<u>Views Regarding:</u>

Exposure Draft
Classification of Liabilities as Current or Non-current
and
Non-current Liabilities with Covenants
(Amendments to Ind AS 1)

Para of the Draft AS	Comments/suggestion
Page 3 Under Rationale: While certain carve-outs were made to smoothen the transition to Ind AS, it was intended that since the objective is to achieve convergence with IFRS Accounting Standards over a period of time, the carve-outs shall be reviewed from time-to-time once Ind AS implementation gets stabilised in India. Accordingly, since 6 years of Ind AS implementation have already elapsed, the ASB considered it appropriate to remove this carve-out.	It is felt that the 6 years are for the large companies – which have the ability anf resources to align to tahe variying demands of standards. But the same is nnot for the companies coming under the Ind AS umbrella and such companies nred time to adjust – as the quite frankly, in such case the ones who need to be given time to adjust will not get the finer nuances of classification. Nevertheless the disclosures were adequate to the enlightened reader of the financials. Frankly, there is a feeling many financing professionals/ lender still find it a **challenge in discerning the Ind AS** environment – as faced by many companies in explaining to their lenders. **Experience at FRRB** may be taken into account for assuming the level of **stability of Ind AS** based reporting and adaptability.
Page 3 Under Rationale: Removal of the carve-out will be a step towards bringing greater financial discipline amongst the entities since a breach of a loan covenant even if subsequently condoned by a lender signifies an inherent weakness in the financial condition of an entity.	If the authorities think the issue is **so important and wants greater and distinct visibility**, apart from already disclosures by the company and its Auditor, of the weakness. Then in case of one may deliberate upon **having a separate line item** : - nomenclature like "Deferring Liabilities"
Page 4 69 An entity shall classify a liability as current when:	Here where it **is possible to calculate "Operating cycle"** from Balance sheet, esp in manufacturing sector the cycles of procurement, production and receivables are generally same throughout the reporting period

(a) it expects to settle the liability in its normal operating cycle;	– **will point 69(a) or 69 (c)/(d) take precedence?** Most companies prefer to keep **12 months as the operating cycle** despite practical possibility of calculating the cycle.
Page 5 Para 72 *Right to defer settlement for at least twelve months*	What if the company has shown **Operating cycle as lesser than 12 months** will it still use the 12 month period for reporting and compliance?

Thank You.