



## Segment reporting in India and its comparative study under AS-17 and IFRS 8 as well as impact on corporate

Dr. Deepika Dugar

Lecturer, SNJP Mahavidyalaya, Affiliated to Jai Narain University, Jodhpur, Rajasthan, India

### Abstract

This article examines the Segment Reporting in India and benefits of embracing International Financial Reporting Standards (IFRS) by Indian elements and further examines the impact of reception of IFRS on companies' segment reporting when contrasted with segment reporting under Indian GAAP (IGAAP). It thinks about the effect of appropriation of IFRS 8 by taking the instance of M/s Sify Technologies Ltd., an Indian recorded element in the segment divulges information under the new standard IFRS 8 opposite the Indian Accounting Standard, AS-17. It is seen from the examination that there are sure stamped deviations in segment benefit and misfortune as disclosed by the financial proclamations of M/s Sify Technologies Ltd. as announced under IGAAP and those detailed under IFRS. The significant contrast between the two reporting is the data given and the introduction necessity. Further, under IFRS 8, the revelation prerequisites identified with geographical segments are altogether decreased or in the vast majority of the cases totally lost, which is a noteworthy worry to stakeholders. Further, there will be absence of comparability of segment data between companies as IFRS gives carefulness to the Chief Operating Decision Maker to pick what to disclose and the way in which the data can be disclosed.

**Keywords:** AS-17 segment reporting, IFRS 8 segment reporting, product & geographical segment

### 1. Introduction

The Company's operations prevalently identify with giving end-to-end business arrangements that use technology in this manner empowering clients to upgrade business execution. These arrangements are conveyed to customers all around working in different industry segments. As needs be, revenues spoken to along industry classes include the essential premise of segmental data set out in these financial statements. Secondary segmental reporting is performed on the premise of the geographical area of customers.

The accounting standards reliably utilized as a part of the planning of the financial statements are additionally reliably connected to record wage and use in singular segments. These are as set out in the huge accounting policies.

Industry segments at the Company are essentially financial services involving customers giving banking, finance and insurance services; producing companies; companies in the telecommunications and the retail businesses; and others, for example, utilities, transportation and coordination's companies.

Pay and direct costs in connection to segments is sorted in view of things that are separately identifiable to that section, while the rest of the expenses are arranged in connection to the related turnover of the fragment. Certain costs, for example, devaluation, which frame a noteworthy part of aggregate costs, are not particularly allocable to particular segments as the basic services are utilized conversely. The Company trusts that it is not commonsense to give portion disclosures identifying with those expenses and costs, and appropriately these costs are independently uncovered as "unallocated" and straightforwardly charged against add up to wage.

Settled assets utilized as a part of the Company's business or

liabilities contracted have not been distinguished to any of the reportable segments, as the settled assets and services are utilized conversely between segments. In like manner, no disclosure identifying with add up to portion assets and liabilities are made.

Client connections are driven in light of the area of the individual customer. North America contains the United States of America, Canada and Mexico; Europe incorporates continental Europe (both the east and the west), Ireland and the United Kingdom; and the Rest of the World involving every single other place with the exception of, those specified above and India.

#### A) Geographical Segment

A geographical segment is a discernable component of an undertaking that is occupied with giving items or services inside a specific economic condition and that is liable to dangers and returns that are not the same as those of segments working in other economic situations. Elements that ought to be considered in distinguishing geographical segments include:

- Similarity of economic and political conditions,
- Relationships between operations in various geographical territory,
- Proximity of operation
- Special risks related with operations in a specific zone;
- Exchange control directions, and
- The hidden currency risks.

#### B) Reportable Segment

A reportable segment is a business segment or a geographical segment recognized on the premise of swearing off definitions for which segment data is required to be revealed

by this announcement.

### C) Primary and Secondary Segments

For segment reporting reason all elements having both business and geographical segment are required to recognize two reporting positions one is Primary and another is Secondary, one supplementing the other. This classification relies on the risks and returns related with the segments. On the off chance that the risks and returns of a venture are influenced transcendentally by contrasts in items and services it would be the primary segment, and the geographic segment would be the secondary and the other way around. For a large portion of the undertakings, the overwhelming wellspring of risks and returns decides how the venture is sorted out and overseen. Hierarchical and management structure of an endeavor and its inward financial reporting framework give the best confirmation of the prevalent wellspring of risks and returns of the undertaking with the end goal of its segment reporting. In the event that risks and returns were similarly prevailing for both the Business and Geographic segments, at that point business segment would be considered as primary segment.

