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Foreword

Merger of companies following Special Purpose Acquisition Companies (SPAC) route may offer potential advantages to a private unlisted company but at the same time it is equally important to assess the readiness to be operating as a public company given the compressed time frame it offers for completion of the entire transaction. Those considerations could range from assessing adequacy of accounting and auditing policies, instituting necessary processes, technology and internal controls, skilled resources, adherence to corporate governance norms and timely communication to shareholders. These considerations continue to be relevant even after the completion of the transaction. Continuing our discussion, in this edition of Accounting and Auditing Update (AAU), we cast our lens on some of the key points for assessing public company readiness following SPAC route relevant for the closing of the transaction and life beyond as a public company.

In March 2020, the Government of India (GoI) has introduced the Production Linked Incentive (PLI) scheme to boost domestic manufacturing under the GoI's *'Aatmanirbhar Bharat'* initiative. The PLI scheme aims at incentivising companies on incremental sales from products manufactured in India. Incentives under the scheme may vary, depending upon underlying sector, type of products and qualifying criteria. Recently, the GoI approved the PLI scheme for automobile and auto component industry (auto sector). The scheme is expected to overcome the cost disabilities of the auto industry for manufacture of advanced automotive technology products in India. Companies opting for the PLI scheme may need to evaluate the financial reporting implications of the scheme, for instance, increased investment in property, plant and equipment and consequent capitalisation, accounting of the incentive as government grant and increased research and development expenditure, etc. Our article provides an overview of the PLI scheme and the expected financial reporting impacts for the company opting for the scheme.

The Ministry of Corporate Affairs (MCA) has recently extended the timeline for holding Annual General Meeting (AGM) for financial year ended 31 March 2021 by two months from the due date prescribed under the Companies Act, 2013. Accordingly, AGM for financial year ended 31 March 2021 can be held up to 30 November 2021. Additionally, the Securities and Exchange Board of India (SEBI) has approved amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) relating to regulatory provisions on related party and related party transactions. Our regulatory updates article covers these and other important regulatory developments in India and internationally.

We would be delighted to receive feedback/ suggestions from you on the topics we should cover in the forthcoming editions of AAU.

Sai Venkateshwaran
Partner - Assurance
KPMG in India

Ruchi Rastogi
Partner - Assurance
KPMG in India

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Chapter 1

SPAC: Considerations for assessing public company readiness

This article aims to:
Discuss key considerations for assessing public company readiness following SPAC route beyond the closing of the transaction and life beyond as a public company.

Introduction

In our previous editions, we discussed how merger of companies following Special Purpose Acquisition Companies (SPAC) route is increasingly becoming popular and how they are different from a traditional IPO. Also, we discussed, what could be the key accounting and financial reporting considerations in a de-SPAC transaction.

Though SPAC may offer potential advantages, it is also equally important to assess the readiness to be operating as a public company given the compressed time frame the route offers for completion of the entire transaction. The challenges could range from ensuring timely filings and other regulatory compliances, instituting necessary processes and technology, skilled resources, and adequate and timely reporting to shareholders. These considerations may also hold good after the completion of the transaction. In this article, we will cast our lens on some of the key points which could help in assessment of public company readiness.

Reporting considerations

- **Financial reporting:** A newly listed public company would need to ensure that it has adequate accounting policies, and other related procedures are in place as well as related audit readiness which can address complex accounting transactions and financial statements including those that could arise due to merger and consequent listing. Accounting changes, errors, or misstatements in the previously issued financial statements could have a great impact on the investors and thereby could affect the share prices of the company as well.

  To address financial reporting complexities, a public company would also need to ensure that robust internal controls are in place along with proper risk assessment process. Timely communication with auditors can ease the evaluation and implementation of the controls around financial reporting.

  Some of the other areas to consider are:

  a. Assess accounting systems and related systems to ensure compliance with regulatory reporting timelines

  b. Determine key metrics and non-GAAP measures to be reported to investors

  c. Evaluate if there is a need for an internal audit function (in-house or outsourced)

  d. Potential tax implications to be communicated to stakeholders.

- **Budgeting and forecasting:** Another critical area to consider is including forward looking statements in the company's communications to the shareholders that can promote investor confidence. For this, a public company would need to ensure that it has proper and rigorous budgeting and forecasting processes.

Management Discussion and Analysis (MD&A)

The MD&A section in the annual report provides users of the financial statements with integrated information providing a context for the related financial statements which will allow investors to view the entity from the same perspective as its management. The U.S. SEC[1] frames rules for the information to be provided in the MD&A section of a public traded company to ensure whether the company has presented all noteworthy information about the company's liquidity status, capital of the company, and its operations. A public company formed through a SPAC route would need to gear up to provide management's view of the entity's performance, position and progress (including forward looking information). The MD&A should be able to supplement and complement information presented in the financial statements. Therefore, it will be imperative for the management of the public company formed through a SPAC route to also ensure that it has provided adequate information. These disclosures should reflect the facts and circumstances specific to each individual company, including cost implications, results of their operations, liquidity and capital resources, material information relevant to an assessment of the financial condition and results of operations and potential capital expenditures which it may incur subsequent to the transition.

Additionally, MD&A should elaborate on the material risk factors that could affect a public company and its securities.

Auditor consideration

Private companies transitioning to public through SPAC may also need to consider whether there is a need to appoint a new auditor who is registered with the PCAOB[2] and has the experience of reporting on SEC registrants including in the context of SPAC transactions. Target companies who are able to avoid switching auditors will often need to revise, or retrofit, their historical financial statements to be included in the proxy statement to conform with public company reporting requirements. The retrofitting process involves much more in-depth auditing than what is normally required for a private company. The retrofitted financial statements must reflect up-to-date public company accounting standards and all accounting policies must be scrubbed to eliminate practical expedients that are only available to private companies. Auditor independence considerations would also be necessary for the success of the entire SPAC process.

Governance

Similar to an IPO, going public through SPAC will involve rigorous regulatory and market scrutiny. It will involve intense discussions with the investors and other market participants including analysts. As various parties are involved in a SPAC transaction which could have access to material information, there could also be heightened risk of insider trading. Therefore, there would be a need for an effective board governance while entering into a SPAC transaction. The SPAC board should be composed of directors with deep expertise and leaders who have experience of operating a public company. It should have requisite committees, including an audit committee, comprising of directors with an objective outlook and ability to deal with the multi-stakeholder interests in a public company. The board of directors (of the acquirer who may continue in the combined company) should keep close tabs on the due diligence of the target company. They may need to think about how to mitigate any potential downside risks, in particular, those related to Environmental, Social, and Governance (ESG) risks.

