

# RPT Industry Standards (“RPT IS”)- SEBI Circular June 26, 2025

Effective date: Sep 1, 2025

## RPT IS : Snapshot (1/3)

Standards require detailed information for RPT approval by AC and Shareholders

Enable AC and Shareholders to consider the relevant facts for granting approval

Standards ensure transparency in disclosures and consistency in approval

Ascertain RPT transactions requiring approval from AC & Shareholders as per LODR

Determine RPTs which are exempt as per RPT Standards after Sep 1, 2025

Exemption granted to Banks, NBFCs, Insurance Cos., HFCs based on transaction nature

## RPT IS : Snapshot (2/3)

RPT Standards require information in 3 categories (Part A, Part B, Part C)

- Part A - To capture minimum information of proposed RPT and applicable to **ALL** RPTs
- Part B - To capture minimum information of **SPECIFIC type** of RPTs + Part A
- Part C - To capture minimum information of **MATERIAL RPTs** + Part A + Part B

Management to provide information & documents as per Standards - clearly defined process

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**AC may comment on information provided by MGT & rationale for not approving RPT**

## RPT IS : Snapshot ( 3/3)

AC may request additional information for evaluating RPT to gain better oversight

Board is required to approve RPTs and recommend to shareholders for approval

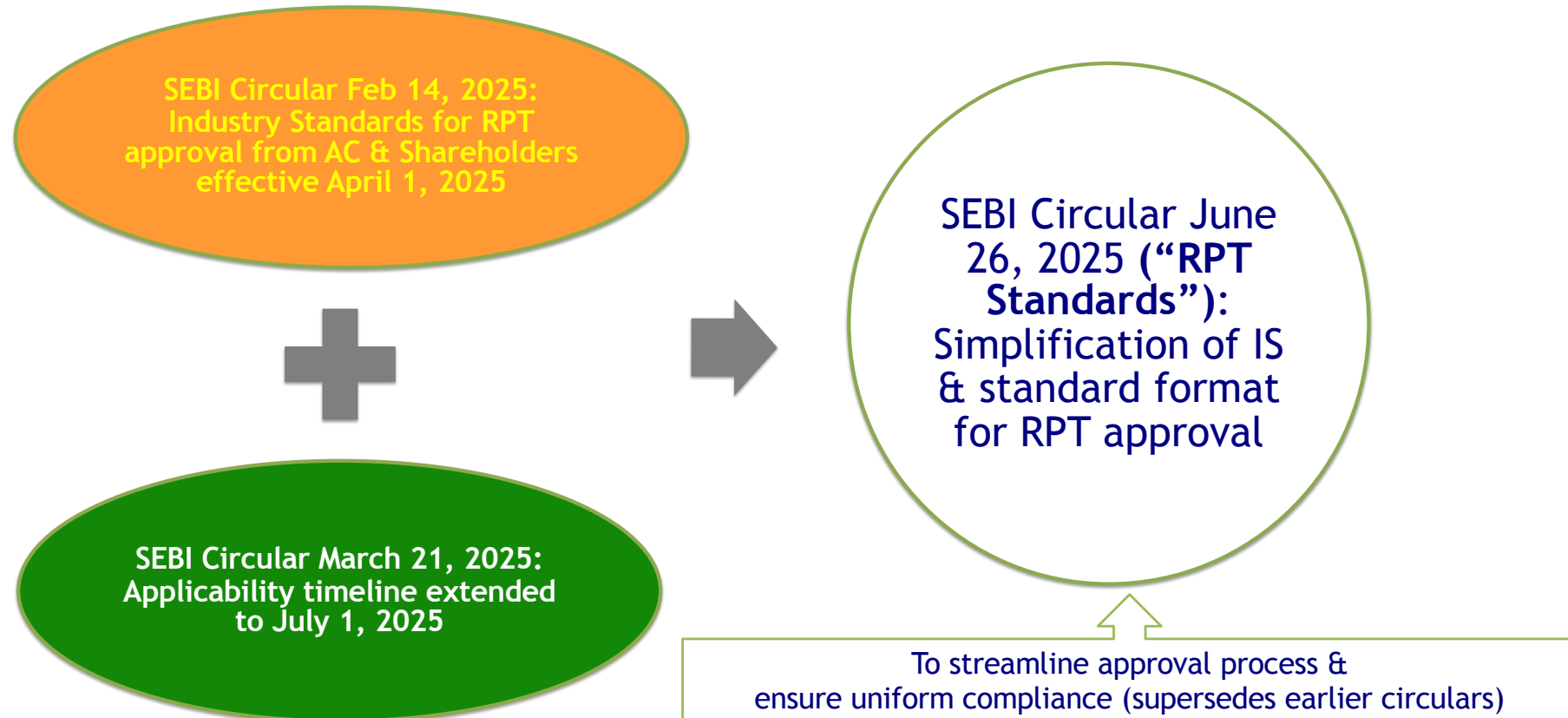
Shareholders to receive adequate information to approve material RPT as per Standards

