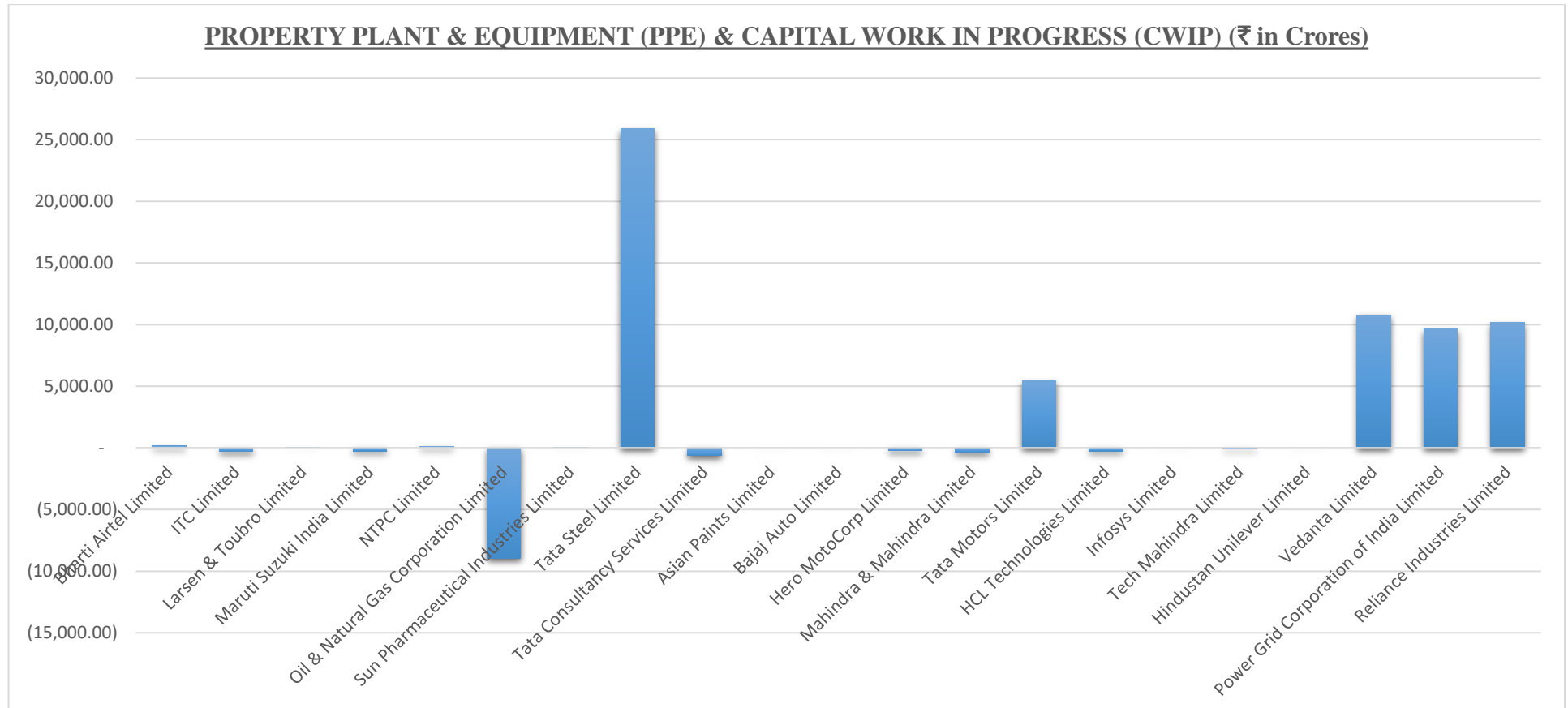
Sl. No.	Name of the Company	Sector	Property, Plant & Equipment and Capital Work in Progress (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
9	Tata Consultancy Services Limited	Information Technology	11,331.06	10,696.00	(-)635.06	(-)5.60
10	Asian Paints Limited	Manufacturing	2,625.76	2,625.76	--	--
11	Bajaj Auto Limited	Automobiles	1,963.27	1,963.27	--	--
12	Hero MotoCorp Limited	Automobiles	4,006.19	3,753.80	(-)252.39	(-)6.30
13	Mahindra & Mahindra Limited	Automobiles	7,137.50	6,777.26	(-)360.24	(-)5.05
14	Tata Motors Limited	Automobiles	13,722.49	19,131.20	5,408.71	39.41
15	HCL Technologies Limited	Information Technology	3,655.87	3,398.36	(-)257.51	(-)7.04
16	Infosys Limited	Information Technology	9,182.00	9,182.00	--	--
17	Tech Mahindra Limited	Information Technology	2,907.20	2,804.60	(-)102.60	(-)3.53
18	Hindustan Unilever Limited	Consumer Goods	3,300.70	3,300.70	--	--
19	Vedanta Limited	Engineering	44,246.20	55,010.52	10,764.32	24.33
20	Power Grid Corporation of India Limited	Electric Utility	1,49,108.59	1,58,737.48	9,628.89	6.46
21	Reliance Industries Limited	Energy	2,38,289.00	2,48,448.00	10,159.00	4.26
<b>Total</b>			<b>8,96,081.37</b>	<b>9,47,094.02</b>	<b>51,012.65</b>	<b>5.69</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*



### 4.3.1 PICTORIAL REPRESENTATION

The above analysis of Property, Plant & Equipment & Capital Work in Progress has been presented by way of a pictorial presentation.



**Figure 4.3 Figure showing variation of Property, Plant & Equipment and Capital Work in Progress as per AS and Ind AS**

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

### 4.3.2 HYPOTHESIS TESTING

The researcher has collected the data pertaining to before and post implementation of Ind AS for the year 2015-16 of selected entities w.r.t. various financial parameters and for testing the significance, paired T-Test has been applied. Two hypothesis i.e. null hypothesis and alternative hypothesis have been considered for the scrutiny of secondary data.

#### **Hypothesis 3: Property Plant & Equipment (PPE) & Capital Work in Progress (CWIP)**

*H<sub>0A3</sub>: There is no significant impact in the PPE & CWIP figures of sample companies post implementation of Ind AS.*

*H<sub>1A3</sub>: There is a significant impact in the PPE & CWIP figures of sample companies post implementation of Ind AS.*

Hypothesis 3 examines the impact of Ind AS implementation on the Property, Plant & Equipment and Capital Work in Progress of sample companies.

**Table 4.8: Table showing T Test values for Property, Plant & Equipment and Capital Work in Progress for the year 2015-2016**

PPE & CWIP	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	t	df	Sig. (P-Value)
AS	21	42670.54	65877.96	14375.75	(-)2429.14	-1.600	20	0.125
Ind AS	21	45099.68	68109.25	14862.66				

*Source: Researcher's own compilation*

*Note: The financial data shows greater variation and so the standard deviation is higher than mean for AS & Ind AS values.*

The mean figure of AS values is 42670.54 and Ind AS values is 45099.68. Mean difference of both AS and Ind AS values is (-) 2429.14. The values of Standard Deviation for AS is 65877.96 and the corresponding figures for Ind AS is 68109.25. Difference between AS and Ind AS values for Property, Plant & Equipment and Capital Work in Progress reveals that there is no significant difference and the calculated  $t = -1.600$ , ( $P=0.125$ ) is lower than tabulated value of  $t = 2.086$  at  $df=20$  at 5% level of significance. Thus we accept the Null Hypothesis and determine that there is absence of significant impact in the Property, Plant & Equipment and Capital Work in Progress values of sample entities after implementation of Ind AS.

#### 4.2.3 ANALYSIS OF REASONS FOR VARIATIONS IN PROPERTY, PLANT & EQUIPMENT (PPE) AND CAPITAL WORK IN PROGRESS (CWIP)

**Table 4.9 Table showing analysis of reasons for variations in Property, Plant & Equipment and Capital work in Progress**

Sl. No.	Entity Name	Variation in Property, Plant & Equipment and Capital Work in Progress post implementation (₹ in Crores)	Reasons for variations in Property, Plant & Equipment and Capital Work in Progress
1.	Bharti Airtel Limited	144.70	1. Changes in decommissioning, restoration & other liabilities. 2. Decapitalisation of Foreign Exchange Gains/ Losses pursuant to use of new standards.
2.	ITC Limited	(-)306.47	1. Leasehold properties considered as prepayments within non-current assets instead of PPE and amortised over the time period of lease.
3.	Larsen & Toubro Limited	11.83	1.Usage of provisions of Ind AS 111- Joint Ventures
4.	Maruti Suzuki India Limited	(-)257.80	1. No Explanation was given by the entity in the financials.

Sl. No.	Entity Name	Variation in Property, Plant & Equipment and Capital Work in Progress post implementation (₹ in Crores)	Reasons for variations in Property, Plant & Equipment and Capital Work in Progress
5.	NTPC Limited	133.09	<p>1. Capitalisation of key overhauls with related reversal of repair &amp; maintenance expenses, transaction value alteration, and amortisation of leased land considered as finance lease.</p> <p>2. Capitalisation of stores and spares and related reversal of repair &amp; maintenance charges.</p>
6.	Oil & Natural Gas Corporation Limited	(-)8,946.85	<p>1. Application of discounting to decommissioning provisions.</p> <p>2. Classification of Leasehold Land for perpetual period as finance lease.</p> <p>3. Leasehold properties grouped as prepayments within items of non-current assets instead of PPE and amortised over the time frame of lease.</p> <p>4. Capitalisation of Dry Dock expenses.</p>
7.	Sun Pharmaceutical Industries Limited	1.11	<p>1. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to usage of new standard.</p>
8.	Tata Steel Limited	25,879.92	<p>1. Treatment of fair Value amount as deemed figure on transition date for certain Items of PPE resulting in uplift in carrying value and additional depreciation.</p>

Sl. No.	Entity Name	Variation in Property, Plant & Equipment and Capital Work in Progress post implementation (₹ in Crores)	Reasons for variations in Property, Plant & Equipment and Capital Work in Progress
9.	Tata Consultancy Services Limited	(-)635.06	1. Change in technique of charging depreciation from WDV to SLM. This has been considered prospectively as a modification in accounting estimate.
10.	Asian Paints Limited	--	N.A.
11.	Bajaj Auto Limited	--	N.A.
12.	Hero MotoCorp Limited	(-)252.39	1.Under new system leasehold land has been treated as operating nature of lease as opposed to PPE under AS. This has caused modification in depreciation.
13.	Mahindra & Mahindra Limited	(-)360.24	1. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to usage of Ind AS 21.
14.	Tata Motors Limited	5,408.71	1. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to use of Ind AS.

Sl. No.	Entity Name	Variation in Property, Plant & Equipment and Capital Work in Progress post implementation (₹ in Crores)	Reasons for variations in Property, Plant & Equipment and Capital Work in Progress
15.	HCL Technologies Limited	(-)251.51	1. Classification of Leasehold Land as Operating nature of lease has caused reclassification of expenses from depreciation to rent expense.
16.	Infosys Limited	--	N.A.
17.	Tech Mahindra Limited	(-)102.60	1. Treatment of fair Value amount as deemed cost on transition date for certain Items of Property, Plant & Equipment resulting in increase in carrying value and additional depreciation.
18.	Hindustan Unilever Limited	--	N.A.
19.	Vedanta Limited	10,764.32	1. Treatment of fair Value amount as deemed cost on transition date for certain Items of Property, Plant & Equipment resulting in uplift in carrying value and additional depreciation. 2. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to usage of Ind AS 21.
20.	Power Grid Corporation of India Limited	9,628.89	1. Bilateral Lines have been assessed as finance lease pursuant to use of new standards. The same were treated as portion of Property, Plant & Equipment under existing AS.

Sl. No.	Entity Name	Variation in Property, Plant & Equipment and Capital Work in Progress post implementation (₹ in Crores)	Reasons for variations in Property, Plant & Equipment and Capital Work in Progress
21.	Reliance Industries Limited	10,159.00	1. Under existing AS the Asset Retiring obligations were reported at Cost. This is recorded at fair Value figure under the new system.

*Source: Published Annual Audited Financials of Sample Companies for the financial year 2016-2017*

Thus it can be understood that the key cause of change in Property, Plant & Equipment figures can be attributed to decapitalization of foreign exchange gains / losses as per usage of Ind AS 21, capitalization of stores and spares, application of discounting to decommissioning provisions, classification of leasehold land as operating lease, treatment of fair value amount as deemed cost of PPE on point of transition etc.

#### **4.4 IMPACT ON TOTAL ASSETS**

The term Total Assets comprises of Current and Non-Current Assets. As per Ind AS regime there had been a number of structural modifications in the classification and arrangement of Total Assets in line with the Schedule-III of the Companies Act, 2013.

A detailed study of the Annual Reports of the sample entities has been carried out to comprehend the effect of implementation of Ind AS on the reported Total Assets figures.

Following is a detailed version of Total Assets of select Companies under AS and Ind AS for the year 2015-2016.

**Table 4.10 Table showing variation of Total Assets as per AS and Ind AS**

Sl. No.	Entity Name	Sector	Total Assets (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	1,61,938.80	1,85,028.00	23,089.20	14.26
2	ITC Limited	Consumer Goods	49,518.43	50,031.28	512.85	1.04
3	Larsen & Toubro Limited	Infrastructure	97,069.71	99,620.95	2,551.24	2.63
4	Maruti Suzuki India Limited	Automobiles	39,195.60	41,940.00	2,744.40	7.00
5	NTPC Limited	Electric Utility	2,14,619.26	2,15,138.32	519.06	0.24
6	Oil & Natural Gas Corporation Limited	Energy	2,20,105.77	2,21,876.85	1,771.08	0.80
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	34,189.93	34,266.46	76.53	0.22
8	Tata Steel Limited	Engineering	1,23,208.15	1,05,114.46	(-)18,093.69	(-)14.69
9	Tata Consultancy Services Limited	Information Technology	77,668.54	77,417.00	(-)251.54)	(-)0.32
10	Asian Paints Limited	Manufacturing	8,364.15	8,724.95	360.80	4.31
11	Bajaj Auto Limited	Automobiles	15,672.76	16,486.50	813.74	5.19
12	Hero MotoCorp Limited	Automobiles	12,340.69	12,572.86	232.17	1.88
13	Mahindra & Mahindra Limited	Automobiles	36,412.34	35,499.57	(-)912.77	(-)2.51