A well-designed process in place as part of the execution of the SPAC transaction can help manage many risks. This would include development of adequate policies and procedures for SPACs (e.g. insider trading, conflict of interests, etc.), and also ensuring that sufficient internal controls are in place to timely red-flag the potential risks that could arise out of such transactions and can pose serious implications to the functioning of the organisation.

Control and risk management

A public company formed through a SPAC route should aim to implement a strong and effective risk management and control system to promote stability throughout the entire financial reporting system. The controls should be designed to ensure that transactions are properly recorded and verified including appropriate segregation of duties. Companies may also need to strengthen their internal controls over financial reporting which will be subject to auditors' testing and will also be communicated to the audit committee. This would also warrant maintenance of adequate and sufficient control documentation evidencing the operational effectiveness of processes and controls.

In addition to the auditor attestation on controls framework, the Sarbanes-Oxley Act (SOX) imposes significant quarterly and annual CEO[3] and CFO[4] certification requirement. The CEO and CFO of a publicly traded company are required to issue a statement certifying that accompanying financial statements and disclosures fairly present, in all material respects, the operations and financial condition of the company. Another compliance area is that all annual financial reports must include an internal control report stating that management is responsible for an adequate internal control structure along with an assessment by management of the effectiveness of the control structure. Further, SOX imposes criminal penalties for certifying a misleading or fraudulent financial report. Therefore, a well-established and well recognised control framework would act as a building block for the implementation of the requirements of the SOX.

1. The U.S. Securities and Exchange Commission
2. Public Company Accounting Oversight Board
3. Chief Executive Officer
4. Chief Financial Officer

The risk management system must fit and protect the public company against market risk, credit risk, legal risk, operational risk and liquidity risk.

Another important area to focus on is the cybersecurity risk. The SEC provides guidance to public companies about cybersecurity disclosure obligations. A public company would need to develop substantive cybersecurity risk management policies and procedures. Additionally, a public company would need to disclose the board's role in overseeing cybersecurity risks.

Employee communication

Having the right talent in the organisation is essential for a successful transition and subsequent life as a public company. In this context, an engaged workforce is a prerequisite and has a positive impact during and after the SPAC transaction. Therefore, training in international standards and compliances, enhancing the role requirements and timely communications should be a priority of the company's executive board when planning to go public. Clear communication about the transaction to the workforce can help address the anxiety and inspire employees to ensure business continuity and boost productivity, reinforce the culture, and preserve customer and vendor relationships. Focus should also be on regular and periodic training of the employees on the requirements they may need to comply with once listed for instance, insider trading norms, material non-public information, and public company reporting requirements.

The transition to public company may also require companies to relook at their employee compensation model including introduction or amendments to their existing share-based payment arrangements.

Technology

Adequate systems to support both internal management reporting as well as external reporting whether for regulatory or investor communication purposes including operational metrics, non-GAAP measures, other non-financial information, and data analytics are key to the entire SPAC process. Companies intending to go public should invest in relevant technology platforms during the transaction phase itself. Additionally, consider adequacy of skilled resources or the need to build new capacity which can facilitate the transition, meeting reporting timelines and other challenges that could arise on becoming a public company.

Sponsor/SPAC considerations

While ensuring compliance with timelines is crucial in a SPAC transaction, its success also depends on the sponsor and target company's relationship as both are required to exercise due diligence. Some of the key considerations could include:

a. Assessment of sponsor's/SPAC industry knowledge

b. SPAC/sponsor's experience in capital markets

c. Understanding of the terms of agreement including business objectives.

Investor relations

Continuous engagement with the investors will be critical for the newly listed public company. Such a company would be required to develop a comprehensive investor relations strategy which would aid in developing liquidity and visibility for the company's stock. Investor relations of a company are expected to provide accurate and complete information to all investors on a timely basis. These communications include earning conference calls/webcasts, one to one discussion with investors, sustainability reporting, etc. The strategy for an effective investor relations would require investor relations department to be familiar with the company's strategic direction, budgets, forecasts, etc.

Other considerations

The U.S. Foreign Corrupt Practices Act (FCPA) also requires publicly traded companies to maintain accurate books and records and to have a system of internal controls sufficient to provide reasonable assurances that transactions are executed and assets are accounted for in accordance with management's authorisation and recorded as necessary to permit the preparation of financial statements in conformity with the Generally Accepted Accounting Principles (GAAP). Companies undertaking SPAC transactions would need to ensure continued compliance with the FCPA requirements. Also, they may need to device adequate mechanisms to ensure that the employees and their officers do not resort to prohibited trade practices, including bribing foreign officials to be in business.

Conclusion

As soon as the SPAC route becomes a likelihood, companies should conduct an extensive analysis of their people, processes, and technology. The aim should be to think beyond completing the SPAC merger. A comprehensive plan coupled with skilled workforce, robust processes and systems will enable a target to achieve its desired objective of becoming public through SPAC route. Nonetheless, compliance with financial and other regulatory reporting requirements is key to effective transition.

Chapter 2

Automotive sector - Impact of PLI scheme on financial reporting

This article aims to:
Provide an overview of the financial reporting impacts of the PLI scheme on the companies operating in the automotive sector.

Introduction

Automotive is one of the most important sectors in India which has been under stress from quite some time.

The Production Linked Incentive (PLI) scheme, introduced by the Government of India (GoI) in March 2020, has been introduced to boost domestic manufacturing under the GoI's *'Aatmanirbhar Bharat'* initiative. The PLI scheme aims at incentivising companies on incremental sales from products manufactured in India. Incentives under the scheme may vary, depending upon underlying sector, type of products and qualifying criteria.

On 15 September 2021, the GoI approved the PLI scheme for automobile and auto component industry[1] (auto sector). The PLI scheme for the auto sector envisages to overcome the cost disabilities of the industry for manufacture of advanced automotive technology products in India. The incentive structure requires industry to make fresh investments for indigenous supply chain of advanced automotive technology products. As per the estimates of GoI, the PLI scheme for automobile and auto components industry is expected to entail fresh investments of over INR42,500 crore, an incremental production of over INR2.3 lakh crore and is likely to create additional employment opportunities of over 7.5 lakh jobs over a period of five years.

1. The scheme and the guidelines for the PLI scheme for automobile and auto component have been notified in the Gazette of India on 23 September 2021.

PLI scheme for automotive sector – An overview

Components of the scheme

The PLI scheme for auto sector is open to existing automotive companies as well as new non-automotive investor companies (who are currently not in automobile or auto component manufacturing business). The scheme has following two components:

a. **Champion OEM Incentive Scheme:** It is a 'sales value linked' scheme, applicable on battery Electric Vehicles (EVs) and hydrogen fuel cell vehicles of all segments and any other advanced automotive technology vehicle prescribed by the Ministry of Heavy Industries (MHI) depending upon technical developments. The threshold determined sales value for the first year is INR125 crore in respect of all companies.

