

## **Policy on Materiality of Related Party Transactions (RPTs) and Dealing with RPTs**

In terms of Regulation 23 (1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and also provisions of the Companies Act, 2013.

(Updated as on April 28, 2026)

## TABLE OF INDEX

S.No.	Particulars	Page No.
1.	Introduction	2
2.	Definitions	3-10
3.	Industry Standards on Minimum Information to be provided for review of Audit Committee and Shareholders for approval of a Related Party Transaction (RPT)	11
4.	Dealing with Related Party Transactions	12-18
5.	Identification of Potential Related Party Transactions	19
6.	Disclosure Requirements	20-21
7.	Consequence of Non-Approval / Violations of the Provisions of related Party Transactions	22

## 1. Introduction

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This Policy deals with Materiality of Related Party Transactions (RPTs) and Dealing with the Related Party Transactions in terms of the Regulation 23 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Regulations) and the Companies Act, 2013.

**NOTE:** *In case of any change in Regulatory/ Statutory guidelines/ provisions governing the Policy, the Policy shall stand amended / updated automatically to that extent.*

## 2. Definitions

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1. "Associate Company" – means:

**(A) With reference to the provisions of the Companies Act, 2013**

Section 2(6) of the Companies Act, 2013 means, in relation to another company, means a company in which that other company has a significant influence, but which is not a subsidiary company of the company having such influence and includes a joint venture company.

*Explanation*—For the purposes of this clause,—

- (a) the expression "significant influence" means control of at least twenty percent of total voting power, or control of or participation in business decisions under an agreement;
- (b) the expression "joint venture" means a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement;

**(B) With reference to the provisions of Accounting Standard (AS)**

An enterprise in which an investing reporting party has significant influence and which is neither a subsidiary nor a joint-venture of that party.

2. "Audit Committee or Committee" means "Audit Committee" constituted by the Board of Directors of the Company, from time to time, under provisions of the Companies Act 2013 and the Regulations.

3. "Board of Director" or "Board" means the Board of Directors of IFCI Limited, as constituted from time to time.

4. "Company" means IFCI Limited.

5. "Control" – means and includes the following:

**(A) With reference to the provisions of the Companies Act, 2013**

Control shall include the right to appoint majority of the Directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner.

**(B) With reference to the provisions of Accounting Standard (AS)**

Control is –

- (a) ownership, directly or indirectly, of more than one half of the voting power of an enterprise, or
- (b) control of the composition of the Board of Directors in the case of a Company or of the composition of the corresponding governing body in case of any other enterprise, or

(c) a substantial interest in voting power and the power to direct, by statute or agreement, the financial and/or operating policies of the enterprise.

**(C) With reference to the provisions of the SEBI Regulations**

Control shall have the same meaning as assigned to it under the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 {Takeover Regulation}. In terms the Takeover Regulations, Control includes the right to appoint majority of the directors or to control the management or policy decisions exercisable by a person or persons acting individually or in concert, directly or indirectly, including by virtue of their shareholding or management rights or shareholders agreements or voting agreements or in any other manner:

***Provided that*** a director or officer of a target company shall not be considered to be in control over such target company, merely by virtue of holding such position;

**6. "Government Company"** means any company in which not less than fifty one percent, of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government company.

**7. "Independent Director"** means an independent director of the Company, as appointed in terms of Section 149 (6) of the Companies Act 2013 and who also qualifies as Independent Director in terms of the Regulations.

**8. "Joint Venture"** - A contractual arrangement whereby two or more parties undertake an economic activity which is subject to joint control.

**9. "Key Managerial Personnel"** in relation to a company, means—

- (i) The Chief Executive Officer or the Managing Director or the Manager;
- (ii) The Company Secretary;
- (iii) The Whole-time Director;
- (iv) The Chief Financial Officer;
- (v) Such other officer, not more than one level below the Directors who is in whole time employment, designated as Key Managerial Personnel by the Board;
- (vi) Such other officer of the Company as may be prescribed by the Ministry of Corporate Affairs (MCA) from time to time.

**10. "Material Related Party Transaction" means and includes the following:**

**[A] As per SEBI Listing Regulations: (i.e. SEBI (LODR) 2015)**

If the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds the thresholds specified in Schedule XII of SEBI Listing Regulations as mentioned below or as amended from time to time:

<b>Consolidated Turnover of Listed Entity Threshold</b>	<b>Threshold</b>
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

**Explanation:** For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.

**[B] As per Companies Act, 2013:**

As per Rule 15(3) of the Companies (Meetings of Board and its Powers) Rules, 2014, as amended from time to time, the material Related Party Transactions are as under:

- (a) (i) Sale, purchase or supply of any goods or material, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
- (ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
- (iii) leasing of property of any kind amounting to 10% or more of turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
- (iv) availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

Explanation- It is hereby clarified that the limits specified in sub-clause (i) to (iv) shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (b) appointment to any office or place of profit in the company, its subsidiary company or associate company at a monthly remuneration exceeding two and a half lakh rupees as mentioned in clause (f) of sub-section (1) of section 188.
- (c) remuneration for underwriting the subscription of any securities or derivatives thereof, of the company exceeding one percent of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

Explanation- (1) The turnover or net worth referred in the above sub-rules shall be computed on the basis of the audited financial statement of the preceding financial year.

**11. "Policy"** means Policy on Materiality of Related Party Transactions and dealing with Related Party Transactions.

**12. "Regulations"** means Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

**13. "Related Party" means Related Party as per Companies Act 2013 & Rules made thereunder, Accounting Standard and the Regulations, as under:**

**(A) As per the provisions of Companies Act, 2013 read with applicable Rules made thereunder:**

**With reference to the Company, means—**

- (i) A Director or his relative;
- (ii) A Key Managerial Personnel or his relative;
- (iii) A Firm, in which a Director, Manager or his relative is a Partner;
- (iv) A Private Company in which a Director or Manager or his relative is a Member or Director;
- (v) A Public Company in which a Director or Manager and holds is a Director or holds along with his relatives, more than 2% of its paid-up share capital;
- (vi) Any Body Corporate whose Board of Directors, Managing Director or Manager is accustomed to act in accordance with the advice, directions or instructions of a Director or Manager;
- (vii) Any person on whose advice, directions or instructions a Director or Manager is accustomed to act;

**Provided** that nothing in sub-clauses (vi) and (vii) shall apply to the advice, directions or instructions given in a professional capacity;

(viii) Any Company which is –

[A] A Holding, Subsidiary or an Associate Company of such Company; or

- [B] A Subsidiary of a Holding Company to which it is also a Subsidiary;  
[C] An Investing Company or the Venturer of the Company

**Explanation** – For the purpose of this Clause, “the investing Company or the venturer of a Company” means a body corporate whose investment in the Company would result in the Company becoming an Associate Company of the Body Corporate.

- (ix) A Director other than an Independent Director or Key Managerial Personnel of the Holding Company or his Relative with reference to a Company, shall be deemed to be a related party.

**(B) As per the provisions of Accounting Standard (AS):**

**‘Related Party / Parties’** - A related party is a person or entity that is related to the entity that is preparing its financial statements

- (a) A person or a close member of that person’s family is related to a reporting entity if that person:
- (i) has control or joint control of the reporting entity;
  - (ii) has significant influence over the reporting entity; or
  - (iii) is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- (b) An entity is related to a reporting entity if any of the following conditions applies:
- (i) The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
  - (ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
  - (iii) Both entities are joint ventures of the same third party.
  - (iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
  - (v) The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
  - (vi) The entity is controlled or jointly controlled by a person identified in point (a) above.
  - (vii) A person identified in point (a)(i) above has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).



- (viii) The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

**(C) "Related Party" as per Regulation 2(1)(zb) of the SEBI Listing Regulations:**

Shall be considered as related to IFCI if:

- i. Such entity is a related party under section 2(76) of the Companies Act 2013, as applicable from time to time. **OR**
- ii. Such entity is a Related Party under the applicable accounting standards, as applicable from time to time.

**'Related Party' as per Regulation 2(1)(zb) of SEBI Listing Regulations shall mean:**

- (a) Any person or entity forming a part of the Promoter or Promoter Group of the listed entity; or
- (b) Any person or any entity shall be deemed to be a Related Party who is holding equity shares in the listed entity either directly or on a beneficial interest basis as provided under Section 89 of the Companies act, 2013, at any time during the immediate preceding Financial Year:
  - (i) of 20% or more; or
  - (ii) of 10% or more, w.e.f. April 01, 2023;

**14. "Relative"**, with reference to any person, means anyone who is related to another, if—

- they are members of a Hindu Undivided Family;
- they are husband and wife; or
- one person is related to the other in such manner as may be prescribed

**List of relatives is as prescribed under Rule 4 of the Companies (Specification of Definitions Details) Rules, 2014, as amended from time to time:-**

A person shall be deemed to be the relative of another, if he or she is related to another in the following manner, namely:-

- a) Father: Provided that the term "Father" includes step-father.
- b) Mother: Provided that the term "Mother" includes the step-mother.
- c) Son: Provided that the term "Son" includes the step-son.
- d) Son's wife.
- e) Daughter.
- f) Daughter's husband.

