Measuring The Impact of Impairment of Assets on Profitability of Selected BSE and NSE Listed Companies

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Abstract

The AS, IAS and IFRS prescribe the procedure to be applied to ensure that the assets of an enterprise are carried at an amount not exceeding their recoverable amount. The standard defines recoverable amount as higher of net realizable value and value in use but if the book value of an asset is less than either of these amount than the asset is not impaired. These standards include only fixed assets for testing of impairment. This paper measures the Impact of Impairment of Assets in select BSE and NSE Listed companies. For this purpose a sample of all BSE and NSE listed companies were taken for the period of 9 years and out of them only 10 companies have made an impairment which is measured in the paper using statistical tool ANOVA and the analysis revealed that 2 independent variables EPS and NP are showing as accounting variables putting the impact on the impairment of the company's assets and further the Tata Steel Ltd followed by the Oil & Natural Gas Corporations Limited have made the maximum amount of impairment during the period of the study.

Keywords: Impairment, Tangible Assets, Intangible Assets, BSE and NSE listed companies.

Introduction

When an asset suffers impairment, its service potential is reduced. There is a need for recognition of this economic event of a reduction in service potential as a loss. If impairment loss exists, it should be debited to profit and loss account and this loss is also deducted from the carrying value of the asset in the balance sheet. The downward revised carrying value of the asset is to be depreciated over its remaining estimated life. These standards support reversal of impairment loss when the value of an impaired asset is recovered but the reversal is allowed up to the extent of the amount of impairment loss.

The enterprise has to check impairment loss on assets at each balance sheet date whether there is an indication of impairment. For these indications, Internal and external factors are available to check whether the asset is impaired or not. Internal factors like obsolescence or physical

damage of assets, outdated assets, plan of discontinuation or restructuring plan and decline in cash flow from an asset. External factors like decline in asset market value change in the technological, market, economic or legal environment, increase in market interest rate and another market rate of return on investment and the carrying amount of net assets exceeds its market capitalization. If there is such type of indication is available, then the enterprise is required to calculate impairment loss after estimating the recoverable amount. The revaluation of assets by an enterprise will prevent overstatement of the balance sheet but there is more subjectivity involved in the identification of impairment indicators, to reduce such subjectivity the standard's provision being applied creatively which mislead the information of an enterprise. Creative application of provision may defeat the object of the standard.

The major part of these standards is to provide improved quality of corporate financial reporting through the promotion of greater transparency in preparation and presentation of financial statement. It helps the user to take an improved economic decision because users have major information regarding that enterprise. This standard promotes the better allocation of capital and ultimately it leads to economic growth as well as greater social welfare. If these standards implemented properly, it will bring significant improvement in the quality of both balance sheet and income accounting but in the regulation of these standards, some enterprises face difficulties regarding inadequate guidance in the implementation of this standard. These standards explain that impairment should be check when there is an indication of impairment. To identify these indicators an enterprise has to consider at internal and external factors. It is problematic in some situation to find an indicator of impairment. Another problematic situation is identifying the recoverable amount from such an asset through value in use or net realizable value. For this recoverable amount expected future economic benefit from the use of the asset or dispose of an asset is very difficult to estimate because along with expected Future economic benefit, an entity has to consider an appropriate discount rate for calculation of discounted future economic benefit. It is more difficult to judge all these factors in difficult asset structure enterprise and this process is also likely to be costly as well as time-consuming.

Major issues in accounting for impairment of intangible assets because intangible assets do not have physical existence but they have the ability to contribute to the earning capability of an enterprise as an Example of patent, goodwill, trademark, copyright. It is a complicated task to test the impairment of intangible asset especially when it comes to testing goodwill for impairment because goodwill cannot be separated from the enterprise owing it. Thus, this paper measures the level of Impairment of Assets of the BSE and NSE index listed companies.

