



IFRS conversion
for Indian Entities

Moving to
International Financial
Reporting Standards



PLANNING NOW FOR IFRS

For accounting periods that begin on or after April 2011, public interest Entities, such as listed entities, banks, insurance companies & large sized entities are required to prepare their financial statements under **International Financial Reporting Standards (IFRS)**. Comparative Information will need to be prepared for the financial year ending 31st March 2011, meaning that starting date for IFRS accounts is 1 Apr 2010. Work needs to start early enough to make necessary system amendments, manage expectations of shareholders and markets and produce IFRS compliant interim and year-end accounts.

THE CONVERSION PROCESS

IFRS conversion will impact internal control, accounting policy, tax provisioning, shared services, financial reporting processes, IT systems, treasury, legal, internal audit & several other functions of an enterprise.

Conversion to IFRS is a major project that will require careful planning, programme management & resources with in-depth knowledge of IFRS & how IFRS applies to your specific needs, particularly in view of the tight reporting deadline.

Planning needs to start now in order to:

- Assess the impact on areas such as results, equity, banking covenants and make necessary system amendments;
- Manage the expectations of shareholders, board audit committee, regulator, markets & other stakeholders;
- Avoid failure to produce IFRS compliant accounts.

The issues that need to be considered range further than a simple review of accounting policies and their application.

MANAGING EXPECTATIONS

Managing the perceptions of stakeholders will be a critical part of a company's risk management policies. Shareholder value is, to a great extent, driven by a combination of current and expected future profits, the group's financial position and its dividends policy – all of which may be significantly impacted by the transition to IFRS.

Communicating the changes that will be brought about in a clear fashion will be crucial in avoiding negative impacts on share price.

Key considerations for conversion

Identification of key convergence of current Indian GAAP	IFRS differences GAAP policies with IFRS
Changes to reporting	External IFRS packages communication plan for stakeholders and other users of financial statements
System changes	Revisions to performance incentives and covenant agreements
Valuations	Independent valuations may be required under IFRS ₂ or IFRS ₃

The introduction of IFRS will change the reported results and financial position of your business; the following are some of the key issues and pitfalls to be aware of:

- Many more intangibles may need to be identified and valued for acquisitions;
- Many companies will be affected by complex standards such as IAS 39 'Financial Instruments – Recognition and measurement';
- Many new disclosures may be required in the financial statements;
- Additional strain on existing accounting resources is likely to result;

Making the right decisions on first-time adoption of IFRS will be critical for your future financial reporting.

A PROJECT MANAGEMENT APPROACH TO IFRS C^{ON}VERSION

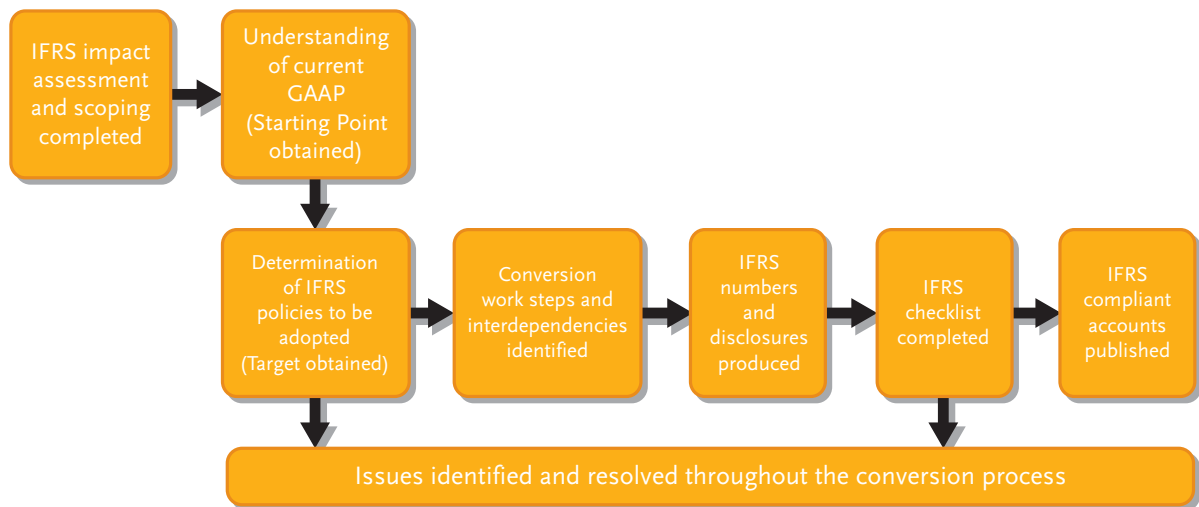
To achieve a seamless transition to IFRS, it is worth bearing in mind some key project management principles, ensuring that your conversion process is set up to deliver on the following matters:

- Tailored solution – A service solution that meets your specific needs and objectives;
- Integrated team approach – A well thought-out project structure with clear roles and responsibilities, combined with the support of technical experts;
- Milestone planning – Detailed milestones showing the status of the project and highlighting problems;
- Issues management – Identifying and resolving problems quickly and efficiently;
- Communication – Ensuring that all information is communicated effectively;

Project management for converting to IFRS should strike a balance between the conflicting elements of time, cost and quality while still meeting your company's objective.

THE STEPS

Based on our experience of implementing IFRS standards in other countries, we believe the following steps need to be taken in order to prepare a safe and seamless transition.



MAZARS, EXPERTS IN IFRS

Mazars has acted as advisors on numerous IFRS conversion projects over the last few years, building up substantial expertise across many sectors including insurance, banking, retail, media, property, telecom, power, manufacturing, defense and transport.

We work closely with our clients and follow a project structure, which we tailor to individual needs. Strong teamwork, solution driven advice and ready access to technical experts are the hallmarks of our approach.

Where necessary, we are able to draw on the technical expertise and experience of our 50 offices around the world, which has proved particularly advantageous when handling companies with operations in several countries.

HOW MAZARS CAN HELP

As an advisor, we assist with:

- Impact Assessment
- Gap Analysis
- IFRS conversion with project management
- IFRS conversion without project management
- Tailored Training Programmes

Our IFRS Team comprises of Partners and Senior staff members specialising in IFRS and located in offices around the world in Asia Pacific, Europe, South Africa, and the USA. We are an active player in the IFRS standard-setting process as Mazars is widely recognized for its technical skills:

Jean-Louis Lebrun, Partner, is a member of the IFRIC, the interpretative body of the IASB;

Fabienne Colignon, Senior Manager, is on secondment at the IASB;

Sébastien Landry, Senior Manager, was on secondment at the IASB for a three-year period.

Steven Brice, Partner, is the former president of the London Society of Chartered Accountants (LSCA) and also the Chairman of the LSCA Technical Committee

We have moved our experts from Europe to the India, to support the Indian conversion towards IFRS. This way, Mazars can provide you with existing knowledge and previous experience of IFRS applications.

Our IFRS team in India is led by Nicolas Ribollet.

MAZARS, A MAJOR PLAYER IN INDIA

With offices in Mumbai, Delhi, Bangalore and Pune, Mazars has established a strong presence in India. In a country that is becoming home to an ever-growing number of businesses, our local professionals and partners serve companies of all sizes, both national and international.

Our goal is to become a truly major player on the advisory services market. We have a proven track record in helping and assisting our European clients in their international developments. We also serve an impressive portfolio of Indian clients in the areas of IT services, manufacturing, banking and finance.

We are proud of the long-standing trust that leading Indian corporations such as the Godrej Group, Tata Sons, Great Eastern and Escorts Group, have placed in our quality of service and commitment to excellence.

Our worldwide reach is giving us considerable additional strength and resources. In all our areas of expertise, we can rely – and so can you – on 10,500 highly trained and qualified professionals who will strive to help you optimise your company's long-term performance.

For more information or to discuss how you can move forward with your conversion plans, please contact:

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