- g) Brother: Provided that the term "Brother" includes the step-brother;
- h) Sister: Provided that the term "Sister" includes the step-sister.

**15. "Related Party Transactions" – means and includes the following:**

**[A] As per Companies Act, 2013:**

Following class of transactions are referred as Related Party Transactions:

- a) Sale, purchase or supply of any goods or materials;
- b) Selling or otherwise disposing of, or buying, property of any kind;
- c) Leasing of property of any kind;
- d) Availing or rendering of any services;
- e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- g) Underwriting the subscription of any securities or derivatives thereof, of the company:

**[B] As per SEBI Listing Regulations:**

**"Related Party Transaction"** means a transaction involving a transfer of resources, services, or obligations between:

- (i) A Listed Entity or any of its Subsidiaries **on one hand** and a Related Party of the Listed Entity or any of its Subsidiaries **on the other hand**; or
- (ii) A Listed Entity or any of its Subsidiaries **on one hand** and any other person or entity **on the other hand**, the purpose and effect of which is to benefit a Related Party of the Listed Entity or any of its Subsidiaries (w.e.f. **April 01, 2023**).

Regardless of whether a Price is charged and a "transaction" with a related party shall be construed to include a single transaction or a group of transactions in a contract.

**Further, the following class of transactions will not be treated as Related Party Transactions:**

- (a) Issue of specified securities on a preferential basis, subject to compliance of the requirements under the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2018;
- (b) The following corporate actions which are uniformly applicable / offered to all shareholders in proportion to their shareholding:
  - (i) Payment of Dividend;
  - (ii) Sub-Division or Consolidation of Securities;
  - (iii) Issuance of Securities by way of a Rights Issue or a Bonus Issue; and

- (iv) Buy-Back of Securities.
- (c) acceptance of fixed deposits by banks/Non-Banking Finance Companies at the terms uniformly applicable/offered to all shareholders/public, subject to disclosure of the same along with the disclosure of related party transactions every six months to the stock exchange(s), in the format as specified by the Board
- (d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time

*Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.*

- (e) retail purchases from any listed entity or its subsidiary by the directors or key managerial personnel of the listed entity or its subsidiary, and relatives of such directors or key managerial personnel, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees, directors, key managerial personnel and relatives of directors or key managerial personnel.

**[C] As per Accounting Standard (AS):**

A transfer of resources or obligations between related parties, regardless of whether or not a price is charged.

**16. "Standards"** mean the Industry Standards on "Minimum information to be provided for review of the Audit Committee and Shareholders for approval of Related Party Transaction (RPT)", issued in consultation with SEBI from time to time.

### **3. Industry Standards on Minimum Information to be provided for review of Audit Committee and Shareholders for approval of a Related Party Transaction (RPT Industry Standards).**

RPT Industry Standards is to provide a standard format for minimum information to be provided to the Audit Committee and Shareholders (as applicable) for review and approval of RPT.

1. The RPT Industry Standards **shall be applicable** for all RPTs placed for review and approval by the Audit Committee of the listed entity, in terms of Regulation 23(2) and 23(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”).
2. The RPT Industry Standards **shall be applicable** in case of material RPTs as defined under Regulation 23(1) & 23(1A) of the LODR Regulations, which are placed for approval of both the Audit Committee and the shareholders.
3. Provided that if a transaction with a related party, whether individually or taken together with previous transaction(s) during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity or Rupees Ten Crore, whichever is lower, the listed entity shall provide Minimum information to the Audit Committee for approval of Related Party Transactions as per the format prescribed by SEBI from time to time.
4. The RPT Industry Standards **shall not be applicable** to:
  - (a) Transactions **exempted under Regulation 23(5)** of the LODR Regulations;
  - (b) Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of the LODR Regulations;
  - (c) Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) do not exceed **Rs. One Crore**.

The Format for Minimum Information (**RPT Industry Standards**) to be provided for review of the Audit Committee for Approval (including ratification) of RPTs, is enclosed as **Annexure-1**.

Further, Regulation 23 of SEBI Listing Regulations is enclosed as **Annexure-2**.  
May please refer to the updated Regulations on SEBI Website.

## 4. Dealing with Related Party Transactions

### I. Approval by Audit Committee

All Related Party Transactions (RPTs) (including any subsequent modifications thereof) shall require prior approval of the Audit Committee of Directors of IFCI.

*Provided that only those members of the Audit Committee, who are independent directors, shall approve related party transactions.*

#### **[A] Scope of Review of Related Party Transactions by Audit Committee:**

As per the SEBI Listing Regulations, , all related Party Transactions [**and subsequent material modifications**] shall require prior approval of the Audit Committee.

**'Material Modification'** in any approved Related Party Transaction shall mean any deviation of 25% or more in any of the conditions of the Related Party Transactions which have been pre-approved by the Audit Committee of IFCI.

#### **Following information shall be provided to the Audit Committee of Directors for reviewing any item on Related Party Transactions:**

The listed entity shall provide the Audit Committee with the information as specified in the Industry Standards on "Minimum information to be provided for review of the Audit Committee and Shareholders for approval of a Related Party Transaction", while placing any proposal for review and approval (including ratification) of an RPT.

#### **[B] The Audit Committee of Directors may grant 'Omnibus Approval' for the RPTs proposed to be entered into by the Company or its Subsidiary (ies)**

#### **The Conditions for granting Omnibus approval are as under:**

(1) The Audit Committee may grant omnibus approval for certain category of related party transactions proposed to be entered into by the Company or its Subsidiary (ies).

(2) The Audit Committee shall consider the following factors while specifying the criteria for making omnibus approval, namely: -

- Repetitiveness of the transactions (in past or in future);
- Justification for the need of omnibus approval;
- Satisfy itself on the need for omnibus approval for transactions of repetitive nature and that such approval is in the interest of the Company.

(3) The proposal for Omnibus Approval placed before the Audit Committee shall include the following information: -

- Name of the related parties;
- Nature and duration of the transactions;
- The Period of Transaction;
- Maximum amount of transaction that can be entered into;
- The indicative base price or current contracted price and the formula for variation in the price, if any; and
- Any other information relevant or important for the Audit Committee to take a decision on the proposed transaction:

**The Audit Committee may seek any addition information as may be deemed necessary by the Committee while considering the proposal for granting omnibus approval.**

(4) In case the need for related party transaction cannot be foreseen and the aforesaid details are not available, Audit Committee may make omnibus approval for such transactions subject to their value not exceeding Rs. 1 crore per transaction.

(5) Omnibus approval shall be valid for a period not exceeding one year and shall require fresh approval after the expiry of such one year.

(6) Shareholders' approval of omnibus RPTs approved in an AGM shall be valid upto the date of the next AGM for a period not exceeding fifteen months. In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year.

(7) Omnibus approval shall not be made for transactions in respect of selling or disposing of the undertaking of the Company.

(8) Any other conditions as the Audit Committee may deem fit.

(9) A Memorandum on quarterly basis shall be placed before the Audit Committee for review of each omnibus approval granted by the Audit Committee.

Further, the applicable Standards may be referred for obtaining Omnibus Approval from the Audit Committee.

**[C] Review of Related Party Transactions to which Subsidiary Companies of IFCI is a party, by Audit Committee of IFCI:**

- ◆ A related party transaction above **rupees one crore**, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require

prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:

- (i) **ten percent of the annual standalone turnover** of the subsidiary as per the last audited financial statements **of the subsidiary**; or
- (ii) the **threshold for material related party transactions** of listed entity as specified in Schedule XII of these regulations.

◆ In the event of a related party transaction **above rupees one crore**, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such **subsidiary does not have audited financial statements for a period of at least one year**, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) **ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary**; or
- (ii) the **threshold for material related party transactions** of listed entity as specified in Schedule XII of these regulations:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.

#### **[D] Ratification of Related Party Transactions by Audit Committee:**

The members of the Audit Committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the Audit Committee, whichever is earlier, subject to the conditions mentioned under Regulation 23(2)(f) of SEBI Listing Regulations. The conditions are:

- (i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
- (ii) the transaction is not material in terms of the provisions of Regulation 23(1) of SEBI Listing Regulations;
- (iii) rationale for inability to seek prior approval for the transaction shall be placed before the Audit Committee at the time of seeking ratification;
- (iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of Regulation 23(9) of the SEBI Listing Regulations;
- (v) any other condition as specified by the Audit Committee

*Provided that failure to seek ratification of the Audit Committee shall render the transaction voidable at the option of the Audit Committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.*

## **II. Approval by Board of Directors**

Except with the consent of the Board of Directors given **by a resolution at a meeting of the Board** and subject to conditions as may be prescribed by MCA, IFCI shall not enter into any contract or arrangement with a related party with respect to—

- (a) Sale, purchase or supply of any goods or materials;
- (b) Selling or otherwise disposing of, or buying, property of any kind;
- (c) Leasing of property of any kind;
- (d) Availing or rendering of any services;
- (e) Appointment of any agent for purchase or sale of goods, materials, services or property;
- (f) Such related party's appointment to any office or place of profit in the company, its subsidiary company or associate company; and
- (g) Underwriting the subscription of any securities or derivatives thereof, of the company:

**Provided** that nothing of the above shall apply to any transactions entered into by IFCI in its ordinary course of business other than transactions which are not on an arm's length basis.

