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Foreword

On 26 June 2023, the International Sustainability Standards Board (ISSB) issued the global sustainability disclosure standards - IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1) and IFRS S2, *Climate-related Disclosures* (IFRS S2). The standards aim to put sustainability reporting on an equal footing with financial reporting and facilitate the much-needed connectivity between sustainability-related financial information and the financial statements. The standards are designed to meet the needs of all companies. They provide a clear idea of what companies need to report to meet the needs of global capital markets – providing investors with globally comparable information. Although they are effective from 1 January 2024, but it will be for individual jurisdictions to decide whether and when to adopt. This edition of the Accounting and Auditing Update (AAU) contains an article on this topic which aims to provide a brief overview and the impact of the global sustainability disclosure standards.

The European Securities and Markets Authority (ESMA) publishes extracts from its confidential database of enforcement decisions on financial statements with the aim of strengthening the supervisory convergence and providing issuers and users of financial statements with relevant information on the appropriate application of the International Financial Reporting Standards (IFRS). Recently, ESMA published its 27th extract from the European Enforcers Coordination Sessions (EECS) database of enforcements (the report). The European enforcers have discussed and shared their experience on the application and enforcement of IFRS and applied their judgement, knowledge and experience to the facts and circumstances of each case. The decisions published are based on the IFRS requirements and refer to complex accounting issues or issues that could lead to different applications of IFRS. The report covers decisions relating to financial instruments, climate related matters, operating segments disaggregation of revenue and disclosures relating to leases. Our second article aims to highlight the key decisions published in the report.

There have been various regulatory developments in India and internationally. Recently on 14 June 2023, the Securities Exchange Board of India (SEBI) issued certain amendments to the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulation). The, *inter alia,* amendments are with respect to disclosure of material events or information by listed entities under Regulation 30 of the Listing Regulations, assurance of BRSR core for certain companies, continuation of a director, time-period to fill up vacancy of directors and key managerial personnel, timeline for submission of financial results by newly listed entities, etc. Additionally, the Reserve Bank of India (RBI) issued guidelines on Default Loss Guarantee (DLG) in digital lending which contains the pre-requisites to a DLG arrangement and points to consider after entering into a DLG arrangement. Further, the International Accounting Standards Board (IASB) issued amendments to IAS 12, *Income Taxes*, to address the issues arising from the accounting for deferred taxes arising from the implementation of the Global Anti Base Erosion Rules (GloBE). Our regulatory updates article cover these and other important regulatory developments during the month.

We would be delighted to receive feedback/suggestions from you on the topics we should cover in the forthcoming editions of AAU.

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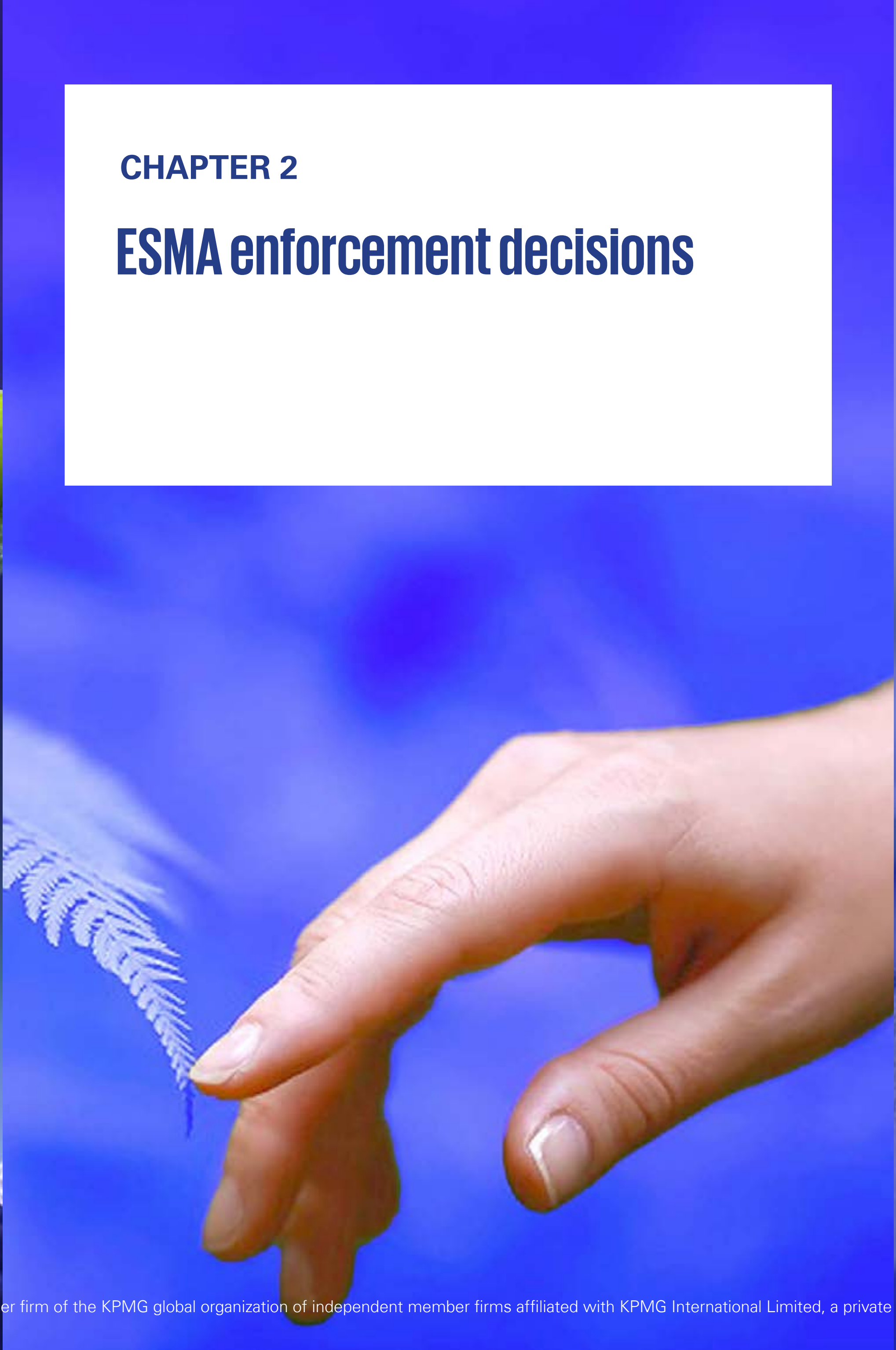
CHAPTER 1

ISSB issues global sustainability disclosure standards



CHAPTER 2

ESMA enforcement decisions

CHAPTER 3

Regulatory updates

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CHAPTER 1

ISSB issues global sustainability disclosure standards

This article aims to:

- Provide a brief overview and impact of the ISSB sustainability disclosure standards

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In recent years, there has been a growing demand among stakeholders and investors for more consistent and comparable information on sustainability-related disclosures. Sustainability factors are becoming an integral part of investment decisions by stakeholders in the capital markets. There is a pressing need for companies to provide high-quality, globally comparable information on sustainability-related risks and opportunities.

