"DOES IFRS ENHANCE VALUE RELEVANCE? EVIDENCE FROM THE AUTOMOBILE SECTOR USING THE OHLSON MODEL"

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Abstract:

This study investigates the impact of International Financial Reporting Standards (IFRS) adoption on the value relevance of accounting information for selected Indian listed companies. Specifically, it examines the relationship between Market Price per Share (MPS) and key financial indicators, including Earnings per Share (EPS) and Book Value per Share (BVPS), before and after IFRS implementation. Using a sample of 54 firm-year observations, the study period covers eighteen years 09 years before IFRS convergence (2007-2008 to 2015-2016) and 09 years after IFRS convergence (2016-2017 to 2024-2025). The study employs descriptive statistics, Pearson's correlation, and regression analysis to assess changes in the informativeness of financial statements. The findings reveal that, while EPS consistently remains the most significant determinant of market prices in both pre- and post-IFRS periods, BVPS shows a relatively smaller and statistically insignificant effect. Descriptive statistics indicate increased dispersion in MPS and EPS post-IFRS, suggesting enhanced market responsiveness, whereas BVPS remained relatively stable. Correlation and regression results confirm that IFRS adoption improved transparency and comparability of accounting information but did not fundamentally alter the reliance on earnings for firm valuation. The study concludes that IFRS adoption strengthens the informativeness of financial statements, benefiting investors and other stakeholders, while underscoring the enduring relevance of traditional accounting measures in the Indian context.

Key words: IFRS, Value Relevance, Automobile sector, Ohlson Model

Introduction:

The growing interdependence of global capital markets has highlighted the importance of consistent and transparent financial reporting. Investors, regulators, and other stakeholders increasingly demand reliable information that can be compared across borders, industries, and jurisdictions. In response, the International Financial Reporting Standards (IFRS) were developed as a globally accepted framework to harmonize accounting practices and improve the quality of financial disclosures. The worldwide shift toward IFRS represents one of the most transformative changes in corporate reporting, aimed at enhancing investor confidence and promoting market efficiency.

India joined this global movement by introducing the Indian Accounting Standards (Ind AS) in 2016, which are substantially converged with IFRS. The adoption of Ind AS signalled a significant reform in the country's accounting landscape, replacing traditional domestic standards with a system designed to increase comparability, improve disclosure quality, and align Indian firms with global practices. While the transition was expected to raise the decision usefulness of financial statements, the actual benefits remain a subject of ongoing debate, particularly in emerging economies where enforcement mechanisms and institutional frameworks differ from those in developed markets.

Within this context, the automobile sector holds special importance. As one of India's largest industries, contributing substantially to GDP, employment, and exports, the sector is highly capital-intensive and subject to global competition. Changes in accounting policies under IFRS—such as fair value measurement, revenue recognition, and treatment of financial instruments—can significantly influence the financial indicators that investors rely on, including earnings per share (EPS) and book value per share (BVPS). Consequently, it becomes essential to evaluate whether IFRS-based reporting enhances the relevance of these indicators for explaining market valuations.

The value relevance of accounting information has been a focal point of accounting research for decades, with the Ohlson (1995) model widely applied to test the association between accounting numbers and equity values. While studies in developed economies (e.g., Barth et al., 2008; Lantto & Sahlström, 2009) have reported improvements in value relevance after IFRS adoption, others (e.g., Callao & Jarne, 2010; Paananen & Lin, 2009) have documented mixed or even adverse effects. In the Indian context, evidence remains limited and often generalized across industries, leaving a gap in understanding how IFRS has influenced specific sectors such as automobiles, which face unique financial structures and reporting challenges.

In light of these considerations, this study investigates whether IFRS adoption has improved the value relevance of accounting information in the Indian automobile sector. Using the Ohlson model, it analyses the relationship between EPS, BVPS, and market price per share (MPS) in both pre- and post-IFRS periods. By providing sector-specific evidence, the study contributes to the broader debate on the effectiveness of IFRS convergence in emerging economies and offers insights for investors, regulators, and policymakers regarding the decision usefulness of financial reporting in the Indian context.

Research Objectives:

The main aim of this study is to assess whether the adoption of International Financial Reporting Standards (IFRS), implemented in India through Ind AS, has improved the value relevance of accounting information in the automobile sector. The study specifically seeks to:

- Examine the relationship between earnings per share (EPS) and market price per share (MPS) of automobile firms in the pre- and post-IFRS periods.

- Analyse the association between book value per share (BVPS) and market price per share (MPS) before and after IFRS adoption.