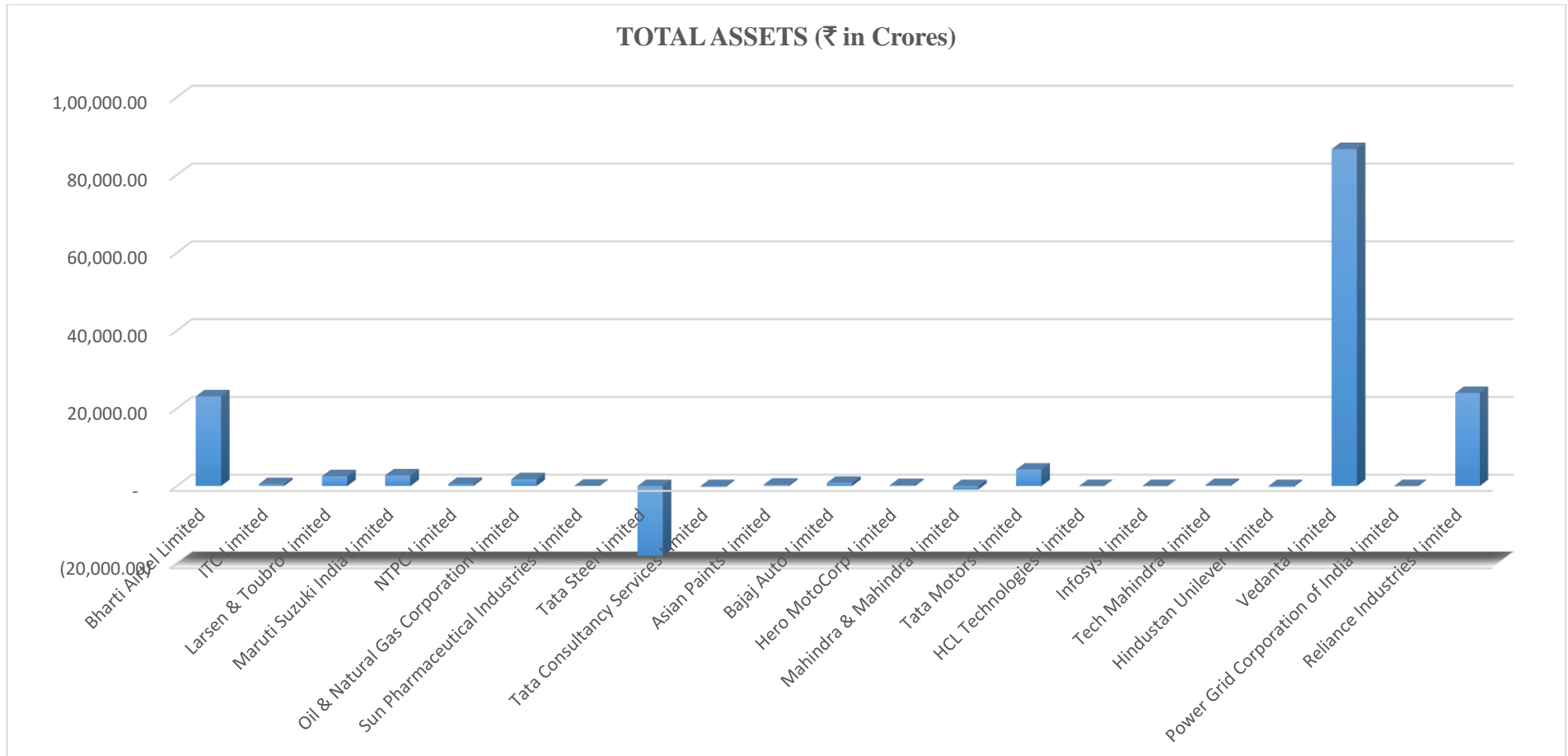


Sl. No.	Entity Name	Sector	Total Assets (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
14	Tata Motors Limited	Automobiles	52,426.25	56,676.00	4,249.75	8.11
15	HCL Technologies Limited	Information Technology	26,600.38	26,588.04	(-)12.34	(-)0.05
16	Infosys Limited	Information Technology	72,767.00	72,732.00	(-)35.00	(-)0.05
17	Tech Mahindra Limited	Information Technology	20,649.90	20,894.30	244.40	1.18
18	Hindustan Unilever Limited	Consumer Goods	14,167.03	13,920.00	(-)247.03	(-)1.74
19	Vedanta Limited	Engineering	95,979.23	1,82,624.41	86,645.18	90.27
20	Power Grid Corporation of India Limited	Electric Utility	1,78,428.92	1,78,409.25	(-)19.67	(-)0.01
21	Reliance Industries Limited	Energy	4,57,720.00	4,81,674.00	23,954.00	5.23
<b>Total</b>			<b>20,09,042.84</b>	<b>21,37,235.20</b>	<b>1,28,192.36</b>	<b>6.38</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### **4.4.1 PICTORIAL REPRESENTATION**

The above analysis of Total Assets has been presented by way of a pictorial presentation:



**Figure 4.4 Figure showing variation of Total Assets as per AS and Ind AS**

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.4.2 IMPACT ON TOTAL LIABILITIES

Total Liabilities comprises of Current and Non-Current Liabilities. Under the new regime there had been a number of structural modifications in the classification and arrangement of Total Liabilities as per the requirements of the Schedule-III of the Companies Act, 2013.

A detailed study of the Annual Reports of the sample entities has been carried out to comprehend the effect of implementation of Ind AS on the reported Total Liabilities figures.

Following is a detailed version of Total Liabilities of select Companies under AS and Ind AS for the year 2015-2016.

**Table 4.11 Table showing variation of Total Liabilities as per AS and Ind AS**

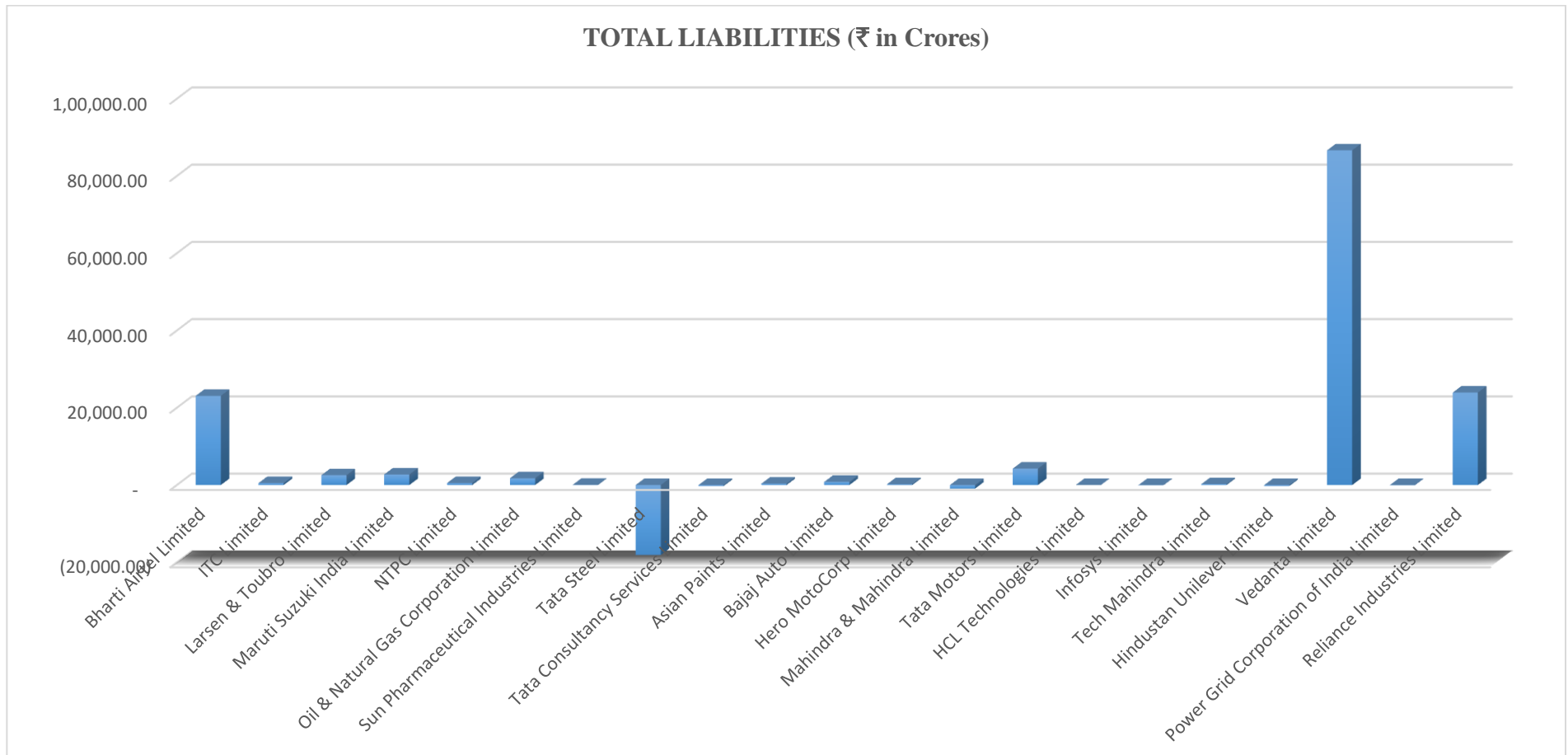
Sl. No.	Entity Name	Sector	Total Liabilities (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	1,61,938.80	1,85,028.00	23,089.20	14.26
2	ITC Limited	Consumer Goods	49,518.43	50,031.28	512.85	1.04
3	Larsen & Toubro Limited	Infrastructure	97,069.71	99,620.95	2,551.24	2.63
4	Maruti Suzuki India Limited	Automobiles	39,195.60	41,940.00	2,744.40	7.00
5	NTPC Limited	Electric Utility	2,14,619.26	2,15,138.32	519.06	0.24
6	Oil & Natural Gas Corporation Limited	Energy	2,20,105.77	2,21,876.85	1,771.08	0.80
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	34,189.93	34,266.46	76.53	0.22
8	Tata Steel Limited	Engineering	1,23,208.15	1,05,114.46	(-)18,093.69	(-)14.69

Sl. No.	Entity Name	Sector	Total Liabilities (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
9	Tata Consultancy Services Limited	Information Technology	77,668.54	77,417.00	(-)251.54	(-)0.32
10	Asian Paints Limited	Manufacturing	8,364.15	8,724.95	360.80	4.31
11	Bajaj Auto Limited	Automobiles	15,672.76	16,486.50	813.74	5.19
12	Hero MotoCorp Limited	Automobiles	12,340.69	12,572.86	232.17	1.88
13	Mahindra & Mahindra Limited	Automobiles	36,412.34	35,499.57	(-)912.77	(-)2.51
14	Tata Motors Limited	Automobiles	52,426.25	56,676.00	4,249.75	8.11
15	HCL Technologies Limited	Information Technology	26,600.38	26,588.04	(-)12.34	(-)0.05
16	Infosys Limited	Information Technology	72,767.00	72,732.00	(-)35.00	(-)0.05
17	Tech Mahindra Limited	Information Technology	20,649.90	20,894.30	244.40	1.18
18	Hindustan Unilever Limited	Consumer Goods	14,167.03	13,920.00	(-)247.03	(-)1.74
19	Vedanta Limited	Engineering	95,979.23	1,82,624.41	86,645.18	90.27
20	Power Grid Corporation of India Limited	Electric Utility	1,78,428.92	1,78,409.25	(-)19.67	(-)0.01
21	Reliance Industries Limited	Energy	4,57,720.00	4,81,674.00	23,954.00	5.23
<b>Total</b>			<b>20,09,042.84</b>	<b>21,37,235.20</b>	<b>1,28,192.36</b>	<b>6.38</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

### 4.4.3 PICTORIAL REPRESENTATION

The above analysis of Total Liabilities has been presented by way of a pictorial presentation:



**Figure 4.5 Figure showing variation of Total Liabilities as per AS and Ind AS**

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.4.4 HYPOTHESIS TESTING

The researcher has collected the data related to pre and after implementation of Ind AS for the F.Y. 2015-16 of selected companies w.r.t. various parameters of financial statements and for testing the significance, paired T-Test has been applied. The researcher has formulated two hypothesis i.e. null hypothesis and alternative hypothesis for the requirement of analysis of secondary data.

##### **Hypothesis 4: Total Assets & Total Liabilities**

*H<sub>0A4</sub>: There is no significant impact in the Total Assets & Total Liabilities figures of sample companies post implementation of Ind AS.*

*H<sub>1A4</sub>: There is a significant impact in the Total Assets & Total Liabilities figures of sample companies post implementation of Ind AS.*

Hypothesis 4 evaluates the impact of Ind AS implementation on the Total Assets & Total Liabilities of sample companies.

**Table 4.12: Table showing T Test values for Total Assets and Total Liabilities for the year 2015-2016**

Total Assets & Total Liabilities	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	T	df	Sig. (P-Value)
AS	21	95668.71	106313.00	23199.48	(-)6104.40	-1.382	20	0.182
Ind AS	21	101773.10	112569.00	24564.60				

*Source: Researcher's own compilation*

*Note: The financial data shows greater variation and hence the standard deviation is higher than mean for AS & Ind AS values.*

The mean value of AS values is 95668.71 and Ind AS values is 101773.10. Mean difference of both AS and Ind AS values is (6104.40). The Standard Deviation values for AS is 106313.00 and the same for Ind AS is 112569.00. Difference between AS and Ind AS values for Total Assets reveals that there is no significant difference and the calculated  $t = -1.382$ , ( $P = 0.182$ ) is smaller than tabulated value of  $t = 2.086$  at  $df = 20$  at 5% level of significance. Thus we accept the Null Hypothesis and determine that there is no significant impact in the Total Assets & Total Liabilities figures of sample companies after implementation of Ind AS.

#### 4.4.5 ANALYSIS OF REASONS FOR VARIATIONS IN TOTAL ASSETS

**Table 4.13 Table showing analysis of reasons for variations in Total Assets**

Sl. No.	Entity Name	Variation in Total Assets Post Implementation (₹ in Crores)	Reasons for Variation in Total Assets
1.	Bharti Airtel Limited	23,089.20	<p>1. Changes in decommissioning, restoration &amp; other liabilities.</p> <p>2. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to usage of Ind AS 21.</p> <p>3. Certain Non-Current Assets being measured at Present Value as per paras of Ind AS unlike cost under existing AS.</p> <p>4. Under earlier AS, Investment in subsidiaries were reported at Cost as against fair value as per paras of Ind AS.</p> <p>5. Current Investments were measured at smaller of cost or fair value under previous AS. However, under Ind AS such assets have been reported at their fair value which is higher than its cost as per previous AS.</p> <p>6. Consequential implications of deferred tax of above adjustments.</p>
2.	ITC Limited	512.85	<p>1. Leasehold properties identified as prepayments within non-current assets instead of PPE and amortised over the lease period.</p> <p>2. Current Investments were measured at smaller of cost or fair value under previous AS. However, under Ind AS such assets have been reported at their fair value which is higher than its cost as per previous AS.</p> <p>3. The entity has adopted the carrying amount of Investments in subsidiaries, joint</p>

Sl. No.	Entity Name	Variation in Total Assets Post Implementation (₹ in Crores)	Reasons for Variation in Total Assets
			ventures and associates as per earlier AS in the Ind AS financials as deemed amount on the transition date.
3.	Larsen & Toubro Limited	2,551.24	<ol style="list-style-type: none"> <li>1. Application of Ind AS 111- Joint Ventures</li> <li>2. The Company has adopted the carrying figures of PPE and Investment Property as per previous GAAP in the Ind AS financials as deemed cost on the point of transition.</li> </ol>
4.	Maruti Suzuki India Limited	2,744.40	<ol style="list-style-type: none"> <li>1. The entity has adopted to consider the previous GAAP carrying value of Investments in subsidiaries, Joint ventures and associates in the Ind AS financials as deemed value on the transition date.</li> <li>2. The Company has reported its investment in the previously recognised financial instruments at figures of Fair Value through OCI on the availability of information at the time of transition.</li> </ol>
5.	NTPC Limited	519.06	<ol style="list-style-type: none"> <li>1. Capitalisation of key overhauls with simultaneous reversal of repair &amp; maintenance charges, transaction cost modification, amortisation of leased land considered as finance lease.</li> <li>2. Capitalisation of stores and spares and simultaneous reversal of repair &amp; maintenance charges.</li> <li>3. The Company has reported its investment in the previously recognised financial instruments at figures of Fair Value through OCI on the availability of information at the time of transition.</li> </ol>



Sl. No.	Entity Name	Variation in Total Assets Post Implementation (₹ in Crores)	Reasons for Variation in Total Assets
6.	Oil & Natural Gas Corporation Limited	1,771.08	<ol style="list-style-type: none"> <li>1. Application of discounting to decommissioning provisions.</li> <li>2. Classification of Leasehold Land for perpetual period as finance lease.</li> <li>3. Leasehold properties identified as prepayments within non-current assets instead of PPE and amortised over the period of lease.</li> <li>4. Capitalisation of Dry Dock expenses.</li> <li>5. The entity has elected to apply the impairment requirements as per principles under Ind AS 109 retrospectively.</li> </ol>
7.	Sun Pharmaceutical Industries Limited	76.53	<ol style="list-style-type: none"> <li>1. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to use of Ind AS 21.</li> <li>2. The concern has opted to avail the exemption for Non-Current Assets which are meant for sale and valued such assets at figures of fair value minus cost of sale at transition date and the variation between such amount and carrying value figure is recorded directly to retained earnings.</li> </ol>
8.	Tata Steel Limited	(-)18,093.69	<ol style="list-style-type: none"> <li>1. Treatment of fair Value as deemed amount on transition date for certain Items of PPE resulting in uplift in carrying amount and accordingly additional depreciation.</li> <li>2. The entity has opted to apply fair value figures as deemed cost for investments held in subsidiaries, associates and joint ventures as on date of transition.</li> </ol>
9.	Tata Consultancy Services Limited	(-)251.54	<ol style="list-style-type: none"> <li>1. Modification in technique of depreciation from WDV to SLM. This has been shown prospectively as a modification in accounting estimate.</li> </ol>
10.	Asian Paints Limited	360.80	<ol style="list-style-type: none"> <li>1. The company has opted to implement fair value recognition prospectively for financial instruments wherein fair market values are not existing.</li> <li>2. The entity has considered to apply Ind AS 20-Accounting for Government grants</li> </ol>

