



90 in Bharat
and beyond

Ind AS 118

Preparing for the new presentation
and disclosures requirements

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SHAPING VIBRANT INDIA



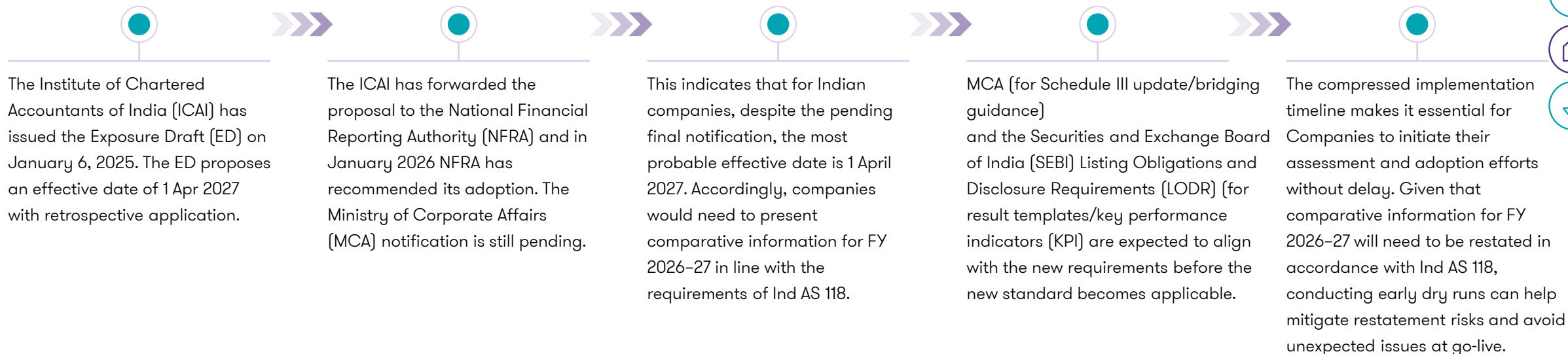
Overview

The International Accounting Standards Board (IASB) issued **IFRS 18 – Presentation and Disclosure in Financial Statements** in April 2024. IFRS 18 replaces **IAS 1** and applies to annual reporting periods beginning **on or after 1 January 2027**.

IFRS 18 introduces a more disciplined and structured approach to the presentation of financial performance, with clearer requirements around income statement structure, disclosures, and aggregation. The standard aims to improve comparability, consistency, and transparency for users of financial statements. In India, Ind AS 118 converged with IFRS 18 is currently proposed to be effective from 1 April 2027. Refer next slides for India timelines.



Ind AS 118 update in India



This publication provides a concise overview of Ind AS 118 key requirements and highlights practical considerations for implementation.

Rationale behind the introduction of Ind AS 118

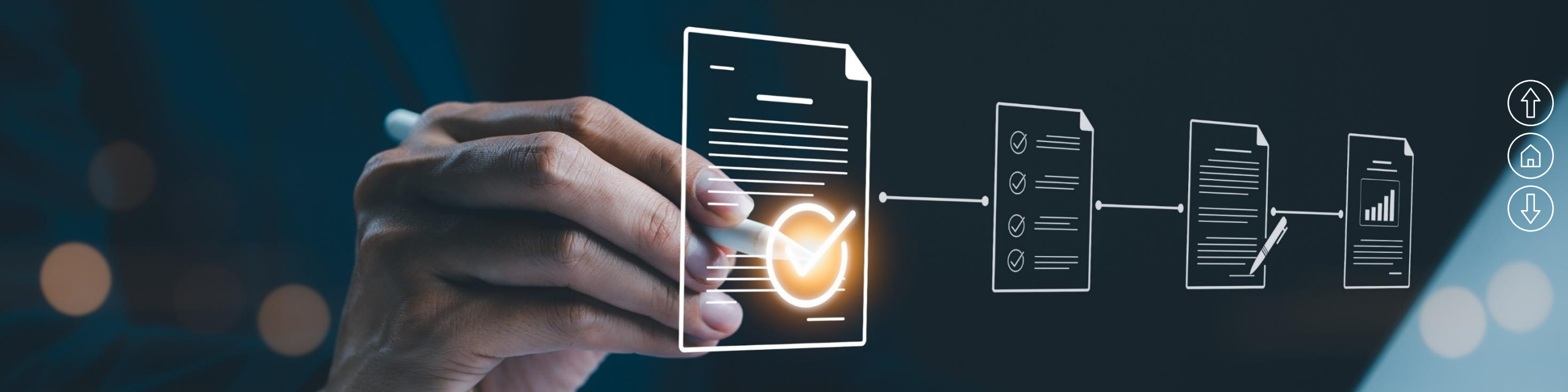


Ind AS 1 provided limited guidance on how companies should classify and present income and expenses in the statement of profit or loss, including the use of performance subtotals and the aggregation or disaggregation of information across the financial statements and notes. This resulted in significant

