

Ref No: NSE/CML/2016/12

September 20, 2016

The Company Secretary
All Listed Companies

Dear Sir/Madam,

Sub: Clarification by SEBI regarding Revenue Recognition and Excise Duty.

SEBI had issued a circular dated November 30, 2015, wherein, it was prescribed that 'revenue from operations' may be disclosed net of excise duty.

Subsequently, as per Schedule III of the Companies Act, 2013, which was notified on April 6, 2016, revenue from sale of products should be disclosed inclusive of excise duty.

SEBI issued a circular dated July 5, 2016, wherein as per clause 2.9 it was clarified that *in case of any technical difficulty in the interpretation of any specific item in the formats or implementation of this circular while publishing the financial results, the listed entities shall be guided by the relevant provisions of the Ind-AS Rules / AS Rules and Schedule III to the Companies Act, 2013 and may make suitable modifications, as applicable.*

However, it has been observed that some companies have been disclosing 'revenue from operations' including excise duty and some companies have been disclosing 'revenue from operations' excluding excise duty in their financial results for the quarter ended June 30, 2016.

It is desirable that companies follow a uniform approach with regard to disclosure of 'revenue from operations'. In the view of the same, the following clarification has been issued:

'Income from Operations', as mentioned in the formats for publishing financial results prescribed in the circular dated November 30, 2015, may be disclosed inclusive of excise duty, instead of net of excise duty, as specified in the Companies Act, 2013.

Listed Companies are required to take note of the said clarification and comply accordingly.

For and on behalf of
National Stock Exchange of India Limited

Kautuk Upadhyay
Manager