In this regard, on 26 June 2023, the International Sustainability Standards Board (ISSB) issued the final version of the first two IFRS Sustainability Disclosure Standards (the standards):

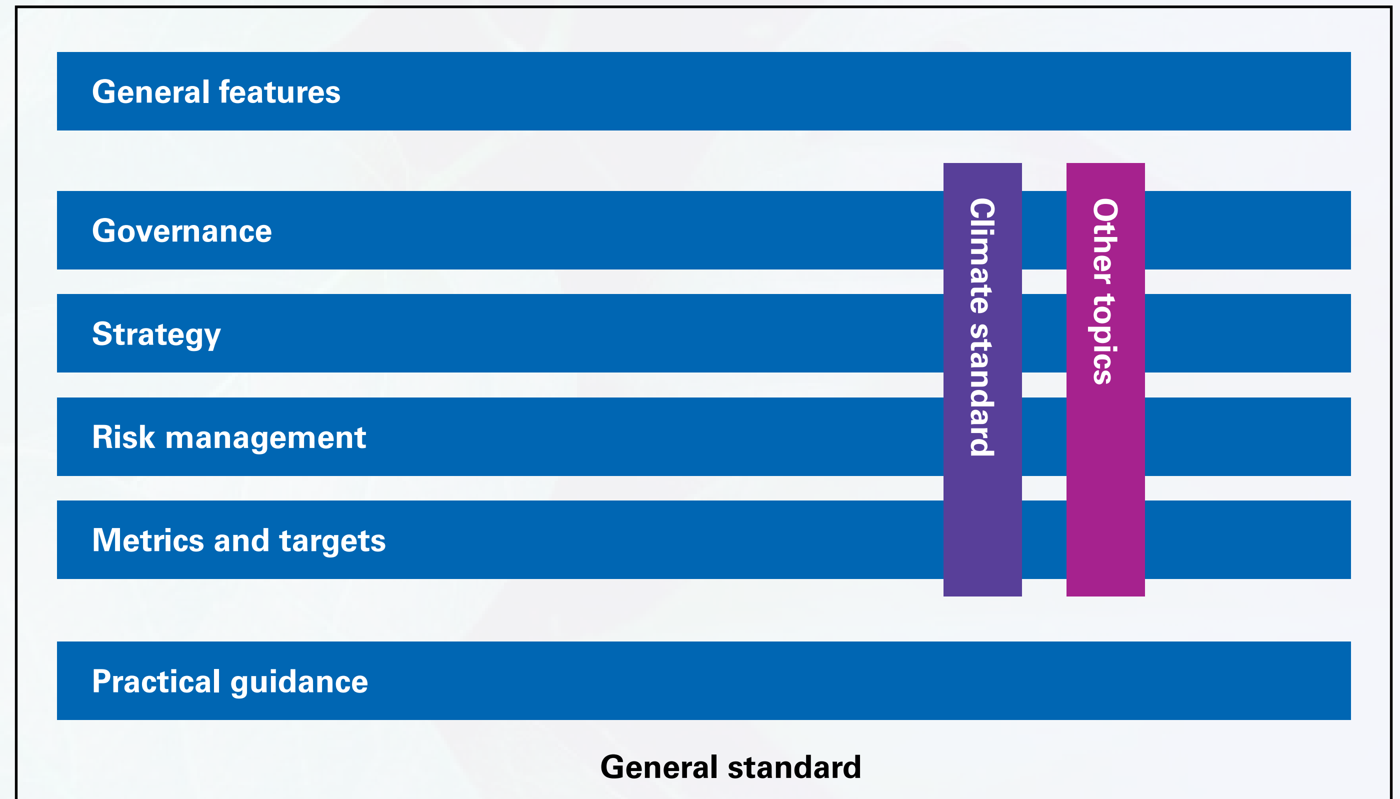
- IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* (IFRS S1)
- IFRS S2, *Climate-related Disclosures* (IFRS S2)

The standards aim to put sustainability reporting on an equal footing with financial reporting and facilitate the much needed connectivity between sustainability-related financial information and the financial statements. They are based on existing frameworks and standards, including that of Task Force on Climate-related Financial Disclosures (TCFD) and Sustainability Accounting Standards Board (SASB).

Brief overview of the standards:

- **IFRS S1:** The objective of this standard is to require an entity to disclose information about its sustainability-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. This standard sets the foundation for implementation. It contains general features of sustainability reporting, including on materiality. The disclosure of information should be provided across four areas of:
  - Governance,
  - Strategy,
  - Risk management, and
  - Metrics and targets.

  The standard also includes practical guidance, including guidance on presentation of information.
- **IFRS S2:** This standard requires an entity to disclose information about its climate-related risks and opportunities that is useful to primary users of general purpose financial reports in making decisions relating to providing resources to the entity. It provides additional details over and above the IFRS S1 and is also based on the above-mentioned four focus areas with additional guidance, particularly in relation to:
  - Disclosure of risks, climate transition plans, Greenhouse Gas (GHG) emissions and scenario analysis and
  - General and industry-specific metrics.



(Source: ISSB Talkbook issued by KPMG International Standards Group, dated 26 June 2023)

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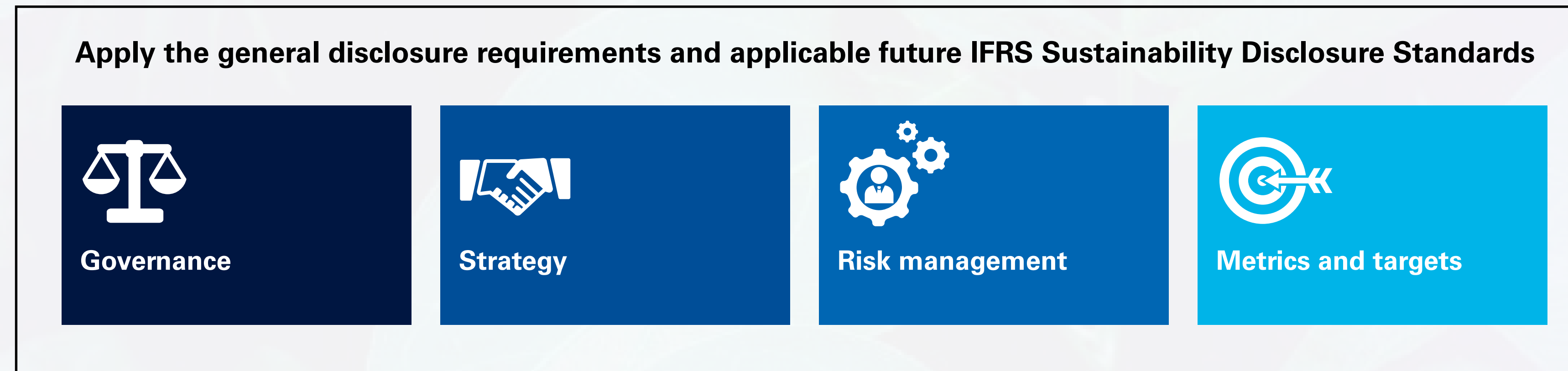
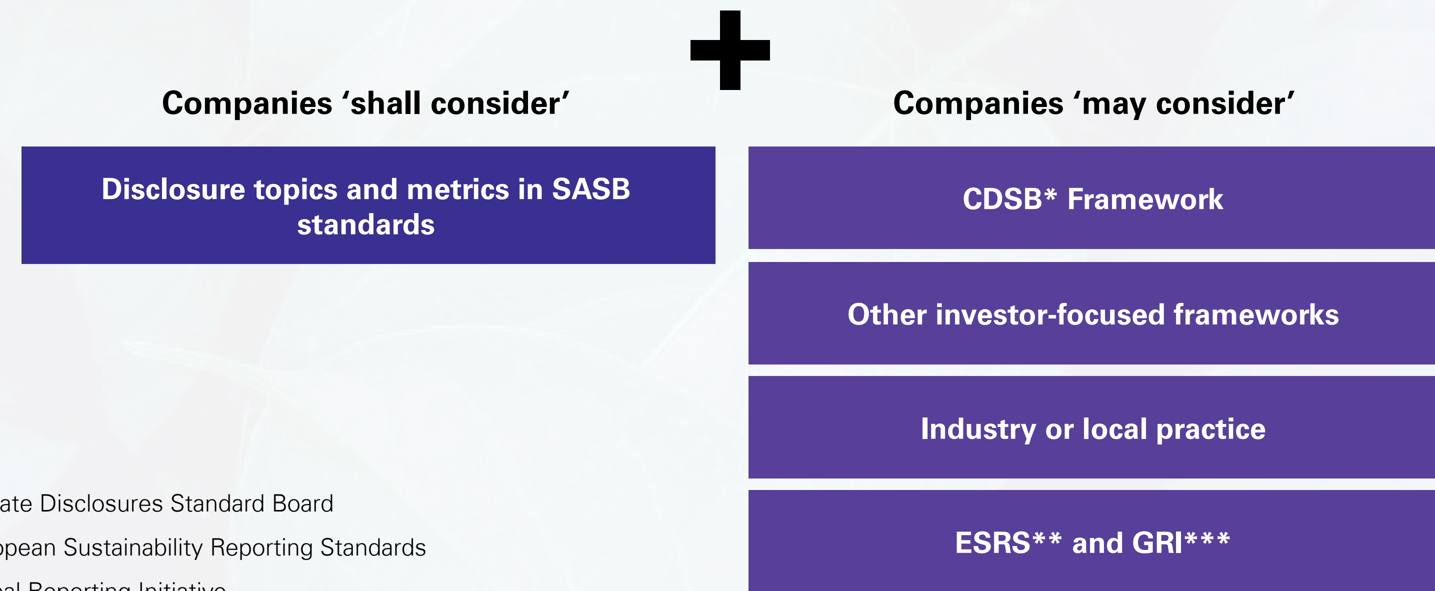
- **Topics other than climate:** The general requirements standards will require disclosure on all relevant topics. This standard helps companies by providing:
  - A framework of disclosures relevant for reporting on all sustainability-related topics
  - Suggested reference materials for topics other than climate
  - Key principles, including materiality and connected information and
  - Practical details – e.g. how to update estimates or report comparatives.

