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Professionals**
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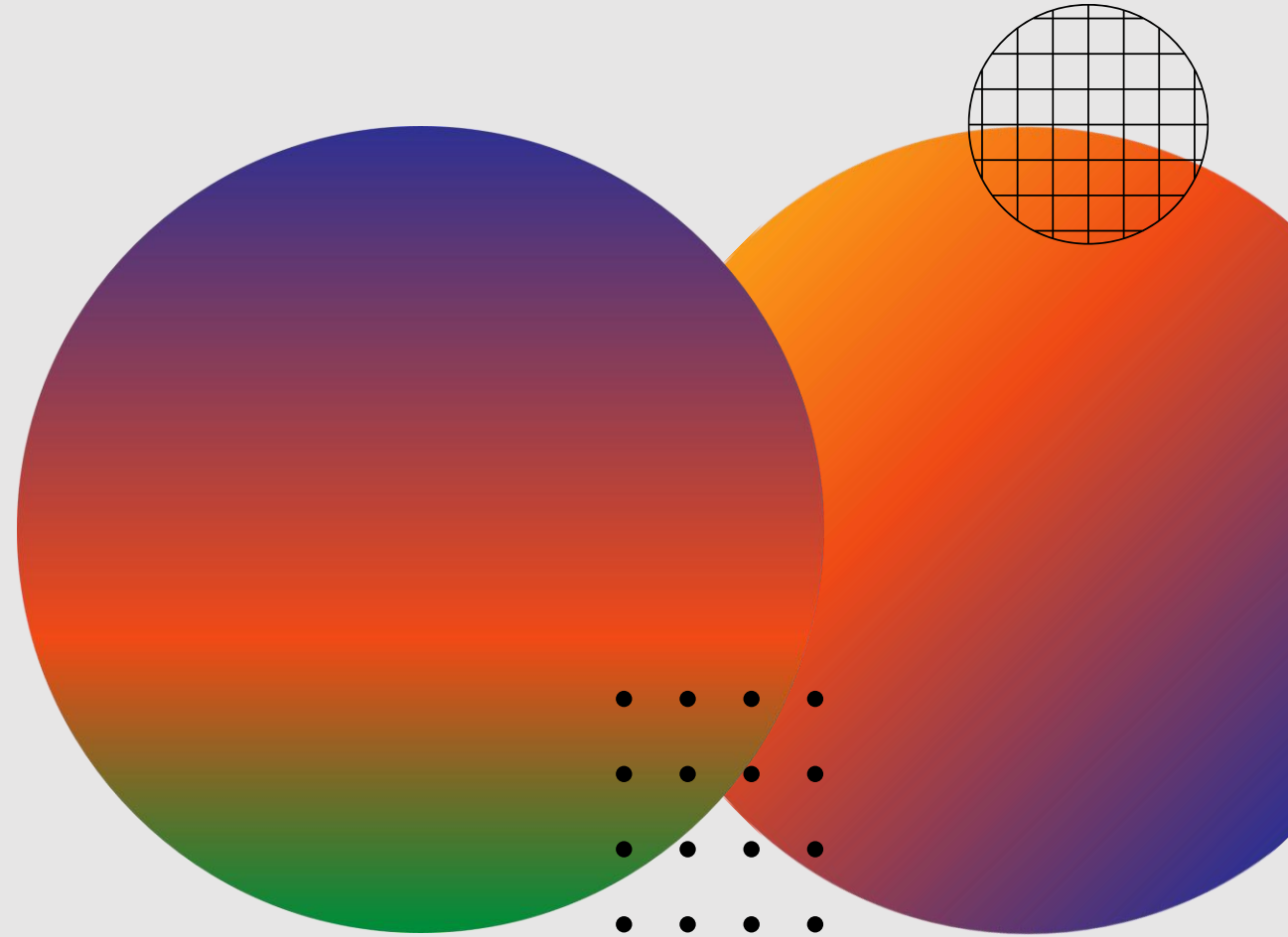


Industry Standards on “Minimum Information to be Provided for Review of the Audit Committee and Shareholders for Approval of RPT”





OBJECTIVE AND PURPOSE



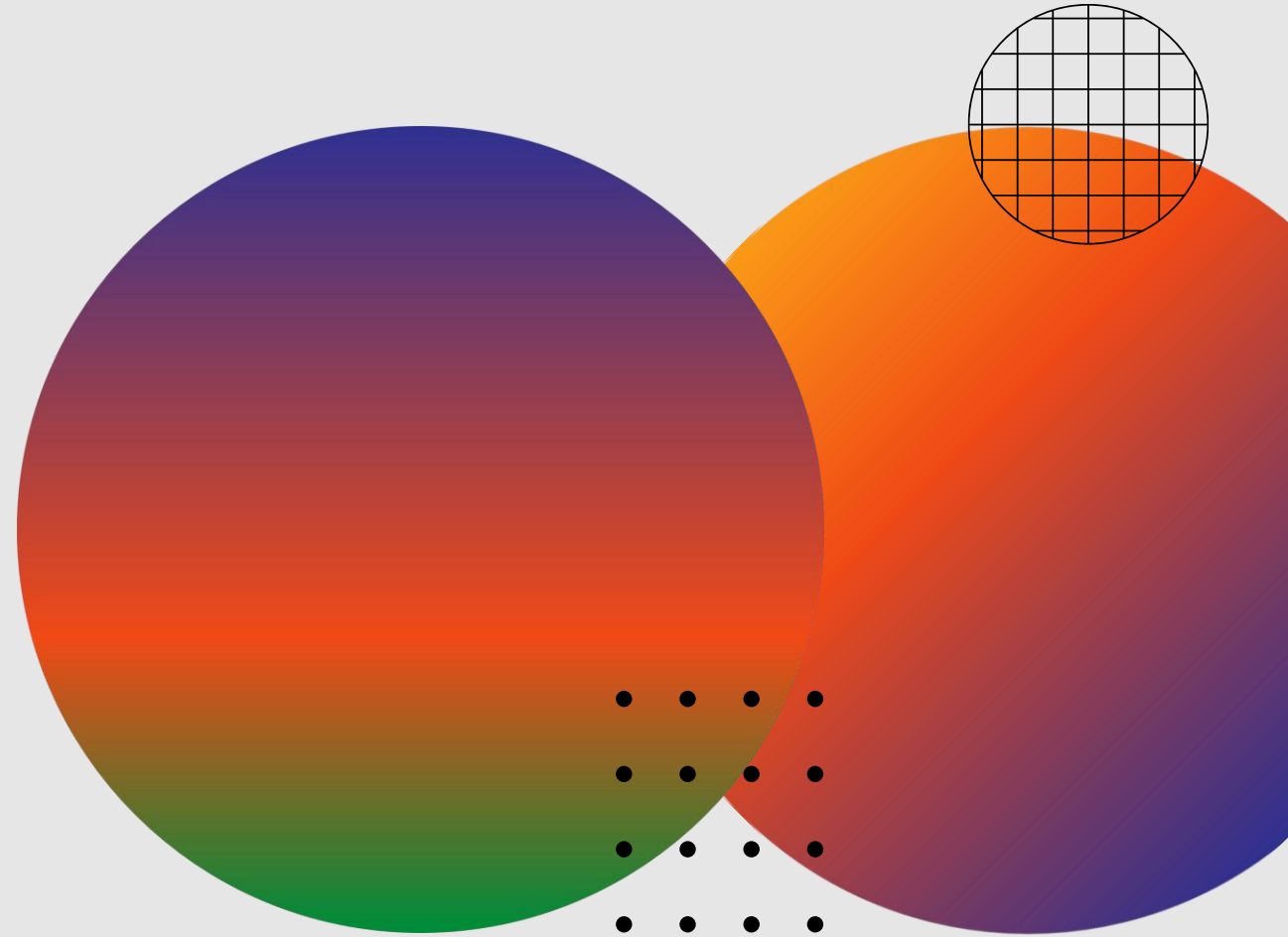
Objective and Purpose of these Standards

