

## CONSULTATION PAPER

### PROPOSALS FOR EASE OF DOING BUSINESS - AMENDMENTS TO PROVISIONS RELATING TO RELATED PARTY TRANSACTIONS UNDER SEBI (LODR) REGULATIONS, 2015 AND CIRCULARS THEREUNDER

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#### 1. Objective

1.1. This consultation paper seeks views / comments / suggestions from public on proposals relating to the following:

#### 1.2. SECTION - I

1.2.1. Threshold for determining material Related Party Transactions (“RPTs”) undertaken by listed entities.

1.2.2. Threshold for determining material RPTs undertaken by subsidiaries of a listed entity.

#### 1.3. SECTION - II

1.3.1. Relaxation in the minimum information to be furnished to the Audit Committee and shareholders for the approval of RPTs.

1.3.2. Inclusion of provision in Regulation with respect to validity of omnibus approval for RPTs granted by the shareholders.

1.3.3. Clarifications pertaining to applicability of RPT provisions.

The proposals in this Consultation Paper are based on the recommendations of the Advisory Committee on Listing Obligations and Disclosures (**ACLOD**) of SEBI and subsequent internal discussions. The proposals would require amendments to the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**LODR Regulations**” or “**LODR**”) and circulars issued thereunder.

## **SECTION - I**

### **1. Threshold for determining material RPTs undertaken by listed entities**

#### **1.1. Background**

1.1.1. As per Regulation 23(1) of LODR Regulations, the listed entity shall consider a RPT material if the transaction to be entered into individually or taken together with previous transactions during a financial year, exceeds Rs. 1,000 Crore or 10% of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.

#### **1.2. Need for review**

1.2.1. SEBI has received representations from the stakeholders with respect to the following issues:

- a) The provision requiring shareholder approval for RPTs exceeding Rs. 1,000 Crore or 10% of consolidated turnover of the listed entity, whichever is lower, becomes onerous for listed entities with high turnover.
- b) The absolute materiality threshold of Rs. 1000 Crore propagates a “one-size fits all” approach as listed entities are treated alike, irrespective of their turnover, scale of operations and nature of business.

#### **1.3. Proposal and rationale**

1.3.1. The current materiality threshold, i.e., Rs. 1,000 Crore or 10% of the annual consolidated turnover, whichever is lower, follows a flat 10% up to turnover of Rs. 10,000 Crore, whereby, the threshold amount changes with changes in turnover (for example, if turnover is Rs. 1,000 Crore then materiality threshold is Rs.100 Crore, if turnover is Rs. 2,000 Crore then materiality threshold is Rs. 200 Crore, and so on till turnover reaches Rs. 10,000 Crore). However, once the turnover of the listed entity exceeds Rs. 10,000 Crore, the absolute materiality threshold of Rs. 1000 Crore kicks in and remains applicable thereafter irrespective of the turnover of the listed entity.

1.3.2. As a result of absolute threshold of Rs. 1000 Crore, RPTs of Rs. 1,000 Crore which may not be substantive in comparison to turnover and scale of operations are also being categorized as material transactions for listed entities with high turnover. The listed entity has to place all such transactions for the approval of shareholders in addition to Audit Committee approval which makes it onerous for the listed entities.

1.3.3. Accordingly, it is felt that there is need to revisit the threshold for material RPT and also to introduce a scale-based threshold mechanism for material RPT based on the turnover of listed entities for ease of doing business. The approach of scale-based threshold would ensure that materiality threshold increases with the increase in the turnover of the company leading to an appropriate number of related party transactions being categorized as material thereby reducing the compliance burden of listed entities.

1.3.4. In this regard, the following scale-based thresholds have been proposed by linking the annual consolidated turnover buckets to different % threshold for consideration of material RPTs:

Scale-based Threshold	
Buckets of Annual Consolidated Turnover of Listed Entity	Proposed Threshold
Up to Rs.20,000 Crore	10% of annual consolidated turnover of the listed entity
Between Rs. 20,001-40,000 Crore	Rs. 2,000 Crore + 5% of annual consolidated turnover of the listed entity above Rs. 20,000 Crore
More than Rs.40,000 Crore	Rs. 3,000 Crore + 2.5% of annual consolidated turnover of the listed entity above Rs. 40,000 Crore or Rs. 5,000 Crore, whichever is lower.

1.3.5. In order to protect the interest of minority shareholders, an absolute threshold of Rs. 5000 Crore as upper ceiling has also been proposed for the listed entities having turnover above Rs. 40,000 Crore.

