

The Objective of this Ind AS is to identify & disclose the transactions with Related Parties in Financial Statements.

Related Party

(i) Related Party of an Entity can be $\begin{cases} \text{A Person} \\ \text{OR} \\ \text{Another Entity} \end{cases}$

- A Person will be considered as Related Party of an Entity if that person:
 - Has Control | Joint Control over the Entity
 - OR
 - Has Significant Influence over the Entity
 - OR
 - Is KMP [Director] of the Entity

Note:-

Close Member of Above Person's family will also be considered as Related Party of Entity.

It includes:

- Children, Spouse / Domestic Partner, Brother, Sister, Father & Mother of that Person.
- Children of that Person's Spouse / Domestic Partner.
- Dependents of that Person or his Spouse / Domestic Partner

• Another Entity will be considered as Related Party of an Entity:

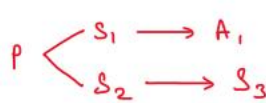
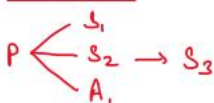
(i) Parent & its All Subsidiaries (including fellow Subsidiaries) are Related to each other.

Example:



(ii) Associate Company of Parent or its Subsidiary or Fellow Subsidiary are related to the Parent & its All Subsidiaries (including fellow Subsidiaries)

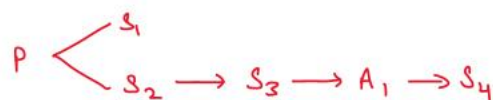
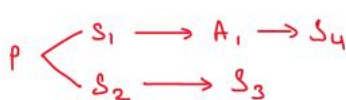
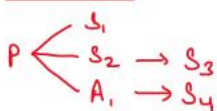
Example:



Note:-

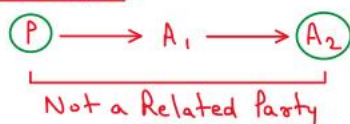
→ Subsidiary of Above Associate Company is also related to the Parent & its All Subsidiaries (including fellow Subsidiaries).

Example:



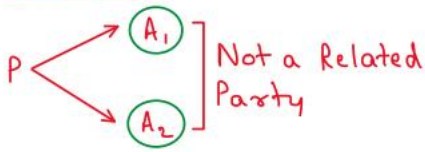
→ Associate of Above Associate Company is not related to the Parent & its All Subsidiaries (including fellow Subsidiaries).

Example:



→ Associate Company of a Group is not related to any other Associate Company in that Group.

Example:

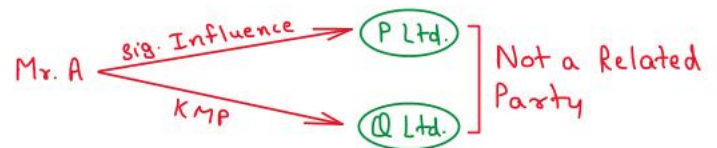
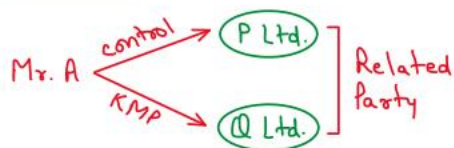


(iii) If a Person (including Close Member of his family) or an Entity has

Control / Joint Control over 1 Entity and Control / Joint Control or Significant Influence or KMP of Another Entity

Note:- Subsidiary of above companies are also related to each other.

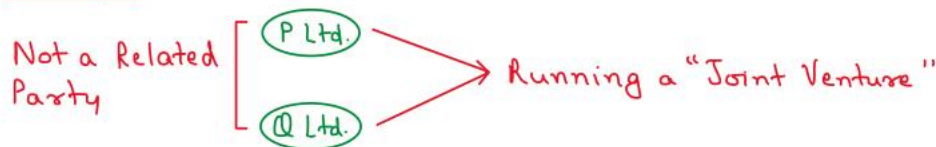
Example:



(2) Followings are not considered as Related Parties :-

- Co-venturers of a Single Joint Venture.

Example:



- Major Customers, Suppliers, Agents, Distributors, Financers, Trade Unions, etc. only because of their dealings with the entity.

Related Party Disclosures

- Disclosure requirements are classified into 2 Categories as follows :-

Category 1 Disclosures

↓
Related Party Relationships will be disclosed even if there are no transactions between them

↓
Relationship between Parent & Subsidiaries

↓
Disclose the Name of its Parent & Ultimate Controlling Entity [if Any]

Category 2 Disclosures

↓
Related Party Relationships will be disclosed only if there are transactions between them
[Even if transactions are at arm's length basis or insignificant]

↓
All Other Relationships

↓
Disclose the following



Nature of Related Party Relationship	Amount of Transactions in Relationship Period	Amount of Outstanding Balance on Balance Sheet Date	Expense recognised in P&L from Related Party Transaction [if Any]	Commitments with Related Party [if Any]
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- Entity is exempt from disclosure requirements [Transaction, Outstanding Balance & Commitments] if Related Party is
 - Government, or
 - Another Entity over which Government has Control | Joint Control or Significant Influence
- However, Entity has to disclose the following even in this case :-
- Name of the Government & Nature of its Relationship with the Entity
 - Nature & Amount of Significant Transactions between them