A Study of Compliance with Requirements of Interim Income Statement Under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by BSE Listed SENSEX Companies

Nandini P M[1], Dr B. Mahadevappa[2]

[1]Research Scholar, Department of Commerce, Post Graduate Centre, Hemagangotri University of Mysore, Hassan.
[2]Professor of Commerce, Post Graduate Centre, Hemagangotri, University of Mysore, Hassan.

Abstract
Interim financial reporting plays a vital role in providing a timely information to the users, investors and stakeholders to make their informed investment decision. Interim reporting reduces the time gap between the two annual financial reporting of the company. Thus, the Interim financial reporting provides an earlier outline of the financial outcomes of the companies. Indian Accounting Standard (IND AS) 34, Companies Act 2013 and SEBI (Listing obligation and Disclosure Requirements)2015 are crucial for ensuring the quality and reliability of Interim financial statements. The study examines the disclosure requirements of the Interim Income statements under the Statutory, Regulatory and Indian Accounting Standard 34 of the sample companies listed on BSE SENSEX. For this analysis the data was gathered from Interim reports for the financial year 2024-2025.The structured disclosure checklist was formed to assess the compliance level and binary scoring approach was applied to get the results. The findings of the study show that there is a high compliance level with the disclosure requirements among the sample companies. All the sample companies are adhering to the disclosure requirements of Interim reports stated under Companies Act 2013, SEBI (LODR) 2015 and IND AS 34. Hence the users can rely on Interim reports for their decision making.

Keywords: Interim Financial Reporting, Companies Act 2013, SEBI (LODR) 2015, BSE SENSEX

Introduction
Financial reporting is one of the most significant mechanisms by which organisations communicate their financial performance, financial condition, and cash flows to shareholders, creditors, regulators, and other stakeholders. Annual financial statements provide overall information about the entity's financial performance over a financial year. In the present dynamic economic environment, it is difficult for the stakeholders to relay only on the annual report of the company for decision making purpose. Consequently, Interim financial reporting has become a vital component of business reporting by providing periodic financial information that enables stakeholders to review an entity's financial performance and financial status within the financial year. The information gap between yearly reporting periods is reduced by Interim financial statements by providing timely updates on the financial results of the company. The

timely and reliable disclosures of financial information are much needed by the listed companies because the investors rely on the current information for their decision making.

In India the regulatory framework is governed by Companies Act 2013, SEBI (LODR) Regulations 2015 and IND AS 34 for Interim financial reporting. The statutory basis for financial reporting is established by the Companies Act of 2013, which also requires adherence to accounting standards specified in Section 133. The SEBI (Listing Obligations and Disclosure Requirements) 2015 is the most significant guideline that specifies how listed firms must present the Interim financial information to the stock market. Compliance with these regulatory requirements is crucial to fulfilling the objectives of Interim financial reporting. High quality of compliance by the entities gives more confidence for the investor. Consequently, lesser compliance of the mandatory disclosure requirements leads to reduce the usefulness of the Interim financial statements. Therefore, measuring the extent to which listed businesses comply with statutory and accounting rules is vital for evaluating the efficiency of the existing financial reporting environment. The present study examines the extent of compliance of Interim financial statements of listed companies in India with the disclosure and presentation requirements prescribed under the Companies Act 2013, SEBI (LODR)2015 Regulations, and Ind AS 34.

Review of Literature

Nieuwoudt, M. J. (1998) in this research paper examined the compliance of the south Africa listed companies with the statutory, regulatory, and accounting requirements relating to Interim financial reporting. The main objective of the study is to provide how south African companies adhere to the relevant local regulatory and international accounting standards. To achieve this objective the researcher has analysed the interim reports of 50 industrial companies and assessed their compliance with the Companies Act, JSE Listing Requirements, and emerging international and local accounting standard. The study results reviled high degree of compliance with the relevant disclosure requirements of both the Companies Act and the JSE Listing Requirements. The researcher suggests that there is need to revise the statutory and regulatory requirements which is necessary to take proper economic decisions.