Aims to establish a **standardized format** and ensure a **uniform approach** in presenting the **minimum required information for review by the audit committee and shareholders in connection with the approval of the RPTs.**





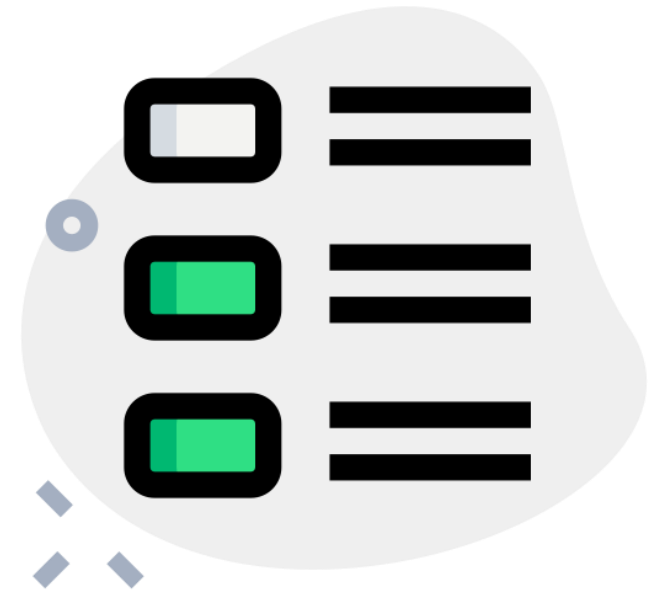
OVERVIEW OF THESE STANDARDS



Overview of these Standards

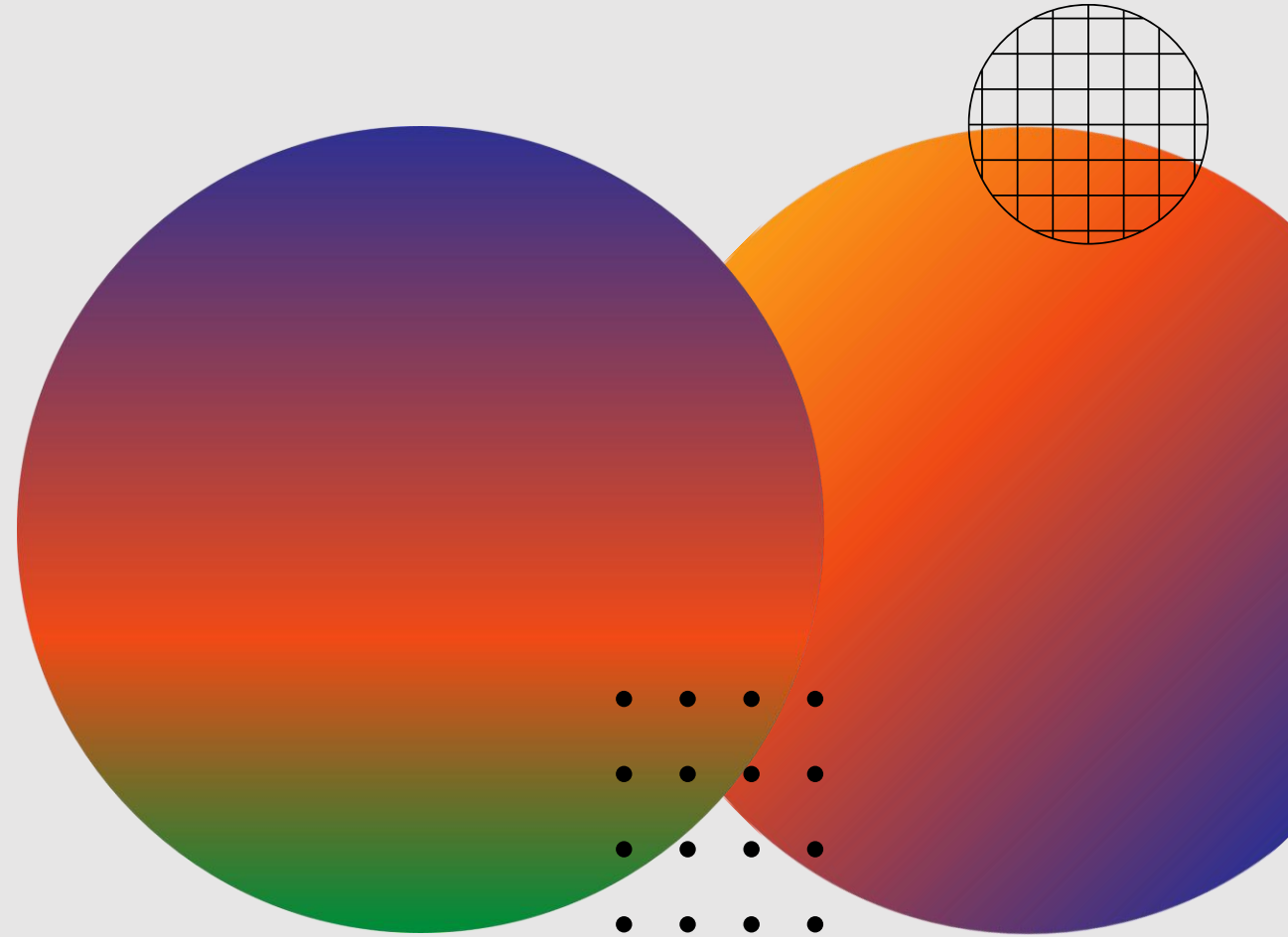
MAIN ASPECTS COVERED:

1. Applicability of these Standards.
2. Standards for Definitions of words and expressions used in these Standards;
3. Standards for Minimum Information to be provided to the Audit Committee for review and approval (including ratification) of RPTs;
4. Format for Minimum Information to be provided for review of the Audit Committee for Approval (including ratification) of RPTs;
5. Standards for Minimum Information to be provided to the shareholders for consideration of RPTs.

