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Unraveling the Determinants and Consequences of Mandatory IFRS Convergence in India: Insights from Systematic Literature Review

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Abstract

The last few decades have evidenced radical changes in global standards, particularly the International Financial Reporting Standards convergence in India has piqued the curiosity of researchers and professionals. Despite the evolving research, there is no consensus on its consequences in the Indian context. In this backdrop, this paper provides a state-of-the-art summary of empirical archival on determinants and effects of Ind AS for the post-2010 period. To this end, the study employs the systematic literature review method following the Scientific Procedure and Rationales for the Systematic Literature Review approach. A total of 50 articles retrieved from the Scopus and Web of Science database between 2010 and 2024 were reviewed. The results revealed that the perceived benefits of IFRS, globalization, and the urge to enhance reporting quality are the key drivers of IFRS convergence in India. Regarding impact, the review uncovered that Ind AS has increased the quality of financial reporting, value relevance, and firm performance. However, it has led to a decline in the ethical reporting of the firms. Further, Ind AS witnessed the increased length and complexity of financial statements, causing problems with the readability of the reports. Overall, the observed learning curve effect strongly suggested that the Ind AS will have a favourable impact on the Indian accounting realm moving forward. The findings urge that policymakers should adopt concurrent enforcement mechanisms while investors are advised to exercise caution while making investment decisions.

Keywords: Ind AS, Compliance and Adoption, Fair Value Accounting, Accounting Disclosure, India, Review

JEL Classification: M40; M41; M48; M49

1. Introduction

The pitfalls of complexity and comparability of financial statements under domestic GAAP-based standards led regulators to ask whether the financial statements could be made coherent and consistent across different industries and countries. Since value relevance is positioned as a key feature of financial statements (Morris et al., 2014; Rehman et al., 2014), the relevance of financial information in the contemporary market serves as a prerequisite for informed decision-making (Fields et al., 2001). Given this phenomenon, ensuring the transparency of financial statements became a major issue in the digital and institutionally planned capital markets. Against this backdrop, the International Financial Reporting Standards (IFRS) had emerged with a bundle of prerequisites, including investor protection and fair value accounting (Hellmann et al., 2021; Vidal-García & Vidal, 2016). The regulators poised that IFRS would bring a significant improvement in the comparability of financial statements (Brochet et al., 2013; Cormier, 2016; Lin et al., 2019; Tarca, 2020). Subsequently, accounting scholars widely believed that IFRS would not only expedite the common accounting and financial language but also reshape the architecture of financial reporting (Khlif & Souissi, 2010; Samaha et al., 2009). Progressively, irrespective of the criticisms including inherent disparities in the accounting treatments (Wehrfritz & Haller, 2014), increased compliance costs (Fox et al., 2013; Pawsey, 2017) and subjectivity (Coe & Delaney, 2013; Sokolov, 2016), the framework of universal reporting language gained momentum (De George et al., 2016; Emmanuel Iatridis, 2012; Ismail et al., 2013; Tawiah, 2020; Vishnani et al., 2023). Consequently, the perceived benefits of IFRS resulted in worldwide implementation, whereby more than 160 countries transited to IFRS (Song & Trimble, 2022). Interestingly, this worldwide implementation of IFRS painted a significant milestone in the history of accounts (Ball, 2016; Daske et al., 2008) and provided unprecedented opportunities for accounting scholars to empirically establish if the IFRS certainly brings improvements among the adopting economies. Some strands of literature found that the IFRS continued to exert a positive impact on the accounting quality (Agana et al., 2023; Chua et al., 2012; Dayanandan et al., 2016; Dimitropoulos et al., 2013) and comparability (Alruwaili et al., 2023; Bassemir & Novotny-Farkas, 2018; Gajevszky, 2015; Mensah, 2021), whereas another strand of works witnessed for increased transparency of financial statements (Alomair et al., 2022; Sánchez et al., 2023; Sassi & Damak-Ayadi, 2023; Souza et al., 2024). Other strands of literature postulated that IFRS reduced managers' discretionary activities (Azzali et al., 2021; Baig & Khan, 2016; Eiler et al., 2022). Consequently, economies, explicitly developing countries, supported the implementation of

IFRS as a national accounting standard (Herbert & Tsegba, 2013). In this backdrop, a growing number of studies has summarized the relevance and consequences of adopting IFRS in Western countries (Brüggemann et al., 2013; Tsunogaya et al., 2015; De George et al., 2016; Houqe, 2018; Mohammadrezaei et al., 2015; Cualain & Tawiah, 2023). However, due to the considerable differences in the economic, cultural, and institutional environment (Nahar et al., 2016), the relevance and effectiveness of adopting IFRS in developing countries becomes an interesting research hotspot (Al-Enzy et al., 2023; Ben & Kossentini, 2015; Guo et al., 2023; Sadaka, 2022). Despite this, the existing body of knowledge on the drivers and consequences of post-IFRS implementation in developing countries, particularly in India, received less attention on the part of scholars and academicians.

As far as developing nations are concerned, the advent of globalization brought the domestic economies forefront to the complications provoked by divergence in the reporting standards (Amiram, 2012). On an interesting note, most of the economies in the world are developing economies[1]. Hence, non-compliance to IFRS did not seem to be a trivial matter (Singh & Newberry, 2008) as the accounting convergence and unification of financial language were regarded as an essential ingredient of accounting practices among developing economies (Farah Mita & Husnah, 2015; Nguyen et al., 2023; Samaha & Khlif, 2016). As a result, the call for harmonization of domestic accounting practices with global reporting standards was requisite and pragmatic (Samaha et al., 2009). Further, the policymakers in emerging markets strongly believed that the poor quality of reporting mechanisms embedded in the GAAP-based standards was likely to hinder the probability of foreign capital inflows (Samaha & Khlif, 2016). Nevertheless, the appropriateness of implementing IFRS among developing economies was controversial and challenging. Realizing the prominence of IFRS, the International Accounting Standards Board (IASB) worked with regulators in developing and facilitating the consistent application of standards[2] to cope with inadequate and misunderstanding of the principle-based standards. Eventually, with the increased efforts devoted to strengthening the international financial system, the developing nations moved towards IFRS either in its original or converged forms.

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[1] Refer to World Classification by the World Bank [Link: https://blogs.worldbank.org/en/opendata/world-bank-country-classifications-by-income-level-for-2024-2025].
[2] Refer to the official website of IFRS to read more on “How IASB works with regulators” [Link: https://www.ifrs.org/regulators/#how-we-work-with-regulators].

1.1 Theoretical Underpinnings

At the onset, there was no received accounting theory on the adoption of high-quality standards, and this was unfortunate in the accounting fraternity. To rectify these isolated exceptions, scholarly works attempted to elucidate the need for international standards from theoretical perspectives. Thus, the adoption of IFRS, specifically in developing nations, owes its genesis to a few accounting theories that manifested the need for change in the GAAP-based accounting standards.

From the point of view of Voluntary Disclosure Theory, the adoption of IFRS is driven by a firm's motive for additional disclosure of accounting information (Bhatia et al., 2023; Kalra & Vardia, 2016). Now, the question arises: Why do managers voluntarily disclose financial information? The plausible answer could be to reduce information asymmetry between stakeholders and enterprises; they disclose true and comprehensive information concerning the firm's financial and non-financial activities (Bhatia et al., 2023). Thus, to discourage unfavorable selection issues among stakeholders, the firms voluntarily disclose such information, which would assist stakeholders in evaluating the firm's present, past, and future estimates and uncertainties (Emmanuel Iatridis, 2012). Thus, firms' preference to disclose true accounting information necessitates the adoption of high-quality standards like IFRS.

The Institutional Theory emphasizes that an organization should focus not only on technical and operational efficiencies since it is largely shaped by external factors of "social fitness" (Guerreiro et al., 2020). Being a social institution, a firm is likely to imitate successful corporate practices and be exposed to the influences of powerful corporations and competition (Bhatia et al., 2023). Besides, rules and constraints imposed by professional bodies significantly drive the structure of any organization, and no firm is an exception to this (Singh & Inder, 2017). Subsequently, companies comply with the additional disclosure of accounting information to demonstrate their legitimacy in the eyes of the public and avoid reputational damage (Firoz et al., 2023; Mohammad et al., 2023). Thus, the social urge to disclose legitimate information to various stakeholders necessitates the adoption of global accounting practices (Chandok & Singh, 2017; Deb et al., 2021).

Stewardship Theory sets the notion that promoters openly vanquish their interest to promote the long-term interest of the stakeholders, showcasing the stewardship behavior (Pelger, 2020). In emerging markets, most of the firms are dominated by promoters and their groups (Kota &

Charumathi, 2018). They often strive to enhance the value of firms through additional disclosure and focusing on the well-being of stakeholders. Hence, such organizations are less likely to be affected by complicated equity adjustments, which per se increases their ability to adopt better disclosure compliances (Shruti & Thenmozhi, 2023). Thus, the desire to enhance the firm's value supports the convergence with IFRS-based accounting norms.

Another facet argues for the convergence of IFRS from the angle of agency theory and signaling theory. The agency theory postulates that compliance with IFRS and disclosure of information are highly impacted by firm-level factors, including leverage (Saravanan & Firoz, 2022). Management voluntarily discloses the risk and other prominent accounting information to create value among stakeholders and to avoid stringent debt covenants (Nikhil et al., 2023). As a result, levered firms are inclined to disclose more (Lambert, 2001). The signaling theory extends the voluntary disclosure theory. It states that additional sharing of information strikes a positive signal; whereby, stakeholders consider investing in such firms to be worthwhile and less risky. Prima facie, to send a positive signal and reduce the information gap, firms consider additional disclosure to be a game-changing strategy (Bhatia et al., 2023). The adoption of international standards, on the other hand, encourages the disclosure of risk and other prominent information to stakeholders, and thus, the implementation of IFRS becomes exigent.