### ***Explanation —***

The expression "**office or place of profit**" means any office or place—

- 1) Where such office or place is held by a director, if the director holding it receives from IFCI anything by way of remuneration over and above the remuneration to which he is entitled as director, by way of salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;
- 2) Where such office or place is held by an individual other than a director or by any firm, private company or other body corporate, if the individual, firm, private company or body corporate holding it receives from IFCI anything by way of remuneration, salary, fee, commission, perquisites, any rent-free accommodation, or otherwise;

The expression "**arm's length transaction**" means a transaction between two related parties that is conducted as if they were unrelated, so that there is no conflict of interest.

## **III. Approval by Shareholders**

1. Except with the prior approval of the company by a resolution, as may be specified from time to time under the Companies Act, 2013 or SEBI Listing Regulations, IFCI shall not enter into a transaction(s) with the Related Party, where the transaction(s) to be entered into:



- (a) as contracts or arrangements with respect to clauses (a) to (e) of sub-section (1) of section 188 of the Companies Act 2013, with criteria as mentioned below -
- (i) Sale, purchase or supply of any goods or materials, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (a) and clause (e) respectively of sub-section (1) of section 188;
  - (ii) Selling or otherwise disposing of or buying property of any kind, directly or through appointment of agent, amounting to 10% or more of net worth of the company, as mentioned in clause (b) and clause (e) respectively of sub-section (1) of section 188;
  - (iii) leasing of property of any kind amounting to 10% or more of turnover of the company, as mentioned in clause (c) of sub-section (1) of section 188;
  - (iv) availing or rendering of any services, directly or through appointment of agent, amounting to 10% or more of the turnover of the company, as mentioned in clause (d) and clause (e) respectively of sub-section (1) of section 188:

***Explanation—***

It is hereby clarified that the limits specified in sub-clauses (i) to (iv), as above, shall apply for transaction or transactions to be entered into either individually or taken together with the previous transactions during a financial year.

- (b) is for appointment to any office or place of profit in the Company, its subsidiary company or associate company at a monthly remuneration exceeding Rs.2.5 lakh as mentioned in clause (f) of subsection (1) of section 188; or
- (c) is for remuneration for underwriting the subscription of any securities or derivatives thereof of the company exceeding 1% of the net worth as mentioned in clause (g) of sub-section (1) of section 188.

**Explanation:**

The Turnover or Net Worth referred above shall be computed on the basis of the Audited Financial Statement of the preceding financial year.

In case of a wholly owned subsidiary, the resolution, as the case may be passed by IFCI shall be sufficient for the purpose of entering into the transactions between the wholly owned subsidiary and IFCI.

2. All Material Related Party Transactions and subsequent 'Material Modifications' as defined above shall require prior approval of the shareholders through resolution (as may be applicable from time to time) and no related party shall vote to approve such resolutions whether the entity is a related party to the particular transaction or not.
3. All the related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.
- 4. Following Information shall be provided to shareholders for consideration of agenda on Related Party Transactions as under:**
  - (1) The explanatory statement contained in the notice sent to the shareholders for seeking approval for an RPT shall provide relevant information so as to enable the shareholders to take a view whether the terms and conditions of the proposed RPT are not unfavourable to the listed entity, compared to the terms and conditions, had similar transaction been entered into between two unrelated parties. The information so provided shall include but not be limited to the information specified above.
  - (2) The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as part of the explanatory statement (as specified in the RPT Industry Standards).

**Exemption:**

**As per Companies Act, 2013, Approval of Board and Shareholder's, will not be applicable in the following cases:**

- ❖ Transactions entered into between 2 Government Companies.
- ❖ Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

**As per SEBI Listing Regulations, Approval of Audit Committee (including omnibus approval & ratification) and Shareholder, will not be required in the following case:**

- (a) Transactions entered into between two public sector companies
- (b) Transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

(c) Transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

(d) Transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

(e) Transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.

***Explanation:*** For the removal of doubts, it is clarified that the term 'holding company' used in clause (b), refers to and shall be deemed to have always referred to a listed holding company

**Additionally, in terms of SEBI Listing Regulations, Approval of the Audit Committee of the Listed entity is not required for:-**

(i) Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, **except** who is part of promoter or promoter group, shall not require approval of the Audit Committee provided that the same is not material in terms of the provisions of Regulation 23(1) of the SEBI Listing Regulations.

(ii) Prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of SEBI Listing Regulations are applicable to such listed subsidiary.

***Explanation:*** For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the audit committee of the listed subsidiary shall suffice.

## **5. Identification of Potential Related Party Transactions**

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- i. Each Director and Key Managerial Personnel shall be responsible for giving notice to the Company about any potential RPTs, where he/she may be interested.
- ii. In case of any potential RPTs which is being proposed to be entered (including any proposed modifications) by IFCI with its Subsidiaries / Associate/ Joint Ventures, the Head of the Subsidiaries and Associates Department shall be responsible to intimate details of such potential RPTs for seeking approval of the Audit Committee of Directors/ Board/ Shareholders, as the case may be.

## 6. Disclosure Requirements

### **A Disclosure by Board of Directors, KMP and Senior Management**

Every **Director** shall at the first Meeting of the Board in which he participates as a Director and thereafter at the first Meeting of the Board in every Financial Year or whenever there is any change in the disclosures already made, then at the first Board Meeting held after such change, disclose his concern or interest in any company or companies or bodies corporate, firms, or other association of individuals which shall include the shareholding.

Every **KMP** shall disclose to the Board of Directors, whether they, directly, indirectly, or on behalf of third parties, have a material interest in any transaction or matter directly affecting IFCI.

Every **Member of Senior Management** shall make disclosures to the Board of Directors relating to all material, financial and commercial transactions, where they have personal interest that may have a potential conflict with the interest of the listed entity at large.

#### **Explanation- For the purpose of above:**

**“Conflict of Interest”** relates to dealing in the shares of listed entity, commercial dealings with bodies, which have shareholding of management and their relatives etc.

**“Senior Management”** shall mean the officers and personnel of the listed entity who are members of its core management team, excluding the Board of Directors, and shall also comprise all the members of the management one level below the Chief Executive Officer or Managing Director or Whole Time Director or Manager (including Chief Executive Officer and Manager, in case they are not part of the Board of Directors) and shall specifically include the functional heads, by whatever name called and the Company Secretary and the Chief Financial Officer.

### **B Disclosure in Corporate Governance Report**

Details of all Material Transactions with Related Parties shall be disclosed quarterly along with the compliance report on Corporate Governance to be submitted to the Stock Exchanges where the securities of IFCI are listed.

### **C Disclosure on Website of IFCI Limited**

IFCI shall disclose the Policy on dealing with Related Party Transactions on its website and a web-link shall be provided in the Annual Report of IFCI.

**D Disclosure in Board's Report**

Every contract or arrangement entered into by IFCI requiring Board's and Company's approval shall be referred to in the Board's report to the shareholders along with the justification for entering into such contract or arrangement.

**E Disclosure to Stock Exchanges**

The Company is required to submit information related to RPTs to the stock exchanges every six months, in the format and manner as specified by SEBI from time to time.

## **7. Consequence of Non-Approval / Violations of the Provisions of related Party Transactions**

### **Non-approval of Related Party Transactions/ Violation of provisions related to Related Party Transactions**

- i. Where any contract or arrangement is entered into by a director or a KMP, without obtaining the consent of the Board or requisite approval by shareholders in the general meeting as required and if it is not ratified by the Board or, as the case may be, by the shareholders at a meeting within three months from the date on which such contract or arrangement was entered into, such contract or arrangement shall be voidable at the option of the Board or, as the case may be, of the shareholders and if the contract or arrangement is with a related party to any director, or is authorised by any other director, the directors concerned shall indemnify the company against any loss incurred by it.
- ii. Without prejudice to anything contained in the above para, it shall be open to IFCI to proceed against a director or any other employee any other employee who had entered into such contract or arrangement in contravention of the provisions of this section for recovery of any loss sustained by it as a result of such contract or arrangement.
- iii. Any director or any other employee of IFCI, who had entered into or authorized the contract or arrangement in violation of the provisions of section 188 of the Companies Act 2013 or Listing Regulations, shall be punishable as per the applicable provisions of Companies Act or Listing Regulations.

