

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 $\geq 20\%$)

Significant Influence

Power to participate in financial &/or operating policy decisions

Statute/
Law

Agreement

VP $\geq 20\%$
unless

otherwise assumed

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.

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.*

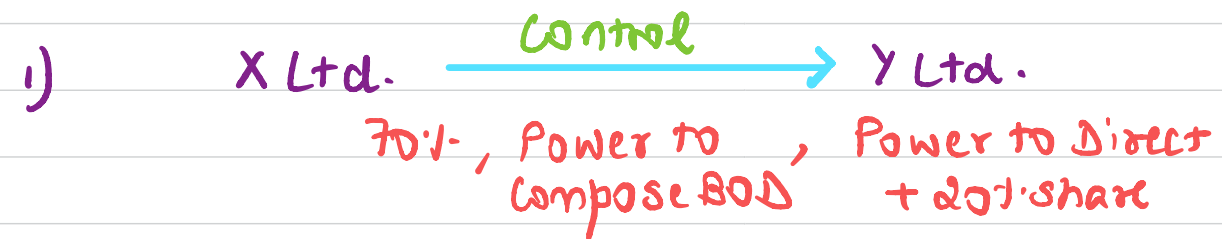
3(e): Entities where individuals in Para 3(c)/3(d) have significant Influence.

* Relative:

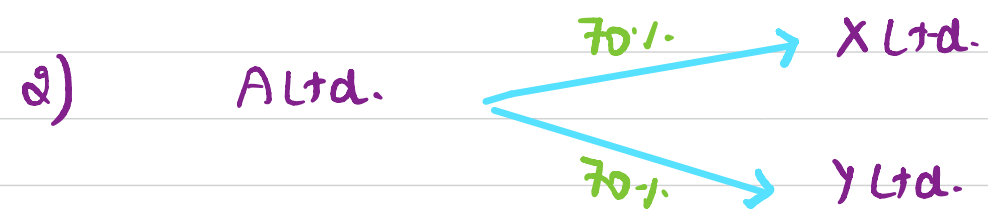
Spouse, children, Parents, Siblings.

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

2) Mr. X $\xrightarrow{70\%}$ A Ltd. $\xrightarrow{20\%}$ B Ltd.

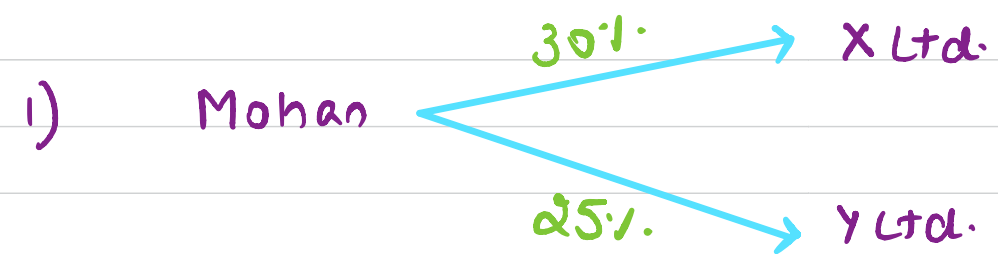
X & B Ltd. are RP (Indirectly through subsidiary)

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(a)

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

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

Disclosure

Whether Related at any time during period

Yes

No

Any Transaction took place i.e.
transfer of resources or obligation

NO

Does control exist?

NO

No Disclosure Required

Yes

Disclose

Yes

Disclose

- 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

- 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