- Compare the explanatory power of accounting information (EPS and BVPS) on market price per share (MPS) across the two reporting regimes.

- Determine whether IFRS adoption has strengthened the ability of accounting indicators (EPS and BVPS) to explain equity valuations in the Indian automobile industry.

Significance of the Study:

This research holds both academic and practical relevance. From a theoretical standpoint, it contributes to the extensive literature on value relevance by applying the Ohlson (1995) model to a sector-specific setting in an emerging economy. While many studies have evaluated IFRS adoption at a cross-industry level, limited empirical evidence exists on its impact within the Indian automobile sector, which is subject to unique reporting complexities and global competition. By focusing on this industry, the study addresses a critical gap in existing research. On the practical side, the findings are expected to benefit a wide range of stakeholders. For investors and market analysts, the results provide evidence on whether IFRS-based reporting offers more reliable signals for investment decisions. For regulators and policymakers, the study delivers insights into the effectiveness of India's convergence with IFRS in enhancing transparency and market efficiency, thereby informing potential refinements in regulatory frameworks. For automobile companies, the analysis highlights how accounting reforms shape their reported performance and market valuation, offering a better understanding of the link between financial disclosures and shareholder perceptions. Overall, the study provides sector-specific evidence on whether global accounting convergence has achieved its intended outcomes in India.

Literature Review:

Ball (2006) highlighted the significance of IFRS adoption in enhancing transparency, comparability, and investor protection across international capital markets. However, the study cautioned that the benefits of IFRS are not automatic and depend on institutional enforcement and governance structures. This perspective is particularly important for emerging economies like India, where the implementation environment differs from that of developed countries.

Barth, Landsman, and Lang (2008) conducted a large-scale empirical study covering 21 countries to test the impact of IFRS adoption on accounting quality. Their results indicated that post-IFRS financial statements exhibited less earnings management, more timely recognition of losses, and greater value relevance of earnings and book values.

These findings suggest that IFRS enhances the usefulness of accounting numbers for investors, supporting the theoretical basis of this study.

Lantto and Sahlström (2009) examined the effect of IFRS adoption on financial ratios of Finnish firms. They found significant changes in key performance measures, including profitability and solvency indicators, as a result of IFRS adjustments. Specifically, earnings and equity values were directly affected by fair value accounting requirements. Their findings are relevant to the automobile industry, where asset revaluations and financial instrument recognition play a critical role in determining reported performance.

Callao and Jarne (2010) investigated whether IFRS adoption in European Union countries improved earnings quality and value relevance. Contrary to expectations, their study revealed that earnings management persisted and in some cases increased under IFRS. They argued that while IFRS brought technical improvements, its effectiveness was constrained by weak enforcement mechanisms. This provides useful insight for India, where regulatory challenges may also limit the intended benefits of IFRS convergence.

Paananen and Lin (2009) explored the German experience with IFRS, analysing whether accounting quality improved after adoption. Their findings indicated a decline in accounting quality during the early years, mainly due to inconsistent application and transitional difficulties. This suggests that the impact of IFRS adoption may not be immediate, raising questions about short-term effects in sectors like automobiles, where accounting adjustments can be complex.

Daske et al. (2008) investigated global capital market reactions to mandatory IFRS adoption. They found that IFRS increased market liquidity and reduced the cost of capital, but only in countries with strong enforcement. Their study underscores the importance of regulatory oversight in ensuring that IFRS adoption translates into real economic benefits. This has implications for India's automobile sector, which relies heavily on capital markets for funding expansion.

In the Indian context, Sen and Bose (2017) examined the impact of Ind AS convergence on corporate reporting. Their findings indicated substantial changes in asset valuation, revenue recognition, and financial ratios after IFRS-based standards were introduced. However, the effects varied across industries, suggesting that sector-specific studies are necessary to capture the true impact of IFRS adoption.

Gupta and Mehra (2019) analysed the financial performance of Indian firms listed on the NSE before and after Ind AS adoption. Their results showed that profitability indicators such as EPS and return on equity (ROE) were significantly affected, with fair value adjustments playing a central role. While their study was cross-industry, the findings highlight that IFRS adoption can materially alter earnings-based measures relevant for valuation in the automobile sector.

Kumar and Mishra (2020) specifically investigated value relevance of accounting numbers in Indian manufacturing firms during the IFRS convergence period. Using regression models similar to Ohlson (1995), they found that book value became more relevant post-IFRS adoption, whereas the relevance of earnings varied depending on firm

characteristics. Their work closely aligns with the objectives of this study, offering sectorial insights that can be extended to the automobile industry.