  The standard provides a climate 'first' relief. The standard introduces a relief from providing disclosures on topics other than climate in the first year of reporting. Companies still need to report on other topics from second year.





*CDSB – Climate Disclosures Standard Board

**ESRS - European Sustainability Reporting Standards

***GRI – Global Reporting Initiative

(Source: ISSB Talkbook issued by KPMG International Standards Group, dated 26 June 2023)

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Key elements of the standards:

- **Disclosure of material information and material metrics:** Companies should provide a complete and balanced explanation of sustainability-related risks and opportunities. They should consider the four focus areas and should provide only such information which is relevant for investors and creditors. The entities should specify the time horizons—short, medium or long term—over which the effects of each of those sustainability-related risks and opportunities could reasonably be expected to occur. Further information disclosed should be relevant to the sector and industry in which the company operates.

  The metric would be based the measurement requirements specified in the climate standard or future standards to be introduced.

Disclosures focus on matters that are critical to the way a company operates

Additional standards that build on this framework and include industry-specific requirements

Climate-related disclosures	Future standards to be issued

(Source: ISSB Talkbook issued by KPMG International Standards Group, dated 26 June 2023)

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- **Scenario analysis:** Companies are required to undertake scenario analysis when describing their assessment of climate resilience. For this purpose, ISSB will provide guidance on the analysis that will be appropriate for different types of companies which will be based on existing materials developed by the TCFD. Such disclosures would help investors assess the possible exposures from a range of hypothetical circumstances. Companies discussing impacts under different scenarios would provide an understanding of their assessment of resilience.
- **Placement of the disclosure:** The standards do not specify a single location. The disclosures are required to provide as part of its general-purpose financial reports. Subject to any regulation or other requirements that apply to an entity, there are various possible locations in its general-purpose financial reports in which to disclose sustainability-related financial information. The standards allow for cross-referencing to information presented elsewhere, but only if it is released at the same time as the general-purpose financial report. However, the entity should ensure that the sustainability-related financial disclosures are clearly identifiable and not obscured by that additional information.
- **Effective date for application:** The standards are effective for annual reporting periods beginning on or after 1 January 2024, with early application being permitted. However, adopting the standards is dependent on local jurisdictions, so the first application date might be different for companies around the world. In some jurisdictions, the standards will provide a baseline either to influence or to be incorporated into local requirements. Companies may choose to adopt the standards on a voluntary basis also.
- **Timing of reporting:** An entity will report its sustainability-related financial disclosures at the same time as its related financial statements. The entity's sustainability related financial disclosures should cover the same reporting period as the related financial statements.
- **Comparative information:** Unless another IFRS Sustainability Disclosure Standard permits or requires otherwise, an entity is required to disclose comparative information in respect of the preceding period for all amounts disclosed in the reporting period. If such information would be useful for an understanding of the sustainability-related financial disclosures for the reporting period, the entity shall also disclose comparative information for narrative and descriptive sustainability-related financial information.
- **Statement of compliance:** An entity whose sustainability-related financial disclosures comply with all the requirements of IFRS Sustainability Disclosure Standards should make an explicit and unreserved statement of compliance. An entity should not describe sustainability-related financial disclosures as complying with IFRS Sustainability Disclosure Standards unless they comply with all the requirements of IFRS Sustainability Disclosure Standards.
- **Transitional relief:** The standards provide transitional relief as companies are not required to provide comparative information for any period before the date of initial application. Further they are not required to disclose Scope 3 emissions metrics or information on topics other than climate until the second period of reporting.

Impact on companies

It is important to note that first two standards are required to be applied together. Therefore, the companies should identify and report only such information that investors need for informed decision making i.e. the information that would affect the investor's assessments about a company's future cash flows. Accordingly, companies should adopt a consistent global framework to report on all relevant sustainability topics and not just on climate related standard. For this purpose, companies should assess how these topics impact its prospects.

Companies will need to implement processes and controls so that they can provide sustainability-related information of the same quality, and at the same time, as their financial information.

Some key points to consider are:

- **Understand the impact:** Companies should conduct necessary research and understand current and emerging requirements of the new standards. They should assess and understand when, where and how this will impact the company.
- **Determine what is material:** Determine which topics are relevant to report on and decide what information is material about those topics should be evaluated by companies and those charged with governance.

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- **Assess maturity:** Companies should assess the maturity of processes, the control environment, data model and policies. The management should understand the current distribution of roles and available knowledge and capacity.
- **Transform reporting:** Companies should design the manner of reporting to be adopted. For this, companies should consider deploying target operating model, including training as well as support for change management. In case a company has already adopted other frameworks for sustainability reporting, they may map how the standards differ from current frameworks used.
- **Assurance requirements:** It should be noted that the assurance requirements are not within the ISSB's remit. Further, regulators may choose to require assurance. However, despite the local assurance requirements, companies will need to ensure they have the processes and controls in place to produce robust, accurate and timely information.

Next steps

Establishing a global baseline for corporate sustainability disclosures is a key ambition of the International Organization of Securities Commissions' (IOSCO's) Workplan for Sustainable Finance, which aims to increase transparency and mitigate greenwashing in financial markets. IOSCO has been actively involved in the IFRS Foundation and has welcomed these new standards.

There are 140 IOSCO member jurisdictions, and as the ISSB standards follow a building blocks approach, this is likely to encourage these jurisdictions to adopt these standards. ISSB standards facilitate the addition of requirements that are jurisdiction specific or a with the basis to decide how they might adopt, apply or be informed by the ISSB standards.

Additional standards by ISSB are expected in the future which would provide general and industry-specific guidance on other topics such as biodiversity. Companies should keep track of all the developments and announcements about adoption of these standards.

Currently, top 1,000 listed companies in India are required to furnish a Business Responsibility and Sustainability Report (BRSR) to the stock exchanges as part of their annual report. The BRSR seeks disclosures from listed companies on their performance against the nine principles of the National Guidelines for Responsible Business Conduct (NGRBC). As per the BRSR guidance note, listed companies can prepare and disclosure sustainability reports (as part of annual report) based on internationally accepted reporting framework such as GRI, SASB, TCFD, Integrated Reporting (<IR>) and can cross-refer the disclosures made under such frameworks to the disclosures sought under the BRSR. The mandatory reporting under BRSR does not restrict companies from adopting the ISSB framework and companies can look to adopt these standards on a voluntary basis as it will help in producing globally comparable sustainability disclosures. This will also aid in cross border transactions and securing sustainable finance.