Reviews of Literature

As the accounting standards changed towards the aim of enhancing the relevancy and transparency of financial reporting, asset impairment was one of the most controversial and significant fields in the sphere of financial accounting (Barth, 2025; Srivastava, 2025). The initial arguments that existed with regards to impairment accounting were the issues of inflated values of assets and the late reporting of asset losses (Barth, 2025; Bagna et al., 2023; Orthaus et al, 2023). The move to impairment-based standards was a radical change to the mechanical allocation of cost to the valuation-based system of accounting but this came with effects of management discretion and judgment which have been studied widely in previous literature (Västertun & Pitsinki, 2025; Chan et al., 2023; Görlitz & Dobler, 2023). Another major turning point in impairment accounting was the substitution of systematic goodwill amortization by impairment only approach. Li and Sloan (2017) present some solid arguments to support that this regulatory change especially the shift to SFAS 142 essentially changed accounting and valuation of goodwill. The goal of the standard was to increase the value relevance by removing amortization periodically and establishing an impairment test that relies on fair value (Maroun et al., 2022). But Li and Sloan (2017) show in practice that the new regime created tangible overstated balances of goodwill and untimely impairments recognition. Their results indicate that there is a high probability that managers took advantage of the discretion that was in impairment testing to delay the write-downs, and in the process, artificially inflated earnings and stock prices.

More crucially, the research uncovers that the delay in the goodwill impairments was not well predicted by the investors, as inefficient interpretation of impairment-related disclosures in the market. Although much focus has been given to impairment, scholars have also highlighted that the impairment issue is far much more than the issue of goodwill to include long-lived tangible and identifiable intangibles. According to Massoud (2015), the fact that assets like buildings, land, and equipment are prone to impairment is attributable to a combination of such factors as technological obsolescence, augmented competition, regulatory, and physical damages. In his comparison of the impairment rules in GAAP and IFRS, Massoud (2015) highlights that the process of impairment recognition is complicated, which is why recoverability tests and measurement provisions must be followed before impairment losses are recognized (Hodder & Sheneman, 2022). This text emphasizes the fact that impairment is not a one-off accounting event, but a continuous assessment procedure that requires an objective and sound judgment and internal controls (Kelly & Larres, 2025).

The literature developed, and its maturity saw scholars starting to investigate the place of governance structures and valuation mechanisms in the formation of impairment-related decisions. Cotter and Richardson (2002) discuss the question on whether boards of directors in their asset revaluations are more reliable than external independent appraisers. They use Australian data and discover that independent appraisers are more often used on re-evaluation of land and buildings, whereas directors re-evaluate investments, plant, equipment and identifiable intangible. This tendency is explained by the fact that the firms are using knowledge of directors that is specific to assets. Nonetheless, the research does indicate that plant and equipment revaluations conducted by independent appraisers are more effective than those conducted by the directors implying that the governance system and valuation knowledge is key in the credibility of the asset values. These results support the conclusion that not only accounting standards influence the recognition of impairments but also the organizational governance arrangements (Bonacchi et al., 2023; Mora et al., 2022). In addition to governance and reliability of valuations, scholars have also resorted to analytical and quantitative studies in the attempt to learn more about the impairment processes. Azzaz et al., (2015) also present a new model through the application of financial mathematics to the impairment accounting under the IFRS. Through the modelling of impairment events with the help of a Black-Scholes framework, they obtain explicit impairment probability, impairment expected value, and distributional characteristics of impairment losses. Their work in this field shows that impairment events may be studied with the help of stochastic valuation methods, which is a gap between accounting and financial economics. The strategy is capable of expanding the perspectives of impairment risk, especially financial instruments and equity securities, and the complexity of impairment research is increasingly becoming more sophisticated.

The other literature trend emphasizes on the interrelation between impairment accounting and fair value measurement of liabilities (Hartmann, 2022; Hodder & Sheneman, 2022). Cedergren, Chen, and Chen (2019) examine the implication of debt valuation adjustments (DVA) according to SFAS 159, according to which the companies are identifying the gains or losses that may result due to the alteration in the credit risk of the companies themselves. Opponents of DVA have contended that that such gains are identified when the credit risk of a firm increases have counterintuitive effects on income. Cedergren et al. (2019) show that the unrecognized asset value (UAV) moderates this relationship. Their results indicate that at low levels of UAV, equity returns are positively related to DVA, but the relationship becomes less strong and later becomes negative as the UAV rises. This paper shows that impairment, valuation adjustments and unrecognized asset values together affect reported performance and market valuation.