diversity in practice, with companies introducing company-specific measures and non-standard line items to communicate performance. While India has Schedule III to promote a degree of consistency in financial statement presentation, it does not address the underlying lack of guidance on

performance subtotals, categorisation of income and expenses, and the use of management-defined measures. Consequently, comparability across companies was often reduced and users faced challenges in understanding and analysing financial performance.

Ind AS 118 addresses these limitations by introducing a more structured presentation framework, along with enhanced guidance on subtotals, categorisation and disclosures, thereby improving consistency, transparency and decision-usefulness of financial reporting.



Why early action on Ind AS 118 transition is critical

Early initiation of the transition enables companies to engage key stakeholders—both internal and external, including auditors and others (where relevant)—facilitating a more structured and controlled implementation of Ind AS 118.

Although Ind AS 118 primarily introduces changes to presentation and disclosures, its implementation will require significant judgement, detailed data assessment, and coordinated effort across finance, systems and governance functions, along with meaningful investment of time and resources.

Importantly, the objective of Ind AS 118 extends beyond compliance. The standard aims to enhance the relevance and decision-usefulness of financial information for investors and other stakeholders. Achieving this objective will depend on how thoughtfully companies design their presentation of financial performance, including the choice of subtotals, categorisation of income and expenses, and the use of management-defined performance measures.

When implemented effectively, these changes can significantly improve comparability, transparency and the quality of insights available to users.

These changes also have implications beyond the financial statements. The revised presentation of financial performance may influence internal performance metrics, management reporting, debt covenants, remuneration-linked targets, and investor communications. As a result, contractual arrangements, internal controls and governance frameworks may need to evolve to align with the new requirements.



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Reconstruction of the statement of profit or loss

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Key areas requiring immediate attention

The System, technology and data requirements for Ind AS 118 adoption

1. Ind AS 118 transition requirements*

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Companies applying Ind AS Accounting Standards are proposed to apply Ind AS 118 for the first time for financial reporting periods beginning on or after 1 April 2027. Early adoption is permitted. Companies must apply Ind AS 118 retrospectively, subject to specific transition provisions set out in the standard.

Transition complexity and key challenges

- Many companies may find Ind AS 118 transition requirements challenging, particularly where systems have not historically captured the level of information required. On first-time application, companies must restate comparatives and disclose a **reconciliation from Ind AS 1 to Ind AS 118** for each line item presented in the statement of profit or loss.
- This reconciliation must explain:
 - the amounts reclassified or restated under Ind AS 118, and
 - the corresponding amounts previously reported under Ind AS 1.
- Companies must present this reconciliation in both annual and interim financial statements.

Interim financial statement requirements

- Where the Company prepares interim financial statements in accordance with Ind AS 34, it must present the Ind AS 1 to Ind AS 118 reconciliation regardless of whether the interim financial statements are condensed or complete.
- The reconciliation must cover all line items in the statement of profit or loss for:
 - the comparative period immediately preceding first-time adoption, and
 - the cumulative comparative period.
- Companies must also disclose:
 - each heading and subtotal required by Ind AS 118, and
 - corresponding comparative information.

Annual financial statement requirements

For annual financial statements, companies must present the Ind AS 1 to Ind AS 118 reconciliation for the comparative period immediately preceding the first year of application.

Companies may, but are not required to, disclose the reconciliation for the current reporting period and for earlier comparative periods.

*Disclaimer: These requirements are based on the exposure draft issued by the ICAI.

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2. Reconstruction of the statement of profit or loss

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Ind AS 118 fundamentally restructures the statement of profit or loss by prescribing a more standardised format and introducing two new mandatory subtotals above the required total for profit or loss. The standard divides the statement into five distinct categories, establishing a clearer and more consistent presentation of financial performance.