Nithyananda Patel R and Renuka Murthy, TP in their research has investigated the extent of compliance with SEBI guidelines for Interim financial reporting among 52 financial-sector companies listed on the NSE by using a 21-item disclosure index. The study found an average compliance level of 75.2% for general disclosures and 85.1% for technical disclosures, indicating a relatively high degree of compliance. The findings further revealed that the sub-sector of the company significantly influenced the level of interim financial disclosure, whereas company age and market capitalization had no significant influence.

Nieuwoudt and Koen (1999) in this paper have analysed the Interim financial reporting practices of South African listed companies during 1996–1998, focusing on compliance with statutory, regulatory, and accounting requirements. The study found that compliance with statutory and regulatory disclosure requirements was unsatisfactorily low, with little improvement over the three-year period. The authors also observed a slight decline in adherence to international and local accounting standards and identified weaknesses in disclosures relating to accounting policies, changes in equity, and earnings information. The study recommended improved disclosure practices to enhance the usefulness and reliability of Interim financial reports for its users.

Oberholster and Nieuwoudt (2001) in their research examined the compliance of South African listed companies with statutory, regulatory, and accounting requirements for interim financial reporting during 1997–1999. The study assessed 50 listed companies and compared their reporting practices with IAS 34, AC 127, the Companies Act, and JSE Listing Requirements. The findings showed that compliance with accounting standards generally improved over the three-year period, whereas compliance with statutory and regulatory requirements remained lower than expected. The authors recommended improving disclosure requirements and reporting practices to enhance the usefulness and reliability of interim financial information.

Magena, M., Kinman, R., & Citron, D. (2007), the study assessed the perceived importance of 113 interim report disclosure elements by UK financial analysts and fund managers. The results showed that profit and loss account and cash flow statement disclosures were the most significant for both groups. Similar perceptions were obtained on the usefulness of elements in the profit and loss account, balance sheet, cash flow statements and accounting policies and notes. However, there were considerable variations between the two groups on management commentary information. The research found that enhanced disclosure in interim reports is advantageous to investment analysts and can help corporations and policymakers enhance their financial reporting practice.

Opong, K. K. (1995), the study investigated whether interim financial reports made accessible to the public by UK corporations contain information that influences share prices. It highlighted the role interim reporting plays in supplying investors with timely information about company developments, risks and uncertainties. The results suggest that interim accounting reports contain significant data that influences share market action on the day of release. Therefore, the study shows that interim financial reporting has a vital role in allowing investors to make decisions on their investments.

Rahman, A. R., Tay, T. M., Ong, B. T., & Cai, S. (2007), the study focused on the benefits, drawbacks, and determinants of quarterly financial reporting in a voluntary-disclosure environment. The data showed that quarterly reporting is connected with increased analyst following, which indicates its relevance to users of financial information. But quarterly reporting was also linked to higher share-price volatility, which could be a potential drawback. The study also indicated that enterprises with significant growth potential, larger size and a technology-oriented industry were more likely to voluntarily declare earnings on a quarterly basis.

Ku Ismail, K. N. I., & Chandler, R. (2005), the study explored the perceptions of professional investors on the usage and usefulness of quarterly reports of Malaysian corporations. The results revealed that quarterly reports are useful but they are not the most preferable source of financial information. The reports are used to forecast not only annual results but also future performance and to evaluate financial performance versus past predictions. The study has useful implications for policy makers and future researchers since the value of quarterly reporting is based on the type of investment.

Omar, B., & Simon, J. (2011) in their study investigated the required and voluntary disclosure methods for the companies listed on the Amman Stock Exchange in Jordan after modifications in the economic and accounting regulations. The data indicated an improvement in the overall extent of disclosures to 69%, with mandated and voluntary disclosures being 83% and 34% respectively. In the univariate study, disclosure levels were strongly related to business size, profitability, shareholders, listing status, industry type, audit firm size and company age. The multivariate analysis revealed business size, profitability, audit firm size, industry type and listing status as significant factors of aggregate disclosure.

Brown, L. D., & Rozeff, M. S. (1979) investigated the predictive value of interim accounting information in predicting future quarterly profitability. It stated that prior studies had concentrated on improving yearly earnings estimates, and provided little data on future quarterly earnings. The study suggested that better projections of annual earnings did not necessarily indicate better forecasts of future quarterly profitability.

