

**MINUTES OF THE NATIONAL FINANCIAL REPORTING AUTHORITY (NFRA)
BOARD MEETING HELD ON 14.03.2019, NEW DELHI**

Present:

1. Shri Rangachari Sridharan, Chairperson, NFRA
2. Shri Prasenjit Mukherjee, Member, NFRA
3. Shri KVR Murty, Joint Secretary, MCA
4. Shri Ram Mohan Johri, Director General, CAG
5. Ms. Sudha Balakrishnan, Chief Financial Officer, RBI
6. Shri Prafulla P. Chhajed, President, ICAI
7. Shri M.P. Vijay Kumar, Chairperson, Accounting Standards Board, ICAI
8. Shri G. Sekar, Chairperson, Auditing and Assurance Standards Board, ICAI
9. Shri Abhijit Phukon, Secretary, NFRA.

Leave of absence was granted to Shri Amarjeet Singh, Executive Director, SEBI.

2. Chairperson, NFRA welcomed the Members. He apprised the members that the first meeting of the Authority has been called (i) to read and record certain notifications of NFRA, (ii) to discuss and approve recommendations to be made to the Central Government in terms of Section 133 of the Companies Act, 2013 with regard to Ind AS 116 *Leases*, and other amendments with regard to Ind AS 12, Ind As 19, Ind AS 28, Ind AS 109 and 2018 Annual improvements to Ind AS. He invited ICAI to present the recommendations on Ind AS.

3. Before the discussions on the Agenda were taken up, Shri Prafulla P. Chhajed, President, ICAI, said that he wished to place on record the stand of the ICAI that the participation of the ICAI representatives in the meeting would be without prejudice to the ICAI's contentions that may be urged before other fora including Courts wherein, inter alia, the issues of constitutionality of the NFRA have been/may be raised.

4. Joint Secretary, MCA, stated that if ICAI intends to refer to the ongoing case in the Delhi High Court while making this statement, it is seen that ICAI is only one of the Respondents in the matter, the other, and main, Respondent being the Union of



India. Joint Secretary, MCA, further stated that the stand of the ICAI as recorded above is clearly appropriate only to that of the Petitioner in the case and not to a respondent. Therefore, ICAI should make up its minds with regard to its status in the proceedings in the Court as to whether it prefers to align its stand with that of the petitioner. President, ICAI informed the members that, after his assuming the office of President, there has been no Council meeting held so far and he was only expressing a stand that had been earlier taken by the previous Council since he was bound by that decision and did not have any authority, in his individual capacity as President, to go beyond that decision. He added that this position would be discussed again at the next meeting of the Council.

5. Chairperson, ASB made a presentation on the newly proposed Ind AS 116 *Leases*. During the presentation, he stated that this Ind AS 116 had already been approved by the Council and NACAS, and that NACAS had also forwarded its recommendations to Ministry of Corporate Affairs for notification of the same in August 2018. Accordingly, after the approval of competent authority, the draft notification was sent to Legislative Department of Ministry of Law & Justice for vetting. In the meanwhile, NFRA has been constituted and accordingly Ministry of Law & Justice advised Ministry of Corporate Affairs to seek the recommendations on with NFRA also as per Section 133 of the Companies Act, 2013. Chairperson, ASB, explained the salient features of Ind AS 116 to the members. He also explained in detail the public notification and consultation process that had been gone through before finalising the draft. The comments received during the course of the consultative process and the recommendations thereon were also brought to the notice of the members. It was explained by the Chairman, ASB, that all the comments had been carefully considered and analysed, and that there was no occasion to modify the drafts put out earlier and which had now been placed before NFRA. The Authority, taking notice of all the above, and the explanations of the Chairman, ASB, and after going through the agenda papers, agreed with the recommendations of the ASB.

6. Chairperson, ASB also stated that other amendments with regard to Ind AS 12, Ind AS 19, Ind AS 28, Ind AS 109 and 2018 Annual improvements to Ind AS have also been approved by NACAS, with the exception of the amendments to Ind AS 12 relating to the income tax consequences of dividend payments, but could not be sent to



Ministry of Corporate Affairs for notification prior to the constitution of NFRA. These amendments were rendered necessary as part of the periodical updating of standards by the IASB. It was also brought to the notice of the Authority that the prescribed public notification and consultation process was gone through, and that the comments received had all been carefully analysed and considered. Chairman, ASB, explained that there is no occasion to modify the drafts put out earlier and which had now been placed before NFRA. The Authority, taking notice of all the above, and the explanations of the Chairman, ASB, and after going through the agenda papers, agreed with the recommendations of the ASB.

7. After detailed deliberations, the Board **RESOLVED** as follows:

6.1. Read and recorded the notification no. S.O. 5099(E) dated 1st October, 2018 notifying constitution of NFRA.

6.2. Read and recorded the notification no. S.O. 1068(E) dated 28th February, 2019 notifying appointment of part-time Members of NFRA.

6.3. Read and recorded the notification no. G.S.R. 1111(E) dated 13th November, 2018 notifying National Financial Reporting Authority (NFRA) Rules, 2018.

6.4. In terms of Sec 133 of the Companies Act, 2013, recommended the notification of Ind AS 116 Leases by the Central Government.

6.5. In terms of Sec 133 of the Companies Act, 2013, recommended the notification of amendments to Ind AS 12, Ind AS 19, Ind AS 28, Ind AS 103, and Ind AS 109 by the Central Government.



MINUTES OF THE NATIONAL FINANCIAL REPORTING AUTHORITY (NFRA)

MEETING HELD ON 14.03.2019 IN NEW DELHI

The following amendments in the Minutes of the 1st Meeting of the National Financial Reporting Authority (NFRA) issued vide e-mail dated 18.03.2019 are hereby made with the approval of the Chairperson, NFRA.

(1) In Para 5

For	Read as
“..... It was explained by the Chairman, ASB, that all the comments had been carefully considered and analyzed and that there was no occasion to modify the drafts put out earlier and which had now been placed before NFRA. The Authority, taking notice of all the above, and the explanations of the Chairman, ASB and after going through the agenda papers, agreed with the recommendations of the ASB.”	“.....It was explained by the Chairman, ASB that all the comments had been carefully considered and analyzed and that there were couple of areas (i.e.. reinstatement of options to present Right of Use assets as part of the same line item as underlying leased asset and in case of Lease liability to present that as part of other line items of liabilities and two editorial changes) where the exposure draft issued by ASB was modified to align the same with IFRS 16 and the draft so finalized was placed before NACAS and ICAI Council. There is no change in the draft placed before NACAS and ICAI Council and the one now placed before NFRA. The Authority, taking notice of all the above, and the explanations of the Chairman ASB, and after going through the agenda papers agreed, with the recommendations of the ICAI.”

(2) In Para 6

For	Read as
“..... The Authority, taking notice of all the above, and the explanations of the Chairman, ASB and after going through the agenda papers, agreed with the recommendations of the ASB.”	“..... The Authority, taking notice of all the above, and the explanations of the Chairman, ASB and after going through the agenda papers, agreed with the recommendations of the ICAI.”

