



A. K. LABH & Co.

Company Secretaries

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Major amendments in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

vide Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Sixth Amendment) Regulations, 2021

(Notification dated 09.11.2021 /

The provisions will be effective from 01.04.2022

unless otherwise specified in the respective provision of the regulation)

Srl No.	Regulation	Particulars	Existing Provision	Amendment	Remarks
1	First proviso to clause (zb) of sub-regulation (1) of Regulation 2(1)	Definition of “Related Party”	(zb) “Related Party” means a related party as defined under sub-section (76) of section 2 of the Companies Act, 2013 or under the applicable accounting standards: <i>Provided that any person or entity belonging to the promoter or promoter group of the listed entity and holding 20% or more of shareholding in the</i>	The First proviso substituted with the following : <i>Provided that:</i> <i>(a) any person or entity forming a part of the promoter or promoter group of the listed entity; or</i> <i>(b) any person or</i>	a. Definition of Related Party (“RP”) has been broadened. b. Now, each entity of the promoter / promoter group, irrespective of their shareholding, will be treated as “Related Parties”. c. At present only those promoter / promoter group entities having more than 20% shareholding are treated as Related



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			<p><i>listed entity shall be deemed to be a related party.</i></p>	<p><i>any entity, holding equity shares:</i></p> <p><i>(i) of twenty per cent or more; or</i></p> <p><i>(ii) of ten per cent or more, with effect from April 1, 2023;</i></p> <p><i>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></p> <p><i>shall be deemed to be a related party:”</i></p>	<p>Parties under SEBI-LODR Regulations.</p> <p>d. Even in Non-Promoter category, any entity holding more than 20% shares (w.e.f. 01.04.2022) / 10% shares (w.e.f. 01.04.2023), whether directly or on a beneficial interest basis, will be treated as “Related Party”.</p>
2	Clause (zc) of sub-regulation (1) of Regulation 2(1)	Definition of “Related Party Transactions	<p><i>(zc) “related party transaction” means a transfer of resources,</i></p>	<p>Clause (zc) substituted with the following :</p> <p><i>“(zc) “related party transaction” means a transaction involving a transfer</i></p>	a. Definition of Related Party Transactions (RPT) has been widened.



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services or obligations between a listed entity and a related party, 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:

Provided that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)

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, with effect from April 1, 2023;

regardless of whether a price is charge and a "transaction" with a related party shall be construed to include a single transaction or a group of

b. Now, the subsidiary companies of the listed companies and its related parties have also been included within the ambit of RPT.

c. Now, all type of following transactions will fall under the RPT:

i. Listed Company

→ RP

ii. Listed Company

→ Subsidiary of the RP

iii. Subsidiary of the Listed Company

→ RP of the Listed Co.

iv. Subsidiary of the Listed Company

→ Subsidiary of the RP of the Listed Company

d. Following Transactions will also fall under



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			<p><i>transactions in a contract:</i></p> <p><i>Provided that the following shall not be a related party transaction:</i></p> <p><i>(a) the issue of specified securities on a preferential basis, subject to compliance of the requirements under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;</i></p> <p><i>(b) the following corporate actions by the listed entity which are uniformly applicable/offered to all shareholders in proportion to their shareholding:</i></p> <p><i>i. payment of</i></p>	<p>RPT w.e.f. 01.04.2023:</p> <p>Listed Co. / Subsidiary of Listed Company</p> <p>→ any non-RP</p> <p>(the purpose and effect of which is to benefit a RP of the Listed Co. or any of its subsidiaries.)</p>
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dividend;
ii. subdivision 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:



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				<i>Provided further that this definition shall not be applicable for the units issued by mutual funds which are listed on a recognised stock exchange(s)</i>	
3	Explanation to sub-regulation (1) of Regulation 23	Related Party Transactions	<i>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</i>	<i>“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 during a financial year, exceeds rupees one</i>	Now, all RPT with value of Rs. 1000 Crore or more in a FY, even being less than 10% of the consolidated turnover of the Company will be treated as material RPT.



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			<i>of the listed entity as per the last audited financial statements of the listed entity.</i>	<i>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.”</i>	
4	Regulation 23(2)	Related Party Transactions	(2) All related party transactions shall require prior approval of the audit committee	Amended as follows: (2) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed Company.	Now, all subsequent material modifications to RPTs will also require prior approval of the Audit Committee.
5	Regulation 23(2)	Related Party Transactions		Insertion : In sub-regulation (2) after the existing proviso, the following shall be inserted :	a. “Material Modifications” to be defined by the Audit Committee and to be disclosed as part of the policy on materiality of RPT.