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**Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”**

(“RPT Industry Standards”)

Date: June 26, 2025

**INDEX**

Para	Subject	Page No.
	<b>Executive Summary</b>	[2-3]
1.	<b>Applicability of the RPT Industry Standards</b>	[4]
2.	<b>Words and expressions used in the RPT Industry Standards</b>	[5]
3.	<b>Guidelines for placing information to the Audit Committee</b>	[6]
4.	<b>Minimum Information to be provided to the Audit Committee for approval (including ratification) of RPTs.</b>	[7]
	<b>PART A. Minimum information of the proposed RPT, applicable to all RPTs. (Para A1 to A5)</b>	[8-11]
	<b>PART B. Information to be provided only if a specific type of RPT is proposed to be undertaken and is in addition to Part A. <i>Seven types of RPTs have been specified</i> (Para B1 to B7)</b>	[12-19]
	<b>PART C. Information to be provided only if a specific type of RPT proposed to be undertaken is a <u>material RPT</u> and is in addition to Part A and Part B (with respect to such RPT). (Para C1 to C6)</b>	[20-28]
5.	<b>Minimum Information to be provided to the shareholders for approval of Material RPTs.</b>	[29]



## EXECUTIVE SUMMARY

1. In accordance with the provisions of Regulation 23(2), (3) and (4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”), prior approval of the Audit Committee and shareholders, as the case may be, is required for the Related Party Transactions<sup>1</sup> (“**RPTs**”).
2. The objective of these RPT Industry Standards is to provide a standard format for minimum information to be provided to the Audit Committee and Shareholders (as applicable) for review and approval of RPT.
3. Accordingly, the Industry Standards Forum (“**ISF**”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, formulated standards for “Minimum information to be provided for review of the audit committee and shareholders for approval of a related party transaction (“**Industry Standards**”), in consultation with SEBI, which were notified vide SEBI Circular dated February 14, 2025 and effective from April 01, 2025. On receipt of feedback from various stakeholders requesting extension of timeline for applicability of the Industry Standards, SEBI notified that the effective date of the Circular shall be July 01, 2025.
4. Further, stakeholders also requested for simplification of the Industry Standards. SEBI, accordingly, advised the ISF to take into consideration such feedback and review the Industry Standards. Such revised Industry Standards (referred as “**RPT Industry Standards**”) have been now finalized by the ISF, in consultation with SEBI, which will substitute the Industry Standards notified by SEBI vide Circular dated February 14, 2025, and are structured as under:
  - **Part A:** This Part of the Standards captures the minimum information of the proposed RPT and is **applicable to all RPTs**.
  - **Part B:** This Part is **applicable only if a specific type of RPT is proposed to be undertaken** and is in addition to Part A. *Seven types of RPTs have been specified.*
  - **Part C:** This Part is **applicable only if a specific type of RPT proposed to be undertaken is a Material RPT** as defined under Regulation 23(1) & (1A) of the LODR Regulations (“**Material RPTs**”); and is in addition to Part A and Part B (with respect to such RPT).

*For example, if a listed entity seeks approval for a proposed RPT relating to loans, it must disclose information under Part A [sub-paras A(1) to A(6)] and Part B – Para B(2). If the proposed RPT is a Material RPT, then in addition to the disclosures under Part A and Part B – Para B(2), information under Part C – Para C(1) must also be provided.*
5. The minimum information to be provided to the shareholders for approval of Material RPTs is specified in **Para 5**.

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<sup>1</sup> The terms “related party” and “related party transaction” are as defined under LODR Regulations.

**Note:**

- (a) The RPT Industry Standards are only procedural in nature; the substantive compliance requirements are covered under the relevant provisions of the LODR Regulations.*
- (b) The RPT Industry Standards have been prepared in consultation with SEBI. Any modification to the RPT Industry Standards can be made only in consultation with SEBI.*
- (c) The RPT Industry Standards are in conformity with the provisions of the LODR Regulations and/or applicable SEBI Circulars. However, if a particular part of the RPT Industry Standards becomes inconsistent with subsequent changes in the LODR Regulations and/or SEBI Circular/s, the provisions of the LODR Regulations and/or the SEBI Circular/s shall prevail.*

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## 1. Applicability of the RPT Industry Standards:

- (1) The RPT Industry Standards shall be applicable for all RPTs placed for review and approval by the Audit Committee of the listed entity, in terms of Regulation 23(2) and 23(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”).
- (2) The RPT Industry Standards shall be applicable in case of material RPTs as defined under Regulation 23(1) & 23(1A) of the LODR Regulations, which are placed for approval of both the Audit Committee and the shareholders.
- (3) The RPT Industry Standards shall not be applicable to:
  - (a) Transactions exempted under Regulation 23(5) of the LODR Regulations; and
  - (b) Quarterly review of RPTs by the Audit Committee in terms of Regulation 23(3)(d) of the LODR Regulations.
  - (c) Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year (including which are approved by way of ratification) **do not exceed Rs. One Crore.**
- (4) The RPT Industry Standards shall be applicable from **the date as may be specified by the SEBI (“effective date”)**. However, it is clarified that:
  - (a) If the Audit Committee and/or shareholders have granted approval before **effective date**, for RPTs to be executed on or after **effective date**, then it will not be necessary for the listed entity to seek approval during the validity of the approval unless there is any material modification to such RPTs which is presented to Audit Committee after **effective date**.
  - (b) If omnibus approval has been granted before **effective date** for RPTs for the financial year 2025-26, then the listed entity is not required to seek fresh approval with disclosures as per the RPT Industry Standards. However, any material modification to such RPTs on or after **effective date**, shall be subject to the RPT Industry Standards.
  - (c) If a Material RPT is approved by Audit Committee before **effective date**, the RPT Industry Standards shall not apply, irrespective of whether the notice to shareholders is sent either before or on or after the **effective date**.

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## 2. Words and expressions used in the RPT Industry Standards:

The “words and expressions” used in the RPT Industry Standards shall be construed in the following manner:

- (1) Words and expressions defined under the LODR Regulations, shall be construed in the manner they have been defined in LODR Regulations;
- (2) Words and expressions used but not defined in LODR Regulations, but defined under the SEBI Act, 1992 or the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules thereof and regulations made thereunder shall have the same meaning as assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

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### 3. Guidelines for placing information to the Audit Committee:

- (1) The management of the listed entity, while providing the information to the Audit Committee, shall:
  - (a) Provide information in the format specified in the RPT Industry Standards. Where a field is not applicable, it shall be indicated as ‘NA’, and the reason for non-applicability shall be disclosed to the Audit Committee, unless it is self-evident.
  - (b) Provide Certificate from the Chief Executive Officer (CEO)/Managing Director/Whole Time Director/ Manager and Chief Financial Officer (CFO) of the Listed Entity confirming that the terms of RPTs proposed to be entered into are in the interest of the Listed Entity.
  - (c) Provide a copy of the valuation or other report of external party, if any.
  - (d) If the audited financial statements of the related party are not available for immediately preceding financial year, it shall provide the financial extracts as relevant to/for the minimum information to be provided under the RPT Industry Standards, duly certified by the related party, as drawn from its books of accounts.
  - (e) When the related party follows a different financial year, such fact shall be disclosed.
  - (f) In case of multiple types of proposed transactions, details to be provided separately for each type of the proposed transaction – *for example, (i) the sale of goods and the purchase of goods would need to be treated as separate transactions; (ii) the sale of goods and the sale of services would need to be treated as separate transactions; (iii) the giving of loans and the giving of guarantee would need to be treated as separate transactions*
- (2) The Audit Committee may, at its discretion, comment on information provided by the management. Such comments and the rationale for not approving a RPT shall be recorded in the minutes of the meeting of the Audit Committee.
- (3) The Audit Committee may seek any additional information from the management, as it deems necessary and reasonable, to evaluate the proposed RPT.