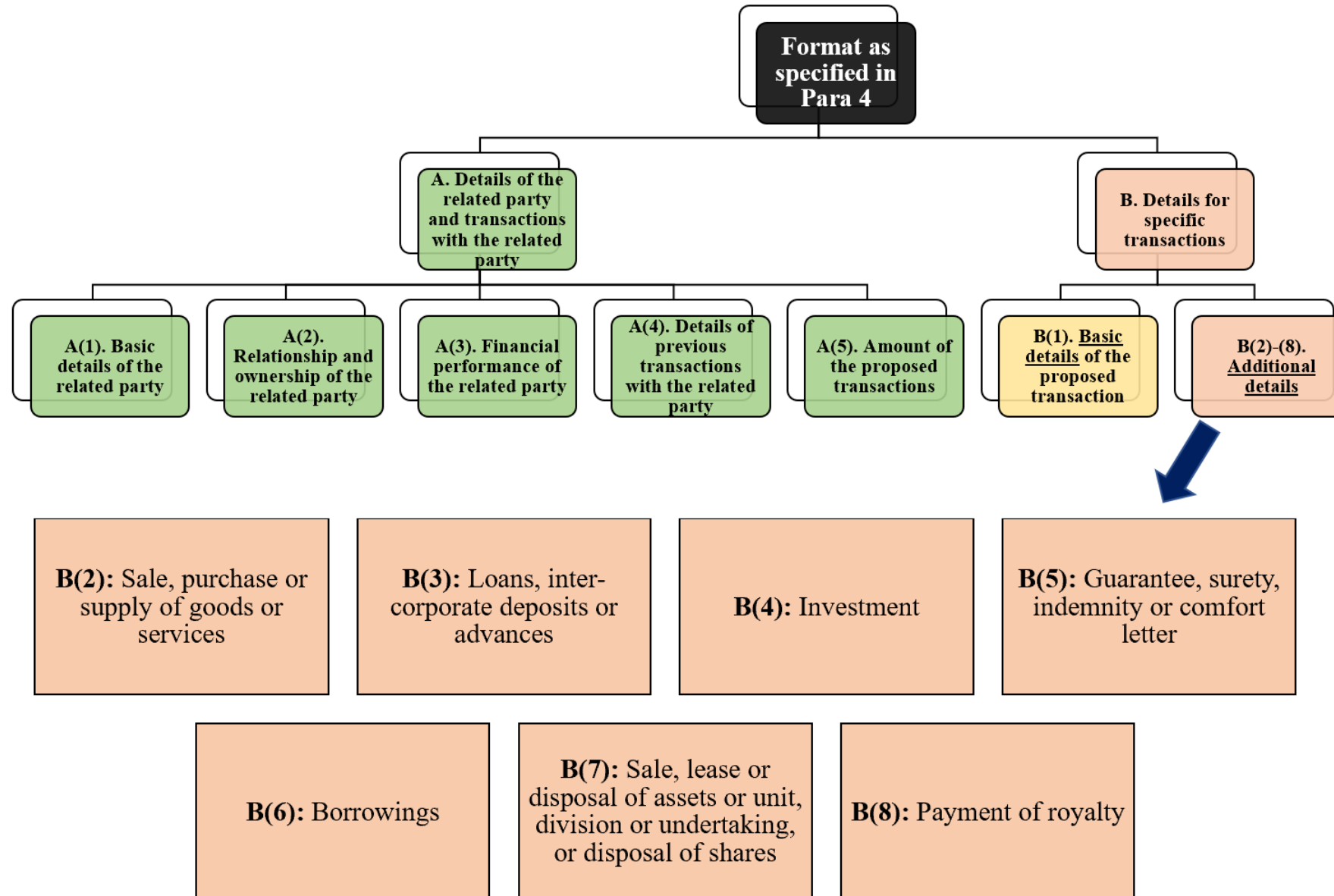




Applicability of these Standards

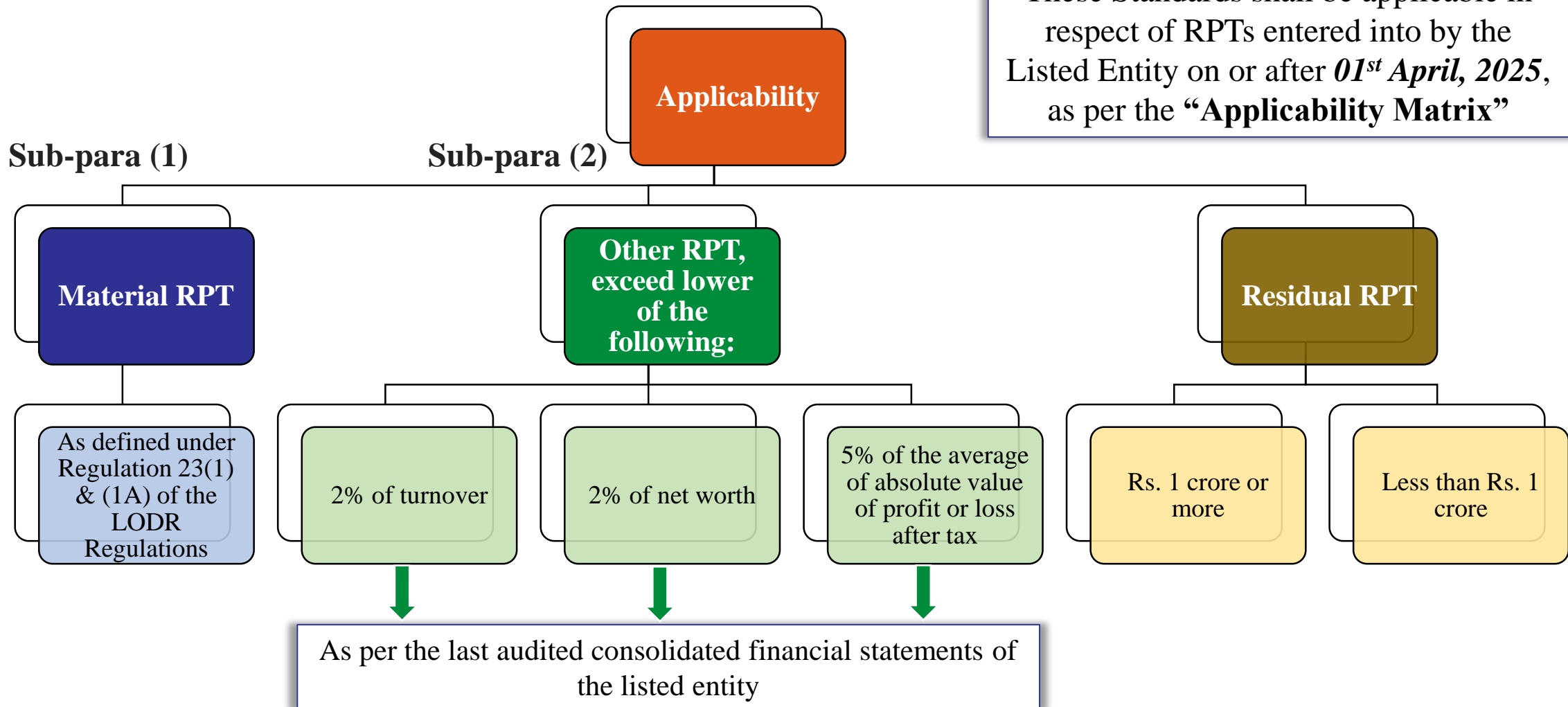


Format as specified in Para 4 of these Standards



Applicability of these Standards

These Standards shall be applicable in respect of RPTs entered into by the Listed Entity on or after **01st April, 2025**, as per the “**Applicability Matrix**”



APPLICABILITY MATRIX

Type of Transaction	Threshold	Balance Sheet / P&L Items	Approvals required	Disclosure requirement
Material RPT	As provided above in sub-para (1)	Both	Audit Committee + Shareholders	Comprehensive disclosures
Other RPT, but which is with promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest	Exceed the threshold provided above in sub-para (2)	Both	Audit Committee	Comprehensive disclosures
	Less than the threshold as provided above in sub-para (2)	Balance sheet items	Audit Committee	Comprehensive disclosures
		P&L items		Limited disclosures
Residual RPT	Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year exceeding Rs. one crore	Both	Audit Committee	Limited disclosures
	Transaction(s) with a related party to be entered into individually or taken together with previous transactions during a financial year less than Rs. one crore			Minimum disclosures



Applicability of these Standards

Types of Disclosures

Comprehensive disclosures

All disclosures as specified in Para 4 of these Standards.

Limited disclosures

All disclosures as specified in Para 4 of these Standards, except the following line items:

- **B(2):** Rows 13 to 17;
- **B(3):** Rows 31 & 32 (provide information for the previous FY instead of the last 3 FYs);
- **B(4):** Row 43; and
- **B(8):** Rows 78, 79, 84 & 86

Minimum disclosures

All disclosures as specified in **Rows A(1), A(2), A(4), A(5) and B(1)** of Para 4 of these Standards.

