



**CIRCULAR**

SEBI/HO/CFD/DIL/CIR/P/2016/47

March 31, 2016

**To,  
All Recognized Stock Exchanges  
All Registered Merchant Bankers**

Dear Sir/Madam,

Sub: Clarification regarding applicability of Indian Accounting Standards to disclosures in offer documents under SEBI (ICDR) Regulations, 2009

1. SEBI (ICDR) Regulations, 2009 require disclosure of financial information for each of the five financial years immediately preceding the filing of the offer document while following uniform accounting policies for each of the financial years.
2. Ministry of Corporate Affairs ('MCA') has notified the Companies (Indian Accounting Standards) Rules, 2015 on February 16, 2015 providing revised roadmap on implementation of Indian Accounting Standards ('Ind AS') which stipulates implementation of Ind AS in a phased manner beginning from accounting period 2016-17 ('MCA Roadmap').
3. **Disclosure of financial information in offer documents in accordance with Ind AS:**

To align the disclosure requirements for financial information in the offer document as specified under SEBI (ICDR) Regulations, 2009 with the requirements of Ind AS specified under MCA Roadmap, the disclosure of financial information in accordance with Ind AS in the offer document shall be in the following manner:

- a. For issuer companies to which Ind AS is applicable in Phase 1 of MCA Roadmap (beginning from FY 2016-17):

Period of filing of Offer Document	Latest financial year	Second latest financial year	Third financial year	Second earliest financial year	Earliest financial year
Upto March 31, 2017	Indian GAAP	Indian GAAP	Indian GAAP	Indian GAAP	Indian GAAP
Between April 1, 2017 and March 31, 2018	Ind AS	Ind AS	Ind AS*	Indian GAAP	Indian GAAP
Between April 1, 2018 and March 31, 2019	Ind AS	Ind AS	Ind AS	Indian GAAP	Indian GAAP
Between April 1, 2019 and March 31, 2020	Ind AS	Ind AS	Ind AS	Ind AS	Indian GAAP
On or after April 1, 2020	Ind AS	Ind AS	Ind AS	Ind AS	Ind AS

\* To be disclosed by making suitable restatement adjustments to the accounting heads from their values as on the date of transition following accounting policies consistent with that used at date of transition to Ind AS

Disclosures of interim period, if any, shall be made in line with the accounting policies followed for latest financial year.

- b. For issuer companies to which Ind AS is applicable in Phase 2 of MCA Roadmap (beginning from FY 2017-18), the above timelines w.r.t. filing of offer documents shall be followed with time lag of one year.
- c. The issuer company may, at its discretion, choose to present all the five year periods using the Ind AS framework instead of accounting standards otherwise applicable for such period(s).
- d. The issuer company shall clearly disclose the fact that the financial information has been disclosed in accordance with Ind AS while suitably explaining the difference between Ind AS and the previously applicable accounting standards, and the impact of transition to Ind AS. For this purpose, the issuer company shall ensure compliance with the requirements of para 22 of Ind AS 101 on First time adoption of Indian Accounting Standards. Further, the issuer company shall also provide transitional disclosures as envisaged in para 23 to 26 of Ind AS 101 in the annual

- financial statements and in para 32 of Ind AS 101 in the interim financial statements presented in the offer document.
- e. All the financial information disclosed in the offer document for any particular year shall be in accordance with consistent accounting policies (Ind AS or applicable accounting standards).
  - f. All other requirements with respect to disclosure of financial information in the offer documents shall remain the same. Further, all the information disclosed in the offer document as per Ind AS shall be audited/reviewed in accordance with requirements of SEBI (ICDR) Regulations, 2009.
4. **Applicability:** This circular is applicable for all the companies which are required to disclose the financial information in accordance with Ind AS as per MCA roadmap and whose offer document is filed with the Board on or after April 1, 2016.
5. This circular is issued in exercise of the powers conferred under Section 11 read with Section 11A of the Securities and Exchange Board of India Act, 1992.
6. This circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category "*Legal Framework*".

Yours faithfully,

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