SEBI has recently introduced the 'BRSR Core' which consist of limited set of Key Performance Indicators (KPIs) under each E, S and G attributes/areas. The BRSR Core would include attributes such as change in GHG footprint, change in water footprint, environmental footprint, waste management, etc. Companies should watch out for further developments from regulators in this space.

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CHAPTER 2

ESMA enforcement decisions

This article aims to:

- Discuss the essence of the key decisions published in the 27th extract from the European Enforcers Coordination Sessions (EECS's) database of enforcements.

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On 29 March 2023, the European Securities and Markets Authority (ESMA) published the 27th extract from the EECS's Database of Enforcement (ESMA report). The report is an extract from its confidential database of enforcement decisions on financial statements. These decisions are taken by 38 European enforcers from all European Economic Area (EEA) countries with responsibilities in the area of enforcement of financial information.

The ESMA report has been published to strengthen supervisory convergence and provide companies and users of financial statements with relevant information on the appropriate application of the International Financial Reporting Standards (IFRS). This is likely to help compliance with IFRS and contribute to the consistent application of the standards.

In this article, we will discuss the key decisions published in the ESMA report. Some of the important decisions are in relation to:

- Financial instruments
- Climate related matters, and
- Other considerations – operating segments revenue, leases

Financial instruments

a. Reclassification of financial assets

IFRS 9, *Financial Instruments* highlights that the reclassification of financial assets is required if, and only if, the objective of the entity's business model for managing those financial assets changes. Such changes are expected to be infrequent and should be determined by the entity's senior management based on external or internal changes. These changes must be significant to the entity's operations, demonstrable to external parties and is only possible if the entity begins or ceases to perform an activity that is significant to its operations (e.g., acquires, disposes or terminates a business line).

ESMA report reiterated the guidance of the IFRS 9 and mentioned IFRS 9 establishes high hurdles for a change in the business model that would require a reclassification of financial assets.

b. Exposure to credit risk

There is a need to provide sufficient transparency on the impact, the changing economic environment has on the Expected Credit Loss (ECL) calculation. These disclosures would enable users of financial statements to understand the effect of credit risk on the amount, timing and uncertainty of future cash flows along with an explanation of how significant changes in the gross carrying amount of financial instruments during the period contributed to changes in the loss allowance.

IFRS 7, *Financial Instruments: Disclosure* requires entities to explain their credit risk management practices and how they relate to the recognition and measurement of ECL. In particular, an entity should disclose how it determines whether the credit risk of financial instruments has increased significantly since initial recognition. The ESMA enforcer considered this and reiterated that additional information should have been provided on the Significant Increase in Credit Risk (SICR), such as quantitative criteria applied to stage transfers (transfer from stage 1 to stage 2, in particular for restructured exposures) as well as the existence of a probation period for transfers back from stage 2 to stage 1.

Further, ESMA report highlighted that companies should ensure consistency between credit risk disclosures and amounts presented on the statement of financial position and in the income statement.

Climate related matters

ESMA enforcers highlighted that there is a significant room for improvement in disclosures of climate related matters by companies in their financial statement. The ESMA enforcer highlighted that the disclosures related to impairment tests and its exposure to climate risks were not sufficient to meet the requirements of IAS 36, *Impairment of Assets*.

When assessing the materiality of the missing disclosures, the ESMA enforcer considered qualitative and quantitative factors such as:

i. The amount of goodwill and intangible assets within definite useful lives which was material in the issuer's financial statements,

ii. The issuer's high exposure to climate risks, and

iii. The lack of consistency and coherence between the commitments disclosed in the non-financial section of the management report and the information disclosed in the financial statements.

Basis the requirements of paragraph 134 (f) of IAS 36, the ESMA report also highlighted that the sensitivity analysis of the recoverable amounts to a reasonable variation of the assumptions used which were related to climate change should be disclosed. Considering the deficiency discussed above, the ESMA report highlighted that the missing disclosures constituted a material departure from IFRS requirements.

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IAS 1, *Presentation of Financial Statements* deals with the overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. Further IAS 1 requires specific disclosures on significant accounting policies, judgements and sources of estimation uncertainty considered by management in preparing the financial statements. In this regard, ESMA report also reminded companies that they need to disclose whether and how climate-related matters have affected the significant estimates and judgements used in testing non-financial assets for impairment. The companies should also consider the corresponding impact of exposure to climate risks on the useful lives and residual value of non-current assets. It is imperative for companies to ensure consistency and coherence between the commitments disclosed in the non-financial section of the management report and the information disclosed in the financial statements.

Other considerations

a. Aggregation of operating segments

ESMA enforcers emphasised that the companies should make an assessment of both the economic characteristics of operating segments (such as long-term average gross margin) and the qualitative criteria (such as nature of product, nature of production process, type of customers, etc.) when aggregating operating segments into one reportable segment.

b. Disaggregation of revenue from contract with customers

Emphasising on the importance of the revenue-related disclosures in enabling investors to understand a company's profitability and in estimating the future cashflows, ESMA enforcers indicated the significance of revenue disaggregation in the financial statements. It accentuated that the following factors need to be carefully evaluated when selecting the type of category (or categories) to use to disaggregate revenue:

- Economic factors that drive revenue in each category
- How information about an entity's revenue is presented for other purposes including information disclosed outside the financial statements (for example, in earnings releases, annual reports, or investor presentations).

c. Disclosures related to IFRS 16, *Leases*

The companies should provide a breakdown of the lease payments in the notes to the financial statements separately disaggregating

i. Variable payments,

ii. Short term leases payments,

iii. Low value leases, and

iv. Rent concession leases

Further, the companies should disclose additional qualitative and quantitative information that helps users of financial statements assess future cash outflows to which the lessee is potentially exposed to and that are not reflected in the measurement of lease liabilities. This includes exposure arising from variable lease payment.

Additionally, ESMA enforcers empahsised that the issuer should separately disclose the amount recognised in profit or loss for the reporting period (in accordance with paragraph 60A of IFRS 16) to reflect changes in lease payments that arise from rent concessions to which the lessee has applied the practical expedient.

Conclusion

With the increasing stakeholders' interests on the impact of climate related matters on the entity's business model, financial position, financial performance and cash flows, the exposure of climate-related risks needs to be carefully evaluated such that it might have an impact on an entity's operations and financial performance. Considering this ESMA, in its recent enforcement decisions also highlighted that companies should provide more information in relation to climate-related matters in the notes to the financial statements as required by the provisions of IAS 1.

Needless to say, the management of the companies needs to ensure that the financial statements provide information that users need through clear, meaningful and specific disclosures. Further, it is critical to ensure consistency and coherence between the non-financial information disclosed in the management reports and the judgements and estimates disclosed in the financial statements.

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CHAPTER 3

Regulatory updates

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Amendments to the SEBI Listing Regulations

On 14 June 2023, the Securities and Exchange Board of India (SEBI) issued a notification to amend the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 (Listing Regulations) through SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023 (the amendment).

The key amendments issued include:

- **Disclosure of material events or information (Regulation 30):** Regulation 30 of the Listing Regulations requires every listed company to provide disclosures of events or information which, in the opinion of the Board of Directors of the listed company, are material in accordance with the provisions of Part A of Schedule III of the Listing Regulations.

