Research Article

Sector-Wise Analysis of Fair Value Disclosure Practices Under IND AS 113: Evidence from Nifty 50 Companies in India

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Abstract: In the context of India's convergence with global financial reporting norms, this study evaluates the compliance of Nifty 50 companies with Ind AS 113-Fair Value Measurement, particularly focusing on the application of the fair value hierarchy (Levels 1, 2, and 3) in measuring financial assets. By conducting a manual content analysis of annual reports from FY 2023–24 and 2024–25, this study scores sector-wise compliance across recognition, measurement, disclosure quality, and use of fair value inputs. The Real Estate & Infrastructure and Banking & Finance sectors show the highest compliance, with detailed disclosures, consistent Level 3 usage, and sensitivity analysis. In contrast, FMCG, IT, Pharma, and E-Commerce sectors demonstrate basic compliance with limited narrative clarity and minimal Level 3 application. While a one-way ANOVA test reveals no statistically significant sectoral differences in the quantitative application of fair value hierarchy inputs ($p > 0.05$ for all levels), qualitative disparities persist especially in disclosure transparency and reconciliation. The findings highlight a critical gap between technical compliance and qualitative effectiveness. The study recommends strengthening qualitative disclosures, promoting internal valuation models, and enforcing reconciliation requirements for Level 3 inputs to improve overall financial reporting quality under Ind AS 113.

Keywords: Ind AS 113, level 3 disclosures, Fair value measurement, Fair value hierarchy, Nifty 50 Compliance.

INTRODUCTION

In the era of globalization and evolving financial reporting norms, fair value measurement has emerged as a pivotal element in enhancing the transparency and comparability of financial statements. The adoption of Indian Accounting Standards aligned with IFRS particularly Ind AS 113 – Fair Value Measurement, signifies a shift towards market-based valuation frameworks in India. Ind AS 113 provides a consistent definition of fair value and a unified measurement and disclosure framework that applies across various assets and liabilities, both financial and non-financial (KPMG, 2022).

A core component of Ind AS 113 is the fair value hierarchy, which categorizes inputs used in valuation into three levels—Level 1 (observable, quoted prices), Level 2 (indirect observable inputs), and Level 3 (unobservable inputs)—thus guiding preparers and users in assessing the subjectivity and reliability of valuations (EY, 2023). While this hierarchy aims to promote clarity, prior studies have noted inconsistent application and disclosure, particularly in non-financial sectors, due to the complexity involved in Level 2 and Level 3 valuations (Deloitte, 2022).

India's premier equity index, the Nifty 50, represents companies across a wide array of sectors, providing a robust basis to evaluate the sectoral differences in fair value disclosure practices. Differences in business models, asset types, and industry-specific risks can influence the way fair value is recognized, measured, and disclosed (PwC, 2023). Hence, a sector-wise examination of how these companies apply the principles of Ind AS 113 can reveal valuable insights into the maturity and gaps in India's fair value reporting landscape.

The present research seeks to address this gap by conducting a manual content analysis of annual reports of Nifty 50 companies, focusing on recognition patterns, measurement methods, disclosure quality, and the usage of Levels 1, 2, and 3. Also, this study conducts how Nifty 50 companies apply Levels 1, 2, and 3 of the fair value hierarchy in measuring financial assets. The insights drawn will help determine whether current practices align with the substance and spirit of Ind AS 113, and to what extent sectoral characteristics impact compliance and disclosure quality.

REVIEW OF LITERATURE

The adoption of Ind AS 113 in India marked a significant step toward the global harmonization of financial reporting. It offers a unified definition of fair value and outlines a three-level hierarchy for valuation inputs ranging from

