

**Exposure Draft**

**Interest Rate Benchmark Reform—  
Phase 2**

Amendments to Ind AS 109, Ind AS 107 and Ind AS 116

**Last date for comments: November 30, 2020**



**Issued by  
Accounting Standards Board  
The Institute of Chartered Accountants of India**

## Introduction

In 2014, the Financial Stability Board recommended the reform of specified major interest rate benchmarks such as interbank offered rates (IBORs). Since then public authorities in many jurisdictions have taken steps to implement interest rate benchmark reform and have increasingly encouraged market participants to ensure timely progress towards the reform of interest rate benchmarks, including the replacement of interest rate benchmarks with alternative benchmark rates. The progress towards interest rate benchmark reform follows the general expectation that some major interest rate benchmarks will cease to be published by the end of 2021.

In 2018, the International Accounting Standards Board (IASB) decided to add a project to its agenda to consider the financial reporting implications of interest rate benchmark reform. The IASB identified two groups of issues that could have financial reporting implications:

- (a) **pre-replacement issues**- issues affecting financial reporting in the period before the reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate; and
- (b) **replacement issues** - issues that might affect financial reporting during the reform of an interest rate benchmark, including the replacement of an interest rate benchmark with an alternative benchmark rate.

The IASB considered the pre-replacement issues to be more urgent and in September 2019, as a phase 1 project, amended IFRS 9 and IAS 39 to provide temporary exceptions to specific hedge accounting requirements and added related disclosure requirements to IFRS 7.

The ICAI recommended the Amendments in Ind AS 109, *Financial Instruments* and Ind AS 107, *Financial Instruments: Disclosures*, corresponding to aforementioned Phase 1 amendments in IFRS 9, *Financial Instruments*, and IFRS 7, *Financial Instruments: Disclosures*, following due process, which were notified by the Ministry of Corporate Affairs vide Companies (Indian Accounting Standards) Amendment Rules, 2020 on July 24, 2020, effective from annual reporting periods beginning on or after April 1<sup>st</sup>, 2020.

Under phase 2 of the project, the IASB has issued the amendments to certain IFRS Standards in August 2020 to address issues affecting financial statements when changes are made to contractual cash flows and hedging relationships as a result of interest rate benchmark reform. The IASB has amended specific requirements of IFRS Standards, namely, IFRS 9, *Financial Instruments*, IAS 39, *Financial Instruments: Recognition and Measurement*, IFRS 7, *Financial Instruments: Disclosures*, IFRS 4, *Insurance Contracts* and IFRS 16, *Leases*, relating to modifications of financial assets and financial liabilities and lease liabilities; hedge accounting; and disclosures. The amendments apply to changes to financial instruments and hedging relationships required by the reform. The amendments to these IFRS Standards assist companies in providing useful information to investors about the effects of interest rate benchmark reform on financial statements.

This Exposure Draft proposes amendments to specific requirements in Ind AS 109, Ind AS 107, and Ind AS 116 corresponding to aforesaid amendments in IFRS 9, IFRS 7 and IFRS 16 issued by IASB relating to IBOR Phase 2.

## **Exposure Draft**

### ***Interest Rate Benchmark Reform – Phase 2 (Amendments to Ind AS 109 Ind AS 107 and Ind AS 116)***

Following is the Exposure Draft of *Interest Rate Benchmark Reform – Phase 2 (Amendments to Ind AS 109 Ind AS 107 and Ind AS 116)*, issued by the Accounting Standards Board (the Board) of the Institute of Chartered Accountants of India, for comments.

The Board invites comments on any aspect of this Exposure Draft. Comments are most helpful if they indicate the specific paragraph or group of paragraphs to which they relate, contain a clear rationale and, where applicable, provide a suggestion for alternative wording.

#### **Comment deadline**

Last date for submitting comments is **November 30, 2020**

#### **How to Comment**

Comments should be submitted using one of the following methods:

1. Electronically: Click on the below mentioned option to submit a comment letter or visit at the following link (Preferred method):  
<http://www.icai.org/comments/asb/>
2. Email: Comments can be sent at [commentsasb@icai.in](mailto:commentsasb@icai.in)
3. Postal: Secretary, Accounting Standards Board,  
The Institute of Chartered Accountants of India,  
ICAI Bhawan, Post Box No. 7100,  
Indraprastha Marg, New Delhi – 110 002

Further clarifications on any aspect of this Exposure Draft may be sought by e-mail to [asb@icai.in](mailto:asb@icai.in).