  The regulation 30 has been recently amended and these amendments are effective from 14 July 2023. The following are the amendments:

  i. **Materiality threshold for disclosure (Regulation 30(4)(i)):** Para B of Part A of Schedule III of the Listing Regulations (Para B) provides the list of events that are required to be disclosed as per the materiality policy framed by the listed companies. In addition to the existing requirements stipulated in Regulation 30(4)(i), the amendment has now introduced a quantitative threshold for disclosure of events specified under Para B. Therefore, events may be considered material if, *inter alia,* their value or the expected impact in terms of value, exceeds the lower of the following:

     i. Two per cent of turnover, as per the last audited consolidated financial statements of the listed company;

     ii. Two per cent of net worth, as per the last audited consolidated financial statements of the listed company, except in case the arithmetic value of the net worth is negative;

     iii. Five per cent of the average of absolute value of profit or loss after tax, as per the last three audited consolidated financial statements of the listed company

     Further, where any continuing event or information becomes material on account of the notification of this amendment, then such a continuing event or information should be disclosed by 13 August 2023.

  ii. **Materiality policy (Regulation 30(4)(ii)):** The amendment has inserted a proviso requiring listed entities to ensure the following while determining the materiality policy:

     - The materiality policy should not dilute any requirement specified under the provisions of the Listing Regulations
     - The materiality policy should assist the relevant employees of the listed company in identifying any potential material event or information and reporting the same to the authorised Key Managerial Personnel (KMP) for determining the materiality of the said event or information and for making the necessary disclosures to the stock exchange(s).

  iii. **Timeline for disclosure (Regulation 30(6)):** The amendment has revised the timelines for disclosure, of material events or information, to the stock exchange. As per the amendment, the disclosure should be made as soon as reasonably possible and in any case not later than the following:

Event or information emanating from…	Timeline for disclosure to the stock exchange*
Outcome of a meeting of the Board of Directors	Within 30 minutes from closure of meeting in which the decision was taken
Within the listed company	Within 12 hours *(earlier 24 hours)* from occurrence of event
Externally (i.e. not emanating from within the listed company)	Within 24 hours from the occurrence of the event
Events specified in Part A of Schedule III of the Listing Regulations	Timelines specified within Part A of Schedule III of the Listing Regulations

*In case the disclosure is made after the abovementioned timelines, then the listed company should also provide an explanation for the delay in disclosure.

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iv. **Verification of market rumours (Regulation 30(11)):** As per this sub-regulation, every listed entity should on its own initiative, confirm or deny any reported event or information to stock exchange(s).

In addition to the above-mentioned general provision, the amendment also requires certain specified listed companies to confirm, deny or clarify any reported event or information in the mainstream media which is not general in nature and which indicates that rumours of an impending specific material event or information in terms of the provisions of this regulation are circulating amongst the investing public.

The specified listed entities are as follows:

Top 100 listed entities[1]	With effect from 1 October 2023
Top 250 listed entities[1]	With effect from 1 April 2024

The confirmation by the above listed companies should be made within 24 hours from the reporting of the event or information. Further, the listed company should also provide the current stage of such event or information.

The amendment also defines the term 'mainstream'. Accordingly, 'mainstream media' includes print or electronic mode of the following:

i. Newspapers registered with the Registrar of Newspapers for India
ii. News channels permitted by Ministry of Information and Broadcasting under Government of India
iii. Content published by the publisher of news and current affairs content as defined under the Information Technology (Intermediary Guidelines and Digital Media Ethics Code) Rules, 2021 and
iv. Newspapers or news channels or news and current affairs content similarly registered or permitted or regulated, as the case may be, in jurisdictions outside India

v. **Disclosure of communication from any regulatory, statutory, enforcement or judicial authority (Regulation 30(13)):** The amendment has inserted a new sub-regulation which requires a listed company to disclose communication received from any regulatory, statutory, enforcement or judicial authority with respect to an event or information which is required to be disclosed in terms of the provisions of this regulation. However, the disclosure of such communication should not be made if the listed company is prohibited to do so by the concerned authority.

vi. **Disclosure requirements for certain types of agreements binding listed companies (Regulation 30A):** The amendment now requires listed companies to disclose agreements (including rescission, amendment, or alteration), which directly, indirectly or potentially impacts the management, or control of a listed company, or imposes any restriction, or creates any liability on a listed company, whether or not the listed company is a party to such agreements.

Such agreements can be entered into by the shareholders, promoters, promoter group entities, related parties, directors, Key Managerial Personnel (KMP) and employees of a listed company or of its holding, subsidiary and associate company. Such parties should inform the listed company about such agreement within two working days of entering into such agreements or signing an agreement to enter into such agreements.

The listed company should disclose such agreements under Para A of Part A of Schedule III of the Listing Regulations (Para A). Further, the listed company should disclose the following in the Annual Report for the financial year 2022-23 or for the financial year 2023-24:

- The number of agreements that subsist as on 14 June 2023 under Para A
- Salient features of such agreements
- Link to the webpage where the complete details of such agreements are available.

vii. **Addition and modification of events in Para A and Para B:** The events specified in Para A are deemed to be material events which are required to be disclosed by the listed companies whereas the events enumerated in Para B are required to be disclosed based on the materiality policy of the listed company. The amendment has added and modified certain events/information under Para A and Para B.

1. The top 100 and 250 listed entities shall be determined on the basis of market capitalisation, as at the end of the immediately preceding financial year

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- **Board permanency at listed companies (Regulation 17(1D)):** SEBI has inserted Regulation 17(1D) in the Listing Regulations, which states that with effect from (w.e.f) 1 April 2024, for directors to continue to serve on the board of directors (the board) of a listed company, shareholders' approval in a general meeting should be obtained at least once in every five years from the date of their appointment or reappointment, as the case may be. The amendment further clarifies that every director serving on the board of a listed company as on 31 March 2024, and for whom a shareholders' approval has not been obtained in the last five years, the approval of shareholders should be obtained in the first general meeting to be held after 31 March 2024.

- **Prescribed timeline for filling the vacancy of directors and key managerial personnel (Regulation 6(1A), 17(1E) and 26A):** The amendment has prescribed the following timelines for filling of vacancy:

Role	Timeline to fill vacancy
Directors	Any vacancy of directors to be filled at the earliest but not later than three months from the date such vacancy. In case of non-compliance of Regulation 17(1)[2] due to expiration of the term of office of any director, the resulting vacancy so created shall be filled-up on that day itself. However, this is not applicable if listed company complies with Regulation 17(1) of the Listing Regulation without filling up the vacancy created.
• Compliance Officer • CFO • CEO/Managing Director (MD)/ Whole Time Director (WTD)/ Manager	Any vacancy created should be filled-up at the earliest but not later than three months from the date of such vacancy. However, the listed company shall not fill such a vacancy by appointing a person in interim capacity, unless such appointment is made in accordance with the laws applicable in case of a fresh appointment to such office and the obligations under such laws are made applicable to such person.

The above timelines are effective from 14 July 2023.

- **Special rights to shareholders (Regulation 31B):** As per the existing provisions of the Listing Regulations, once an entity gets listed, it seeks one-time approval of the shareholders for retaining any special rights granted as per the Articles of Association (AOA) of the company. The amendment has introduced Regulation 31B which specifies that any special right granted to the shareholders must be subject to the approval by shareholders in a general meeting through a Special Resolution (SR) once in every five years, beginning from the date of grant of such special right. This amendment is applicable from 14 July 2023.
- **Sale, lease or disposal of an undertaking outside scheme of arrangement (Regulation 37A):** SEBI has inserted Regulation 37A to prescribe the provisions for sale, lease or disposal of an undertaking outside the scheme of arrangement. It provides that where an entity carries out the sale, lease or disposal of the whole or substantially the whole of one or more than one undertaking (where it owns more than one undertaking), it should:
  - Obtain prior approval of the shareholders by way of a SR, and
  - Disclose the object of and commercial rationale for carrying out such sale, lease or disposal and the use of proceeds arising therefrom, in the statement annexed to the notice to be sent to the shareholders.

  Further, such SR should be acted upon, only if the votes cast by the public shareholders in favour of the resolution exceed the votes cast against the resolution.

  The aforementioned requirement would not be applicable to transactions involving sale, lease or disposal of the whole or substantially the whole of the undertaking by an entity to its Wholly Owned Subsidiary (WOS), whose accounts are consolidated with the entity. However, where the WOS sells, leases or disposes off the whole or substantially the whole of the undertaking received, whether in whole or in part, to any other entity, it must comply with this requirement before convening such transaction.