   The incentive payable for champion OEM and new non-automotive (OEM) investor company can range from 13 per cent to 16 per cent. An additional incentive of two per cent will also be applicable to support high growth achievers.

b. **Component Champion Incentive Scheme:** It is a 'sales value linked' scheme, applicable on pre-approved advanced automotive technology components of all vehicles, Completely Knocked Down (CKD)/Semi Knocked Down (SKD) kits, vehicle aggregates of two-wheelers, three-wheelers, passenger vehicles, commercial vehicles and tractors including automobile meant for military use and any other advanced automotive technology components prescribed by MHI depending upon technical developments. The threshold determined sales value for the first year is INR25 crore in respect of all companies.

The incentive payable for component champion and new non-automotive (component) investor company ranges from 8 per cent to 11 per cent with an additional 5 per cent incentive for battery EVs and hydrogen fuel cell vehicle components.

Eligibility criteria

a. A company or its group company(ies) with existing presence in India or globally in the automotive vehicle and components manufacturing business should meet the following criteria:

Eligibility criteria	Auto OEM	Auto component
Global group[2] revenue (from automotive and/ or auto component manufacturing)	Minimum INR10,000 crore	Minimum INR500 crore
Investment	Global investment of company or its group company(ies) in fixed assets (gross block) of INR3,000 crore.	Global investment of company or its group company(ies) in fixed assets (gross block) of INR150 crore.

b. A new non-automotive investor company or its group company(ies)[3] that may want to participate in this scheme should have a global net worth of INR1,000 crore based on audited financial statements for year ending 31 March 2021 and specified committed investment in India over five year period.

In case a company fails to meet the cumulative domestic investment condition in any given year, it will not receive any incentive for that year, even if the threshold for determined sales value is achieved. However, it will still be eligible to receive the benefits under the scheme in the following years if it meets the cumulative domestic investment condition defined for that year. Further, any eligible product will be incentivised only once - component level or vehicle level.

The scheme for automobile and auto components will be implemented over of a period of five years effective from FY2022-23. FY2019-20 should be treated as the base year for calculation of eligible sales.

Other points for consideration are as follows:

- Year on year growth of minimum 10 per cent of the threshold determined sales value (as mentioned above) for the first year and thereafter for next five years, has to be achieved to claim incentives.
- New investments should be made from the same legal entity as the one applying for the incentive.
- Preference will be given to eligible company or its group company(ies) committing to front load their investment during the scheme period.
- In case the approved company meets the investment condition few years before the end of the scheme, then also it will be eligible for incentives throughout the tenure of the scheme subject to meeting other conditions of the scheme.
- Only those battery EVs will be eligible for incentives which meet the performance criteria of FAME-II scheme or as notified from time to time by MHI.

Impact on financial reporting

The PLI scheme should be evaluated as it is likely to result in financial reporting implications for companies. In the following section, we cast our lens on some of the key considerations for companies operating in automotive sector.

Increase in R&D expenditure and investment in advanced technology

As mentioned above, the PLI scheme for the auto sector has laid down greater emphasis on technologically innovative auto components. The auto sector is undergoing technological transformation and this would require huge investment in advanced technology and new programmes for product development. Accordingly, significant increase in Research and Development (R&D) expenditure is expected to be incurred by automotive companies. From accounting and financial reporting perspective, companies would need to critically assess the criteria of Ind AS 38, *Intangible Assets* for recognition of intangible assets.

2. Group company(ies) shall mean two or more enterprises which, directly or indirectly, are in a position to:
   a. Exercise 26 per cent or more of voting rights in the other enterprise or
   b. Appoint more than 50 per cent of members of Board of Directors in the other enterprise.
3. New non-automotive investor company or its group company(ies) will be defined as those who have no revenue from manufacturing of automobile or auto-components as on 31 March 2021.

Capitalisation of PPE

Grant of incentives under the PLI scheme is directly linked to production capacity/incremental turnover. Major portion of this investment is likely to be made in Property, Plant and Equipment (PPE) by automotive companies. Companies may embark on this capital expansion journey with the help of borrowed funds. Hence, in order to capitalise the borrowing cost, the standard to be critically evaluated would be Ind AS 23, *Borrowing Costs*.

It is also expected that there would be a huge technological advancement and it would require companies to appropriately assess the useful life of their PPE. Due to the technological changes and revised business strategies, companies would also need to assess the recoverable amounts and useability of assets already in books and in turn assess if there are any triggers for impairment in accordance with Ind AS 36, *Impairment of Assets*.

Government grants

Under the PLI scheme, incentives up to 18 per cent on incremental sales will be offered to automotive industry. Companies would need to critically evaluate and comply with Ind AS 20, *Accounting for Government Grants* and disclosure of government assistance including appropriate presentation of grant i.e. whether the grant needs to be presented as grant related to assets or grant related to income. Companies would need to carefully assess the terms and conditions attached to the incentive scheme and assess the same as per Ind AS 20 for accounting treatment of incentives.

Discontinued operations

As there is a considerable shift in the demand for advanced automotive technology and eco-friendly vehicles and also to cater to the requirements of the PLI scheme, companies might consider discontinuing some of their current operating segments. Accordingly, requirements of Ind AS 105, *Non-current Assets Held for Sale and Discontinued Operations* will also need to be considered, in particular the disclosures which should enable users of the financial statements to evaluate the financial effects of discontinued operations. For instance, revenue, expenses and pre-tax profit or loss of discontinued operation, related income tax expense and gain or loss recognised on the measurement to fair value less costs to sell or on the disposal of the assets or disposal group(s) constituting the discontinued operation.

Wage structuring/employee benefit scheme

With change in technology and future investments, it is expected that there would be a huge demand of skilled labour with knowledge of new technology. Companies would need to look for talent acquisition and also retention of talent within organisations. This would require companies to relook at their policies, wage restructuring and various employee benefit schemes under Ind AS 19, *Employee Benefits* and Ind AS 102, *Share based Payments*.

