

Frequently Asked Questions on the RPT Industry Standards

1.	<p>Does the RPT Industry Standards replace all previous RPT disclosure formats as prescribed under Section III-B of Master Circular for compliance with the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 by listed entities dated 11th November, 2024 (“Master Circular”)?</p> <p>Yes. It substitutes the disclosure requirement as specified in the Section III-B of the Master Circular from the specified date. If a particular part of the RPT Industry Standards is inconsistent with subsequent amendments in the LODR Regulations and/or SEBI Circular(s), the provisions of the LODR Regulations and/ or the SEBI Circular(s) shall prevail.</p>
2.	<p>What is the scope of ‘minimum information’ and can the management provide additional information beyond what is prescribed?</p> <p>Yes. The RPT Industry Standards specify the minimum information to be disclosed. The management, in the interest of the public shareholders may provide any additional information to the Audit Committee and/or shareholders.</p> <p>As also provided in Para 3(3) of the RPT Industry Standards, Audit Committee may seek any additional information from the management, as it deems necessary and reasonable, to evaluate the proposed RPT.</p>
Applicability of the RPT Industry Standards	
3.	<p>What is the effective date for the applicability of the RPT Industry Standards as per SEBI Circular dated June 26, 2025?</p> <p>The effective date for the applicability of the RPT Industry Standards is 1st September, 2025, as per SEBI Circular No. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated 26th June, 2025.</p>
4.	<p>Are RPT Industry Standards applicable to transactions between foreign subsidiaries of Indian listed companies?</p> <p>Yes, in case such RPTs require approval of the Audit Committee and/or shareholders of the listed holding company, as may be applicable in terms of the LODR Regulations.</p>

5.	<p>Whether the RPT Industry Standards is applicable to transactions undertaken by subsidiaries of a listed entity where the listed entity is not a party?</p> <p>Yes, (In respect of RPTs requiring approval of the Audit Committee and/or shareholders of the listed holding company, as may be applicable in terms of the LODR Regulations).</p>
6.	<p>If the listed entity is having related party transactions with its fellow subsidiaries, can the holding company provide duly certified summary of financial information as required to be placed before the Audit Committee or shareholders under the RPT Industry Standards for all such fellow subsidiaries of the listed company with which the listed entity proposes to enter into the transactions for every year.</p> <p>Yes, the holding company consolidates the financial statements of its subsidiaries and therefore, the holding company may provide duly certified summary of financial information as required to be placed before the Audit Committee or shareholders under the RPT Industry Standards for all such subsidiaries with a caveat that these particulars are provided based on the information obtained for preparation of consolidated financial statements of the listed entity.</p>
7.	<p>If a transaction is not covered under Part B and Part C, does it still need to comply with the RPT Industry Standards?</p> <p>As stated in Para 4 of the Executive Summary of the RPT Industry Standards itself, Part A of Para 4 of the RPT Industry Standards applies to all related party transactions unless exempt under Para 1(3) of the RPT Industry Standards.</p>
8.	<p>A listed entity enters into three related party transactions during the financial year, each amounting to ₹30 lakh. It then proposes a fourth transaction of ₹11 lakh with the same related party. Will the RPT Industry Standards be applicable to the fourth transaction? From when will the disclosure requirement apply?</p> <p>Yes, the RPT Industry Standards will be applicable to the fourth transaction (assuming approvals are taken at different point in time during the financial year), as the cumulative value of transactions during the financial year will exceed the ₹1 Crore threshold. The disclosure requirement will apply from the point at which the cumulative value crosses the prescribed limit, i.e., at the time of entering into the ₹11 lakh transaction, if the transactions are approved at different points of time. In the instant case, the RPT Industry Standards would need to be complied with at the time of seeking approval for the RPT for Rs.11 lakh.</p>

	However, if the transactions are approved at the same time or on omnibus basis, then the disclosure requirements would become applicable at that time.
9.	<p>Is the ₹ 1 Crore threshold to be applied to each individual related party transaction or to the aggregate value of all transactions with a related party?</p> <p>Aggregate value of all transactions 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).</p>
10.	<p>Are transactions below ₹1 Crore, but covered under Part B, subject to disclosure under the RPT Industry Standards?</p> <p>Transactions below ₹1 Crore do not require compliance with the RPT Industry Standards.</p>
11.	<p>If a listed entity has an annual consolidated turnover of ₹5 Crore, then 10% of such turnover is ₹50 lakh. If the listed entity now seeks approval for a ₹90 lakh transaction with a related party, it falls below the ₹1 Crore threshold specified in Para 1(3) of the RPT Industry Standards. However, this would be a material RPT under Regulation 23(1) of the LODR Regulations, 2015. In such a case, will the RPT Industry Standards apply?</p> <p>No. the RPT Industry Standards are not applicable for RPTs below ₹1 Crore. However, the Board of Directors and the Audit Committee may at its discretion, prescribe minimum information required to be placed for approval of RPT below ₹ 1 Crore in their internal policy for approval of RPT as formulated under Regulation 23(1) of LODR.</p>
12.	<p>What is meant by the term ‘material modification’ to RPTs in respect of which the RPT Industry Standards would be applicable?</p> <p>As per the Regulation 23(2)(a) of the LODR Regulations, the term material modification would be as defined by the Audit Committee and shall be disclosed as part of the policy on materiality of RPTs and on dealing with RPTs.</p>
Guidelines for placing information to the Audit Committee	
13.	<p>What are the other reports of the external party, apart from the valuation report, which are required to be placed before the Audit Committee?</p>