Illustration 1. For listed entities in Bucket 2	
If the annual consolidated turnover of a listed entity is Rs. 30,000 Crore	Rs. 2,000 Crore + 5% of the remaining Rs. 10,000 Crore = Rs. 2,500 Crore.
Illustration 2. For listed entities in Bucket 3	

If the annual consolidated turnover of a listed entity is Rs. 50,000 Crore	Rs. 3,000 Crore + 2.5% of the remaining Rs. 10,000 Crore = Rs. 3,250 Crore.
<b>Illustration 3. For listed entities in Bucket 3</b>	
If the annual consolidated turnover of a listed entity is Rs. 1,50,000 Crore	Rs. 3,000 Crore + 2.5% of the remaining Rs. 1,10,000 Crore = Rs. 5,750 Crore.  However, threshold for material RPT would be Rs. 5,000 Crore as it is lower than Rs. 5,750 Crore.

1.3.6. The aforesaid proposed threshold was back tested with RPT data for the FYs 2023-24 and 2024-25 of top 100 listed entities on NSE based on turnover. Based on the analysis of data for FYs 2023-24 and 2024-25 after applying the proposed thresholds, it is observed that the number of material RPTs requiring shareholders' approval have considerably reduced by approx. 60% thereby facilitating ease for the listed entities.

1.3.7. The details of the RPT data are given as under:

**FY 2024-25**

Buckets of Consolidated Turnover of listed entity	Threshold	No. of entities	Total No. of Disclosed RPTs	Total no. of RPTs placed for shareholders' approval	Total no. of RPTs for Shareholder approval based on proposed thresholds
Up to Rs. 20,000 Crore	10% of Consolidated Turnover	24	20028	12	8
Between Rs. 20,001-40,000 Crore	Rs. 2000 Crore + 5% of Consolidated Turnover above Rs. 20000 Crore	22	15868	20	7
More than Rs. 40,000 Crore	Rs. 3000 Crore + 2.5% of Consolidated Turnover above Rs. 40000 Crore Or Rs. 5000 Crore, Whichever is lower	54	78280	261	104
	<b>Total</b>	<b>100</b>	<b>114176</b>	<b>293</b>	<b>119</b>

## **FY 2023-24**

Buckets of Consolidated Turnover of listed entity	Threshold	No. of entities	Total No. of Disclosed RPTs	Total no. of RPTs placed for shareholders' approval	Total no. of RPTs for Shareholder approval based on proposed thresholds
Up to Rs. 20,000 Crore	10% of Consolidated Turnover	31	23485	15	12
Between Rs. 20,001-40,000 Crore	Rs. 2000 Crore + 5% of Consolidated Turnover above Rs. 20000 Crore	17	11205	7	4
More than Rs. 40,000 Crore	Rs. 3000 Crore + 2.5% of Consolidated Turnover above Rs. 40000 Crore Or RS. 5000 Crore, Whichever is lower	52	78270	213	79
	<b>Total</b>	<b>100</b>	<b>112960</b>	<b>235</b>	<b>95</b>

1.3.8. The proposed amendments to Regulation 23(1) of LODR are placed at **Annexure 1.**

### **1.4. Public comments**

1.4.1. Public comments / suggestions are invited on the following:

***Proposal 1: Do you agree with the scale-based thresholds for material RPTs as proposed above in this Consultation Paper? If not, what is the reason and what is the alternative proposal?***

## **2. Threshold for determining material RPTs undertaken by subsidiaries of a listed entity**

### **2.1. Background**

2.1.1. As per second proviso to Regulation 23(2) of LODR, a transaction to which an unlisted subsidiary is a party but listed entity is not a party shall require approval of the audit committee of the listed entity if the amount of such transaction taken together with previous transactions during a financial year exceeds 10% of the standalone turnover of the subsidiary, as per the last audit financial statements of the subsidiary.

