

Ahmedabad Branch of WIRC of ICAI
“ICAI BHAWAN”, 123, Sardar Patel Colony,
Nr Usmanpura Under Bridge, Naranpura,
Ahmedabad – 380014
Email : ahmedabad@icai.in

24th October, 2017

Re: Exposure Draft: AS 24 Related Party Disclosures

Dear Sir,

We appreciate the opportunity to comment on AS Exposure Draft Related Party Disclosures.

We would be pleased to respond to any questions the Board / Committee or its staff may have about any of our comments.

Please do not hesitate to contact me at +91 - 9099 921 163 or chintan@nareshco.com.

Yours Faithfully,
For Naresh J. Patel & Co.
Chartered Accountants

sd/-
Chintan Patel
Partner

1. Clarification of KMP definition for non-executive director

9A. Key management personnel are those persons who have the authority and responsibility for planning, directing and controlling the activities of the reporting entity. For example, in the case of a company, the managing director(s), whole time director(s), manager, and any person in accordance with whose directions or instructions the board of directors of the company is accustomed to act, are usually considered key management personnel

The definition of Key Managerial Person (KMP) under Ind AS 24 includes reference to 'Any director(whether executive or otherwise)' however paragraph 9A is silent about executive/non-executive requirement. The practical issue of whether non-executive directors can be considered as KMPs or not is not being addressed by para 9A. Therefore it is recommended to replace the words 'whole time directors(s)' with 'any director (executive or otherwise)' to align with Ind AS 24 and also to provide clarification.

2. Categories to be specified for comparability

24. Type of related party means each related party relationship described in paragraph 3A.

Para 19 of Ind AS 24 specifies 7 categories in which disclosure is required to be aggregated. IFRS for SME Section 33 Related Party Disclosures also provides following 4 categories in which disclosure is to be provided:

- a) Entities with control, joint control or significant influence over the entity
- b) Entities over which the entity has control, joint control or significant influence
- c) Key management personnel
- d) Other related parties

To make the disclosure simple and to ensure the consistency, it is advisable to provide the categories in which all entities should aggregate and provide instead of making reference to the sections of definition of related party.