IFRS 18 requires companies to classify income and expenses into the following categories:



Operating



Investing



Financing



Income taxes



Discontinued operations

This structure aims to improve consistency and comparability across companies by reducing diversity in presentation practices.

Categories are not aligned with cash-flow activities

While the category labels under Ind AS 118 may appear familiar, they do not align with the activity classifications used in the statement of cash flows. Companies must not equate the operating, investing and financing categories in the statement of profit or loss with the corresponding cash-flow activities required by Ind AS 7 Statement of Cash Flows.

Implications for presentation

The introduction of a category-based presentation framework represents a shift from the existing nature-driven structure under Schedule III to a model that focuses on how income and expenses relate to operating, investing and financing activities. This requires companies to apply judgement in mapping transactions to the appropriate categories, ensuring that the presentation faithfully reflects the underlying economics. As a result, existing presentation approaches may need to be revisited to achieve consistency and alignment with the principles of Ind AS 118.

Ind AS 118 transition requirements	Reconstruction of the statement of profit or loss	Mandatory disclosures for management-defined performance measures (MPMs)	Aggregation and disaggregation of information in the financial statements
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2. Reconstruction of the statement of profit or loss

Categories and subtotals in the statement of profit or loss (for companies without specified main business activities):

Statement of profit or loss

“DEFAULT”

Operating category

Ind AS 118 contains requirements for the presentation and disclosure of operating expenses.

While the operating category is effectively the ‘default’ category, income and expenses are only classified in the operating category if they do not meet the requirements for classification in the other categories or are specifically required to be classified in the operating category. Items are not excluded from the operating category solely because they are volatile or non-recurring. Classification follows defined category criteria, meaning such items may remain within operating results. In the Indian context, this shifts away from presenting ‘exceptional items’ as separate line items and requires them to be included within relevant categories, with appropriate disaggregation or disclosure where material.

I

NEW

DEFINED

Investing category

contains income and expenses from:

- investments in associates, joint ventures and unconsolidated subsidiaries
- cash and cash equivalents¹
- other assets that generate a return individually and largely independently of the Company’s other resources

II

Profit or loss before financing and income taxes

NEW

¹ It is important to note that Ind AS 118 requires classification of income and expenses from cash and cash equivalents in the investing category. This contrasts with Ind AS 7, which states that cash equivalents are held to meet short-term cash commitments rather than for investment purposes. This difference arises from the different objectives of these two Indian Accounting Standards.

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Categories and subtotals in the statement of profit or loss (for companies without specified main business activities):

Statement of profit or loss

DEFINED	<p>3. Financing category III</p> <p>contains income and expenses from liabilities:</p> <ul style="list-style-type: none"> • that arise from transactions that involve only the raising of finance • that arise from transactions that are not solely financing in nature, only the financing component—such as interest and the effect of changes in interest rates—is classified within the financing category, with the remaining components classified based on their underlying nature <p>Ind AS 118 contains specific detailed application guidance for the classification of:</p> <ul style="list-style-type: none"> • income and expenses from hybrid contracts comprising host liabilities and embedded derivatives, eg a payable with an early prepayment option • fair value gains and losses on derivatives and designated hedging instruments • income and expenses from issued investment contracts with participation features under Ind AS 9 ‘Financial Instruments’ • insurance finance income and expenses, included in profit or loss under Ind AS 117 ‘Insurance Contracts’
	Profit or loss before income taxes
	Income taxes category IV
	Discontinued operations category V
	Profit or loss

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2. Reconstruction of the statement of profit or loss



Additional presentation considerations

Ind AS 118 contains specific requirements for the presentation of additional line items and subtotals in the statement of profit or loss, which are only permitted when they are necessary to provide a 'useful structured summary' of the Company's income and expenses, e.g., a 'gross profit' subtotal would be permitted by Ind AS 118.

While Ind AS 108 'Operating Segments' has not been amended and there is no specific requirement to replicate the presentation of the statement of profit or loss in the segment note, if the updated profit or loss presentation is reported to the chief operating decision maker then the segment note will need to be amended accordingly.



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3. Mandatory disclosures for management-defined performance measures (MPMs)

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Given the widespread use of KPIs, Ind AS 118 introduces explicit disclosure requirements for a subset of KPIs defined as management-defined performance measures (MPMs). These requirements aim to enhance transparency, consistency and comparability in how companies communicate performance outside Ind AS-specified subtotals.