observable market data (Level 1) to unobservable inputs (Level 3) (ICAI, 2021). This standard mandates not only the measurement but also the comprehensive disclosure of fair value estimation methods, assumptions, and sensitivity analyses. Several researchers have observed that while the framework is robust, implementation across sectors remains uneven. Financial institutions, particularly banks and NBFCs, have demonstrated higher compliance due to regulatory scrutiny and the intrinsic reliance on fair-valued instruments (Rathod & Sharma, 2020). These entities often provide detailed disclosures including input types, valuation techniques, and reconciliation statements for Level 3 instruments. In contrast, non-financial sectors, such as FMCG, IT, and pharmaceuticals, tend to treat fair value disclosures as a formality, offering only minimal details and frequently omitting sensitivity analyses or narrative context. A study by Kumar and Jain (2022) highlighted that many Nifty 50 companies provide quantitative tables but lack transparency in explaining subjective estimates or internal control mechanisms, especially for Level 2 and 3 valuations. Sector-specific variation is further evident in real estate and infrastructure companies, where fair value plays a key role in valuing investment properties. These companies generally report high-quality disclosures, including the use of discounted cash flow models and input assumptions validated by third-party valuers (Mukherjee, 2022). Globally, Laux and Leuz (2009) and Barth (2010) argue that fair value accounting can enhance market efficiency and comparability—but only when supported by adequate disclosure practices. This underscores the importance of narrative explanation and transparency, which is often lacking in Indian firms outside of finance and real estate. Another critical concern is the underutilization of Level 3 disclosures. Despite their importance in reflecting management judgment for illiquid or unquoted assets, Indian companies often exclude sensitivity analyses or reconciliations, limiting the decision-usefulness of such disclosures (Singhal & Srivastava, 2021).Moreover, the absence of industry-specific implementation guidance contributes to inconsistencies across sectors (Kapadia & Vyas, 2021). Sectors like telecom and healthcare often hold complex assets such as spectrum rights or R&D assets, which are challenging to value without established benchmarks—leading to disclosures that are often vague or overly simplified. In summary, while Ind AS 113 provides a robust framework, the actual disclosure practices vary widely across sectors. There is a pressing need for capacity building, regulatory enforcement, and sector-specific clarity to ensure the standard achieves its intended transparency and comparability objectives.

Research Gap

Although Ind AS 113 has been widely adopted, much of the existing research has concentrated on fair value disclosures within financial institutions, leaving other sectors underrepresented. Most of the literature tends to focus on whether companies comply with the standard in terms of reporting Levels 1, 2, and 3 inputs. However, important qualitative aspects—such as narrative disclosures, the choice of valuation techniques, and sensitivity analysis—are often overlooked. In addition, there is limited academic

inquiry into how fair value is applied to complex non-financial assets, including items like investment properties and spectrum licenses. This reveals a clear gap in understanding how companies across different sectors interpret and apply the fair value hierarchy. As a result, there is a need for a more in-depth, comparative study that captures both the quantitative and qualitative dimensions of fair value reporting among Nifty 50 firms.

Objectives of the study

- This study seeks to explore how well Nifty 50 companies disclose fair value measurements in line with Ind AS 113. It aims to evaluate both the quality and depth of these disclosures across different sectors, focusing on how companies recognize and measure financial assets using the fair value hierarchy—specifically Levels 1, 2, and 3.
- To assess how Nifty 50 companies measure financial assets using the fair value hierarchy—Levels 1, 2, and 3—as required under Ind AS 113.

Research Questions

- ➢ How do Nifty 50 companies differ in the way they report fair value measurements across sectors, and to what extent do their recognition and valuation practices reflect the requirements of Ind AS 113?
- ➢ How clearly and to what extent do Nifty 50 companies report the use of Levels 1, 2, and 3 in valuing their financial assets under Ind AS 113?

Hypothesis of the study

H0: There is no significant difference between sectors in how Nifty 50 companies use Levels 1, 2, and 3 of the fair value hierarchy to measure financial assets under Ind AS 113.

H1: There is a significant difference between sectors in how Nifty 50 companies apply Levels 1, 2, and 3 of the fair value hierarchy for measuring financial assets under Ind AS 113.

RESEARCH METHODOLOGY

This study adopts a descriptive and analytical approach to examine how companies listed in the Nifty 50 index disclose fair value measurements in line with Ind AS 113. The focus is on identifying patterns and differences in disclosure practices, with particular attention to the use of the fair value hierarchy (Levels 1, 2, and 3) during the financial years 2023–24 and 2024–25.

7.1 Data Source

The study is based entirely on secondary data, collected from the published annual reports of Nifty 50 companies for the financial years 2023–24 and 2024–25. These reports were obtained through the official websites of the respective companies and the National Stock Exchange (NSE) portal. No primary data collection was conducted.

7.2 Sample Design

The research uses a census sampling method, which includes all 50 companies that are part of the Nifty 50

index. This comprehensive approach ensures complete coverage of the index and allows for consistent and comparative analysis across the sample, without limiting the scope to any particular industry.

7.3 Compliance Evaluation Framework

To assess how effectively companies comply with Ind AS 113, the study evaluates five key disclosure parameters:
1. Recognition of financial assets and liabilities at fair value
2. Valuation techniques used for measurement (e.g., market prices, discounted cash flow)
3. Quality of disclosures regarding inputs, reconciliations, and sensitivity analysis
4. Use of the fair value hierarchy (Levels 1, 2, and 3)
5. Narrative clarity and transparency in reporting

Each parameter is assigned a score ranging from 0 to 2, with a maximum possible score of 10 per company. The scoring framework helps evaluate both the presence and the quality of disclosures.