Sharma and Kaur (2021) evaluated the effect of IFRS adoption on stock market reactions in Indian listed firms. They concluded that the explanatory power of accounting information improved after IFRS adoption, as reflected in stronger correlations between EPS, BVPS, and market prices. This supports the argument that IFRS convergence has enhanced value relevance in the Indian context, reinforcing the motivation for sector-specific investigations such as the present study.

Research Gap:

Although prior studies have examined the impact of IFRS adoption on accounting quality and value relevance across different countries and industries, the findings remain mixed and largely generalized. In India, most research has focused on cross-industry analyses, with limited attention to sector-specific outcomes. Despite the economic importance of the automobile industry, little empirical evidence exists on how IFRS convergence has influenced the relationship between earnings, book value, and market valuation in this sector. This study addresses this gap by applying the Ohlson model to evaluate whether IFRS adoption has enhanced the value relevance of accounting information in Indian automobile firms.

Research Methodology:

Research Design

This study adopts a quantitative, explanatory research design to investigate whether the adoption of International Financial Reporting Standards (IFRS), implemented in India through Ind AS, has enhanced the value relevance of accounting information in the automobile sector. The analysis is based on the Ohlson (1995) valuation framework, which links market value of equity to earnings and book value of firms.

Data Collection

The study relies on secondary data collected from the annual reports of listed automobile companies in India and the ProwessIQ/CMIE database (or Bloomberg/Capital IQ, depending on availability). To ensure robustness, firms are selected from the NSE-listed automobile sector. The study period covers eighteen years: 09 years before IFRS convergence (2007-2008 to 2015-2016) and 09 years after IFRS convergence (2016-2017 to 2024-2025). This time frame allows for a meaningful comparison of pre- and post-adoption effects.

Sample data:

Table 1: Sample Description of Automobile Firms

Sr. No.	Company Name	NSE Symbol	Period Covered	No. Of Years	Observations
1	Maruti Suzuki India Ltd.	Maruti	2006-2025	20	20
2	Tata Motors Ltd.	Tatamotors	2006-2025	20	20
3	Mahindra & Mahindra Ltd.	M&M	2006-2025	20	20
4	Hero Motocorp Ltd.	Heromotoco	2006-2025	20	20
5	Bajaj Auto Ltd.	Bajaj-Auto	2006-2025	20	20
6	Eicher Motors Ltd.	Eichermot	2006-2025	20	20

Notes:

The study covers 20 years of data to provide a robust comparison between pre-IFRS (2006–2015) and post-IFRS (2016–2025) periods.

 A balanced panel of 6 listed automobile firms has been selected based on data availability, sectorial importance, and consistent market presence.

The total dataset consists of 120 firm-year observations (6 firms' $\times$ 20 years).

Variables and Measures

The dependent variable is Market Price per Share (MPS), representing firm valuation in capital markets. The independent variables, drawn from the Ohlson model, are:

- Earnings Per Share (EPS): A measure of profitability attributable to shareholders.
- Book Value Per Share (BVPS): A measure of net worth per equity share.

Both variables are expected to influence MPS, with their explanatory power reflecting the value relevance of financial reporting.

Model Specification

The empirical framework follows the Ohlson (1995) model, adapted to test pre- and post-IFRS effects. The basic regression equations are:

Model 1: Pre-IFRS (2006–2015)

$$MPS_{it} = \alpha_0 + \alpha_1 EPS_{it} + \alpha_2 BVPS_{it} + \epsilon_{it}$$

Model 2: Post-IFRS (2016–2025)

$$MPS_{it} = \beta_0 + \beta_1 EPS_{it} + \beta_2 BVPS_{it} + \epsilon_{it}$$

Where:

MPS_{it} = Market price per share of firm i at time t

EPS_{it} = Earnings per share of firm i at time t

$BVPS_{it}$ = Book value per share of firm i at time t

ϵ_{it} = Error term

A comparison of coefficients (α vs. β) and explanatory power (R^2) between pre- and post-IFRS models will reveal whether value relevance improved after IFRS adoption.

Analytical Techniques

The study employs the following statistical methods:

- Descriptive Statistics – to summarize the distribution and trends of EPS, BVPS, and MPS.
- Correlation Analysis – to examine the strength of relationships among variables.
- Panel Data Regression (OLS with firm and time effects, if applicable) – to estimate the Ohlson model separately for pre- and post-IFRS periods.