Shareholders to assess whether RPT terms and conditions are favourable to listed entity

Standards provide procedural requirements for SEBI norms compliance - streamlined process

Standards minimise information asymmetry for key stakeholders

## SEBI Circular - RPT IS



Refer the below link for the circular:

[https://www.sebi.gov.in/legal/circulars/feb-2025/industry-standards-on-minimum-information-to-be-provided-for-review-of-the-audit-committee-and-shareholders-for-approval-of-a-related-party-transaction\\_91945.html](https://www.sebi.gov.in/legal/circulars/feb-2025/industry-standards-on-minimum-information-to-be-provided-for-review-of-the-audit-committee-and-shareholders-for-approval-of-a-related-party-transaction_91945.html)  
[https://nsearchives.nseindia.com/web/sites/default/files/inline-files/NSE\\_Circular\\_26062025\\_4.pdf](https://nsearchives.nseindia.com/web/sites/default/files/inline-files/NSE_Circular_26062025_4.pdf)

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# Applicability & Non-Applicability

## APPLICABILITY

- All RPTs placed for approval of AC
- All material RPTs\* placed for approval of both AC and shareholders

### \*Material RPTs:

- Where RPT value exceeds Rs.1000 crore or 10% of consolidated turnover of LE

## NOT APPLICABLE

### Exempted RPT - Reg. 23 (5)

- Two Public sector Cos. transactions
- H Co. & WOS transactions
- Two WOS transactions
- Statutory payments

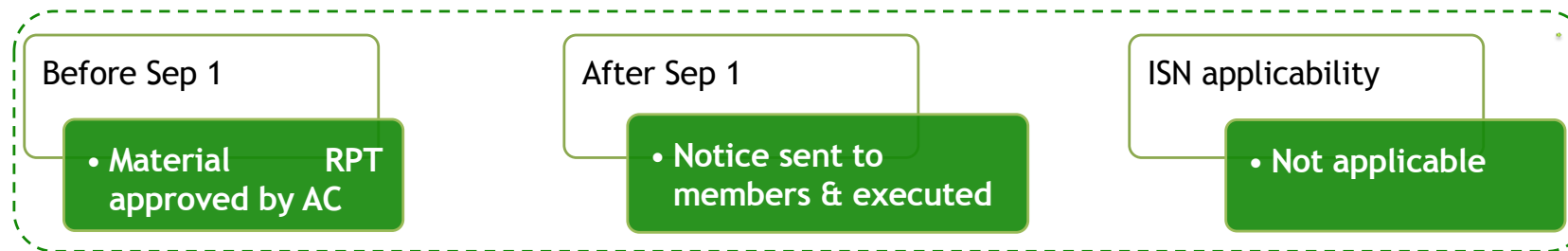
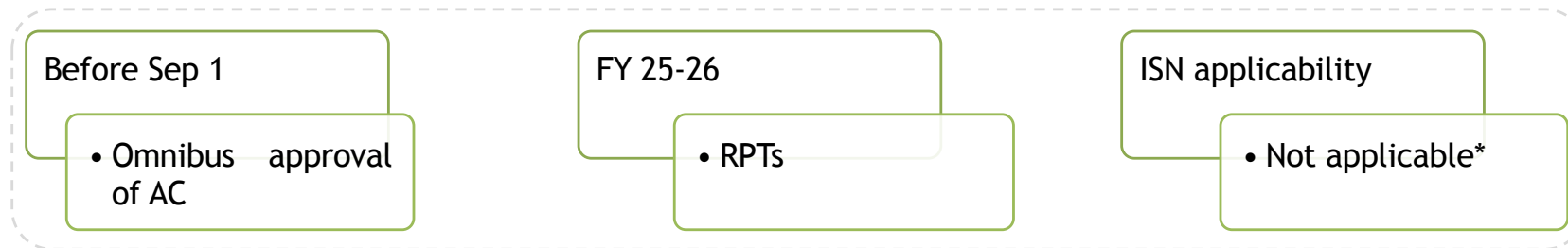
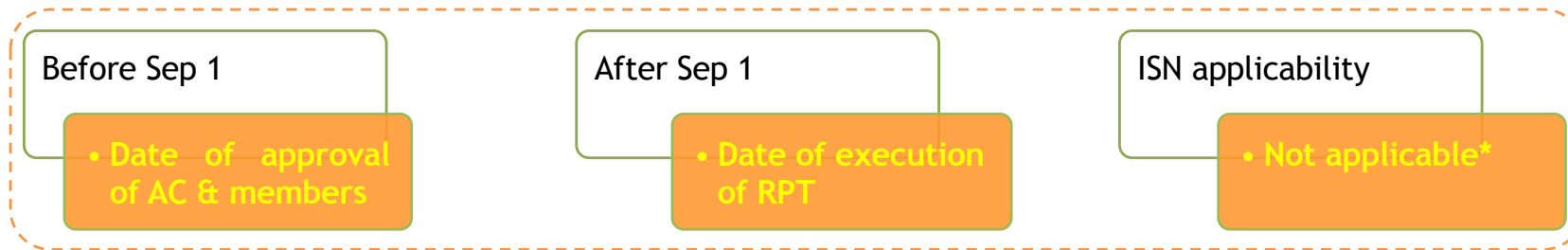
### Quarterly Review - Reg. 23 (3) (d)

