

Frequently Asked Questions (FAQs) on Applicability of the Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)”

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- I. Section III-B of the SEBI Master Circular dated November 11, 2024 read with Regulation 23(2), (3) and (4) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“LODR Regulations”) mandates listed entities to place information before the audit committee and shareholders, wherever required, for consideration of related party transactions (RPTs).

The Industry Standards on “Minimum information to be provided for Review of the Audit Committee and Shareholders for Approval of Related Party Transaction (RPT)” (“Industry Standards”) have standardized the format of the information to be provided for such RPTs.

- II. The applicability of the Industry Standards based on different scenarios has been clarified by way of the FAQs as given below. In the scenario(s) where the Industry Standards are applicable, the listed entity shall follow the Industry Standards to ensure compliance with the above-mentioned regulatory requirements. In the scenario(s) where the Industry Standards are not applicable, the listed entity shall comply with the requirements given under Section III-B of the SEBI Master Circular dated November 11, 2024 as on the date of issuance of this FAQs.

1)	<p>Whether the Industry Standards are applicable to RPTs undertaken on or after April 1, 2025 or only to RPTs for which approval is taken on or after April 1, 2025?</p> <p>The SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/18 dated February 14, 2025 which requires listed entities to follow the Industry Standards comes into effect from April 1, 2025. Accordingly, applicability of the Industry Standards for all RPTs which require approval / ratification under LODR Regulations shall be as follows:</p> <p>a) Approval / ratification of RPT granted / to be granted before April 1, 2025: The Industry Standards shall not be applicable.</p> <p>b) Approval / ratification of RPT granted / to be granted on or after April 1, 2025: The Industry Standards shall be applicable.</p>
2)	<p>If approval has been granted by the Audit Committee and / or Shareholders before April 1, 2025 for RPTs to be entered into on or after April 1, 2025, then will the listed entity be required to seek Approvals for such RPTs with Disclosures as per the Industry Standards?</p> <p>➤ If approval has been granted by the audit committee and /or shareholders before April 1, 2025 for RPTs to be entered into on or after April 1, 2025, then the listed entity need not seek these approvals again with disclosures as per the Industry Standards.</p> <p>➤ However, for approval of any material modification to such RPTs on or after April 1, 2025, the Industry Standards shall apply.</p>
3)	<p>If omnibus approval has already been granted before April 1, 2025 for RPTs pertaining to FY 2025-26, then should the listed entity seek fresh approval for such RPTs with disclosures as per the Industry Standards?</p> <p>➤ If omnibus approval has been granted before April 1, 2025 for RPTs for FY 2025-26, then the listed entity need not seek fresh approval with disclosures as per the Industry Standards.</p> <p>➤ However, for approval of any material modification to such RPTs on or after April 1, 2025, the Industry Standards shall be applicable.</p>
4)	<p>For a Material RPT, the approval of the Audit Committee was obtained before April 1, 2025 without the disclosures required under Industry Standards.</p> <p>However, if either notice to Shareholders has been sent before April 1, 2025 or will be sent on or after April 1, 2025 for seeking shareholder approval, should disclosures be provided to shareholders as per the Industry Standards as approval of Audit Committee has been obtained without such disclosures?</p> <p>What will be the position if both Audit Committee and Shareholders approval is taken on or after April 1, 2025</p> <p>a) If the Material RPT is approved by Audit Committee before April 1, 2025 and notice to the Shareholders is either sent before April 1, 2025 or is sent on or after April 1, 2025: The Industry Standards shall not be applicable</p> <p>b) If the Material RPT is approved by Audit Committee and Shareholders on or after April 1, 2025: The Industry Standards shall be applicable.</p>