A few times if obvious proof is not accessible to perceive the primary or secondary segments then the management decides all alone in view of power of hazard, returns and other criteria recommended for distinguishing a segment.

### D) Limitations of Segment Reporting

The segmental reporting is condemned because of the accompanying components.

- The AS 17 requires normal expenses to be distributed to different segments on what the company's management accepts is a sensible premise. By and by, there can be numerous classes of basic costs the standard requires not to allot such normal costs if their division is misdirecting. There is a little reason in making a fake allotment of such expenses.
- It is exceptionally hard to decide segment assets in the enterprise. A few assets are required for general purposes and are utilized by various segments. It is desirable over reveal them as a different resource in a critical position sheet of the worry and a reference of this reality that few segments utilize these assets regularly may likewise be outfitted.
- The segmental outcomes are reliant on the exchange cost settled for bury segmental deals, which are dependably sensibly decided and built up. The utilization of different exchange valuing strategies will make the segmental data not practically identical with comparative disclosures by different enterprises.
- The standard requires dispersing the data about the segments, which may not be alluring from the view that revelation of vital data of the association might be add up to and in some cases making risk survival of the enterprise.

### E) Segment Disclosures in India

In Indian companies Act, 1956 has arrangement for disclosures of some segmental data in distributed annual reports, for example, sales, production, stocks, and purchases. In addition, data about authorized limit and introduced limit with respect to each item is likewise to be given in the annual

reports. It has been discovered that many enhanced Indian companies create segment data of their administrative arranging control and basic leadership, for example, income statements, sales or different gross income, cost of products sold, net edge on sales, segmented commitment edge, offering costs, managerial costs, segmented not benefit before tax, segmented balance sheet.

### F) Segment Reporting under AS 17

In the present period of Liberalization, Privatization and Globalization, the entire world is considered as 'one market' and goods and services can move uninhibitedly starting with one section then onto the next. The business condition is profoundly focused and this has prompted a mainstream "mantra" called 'survival of the fittest'. Keeping in mind the end goal to survive and get by with significant perceivability in terms of profits and shareholders' riches, it has turned out to be important for the business enterprises to develop themselves in to extensive size entities with differentiated exercises. This brings the client to get and break down the financial data from various points like, what are the diverse line of business in which the undertaking is locked in, out of these lines what number of are beneficial? Is it the misfortunes of one business that are sponsored by the profits of the other? What are the development prospects in each of these businesses? Be that as it may, the inquiry is does the client get the required data from the Financial Reports? The financial reports give the execution of the organization overall without giving a separate of how the constituent segments added to the execution all in all.

Financial reports which are arranged and introduced by these multi-movement associations in the conventional way never again uncover adequate data which would help the clients of the data to acknowledge and assess the outcomes and risks required in the business and development prospects. For instance, an organization might be occupied with production of two items sugar and concrete; bond might be running under benefit and sugar might be running under a misfortune however this data may not surface in financial report if concrete business has made considerable profits. In this way the need was felt to disclose the data identifying with various items or services or whose operation reach out to various geographical range conveying distinctive degrees of risks in each of the business segments or geographic areas.

Accounting Standard 17, Segment Reporting, issued by the Council of the Institute of Chartered Accountants of India. This Standard winds up noticeably compelling in respect of accounting periods starting on or after 1.4.2001 and is required in nature, from that date, in respect of the going with:

- i) Enterprises whose equity or debt securities are recorded on a perceived stock exchange in India, and enterprises that are issuing equity or debt securities that will be recorded on a perceived stock exchange in India as confirm by the Board of Directors' resolution in such manner.
- ii) All other commercial, industrial and business reporting enterprises, whose turnover for the accounting time frame surpasses Rs. 50 crores.

This Accounting Standard is not mandatory for Small and Medium Sized Companies, as characterized in the

Notification. Such companies are however urged to consent to the Standard.

### G) Scope of AS 17 – Segment Reporting

This Standard ought to be connected in introducing broadly useful financial statements. The necessities of this Standard are likewise material if there should be an occurrence of consolidated financial statements. An enterprise ought to conform to the prerequisites of this Standard completely and not specifically. On the off chance that a solitary financial report contains both consolidated financial statements and the different financial statements of the parent, segment data require be introduced just on the premise of the consolidated financial statements. With regards to reporting of segment data in consolidated financial statements, the references in this Standard to any financial explanation things should translated to be the significant thing as showing up in the consolidated financial statements. The components for recognizing business segments and geographical segments are not recorded in a specific request. A solitary business segment does exclude products and services with altogether contrasting risks and returns. While there might be dissimilarities regarding one or a few of the variables recorded in the meaning of business segment, the products and services incorporated into a solitary business segment are required to be comparative as for a lion's share of the components. So also, a solitary geographical segment does exclude operations in monetary conditions with fundamentally varying risks and returns. A geographical segment might be a solitary nation, a group of at least two nations, or a region inside a nation.

