



Bangalore Chamber of Industry and Commerce

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SHEKAR VISWANATHAN
President

16th March 2011

Mr. R. Bandyopadhyay
Secretary
Ministry of Corporate Affairs
515, 'A' wing, 5th Floor
Shastri Bhavan
New Delhi – 110 001

Dear Mr. Bandyopadhyay,

Revised Schedule VI format for preparation of Balance Sheet and Statement of Profit and Loss of a Company

As you are aware, the Ministry of Corporate Affairs has issued the revised Schedule VI which is as per the existing non-converged Indian Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and this is applicable to all companies preparing the financial statement for the year ending March 31, 2011 and thereafter.

The revised Schedule brings about significant changes including:

- **Classification of items in balance sheet**
- **Presentation of the Statement of profit and loss**
- **Disclosures in notes to accounts**

Members of BCIC have expressed some serious concern and expressed their difficulty to implement the revised Schedule from the current financial year and accordingly we would like to bring to your kind attention the following issues:-

- The above revised format of Schedule VI has only been placed on the website of Ministry of Corporate Affairs. It has not yet been notified in the Official Gazette.
- As per the Revised Schedule VI, comparative information is also required to be given in the same format.

In the first year of implementation (i.e. 2010-11), all the required information may not be readily available for the previous year (2009-10) as that information may not have been captured in that format which puts an additional burden on

companies to comply with this requirement. The costs of such compliance may exceed the potential benefit and accordingly, the Schedule may only be made applicable prospectively from the year 2011-12.

- It would also be useful for the MCA to clarify that the reclassification of the previous year numbers in the first year of compliance as it would not be deemed as a restatement of the previous year's financial statements.
- Application of the new schedule without adequate notice would also result in operational issues – for instance, the use of the revised schedule would have a significant impact on key ratios, including current ratio, which could trigger non-compliances with loan covenants or other contractual requirements. Unless companies are given additional time to transition to these new requirements, companies could be faced with operational difficulties triggered by these non-compliances.
- It is impractical for companies to implement changes of this nature in Schedule VI announced in the last month of the financial year.
- MCA should be aware that many companies announce their audited financial results in mid-April and it is just not possible for such companies to implement the changes and yet bring out the results by the usual dates, namely 2nd or 3rd week of April.
- Conflict between Clause 41 format of half yearly results and Schedule VI format.

The format of advertisement of half yearly results under Clause 41 of the Listing Agreement has a requirement of publication of Statement of Assets and Liabilities as at the end of the half year. The format in Clause 41 and the format in Schedule VI prior to amendment were identical. Assuming that the MCA is insistent on going ahead with the amendment of Schedule VI for the year ending 31.03.2011, SEBI has to urgently amend Clause 41 format relating to half yearly results containing Statement of Assets and Liabilities.

In view of the above reasons cited above, BCIC would urge the Ministry of Corporate Affairs, Government of India to implement the new format with effect from the next financial year, i.e. 2011-12.

We look forward to hearing your positive response to our request and shall appreciate if the Government issues necessary amendments accordingly.

Thanking you and with kind regards,



SHEKAR VISWANATHAN