

**MINISTRY OF CORPORATE AFFAIRS**  
**NOTIFICATION**

New Delhi, the 7th May, 2025

**G.S.R. 291(E).**— In exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government, in consultation with the National Financial Reporting Authority, hereby makes the following rules further to amend the Companies (Indian Accounting Standards) Rules, 2015, namely:—

**1. Short title and commencement.** -(1) These rules may be called the Companies (Indian Accounting Standards) Amendment Rules, 2025.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Indian Accounting Standards) Rules, 2015, in the “Annexure”, under the heading “B. Indian Accounting Standards (Ind AS)”, —

(A) in “Indian Accounting Standard (Ind AS) 21”, —

(i) in paragraph 8, after first sub-paragraph, the following sub-paragraph shall be inserted, namely: —

**“A currency is exchangeable into another currency when an entity is able to obtain the other currency within a time frame that allows for a normal administrative delay and through a market or exchange mechanism in which an exchange transaction would create enforceable rights and obligations.”**

(ii) after paragraph 8, the following paragraphs shall be inserted, namely: -

**“Elaboration on the definitions**

**Exchangeable (paragraphs A2–A10)**

8A An entity assesses whether a currency is exchangeable into another currency:

- (a) at a measurement date; and
- (b) for a specified purpose.

8B If an entity is able to obtain no more than an insignificant amount of the other currency at the measurement date for the specified purpose, the currency is not exchangeable into the other currency.”

(iii) after paragraph 19, the following paragraph shall be inserted, namely: —

**“Estimating the spot exchange rate when a currency is not exchangeable (paragraphs A11–A17)**

“19A An entity shall estimate the spot exchange rate at a measurement date when a currency is not exchangeable into another currency (as described in paragraphs 8, 8A–8B and A2–A10) at that date. An entity’s objective in estimating the spot exchange rate is to reflect the rate at which an orderly exchange transaction would take place at the measurement date between market participants under prevailing economic conditions.”

(iv) for paragraph 26, the following paragraph shall be substituted, namely: —

“26 When several exchange rates are available, the rate used is that at which the future cash flows represented by the transaction or balance could have been settled if those cash flows had occurred at the measurement date.”

(v) after paragraph 57, the following paragraphs shall be inserted, namely: —

“57A When an entity estimates a spot exchange rate because a currency is not exchangeable into another currency (see paragraph 19A), the entity shall disclose information that enables users of its financial statements to understand how the currency not being exchangeable into the other currency affects, or is expected to affect, the entity’s financial performance, financial position and cash flows. To achieve this objective, an entity shall disclose information about:

- (a) the nature and financial effects of the currency not being exchangeable into the other currency;
- (b) the spot exchange rate(s) used;
- (c) the estimation process; and
- (d) the risks to which the entity is exposed because of the currency not being exchangeable into the other currency.

57B Paragraphs A18–A20 specify how an entity applies paragraph 57A.”

(vi) after paragraph 60K, the following paragraphs shall be inserted, namely: —

“60L *Lack of Exchangeability*, amended paragraphs 8 and 26, and added paragraphs 8A–8B, 19A, 57A–57B and Appendix A. An entity shall apply those amendments for annual reporting periods beginning on or after 1 April 2025. The date of initial application is the beginning of the annual reporting period in which an entity first applies those amendments.

60M In applying *Lack of Exchangeability*, an entity shall not restate comparative information.

Instead:

- (a) when the entity reports foreign currency transactions in its functional currency, and, at the date of initial application, concludes that its functional currency is not exchangeable into the foreign currency or, if applicable, concludes that the foreign currency is not exchangeable into its functional currency, the entity shall, at the date of initial application:
  - i. translate affected foreign currency monetary items, and non-monetary items measured at fair value in a foreign currency, using the estimated spot exchange rate at that date; and
  - ii. recognise any effect of initially applying the amendments as an adjustment to the opening balance of retained earnings.
- (b) when the entity uses a presentation currency other than its functional currency, or translates the results and financial position of a foreign operation, and, at the date of initial application, concludes that its functional currency (or the foreign operation's functional currency) is not exchangeable into its presentation currency or, if applicable, concludes that its presentation currency is not exchangeable into its functional currency (or the foreign operation's functional currency), the entity shall, at the date of initial application:
  - i. translate affected assets and liabilities using the estimated spot exchange rate at that date;
  - ii. translate affected equity items using the estimated spot exchange rate at that date if the entity's functional currency is hyperinflationary; and
  - iii. recognise any effect of initially applying the amendments as an adjustment to the cumulative amount of translation differences—accumulated in a separate component of equity.”
- (vii) for Appendix ‘A’ and entries relating thereto, the following Appendix and entries shall be substituted, namely: —