## 2.2. Need for review

2.2.1. SEBI has received representations from the stakeholders with respect to the following issues:

- a) **Issue 1:** There may be instances where a transaction undertaken by the subsidiary of the listed entity exceeds the threshold for material RPTs requiring shareholder approval but does not exceed 10% of the standalone turnover of the subsidiary, thus not requiring approval of audit committee of the listed entity.
- b) For example, consolidated turnover of a listed entity on Main Board is Rs. 30,000 Crore and standalone turnover of a subsidiary of the listed entity is Rs. 28,000 Crore. A transaction amounting to Rs. 2600 Crore undertaken by the subsidiary is more than the proposed material RPT threshold viz. Rs. 2500 Crore (Material RPT threshold as per the new proposed threshold = 10% of Rs. 20,000 Crore + 5% of remaining Rs 10,000 Crore). Hence, it would require shareholders' approval. However, the transaction amount is lower than 10% of standalone turnover of the subsidiary viz. Rs. 2800 Crore. Hence, it would not require approval by audit committee.
- c) Further, ACLOD suggested that the aforesaid threshold should only be made applicable on RPTs exceeding Rs. 1 Crore, undertaken by a subsidiary of a listed entity.
- d) **Issue 2:** The threshold limit for approval by audit committee is based on standalone turnover of the subsidiary of the previous financial year. In case of subsidiaries which do not have a financial track record, i.e., published financial statements for at least one year, such a threshold limit cannot be determined.

## 2.3. Proposal 1 and rationale:

2.3.1. In case of RPTs undertaken by a subsidiary of a listed entity, it is proposed that the scale-based materiality threshold of listed entities as proposed under Regulation 23(1) of LODR may be specified in addition to the existing percentage-based threshold of 10% of standalone turnover of the subsidiary for approval of RPTs by audit committee of the listed entity, whichever is

lower. This would harmonize the threshold under Regulation 23(2) of LODR with the proposed materiality threshold under Regulation 23(1) of LODR. This proposal shall be applicable to subsidiaries which have financial track record, i.e., published financial statements for at least one year.

**2.3.2. Proposal 1:** *A related party transaction **above rupees one crore** 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 individually or taken together with previous transactions during a financial year, exceeds the lower of the following amount:*

*(i) **ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary or;***

*(ii) **the threshold for material related party transactions of listed entity as determined in accordance with proposed threshold under Regulation 23(1) of LODR.***

**2.4. Proposal 2 and rationale:**

**2.4.1.** In case of subsidiaries which do not have financial track record, i.e., published financial statements for at least one year, the percentage-based threshold may be specified as 10% of standalone net worth of the subsidiary computed on a date not more than 3 months prior to the date of seeking approval and it shall be certified by a practicing chartered accountant. Further, the scale-based materiality threshold of listed entities as proposed under Regulation 23(1) of LODR may also be applicable in such cases and lower of the two thresholds may be considered for approval of RPTs by the audit committee of the listed entity. This will maintain consistency in the thresholds for subsidiaries which have and the subsidiaries which don't have financial track record. It may also be clarified that in case of negative net worth, aggregate of share capital and securities premium may be considered instead of 10% of net worth.

2.4.2. **Proposal 2:** *In the event of a related party transaction above rupees one crore to which the subsidiary of a listed entity is a party but the listed entity is not a party and such subsidiary does not have audited financial statements for a period of at least one year, prior approval of the audit committee of the listed entity shall be obtained if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds the lower of the following:*

- (i) ten per cent of the standalone net worth of the subsidiary or;*
- (ii) the threshold for material related party transactions of listed entity as determined in accordance with proposed threshold under Regulation 23(1) of LODR.*

*Provided that, the standalone net worth of the subsidiary shall be computed on a date, not older than 3 months prior to the date of seeking approval of the audit committee and it shall be certified by a practicing chartered accountant.*

*Provided further that, in case the net worth of the subsidiary is negative, it shall be replaced with an amount equals to the aggregate value of paid-up share capital and securities premium of the subsidiary computed on a date, not older than 3 months prior to the date of seeking approval of the audit committee and it shall be certified by a practicing chartered accountant.*

2.4.3. The proposed amendments to Regulation 23(2) of LODR are placed at Annexure 1.

## 2.5. Public comments:

2.5.1. Public comments are invited on the following:

**Proposal 2:** *Do you agree with the proposed threshold in this consultation paper for a related party transaction exceeding rupees one crore to which the subsidiary of a listed entity is a party but the listed entity is not a party, and such subsidiary has audited financial statements for a period of at least one year?*



**Proposal 3:** *Do you agree with the proposed threshold in this consultation paper for a related party transaction exceeding rupees one crore to which the subsidiary of a listed entity is a party but the listed entity is not a party, and such subsidiary does not have audited financial statements for a period of at least one year?*

## **SECTION - II**

### **1. Relaxation in the minimum information to be furnished to the Audit Committee and Shareholders for the approval of related party transactions**

#### **1.1. Background**

1.1.1. SEBI circular dated June 26, 2025 prescribed Industry Standards for minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions ("**RPT Industry Standards**"). As per Para 3 (c) of the RPT Industry Standards, it is stated that these standards shall not be applicable to transaction(s) upto Rupees One Crore 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).