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**4. Minimum Information to be provided to the Audit Committee for approval (including ratification) of RPTs.**

**PART A**

**Minimum information of the proposed RPT, applicable to all RPTs**

*Note: This part requires disclosure in sub-para(s) (A1 to A5) under the following headings in case of all Related Party Transaction(s):*

- A(1): Basic details of the related party
- A(2): Relationship and ownership of the related party
- A(3): Details of previous transactions with the related party
- A(4): Amount of the proposed transaction(s)
- A(5): Basic details of the proposed transaction

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**A(1).**

**Basic details of the related party**

S. No.	Particulars of the information	Information provided by the management
1.	Name of the related party	
2.	Country of incorporation of the related party	
3.	Nature of business of the related party	

**A(2).**

**Relationship and ownership of the related party**

S. No.	Particulars of the information	Information provided by the management
1.	<p>Relationship between the listed entity/subsidiary<sup>1</sup> (in case of transaction involving the subsidiary) and the related party – including nature of its concern (financial or otherwise) and the following:</p> <ul style="list-style-type: none"> <li>• Shareholding of the listed entity/ subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.</li> <li>• Where the related party is a partnership firm or a sole proprietorship concern or a body corporate without share capital, then capital contribution, if any, made by the listed entity/ subsidiary (in case of transaction involving the subsidiary).</li> <li>• Shareholding of the related party, whether direct or indirect, in the listed entity/ subsidiary (in case of transaction involving the subsidiary).</li> </ul> <p><b>Explanation:</b> Indirect shareholding shall mean shareholding held through any person, over which the listed entity/Subsidiary/ related party has control<sup>2</sup>.</p> <p>While calculating indirect shareholding, shareholding held by relatives<sup>3</sup> shall also be considered.</p>	

<sup>1</sup> The term “subsidiary”, is as defined under LODR Regulations, and accessible here: ([Link](#))

<sup>2</sup> The term “control” is as defined under LODR Regulations, and accessible here: ([Link](#))

<sup>3</sup> The term “relative” is as defined under LODR Regulations, and accessible here: ([Link](#))

**A(3).**

**Details of previous transactions with the related party**

S. No.	Particulars of the information	Information provided by the management									
1.	<p>Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the last financial year.</p> <table border="1" data-bbox="313 621 1027 814"> <thead> <tr> <th data-bbox="313 621 386 709">S. No.</th> <th data-bbox="386 621 574 709">Nature of Transactions</th> <th data-bbox="574 621 1027 709">FY 20xx-20xx (INR)</th> </tr> </thead> <tbody> <tr> <td data-bbox="313 709 386 762"></td> <td data-bbox="386 709 574 762"></td> <td data-bbox="574 709 1027 762"></td> </tr> <tr> <td data-bbox="313 762 386 814"></td> <td data-bbox="386 762 574 814"></td> <td data-bbox="574 762 1027 814"></td> </tr> </tbody> </table> <p><i>Explanation: Details need to be disclosed separately for listed entity and its subsidiary.</i></p>	S. No.	Nature of Transactions	FY 20xx-20xx (INR)							
S. No.	Nature of Transactions	FY 20xx-20xx (INR)									
2.	<p>Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party in the current financial year up to the quarter immediately preceding the quarter in which the approval is sought.</p>										
3.	<p>Any default, if any, made by a related party concerning any obligation undertaken by it under a transaction or arrangement entered into with the listed entity or its subsidiary during the last financial year.</p>										



**A(4).**

**Amount of the proposed transaction(s)**

S. No.	Particulars of the information	Information provided by the management								
1.	Amount of the proposed transactions being placed for approval in the meeting of the Audit Committee/ shareholders.									
2.	Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year would render the proposed transaction a material RPT?	<i>Yes or No?</i>								
3.	Value of the proposed transactions as a percentage of the listed entity's annual consolidated turnover for the immediately preceding financial year	%								
4.	Value of the proposed transactions as a percentage of subsidiary's annual standalone turnover for the immediately preceding financial year (in case of a transaction involving the subsidiary and where the listed entity is not a party to the transaction)	%								
5.	Value of the proposed transactions as a percentage of the related party's annual consolidated turnover (if consolidated turnover is not available, calculation to be made on standalone turnover of related party) for the immediately preceding financial year, if available.	%								
6.	<p>Financial performance of the related party for the immediately preceding financial year:</p> <table border="1" data-bbox="313 1203 1037 1446"> <thead> <tr> <th data-bbox="313 1203 712 1293">Particulars</th> <th data-bbox="712 1203 1037 1293"><i>FY 20xx-20xx (INR)</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="313 1293 712 1346">Turnover</td> <td data-bbox="712 1293 1037 1346"></td> </tr> <tr> <td data-bbox="313 1346 712 1398">Profit After Tax</td> <td data-bbox="712 1346 1037 1398"></td> </tr> <tr> <td data-bbox="313 1398 712 1446">Net worth</td> <td data-bbox="712 1398 1037 1446"></td> </tr> </tbody> </table> <p><b>Explanations:</b> <i>The above information is to be given on standalone basis. If standalone is not available, provide on consolidated basis.</i></p>	Particulars	<i>FY 20xx-20xx (INR)</i>	Turnover		Profit After Tax		Net worth		
Particulars	<i>FY 20xx-20xx (INR)</i>									
Turnover										
Profit After Tax										
Net worth										

**A(5).**

**Basic details of the proposed transaction**

<b>S. No.</b>	<b>Particulars of the information</b>	<b>Information provided by the management</b>
1.	Specific type of the proposed transaction (e.g. sale of goods/services, purchase of goods/services, giving loan, borrowing etc.)	
2.	Details of each type of the proposed transaction	
3.	Tenure of the proposed transaction (tenure in number of years or months to be specified)	
4.	Whether omnibus approval is being sought?	<i>Yes or No</i>
5.	Value of the proposed transaction during a financial year. If the proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise.	
6.	Justification as to why the RPTs proposed to be entered into are in the interest of the listed entity	
7.	Details of the promoter(s)/ director(s) / key managerial personnel of the listed entity who have interest in the transaction, whether directly or indirectly.  <i>Explanation:</i> Indirect interest shall mean interest held through any person over which an individual has control.	
	a. Name of the director / KMP	
	b. Shareholding of the director / KMP, whether direct or indirect, in the related party	
8.	A copy of the valuation or other external party report, if any, shall be placed before the Audit Committee.	
9.	Other information relevant for decision making.	

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## **PART B**

### **Information to be provided *only* if a specific type of RPT as mentioned below is proposed to be undertaken and is in addition to Part A,**

- B(1): Sale, purchase or supply of goods or services or any other similar business transaction and trade advances
- B(2): Loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary
- B(3): Investment made by the listed entity or its subsidiary
- B(4): Guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee) ), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.
- B(5): Borrowings by the listed entity or its subsidiary
- B(6): Sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate<sup>1</sup>.
- B(7): Transactions relating to payment of royalty

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<sup>1</sup> The term “associate” is as defined under LODR Regulations, and accessible here: ([Link](#))

**B(1).**

**Disclosure *only* in case of transactions relating to sale, purchase or supply of goods or services or any other similar business transaction and trade advances**

S. No.	Particulars of the information	Information provided by the management
1.	Bidding or other process, if any, applied for choosing a party for sale, purchase or supply of goods or services.	
2.	Basis of determination of price.	
3.	In case of Trade advance ( <i>of upto 365 days or such period for which such advances are extended as per normal trade practice</i> ), if any, proposed to be extended to the related party in relation to the transaction, specify the following:	
	a. Amount of Trade advance	
	b. Tenure	
	c. Whether same is self-liquidating?	

**B(2).**

**Disclosure *only* in case of transactions relating to loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary**

S. No.	Particulars of the information	Information provided by the management
1.	Source of funds in connection with the proposed transaction.  <i>Note: This item of disclosure is not applicable to listed banks/NBFCs/insurance companies/housing finance companies.</i>	
2.	Where any financial indebtedness is incurred to give loan, inter-corporate deposit or advance, specify the following:  <i>Note: This item of disclosure is not applicable to listed banks/NBFCs/insurance companies/ housing finance companies.</i>	
	a. Nature of indebtedness	
	b. Total cost of borrowing	
	c. Tenure	
	d. Other details	
3.	Rate of interest at which the listed entity or its subsidiary is borrowing from its bankers/ other lenders.  <i>Note:</i> <i>(1) This item of disclosure is not applicable to listed banks/NBFCs/insurance companies/ housing finance companies.</i> <i>(2) Disclosure shall be made of borrowings undertaken by the listed entity with a comparable maturity profile to the loan/ICD being granted by the listed entity.</i>	
4.	Proposed interest rate to be charged by listed entity or its subsidiary from the related party.	
5.	Maturity / due date	
6.	Repayment schedule & terms	
7.	Whether secured or unsecured?	
8.	If secured, the nature of security & security coverage ratio	
9.	The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the transaction.	

**B(3).**

**Disclosure *only* in case of transactions relating to investment made by the listed entity or its subsidiary**

S. No.	Particulars of the information	Information provided by the management
1.	Source of funds in connection with the proposed transaction.  <i>Note: This item of disclosure is not applicable to listed banks/ NBFCs/insurance companies/ housing finance companies.</i>	
2.	Where any financial indebtedness is incurred to make investment, specify the following:  <i>Note: This item of disclosure is not applicable to listed banks/ NBFCs /insurance companies/housing finance companies.</i>	
	a. Nature of indebtedness	
	b. Total cost of borrowing	
	c. Tenure	
	d. Other details	
3.	Purpose for which funds shall be utilized by the investee company.	
4.	Material terms of the proposed transaction	

**B(4).**

**Disclosure only in case of guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee ), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.**

S. No.	Particulars of the information	Information provided by the management
1.	(a) Rationale for giving guarantee, surety, indemnity or comfort letter	
	(b) Whether it will create a legally binding obligation on listed entity?	<i>Yes or No</i>
2.	Material covenants of the proposed transaction including: (i) commission, if any to be received by the listed entity or its subsidiary; (ii) contractual provisions on how the listed entity or its subsidiary will recover the monies in case such guarantee, surety, indemnity or comfort letter is invoked.	
3.	The value of obligations undertaken by the listed entity or any of its subsidiary, for which a guarantee, surety, indemnity or comfort letter has been provided by the listed entity or its subsidiary.  Additionally, any provisions required to be made in the books of account of the listed entity or any of its subsidiary shall also be specified.	