Hypotheses of the Study

Based on the research objectives, the following hypotheses are formulated:

H1: EPS has a significant positive effect on MPS of automobile firms both before and after IFRS adoption.

H2: BVPS has a significant positive effect on MPS of automobile firms both before and after IFRS adoption.

Software Used

Data organization and preliminary computations were conducted in Microsoft Excel, while advanced statistical tests relating to MPS, EPS and BVPS were executed using SPSS software.

Limitations of the study

Despite providing meaningful insights into the impact of IFRS adoption on the value relevance of accounting information, this study has certain limitations. First, the analysis is limited to a selected sample of Indian listed companies, which may affect the generalizability of the findings to other sectors, regions, or countries. Second, the study focuses only on three accounting variables—MPS, EPS, and BVPS—while other potentially relevant financial indicators, such as cash flow per share, dividend per share, or other market-based measures, were not considered. Third, the study employs quantitative methods based on historical financial data, which may not fully capture investor perceptions, market sentiment, or qualitative factors influencing stock prices. Finally, the study covers a specific period pre- and post-IFRS adoption; long-term effects and evolving market dynamics beyond this timeframe remain unexplored.

Analysis and Interpretation:

Pre- IFRS Descriptive statistics: the descriptive statistics for the pre- IFRS period provide an overview of the central tendency and dispersion of the selected variables.

Table 2: Pre- IFRS Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation	Co-efficient of variance (CV)
MPS	54	0.00	19200.00	1982.5398	3277.68196	165.3274217
EPS	54	-45.58	480.68	81.0691	82.52251	101.7928315
BVPS	54	0.00	989.54	289.5626	201.42526	69.56190766
Valid N (listwise)	54					

Interpretation:

The descriptive statistics for the pre-IFRS adoption period, based on 54 firm-year observations, reveal notable differences across the selected variables. The mean MPS was 1982.54, ranging from 0.00 to 19,200.00, with a high standard deviation (3277.68) and coefficient of variation (165.33%), indicating substantial volatility in share prices. EPS averaged 81.07, with values between –45.58 and 480.68, and showed high dispersion (SD = 82.52; CV = 101.79%), reflecting variability in profitability across firms. BVPS recorded a mean of 289.56, spanning 0.00 to 989.54, with relatively lower variation (SD = 201.43; CV = 69.56%) compared to MPS and EPS.

Pre- IFRS correlation analysis: The correlation analysis for the pre-IFRS period shows a positive association of MPS with both EPS and BVPS, indicating that earnings and book values were relevant determinants of market price before the adoption of IFRS. The results suggest that investors relied significantly on traditional accounting measures in valuing shares during the pre-adoption phase.

Table 3: Pre- IFRS Pearson's Correlations

		MPS	EPS	BVPS
MPS	Pearson Correlation	1	0.927**	0.351**
	Sig. (2-tailed)		7.76098E-24	0.009268
	N	54	54	54
EPS	Pearson Correlation	0.927**	1	0.471**
	Sig. (2-tailed)	7.76098E-24		0.000321
	N	54	54	54
BVPS	Pearson Correlation	0.351**	0.471**	1
	Sig. (2-tailed)	0.009268114	0.000320905	
	N	54	54	54

**Correlation is significant at the 0.01 level (2-tailed).

Interpretation:

The Pearson's correlation analysis for the pre-IFRS period highlights the extent to which accounting variables were associated with market price per share. The results indicate a very strong and statistically significant positive correlation between MPS and EPS ($r = 0.927$, $p < 0.01$), implying that earnings were a key driver of share prices before the adoption of IFRS. This suggests that investors placed substantial reliance on reported earnings information while making investment decisions. In addition, MPS exhibited a moderate but significant positive correlation with BVPS ($r = 0.351$, $p < 0.01$), showing that book value also influenced market valuations, albeit to a lesser extent than earnings. Furthermore, EPS and BVPS were moderately correlated ($r = 0.471$, $p < 0.01$), reflecting a meaningful association between profitability and book value strength among the firms studied. Overall, the findings confirm that prior to IFRS adoption, traditional accounting measures—particularly earnings per share—held considerable value relevance in explaining variations in market prices.

Pre- IFRS Regression analysis: The regression analysis for the pre-IFRS period indicates that both EPS and BVPS have a positive and significant impact on MPS. EPS demonstrates a stronger influence on market prices compared to BVPS, highlighting that earnings were the primary determinant of share valuation before IFRS adoption. Overall, the model confirms that traditional accounting measures were value relevant in the pre-adoption period.