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## Amendments to Ind AS 109, *Financial Instruments*

Paragraphs 5.4.5–5.4.9, 6.8.13, 6.9.1–6.9.13, 7.1.9–7.1.10 and 7.2.35–7.2.46 are added. A heading is added before paragraph 6.9.1 and subheadings are added before paragraphs 5.4.5, 6.9.7, 6.9.9, 6.9.11 and 7.2.43. New text is underlined and deleted text is struck through.

### 5.4 Amortised cost measurement

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#### Changes in the basis for determining the contractual cash flows as a result of interest rate benchmark reform

5.4.5 An entity shall apply paragraphs 5.4.6–5.4.9 to a financial asset or financial liability if, and only if, the basis for determining the contractual cash flows of that financial asset or financial liability changes as a result of interest rate benchmark reform. For this purpose, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark as described in paragraph 6.8.2.

5.4.6 The basis for determining the contractual cash flows of a financial asset or financial liability can change:

- (a) by amending the contractual terms specified at the initial recognition of the financial instrument (for example, the contractual terms are amended to replace the referenced interest rate benchmark with an alternative benchmark rate);
- (b) in a way that was not considered by—or contemplated in—the contractual terms at the initial recognition of the financial instrument, without amending the contractual terms (for example, the method for calculating the interest rate benchmark is altered without amending the contractual terms); and/or
- (c) because of the activation of an existing contractual term (for example, an existing fallback clause is triggered).

5.4.7 As a practical expedient, an entity shall apply paragraph B5.4.5 to account for a change in the basis for determining the contractual cash flows of a financial asset or financial liability that is required by interest rate benchmark reform. This practical expedient applies only to such changes and only to the extent the change is required by interest rate benchmark reform (see also paragraph 5.4.9). For this purpose, a change in the basis for determining the contractual cash flows is required by interest rate benchmark reform if, and only if, both these conditions are met:

- (a) the change is necessary as a direct consequence of interest rate benchmark reform; and
- (b) the new basis for determining the contractual cash flows is economically equivalent to the previous basis (ie the basis immediately preceding the change).

5.4.8 Examples of changes that give rise to a new basis for determining the contractual cash flows that is economically equivalent to the previous basis (ie the basis immediately preceding the change) are:

- (a) the replacement of an existing interest rate benchmark used to determine the contractual cash flows of a financial asset or financial liability with an alternative benchmark rate—or the implementation of such a reform of an interest rate benchmark by altering the method used to calculate the interest rate benchmark—with the addition of a fixed spread necessary to compensate for the basis difference between the existing interest rate benchmark and the alternative benchmark rate;
- (b) changes to the reset period, reset dates or the number of days between coupon payment dates in order to implement the reform of an interest rate benchmark; and
- (c) the addition of a fallback provision to the contractual terms of a financial asset or financial liability to enable any change described in (a) and (b) above to be implemented.

5.4.9 If changes are made to a financial asset or financial liability in addition to changes to the basis for determining the contractual cash flows required by interest rate benchmark reform, an entity shall first apply the practical expedient in paragraph 5.4.7 to the changes required by interest rate benchmark reform. The entity shall then apply the applicable requirements in this Standard to any additional changes to which the practical expedient does not apply. If the additional change does not result in the derecognition of the financial asset or financial liability, the entity shall apply paragraph 5.4.3 or paragraph B5.4.6, as applicable, to account for that additional change. If the additional change results in the derecognition of the financial asset or financial liability, the entity shall apply the derecognition requirements.

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## **6.8 Temporary exceptions from applying specific hedge accounting requirements**

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**End of application**

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6.8.13 An entity shall prospectively cease applying paragraphs 6.8.7 and 6.8.8 at the earlier of:

- (a) when changes required by interest rate benchmark reform are made to the non-contractually specified risk component applying paragraph 6.9.1; or
- (b) when the hedging relationship in which the non-contractually specified risk component is designated is discontinued.

## 6.9 Additional temporary exceptions arising from interest rate benchmark reform

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6.9.1 As and when the requirements in paragraphs 6.8.4–6.8.8 cease to apply to a hedging relationship (see paragraphs 6.8.9–6.8.13), an entity shall amend the formal designation of that hedging relationship as previously documented to reflect the changes required by interest rate benchmark reform, ie the changes are consistent with the requirements in paragraphs 5.4.6–5.4.8. In this context, the hedge designation shall be amended only to make one or more of these changes:

- (a) designating an alternative benchmark rate (contractually or non-contractually specified) as a hedged risk;
- (b) amending the description of the hedged item, including the description of the designated portion of the cash flows or fair value being hedged; or
- (c) amending the description of the hedging instrument.

