

MINISTRY OF CORPORATE AFFAIRS

NOTIFICATION

New Delhi, 16th February, 2015

G.S.R. 111(E).—In exercise of the powers conferred by Section 133 read with section 469 of the Companies Act, 2013 (18 of 2013) and sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956), the Central Government, in consultation with the National Advisory Committee on Accounting Standards, hereby makes the following rules, namely:—

1. **Short title and commencement.**—(1) These rules may be called the **Companies (Indian Accounting Standards) Rules, 2015**.
(2) They shall come into force on the 1st day of April, 2015
2. **Definitions.**— (1) In these rules, unless the context otherwise requires,—
 - (a) “Accounting Standards” means the standards of accounting, or any addendum thereto for companies or class of companies as specified in rule 3;
 - (b) “Act” means the Companies Act, 2013 (18 of 2013);
 - (c) “Annexure” in relation to these rules means the Annexure containing the Indian Accounting Standards (Ind AS) appended to these rules;
 - (d) “entity” means a company as defined in clause (20) of Section 2 of the Act;
 - (e) “financial statements” means financial statements as defined in clause (40) of Section 2 of the Act;
 - (f) “net worth” shall have the meaning assigned to it in clause (57) of Section 2 of the Act.

(2) Words and expressions used herein and not defined in these rules but defined in the Act shall have the same meaning respectively assigned to them in the Act.
3. **Applicability of Accounting Standards.** - (1) The accounting standards as specified in the **Annexure** to these rules to be called the Indian Accounting Standards (Ind AS) shall be the accounting standards applicable to classes of companies specified in rule 4.
 - (2) The Accounting standards as specified in **Annexure** to the Companies (Accounting Standards) Rules, 2006 shall be the Accounting Standards applicable to the companies other than the classes of companies specified in rule 4.
 - (3) A company which follows the Indian Accounting Standards (Ind AS) specified in **Annexure** to these rules in accordance with the provisions of rule 4 shall follow such standards only.
 - (4) A company which follows the accounting standards specified in **Annexure** to the Companies (Accounting Standards) Rules, 2006 shall comply with such standards only and not the Standards specified in **Annexure** to these rules.
4. **Obligation to comply with Indian Accounting Standards (Ind AS).** - (1) The Companies and their auditors shall comply with the Indian Accounting Standards (Ind AS) specified in **Annexure** to these rules in preparation of their financial statements and audit respectively, in the following manner, namely:—
 - (i) any company may comply with the Indian Accounting Standards (Ind AS) for financial statements for accounting periods beginning on or after 1st April, 2015, with the comparatives for the periods ending on 31st March, 2015, or thereafter;
 - (ii) the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2016, with the comparatives for the periods ending on 31st March, 2016, or thereafter, namely:—
 - (a) companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of rupees five hundred crore or more;
 - (b) companies other than those covered by sub-clause (a) of clause (ii) of sub-rule (1) and having net worth of rupees five hundred crore or more;
 - (c) holding, subsidiary, joint venture or associate companies of companies covered by sub-clause (a) of clause (ii) of sub-rule (1) and sub-clause (b) of clause (ii) of sub-rule (1) as the case may be; and

- (iii) the following companies shall comply with the Indian Accounting Standards (Ind AS) for the accounting periods beginning on or after 1st April, 2017, with the comparatives for the periods ending on 31st March, 2017, or thereafter, namely:-
- companies whose equity or debt securities are listed or are in the process of being listed on any stock exchange in India or outside India and having net worth of less than rupees five hundred crore;
 - companies other than those covered in clause (ii) of sub-rule (1) and sub-clause (a) of clause (iii) of sub-rule (1), that is, unlisted companies having net worth of rupees two hundred and fifty crore or more but less than rupees five hundred crore.
 - holding, subsidiary, joint venture or associate companies of companies covered under sub-clause (a) of clause (iii) of sub-rule (1) and sub-clause (b) of clause (iii) of sub-rule (1), as the case may be:

Provided that nothing in this sub-rule, except clause (i), shall apply to companies whose securities are listed or are in the process of being listed on SME exchange as referred to in Chapter XB or on the Institutional Trading Platform without initial public offering in accordance with the provisions of Chapter XC of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Explanation 1. - SME Exchange shall have the same meaning as assigned to it in Chapter XB of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.

Explanation 2. - "Comparatives" shall mean comparative figures for the preceding accounting period.

- (2) For the purposes of calculation of net worth of companies under sub-rule (1), the following principles shall apply, namely:-
- the net worth shall be calculated in accordance with the stand-alone financial statements of the company as on 31st March, 2014 or the first audited financial statements for accounting period which ends after that date;
 - for companies which are not in existence on 31st March, 2014 or an existing company falling under any of thresholds specified in sub-rule (1) for the first time after 31st March, 2014, the net worth shall be calculated on the basis of the first audited financial statements ending after that date in respect of which it meets the thresholds specified in sub-rule (1).