7.4 Symbol Coding for Fair Value Hierarchy Disclosures

To uniformly capture how companies report their fair value

hierarchy levels, a simple coding system is applied:
1 = Disclosure made
0 = Disclosure not made
* = Not applicable (no relevant instruments reported)

This coding is applied separately to each level of the fair value hierarchy — Level 1, Level 2, and Level 3 — as per the guidelines of Ind AS 113.

7.5 Statistical Analysis

A One-Way ANOVA test is used to examine whether there are statistically significant differences in the application of the fair value hierarchy (Levels 1, 2, and 3) disclosure values for measuring financial assets across Nifty 50 companies. The analysis is performed using SPSS software, which enables comparison of the average disclosure values across various sectors. In this analysis, the fair value hierarchy disclosure values serve as the dependent variable, while the sector of each company is treated as the independent variable. This test helps determine whether sectoral variations in disclosure values are statistically meaningful or occur by chance.

DATA ANALYSIS AND RESULTS

This section presents the analysis of fair value measurement and disclosure practices adopted by Nifty 50 companies in accordance with Ind AS 113. It focuses on evaluating the extent of compliance with fair value recognition, measurement approaches, and disclosure quality across different sectors. Additionally, the analysis examines how companies apply Levels 1, 2, and 3 of the fair value hierarchy in measuring financial assets. Both qualitative and quantitative methods, including statistical tools such as One-Way ANOVA, are used to identify whether sector-wise differences in fair value disclosures values are statistically significant.

A comprehensive sector-wise summary of Ind AS 113 compliance among NIFTY 50 companies is presented in **Table 1**. It outlines the extent of fair value recognition, measurement methods, disclosure quality, and the usage of fair value hierarchy levels (Level 1, 2, and 3) across key sectors.

Table No 1: Sector Wise Analysis of Ind AS 113 Compliance – NIFTY 50 Companies

Sector	FV Recognition Level	Measurement Basis	Disclosure Quality	FV Hierarchy Use	Key FV Items	Overall Compliance
Banking & Finance	High	Market-based + DCF	High (tables, inputs, reconciliation)	L1, L2, L3	Investments, loans, derivatives	**Excellent**
IT & Tech	Low	Market prices, external quotes	Moderate	L1, L2	Mutual funds, FX contracts	**Moderate**
Oil & Gas / Energy	Moderate	Market + internal DCF	Moderate–Good	L1, L2, L3	Commodity derivatives, infra assets	**High**
FMCG	Low	Market prices	Basic	L1 only	Financial investments	**Basic**
Auto & Manufacturing	Moderate	Market & appraisal-based	Moderate (inconsistent)	L1, L2, L3	Derivatives, JV stakes, land	**Moderate**
Pharma & Healthcare	Low–Moderate	Market & DCF (JVs)	Weak	L1, L2, limited L3	Investments, JV holdings	**Low–Moderate**
Real Estate & Infrastructure	High	Internal DCF + external valuers	Very High (narrative, sensitivity)	L1, L2, L3	Land, buildings, investment property	**Very High**

Telecom	Moderate	Internal models + quotes	Moderate	L1, L2, L3	Spectrum rights, investments	**Moderate**
Metals & Mining	Moderate	Market & internal DCF	Moderate–Good	L1, L2, L3	Commodity derivatives, JV assets	**Moderate–High**
Consumer Durables	Low–Moderate	Market & internal valuation	Basic–Moderate	L1 only	Brands, retail assets	**Basic–Moderate**
E-Commerce	Moderate	Internal DCF	Moderate	L1 only	Platform rights, investments	**Moderate**
Retail	Moderate	Internal valuation + market	Moderate	L1, L2	Leasehold rights, rental assets	**Moderate**

Source: Sample company's annual reports 2024-25

The sector-wise interpretation of fair value disclosure practices under Ind AS 113 is summarised in **Table 2**. It provides a comparative view of how each sector complies with the standard, particularly in terms of the depth, transparency, and completeness of fair value hierarchy disclosures. Notable contrasts are observed between highly regulated sectors like Banking and Real Estate and less regulated sectors such as FMCG and Pharma.