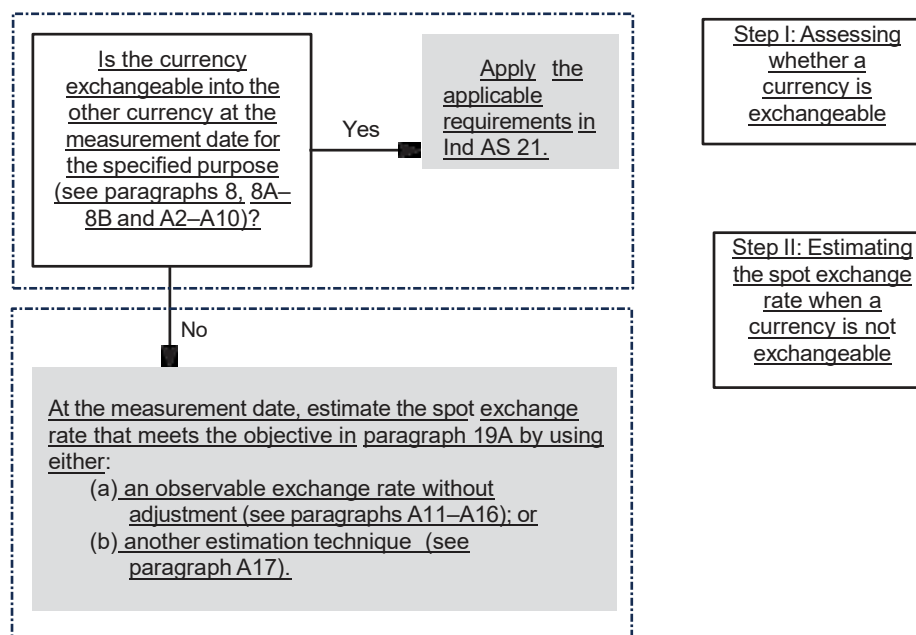
## “Appendix A

### Application guidance

*This appendix is an integral part of the Standard.*

### Exchangeability

A1 The purpose of the following diagram is to help entities assess whether a currency is exchangeable and estimate the spot exchange rate when a currency is not exchangeable.



**Step I: Assessing whether a currency is exchangeable****(paragraphs 8 and 8A–8B)**

- A2 Paragraphs A3–A10 set out application guidance to help an entity assess whether a currency is exchangeable into another currency. An entity might determine that a currency is not exchangeable into another currency, even though that other currency might be exchangeable in the other direction. For example, an entity might determine that currency PC is not exchangeable into currency LC, even though currency LC is exchangeable into currency PC.

**Time frame**

- A3 Paragraph 8 defines a spot exchange rate as the exchange rate for immediate delivery. However, an exchange transaction might not always complete instantaneously because of legal or regulatory requirements, or for practical reasons such as public holidays. A normal administrative delay in obtaining the other currency does not preclude a currency from being exchangeable into that other currency. What constitutes a normal administrative delay depends on facts and circumstances.

**Ability to obtain the other currency**

- A4 In assessing whether a currency is exchangeable into another currency, an entity shall consider its ability to obtain the other currency, rather than its intention or decision to do so. Subject to the other requirements in paragraphs A2–A10, a currency is exchangeable into another currency if an entity is able to obtain the other currency—either directly or indirectly—even if it intends or decides not to do so. For example, subject to the other requirements in paragraphs A2–A10, regardless of whether the entity intends or decides to obtain PC, currency LC is exchangeable into currency PC if an entity is able to either exchange LC for PC, or exchange LC for another currency (FC) and then exchange FC for PC.

**Markets or exchange mechanisms**

- A5 In assessing whether a currency is exchangeable into another currency, an entity shall consider only markets or exchange mechanisms in which a transaction to exchange the currency for the other currency would create enforceable rights and obligations. Enforceability is a matter of law. Whether an exchange transaction in a market or exchange mechanism would create enforceable rights and obligations depends on facts and circumstances.

**Purpose of obtaining the other currency**

- A6 Different exchange rates might be available for different uses of a currency. For example, a jurisdiction facing pressure on its balance of payments might wish to deter capital remittances (such as dividend payments) to other jurisdictions but encourage imports of specific goods from those jurisdictions. In such circumstances, the relevant authorities might:
- (a) set a preferential exchange rate for imports of those goods and a ‘penalty’ exchange rate for capital remittances to other jurisdictions, thus resulting in different exchange rates applying to different exchange transactions; or
  - (b) make the other currency available only to pay for imports of those goods and not for capital remittances to other jurisdictions.
- A7 Accordingly, whether a currency is exchangeable into another currency could depend on the purpose for which the entity obtains (or hypothetically might need to obtain) the other currency. In assessing exchangeability:
- (a) when an entity reports foreign currency transactions in its functional currency (see paragraphs 20–37), the entity shall assume its purpose in obtaining the other currency is to realise or settle individual foreign currency transactions, assets or liabilities.
  - (b) when an entity uses a presentation currency other than its functional currency (see paragraphs 38–43), the entity shall assume its purpose in obtaining the other currency is to realise or settle its net assets or net liabilities.
  - (c) when an entity translates the results and financial position of a foreign operation into the presentation currency (see paragraphs 44–47), the entity shall assume its purpose in obtaining the other currency is to realise or settle its net investment in the foreign operation.
- A8 An entity’s net assets or net investment in a foreign operation might be realised by, for example:
- (a) the distribution of a financial return to the entity’s owners;
  - (b) the receipt of a financial return from the entity’s foreign operation; or

- (c) the recovery of the investment by the entity or the entity's owners, such as through disposal of the investment.