Conservatism and accrual processes research has also added theoretical knowledge to impairment accounting. According to Byzalov and Basu (2016), conditional conservatism forms a part and parcel of normal accrual behaviour, which is often not modeled. They argue that they are recognized by unrealized losses represented by disaggregated asset write-downs especially in small asset

pools (Hodder & Sheneman, 2022). The fact that impairment recognition is a systematic form of conservatism, and not the arbitrary action of managers, is supported by their empirical evidence (Orthaus et al., 2023; Hodder & Sheneman, 2022). Furthermore, they demonstrate that the segment level and quarterly variables are incrementally informative of the firm level accruals indicating that impairment decision-making processes are affected by regular patterns of poor economic indicators and not by extraordinary events. Another issue that has been created by the shift to impairment-only accounting regimes is an issue of valuation methodology and conceptual consistency. Lander and Reinstein (2003) examine the implication of SFAS 142, stating that even though the standard enhances the matching of revenues and expenses, the standard imposes a lot of burden on accountants to choose suitable valuation models. They juxtapose discounted cash flow and remaining income methods of measuring goodwill impairment and state that failure to adopt the right model can discredit the accuracy of impairment reports (Grundmann, 2024). Their publication illuminates the conceptual and practical issues involved in the application of the impairment standards in the intricate business conditions. Some ethical issues regarding the impairment decisions have been analysed in terms of adoption of the IFRS. Giner and Pardo (2015), who research Spanish-listed firms in the period of the economic crisis, find that when managers are reporting goodwill impairment losses, their discretion is exercised, and only at opportune time. Their results show the big-bath and income-smoothing strategies and such strategies are dependent on firm size and macroeconomic conditions. The research also questions the ethical aspects of impairment-only regimes under economic pressure and when managerial interests of earnings manipulation can be higher.

The regulatory analysis has been relevant in influencing the impairment practices. Hurtt, Kreuze and Langsam (1999) record heightened interest of the U.S. regulators towards disclosures that were made on impairments following claims that had been raised by the Securities and Exchange commission. Their analysis of Fortune 500 companies indicates that there is tremendous differentiation in the disclosure quality indicating that adherency to the impairment standards does not guarantee transparency and comparability. This supports the argument that disclosure quality is equal to recognition rules in explaining the usefulness of impairment information.

The post-IFRS adoption research still demonstrates not completely resolved problems in impairment accounting. Coming to comment on subsequent studies, Zhuang (2016) expresses concern over the application of book-to-market ratios as an indicator of impairment, the degree of discretion of the managers in the recognition of impairment, and the interpretation of the increase in impairment recognition after the implementation of IFRS. Such issues indicate that impairment accounting is an area of controversy and dynamism, which needs more empirical research.

Rezaee, Smith, and Lindbeck (1996) give early empirical evidence on the financial effects of impairment by examining 935 impairment write-downs reported by 670 companies after the enactment of SFAS 121. Their results show that impairment losses can be huge, in other instances more than reported earnings by several folds. Furthermore, the industry classification turns out to be influential on the financial effect of impairment, which highlights the industry-specific character of the effects of impairment.

The literature is a composite of a complex and delicate image of asset impairment accounting. Although the introduction of impairment standards has been intended to improve the relationship by making them more relevant and transparent, empirical evidence indicates that managerial discretion, governance structures, and valuation issues, as well as macroeconomic conditions, have a substantial impact on impairment recognition and reporting. The majority of the available research is about goodwill, valuation impacts, and market responses, but little is said about the long-term effect of impairment on the profitability of firms. More than that, most of the empirical data is based on developed markets, and there is a gap in the factor of impairment behavior and its profitability in the emerging economies.

