Review of SEBI Circular dated July 5, 2016 for smooth transition of Ind-AS for Listed Entities

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Companies under Mandatory Implementation of Ind-AS

As far as listed companies are concerned and as per the notification dated 16th February, 2015 issued by Ministry Of Corporate Affairs ('MCA'), the Companies whose **EQUITY** or **DEBT** securities are **LISTED OR** in the **PROCESS OF BEING LISTED** on any Stock Exchanges in India **OR** outside India **AND** having net worth of Rupees Five Hundred Crore or more shall have to comply with the Indian Accounting Standards ('Ind-AS') for the periods beginning on or after 1st April, 2016, with the comparative period ending on 31st March, 2016.

If such listed companies or in the process of being listed is having net worth of less than Rupees Five Hundred Crore, then they have to comply with Ind-AS for the periods beginning on or after 1st April, 2017, with the comparative period ending on 31st March, 2017.

SEBI's Circular for Smooth Transition on Ind-AS

SEBI after considering views of various agencies and entities participating in the market issued Circular CIR/CFD/FAC/62/2016 dated 5th July, 2016 to remove the practical difficulties which are about to face by Listed Entities in initial implementation of Ind-AS as well as complying with the financial statement requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI (LODR)').

Following are the major points of interpretation as per Circular:

(A). The Listed Entities ('Company/ies') have to submitted their Unaudited Financial Results / Audited Financial Results / Statement for Assets and Liabilities ('financial results') upto 3rd quarter of financial year 2016 – 2017 ie. upto 31st December, 2013 in the same manner as provided in Annexures of the SEBI Circular CIR/CFD/CMD/15/2015 dated November 30, 2015 prescribing various formats for publishing financial results in accordance with SEBI (LODR).

(B). For 4th quarter of financial year 2016 – 2017 ie. from 31.03.2017, such Companies have to submit the financial results as prescribed in Schedule III of the Companies Act, 2013 excluding the notes, schedules and classifications.

(C). The newspaper publication as per Regulation 47(1)(b) of SEBI (LODR) has been slightly modified whereby few rows has been added namely Net Profit / Loss for the period before considering tax / exceptional / extraordinary items and after considering exceptional / extraordinary items. These exceptional / extraordinary items are adjustments made in Statement of Profit and Loss in accordance with Ind-AS rules or existing Accounting Standards. Further the wordings of Net Profit / (Loss) for the period after tax and after Extraordinary items has been changed to Total Comprehensive Income for the period.

(D). For the quarter ending 30th June, 2016 and 30th September, 2016, the compliance schedule for submission of financial results extended for one month for both quarters with a timeline of 14th September, 2016 and 14th December, 2016 for respective quarters instead of present 45 days from the end of quarter.

(E). For the quarter ending 30th June, 2016 and 30th September, 2016, the Company is to provide previous year's quarter details in compliant with Ind-AS. While its upto Company to provide or not to provide financial results compliant with Ind-AS for the year ended 31st March, 2016 for the financial results of quarter ending 30th June, 2016 and 30th September, 2016.

(F). If the Company is providing the comparative figures for previous quarters / years for quarter ending 30th June, 2016 and 30th September, 2016, the limited review or audit of the same is not mandatory. But in footnote(s), the Company has to mention that the management has exercised necessary due diligence to ensure that the financial results provide a true and fair view of its affairs.

(G). Though it is not mandatory but if company opts to provide financial results for the quarter ending 31st December, 2016 with comparative figure for the previous year ended 31st March, 2016 compliant with Ind-AS, it shall be subjected to limited review or audit.

(H). The Companies to which the Ind-AS is applicable in financial year 2017 – 2018 or any subsequent years, the relaxations as mentioned in Points A to G above shall apply during their first year of implementation of Ind-AS.