

# Update

VINOD KOTHARI & COMPANY

## Phase 2 Companies specified for XBRL filing

Rozy Jain  
[rozy@vinodkothari.com](mailto:rozy@vinodkothari.com)  
July 11, 2012

Check at: [www.india-financing.com/staffpublications.htm](http://www.india-financing.com/staffpublications.htm) for more write ups.

**Copyright:**

This write up is the property of Vinod Kothari & Company and no part of it can be copied, reproduced or distributed in any manner.

**Disclaimer:**

This write up is intended to initiate academic debate on a pertinent question. It is not intended to be a professional advice and should not be relied upon for real life facts.

## Update

Extensive Business Reporting Language (“XBRL”) in India was first introduced by Reserve Bank of India (“RBI”) in the course of which all schedule banks are required to file their business and financial data with RBI in XBRL mode. Later, Ministry of Corporate Affairs (“MCA”) had come up with the idea of making XBRL taxonomy mandatory for certain class of companies in 2011. In line with RBI and MCA, Security Exchange Board of India (“SEBI”) also vide notification dated June, 19, 2012 introduced a developed format named SEBI Unified Platform for Electronic Reporting and Dissemination specifically for listed companies, mutual funds and SEBI registered intermediaries for filling of returns/reports with SEBI or with the relevant stock exchanges in XBRL.

### **Companies which were covered under Phase I**

MCA, earlier, had issued circulars and clarifications by way of corrigendum to circulars on applicability of XBRL to companies. It also notified Companies (XBRL) Rules 2011 vide notification dated October 5, 2011. As the XBRL Taxonomy is new to the stakeholders, as an initiative, MCA made the XBRL filing mandatory for some companies only. The eligibility conditions for phase I companies were:

- (i) All companies listed with any Stock Exchange(s) in India and their Indian subsidiaries; or
- (ii) All companies having paid up capital of Rupees five crore or above; or
- (iii) All companies having turnover of Rupees one hundred crore or above.

Banking, Insurance, Power Sector and NBFC companies were kept out of the purview of the Rules. All the above mentioned companies were mandatorily required to file their accounts in XBRL for the year 2011-12 within the prescribed time.

## Update

### **Companies covered under Phase II**

Recently, vide notification dated July, 16 2012<sup>1</sup> MCA has specified the Phase II class of companies for implementation of XBRL. These companies need to file their Profit & Loss and Balance Sheet in XBRL for the financial year starting on and from April 1, 2012:

- (i) All companies listed with any Stock Exchange(s) in India and their Indian subsidiaries; or
- (ii) All companies having paid up capital of Rupees five crore and above; or
- (iii) All companies having turnover of Rupees one hundred crore and above; or
- (vi) All companies who were required to file their financial statements for FY 2010-11, using XBRL mode.

### **Exempted Companies**

The companies which were exempted in phase 1 have now also been kept exempted from filing of accounts in XBRL.

### **Time for filing accounts in XBRL for FY 2012-13**

The new Circular further specifies that the actual date of enabling XBRL for Phase II companies will be introduced separately by MCA. The accounts are to be filed in XBRL by Phase I companies, without paying any additional fee, latest by November, 15 2012 or within 30 days of AGM, whichever is later. After this specified timeline additional fee or penalty will be imposed.

---

<sup>1</sup> [http://www.mca.gov.in/Ministry/pdf/General\\_Circular\\_16\\_1\\_2012\\_XBRL.pdf](http://www.mca.gov.in/Ministry/pdf/General_Circular_16_1_2012_XBRL.pdf)

## Update

The Business Rules, validation tools, etc. required for preparing the financial statements in XBRL format, as per the revised Schedule-VI and Accounting Standards, are under preparation and would soon be made available by the Ministry.

### **Analytical Speaking**

XBRL was introduced with an idea of providing an identical format of financial reporting and reduction of paper work. After a successful record of filing of accounts in XBRL for FY 2010-11 by Phase I companies, MCA circular specifies another class of companies which are required to file their accounts in XBRL for FY 2011-12. Though the circular says that another class of companies have been introduced, comparing with the eligibility conditions of Phase I companies, we find that the requirements for Phase II companies are akin to that of Phase I companies. In other words, Phase I companies are only the Phase II companies required to file their accounts in XBRL for FY 2011-12 within the time prescribed.

Government by these notifications has covered almost all the companies which are stable in the market and liable to pay good amount of their income as a tax to government. All the companies which are liable to appoint managerial personnel as per companies' act 1956 are also covered in this notification. In short government now can keep its eye on all the companies and their various documents. Meaning the companies need to be very particular about the document they are filled to going to be file with various regulatory authorities.