A9 An entity shall assess whether a currency is exchangeable into another currency separately for each purpose specified in paragraph A7. For example, an entity shall assess exchangeability for the purpose of reporting foreign currency transactions in its functional currency (see paragraph A7(a)) separately from exchangeability for the purpose of translating the results and financial position of a foreign operation (see paragraph A7(c)).

**Ability to obtain only limited amounts of the other currency**

A10 A currency is not exchangeable into another currency if, for a purpose specified in paragraph A7, an entity is able to obtain no more than an insignificant amount of the other currency. An entity shall assess the significance of the amount of the other currency it is able to obtain for a specified purpose by comparing that amount with the total amount of the other currency required for that purpose. For example, an entity with a functional currency of LC has liabilities denominated in currency FC. The entity assesses whether the total amount of FC it can obtain for the purpose of settling those liabilities is no more than an insignificant amount compared with the aggregated amount (the sum) of its liability balances denominated in FC.

**Step II: Estimating the spot exchange rate when a currency is not exchangeable (paragraph 19A)**

A11 This Standard does not specify how an entity estimates the spot exchange rate to meet the objective in paragraph 19A. An entity can use an observable exchange rate without adjustment (see paragraphs A12–A16) or another estimation technique (see paragraph A17).

**Using an observable exchange rate without adjustment**

A12 In estimating the spot exchange rate as required by paragraph 19A, an entity may use an observable exchange rate without adjustment if that observable exchange rate meets the objective in paragraph 19A. Examples of an observable exchange rate include:

- (a) a spot exchange rate for a purpose other than that for which an entity assesses exchangeability (see paragraphs A13–A14); and
- (b) the first exchange rate at which an entity is able to obtain the other currency for the specified purpose after exchangeability of the currency is restored (first subsequent exchange rate) (see paragraphs A15–A16).

*Using an observable exchange rate for another purpose*

A13 A currency that is not exchangeable into another currency for one purpose might be exchangeable into that currency for another purpose. For example, an entity might be able to obtain a currency to import specific goods but not to pay dividends. In such situations, the entity might conclude that an observable exchange rate for another purpose meets the objective in paragraph 19A. If the rate meets the objective in paragraph 19A, an entity may use that rate as the estimated spot exchange rate.

A14 In assessing whether such an observable exchange rate meets the objective in paragraph 19A, an entity shall consider, among other factors:

- (a) *whether several observable exchange rates exist*—the existence of more than one observable exchange rate might indicate that exchange rates are set to encourage, or deter, entities from obtaining the other currency for particular purposes. These observable exchange rates might include an 'incentive' or 'penalty' and therefore might not reflect the prevailing economic conditions.
- (b) *the purpose for which the currency is exchangeable*—if an entity is able to obtain the other currency only for limited purposes (such as to import emergency supplies), the observable exchange rate might not reflect the prevailing economic conditions.
- (c) *the nature of the exchange rate*—a free-floating observable exchange rate is more likely to reflect the prevailing economic conditions than an exchange rate set through regular interventions by the relevant authorities.
- (d) *the frequency with which exchange rates are updated*—an observable exchange rate unchanged over time is less likely to reflect the prevailing economic conditions than an observable exchange rate that is updated on a daily basis (or even more frequently).

*Using the first subsequent exchange rate*

A15 A currency that is not exchangeable into another currency at the measurement date for a specified purpose might subsequently become exchangeable into that currency for that purpose. In such situations, an entity might conclude that the first subsequent exchange rate meets the objective in paragraph 19A. If the rate meets the objective in paragraph 19A, an entity may use that rate as the estimated spot exchange rate.

A16 In assessing whether the first subsequent exchange rate meets the objective in paragraph 19A, an entity shall consider, among other factors:

- (a) *the time between the measurement date and the date at which exchangeability is restored*—the shorter this period, the more likely the first subsequent exchange rate will reflect the prevailing economic conditions.
- (b) *inflation rates*—when an economy is subject to high inflation, including when an economy is hyperinflationary (as specified in Ind AS 29, *Financial Reporting in Hyperinflationary Economies*), prices often change quickly, perhaps several times a day. Accordingly, the first subsequent exchange rate for a currency of such an economy might not reflect the prevailing economic conditions.

**Using another estimation technique**

A17 An entity using another estimation technique may use any observable exchange rate—including rates from exchange transactions in markets or exchange mechanisms that do not create enforceable rights and obligations—and adjust that rate, as necessary, to meet the objective in paragraph 19A.