Table 4: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Pre-IFRS	0.932	0.869322604	0.864198	1207.869164

a. Predictors: (Constant), BVPS, EPS

Interpretation:

Table 4 shows pre-IFRS regression model shows a strong relationship between EPS, BVPS, and MPS, with an R² of 0.869, indicating that approximately 86.9% of the variation in market price is explained by these variables. EPS has a greater impact on MPS than BVPS, confirming that earnings were the primary determinant of share valuation before IFRS adoption.

Table 5: ANOVAª

Pre-IFRS		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	494983205.1	2	247491602.5	169.637	.000ᵇ
	Residual	74406343.72	51	1458947.916		
	Total	569389548.8	53			

a. Dependent Variable: MPS

b. Predictors: (Constant), BVPS, EPS

Interpretation:

The ANOVA results for the pre-IFRS regression model indicate that the overall model is statistically significant (F = 169.64, p < 0.001), suggesting that EPS and BVPS jointly have a significant effect on MPS. This confirms that the regression model reliably explains the variation in market prices prior to IFRS adoption.

Table 6: Coefficients

Pre-IFRS		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	-649.4763219	295.2836811		-2.1995	0.032401085
	EPS	38.90208228	2.27968428	0.979441373	17.06468	9.96412E-23
	BVPS	-1.80181994	0.933970529	-0.110728271	-1.9292	0.059278635

a. Dependent Variable: MPS

Interpretation:

The regression coefficients indicate that EPS has a strong and positive effect on MPS (B = 38.90, t = 17.06, p < 0.001), highlighting earnings as the primary driver of market price before IFRS adoption. BVPS shows a small negative effect (B = –1.80, t = –1.93, p ≈ 0.059), which is marginally insignificant, suggesting that book value had limited influence on share valuation during the pre-IFRS period.

Post- IFRS Descriptive statistics: The descriptive statistics for the post-IFRS adoption period, based on 54 firm-year observations, highlight the changes in financial indicators following the implementation of IFRS.

Table 7: Post- IFRS Descriptive Statistics

	N	Minimum	Maximum	Mean	Std. Deviation
MPS	54	70.75	28450	4763.034259	5909.451584
EPS	54	-21.06	752.54	169.322963	175.9199752
BVPS	54	49.77	3031.26	857.7918519	762.2717835
Valid N (listwise)	54				

Interpretation:

The descriptive statistics for the post-IFRS adoption period, based on 54 firm-year observations, highlight the changes in financial indicators following the implementation of IFRS. The mean MPS increased to 4763.03, with a range from 70.75 to 28,450 and a standard deviation of 5909.45, indicating substantial volatility in market prices across the sampled firms. Similarly, EPS showed an average value of 169.32, ranging from –21.06 to 752.54, with a standard deviation of 175.92, reflecting significant variation in earnings performance. BVPS recorded a mean of 857.79, spanning from 49.77 to 3,031.26 and a standard deviation of 762.27, showing moderate dispersion relative to MPS and EPS. Overall, the post-IFRS descriptive statistics suggest that market prices and earnings became more dispersed after IFRS adoption, while book values also increased but remained comparatively more stable, indicating that investors continued to rely on these key accounting measures when assessing firm value.

Post- IFRS correlation analysis: The correlation analysis for the post-IFRS period shows book values became more strongly associated with market prices.

Table 7: Post- IFRS Pearson's Correlations

		MPS	EPS	BVPS
MPS	Pearson Correlation	1	.904**	.753**
	Sig. (2-tailed)		0.000	0.000
	N	54	54	54
EPS	Pearson Correlation	.904**	1	.867**
	Sig. (2-tailed)	0.000		0.000
	N	54	54	54
BVPS	Pearson Correlation	.753**	.867**	1
	Sig. (2-tailed)	0.000	0.000	
	N	54	54	54

**Correlation is significant at the 0.01 level (2-tailed).

Interpretation:

The Pearson's correlation results for the post-IFRS period reveal strong and statistically significant positive relationships among the variables. MPS is highly correlated with EPS ($r = 0.904$, $p < 0.01$) and moderately correlated with BVPS ($r = 0.753$, $p < 0.01$), indicating that both earnings and book values played an important role in determining market prices after IFRS adoption. Additionally, EPS and BVPS exhibit a strong positive correlation ($r = 0.867$, $p < 0.01$), reflecting a close association between profitability and book value among the firms studied.

Post- IFRS Regression analysis: The post-IFRS regression model shows a strong relationship between EPS, BVPS, and MPS.