  This amendment is applicable from 14 June 2023.

2. Regulation 17(1) of Listing Regulations specifies the composition of board of directors for the listed entities including minimum number of directors, independent directors, non-executive directors, woman director and independent woman director

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- **Submission of financial results by newly listed entities (Regulation 33(3)):** The amendment issued by SEBI requires a newly listed company to disclose its first financial results post its listing, for the period (quarter or financial year) immediately succeeding to the periods for which financial results were disclosed in the offer documents for an initial public offer, within 21 days from the date of listing or as per the applicable timeline under the Listing Regulations, whichever is later. This amendment is applicable to the issuers whose public issues open on or after 14 July 2023.
- **Applicability of corporate governance provisions to High Value Debt Listed Entities (HVDLEs) (Regulation 15(1A)):** The amendment has extended the applicability of corporate governance provisions, on a 'comply or explain' basis to HVDLE till 31 March 2024 *(earlier, it was applicable till 31 March 2023)*. The corporate governance provisions, would be applicable on a mandatory basis to HVDLEs post 31 March 2024.
- **Disclosure of cyber security incidents or breaches and loss of data/documents (Regulation 27):** Listed entities are now required to provide details of cyber security incidents, breaches, loss of data, or documents in the quarterly corporate governance report which is required to be submitted to the recognised stock exchange(s) within 21 days from the end of each quarter, in the format as prescribed by SEBI. This amendment is effective from 14 July 2023.
- **Submission of Business Responsibility and Sustainability Report (BRSR) (Regulation 34(2)(f)):** Top 1,000 listed entities[3] are required to submit BRSR which consists of Environmental, Social and Governance (ESG) disclosures, in the format prescribed by SEBI.
- The amendment clarifies that:

  a. assurance for the BRSR Core should be obtained in the manner to be specified by the SEBI from time to time.

  b. The listed entities are also required to make disclosures and obtain assurance as per the BRSR Core for their value chain in the manner to be specified by the SEBI from time to time.

  The amendment further states that the remaining listed entities, including the entities which have listed their specified securities on the SME Exchange, may voluntarily disclose the BRSR or may voluntarily obtain the assurance of the BRSR Core, for themselves or for their value chain, as the case may be.

  This amendment is effective from 14 June 2023.
- **Disclosure on listed company's website (Regulation 46(2)(o)):** As per the amendment the disclosure of schedule of the analysts or institutional investors' meet and presentations should be made on the entity's website at least two working days in advance (excluding the date of the intimation and the date of the meet). The amendment is effective from 14 July 2023.
- **Intimation to stock exchanges (Regulation 57):** The amendment has clarified that a listed company should submit a certificate to the stock exchange regarding status of payment of interest, dividend, repayment, or redemption of principal of non-convertible securities, within one working day of it becoming due, in the specified format. The amendment is effective from 14 June 2023.

(Source: SEBI notification no. No. SEBI/LAD-NRO/GN/2023/131 dated 14 June 2023)

3. Based on market capitalisation as calculated as on 31 March of every financial year

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Amendments to the underwriting and bonus framework

On 23 May 2023, SEBI issued a notification to amend the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018 (ICDR Regulations). The key amendments are as follows:

- **Underwriting in a public issue:** The SEBI has amended Regulation 40 and Regulation 136 of the ICDR Regulation. Regulation 40 lays down the underwriting provisions in case of an Initial Public Offer (IPO) whereas Regulation 136 prescribes the underwriting provisions for a Further Public Offer (FPO).

  The amendment provides that in case of a public issue, prior to the filing of the prospectus, the issuer should enter into an underwriting agreement with the merchant bankers or stock-brokers registered with SEBI to act as underwriters. The underwriting agreement should include the maximum number of specified securities that the underwriters would subscribe to, either by themselves or by procuring subscription, at a predetermined price which should not be less than the issue price. A disclosure of the underwriting agreement entered into is required to be made in the prospectus.

- **Bonus issue:** SEBI has amended the conditions for a bonus issue enumerated in Regulation 293 and Regulation 294 of ICDR Regulations. The conditions for a bonus issue enumerated in Regulation 293 of the SEBI ICDR Regulations would also be applicable for announcement of bonus shares. The amendment provides that:

  a. The issuer would be eligible to announce its bonus issue and issue bonus shares if it has received approval from the stock exchanges for listing and trading of all the securities, excluding options granted to employees pursuant to an employee stock option scheme and convertibles securities, issued by the issuer prior to the issuance of bonus shares.

  b. The allotment of shares in a bonus issue shall be made only in the dematerialised form.

- **Disclosures in the offer document:** As per the amendment, if an extract of any industry report is disclosed in the offer document, then the complete industry report should be provided as part of the material documents under Schedule VI of the ICDR Regulations.

The above amendments are effective from 23 May 2023.

(Source: SEBI circular no. SEBI/LAD-NRO/GN/2023/130 dated 23 May 2023)

Timeline for submission of form CSR-2 for FY 2022-23

As per the provisions of the Companies (Accounts) Rules, 2014 (Accounts Rules), every company covered under Section 135(1)[4] of the Companies Act, 2013 (2013 Act) should furnish a Corporate Social Responsibility (CSR) report in Form CSR-2, to the Registrar of Companies (RoC), as an addendum to Form No. AOC-4 or Form No. AOC-4-NBFC (Ind AS), as the case maybe.

The Ministry of Corporate Affairs (MCA) issued a notification on 2 June 2023 to provide the timeline for submission of Form CSR-2 for financial year 2022-2023. As per the notification, Form CSR-2 should be filed separately on or before 31 March 2024 after filing Form No. AOC-4 or Form No. AOC-4-NBFC (Ind AS), or Form No. AOC-4 XBRL[5], as the case may be.

(Source: MCA notification no. G.S.R. 408(E) dated 2 June 2023)

4. As per Section 135(1) of the 2013 Act, every company having net worth of INR500 crore or more, or turnover of INR1000 crore or more or a net profit of INR5 crore or more during the immediately preceding financial year should constitute a CSR Committee of the Board consisting of three or more Directors, out of which at least one director shall be an independent director

5. Form AOC 4 - Form for filing financial statement and other documents with the Registrar

   Form No. AOC-4-NBFC (Ind AS) - Form for filing financial statement and other documents with the Registrar for NBFCs

   Form No. AOC-4 XBRL - Form for filing XBRL document in respect of financial statement and other documents with the Registrar.

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RBI issued guidelines on Default Loss Guarantee (DLG) in digital lending

On 2 September 2022, the Reserve Bank of India (RBI) issued guidelines on digital lending, which are applicable to all Regulated Entities (REs)[6]. The REs needs to ensure that the Lending Service Providers (LSPs)[7] engaged by them, and the digital lending apps of the REs and of the LSPs engaged by the REs comply with these guidelines. However, these guidelines did not stipulate the regulation for First Loss Default Guarantee (FLDG).

In this regard, on 8 June 2023, RBI issued guidelines on DLG, commonly known as FLDG, in digital lending. It is be noted that the DLG arrangements conforming to these guidelines should not be treated as 'synthetic securitisation'[8] and/or should also not attract the provisions of 'loan participation'[9].

The key takeaways from DLG guidelines are as follows:

- **DLG arrangement:** There must be a contractual arrangement between the RE and a DLG Provider under which the DLG Provider should guarantee to compensate the RE for the loss due to default up to a certain percentage of the loan portfolio of the RE, specified upfront. Any other implicit guarantee of similar nature linked to the performance of the loan portfolio of the RE and specified upfront, should also be covered under the definition of DLG.
- **Eligibility for a DLG Provider:** DLG arrangements are to be entered with only LSP/other RE with which it has entered into an outsourcing (LSP) arrangement. Further, the LSP providing DLG should be incorporated as a company under the 2013 Act.
- **Approval by Board of Directors:** REs shall put in place policies approved by the Board of Directors before entering into any DLG arrangement.