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



APPLICABILITY MATRIX

Balance Sheet Items

Loans, inter-corporate deposits or advances given by the listed entity or its subsidiary

Investment made by the listed entity or its subsidiary

Guarantee (excluding performance guarantee), surety, indemnity or comfort letter, by whatever name called, made or given by the listed entity or its subsidiary

Borrowings by the listed entity or its subsidiary

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

P&L Items

Sale, purchase or supply of goods or services or any other similar business transaction

Payment of royalty



Applicability of these Standards

Promoter or promoter group or person/ entity in which promoter or promoter group has concern or interest

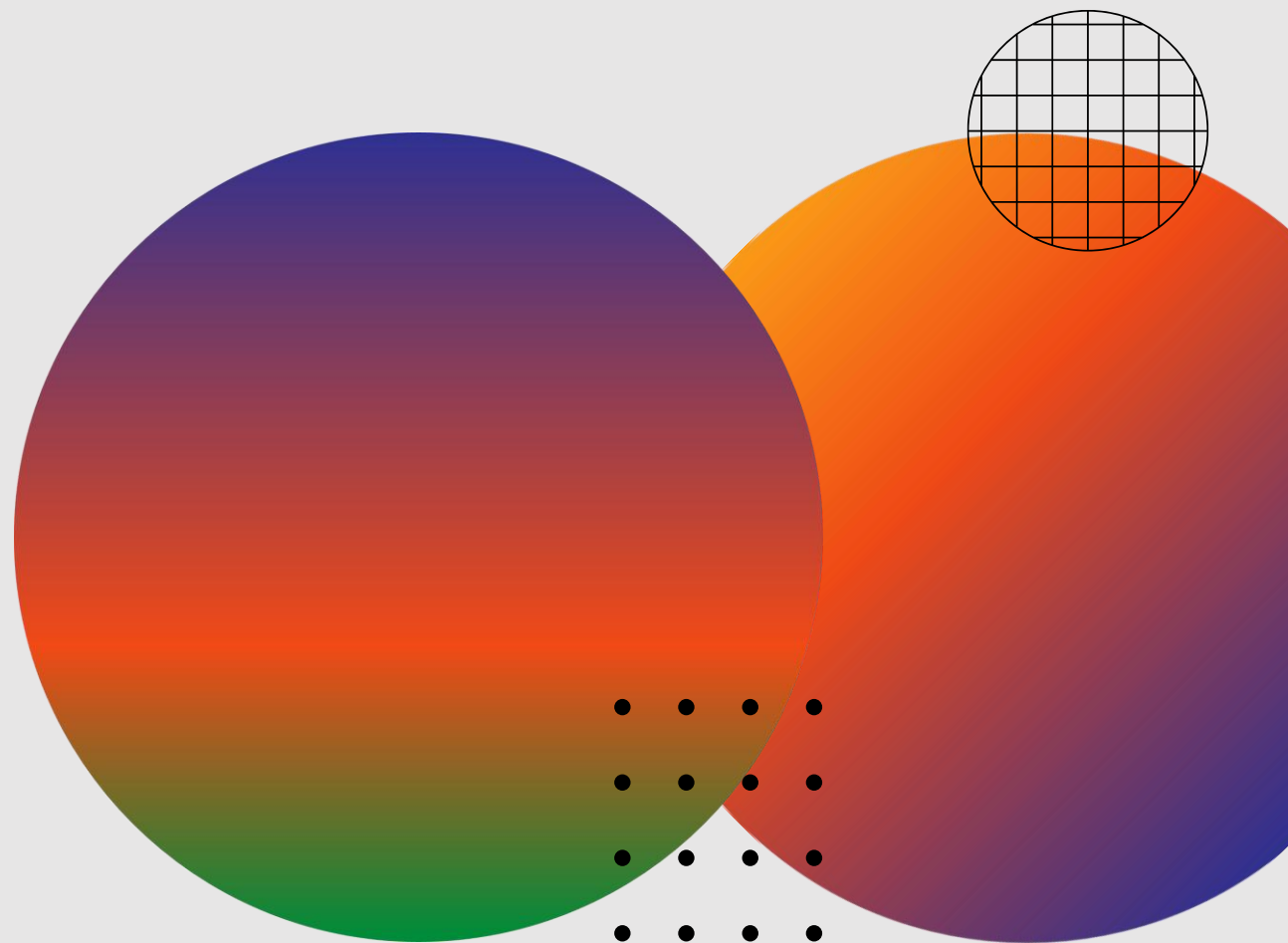
Promoter or promoter group shall be deemed to be concerned or interested in any person, if they in any way, whether directly or indirectly—

- a) where the person is a body corporate, holds more than 2% shareholding or voting rights of that body corporate, or is a promoter, managing director, manager, Chief Executive Officer of that body corporate; or
- b) where the person is a firm or other entity, the promoter(s) or the promoter group is a partner, owner or member, as the case may be.





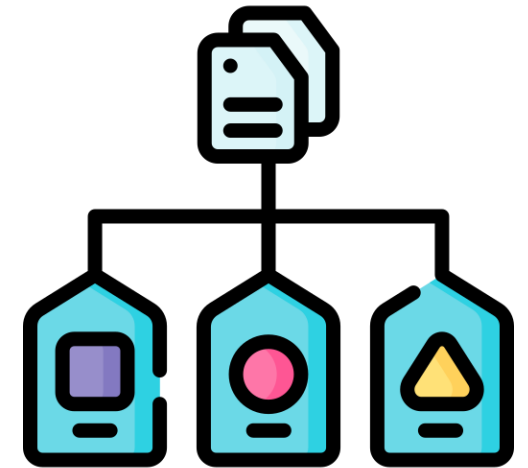
Standards on Definitions



Definitions of words and expressions used in these Standards (Hierarchy Manner)

The “words and expressions” used in these 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, or the Securities Contracts (Regulation) Act, 1956, or 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.