The study also presented evidence using an alternative methodology that interim accounting data improve the accuracy of forecasts of future quarterly profitability.

Objective of the Study

To examine the disclosure requirements of Interim Income statement under Companies Act 2013, SEBI (LODR) 2015 and IND AS 34 by BSE SENSEX Listed Companies.

Research Hypothesis

H_0: There is no significant difference in compliance level with disclosure requirements under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by BSE Listed SENSEX Companies.
H_1: There is a significant difference in compliance level with disclosure requirements under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by BSE Listed SENSEX Companies.

Research Methodology

The study adopts Quantitative research approach to examine the compliance level of disclosure requirements of Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and IND AS 34 Interim Financial Reporting. The analysis for the study is based on secondary data taken from published Interim reports of sample companies.
Population: The population frame for the study is BSE Listed Companies in India.
Sample: The study used Judgemental Sampling Method to select BSE SENSEX 22 Companies excluding Banking and financial services companies for the study. It has been taken based on the disclosure of information in the Interim financial income statements of the listed companies.
Period of study: The relevant data for the study were collected from Interim Reports of Companies for the Financial Year 2024-2025.
Research Instrument: A structured Disclosure Compliance Index was developed from the mandatory presentation and disclosure requirements prescribed in the Companies Act 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 and Indian Accounting Standard (Ind AS) 34-Interim Financial Reporting constituted the study's main research instrument. The checklist is a standard tool for assessing the extent to which listed companies in their Interim financial statements comply with the regulations. Compliance with each item was assessed using a binary scoring approach, where a score of 1 indicates the compliance and a score of 0 indicates non-compliance with the applicable disclosure requirement. The individual scores were aggregated to compute the overall compliance score.
Data Collection and Analysis: The study employs content analysis method to evaluate the Interim financial Statements of Companies. The study uses secondary data which is collected from the interim reports of the sample companies listed in BSE SENSEX. Descriptive statistics were used to analyse the data and Anova was used to test the hypotheses.

Results And Discussion

Table 1: Interim Income Statement Compliance Scores of Disclosure Requirements under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34

SL No	Items	Mean
1	Interim financial report should cover a period of 3 months in accordance with quarterly reporting requirements	1.00

2	Interim financial reporting should be issued within 45 days of 3months period covered in the report	1.00
3	Interim financial report should be approved by the board of directors and signed by on their behalf of CEO and Managing director	1.00
4	Amounts in respect of the current interim financial period, amounts in respect of immediately preceding interim period and the corresponding audited amount in respect of most recently of income statement	1.00
5	Revenue for the interim period shall be disclosed in the Statement of Profit and Loss	1.00
6	Expenses incurred during the interim reporting period are disclosed in the Statement of Profit and Loss	1.00
7	Depreciation relating to the interim reporting period shall be disclosed	1.00
8	Interest expenses for the period of three months shall be disclosed	1.00
9	Profit before tax is presented as a separate line item in the interim financial statements	1.00
10	Tax expenses current portion and deferred portion shall be disclosed	1.00
11	Profit after tax is presented as a separate line item in the interim financial statement	1.00
12	Other comprehensive income to be disclosed in the interim financial report	1.00
13	Basic Earnings Per Share and Diluted Earnings Per Share are disclosed for the interim reporting period	1.00
14	Dividend per share information shall be disclosed along with interim financial report	0.45
15	Limited Review Report of the statutory auditor is attached for unaudited quarterly results and audited report is attached for the audited quarterly results	1.00
16	Same accounting policies have been used in the most recent annual financial statements are also applied in the interim financial statements	1.00
17	Interim financial report clearly states compliance with Ind AS 34 Requirements for recognition and measurement disclosure	1.00
18	Interim Statement of Profit & Loss is prepared in accordance with the Accounting Standards specified under Section 133	1.00
19	The Statement of Profit & Loss presents a true and fair view of the company's profit or loss	1.00