Explanation.- For the purposes of sub-clause (b), the companies meeting the specified thresholds given in sub-rule (1) for the first time at the end of an accounting year shall apply Indian Accounting Standards (Ind AS) from the immediate next accounting year in the manner specified in sub-rule (1).

Illustration - (i) The companies meeting threshold for the first time as on 31st March, 2017 shall apply Ind AS for the financial year 2017-18 onwards.

(ii) The companies meeting threshold for the first time as on 31st March, 2018 shall apply Ind AS for the financial year 2018-19 onwards and so on.

- Standards in **Annexure** to these rules once required to be complied with in accordance with these rules, shall apply to both stand-alone financial statements and consolidated financial statements.
- Companies to which Indian Accounting Standards (Ind AS) are applicable as specified in these rules shall prepare their first set of financial statements in accordance with the Indian Accounting Standards (Ind AS) effective at the end of its first Indian Accounting Standards (Ind AS) reporting period.

Explanation.- For the removal of doubts, it is hereby clarified that the companies preparing financial statements applying the Indian Accounting Standards (Ind AS) for the accounting period beginning on 1st April, 2016 shall apply the Indian Accounting Standards (Ind AS) effective for the financial year ending on 31st March, 2017.

- Overseas subsidiary, associate, joint venture and other similar entities of an Indian company may prepare its standalone financial statements in accordance with the requirements of the specific jurisdiction:
Provided that such Indian company shall prepare its consolidated financial statements in accordance with the Indian Accounting Standards (Ind AS) either voluntarily or mandatorily if it meets the criteria as specified in sub-rule (1).
- Indian company which is a subsidiary, associate, joint venture and other similar entities of a foreign company shall prepare its financial statements in accordance with the Indian Accounting Standards (Ind AS) either voluntarily or mandatorily if it meets the criteria as specified in sub-rule (1).

- (7) Any company opting to apply the Indian Accounting Standards (Ind AS) voluntarily as specified in sub-rule (1) for its financial statements shall prepare its financial statements as per the Indian Accounting Standards (Ind AS) consistently.
- (8) Once the Indian Accounting Standards (Ind AS) are applied voluntarily, it shall be irrevocable and such companies shall not be required to prepare another set of financial statements in accordance with Accounting Standards specified in **Annexure** to Companies (Accounting Standards) Rules, 2006.
- (9) Once a company starts following the Indian Accounting Standards (Ind AS) either voluntarily or mandatorily on the basis of criteria specified in sub-rule (1), it shall be required to follow the Indian Accounting Standards (Ind AS) for all the subsequent financial statements even if any of the criteria specified in this rule does not subsequently apply to it.

5. **Exemptions.-** The insurance companies, banking companies and non-banking finance companies shall not be required to apply Indian Accounting Standards (Ind AS) for preparation of their financial statements either voluntarily or mandatorily as specified in sub-rule (1) of rule 4.

[F. No. 01/01/2009/CL-V(Part)]

AJAI DAS MEHROTRA, Jt. Secy.

Annexure

[See rule 3]

- A. General Instruction. -** (1) Indian Accounting Standards, which are specified, are intended to be in conformity with the provisions of applicable laws. However, if due to subsequent amendments in the law, a particular Indian Accounting Standard is found to be not in conformity with such law, the provisions of the said law shall prevail and the financial statements shall be prepared in conformity with such law.
- (2) Indian Accounting Standards are intended to apply only to items which are material.
 - (3) The Indian Accounting Standards include paragraphs set in bold italic type and plain type, which have equal authority. Paragraphs in bold italic type indicate the main principles. An individual Indian Accounting Standard shall be read in the context of the objective, if stated, in that Indian Accounting Standard and in accordance with these General Instructions.

B. Indian Accounting Standards (Ind AS)

Indian Accounting Standard (Ind AS) 101

First-time Adoption of Indian Accounting Standards

(This Indian Accounting Standard includes paragraphs set in bold type and plain type, which have equal authority. Paragraphs in bold type indicate the main principles.)

Objective

1. The objective of this Ind AS is to ensure that an entity's *first Ind AS financial statements*, and its interim financial reports for part of the period covered by those financial statements, contain high quality information that:
 - (a) is transparent for users and comparable over all periods presented;
 - (b) provides a suitable starting point for accounting in accordance with *Indian Accounting Standards (Ind ASs)*; and
 - (c) can be generated at a cost that does not exceed the benefits.

Scope

- 2 An entity shall apply this Ind AS in:
 - (a) its first Ind AS financial statements; and
 - (b) each interim financial report, if any, that it presents in accordance with Ind AS 34, *Interim Financial Reporting*, for part of the period covered by its first Ind AS financial statements.
- 3 An entity's first Ind AS financial statements are the first annual financial statements in which the entity adopts Ind ASs, in accordance with Ind ASs notified under the Companies Act, 2013 and makes an explicit and unreserved statement in those financial statements of compliance with Ind ASs.
- 4 [Refer to Appendix 1]
- 4A [Refer to Appendix 1]
- 4B [Refer to Appendix 1]