Detailed processes

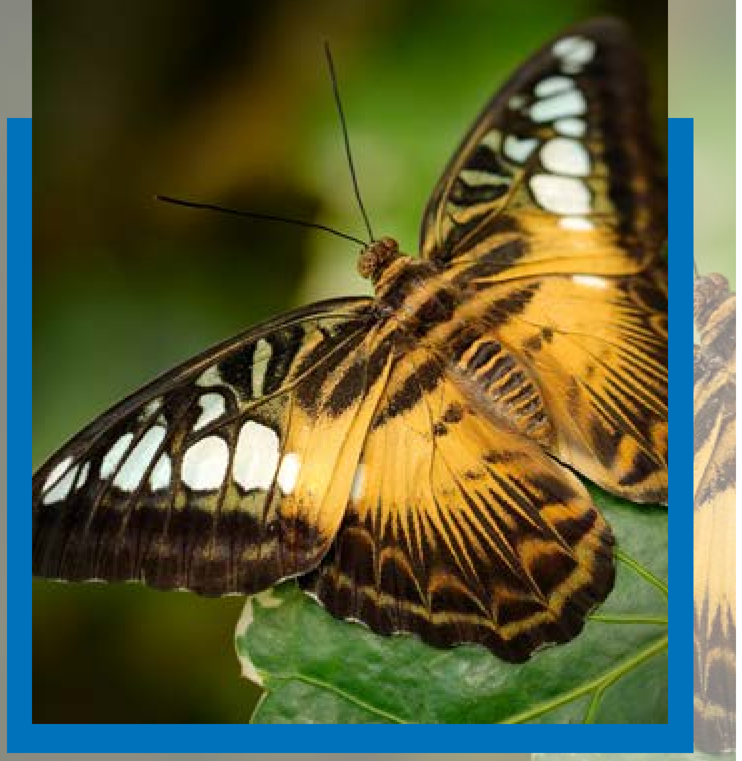
Companies would also need to have robust systems and policies in place to assess the compliances with the requirements of the scheme in order to be eligible to claim the incentive. For instance, adequate systems for computation of cumulative domestic investments.

Conclusion

PLI scheme for automotive sector is expected to act as a growth enabler to make the sector cost competitive, increase market share, attract investments, promote R&D, local value addition and creating jobs. Other aspects to consider while implementing the PLI scheme would be to keep tight monitoring of working capital and efficient supply chain management. This will help companies to assess their preparedness for complying with the conditions of the scheme to avail the benefits and also need to evaluate the impact of the scheme on their financial reporting and related matters. This assessment would depend on the facts and circumstances of each case.

Chapter 3

Regulatory updates



Extension of time for holding Annual General Meeting (AGM) for the financial year ended 31 March 2021

As per the provisions of Section 96(1) of the Companies Act, 2013 (2013 Act), every company (other than a one person company) is required to hold an Annual General Meeting (AGM) within a period of six months from the date of closing of the Financial Year (FY). Further, the Registrar of Companies (ROC) may, for any special reason, extend the time within which any AGM (other than the first AGM) should be held, by a period not exceeding three months.

Relaxation

The Ministry of Corporate Affairs (MCA) through an order dated 23 September 2021 has advised the ROC to extend the time for holding an AGM for the FY ended 31 March 2021 by two months from the due date by which an AGM is required to be held under the 2013 Act. Accordingly, the AGM for the FY ended 31 March 2021 can be held up to 30 November 2021 (due date 30 September 2021).

(Source: MCA office memorandum dated 23 September 2021)

Relaxation in filing of cost audit report to the board of directors

Currently, Rule 6(5) of the Companies (Cost Records and Audit) Rules, 2014 (Cost Audit Rules) requires a cost auditor to forward duly signed cost audit report to the Board of Directors (BoD) of the company within a period of 180 days from the closure of the FY to which the report relates. The BoD shall consider and examine such report, particularly any reservation or qualification contained therein. Further, the company is required to furnish the report to the Central Government (CG) in Form CRA-4 within 30 days from the date of its receipt along with full information and explanation on every reservation or qualification contained therein.

Relaxation

MCA through a circular dated 27 September 2021 has provided relaxation in furnishing the cost audit report for FY2020-21 by the cost auditor to the BoD. Accordingly, if the cost audit report for FY2020-21 has been submitted by the cost auditor to the BoD by 31 October 2021, then it will not be considered as violation of the provisions of Rule 6(5) of the Cost Audit Rules. Consequently, the cost audit report for the FY ended 31 March 2021 shall be filed in e-form CRA-4 within 30 days from the date of receipt of the copy of the cost audit report by the company.

In case a company has got extension of time for holding AGM under Section 96(1) of the 2013 Act, then e-form CRA-4 may be filed within resultant extended period of filing financial statements under Section 137 of the 2013 Act.

(Source: MCA general circular no. 15/2021 dated 27 September 2021)

SEBI board meeting

The Securities and Exchange Board of India (SEBI) in its board meeting dated 28 September 2021 has, *inter alia*, took following key decisions:

- **Approved framework for Social Stock Exchange (SSE):** SEBI has approved the creation of SSE under the regulatory ambit of SEBI, for raising fund by Social Enterprises (SE). The salient features of the framework approved by SEBI are as follows:
  a. SSE shall be a separate segment of the existing stock exchanges.
  b. SE eligible to participate in SSE, shall be entities (Non-Profit Organisation (NPO) and For-Profit Social Enterprise (FPE)) with social intent and impact as their primary goals. SE will have to engage in a social activity out of the list of 15 broad eligible social activities approved by SEBI.
  c. Eligible NPOs may raise funds through equity, Zero Coupon Zero Principal (ZCZP) bonds, mutual funds, social impact funds and development impact bonds. NPOs desirous of raising funds on SSE shall be required to be registered with SSE.

d. Social audit shall be mandated for SEs raising funds/registered on SSE. To begin with only reputed firms/institutions with expertise in the area of social audit shall be allowed to carry out social audits employing social auditors who have qualified the certification course conducted by the National Institute of Securities Markets (NISM). A separate sustainability directorate under the Institute of Chartered Accountants of India (ICAI) shall function as a Self-Regulatory Organisation (SRO) for Social Auditors.

- **Review of delisting framework pursuant to open offer:** SEBI has approved the proposal to amend the existing regulatory framework for delisting of equity shares pursuant to an open offer as provided under the extant Regulation 5A of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Takeover Regulations). The key features of the revised framework are as follows:

  a. If the acquirer is desirous of delisting the target company, the acquirer must propose a higher price for delisting with suitable premium over open offer price.

  b. If the response to the open offer leads to the delisting threshold of 90 per cent being met, then all shareholders who tender their shares shall be paid the same delisting price. If the response to the offer does not meet the delisting threshold of 90 per cent, then all shareholders who tender their shares shall be paid the same takeover price.

  c. If a company does not get delisted pursuant to the open offer under this framework, and the acquirer crosses 75 per cent due to the open offer, then a period of 12 months from the date of completion of the open offer will be provided to the acquirer to make further attempts to delist the company under the Delisting Regulations using the reverse book building mechanism. If delisting during this extended 12-month period is not successful, then the acquirer must comply with the minimum public shareholding norm within a period of 12 months from the end of such period.