Source: Author Calculation

Results presented in the Table 1 discloses that the sample companies are fully complying with the disclosure requirements under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 except one requirement that is related to disclosure of Dividend per share information.
All the sample companies are publishing Interim financial reports once in three months once before 45 days from the date of completion of interim financial period. The interim financial reports of the sample companies have been approved by the board of directors in a duly constituted board of meeting and it has been signed by CEO and Board of directors.
Comparative financial information for the current interim financial period with the immediate period has been published. Comparability is one of the important characteristic features of Interim financial reporting which helps the users, investors, shareholders to compare the financial performance and arrive at

investment decision and each interim financial report contains revenue for the interim period and expenses for the same period. Depreciation and interest expenses also are reported for the interim period.
Income tax expenses with the current portion along with the deferred portion has been shown and deducted from Profit before Tax to arrive at Profit after tax. There are some gains and losses shall be disclosed in comprehensive income which have been shown in Other Comprehensive Income. Interim financial statements as shown basic and diluted Earnings per share.
Limited review by statutory auditors have been conducted such reports have been disclosed with Interim financial statements. The same accounting policies which have been used for preparing interim financial statements by sample companies. The study found that the disclosure requirements of Companies Act 2013, SEBI (LODR) 2015 and IND AS 34 have been fully complied by the sample companies. Therefore, Interim financial statements are presenting true and fair reports by the sample companies.

Table 2: Compliance Expected and Actual Scores for the disclosure requirements of Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by sample companies

Company	Expected Score	Actual Score	Percentage (%)
Adani ports	19	18.75	98.68
Asian Paints	19	18.50	97.37
Bharat Electronics ltd	19	18.75	98.68
Bharti Airtel	19	18.75	98.68
HCL Tech	19	19.00	100
Hindustan Unilever ltd	19	18.50	97.37
Infosys	19	19.00	100
ITC	19	18.50	97.37
L & T	19	18.75	98.68
M&M Ltd	19	18.75	98.68
Maruthi Suzuki	19	18.75	98.68
NTPC	19	18.25	96.05
PowerGrid	19	18.25	96.05
Reliance industries ltd	19	18.75	98.68
Sun Pharma	19	18.50	97.37
Tata motors	19	18.75	98.68
Tata Steel ltd	19	18.75	98.68
TCS	19	19.00	100
Tech Mahindra	19	18.50	97.37
Titan	19	18.75	98.68
Trent ltd	19	18.75	98.68
Ultratech	19	18.75	98.68
Grand Average	**19**	**18.68**	**98.32**

Source: Author calculation

The above data is displayed in the following graph

Figure 1: Interim Income Statement Compliance Scores for the disclosure requirements of Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by sample companies

