

## **Minutes of the 19<sup>th</sup> meeting of the Authority held on 25.11.2024**

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The 19th Meeting of the National Financial Reporting Authority was held on 25 November 2024. The meeting was chaired by Dr. Ajay Bhushan Prasad Pandey, Chairperson, NFRA. The meeting was attended by:

a) Full-Time Members:

- (a) Dr. Praveen Kumar Tiwari
- (b) Ms. Smita Jhingran

b) Part Time Members:

- (a) Dr. Kavita Prasad, Director General, O/o CAG of India
- (b) Ms. Sudha Balakrishnan, Chief Financial Officer, RBI
- (c) Professor R. Narayanaswamy, Ex-Faculty, Finance & Accounting, IIM Bangalore
- (d) Professor Sanjay Kallapur, Professor of Accounting at ISB, Hyderabad
- (e) CA. Ranjeet Kumar Agarwal, President, ICAI

c) Officials

- (a) Ms. Vidhu Sood, Secretary, NFRA
- (b) CA Vidhyadhar Kulkarni, Pr. Consultant, NFRA
- (c) CA Megha Saxena, Secretary, AASB, ICAI

1. The quorum for the meeting of the Authority was met in accordance with para 3 (9) of the National Financial Reporting Authority (Meeting for Transaction of Business) Rules, 2019. Shri IDS Dhariwal, Joint Secretary (MCA), Shri S V Muralidhar Rao, Executive Director, SEBI, CA. Pramod Jain, Chairman, ASB, ICAI, CA and (Dr.) Sanjeev Kumar Singhal, Chairman, AASB, ICAI, were granted leave of absence.
2. Chairperson, NFRA, welcomed the Members to the 19th Meeting which was being held to discuss Standards of Auditing under LLPs u/s 34A of LLP Act 2008.
3. Secretary, NFRA, presented the background and the agenda. Section 34A of the Limited Liability Partnership Act 2008 (as amended in 2021) requires that the Central Government may, in consultation with NFRA, prescribe the accounting and auditing standards as recommended by the ICAI and in consultation with and after examination of NFRA.
4. Accordingly, pursuant to the 16<sup>th</sup> Meeting of NFRA, recommendations on the accounting standards had been sent to MCA.
5. After undertaking public consultation in November 2023– January 2024, ICAI had submitted its revised final proposals on auditing standards for LLPs on 06.08.2024 to NFRA. ICAI had proposed as below:

I. Standards on Auditing recommended by ICAI to NFRA for audit of companies vide its letters dated 23rd June 2022 and 8th April 2024 (“SAs for companies”) should apply mutatis mutandis for audit of LLPs.

II. Terminology used in the SAs for companies shall be understood and applied in the context of LLPs, e.g., terms “shareholders” shall be read as “partners”, “directors” shall be read as “partners/designated partners”, “dividend” shall be read as “distribution to partners”.

6. It was presented that the SAs and related Standards on Quality Management for audit of Companies have been finalised by the Authority in the 18<sup>th</sup> Meeting held on 11-12 November 2024. The proposal is in the process of being recommended to Central Government for notification u/s 143(10) of the Companies Act 2013 for audit of financial statements for accounting period on or after 01.4.2026. Accordingly, these revised standards can also be made applicable to LLPs u/s 34A of the LLP Act 2008, as and when approved by the Central Government for Companies.
7. The Authority decided to recommend the 40 SAs including the Standards on Quality Management, which were finalised by the Authority in its 18th Meeting held on 11-12 November 2024 for audit of Companies, to be applicable to audit of LLPs on a mutatis mutandis basis. Terminology used in the SAs for companies shall be understood and applied in the context of LLPs, e.g., terms “shareholders” shall be read as “partners”, “directors” shall be read as “partners/designated partners”, “dividend” shall be read as “distribution to partners”.
8. Out of 8 Members of NFRA attending the meeting, 7 Members-the representatives of CAG, RBI, two independent experts Prof Narayanaswamy, Retired Professor IIM Bangalore, Professor Sanjay Kallapur, Professor ISB, Hyderabad, two Full-Time Members of NFRA and Chairperson of NFRA were in support of the proposal. The ICAI members also supported the proposals (President, ICAI attended, and Chairman, ASB and Chairman AASB conveyed views vide email) except for their reservations to SQMs, SA 299, SA 600 and SA 800, 810, 805, as expressed by them earlier in respect of the SAs and SQMs finalized in the last meeting and which were reiterated by them in respect of the proposal under consideration for the audit of LLPs.
9. Upon the approval of the Central Government, these Standards are recommended to be effective from 1.04.2026 and were agreed to be recommended to be named Ind SAs.
10. Dr Kavita Prasad enquired if any of the exceptions available to Small & Medium-sized LLPs in respect of accounting standards (AS 18, Related Party Disclosures and AS 28, Impairment of Assets) approved in 16<sup>th</sup> meeting of the Authority held on 11.06.2024 would require any exceptions in the auditing standards. It was clarified by the NFRA Secretariat that auditors would apply the requirements of auditing standards keeping in view applicable reporting framework.

The meeting ended with a vote of thanks.

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Secretary  
NFRA

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