**Disclosure when a currency is not exchangeable**

A18 An entity shall consider how much detail is necessary to satisfy the disclosure objective in paragraph 57A. An entity shall disclose the information specified in paragraphs A19–A20 and any additional information necessary to meet the disclosure objective in paragraph 57A.

A19 In applying paragraph 57A, an entity shall disclose:

- (a) the currency and a description of the restrictions that result in that currency not being exchangeable into the other currency;
- (b) a description of affected transactions;
- (c) the carrying amount of affected assets and liabilities;
- (d) the spot exchange rates used and whether those rates are:
  - i. observable exchange rates without adjustment (see paragraphs A12–A16); or
  - ii. spot exchange rates estimated using another estimation technique (see paragraph A17);
- (e) a description of any estimation technique the entity has used, and qualitative and quantitative information about the inputs and assumptions used in that estimation technique; and
- (f) qualitative information about each type of risk to which the entity is exposed because the currency is not exchangeable into the other currency, and the nature and carrying amount of assets and liabilities exposed to each type of risk.

A20 When a foreign operation's functional currency is not exchangeable into the presentation currency or, if applicable, the presentation currency is not exchangeable into a foreign operation's functional currency, an entity shall also disclose:

- (a) the name of the foreign operation; whether the foreign operation is a subsidiary, joint operation, joint venture, associate or branch; and its principal place of business;
- (b) summarised financial information about the foreign operation; and
- (c) the nature and terms of any contractual arrangements that could require the entity to provide financial support to the foreign operation, including events or circumstances that could expose the entity to a loss."

(viii) after Appendix B, the following Appendix shall be inserted, namely: —

**“Appendix C**

**References to matters contained in other Indian Accounting Standards**

*This Appendix is an integral part of the Ind AS.*

This appendix lists the appendix which is a part of another Indian Accounting Standard and makes reference to Ind AS 21, *The Effects of Changes in Foreign Exchange Rates*.

1. Appendix C, *Hedges of a Net Investment in a Foreign Operation*, contained in Ind AS 109, *Financial instruments* makes reference to this Standard also.”

(ix) in Appendix 1, after paragraph 5, the following paragraph shall be inserted, namely: —

“6. Appendix C ‘References to matters contained in other Indian Accounting Standards’, has been included in Ind AS 21 to draw attention to guidance material already available in other Ind ASs, which is also relevant to the topic in Ind AS 21.”

(B) in “Indian Accounting Standard (Ind AS) 101”, —

(i) for paragraph 31C, the following paragraph shall be substituted, namely: —

“31C If an entity elects to measure assets and liabilities at fair value and to use that fair value as the deemed cost in its opening Ind AS Balance Sheet because of severe hyperinflation (see paragraphs D26–D30), the entity’s first Ind AS financial statements shall disclose an explanation of how, and why, the entity had, and then ceased to have, a functional currency that is subject to severe hyperinflation.”

(ii) after paragraph 39AH, the following paragraph shall be inserted, namely: —

“39AI *Lack of Exchangeability* (Amendments to Ind AS 21), amended paragraphs 31C and D27.

An entity shall apply those amendments when it applies the amendments to Ind AS 21.”

(iii) in Appendix D, in paragraph D27, for point (b), the following paragraph shall be substituted, namely: -

“(b) the currency is not exchangeable into a relatively stable foreign currency. Exchangeability is assessed in accordance with Ind AS 21.”

[F. No. 01/01/2009-CL-V (Part. XV)]

BALAMURUGAN DEVARAJ, Jt. Secy.

**Note:** The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 111(E), dated the 16th February, 2015 and last amended vide notification number G.S.R. 602(E), dated the 28th September, 2024.



# भारत का राजपत्र The Gazette of India

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असाधारण  
EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)  
PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित  
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NEW DELHI, WEDNESDAY, AUGUST 13, 2025/SHRAVANA 22, 1947

कारपोरेट कार्य मंत्रालय

अधिसूचना

नई दिल्ली, 13 अगस्त, 2025

सा.का.नि. 549(अ).— केन्द्रीय सरकार, कंपनी अधिनियम, 2013 (2013 का 18) की धारा 469 के साथ पठित धारा 133 द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, राष्ट्रीय वित्तीय रिपोर्टिंग प्राधिकरण के परामर्श से, कंपनी (भारतीय लेखा मानक) नियम, 2015 को और संशोधित करने के लिए निम्नलिखित नियम बनाती है, अर्थात्:-

1. संक्षिप्त नाम और प्रारंभ.- (1) इन नियमों का संक्षिप्त नाम कंपनी (भारतीय लेखा मानक) दूसरा संशोधन नियम, 2025 है।

(2) ये राजपत्र में प्रकाशन की तारीख को प्रवृत्त होंगे।

2. कंपनी (भारतीय लेखा मानक) नियम, 2015 में, "अनुलग्नक" में, "ख. भारतीय लेखा मानक (इंड एएस)" शीर्षक के अधीन, -