Sl. No.	Entity Name	Variation in Total Assets Post Implementation (₹ in Crores)	Reasons for Variation in Total Assets
			and revelation of government assistance and Ind AS 109-Financial Instruments, prospectively.
11.	Bajaj Auto Limited	813.74	<p>1. Under earlier GAAP certain debt instruments were recorded at cost including pre acquisition interest. Under Ind AS, these instruments have been re measured at Cost excluding the pre-acquisition interest and reworking of amortisation accordingly.</p> <p>2. Under previous GAAP, investments in fixed maturity plans and some mutual funds were classified as long term investments or current investments based on period of holding etc. Long Term Investments were carried at cost less provisions for decline and current investments were carried at lower of cost and fair value. Under Ind AS, these investments are reported at figures of fair value.</p>
12.	Hero MotoCorp Limited	232.17	1. As per new system leasehold land has been considered as operating lease as opposed to fixed assets under AS. This has caused change in depreciation.
13.	Mahindra & Mahindra Limited	(-)912.77	<p>1. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to usage of Ind AS 21.</p> <p>2. The entity has taken the exemption under new system to evaluate the applicability of Lease in an arrangement present on the transition date on the basis of circumstances present on transition date rather than at the initiation of the arrangement.</p>
14.	Tata Motors Limited	4,249.75	<p>1. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to usage of Ind AS 21.</p> <p>2. Under earlier GAAP, investments were classified as long term investments or</p>

Sl. No.	Entity Name	Variation in Total Assets Post Implementation (₹ in Crores)	Reasons for Variation in Total Assets
			current investments based on time period of holding etc. Long Term Investments were reported at cost minus provisions for decline and current investments were carried at smaller of cost and fair value. Under Ind AS, these investments are recorded at fair value.
15.	HCL Technologies Limited	(-)12.34	<p>1. Classification of Leasehold Land as Operating lease has resulted in reclassification of expenses from depreciation to rent expense.</p> <p>2. The entity has not availed optional exemption for decommissioning costs considered in the amount of PPE.</p>
16.	Infosys Limited	(-)35.00	1. The entity has opted to designate its equity instruments investments at fair value through OCI on the availability of information present on the date of transition to Ind AS.
17.	Tech Mahindra Limited	244.40	1. Treatment of fair Value as deemed amount on transition date for certain parts of PPE resulting in uplift in carrying amount and additional depreciation.
18.	Hindustan Unilever Limited	(-)247.03	<p>1. The company has considered to measure its financial assets at amortised value or fair value through other comprehensive income on the availability of information present on the transition date.</p> <p>2. Investment in Controlled Trust was presented as Non-Current Investment under earlier AS. Under new system, the same qualifies as Plan asset and has been fair valued.</p>
19.	Vedanta Limited	86,645.18	1. Treatment of fair Value as deemed amount on transition date for certain components of PPE resulting in uplift in carrying amount and additional depreciation.

Sl. No.	Entity Name	Variation in Total Assets Post Implementation (₹ in Crores)	Reasons for Variation in Total Assets
			2. Decapitalisation of Foreign Exchange Gains/ Losses pursuant to application of new standards. 3. The entity has opted to designate its equity instruments investments at fair value through OCI on the availability of information present on the point of transition.
20.	Power Grid Corporation of India Limited	(-)19.67	1. Bilateral Lines have been assessed as finance lease pursuant to application of Ind AS. The same were treated as component of PPE under existing AS.
21.	Reliance Industries Limited	23,954.00	1. Under previous AS the Asset Retiring obligations were reported at Cost. The same is recognised at fair Value under Ind AS.

*Source: Published Annual Audited Financials of Sample Companies for the financial year 2016-2017*

Thus from the above it can be observed that the major cause of change in Total Assets figures can be attributed to changes in decommissioning & restoration liabilities, treatment of fair value for making investment in subsidiaries, deferred tax implications, application of Ind AS 111 on Joint Ventures, classification of leasehold land for perpetuity as finance lease, decapitalization of foreign exchange gains & losses etc.

#### 4.4.6 ANALYSIS OF REASONS FOR VARIATIONS IN TOTAL LIABILITIES

**Table 4.14 Table showing analysis of reasons for variations in Total Liabilities**

Sl. No.	Entity Name	Variations in Total Liabilities Post Implementation (₹ in Crores)	Reasons for variations in Total Liabilities
1.	Bharti Airtel Limited	23,089.20	<p>1. Asset Retirement Obligation has been recorded at the figure of present value and accordingly the consequent depreciation and finance cost has been recognised. The corresponding effect has been presented in equity.</p> <p>2. Certain Non -Current Financial Liabilities under Previous GAAP were measured at cost. The same is now reported using the impact of discounting. The corresponding impact has been presented in equity.</p> <p>3. Proposed Dividend liability has been derecognised with corresponding incline in equity.</p>
2.	ITC Limited	512.85	<p>1. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p>
3.	Larsen & Toubro Limited	2,551.24	<p>1. Under existing GAAP, contracts of financial guarantee were disclosed as contingent liability and commitments. Under new system they are disclosed at amount of Fair value at the inception as per provisions of Ind AS 109 along with accrued guarantee charges.</p> <p>2. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p>
4.	Maruti Suzuki India Limited	2,744.40	<p>1. Fair value measurement of equity instruments investments and mutual funds resulting in variations in retained earnings on the transition date.</p>

Sl. No.	Entity Name	Variations in Total Liabilities Post Implementation (₹ in Crores)	Reasons for variations in Total Liabilities
			2. Proposed Dividend liability has been derecognised with corresponding increase in equity.
5.	NTPC Limited	519.06	1. Financial Liabilities are recorded at amortised value under Ind AS using discounting to present value. The change due to discounting has been modified against retained earnings. 2. Proposed Dividend liability has been derecognised with corresponding incline in equity.
6.	Oil & Natural Gas Corporation Limited	1,771.08	1. The variation in fair value of equity instruments of companies other than subsidiaries, associates & Joint Ventures have been adjusted in equity. 2. Proposed Dividend liability has been derecognised with corresponding rise in equity.
7.	Sun Pharmaceutical Industries Limited	76.53	1. Proposed Dividend liability has been derecognised with corresponding incline in equity. 2. Derivative Instruments were entered into for hedging the foreign currency fluctuation risk. The gains/ Losses on such instruments have been reported at FVTPL.
8.	Tata Steel Limited	(-)18,093.69	1. Proposed Dividend liability has been derecognised with corresponding rise in equity. 2. Hybrid Perpetual Securities have been re identified as equity. 3. Fair Value has been treated as deemed value for investment in subsidiaries. The variation in fair value and carrying amount as on transition date has been modified

Sl. No.	Entity Name	Variations in Total Liabilities Post Implementation (₹ in Crores)	Reasons for variations in Total Liabilities
			against reserves.
9.	Tata Consultancy Services Limited	(-)251.54	1. Proposed Dividend liability has been derecognised with corresponding incline in equity. 2. Under Ind AS, actuarial Gain/ Losses form part of re-measurement of net defined benefit liability is reported in OCI.
10.	Asian Paints Limited	360.80	1. The variation of fair value of Non -Current Investments as per Ind AS and as per previous GAAP resulted in increase in carrying figure of these investments and is disclosed in retained earnings. 2. Proposed Dividend liability has been derecognised with corresponding rise in equity.
11.	Bajaj Auto Limited	813.74	1. Proposed Dividend liability has been derecognised with corresponding increase in equity. 2. The variation of fair value of Non -Current Investments as per Ind AS and as per previous GAAP resulted in increase in carrying figure of these investments and is disclosed in retained earnings.
12.	Hero MotoCorp Limited	232.17	1. Proposed Dividend liability has been derecognised with corresponding incline in equity. 2. Under Ind AS, actuarial Gain/ Losses form part of re-measurement of net defined benefit liability is reported in OCI.

Sl. No.	Entity Name	Variations in Total Liabilities Post Implementation (₹ in Crores)	Reasons for variations in Total Liabilities
13.	Mahindra & Mahindra Limited	(-)912.77	<p>1. Fair Value has been treated as deemed value for investment in subsidiaries. The variation in fair value and carrying amount as on transition date has been modified against reserves.</p> <p>2. Proposed Dividend liability has been derecognised with corresponding growth in equity.</p> <p>3. Certain Non -Current Financial Liabilities as per earlier GAAP were reported at cost. The same is now identified using the impact of discounting. The corresponding impact has been disclosed in equity.</p>
14.	Tata Motors Limited	4,249.75	<p>1. Proposed Dividend liability has been derecognised with corresponding growth in equity.</p> <p>2. Under existing GAAP, financial guarantee contracts were disclosed as contingent liability and commitments. Under Ind AS the same has been reported at Fair value at the inception as per paras of Ind AS 109 along with accrued guarantee charges.</p>
15.	HCL Technologies Limited	(-)12.34	<p>1. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p> <p>2. Under Ind AS the figure of fair value of the Share Options has been calculated using suitable pricing model and reported as an expense over the period of vesting. Hence the fair value adjustment has been reported as a benefit in retained earnings.</p>
16.	Infosys Limited	(-)35.00	<p>1. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p> <p>2. There is an impact of discounting the deferred and contingent consideration payable for various acquisitions.</p> <p>3. The unamortised negative past service cost arising on modification of the gratuity</p>



Sl. No.	Entity Name	Variations in Total Liabilities Post Implementation (₹ in Crores)	Reasons for variations in Total Liabilities
			plan in an earlier period has been adjusted to amount of retained earnings.
17.	Tech Mahindra Limited	244.40	<p>1. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p> <p>2. Under the new scheme the Company's Stock Option Cost applicable to employees of group companies have been considered as capital contribution and accordingly there is an increase in equity.</p>
18.	Hindustan Unilever Limited	(-)247.03	<p>1. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p> <p>2. Certain Non -Current Financial Liabilities under Previous GAAP were measured at cost. The same is now measured using the effect of discounting. The corresponding impact has been disclosed in equity.</p> <p>3. Under Ind AS, actuarial Gain/ Losses form component of re-measurement of net defined benefit liability is disclosed in OCI.</p>
19.	Vedanta Limited	86,645.18	<p>1. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p> <p>2. Fair Value has been treated as deemed amount for investment in subsidiaries. The difference in fair value and carrying amount as on transition date has been grouped against reserves.</p>

Sl. No.	Entity Name	Variations in Total Liabilities Post Implementation (₹ in Crores)	Reasons for variations in Total Liabilities
20.	Power Grid Corporation of India Limited	(-)19.67	<p>1. Measurement of fair value of investment in equity instruments resulting in changes in retained earnings on the transition date.</p> <p>2. Proposed Dividend liability has been derecognised with corresponding incline in equity.</p> <p>3. Under Ind AS Retention money on Capital Expenditure is reported at Fair Value. The corresponding adjustment is done in other equity.</p> <p>4. A prior period Income was recognised which is restated and has resulted in increase in total equity.</p>
21.	Reliance Industries Limited	23,954.00	<p>1. Asset Retirement Obligation has been disclosed at the present value and accordingly the consequent depreciation and finance cost has been recognised. The corresponding effect has been presented in equity.</p> <p>2. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p> <p>3. Fair Value has been treated as deemed amount for investment in subsidiaries. The difference in fair value and carrying value as on date of transition has been adjusted against reserves.</p>

*Source: Published Annual Reports of Sample Companies for the financial year 2016-2017*

Thus from the above it can be understood that the key cause of variation in Total Liabilities figures can be attributed to de recognition of proposed dividend liability, treatment of financial guarantee contracts, treatment of hybrid perpetual securities, treatment of actuarial gains & losses in net defined benefit liability etc.

## 4.5 IMPACT ON INVENTORY

Inventories comprise a major component of the Financials. Inventories are the major component of the Current Assets of an entity and impact the profitability and financial position.

A detailed scrutiny of the Annual Reports of the sample companies has been evaluated to comprehend the effect of Ind AS implementation on the reported Inventories figures.

Following is a detailed account of Inventories of select Companies under AS and Ind AS for the year 2015-2016.

**Table 4.15 Table showing variation of Inventory as per AS and Ind AS**

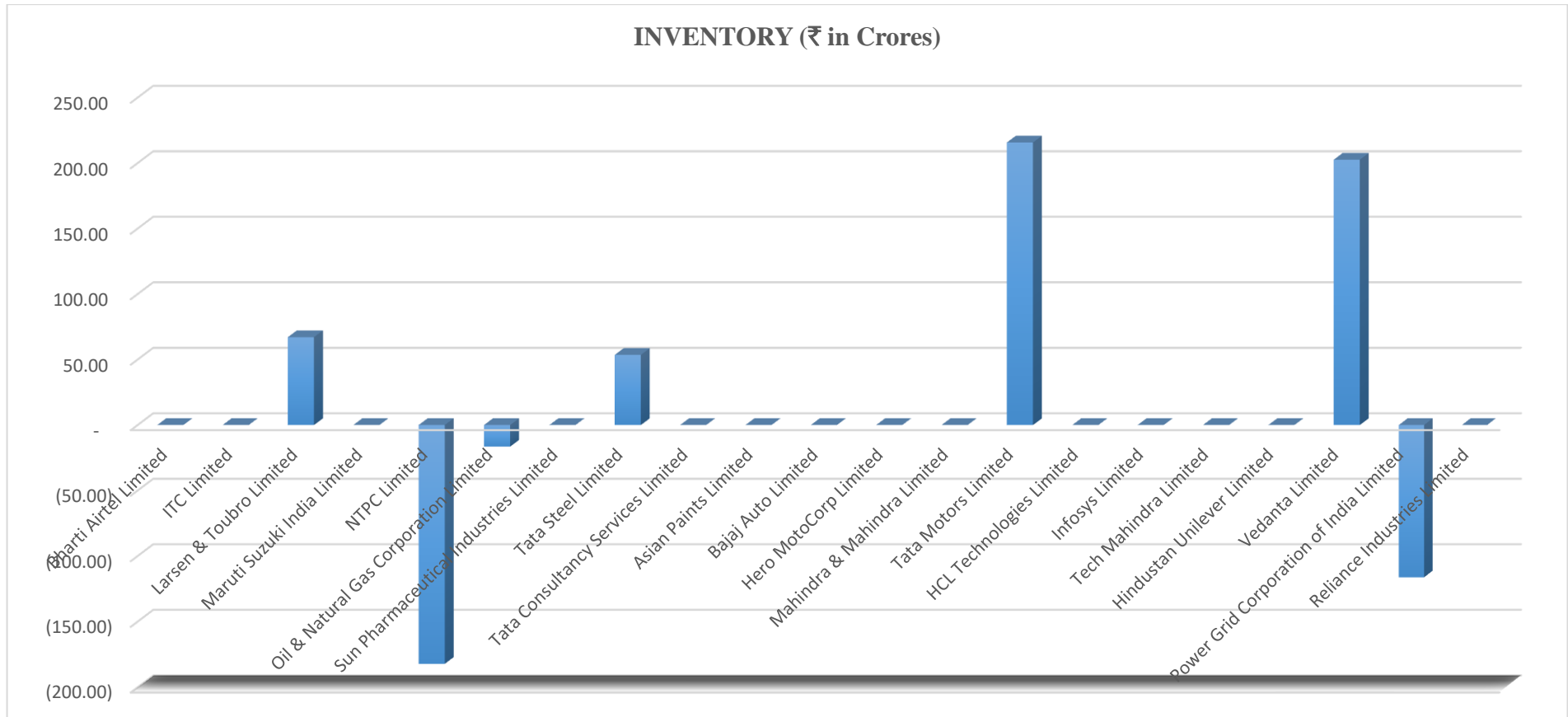
Sl. No.	Entity Name	Sector	Inventory (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	5.30	5.30	--	--
2	ITC Limited	Consumer Goods	8,519.82	8,519.82	--	--
3	Larsen & Toubro Limited	Infrastructure	1,888.00	1,955.11	67.11	3.55
4	Maruti Suzuki India Limited	Automobiles	3,132.10	3,132.10	--	--
5	NTPC Limited	Electric Utility	7,192.53	7,010.37	(-)182.16	(-)2.53
6	Oil & Natural Gas Corporation Limited	Energy	5,642.06	5,625.57	(-)16.49	(-)0.29
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	2,132.15	2,132.15	--	--

Sl. No.	Entity Name	Sector	Inventory (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
8	Tata Steel Limited	Engineering	7,083.81	7,137.38	53.57	0.76
9	Tata Consultancy Services Limited	Information Technology	9.00	9.00	--	--
10	Asian Paints Limited	Manufacturing	1,610.12	1,610.12	--	--
11	Bajaj Auto Limited	Automobiles	719.07	719.07	--	--
12	Hero MotoCorp Limited	Automobiles	672.98	672.98	--	--
13	Mahindra & Mahindra Limited	Automobiles	2,687.93	2,687.93	--	--
14	Tata Motors Limited	Automobiles	4,902.20	5,117.92	215.72	4.40
15	HCL Technologies Limited	Information Technology	128.56	128.56	--	--
16	Infosys Limited	Information Technology	--	--	--	--
17	Tech Mahindra Limited	Information Technology	--	--	--	--
18	Hindustan Unilever Limited	Consumer Goods	2,528.36	2,528.36	--	--
19	Vedanta Limited	Engineering	5,026.14	5,228.66	202.52	4.03
20	Power Grid Corporation of India Limited	Electric Utility	823.68	707.43	(-)116.25	(-)14.11
21	Reliance Industries Limited	Energy	28,034.00	28,034.00	--	--
<b>Total</b>			<b>82,737.81</b>	<b>82,961.83</b>	<b>224.02</b>	<b>0.27</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.5.1 PICTORIAL REPRESENTATION

The above analysis of Inventory has been presented by way of a pictorial presentation.