Table No: 2 interpretations – Ind AS 113 compliance across sectors

Sector	Interpretation
Banking & Finance	Strongest compliance. Detailed use of fair value hierarchy, especially Levels 1 & 2. Moderate Level 3 usage for NPAs and unquoted equity. Full reconciliations provided.
IT & Tech	Basic compliance. Disclosures exist but lack narrative and sensitivity. Focused on Level 1 investments (MFs), rare use of Level 3.
Oil & Gas / Energy	Balanced compliance. Uses market data and internal models. Level 3 applied occasionally, but detailed assumptions/sensitivity lacking in most cases.
FMCG	Weak compliance. Mostly formal reporting of Level 1 financial assets. No use of Level 3. No sensitivity analysis or internal control disclosures.
Auto & Manufacturing	Inconsistent compliance. Some companies disclose revaluation of assets, moderate Level 3 usage. Lacks full reconciliations or sensitivity analyses.
Pharma & Healthcare	Low compliance. Fair value reporting minimal and procedural. Level 3 usage is rare, and disclosures often do not explain inputs or valuation methods.
Real Estate & Infra	Highest quality compliance. Extensive use of Level 3 with clear valuation models, reconciliation, and sensitivity analysis. Transparent disclosures throughout.
Telecom	Moderate compliance. Fair value applied to spectrum/intangible rights, but lacks valuation details. Level 3 use exists but no sensitivity disclosures.
Metals & Mining	Fair to good compliance. Uses a mix of Levels 1–3. Commodity derivatives disclosed clearly; however, internal FV assumptions are often under explained.
Consumer Durables	Compliance is basic. Level 1 used for investments, but FV of brands and IP are not quantified or disclosed using Level 3 hierarchy. Mostly superficial disclosures.
E-Commerce	Emerging area. Some use of internal DCF models, moderate use of Levels 1 & 2, minimal Level 3. Sensitivity and assumptions disclosure are still evolving.
Retail	Moderate compliance. Leased properties and investment assets partially disclosed using Level 2/3. However, sensitivity and reconciliation are missing or incomplete.

Source: Authors' interpretation based on fair value disclosures in NIFTY 50 companies' annual reports (FY 2024–25).

Sector- Wise Compliance Scores of Nifty 50 Companies with Ind AS 113: Fair Value Measurement
The scoring framework used to evaluate sector-wise compliance with Ind AS 113 is shown in **Table 3**. It outlines the criteria applied to assess company practices regarding recognition, measurement, disclosure quality, fair value hierarchy usage, and overall transparency. Each criterion is assigned a maximum score of two, contributing to a total compliance score out of ten.

Table No: 3 Scoring criteria (out of 10 points)

Criteria	Max Score	Scoring Explanation
Recognition practices	2	Frequent and appropriate fair value recognition gets higher scores.
Measurement approaches	2	Use of market- based+ DCF/ internal models with justification gets full marks
Disclosure quality	2	Detailed disclosures with tables, narrative, sensitivity analysis.
Fair value hierarchy usage	2	Proper application of level 1, 2, and 3 along with reconciliation.

Observation/ Transparency	2	If company explains assumptions, valuation control, and meets Ind AS intent.

Source: Developed by authors based on Ind AS 113 evaluation framework.

Sector-wise compliance scores based on the Ind AS 113 evaluation framework are presented in **Table 4**. The table aggregates individual scores for recognition, measurement approach, disclosure quality, fair value hierarchy usage, and transparency, giving a total score out of 10. It clearly distinguishes sectors with strong compliance, such as Real Estate and Banking, from those with relatively weaker adherence, such as FMCG and E-Commerce.

Table No: 4 Sector- wise compliance scoring of Ind AS 113 disclosure among Nifty 50 companies

Sector	Recognition	Measurement	Disclosure Quality	FV Hierarchy Usage	Transparency	Total score
Banking & Finance	2	2	2	2	1	9
IT & Tech	1	1	1	1	1	5
Oil & Gas / Energy	2	2	2	2	1	9
FMCG	1	1	1	0	1	4
Auto & Manufacturing	2	1	1	1	1	6
Pharma & Healthcare	1	1	1	1	0	4
Real Estate & Infra	2	2	2	2	2	10
Telecom	1	2	1	2	1	7
Metals & Mining	2	2	2	2	1	9
Consumer Durables	1	1	1	1	1	5
E-Commerce	1	1	1	1	0	4
Retail	1	1	1	0	1	4

Source: Authors' scoring based on Ind AS 113 compliance observed in annual reports of NIFTY 50 companies (FY 2024–25), using the evaluation criteria in Table 3.

A consolidated view of sector-wise Ind AS 113 compliance scores for NIFTY 50 companies is presented in **Table 5**. The table summarizes total compliance scores from prior evaluation and briefly explains the underlying reasons for each sector's performance, highlighting strengths and gaps in fair value recognition, disclosure quality, and hierarchy usage.