(क) "भारतीय लेखा मानक (इंड एएस) 101" में, परिशिष्ट 1 में,-

(क) पैरा 7 में, मद (v) के स्थान पर निम्नलिखित रखा जाएगा, अर्थात्:-

"(v) अनुच्छेद घ31कक-घ31कठ में आईएफआरएस 11 संयुक्त व्यवस्था के परिवर्तन उपबंध शामिल हैं। तदनुसार, आईएफआरएस 1 के अनुच्छेद घ31 को शामिल नहीं किया गया है;"

(ख) पैरा 8 में, उप-पैरा (ग) में, मद (2) के स्थान पर, निम्नलिखित रखा जाएगा, अर्थात्: -

## MINISTRY OF CORPORATE AFFAIRS

## NOTIFICATION

New Delhi, the 13th August, 2025

**G.S.R. 549(E).**—In exercise of the powers conferred by section 133 read with section 469 of the Companies Act, 2013 (18 of 2013), the Central Government, in consultation with the National Financial Reporting Authority, hereby makes the following rules further to amend the Companies (Indian Accounting Standards) Rules, 2015, namely:-

1. Short title and commencement. - (1) These rules may be called the **Companies (Indian Accounting Standards) Second Amendment Rules, 2025**.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Companies (Indian Accounting Standards) Rules, 2015, in the “Annexure”, under the heading “B. Indian Accounting Standards (Ind AS)”, -

(A) in “Indian Accounting Standard (Ind AS) 101”, in Appendix 1, —

(a) in paragraph 7, for item (v), the following shall be substituted, namely:—

“(v) Paragraphs D31AA-D31AL includes the transitional provisions of IFRS 11 Joint Arrangements. Accordingly, paragraph D31 of IFRS 1 has not been included.”;

(b) in paragraph 8, in sub-paragraph (c), for item (2), the following shall be substituted, namely:—

“(2) Paragraph D9AA has been added to provide for transitional relief to first-time adopter lessor while applying Ind AS 116, *Leases*. D9AA provides an entity to use the transition date facts and circumstances for lease arrangements which includes both land and building elements to assess the classification of each element as finance or an operating lease at the transition date to Ind ASs.”;

(c) in paragraph 12, item (vii) shall be omitted;

(B) in “Indian Accounting Standard (Ind AS) 107”, —

(i) after paragraph 44II, the following paragraph shall be inserted, namely:—

“44JJ *Supplier Finance Arrangements*, which also amended Ind AS 7, amended paragraph B11F. An entity shall apply that amendment when it applies the amendments to Ind AS 7.”;

(ii) in Appendix B, in paragraph B11F, for items (h) and (i), the following items shall be substituted, namely:—

“(h) has instruments that allow the entity to choose whether it settles its financial liabilities by delivering cash (or another financial asset) or by delivering its own shares;

(i) has instruments that are subject to master netting agreements; or

(j) has accessed, or has access to, facilities under supplier finance arrangements (as described in paragraph 44G of Ind AS 7) that provide the entity with extended payment terms or the entity’s suppliers with early payment terms.”;

(C) in “Indian Accounting Standard (Ind AS) 108”, in Appendix 1, in paragraph 1, for the letters and figures “IFRS 108”, the letters and figure “IFRS 8” shall be substituted;

(D) in “Indian Accounting Standard (Ind AS) 109”, in Appendix 1, for paragraph 3, the following shall be substituted, namely: —

“3 Paragraphs 7.1.1 to 7.1.3 of IFRS 9 related to effective date have not been included in Ind AS 109 as these paragraphs are not relevant in Indian context. However, in order to maintain

consistency with paragraph numbers of IFRS 9, these paragraph numbers are retained in Ind AS 109.”;

- (E) in “Indian Accounting Standard (Ind AS) 115”, in Appendix D, in Information note 2, in the table,—
- (i) for letters and figures “Ind AS 17”, the letters and figures “Ind AS 116” shall be substituted;
  - (ii) for letters and figures “Ind AS 18”, the letters and figures “Ind AS 115” shall be substituted;
  - (iii) for the words and letter “This Appendix A”, the words and letter “This Appendix D” shall be substituted;
- (F) in “Indian Accounting Standard (Ind AS) 1”, —
- (i) in paragraph 60, for the word and figures “**paragraphs 66–76**”, the word, figures and letter “**paragraphs 66–76B**” shall be substituted;
  - (ii) in paragraph 69, for item (d), the following item shall be substituted, namely: —  
**“(d) it does not have the right at the end of the reporting period to defer settlement of the liability for at least twelve months after the reporting period.”;**
  - (iii) before paragraph 70, the following heading shall be inserted, namely: —  
*“Normal operating cycle (paragraph 69(a))”;*
  - (iv) before paragraph 71, the following heading shall be inserted, namely: —  
*“Held primarily for the purpose of trading (paragraph 69(b)) or due to be settled within twelve months (paragraph 69(c))”;*
  - (v) in paragraph 71, for the words and figures “paragraphs 74 and 75”, the words, figures and letter “paragraphs 72A–75” shall be substituted;
  - (vi) after paragraph 72, the following heading and paragraphs shall be inserted, namely:—  
*“Right to defer settlement for at least twelve months (paragraph 69(d))*  

72A An entity’s right to defer settlement of a liability for at least twelve months after the reporting period must have substance and, as illustrated in paragraphs 72B–73 and 75, must exist at the end of the reporting period.