**B(5).**

**Disclosure *only* in case of transactions relating to borrowings by the listed entity or its subsidiary**

S. No.	Particulars of the information	Information provided by the management
1.	Material covenants of the proposed transaction	
2.	Interest rate ( <i>in terms of numerical value or base rate and applicable spread</i> )	
3.	Cost of borrowing  <i>Note: This shall include all costs associated with the borrowing</i>	
4.	Maturity / due date	
5.	Repayment schedule & terms	
6.	Whether secured or unsecured	
7.	If secured, the nature of security & security coverage ratio	
8.	The purpose for which the funds will be utilized by the listed entity / subsidiary	



**B(6).**

**Disclosure *only* in case of transactions relating to sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate**

S. No.	Particulars of the information	Information provided by the management		
1.	Bidding or other process, if any, applied for choosing a party for sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity.			
2.	Basis of determination of price.			
3.	Reasons for sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate.			
4.	Financial track record of the subsidiary / undertaking that is being sold (in case of sale of undertaking, segment level data to be provided) during the last three financial years:			
		<i>FY 20xx-20xx</i> (INR)	<i>FY 20xx-20xx</i> (INR)	<i>FY 20xx-20xx</i> (INR)
	<b>Turnover</b>			
	<b>Net worth</b>			
5.	Expected financial impact on the consolidated turnover, net worth and net profits of the listed entity or its subsidiary due to sale of the subsidiary / undertaking.			
	a. Expected impact on turnover			
	b. Expected impact on net worth			
	c. Expected impact on net profits			

**B(7).**

**Disclosure only in case of transactions relating to payment of royalty**

S. No.	Particulars of the information	Information provided by the management
1.	<p>Purpose for which royalty is proposed to be paid to the related party in the current financial year.</p> <p><i>Note: For companies with a composite license agreement that includes a bundle of intellectual property rights (IPRs) such as brands, patents, technology and know-how, <u>state the key components</u> of such agreements and <u>the reasons</u> royalty attributable to those key components could not be furnished separately.</i></p> <p>a. For use of brand name / trademark</p> <p>b. For transfer of technology know-how</p> <p>c. For professional fee, corporate management fee or any other fee</p> <p>d. <i>Any other use (specify)</i></p>	<p></p> <p><i>As a % of total royalty proposed to be paid</i></p> <p><i>As a % of total royalty proposed to be paid</i></p> <p><i>As a % of total royalty proposed to be paid</i></p> <p><i>As a % of total royalty proposed to be paid</i></p>
2.	<p>(a) The listed entity may confirm whether the parent company charges royalty at a uniform rate from all group companies in other jurisdiction.</p> <p>(b) If No, furnish information below.</p> <p>If royalty is paid to the parent company, disclose royalty received by the parent company from group entities in other jurisdiction:</p> <ul style="list-style-type: none"> <li>• Minimum rate of royalty charged along with corresponding absolute amount</li> <li>• Maximum rate of royalty charged along with corresponding absolute amount</li> </ul> <p><i>Note: The disclosure shall be made on a gross basis (Cost to the Company), including taxes paid on behalf of the recipient of royalty.</i></p>	<p>Yes or No?</p> <p>%</p>
3.	Sunset Clause for Royalty payment, if any.	

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## **PART C**

### **Information to be provided only if a specific type of RPT mentioned below proposed to be undertaken is a *material RPT* and is in addition to Part A and B**

*Note: This part requires disclosure under sub-para C1 to C6, as may be applicable, in addition to disclosures in Part A and Part B, only in case of material RPTs relating to:*

- C(1): Transactions relating to any loans and advances (other than trade advance) or inter-corporate deposits given by the listed entity or its subsidiary.
- C(2): Investment made by the listed entity or its subsidiary.
- C(3): Guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary.
- C(4): Borrowings by the listed entity or its subsidiary.
- C(5): Sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate.
- C(6): Transactions relating to payment of royalty.

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**C(1).**

**Disclosure *only* in case of transactions relating to any loans and advances (other than trade advances), inter-corporate deposits given by the listed entity or its subsidiary**

S. No.	Particulars of the information	Information provided by the management
1.	<p>Latest credit rating of the related party</p> <p><i>Note: Standalone rating to be provided while option to provide structured obligation rating (SO rating) and credit enhancement rating (CE rating), if any</i></p>	
2.	<p>Default on borrowings, <b>if any</b>, over the last three financial years, by the related party from the listed entity or any other person and value of subsisting default.</p> <p><i>Note: This information may be provided to the extent it is available in the public domain or as may be provided by the related party upon request.</i></p> <p><b>In addition, state the following:</b></p> <p>a) Whether the account of the related party has been classified as a non-performing asset (NPA) by any of its bankers and whether such status is currently subsisting;</p> <p>b) Whether the related party has been declared a “wilful defaulter” by any of its bankers and whether such status is currently subsisting;</p> <p>c) Whether the related party is undergoing or facing any application for commencement of an insolvency resolution process or liquidation;</p> <p>d) Whether the related party, not being an MSME, suffers from any of the disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.</p> <p><i>Note: Past defaults that are no longer subsisting and have been cured or regularized need not be disclosed.</i></p> <p>FY 20xx-20xx</p> <p>FY 20xx-20xx</p> <p>FY 20xx-20xx</p>	

**C(2).**

**Disclosure *only* in case of transactions relating to any investment made by the listed entity or its subsidiary**

S. No.	Particulars of the information	Information provided by the management
1.	<p>Latest credit rating of the related party</p> <p><i>Note:</i></p> <p>a. <i>Standalone rating to be provided while option to provide structured obligation rating (SO rating) and credit enhancement rating (CE rating), if any.</i></p> <p>b. <i>This shall be applicable in case of investment in debt securities.</i></p>	
2.	<p>Whether any regulatory approval is required. If yes, whether the same has been obtained.</p>	

**C(3).**

**Disclosure *only* in case of transactions relating to any guarantee (including performance guarantee in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary**

S. No.	Particulars of the information	Information provided by the management
1.	<p>If guarantee, performance guarantee (in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee), surety, indemnity or comfort letter is given in connection with the borrowing by a related party, provide latest credit rating of the related party</p> <p><i>Note:</i></p> <p>a. <i>Standalone rating to be provided while option to provide structured obligation rating (SO rating) and credit enhancement rating (CE rating), if any.</i></p> <p>b. <i>This information may be provided to the extent it is available in the public domain or as may be provided by the related party upon request.</i></p>	
2.	<p>Details of solvency status and going concern status of the related party during the last three financial years:</p>	
	<p><i>FY 20xx-20xx</i></p>	
	<p><i>FY 20xx-20xx</i></p>	
	<p><i>FY 20xx-20xx</i></p>	
3.	<p>The value of obligations undertaken by the listed entity or any of its subsidiary, for which a guarantee, performance guarantee (in nature of security/contractual commitment or which could have an impact in monetary terms on the issuer of such guarantee)-surety, indemnity or comfort letter has been provided by the listed entity or its subsidiary. Additionally, any provisions required to be made in the books of account of the listed entity or any of its subsidiary shall also be specified.</p>	
4.	<p>Default on borrowings, <i>if any</i>, over the last three financial years, by the related party from the listed entity or any other person.</p> <p><i>Note: This information may be provided to the extent it is available in the public domain or as may be provided by the related party upon request.</i></p>	

	<p><b>In addition, state the following:</b></p> <p>a) Whether the account of the related party has been classified as a non-performing asset (NPA) by any of its bankers and whether such status is currently subsisting;</p> <p>b) Whether the related party has been declared a “wilful defaulter” by any of its bankers and whether such status is currently subsisting;</p> <p>c) Whether the related party is undergoing or facing any application for commencement of an insolvency resolution process or liquidation;</p> <p>d) Whether the related party, not being an MSME, suffers from any of the disqualifications specified under Section 29A of the Insolvency and Bankruptcy Code, 2016.</p> <p><i>Note: Past defaults that are no longer subsisting and have been cured or regularized need not be disclosed.</i></p>	
	FY 20xx-20xx	
	FY 20xx-20xx	
	FY 20xx-20xx	

**C(4).**

**Disclosure *only* in case of transactions relating to borrowings by the listed entity or its subsidiary**

S. No.	Particulars of the information	Information provided by the management
1.	Debt to Equity Ratio of the listed entity or its subsidiary based on last audited financial statements  <i>Note: This shall not be applicable to listed banks/NBFC/insurance companies/housing finance companies.</i>	
	a. Before transaction	
	b. After transaction	
2.	Debt Service Coverage Ratio of the listed entity or its subsidiary based on last audited financial statements  <i>Note: This shall not be applicable to listed banks/NBFC/insurance companies/ housing finance companies.</i>	
	a. Before transaction	
	b. After transaction	



**C(5).**

**Disclosure *only* in case of transactions relating to sale, lease or disposal of assets of subsidiary or of unit, division or undertaking of the listed entity or disposal of shares of subsidiary or associate**

S. No.	Particulars of the information	Information provided by the management
1.	Details of earlier sale, lease or disposal of assets of the same subsidiary or of the unit, division or undertaking of the listed entity or disposal of shares of the same subsidiary or associate to any related party during the preceding twelve months.	
2.	Whether the transaction would result in issue of securities or consideration in kind to a related party? If yes, please share the relevant details.	
3.	Would the transaction result in eliminating a segment reporting by the listed entity or any of its subsidiary?	
4.	Does it involve transfer of key intangible assets or key customers which are critical for continued business of the listed entity or any of its subsidiary?	
5.	Are there any other major non-financial reasons for going ahead with the proposed transaction?	