	<p>Some of these reports could be benchmarking reports, arm's length pricing report, transfer pricing agreements, justification for ordinary course of business, expert opinions, fairness opinion, etc. taken by the listed entity or relied upon by the listed entity or its subsidiary for entering into proposed RPT. Please note the above is only indicative and not exhaustive list and also subject to the additional information that may be sought by Audit Committee, as it deem necessary and reasonable, to evaluate the proposed RPT.</p>
14.	<p>Do all the comments of the Audit Committee on the information provided by the management need to be captured in the minutes or are the comments regarding unapproved RPTs required to be captured in the Audit Committee meeting minutes along with the rationale?</p> <p>The RPT Industry Standards require that, if Audit Committee does not approve a related party transaction, the comments and the rationale for not approving the RPT shall be recorded in the minutes of the Audit Committee meeting.</p> <p>Further, the RPT Industry Standards has an enabling provision that Audit Committee, at its discretion, comment on the information provided by the management. Such comments should be captured in the Audit Committee minutes.</p>
15.	<p>In respect of the joint certification required to be submitted to the Audit Committee by the Chief Executive Officer / Managing Director / Whole Time Director / Manager and CFO — if the CFO is also a Whole-Time Director of the listed entity, is a single signature sufficient or must the certificate still be jointly signed by a WTD and the CFO?</p> <p>The certificate as stated above, has to be signed by two different individuals.</p>
16.	<p>Is it required to provide certificate from Chief Executive Officer / Managing Director / Whole Time Director / Manager and Chief Financial Officer for each related party transaction or one certificate for all the proposed related party transaction taken together in a year?</p> <p>The listed entity may place before the Audit Committee, one certificate covering all proposed related party transactions being considered by Audit Committee in a meeting.</p>
17.	<p>In case of multiple RPTs with a related party, should disclosures be made individually or on an aggregate basis?</p> <p>Para 3(1)(f) of the RPT Industry standards may be referred, which clarifies this query.</p>

Minimum Information to be provided to the shareholders for approval of Material RPTs	
18.	<p>What can be redacted and who approves it?</p> <p>The information that can be redacted while providing information to the shareholders, is specified in Para 5(f) of the RPT Industry Standards, and such redaction shall be approved by the Audit Committee and the Board of Directors.</p>
19.	<p>Is it mandatory to provide both a QR code and a weblink for valuation reports or any other reports and are both required to be disclosed?</p> <p>Yes. Both weblink and QR Code should be disclosed in the Explanatory Statement for accessing the Valuation Report or any other reports, if any, considered by Audit Committee while approving the RPT.</p>
Minimum information of the proposed RPT (A1 to A5)	
20.	<p>For making disclosures based on the turnovers and other parameters for preceding financial years of the listed entity or its subsidiary, what would be the suggested approach if the listed entity's or its subsidiary's audited financials for the preceding financial year are not available at the time of seeking approval of the Audit Committee or shareholders?</p> <p>Last audited financial statements should be considered for this purpose.</p>
Sale, purchase or supply of goods or services or any other similar business transaction and trade advances (B1)	
21.	<p>What would be the required disclosure if no bidding has been conducted to choose a party for sale / purchase / supply of the goods or services?</p> <p>In such cases, the listed entity can state that no “<i>bidding or other process</i>” was conducted for this purpose.</p>
Loans and advances (other than trade advances) or inter-corporate deposits given by the listed entity or its subsidiary (B2 and C1)	
22.	<p>When a loan is proposed to be given by an unlisted NBFC (which is a subsidiary of a listed entity) to its related party, are disclosures under B(2) still mandatory?</p>

	No.
23.	<p>If a listed entity has borrowed money from multiple bankers or lenders at different rates of interest, how should this be disclosed?</p> <p>Please refer explanation provided to Sr. No. 3 of Para B(2), which clarifies the query.</p>
Borrowings by the listed entity or its subsidiary (B5 and C4)	
24.	<p>In the case of transactions relating to borrowings, how would the disclosure on the rate of interest at which the listed entity/subsidiary is borrowing be made if there are no borrowings with a comparable maturity profile (assuming that there are other non-comparable maturity profiles subsisting in the listed entity)?</p> <p>The management would be required to state to the Audit Committee that there are no borrowings with comparable maturity profile and provide minimum, maximum and average interest rate of all ongoing borrowings by listed entity / subsidiary.</p>
Transactions relating to payment of royalty (B7 and C6)	
25.	<p>What if relevant peer companies don't disclose royalty?</p> <p>In case, royalties paid by relevant Industry Peers for the same purpose, are not disclosed in their audited annual financial statements for the relevant period of such Industry Peers, same may be informed to the Audit Committee.</p>