**Figure 4.6 Figure showing variation of Inventory as per AS and Ind AS**

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.5.2 HYPOTHESIS TESTING

The researcher has compiled the data pertaining to pre and post implementation of Ind AS for the F.Y. 2015-16 of sample companies w.r.t. various financial parameters and for testing the significance, paired T-Test has been applied. The researcher has designed two hypothesis i.e. null hypothesis and alternative hypothesis for the requirement of analysis of secondary data.

##### **Hypothesis 5: Inventory**

$H_{0A5}$ : There is no significant impact in the Inventory figures of sample companies post implementation of Ind AS.

$H_{1A5}$ : There is a significant impact in the Inventory figures of sample companies post implementation of Ind AS.

Hypothesis 5 examines the impact of Ind AS implementation on the Inventory figures of sample companies.

**Table 4.16: Table showing T Test values for Inventory for the year 2015-2016**

Inventory	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	t	df	Sig. (P-Value)
AS	21	3939.90	6129.23	1337.51	(-)10.65	-0.584	20	0.566
Ind AS	21	3950.55	6131.43	1337.99				

*Source: Researcher's own compilation*

*Note: The financial data shows greater variation and hence the standard deviation is greater than mean for AS & Ind AS values.*

The mean value of AS values is 3939.90 and Ind AS values is 3950.55. Mean difference of both AS and Ind AS values is (-) 10.65. The Standard Deviation values for AS is 6129.23 and the same for Ind AS is 6131.43. Difference between AS and Ind AS values for Inventory reveals that there is no significant difference and the calculated  $t = -0.584$ , ( $P = 0.566$ ) is smaller than tabulated value of  $t = 2.086$  at  $df = 20$  at 5% level of significance. Thus we accept the Null Hypothesis and conclude that there is no significant impact in the Inventory figures of sample companies post implementation of Ind AS.

### 4.5.3 ANALYSIS OF REASONS FOR VARIATIONS IN INVENTORY

**Table 4.17 Table showing analysis of reasons for variations in Inventory**

Sl. No.	Entity Name	Variations in Inventory Post Implementation (₹ in Crores)	Reasons for Variations in Inventory
1.	Bharti Airtel Limited	--	Not Applicable
2.	ITC Limited	--	Not Applicable
3.	Larsen & Toubro Limited	67.11	<p>1. Under existing GAAP the investment in Unincorporated Joint Ventures was being presented as a single Item in the Balance Sheet. However, under new standards due to application of Ind AS 111, the company's share in Assets, Liabilities etc. has been consolidated on a line by line basis.</p> <p>2. Under Ind AS, borrowing cost is calculated using Effective Interest Rate Method as per paras of Ind AS 109. Under GAAP, borrowing cost was reported by application of Coupon rate to the amount of principal with the impact in asset item where the borrowing cost is inventoried.</p>
4.	Maruti Suzuki India Limited	--	Not Applicable
5.	NTPC Limited	(-)182.16	<p>1. Due to transition to new standards, the entity has capitalised certain components of Spare parts which meet the definition of Property Plant &amp; Equipment as per Ind AS 16. Under existing GAAP, such spare parts were recognised as Inventories.</p>

Sl. No.	Entity Name	Variations in Inventory Post Implementation (₹ in Crores)	Reasons for Variations in Inventory
6.	Oil & Natural Gas Corporation Limited	(-)16.46	1. Due to transition to Ind AS, helicopters meant for sale have been reclassified from Inventory to assets held for Sale.
7.	Sun Pharmaceutical Industries Limited	--	Not Applicable
8.	Tata Steel Limited	53.57	1. Change in Inventory Valuation due to Ind AS Transitions.
9.	Tata Consultancy Services Limited	--	Not Applicable
10.	Asian Paints Limited	--	Not Applicable
11.	Bajaj Auto Limited	--	Not Applicable
12.	Hero MotoCorp Limited	--	Not Applicable
13.	Mahindra & Mahindra Limited	--	Not Applicable



Sl. No.	Entity Name	Variations in Inventory Post Implementation (₹ in Crores)	Reasons for Variations in Inventory
14.	Tata Motors Limited	215.72	1. Change in Inventory Valuation due to Ind AS Transitions.
15.	HCL Technologies Limited	--	Not Applicable
16.	Infosys Limited	--	Not Applicable
17.	Tech Mahindra Limited	--	Not Applicable
18.	Hindustan Unilever Limited	--	Not Applicable
19.	Vedanta Limited	202.52	1. Inventory of Stores and Spares related to exploration and development activities was treated as Inventory under GAAP. The same is now being treated as Asset and capitalised in the books.
20.	Power Grid Corporation of India Limited	(-)116.25	1. Due to transition to Ind AS, the company has capitalised certain items of Spare parts which meet the definition of Property Plant & Equipment as per Ind AS 16. Under existing GAAP, such spare parts were recognised as Inventories.

Sl. No.	Entity Name	Variations in Inventory Post Implementation (₹ in Crores)	Reasons for Variations in Inventory
21.	Reliance Industries Limited	--	Not Applicable

*Source: Published Annual Reports of Sample Companies for the financial year 2016-2017*

Thus from the above it can be seen that the major cause of change in Inventory figures can be attributed to application of Ind AS 111, treatment of borrowing cost as well as application of effective interest rate method in calculation of borrowing cost, capitalization of certain spare parts, changes in inventory valuation method etc.

## 4.6 IMPACT ON RECIEVABLES

Receivables are a vital portion of the Financial Statements. Receivables constitute the Working Capital of the Company. A detailed scrutiny of the Annual Reports of the sample entities has been done to comprehend the effect of Ind AS implementation on the reported receivables figures.

Following is a detailed account of Receivables of select Companies under AS and Ind AS for the year 2015-2016.

**Table 4.18 Table showing variation of Receivables as per AS and Ind AS**

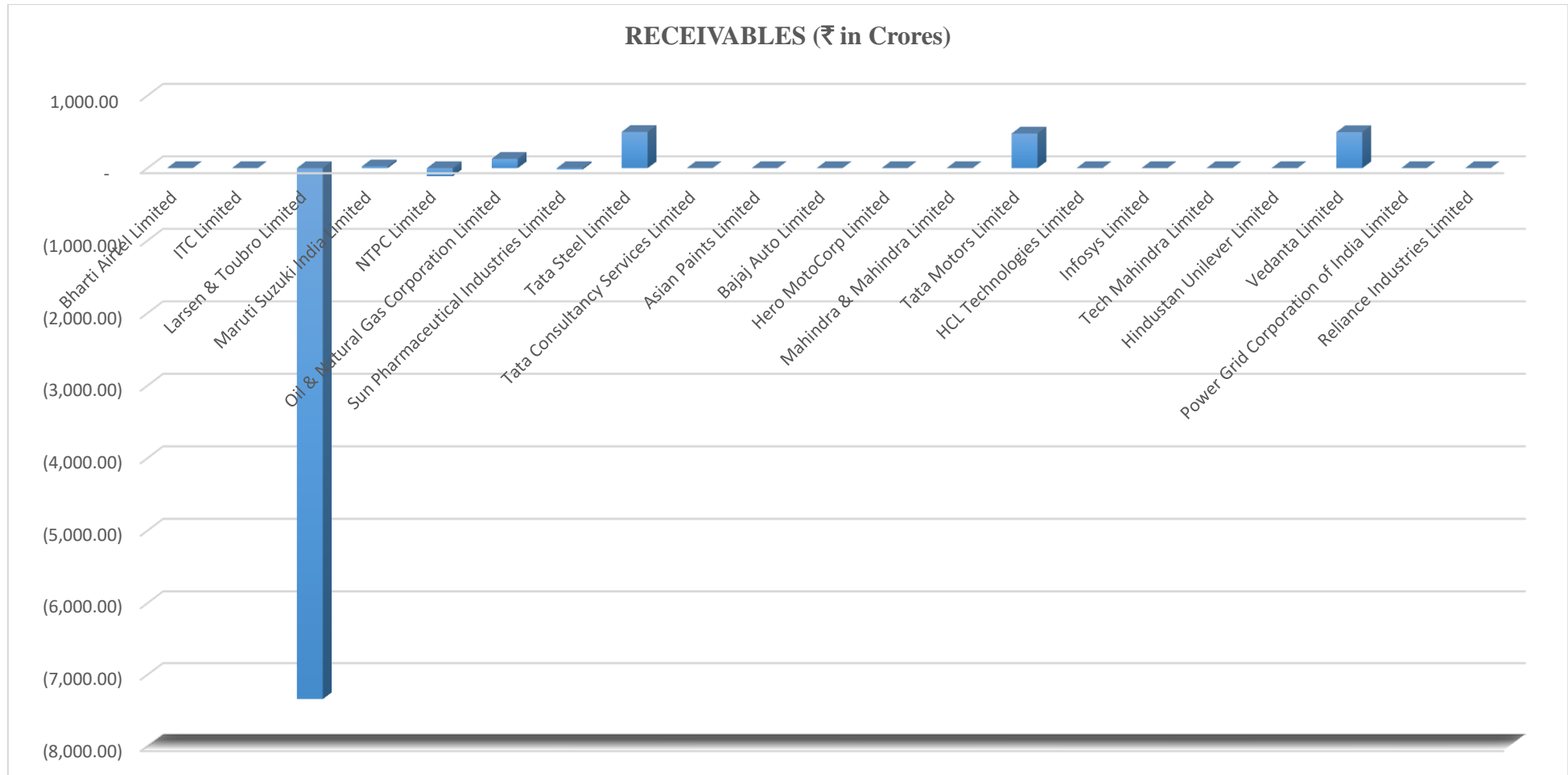
Sl. No.	Entity Name	Sector	Receivables (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	3,172.40	3,172.40	--	--
2	ITC Limited	Consumer Goods	1,686.35	1,686.35	--	--
3	Larsen & Toubro Limited	Infrastructure	26,309.19	18,967.75	(-)7,341.44	(-)27.90
4	Maruti Suzuki India Limited	Automobiles	1,298.60	1,322.20	23.60	1.82
5	NTPC Limited	Electric Utility	7,843.99	7,732.22	(-)111.77	(-)1.42
6	Oil & Natural Gas Corporation Limited	Energy	5,301.98	5,431.42	129.45	2.44
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	2,016.81	1,997.81	(-)19.00	(-)0.94
8	Tata Steel Limited	Engineering	632.80	1,133.17	500.37	79.07
9	Tata Consultancy Services Limited	Information Technology	19,058.20	19,058.00	(-)0.20	(-)0.01
10	Asian Paints Limited	Manufacturing	759.06	759.06	--	--

Sl. No.	Entity Name	Sector	Receivables (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
11	Bajaj Auto Limited	Automobiles	717.93	717.93	--	--
12	Hero MotoCorp Limited	Automobiles	1,282.80	1,282.80	--	--
13	Mahindra & Mahindra Limited	Automobiles	2,512.05	2,511.64	(-)0.41	(-)0.02
14	Tata Motors Limited	Automobiles	1,568.46	2,045.58	477.12	30.42
15	HCL Technologies Limited	Information Technology	4,084.53	4,084.53	--	--
16	Infosys Limited	Information Technology	9,798.00	9,798.00	--	--
17	Tech Mahindra Limited	Information Technology	5,154.40	5,154.40	--	--
18	Hindustan Unilever Limited	Consumer Goods	1,064.52	1,064.00	(-)0.52	(-)0.05
19	Vedanta Limited	Engineering	1,429.12	1,926.53	497.41	34.81
20	Power Grid Corporation of India Limited	Electric Utility	2,737.72	2,737.97	0.25	0.01
21	Reliance Industries Limited	Energy	3,495.00	3,495.00	--	--
<b>Total</b>			<b>1,02,544.51</b>	<b>96,078.76</b>	<b>(-)6,465.74</b>	<b>(-)6.31</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.6.1 PICTORIAL REPRESENTATION

The above analysis of Receivables has been presented by way of a pictorial presentation.



**Figure 4.7** Figure showing variation of Receivables as per AS and Ind AS

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.6.2 HYPOTHESIS TESTING

The researcher has compiled the data pertaining to pre and post implementation of Ind AS for the F.Y. 2015-16 of sample companies w.r.t. various financial parameters and for testing the significance, paired T-Test has been applied. The researcher has framed two hypothesis i.e. null hypothesis and alternative hypothesis for the use of analysis of secondary data.

##### **Hypothesis 6: Receivable**

*H<sub>0A6</sub>: There is no significant impact in the Receivable figures of sample companies post implementation of Ind AS.*

*H<sub>1A6</sub>: There is a significant impact in the Receivable figures of sample companies post implementation of Ind AS.*

Hypothesis 6 examines the impact of Ind AS implementation on the Receivable figures of sample companies.

**Table 4.19: Table showing T Test values for Receivables for the year 2015-2016**

Receivable	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	t	df	Sig. (P-Value)
AS	21	4883.07	6485.85	1415.33	307.89	0.866	20	0.397
Ind AS	21	4575.18	5336.95	1164.62				

**Source: Researcher's own compilation**

*Note: The financial data shows greater variation and hence the standard deviation is greater than mean for AS & Ind AS values.*

The mean value of AS values is 4883.07 and Ind AS values is 4575.18. Mean difference of both AS and Ind AS values is 307.89. The Standard Deviation values for AS is 6485.85 and the same for Ind AS is 5336.95. Difference between AS and Ind AS values for Inventory reveals that there is no significant difference and the calculated  $t = 0.866$ , ( $P = 0.397$ ) is smaller than tabulated value of  $t = 2.086$  at  $df = 20$  at 5% significance level. Thus we accept the Null Hypothesis and conclude that there is no significant impact in the Receivables figures of sample companies post implementation of Ind AS.

#### 4.6.3 ANALYSIS OF REASONS FOR VARIATIONS IN RECIEVABLES

**Table 4.20 Table showing analysis of reasons for variations in Receivables**

Sl. No.	Entity Name	Variations in Receivables post implementation (₹ in Crores)	Reasons for variations in Receivables
1.	Bharti Airtel Limited	--	Not Applicable
2.	ITC Limited	--	Not Applicable
3.	Larsen & Toubro Limited	(-)7,341.44	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
4.	Maruti Suzuki India Limited	23.60	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
5.	NTPC Limited	(-)111.77	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.

Sl. No.	Entity Name	Variations in Receivables post implementation (₹ in Crores)	Reasons for variations in Receivables
6.	Oil & Natural Gas Corporation Limited	129.45	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
7.	Sun Pharmaceutical Industries Limited	(-)19.00	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
8.	Tata Steel Limited	500.37	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
9.	Tata Consultancy Services Limited	(-)0.20	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
10.	Asian Paints Limited	--	Not Applicable
11.	Bajaj Auto Limited	--	Not Applicable
12.	Hero MotoCorp Limited	--	Not Applicable



Sl. No.	Entity Name	Variations in Receivables post implementation (₹ in Crores)	Reasons for variations in Receivables
13.	Mahindra & Mahindra Limited	(-)0.41	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
14.	Tata Motors Limited	477.12	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
15.	HCL Technologies Limited	--	Not Applicable
16.	Infosys Limited	--	Not Applicable
17.	Tech Mahindra Limited	--	Not Applicable
18.	Hindustan Unilever Limited	(-)0.52	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
19.	Vedanta Limited	497.41	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.

