



भारतीय रिजर्व बैंक  
RESERVE BANK OF INDIA  
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RBI/2020-21/15  
DOR (NBFC).CC.PD.No.116/22.10.106/2020-21

July 24, 2020

To

Non-Banking Financial Companies  
and Asset Reconstruction Companies  
implementing Indian Accounting Standards

Madam / Sir,

**Implementation of Indian Accounting Standards**

Please refer to paragraph 3 of the Annex to our [circular DOR \(NBFC\).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020](#), on the captioned subject, in terms of which any net unrealised gains arising on fair valuation of financial instruments, should not be included in owned funds whereas all such net losses should be considered.

2. On a review, it has been decided that the unrealised gain/loss on a derivative transaction undertaken for hedging may be offset against the unrealised loss/gain recognized in the capital (either through Profit or Loss or through Other Comprehensive Income) on the corresponding underlying hedged instrument. If after such offset and netting with unrealised gains/losses on other financial instruments, there are still net unrealised gains, the same should be excluded from regulatory capital as required by paragraph 3 of the annex to the said circular.

3. It is also clarified that unrealized gains/losses shall be considered net of the effect of taxation. All other instructions remain unchanged.

Yours faithfully,

-sd-

(Manoranjan Mishra)  
Chief General Manager

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हिंदी आसान है, इसका प्रयोग बढ़ाइए।