Table No: 5 Sector- Wise Compliance Scores of Nifty 50 Companies With Ind AS 113: Fair Value Measurement

Sector	Score	Reason
Banking & Finance	9	Strong in all areas, slight narrative gap
IT & Tech	5	Limited recognition, only level 1& 2 used
Oil & Gas / Energy	7	Good recognition, moderate disclosure, some level 3
FMCG	3	Recognition and disclosure minimal
Auto & Manufacturing	5	Mixed methods, inconsistencies, partial level 3
Pharma & Healthcare	4	Weak disclosures, limited level 3, basic tables only
Real Estate & Infra	10	Best sector; all criteria fully meet
Telecom	6	Some level 3 used, lacks full disclosure
Metals & Mining	7	Decent level 3 usage, sensitivity missing
Consumer Durables	3	Basic compliance, mostly investments
E-Commerce	4	Very basic level 1 disclosure (based on companies)
Retail	5	Moderate disclosures, level 2&3 usage possible

Source: Authors' summary based on scoring and analysis of Ind AS 113 disclosures in NIFTY 50 Company annual reports (FY 2024–25).

A visual comparison of Ind AS 113 compliance scores across sectors is shown in **Figure 1**. It demonstrates how different sectors perform in terms of fair value recognition, measurement, disclosure quality, and transparency. Real Estate & Infrastructure shows the highest compliance, while sectors like FMCG and Consumer Durables lag behind.
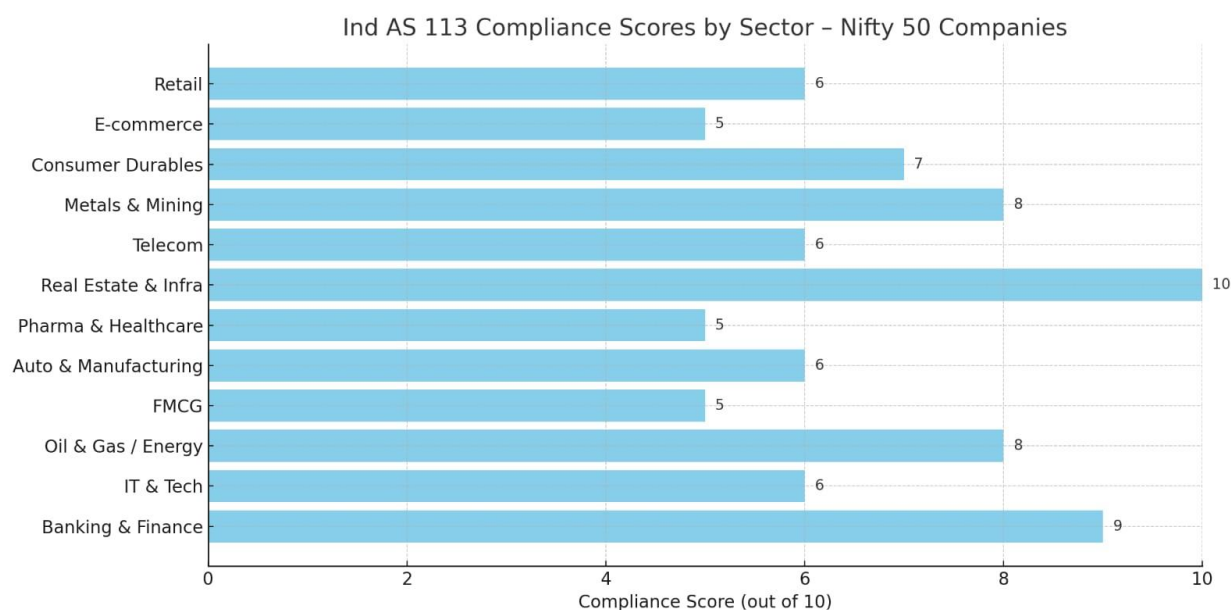
Figure 1: Ind AS 113 Compliance score by sector- Nifty 50 companies
Source: Created by authors based on analysis of NIFTY 50 companies' annual reports (FY 2024–25).

Interpretation: The bar chart illustrates sector-wise compliance scores (out of 10) for Ind AS 113 among Nifty 50 companies. Real Estate & Infra leads with a perfect score of 10, reflecting detailed and transparent fair value disclosures. Banking & Finance follows with a score of 9, showing strong use of all fair value levels, especially Level 3. Metals & Mining and Oil & Gas score 8, indicating good compliance with moderate disclosure quality. FMCG, Pharma, and E-commerce lag with lower scores (5), highlighting minimal use of Level 3 valuations and weaker narrative depth. Overall, non-financial sectors show varying and often weaker compliance.