  At the minimum, the policy should include
  a. The eligibility criteria for DLG provider
  b. Nature and extent of DLG cover
  c. Process of monitoring and reviewing the DLG arrangement, and
  d. The details of the fees, if any, payable to the DLG provider
- **Declaration from DLG providers:** Every time an RE enters into or renews a DLG arrangement, RE should obtain a declaration from the DLG provider which should be certified by the statutory auditor on the following matters:
  a. Aggregate DLG amount outstanding,
  b. The number of REs
  c. The respective number of portfolios against which DLG has been provided.
  d. Past default rates on similar portfolios.
- **Credit appraisal requirements:** It has been clarified that a DLG arrangement should not act as a substitute for credit appraisal requirements and that robust credit underwriting standards need to be put in place irrespective of DLG cover.
- **Structure of DLG arrangements:** Every DLG arrangement should be backed by an explicit legally enforceable contract between the RE and the DLG provider. Such contract, should inter alia include:
  a. Extent of DLG cover
  b. Form in which DLG cover is to be maintained with the RE
  c. Timeline for DLG invocation
  d. Disclosure requirements of the LSPs

6. The guidelines on digital lending issued on 2 September 2022 are applicable to REs which are:
   a. All Commercial Banks (including Small Finance Banks),
   b. Primary (Urban) Co-operative Banks, State Co-operative Banks, Central Co-operative Banks; and
   c. Non-Banking Financial Companies (including Housing Finance Companies)
7. As defined under Para 2.5 of the Annex to the Circular on 'Guidelines on Digital Lending' dated 2 September 2022
8. Synthetic securitisation means "a structure where credit risk of an underlying pool of exposures is transferred, in whole or in part, through the use of credit derivatives or credit guarantees that serve to hedge the credit risk of the portfolio which remains on the balance sheet of the lender", as defined under Para 5(y) of the RBI (Securitisation of Standard Assets) Directions, 2021 dated 24 September 2021.
9. Loan participation means "a transaction through which the transferor transfers all or part of its economic interest in a loan exposure to transferee(s) without the actual transfer of the loan contract, and the transferee(s) fund the transferor to the extent of the economic interest transferred which may be equal to the principal, interest, fees and other payments, if any, under the transfer agreement", as defined under Para 9(e) of the RBI (Transfer of Loan Exposures) Directions, 2021 dated 24 September 2021.

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- **Forms of DLG:** RE should accept DLG only in one or more of the following forms:
  a. Cash deposited with the RE
  b. Fixed Deposits maintained with a scheduled commercial bank with a lien marked in favour of the RE
  c. Bank Guarantee in favour of the RE
- **Cap of DLG:** RE should ensure that total amount of DLG cover on any outstanding portfolio which is specified upfront should not exceed five per cent of the amount of that loan portfolio. In case of implicit guarantee arrangements, the DLG Provider should not bear performance risk of more than the equivalent amount of five per cent of the underlying loan portfolio.
- **Tenor of DLG:** The DLG arrangement should remain in force for a minimum period of the longest tenor of the loan in the underlying loan portfolio.
- **Recognition of Non-Performing Asset (NPA):** The RE would be responsible for recognition of individual loan assets in the portfolio as NPA and consequent provisioning as per the extant asset classification and provisioning norms irrespective of any DLG cover available at the portfolio level. Additionally, the amount of DLG invoked should not be set off against the underlying individual loans. Also the recovery by the RE, if any, from the loans on which DLG has been invoked and realised, can be shared with the DLG provider in terms of the contractual arrangement.
- **Treatment of DLG for regulatory capital:** Capital computation on individual loan assets[10] in the portfolio shall continue to be governed by the extant norms.
- **Invocation of DLG:** The RE should invoke DLG within a maximum overdue period of 120 days, unless made good by the borrower before that.
- **Disclosure Requirements:** The RE should have a mechanism to ensure that LSPs with whom they have a DLG arrangement should publish on their website the total number of portfolios and the respective amount of each portfolio on which DLG has been offered.

The abovementioned guidelines are applicable from 8 June 2023.

(Source: RBI notification no. RBI/2023-24/41 DOR.CRE. REC.21/21.07.001/2023-24 dated 8 June 2023)

RBI issued framework for compromise settlements and technical write-offs

The RBI, from time to time, has issued various instructions on compromise settlements for stressed accounts, including the Prudential Framework for Resolution of Stressed Assets, dated 7 June 2019 (Prudential Framework). With an aim to rationalise and harmonise the instructions (issued earlier), on 8 June 2023, RBI issued a comprehensive regulatory framework governing compromise settlements and technical write-offs.

This framework is applicable to REs and should be applicable without prejudice to the provisions of the Prudential Framework or any other guidelines applicable to the REs on resolution of stressed assets. For the purpose of this framework, REs are as follows:

a. Commercial banks (including small finance banks, local area banks and regional rural banks)
b. Primary (urban) co-operative banks/state co-operative banks/ central co-operative banks
c. All-India financial institutions
d. Non-Banking Financial Companies (including housing finance companies)

The key takeaways are as follows:

- **Meaning of compromise settlement and technical write off:**
  a. *Compromise settlement* refers to any negotiated arrangement with the borrower to fully[11] settle the claims of the RE against the borrower in cash. It may entail some sacrifice of the amount due from the borrower on the part of the REs with corresponding waiver of claims of the RE against the borrower to that extent.
  b. *Technical write-off* refers to cases where the non-performing assets remain outstanding at borrowers' loan account level but are written-off (fully or partially) by the RE only for accounting purposes, without involving any waiver of claims against the borrower, and without prejudice to the recovery of the same.
- **Board-approved policy:** The framework requires REs to put in place Board-approved policies for undertaking compromise settlements with the borrowers as well as for technical write-offs. The policy should comprehensively lay down the process to be followed with specific guidance on the necessary conditions such as minimum ageing, deterioration in collateral value, etc.

10. This includes computation of exposure and application of Credit Risk Mitigation benefits on individual loan assets

11. Any arrangement involving part settlement with the borrower shall fall under the definition of restructuring, as defined in the Prudential Framework and shall be governed by the provisions applicable thereto.

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- **Delegation of power:** The board approved policy should cover delegation of powers for approval/sanction of compromise settlements and technical write-offs. The delegation of power for approvals should rest with an authority (individual or committee, as the case may be) which is at least one level higher in hierarchy than the authority vested with power to sanction the credit or the investment exposure. Further, the proposals for compromise settlements in respect of debtors classified as fraud or wilful defaulter requires an approval of the Board in all cases.
- **Prudential treatment:** In case of compromise settlements wherein the time for payment of the agreed settlement amount exceeds three months, the arrangement should be treated as a restructuring arrangement as defined in in the Prudential Framework. In case of partial technical write-offs, the prudential requirements in respect of residual exposure, including provisioning and asset classification, should be with reference to the original exposure, however, the amount of provision including the amount representing partial technical write-off should meet the extant provisioning requirements, as computed on the gross value of the asset.
- **Reporting mechanism:** The framework requires a reporting mechanism to the next higher authority at least on a quarterly basis, with respect to compromise settlements and technical write offs approved by a particular authority. Compromise settlements and technical write-offs approved by the Managing Director (MD) and Chief Executive Officer (CEO), or Board level committee would be reported to the Board.
- **Cooling Period:** The framework also requires a cooling period in respect of borrowers that are subject to compromise settlements. The cooling period should be determined by the Board approved policies before the REs can assume fresh exposures to such borrowers. The framework also provides the provisions for cooling period for farm credit exposures.
- **Treatment of accounts categorised as fraud and wilful defaulter:** REs may undertake compromise settlements or technical write-offs in respect of accounts categorised as wilful defaulters or fraud without prejudice to the criminal proceeding underway against such debtors.

The above framework is effective from 8 June 2023.