**Defined in LODR
Regulations**

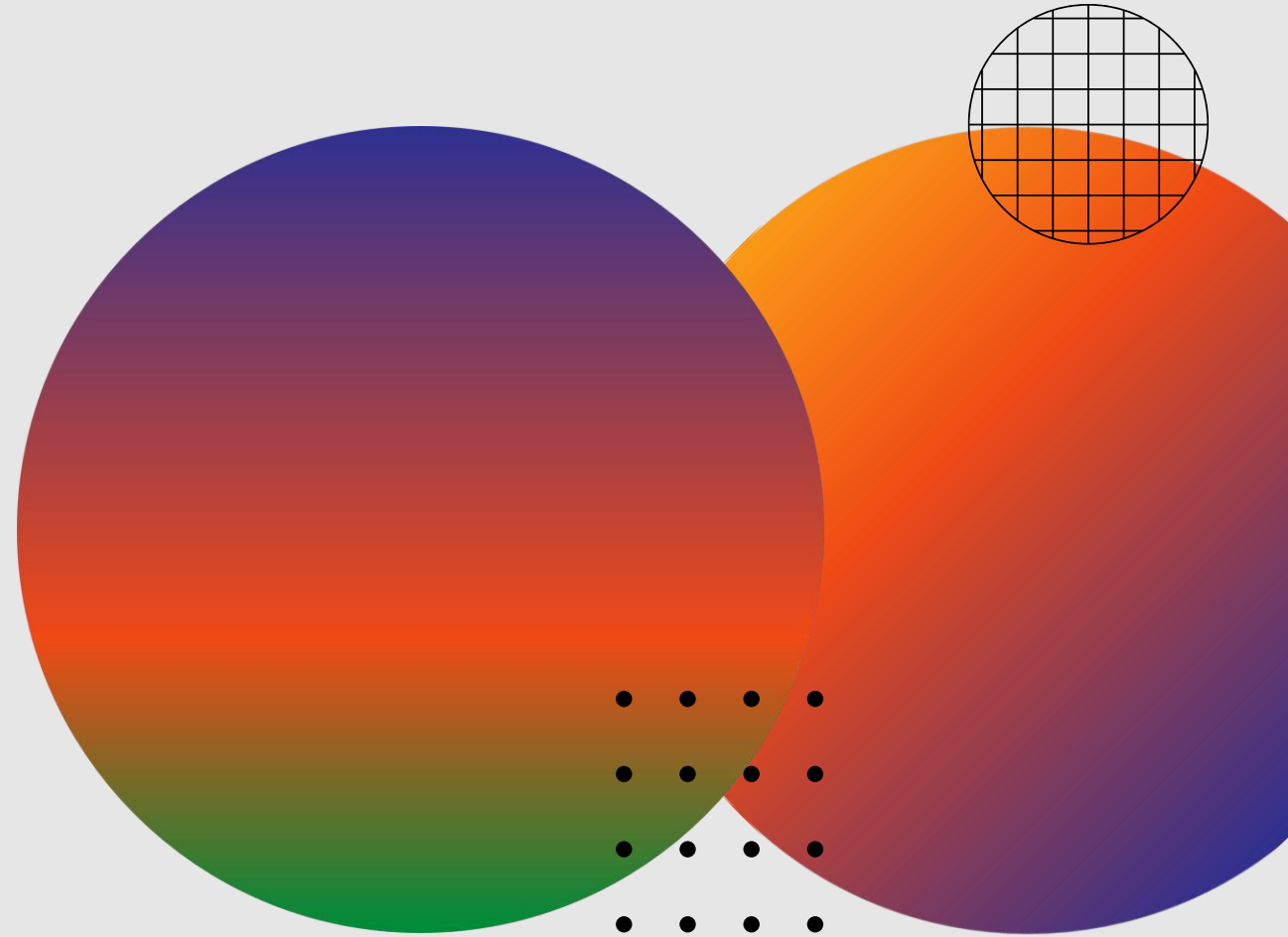


**SEBI Act, 1992, or the
Companies Act, 2013, or
the SCRA, 1956, or the
Depositories Act, 1996
and/or the rules thereof
and regulations**





**Standards on ‘Minimum
Information to be provided
to the Audit Committee for
review and approval of
RPTs**



Minimum Information to be provided to the Audit Committee for review and approval (including ratification) of RPTs:

- (1) The information, as specified in Para 4 of the Standards.
- (2) Certificates from the CEO or CFO or any other KMP of the Listed Entity and from every director of the Listed Entity who is also promoter (“promoter director”) to the effect that:
 - (i) the RPTs to be entered into are not prejudicial to the interest of public shareholders; and
 - (ii) the terms and conditions of the RPT are not unfavorable to the listed entity, compared to the terms and conditions, had similar transaction been entered into with an unrelated party.
- (3) Copy of the valuation or other report of external party, if any.



Minimum Information to be provided to the Audit Committee for review and approval (including ratification) of RPTs:

Other important points to be kept in mind

Provide comments as per Para 4 format for transaction-based information. Indicate 'NA' if not applicable and 'NIL' if no comments are provided.

If audited financial statements of the related party are unavailable for any financial year, the related party shall certify the financial details.

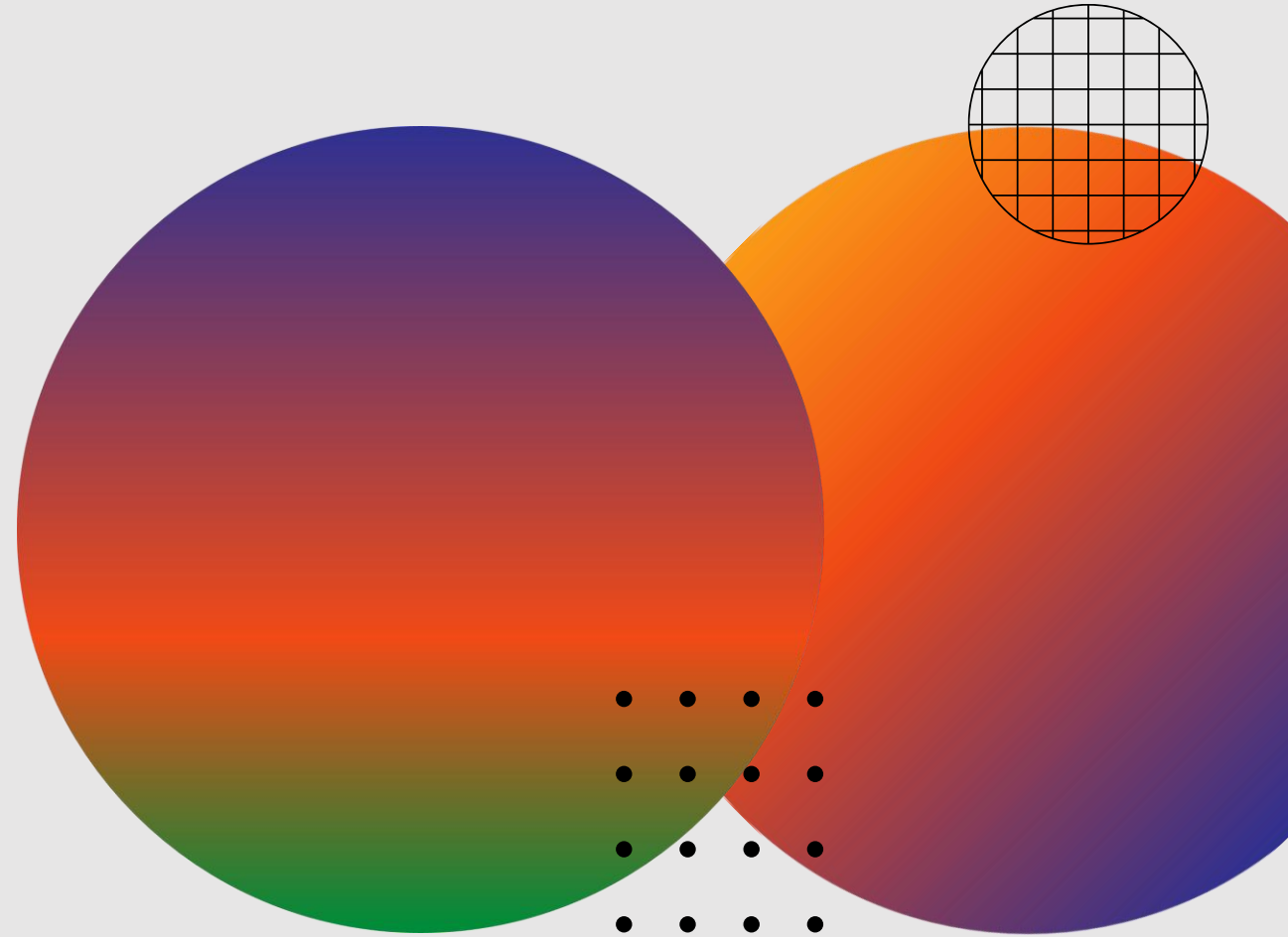
If the related party follows a different financial year, this fact shall be disclosed.

In the case of the payment of royalty, management fees, service fees, etc., if any, shall be explicitly bifurcated and disclosed.





**Standards on ‘Minimum
Information to be provided
to the Shareholders for
consideration of RPTs**



Minimum Information to be provided to the Shareholders for consideration of RPTs

- (1) Information as placed before the Audit Committee in the format **as specified in Para 4 of these Standards**, to the extent applicable.
- (2) The **Audit Committee may approve redaction of commercially sensitive information from disclosures** if it affects the listed entity's competitive position. It shall certify that the redacted disclosures still ensure informed decision-making for public shareholders.
- (3) **Justification** as to why the proposed transaction is in the interest of the listed entity.
- (4) **Statement of assessment** by the Audit Committee that relevant disclosures for decision-making were placed before them, and they have determined that the promoter(s) will not benefit from the RPT at the expense of public shareholders.



