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SEBI Eases Minimum Information Rules for Related Party Transactions: What Listed Entities Need to Know

Introduction

Securities and Exchange Board of India ("**SEBI**") issued a circular dated October 13, 2025, amending the disclosure requirements on Related Party Transactions ("**RPTs**"). The amendment revises the information that listed entities must provide to their Audit Committees and Shareholders when seeking approval for RPTs.

Earlier Position

Previously, under the Master Circular dated November 11, 2024, listed entities were required to provide comprehensive and detailed disclosures for all RPTs, regardless of their materiality or value.

What has SEBI changed?

Now under the amended framework, if the value of the RPTs, whether individually or together with earlier transactions in the same financial year (including ratified ones), does not exceed the lower of:

(a) 1% of the listed entity's consolidated annual turnover (as per the latest audited financial statements), or

(b) INR 10 crores,

Then the listed entity is required to provide only minimum disclosures to both the Audit Committee and Shareholders, which are as follows:

(a) Minimum disclosures to the Audit Committee

(i) Type, material terms, and specifics of the transaction.

(ii) Name of the related party and its relationship with the company or subsidiary, including the nature of interest.

(iii) Tenure of the transaction.

(iv) Transaction value.

(v) Percentage of the listed entity's last-year consolidated turnover represented by the transaction value; if the RPT involves a subsidiary, also provide the percentage of the subsidiary's standalone turnover.

(vi) For loans, ICDs, advances, or investments:

- Source of funds.
- If debt is raised to fund it: nature of indebtedness, cost of funds, and tenure.
- Applicable terms: covenants, tenure, interest rate, repayment schedule, security (if any).
- Purpose of ultimate fund use by the beneficiary.

(vii) Justification for why the RPT is in the interest of the listed entity.

(viii) Any valuation or external report relied upon.

(ix) On a voluntary basis, the percentage of the counterparty's annual consolidated turnover represented by the RPT value.

(x) Any other relevant information.

(b) Minimum Disclosure for Shareholder Approval to be included in the explanatory statement

(i) A summary of the information shared with the Audit Committee.

(ii) Justification for why the transaction benefits the listed entity.

(iii) For loans/ICDs/advances/investments, the detailed terms as noted above in (a)(iv).

(iv) A statement that any valuation or external report relied upon will be shared via the registered email IDs of shareholders.

(v) On a voluntary basis, the percentage of the counterparty's annual consolidated turnover represented by the RPT value.

(vi) Any other relevant information.

Further, if the transaction does not exceed even Rupees one crore (INR 1,00,00,000) individually or along with previous transactions in the financial year, it is exempt from these disclosure requirements altogether.

However, it is important to note that if the transaction value exceeds these thresholds, the entity must furnish full disclosures in accordance with Regulation 23 of the SEBI LODR Regulations and the RPT Industry Standards applicable to listed entities.

SEBI's amendment marks a shift towards a risk-based and proportionate disclosure regime for Related Party Transactions. By aligning information requirements with transaction materiality, it seeks to reduce compliance burden without diluting governance standards, ensuring that transparency and oversight remain at the core of listed-entity operations.