#### **1.2. Need for review**

1.2.1. Industry Standard Forum ("**ISF**") comprising of 3 industry associations, namely, FICCI, CII and ASSOCHAM have represented that the limit of Rupees One Crore prescribed in the RPT Industry Standards at Para 3 (c) seems to be miniscule amount for listed entities having high turnover. Hence, the existing threshold of Rupees One Crore may be enhanced with an objective of facilitating ease of doing business to the listed entities.

#### **1.3. Proposal and rationale**

1.3.1. *In order to ease compliance for the related party transactions above Rupees One Crore, but are still small , it is proposed that, if related party transaction(s) with a related party, whether individually or taken together with previous transactions during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity or Rupees Ten Crore, whichever is lower, the listed entity shall provide 'Information to be reviewed by the Audit Committee and Shareholders for approval of RPTs' as specified in draft Circular placed as **Annexure 2**.*

Information in the proposed circular requires lesser information to be furnished than minimum information required to be furnished in RPT Industry Standards circulated vide SEBI Circular dated June 26, 2025. The exemption threshold of Rupees one crore shall continue to apply.

Illustration:		
If the annual consolidated turnover of a listed entity is Rs. 1200 Crore	<ul style="list-style-type: none"><li>1% of Rs. 1200 Crores = 12 Crores.</li><li>Threshold would be Rs. 10 Crore as it is lower than Rs. 12 Crore.</li></ul>	
Listed Entity is proposing to undertake RPT(s):		
Name of Related Party	Amount of RPT	Information to be placed to Audit Committee and Shareholders by listed entity
A	Rs. 75 Lakhs	RPT Disclosure Standards and Information specified in the proposed draft circular shall not apply.
B	Rs. 5 Crores	Information specified in the proposed draft circular shall be required to be placed before Audit Committee
C	Rs. 15 Crore	Follow RPT Disclosure Standards.

1.3.2. An analysis of data for listed entities on NSE for FYs 2023-24 and 2024-25 applying the proposed threshold is shown as follows:

#### **FY 2024-25**

No. of listed entities having turnover above Rs. 1 Crore	Threshold Buckets		
	Total companies for which 1% of Turnover is less than Rs. 1 Crore	Total companies for which 1% of Turnover is Rs.10 Crore or more hence threshold of Rs. 10 Crore	Total companies for which 1% of Turnover is Rs. 1 Crore or more but less than Rs. 10 Crore hence threshold is 1% of Turnover
2479	480	1029	970

#### **FY 2023-24**

No. of listed entities having turnover above Rs. 1 Crore	Threshold		
	Total companies for which 1% of Turnover is less than Rs. 1 Crore	Total companies for which 1% of Turnover is Rs.10 Crore or more hence applicable threshold is Rs. 10 Crore	Total companies for which 1% of Turnover is Rs. 1 Crore or more but less than Rs. 10 Crore hence applicable threshold is 1% of Turnover
2200	442	950	808

#### 1.4. Public comments

1.4.1. Public comments / suggestions are invited on the following:

***Proposal 1: Do you agree with the proposed threshold in the enclosed draft circular?***

## **2. Inclusion of Provision in LODR with respect to validity of omnibus approval for RPTs granted by the shareholders**

### 2.1. Background:

2.1.1. As per Regulation 23(3) of LODR, the Audit Committee may grant omnibus approval for related party transactions and such omnibus approvals shall be valid for a period not exceeding one year and shall require fresh approvals after the expiry of one year.

2.1.2. As per Regulation 23(4) of LODR, all material related party transactions shall require prior approval of shareholders through resolution.

2.1.3. Para (C)11 of Section III of the master circular on LODR Regulations dated November 11, 2024 states that shareholders' approval of omnibus RPTs approved in an AGM shall be valid up to the date of the next AGM for a period not exceeding fifteen months. In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year.

2.1.4. Similarly, Section 96(1) of the Companies Act, 2013 specifies that the time gap between two Annual General Meetings (AGMs) cannot be more than fifteen months.

### 2.2. Need for review:

2.2.1. The aforesaid clauses of Para (C)11 of Section III of the master circular with respect to omnibus approval for RPTs granted by the shareholders needs to be incorporated in the Regulation 23(4) of LODR.