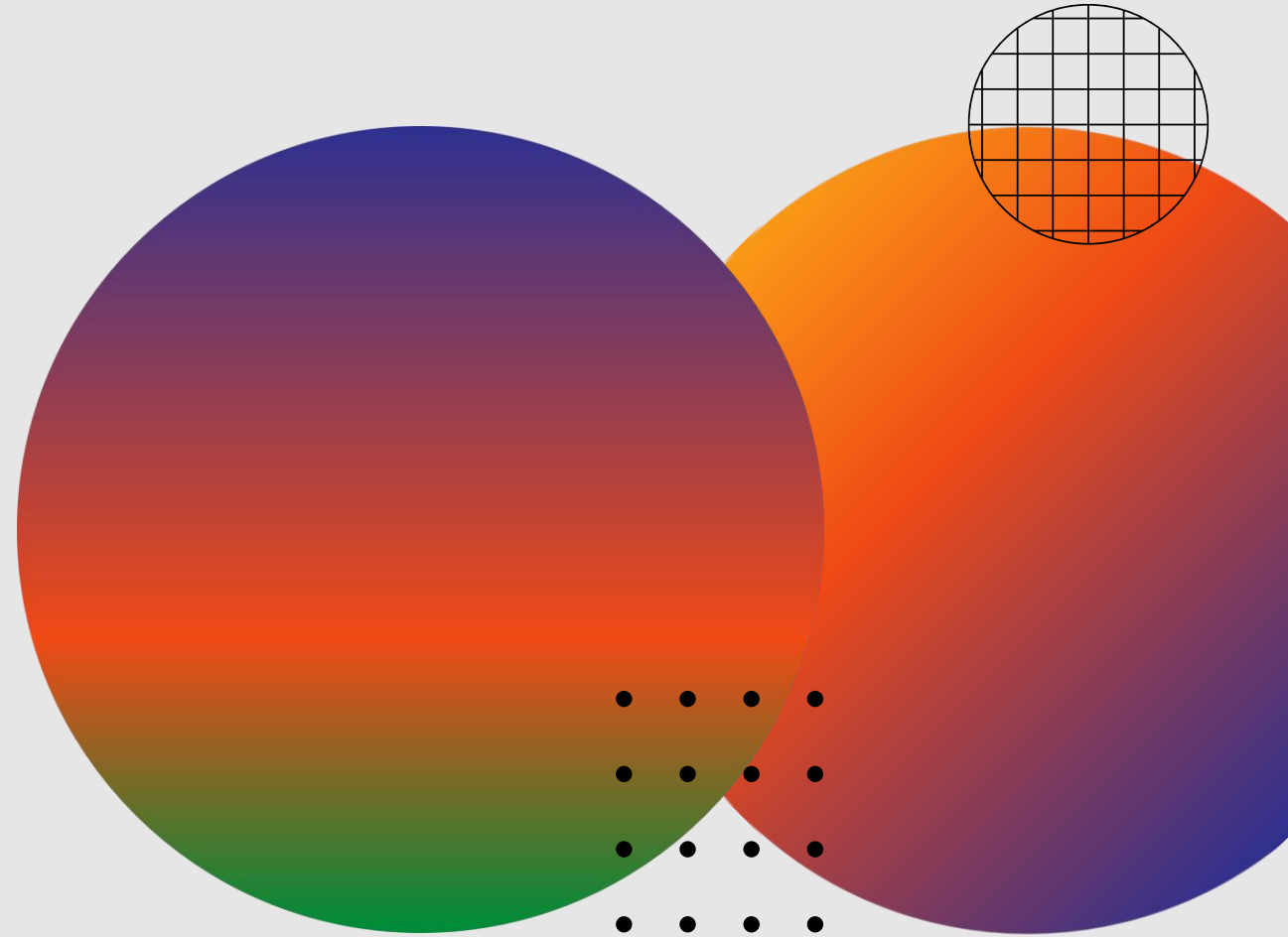
Minimum Information to be provided to the Shareholders for consideration of RPTs

- (5) Disclose the fact that the Audit Committee had reviewed the certificate provided by the CEO or CFO or any other KMP as well as the certificate provided by the promoter directors of the Listed Entity.
- (6) Copy of the valuation report or other reports of external party, if any, considered by Audit Committee while approving the RPT.
- (7) The Audit Committee must disclose if it has reviewed bids from unrelated parties in transactions involving goods, services, or assets. If no bids were invited, justification must be provided. If no comparable bids exist, the basis for recommending the RPT's benefit to shareholders must be stated.
- (8) Comments of the Board/ Audit Committee of the listed entity, if any.
- (9) Any other information that may be relevant.