72B An entity’s right to defer settlement of a liability arising from a loan arrangement for at least twelve months after the reporting period may be subject to the entity complying with conditions specified in that loan arrangement (hereafter referred to as ‘covenants’). For the purposes of applying paragraph 69(d), such covenants:

    - (a) affect whether that right exists at the end of the reporting period—as illustrated in paragraphs 74–75—if an entity is required to comply with the covenant on or before the end of the reporting period. Such a covenant affects whether the right exists at the end of the reporting period even if compliance with the covenant is assessed only after the reporting period (for example, a covenant based on the entity’s balance sheet at the end of the reporting period but assessed for compliance only after the reporting period);
    - (b) do not affect whether that right exists at the end of the reporting period if an entity is required to comply with the covenant only after the reporting period (for example, a covenant based on the entity’s balance sheet six months after the end of the reporting period).”;
  - (vii) for paragraphs 73 and 74, the following paragraphs shall be substituted, namely: —

“73 If an entity has the right, at the end of the reporting period, to roll over an obligation for at least twelve months after the reporting period under an existing loan facility, it classifies the obligation as non-current, even if it would otherwise be due within a shorter period. If the entity has no such right, the entity does not consider the potential to refinance the obligation and classifies the obligation as current.

74 Where there is a breach of a material covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand on the reporting date, the entity does not classify the liability as current, if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach. However, in such circumstances, the entity shall disclose information as per paragraphs 18 and 19 of Ind AS 107 for each breach.”;

(viii) in paragraph 75, for the words “However, an entity classifies the”, the words “An entity classifies the” shall be substituted;

(ix) after paragraph 75, the following paragraph shall be inserted, namely: —

“75A Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. If a liability meets the criteria in paragraph 69 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are approved for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of its financial statements to understand the impact of the liability on the entity’s balance sheet (see paragraph 17(c)).”;

(x) after paragraph 76, the following heading and paragraphs shall be inserted, namely: —

“*Settlement (paragraphs 69(a), 69(c) and 69(d))*

**76A For the purpose of classifying a liability as current or non-current, settlement refers to a transfer to the counterparty that results in the extinguishment of the liability. The transfer could be of:**

- (a) cash or other economic resources—for example, goods or services; or
- (b) the entity’s own equity instruments, unless paragraph 76B applies.

**76B Terms of a liability that could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments do not affect its classification as current or non-current if, applying Ind AS 32 *Financial Instruments: Presentation*, the entity classifies the option as an equity instrument, recognising it separately from the liability as an equity component of a compound financial instrument.**

**76ZA In applying paragraphs 69–75, an entity might classify liabilities arising from loan arrangements as non-current when the entity’s right to defer settlement of those liabilities is subject to the entity complying with covenants within twelve months after the reporting period (see paragraph 72B(b)). In such situations, the entity shall disclose information in the notes that enables users of financial statements to understand the risk that the liabilities could become repayable within twelve months after the reporting period, including:**

- (a) information about the covenants (including the nature of the covenants and when the entity is required to comply with them) and the carrying amount of related liabilities.
- (b) facts and circumstances, if any, that indicate the entity may have difficulty complying with the covenants—for example, the entity having acted during or after the reporting period to avoid or mitigate a potential breach. Such facts and circumstances could also

**include the fact that the entity would not have complied with the covenants if they were to be assessed for compliance based on the entity's circumstances at the end of the reporting period.”;**

(xi) for paragraph 139U, the following paragraph shall be substituted, namely: —

“139U *Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants*, amended paragraphs 60, 69, 71, 73, 74 and 75 and added paragraphs 72A, 72B, 75A, 76A, 76B and 76ZA. An entity shall apply those amendments for annual reporting periods beginning on or after the 1st April 2025 retrospectively in accordance with Ind AS 8. However, for annual reporting periods beginning on or after the 1st April 2026, an entity shall follow following paragraphs 74, 75, 75A and 76 retrospectively in accordance with Ind AS 8.

74 When an entity breaches a covenant of a long-term loan arrangement on or before the end of the reporting period with the effect that the liability becomes payable on demand, it classifies the liability as current, even if the lender agreed, after the reporting period and before the approval of the financial statements for issue, not to demand payment as a consequence of the breach. An entity classifies the liability as current because, at the end of the reporting period, it does not have the right to defer its settlement for at least twelve months after that date.

75 However, an entity classifies the liability as non-current if the lender agreed by the end of the reporting period to provide a period of grace ending at least twelve months after the reporting period, within which the entity can rectify the breach and during which the lender cannot demand immediate repayment.