The risks and returns of an enterprise are affected both by the geographical area of its operations (where its products are created or where its administration rendering exercises are based) and likewise by the area of its customers (where its products are sold or services are rendered).

### H) IFRS 8 – Segment Reporting

The International Financial Reporting Standards (IFRS) Foundation is a non-government association situated in London. The procedure of International meeting towards a worldwide arrangement of standards began in 1973. One of its guideline targets is "to build up a solitary arrangement of high caliber, understandable, enforceable and all inclusive acknowledged in IFRSs through its standard setting body the International Accounting Standards Board (IASB)". The IASB is the free standard-setting body of the IFRS Foundation. Its members (as of now 15 full-time members) are in charge of the advancement and production of IFRSs.

One of the current advancements in the field of standard setting is the International Financial Reporting Standards (IFRS). These are standards based Standards, Interpretations and Framework received by the International Accounting Standards Board (IASB) since its beginning in April 2001 (prior known as International Accounting Standards Committee (IASC).The IASC from 1973 (the time of its development) till 2001 have articulated upwards of 41 International Accounting Standards (IAS) and the IASB has included eight new standards. These are on the whole known as the present IFRS.

### 1. IFRS Implementation Procedure in India

In 1949, Indian government to streamline accounting rehearses in the nation set up Institute of Chartered Accountants of India by passing ICAI Act, 1949. Accounting Standard Board was constituted by ICAI in 1977 with a view to fit the different accounting strategies and practices in India. Alternate destinations of the Board are

- i) Conceive of and recommend new zones in which Accounting Standards are required,
- ii) Formulation of Accounting Standards,
- iii) Examine how far IAS and IFRS can be adjusted while detailing the accounting standards and to adjust the same, and
- iv) Review the current Accounting Standards and overhaul them consistently as and when essential, among others. In 2006, a team was set up by ICAI.
- v) The goal of the team was to set out a guide for joining of IFRS in India. In light of the suggestion made by the Task Force and on the premise of result of exchanges and general suppositions on IFRS selection strategy, a 3 stage handle was set around the Accounting Professionals in India.

### 2. Theoretical Background of the IFRS 8 Segment Reporting

The IFRS 8, the operating segments were met from the IAS 14 and SFAS 131 (US GAAP). It was issued in November 2006 and connected for annual periods starting on, or after 1 January 2009 while the post-execution was finished in 2013. The foundation of the convergence as from the IASB resolved to build up the standard to the general population enthusiasm with a solitary arrangement of astounding global accounting. Those responsibilities required straightforward and equivalent data when all is said in done motivation behind financial statements (IASB, 2006). It led the joint program with the (US GAAP) concerning the current international practices and the improvement of future accounting standards. With the goal that the contrasts between IAS 14 and SFAS 131 would be diminished, keep up just minority of the distinctions (BC4-5). The center of the change is to disclose the valuable internal data to empower clients to survey their financial statements for internal choices and to enhance the internal segment's data disclosure.

The IASB expected that the convergence would lessen contrasts amongst IFAS and US GAAP (IFRS8, BC2). In the meantime, the data, which the head operating leader (CODM) used to help their choices under IFRS as well as non-IFRS would be disclosed. Thusly, it will empower the clients to evaluate entity's financial execution and carefulness. The IASB expressed that to embrace the SFAS 131 whose center idea was to oversee through your eyes, would fundamentally profit the clients as takes after: (1) entities will report segments that compare to internal administration reports; (2) entities will report segment data that will be more reliable with different parts of their annual reports; (3) a few entities will report more bits; (4) entities will report greater segment data in break financial reports (IFRS 8, BC9). Correspondingly, the Academic Research found the clients assumed this approach would empower greater segment data to be given in interval financial reports (IFRS 8, BC7-8). The

