Comments/Clarification Required on Exposure Draft of Ind AS Compliant Schedule III to the Companies Act, 2013, for Non-Banking Financial Companies (NBFCs)

1.	Page 35, Note 3 of General Instructions for preparation of Statement of Profit and Loss mentions about providing the Interest Income breakup into: Interest Income : *a.* On financial assets measured at fair value through OCI *b.* On financial assets measured at amortised cost *c*. Interest income on securities classified at fair value through profit or loss Attention is drawn to the point that for Financial Assets measure at Fair Value though Profit and Loss (FVTPL), the EIR method will not be applicable and hence there will be no accrual of interest income under INDAS 109. Therefore, clarification is sought for as to whether the gains/losses on such financial assets (FVTPL) shall be presented as a part of the fair value gain or losses or separately as interest income.
2.	Page 31, Note 6 of Other Classification related General Instructions states the following : An NBFC shall disclose the amount expected to be recovered or settled after more than twelve months for each asset and liability line item that combines amounts expected to be recovered or settled: (a) no more than twelve months after the reporting period; and (b) more than twelve months after the reporting period. As per the above point, an NBFC shall be required to categorise each item of assets and liabilities into 'current' and 'non-current'. This will require herculean efforts from the part of NBFCs. Moreover, it is believed that this will also unnecessary make the financial statements bulkier. The exposure draft already requires that NBFCs to present the balance sheet in the order of their liquidity. Therefore, further requirement to classify each line item of balance sheet in to current and non-current category will only add volume to the financial statements instead of adding value.
3.	Part I – Balance Sheet, has categorised the various line items of the Balance Sheet, item(d) being "Receivables". On similar line item(b) of the liability side uses the word "Payables" which is further bifurcated into "Trade Payables" and "Other payables". Clarification is sought as to whether the meaning of the word "Receivables" shall be construed in line with the "Payables" and accordingly bifurcation shall be made into "Trade Receivables" and "Other Receivables". If not, then whether the Receivables shall include other receivables and the requirements for categorising the Receivables into (a) Secured, considered good, (b) Unsecured considered good and (c) Doubtful, shall be done on total basis i.e. including Trade Receivables and Other Receivables.
4.	Note (1) to Part III on General instructions for the preparation of consolidated financial statements states that, "the NBFC shall mutatis mutandis follow the requirements of this Schedule as applicable to an NBFC in the preparation of balance sheet, statement of changes in equity and statement of profit and loss. However, where the consolidated financial statements contains elements pertaining to NBFCs and other than NBFCs, **mixed basis of presentation** may be followed for consolidated financial statements where both kinds ***of operations are significant***". Clarification is required as to what shall be construed as "significant operations", where the consolidated financial statements can be prepared on mixed basis. Clarity is also required as to how the financials of NBFCs and financials of other than NBFCs be mixed together for preparing and presenting the consolidated financial statements.