- **Review of provisions related to Superior Voting Rights (SR) shares framework:** SEBI has decided to relax the eligibility requirements related to SR shares framework as follows:

  a. Under the existing provisions, an SR shareholder should not be part of promoter group with net worth of more than INR500 crore. This has been changed to require that the SR shareholder, as an individual, should not have net worth of more than INR1,000 crore.

  b. The minimum gap between issuance of SR shares and filing of Red Herring Prospectus (RHP) is reduced to three months from the existing requirement of six months.

- **Review of regulatory provisions on Related Party Transactions (RPTs):** SEBI has considered and approved amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations) relating to regulatory provisions on RPTs. Key amendments are as follows:

  I. *Definition of related party:* The definition of related party shall include:

     a. All persons or entities forming part of a promoter or a promoter group irrespective of their shareholding

     b. Any person/entity holding equity shares in the listed entity, as below, either directly or on a beneficial interest basis at any time during the immediately preceding FY:

        i. To the extent of 20 per cent or more

        ii. To the extent of 10 per cent or more with effect from 1 April 2023.

  II. *Definition of RPT:* The definition of RPT shall include transactions between:

     a. The listed entity or any of its subsidiaries on one hand and a related party of the listed entity or any of its subsidiaries on the other hand

     b. The listed entity or any of its subsidiaries on one hand, and any other person or entity on the other hand, the purpose and effect of which is to benefit a related party of the listed entity or any of its subsidiaries with effect from 1 April 2023.

  III. *Approval of shareholders for material RPTs:* Prior approval of the shareholders of the listed entity shall be required for material RPTs with a threshold of lower of INR1,000 crore or 10 per cent of the consolidated annual turnover of the listed entity.

  IV. *Approval of an audit committee:* Approval of the audit committee shall be required for:

     a. All RPTs and subsequent material modifications as defined by the audit committee

     b. RPTs where subsidiary is a party, but listed entity is not a party subject to threshold of:

        i. 10 per cent of the consolidated turnover of the listed entity,

        ii. 10 per cent of the standalone turnover of the subsidiary with effect from 1 April 2023.

  V. *Additional disclosures:* Enhanced disclosure of information related to RPTs should be placed before the audit committee and provided in the notice to the shareholders for material RPTs. The disclosures should also be provided to the stock exchanges every six months in the format specified by SEBI within 15 days from the date of publication of financials and simultaneously with the financials with effect from 1 April 2023.

Effective date: The amendments shall come into force with effect from 1 April 2022 unless otherwise specified above.

(Source: SEBI press release PR No.28/2021 dated 28 September 2021)

Amendments to SEBI Listing Regulations

On 7 September 2021, SEBI through a notification has made certain amendments to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (Listing Regulations). The amendments are expected to align the compliances of the debt listed companies (mainly high value) with those prescribed for the equity listed companies and also enhance the disclosures' obligations of debt listed companies.

The key amendments pertain to the following areas:

Application of corporate governance requirements to high value debt listed entities

- **Applicability:** Regulation 15 of the Listing Regulations specifies the applicability criteria of the provisions of Chapter IV (covering corporate governance norms and related disclosures) to a listed entity which has listed its specified securities (i.e. equity shares and convertible securities) on any recognised stock exchange.

  As per the amendments, the provisions of Chapter IV (Regulation 15 to 27) will also be applicable to a high value debt listed entity[1] that has listed non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of INR500 crore and more. In case an entity that has listed its non-convertible debt securities meets the specified threshold of INR500 crore during the course of the year, then it shall ensure compliance with these provisions within six months from the date of such trigger.

  These provisions would be applicable to a high value debt listed entity on a 'comply or explain' basis until 31 March 2023 and on a mandatory basis thereafter.

- **Eligibility criteria of Independent Directors (IDs):** As per the amendments, if the high value debt listed entity is:

  a. A body corporate, which is mandated to constitute its Board of Directors (BoD) in a specific manner in accordance with the law under which it is established, then the non-executive directors on its board shall be treated as IDs.

  b. A trust, which is mandated to constitute its Board of Trustees, in accordance with the law under which it is established, then the non-employee trustees on its board shall be treated as IDs.

- **Risk Management Committee (RMC):** The requirement of constituting RMC will also be applicable to a high value debt listed entity.

- **Related party disclosure:** Currently, an entity with listed specified securities is required to submit disclosures of related party transactions on a consolidated basis, within 30 days from the date of publication of its standalone and consolidated financial results for the half year, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

  As per the amendments, such related party disclosures are also required to be provided by a high value debt listed entity along with its standalone financial results for the half year.

- **Directors and Officers (D&O) insurance:** A high value debt listed entity is also required to undertake D&O insurance for all its IDs for such sum assured and for such risks as may be determined by its BoD.

- **Limit on the number of committees on which a director may serve:** Currently, a director cannot be a member in more than 10 committees or act as chairperson of more than five committees across all listed entities in which he/she is a director.

  As per the amendments, a high value debt listed entity shall be excluded from the list of companies while determining the ceiling of the number of committees in which a director can become a member in addition to private limited companies, foreign companies, and companies registered under Section 8 of the 2013 Act.

Submission of financial results by all debt listed entities

Regulation 52 of the Listing Regulations requires that a listed entity which has listed its non-convertible securities to submit unaudited or audited financial results on a half yearly basis, within 45 days from the end of the half year to the recognised stock exchange(s).

As per the amendments:

- The listed entity which has listed its non-convertible securities should submit unaudited or audited **quarterly and year to date standalone** financial results on a **quarterly basis,** within 45 days from the end of the **quarter, other than last quarter,** to the recognised stock exchange(s).
- In case of entities which have listed their debt securities, a copy of the financial results submitted to stock exchanges should also be provided to debenture trustees on the same day the information is submitted to stock exchanges.
- The listed entity should also submit as part of its standalone or consolidated financial results for the half year, by way of a note, a statement of assets and liabilities and statement of cash flows as at the end of the half year.

1. The 'high value debt listed entities' on the date of notification of this amendment would be determined on the basis of value of principal outstanding of listed debt securities as on 31 March 2021.

Additional disclosures by all debt listed entities

- **Disclosures along with financial results:** Certain additional disclosures are required to be provided by a listed entity while submitting quarterly/annual financial results under Regulation 52 of the Listing Regulations. Those additional disclosures are:
  a. Current ratio
  b. Long term debt to working capital ratio
  c. Bad debts to account receivable ratio
  d. Current liability ratio
  e. Total debts to total assets
  f. Debtors turnover
  g. Inventory turnover
  h. Operating margin (%)
  i. Net profit margin (%)
  j. Sector-specific equivalent ratios, as applicable.
- **Disclosure of events and information on website:** Regulation 51 of the Listing Regulations requires a listed entity to promptly inform the stock exchange(s) of all information having bearing on the performance/operation of the listed entity, price sensitive information or any action that shall affect payment of interest or dividend **or redemption of non-convertible securities** (earlier non-convertible preference shares or redemption of non-convertible debt securities or redeemable preference shares).