The fair value hierarchy classification (Level 1, 2, and 3) of financial assets for each NIFTY 50 company is summarised in **Table 6**. It illustrates the extent to which companies apply different valuation inputs under Ind AS 113, showing significant variations across sectors. Notably, sectors like Real Estate and Metals exhibit higher Level 3 usage, indicating reliance on internal models and complex valuations.

Table No: 6 Fair value hierarchy of financial assets measured at fair value by Nifty 50 companies ₹ In Crore

SL NO	Companies	Level 1	Level 2	Level 3
1	HDFCBANK	1287.35	259.91	122.94
2	ICICIBANK	663.72	2000	4000
3	KOTAKBANK	1158.7	392.23	328.17
4	AXISBANK	283157.25	56381.71	4033.45
5	SBIN	23185.83	132118.59	12126.83
6	INDUSINDBK	0	207.02	0
7	BAJFINANCE	25427.20	1927.73	699.22
8	JIOFIN	2631.20	0	0
9	SBILIFE	374.44	474.24	36.02
10	HDFCLIFE	9958.956	2479.820	524.35
11	BAJAJFINSV	63078.44	196.11	176
Total	**Banking& Finance Average**	**37356.644**	**17857.942**	**2004.271**
1	INFY	14581	7461	255
2	TCS	30957	438	7
3	WIPRO	89001	246566	16929
4	TECHM	26814	5704	38
5	HCLTECH	3310	4134	0
Total	**IT & Tech Average**	**32932.6**	**52860.6**	**3445.8**
1	RELIANCE	44482	24507	79266
2	ONGC	6788.4	509.09	620.28
3	NTPC	223.20	0	3.78
4	POWERGRID	0	845.66	0
5	COALINDIA	0	0	64620.5
Total	**Oil & Gas/ Energy Average**	**10298.72**	**5172.35**	**28902.112**

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1	HINDUNILVR	2986	57	2
2	ITC	18610.17	9887.16	367.91
3	NESTLEIND	0	23.4	0
4	TATACONSUM	331.24	26.57	321.26
Total	**FMCG Average**	**5481.8525**	**2498.5325**	**172.7925**
1	TATAMOTORS	3855.37	6268.99	18091.73
2	MARUTY	54629	379.5	206.2
3	M&M	9332.65	19.13	332.12
4	HEROMOTOCO	4203.61	3305.15	437.51
5	BAJAJ-AUTO	10425.15	482.5	0
6	EICHERMOT	10290.47	0	456.28
Total	**Auto & Manufacturing Average**	**15456.042**	**1742.545**	**3253.974**
1	SUNPHARMA	6.33	34.45	0.55
2	APOLLOHOSP	683.5	0	6.08
3	CIPLA	4383.59	32.66	675.1
4	DRREDDY	3789.3	0	29.8
Total	**Pharma and Health care Average**	**2215.68**	**16.7775**	**177.8825**
1	LT	23919.33	928.46	143.56
2	ULTRACEMCO	0	7148.08	262.30
3	GRASIM	11465.80	2924.39	1729.81
4	ADANIPORTS	28.09	2.62	292.01
5	ADANIENT	0	8.47	0.05
6	BEL	0	530.49	0.17
Total	**Real estate and infra Average**	**5902.20**	**1923.752**	**404.65**
1	BHARTIARTL	0	114.3	0
Total	**Telecom average**	**0**	**114.3**	**0**
1	TATASTEEL	1871.97	239.07	63800.24
2	JSWSTEEL	4516	236	430
3	HINDALCO	13232	8955	625
4	COALINDIA	0	35.29	7739.58
Total	**Metals and mining Average**	**4904.9925**	**2366.34**	**18148.705**
1	TITAN	3	1031	26
2	ASIANPAINT	3766.65	216.41	6.53
Total	**Consumer durable Average**	**1884.825**	**623.705**	**16.265**
1	ETERNAL (ZOMATO)	814	8190	2223
Total	**E- commerce Average**	**814**	**8190**	**2223**
1	TRENT	511.87	227.18	0
Total	**Retail Average**	**511.87**	**227.18**	**0**

Source: Compiled by authors from the 2023-24 and 2024–25 annual reports of NIFTY 50 companies.

To statistically assess whether there are significant differences across sectors in the use of Level-1 inputs for financial asset valuation under Ind AS 113, a one-way ANOVA test was conducted. **Table 7** presents the results. The p-value (Sig.) is greater than 0.05, indicating that the difference in Level-1 input usage among sectors is not statistically significant.

