To
The Secretary
Accounting Standards Board
The Institute of Chartered Accountants of India
New Delhi

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

Respected Sir/Madam,

Greetings from the Ludhiana Branch of NIRC of ICAI!

With reference to the Exposure Draft titled *"Investments in Associates and Joint Ventures – Amendments to Ind AS 28"*, issued by the Accounting Standards Board of ICAI, we appreciate the initiative taken by the Board to enhance the clarity and applicability of the existing provisions relating to the fair value option for investments in associates and joint ventures.

After reviewing the proposed amendments to paragraphs 18 and 19 of Ind AS 28 and the proposed addition of paragraph 45M, we wish to submit the following comments and suggestions for your kind consideration:

1. Expansion of the Fair Value Option – Paragraphs 18 and 19

We are broadly in agreement with the proposed inclusion of investment-linked insurance funds within the scope of the entities eligible to exercise the fair value option under paragraphs 18 and 19.

The proposed amendment is a welcome step towards providing consistency in the accounting treatment of investments held through different investment-oriented entities. It also recognises the distinctive nature of investment-linked insurance funds, wherein the underlying investments are linked to insurance contracts with direct participation features.

2. Clarity Regarding Similar Entities

The proposed amendments refer to similar entities, including entities whose main business activity involves investing in particular types of assets.

It is suggested that appropriate illustrative examples or additional guidance may be provided to clarify the scope of such similar entities. This would help ensure consistent interpretation and application of the provisions by entities and auditors and minimise differences in accounting practices.

3. Application of the Fair Value Option to Indirect Holdings

We appreciate the proposed clarification under paragraph 19, which permits an entity to exercise the fair value option for the portion of its investment in an associate held indirectly through eligible investment entities, irrespective of whether such entities exercise significant influence over that portion.

The proposed clarification is expected to facilitate more appropriate accounting treatment of investments held through different investment structures.

4. Effective Date and Transitional Provisions

With regard to the proposed paragraph 45M, it is suggested that appropriate implementation guidance may be provided, particularly considering that Ind AS 118 is yet to be notified by the Ministry of Corporate Affairs.

A clear indication of the applicability timeline and transitional requirements would assist entities in planning their implementation and ensuring uniform adoption of the amendments.

Conclusion

In view of the above, we are broadly supportive of the proposed amendments to Ind AS 28. We believe that the proposed changes will improve the relevance and consistency of financial reporting and provide greater flexibility in accounting for investments held through investment-oriented entities.

We request the Accounting Standards Board to kindly consider the above suggestions while finalising the proposed amendments.

Thank you for providing an opportunity to share our views on this important accounting standard-setting initiative.

Yours faithfully,

CA Vikas Goyal
Chairman
Ludhiana Branch of NIRC of ICAI
Ludhiana