**C(6).**

**Disclosure only in case of transactions relating to payment of royalty**

S. No.	Particulars of the information	Information provided by the management
1.	Gross amount of royalty paid by the listed entity or subsidiary to the related party during each of the last three financial years	
	<i>FY 20xx-20xx</i>	<i>Amount of royalty</i>
	<i>FY 20xx-20xx</i>	<i>Amount of royalty</i>
	<i>FY 20xx-20xx</i>	<i>Amount of royalty</i>
2.	Purpose for which royalty was paid to the related party during the last three financial years.  <i>Explanation: For companies with a composite license agreement that includes a bundle of intellectual property rights (IPRs) such as brands, patents, technology and know-how, state the key components of such agreements and the reasons royalty attributable to those key components could not be furnished separately.</i>	
	a. For use of brand name / trademark	<i>As a % of aggregate amount of royalty for the last 3 FYs</i>
	b. For transfer of technology know-how	<i>As a % of aggregate amount of royalty for the last 3 FYs</i>
	c. For professional fee, corporate management fee or any other fee	<i>As a % of aggregate amount of royalty for the last 3 FYs</i>
	d. <i>Any other use (specify)</i>	<i>As a % of aggregate amount of royalty for the last 3 FYs</i>
3.	Royalty paid in last 3 FYs as % of Net Profits of previous FYs	
	<i>FY 20xx-20xx</i>	<i>%</i>
	<i>FY 20xx-20xx</i>	<i>%</i>
	<i>FY 20xx-20xx</i>	<i>%</i>
4.	Percentage or Rate at which royalty has increased in the past 3 years, if any, vis-à-vis rate at which the turnover and profits after tax have increased during the same period.	<i>%</i>

<b>5.</b>	<b>Peer Comparison:</b> Listed entity or its subsidiary paying royalty for any purpose shall also disclose whether any relevant Industry Peer pays royalties for the same purpose, which is disclosed in its audited annual financial statements for the relevant period:				
		<b>Listed Entity / Subsidiary</b>	<b>Peer 1</b>	<b>Peer 2</b>	<b>Peer 3</b>
	<b>Royalty payment over last 3 years</b>	<i>Aggregate amount</i>	<i>Aggregate amount</i>	<i>Aggregate amount</i>	<i>Aggregate amount</i>
	<b>Royalty paid as a % of net profits over the last 3 years</b>	%	%	%	%
	<b>Annual growth rate of Turnover over last 3 years</b>	%	%	%	%
<p><b>Explanation:</b> <i>In the case of the payment of, the criteria for comparison with Industry Peers shall be as follows:</i></p> <ol style="list-style-type: none"> <li>a. <i>The Listed Entity will compare the royalty payment with a minimum of three suitable and relevant Industry Peers (i.e. apple to apple comparable Industry Peers), where feasible.</i></li> <li>b. <i>In cases where fewer than three Industry Peers are available, the listed entity will disclose, that only one or two peers are available for comparison.</i></li> <li>c. <i>If the listed entity is part of any sectoral index, the listed entity is to consider the other constituents of such sectoral index for the purpose of peer comparison which are in similar line of business.</i></li> <li>d. <i>In case there are no Industry Peers, the Listed Entity shall state that no Industry Peers are available for comparison.</i></li> </ol>					

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## **5. Minimum Information to be provided to the shareholders for approval of Material RPTs:**

- (1) The explanatory statement contained in the notice to the shareholders for seeking their approval for an RPT shall provide the minimum information so as to enable the shareholders to take a view whether the terms and conditions of the RPT are favorable to the listed entity.
- (2) The notice to the shareholders seeking approval for any material RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:
  - (a) Information as placed before the Audit Committee in the format as specified in the RPT Industry Standards, to the extent applicable.
  - (b) Justification as to why the proposed transaction is in the interest of the listed entity, basis for determination of price and other material terms and conditions of RPT.
  - (c) Disclose the fact that the Audit Committee has reviewed the certificates provided by the CEO/ Managing Director/ Whole Time Director/ Manager and CFO of the Listed Entity as required under the RPT Industry Standards.
  - (d) Disclosure that the material RPT or any material modification thereto, has been approved by the Audit Committee and the Board of Directors recommends the proposed transaction to the shareholders for approval.
  - (e) Provide web-link and QR Code, through which shareholders can access the valuation report or other reports of external party, if any, considered by Audit Committee while approving the RPT.
  - (f) The Audit Committee and Board of Directors, while providing information to the shareholders, can approve redaction of commercial secrets and such other information that would affect competitive position of listed entity and affirm that, in its assessment, the redacted disclosures still provides all the necessary information to the public shareholders for informed decision-making.
  - (g) Any other information that may be relevant.

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<sup>199</sup>[Provided that the role and responsibilities of the Risk Management Committee shall mandatorily include the performance of functions specified in Part D of Schedule II.]

<sup>200</sup>[(5) The provisions of this regulation shall be applicable to:  
i. the top 1000 listed entities <sup>201</sup>[\*\*\*]; and,  
ii. a ‘high value debt listed entity’.]

<sup>202</sup>[(6) The Risk Management Committee shall have powers to seek information from any employee, obtain outside legal or other professional advice and secure attendance of outsiders with relevant expertise, if it considers necessary.]

### **Vigil mechanism.**

- 22.** (1) The listed entity shall formulate a vigil mechanism <sup>203</sup>[/whistle blower policy] for directors and employees to report genuine concerns.  
(2) The vigil mechanism shall provide for adequate safeguards against victimization of director(s) or employee(s) or any other person who avail the mechanism and also provide for direct access to the chairperson of the audit committee in appropriate or exceptional cases.

### **Related party transactions.**

- 23.** (1) The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions <sup>204</sup>[including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly]:

<sup>205</sup>[ Provided that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions

<sup>199</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f. 5.5.2021.

<sup>200</sup> Substituted by the SEBI (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2021 w.e.f. 7.9.2021. Before substitution, sub-regulation (5) read as follows:

*“(5) The provisions of this regulation shall be applicable to top [1000] listed entities, determined on the basis of market capitalisation, as at the end of the immediate previous financial year “.*

<sup>201</sup> The words “, determined on the basis of market capitalization as at the end of the immediate preceding financial year” omitted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2024 w.e.f. 31.12.2024

<sup>202</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f. 5.5.2021.

<sup>203</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2021 w.e.f. 5.5.2021.

<sup>204</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f. 1.4.2019.

<sup>205</sup> Substituted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022. Prior to the substitution, the provision read as under:

“Explanation. - A transaction with a related party shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds ten percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.”

during a financial year, exceeds <sup>206</sup>[the thresholds specified in Schedule XII of these regulations]<sup>207</sup>[:]

<sup>208</sup>[Provided further that with effect from April 01, 2025, in case of a listed entity which has listed its specified securities on the SME Exchange, a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees fifty crore or ten per cent. of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.]

<sup>209</sup>[(1A) Notwithstanding the above, [with effect from July 01, 2019]<sup>210</sup> a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed <sup>211</sup>{five} percent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity.]

(2) All related party transactions <sup>212</sup>[and subsequent material modifications] shall require prior approval of the audit committee <sup>213</sup>[of the listed entity]:

<sup>214</sup>[Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.]

<sup>215</sup>[ Provided further that:

(a) the audit committee of a listed entity shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions;

<sup>216</sup>[(b) a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to

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<sup>206</sup> Substituted for the words and symbol “rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower” by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025.

<sup>207</sup> Substituted for the symbol “.” by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025 w.e.f. 28.03.2025.

<sup>208</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2025 w.e.f. 28.03.2025.

<sup>209</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f. 1.4.2019.