Sl. No.	Entity Name	Variations in Receivables post implementation (₹ in Crores)	Reasons for variations in Receivables
20.	Power Grid Corporation of India Limited	0.25	1. Under Ind AS, model of expected credit loss is used as per paras of Ind AS 109 and a figure of provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.
21.	Reliance Industries Limited	--	Not Applicable

*Source: Published Annual Reports of Sample Companies for the financial year 2016-2017*

Thus from the above it can be understood that the major cause of change in receivables figures can be attributed to application of expected credit loss model as per paras of Ind AS 109 resulting in creation of provision against trade receivable.

## 4.7 IMPACT ON OPERATING SALES

Operating Sales helps in determining the overall financial performance of the business. A detailed scrutiny of the Annual Reports of the companies has been done to comprehend the effect of Ind AS implementation on the reported operating sales figures.

Following is a detailed account of Operating Sales of select Companies under AS and Ind AS for the year 2015-2016.

**Table 4.21 Table showing variation of Operating Sales as per AS and Ind AS**

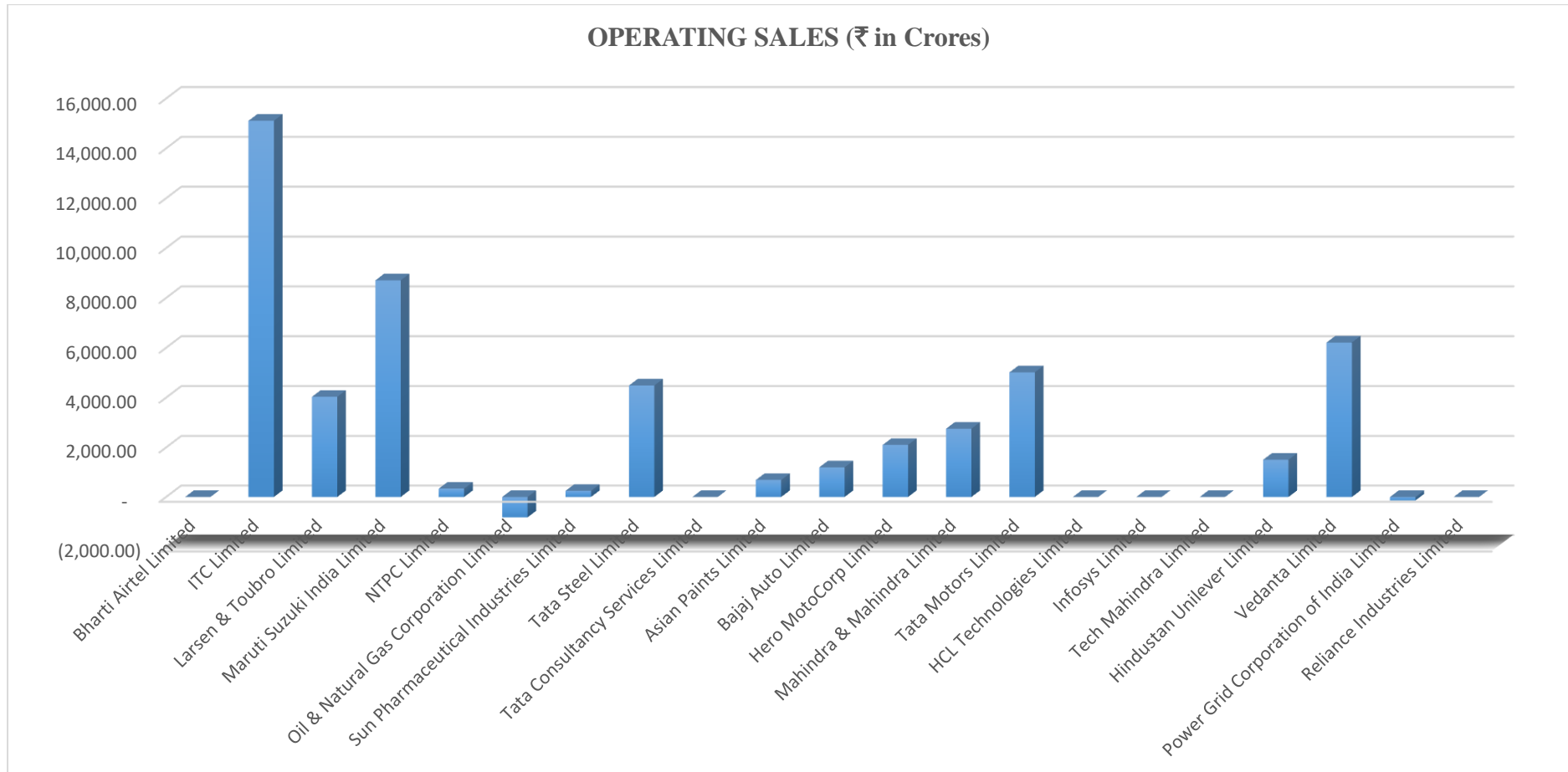
Sl. No.	Entity Name	Sector	Operating Sales (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	60,300.20	60,300.30	0.10	--
2	ITC Limited	Consumer Goods	36,837.39	51,944.57	15,107.18	41.01
3	Larsen & Toubro Limited	Infrastructure	59,779.61	63,812.65	4,033.04	6.75
4	Maruti Suzuki India Limited	Automobiles	56,350.40	65,054.60	8,704.20	15.45
5	NTPC Limited	Electric Utility	70,506.80	70,843.81	337.01	0.48
6	Oil & Natural Gas Corporation Limited	Energy	78,565.19	77,741.75	(-)823.43	(-)1.05
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	7,614.46	7,863.69	243.23	3.27
8	Tata Steel Limited	Engineering	38,210.35	42,697.44	4,487.10	11.74
9	Tata Consultancy Services Limited	Information Technology	85,863.85	85,864.00	0.15	--

Sl. No.	Entity Name	Sector	Operating Sales (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
10	Asian Paints Limited	Manufacturing	12,645.88	13,332.18	686.30	5.43
11	Bajaj Auto Limited	Automobiles	22,687.59	23,883.20	1,195.61	5.27
12	Hero MotoCorp Limited	Automobiles	28,599.30	30,700.88	2,101.58	7.35
13	Mahindra & Mahindra Limited	Automobiles	40,884.98	43,638.90	2,753.92	6.74
14	Tata Motors Limited	Automobiles	42,369.82	47,383.61	5,013.79	11.83
15	HCL Technologies Limited	Information Technology	13,433.35	13,434.64	1.29	0.01
16	Infosys Limited	Information Technology	53,983.00	53,983.00	--	--
17	Tech Mahindra Limited	Information Technology	20,969.80	20,969.80	--	--
18	Hindustan Unilever Limited	Consumer Goods	31,987.17	33,491.00	1,503.83	4.70
19	Vedanta Limited	Engineering	29,810.62	36,022.57	6,211.95	20.84
20	Power Grid Corporation of India Limited	Electric Utility	20,802.22	20,665.81	(-)136.41	(-)0.66
21	Reliance Industries Limited	Energy	2,51,100.00	2,51,100.00	--	--
<b>Total</b>			<b>10,63,301.97</b>	<b>11,14,728.40</b>	<b>51,426.44</b>	<b>4.84</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.7.1 PICTORIAL REPRESENTATION

The above analysis of Operating Sales has been presented by way of a pictorial presentation:



**Figure 4.8 Figure showing variation of Operating Sales as per AS and Ind AS**

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

## 4.7.2 HYPOTHESIS TESTING

The researcher has compiled the data pertaining to pre and post implementation of Ind AS for the F.Y. 2015-16 of sample companies w.r.t. various financial parameters and for testing the significance, paired T-Test has been applied. The researcher has designed two hypothesis i.e. null hypothesis and alternative hypothesis for the objective of analysis of secondary data.

### Hypothesis 7: Operating Sales

$H_{0A7}$ : There is no significant impact in the Operating Sales figures of sample companies post implementation of Ind AS.

$H_{1A7}$ : There is a significant impact in the Operating Sales figures of sample companies post implementation of Ind AS.

Hypothesis 7 examines the impact of Ind AS implementation on the Operating Sales figures of sample companies.

**Table 4.22: Table showing T Test values for Operating Sales for the year 2015-2016**

Operating Sales	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	t	Df	Sig. (P-Value)
AS	21	50633.43	50905.43	11108.48	(-)2448.88	-2.921	20	0.008
Ind AS	21	53082.30	50526.49	11025.78				

*Source: Researcher's own compilation*

*Note: The financial data shows greater variation and hence the standard deviation is greater than mean for AS values.*

The mean value of AS values is 50633.43 and Ind AS values is 53082.30. Mean difference of both AS and Ind AS values is (-) 2448.88. The Standard Deviation values for AS is 50905.43 and the same for Ind AS is 50526.49. Difference between AS and Ind AS values for Operating Sales shows that there is significant variation and the calculated  $t = -2.921$ , ( $P = 0.008$ ) is greater than tabulated value of  $t = 2.086$  at  $df = 20$  at 5% significance level. Thus we reject the Null Hypothesis and accept the alternative Hypothesis and conclude the fact of significant impact in the Operating Sales figures of sample companies post implementation of Ind AS.

#### 4.7.3 ANALYSIS OF REASONS FOR VARIATIONS IN OPERATING SALES

**Table 4.23 Table showing analysis of reasons for variations in Operating Sales**

Sl. No.	Entity Name	Variation in Operating Sales Post Implementation (₹ in Crores)	Reason for variation in Operating Sales
1.	Bharti Airtel Limited	0.10	1. Information not provided by the Company.
2.	ITC Limited	15,107.18	1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under Ind AS the same is recognised inclusive of Excise Duty. Due this, Excise Duty is now disclosed in the Statement of Profit & Loss as an expense.
3.	Larsen & Toubro Limited	4,033.04	1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under Ind AS the same is recognised inclusive of Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit & Loss as an expense.  2. Under the provisions of Ind AS the company has recognised Additional Construction Services Revenue for service concession arrangement as per Ind AS 11 for Design Build Finance Operate Transfer (DBFOT) Contracts with corresponding recognition of construction cost.
4.	Maruti Suzuki India Limited	8,704.20	1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under the paras of Ind AS the same is recognised inclusive of Excise Duty. As a result of this, Excise Duty is now disclosed in the Statement of Profit & Loss as an expense.

Sl. No.	Entity Name	Variation in Operating Sales Post Implementation (₹ in Crores)	Reason for variation in Operating Sales
5.	NTPC Limited	337.01	<p>1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under the provisions of Ind AS the same is recognised inclusive of Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p> <p>2. Under new standards, Revenue from Sale of Power is recognised inclusive of Electricity Duty. Also, electricity duty is booked separately as an item of expense under Ind AS. Under GAAP the same was shown as net of electricity duty.</p>
6.	Oil & Natural Gas Corporation Limited	(-)823.43	<p>1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under the provisions of Ind AS the same is recognised inclusive of Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p> <p>2. Under Ind AS, Revenue is reported inclusive of Sales Tax &amp; Octroi. Also, Sales Tax &amp; Octroi is booked separately as an item of expense under Ind AS. Under GAAP the same was shown as net of Sales Tax &amp; Octroi.</p>
7.	Sun Pharmaceutical Industries Limited	249.23	<p>1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under the provisions of Ind AS the same is recognised inclusive of Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p>
8.	Tata Steel Limited	4,487.10	<p>1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under the provisions of Ind AS the same is recognised inclusive of Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p>



Sl. No.	Entity Name	Variation in Operating Sales Post Implementation (₹ in Crores)	Reason for variation in Operating Sales
9.	Tata Consultancy Services Limited	0.15	1. Information not provided by the entity.
10.	Asian Paints Limited	686.30	<p>1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under the provisions of Ind AS the same is recognised inclusive of Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p> <p>2. Under GAAP, Cash discount &amp; Sales promotion expenses were presented as portion of other items of expenses. Under Ind AS, such discounts and sales promotion charges are reduced from revenue.</p> <p>3. Under GAAP, certain sale of raw materials was presented by netting off directly from the value of materials consumed. Under Ind AS, the same is disclosed in revenue from sale of products.</p>
11.	Bajaj Auto Limited	1,195.61	<p>1. Under GAAP, Revenue was recognised as net of Excise Duty. However, under the provisions of Ind AS the same is recognised inclusive of Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p> <p>2. Under GAAP, the discounts and other benefits on sales were reported as part of other expenses. Under new standards, these are netted off against revenue.</p>

Sl. No.	Entity Name	Variation in Operating Sales Post Implementation (₹ in Crores)	Reason for variation in Operating Sales
12.	Hero MotoCorp Limited	2,101.58	<p>1. Under GAAP, Revenue was reported as net of Excise Duty. However, under Ind AS the same is recognised including Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p> <p>2. Under GAAP, the Trade discounts and Rebates on sales were disclosed as component of other expenses. Under new standards, these are hence netted off to revenue.</p>
13.	Mahindra & Mahindra Limited	2,753.92	<p>1. Under GAAP, Revenue was reported as net of Excise Duty. However, under Ind AS the same is recognised including Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p>
14.	Tata Motors Limited	5,013.79	<p>1. Under GAAP, Revenue was reported as net of Excise Duty. However, under Ind AS the same is recognised including Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p>
15.	HCL Technologies Limited	1.29	<p>1. Under GAAP the company recognised the reimbursement of out of pocket expenses as net of corresponding revenue. Under Ind AS, Revenue includes, reimbursement of out of pocket expenses and the corresponding out of expenses forming part of cost of revenues in the profit &amp; loss statement.</p>

Sl. No.	Entity Name	Variation in Operating Sales Post Implementation (₹ in Crores)	Reason for variation in Operating Sales
16.	Infosys Limited	--	Not Applicable
17.	Tech Mahindra Limited	--	Not Applicable
18.	Hindustan Unilever Limited	1,503.83	<p>1. Under GAAP, Revenue was reported as net of Excise Duty. However, under Ind AS the same is recognised including Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p> <p>2. Under GAAP, the Sales Tax, Trade discounts and Rebates on sales were reported as component of other expenses. Under new standards, these are hence netted off to revenue.</p>
19.	Vedanta Limited	6,211.95	<p>1. Under GAAP, Revenue was reported as net of Excise Duty. However, under Ind AS the same is recognised including Excise Duty. Due to this, Excise Duty is now disclosed in the Statement of Profit &amp; Loss as an expense.</p> <p>2. Under GAAP, the Sales Tax, Trade discounts and Rebates on sales were reported as component of other expenses. Under new standards, these are hence netted off to</p>

Sl. No.	Entity Name	Variation in Operating Sales Post Implementation (₹ in Crores)	Reason for variation in Operating Sales
			revenue.
20.	Power Grid Corporation of India Limited	(-)136.41	1. Information not provided by the entity.
21.	Reliance Industries Limited	--	Not Applicable

*Source: Published Annual Reports of Sample Companies for the FY 2016-2017*

Thus from the above it can be understood that the major cause of change in operating sales figures can be attributed to treatment of excise duty as part of revenue, treatment of electricity duty as part of revenue, treatment of cash discount & sales promotion expenses etc.

## 4.8 IMPACT ON NET WORTH

Net Worth is a vital metric to gauge the financial health of a company. A detailed analysis of the Annual Reports of the companies has been done to comprehend the effect of Ind AS implementation on the reported Net Worth figures.

Following is a detailed account of Net worth of select Companies under AS and Ind AS for the year 2015-2016.