Besides, few accounting theories have reined to guide accounting practices, specifically, the normative and positive theories of accounting. While the former focuses on the recognition, measurement, and reporting of financial transactions, the latter emphasizes the accounting requirement, relevance of financial information, and type of accounting technique to solve managerial problems, providing the basis for the formulation of accounting standards (Deb, 2019; Emmanuel Iatridis, 2012). On this ground, high-quality accounting standards are advisable for every economy to uphold the principle of transparency and comparability of financial information.

1.2 Background to IFRS in India

The contemporary global march towards accounting reforms as a means to achieve innovation in financing reporting entailed the adoption of IFRS in the Indian economy. Irrespective of the condemnation in terms of fair value prerequisites, transparency, and the governance structure of the issuing boards (George et al., 2016; Jarolim & Öppinger, 2012; Stojilković, 2011), the convergence with the IFRS was expected to result in a high degree of transparency and

comparability of annual reports in the Indian setting. As a consequence of this, post the prolonged effort to attain significant accounting reform, the Institute of Charted Accountants of India – a premier standard-setting body under the purview of the Ministry of Corporate Affairs (MCA), designed a roadmap for the smooth transition from erstwhile GAAP-based standards to IFRS (Almaqtari et al., 2020). However, the discrepancies in compliance due to the country's unique macroeconomic and environmental factors (Soderstrom & Sun, 2007) compelled the MCA to converge its standards with IFRS (Himanshu & Singh, 2022), which was later renamed as Ind AS. Initially, the Indian companies were given a voluntary choice to opt for Ind AS (Uzma, 2023). Eventually, posterior the careful analysis, the Ind AS was mandated for all the listed and unlisted firms in four-phased manners[3] starting from the Financial Year 2016-17.

In this background, the cascade of new accounting waves in the Indian reporting world probes an interesting debate concerning the motivation for accounting transformation and its economic consequences. Interestingly, a spate of literature has focused on the determinants and consequences of switching to IFRS in the United States, Germany, the United Kingdom, the European Union, and developing markets (Brüggemann et al., 2013; Christensen et al., 2007; Daske et al., 2008; Fox et al., 2013; Gassen & Sellhorn, 2006; Kaya & Pillhofer, 2013; O Cualain & Tawiah, 2023; Street, 2012), whereas the determinants and summarization of consequences of IFRS convergence in developing economies like India is sparse. Certainly, the synchronization of accounting standards in the Indian setting offers a wide range of opportunities to delve deeper; however, shreds of empirical evidence escape the academic fraternity. On the other hand, despite the vigorous discussion among academicians regarding the positive effect of global harmonization, it is important to note that the improvement in the information environment is dependent on several factors. To be precise, the quality of IFRS compared to existing GAAP standards (Daske et al., 2008), adopting the country’s institutional dynamics (Ball, 2001; Rehman et al., 2014), incentives for financial reporting (Soderstrom & Sun, 2007), political and legal aspects of the adopting nations (Hung & Subramanyam, 2007; Wulandari & Rahman, 2004) and the opportunistic behavior of the management (Emmanuel Iatridis, 2012), significantly drives the development and implementation of accounting structure. Moreover, the difference in compliance with the IFRS is rooted in the market, environmental factors, and the level of corporate governance within the companies (Uzma,

[3] Refer to the article “Ind AS roadmap” for four phases of Ind AS applicability [Link: https://www.pwc.in/services/ifrs/ifrs-in-india_roadmap.html].

2016; Whittington, 2008). These factors make India a unique setting, and irrespective of the efforts, cross-country disparities are expected to exist because of the differing factors within the economies, outlining that standardizing the accounting standards does not necessarily result in the harmonization of accounting practices across the economies (Guerreiro et al., 2020). Against this backdrop, examining the motivating factors and summarizing the consequences of adopting IFRS in the Indian setting becomes an interesting research question.

Although the empirical shreds of evidence on the impact of IFRS convergence in India are at a nascent stage, interestingly, few scholars have found evidence for increased reporting quality (Saji, 2022; Singh et al., 2020), while some argue for a negative impact on the accounting quality of the firms (Adhikari et al., 2021; Bansal & Garg, 2021; Meshram & Arora, 2021). Another strand of literature elucidates the positive impact on firm performance (Maina et al., 2020; Nikhil et al., 2023). Furthermore, the Ind AS is also found to reduce the uncertainty portion of the annual reports, leading to a lower cost of capital and enhanced transparency of the financial statements (Bansal, 2023a; Saravanan & Firoz, 2022). On the contrary, scholars evince that the implementation of Ind AS has flooded with a rise in the scope for earnings manipulation activities (Bansal, 2022a; Chatterjee, 2021; Himanshu & Singh, 2022). Hence, the benefits and costs of implementing Ind AS are inconclusive, and the existing institutional differences and socio-cultural complexities make India a unique and unanimous setting, offering a plentiful scope for further investigation.

The motivation for the present research stems from two reasons. First, since Ind AS has been recently adopted in India, there is a knowledge deficiency due to limited studies and a wide gap marked by discrepancies in the empirical evidence. Although the studies in the Indian context have examined the impact of converging to IFRS, they have failed to synthesize the factors determining the adoption of IFRS. Understanding the determinants is imperative as it provides valuable insights for stakeholders ranging from investors and regulators to policymakers and accounting professionals. Furthermore, understanding the antecedents emphasizes the influence of macroeconomic and regulatory frameworks on the decision to adopt IFRS, highlighting the broader implications for financial markets and investment decision-making. Hence, there is a dire need for an understanding of the rationale behind IFRS convergence and its major driving forces. Given the paucity of evidence, the present research attempts to outline the factors contributing to the need for IFRS convergence from an Indian perspective by answering the following research questions:

RQ1: What is the need for IFRS in India?

Second, the critical motivation arises from the dearth of dedicated reviews on the summary of the consequences of adopting IFRS converged standards in the Indian context. While the existing studies document the effect of the transition from GAAP to IFRS-based standards, the comprehensive synthesis of such findings is scant. Moreover, the existing shreds of evidence fail to provide conclusive remarks due to mixed findings. Against this backdrop, the present research aims to synthesize past scholarly literature to compile and summarize the effects of Ind AS adoption by employing the Systematic Literature Review (SLR) protocols using the study's second hypothesis stated below:

RQ2: What are the consequences of IRFS convergence in India?

Following this research method, the study delineates interesting key takeaways. The significance of this study is that it is the first study in India that attempts to synthesize available literature with the primary intent of disseminating knowledge on IFRS determinants and consequences of convergence in an emerging country. Through an appraisal of what existing literature documents regarding the harms and benefits of Ind AS, the present research encapsulates the worthy links for further studies. Additionally, the findings of the study guide stakeholders in interpreting the pros and cons of IFRS convergence and aid them in acting accordingly.

The paper is structured as follows. The study began with an introduction followed by a theoretical background and presentation of research questions. The second section elaborates on the review methodology adopted. In the third part, the review presents the results and discusses the obtained findings. Lastly, the paper concludes with suitable policy frameworks while paving the way for future research endeavours.

2. Methodology

The study employs the SLR method to provide a state-of-the-art overview of trends and the evolution of empirical works on the Ind AS in the Indian context. The SLR as a methodology gathers all the relevant scholarly works that apt predetermined eligibility criteria (Liberati et al., 2009), curtails the possible bias by following the deliberate protocols for exclusion and inclusion of articles (Snyder, 2019), and thus enhances the reliability of findings to address a specific research question (Pooja & Upadhyaya, 2022). Consequently, the SLR method gained momentum, and most of the researchers followed updated Preferred Reporting Items for

Systematic Review and Meta-Analysis (PRISMA) guidelines (Okoli, 2015; Page et al., 2021; Paul & Criado, 2020). Nonetheless, the PRISMA deploys systematic reviews in general and fails to provide a rationale for researchers to justify their review decisions (Paul et al., 2021). To this end, the study oscillated from PRISMA protocols to Scientific Procedures and Rationales for Systematic Literature Reviews Protocol (SPAR-4-SLR) to synthesize the past literature on the determinants and consequences of IFRS convergence in India. The SPAR-4-SLR, as a methodologic choice, is justified by its superiority in terms of rigorousness, consistency, transparency (Khan et al., 2024) and minimizes arbitrariness (Ahiadu & Abidoye, 2024). This protocol provides a lucid rationale to substantiate the decisions made in the review process (Sharma et al., 2023) and thus paves the way for the expansion of the existing body of knowledge with the propelling cause to outline fruitful gaps for future research endeavors (Siddaway et al., 2019). More importantly, the SPAR-4-SLR protocol delivers state-of-the-art insight into the domain chosen and stimulates the agenda for further knowledge advancement through logical and practical rationales (Paul & Criado, 2020). Consequently, the SPAR-4-SLR protocol has been chosen in the present paper. This methodology includes three stages and six sub-stages (refer to Figure A1), namely Assembling, the stage that entails acquiring the body of literature; Arranging, the stage meant for organizing and purifying the identified literature; and Assessing, which encompasses the evaluation and reporting of the synthesized literature.

2.1 Assembling

This phase of the research deals with defining the domain and research questions, identifying the type of source, and finally acquiring the existing body of literature. In the study, 'the determinants and consequences of Ind AS adoption' becomes the central domain of the study. The consequences of IFRS convergence have been synthesized through a domain-based approach (Paul & Criado, 2020) by focusing on the empirical evidence in the Indian setting amid the factors driving the convergence with the global standards. Next, the acquisition of literature involves deciding the source type, search period, and keywords to be used in the search mechanism. Initially, we chose the Scopus database to extract the research papers. Scopus is an eminent, convenient, and widely used database compared to the Web of Science (WOS) and Google Scholar (Kumar et al., 2021; Thürer et al., 2020). Besides, the articles exclusively covered under the WOS database are relatively smaller compared to Scopus, whereby most of the WOS-indexed journals are listed in the Scopus database (Mongeon &

Paul-Hus, 2016). However, since the IFRS has garnered the attention of several academicians due to its prominence, it is crucial to include all the pertinent articles. Subsequently, to enhance the creditability of the study's findings and to clutter the potential distraction, both Scopus and WOS databases are considered. The literature search was completed between 2010 and January 2024. Because the Ind AS was made voluntary in 2010, the articles published hereafter have been included in the study.