Table No: 7 Sector-Wise ANOVA Analysis for Financial Assets Measured Using Level-1 Inputs

Source of valuation	Sum of Squares	df	Mean Square	F	Sig.(p-value)	*F Crit*
Between groups	10044445543	11	913131413	0.440717553	0.927042	2.051294
Within groups	78732951452	38	2071919775			
Total	88777396995	49				

Source: Authors' analysis using one-way ANOVA conducted in SPSS on Level-1 fair value data from NIFTY 50 company annual reports (FY 2023-24 and 2024–25).

Interpretation: Based on the ANOVA results (F = 0.4407, p = 0.927), the study finds no statistically significant difference among sectors in their application of Level 1 fair value inputs under Ind AS 113. Therefore, the null hypothesis (H₀) is accepted. This indicates that companies across various sectors of the Nifty 50 index exhibit a uniform practice in utilizing Level 1 inputs

for measuring financial assets.

To further investigate whether sectors differ significantly in the use of Level-2 fair value inputs, an ANOVA test was conducted. **Table 8** presents the results. The p-value is greater than 0.05, indicating no statistically significant variation in Level-2 input usage across sectors.

Table No: 8 Sector-Wise ANOVA Analysis for Financial Assets Measured Using Level-2 Inputs

Source of valuation	Sum of Squares	df	Mean Square	F	Sig.(p-value)	*F Crit*
Between groups	11981816710	11	1089256065	0.639358	0.783786	2.051294
Within groups	64739506767	38	1703671231			
Total	76721323477	49				

Source: Authors' analysis using one-way ANOVA conducted in SPSS on Level-2 fair value data from NIFTY 50 company annual reports (FY 2023-24 and 2024–25).

Interpretation: The one-way ANOVA test for Level-2 inputs across Nifty 50 sectors yielded an F-value of 0.6394 and a p-value of 0.7838, which is greater than the significance level of 0.05. Since the p-value exceeds 0.05 and F < F-critical (2.051), the test fails to reject the null hypothesis. This indicates that there is no statistically significant difference in the use of Level-2 fair value inputs among different sectors under Ind AS 113. Hence, companies across sectors follow similar practices in applying Level-2 inputs for measuring financial assets.

To determine if there is a statistically significant difference among sectors in the use of Level-3 fair value inputs, a one-way ANOVA was conducted. **Table 9** shows the results. The p-value is greater than 0.05, suggesting no significant variation across sectors.

Table No: 9 Sector-Wise ANOVA Analysis for Financial Assets Measured Using Level-3 Inputs

Source of valuation	Sum of Squares	df	Mean Square	F	Sig.(p-value)	*F Crit*
Between groups	4077036728	11	370639702.6	1.44805	0.19222	2.051294
Within groups	9726393821	38	255957732.1			
Total						

Source: Authors' SPSS-based analysis using ANOVA on Level-3 fair value data from NIFTY 50 annual reports (FY 2024–25).

Interpretation: The ANOVA results for Level-3 inputs (F = 1.44805, p = 0.19222) indicate that there is no statistically significant difference between the sector-wise usage of Level-3 inputs for measuring financial assets under Ind AS 113. Since the p-value exceeds 0.05 and the F-value is less than the F-critical value (2.051294), the study fails to reject the null hypothesis. Thus, it may be concluded that Nifty 50 companies across different sectors apply Level-3 valuation inputs in a statistically similar manner for fair value measurement.

Findings

The study reveals significant sector-wise variation in Ind AS 113 compliance among Nifty 50 companies. The Real Estate & Infrastructure sector demonstrates the highest level of compliance, scoring 10 out of 10. It provides detailed disclosures supported by internal and external valuation models, use of Level 3 hierarchy, reconciliations, and sensitivity analysis.

The Banking & Finance sector follows closely with a score of 9, frequently recognizing financial instruments such as loans, investments, and derivatives. It effectively uses all three levels of the fair value hierarchy, especially Level 3 for NPAs and unquoted equity, supported by high disclosure quality.

The Metals & Mining and Oil & Gas/Energy sectors also exhibit strong compliance (scores of 7–9), showing a balanced use of market-based and internal valuation methods. However, many companies in these sectors lack detailed Level 3 sensitivity disclosures.

On the other hand, the IT & Tech, FMCG, Pharma & Healthcare, and Consumer Durables sectors show basic to moderate compliance (scores of 3–5). These companies mostly rely on Level 1 and Level 2 inputs, with limited or no application of Level 3, often lacking sensitivity analyses or reconciliations.

The E-Commerce and Retail sectors, being relatively new, show evolving practices with some use of internal models but limited

transparency in assumptions and Level 3 disclosures.

Overall, while Level 1 inputs are widely used across all sectors, Level 2 usage is moderate, and Level 3 application remains limited and inconsistent. Disclosure quality, sensitivity, and transparency significantly influence sector scores, reflecting varying maturity in fair value reporting practices under Ind AS 113.

