

AS 18: Related Party Disclosures

Related Party

One party has ability to control or exercise significant influence over other party at any time during period

Control

- Voting Power > 50%
- Power to compose BOD
- Power to Direct

+
Substantial Interest
(VP ≥ 20%)

Significant Influence

Power to participate in financial &/or operating policy decisions

Statute/Law

Agreement

VP ≥ 20% unless

otherwise assumed

Related Party Relationship

3(a): Enterprises directly or indirectly through subsidiary, control or are controlled by or are under common control with entity.

3(b): Associates & Joint venture of Reporting Entity and Investing party or venturer for which Reporting Entity is Associate/J.V.

3(c): Individuals who have control or significant Influence and their relatives.*

3(d): Key Management Personnel (KMP) & their relatives.*

3(e): Entities where individuals in Para 3(c)/3(d) have significant Influence.

NO Related Parties:

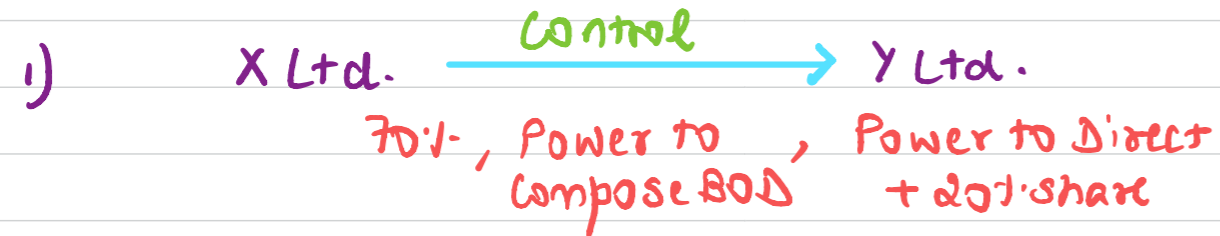
- 1) Two companies simply because of common director
- 2) Single customer, supplier, Franchiser, Distributor, etc.
- 3) Providers of Finance, Trade unions, Govt. Depts & agencies, etc.

* Relative:

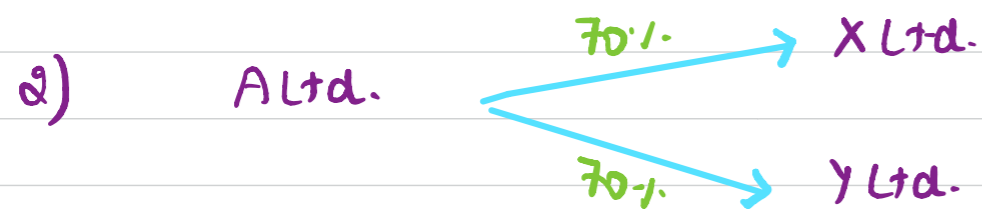
Spouse, children, Parents, Siblings.

Examples:

Para 3(a)

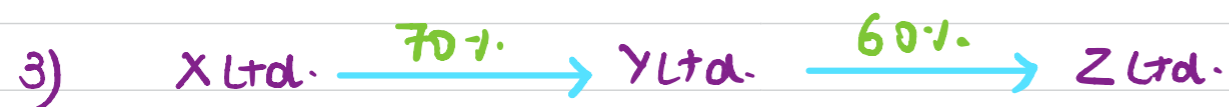


X Ltd. & Y Ltd. are RP.



For A Ltd. : X Ltd. & Y Ltd. are RP

X Ltd. & Y Ltd. are also RP
(Common Control)

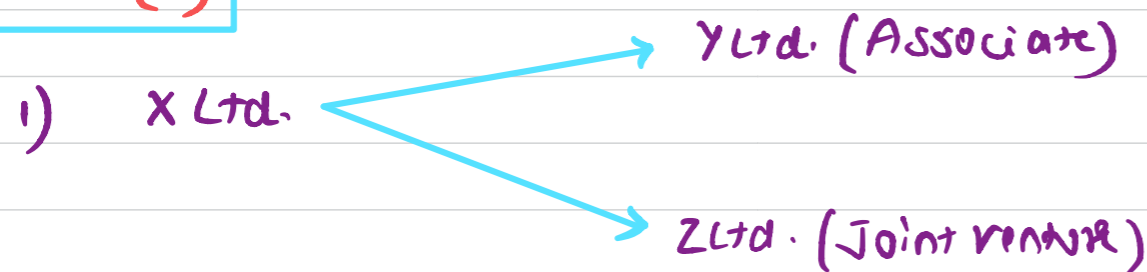


For X Ltd. : Both Y Ltd. & Z Ltd. are RP
(Subsidiaries)



For X Ltd. : Y Ltd. is RP (Subsidiary)
Z Ltd. is RP (Indirectly through subsidiary)

Para 3(b)



X Ltd. & Y Ltd. are RP (Associate)

X Ltd. & Z Ltd. are RP (Joint venture)

2) X Ltd. $\xrightarrow{20\%}$ Y Ltd. $\xrightarrow{20\%}$ Z Ltd.