A diverse pool of eight keywords and Boolean operators was used to retrieve the relevant articles. Through the initial glance at existing studies and based on the author's recommendations, the keywords were identified and applied in Scopus' Title-Abstract-Keyword (TIT-ABS-KEY) section. Initially, the keywords "IFRS " OR "International Financial Reporting Standards" resulted in 4803 articles. In the second search strategy, "IFRS " OR "International Financial Reporting Standards" OR " IND AS" OR "Indian Accounting Standards" OR "Accounting standard" OR "GAAP" OR "Generally Accepted Principle" were used, which yielded a total of 10580 articles. Finally, an advanced search strategy was performed using an asterisk (*) symbol in the "TIT-ABS-KEY" section, i.e., "IFRS" OR "Ind AS" OR "International Financial Reporting Standard*" OR "Indian Accounting Standard*" OR "Accounting Standard*" OR "GAAP*" OR "Generally Accepted Principle*" which provided 10,602 research documents. Concurrently, the same set of advanced keywords were used in WOS (all fields section), which resulted in 9930 research works.

2.2 Arranging

The arranging phase plays a prominent role in gauzing the myriad concepts of sourced literature appertain to the Ind AS domain. This stage encompasses organizing and purification of the literature that is in the process of synthetization. A few sets of inclusion and exclusion filters were applied in both databases to arrive at the relevant sample, as suggested by Kraus et al. (2022).

The search sample was restricted to empirical and review articles that have passed the stage of double-blind review since they manifest more sophisticated standards compared to conference papers, books, chapters, notes, editorials, and letters (Lim et al., 2022). The articles related to the "Business Management, Accounting, Economics, Econometrics, Finance, and Social Science" area were included for review, while those published in the non-English language were excluded (Fetscherin & Heinrich, 2015). Alongside, to tail the consequences of IFRS

convergence in India, research narrowed by applying the country filter (India). Post applying all the filters, 133 and 80 research articles were found in Scopus and WOS databases, respectively. Following the suggestions of Donthu et al. (2021), after screening through the title and abstract of the papers, the unrelated and duplicate articles were eliminated further, which allowed us to include 82 articles in the inventory. However, post discarding the unavailable articles (closed access articles), the final bin included 50 research articles, satisfying the basic criteria[4] for a SLR (refer to Table A2 for details of articles included in the paper).

2.3 Assessing

The assessing stage embraces two sub-stages, viz., evaluation and reporting. The present research employs the inductive approach consistent with prior authors (Fahimnia et al., 2015; Lim et al., 2022) with an aim to provide the answers to research questions from the existing data patterns. Further, the advanced SLR methodology, i.e., SPAR-4-SLR, has been applied to assess past scholarly works since it enhances transparency (Ellegaard & Wallin, 2015) and improves understanding of the research domain (Paul & Criado, 2020). In the reporting protocol, the conventions and limitations of the study have been reported. Congruous with the prior research (Bhukya & Paul, 2023), the present study reported the results using a combination of figures, narrative words, and tables.

3. Results and Discussions

3.1. RQ1: What is the need for IFRS in India?

Our first analysis illuminates the market forces behind the internalization of the reporting environment in India. As far as normative and positive theories are concerned, they put forward arguments to promote the prominence of a single accounting system in the business world (Nikhil, et al., 2023; Uzma, 2023) through the adoption of global accounting standards and closing the existing gap in the Indian financial reporting (Deb et al., 2021). Generally speaking, the Indian regulatory bodies preferred IFRS over GAAP standards because it was regarded as a global standard with better quality and was expected to yield significant benefits to Indian firms (Doliya & Singh, 2016). Before the introduction of IFRS, Indian companies were

[4] A minimum of 40 articles in the domain represents the maturity of the domain chosen for SLR (Paul et al. 2021).

following GAAP-based accounting standards, where the financial statements were measured on the basis of historical costing provisions, hindering the true market value of financial properties (Das, 2015). Additionally, former standards provided excessive flexibility to Indian firms, which increased the complexity of financial statements and posed a challenging task for interpretation (Pallisserry, 2012). However, 'True and Fair' are regarded as the primary epithet of the financial statements (Singh & Uzma, 2011), which were lacking under Indian GAAP-based standards. To overcome this information asymmetric problem, in accordance with the disclosure theories, communicating the true and comprehensive accounting numbers to the stakeholders was a primary requisite (Kalra & Vardia, 2016). On one side, the regulators were promoting IFRS as a realistic approach to analyzing the reported numbers (Swamy & Vijayalakshmi, 2012), and other side, it was argued that accounting standards were a cardinal part of any accounting system (Bhatia & Tripathy, 2018). Hence, moving to a fair value accounting (FVA) measure via global accounting convergence was highly essential in the Indian market (Uzma, 2023). On top of this, due to the advent of globalization, the entire globe had to be treated as a common village through a single set of accounting and business languages (Nikhil et al., 2023). India could not afford to bear the economic losses arising due to negligence to developments and modifications happening worldwide (Kalra & Vardia, 2016). Hence, as a panacea for all problems, Indian firms had to send a positive signal to the stakeholders, including foreign investors (Bhatia et al., 2023), irrespective of the borrowing level (Nikhil, et al., 2023), by promoting the long-term interest of the stakeholders (Kota & Charumathi, 2018) and avoiding the debt covenants (Saravanan & Firoz, 2022). Further, domestic firms, being social organizations, had to confront the global competition and increase goodwill in the eyes of the public by reporting legitimate and standard financial information through global accounting practices (Chandok & Singh, 2017; Deb et al., 2021). Given this, change in the external reporting system was a necessary call for India to exploit new opportunities (Dhankar et al., 2017; Nikhil, et al., 2023) and to empower a better understanding of the companies' affairs[5]. Thus, MCA decided to transform from GAAP-based accounting standards to IFRS-based standards in the Indian context (Bhatia et al., 2023). However, the adoption of IFRS primarily relies on the market and environmental factors of the adopting country (Uzma, 2016). This prevailing sitch forced the MCA to converge Indian GAAP

[5] Why global accounting standards [Link: https://www.ifrs.org/use-around-the-world/why-global-accounting-standards/].

standards with IFRS, later renamed as “Indian Accounting Standards” (Ind AS), a replica of IFRS suitable for the Indian context.

Apart from this, the need for IFRS compliance is the upshot of firm-specific factors such as firm size, financial performance, leverage, structural complexity, firm age, and ESG index (Bhatia et al., 2023). Consistent with the signaling, agency, and institutional theories, large and levered firms are inclined towards voluntary disclosure to signal high performance, reduce debt covenants, and enhance public relations (Bhatia et al., 2023; Nikhil, et al., 2023; Saravanan & Firoz, 2022; Singh & Inder, 2017). Further, in line with the voluntary disclosure theory, old firms slave to entail easy interpretation of financial statements by reducing the information gap through additional disclosure of accounting and risk information (Bhatia & Tripathy, 2018). Moreover, to reduce the structural complexity and enhance the comparability of financial information, the positive and normative theories upheld the principle of a uniform accounting system (Deb et al., 2021). Besides, the astonishing surge in the usage of financial derivatives[6] by Indian firms called for transparency of risk factors via high-quality disclosure norms (Kota & Charumathi, 2018). Consequently, Ind AS was introduced as a hook to strike this imbalance and attain FVA in the Indian economy (Pallisserry, 2012; Swamy & Vijayalakshmi, 2012).

3.2. RQ2: What are the consequences of IRFS convergence in India?

Motivated by the fact that mandating IFRS standards has the potential to enhance the transparency and comparability of accounting information, few studies in the Indian context have investigated the consequences from different perspectives. In this section, we summarize the consequences of adopting Ind AS and provide plausible justifications for the observed findings. In accordance with IFRS frameworks, we broadly distinguish consequences into three themes: information environment, capital market effects, and complexities.

3.2.1. Information environment

The regulators of IFRS claimed that the quality of financial statements enhances the usefulness of financial information and enables users to identify the similarities and discrepancies in economic events. The greater the quality, the greater will be the firm’s information

[6] NSE emerged as the largest derivative exchange in 2020 [Link: https://www.nseindia.com/nse-is-now-worlds-largest-derivatives-exchange] and continues its legacy in 2023 [Link: https://economictimes.indiatimes.com/markets/stocks/news/nse-worlds-largest-derivatives-exchange-for-fifth-year-in-a-row-third-in-equity/articleshow/106964373.cms?from=mdr].

environment and foster informed decision-making among different stakeholders (Adhikari et al., 2021; Almaqtari et al., 2020; Ranga, 2017). With this view, the concept of financial reporting quality gained paramount importance in the academic fraternity (Saji, 2022). Additionally, tumultuous trading in the stock market marked by waves of volatility often puts the market into overdrive, and investors, on the other side, analyze the accounting information based on their understanding (Rao et al., 2022). Thus, supplying reliable financial information demands a lucid presentation of financial statements with higher value relevance of accounting information. Besides, firms often indulge in income/expense misclassifications to inflate the core earnings and influence the contractual outcomes (Poonawala & Nagar, 2019), which per se negatively impacts the value relevance and reporting quality of the firms (Guillamon-Saorin et al., 2017). As a result, the firm's information environment is the function of reporting quality, level of earnings management, and value relevance of earnings and equity book value. Against this backdrop, under the information environment theme, we analyze the impact of IFRS convergence on reporting quality, value relevance, and earnings management in the Indian context.