6.9.2 An entity also shall apply the requirement in paragraph 6.9.1(c) if these three conditions are met:

- (a) the entity makes a change required by interest rate benchmark reform using an approach other than changing the basis for determining the contractual cash flows of the hedging instrument (as described in paragraph 5.4.6);
- (b) the original hedging instrument is not derecognised; and
- (c) the chosen approach is economically equivalent to changing the basis for determining the contractual cash flows of the original hedging instrument (as described in paragraphs 5.4.7 and 5.4.8).

6.9.3 The requirements in paragraphs 6.8.4–6.8.8 may cease to apply at different times. Therefore, in applying paragraph 6.9.1, an entity may be required to amend the formal designation of its hedging relationships at different times, or may be required to amend the formal designation of a hedging relationship more than once. When, and only when, such a change is made to the hedge designation, an entity shall apply paragraphs 6.9.7–6.9.12 as applicable. An entity also shall apply paragraph 6.5.8 (for a fair value hedge) or paragraph 6.5.11 (for a cash flow hedge) to account for any changes in the fair value of the hedged item or the hedging instrument.

6.9.4 An entity shall amend a hedging relationship as required in paragraph 6.9.1 by the end of the reporting period during which a change required by interest rate benchmark reform is made to the hedged risk, hedged item or hedging instrument. For the avoidance of doubt, such an amendment to the formal designation of a hedging relationship constitutes neither the discontinuation of the hedging relationship nor the designation of a new hedging relationship.

6.9.5 If changes are made in addition to those changes required by interest rate benchmark reform to the financial asset or financial liability designated in a hedging relationship (as described in paragraphs 5.4.6–5.4.8) or to the designation of the hedging relationship (as required by paragraph 6.9.1), an entity shall first apply the applicable requirements in this Standard to determine if those additional changes result in the discontinuation of hedge accounting. If the additional changes do not result in the discontinuation of hedge accounting, an entity shall amend the formal designation of the hedging relationship as specified in paragraph 6.9.1.

6.9.6 Paragraphs 6.9.7–6.9.13 provide exceptions to the requirements specified in those paragraphs only. An entity shall apply all other hedge accounting requirements in this Standard, including the qualifying criteria in paragraph 6.4.1, to hedging relationships that were directly affected by interest rate benchmark reform.

### **Accounting for qualifying hedging relationships**

#### **Cash flow hedges**

6.9.7 For the purpose of applying paragraph 6.5.11, at the point when an entity amends the description of a hedged item as required in paragraph 6.9.1(b), the amount accumulated in the cash flow hedge reserve shall be deemed to be based on the alternative benchmark rate on which the hedged future cash flows are determined.

6.9.8 For a discontinued hedging relationship, when the interest rate benchmark on which the hedged future cash flows had been based is changed as required by interest rate benchmark reform, for the purpose of applying paragraph 6.5.12 in order to determine whether the hedged future cash flows are expected to occur, the amount accumulated in the cash flow hedge reserve for that hedging relationship shall be deemed to be based on the alternative benchmark rate on which the hedged future cash flows will be based.

#### **Groups of items**

6.9.9 When an entity applies paragraph 6.9.1 to groups of items designated as hedged items in a fair value or cash flow hedge, the entity shall allocate the hedged items to subgroups based on the benchmark rate being hedged and designate the benchmark rate as the hedged risk for each subgroup. For example, in a hedging relationship in which a group of items is hedged for changes in an interest rate benchmark subject to interest rate benchmark reform, the hedged cash flows or fair value of some items in the group could be changed to reference an alternative benchmark rate before other items in the group are changed. In this example, in applying paragraph 6.9.1, the entity would designate the alternative benchmark rate as the hedged risk for that relevant subgroup of hedged items. The entity would continue to designate the existing interest rate benchmark as the hedged risk for the other subgroup of hedged items until the hedged cash flows or fair value of those items are changed to reference the alternative benchmark rate or the items expire and are replaced with hedged items that reference the alternative benchmark rate.