  The term 'promptly inform' implies that the stock exchange shall be informed as soon as reasonably possible but not later than 24 hours from the date of occurrence of the event or receipt of information. In case of delay, an explanation for delay to be provided along with such disclosures.

  Additionally, a listed entity is required to disclose all such events and information which have been disclosed to the stock exchange(s) on its website. Such disclosures shall be hosted on the website of the listed entity for a minimum period of five years and thereafter as per the archival policy of the listed entity.

Others

- **Unclaimed non-convertible securities and benefits accrued thereon:** A new regulation 61A has been inserted in the SEBI Listing Regulations which specifies the process for dealing with the unclaimed non-convertible securities and related accrued benefits. Key guidelines are as follows:
  a. The listed entity shall not forfeit unclaimed interest/dividend/redemption amount.
  b. Where the interest/dividend/redemption amount has not been claimed within 30 days from the due date of interest/dividend/redemption payment, a listed entity shall transfer the amount to an escrow account to be opened by the listed entity in any scheduled bank within seven days from the date of expiry of the said period of 30 days.
  c. Any amount transferred to the escrow account that remains unclaimed for seven years shall be transferred to the 'Investor Education and Protection Fund' constituted in terms of Section 125 of the 2013 Act.

Effective date: Provisions of Regulation 15 to 27 of Chapter IV of the Listing Regulations will be applicable to a high value debt listed entity on a 'comply or explain' basis until 31 March 2023 and on a mandatory basis thereafter. All other amendments to Listing Regulations are effective from the date of their publication in the official gazette i.e. 8 September 2021.

(Source: SEBI notification no. SEBI/LAD-NRO/GN/2021/47 dated 7 September 2021)

RBI clarification on compensation of a bank's whole-time director/CEO/ material risk takers and control function staff

Background

On 4 November 2019, the Reserve Bank of India (RBI) had issued updated guidelines on **compensation of Whole-Time Directors (WTD)/ Chief Executive Officers (CEOs)/material risk takers and control function staff (directors and officers)** of banks (the guidelines). As per the guidelines, banks were permitted to compensate their directors and officers by way of a fixed pay and a variable pay. The variable pay could be in the form of share-linked instruments or a mix of cash and share-linked instruments.

Paragraph 2.1.2(f) of the guidelines requires share-linked instruments to be fair valued on the date of grant by the bank using Black-Scholes model. The fair value thus arrived at should be recognised as an expense beginning with the accounting period for which approval has been granted.

The RBI observed that the banks were not recognising grant of the share-linked compensation as an expense in their books of account concurrently.

New development

In the interest of better clarity, RBI through a notification dated 30 August 2021 has added following clarification in the extant instructions contained in paragraph 2.1.2(f) of the guidelines:

'The fair value thus arrived at should be recognised as an expense beginning with the accounting period for which approval has been granted'.

Banks are required to ensure compliance with said instructions for all share-linked instruments granted after the accounting period ending 31 March 2021.

(Source: RBI notification no. RBI/2021-22/95 dated 30 August 2021)

RBI issued updates in the master directions on presentation and disclosures of financial statements by banks

On 30 August 2021, RBI issued the RBI (Financial Statements-Presentation and Disclosures) Directions, 2021 (Master Directions), which incorporates all the guidelines, instructions and directives issued by RBI to banks. This will enable banks to have all current instructions on presentation and disclosure in financial statements at one place for reference.

Key features of the Master Directions are as follows:

- **Applicability:** The Master Directions are applicable to all commercial banks[2] and Urban Co-operative Banks (UCBs). The Master Directions will come into force from 30 August 2021[3].
- **Updates in the master directions:** With regard to the preparation of stand-alone and consolidated financial statements, the Master Directions clarify the following:
  a. The format of the balance sheet and profit and loss account for the banks will be prescribed by the provisions of the Banking Regulation Act, 1949.
  b. Commercial banks should ensure strict compliance with the Accounting Standards (AS) notified under the Companies (Accounting Standards) Rules, 2006, as amended from time to time, subject to directions or guidelines issued by RBI. UCBs shall be guided by announcements of the Institute of Chartered Accountants of India (ICAI) regarding applicability[4] of AS.
  c. While preparing the Consolidated Financial Statements (CFS), where different entities in a group are governed by different accounting norms laid down by the concerned regulator, the balance sheet size may be used to determine the dominant activity and accounting norms specified by its regulator may be used for the consolidation of similar transactions and events[5].
- **Other updates:** Apart from consolidating various instructions and guidelines at one place, the Master Directions have also updated some of the requirements or added new disclosure and reporting requirements. A summary of the updates that have been prescribed in the Master Directions has been given below.[6]
  - **Reserves and surplus:** In its erstwhile requirements, RBI required all reserves to be disclosed separately under the head, ‘Reserves and Surplus’.

    The Master Directions now require Reserves and Surplus to be bifurcated under the following sub-heads:

    a. Statutory reserves
    b. Capital reserves
    c. Share premium
    d. Revenue and other reserves
    e. Balance in profit and loss account.

    Therefore, all revenue reserves such as Investment Reserve Account and Investment Fluctuation Reserve (which were earlier disclosed separately under reserves and surplus) would now be disclosed under ‘Revenue and Other Reserves’.
  - **Disclosure of regulatory capital:** RBI had prescribed the format for disclosure of regulatory capital for banks. As per the format, banks are required to provide particulars of Tier 1 capital, Tier 2 capital and other applicable ratios.

    RBI now requires commercial banks to disclose the Leverage Ratio as one of the ratios, while providing the disclosures on regulatory capital, where the same is applicable.
  - **Investments:** Banks were earlier required to categorise investments into Held to Maturity (HTM), Available for Sale (AFS) and Held for Trading (HFT) and bifurcate their investments into – investments in India and investments outside India.

    As per the revised disclosure for investments, banks will now be required to provide details of the ‘composition of investment portfolio’ in the following manner[7]:

    a. For each category of investment, additional disclosure will be provided as under:

       Whether investments have been made in:

       » Government securities
       » Other approved securities
       » Shares
       » Debentures and bonds
       » Subsidiaries and/or joint ventures, and
       » Others (to be specified).

    b. This disclosure will be provided for investments in India as well as investments outside India.
  - **Investment Fluctuation Reserve:** RBI has added a new requirement to disclose the closing balance of the Investment Fluctuation Reserve as a percentage of closing balance of investments in AFS and HFT/current category.