3.2.1.1. Reporting quality

The proponents believe that IFRS reporting is of higher quality than local GAAP standards since its adoption improves financial transparency, lowers information asymmetry, and promotes cross-border comparability. Besides, it is argued that the key benefit of adopting IFRS is its ability to minimize accounting conservatism (understatement of assets, overstatement of liabilities, hazardous valuation of assets) and thus promote caution while reporting earnings and assets. As a result, global accounting convergence is expected to increase the extent to which accounting information reflects a company's financial position. This underlying notion compelled the researchers to examine the impact of Ind AS on the reporting quality of Indian firms (relevance of net income, income smoothening, timely loss recognition, accruals management, conservatism, and accrual quality). Initially, Almaqtari et al. (2020), for a sample of 97 firms listed on the Bombay Stock Exchange (BSE), employed the Ordinary Least Square (OLS) method to compare the impact of corporate governance (CG) mechanisms on the financial reporting quality between the GAAP period (2014-16) and Ind AS period (2017-18), respectively. Using the residual value of McNichol's model as a proxy for reporting quality, the study demonstrated that CG has a statistically significant impact on reporting quality under both sets of accounting standards and found no evidence to support the

difference between the two accounting practices. Following this, Singh et al. (2020), for a sample of 10 Information Technology (IT) companies, analyzed the effect of IFRS convergence on the reported net income and equity (proxies for reporting quality). Further, the study employed Gray's index of conservatism to quantify the level of conservatism between two accounting regimes. The quantitative analysis of the study provides conclusive evidence that the adoption of Ind AS increases the reporting quality and provides better current and quality information compared to GAAP standards. Likewise, Saji (2022), for 355 non-financial firms of the Nifty 500 index, using the OLS model, explored the linear influence of Ind AS on the earnings per share and the volume-weighted average price of sample firms. The study demonstrated that the IFRS convergence adds value to the quality of reported earnings in the Indian market. Further, to examine the asymmetric impact of Ind AS on the reporting quality, the study employed the quantile regression technique and concluded that the positive impact on the reporting quality was more pronounced around the firms with higher values.

On the contrary, few accounting scholars have documented the negative impact of Ind AS on the reporting quality of firms. First, Meshram & Arora (2021), by dividing the sample period into the pre-Ind AS (2012-15) and post-Ind AS (2016-19) windows for 411 Indian non-financial firms assessed the influence of IFRS convergence on the comparability (earnings-returns linkage, accruals, earnings-next year cashflow linkage) and reporting quality measures (correlation between accruals cash flow from operating activities, standard deviation of earnings and cash flow). The study concluded that the adoption of Ind AS resulted in a significant increase in the comparability of annual reports. However, the reporting quality appears to decline in the post-Ind AS period. Later, Bansal and Garg (2021), employing the difference-in-difference (DiD) method, attempted to compare the accounting quality between test and benchmark firms for pre- and post-convergence periods. The findings of the study showed that the accounting quality considerably reduced in the post-Ind AS period, particularly the magnitude of accruals and earnings smoothening increased among 1146 Indian listed firms. Likewise, Adhikari et al. (2021) collected the financial data of 2138 BSE-listed firms and compared the quality of reports between the GAAP period (2014-15), post-Ind AS period 1(2017-18), and 2 (2018-19). The results revealed that the accounting quality decreased drastically in the post-convergence periods. To be precise, the global accounting convergence witnessed lower variability in net income, less timely loss recognition, and higher magnitude of discretionary accruals, including less value relevance of financial information. Nevertheless, the study also documents that the negative impact on accounting quality ameliorates with the

passage of time. In the same vein, another study by Bansal (2023b) examined the effect of Ind AS on income smoothening and discretionary accruals among 1826 BSE-listed firms. The study divided the sample period into the pre-adoption period (2014-15), adoption period (2016-17), post-adoption periods 1 (2017-18), 2 (2018-19), 3 (2019-20), 4 (2020-21), and 5 (2021-22). The outcome of the regression result concluded that the Ind AS negatively impacts earnings quality in the Indian context. However, in accordance with the learning curve theory, the negative impact slashes in the later years of Ind AS implementation (2018 afterward). Overall, the negative impact on the quality of financial statements is expected to diffuse over time since the Indian firms take time to percolate with the new reporting system.

The plausible explanation for the enhanced reporting quality could be mapped to increased CG attributes, including board size, board independence, foreign ownership, and audit quality. The adoption of Ind AS shares a significant positive impact on CG attributes (Almaqtari et al., 2020) which per se increases the conservatism (Singh et al., 2020) and reporting environment (Nikhil et al., 2023). Besides, the Ind AS requires certain disclosures to be made in the note section of annual reports (Ranga, 2017), and the auditors examine the reliability of information supplied in notes to ensure the credibility of accounting information. Thus, the role of the auditor under the Ind AS period shifts from mere certification of values to authentication of fair values (Himanshu et al., 2020). Parallelly, the reduction in discretionary activities, to some extent, facilitates an ethical reporting of financial information (Saji, 2022). In a nutshell, the fair value measurements under Ind AS reflect the true economic performance of the entities (Himanshu et al., 2020). As a result, the studies have found net income and earnings per share to be more value-relevant in the post-convergence period (Saji, 2022; Singh et al., 2020).

Nonetheless, it is important to note that the auditor's opinion plays a significant role in the impact of Ind AS on the financial reporting quality of the firms (Almaqtari et al., 2020; Himanshu et al., 2020; Ranga, 2017). Additionally, the success of accounting practices depends on the concentration of promoter ownership and the consequence of alignment [high promoter holding where the interest of managers and shareholders are aligned] or entrenchment [high promoter holding with a higher probability that managers pursue personal interest] (Shruti & Thenmozhi, 2023). Thus, the change in the quality of reported information can be the function of the management's objectives to indulge in income smoothening and accruals. Since the majority of Indian firms are dominated by family-owned businesses (promoters>60%), it is possible that irrespective of the accounting reforms, the quality of the disclosed financial

statements remains less relevant and causes a higher possibility of accruals since they are inclined towards entrenchment (Adhikari et al., 2021). Under fair value accounting, the managers can record the financial instruments at a favorable value in accordance with managerial incentives inherent in the policies (Bhatia & Tripathy, 2018). Consequently, the prevailing loophole leads to an increase in earnings management activities and hinders the level of compliance with Ind AS (Bansal, 2022b). Further, the plausible justification for the decline in the quality could be the modifications of IFRS[7] for a better reflection of the economic environment where the concurrent economic and accounting benefits significantly deviate from the original big-bang IFRS adoption. Apart from this, the attempt to attain higher accounting quality is baffled by multiple regulatory bodies in India (see, for instance, the Companies Act, Income-tax Act, and Reserve Bank of India Act), which seem simultaneously not aligned with Ind AS implementation (Bansal & Garg, 2021). Accordingly, on account of increased accruals, family ownership, and earnings smoothening, few Indian scholars have documented the negative relationship between Ind AS and accounting quality (Adhikari et al., 2021; Bansal, 2023b; Bansal & Garg, 2021; Meshram & Arora, 2021).

To summarize, overall, the impact of Ind AS on the reporting quality is inclusive due to mixed findings. However, it is worth noting that the studies that have witnessed the negative influence of IFRS convergence on the quality of reports have also documented the "learning curve effect" (Adhikari et al., 2021; Bansal, 2023b). This indicates that the Ind AS practice diffuses over time, and essentially, the negative impact does not persist; in fact, it reduces in the subsequent years compared to the year of adoption. Hence, the Indian context may take time to materialize the full benefits of new accounting standards. Therefore, we seek policymakers to facilitate the proper institutional infrastructure to monitor the manager's financial decisions and reporting incentives and build sufficient IFRS skills among practitioners to minimize the unintended consequences of IFRS convergence in the Indian economy.

3.2.1.2. Value relevance

The regulators claimed that the major usefulness of IFRS convergence is its impact on the value relevance of a firm's book value of earnings and equity, given the paramount role of equity

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[7] The difference between IFRS and Ind AS can be accessed from the reports of Deloitte [Link: https://www2.deloitte.com/in/en/pages/audit/articles/india-gaap-ifrs-and-ind-as-a-comparison.html].

valuation in IFRS conceptual work. Further, it is possible that the greater value relevance of book equity value and earnings may differ from country to country. As a result, to verify this, few scholars have assessed the influence of Ind AS on the value relevance of Indian firm's financial statements. Kaur & Yadav (2020), employing the Ohlson model, attempted to provide more insights into how the transition to IFRS-based accounting standards affects the value relevance of Indian financial statements. The study found a positive association between the Ind AS and the relevance of the firm's earnings. However, the industry-specific analysis turned out to be inconclusive due to mixed results, leaving scope for further exploration. Similarly, Bedia & Shrivastava (2020), using the annual financial data of 12 IT sector firms listed in the National Stock Exchange (NSE), using the Wilcoxon Signed Rank test document a significant difference in the accounting information reported under two different accounting standards, where the value relevance of assets and equity increased in the convergence period parallelly compared to the GAAP era. Likewise, Rao et al. (2022), for a sample period from 2017-21, compared the strength of the financial parameters of the firms listed in the NSE energy index. The outcome of the modified Ohlson model suggested that book value per share and the firm's investments were more reliable under the post-Ind AS regime, outlining the evidence for increased value relevance. Following this, Gomes & Costa (2022a) demonstrated that the accounting variables were more value-relevant in the post-convergence period (2018-19) than in the GAAP era (2013-14) for a diverse pool of 910 listed non-financial firms. Their study examined the impact of the book value of equity and earnings per share on the market value of equity using the Ohlson model and found a high correlation between book values and stock prices on account of Ind AS adoption. Following this, Vishnani et al. (2023) compared the value relevance of net profit and total compressive income of 367 Indian BSE listed firms for two time periods, 2016-17 (GAAP-period) and 2019-20 (Ind AS-period), respectively. The results of the price relevance model (Ohlson framework) and returns relevance model (Eason and Harris framework) concluded that the total comprehensive income and other comprehensive income share a significant association with the stock prices of Indian firms, outlining that the convergence of IFRS increases the value relevance of financial items. Contrarily, Gomes & Costa (2022b), using data of 883 NSE-listed firms for a sampling period of 2012-20, examined the association between stock returns and levels of earnings using the Easton and Harris model. The documented that the accounting information concerning the stock returns and earnings association was more value-relevant in the pre-Ind AS adoption period, implying that IFRS convergence declined the value relevance of accounting information in the Indian setting. Likewise, employing the Ohlson pricing model, Rao et al.