## 2.3. Proposal and rationale

2.3.1. In order to bring the provisions related to omnibus approval for RPTs granted by the shareholders as stated in the Master Circular, it is proposed to add the following to Regulation 23(4) of LODR:

- a) *In case, the omnibus approval is given by the shareholder, such approval of omnibus RPTs approved in an AGM shall be valid up to the date of the next AGM for a period not exceeding fifteen months. In case of omnibus approvals for material RPTs, obtained from shareholders in general meetings other than AGMs, the validity of such omnibus approvals shall not exceed one year.*

2.3.2. The proposed amendments to Regulation 23(4) of LODR are placed at **Annexure 1**.

## 2.4. Public comments

2.4.1. Public comments / suggestions are invited on the following:

***Proposal 2: Do you agree with the proposed amendments to Regulation 23(4) of LODR in this consultation paper?***

## 3. **Clarifications pertaining to applicability of RPT provisions**

### 3.1. Background:

3.1.1. Issue (i): Currently, the proviso (e) of regulation 2(1)(zc) of the LODR provides that retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors, shall not be considered RPT.

In this regard, ACLOD has suggested that the 'relatives' of directors and employees of the listed entity or its subsidiary may also be included under the said proviso.

In this regard, it is noted that in terms of the definition of 'related party' as provided under Section 2(76) of the Companies Act, 2013 and also

encompassed under Regulation 2 (1)(zb) of the LODR Regulations, (i) a director or his relative; and (ii) a key managerial personnel or his relative; are considered as related party. Accordingly, “employees or their relative” do not fall under the definition of related party, hence there is no need to specifically provide an exemption for them from RPT norms under LODR Regulations. Hence, there is need to remove the term ‘employees’ from the proviso (e) of regulation 2(1)(zc) of the LODR and to include relatives of directors as well as ‘key managerial personnel’ and their relatives in the exemption.

3.1.2. Issue (ii): Regulation 23(5) of LODR specifies RPTs which are exempted from approval requirements. The said regulation was amended in November, 2021 by insertion of clause (c) which exempted transactions between two wholly-owned subsidiaries of the ‘listed’ holding company since RPTs by subsidiaries was brought into the ambit of approval requirements under LODR. SEBI has received representation seeking clarity whether the exemption under clause (b) of Regulation 23(5) of LODR, which refers to transaction between holding company and its wholly owned subsidiary, is applicable to only listed holding company or unlisted holding company as well. The intention has always been to apply the provision to wholly owned subsidiary of “listed companies” only and this is required to be clarified by way of a clarification.

### 3.2. Proposal and rationale:

3.2.1. Proposal (i): To harmonize the exemption provided in the definition of related party transaction with the definition of related party as provided under LODR Regulations, it is proposed that the proviso (e) of Regulations 2(1)(zc) of the LODR Regulations may be amended to provide that the exemption under the said proviso shall be applicable to ***directors or key managerial personnel(s) of listed entity or its subsidiary or their relatives.***

3.2.2. Proposal (ii): The exemptions from RPT approval requirements under clauses (b) and (c) of Regulation 23(5) of LODR are applicable when the

accounts of the subsidiary(ies) are consolidated with the listed holding company and placed before the shareholders of the listed entity at the general meeting for approval. Hence, the exemption from RPT approval requirements is applicable when the transaction is between the listed holding company and its wholly owned subsidiary and the accounts of the wholly owned subsidiary are consolidated with the listed holding company. Same may be clarified by adding the following explanation to this effect in Regulation 23(5) of LODR:

*Explanation: For the removal of doubt, it is clarified that the term “holding company” used in clause (b) refers to and shall be deemed to have always referred to “listed holding company”.*

3.2.3. The proposed amendments to 2(1)(zc) and Regulation 23(5) of LODR are placed at **Annexure 1**.

### 3.3. Public comments:

3.3.1. Public comments are invited on the following:

**Proposal 3:** *Whether the proviso (e) of Regulations 2(1)(zc) of the LODR Regulations may be amended to provide that the exemption under the said proviso shall be applicable to directors or key managerial personnel(s) of listed entity or its subsidiary or their relatives?*

**Proposal 4:** *Whether an explanation as proposed above should be added in the Regulation 23(5) of LODR Regulations to clarify that the exemption from RPT approval requirements are applicable to transactions between a listed holding company and its wholly owned subsidiary?*

## **Public Comments**

1.1. In order to take into consideration, the views of various stakeholders, public comments are invited on **Proposals 1 to 2** mentioned at paragraphs **1.4** and **2.5** in **SECTION – I** and **Proposals 1 to 4** mentioned at paragraphs **1.4, 2.4** and **3.3** in **SECTION – II** of this consultation paper.

