

## **Comments on Exposure Draft of INDAS 118**

Dear Sir,

Please find attached the consolidated observations and suggestions on the Exposure Draft of IndAS 118.

Here are some suggestions and opinions on the draft:

### **1. Clarity and Consistency:**

The draft provides clear guidelines on the presentation of new defined subtotals in profit or loss, which will enhance comparability across entities. However, it would be beneficial to include more illustrative examples to help entities understand the application of these new requirements.

### **2. Management-Defined Performance Measures (MPMs):**

The introduction of MPMs and the requirement to disclose them in a single note is a positive step towards transparency. However, the definition of MPMs could be further clarified to avoid any ambiguity. Additionally, providing examples of MPMs and how they should be reconciled with Ind AS measures would be helpful.

### **3. Aggregation and Disaggregation:**

The principles for aggregation and disaggregation are well-defined, but the draft could benefit from more detailed guidance on how to apply these principles in complex scenarios. Including case studies or examples of common transactions and how they should be aggregated or disaggregated would be useful.

### **4. Effective Date and Transition:**

The proposed effective date of April 1, 2027, provides ample time for entities to prepare for the changes. However, the transition provisions should be clearly outlined to ensure a smooth transition. It would be helpful to include a detailed transition plan and examples of how entities should restate their financial statements during the transition period.

### **5. Alignment with Global Standards:**

The draft aligns closely with IFRS 18, which is commendable. However, any deviations from IFRS should be clearly justified and explained. This will help entities understand the rationale behind the differences and ensure consistency in application.

#### **6. Feedback and Consultation:**

The draft invites comments and suggestions, which is a positive approach. It would be beneficial to conduct workshops or webinars to gather feedback from stakeholders and address any concerns or questions they may have. This will ensure that the final standard is robust and widely accepted.

#### **7. Simplification for Smaller Entities:**

While the draft aims to improve transparency and comparability, it is important to consider the impact on smaller entities. Simplified requirements or exemptions for smaller entities could be considered to avoid undue burden.

#### **8. Use of Technology:**

Encouraging the use of digital tools and technology for the preparation and presentation of financial statements could enhance efficiency and accuracy. The draft could include recommendations on leveraging technology for better compliance with the new requirements.

Overall, the Exposure Draft of Ind AS 118 is a comprehensive document that aims to enhance the quality of financial reporting. By incorporating the above suggestions, the final standard can be made more user-friendly and effective in achieving its objectives.

Thanking You

Chairman

ICAI Thiruvananthapuram Branch (SIRC)