**Table 4.24 Table showing variation of Net Worth as per AS and Ind AS**

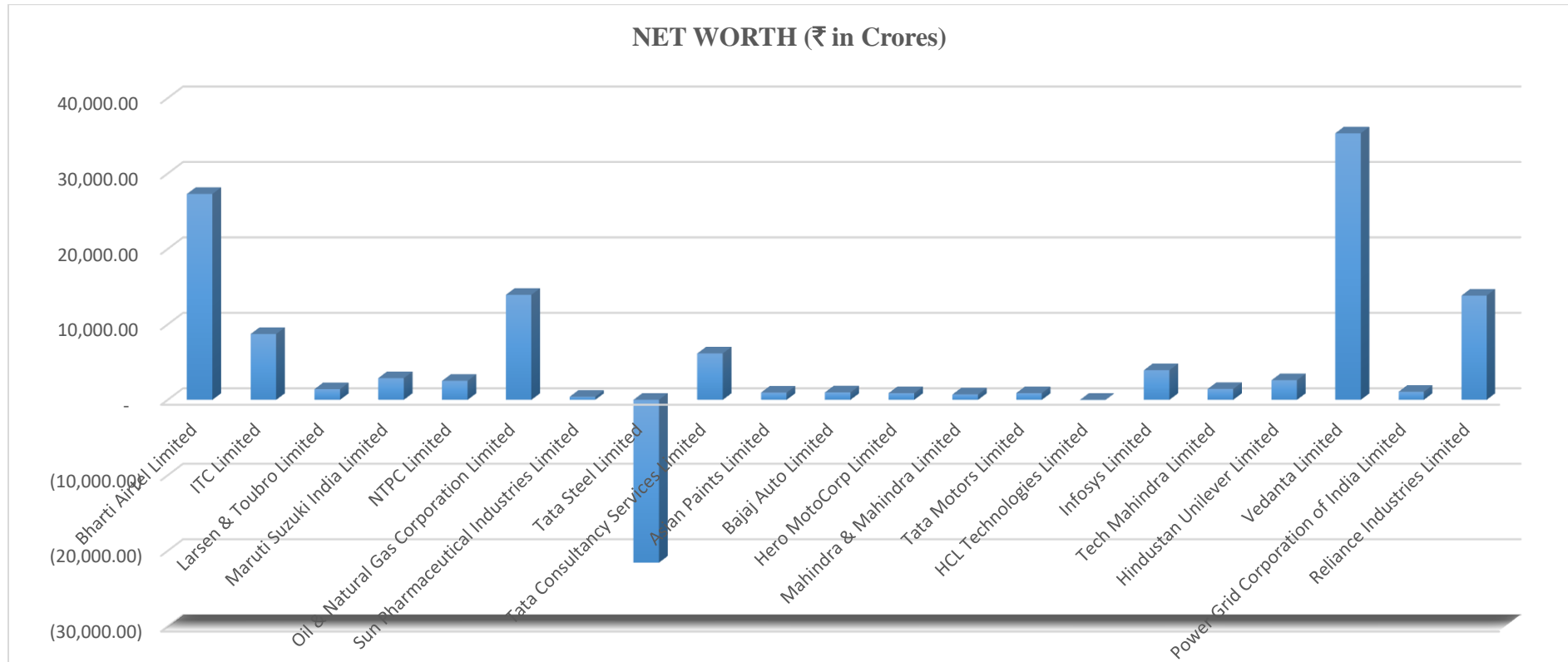
Sl. No.	Entity Name	Sector	Net Worth (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	84,446.80	1,11,729.10	27,282.30	32.31
2	ITC Limited	Consumer Goods	32,929.00	41,656.43	8,727.43	26.50
3	Larsen & Toubro Limited	Infrastructure	40,718.33	42,135.40	1,417.07	3.48
4	Maruti Suzuki India Limited	Automobiles	27,007.10	29,884.20	2,877.10	10.65
5	NTPC Limited	Electric Utility	88,782.00	91,293.70	2,511.70	2.83
6	Oil & Natural Gas Corporation Limited	Energy	1,51,852.70	1,65,774.68	13,921.98	9.17
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	21,483.76	21,890.70	406.94	1.89
8	Tata Steel Limited	Engineering	70,476.72	48,912.38	(-)21,564.34	(-)30.60
9	Tata Consultancy Services Limited	Information Technology	58,866.86	65,013.00	6,146.14	10.44
10	Asian Paints Limited	Manufacturing	4,963.16	5,925.73	962.57	19.39

Sl. No.	Entity Name	Sector	Net Worth (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
11	Bajaj Auto Limited	Automobiles	12,291.66	13,266.55	974.89	7.93
12	Hero MotoCorp Limited	Automobiles	7,944.75	8,834.41	889.66	11.20
13	Mahindra & Mahindra Limited	Automobiles	21,707.19	22,423.17	715.98	3.30
14	Tata Motors Limited	Automobiles	22,368.08	23,262.11	894.03	4.00
15	HCL Technologies Limited	Information Technology	21,508.86	21,496.57	(-)12.29	(-)0.06
16	Infosys Limited	Information Technology	57,157.00	61,082.00	3,925.00	6.87
17	Tech Mahindra Limited	Information Technology	13,552.20	14,990.10	1,437.90	10.61
18	Hindustan Unilever Limited	Consumer Goods	3,687.29	6,279.00	2,591.71	70.29
19	Vedanta Limited	Engineering	43,908.56	79,237.44	35,328.88	80.46
20	Power Grid Corporation of India Limited	Electric Utility	42,733.97	43,811.23	1,077.26	2.52
21	Reliance Industries Limited	Energy	2,40,176.00	2,53,998.00	13,822.00	5.75
<b>Total</b>			<b>10,68,561.99</b>	<b>11,72,895.90</b>	<b>1,04,331.91</b>	<b>9.76</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.8.1 PICTORIAL REPRESENTATION

The above analysis of Net Worth has been presented by way of a pictorial presentation:



**Figure 4.9 Figure showing variation of Net Worth as per AS and Ind AS**

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.8.2 HYPOTHESIS TESTING

The researcher has compiled the data pertaining to pre and post implementation of Ind AS for the F.Y. 2015-16 of sample companies w.r.t. various financial parameters and for testing the significance, paired T-Test has been applied. The researcher has developed two hypothesis i.e. null hypothesis and alternative hypothesis for the objective of analysis of secondary data.

##### **Hypothesis 8: Net Worth**

*H<sub>0A8</sub>: There is no significant impact in the Net Worth figures of sample companies post implementation of Ind AS.*

*H<sub>1A8</sub>: There is a significant impact in the Net Worth figures of sample companies post implementation of Ind AS.*

Hypothesis 8 examines the impact of Ind AS implementation on the Net Worth figures of sample companies.

**Table 4.25: Table showing T Test values for Net Worth for the year 2015-2016**

Net Worth	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	t	df	Sig. (P-Value)
AS	21	50883.90	55964.94	12212.55	(-)4968.28	-2.043	20	0.054
Ind AS	21	55852.19	60330.64	13165.22				

**Source: Researcher's own compilation**

*Note: The financial data shows greater variation and hence the standard deviation is greater than mean for AS & Ind AS values.*

The value of mean of AS values is 50883.90 and Ind AS values is 55852.19. Mean difference of both AS and Ind AS values is (-) 4968.28. The Standard Deviation values for AS is 55964.94 and the same for Ind AS is 60330.64. Difference between AS and Ind AS values for Net Worth shows that there is no key difference and the calculated  $t = -2.043$ , ( $P = 0.054$ ) is smaller than tabulated value of  $t = 2.086$  at  $df = 20$  at 5% significance level. Thus we accept the Null Hypothesis and conclude that there is no significant impact in the Net Worth figures of sample companies post implementation of Ind AS.



### 4.8.3 ANALYSIS OF REASONS FOR VARIATIONS IN NET WORTH

**Table 4.26 Table showing analysis of reasons for variations in Net Worth**

Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
1.	Bharti Airtel Limited	27,282.30	<p>1. Changes in decommissioning, restoration &amp; other liabilities.</p> <p>2. Decapitalisation of Foreign Exchange Gains/ Losses pursuant to usage of Ind AS 21.</p> <p>3. Certain Non-Current Assets being measured at Present Value as per Ind AS as against cost under existing AS.</p> <p>4. Under previous AS, Investment made in subsidiaries were measured at Cost as against fair value under Ind AS.</p> <p>5. Current Investments were measured at smaller of cost or figure of fair value under previous AS. However, under the provisions of Ind AS such assets have been reported at their fair value which is higher than its cost as per earlier AS.</p> <p>6. Asset Retirement Obligation has been reported at the present value figure and accordingly the consequent depreciation and finance cost amount has been recognised. The corresponding effect has been disclosed in equity.</p> <p>7. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p> <p>8. Consequential Deferred Tax implications of above adjustments.</p>

Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
2.	ITC Limited	8,727.43	<p>1. Leasehold properties disclosed as prepayments within non-current assets instead of PPE and amortised over the lease period.</p> <p>2. Current Investments were measured at smaller of cost or figure of fair value under previous AS. However, under Ind AS such assets have been reported at their fair value which is higher than its cost as per earlier AS.</p> <p>3. The entity has applied the carrying amount of Investments in subsidiaries, joint ventures and associates as per earlier GAAP in the Ind AS financial statements as deemed amount on the transition date.</p> <p>4. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p>
3.	Larsen & Toubro Limited	1,417.07	<p>1. Usage of Ind AS 111- Joint Ventures</p> <p>2. The entity has used the carrying amount of PPE and Investment Property as per previous GAAP in the Ind AS financial statements as deemed amount on the point of transition.</p> <p>3. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p>
4.	Maruti Suzuki India Limited	2,877.10	<p>1. The entity has used the carrying amount of PPE and Investment Property as per previous GAAP in the Ind AS financial statements as deemed amount on the time of transition.</p> <p>2. Fair value measurement of equity instruments investment and mutual funds resulting in changes in retained earnings at point of transition.</p> <p>4. Liability of Proposed Dividend has been derecognised with corresponding</p>

Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
			increase in equity.
5.	NTPC Limited	2,511.70	<ol style="list-style-type: none"> <li>1. Capitalisation of key overhauls with simultaneous reversal of repair &amp; maintenance charges, adjustment of transaction costs, amortisation of leased land considered as finance lease.</li> <li>2. Capitalisation of stores and spares and corresponding reversal of repair &amp; maintenance expenses.</li> <li>3. Financial Liabilities are recorded at amortised cost figure under new standard using discounting to present value. The change due to discounting has been adjusted to retained earnings.</li> <li>4. Proposed Dividend liability has been derecognised with corresponding rise in equity.</li> </ol>
6.	Oil & Natural Gas Corporation Limited	13,921.98	<ol style="list-style-type: none"> <li>1. Application of discounting to decommissioning provisions.</li> <li>2. Classification of Leasehold Land for perpetual period as finance lease.</li> <li>3. Leasehold properties reported as prepayments within non-current assets instead of PPE and amortised over the lease period.</li> <li>4. Capitalisation of Dry Dock expenses.</li> <li>5. The entity has opted to apply the impairment requirements as per principles of Ind AS 109 retrospectively.</li> <li>6. The variations in figures of fair value of instruments of equity for companies other than subsidiaries, associates &amp; Joint Ventures have been adjusted in equity.</li> <li>7. Proposed Dividend liability has been derecognised with corresponding increase in equity.</li> </ol>

Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
7.	Sun Pharmaceutical Industries Limited	406.94	<p>1. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to usage of new standards.</p> <p>2. The company has elected to avail the exemption for Non-Current Assets meant for sale and valued such assets at fair value minus cost of sale at transition date and the difference between such amount and carrying figure is recorded directly to retained earnings.</p> <p>3. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p> <p>4. Derivative Instruments were entered into for hedging the foreign currency fluctuation risk. The gains/ Losses on such instruments have been disclosed at FVTPL.</p>
8.	Tata Steel Limited	(-)21,564.34	<p>1. Treatment of fair Value as deemed amount on transition date for certain Items of Property, Plant &amp; Equipment resulting in uplift in carrying amount and thus additional depreciation.</p> <p>2. The company has opted to apply fair value as deemed amount for investments held in subsidiaries, associates and joint ventures as on transition date.</p> <p>3. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p> <p>4. Hybrid Perpetual Securities have been reclassified as equity.</p>
9.	Tata Consultancy Services Limited	6,146.14	<p>1. Modifications in method of depreciation from WDV to SLM. This has been considered prospectively as a change in accounting estimate.</p>

Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
			<p>2. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p> <p>3. Under Ind AS, actuarial Gain/ Losses form part of re-measurement of net defined benefit liability is recognised in OCI.</p>
10.	Asian Paints Limited	962.57	<p>1. The entity has opted to adopt fair value recognition prospectively for financial instruments wherein fair market values are not present.</p> <p>2. The entity has adopted to use Ind AS 20-Accounting for Government grants and presentation of government assistance and Ind AS 109-Financial Instruments, prospectively.</p> <p>3. The variation between fair value of Non -Current Investments as per Ind AS and as per previous GAAP resulted in increase in carrying value of these investments and is reported in retained earnings.</p> <p>4. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p>
11.	Bajaj Auto Limited	974.89	<p>1. Under earlier GAAP certain debt instruments were reported at cost including pre acquisition interest. Under Ind AS, these instruments have been re calculated at Cost excluding the pre-acquisition interest and reworking of amortisation accordingly.</p> <p>2. Under earlier GAAP, investments in fixed maturity plans and some mutual funds were classified as long term investments or current investments based on period of holding etc. Long Term Investments were shown at cost minus provisions for decline and current investments were carried at smaller of cost and fair value. Under new standard such investments are shown at fair value.</p> <p>3. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p>

Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
			4. The variation between fair value figure of Non -Current Investments as per Ind AS and as per previous GAAP resulted in increase in carrying value figure of these investments and is shown in retained earnings.
12.	Hero MotoCorp Limited	889.66	<p>1. Under new standard leasehold land has been considered as operating lease as opposed to fixed assets under AS. This has caused change in depreciation.</p> <p>2. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p> <p>3. Under Ind AS, actuarial Gain/ Losses form part of re-measurement of net defined benefit liability is presented in OCI.</p>
13.	Mahindra & Mahindra Limited	715.98	<p>1. Decapitalisation of Foreign Exchange Profits/ Losses due to usage of new standard.</p> <p>2. The entity has considered the exemption under new standard to determine the applicability of Lease in an arrangement present on the date of transition on the basis of information &amp; circumstances present on transition date rather than at the start of the arrangement.</p> <p>3. Fair Value has been treated as deemed value for investment made in subsidiaries. The variation in fair value and figure of carrying value as on transition date has been adjusted against reserves.</p> <p>4. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p>
14.	Tata Motors Limited	894.03	1. Decapitalisation of Foreign Exchange Profits/ Losses pursuant to usage of new standards.

Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
			<p>2. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p> <p>3. Under existing GAAP, financial guarantee contracts were disclosed as contingent liability and commitments. Under new system the same has been identified at figure of Fair value at the inception along with accrued guarantee charges.</p>
15.	HCL Technologies Limited	(-)12.29	<p>1. Classification of Leasehold Land as Operating lease has resulted in reclassification of expenses from depreciation to rent expense.</p> <p>2. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p>
16.	Infosys Limited	3,925.00	<p>1. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p> <p>2. There is an impact of discounting the deferred and contingent consideration payable for various acquisitions.</p> <p>3. The unamortised negative past service cost arising on changes of the gratuity plan in an earlier period has been considered with retained earnings.</p>
17.	Tech Mahindra Limited	1,437.90	<p>1. Treatment of fair Value as deemed amount on transition date for certain components of PPE resulting in uplift in figure of carrying amount &amp; additional depreciation.</p> <p>2. Liability of Proposed Dividend has been derecognised with corresponding increase in equity.</p> <p>3. Under Ind AS the Company's Stock Option Cost applicable to employees of group companies have been shown as capital contribution and accordingly there is a</p>

Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
			rise in equity.
18.	Hindustan Unilever Limited	2,591.71	<p>1. Investment in Controlled Trust was presented as Non-Current Investment under earlier AS. Under Ind AS, the same qualifies as Plan asset and has been fair valued.</p> <p>2. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p> <p>3. Certain Non -Current Financial Liabilities under earlier GAAP were reported at cost. The same is now disclosed using the impact of discounting. The corresponding effect has been identified in equity.</p>
19.	Vedanta Limited	35,328.88	<p>1. The entity has opted to measure its financial assets at amortised figure or fair value through OCI on the availability of information present on the transition to Ind AS.</p>
20.	Power Grid Corporation of India Limited	1,077.26	<p>1. Bilateral Lines have been assessed as finance lease pursuant to usage of Ind AS. The same were treated as component of PPE under existing AS.</p> <p>2. Fair value determination of investment in equity instruments resulting in changes in retained earnings on the transition date.</p> <p>3. Proposed Dividend liability has been derecognised with corresponding growth in equity.</p> <p>4. Under new system Retention money on Capital Expenditure is reported at Fair Value. The corresponding adjustment is done in other equity.</p> <p>5. A prior period Income was recognised which is restated and has resulted in increase in total equity.</p>



Sl. No.	Entity Name	Variation in Net Worth Post Implementation (₹ in Crores)	Reason for variations in Net Worth
21.	Reliance Industries Limited	13,822.00	<p>1. Under previous AS the Asset Retiring obligations were reported at Cost. The same is disclosed at figure of fair Value under Ind AS.</p> <p>2. Asset Retirement Obligation is presented at the figure of present value and accordingly the consequent depreciation and finance cost has been recognised. The corresponding effect has been shown in equity.</p> <p>3. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p> <p>4. Fair Value has been treated as deemed amount for investment in subsidiaries. The difference in fair value and carrying value as on date of transition has been adjusted against reserves.</p>

*Source: Published Annual Reports of Sample Companies for the financial year 2016-2017*

Thus from the above analysis it can be found that the major cause of change in net worth figures can be attributed to use of fair value to eligible items of assets & liabilities, changes in treatment of proposed dividend, usage of Ind AS 111 on Joint Ventures, capitalization of eligible stores & spares, change in classification of leasehold land, exercising of exemptions under Ind AS 101 etc.