75A Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability for at least twelve months after the reporting period. If a liability meets the criteria in paragraph 69 for classification as non-current, it is classified as non-current even if management intends or expects the entity to settle the liability within twelve months after the reporting period, or even if the entity settles the liability between the end of the reporting period and the date the financial statements are approved for issue. However, in either of those circumstances, the entity may need to disclose information about the timing of settlement to enable users of its financial statements to understand the impact of the liability on the entity's balance sheet (see paragraphs 17(c) and 76(d)).

76 If the following events occur between the end of the reporting period and the date the financial statements are approved for issue, those events are disclosed as non-adjusting events in accordance with Ind AS 10, *Events after the Reporting Period*:

- (a) refinancing on a long-term basis of a liability classified as current (see paragraph 72);
- (b) rectification of a breach of a long-term loan arrangement classified as current (see paragraph 74);
- (c) the granting by the lender of a period of grace to rectify a breach of a long-term loan arrangement classified as current (see paragraph 75); and
- (d) settlement of a liability classified as non-current (see paragraph 75A).”;

(xii) after paragraph 139V, the following shall be inserted, namely: —

“139W [Refer Appendix 1].”;

(xiii) in Appendix 1, —

(a) for paragraph 9, the following shall be substituted, namely: —

“9 Paragraph 74 has been modified to clarify that long-term loan arrangement need not be classified as current on account of breach of a material covenant, for which the lender has agreed to waive before the approval of financial statements for issue. Consequent to this, disclosure has been added and paragraph 76 has been deleted.”;

(b) for paragraph 11, the following shall be substituted, namely: —

“11 Amendments to IAS 1 have been issued in two parts - *Classification of Liabilities as Current or Non-current* issued in January 2020, and *Non-current Liabilities with Covenants* issued in October 2022. Accordingly, transition and effective date related provisions have been given separately in paragraphs 139U and 139W, respectively. Since combined amendments to Ind AS 1 have been issued corresponding to aforesaid two amendments to IAS 1, transition and effective date related provisions relevant in Indian context have been included in paragraph 139U only. However, in order to maintain consistency with paragraph numbers of IAS 1, the paragraph number 139W is retained in Ind AS 1.”;

(G) in “Indian Accounting Standard (Ind AS) 7”, —

(i) after paragraph 44E, the following paragraphs shall be inserted, namely: —

**“Supplier finance arrangements**

**44F An entity shall disclose information about its supplier finance arrangements (as described in paragraph 44G) that enables users of financial statements to assess the effects of those arrangements on the entity’s liabilities and cash flows and on the entity’s exposure to liquidity risk.**

44G Supplier finance arrangements are characterised by one or more finance providers offering to pay amounts an entity owes its suppliers and the entity agreeing to pay according to the terms and conditions of the arrangements at the same date as, or a date later than, suppliers are paid. These arrangements provide the entity with extended payment terms, or the entity’s suppliers with early payment terms, compared to the related invoice payment due date. Supplier finance arrangements are often referred to as supply chain finance, payables finance or reverse factoring arrangements. Arrangements that are solely credit enhancements for the entity (for example, financial guarantees including letters of credit used as guarantees) or instruments used by the entity to settle directly with a supplier the amounts owed (for example, credit cards) are not supplier finance arrangements.

44H To meet the objectives in paragraph 44F, an entity shall disclose in aggregate for its supplier finance arrangements:

- (a) the terms and conditions of the arrangements (for example, extended payment terms and security or guarantees provided). However, an entity shall disclose separately the terms and conditions of arrangements that have dissimilar terms and conditions.
- (b) as at the beginning and end of the reporting period:
  - (i) the carrying amounts, and associated line items presented in the entity’s balance sheet, of the financial liabilities that are part of a supplier finance arrangement.
  - (ii) the carrying amounts, and associated line items, of the financial liabilities disclosed under (i) for which suppliers have already received payment from the finance providers.
  - (iii) the range of payment due dates (for example, 30–40 days after the invoice date) for both the financial liabilities disclosed under (i) and comparable trade payables that are not part of a supplier finance arrangement. Comparable trade payables are, for example, trade payables of the entity within the same line of business or jurisdiction as the financial liabilities disclosed under (i). If ranges of payment due dates are wide, an entity shall disclose explanatory information about those ranges or disclose additional ranges (for example, stratified ranges).