6.9.10 An entity shall assess separately whether each subgroup meets the requirements in paragraph 6.6.1 to be an eligible hedged item. If any subgroup fails to meet the requirements in paragraph 6.6.1, the entity shall discontinue hedge accounting prospectively for the hedging relationship in its entirety. An entity also shall apply the requirements in paragraphs 6.5.8 and 6.5.11 to account for ineffectiveness related to the hedging relationship in its entirety.

### **Designation of risk components**

6.9.11 An alternative benchmark rate designated as a non-contractually specified risk component that is not separately identifiable (see paragraphs 6.3.7(a) and B6.3.8) at the date it is designated shall be deemed to have met that requirement at that date, if, and only if, the entity reasonably expects the alternative benchmark rate will be separately identifiable within 24 months. The 24-month period applies to each alternative benchmark rate separately and starts from the date the entity designates the alternative benchmark rate as a non-contractually specified risk component for the first time (ie the 24-month period applies on a rate-by-rate basis).

6.9.12 If subsequently an entity reasonably expects that the alternative benchmark rate will not be separately identifiable within 24 months from the date the entity designated it as a non-contractually specified risk component for the first time, the entity shall cease applying the requirement in paragraph 6.9.11 to that alternative benchmark rate and discontinue hedge accounting prospectively from the date of that reassessment for all hedging relationships in which the alternative benchmark rate was designated as a non-contractually specified risk component.

6.9.13 In addition to those hedging relationships specified in paragraph 6.9.1, an entity shall apply the requirements in paragraphs 6.9.11 and 6.9.12 to new hedging relationships in which an alternative benchmark rate is designated as a non-contractually specified risk component (see paragraphs 6.3.7(a) and B6.3.8) when, because of interest rate benchmark reform, that risk component is not separately identifiable at the date it is designated.

## **Effective Date (Section 7.1)**

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7.1.9 [Refer Appendix 1]

7.1.10 *Interest Rate Benchmark Reform—Phase 2*, which amended Ind AS 109, Ind AS 107, and Ind AS 116, added paragraphs 5.4.5–5.4.9, 6.8.13, Section 6.9 and paragraphs 7.2.43–7.2.46. An entity shall apply these amendments for annual periods beginning on or after 1<sup>st</sup> April 2021<sup>1</sup>. An entity shall apply these amendments for annual periods beginning on or after 1<sup>st</sup> April 2020, if the transition to alternative benchmark rates occur during those annual periods. If an entity applies these amendments for an earlier period, it shall disclose that fact.

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<sup>1</sup> Since these amendments will be notified by the Ministry of Corporate Affairs (MCA), the effective date as mentioned in paragraph 7.1.10 is subject to the notification of MCA with the same effective date.

## 7.2 Transition

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[7.2.35-7.2.42 \[Refer Appendix 1\]](#)

### **Transition for Interest Rate Benchmark Reform—Phase 2**

[7.2.43](#) An entity shall apply *Interest Rate Benchmark Reform—Phase 2* retrospectively in accordance with Ind AS 8, except as specified in paragraphs 7.2.44–7.2.46.

[7.2.44](#) An entity shall designate a new hedging relationship (for example, as described in paragraph 6.9.13) only prospectively (ie an entity is prohibited from designating a new hedge accounting relationship in prior periods). However, an entity shall reinstate a discontinued hedging relationship if, and only if, these conditions are met:

(a) the entity had discontinued that hedging relationship solely due to changes required by interest rate benchmark reform and the entity would not have been required to discontinue that hedging relationship if these amendments had been applied at that time; and

(b) at the beginning of the reporting period in which an entity first applies these amendments (date of initial application of these amendments), that discontinued hedging relationship meets the qualifying criteria for hedge accounting (after taking into account these amendments).

[7.2.45](#) If, in applying paragraph 7.2.44, an entity reinstates a discontinued hedging relationship, the entity shall read references in paragraphs 6.9.11 and 6.9.12 to the date the alternative benchmark rate is designated as a non-contractually specified risk component for the first time as referring to the date of initial application of these amendments (ie the 24-month period for that alternative benchmark rate designated as a non-contractually specified risk component begins from the date of initial application of these amendments).

[7.2.46](#) An entity is not required to restate prior periods to reflect the application of these amendments. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of these amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of these amendments.