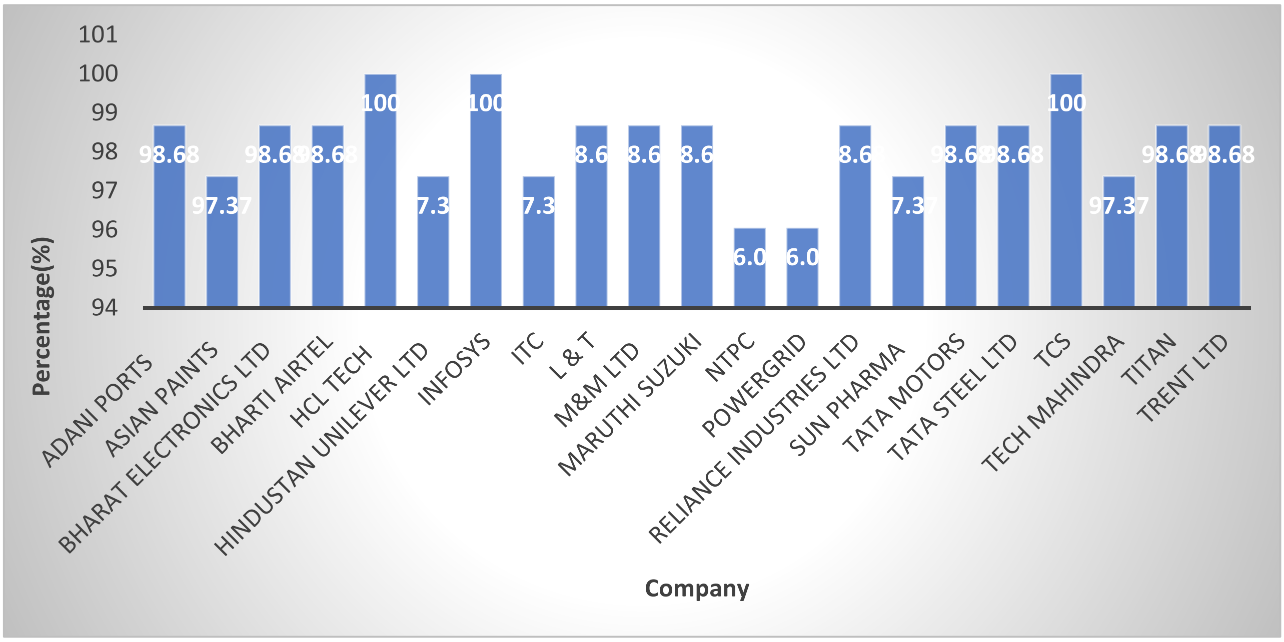

Table 2 and Figure 1 represent the overall compliance score of the sample companies which is relating to the statement of profit and loss in Interim financial reporting. A structured disclosure checklist with 19 required disclosure items from the Companies Act 2013, SEBI (LODR) 2015 and IND AS 34 served as a basis for the compliance evaluation.

The results depicts that the sample companies have high level of compliance with the disclosure requirements of the statutory, regulatory and respective accounting standard in their Interim financial statements. From the above table, it is found that HCL Technologies, Infosys and TCS companies have fully complied with all the disclosure requirements as per the checklist. And also, all the other companies are also complying with the disclosure requirements with slight variations in the compliance scores. The variation is related to the non-disclosure of dividend related information where no interim dividend was declared during that interim period. These variations of interim dividend are due to the company's dividend policy and business decisions. The overall average compliance percentage is 98.32 % across all the sample companies which means all the sample companies are adhering to the disclosure requirements of the Companies Act 2013, SEBI(LODR) 2015 and IND AS 34.

Hypothesis

H_0: There is no significant difference in compliance level with disclosure requirements under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by BSE Listed SENSEX Companies.

H_1: There is a significant difference in compliance level with disclosure requirements under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by BSE Listed SENSEX Companies.

Table 3: Results of ANOVA

	Sum of Squares	**df**	**Mean Square**	**F**	**Sig.**
Between Groups	21.634	3	7.211	.178	.912

Within Groups	16802.866	414	40.587		
Total	16824.500	417			

The table 3 presents the results of Anova carried out to examine the significant difference in compliance level with disclosure requirements under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by BSE Listed SENSEX Companies. The results of Anova discloses the sum of squares and the P value associated with the f is 0.912 which is more than 0.05 level of significance therefore the study accepts the null hypothesis because of similarity in the compliance level among the sample companies. Hence the study found that there is no difference in compliance level of Income statement with disclosure requirements under Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 among the sample companies.

Findings

The study found that the disclosure requirements of Companies Act 2013, SEBI (LODR) 2015 and IND AS 34 have been highly complied by the sample companies. It is found that the companies have followed the applicable Statutory, regulatory and accounting disclosure requirements for their preparation and presentation of Interim Financial statements. Hence Interim financial statements are highly reliable, comparable and relevant. The users of Interim financial statements can depend on this information to make their investment decision.

Conclusion

Interim Financial Reporting is one of the key elements of the financial reporting of the companies. The stakeholders of the companies can get the quarterly information about the financial performance of the business through Interim financial reports published by the companies. Interim reports give a valuable insight to the users while making their informed decisions. While preparing interim reports in India the companies must follow the guidelines and requirements issued by the Statutory, Regulatory and specific Accounting Standards. The study aims to check the compliance level of disclosure requirements under Companies Act 2013, SEBI (LODR) 2015 and IND AS 34 for Income statements of Interim financial reporting of BSE SENSEX listed companies. The findings of the study reveals that there is a high level of compliance with the disclosure requirements by the sample companies. Hence all the sample companies are complying with the disclosure requirements under Companies Act 2013, SEBI (LODR) 2015 and IND AS 34.

