

## **PRESS RELEASE**

A meeting of the Core Group constituted by the Ministry of Corporate Affairs for convergence of Indian Accounting Standards with the International financial Reporting Standards (IFRSs) from the year 2011 was held on 11<sup>th</sup> January, 2010 and on 29<sup>th</sup> March, 2010 under the chairmanship of Shri R. Bandyopadhyay, Secretary , Ministry of Corporate Affairs. These meetings were attended by the officials from Ministry of Finance, SEBI, RBI, IRDA C&AG, PFRDA, ICAI, Industry Representatives and other experts.

2. On the basis of the deliberations taken place in the meeting on 11<sup>th</sup> January, 2010, a Press Release (No.2/2010) related to the roadmap for application of the converged Indian Accounting Standards by companies (other than Banking companies, Insurance companies and Non-Banking finance companies) was issued on 22<sup>nd</sup> January,2010. Further, on the basis of the deliberations taken place in the meeting on 29<sup>th</sup> March, 2010, a Press Release (No.3/2010) related to the roadmap for the application of the converged Indian Accounting Standards by the Banking companies, Insurance companies and Non-Banking finance companies was issued on 31<sup>st</sup> March, 2010. Both the Press Releases are available on the Ministry's website at [www.mca.gov.in](http://www.mca.gov.in).

3. In response to the requests seeking clarifications on the roadmaps issued, a consolidated statement on clarifications is being annexed with this Press Release.

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PRESS RELEASE-4/2010  
No.1/1/2009-IFRS

Dated the 4<sup>th</sup> May, 2010

Ministry of Corporate Affairs

The Press Information Officer, Press Information Bureau, Ministry of Information and Broadcasting, with the request that the above mentioned Press Note may be given wide publicity.

(Renuka Kumar)  
Joint Secretary to the Government of India  
Tel: 23074056

**Consolidated Statement on Clarifications on the Roadmaps**

<b>S. No.</b>	<b>Issue</b>	<b>Clarification</b>
Determination of applicability		
1.	<p>The companies, covered in the phase I, would be required to convert their opening balance sheet as at 1<sup>st</sup> April 2011 in compliance with the first set of Accounting Standards (i.e. the converged Accounting Standards). Accordingly, companies are not required to provide comparative figures for the year 2010-11 as first set of Accounting Standards (i.e. the converged Accounting Standards).</p> <p>Whether companies can voluntarily opt to provide comparative figures for 2010-11 as per the first set of Accounting Standards (i.e. the converged Accounting Standards)?</p>	<p>Companies covered in Phase I will prepare their financial statements for 2011-12 in accordance with the first set of Accounting Standards (i.e. the converged Accounting Standards) but will show previous years' figures as per the financial statements for 2010-11 i.e. as per non-converged accounting standards.</p> <p>However, the entity shall have the option to add an additional column to indicate what these figures could have been if the first set of Accounting Standards (i.e. converged accounting standards) had been applied in that previous year.</p> <p>Companies which make this additional disclosure will, for this purpose, convert their opening balance sheet as at the date on which this previous year commences and, in that case, a further conversion of the opening balance sheet for the year for which the financial statements are prepared will not be necessary.</p>
2.	<p>Whether companies covered in 2<sup>nd</sup> / 3<sup>rd</sup> phase for application of the first set of Accounting Standards (i.e. the converged Accounting Standards) can voluntarily opt to apply the same w.e.f accounting year beginning on 1.4.2011?</p>	<p>Such Companies will have an option for application of the first set of accounting standards (i.e. the converged Accounting Standards) only for the financial year commencing on 1<sup>st</sup> April, 2011 or thereafter.</p>
3.	<p>As per the roadmap, in phase I, the following categories of companies (other than banking companies, insurance companies and NBFCs) will convert their opening balance</p>	<p>The date for determination of the criteria is the Balance Sheet as at 31<sup>st</sup> March 2009 or the first Balance Sheet prepared thereafter when the</p>

	<p>sheet as at 1<sup>st</sup> April, 2011 in compliance with the first set of Accounting Standards(i.e. the converged Accounting Standards)</p> <ol style="list-style-type: none"> <li>a. Companies which are part of NSE – Nifty 50</li> <li>b. Companies which are part of BSE – Sensex 30</li> <li>c. Companies whose shares or other securities are listed on stock exchanges outside India</li> <li>d. Companies, whether listed or not, which have a net worth in excess of Rs.1,000 crores</li> </ol> <p>What is the cut-off date on which the aforesaid criteria shall be applied in order to determine the companies falling in each of the aforesaid four categories of companies which will convert their opening balance sheet as at 1<sup>st</sup> April, 2011 in compliance with the first set of Accounting Standards (i.e. the converged Accounting Standards)?</p>	<p>accounting year ends on another date.</p>
<p>4.</p>	<p>As per the proposed roadmap for Banks and NBFCs, in phase I, the following categories will convert their opening balance sheet as at 1<sup>st</sup> April, 2013 in compliance with the notified accounting standards which are converged with IFRS:</p> <p><b>i) Banks</b> All scheduled commercial banks and those urban co-operative banks which have a net worth in excess of Rs. 300 crores will convert their opening balance sheet as at 1<sup>st</sup> April, 2013 in compliance with the first set of accounting standards (i.e., converged accounting standards)</p> <p><b>ii) NBFCs</b></p> <ol style="list-style-type: none"> <li>a. Companies which are part of NSE – Nifty 50</li> <li>b. Companies which are part of BSE – Sensex 30</li> <li>c. Companies, whether listed or not, which have a net worth in excess</li> </ol>	<p>The date for determination of the criteria is the Balance Sheet as at 31st March 2011 or the first Balance Sheet prepared thereafter when the accounting year ends on another date.</p>