The ANOVA results revealed that there is no statistically significant difference among sectors in their use of the fair value hierarchy—Levels 1, 2, and 3—for measuring financial assets under Ind AS 113. This indicates that Nifty 50 companies, regardless of sector, follow a broadly uniform approach in applying fair value measurement techniques. Specifically, the p-values for Level 1 (0.927), Level 2 (0.784), and Level 3 (0.192) were all greater than the 0.05 significance level, leading to acceptance of the null hypothesis. This suggests that the adoption and application of fair value hierarchy inputs is consistent across sectors, reflecting compliance with the technical aspects of Ind AS 113.

However, while statistical similarity exists, qualitative differences remain in disclosure quality, transparency, and the depth of narrative explanations—especially in the use of Level 3 inputs. These discrepancies highlight a gap between quantitative compliance and qualitative effectiveness.

Based on the sector-wise performance and ANOVA outcomes (Tables 7–9), **Table 10** presents targeted recommendations for companies and regulators to strengthen compliance with Ind AS 113.

Table 10. Recommendations for Improving Fair Value Disclosures under Ind AS 113

Particulars	Recommendations
1.Strengthen Qualitative Disclosures, Especially for Level 3 Inputs	Companies across sectors, particularly those in IT, FMCG, Pharma, and Retail, should improve the narrative quality, assumption clarity, and sensitivity analysis in their fair value disclosures. Level 3 inputs, being based on unobservable assumptions, require greater transparency to build stakeholder trust.
2.Standardize Disclosure Formats Across Sectors	Regulatory bodies such as SEBI and ICAI may consider issuing sector-specific disclosure templates or best practices to ensure consistency in how fair value hierarchy information is reported, thereby enhancing comparability and audit reliability.
3.Encourage Broader Adoption of Internal Valuation Models	Sectors with low Level 3 application, such as FMCG, E-Commerce, and Consumer Durables, should be encouraged to explore DCF models and internal appraisal methods where applicable, especially for intangible assets like brands, licenses, and investment properties.
4.Mandate Reconciliation and Sensitivity Analysis for Level 3	As Level 3 inputs significantly impact investor perception, regulators should consider making sensitivity analysis and reconciliation statements mandatory, particularly for high-impact items like NPAs, unquoted investments, or leasehold rights.
5.Enhance Capacity Building for Fair Value Measurement	Companies should invest in training finance teams and engaging qualified valuation experts, especially in emerging sectors like E-Commerce and Retail, to ensure accurate and compliant fair value assessments.
6.Sectoral Benchmarking and Peer Learning	Underperforming sectors (e.g., Pharma, FMCG, and Retail) can benchmark against high performers like Real Estate & Infra or Banking & Finance. Industry associations can facilitate knowledge sharing workshops or joint disclosures studies.
7.Regulatory Monitoring and Incentivization	Regulators may monitor compliance scores annually and consider incentives (e.g., ESG scores, governance ratings) for companies that achieve high transparency and fair value reporting standards.

CONCLUSION

Companies with Ind AS 113, particularly in the recognition, measurement, and disclosure of fair value hierarchy inputs (Levels 1, 2, and 3). While sectors such as Real Estate & Infrastructure and Banking & Finance demonstrate high levels of transparency, detailed disclosures, and consistent application of Level 3 inputs, others—such as FMCG, Pharma, and E-Commerce—show relatively basic or evolving compliance, with limited narrative depth and sensitivity analysis.

The ANOVA results further reveal that despite qualitative differences, there is no statistically significant difference in the use of fair value hierarchy levels across sectors. This indicates a broad uniformity in the quantitative application of Ind AS 113 across the Nifty 50 companies. However, the study also uncovers a gap between quantitative compliance and qualitative effectiveness, especially in Level 3 disclosures, where companies often fall short in explaining assumptions, valuation controls, and reconciliation.

Overall, while most companies comply with the technical aspects of Ind AS 113, the quality, transparency, and depth of disclosure remain uneven across sectors. Closing this gap is essential to ensure not only regulatory compliance but also greater investor confidence and financial reporting integrity.

Data Availability Statement
The data that support the findings of this study are derived from publicly available annual reports of NIFTY 50 companies for the financial year 2023-24 and 2024–25. Processed data and analysis outputs (including ANOVA results and sector-wise compliance scoring) are available from the corresponding author upon reasonable request. Data sharing is subject to ethical and confidentiality considerations, where applicable.

Conflict of Interest
The author declares no conflict of interest regarding the publication of this research.

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