The comments or suggestions, along with rationale, may be submitted latest by **August 25, 2025** through the following link:  
<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

- 1.2. In case of any technical issue in submitting your comments through web based public comments form, you may send your comments through e-mail to [consultationcfd@sebi.gov.in](mailto:consultationcfd@sebi.gov.in) with the subject "*CONSULTATION PAPER ON AMENDMENTS TO PROVISIONS RELATING TO RELATED PARTY TRANSACTIONS UNDER SEBI (LODR) REGULATIONS, 2015*".

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## Annexure 1

### Proposed Amendments to LODR Regulations

Existing provisions	Suggested changes
<p><b>23. (1)</b> The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly:</p> <p>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 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.</p>	<p><b>23. (1)</b> The listed entity shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly:</p> <p>Provided that <b><i>related party transaction(s) with a related party</i></b> shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds <b><i>the thresholds specified in Schedule XII of this regulation.</i></b></p> <p><b><i>Schedule XII: RELATED PARTY TRANSACTIONS</i></b> <b><i>[See Regulation 23(1)]</i></b></p> <p><b><i>Related party transaction(s) with a related party</i></b> shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds the following:</p>

	<b>Buckets of Consolidated Turnover of Listed Entity</b>	<b>Proposed Threshold</b>
	Up to Rs.20,000 Crore	10% of annual consolidated turnover of the listed entity
	Between Rs. 20,001-40,000 Crore	Rs. 2,000 Crore + 5% of annual consolidated turnover of the listed entity above Rs. 20,000 Crore
	More than Rs.40,000 Crore	Rs. 3,000 Crore + 2.5% of annual consolidated turnover of the listed entity above Rs. 40,000 Crore or Rs. 5000 Crores, whichever is lower.
<b>Illustration 1. For listed entities in Bucket 2</b>		
	If the annual consolidated turnover of a listed entity is Rs. 30,000 Crore	Rs. 2,000 Crore + 5% of the remaining Rs. 10,000 Crore = Rs. 2,500 Crore.
<b>Illustration 2. For listed entities in Bucket 3</b>		
	If the annual consolidated turnover of a listed entity is Rs. 50,000 Crore	Rs. 3,000 Crore + 2.5% of the remaining Rs. 10,000 Crore = Rs. 3,250 Crore.
<b>Illustration 3. For listed entities in Bucket 3</b>		
	If the annual consolidated turnover of a listed entity is Rs. 1,50,000 Crore	Rs. 3,000 Crore + 2.5% of the remaining Rs. 1,10,000 Crore = Rs. 5,750 Crore.  However, threshold for material RPT would be Rs. 5,000 Crore as it is lower than Rs. 5,750 Crore.
<b>23(2)</b> All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:  Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.  Provided further that:	<b>23(2)</b> All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the listed entity:  Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions.  Provided further that:	

(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;

(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 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 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

(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;

~~(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 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 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;~~

(b) a related party transaction **above rupees one crore** 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

15 of these regulations are applicable to such listed subsidiary.

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.

transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds the lower of the following amount: (i) ***ten percent of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary; or (ii) the threshold for material related party transactions of listed entity as determined in accordance with Schedule XII under Regulation 23(1) of LODR.***

(c) ***In the event of*** a related party transaction ***above rupees one crore*** to which the subsidiary of a listed entity is a party but the listed entity is not a party and ***such*** subsidiary does not have ***audited financial statements for a period of at least one year***, prior approval of the audit committee of the listed entity ***shall be obtained*** if the value of such transaction, whether entered into individually or taken together with previous transactions during a financial year, exceeds the lower of the following amount: (i) ***ten per cent of the standalone net worth of the subsidiary; or (ii) the threshold for material related party transactions of listed entity as determined in accordance with Schedule XII under Regulation 23(1) of LODR.***

***Provided that, the standalone net worth of the subsidiary shall be computed on a date, not older than 3 months prior to the date of seeking approval of the audit committee and***

	<p><i>it shall be certified by a practicing chartered accountant.</i></p> <p><i>Provided further that, in case the net worth of the subsidiary is negative, it shall be replaced with the amount equals to the aggregate value of paid-up share capital and securities premium of the subsidiary computed on a date, not older than 3 months prior to the date of seeking approval of the audit committee and it shall be certified by a practicing chartered accountant.</i></p> <p>(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.</p> <p>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.</p>
<p><b>23(4)</b> 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 resolutions whether the entity is a related party to the particular transaction or not:</p>	<p><b>23(4)</b> 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 resolutions whether the</p>

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.

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. Provided further that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

entity is a related party to the particular transaction or not:

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.