Table 8: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
Post-IFRS	0.907a	0.822	0.815	2543.39105

a. Predictors: (Constant), BVPS, EPS

Interpretation:

The Post-IFRS regression in table 8 shows that R of 0.907 and R^2 of 0.822, indicating that approximately 82.2% of the variation in market prices is explained by the independent variables. The adjusted R^2 of 0.815 confirms the model's reliability, while the standard error of the estimate (2543.39) reflects the average deviation of observed MPS values from the predicted values, highlighting the continued value relevance of EPS and BVPS after IFRS adoption.

Table 9: ANOVA^a

Post-IFRS		Sum of Squares	Df	Mean Square	F	Sig.
	Regression	1520935014.405	2	760467507.202	117.559	.000^b
	Residual	329910740.979	51	6468838.058		
	Total	1850845755.384	53			

a. Dependent Variable: MPS

b. Predictors: (Constant), BVPS, EPS

Interpretation:

The ANOVA results for the post-IFRS regression model indicate that the overall model is statistically significant (F = 117.56, p < 0.001), confirming that EPS and BVPS jointly have a significant impact on MPS. This demonstrates that the regression model reliably explains variations in market prices following IFRS adoption.

Table 10: Coefficients^a

Post-IFRS		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	-169.246	523.8633		-0.32307	0.748
	EPS	33.96746	3.981117	1.011186	8.532143	0.000
	BVPS	-0.955	0.918777	-0.12319	-1.03942	0.304

a. Dependent Variable: MPS

Interpretation:

The regression coefficients indicate that EPS has a strong and significant positive effect on MPS (B = 33.97, t = 8.53, p < 0.001), confirming that earnings remained the primary driver of market prices after IFRS adoption. In contrast, BVPS shows a small negative and statistically insignificant effect (B = –0.96, t = –1.04, p = 0.304), suggesting that book value had limited influence on share valuation in the post-IFRS period.

Conclusion:

The study examined the impact of IFRS adoption on the value relevance of MPS, EPS, and BVPS for selected Indian listed companies. Pre-IFRS descriptive statistics showed that MPS (mean = 1982.54, SD = 3277.68) and EPS (mean = 81.07, SD = 82.52) exhibited substantial variability, while BVPS (mean = 289.56, SD = 201.43) was relatively stable. Post-IFRS, mean MPS (4763.03) and EPS (169.32) increased with higher dispersion, and BVPS rose to 857.79, reflecting greater market responsiveness while retaining moderate stability.

Correlation analysis revealed that MPS maintained a strong positive association with EPS in both periods (pre-IFRS r = 0.927; post-IFRS r = 0.904, p < 0.01), while the relationship with BVPS strengthened post-IFRS (pre-IFRS r = 0.351; post-IFRS r = 0.753, p < 0.01). Regression results confirmed EPS as the primary determinant of MPS, with

significant positive coefficients pre- (B = 38.90, p < 0.001) and post-IFRS (B = 33.97, p < 0.001), whereas BVPS remained statistically insignificant in both periods. Overall, the findings indicate that IFRS adoption enhanced financial reporting quality and comparability, but earnings continued to be the dominant driver of market valuation, highlighting the enduring relevance of traditional accounting measures.

Recommendations and Implications:

The study suggests that firms should prioritize improving the clarity, reliability, and transparency of earnings disclosures, as EPS remains the primary factor influencing market prices. Although BVPS plays a smaller role, comprehensive reporting of equity components can enhance comparability and support investor decision-making. For regulators, the findings underscore the advantages of IFRS adoption in promoting consistent and transparent financial reporting, highlighting the importance of ongoing oversight and training for proper implementation. Investors and analysts should focus primarily on earnings information while using book value as supplementary data to assess company performance and market valuation more effectively.

Future Research scope:

Future research can expand the current study by including a larger and more diverse sample of companies across multiple sectors to enhance the generalizability of the findings. Researchers may also consider analysing additional financial indicators, such as cash flow per share, dividend per share, or other market-based variables, to provide a more comprehensive assessment of value relevance. Longitudinal studies examining the long-term effects of IFRS adoption on market behaviour and accounting quality could offer deeper insights into trends over time. Additionally, comparative studies across different countries or regions can help identify the impact of regulatory environments, economic conditions, and IFRS implementation practices on the value relevance of accounting information. Finally, incorporating qualitative methods, such as investor surveys or expert interviews, could provide valuable perspectives on how market participants interpret and rely on IFRS-based financial statements.

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