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# Exposure Draft of Amendments to Ind AS 28 for comments

**Siliguri Branch of ICAI** <siliguri@icai.org> Sat, 14 Nov at 6:45 PM
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To
The Accounting Standards Board
ICAI

**Subject: Comments on Exposure Draft – Amendments to Ind AS 28 (Investments in Associates and Joint Ventures)**

Respected Sir/Madam,

We appreciate the initiative of the Accounting Standards Board in inviting comments on the proposed amendments to Ind AS 28.

The Siliguri Branch has reviewed the exposure draft and broadly agrees with the proposed changes. We believe the amendments will provide greater flexibility to investment entities and bring more clarity to the accounting treatment of investments in associates and joint ventures.

We would, however, like to offer a few suggestions for consideration.

**1. Clarity on eligible entities**

The amendment allows entities mainly engaged in investment activities to opt for fair value accounting.

While we agree with this approach, it would be helpful to clarify what qualifies as a *main business activity*. For example, would a company primarily holding investments in other companies also qualify?

A few practical examples would help avoid different interpretations.

**2. Companies carrying on multiple activities**

Many companies in India are engaged in more than one business activity, including investments.

We suggest clarifying how the proposed exemption would apply where investment activity forms a significant part of the business but is not its only activity.

**3. Different accounting treatment for the same investment**

Under the proposed provisions, one portion of an investment in an associate may be measured at fair

value while another portion is accounted for using the equity method.

We suggest that suitable disclosures be required so that users of financial statements can clearly understand the different treatments and their financial impact.

**4. Change in the nature of business**

An entity may initially qualify for the fair value option, but its business activities may change over time.

It would be useful to clarify whether such a change would affect the accounting option already exercised.

**5. Valuation of unlisted investments**

Determining the fair value of investments in unlisted companies can sometimes be difficult.

We suggest including practical examples or guidance to help ensure consistent valuation practices, particularly where market information is not readily available.

**6. Effective date and transition**

Since the proposed amendments are linked to Ind AS 118, which is yet to be notified in India, we suggest that the effective date be aligned with its implementation.

Clear guidance may also be provided on the treatment of existing investments at the time of transition.

We support the proposed amendments and believe they are a positive step towards improving financial reporting.

We thank the Accounting Standards Board for giving us the opportunity to share our views.

Warm regards,

**CA Sarabjit Singh Hora**
Chairman
Siliguri Branch (EIRC) of ICAI

**Thanks & regards,**
**CA. Lav Agarwal**
**(Secretary)**
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