(2023) and Shruti & Thenmozhi (2023) found that value relevance was significantly superior during the pre-Ind AS adoption period compared to the post-Ind AS convergence time frame for 23 Indian blue-chip companies and 605 listed non-financial firms, respectively. Although the findings are inconclusive, overall, these findings provide some evidence of increasing value relevance in the Indian context following the mandatory IFRS convergence.

The probable justification for the surge in the value relevance could be due to the changes in the measurement, valuation, and classification of assets at fair value (Ind AS 1; Ind AS 9 & Ind AS10), which moved India a step further towards transparency and viability in the area of financial reporting (Kaur & Yadav, 2020). To be specific, the fair valuation of financial assets and revenue classification enhances the level of earnings and equity valuation, which indeed leads to a high correlation between book earnings and stock prices (Gomes & Costa, 2022a). Thus, the relevance of accounting information is relatively better in an environment where countries adopt market-oriented financial systems as opposed to historical approaches (Rao et al., 2022). Nevertheless, the company's stock returns often rely on dividends, stock price fluctuations, and macroeconomic factors (Gomes & Costa, 2022b; Rao et al., 2023). Thus, the volatile market may have likely caused the decline in the return-earnings relationship during the post-Ind AS period, causing a decline in the value relevance of financial statements (Rao et al., 2023). Additionally, The affinity towards transparency and disclosure percolates the significant increase in the value relevance of accounting information. Thus, the success of accounting regulation depends on the stewardship behavior of the management, whereby the majority of the founders (being major shareholders) choose to hide risk-related information (Shruti & Thenmozhi, 2023) and inflate core earnings (Bansal et al., 2021), specifically, in the large and levered firms (Nikhil, et al., 2023). As a result, few accounting scholars in the Indian market have found the negative impact of Ind AS on the value relevance of financial statements.

3.2.1.3. Earnings management

As envisaged by IASB, another major indicator of the usefulness of IFRS is its effect on discretionary behaviour. Managers often alter financial reports to influence debt contracts and display higher economic performance, which seems to mislead the stakeholders. It is argued that a robust accounting framework is capable of restricting earnings management activities (Bansal, 2022a). Against this backdrop, Chatterjee (2021), employing generalized methods of moments (GMM) analysis, examined the earnings management (absolute value of residuals as proxy) among the 364 non-financial firms. The study documented a significant increase in

earnings management activities in light of new accounting practices (sample period ranging from 2017 to 2019), particularly among firms with high promoter holding and domestic institutional investors. Later, Bansal et al. (2021), for a sample time frame of 9 years, i.e., from 2010 to 2018, investigated the forms of earnings management (income/expense/cashflow misclassification) practices among Indian non-financial firms. They employed the operating revenue model, core earnings expectation model, and the operating cash model and found that Indian firms engaged in revenue misclassification and cashflow misclassification, specifically large firms, to report convincing operating performance. Further, they concluded that the implementation of Ind AS enlarged the scope for shifting practices among Indian firms. In this essence, Himanshu et al. (2020), for a sample of 240 BSE MidSmallCap companies (2013-2019), examined the association between earnings management and Ind AS using the Beneish model and revealed that firms belonging to 9 industries (out of 28) were suspected to involve in the manipulation of financial statements. Further, they argued that the adoption of Ind AS increased the ratio of manipulators to non-manipulators, manifesting a surge in discretionary activities. Likewise, Bansal (2022a), considering 8 years of annual financial data of 1952 non-financial firms that span from 2012 to 2019, examined the impact of Ind AS on the forms of misclassification practices (income/expense misclassification). The results of Mcvay's core earnings expectation model employed by the study unfolds that firms misclassify the cost of goods sold as net operating expenses to inflate the operating income and core earnings, particularly those firms that operate below the industry's average profit margin. Further, the findings of the study confirm that earnings management activities are more prevalent during the post-convergence period. In the second attempt, employing Dickinson's classification, Bansal (2022b) examined the association between Ind AS and earnings misclassification under the influence of the firm's life cycle (FLC). The results of the DiD model revealed that the firms operating at high (low) FLC were likely to engage in income (expense) classification and substitute between forms of misclassification based on ease and needs. Further, the study confirms that the magnitude of earnings manipulation significantly increased among firms reporting under the Ind AS standard, providing conclusive evidence for increased scope for perk consumption under the new accounting regime.

The plausible justification for the negative impact of Ind AS on earnings management lies in weak disclosure and regulations under Ind AS that enable flexibility for firms to report favourable information to obscure the real firm performance (Bansal, 2022a). Though the Ind AS is recognized for a paradigm shift to FVA, the ascertainment of fair value is often subjective

and judgemental (Himanshu & Singh, 2022). Thus, it provides sufficient space for managers to get involved in earnings manipulation to attract stakeholders, meet the analyst's expectations, and handle agency conflicts (Bansal, 2022b). Corporate pressure, on the other hand, incessantly pursues managers to report healthy profits via misclassification of incomes and expenses (Guillamon-Saorin et al., 2017). Although the Ind AS was expected to curb the misstatement of financial information, stringent accounting practices alone do not serve the purpose in India (Thoppan et al., 2021). Besides, irrespective of the form of earnings shifting, the root cause subsists in Schedule III of the Ind AS, which provides ample latitude for managers to adopt earning-shifting tactics (Bansal et al., 2021). The annual re-evaluation of PPE (Property, Plant, and Equipment) under Ind AS 16 is yet another loophole that can be misused by firms in many instances (Poonawala & Nagar, 2019). Moreover, it is found that firms explicitly opt for manipulating the cost of goods sold and non-operating expenses due to fewer complexities and higher benefits compared to income shifting (Bansal, 2022a). Apart from this, firms' life cycle impacts the form and magnitude of misclassification practices where, during the introductory stage (maturity), they indulge in expense shifting (revenue). Finally, such unintended consequences have significantly increased during the post-Ind AS period due to a weak institutional framework, regulatory bodies, non-adherence to corporate governance, lack of legitimacy, and failure to track violations in India (Thoppan et al., 2021).

Overall, on account of implementing Ind AS, the Indian market has witnessed an increase in the value relevance and the reporting quality of the firms (to some extent) (Almaqtari et al., 2020; Himanshu & Singh, 2022; Kaur & Yadav, 2020; Rao et al., 2022; Saji, 2022), while accruals quality and ethical reporting of the firms have been documented (Bansal, 2022a, 2023b; Bansal & Garg, 2021; Chatterjee, 2021; Meshram & Arora, 2021). The results prove that the adoption of Ind AS has failed to eliminate the alternative choices and discretionary behavior of the management, resulting in poor quality of the disclosed financial information (Bansal, 2022b, 2022a). Further, the managers under the Ind AS regime have been found to circumvent the actual earnings via misclassification of financial items, increased accruals, and poor timely loss recognition, legibly manifesting the earnings manipulation activities in the Indian scenario (Poonawala & Nagar, 2019). It is true that on account of fair value measurements, the reported accounting numbers are found to be value-relevant and transparent with better financial reporting quality (additional disclosure in the note section and increased relevance of financial numbers); however, the reported numbers do not ensure quality due to the enlarged scope for perk consumption (Adhikari et al., 2021; Shruti & Thenmozhi, 2023).

The observed findings align with the agency and signaling theory, where firms prefer to disclose additional information to stipulate additional debt and send a positive signal in the market (Nikhil et al., 2023; Saravanan & Firoz, 2022). Nevertheless, the disclosure of information in accordance with the management's objectives clearly highlights the failure of regulatory bodies and enforcement mechanisms within the economy (Thoppan et al., 2021). Further, Indian firms fail to display stewardship behavior and instead voluntarily disclose that information, which helps the firms uphold their legitimacy and reputation in the eyes of the public (Shruti & Thenmozhi, 2023). Against this backdrop, prior to investment decisions, Indian investors are advised to look into the accuracy and quality of the information being disclosed. Further, we seek policymakers to implement stringent actions and narrow the thick gap that exists between Ind AS and IFRS.

3.2.2 Capital market effect

The standard setters expressed the view that the adoption of IFRS would reduce the cost of capital and open new opportunities for diversification and investments. Moreover, the implementation of high-quality standards enhances a firm's disclosure, and the possibility of an increase in foreign investment is likely to prevail more around firms with greater disclosure opacity (Chauhan & Kumar, 2019)**.** Consequently, the second set of research examines the stock market reactions of Ind AS via the impact on the cost of capital and foreign capital inflow. In this essence, using firm-year panel data of 337 non-financial firms from 2015 to 2020, a study by Saravanan & Firoz (2022) investigated the impact of IFRS convergence on market liquidity. By employing four proxies for market liquidity, namely, bid-ask spread, effective spread, price impact, and liquidity ratio, the study provided conclusive evidence for a substantial increase in market liquidity in the post-Ind AS period. These findings emphasize the relevance of enhanced quality of disclosure and reduced information asymmetry, which resulted in liquidity benefits. Later, Saravanan et al. (2023), using the financial data of 143 Indian-listed firms, empirically assessed the variations in risk disclosure and cost of capital before (2012-2016) and after (2017-2021) the adoption of Ind AS. A content analysis approach has been used to gauge four dimensions of risk disclosure (systematic, idiosyncratic, financial, and legal risks) and the fixed effect model to examine the impact on a firm's cost of capital. The empirical result found that the IFRS convergence significantly improved the firm's risk disclosure and decreased the firm's cost of capital. Conversely, Bansal (2023a) argued that the Indian stock market negatively reacted to the IFRS convergence. Based on the sample of 2685

BSE-listed firms, the study applied a DiD methodology and revealed that the adoption of Ind AS increased the cost of debt, cost of equity, and information asymmetry while reducing the market liquidity of test firms compared to benchmark firms. Thus, the study confirms that the IFRS convergence does not yield capital market benefits in the Indian setting.