## Appendix 1

### Comparison to IFRS 9, Financial Instruments

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. Paragraph 7.1.6 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 7.1.9 has not been included as it refers to amendments to paragraph B3.3.6 of IFRS 9, for which corresponding amendments to Ind AS 109 are under formulation. However, in order to maintain consistency with paragraph numbers of IFRS 9, these paragraph numbers are retained in Ind AS 109.
  
4. Following paragraphs related to transition have not been included as these paragraphs are not relevant in Indian context. However, in order to maintain consistency with paragraph numbers of IFRS 9, the paragraph numbers are retained in Ind AS 109:
  - (i) Paragraph 7.2.2
  - (ii) Paragraphs 7.2.6-7.2.7
  - (iii) Paragraphs 7.2.12-7.2.13
  - (iv) Paragraphs 7.2.14A-7.2.25
  - (v) Paragraphs 7.2.26(a)-(c)
  - (vi) Paragraphs 7.2.27-7.2.28
  - (vii) Paragraphs 7.2.35-7.2.42

## Amendments to Ind AS 107, *Financial Instruments: Disclosures*

Paragraphs 24I–24J and 44GG–44HH are added and a subheading is added before paragraph 24I. Paragraphs 44DE and 44DF are renumbered as 44EE and 44FF, respectively. New text is underlined and deleted text is struck through.

### Other disclosures

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#### Additional disclosures related to interest rate benchmark reform

24I To enable users of financial statements to understand the effect of interest rate benchmark reform on an entity's financial instruments and risk management strategy, an entity shall disclose information about:

- (a) the nature and extent of risks to which the entity is exposed arising from financial instruments subject to interest rate benchmark reform, and how the entity manages these risks; and
- (b) the entity's progress in completing the transition to alternative benchmark rates, and how the entity is managing the transition.

24J To meet the objectives in paragraph 24I, an entity shall disclose:

- (a) how the entity is managing the transition to alternative benchmark rates, its progress at the reporting date and the risks to which it is exposed arising from financial instruments because of the transition;
- (b) disaggregated by significant interest rate benchmark subject to interest rate benchmark reform, quantitative information about financial instruments that have yet to transition to an alternative benchmark rate as at the end of the reporting period, showing separately:
  - (i) non-derivative financial assets;
  - (ii) non-derivative financial liabilities; and
  - (iii) derivatives; and

if the risks identified in paragraph 24J(a) have resulted in changes to an entity's risk management strategy (see paragraph 22A), a description of these changes.

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### Effective date and transition

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44~~D~~EE *Interest Rate Benchmark Reform* (amendments to Ind AS 109 and Ind AS 107) added paragraphs 24H and 44FF. An entity shall apply these amendments when it applies the amendments to Ind AS 109.

44~~F~~DF In the reporting period in which an entity first applies *Interest Rate Benchmark Reform*, an entity is not required to present the quantitative information required by paragraph 28(f) of Ind AS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*.

44GG *Interest Rate Benchmark Reform—Phase 2, which amended Ind AS 109, Ind AS 107, and Ind AS 116, added paragraphs 24I–24J and 44HH. An entity shall apply these amendments when it applies the amendments to Ind AS 109 or Ind AS 116.*

44HH *In the reporting period in which an entity first applies Interest Rate Benchmark Reform—Phase 2, an entity is not required to disclose the information that would otherwise be required by paragraph 28(f) of Ind AS 8.*

## Amendments to Ind AS 104, *Insurance Contracts*

Paragraphs 20A–20S, 35A–35N, 39B–39M and 42–51 are added. Heading before paragraph 40 is amended. New text is underlined and deleted text is struck through.

### Recognition and measurement

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[20A–20Q](#) [\[Refer Appendix 1\]](#)

[20R–20S](#) [\[Refer Appendix 1\]](#)

[35A](#) [\[Refer Appendix 1\]](#)

### Presentation

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[35B–35N](#) [\[Refer Appendix 1\]](#)

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### Disclosure

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[39B–39M](#) [\[Refer Appendix 1\]](#)

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### Effective date and transition

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[42–51](#) [\[Refer Appendix 1\]](#)

## Appendix 1

### Comparison with IFRS 4, *Insurance Contracts*

[3](#) [IFRS 4 contains provisions that address concerns arising from the different effective dates of IFRS 9 and the forthcoming Insurance Contracts Standard, IFRS 17. IFRS 4 provides two optional approaches: a temporary exemption from applying IFRS 9; and an overlay approach. It provides the following two options for entities that issue insurance contracts within the scope of IFRS 4:](#)

- [• the option to recognise in other comprehensive income, rather than profit or loss, the volatility that could arise when IFRS 9 is applied before the new insurance contracts Standard is issued; and](#)

- give companies whose activities are predominantly connected with insurance an optional temporary exemption from applying IFRS 9 until 2021.