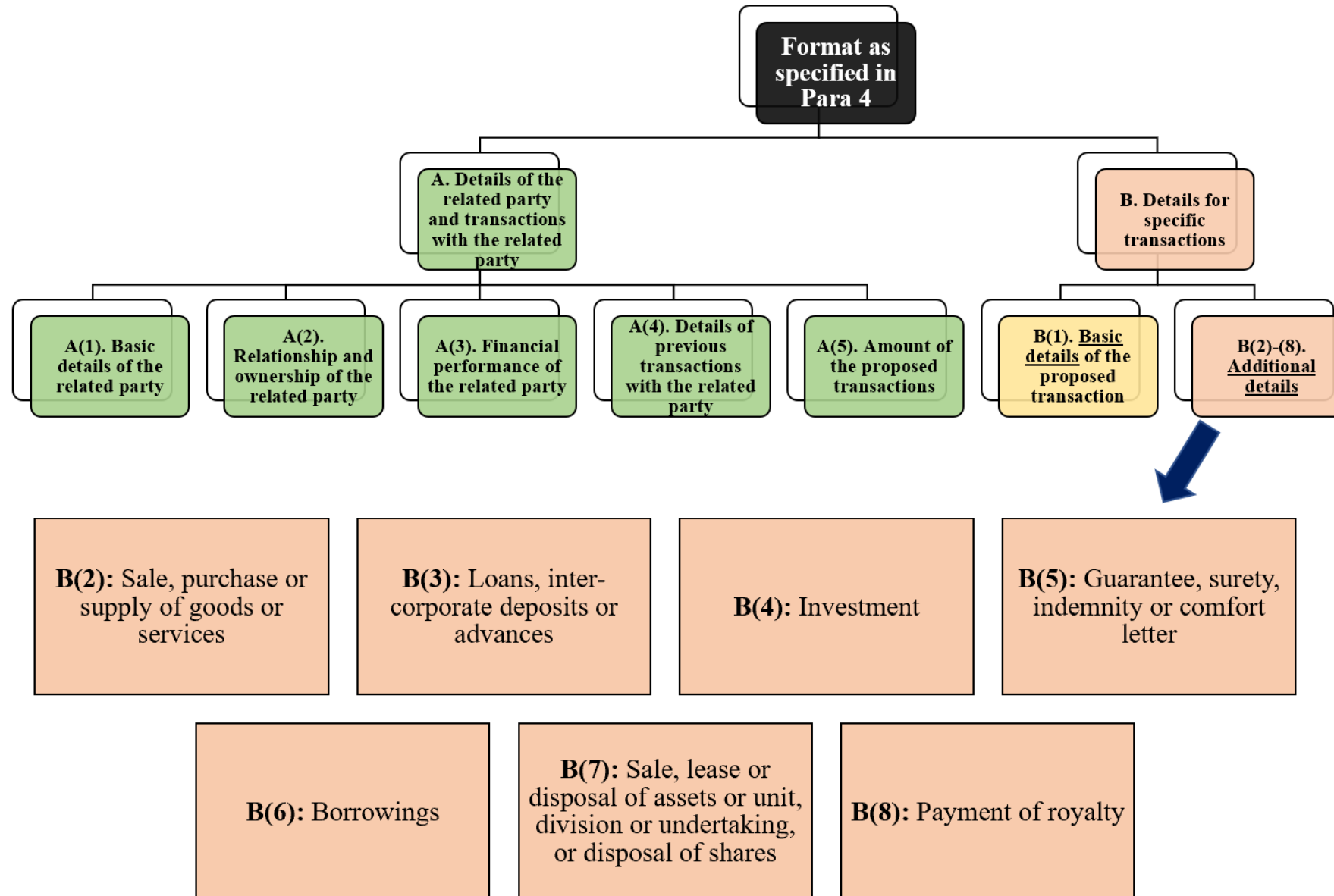




**Format as specified in Para
4 of these Standards**



Format as specified in Para 4 of these Standards



A(1). Basic details of the related party

- (1) Name of the related party.
- (2) Country of incorporation of the related party.
- (3) Nature of business of the related party.

Disclosures: Comprehensive, Limited & Minimum.



A(2). Relationship and ownership of the related party

- (1) Relationship between the listed entity/subsidiary (in case of transaction involving the subsidiary) and the related party.
- (2) Shareholding or contribution % or profit & loss sharing % of the listed entity/subsidiary (in case of transaction involving the subsidiary), whether direct or indirect, in the related party.
- (3) Shareholding of the related party, whether direct or indirect, in the listed entity/subsidiary (in case of transaction involving the subsidiary).

Disclosures: Comprehensive, Limited & Minimum.



A(3). Financial performance of the related party

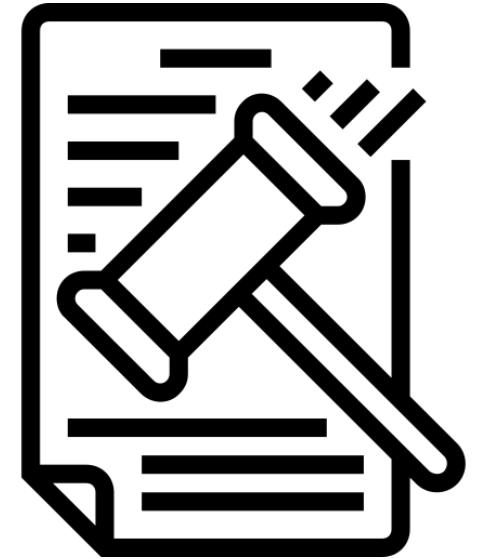
- (1) Standalone turnover of the related party for each of the last three financial years.
- (2) Standalone net worth of the related party for each of the last three financial years.
- (3) Standalone net profits of the related party for each of the last three financial years.

Disclosures: Comprehensive & Limited.



A(4). Details of previous transactions with the related party

- (1) Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during each of the last three financial years.
- (2) Total amount of all the transactions undertaken by the listed entity or subsidiary with the related party during the current financial year (till the date of approval of the Audit Committee / shareholders).
- (3) Whether prior approval of Audit Committee has been taken for the above mentioned transactions?
- (4) 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 three financial years.



Disclosures: Comprehensive, Limited & Minimum.

A(5). Amount of the proposed transactions

- (1) Total amount of all the proposed transactions being placed for approval in the current meeting.
- (2) Whether the proposed transactions taken together with the transactions undertaken with the related party during the current financial year is material RPT?
- (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 standalone turnover for the immediately preceding financial year.

Disclosures: Comprehensive, Limited & Minimum.



B(1). Basic details of the proposed transaction

- (1) Specific type of the proposed transaction.
- (2) Details of the proposed transaction.
- (3) Tenure of the proposed transaction.
- (4) Indicative date / timeline for undertaking the transaction.
- (5) Whether omnibus approval is being sought?
- (6) Provide the transaction value for the financial year. For multi-year contracts, include the total value over the contract tenure.
- (7) Whether the RPTs proposed to be entered into are not prejudicial to the interest of public shareholders, and going to be carried out on the same terms and conditions as would be applicable to any party who is not a related party.
- (8) Provide a clear justification for entering into the RPT, demonstrating how the proposed RPT serves the best interests of the listed entity and its public shareholders.
- (9) Details of the promoter(s)/ director(s) / KMP of the listed entity who have interest in the transaction, whether directly or indirectly.
- (10) Details of shareholding (more than 2%) of the director(s) / KMP/ partner(s) of the related party, directly or indirectly, in the listed entity.
- (11) Copy of the valuation or other external party report, if any.
- (12) Other information relevant for decision making.

Disclosures: Comprehensive, Limited & Minimum.

B(2). Sale, purchase or supply of goods or services



- (1) Number of bidders / suppliers / vendors / traders / distributors / service providers from whom bids / quotations were received with respect to the proposed transaction along with details of process followed to obtain bids.
- (2) Best bid / quotation received (If comparable bids are available, disclose the price and terms offered).
- (3) Additional cost / potential loss to the listed entity or the subsidiary in transacting with the related party compared to the best bid / quotation received.
- (4) Where bids were not invited, the fact shall be disclosed along with the justification for the same.
- (5) Wherever comparable bids are not available, state what is basis to recommend to the Audit Committee that the terms of proposed RPT are beneficial to the shareholders.

Disclosures: Comprehensive only.

B(3). Loans, inter-corporate deposits or advances



- (1) Source of funds in connection with the proposed transaction.
- (2) Where any financial indebtedness is incurred to give loan, inter-corporate deposit or advance, specify: Nature of indebtedness, Total cost of borrowing, Tenure and Other details;
- (3) Material covenants of the proposed transaction;
- (4) Interest rate charged on loans / inter-corporate deposits / advances by the listed entity (or its subsidiary, in case of transaction involving the subsidiary) in the last 3 FYs: to any party & to related party;
- (5) Interest rate at which the related party borrows or could borrow based on its credit rating and financial position;
- (6) Interest rate at which the listed entity or its subsidiary borrows or could borrow based on its credit rating and financial position;

Disclosures: Comprehensive & Limited.

B(3). Loans, inter-corporate deposits or advances



- (7) Proposed interest rate to be charged by listed entity or its subsidiary from the related party.
- (8) Maturity / due date.
- (9) Repayment schedule & terms.
- (10) Whether secured or unsecured?
- (11) If secured, the nature of security & security coverage ratio
- (12) The purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the transaction.
- (13) Latest credit rating of the related party (other than SO rating and CE rating).
- (14) Amount of total borrowings of the related party over the last 3 FYs;
- (15) Interest rate paid on the borrowings by the related party from any party in the last 3 FYs;
- (16) Default in relation to borrowings, if any, made during the last three financial years, by the related party from the listed entity or any other person.

Disclosures: Comprehensive & Limited (*except 14 and 15 pertaining to provide info for previous FY instead of last 3 FYs*).

B(3). Loans, inter-corporate deposits or advances

Additional details relating to advances other than loan given by the listed entity or its subsidiary

(1) Advances provided, their break-up and duration.

S. No.	Advance given to	Amount	Duration of advance given
1			
2			

(2) Advance as % of the total loan given during the preceding 12 months

Disclosures: Comprehensive & Limited.