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2. All commercial banks include foreign banks, Local Area Banks (LABs), Small Finance Banks (SFBs), Payments Banks (PBs), corresponding new banks, Regional Rural Banks (RRBs) and State Bank of India.
3. The Master Directions state ‘from the date these are placed on the official website of the Reserve Bank of India’.
4. As per prevailing announcements, co-operative banks are classified as Level I enterprises. Level I enterprises are required to comply with all accounting standards.
5. Where banking is the dominant activity, accounting norms applicable to a bank shall be used for consolidation purposes in respect of like transactions and other events in similar circumstances
6. With the issue of the Master Directions, the instructions and guidelines contained in circulars issued by RBI stand repealed.
7. Further reiterated by Reserve Bank of India (Classification, Valuation and Operation of Investment Portfolio of Commercial Banks) Directions, 2021

- **Additional disclosures in asset quality:** Earlier, banks were required to classify their advances and provisions held into standard and Non-Performing Assets (NPA). Additionally, they were required to, *inter alia,* disclose details of provisions (floating and non-floating provisions) held and certain ratios i.e., the net NPA to net advances ratio and the provision coverage ratio.

  In the disclosures pertaining to asset quality, banks are now required to disclose an additional ratio of gross NPA to gross advances.

- **Disclosures relating to securitisation:** RBI has prescribed a format wherein banks are required to provide details of the securitised assets and the Special Purpose Vehicles (SPVs) sponsored by them. These disclosures, *inter alia,* include the number of SPVs sponsored by banks, total number and amount of securitised assets as per SPV's books, total exposure retained by banks to comply with Minimum Retention Requirement (MRR) as on balance sheet date, amount of exposures to securitised transactions other than MRR.

  RBI now requires banks to provide following additional disclosures with regard to securitisation of assets:

  a. Sale consideration received by the bank for the securitised assets and gain/loss on sale on account of securitisation

  b. Form and quantum (outstanding value) of services provided by way of credit enhancement, liquidity support, post-securitisation servicing, etc.

- **Business ratios:** RBI requires banks to disclose certain business ratios, such as:

  a. Interest income and non-interest income as a percentage to works fund[8]

  b. Operating profit as a percentage to works fund

  c. Return on assets

  d. Business (deposits plus advances) per employee

  e. Profit per employee.

  In addition to the aforementioned business ratios, banks are now required to disclose:

  a. Cost of deposits, and

  b. Net interest margin.

- **Marketing and distribution fees:** As part of their 'other disclosures', banks are now required to disclose the details of fees/remuneration received in respect of the marketing and distribution function (excluding bancassurance business) undertaken by them.

- **Implementation of Ind AS:** RBI requires banks to provide an additional disclosure regarding the strategy that would be adopted by them for Ind AS implementation, including the progress made by them in this regard. These disclosures will be made until the bank implements Ind AS.

- **Interim financial reporting for commercial banks:** The RBI has prescribed half yearly review of accounts for all commercial banks, irrespective of whether such banks are listed or not in the format prescribed by the Department of Supervision, Reserve Bank of India (or National Bank for Agriculture and Rural Development for RRBs).

- **Payment of DICGC premium:** RBI now requires banks to provide disclosures on payment of Deposit Insurance and Credit Guarantee Corporation (DICGC) premium and arrears in payment of the said premium for the current year and the previous year.

(Source: RBI notification no. RBI/DOR/2021-22/83 dated 30 August 2021)

8. Works fund is to be reckoned as average of total assets (excluding accumulated losses, if any) as reported to RBI in Form X for commercial banks and Form IX for UCBs, during the 12 months of the financial year.

CBDT extended timelines for filing income-tax returns and reports of audit for the AY2021-22

The Central Board of Direct Taxes (CBDT) through a circular dated 9 September 2021 has extended the timelines for various compliances under the Income-Tax Act, 1961 (IT Act). Those are as follows:

Particulars	Due date	Revised timeline
Return of income for Assessment Year (AY) 2021-22	31 July 2021	31 December 2021
Report of audit under any provision of the IT Act for Previous Year (PY) 2020-21	30 September 2021	15 January 2022
Report from an accountant by persons entering into international transaction or specified domestic transaction under Section 92E of the IT Act for PY2020-21	31 October 2021	31 January 2022
Return of income for AY2021-22	31October/ 30 November 2021	15 February 2022/ 28 February 2022
Belated/revised return of income for AY2021-22	31 December 2021	31 March 2022

(Source: CBDT circular no. 17/2021 dated 9 September 2021)

Exposure draft of guidance notes on Schedule III to the Companies Act, 2013

Recently, ICAI has issued Exposure Drafts (EDs) of the guidance note relating to the following divisions of Schedule III to the 2013 Act:

- **Division I:** Applicable to companies whose financial statements are required to comply with the Companies (Accounting Standards (AS)) Rules, 2006
- **Division II:** Applicable to companies whose financial statements are required to comply with the Companies (Indian Accounting Standards (Ind AS)) Rules, 2015
- **Division III:** Applicable only to Non-Banking Financial Companies (NBFCs) whose financial statements are required to comply with the Companies (Ind AS) Rules, 2015.

Some of the key guidance provided is as follows:

Category	Guidance
Guidance applicable to Division I, II and III	
Balance sheet	
Disclosure of shareholding of promoter in a specified format	• Companies should also disclose number and percentage of shares **at the beginning of the year as additional columns** in order to facilitate an understanding of the percentage change during the year.
Trade payables and trade receivables ageing schedule	• Two additional columns with heading **'Unbilled'** and **'Not due'** shall be added before the ageing columns to tie-up the amounts presented in the 'total' column with the amounts presented in the financial statements or notes.
Property, Plant and Equipment (PPE)	• Separate presentation of the amount of change due to revaluation should be continued, **irrespective of whether such a change is 10 per cent or more,** in order to comply with a broader presentation requirement of AS 10 (revised)/Ind AS 10.