<sup>210</sup> Inserted by SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2019

<sup>211</sup> Substituted for the word "two" by SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2019, w.e.f. June 27, 2019

<sup>212</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

<sup>213</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

<sup>214</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2021 read with the corrigendum, w.e.f. 1.1.2022.

<sup>215</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

<sup>216</sup> Substituted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025. Prior to the substitution, clause (b) of the proviso read as under-

“(b) a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a

which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction, exceeds the lower of the following:

- (i) ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations.]

<sup>217</sup>[(c) In the event of a related party transaction above rupees one crore, whether entered into individually or taken together with previous transactions during a financial year, to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction exceeds the lower of the following:

- (i) ten percent of the aggregate value of paid-up share capital and securities premium account of the subsidiary; or
- (ii) the threshold for material related party transactions of listed entity as specified in Schedule XII of these regulations:

Provided that the aggregate value of paid-up share capital and securities premium account of the subsidiary shall be taken as on a date, not older than three months prior to the date of seeking approval of the audit committee.]

(d) prior approval of the audit committee of the listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.]

<sup>218</sup>[e] remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.

(f) The members of the audit committee, who are independent directors, may ratify related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

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financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;”

<sup>217</sup> Substituted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025. Prior to the substitution, clause (c) to the proviso read as under-

“(c) with effect from April 1, 2023, a related party transaction to which the subsidiary of a listed entity is a party but the listed entity is not a party, shall require prior approval of the audit committee of the listed entity if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent of the annual standalone turnover, as per the last audited financial statements of the subsidiary;”

<sup>218</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

(i) the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;

(ii) the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;

(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;

(iv) the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;

(v) any other condition as specified by the audit committee:

Provided that failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it.]

(3) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the listed entity <sup>219</sup>[or its subsidiary] subject to the following conditions, namely-

(a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions <sup>220</sup>[\*\*\*] and such approval shall be applicable in respect of transactions which are repetitive in nature;

(b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity;

(c) the omnibus approval shall specify:

(i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into,

(ii) the indicative base price / current contracted price and the formula for variation in the price if any; and

(iii) such other conditions as the audit committee may deem fit:

Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval for such transactions subject to their value not exceeding rupees one crore per transaction.

(d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the listed entity <sup>221</sup>[or its subsidiary] pursuant to each of the omnibus approvals given.

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<sup>219</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

<sup>220</sup> The words “of the listed entity” omitted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

<sup>221</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.



(e) Such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year:

(4) All material related party transactions <sup>222</sup>[and subsequent material modifications as defined by the audit committee under sub-regulation (2)] shall require <sup>223</sup>[prior] approval of the shareholders through resolution and <sup>224</sup>[no related party shall vote to approve] such resolutions whether the entity is a related party to the particular transaction or not:

<sup>225</sup>[ Provided that prior approval of the shareholders of a listed entity shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary.

Explanation: For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders of the listed subsidiary shall suffice.]

[Provided <sup>226</sup>[further] that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved <sup>227</sup>[:]<sup>228</sup>

<sup>229</sup>[Provided further that the omnibus approval granted by the shareholders for material related party transactions in an annual general meeting shall be valid till the date of the next annual general meeting held within the timelines prescribed under Section 96 of the Companies Act, 2013 or rules, notifications, or circulars issued thereunder from time to time:

Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than annual general meeting, the validity of such omnibus approvals shall not exceed one year from the date of such approval.]

(5) The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:

(a) transactions entered into between two <sup>230</sup>[public sector] companies;

(b) transactions entered into between a holding company and its wholly owned subsidiary

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<sup>222</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

<sup>223</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

<sup>224</sup> Substituted for the words “the related parties shall abstain from voting on” by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018.

<sup>225</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

<sup>226</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

<sup>227</sup> Substituted for the symbol “;” by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025.

<sup>228</sup> Inserted by SEBI (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2018, w.e.f. 31.05.2018.

<sup>229</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025.

<sup>230</sup> Substituted for the word “government” by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.

<sup>231</sup>[(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.]

<sup>232</sup>[(d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.

(e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.]

<sup>233</sup>[**Explanation:** For the removal of doubts, it is clarified that the term ‘holding company’ used in clause (b) of this sub-regulation refers to and shall be deemed to have always referred to a listed holding company.]

<sup>234</sup>[\*\*\*]

(6) The provisions of this regulation shall be applicable to all prospective transactions.

(7) <sup>235</sup>[\*\*\*]

(8) All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first General Meeting subsequent to notification of these regulations.

<sup>236</sup>[(9) The listed entity shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website:

Provided that a ‘high value debt listed entity’ shall submit such disclosures along with its standalone financial results for the half year:

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<sup>231</sup> Inserted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022.

<sup>232</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

<sup>233</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025.

<sup>234</sup> Omitted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024. Prior to the omission, the Explanation read as under:  
“*Explanation. - For the purpose of clause (a), "government company(ies)" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.*”

<sup>235</sup> Omitted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022. Prior to the omission, sub-regulation (7) read as under:

“(7) For the purpose of this regulation, all entities falling under the definition of related parties shall not vote to approve the relevant transaction irrespective of whether the entity is a party to the particular transaction or not.”

<sup>236</sup> Substituted by the SEBI (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021, w.e.f. 1.4.2022. Prior to the substitution, sub-regulation (9) read as under:

“(9) The listed entity shall submit within 30 days from the date of publication of its standalone and consolidated financial results for the half year, disclosures of related party transactions on a consolidated basis, in the format specified in the relevant accounting standards for annual results to the stock exchanges and publish the same on its website.

Provided that a ‘high value debt listed entity’ shall submit such disclosures along with its standalone financial results for the half year;”

Provided further that the listed entity shall make such disclosures every six months within fifteen days from the date of publication of its standalone and consolidated financial results:

Provided further that the listed entity shall make such disclosures every six months on the date of publication of its standalone and consolidated financial results with effect from April 1, 2023 <sup>237</sup>[:]

<sup>238</sup>[Provided further that the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure under this sub-regulation provided that the same is not material in terms of the provisions of sub-regulation (1) of this regulation.]

#### **Corporate governance requirements with respect to subsidiary of listed entity.**

**24.** <sup>239</sup>[(1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.

Explanation - For the purposes of this provision, notwithstanding anything to the contrary contained in regulation 16, the term “material subsidiary” shall mean a subsidiary, whose <sup>240</sup>[turnover] or net worth exceeds twenty percent of the consolidated <sup>241</sup>[turnover] or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.]

(2) The audit committee of the listed entity shall also review the financial statements, in particular, the investments made by the unlisted subsidiary.

(3) The minutes of the meetings of the board of directors of the unlisted subsidiary shall be placed at the meeting of the board of directors of the listed entity.

(4) The management of the unlisted subsidiary shall periodically bring to the notice of the board of directors of the listed entity, a statement of all significant transactions and arrangements entered into by the unlisted subsidiary.

Explanation.- For the purpose of this regulation, the term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed ten percent of the total revenues or total expenses or total assets or total

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<sup>237</sup> Substituted for the symbol “.” by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

<sup>238</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

<sup>239</sup> Substituted by the SEBI (Listing Obligations and Disclosure Requirements) (Amendment) Regulations, 2018, w.e.f. 1.4.2019. Prior to the substitution, sub-regulation (1) read as follows:

*“(1) At least one independent director on the board of directors of the listed entity shall be a director on the board of directors of an unlisted material subsidiary, incorporated in India.”*

<sup>240</sup> Substituted for the word “income” by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

<sup>241</sup> Substituted for the word “income” by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Third Amendment) Regulations, 2024 w.e.f. 13.12.2024.

<sup>792</sup>[Schedule XII: RELATED PARTY TRANSACTIONS

[See Regulation 23(1)]

A transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the following:

<b>Consolidated Turnover of Listed Entity Threshold</b>	<b>Threshold</b>
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

**Explanation:** For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

<b>Illustration 1. For listed entities in (II)</b>	
If the annual consolidated turnover of a listed entity is ₹30,000 Crore	₹2,000 Crore + 5% of the remaining ₹10,000 Crore = ₹2,500 Crore.
<b>Illustration 2. For listed entities in (III)</b>	
If the annual consolidated turnover of a listed entity is ₹50,000 Crore	₹3,000 Crore + 2.5% of the remaining ₹10,000 Crore = ₹3,250 Crore.
<b>Illustration 3. For listed entities in (III)</b>	
If the annual consolidated turnover of a listed entity is ₹1,50,000 Crore	₹3,000 Crore + 2.5% of the remaining ₹1,10,000 Crore = ₹5,750 Crore.  However, threshold for material related party transaction would be ₹5,000 Crore as it is lower than ₹5,750 Crore.

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**U.K. SINHA**

**CHAIRMAN**

**SECURITIES AND EXCHANGE BOARD OF INDIA**

<sup>792</sup> Inserted by the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Fifth Amendment) Regulations, 2025 w.e.f. 19.12.2025.