convergence of IAS 14 and SFAS 131 lessens the distinctions, and IASB trusts it gives clear and surely knew data with the constrained differences of training. At the point when the potential key to internal administration is disclosed, it empowers to settle on better choices for outside clients, as well. The real changes in IAS 14 and IFRS 8 are in curtness the accompanying: Segment ID; IFRS 8 distinguishes segment base in the internal administration structure, conversely, the IAS 14 characterized segment base on products or services and geographical areas. Estimation of segment data; IFRS 8 requires that the amount of each segment announced is the measure answered to the CODM (internal administration) notwithstanding this data is set up by IFRS accounting approach. Conversely, the IAS14 required

the segment data was made in the similarity with the entity's accounting approach. Disclosure;• (1) IFRS 8 requires an entity discloses a clarification of how it decided its reportable operating segments and how the premise of the sums had been measured; (2) IFRS 8 requires the disclosure of profit and loss, resources, liabilities and the extra things in particular, intrigue incomes, intrigue costs in the event that they are accommodated CODM; (3) IFRS 8 does not characterize segments as either business or geographical segment; (4) IFRS 8 does not require estimation of segment sum base on entity's IFRS strategies; IAS 14, by differentiate, indicated the things that must be disclosed for each reportable segment.

**I) Differences between AS-17 and IFRS 8**

Particulars	Segment Reporting under AS-17	Segment Reporting under IFRS
Standard Applicable	The Reporting of different Operating Segments of the Company under IGAAP is done under AS 17 Segment Reporting.	The Reporting of different Operating Segments of the Company under IFRS is done under IFRS 8-Operating Segments.
On which entities the Standard is applicable.	(a) Entities whose equity or debt securities are recorded or are posting on any stock exchange, regardless of whether in India or outside India. (b) Banks (counting cooperative banks), financial institutions or entities carrying on insurance business. (c) All commercial, industrial and business reporting entities, whose turnover (barring other income) surpasses rupees fifty crore in the promptly going before accounting year. (d) All commercial, industrial and business reporting entities having borrowings (counting open stores) in overabundance of rupees ten crore whenever amid the quickly going before accounting year. Holding and subsidiary entities of any of the above.	Entities whose equity or debt Securities are traded on an open market or that issue equity or debt securities in an open market, or record (or are presently filing)financial statements with an administrative association for reasons for issuing securities in an open market.
Concept of CDOM	No such idea of CDOM or 'Chief Operating Decision Maker" is characterized in Indian AS-17.	IFRS-8 requires distinguishing proof of CDOM. The term 'Chief Operating Decision Maker' is a capacity and not a person with a particular title. The capacity of the CODM is to apportion assets to and evaluate the operating consequences of the segments of an entity. The CODM could be an individual, such as the chief official officer or the chief operating officer, or it could be a group of executives, similar to the board of directors or a management committee.
What are the Operating Segments	Business-or Geography-based parts that are liable to risks and returns that are unique in relation to those of different segments. Appropriately there are two sorts of segments recognized under AS-17: i. Business Segment ii. Geographical Segments	IFRS 8 does impose requirement to report Segment Information on Product or Geographical premise. It doesn't characterize segments as Business or Geographical Segment rather it characterizes Operating Segments as Business exercises that may gain incomes or bring about costs, whose operating outcomes are frequently looked into by the chief operating decision maker and for which discrete financial information is accessible.
Requirement of Primary and Secondary Segment	Indian AS - 17 requires the assurance of Primary Segment and Secondary Segment and the predominant source and nature of risks and returns of the entity administers whether the primary segment reporting format will be Business Segment or Geographical Segment.	IFRS 8 does not require the entity to decide any "primary" and a "secondary" premise of segment reporting.
On what factor is measurement of segment disclosure based on?	Segment information to be set up in conformity with the accounting arrangements received for get ready and showing the entity's financial statements.	Segment disclosures depend on Management information answered to the chief operating decision maker. This may bring about contrasts between the sums detailed in segment information and those announced in the entity's primary financial statements.
Definition of terms	The terms Segment Revenue, Segment Expense, Segment Result, Segment Assets and Segment Liabilities are plainly characterized.	IFRS 8 does not characterize terms Segment Revenue, Segment Expense, Segment Result, Segment Assets and Segment Liabilities. On the other the standard requires expanded disclosure with respect to the premise on which the information in regards to segment profit or loss, segment resources and segment liabilities for each reportable segment has been readied.

