



**THE INSTITUTE OF CHARTERED ACCOUNTANTS OF INDIA**  
(Set up by an Act of Parliament)

**Western India Regional Council**

**WIRC/ICAI/ 11103 /2025**

**23 April 2025**

The Secretariat  
Accounting Standards Board  
The Institute of Chartered Accountants of India  
ICAI Bhawan, P.B. No.7100, Indraprastha Marg,  
New Delhi- 110 002, India.

Dear Sir/Madam,

**Sub.: Exposure Draft of Ind AS 118, Presentation and Disclosure in Financial Statements**

Please find attached comments on Exposure Draft of Ind AS 118, Presentation and Disclosure in Financial Statements issued by the ASB for comments.

Kindly confirm receipt of the same.

Regards,

**CA. Ketan Saiya**  
**Chairman - WIRC of ICAI**



**Suggestions / Comments on Exposure Draft of Ind AS 118 - Presentation and Disclosure in Financial Statements:**

**Challenges:**

**a. Schedule III to the Companies Act, 2013:**

- Schedule III currently prescribes a presentation structure that is broadly aligned with a nature-wise classification of expenses. Entities in India have built reporting systems and controls around this prescribed format. Adopting a mixed or functional basis would potentially conflict with Schedule III, unless Schedule III is amended to permit such presentations. Any divergence between Ind AS 118 and Indian regulatory requirements may create compliance challenges, especially for companies listed or regulated in India. Entities might require dual reporting to comply with both Ind AS 118 and Schedule III (in case required to comply with both and both are not aligned), increasing cost and complexity.

**b. Complexity and Costs involve:**

- The new requirements introduce significant changes to the presentation and disclosure of financial statements, which can be complex and costly to implement. Entities may need to invest in new accounting systems, training, and resources to comply with the new standards, leading to increased operational costs specifically for small companies.

**c. Consistency and Comparability**

- Ensuring consistency and comparability across entities and reporting periods can be challenging under the new mixed presentation approach. Also, the new standard allows for a mixed presentation of expenses by nature or function or mix which involves subjective judgment.

**Recommendation:**

- The Accounting Standards Board (ASB), in consultation with the Ministry of Corporate Affairs (MCA), should initiate a review of Schedule III to explore alignment with Ind AS 118's flexible structure.
- A phased implementation or optional adoption period may allow Indian entities to transition smoothly.
- Detailed guidance notes and industry-specific examples should be issued to assist preparers in applying the most useful structured summary" principle, particularly for mixed presentations.
- While the mixed presentation offers flexibility, it may pose challenges in comparability across entities, especially if peers adopt different classification bases. ASB might consider providing illustrative examples or industry-specific guidance to mitigate this concern.