## 4.9 IMPACT ON CURRENT ASSETS

Current Assets is an integral component of the financials and it demonstrates the company's short term liquidity and the ability to pay short term obligations. A detailed scrutiny of the published Annual Reports of the companies has been carried out to know the effect of implementation on the reported Current Assets figures.

Below is a detailed scrutiny of Current Assets of select Companies under AS and the new standards for the year 2015-2016

**Table 4.27 Table showing variation of Current Assets as per AS and Ind AS**

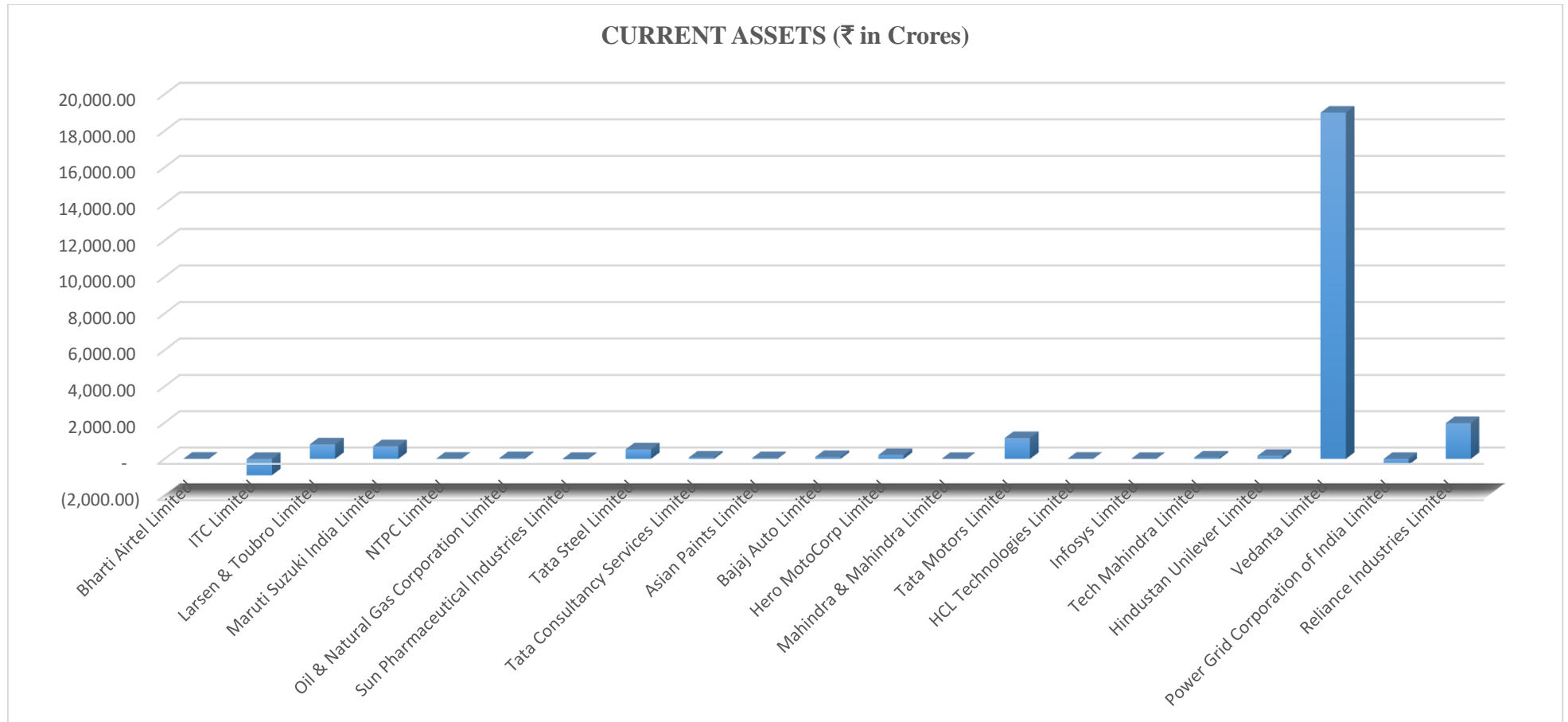
Sl. No.	Entity Name	Sector	Current Assets (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	11,405.70	11,421.00	15.30	0.13
2	ITC Limited	Consumer Goods	24,134.74	23,233.92	(-)900.82	(-)3.73
3	Larsen & Toubro Limited	Infrastructure	66,283.56	67,091.14	807.58	1.22
4	Maruti Suzuki India Limited	Automobiles	7,149.50	7,846.00	696.50	9.74
5	NTPC Limited	Electric Utility	29,746.31	29,756.45	10.14	0.03
6	Oil & Natural Gas Corporation Limited	Energy	30,724.33	30,773.19	48.86	0.16
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	5,343.70	5,316.26	(-)27.44	(-)0.51
8	Tata Steel Limited	Engineering	14,421.49	14,953.25	531.76	3.69
9	Tata Consultancy Services Limited	Information Technology	53,295.87	53,377.00	81.13	0.15

Sl. No.	Entity Name	Sector	Current Assets (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
10	Asian Paints Limited	Manufacturing	4,497.56	4,541.76	44.20	0.98
11	Bajaj Auto Limited	Automobiles	4,618.25	4,725.25	107.00	2.32
12	Hero MotoCorp Limited	Automobiles	5,935.09	6,151.22	216.13	3.64
13	Mahindra & Mahindra Limited	Automobiles	11,633.20	11,635.68	2.48	0.02
14	Tata Motors Limited	Automobiles	10,705.91	11,861.69	1,155.78	10.80
15	HCL Technologies Limited	Information Technology	17,623.57	17,640.18	16.61	0.09
16	Infosys Limited	Information Technology	46,097.00	46,097.00	--	--
17	Tech Mahindra Limited	Information Technology	12,273.60	12,354.70	81.10	0.66
18	Hindustan Unilever Limited	Consumer Goods	9,384.97	9,552.00	167.03	1.78
19	Vedanta Limited	Engineering	16,486.31	35,481.68	18,995.37	115.22
20	Power Grid Corporation of India Limited	Electric Utility	9,981.80	9,652.25	(-)329.55	(-)3.30
21	Reliance Industries Limited	Energy	90,564.00	92,538.00	1,974.00	2.18
<b>Total</b>			<b>4,82,306.46</b>	<b>5,05,999.62</b>	<b>23,693.16</b>	<b>4.91</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.9.1 PICTORIAL REPRESENTATION

The above analysis of Current Assets has been presented by way of a pictorial presentation:



**Figure 4.10** Figure showing variation of Current Assets as per AS and Ind AS

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

## 4.9.2 HYPOTHESIS TESTING

The researcher has collected the data pertaining to before and after implementation of Ind AS for the F.Y. 2015-16 of selected companies w.r.t. various financial variables and for testing the significance, paired T-Test has been used. The researcher has formulated two hypothesis i.e. null hypothesis and alternative hypothesis for the objective of analysis of secondary data.

### Hypothesis 9: Current Assets

$H_{0A9}$ : *There is no significant impact in the Current Assets figures of sample companies post implementation of Ind AS.*

$H_{1A9}$ : *There is a significant impact in the Current Assets figures of sample companies post implementation of Ind AS.*

Hypothesis 9 examines the effect of Ind AS implementation on the Current Assets figures of sample companies.

**Table 4.28: Table showing T Test values for Current Assets for the year 2015-2016**

Current Assets	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	t	df	Sig. (P-Value)
AS	21	22966.97	22978.40	5014.30	(-)1128.25	-1.251	20	0.225
Ind AS	21	24095.22	23373.63	5100.54				

*Source: Researcher's own compilation*

**Note:** *The financial data shows greater variation and hence the standard deviation is higher than mean for AS values.*

The mean value of AS values is 22966.97 and Ind AS values is 24095.22. Mean difference of both AS and Ind AS values is (-) 1128.25. The Standard Deviation values for AS is 22978.40 and the similar for Ind AS is 23373.63. Difference between AS and Ind AS values for Current Assets reveals that there is no major difference and the calculated  $t = -1.251$ , ( $P=0.225$ ) is smaller than tabulated value of  $t = 2.086$  at  $df=20$  at 5% significance level. Thus we accept the Null Hypothesis and conclude that there is no major impact in the Current Assets figures of sample companies after implementation of Ind AS.

#### 4.9.3 ANALYSIS OF REASONS FOR VARIATIONS IN CURRENT ASSETS

**Table 4.29 Table showing analysis of reasons for variations in Current Assets**

Sl. No.	Entity Name	Variation in Current Assets Post Implementation (₹ in Crores)	Reasons for variation in Current Assets
1.	Bharti Airtel Limited	15.30	<p>1. Current Investments were measured at smaller of cost or figure of fair value under previous AS. However, under new system such assets have been reported at their fair value figures which is higher than its cost as per previous AS.</p> <p>2. Measurement of Derivative contracts at fair value figures under new system with the entire change in Fair Value disclosed in the Profit &amp; Loss statement.</p>
2.	ITC Limited	(-)900.82	<p>1. Current Investments were measured at smaller of cost or fair value under previous AS. However, under new standards such assets have been reported at their fair value figures which is higher than its value as per earlier AS.</p>
3.	Larsen & Toubro Limited	807.58	<p>1. Under existing GAAP the investment made in Unincorporated Joint Ventures was being reported as a single line Item in the Balance Sheet. However, under new system due to usage of Ind AS 111, the share of company in Assets, Liabilities etc. has been consolidated on a line by line basis.</p> <p>2. Under Ind AS, borrowing cost is calculated using method of effective Interest Rate as per paras of Ind AS 109. Under GAAP, borrowing cost was calculated by usage of Coupon rate to the principal amount with the impact in asset item where the borrowing cost is inventoried.</p> <p>3. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.</p> <p>4. Measurements of Investments at Fair Value in accordance with Ind AS 109.</p>

Sl. No.	Entity Name	Variation in Current Assets Post Implementation (₹ in Crores)	Reasons for variation in Current Assets
4.	Maruti Suzuki India Limited	696.50	<p>1. Under Ind AS, Expected Credit Loss model has been used as per Ind AS 109 and a provision is made against Trade Receivables. Under GAAP the provision was created as and when the receivable turned doubtful.</p> <p>2. The Company has considered its investment in the previously recognised financial instruments at Fair Value through OCI on the grounds of information and circumstances at the date of transition.</p>
5.	NTPC Limited	10.14	<p>1. Due to transition, the entity has capitalised certain items of spares which meet the criteria of PPE. Under existing GAAP, such spare parts were recognised as Inventories.</p> <p>2. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.</p>
6.	Oil & Natural Gas Corporation Limited	48.86	<p>1. Due to transition to Ind AS, helicopters held for sale are reclassified from Inventory to assets held for Sale.</p> <p>2. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.</p> <p>3. Application of discounting to decommissioning provisions.</p> <p>4. Capitalisation of Dry Dock expenses.</p> <p>5. The company has considered to use the impairment requirements as per principles of paras of Ind AS 109 retrospectively.</p>

Sl. No.	Entity Name	Variation in Current Assets Post Implementation (₹ in Crores)	Reasons for variation in Current Assets
7.	Sun Pharmaceutical Industries Limited	(-)27.44	<p>1. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.</p> <p>2 The Company has shown its investment in the previously recognised financial instruments at Fair Value through OCI on the basis of information and circumstances at the point of transition.</p>
8.	Tata Steel Limited	531.76	<p>1. Change in Inventory Valuation due to transition.</p> <p>2. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.</p>
9.	Tata Consultancy Services Limited	81.13	<p>1. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.</p>
10.	Asian Paints Limited	44.20	<p>1. The concern has considered to adopt fair value recognition prospectively in respect of financial instruments wherein fair market figures are not available.</p> <p>2. Under GAAP, Current Investments were measured at lower of Cost or figure of Fair Value. Under new system, the same has been disclosed as FVTPL on the transition date.</p>



Sl. No.	Entity Name	Variation in Current Assets Post Implementation (₹ in Crores)	Reasons for variation in Current Assets
11.	Bajaj Auto Limited	107.00	<p>1. Under previous GAAP, investments in fixed maturity plans and some mutual funds were treated as long term investments or current investments based on period of holding etc. Long Term Investments were shown at cost minus provisions for decline and current investments were shown at smaller of cost and fair value. Under new system, these investments are reported at fair value figure.</p> <p>2. Under GAAP certain debt instruments were disclosed at cost including pre acquisition interest. Under Ind AS, these instruments have been represented at Cost excluding the pre-acquisition interest and reworking of amortisation accordingly.</p>
12.	Hero MotoCorp Limited	216.13	<p>1. Under Ind AS leasehold land has been considered as operating lease as opposed to fixed assets under AS. This has resulted in change in depreciation.</p> <p>2. Under GAAP, Current Investments were measured at smaller of Cost or Fair Value. Under new system, the same has been disclosed as FVTPL on the transition date.</p>
13.	Mahindra & Mahindra Limited	2.48	<p>1. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.</p>
14.	Tata Motors Limited	1,155.78	<p>1. Change in Inventory Valuation due to Ind AS Transitions.</p> <p>2. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.</p> <p>3. Under GAAP, Current Investments were measured at lower of Cost or Fair Value.</p>

Sl. No.	Entity Name	Variation in Current Assets Post Implementation (₹ in Crores)	Reasons for variation in Current Assets
			Under Ind AS, the same has been classified as fair Value through Profit & Loss on the transition date.
15.	HCL Technologies Limited	16.61	1. Long Term Lease Deposits under new system, are initially reported at Fair Value and subsequently at amortised cost through the method of effective interest. 2. Under GAAP, Leasehold Land was not classified as lease arrangement. Under Ind AS, the same has been reported as operating lease.
16.	Infosys Limited	--	Not Applicable
17.	Tech Mahindra Limited	81.10	1. Under GAAP, Current Investments were measured at smaller of Cost or Fair Value figure. Under new system, the same has been presented as FVTPL on the transition date.
18.	Hindustan Unilever Limited	167.03	1. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful. 2. Investment in Controlled Trust was presented as Non-Current Investment under earlier AS. Under Ind AS, the same is considered as Plan asset and has been fair valued.
19.	Vedanta Limited	18,995.37	1. Inventory of Stores and Spares related to exploration and development activities was treated as Inventory under GAAP. This is now being treated as Asset and

Sl. No.	Entity Name	Variation in Current Assets Post Implementation (₹ in Crores)	Reasons for variation in Current Assets
			capitalised in the financials.  2. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.
20.	Power Grid Corporation of India Limited	(-)329.55	1. Due to transition, the entity has capitalised certain items of spares which meet the criteria of PPE. Under existing GAAP, such spare parts were recognised as Inventories. 2. Under new system, model of Expected Credit Loss model is used and a provision is made against Trade Receivables. Under GAAP the provision was done as and when the receivable turned doubtful.
21.	Reliance Industries Limited	1,974.00	1. Under GAAP, Current Investments were measured at smaller of Cost or figure of Fair Value. Under new system, the same has been reported as FVTPL on the transition date.