It is against this background that the current study builds upon the available literature by investigating how the asset

impairment affects the profitability indicators of the specific BSE and NSE listed companies. The study bridges a gap by concentrating on the Indian context under Ind AS, and it is significant to understand whether the asset impairment only re-arranges the reported earnings or it has any significant implications on business and financial performance.

Research Methodology

The data was gathered first form the 50 companies listed in BSE and NSE indexes. Out of the 50, only 10 companies have shown their impairment data for their Tangible and intangible's impairment. These companies include the followings:

1. Asian Paints Ltd.
2. Bharti Airtel Ltd.
3. Coal India Ltd.
4. Hindalco Industries Ltd.
5. Larsen & Toubro Ltd.
6. Mahindra & Mahindra Ltd.
7. Oil & Natural Gas Corporations Ltd.
8. Sun Pharmaceutical Industries Ltd.
9. Tata Motors Ltd.
10. Tata Steel Ltd.

The data were gathered for the period of 9 years from March 2017 to March 2025. It includes the variables such ae Impairment, NP, EPS, ROA, ROE, ROCE, CR and DER. Thus the above 10 companies were included in the further steps of the research work. The hypotheses were created and later the data were analysis using the Multiple regression and ANOVA tools using SPSS software. The results of the analysis is presented in the next part of the study.

Data Analysis on Comparing Impact of Impairment on Profitability

Further the impacts of impairment on the profitability of the companies were measured. The details are provided as under:

Table-1: Comparing Impact of Impairment on Profitability

Company Name	Year	Total assets	Impairment of assets	% of impairment	Profit	% of impairment
Asian Paints Ltd.	Mar-17	8168.69	18.59	0.22758	1262.76	1.47217
	Mar-18	9040.63	14.64	0.16194	1427.33	1.02569
	Mar-19	10696.3	52.45	0.49036	1769.36	2.96435
	Mar-20	12559.4	52.45	0.41761	1966.64	2.66699
	Mar-21	13930.2	52.45	0.37652	2051.73	2.55638
	Mar-22	16398.8	52.45	0.31984	2167.31	2.42005
	Mar-23	16310.3	52.45	0.32158	2723.45	1.92587
	Mar-24	20554.9	52.45	0.25517	3178.15	1.65033
	Mar-25	23277.1	66.07	0.28384	3053.24	2.16393
Bharti Airtel Ltd.	Mar-17	187958	263.7	0.1403	2498.3	10.5552
	Mar-18	205704	0	0	5053.1	0
	Mar-19	233348	0	0	5826.4	0
	Mar-20	244580	263.7	0.10782	3196.5	8.24965
	Mar-21	265094	264	0.09959	1122.6	23.5168
	Mar-22	288406	263.7	0.09143	1331.9	19.7988
	Mar-23	371529	263.7	0.07098	-30002	-0.879
	Mar-24	365964	263.7	0.07206	-12271	-2.1489
	Mar-25	375903	0	0	5882	0