References

1. Nieuwoudt, M. J. (1998). Interim financial reporting-compliance to local statutory requirements, local regulatory requirements and local and international accounting standards.
2. Patel, N., & Murthy, D. T. R. Interim Financial Reporting and Compliance with Sebi's Guidelines: The Case of India's Financial Industry.
3. Nieuwoudt, M. J., & Koen, M. (1999). Interim financial reporting in transition.
4. Oberholster, J. G. I., & Nieuwoudt, M. J. (2001). Problems in respect of adherence to disclosure requirements regarding interim financial reporting in South Africa-An overview and recommendations to solve these problems. *Meditari Accountancy Research*, *9*(1), 231-255.

5. Magena, M., Kinman, R., & Citron, D. (2007). Investment analysts' perception of disclosure in UK interim financial reports. *Journal of Applied Accounting Research*, *8*(3), 146-185.
6. Opong, K. K. (1995). The Information Content of Interim Financial Reports: Uk Evidence. *Journal of Business Finance & Accounting*, *22*(2), 269.
7. Rahman, A. R., Tay, T. M., Ong, B. T., & Cai, S. (2007). Quarterly reporting in a voluntary disclosure environment: Its benefits, drawbacks and determinants. *The International Journal of Accounting*, *42*(4), 416-442.
8. Ku Ismail, K. N. I., & Chandler, R. (2005). Perceptions of professional investors in Malaysia on the usefulness of quarterly financial reports. *Jurnal Pengurusan*, *24*(1), 105-124.
9. Omar, B., & Simon, J. (2011). Corporate aggregate disclosure practices in Jordan. *Advances in Accounting*, *27*(1), 166-186.
10. Brown, L. D., & Rozeff, M. S. (1979). The predictive value of interim reports for improving forecasts of future quarterly earnings. *Accounting Review*, 585-591.
11. ICAI IND AS 34 – Study Material
12. SEBI LODR 2015 Regulations
13. Companies Act 2013
14. Interim Reports of BSE SENSEX Listed Companies.

Appendix

Interim Income Statement Compliance Average scores with the disclosure requirements of Companies Act 2013, SEBI(LODR) 2015 and IND AS 34 by Sample Companies

Companies	Requirements																		
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19
Adani ports	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
Asian Paints	1	1	1	1	1	1	1	1	1	1	1	1	1	0.50	1	1	1	1	1
Bharat Electronics ltd	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
Bharti Airtel	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
HCL Tech	1	1	1	1	1	1	1	1	1	1	1	1	1	1.00	1	1	1	1	1
Hindustan Unilever ltd	1	1	1	1	1	1	1	1	1	1	1	1	1	0.50	1	1	1	1	1
Infosys	1	1	1	1	1	1	1	1	1	1	1	1	1	1.00	1	1	1	1	1
ITC	1	1	1	1	1	1	1	1	1	1	1	1	1	0.50	1	1	1	1	1
L & T	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
M&M Ltd	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
Maruthi Suzuki	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
NTPC	1	1	1	1	1	1	1	1	1	1	1	1	1	0.75	1	1	1	1	1
Power Grid	1	1	1	1	1	1	1	1	1	1	1	1	1	0.75	1	1	1	1	1
Reliance industries ltd	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1

Sun Pharma	1	1	1	1	1	1	1	1	1	1	1	1	1	0.50	1	1	1	1	1
Tata motors	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
Tata Steel ltd	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
TCS	1	1	1	1	1	1	1	1	1	1	1	1	1	1.00	1	1	1	1	1
Tech Mahindra	1	1	1	1	1	1	1	1	1	1	1	1	1	0.50	1	1	1	1	1
Titan	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
Trent ltd	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
Ultratech	1	1	1	1	1	1	1	1	1	1	1	1	1	0.25	1	1	1	1	1
Mean	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**	**0.45**	**1.00**	**1.00**	**1.00**	**1.00**	**1.00**