Overall, the observed capital market benefits highlight the importance of standardizing accounting practices and policies in line with the global accounting norms. Consistent with the voluntary disclosure theory, the mandatory implementation of Ind AS enhances the comparability of annual reports and reduces the problem of information asymmetry (Bhatia et al., 2023). Further, the adoption of Ind AS considerably increases the overall financial disclosure, particularly the risk-related information (Saravanan & Firoz, 2022). It is well-cited that foreign investors refrain from investing in firms with poor disclosure and low transparency (Saji, 2022). Thus, the increased materialistic disclosure of financial and non-financial information in the realm of Ind AS increases the flow of foreign currency into domestic firms (Chauhan & Kumar, 2019), which further lowers firms' cost of capital (Saravanan & Firoz, 2022). Consequently, accounting convergence results in a marked enhancement in market liquidity and a decline in the overall cost of capital. Nevertheless, these favourable capital market benefits come with associated costs, including audit fees. To be precise, the decrease in the cost of capital seems to be offset by a corresponding increase in audit fees and other implementational costs (Saravanan et al., 2023). Further, the potential capital market benefits primarily rely on the strength of accounting frameworks and the quality of published reports (Kalra & Vardia, 2016). On the other hand, the quality of reported numbers implicitly depends on the firms' reporting incentives and enforcement regimes around the implementation of accounting standards (Thoppan et al., 2021). Besides, the Ind AS is found to decrease the quality of financial statements in the Indian setting (Bansal & Garg, 2021; S. Bhatia & Tripathy, 2018; Meshram & Arora, 2021), and these unintended consequences are spurred by the scope for manipulation and alternative choices under the Ind AS regime (Saravanan et al., 2023). As a result, the disclosure of additional information in accordance with the voluntary disclosure theory does not necessarily result in enhanced quality of financial information since they fail to exhibit stewardship behavior (Bhatia et al., 2023; Kota & Charumathi, 2018). Against this backdrop, a recent study by Bansal (2023a) documents the negative capital market effects due to IFRS convergence in India. However, the study also provides compelling evidence of the "learning curve effect." This implies that Indian firms take time to percolate through new accounting practices and reap advantages in the later years of convergence. Thus,

we urge policymakers and institutional authorities to implement strong enforcement mechanisms and make concurrent improvements in the institutional frameworks to derive significant capital market benefits in the years to come.

3.2.3. Complexities

Although the adoption of IFRS around the world has been a resounding success, the empirical evidence argues that it has also significantly increased the complexities, specifically, the length and readability of annual reports. To this end, this section of the consequences focuses on complexities and challenges that emerged on account of global accounting convergence in the Indian context. The Ind AS is a "balance-oriented approach"; however, the adoption of Ind AS is a costly process, and it causes uncalled changes in the reported items (Saravanan et al., 2023). Unfortunately, the use of jargon under Ind AS hinders the true economic picture of the firms (Deb, 2019). In accordance with the institutional theory, it is true that the adoption of Ind AS enhances the disclosure of information and risk factors (Singh & Inder, 2017). However, the increase in the disclosure and length of annual reports does not assure the quality of financial information (Adhikari et al., 2021; Shruti & Thenmozhi, 2023). Moreover, employing a qualitative approach, Uzma (2016) highlights the fundamental gaps that exist between IFRS and Ind AS, particularly the classification of financial instruments and accounting standards addressing business combinations. Such differences make the interpretation and application of Ind AS rigid and complex. In this essence, Saravanan, Mohammad, et al. (2023) shed light on how the adoption of Ind AS impacts the annual report readability dimensions (annual report length and complexity in disclosure) in the Indian setting. The study used three proxies to measure the annual report complexity namely, Fog index, Flesh reading ease, and Flesch-Kincaid grade index. The results of the readability indices showed that the complexity of annual reports of Indian firms has increased in the post-IFRS period. Further, they argued that the length of the annual reports increased, particularly in the note section, followed by Management discussion and analysis (MD&A). This confirms that the IFRS convergence results in lengthier and complexity of financial statements. From a theoretical standpoint, the findings expand how management strategically manages disclosures to display their adherence to the requirements of Ind AS (Shruti & Thenmozhi, 2023). Later, circulating a structured questionnaire among 107 charted accountants and auditors Priya and Muthumeenakshi (2023) found that the global accounting convergence is accompanied by several challenges, including a lack of professional knowledge and training facilities. The study remarks that the lack of guidance to accountants,

insufficient resources, high implementation costs, and communication lag with stakeholders deteriorate the quality of published annual reports and make Ind AS more complex and rigid. Another exploratory study by Uzma (2023), collecting the responses of 22 accounting practitioners through a "localist approach of face-to-face interviews," attempted to provide more detailed and in-depth insights into the challenges and costs of IFRS convergence. The study found that there is an urgent need to build an understanding of new accounting standards on account of perceived complexity and scope for judgement under Ind AS. Moreover, the lack of stringent enforcement mechanisms and vague coordination among multi-body regulatory institutions (MCA, Reserve Bank of India, Institute of Chartered Accountants of India, Insurance Regulatory and Development Authority) augment the complexities and unintended consequences of Ind AS. Nevertheless, it is important to note that the observed challenges and complexities indicate the "learning curve effect" that is transpiring in the Indian setting (Bansal, 2023a; Saji, 2022). Through professional training and stringent enforcement mechanisms, the observed negative consequences diffuse over time and hence can be minimized. Thus, we seek policymakers and regulators to facilitate an efficient institutional system and mandatory auditing by Big-4 auditors to overcome these unintended consequences and to avoid the misinterpretation of new accounting standards.

3.2.4. Overall impact of Ind AS on the firm performance

The adoption of Ind AS causes significant changes in debt-to-equity components, asset valuation, and other items of the financial statements (Jain & Gupta, 2023). The enhanced reporting quality and value relevance of financial information provide valuable inputs to stakeholders. Further, the increased transparency boosts the confidence and morale of the shareholders (Nikhil, et al., 2023). As a result, the Ind AS may affect the performance of firms (Nikhil et al., 2023). An alternative perspective suggests that the scope for subjectivity under Ind AS potentially reduces analyst's ability to predict the true economic performance of firms (Adhikari et al., 2021; Shruti & Thenmozhi, 2023). Considering these facts, the ultimate impact on firm profitability becomes an interesting research question. Initially, Das (2015), considering the annual financial data of 5 listed firms (Wipro, Infosys, Rolta India, Noida Toll Bridge, and Great Eastern Electronics) for the financial year 2010-11, examined the impact of Ind AS on the performance of sample firms and concluded that there was no significant change. However, the study lacked robustness due to the short sample period, small sample, and poor econometric tool (ANOVA), which sabotaged the standard of findings. Later, Kumar &

Agarwal (2020), employing the financial data of firms listed under the Nifty Metal index, investigated the influence of Ind AS on the financial performance dimensions (net profit, return on asset, return on equity, and return on capital employed). The results of the Wilcoxon Signed Rank test revealed that the adoption of Ind AS has some significant impact on the profitability of Metal firms. However, the Paired T-test claimed that there was no significant change in the profitability measures in the post-Ind AS regime (2016-17) compared to the GAAP era (2015-16). Nevertheless, it is important to note that the findings of the study could be biased and unreliable due to the short sample period and the non-parametric econometric models used in the study. Later, Maina et al. (2020), collecting 217 responses from top managers, auditors, and finance executives, found that IFRS convergence in India resulted in higher firm value, implying that harmonization of reporting practices would result in better performance. Likewise, Sharma & Gupta (2019), using the data of 29 companies of selected developed and developing countries, including India, examined the impact of IFRS convergence on the return on equity (ROE) of sample firms. The result of the random effect model concluded that the adoption of Ind AS shares a significant positive relationship with the ROE of Indian firms. Following this, Nikhil et al. (2023) investigated the impact of Ind AS implementation on the performance of 402 non-financial firms listed under the Nifty 500 index over a 10-year period, ranging from 2013 to 2022. The fixed effect model employed by the study uncovered that Ind AS increases the performance of Indian non-financial firms. The finding outlines that the changes in the recognition, measurement, and reporting of the financial items on account of IFRS convergence enhance the profitability of firms. Subsequently, to provide more robust evidence on the nature of the association between Ind AS and firm performance, Nikhil et al. (2023), in their second attempt, employed Generalized Methods of Moments (GMM) to examine the nexus between Ind AS and profitability of NSE 500 firms for a period spanning from 2013 to 2022. The regression result found that Ind AS shares a significant positive relationship with the profitability of Indian firms, outlining that the increased transparency under the Ind AS period enhances the performance of Indian firms.

Overall, the increase in the firm performance could be attributable to the adoption of IFRS converged standards since it marks a significant regulatory change in the Indian setting (Almaqtari et al., 2020). Additionally, revamping the GAAP-based standards yields greater benefits, specifically in developing economies (Nikhil et al., 2023). The principle-based framework of Ind AS focuses on the presentation of financial instruments rather than preparation, and thus, investors easily access standardized and consistent financial information

(Sharma & Gupta, 2019). Under Ind AS, a few items like depreciation, norms of revenue recognition, classification of assets and liabilities, and borrowing cost calculations are done at fair value, which narrows the gap between book values and market values (Das, 2015; Saravanan, et al., 2023). As a result, due to superior accounting treatments under Ind AS, the adoption of such standards enhances the information environment and value relevance of financial information (Kalra & Vardia, 2016). The increased value relevance of annual reports motivates investors to revise their investment decisions (Saji, 2022), which per se increases the profitability of firms (Nikhil et al., 2023). On the other hand, earnings manipulation does not result in the reversal of accruals or the compromise of future benefits. Accordingly, the operating profits merely shifted, keeping the net profits unaltered are less likely to be detected by stakeholders (Bansal, 2022b). Consequently, the inflated core earnings go unnoticed by stakeholders and systematically tend to have a domino effect on the value of firms. Besides, the reduction in the cost of capital and increase in market liquidity are deemed to provide better economic outcomes for the firms (Saravanan & Firoz, et al., 2023; Saravanan & Firoz, 2022). In this background, the adoption of Ind AS is positively associated with the performance of Indian firms. However, due to the increase in earnings manipulation activities in the post-Ind AS period, we seek investors to exercise caution while making investment decisions.