Category	Guidance
Additional regulatory requirements	
Loans or advances in the nature of loans granted to promoters, directors, KMPs and related parties	• An advance is in the nature of a loan would depend upon the facts and circumstances of each case. • A stipulation regarding interest may normally be an indication that the advance is in nature of a loan but this by itself is not conclusive and there may also be advances which are not in the nature of loan and which carry interest. • Relationship should be considered on the date of loan and the amount should be outstanding as at the balance sheet date (gross amount without netting off). • Disclosure to be provided for previous period as well.
Borrowings not used for the specific purpose	• It is not necessary to establish a one-to-one relationship with the amount of borrowings and its utilisation. • Amount deposited in common account and subsequent withdrawal from the account for the said purpose does not tantamount to non-utilisation.
Title deeds of immovable property not held in the name of the company	• Details of immovable property whose title deeds are not held in the name of the company have to be disclosed in the specified format. • Immovable properties presented under 'PPE', 'investment property' or classified as 'PPE retired from active use and held for disposal' would be covered in the scope of this disclosure. • Items presented as inventory by companies carrying on real estate business will not fall under this disclosure.
Borrowings from banks or financial institutions on the basis of security of current assets	• Disclosure requirement shall apply if the company has borrowings 'during any point of time of the year' from banks or financial institutions on the basis of security of current assets. • Company shall provide this disclosure considering the sanctioned borrowings (fresh or renewed) even if the same is unutilised during the period or as at the end of the reporting period.

Category	Guidance
	• It should cover both fund and non-fund based credit facilities availed by the company.
Wilful defaulter	• A company may have been declared as a willful defaulter by any bank or a financial institution or any other lender at any time **during the financial year** or **after the end of reporting period** but before the date when **financial statements are approved.** • RBI identified certain events that would be considered as a wilful default. • The term 'lender' as per RBI circulars issued in this regard, covers all banks/financial institutions to which any amount is due, provided it is arising on account of any banking transaction, including off balance sheet transactions such as derivatives, guarantee and letter of credit.
Statement of profit and loss	
Undisclosed income	• It covers transactions that were unrecorded in the books of account and which were surrendered or disclosed as income in the tax assessments under the Income Tax Act, 1961 in the form of returns filed. • In case the company has not recorded/disclosed income in the books of account/financial statements, as applicable, reasons for same shall be disclosed.
Details of crypto currency or virtual currency	• ED has defined the term 'virtual currency' and 'crypto currency'. • 'Virtual currency' is a digital representation of value, other than a representation of the INR or a foreign currency that functions as a unit of account, a store of value, and a medium of exchange. • 'Crypto currency' is a form of digital/virtual currency generated through a series of written computer codes that rely on cryptography which is encryption and is thus independent of any central issuing authority per se.

Category	Guidance
Guidance applicable to Division II and III	
General instructions for preparation of financial statements	• A company may not present a third balance sheet as at the beginning of the preceding period when preparing financial statements in line with the amended requirements of Ind AS Schedule III.
Balance sheet	
Equity share capital - Notes	• The statement of changes in equity would require disclosure for the current reporting period as well as the previous reporting period in a specified format. The disclosure would also include changes in equity share capital due to prior period errors.
Other equity	• Disclosure related to remeasurement of defined benefit plans and fair value changes relating to own credit risk of financial liabilities designated at fair value through profit or loss can be shown as a separate column under 'Reserves and Surplus' or recognised as a part of retained earnings.

(Source: ED of the 'Guidance note on Schedule III' issued by ICAI in August 2021)

ICAI proposed amendments to Ind AS 12, *Income Taxes*

On 22 September 2021, the Accounting Standards Board of ICAI has issued an Exposure Draft (ED) of amendments to Ind AS 12, *Income Taxes* corresponding to the amendments made by the International Accounting Standard Board (IASB) in IAS 12, *Income Taxes*. The draft amendments pertain to the deferred tax related to assets and liabilities arising from a single transaction.

The draft amendments aim at narrowing the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12, *Income Taxes* so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The aim of the draft amendments is to reduce diversity in the reporting of deferred tax on leases and decommissioning obligations.

The amendments have been proposed to be made applicable for annual reporting periods beginning on or after 1 April 2023.

The ED is open for comments up to 25 October 2021.

(Source: Exposure Draft of Deferred Tax related to Assets and Liabilities arising from a Single Transaction - Amendments to Ind AS 12, Income Taxes issued by ICAI on 22 September 2021)

FASB proposed improvements to fair value guidance for equity securities

Currently Topic 820, *Fair Value Measurement,* states that when measuring the fair value of an asset or a liability, a reporting entity should consider the characteristics of the asset or liability, including restrictions on the sale of the asset or liability, if a market participant also would take those characteristics into account. The key element to that determination is the unit of account for the asset or liability being measured at fair value.

Some stakeholders noted that Topic 820 contains conflicting guidance on what the unit of account is when measuring the fair value of an equity security. This has resulted in diversity in practice on whether the effects of a contractual restriction that prohibits the sale of an equity security should be considered in measuring that equity security's fair value.

To address the concerns, on 15 September 2021, the Financial Accounting Standards Board (FASB) has issued a proposed Accounting Standard Update (ASU) which clarifies that a contractual restriction on the sale of an equity security is not considered part of the unit of account of the equity security and, therefore, is not considered in measuring fair value. The amendments aim to improve financial reporting for investors and other financial statement users by increasing comparability of financial information across reporting entities that have investments in equity securities measured at fair value that are subject to contractual restrictions preventing the sale of those securities.

The proposed ASU is open for comments up to 14 November 2021.

(Source: Proposed ASU on Topic 820, Fair Value Measurement issued by FASB on 15 September 2021)

KPMG in India's IFRS institute

Visit KPMG in India's IFRS institute - a web-based platform, which seeks to act as a wide-ranging site for information and updates on IFRS implementation in India.

The website provides information and resources to help board and audit committee members, executives, management, stakeholders and government representatives gain insight and access to thought leadership publications that are based on the evolving global financial reporting framework.

First Notes

Ind AS amendments including inter-bank offered rate reforms and extension of COVID-19 related rent concession

29 July 2021

In view of the recent amendments to IFRS, and in order to keep the Ind AS converged with IFRS, on 18 June 2021, the Ministry of Corporate Affairs (MCA) issued certain amendments to Ind AS (the 2021 amendments). These amendments have been issued in the following areas:

- Inter-bank Offered Rate (IBOR) related reforms (phase 2 reforms)
- Extension of practical expedient for rent concession
- Amendments consequent to issue of Conceptual Framework for financial reporting under Ind AS
- Other minor/clarificatory updates.

The amendments are effective from annual reporting periods beginning on or after 1 April 2021.

This issue of First Notes aims to provide an overview of the 2021 amendments.

Voices on Reporting (VOR) – Quarterly updates

KPMG in India has scheduled a webinar on 8 October 2021 to discuss key financial reporting and regulatory matters that are expected to be relevant for stakeholders for the quarter ended 30 September 2021.

For registration details, please click here.

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KPMG Assurance and Consulting Services LLP, Lodha Excelus, Apollo Mills Compound, NM Joshi Marg, Mahalaxmi, Mumbai - 400 011 Phone: +91 22 3989 6000, Fax: +91 22 3983 6000.