*Source: Published Annual Reports of Sample Companies for the financial year 2016-2017*

Thus from the above it can be found that the major cause of change in current assets figures can be attributed to treatment of Current Investments considering Ind AS regime, usage of effective interest rate method for calculation of borrowing costs, application of Ind AS 109, capitalization of dry dock expenses, treatment of leasehold land, changes in inventory valuation method due to Ind AS transitions, capitalization of eligible spares etc.

#### 4.10 IMPACT ON CURRENT LIABILITIES

Current Liabilities are closely watched for in the financials since a business unit must have sufficient liquidity to ensure that they can be paid off when due. A detailed scrutiny of the published Annual reports of the sample companies has been carried out to comprehend the effect of implementation of new standards on the reported Current Liabilities figures.

Following is a broad detail of Current Liabilities of select Companies under AS and new standards for the year 2015-2016.

**Table 4.30 Table showing variation of Current Liabilities as per AS and Ind AS**

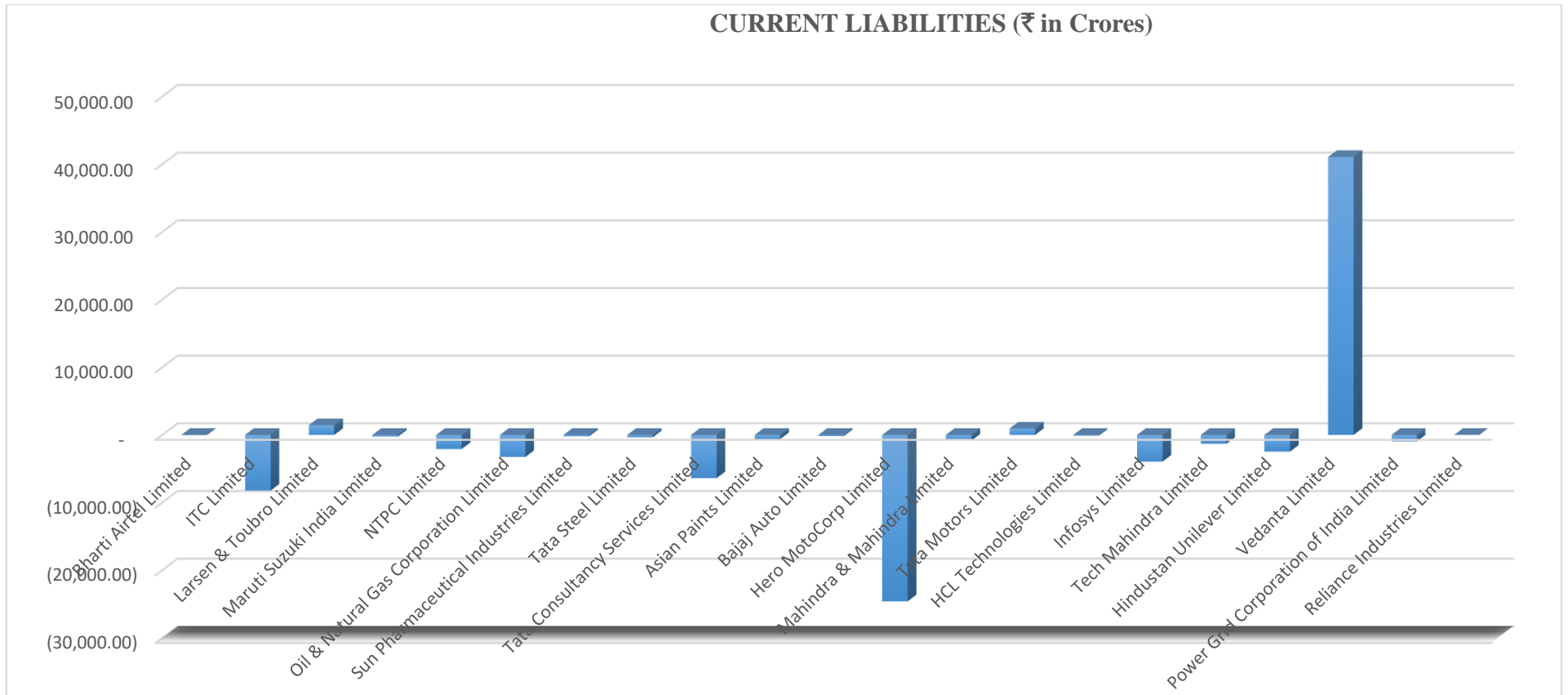
Sl. No.	Entity Name	Sector	Current Liabilities (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
1	Bharti Airtel Limited	Telecommunications	27,891.80	27,846.80	(-)45.00	(-)0.16
2	ITC Limited	Consumer Goods	14,587.86	6,354.27	(-)8,233.59	(-)56.44
3	Larsen & Toubro Limited	Infrastructure	47,285.98	48,723.39	1,437.41	3.04
4	Maruti Suzuki India Limited	Automobiles	11,290.00	11,039.20	(-)250.80	(-)2.22
5	NTPC Limited	Electric Utility	33,846.39	31,758.74	(-)2,087.65	(-)6.17
6	Oil & Natural Gas Corporation Limited	Energy	21,142.23	17,878.15	(-)3,264.08	(-)15.44
7	Sun Pharmaceutical Industries Limited	Pharmaceuticals	8,838.78	8,627.30	(-)211.48	(-)2.39
8	Tata Steel Limited	Engineering	21,087.99	20,732.33	(-)355.66	(-)1.69

Sl. No.	Entity Name	Sector	Current Liabilities (₹ in Crores)			
			AS	Ind AS	Difference	% (Diff/AS) X100
9	Tata Consultancy Services Limited	Information Technology	17,706.29	11,309.00	(-)6,397.29	(-)36.13
10	Asian Paints Limited	Manufacturing	3,065.84	2,455.05	(-)610.79	(-)19.92
11	Bajaj Auto Limited	Automobiles	2,953.02	2,780.99	(-)172.03	(-)5.83
12	Hero MotoCorp Limited	Automobiles	28,048.82	3,448.32	(-)24,600.50	(-)87.71
13	Mahindra & Mahindra Limited	Automobiles	10,693.67	9,844.32	(-)849.35	(-)7.94
14	Tata Motors Limited	Automobiles	17,751.06	18,701.74	950.68	5.36
15	HCL Technologies Limited	Information Technology	4,637.62	4,512.99	(-)124.63	(-)2.69
16	Infosys Limited	Information Technology	15,537.00	11,588.00	(-)3,949.00	(-)25.42
17	Tech Mahindra Limited	Information Technology	5,348.00	4,028.20	(-)1,320.20	(-)24.68
18	Hindustan Unilever Limited	Consumer Goods	9,137.15	6,652.00	(-)2,485.15	(-)27.20
19	Vedanta Limited	Engineering	27,554.91	68,631.85	41,076.94	149.07
20	Power Grid Corporation of India Limited	Electric Utility	25,253.57	24,284.26	(-)969.31	(-)3.84
21	Reliance Industries Limited	Energy	1,25,022.00	1,25,033.00	11.00	0.01
<b>Total</b>			<b>4,78,680.38</b>	<b>4,66,229.90</b>	<b>(-)12,450.48</b>	<b>(-)2.60</b>

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.10.1 PICTORIAL REPRESENTATION

The above analysis of Current Liabilities has been presented by way of a pictorial presentation:



**Figure 4.11 Figure showing variation of Current Liabilities as per AS and Ind AS**

*Source: Published Annual Audited Financial Statements of Sample Companies for the year 2015-2016 & 2016-2017*

#### 4.10.2 HYPOTHESIS TESTING

The researcher has collected the data pertaining to before and post implementation of Ind AS for the F.Y. 2015-16 of sample companies w.r.t. various financial parameters and for testing the significance, paired T-Test has been considered. The researcher has formulated two hypothesis i.e. null hypothesis and alternative hypothesis for the objective of analysis of secondary data.

##### **Hypothesis 10: Current Liabilities**

$H_{0A10}$ : *There is no significant impact in the Current Liabilities figures of sample companies post implementation of Ind AS.*

$H_{1A10}$ : *There is a significant impact in the Current Liabilities figures of sample companies post implementation of Ind AS.*

Hypothesis 10 analyses the impact of Ind AS implementation on the Current Liabilities figures of sample companies.

**Table 4.31: Table showing T Test values for Current Liabilities for the year 2015-2016**

Current Liabilities	N	Mean	Std. Deviation	Std. Error Mean	Mean Difference	T	df	Sig. (P-Value)
AS	21	22794.30	25989.17	5671.30	592.88	0.246	20	0.808
Ind AS	21	22201.42	28759.20	6275.77				

**Source: Researcher's own compilation**

**Note:** *The financial data shows greater variation and so the standard deviation is higher than mean for AS & Ind AS values.*

The mean value of AS values is 22794.30 and values of Ind AS is 22201.42. Mean difference of both AS and Ind AS values is 592.88. The Standard Deviation values for AS is 25989.17 and the similar for Ind AS is 28759.20. Difference between AS and Ind AS values for Current Liabilities reveals that there is no major difference and the calculated  $t = 0.246$ , ( $P = 0.808$ ) is smaller than tabulated value of  $t = 2.086$  at  $df = 20$  at 5% significance level. Thus we accept the Null Hypothesis and conclude that there is no significant impact in the Current Liabilities figures of sample companies after implementation of Ind AS.

#### 4.10.3 ANALYSIS OF REASONS FOR VARIATIONS IN CURRENT LIABILITIES

**Table 4.32 Table showing analysis of reasons for variations in Current Liabilities**

Sl. No.	Entity Name	Variation in Current Liabilities Post Implementation (₹ in Crores)	Reason for variations in Current Liabilities
1.	Bharti Airtel Limited	(-)45.00	<p>1. Derivative Contracts under GAAP were reported at Fair Value at each date of Balance Sheet and the changes in previous carrying amount was identified in the profit &amp; Loss statement restricted to the degree it represents any subsequent reversal of previously recognised losses. Under Ind AS the entire modification in Fair Value figure of such contracts are shown in the profit &amp; Loss statement.</p> <p>2. Proposed Dividend liability has been derecognised with corresponding growth in equity.</p>
2.	ITC Limited	(-)8,233.59	<p>1. Proposed Dividend liability has been derecognised with corresponding growth in equity.</p>
3.	Larsen & Toubro Limited	1,437.41	<p>1. Under existing GAAP, financial guarantee contracts were disclosed as contingent liability and commitments. Under Ind AS the same has been presented at Fair value at the inception in alignment with Ind AS 109 along with accrued guarantee charges.</p> <p>2. Proposed Dividend liability has been derecognised with corresponding increase in equity.</p> <p>3. Application of Effective Interest Rate method for borrowing Costs.</p> <p>4. Under Ind AS, provision is made towards constructive obligations related to payment of performance linked rewards to the employees and tax on ESOP benefits.</p>



Sl. No.	Entity Name	Variation in Current Liabilities Post Implementation (₹ in Crores)	Reason for variations in Current Liabilities
			Under GAAP, the cost was recognised on the basis of actual payments.
4.	Maruti Suzuki India Limited	(-)250.80	1. Proposed Dividend liability has been derecognised with corresponding increase in equity.
5.	NTPC Limited	(-)2,087.65	1. Financial Liabilities are recorded at amortised value under new system using discounting to present value. The change due to discounting has been adjusted to the amount of retained earnings. 2. Proposed Dividend liability has been derecognised with corresponding incline in equity.
6.	Oil & Natural Gas Corporation Limited	(-)3,264.08	1. Classification of Leasehold land under perpetual period as finance lease and corresponding recognition of finance lease obligation. 2. Proposed Dividend liability has been derecognised with corresponding rise in equity.
7.	Sun Pharmaceutical Industries Limited	(-)211.48	1. Proposed Dividend liability has been derecognised with corresponding rise in equity. 2. Derivative Instruments were entered into for hedging the foreign currency fluctuation risk. The gains/ Losses on such instruments have been recognised at FVTPL.

Sl. No.	Entity Name	Variation in Current Liabilities Post Implementation (₹ in Crores)	Reason for variations in Current Liabilities
8.	Tata Steel Limited	(-)355.66	<p>1. Proposed Dividend liability has been derecognised with corresponding growth in equity.</p> <p>2. Hybrid Perpetual Securities have been represented as equity.</p> <p>3. Fair Value has been treated as deemed amount for investment in subsidiaries. The variation in fair value and figure of carrying value as on transition date has been modified against reserves.</p>
9.	Tata Consultancy Services Limited	(-)6,397.29	<p>1. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p> <p>2. Under Ind AS, actuarial Gain/ Losses form part of re-measurement of liability of net defined benefit is recognised in OCI.</p>
10.	Asian Paints Limited	(-)610.79	<p>1. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p>
11.	Bajaj Auto Limited	(-)172.03	<p>1. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p>
12.	Hero MotoCorp Limited	(-)24,600.50	<p>1. Proposed Dividend liability has been derecognised with corresponding growth in equity.</p> <p>2. Under the provisions of Ind AS, Revenue deferment on future performances has</p>

Sl. No.	Entity Name	Variation in Current Liabilities Post Implementation (₹ in Crores)	Reason for variations in Current Liabilities
			resulted in decrease of Trade payables and increase in other current liabilities.
13.	Mahindra & Mahindra Limited	(-)849.35	<p>1. Proposed Dividend liability has been derecognised with corresponding incline in equity.</p> <p>2. Certain Non -Current Financial Liabilities under earlier GAAP were reported at cost. The same is now measured using the impact of discounting. The corresponding impact has been disclosed in equity.</p>
14.	Tata Motors Limited	950.68	<p>1. Proposed Dividend liability has been derecognised with corresponding rise in equity.</p> <p>2. Under existing GAAP, financial guarantee contracts were disclosed as contingent liability and commitments. Under new system they have been disclosed at Fair value at the inception in alignment with Ind AS 109 along with accrued guarantee charges.</p>
15.	HCL Technologies Limited	(-)124.63	<p>1. Proposed Dividend liability has been derecognised with subsequent rise in equity.</p> <p>2. Under Ind AS estimate for employee leave benefit has been classified from current to non-current.</p>
16.	Infosys Limited	(-)3,949.00	<p>1. Proposed Dividend liability has been derecognised with subsequent rise in equity.</p> <p>2. An impact of discounting the deferred and contingent consideration which is payable for various acquisitions has been observed.</p> <p>3. The unamortised negative past service cost arising on modification of the plan of gratuity in an earlier period has been considered with retained earnings.</p>

Sl. No.	Entity Name	Variation in Current Liabilities Post Implementation (₹ in Crores)	Reason for variations in Current Liabilities
17.	Tech Mahindra Limited	(-)1,320.20	1. Proposed Dividend liability has been derecognised with corresponding increase in equity.
18.	Hindustan Unilever Limited	(-)2,485.15	1. Proposed Dividend liability has been derecognised with corresponding increase in equity. 2. Certain Non -Current Financial Liabilities under Previous GAAP were measured at cost. It is now reported using the impact of discounting. The corresponding impact has been reported in equity.
19.	Vedanta Limited	41,076.94	1. Proposed Dividend liability has been derecognised with corresponding growth in equity. 2. Fair Value has been treated as deemed cost for investment in subsidiaries. The difference in fair value figure and carrying amount figure as on transition date has been considered against reserves.
20.	Power Grid Corporation of India Limited	(-)969.31	1. Fair value measurement of investment in instruments of equity resulting in variations in retained earnings on the transition date. 2. Proposed Dividend liability has been derecognised with corresponding increase in equity. 3. Under Ind AS Retention money on Capital Expenditure is reported at Fair Value. The corresponding adjustment is done in other equity. 4. A prior period Income was recognised which is restated and has resulted in rise in

Sl. No.	Entity Name	Variation in Current Liabilities Post Implementation (₹ in Crores)	Reason for variations in Current Liabilities
			total equity.
21.	Reliance Industries Limited	11.00	1. Asset Retirement Obligation has been reported at the present value and accordingly the consequent depreciation and finance cost has been recognised. The corresponding effect has been identified in equity. 2. Proposed Dividend liability has been derecognised with corresponding rise in equity.

*Source: Published Annual Audited Financials of Sample Companies for the financial year 2016-2017*

Thus from the above it is found that the major cause of change in current liabilities figures can be attributed to treatment of proposed dividend, treatment of borrowing costs, treatment of financial guarantee contracts, impact of discounting on deferred & contingent considerations payable etc.