Disclosures Required	Indian AS-17 determines the financial parameters that must be disclosed for each reportable segment, for example, Segment Revenue, Segment Result, and so forth.	Then again IFRS-8 requires the measure of profit or loss and resources for be disclosed for each segment. Extra things, for example, income from outer client, depreciation and amortization, interest income and interest cost and so forth are required to be disclosed if the predetermined sums are incorporated into the measure of segment profit or loss checked on by the chief operating decision maker, or are generally consistently given to the chief operating decision maker, regardless of the possibility that excluded in that measure of segment profit or loss.
Aggregation Criteria	The accumulation criteria under AS-17 is relatively liberal.	Then again accumulation criteria (para 12) under IFRS 8 is prohibitive and more govern situated in nature, which will prompt increment in the quantity of announced segments. For instance, the nature of products and services might be comparable, be that as it may, conglomeration of such segments is impractical under IFRS 8 in the event that the sort/class of customers contrasts
Comparability of Information	Segment Information gave under AS-17 is effectively similar crosswise over companies as particular financial parameters are required to be disclosed under AS-17.	Then again IFRS 8 does not indicate any financial parameters. Or maybe the segment parameters depend on just internal reporting then the same would be exceptionally open-finished and subsequently similarity crosswise over companies would not be conceivable. The essential purpose behind this are: 1. CDOM could pick what to disclose, and 2. CDOM can pick to disclose comparable information in a wide range of ways.

### J) Analysis and Interpretation

- As expressed above according to Accounting Standard - 17, in the segment information of M/s Sify Technologies Pvt. Ltd. as given in the Financial Statement arranged according to IGAAP, two sort of segments have been recognized.

Business Segments being the Primary Segment – Accordingly two Business Segments i.e. (an) Enterprises Service Segment and (b) Software Services Segment has been perceived.

Geographical Segments being the Secondary Segment – Accordingly two segments i.e. (a) India and (b) Rest of the World are perceived.

Since the general hazard and return of M/s Sify Technologies Pvt. Ltd. Are influenced transcendentally by contrasts in the Products i.e. Software and Hardware it delivers and Services i.e. Network and IT Services, the group render to its customers, its primary format for reporting segment information has been Business Segments, with auxiliary information announced Geographically.

- In the Segment Reporting according to IFRS – 8, given in Form 20-F of M/s Sify Technologies Pvt. Ltd. Arranged according to IFRS, Business Activities i.e. an) Enterprises Service Segment and (b) Software Services Segment that win incomes or bring about costs, whose operating outcomes are frequently explored by the chief operating decision maker and for which discrete financial information is accessible are distinguished as Operating Segments.
- As per IFRS-8, Chief Operating Decision Maker ("CODM") has been recognized in the Segment reporting of the Company. The CDOM i.e., The Board of Directors and the senior management, assess the Group's performance and assign assets to different vital business units that are recognized in view of the products and services that they offer and on the premise of the market served. The measure of profit/loss surveyed by the CODM is "Earnings/loss before interest, taxes, depreciation and

amortization" additionally alluded to as "segment operating income/loss".

The financial information is required to be accounted for on the premise that it issued by management internally to evaluate operating segment performance and choosing how to designate assets to operating segments.

- Whereas in the Segment Information according to IGAAP, no Chief Operating Decision Maker has been recognized and the Segment Operating Income and Loss is figured according to the prerequisite of AS-17 and not on the premise of information assessed by CDOM. The Segment Information has been set up in conformity with the accounting approaches received for get ready and introducing the entity's financial statements.
- Accordingly this has brought about contrasts between the sums announced in segment information according to IFRS-8 and those revealed under AS-17.

### K) Impact on Corporate

The utilization of international financial reporting standards (IFRS) as a general financial reporting language is picking up push over the globe. Over a 100 nations in the European Union, Africa, West Asia and Asia-Pacific regions either require or allow the utilization of IFRS. The Institute of Chartered Accountants of India (ICAI) has as of late discharged an idea paper on Convergence with IFRS in India, itemizing the methodology for selection of IFRS in India with impact from April 1, 2011. This has been reinforced by a current declaration from the ministry of corporate affairs (MCA) affirming the plan for convergence with IFRS in India by 2011. Indeed, even in the US there is a progressing wrangle about with respect to the reception of IFRS supplanting US GAAP. Embracing IFRS by Indian corporate will be exceptionally testing however in the meantime could likewise be fulfilling. Indian corporate is probably going to receive huge rewards from embracing IFRS. The European Union's experience highlights many saw benefits because of receiving IFRS. By and large, most speculators, financial

