

APPLICABILITY OF ACCOUNTING STANDARDS ISSUED BY ICAI

| S. No. | Accounting Standard (AS)No. | Title of the Accounting Standard | Applicability to Enterprises in | | | Remarks |
|--------|-----------------------------|--|---------------------------------|----------|-----------|---|
| | | | Level I | Level II | Level III | |
| 1 | AS 1 | Disclosure of Accounting Policies | Yes | Yes | Yes | This Standard would require revision to be titled "Presentation of Financial Statements". |
| 2. | AS 2 (Revised-1999) | Valuation of Inventories | Yes | Yes | Yes | Originally issued in June 1981 |
| 3. | AS 3 (Revised-1997) | Cash Flow Statements (Previously "Changes in Financial Position") | Yes | @ | @ | Originally issued in June 1981 @ Not required but encouraged. |
| 4. | AS 4 (Revised-1995) | Contingencies and Events Occurring After the Balance Sheet Date | Yes | Yes | Yes | Originally issued in November 1982. Pursuant to AS 29, 'Provisions, Contingent Liabilities and Contingent Assets', becoming mandatory in respect of accounting periods commencing on or after 1-4-2004, all paragraphs of AS 4 that deal with contingencies stand withdrawn except to the extent they deal with impairment of assets not covered by other Accounting Standards. |
| 5. | AS 5 (Revised-1997) | Net Profit or Loss for the Period, Prior Period items and changes in Accounting Policies | Yes | Yes | Yes | Originally issued in Nov. 1982 and titled "Prior Period and Extraordinary items and changes in Accounting Policy". Limited revision made in 2001 - Para 33 added effective for accounting periods commencing 01.04.2001. |
| 6. | AS 6 (Revised-1994) | Depreciation Accounting | Yes | Yes | Yes | Originally issued in Nov.1982. Standard portion relating to amortisation withdrawn due to AS-26 - intangible Assets. |
| 7. | AS 7 (Revised-2002) | Construction Contracts | Yes | Yes | Yes | Standard is applicable in respect of all contracts entered into during accounting periods commencing on after 01.04.2003. In respect of all contracts entered into during accounting periods commencing on or before 31.03.2003, AS 7 (issued 1983) is applicable. |
| 8. | AS 8 | Accounting for Research and Development | N.A. | N.A. | N.A. | Standard is withdrawn pursuant to AS 26 becoming mandatory. |
| 9 | AS 9 | Revenue Recognition | Yes | Yes | Yes | Standard operates in Accrual Method, principles of which are used by the Regulator (RBI), while giving prudential guidelines to banks for Income Recognition. |
| 10. | AS 10 | Accounting for Fixed Assets | Yes | Yes | Yes | See also remarks for AS 11. |
| 11 | AS 11 (Revised 2003) | The Effects of Changes in Foreign Exchange Rates | Yes | Yes | Yes | The Standard (revised 2003) comes into effect in respect of accounting periods commencing on or after 01.04.2004 and is mandatory in nature from that date. |

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| | | | | | | As per the ICAI announcement titled 'Treatment of exchange differences under Accounting Standard (AS) 11 (revised 2003), The Effects of Changes in Foreign Exchange Rates vis-à-vis Schedule VI of the Companies Act, 1956', the requirement with regard treatment of exchange difference contained in AS 11 (revised 2003), is different from Schedule VI to the Companies Act, 1956, since AS 11 (revised 2003) does not require the adjustment of exchange difference in the carrying amount of the fixed assets, in the situations envisaged in Schedule VI. It has been clarified that pending the amendment, if any, to Schedule VI to the Companies Act, 1956, in respect of the matter, a company adopting the treatment described in Schedule VI will still be considered to be complying with AS 11(revised 2003) for the |
| | | | | | | purpose of section 211 of the Act. Accordingly, the auditor of the company should not assert non-compliance with AS 11 (2003) under section 227(3) (d) of the Act in such a case and should not qualify his report in this regard on the true and fair view of the state of the company's affairs and profit or loss of the company under section 227(2) of the Act. In June 2004, the Institute also issued an Announcement in respect of exchange differences arising a forward exchange contract entered into the hedge the foreign currency risk of a firm commitment or a highly probable forecast transaction. It is clarified that AS 11 (revised 2003) does not deal with the accounting of exchange difference arising on a forward exchange contract entered into to hedge the foreign risk of a firm commitment or a highly probable forecast transaction. It also separately clarified that AS 11 continues to be applicable to exchange differences on other forward exchange contracts |
| 12. | AS 12 | Accounting for Government Grants | Yes | Yes | Yes | |
| 13 | AS 13 | Accounting for Investments | Yes | Yes | Yes | |
| 14 | AS 14 | Accounting for Amalgamations | Yes | Yes | Yes | |
| 15 | AS 15 | * Employee Benefits | Yes | Yes | Yes | The revised accounting standard is in effect from 1-4-07 |