Company Name	Year	Total assets	Impairment of assets	% of impairment	Profit	% of impairment
Coal India Ltd.	Mar-17	106871	759.23	0.71042	15111.6	5.02414
	Mar-18	113098	1184.2	1.04706	13726.6	8.62704
	Mar-19	115048	0	0	14267.9	0
	Mar-20	121559	0	0	9281.53	0
	Mar-21	128277	0	0	7038	0
	Mar-22	135969	0	0	17466.4	0
	Mar-23	152356	0	0	16701.5	0
	Mar-24	164476	0	0	12705.1	0
	Mar-25	182826	0	0	17387	0
Hindalco Industries Ltd.	Mar-17	141283	536.76	0.37992	2128.2	25.2213
	Mar-18	147091	1370.46	0.93171	83.85	16.3442
	Mar-19	149151	0	0	-873.04	0
	Mar-20	154098	0	0	1907.44	0
	Mar-21	154609	0	0	6207.96	0
	Mar-22	160608	0	0	5495	0
	Mar-23	177957	0	0	3763	0
	Mar-24	199837	0	0	3478	0
	Mar-25	233732	0	0	13724	0
Larsen & Toubro Ltd.	Mar-17	173115	61.15	0.03532	4875.4	1.25426
	Mar-18	198121	13.15	0.00664	4963.68	0.26492
	Mar-19	197679	48.1	0.02433	5534.86	0.86904
	Mar-20	220551	151.1	0.06851	6880.77	2.19598
	Mar-21	253720	266.02	0.10485	8440.29	3.15179
	Mar-22	288403	272.84	0.0946	10237.6	2.66508
	Mar-23	318224	286.07	0.0899	10822.3	2.64333
	Mar-24	326418	1023.86	0.31367	12906.9	7.93267
	Mar-25	334390	286.06	0.08555	10291.1	2.7797
Mahindra & Mahindra Ltd.	Mar-17	88738.6	2552.65	2.87659	4323.38	59.0429
	Mar-18	95374.3	2573.56	2.69838	2595.48	99.1555
	Mar-19	102076	0	0	2708.47	0
	Mar-20	119306	0	0	3151.13	0
	Mar-21	142734	0	0	6850.53	0
	Mar-22	167820	0	0	4650.33	0
	Mar-23	172002	0	0	-1348.3	0
	Mar-24	173279	0	0	235.73	0
	Mar-25	180840	0	0	5397.22	0
Oil & Natural Gas Corpn. Ltd.	Mar-17	365520	2549.24	0.69743	26653	9.56454
	Mar-18	360337	887.76	0.24637	17673	5.02327
	Mar-19	390261	4273.35	1.095	12235.8	34.9249
	Mar-20	496047	3096.71	0.62428	26359.1	11.7481
	Mar-21	526960	2230.14	0.42321	23354.9	9.54894
	Mar-22	560329	3513.19	0.62699	30509.8	11.515
	Mar-23	527057	7971.67	1.51249	10523.1	75.7539
	Mar-24	549893	6772.65	1.23163	20340.9	33.2957
	Mar-25	592004	5574.41	0.94162	47830.1	11.6546

Company Name	Year	Total assets	Impairment of assets	% of impairment	Profit	% of impairment
Sun Pharmaceutical Inds. Ltd.	Mar-17	29400.8	6.49	0.02207	3879	0.16731
	Mar-18	49345.1	0	0	5484.17	0
	Mar-19	56137.2	0	0	5656.86	0
	Mar-20	62216.6	0	0	7836.3	0
	Mar-21	65552.1	0	0	2567.94	0
	Mar-22	65841.1	0	0	3209.32	0
	Mar-23	69555.4	0	0	4186.79	0
	Mar-24	69184.9	0	0	2284.68	0
	Mar-25	71873.8	0	0	3405.82	0
Tata Motors Ltd.	Mar-17	230937	22.16	0.0096	14183.2	0.15624
	Mar-18	239396	0	0	14153.1	0
	Mar-19	279372	0	0	11100.7	0
	Mar-20	288704	0	0	6063.56	0
	Mar-21	343594	0	0	6813.1	0
	Mar-22	322167	0	0	-28934	0
	Mar-23	337976	0	0	-10975	0
	Mar-24	358816	0	0	-13016	0
	Mar-25	346773	0	0	-11235	0
Tata Steel Ltd.	Mar-17	175100	8532.16	4.87273	3663.97	232.867
	Mar-18	162572	11604.5	7.13802	-3955.5	-293.38
	Mar-19	177831	5887.14	3.31052	-386.67	-1522.5
	Mar-20	173560	3922.21	2.25986	-4176.2	-93.918
	Mar-21	212685	4505.95	2.1186	17523.7	25.7135
	Mar-22	237392	4377.52	1.84401	8873.63	49.3318
	Mar-23	254185	6723.02	2.64494	984.49	682.894
	Mar-24	249498	12372.6	4.959	7862.45	157.363
	Mar-25	289395	12337	4.26303	41100.2	30.0169