- (c) the type and effect of non-cash changes in the carrying amounts of the financial liabilities disclosed under (b)(i). Examples of non-cash changes include the effect of business combinations, exchange differences or other transactions that do not require the use of cash or cash equivalents (see paragraph 43).”;
- (ii) before paragraph 53, the heading shall be substituted, namely: —  
**“Effective date and transition”**;
- (iii) after paragraph 61, the following paragraphs shall be inserted, namely: —  
 “62 *Supplier Finance Arrangements* added paragraphs 44F–44H. An entity shall apply those amendments for annual reporting periods beginning on or after the 1st April 2025.  
 63 In applying *Supplier Finance Arrangements*, an entity is not required to disclose:
- (a) comparative information for any reporting periods presented before the beginning of the annual reporting period in which the entity first applies those amendments.
  - (b) the information otherwise required by paragraph 44H(b)(ii)–(iii) as at the beginning of the annual reporting period in which the entity first applies those amendments.
  - (c) the information otherwise required by paragraphs 44F–44H for any interim period presented within the annual reporting period in which the entity first applies those amendments.”;
- (H) in “Indian Accounting Standard (Ind AS) 10”, —
- (i) in paragraph 3, —  
 “(a) in the closing paragraph, for the word “**provision**”, the word “**covenant**” shall be substituted;  
 (b) closing paragraph shall be omitted for annual reporting periods beginning on or after the 1st April 2026.”;
  - (ii) after paragraph 23C, the following paragraph shall be inserted namely: —  
 “23CA *Classification of Liabilities as Current or Non-current and Noncurrent Liabilities with Covenants* (Amendments to Ind AS 1), amended paragraph 3 for annual accounting periods beginning on or after the 1st April 2026.”;
  - (iii) In Appendix 1, in paragraph 2, for the word “provision”, the word “covenant” shall be substituted.;
- (I) in “Indian Accounting Standard (Ind AS) 12”, —
- (i) after paragraph 4, the following paragraph shall be inserted, namely: —  
 “4A This Standard applies to income taxes arising from tax law enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (OECD), including tax law that implements qualified domestic minimum top-up taxes described in those rules. Such tax law, and the income taxes arising from it, are hereafter referred to as ‘Pillar Two legislation’ and ‘Pillar Two income taxes’. As an exception to the requirements in this Standard, an entity shall neither recognise nor disclose information about deferred tax assets and liabilities related to Pillar Two income taxes.”;
  - (ii) after paragraph 88, the following paragraphs shall be inserted, namely: —  
**“International tax reform—Pillar Two model rules**  
**88A An entity shall disclose that it has applied the exception to recognising and disclosing information about deferred tax assets and liabilities related to Pillar Two income taxes (see paragraph 4A).**  
**88B An entity shall disclose separately its current tax expense (income) related to Pillar Two income taxes.**  
**88C In periods in which Pillar Two legislation is enacted or substantively enacted but not yet in effect, an entity shall disclose known or reasonably estimable information that helps users of financial statements understand the entity’s exposure to Pillar Two income taxes arising from that legislation.**  
**88D To meet the disclosure objective in paragraph 88C, an entity shall disclose qualitative and quantitative information about its exposure to Pillar Two income taxes at the end of the reporting period. This information**

does not have to reflect all the specific requirements of the Pillar Two legislation and can be provided in the form of an indicative range. To the extent information is not known or reasonably estimable, an entity shall instead disclose a statement to that effect and disclose information about the entity's progress in assessing its exposure.

#### Examples illustrating paragraphs 88C–88D

Examples of information an entity could disclose to meet the objective and requirements in paragraphs 88C– 88D include:

- (a) qualitative information such as information about how an entity is affected by Pillar Two legislation and the main jurisdictions in which exposures to Pillar Two income taxes might exist; and
- (b) quantitative information such as:
  - (i) an indication of the proportion of an entity's profits that might be subject to Pillar Two income taxes and the average effective tax rate applicable to those profits; or
  - (ii) an indication of how the entity's average effective tax rate would have changed if Pillar Two legislation had been in effect.

(iii) After paragraph 98L, the following paragraph shall be inserted, namely: —

“98M International Tax Reform—Pillar Two Model Rules, added paragraphs 4A and 88A–88D. An entity shall:

- (a) apply paragraphs 4A and 88A immediately upon the issue of these amendments and retrospectively in accordance with Ind AS 8; and
- (b) apply paragraphs 88B–88D for annual reporting periods beginning on or after 1 April 2025. An entity is not required to disclose the information required by these paragraphs for any interim period ending on or before 31 March 2026.”;

(J) in “Indian Accounting Standard (Ind AS) 28”, in Appendix 1, for paragraph 6, the following shall be substituted, namely: —

“6. Paragraph 45J of IAS 28 has not been included as it refers to amendments due to issuance of IFRS 17, *Insurance Contracts*, for which corresponding Ind AS is under formulation. Paragraph 45J of IAS 28 related to temporary exemption from IFRS 9 in accordance with erstwhile IFRS 4, *Insurance Contracts*, has not been included in Ind AS 28 since the said exemption was not given under erstwhile Ind AS 104. However, in order to maintain consistency with paragraph numbers of IAS 28, the paragraph numbers are retained in Ind AS 28.”;

(K) in “Indian Accounting Standard (Ind AS) 32”, in Appendix A, before paragraph AG36, for the heading, the heading “**Treasury Shares (paragraphs 33-34)**” shall be substituted.

[F. No. 01/01/2009-CL-V (Part. XIV)]

BALAMURUGAN D, Jt. Secy.

Note : The principal rules were published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide number G.S.R. 111(E), dated the 16th February, 2015 and last amended vide notification number G.S.R. 291(E), dated the 07th May, 2025.