	of Rs.1,000 crores	
	What is the cut-off date on which the aforesaid criteria shall be applied in order to determine the scheduled commercial banks/ urban co-operative Banks/ NBFCs falling in each of the aforesaid categories which will convert their opening balance sheet as at 1 <sup>st</sup> April, 2013 in compliance with the first set of Accounting Standards (i.e. the converged Accounting Standards)?	
Applicability for entities that are subsidiaries, joint ventures or associates of companies covered under the convergence roadmap		
5.	<p>There might be a situation where the parent company is covered in any one of the three phases for specified class of companies for applying the first set of Accounting Standards (i.e. converged Accounting Standards), while the other group companies (subsidiaries, joint ventures or associates) are not covered under such phasing plan.</p> <p>In such a scenario, whether it would be permissible for the companies, which are not individually covered under the phasing plan for application of the first set of Accounting Standards (i.e. converged Accounting Standards), to voluntarily opt for application of the first set of Accounting standards(i.e. converged Accounting Standards, even for their standalone financial statements?</p> <p>May also clarify the position in a situation where the phasing plan for application of the first set of Accounting Standards (i.e. the converged Accounting Standards) gets attracted to one of the entity in the group while the parent company is not covered.</p>	<p>The criteria is to be considered for each company's standalone accounts. The companies covered in a particular phase having subsidiaries, joint ventures or associates not covered in those phase/phases will prepare their consolidated financial statements according to the first set of Accounting standards (i.e. the converged Accounting Standards)</p> <p>When one or more companies in a group fall in a phase other than the phase applicable to the parent company, they will continue to prepare standalone accounts according to the phase applicable to them but the parent may need to make amendments to these accounts for the purposes of consolidation as per converged accounting standards. Such subsidiaries, joint ventures or associate companies may have the option for early adoption of converged accounting standards.</p>
Discontinuing use of the first set of Accounting Standards(i.e. the converged Accounting Standards)		
6.	Once a company gets covered in the specified class of companies in any one of	Once a company starts following the first set of Accounting standards (i.e.

	<p>the phases, as identified in the roadmap issued by the Ministry and converts its opening Balance Sheet as per the specified date in accordance with the first set of Accounting Standards(i.e. the converged Accounting Standards), whether it would have to continue to follow the same set of accounting standards in the future as well even if it no longer satisfies the specified criteria? Will it be possible for such a company to revert to existing Indian accounting standards?</p>	<p>the converged Accounting Standards) on the basis of the eligibility criteria, it will be required to follow such Accounting standards for all the subsequent financial statements even if any of the eligibility criteria does not subsequently apply to it.</p>
<p>Calculation of net worth</p>		
<p>7.</p>	<p>What are the rules for calculation of qualifying net worth to be recommended to the companies in order to determine their applicability for applying the first set of Accounting Standards (i.e. converged accounting standards)?</p>	<p>For the purpose of calculation of qualifying net worth of companies, the following rules will apply:</p> <ol style="list-style-type: none"> <li>a. The net worth will be calculated as per the audited balance sheet of the company as at 31st March 2009 or the first balance sheet for accounting periods which end after that date.</li> <li>b. The net worth will be calculated as the Share Capital plus Reserves less Revaluation Reserve, Miscellaneous Expenditure and Debit Balance of the Profit and Loss Account.</li> <li>c. For companies which are not in existence on 31st March 2009, the net worth will be calculated on the basis of the first balance sheet ending after that date.</li> </ol> <p>The calculation of net worth is for the purpose of the criteria only since "net worth" is a part of the criteria.</p>
<p>8.</p>	<p>What are the rules for calculation of qualifying net worth to be recommended to the scheduled commercial Banks/ urban co-operative Banks/ NBFCs in order to determine their applicability for applying the</p>	<p>For the purpose of calculation of qualifying net worth of scheduled commercial Banks/ urban co-operative Banks/ NBFCs, the following rules will apply:</p>

	<p>first set of Accounting Standards (i.e. the converged Accounting Standards)?</p>	<p>a. The net worth will be calculated as per the audited balance sheet of the scheduled commercial Banks/ urban co-operative Bank/NBFC as at 31st March 2011 or the first balance sheet for accounting periods which ends after that date.</p> <p>b. The net worth will be calculated as the Share Capital plus Reserves less Revaluation Reserve, Miscellaneous Expenditure and Debit Balance of the Profit and Loss Account.</p> <p>c. For scheduled commercial Banks/ urban co-operative Banks/NBFCs which are not in existence on 31st March 2011, the net worth will be calculated on the basis of the first balance sheet ending after that date.</p> <p>The calculation of net worth is for the purpose of the criteria only since "net worth" is a part of the criteria.</p>
<p>Removal of options</p>		
<p>9.</p>	<p>In case the notified converged accounting standard is not fully consistent with the IAS/IFRS (i.e., despite intention to converge, some deviations remain), as issued by the IASB, it is presumed that Indian companies will continue to follow the first set of Accounting Standards (i.e. converged accounting standards) as notified by the Government of India and not adopt IFRS in toto.</p>	<p>Companies will follow the first set of Accounting Standards (i.e. the converged Accounting Standards) and not the IFRS.</p>