The above optional temporary exemptions have not been provided under Ind AS 104.

In the context of optional temporary exemptions from applying IFRS 9, paragraphs 3 and 5 have been amended and paragraphs 20A-20Q, 35A-35N, 39B-39M, 46-49 have been added in IFRS 4. Since temporary optional exemptions have not been provided under Ind AS 104, these paragraphs have not been included in Ind AS 104. However, paragraph numbers have been retained in Ind AS 104 to maintain consistency with IFRS 4.

Amendments to *Interest Rate Benchmark Reform—Phase 2* added paragraphs 20R-20S in IFRS 4 which prescribes that an insurer applying the temporary exemption from IFRS 9 shall read certain paragraph references of IAS 39 in place of paragraph references of IFRS 9. Since temporary optional exemptions have not been provided under Ind AS 104, these paragraphs have not been included in Ind AS 104. However, paragraph numbers have been retained in Ind AS 104 to maintain consistency with IFRS 4.

34 Paragraph 39(b) has been deleted in IFRS 4 by IASB. However, paragraph number has been retained in Ind AS 104 to maintain consistency with IFRS 4.

45 Paragraphs 40-41F, ~~and~~ 41H, and 42-51 related to effective date and transition have not been included in Ind AS 104 as these are not relevant in Indian context. However, in order to maintain consistency with paragraph numbers of IFRS 4, these paragraph numbers are retained in Ind AS 104.

## Amendments to Ind AS 116, *Leases*

Paragraphs 104–106 and paragraphs C1B and C20C–C20D are added. A heading is added before paragraph 104 and a subheading is added before paragraph C20C. New text is underlined and deleted text is struck through.

### Temporary exception arising from interest rate benchmark reform

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104 A lessee shall apply paragraphs 105–106 to all lease modifications that change the basis for determining future lease payments as a result of interest rate benchmark reform (see paragraphs 5.4.6 and 5.4.8 of Ind AS 109). These paragraphs apply only to such lease modifications. For this purpose, the term ‘interest rate benchmark reform’ refers to the market-wide reform of an interest rate benchmark as described in paragraph 6.8.2 of Ind AS 109.

105 As a practical expedient, a lessee shall apply paragraph 42 to account for a lease modification required by interest rate benchmark reform. This practical expedient applies only to such modifications. For this purpose, a lease modification is required by interest rate benchmark reform if, and only if, both of these conditions are met:

- (a) the modification is necessary as a direct consequence of interest rate benchmark reform; and
- (b) the new basis for determining the lease payments is economically equivalent to the previous basis (ie the basis immediately preceding the modification).

However, if lease modifications are made in addition to those lease modifications required by interest rate benchmark reform, a lessee shall apply the applicable requirements in this Standard to account for all lease modifications made at the same time, including those required by interest rate benchmark reform.

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### **Effective date**

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C1B Interest Rate Benchmark Reform—Phase 2, which amended Ind AS 109, Ind AS 107, and Ind AS 116, added paragraphs 104–106 and C20C–C20D. An entity shall apply these amendments for annual reporting periods beginning on or after 1<sup>st</sup> April 2021<sup>2</sup>. An entity shall apply these amendments for annual periods beginning on or after 1st April 2020, if

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<sup>2</sup> Since these amendments will be notified by the Ministry of Corporate Affairs (MCA), the effective date as mentioned in paragraph C1B is subject to the notification of MCA with the same effective date.

the lease modification required by alternative benchmark rates occur during those annual periods. If an entity applies these amendments for an earlier period, it shall disclose that fact.

## **Transition**

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### **Interest Rate Benchmark Reform—Phase 2**

C20C An entity shall apply these amendments retrospectively in accordance with Ind AS 8, except as specified in paragraph C20D.

C20D An entity is not required to restate prior periods to reflect the application of these amendments. The entity may restate prior periods if, and only if, it is possible without the use of hindsight. If an entity does not restate prior periods, the entity shall recognise any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period that includes the date of initial application of these amendments in the opening retained earnings (or other component of equity, as appropriate) of the annual reporting period that includes the date of initial application of these amendments.