Definition of an MPM

Ind AS 118 defines an MPM as a subtotal of income and expenses that:

- the Company uses in public communications outside the financial statements,
- represents management's view of the company's financial performance,
- is used to communicate with users of financial statements, and
- is not specified in Ind AS, nor required to be presented or disclosed by another standard.

Only measures that meet all these conditions qualify as MPMs.

Financial statement disclosures and audit implications

Ind AS 118 requires companies to disclose all MPM information in a single note within the financial statements. These disclosures apply in both annual and interim financial statements.

The objective is to improve transparency and discipline by ensuring that:

- MPMs remain consistent with the financial statements,
- companies clearly explain how MPMs differ from Ind AS specified subtotals, and
- users can understand how management assesses financial performance.

Because MPM disclosures form part of the financial statements, they fall within the scope of **audit requirements**.

Narrow definition, extensive application guidance

Although Ind AS 118 applies a narrow definition to identify MPMs, the standard provides extensive application guidance that companies must apply when assessing whether a measure qualifies as an MPM.

Companies must evaluate each performance measure against the definition and guidance at every reporting date. This assessment may require significant judgement, particularly where companies use multiple performance measures across different communications.

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3. Mandatory disclosures for management-defined performance measures (MPMs)

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Presentation discipline

Ind AS 118 requires companies to present MPMs clearly, label them consistently, and explain:

- why management uses the MPM,
- how the measure is calculated, and
- how it reconciles to the closest Ind AS specified subtotal.

These requirements are designed to prevent selective presentation and ensure that management-defined measures remain understandable and comparable for users.

Examples of MPMs and other performance measures

- Ind AS 118 distinguishes between management-defined performance measures, Ind AS-specified subtotals, and other performance measures.
- Subtotals of income and expenses

MPMs

- Adjusted profit
- Adjusted operating profit
- Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

Ind AS specified subtotals (not MPMs)

- Operating profit
- Operating profit before depreciation, amortisation and impairments (within the scope of Ind AS 36)

Other performance measures (not MPMs)

Measures that do not represent subtotals of income and expenses **do not qualify as MPMs**, including:

- Free cash flow¹
- Return on equity²
- Net debt
- Number of customers
- Customer satisfaction metrics

Key clarifications

- Measures derived from the statement of cash flows do not fall within the scope of Ind AS 118 MPM disclosures, as cash-flow measures are not defined in Ind AS/IFRS¹
- Ratios are not MPMs by themselves; however, if a subtotal used as a numerator or denominator meets the definition of an MPM, that subtotal is subject to MPM requirements²

¹ Ind AS 118 MPM disclosure requirements are not extended to cash-flow measures.

² For example, *adjusted net earnings* may qualify as an MPM if it meets the definition, even though *return on equity* itself does not.

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Illustrative MPM disclosure note

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Management-defined performance measures 20XX (in thousands of CU):

	Adjustments					
	Ind AS 118	Impairment losses	Restructuring expenses	Gain on disposal of associates and joint ventures	Gains on disposal of PPE	MPM
Other operating income	-	-	-	-	(50)	-
Goodwill impairment loss	-	450	-	-	-	-
Other expenses	-	-	70	-	-	-
Operating profit/Adjusted operating profit	1,000	450	70	-	(50)	1,470
Share of profit and gains on disposal of associates and joint ventures	-	-	-	(100)	-	-
Income tax expense	-	-	-	20	-	-
Profit from continuing operations/Adjusted profit from continuing operations	1,000	450	70	(80)	(50)	1,390

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3. Mandatory disclosures for management-defined performance measures (MPMs)



Significant judgement and system impacts

- Applying Ind AS 118's MPM disclosure requirements requires significant judgement and may affect existing systems and processes. Companies should not underestimate the effort involved, even in jurisdictions where KPIs already fall under regulatory scrutiny.
- Companies must exercise judgement when:
 - identifying which performance measures qualify as MPMs, and
 - applying the detailed disclosure requirements prescribed by Ind AS 118.
- The requirement to disclose the income tax effect and non-controlling interest (NCI) impact for each reconciling item represents a new disclosure obligation for many companies.
- To comply with Ind AS 118, some companies may need to develop new or modify existing systems and processes to:
 - identify MPMs in line with Ind AS 118's definition and application guidance,
 - collect and track the information required for required disclosures, and
 - determine the appropriate reporting periods for MPM disclosures, noting that Ind AS 118 requires disclosed MPMs to relate to the same reporting period as the financial statements.