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				<p><i>“Provided further that:</i></p> <p><i>(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;</i></p> <p><i>(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</i></p>	<p>b. In case of RPT transactions, involving unlisted subsidiary company and not the listed Company itself, prior approval of the Audit Committee of the listed Company will be mandatory if the transaction exceeds 10% of the annual consolidated turnover (w.e.f. 01.04.2022) / 10% of the standalone turnover (w.e.f. 01.04.2023) of the listed Company.</p>
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individually or taken together with previous transactions during a financial year exceeds ten per cent of the annual consolidated turnover, as per the last audited financial statements of the listed entity;

(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



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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;

(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.



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				<i>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.”</i>	
6	Regulation 23(4)	Related Party Transactions		Amended as follows: (4) All material related party transactions and subsequent material modifications as defined by the Audit Committee under sub-regulation (2) shall require prior approval of the shareholders through resolution and no related party shall vote to approve such	Now, all material RPT or any subsequent material modifications thereto will require PRIOR approval of the shareholders.



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				resolutions whether the entity is a related party to the particular transaction or not:	
7	Regulation 23(4)	Related Party Transactions		Insertion : Before the existing proviso, the following shall be inserted, namely : <i>“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.</i>	In case of RPT transactions, involving listed subsidiary company and not the listed Company itself, prior approval of the shareholders of the listed Company would not be required if the criterias meant for listed Company is fulfilled by its listed subsidiary company.



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				<p>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.”</p>	
8	Regulation 23(5)	Related Party Transactions		<p>Insertion : in sub-regulation (5), after clause (b), the following new clause shall be inserted, namely :</p> <p><i>“(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed</i></p>	<p>In case of RPT between two wholly-owned subsidiary companies of the listed holding Company, requirement for obtaining prior/omnibus approval of the Audit Committee or prior approval of the shareholders of the listed holding Company will not be required, if the accounts of such wholly-owned subsidiary companies are consolidated with the listed holding Company and the same is placed for</p>



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				<i>before the shareholders at the general meeting for approval.”</i>	approval of the shareholders of the listed holding Company.
9	Regulation 23(9)	Related Party Transactions	<p><i>(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.</i></p>	<p>Sub-regulation (9) shall be substituted with the following, namely, -</p> <p><i>“(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:</i></p> <p><i>Provided that a ‘high value debt listed entity’ shall submit such disclosures along with its standalone</i></p>	<p>a. The period for disclosure of RPT on half yearly basis to the stock exchange has been reduced from 30 days to 15 days from the date of publication of the financial results. (w.e.f. 01.04.2022)</p> <p>b. Further, such disclosure need to be made to the stock exchange with publication of the financial results itself w.e.f. 01.04.2023</p>



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			<p><i>Provided that a 'high value debt listed entity' shall submit such disclosures along with its standalone financial results for the half year.</i></p>	<p><i>financial results for the half year:</i></p> <p><i>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:</i></p> <p><i>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."</i></p>	
10	Schedule II	Corporate Governance		In Part – C, in para B, point 2 shall be	Following item has been deleted from the



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				omitted.	mandatorily review list of the Audit Committee : “Statement of significant related party transactions (as defined by the audit committee), submitted by management”
11	Schedule V	Annual Report		Para A, point 1 amended as follows : A. Related Party Disclosure: 1. The listed entity which has listed its non-convertible securities shall make disclosures in compliance with the Accounting Standard on “Related Party Disclosures”.	Now, disclosure of RPT in the Annual Report in terms of para A of Schedule V, will be applicable to only those listed entities which has listed its non-convertible securities with the stock exchanges.
12	Schedule V	Corporate Governance report		Insertion : in para C, in point 10, after clause (1), the	Now, the following information also need to be disclosed by a listed



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				<p>following new clause shall be inserted, namely, -</p> <p><i>“(m) disclosure by listed entity and its subsidiaries of ‘Loans and advances in the nature of loans to firms / companies in which directors are interested by name and amount’:</i></p> <p><i>Provided that this requirement shall be applicable to all listed entities except for listed banks.”</i></p>	<p>Company (except listed banks) in its Corporate Governance Report :</p> <p>“Disclosure by listed entity and its subsidiaries of ‘Loans and advances in the nature of loans to firms / companies in which directors are interested by name and amount’.</p>
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