B(4). Investment



- (1) Source of funds in connection with the proposed transaction.
- (2) Purpose for which funds shall be utilized by the investee company.
- (3) Where any financial indebtedness is incurred to make investment, specify: Nature of indebtedness, Total cost of borrowing, Tenure & Other details.
- (4) Material covenants of the proposed transaction.
- (5) Latest credit rating of the related party (other than SO rating and CE rating).
- (6) Expected annualised returns.
- (7) Returns on past investments in the related party over the last 3 FYs.
- (8) Details of asset-liability mismatch position, if any, post investment.
- (9) Whether any regulatory approval is required. If yes, whether the same has been obtained.

Disclosures: Comprehensive & Limited (*except line item no. 8*)

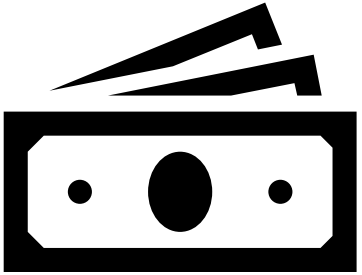
B(5). Guarantee (excluding performance guarantee), surety, indemnity or comfort letter



- (1) Rationale for giving guarantee, surety, indemnity or comfort letter.
- (2) Material covenants 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) Specify the obligations guaranteed by the listed entity or its subsidiary and any required provisions in the accounts.
- (4) Latest credit rating of the related party (other than SO and CE rating), if guarantee, surety, indemnity or comfort letter is given in connection with the borrowing by a related party.
- (5) Details of solvency status and going concern status of the related party during the last 3 FYs.
- (6) Default on borrowings, if any, over the last 3 FYs, by the related party from the listed entity or any other person.

Disclosures: Comprehensive & Limited.

B(6). Borrowings



- (1) Material covenants of the proposed transaction.
- (2) Interest rate (in terms of numerical value or base rate and applicable spread).
- (3) Cost of borrowing (This shall include all costs associated with the borrowing).
- (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.
- (9) Debt to Equity Ratio of the listed entity or its subsidiary based on last audited financial statements (Before & After transaction).
- (10) Debt Service Coverage Ratio of the listed entity or its subsidiary based on last audited financial statements (Before & After transaction).

Disclosures: Comprehensive & Limited.

B(7). Sale, lease or disposal of assets or unit, division or undertaking, or disposal of shares



- (1) Number of bidders / suppliers / vendors / traders / distributors / service providers from whom bids / quotations were received with respect to the proposed transaction along with details of process followed to obtain bids.
- (2) Best bid / quotation received (If comparable bids are available, disclose the price and terms offered).
- (3) Additional cost / potential loss to the listed entity or the subsidiary in transacting with the related party compared to the best bid / quotation received.
- (4) Where bids were not invited, the fact shall be disclosed along with the justification for the same.
- (5) Wherever comparable bids are not available, state what is basis to recommend to the Audit Committee that the terms of proposed RPT are beneficial to the shareholders.
- (6) 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.

Disclosures: Comprehensive & Limited.

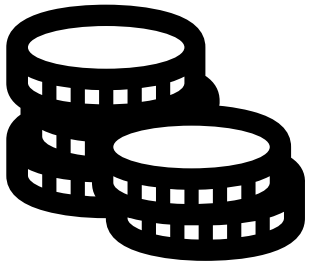
B(7). Sale, lease or disposal of assets or unit, division or undertaking, or disposal of shares



- (6) 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 3 FYs: *Turnover, Net worth, Net Profit, Net profit margin, Operating cash flow margin, Return on Assets*;
- (7) 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;
- (8) Provide details of asset or share disposals involving the same subsidiary, unit, or associate to related parties in the past 12 months.
- (9) Whether the transaction would result in issue of securities or consideration in kind to a related party? If yes, please share the relevant details.
- (10) Would the transaction result in eliminating a segment reporting by the listed entity or any of its subsidiary?
- (11) 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?
- (12) Are there any other major non-financial reasons for going ahead with the proposed transaction?

Disclosures: Comprehensive & Limited.

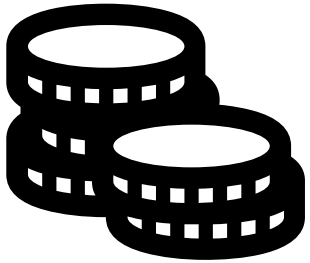
B(8). Payment of Royalty



- (1) Gross amount of royalty paid by the listed entity or subsidiary to the related party during each of the last 3 FYs.
- (2) Purpose for which royalty was paid to the related party during the last 3 FYs.
- (3) Purpose for which royalty is proposed to be paid to the related party in the current financial year.
- (4) Royalty paid in last 3 FYs as % of Net Profits of previous FYs.
- (5) Dividend paid in last 3 FYs as % of Net Profits of previous FYs.
- (6) Royalty and dividend paid or proposed to be paid during the current FY.
- (7) Rate at which royalty has increased in the past 5 years, if any, vis-à-vis rate at which the turnover, profits after tax and dividends have increased during the same period.
- (8) In case of new technology i.e. first year of technology transfer (*to be provided separately for each new technology*): ***Expected duration of technology transfer; Benefits derived from the technology transfer.***

Disclosures: Comprehensive & Limited (*except line item no. 5 & 6*)

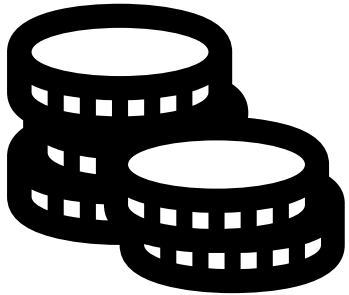
B(8). Payment of Royalty



- (9) In case of existing technology i.e. technology being imported (*to be provided separately for each existing technology*): ***Years since technology transfer initiated, Expected duration of technology transfer & Benefits derived from the technology transfer.***
- (10) Details of in-house research & development, if any;
- (11) If royalty is paid to the parent company, disclose royalty received by the parent company from foreign entities: ***Minimum & Maximum rate of royalty charged along with corresponding absolute amount.***
- (12) Sunset Clause for Royalty payment;
- (13) Royalty paid or payable for imported technology, along with the turnover attributable to such technology.
- (14) Royalty paid or payable for brands or other intangible assets, along with the turnover attributable to their use.

Disclosures: Comprehensive & Limited (*except line item no. 11*).

B(8). Payment of Royalty



(15) Peer Comparison:

	Listed Entity / Subsidiary	Peer 1	Peer 2	Peer 3
Royalty payment over last 3 years	<i>Aggregate amount</i>	<i>Aggregate amount</i>	<i>Aggregate amount</i>	<i>Aggregate amount</i>
Royalty paid as a % of net profits over the last 3 years	%	%	%	%
Annual growth rate of Turnover over last 3 years	%	%	%	%

Disclosures: Comprehensive only.

Minimum Information to be provided to the Audit Committee for review and approval (including ratification) of RPTs:

In case of payment of royalty, how to select Industry Peers?

- (1) The Listed Entity will strive to compare the royalty payment with a **minimum of 3 Industry Peers**, where feasible. The selection shall follow the following hierarchy:
 - A. Preference will be given to **Indian listed Industry Peers**.
 - B. If *Indian listed Industry Peers are not available*, a comparison may be made with **listed global Industry Peers, if available**.
- (2) If *no suitable Indian listed/ global Industry Peers are available*, the Listed Entity may **refer to the peer group considered by SEBI-registered research analysts in their publicly available research reports** (“*Research Analyst Peer Set*”). If the Listed Entity’s business model differs from such Research Analyst Peer Set, it may provide an explanation to clarify the distinction.
- (3) In cases *where fewer than 3 Industry Peers are available*, the listed entity will **disclose, that only one or two peers are available for comparison**.





THANK YOU

**Mr. Pavan Kumar Vijay,
Founder, Corporate
Professionals & Past President,
ICSI**

**Mr. Ankit Singhi,
Head – Corporate Affairs &
Compliance, Corporate
Professionals**