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4. Aggregation and disaggregation of information in the financial statements

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The role of the primary financial statements versus the notes

- While Ind AS 1 established general principles for aggregating and disaggregating information, Ind AS 118 introduces clearer roles for the primary financial statements and the notes. Applying these roles requires companies to exercise careful judgement.
- Under Ind AS 118:
 - the primary financial statements including the statements of financial performance, financial position, changes in equity, and cash flows must present useful, structured summaries of the Company's financial information; and
 - the notes must provide material information necessary to understand line items presented in the primary financial statements, as well as additional information that helps users assess future net cash flows and management's stewardship of economic resources.

Determining where information should be presented

- Ind AS 118 requires companies to use the newly defined roles of the primary financial statements and the notes to determine:
 - whether information belongs in the primary financial statements or in the notes; and
 - the appropriate level of aggregation or disaggregation.
 - Companies must apply existing materiality guidance alongside these new presentation principles. While some items such as revenue may be straightforward to assess, others may require judgement.

Enhanced requirements for aggregation and disaggregation

- Ind AS 118 introduces new and enhanced application guidance to support judgement when deciding whether information should be:
 - aggregated into a single line item, or
 - disaggregated into separate components.
- The standard also sets out:
 - the basis of aggregation and disaggregation, and
 - illustrative examples of characteristics companies should consider when grouping items in the statement of profit or loss and the statement of financial position.
- Even items with similar characteristics may require disaggregation if doing so provides material information to users.

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4. Aggregation and disaggregation of information in the financial statements

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Presentation and disclosure of operating expenses

- Ind AS 118 permits companies to classify and present operating expenses on the face of the statement of profit or loss using:
 - the nature of expenses,
 - the function of expenses, or
 - a mixed basis, where appropriate.
- Companies may apply a mixed presentation only when it enhances relevance or avoids arbitrary allocations for example, in circumstances involving items such as goodwill impairments.
- Ind AS 118 requires companies to apply consistent aggregation principles within each line item. Companies must aggregate amounts using either nature or function and must not mix characteristics arbitrarily within a single line item. However, the same aggregation characteristic does not need to apply uniformly across all line items in the statement.
- As a result, companies may present different operating expense line items using different characteristics, provided the presentation remains structured, consistent and compliant with Ind AS 118's aggregation and disaggregation principles.

Disclosure requirements for aggregated items

- When companies aggregate information, Ind AS 18 requires disclosure decisions to reflect the materiality of both individual components and the aggregated amount.
 - If items aggregated under a descriptive label include material components, companies must disclose information about each material item.
 - If individually immaterial items result in a material aggregated amount, companies must assess whether additional disclosure is necessary to explain the nature of the aggregation.
 - If neither the individual items nor the aggregated amount are material, companies are not required to disaggregate further.
- Companies must also assess whether the aggregated amount raises questions about whether it includes material components that would warrant separate disclosure.

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5. Consequential amendments

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Consequential amendments to other IFRS Accounting Standards

Ind AS 118 introduces consequential amendments across several Ind AS Accounting Standards to align presentation and disclosure requirements with the revised structure of the financial statements. While multiple standards are affected, the most significant amendments relate to Ind AS 7, Ind AS 33, and Ind AS 34.

Ind AS 7 – Statement of Cash Flows

- Ind AS 118 amends Ind AS 7 to ensure alignment with the revised statement of profit or loss.
 - Companies must use operating profit or loss as the starting point for indirect method cash flow reporting.
 - Dividends paid remain classified within financing activities, while dividends received and interest items follow clearer classification principles.
 - Ind AS 7 now includes enhanced guidance on aggregation, disaggregation, and note structure, consistent with Ind AS 118.

Ind AS 33 – Earnings per Share (EPS)

- Ind AS 33 permits companies to disclose EPS based on additional performance measures reported under Ind AS 118.
- Companies must:
 - disclose the additional basic and diluted amounts per share with equal prominence
 - calculate the additional amount per share using the weighted average number of ordinary shares determined in accordance with Ind AS 33 (ie no adjustment permitted to the denominator)
 - only disclose the additional amount per share in the notes, i.e., it cannot be presented in the primary financial statements
 - disclose the information required by Ind AS 118, for ‘numerators’ that are MPMs.