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.

Provided further that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved;

***Provided further that the omnibus approval granted by the shareholders for material related party transactions in an Annual General Meeting shall be valid upto the date of the next Annual General Meeting or for a period not exceeding fifteen months, whichever is earlier. Provided further that in case of omnibus approvals for material related party transactions, granted by shareholders in general meetings other than AGMs, the validity of such omnibus***

	<b><i>approvals shall not exceed one year from the date of such approval.</i></b>
<p><b>23(5)</b> The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:</p> <p>(a) transactions entered into between two public sector companies;</p> <p>(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>(d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.</p> <p>(e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.</p>	<p><b>23(5)</b> The provisions of sub-regulations (2), (3) and (4) shall not be applicable in the following cases:</p> <p>(a) transactions entered into between two public sector companies;</p> <p>(b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>(c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval.</p> <p>(d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one hand and the Central Government or any State Government or any combination thereof on the other hand.</p> <p>(e) transactions entered into between a public sector company on one hand and the Central Government or any State Government or any combination thereof on the other hand.</p> <p><b><i>Explanation: For the removal of doubts, it is clarified that the term ‘holding company’ used in clause (b) refers to and shall be</i></b></p>

	<b><i>deemed to have always referred to 'listed holding company'.</i></b>
<p><b>2(1)(zc)</b> “related party transaction” means a transaction involving a transfer of resources, services or obligations between:</p> <p>(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</p> <p>(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 charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:</p> <p>Provided that the following shall not be a related party transaction:</p> <p>(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;</p> <p>(b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:</p> <ol style="list-style-type: none"> <li>payment of dividend;</li> <li>subdivision or consolidation of securities;</li> </ol>	<p><b>2(1)(zc)</b> “related party transaction” means a transaction involving a transfer of resources, services or obligations between:</p> <p>(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</p> <p>(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 charged and a “transaction” with a related party shall be construed to include a single transaction or a group of transactions in a contract:</p> <p>Provided that the following shall not be a related party transaction:</p> <p>(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;</p> <p>(b) the following corporate actions which are uniformly applicable/offered to all shareholders in proportion to their shareholding:</p> <ol style="list-style-type: none"> <li>payment of dividend;</li> <li>subdivision or consolidation of securities;</li> </ol>



<p>iii. issuance of securities by way of a rights issue or a bonus issue; and</p> <p>iv. buy-back of securities.</p> <p>(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:</p> <p>(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:</p> <p>Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.</p> <p>(e) retail purchases from any listed entity or its subsidiary by its directors or its employees, without establishing a business relationship and at the terms which are uniformly applicable/offered to all employees and directors:</p> <p>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);]</p>	<p>iii. issuance of securities by way of a rights issue or a bonus issue; and</p> <p>iv. buy-back of securities.</p> <p>(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:</p> <p>(d) acceptance of current account deposits and saving account deposits by banks in compliance with the directions issued by the Reserve Bank of India or any other central bank in the relevant jurisdiction from time to time:</p> <p>Explanation: For the purpose of clauses (c) and (d) above, acceptance of deposits includes payment of interest thereon.</p> <p>(e) retail purchases from any listed entity or its subsidiary by its directors or its employees <b>key managerial personnel(s) or their relatives</b>, without establishing a business relationship and at the terms which are uniformly applicable/offered to all <del>employees and</del> directors and <b>key managerial personnel(s)</b>:</p>
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	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);]
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## Annexure-2

### DRAFT CIRCULAR

SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/\_\_\_\_

\_\_\_\_, 2025

To,

**All listed entities**

**All the recognized Stock Exchanges**

**The Associated Chambers of Commerce and Industry of India (ASSOCHAM)**

**Federation of Indian Chambers of Commerce and Industry (FICCI)**

**Confederation of Indian Industry (CII)**

Dear Sir/Madam,

**Sub: Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”**

1. This is with reference to SEBI Master Circular dated November 11, 2024<sup>1</sup> (“**Master Circular**”) and SEBI Circular no. SEBI/HO/CFD/CFD-PoD-2/P/CIR/2025/93 dated June 26, 2025 ([link](#)), which required listed entities to follow the standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions” (“**RPT Industry Standards**”), formulated by Industry Standards Forum (“**ISF**”) comprising of representatives from three industry associations, viz. ASSOCHAM, CII and FICCI, under the aegis of the Stock Exchanges, in consultation with SEBI.
2. Para 3(c) of the applicability section of the RPT Industry Standards, provides as under:  
*“(3) The RPT Industry Standards shall not be applicable to:*  
...