statement preparers and evaluators were in assertion that IFRS enhanced the nature of financial statements and that IFRS execution was a positive improvement for EU financial reporting. There are probably going to be a few advantages to corporate in the Indian setting. These are: Improvement in equivalence of financial information and financial performance with global companions and industry standards. This will bring about more straightforward financial reporting of an organization's exercises which will profit speculators, customers and other key partners in India and abroad. The appropriation of IFRS is required to bring about better nature of financial reporting due to predictable utilization of accounting standards and change in dependability of financial statements. This, thus, will prompt expanded trust and dependence put by speculators, experts and different partners in an organization's financial statements; and Better access to and decrease in the cost of capital raised from global capital markets since IFRS are presently acknowledged as a financial reporting system for companies trying to raise funds from most capital markets over the globe. A current decision by the US Securities and Exchange Commission (SEC) licenses foreign companies recorded in the US to exhibit financial statements as per IFRS. This implies such companies won't be required to plan isolate financial statements under Generally Accepted Accounting Principles in the (US GAAP). In this manner, Indian companies recorded in the US would profit by preparing just a solitary arrangement of IFRS agreeable financial statements, and the resulting sparing in financial and consistence costs. Be that as it may, the apparent advantages from IFRS selection depend on the experience of IFRS consistent nations in a time of gentle economic conditions. The ebb and flow decrease in market trust in India and abroad combined with harder economic conditions may show huge difficulties to Indian companies. IFRS requires utilization of reasonable esteem standards in specific circumstances and this would bring about critical contrasts from financial information at present introduced, particularly identifying with financial instruments and business blends. Given the current economic situation, this could bring about huge unpredictability in revealed earnings and key performance measures like EPS and P/E proportions. Indian companies should fabricate mindfulness among speculators and investigators to clarify the explanations behind this unpredictability so as to enhance understanding, and increment straightforwardness and dependability of their financial statements. This circumstance is declined by the absence of accessibility of professionals with sufficient valuation abilities, to help Indian corporate in touching base at solid reasonable esteem gauges. This is a critical asset limitation that could affect similarity of financial statements and render a portion of the advantages of IFRS selection incapable. Despite the fact that IFRS are standards based standards, they offer certain accounting arrangement decisions to preparers of financial statements. For instance, the utilization of a cost-based model or a revaluation demonstrate in accounting for venture properties. This could lessen consistency and similarity of financial information to a specific degree and in this manner decrease a portion of the advantages from IFRS selection. IFRS are formulated by the International Accounting Standards Board (IASB) which is an international standard setting body. Be that as it may, the

obligation regarding requirement and giving direction on usage vests with neighborhood government and accounting administrative bodies, for example, the ICAI in India. Thus, there might be contrasts in understanding or down to earth utilization of IFRS arrangements, which could additionally decrease consistency in financial reporting and similarity with global companions. The ICAI should make satisfactory investments and fabricate foundation to guarantee consistence with IFRS.

### Conclusion

The IFRS embraces the management way to deal with segment reporting and along these lines it gives a chance to the clients of financial statements to look at the performance from the senior management viewpoint. It encourages the clients of financial statements in order to ask and inspect how the entity is controlled by its senior decision makers.

Reporting under IFRS 8 likewise lessens cost of setting up the information on reportable segments on the grounds that the information is now to be utilized internally by management and promptly accessible on an opportune premise. The essential thought behind IFRS 8 is that the entity ought to disclose information in order to empower the clients of its financial statements to survey the nature and financial impacts of the sorts of the business exercises of the entity and the economic situations in which it works. AS-17 then again is not in light of this guideline, but rather it is harmonious with the goals and standards of the Indian Accounting Standards. In any case, then again on the off chance that we look to the downside of IFRS 8, we evaluate that it permits the preparers of the segment information more prudence to characterize segments and segment information as they seek, and does not force any mandatory requirement for geographical disclosures. The companies fundamentally are hesitant to give geographical disclosure particularly when they are of politically delicate nature as they help to evaluate risks, particularly those connected to nation or regional components. IFRS-8 permits the management an attentiveness whether to give such information or not. In such case for the most part the information is not given as it is not mandatory as it could be seen from the contextual analysis too. IFRS 8 expels the hazard and reward criteria deciding the reportable segment or for choosing the ampleness of information that is displayed (or not exhibited) to partners and open everywhere, which is there under AS-17.

The hazard related with IFRS-8 is not about whether the nature of information is improved over that announced under AS-17 or not. The hazard is identified with the management who is setting up the information. The fundamental hazard under IFRS-8 is that it gives watchfulness to management who would prefer not to convey any information, or have something to conceal, which could then be inactively consented to by non-administrators and evaluators because of the solution of the standard permitting it.

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