4. Conclusions

In the present research, we discuss the existing empirical literature and provide direction for future research on the consequences of IFRS convergence in India. Precisely, the present study, in light of the compulsory implementation of IFRS in 2016, investigates what factors determine the need for IFRS convergence and how the provision of such convergence impacts the reporting environment and value relevance of financial statements in the Indian economy. Further, the study also examines the negative consequences and challenges of mandatory adoption of Ind AS.

Employing SPAR-4-SLR protocols, the study found that initially, the adoption of Ind AS was significantly driven by increasing international exposure and the urge to meet global standards vis-à-vis increased comparability of financial statements, quality of reports, and value relevance of accounting information. Eventually, the existing worldwide evidence for a reduction in the cost of capital and increased foreign capital flow expedites the need for IFRS convergence in India. Thus, the expected benefits in terms of enhanced cross-border activities,

reduced borrowing costs, access to foreign direct investment, and increased comparability of annual reports with a better reporting environment were the key factors that compelled the MCA to switch from GAAP-based standards to IFRS-based standards. However, the unique market environment, cultural differences, and legal frameworks of India led to the convergence of accounting standards in lieu of the adoption of IFRS in its original form.

The consequences of adopting Ind AS yield two main findings. First, there is conflicting evidence if the stated objectives of IFRS have been attained in the Indian setting. The empirical research on these consequences fails to conclusively show the evidence for increased accounting quality of the firms. Second, we find the negative impact of Ind AS in terms of the length and complexity of financial statements. It is found that in the Indian context, the principle-based standards affect the investors' perceptions in different manners and are found to be driven by the firm's financial and managerial objectives. The review found that IFRS convergence displays greater positive change in the net income and earnings per share as opposed to Indian GAAP standards. However, Ind AS withers the value relevance of financial statements, particularly book earnings and book equity. Although the relationship is inconclusive, the majority of the recent studies found the financial statements to be transparent and value-relevant in the post-convergence period. The enhanced transparency, reporting quality, and access to accounting information under the Ind AS period foster the trust and morale of the investors. As a result, the IFRS-based standards are found to share a significant positive association with firm performance, outlining that Ind AS enhances the performance of Indian firms. Apart from this, the synthesized literature confirms that the adoption of global standards, to some extent, reduces overall borrowing costs while increasing the market liquidity for Indian firms. This prevailing situation acts as a boon and thus aids firm performance. However, the observed benefits come with some important caveats: First, from the earnings manipulation perspective, the review found that the firms that disclosed financial statements as per Ind AS standards tend to engage more in income and expense misclassification to inflate the core performance of the firms, indicating the unintended consequences of the IFRS foundation. Thus, the adoption of Ind AS adversely affects the level of perk consumption and managerial discretionary activities in the Indian setting. This increase in the opportunistic behavior of managers highlights the dark side of enforcement mechanisms, lack of infrastructural facilities, insufficient monitoring by regulatory bodies, and flexibility under principle-based standards to modify the accounting information. Second, the convergence of IFRS in India has elevated complexities in terms of the interpretation of financial statements.

The annual reports have become lengthier. Subsequently, the adoption of Ind AS calls for training and auditing, which per se may increase the costs and wither the performance of firms. Finally, these unintended and intended consequences of new accounting standards are further subject to firms' integrity and honesty while disclosing the information to outsiders. The Ind AS provides scope for the manipulation of accounting treatments in accordance with the management's needs. On the other side, these inflated earnings often go unnoticed by stakeholders, and investors interpret the reported numbers based on their understanding level, which hinders the informed decision-making process. Thus, it can be concluded that the benefits and cons of Ind AS in India completely rely on the reporting incentives of the management and corporate governance norms within the companies.

The present research contributes to the accounting literature and the finance domain in several ways. First, we review the determinants and consequences of mandatory IFRS convergence from an emerging market perspective. The authors believe that this is the first study in the Indian context that provides a state-of-the-art summary of antecedents and consequences of IFRS convergence. Second, we provide suggestions for the enhancement of applied research designs to improve the inferences of our findings. Third, the findings of our research guide as a framework for countries that are planning to converge with IFRS in the near future. Finally, we identify the negative consequences of Ind AS adoption as fruitful avenues for further studies. Apart from this, the study's findings offer certain policy measures and practical implications. The significant increase in discretionary activities on account of Ind AS suggests that the regulators must frame stringent accounting practices to restrict perk consumption. The study's findings imply that the level of enforcement mechanisms plays a major role in the benefits realized from international standards. Thus, we urge policymakers to strengthen external factors such as institutional bodies and enforcement mechanisms and provide special attention to legal and infrastructural factors to promote a healthy environment and maximum benefits. In addition to this, the company's corporate governance (internal factor) contributes significantly to enhancing the reporting efficiency of firms while minimizing the opportunistic behavior of managers. Thus, we suggest that Indian companies should improve the level of corporate governance, and the regulators must impose mandatory auditing of the financial statements by Big-4 auditors to witness the increased financial reporting quality. Overall, government and regulatory bodies must overcome the challenges of Ind AS by implementing stringent provisions that disallow the company's malpractices in terms of expense and revenue

shifting or any other form of unethical behaviours and foster informed decision-making among Indian investors.

Limitations and future research

The present research has few limitations and provides scope for further empirical research. First, the study has focused only on the IFRS convergence in the Indian setting and excludes other emerging nations. Future work could be extended by examining jurisdictions of varied contextual backgrounds that currently have reporting standards other than IFRS. Further, having focused on open-access and freely available papers, the pertinent closed-access research work might have been missed. Second, most of the studies have focused on the linear impact of IFRS convergence, while the asymmetric impact has been least addressed. Since the level of corporate governance, borrowing capacity, and internal policies vary between large and small-sized firms, examining the non-linear relationship probes an interesting research question. Further, empirical evidence on sectoral comparison is expected to yield interesting findings. Third, there is wide leeway for further research in Small and Medium Enterprises (SMEs) and banking firms. The existing Indian studies have predominantly focused on non-banking and large firms. The mandatory phase for banking and insurance companies is expected to begin in the years to come. Further, the SMEs form an important part of the economy. Hence, they form an important part of the study's sample, left for future research endeavours. Fourth, regarding inflated earnings, it is found that firms prefer a form of shifting (income vs expense) based on ease and benefits. Thus, future studies may focus on factors contributing to earnings shifting and instances that incentivize firms to prefer one form over another. Finally, the endogeneity issue is the most ignored econometric problem. Hence, further exploration of this domain could be curated with advanced research methods and tools.

Authors Contributions

Nikhil M N: Conceptualization, Writing the original draft, Methodology, and formal analysis.
Sandeep S Shenoy: Review, Supervision, Editing the manuscript.
Suman Chakraborty: Review, Supervision, Editing the manuscript.
Abhilash: Editing the manuscript.

After reading the final version of the manuscript, the authors have approved it for submission. All the authors agree to be accountable for all aspects of the work.

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Appendix A

Figure A1. SPAR-4 SLR Flowchart.

Assembling	***Identification*** **Domain:** Determinants and Consequences of Ind AS **Research questions:** *RQ1: What is the need for IFRS in India?* *RQ2: What are the consequences of IRFS convergence in India?* **Source type:** Peer-reviewed journal articles **Source quality:** Scopus and Web of Science (WoS)
	Acquisition **Search mechanism:** Scopus and WoS search engine **Search period:** 2010 - 2024 **Search keywords:** "IFRS" OR "Ind AS" OR "International Financial Reporting Standard*" OR "Indian accounting standard*" OR "Accounting Standard*" OR "GAAP" OR "Generally Accepted Principle*" **Total documents returned from search:** Scopus (n=10602), WoS (n=9930)
Arranging	***Organizing and Purification*** • **Included** articles from Business Management, Accounting, Economics, Econometrics, Finance and Social Science area. • **Excluded** articles other than English language. • **Excluded** conference papers, books, notes, book chapters, editorials, and letters. • **Included** articles published in India. • **Excluded** articles published before 2010. • **Excluded** duplicate papers, unrelated and unavailable papers.
Assessing	***Evaluation and Reporting*** **Final documents analyzed:** 50 **Analysis method:** Inductive approach, SPAR-4-SLR **Agenda proposal:** Synthesizing existing knowledge and Future research directions. **Reporting conventions:** Figures, narrative words, and tables

Source: The authors.

Table A2. List of articles included in the review.

Study	Title of the article	Total Citations	Theme of the article	Findings
Singh and Uzma (2011)	"Fair value accounting: virtues and vices"	4	Complexities	The study highlighted the prominence of true and Fair value accounting.
Pallisserry (2012)	"True and fair financial reporting: A tool for better corporate governance"	10	IFRS Need	Despite the mandatory requirements, the company continues to show unreal pictures of its financial performance.
Swamy and Vijayalakshmi, (2012)	"Fair value accounting in banking - issues in convergence to IFRS"	2	IFRS Need	FVA enhances the guidance for the assessment of fair values in India.
Das (2015)	"How IFRS Based Financial Statement Define the Relationship between Capital Structure and Firm's Profitability: An Analysis based on Selected Indian Companies"	1	IFRS Need	Ind AS does not affect the capital structure and FP association.
Doliya and Singh (2016)	"Analysing the fair value measurement audit process using interpretive structural modeling:An empirical study"	1	IFRS Need	Managerial assumptions and task complexities are the drivers of FV measurements. Further, estimation uncertainty and task structure are the linkage factors for FVM.
Uzma (2016)	"Cost-benefit analysis of IFRS adoption: developed and emerging countries"	23	IFRS Need	Although IFRS convergence is less costly, it fails to eliminate the accounting differences.
Kalra and Vardia (2016)	"The Impact of IFRS on Financial Statements: A Study of Indian Listed Companies"	1	IFRS Need, stock market effect, firm performance	IFRS enhances the disclosure quality and comparability of financial statements.
Singh and Inder (2017)	"IFRS implementation - An institutional theory perspective"	0	Complexities	Firms complying with mandatory disclosure are considered to be a strategic response to increasing credibility in the eyes of the public.