(Source: RBI notification no. RBI/2023-24/40 DOR.STR.REC.20/21.04.048/2023-24 dated 8 June 2023)

Amendments to IAS 12, *Income Taxes*

In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued Global Anti Base Erosion Rules (GloBE) (i.e. Pillar Two model rules) wherein large multinational companies would be subject to a minimum of 15 per cent tax rate.

In order to address the concerns about the uncertainty over the accounting for deferred taxes arising from the implementation of these rules, on 23 May 2023, the International Accounting Standards Board (IASB) issued amendments to IAS 12. These amendments are as follows:

- **Exception from deferred tax accounting:** The amendments provide a temporary mandatory exception from accounting for deferred tax that arise from the legislation implementing the GloBE model rules (including any qualified domestic minimum top-up tax). Under the exception, companies are effectively exempt from providing for and disclosing deferred tax related to top-up tax. However, they need to disclose that they have applied this exception. The exception is effective immediately and applies retrospectively in accordance with IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors*. It will apply until the IASB decides either to remove it or to make it permanent.
- **New disclosures:** New disclosure requirements have been introduced which are applicable for financial statements from 31 December 2023. However, no disclosures are required for the interim periods ending on or before 31 December 2023. The disclosure requirements are as follows:

  a. **Once tax law is enacted but before top-up tax is effective:** The company is required to disclose information that is known or can be reasonably estimated and that helps users of its financial statements to understand its exposure to Pillar Two income taxes at the reporting date. This information does not need to reflect all the specific requirements in the legislation – companies can provide an indicative range. Disclosures may include quantitative and qualitative information.

     – *Qualitative information:* How the company is affected by Pillar Two taxes and in which jurisdictions the exposure arises – e.g. where the top-up tax is triggered and where it will need to be paid.

     – *Quantitative information:* The proportion of profits that may be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits, or how the average effective tax rate would have changed if Pillar Two legislation had been effective.

     If information is not known or cannot be reasonably estimated at the reporting date, then a company discloses a statement to that effect and information about its progress in assessing the Pillar Two exposure.

  b. **After top-up tax is effective:** Only one disclosure is required – i.e. current tax expense related to top-up tax.

(Source: IASB amendment to IAS 12, Income Taxes dated 23 May 2023 and KPMG IFRG article 'Global minimum top-up tax' dated 23 May 2023)

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IASB issued supplier finance disclosure requirements

In order to enhance the transparency of supplier finance arrangements, on 25 May 2023, IASB issued amendments to IAS 7, *Statement of Cash Flows* and IFRS 7, *Financial Instruments: Disclosures*. The amendments introduce two new disclosure objectives – one in IAS 7 and another in IFRS 7 – for a company to provide information about its supplier finance arrangements that would enable users (investors) to assess the effects of these arrangements on the company's liabilities and cash flows, and the company's exposure to liquidity risk.

The disclosure requirements as per the amendment are as follows:

- **Qualitative information:** The terms and conditions of supplier finance arrangements
- **Quantitative information:** As at the beginning and end of the reporting period:
  - The carrying amounts of supplier finance arrangement breaking out the amounts for which the suppliers have already received payment from the finance providers, and stating where the liabilities exist on the balance sheet;
  - The range of payment due dates for the liabilities that are part of the arrangement and comparable trade payables that are not part of such arrangements.
- The type and effect of non-cash changes in the carrying amounts of the financial liabilities that are a part of the arrangement.
- The amendments have also added supplier finance arrangements as an example to the existing disclosure requirements in IFRS 7 on factors a company might consider when providing specific quantitative liquidity risk disclosures about its financial liabilities.

The amendments are effective for periods beginning on or after 1 January 2024. These amendments do not apply to arrangements for financing receivables or inventory. However, they apply to supplier finance arrangements that have all of the following characteristics:

- A finance provider pays amounts a company (the buyer) owes its suppliers.
- A company agrees to pay under the terms and conditions of the arrangements on the same date or at a later date than its suppliers are paid.
- The company is provided with extended payment terms or suppliers benefit from early payment terms, compared with the related invoice payment due date.

(Source: IASB amendment on supplier finance dated 25 May 2023 and KPMG IFRG's article 'Disclosure of supplier finance arrangements' dated 31 May 2023)

12. The objective of general-purpose financial reporting is described in paragraph OB2 of Chapter 1, *The Objective of General-Purpose Financial Reporting, of this Concepts Statement.*

FASB published conceptual framework on reporting entity

A conceptual framework is intended to be a coherent system of interrelated objectives and fundamental concepts. The term 'reporting entity' is used multiple times in existing concepts statements. The objective[12] of general-purpose financial reporting is to provide financial information about the reporting entity that is useful to existing and potential investors, lenders, and other resource providers in making decisions about providing resources to the entity. In order to be consistent with objective of general-purpose financial reporting, on 8 June 2023, the Financial Accounting Standard Board (FASB) issued a conceptual framework that provides a description of 'reporting entity' to focus on the notion of a circumscribed area of economic activities.

As per the conceptual framework, a reporting entity has three features:

a. Economic activities have been conducted.
b. Those economic activities can be distinguished from those of other entities.
c. The financial information in general purpose financial reporting faithfully represents the economic activities conducted within the circumscribed area and is useful in making decisions about providing resources to the reporting entity.

The framework further states that identifying the reporting entity in a specific situation requires considering the boundary of the economic activities that have been conducted. It is important to note that the existence of a legal entity is not necessarily a means to identify the reporting entity. The reporting entity can include more than one entity, or it can be a portion of an entity.

(Source: FASB media advisory dated 8 June 2023)

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First Notes

RBI issues guidelines on Default Loss Guarantee

In September 2022, the Reserve Bank of India (RBI) issued the Digital Lending guidelines (DL guidelines) with an aim to strike a balance between the need for an innovative and inclusive system of lending and protecting the customer's interest. However, specific guidelines were not provided for contracts involving Default Loss Guarantee (DLG) as the recommendations around this area were under examination. Until then, the Regulated Entities (REs) entering into financial contracts that included a clause on First Loss Default Guarantee (FLDG) or DLG were required to comply with the Securitisation Guidelines, especially the provision relating to synthetic securitisation.

In this regard, on 8 June 2023 RBI has permitted REs to enter into agreements with LSPs or other REs involving DLGs, subject to compliance with the Guidelines on Default Loss Guarantee (DLG) in digital lending (the Guidelines). The Guidelines are applicable from 8 June 2023. The Guidelines have provided clarification on the pre-requisites to a DLG arrangement and points to consider while entering into or after entering into a DLG arrangement.

In this issue of the First Notes, we have provided an overview of the Guidelines.

To access the First Note, please **click here.**

First Notes

ISSB releases Sustainability Disclosure Standards

On 26 June 2023, the International Sustainability Standards Board (ISSB) issued the first IFRS Sustainability Disclosure Standards -
IFRS S1, *General Requirements for Disclosure of Sustainability-related Financial Information* and
IFRS S2, *Climate-related Disclosures*.
The publication of the first two IFRS Sustainability Disclosure Standards is a key milestone in the ISSB's vision – to create a global baseline for investor-focused sustainability reporting that local jurisdictions can build on. Adopting these standards will signify an important change in status, as they will increase the prominence and connectivity of sustainability reporting within the main financial filings. It is important to engage now to understand what this new global baseline will look like and to assess how your company needs to adapt.

To access the First Note, please **click here.**

KPMG in India has scheduled a webinar on Wednesday, 5 July 2023 from 4 p.m. to 5 p.m. to discuss the key financial reporting and regulatory matters which are expected to be relevant for the stakeholders for the quarter ended 30 June 2023.

Some of the updates to be discussed are as follows:

- **Recent amendments to the SEBI** (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI LODR).
- **National Financial Reporting Authority's (NFRA) circular** stipulating the auditor's responsibilities in relation to fraud in a company.
- **Audit trail feature in the accounting software** - some key considerations.
- **New sustainability disclosure standards issued by International Sustainability Standards Board (ISSB)** – an overview.

To access the publication, please **click here.**

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