Ind AS 34 – Interim Financial Reporting

- Ind AS 118 introduces new interim disclosures under Ind AS 34.
- When companies apply Ind AS 118 in interim financial statements, they must:
 - apply the revised aggregation and disaggregation principles, and
 - disclose MPMs in interim periods.
- These interim disclosures apply even when companies prepare condensed interim financial statements.

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6. Function vs Nature: Ind AS 118 vs Schedule III

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Key presentation shifts and challenges

The introduction of Ind AS 118 represents a shift towards a category-based presentation of financial performance, structured around operating, investing and financing activities. This approach differs from the existing Schedule III framework, which is primarily based on a nature-wise classification of income and expenses. In addition, the previous carve-out from IAS 1 under Ind AS, which limited the use of a functional classification of expenses, has been withdrawn. Ind AS 118 now permits companies to present operating expenses by nature, by function, or using a mixed basis, in line with the underlying principles of the standard.

However, Schedule III and SEBI-prescribed reporting formats continue to emphasise a standardised, nature-based presentation. As a result, certain differences arise in how financial performance is structured and presented under the two frameworks.

Key areas of difference include:

- Schedule III prescribes a nature-wise classification (e.g. finance costs, depreciation, other expenses), whereas Ind AS 118 introduces activity-based categories such as operating, investing and financing.
- Ind AS 118 permits greater flexibility in presenting operating expenses based on their economic characteristics, while Schedule III continues to require a largely standardised, nature-based format.
- The structured subtotals and categorisation principles introduced by Ind AS 118 do not directly correspond with existing Schedule III presentation formats.
- Over time, it is expected that regulatory guidance and updates to Schedule III and related reporting frameworks will provide further clarity and alignment with the principles of Ind AS 118.

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7. Key areas requiring immediate attention

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- **Granular re-classification of income and expenses:** Ind AS 118 requires companies to classify **all income and expense items into operating, investing or financing categories**. Companies must perform this classification **at a transaction level**, ensuring each general-ledger entry is tagged to the appropriate category. For example, foreign-exchange differences arising from trade receivables or payables fall within **operating activities**, whereas foreign-exchange differences from borrowings classify as **financing activities**.
- **Restate comparative period on adoption of Ind AS 118:** With Ind AS 118 expected to apply from 1 April 2027, companies must restate comparative financial information to reflect the new presentation requirements. This involves preparing a reconciliation for each line item in the statement of profit or loss, showing amounts previously reported under Ind AS 1 alongside corresponding amounts restated under Ind AS 118.
- **Identifying and defining MPMs:** Determining whether a performance measure qualifies as an MPM requires careful assessment of Ind AS 118's detailed application guidance. Companies must exercise significant judgement in evaluating:
 - whether a measure constitutes a subtotal under the standard,
 - which subtotals the standard explicitly excludes from MPM treatment,
 - what qualifies as public communication, and
 - whether the measure reflects the Company-wide view of financial performance.Given these interpretative considerations, companies benefit from a structured framework and early coordination among finance, investor relations and leadership teams to ensure consistent identification and disclosure of MPMs.
- **Disclosure of MPM:** Ind AS 118 requires companies to present all MPM disclosures in a single note to the financial statements. For each MPM, companies must disclose:
 - how the MPM is calculated, including methodology and significant judgements,
 - a reconciliation to the most directly comparable Ind AS-specified subtotal or total,
 - the aspect of financial performance the MPM communicates and management's rationale for its use, and
 - the income-tax and non-controlling interest (NCI) effects of each reconciling item.
- **Audit readiness:** Companies must disclose MPMs as part of the financial statements and subject them to audit review. Accordingly, companies must ensure these measures are properly supported and backed by appropriate audit trails. The datasets and calculations underlying each MPM must be complete, accurate and well documented, with robust controls governing how information is captured, maintained and reported.

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8. The System, technology and data requirements for Ind AS 118 adoption

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Ind AS 118 is not simply a reporting policy shift, it requires data and system design that supports the new structure. Ind AS 118 requires a more structured, granular, and auditable performance reporting environment. To operationalise the new category-based profit and loss, subtotals and MPM disclosures, companies will require changes in their ERPs, consolidation and reporting architectures.