X Ltd. & Z Ltd. are not RP

3) X Ltd. $\xrightarrow{70\%}$ Y Ltd. $\xrightarrow{20\%}$ Z Ltd.

X Ltd. & Z Ltd. are RP (Indirectly through subsidiary)

4) X Ltd. $\begin{cases} \xrightarrow{20\%} & \text{Y Ltd.} \\ \xrightarrow{30\%} & \text{Z Ltd.} \end{cases}$

Y Ltd. & Z Ltd. are not RP
(Common/Fellow Associates/J.V. not RP)

Para 3(c)

1) Mr. X $\xrightarrow{\text{Control or Significant Influence}}$ A Ltd.

X & A Ltd. are RP

Para 3(d)

1) Mr. X $\xrightarrow{\text{KMP}}$ A Ltd.

X & A Ltd. are RP

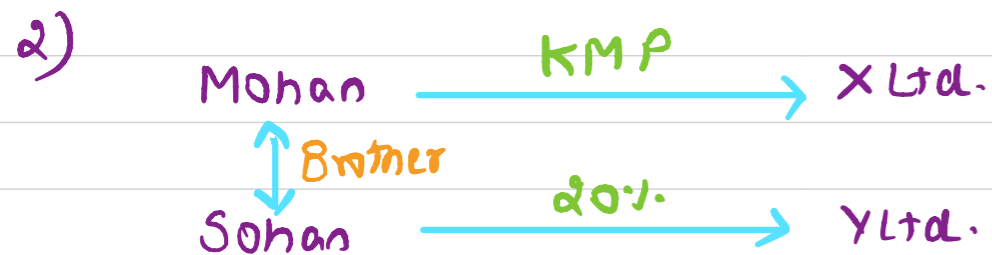
Para 3(e)



Mohan & X Ltd : RP : 3(c)

Mohan & Y Ltd : RP : 3(c)

X Ltd. & Y Ltd : RP : 3(e)



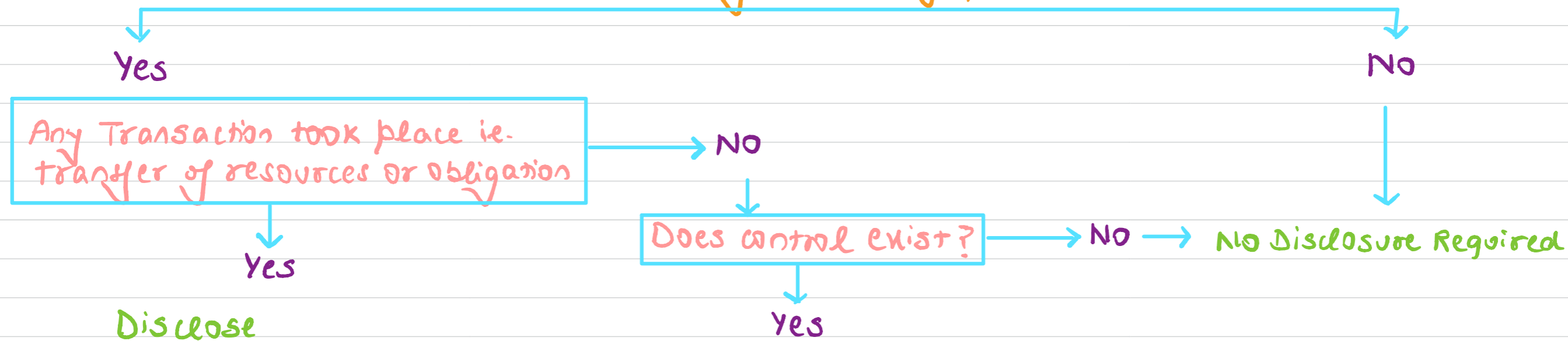
X Ltd : Mohan / Sohan : RP : 3(d)

Y Ltd : Sohan / Mohan : RP : 3(c)

X Ltd. & Y Ltd : RP : 3(e)

Disclosure

Whether Related at any time during period



- a) Name of Related Party
- b) Nature of Relationship
- c) Nature of Transaction
- d) Amount of Transaction
- e) Other Elements
- f) D/S Balance
- g) Amount written off / written back

Disclose

- a) Name of Related Party
- b) Nature of Relationship

Exceptions of Disclosure Requirements

- (1) Transactions during period when no relationship
- (2) Disclosures which are against ethics of business *
- (3) Intragroup transactions in consolidated financial statements
- (4) For Government / State controlled entity
(Transactions of one Govt. entity with other Govt. entity)

* Confidentiality as required in terms of statute or regulator or similar competent authority