Ranga (2017)	"A note on inventory reporting by selected Indian automobile firms"	0	Reporting Quality	The adoption of Ind AS increases inventory reporting.
Dhankar et al. (2017)	"Application of International accounting standards (IFRS) globally: A critique"	0	IFRS Need	Lack of adequate education, training, and knowledge of IFRS is considered to be a barrier to convergence.
Bhatia and Tripathy (2018)	"Impact of IFRS adoption on reporting of firm efficiency: Case of Indian IT firms"	7	Reporting Quality, stock market effect	The study finds no difference in reporting efficiency and production scale.
Bindu and Charumathi (2018)	"Determinants of financial derivative disclosures in an emerging economy: A stewardship theory perspective"	4	IFRS Need	The study identified the usage of derivates, risk management committees, institutional shareholding, size, and foreign income as the determinants of disclosure.
Sharma and Gupta (2019)	"A comparative study on effect of IFRS on profitability of selected companies in developed and developing countries"	3	Firm performance	IFRS has a significant impact on profitability.
Chauhan and Kumar (2019)	"The value relevance of non-financial disclosure: Evidence from foreign equity investment"	5	Stock market effect	The non-financial disclosure reduces information asymmetry and increases FDI.
Deb (2019)	"Accounting Theory Coherence Revisited"	2	Complexities	The pedagogy influences accounting theory as well as accounting practices.
Maina et al. (2020)	"Measuring behavioral aspect of IFRS implementation in India and Kenya"	6	Firm performance	IFRS adoption increases firm value in India.

Kaur and Yadav (2020)	"Does the transition to Ind-AS increase the value relevance of financial statements? Empirical analysis of top listed firms in India"	3	Value relevance, Earnings Management	Ind AS adoption increases the VR of earnings. However, book value was more relevant during pre-adoption.
Almaqtari et al ., (2020)	"Impact of corporate governance mechanisms on financial reporting quality: A study of Indian GAAP and Indian accounting standards"	21	Reporting Quality, Earnings Management	The board and audit committee attributes significantly affect FRQ.
Bedia and Shrivastava (2020)	"A study assessing the impact of voluntary adoption of IFRS on the comparability and relevance of financial information of listed Indian companies"	0	Value relevance	IFRS has a favorable effect on the VR of financial information.
Singh et al. (2020)	"Impact of IFRS convergence on financial statements with special reference to IT sector"	0	Reporting Quality	Ind AS reporting gives more reliable information than earlier AS.
Kumar and Agarwal (2020)	"Impact of Ind-AS First Time Application on Financial Performance of Indian Metal Sector Companies"	0	Firm performance	The adoption of Ind AS impacts company performance and leads to greater transparency and harmonization of accounting information.
Himanshu et al. (2020)	"Prioritizing and Establishing Cause and Effect Relationships Among Financial Reporting Quality Metrics"	5	Reporting Quality, Earnings Management	Auditors' opinions, VR, earnings smoothness, and information in notes are considered to be the prominent metrics used to assess FRQ.
Thoppan et al. (2021)	"Impact of Improved Corporate Governance and Regulations on Earnings Management Practices—Analysis	1	Earnings Management ,stock market effect	Ind AS adoption reduces the level of EM among Indian firms.

	of 7 Industries from the Indian National Stock Exchange”			
Deb et al. (2021)	“Expectation Gap Analysis in Corporate Financial Reporting Practices in India”	0	IFRS need	The expectation gap between practitioners and investors is reduced after the convergence of the IFRS.
Chatterjee (2021)	“Ownership pattern, board composition, and earnings management: evidence from top Indian companies”	8	Earnings Management	Firms with higher leverage are likely to engage more in EM. Further, past EM and a majority holding by promoter increases EM.
Meshram and Arora (2021)	“Accounting constructs and economic consequences of IFRS adoption in India”	5	Reporting Quality	Ind AS increases the comparability of financial statements, which further increases liquidity and reduces return volatility.
Bansal and Garg (2021)	“Do high-quality standards ensure higher accounting quality? A study in India”	14	Reporting Quality, Earnings Management ,stock market effect	Ind AS adoption increases discretionary accruals and degree of earnings smoothing.
Adhikari et al. (2021)	“IFRS convergence and accounting quality: India a case study”	25	Reporting Quality, Earnings Management ,Complexity	IFRS convergence negatively impacts AQ, net income volatility, and EM activities.
Bansal et al. (2021)	“Do Indian firms engage in classification shifting to report inflated core earnings?”	12	Value relevance, Earnings Management	Indian firms, particularly large firms, engaged in classification shifting after the adoption of Ind AS.
Saravanan and Firoz (2022)	“The impact of IFRS convergence on market liquidity: evidence from India”	5	IFRS Need, Earnings Management ,stock market effect	Ind AS improves market liquidity, particularly for serious adopters.
Himanshu and Singh (2022)	“Has Ind-AS adoption affected earnings management in India?”	5	Earnings Management	The proportion of manipulators has significantly grown since the adoption of Ind As.

Rao et al. (2022)	“The relevance of accounting information in the era of Ind AS: Evidence from a Nifty Energy Index”	2	Value relevance, Earnings Management	The Booke value per share (BVPS) and investing activities and cash flow reported as per Ind AS were more value relevant.
Gomes and Costa (2022a)	“IFRS convergence and value relevance of accounting information: evidence from Indian financial reporting”	1	Value relevance	IFRS convergence positively impacts the VR of accounting information, specifically BVPS and Earnings per share (EPS).
Bansal (2022a)	“Expense shifting and revenue shifting in the income statement: substitutes or complements?”	1	Earnings Management	The expense shifting was prioritized over revenue shifting by the firms.
Gomes and Costa (2022b)	“IFRS Convergence and Value Relevance of Indian Accounting Information: The Earnings-Returns Association Analysis”	1	Value relevance	The study found a significant reduction in VR.
Saji (2022)	“Asymmetric financial reporting quality and firm size: conditional evidence from an emerging market”	5	Reporting Quality, Earnings Management ,Stock market effect, complexities, firm performance	The IFRS convergence adds value to FRQ.
Bansal (2022b)	“Impact of corporate life cycle on misclassification practices: evidence from IFRS adoption in India”	11	Reporting Quality, Earnings Management ,firm performance	The revenue shifting has significantly increased, specifically among the high LC stage. Overall, the study documented a significant increase in expense shifting.
Jain and Gupta (2023)	“A Study of Impact of IFRS Convergence in India on Debt–Equity	2	Firm performance	Ind AS significantly impacts the classification

	Components of Financial Statements”			of debt–equity components.
Bansal (2023a)	“Economic consequences of IFRS convergence: evidence from phased manner implementation in India”	8	Stock market effect, complexities	It showed that the Indian capital market negatively reacted to the adoption of Ind AS.
Vishnani et al. (2023)	“Value Relevance of Comprehensive Income reported as per IFRS-converged Indian Accounting Standards”	0	Value relevance	Net profit and comprehensive income reported as per Ind AS is VR.
Nikhil et al. (2023a)	“Does the adoption of Ind AS affect the performance of firms in India?”	3	IFRS Need, Reporting Quality, Value relevance, Earnings Management ,stock market effect,firm performance	The Ind AS increases the FP.
Saravanan et al. (2023a)	“The effect of IFRS convergence on risk disclosure: an investigation into the Indian accounting system”	0	stock market effect, complexities, firm performance	IFRS convergence significantly improves risk disclosure, which reduces the cost of capital.
Rao et al. (2023)	“Value relevance of financial information: A comparative study of pre- and post-implementation of Indian accounting standards”	1	Value relevance	The BVPS and cash flow from investment activities were more VR in the pre-adoption period.
Shruti and Thenmozhi (2023)	“Founder ownership and value relevance of IFRS convergence: Role of institutional investors”	4	Reporting Quality, Value relevance, Earnings Management ,complexities	The ownership pattern (super majority) significantly affects VR, specifically among large and leveraged firms.
Saravanan et al. (2023b)	“Does IFRS convergence affect the	0	Complexities	The shift to IFRS increases the length and

	readability of annual reports by Indian listed companies?”			complexity of annual reports.
Nikhil et al. (2023b)	“Does the Ind AS moderate the relationship between capital structure and firm performance?”	1	Firm performance	Ind AS increases the FP while negatively moderating the nexus between leverage and FP.
Bansal (2023b)	“IFRS diffusion and earnings quality: Moderating role of firm size and IFRS specialists”	0	Reporting Quality	Ind AS reduces the EQ specifically during the initial years of adoption.
Priya and Muthumeenakshi (2023)	“Convergence of Ind AS: challenges and benefits in implication of accounting standards”	0	Complexities	The lack of training and infrastructure created a communication gap.
Uzma (2023)	“International financial reporting standards convergence in the Indian context: Insights from practitioners”	0	Complexities	Ind AS increases the complexity and interpretation of accounting information, which requires professional education and proper training.
Bhatia et al. (2023)	“Firm Characteristics and Adoption of Integrated Reporting: An Emerging Market Perspective”	1	IFRS Need, stock market effect	Firm characteristics significantly affect the adoption of Integrated Reporting.

Source: The authors.