Key areas include

Chart of Accounts (CoA) and general ledger (GL) mapping enhancements

- ERP systems must embed Ind AS 118 category attributes (operating, investing, financing, income taxes, discontinued operations) at the transaction-posting level, enabling accurate classification throughout the period, not just at close.
- Specific accounts such as impairments, foreign currency gains and losses, interest, fair value adjustments and income/expense split by asset class may need new GL codes to distinguish between operating, financing and investing activities. This reduces dependency on manual period end reclassifications.
- Companies with complex structures (NBFCs, investment-led sectors) will require additional condition-based GL logic for items like interest on liabilities that may fall under either operating or financing categories.

Consolidation and group-reporting redesign

- The application of Ind AS 118 at a group level introduces additional complexity where subsidiaries have different main business activities. As classification under the standard depends on the nature of the Company's operations, similar income and expense items may be categorised differently across group companies, requiring adjustments to achieve a consistent group-level presentation.
- Consolidation systems will therefore need to support reclassification logic in addition to aggregation, ensuring that income and expenses are aligned to the appropriate categories based on a group-level assessment. This goes beyond traditional roll-ups and requires redesigned hierarchies aligned to mandated subtotals such as operating profit and profit before financing and income taxes.
- Business rules, mapping tables, elimination logic, and group adjustments must be recalibrated to follow Ind AS 118's category definitions rather than traditional nature-wise groupings.
- KPIs such as EBITDA, EBIT, Adjusted Profit will require new computation logic, bridging them to Ind AS 118 subtotals and reconciling to MPMs in the financial statements.

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Ind AS 118 is not simply a reporting policy shift, it requires data and system design that supports the new structure. Ind AS 118 requires a more structured, granular, and auditable performance reporting environment. To operationalise the new category-based profit and loss, subtotals and MPM disclosures, companies will require changes in their ERPs, consolidation and reporting architectures.

Key areas include

MPMs Data book and governance

- Companies must build a centralised MPMs data book that houses all MPMs, their required reconciliations, explanations, formula documented.
- Systems/Data book must enable version control, audit trails, and cross-validation to ensure MPMs used in public communications match those disclosed in financial statements.
- ERP platforms should support single-note extraction, as Ind AS 118 requires all MPMs to be disclosed together.

System controls, ICFR and close-process enhancements


- With the introduction of MPMs into audited financials, internal controls over reporting (ICFR) must be strengthened - particularly around MPMs calculations and reconciliations.
- Close cycles will require new validation checkpoints, ensuring all items flow correctly into the new categories and subtotals.
- For groups with multiple ERPs, a centralised classification engine may be needed to ensure consistency.




How Grant Thornton Bharat supports your Ind AS 118 journey



1 **Translating Ind AS 118 into operational reporting frameworks:** Developing clear classification logic for income and expenses across operating, investing and financing categories, along with consistent definitions of key subtotals to ensure alignment across statutory reporting, management reporting and investor communication.




2 **Building audit-ready MPMs:** Supporting identification, documentation and governance of management-defined performance measures, including end-to-end reconciliations to Ind AS subtotals and alignment with external communications.




3 **Enabling parallel reporting during transition:** Designing and implementing dual-track reporting frameworks to support Ind AS 1/Schedule III and Ind AS 118 requirements concurrently, facilitating smooth transition and comparative restatement.




4 **Technology and data enablement for Ind AS 118:** Redesigning ERP, chart of accounts, mapping logic and consolidation systems to embed Ind AS 118 categories at a transaction level, support automated classification, and enable accurate roll-ups into mandated subtotals with minimal manual intervention.



5 **Driving governance, controls and change management:** Strengthening internal controls, validation processes and stakeholder alignment to support new presentation requirements, including audit-ready documentation and consistent application across companies.



6 **Investor communications:** Aligning investor messaging with revised reporting and clearly explaining the changes to external stakeholders.



Implementation roadmap: A structured seven-step journey



Assess and diagnose

Assess current reporting practices, gaps vs Ind AS 118 requirements and impact areas.

Data and process readiness

Evaluate data availability, ownership, process flows and controls.

Policy and governance

Update accounting policies, governance framework, roles and responsibilities and control matrix.

Disclose and engage

Ind AS 118 reporting for FY 2027-28 and plan communication with investors and other stakeholders.



Design performance framework

Define main business activities and classify income and expenses into operating, investing, financing.

Identify management-defined measures.

ERP and system enablement

Redesign COA, configure systems, set up tagging, reconciliations and reporting logic.

Dry run and validation

Perform mock reporting, validate reconciliations and strengthen quality assurance.



For more information, connect with our experts



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