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<sup>1</sup> 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.

*(c) Transaction(s) 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) do not exceed Rs. One Crore.”*

3. In this regard, ISF has submitted a representation to SEBI, stating that the limit of Rs. One Crore as prescribed at Para 3(c) of RPT Industry Standards seems to be miniscule amount for listed entities having high turnover. Hence, further relaxation may be provided from the applicability of the RPT Industry Standards.

4. With an objective of facilitating ease of doing business by the listed entities, Section III-B of the Master Circular read with Para 7 of the SEBI Circular dated June 26, 2025 shall be modified as under:

4.1. Paragraph 4 under Part A of Section III-B of the Master Circular shall stand substituted by the following paragraph:

*“The listed entity shall provide the audit committee with the information as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions”, while placing any proposal for review and approval of an RPT. Provided that if related party transaction(s) with a related party, whether individually or taken together with previous transactions during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity or Rupees Ten Crore, whichever is lower, the listed entity shall provide “Information to be reviewed by the Audit Committee and Shareholders for approval of RPTs’ as specified in **Annexure-1** of this Circular.*

*It is clarified that the the threshold of Rupees One Crore as specified in Para 3 (c) of the RPT Industry Standards shall continue to apply.*

4.2. Paragraph 6 under Part B of Section III-B of the Master Circular shall stand substituted by the following paragraph:

*“The notice being sent to the shareholders seeking approval for any RPT shall, in addition to the requirements under the Companies Act, 2013, include the information as part of the explanatory statement as specified in the Industry Standards on “Minimum information to be provided to the Audit Committee and Shareholders for approval of Related Party Transactions.”*

*Provided that if related party transaction(s) with a related party, whether individually or taken together with previous transactions during a financial year (including transaction(s) which are approved by way of ratification), do not exceed 1% of annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity or Rupees Ten Crore, whichever is lower, the listed entity shall provide ‘Information to be reviewed by the Audit Committee and Shareholders for approval of RPTs’ as specified in **Annexure-1** of this Circular.*

5. *It is further clarified that the exemption threshold of Rupees One Crore as specified in Para 3 (c) of the RPT Industry Standards shall continue to apply.*
6. The listed entities, from the effective date of this Circular, shall follow the format as prescribed hereunder and RPT Industry Standards, as may be applicable, to ensure compliance with Part A and Part B of Section III-B of the Master Circular read with Regulation 23(2), (3) and (4) of LODR Regulations.
7. This circular shall come into effect from -----.
8. The Stock Exchanges are advised to bring the contents of this Circular to the notice of their listed entities.
9. This Circular is issued in exercise of the powers conferred under Section 11(1) and 11A of the Securities and Exchange Board of India Act, 1992 read with regulation 101 of LODR Regulations.
10. This Circular is available on SEBI website at [www.sebi.gov.in](http://www.sebi.gov.in) under the category: ‘Legal → Circulars’.

Yours faithfully,

**Information to be reviewed by the Audit Committee for approval of RPTs:**

The listed entity shall provide the following information, for review of the audit committee for approval of a proposed RPT:

- a. Type, material terms and particulars of the proposed transaction;
- b. Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise);
- c. Tenure of the proposed transaction (particular tenure shall be specified);
- d. Value of the proposed transaction;
- e. The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided);
- f. If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary:
  - i. details of the source of funds in connection with the proposed transaction;
  - ii. where any financial indebtedness is incurred to make or give loans, intercorporate deposits, advances or investments,
    - nature of indebtedness;
    - cost of funds; and
    - tenure;

- iii. applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security; and
  - iv. the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT.
- g. Justification as to why the RPT is in the interest of the listed entity;
- h. A copy of the valuation or other external party report, if any such report has been relied upon;
- i. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis;
- j. Any other information that may be relevant.

**(B) Information to be provided to shareholders for consideration of RPTs**

The notice being sent to the shareholders seeking approval for any proposed RPT shall, in addition to the requirements under the Companies Act, 2013, include the following information as a part of the explanatory statement:

- a. A summary of the information provided by the management of the listed entity to the audit committee as specified in paragraph 4 of this Section;
- b. Justification for why the proposed transaction is in the interest of the listed entity;
- c. Where the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary, the details specified under para 4(f) above; (The requirement of disclosing source of funds and cost of funds shall not be applicable to listed banks/NBFCs.)

- d. A statement that the valuation or other external report, if any, relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders;
- e. Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT, on a voluntary basis;
- f. Any other information that may be relevant.

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