It is clear from the above table that the data gathered have shown that the impairment is not regular activities for even the selected 10 companies during the entire period of the study of 9 years from 2017 to 2025. The details as per the above table revealed that for Asian Paints Ltd. the impact of the impairment over the assets was very less and below 0.5 percent while on profitability it was minimum at 1 percent and maximum at 2.96 percent. For Bharti Airtel limited the impact of the impairment over the assets was very less and below 0.1 percent while on profitability it was minimum at -2.1489 percent and maximum at 23.51 percent. Coal India Ltd. the impact of the impairment over the assets was very less and below 1.04 percent while on profitability it was minimum at 0 percent and maximum at 8.62 percent. Hindalco Industries Ltd. the impact of the impairment over the assets was very less and below 0.93 percent while on profitability it was minimum at 0.0 percent and maximum at 16.34 percent. Larsen & Toubro Ltd. the impact of the impairment over the assets was very less and below 0.31 percent while on profitability it was minimum at 0.26 percent and maximum at 7.93 percent. Mahindra & Mahindra Ltd. the impact of the impairment over the assets was very less and below 2.87 percent while on profitability it was minimum at 0 percent and maximum at 99.15 percent which is huge. Oil & Natural Gas Corporations Limited the impact of the impairment over the assets was very less and below 1.51 percent while on profitability it was minimum at 5.02 percent and maximum at 75.75 percent. Sun Pharmaceutical Industries Limited the impact of the impairment over the assets was very less and below 0.2 percent while on profitability it was minimum at 0 percent and maximum at 0.16 percent. Tata Motors Limited the impact of the impairment over the assets was very less and below 0.01 percent while on profitability it was minimum at 0 percent and maximum at 0.16 percent. For the last selected company Tata Steel Limited the impact of the impairment over the assets was very less and below 7.13 percent while on profitability it was minimum at -1522

percent and maximum at 682.89 percent.

This means that the company Tata Steel Limited has made the maximum changes and impairment of the assets that might be due to their new mergers which had taken place during the period of the study.

Measuring Impact of Impairment of Assets on Accounting Variables

To measure the impact of the Impairment of Assets on Accounting Variables the data is gathered from the selected companies to identify the independent variables that put impact over the impairment, the statistical tool is used with the following hypothesis:

H1(e)= Impairment of assets is significantly predicted by the accounting variables in the selected companies of India.

The statistical tool multiple regressions are used to analyse the hypothesis with the SPSS software and the results are presented as under:

Table-2: Result of multiple regression

Variable	Mean	SD	1	2	3	4	5	6	7
Impair.	1339.35	2800.6	1						
NP	5.75	7.34	- 0.034	1					
EPS	14.21	36.71	**0.687***	0.281*	1				
ROA	9.83	19.06	0.018	0.316*	0.245*	1			
ROE	13.67	27.95	0.059	0.368*	0.316*	**0.988***	1		
ROCE	18	26.83	0.01	0.337*	0.277*	**0.983***	**0.981***	1	
CR	1.82	1.87	0.008	0.200*	0.006	**0.651***	**0.615***	**0.589***	1
DER	0.45	0.36	0.001	**- 0.549***	- 0.297*	**- 0.682***	**- 0.732***	**- 0.702***	**- 0.494***

Notes: Correlations are Pearson (1-tailed). *p < 0.05, **p < 0.01

NP = Net Profit; EPS = Earnings per Share; ROA = Return on Assets; ROE = Return on Equity; ROCE = Return on Capital Employed; CR = Current Ratio; DER = Debt–Equity Ratio.

Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
2	.726[b]	.528	.517	1946.552	.056	10.346	1	87	.002

a. Dependent Variable: Impairment
b. Predictors: (Constant), EPS, NP

ANOVA[a]

Model		Sum of Squares	df	Mean Square	F	Sig.
2	Regression	368408609.875	2	184204304.937	48.615	.000[c]
	Residual	329648714.321	87	3789065.682		
	Total	698057324.196	89			

Coefficients[a]

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Correlations			Collinearity Statistics	
		B	Std. Error	Beta			Zero-order	Partial	Part	Tol	VIF
2	(Const.)	1061.652	263.742		4.025	.000					
	EPS	57.701	5.858	.756	9.850	.000	.687	.726	.726	.921	1.086
	NP	-94.245	29.300	-.247	-3.217	.002	-.034	-.326	-.237	.921	1.086

The summary of regression result revealed:

Adjusted R2 value (The Accuracy of the Model) = .517

ANOVA F value (the Model Fitness Index) = 48.615

Sig. in ANOVA (Model fitness for Future) = .000c

Constant = Impairment

Variable Selected: BenOper_7, BenOper_3, BenOper_2, BenOper_5, BenOper_4

The results with the value of adjusted R square 51.7% reveals that for the dependent variable Impairment, 2 independent variables EPS and NP are showing as accounting variables putting the impact on the impairment of the company's assets. The above stated that the model is found fit with the Value of ANOVA 48.615 which is significant ($p<0.05$). The variable EPS and Net profit is revealing as selected accounting variables, shown significant change in the level of the Impairment done by the companies.

Measuring differences in Impairment as per companies

To measure the differences amongst the companies, the following hypothesis is developed:

H1: There is a significant difference in the Impairment of the selected companies.

To measure the above hypothesis, the ANOVA analysis is conducted with the SPSS Software and the results are presented as under:

Table-3: ANOVA Result for Differences in Impairment as per companies

Descriptive				
	N	Mean	Std. Deviation	Std. Error
Asian Paints Ltd.	9	46.00	17.274	5.758
Bharti Airtel Ltd.	9	175.83	131.875	43.958
Coal India Ltd.	9	215.94	441.461	147.154
Hindalco Industries Ltd.	9	211.91	469.322	156.441
Larsen & Toubro Ltd.	9	267.59	304.500	101.500
Mahindra & Mahindra Ltd.	9	569.58	1130.235	376.745
Oil & Natural Gas Corporations Ltd.	9	4096.57	2288.760	762.920
Sun Pharmaceutical Industry Ltd.	9	.72	2.163	.721
Sun Pharmaceutical Industry Ltd.	9	2.46	7.387	2.462
Tata Steel Ltd.	9	7806.89	3516.435	1172.145
Total	90	1339.35	2800.596	295.209

ANOVA					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	542802996.027	9	60311444.003	31.077	.000
Within Groups	155254328.169	80	1940679.102		
Total	698057324.196	89			

The above results revealed that there is a significant difference in the impairment of the assets conducted by the selected companies as F31.077 is significant ($P<0.05$). Further, the mean value analysis revealed that the company Tata Steel Ltd followed by the Oil & Natural Gas Corporations Limited have made the maximum amount of impairment during the period of the study.

Conclusion

This study examined the impact of asset impairment on the profitability of selected BSE and NSE listed companies, focusing on key financial performance indicators such as Net Profit, EPS, ROA, ROE, and ROCE. The Asset impairment shows a strong positive association with Profitability of the company and its EPS, indicating that impairment recognition may coincide with earnings adjustments or restructuring phases. The relationship between impairment and profitability ratios (ROA, ROE, ROCE) is generally weak or insignificant, suggesting limited direct operational impact. Overall, the results suggest that asset impairment primarily affects accounting-based earnings measures rather than core operational profitability.

The result of the study revealed that the companies like Bharti Airtel Ltd., Sun Pharmaceutical Industries Ltd. and Tata Motors Ltd. are not at all making their tangible assets impaired while the companies like Coal India Ltd., Hindalco Industries Ltd., Mahindra & Mahindra Ltd., Oil & Natural Gas Corporations Ltd. have only made impairment in their tangible assets for 2 years out of 9 years of the study, but as a major company showing the direction of Indian economy, they must provide the data of their impairment. Further, the mean value analysis revealed that the company Tata Steel Ltd followed by the Oil & Natural Gas Corporations Limited have made the maximum amount of impairment during the period of the study. Managers should treat impairment as a financial reporting and transparency tool, not merely as a negative signal. The Strategic impairment recognition can improve earnings quality and balance sheet credibility.

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