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| 16 | AS 16 | Borrowing Costs | Yes | Yes | Yes | |
| 17 | AS 17 | Segment Reporting | Yes | N.A. | N.A. | |
| 18 | AS 18 | Related party disclosures | Yes | N.A. | N.A. | |
| 19 | AS 19 | Leases | Yes | Yes Except paragra phs * | Yes [Exce pt parag raphs * | *22(c),(e) and (f);25(a),(b) and (e);37(a),(f) and (g);and 46(b),(d)and (e)]. The Standard is mandatory in nature in respect of all assets leased during accounting periods commencing on or after 01.04.2001. |
| 20 | As 20 | Earnings Per Share | | | | The Standard is mandatory in nature, from that date, in respect of enterprises whose equity shares or potential equity shares are listed on a recognised stock exchange in India. An enterprise which has neither equity shares nor potential equity shares which is so listed but which discloses earnings per share, should calculate and disclose earnings per share in accordance with this Standard from the aforesaid date. However, in respect of accounting periods, commencing on or after 01.04.2004, if any in such enterprise does not fall in level I it need not disclose diluted earnings per share (both including and excluding extraordinary items) and information required by paragraph 48 (ii) of the Standard. |
| 21 | AS 21 | Consolidated Financial Statements | | | | AS 21, AS 23 and AS 27 (relating to consolidated financial statements) are required to be complied with by an enterprise if the enterprises, pursuant to the requirements of a statute/regulator or voluntarily, prepares and presents consolidated financial statements. |
| 22 | AS 22 | Accounting Taxes on Income | | | | This Standard comes into effect in respect of accounting periods commencing or after 01.04.2001. It is mandatory in nature for: a) All the accounting periods commencing on or after 01.04.2001, in respect the following: i) Enterprises whose equity or debt securities are listed on a recognised stock exchange in India and enterprises that are in the process of issuing equity or debt securities that will be listed on a recognised stock exchange in India as evidenced by the board of directors' resolution this regard. ii) All the enterprises of a group, if the parent presents consolidated financial statements and the Accounting Standard is mandatory in nature in |

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| | | | | | | <p>respect of any of the enterprises of that group in terms of (i) above.</p> <p>b) All the accounting periods commencing on or after 01.04.2002, in respect companies not covered by (a) above.</p> <p>c) All the accounting periods commencing on or after 01.04.2006, in respect of other enterprises.</p> |
| 23 | AS 23 | Accounting for Investments in Associates in Consolidated Financial Statements | | | | AS 21, AS 23 and AS 27 (relating to consolidated financial statements) are required to be complied with by an enterprise if the enterprises, pursuant to the requirements of a statute/regulator or voluntarily, prepares and presents consolidated financial statements. |
| 24. | AS 24 | Discontinuing Operations | Yes * | N.A. | N.A. | <p>* This standard does not require any enterprise to present interim financial report. It is applicable only if an enterprise is required or elects to prepare and present an interim financial report. However, the recognition and measurement requirements contained in this Standard are applicable to interim financial results, e.g., quarterly financial results required by the SEBI.</p> <p>At present, in India, enterprises are not required to present interim financial report within the meaning of AS 25. Therefore, no enterprise in India is required to comply with the disclosure and presentation requirements of AS 25 unless it voluntarily presents interim financial report within the meaning of AS 25. The recognition and measurement principles contained in AS 25 are also applicable only to certain Level I enterprises since only these enterprises are required by the concerned regulators to present interim financial results.</p> <p>In view of the above, at present, AS 25 is not mandatorily applicable at Level II and Level III enterprises in any case.</p> |
| 25 | AS 25 | Interim Financial Reporting | Yes | N.A. | N.A. | <p>This Standard comes into effect in respect of expenditure incurred on intangible items during accounting periods commencing on or after 01.04.2003 and is mandatory in nature from that date for the following:</p> <p>Enterprises whose equity or debt securities are listed on a recognised stock exchange in India, and enterprises that are in the process of issuing equity or debt securities that will be listed</p> |

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| | | | | | | on a recognised stock exchange in India as evidenced by the board of director's resolution in this regard. |
| | | | | | | <p>i) All other commercial, industrial and business reporting enterprises, whose turnover for the accounting period exceeds Rs.50 Crore.</p> <p>In respect of all other enterprises, the Accounting Standard comes into effect in respect of expenditure incurred on intangible items during accounting periods commencing on or after 01.04.2004 and is mandatory in nature from that date.</p> <p>In respect of intangible items appearing in the balance sheet as on the aforesaid date, i.e., 01.04.2003 or 01.04.2004, as the case may be, AS 26 has limited application as stated in paragraph 99 of this Standard.</p> |
| 26 | AS 26 | Intangible Assets | Yes | Yes | Yes | |
| 27 | AS 27 | Financial Reporting of Interest in joint Ventures | | | | AS 21, AS 23 and AS 27 (relating to consolidated financial statements) are required to be complied with by an enterprise if the enterprises, pursuant to the requirements of a statute/regulator or voluntarily, prepares and presents consolidated financial statements. |
| 28 | AS 28 | Impairment of Assets | Yes (W.e.f.1. 4.2004) | Yes (w.e.f.1. 4.2006) | Yes (w.e.f. 1.4.20 08) | |
| 29 | AS 29 | Provisions, Contingent Liabilities and Contingent Assets | Yes | Yes (Except paragra ph 67) | Yes (Exce pt parag raphs 66 and 67) | |

Note: The Ministry of Company Affairs in exercise of the powers conferred by clause (a) of sub-section (1) of section 642 of the Companies Act, 1956 (1 of 1956), read with sub-section (3C) of section 211 and sub-section (1) of section 210A of the said Act, the Central Government, in consultation with National Advisory Committee on Accounting Standards, has made 'The Companies (Accounting Standards) Rules, 2006' which are applicable from 7th December 2006. (Accounting Standards 1 to 7 and 9 to 29 as recommended by ICAI have been prescribed by the Central Govt.)