



SEBI/HO/CFD/CFD-PoD-2/P/OW/2023/40986

October 04, 2023

To,

GAIL (India) Limited
GAIL Bhawan, 16 Bhikaiji Cama Place
R K Puram, New Delhi – 110066

Kind attention: Mr. Mahesh Kumar Agarwal, Company Secretary

Dear Sir,

Sub: Request for informal guidance by way of an interpretative letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 in relation to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

1. This is with reference to your letter dated August 10, 2023 seeking guidance by way of an interpretive letter under the Securities and Exchange Board of India (Informal Guidance) Scheme, 2003 (“**Informal Guidance Scheme**”).
2. In your letter under reference, you have, *inter-alia*, stated as under:
 - 2.1. Vide the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2023, certain amendments were made to Regulation 30 and Schedule III of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**”) in respect of the disclosure of material events/information.
 - 2.2. On 13th July, 2023, SEBI issued a Circular titled as “Disclosure of material events / information by listed entities under Regulation 30 and 30A of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015” (“**SEBI Circular**”).
 - 2.3. Being a listed company, the said regulations are applicable to GAIL (India) Ltd. (“**GAIL**”) and hence, GAIL is required to make disclosure of events as specified in Schedule III, Part A, Para A and Para B.
3. In view of the above, you have sought interpretative letter under the Informal Guidance Scheme on the following:

3.1 With reference to Point No. 8 of Para B of Part A of Schedule III of the LODR Regulations, whether details of arbitral proceedings of pending arbitration matters or arbitral awards can be disclosed to SEBI as it may contravene Section 42A of Arbitration and Conciliation Act, 1996?

3.2 With reference to the above provision, in the SEBI Circular, what does 'cumulative basis' mean. Whether it includes:

- i. In case there are multiple litigations/cases with the same party, whether the claims by/against the said party in all such multiple litigations/cases are to be taken together for arriving at the cumulative figure (deciding materiality)?
- ii. In any single litigation/case, whether claim by the listed entity and counter-claim against the listed entity needs to be added together, for the purpose of arriving at the cumulative figure (deciding materiality)?

4. We have considered the submissions made by you in your letter under reference. Without necessarily agreeing with your analysis, we are issuing interpretive letter as under:

4.1. With reference to your query at paragraph 3.1 above, the sub-para 8 of para B of Part A of Schedule III of the LODR Regulations may be referred to which reads as under-

"Pendency of any litigation(s) or dispute(s) or the outcome thereof which may have an impact on the listed entity."

4.2. In respect of the above provision, we are of the understanding that the disclosure of the details of arbitral proceedings or arbitral awards can be made to the extent it is legally permissible under the Arbitration and Conciliation Act, 1996 which would *inter-alia* include disclosure of fact of initiation of arbitration proceedings, amount of claim involved in such proceedings, fact of passing of arbitral award and its effect on the listed entity, fact of termination of the arbitration proceedings, court orders in relation to the arbitration proceedings etc.

4.3. With reference to your query at paragraph 3.2 above, the relevant extract from the SEBI Circular is reproduced below:

"The listed entity shall notify the stock exchange(s) upon it or its director or its key management personnel or its senior management or its promoter or its subsidiary becoming party to any litigation, assessment, adjudication,



arbitration or dispute in conciliation proceedings or upon institution of any litigation, assessment, adjudication, arbitration or dispute including any ad-interim or interim orders passed against or in favour of the listed entity, the outcome of which can reasonably be expected to have an impact. In case the amount involved in ongoing litigations or disputes with an opposing party become material on a cumulative basis, then the same shall also be required to be disclosed to the stock exchange(s).

5. With respect to the meaning of the term 'cumulative basis' in the above referred provision, it is clarified that the cumulative figure is to be arrived at by taking together the claims by/against a party in all ongoing litigations or disputes with the same party. However, claim by the listed entity and counter-claim against the listed entity in any single litigation/case may not be added together or set-off for the purpose of arriving at the aforesaid cumulative figure.
6. The above position is based on the information furnished in your letter under reference. Different facts or conditions might lead to a different result. Further, this letter does not express a decision of the Board on the questions referred.
7. You may also note that the above views are expressed only with respect to the clarification sought in your letter under reference with respect to the regulation 30 read with Schedule III of the LODR Regulations and the SEBI Circular dated July 13, 2023 and do not affect the applicability of any other law or requirements of any other SEBI Regulations, Guidelines and Circulars administered by SEBI or of the laws administered by any other authority.

Yours faithfully,



Raj Kumar Das