- AC grants omnibus approval for RPT
- AC to review RPT details on quarterly basis for such omnibus approvals given

### RPTs < 1 Cr. In FY

- Transactions with RP during FY which do not exceed Rs.1 crore

## Transition applicability of RPT IS



Effective Date - Sep 1, 2025

\*RPT Standards not applicable - Unless there is any material modification

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# Minimum Information to AC & Shareholders

## Part- A

1. Basic details of RP
2. Relationship and ownership of RP
3. Details of previous transactions with RP
4. Amount of the proposed transaction(s)
5. Basic details of the proposed transaction

## Part- B

1. Sale, purchase or supply of goods or services
2. Loans and advances or inter-corporate deposits
3. Investment
4. Guarantee, surety, indemnity or comfort letter
5. Borrowings
6. Sale, lease or disposal of assets of subsidiary or of unit, division or undertaking
7. Transactions relating to payment of royalty

## Part- C

1. TXNs relating to any loans and advances (other than trade advance) or inter-corporate deposits
2. Investment
3. Guarantee, surety, indemnity or comfort letter
4. Borrowings
5. Sale, lease or disposal of assets of subsidiary or of unit, division or undertaking
6. Transactions relating to payment of royalty.

Part- A - Applicable to all RPTs (irrespective of the nature and materiality)

Part- B - Applicable only if specific type of RPT is proposed (7 types of RPTs specified) + Part A information

Part- C - Applicable only if specific type of RPT proposed is Material RPT + Part A information + Part B information

# Guidelines for information to AC

## STANDARD FORMAT

- MGT to provide information as per RPT IS
- Reason for non-applicability of a field to be disclosed

## ROLE OF AC

- AC may provide comments at its discretion: such comments to be recorded in minutes
- Non-approval of RPT - rationale to be recorded in minutes

## CERTIFICATE

- Issued by CEO / MD / WTD / Manager & CFO of LE
- Confirming that the terms of the RPT serve the best interests of LE

## FY OF RP

- Where RP follows a different FY, such fact shall be disclosed

## VALUATION REPORT

- Valuation report / other report of external party
- If audited financials of RP are not available, provide financial extracts certified by RP

## DISCLOSURE

- Each RPT to be disclosed separately.

# Guidelines for information to shareholders - Material RPTs

## DETAILS

- Information as per Companies Act for approval from shareholders
- Provide information as per RPT IS

## JUSTIFY

- Why RPT is in interest of LE
- Basis for determination of Price
- Other material terms

## CERTIFICATE

- Confirm that AC has reviewed certificates from CEO / MD / WTD / Manager & CFO as per RPT IS

## VALUATION REPORT

- Provide web-link and QR Code for access

## DISCLOSURE

- Fact that RPT is recommended by AC & Board for approval of shareholders

## REDACTED PORTION

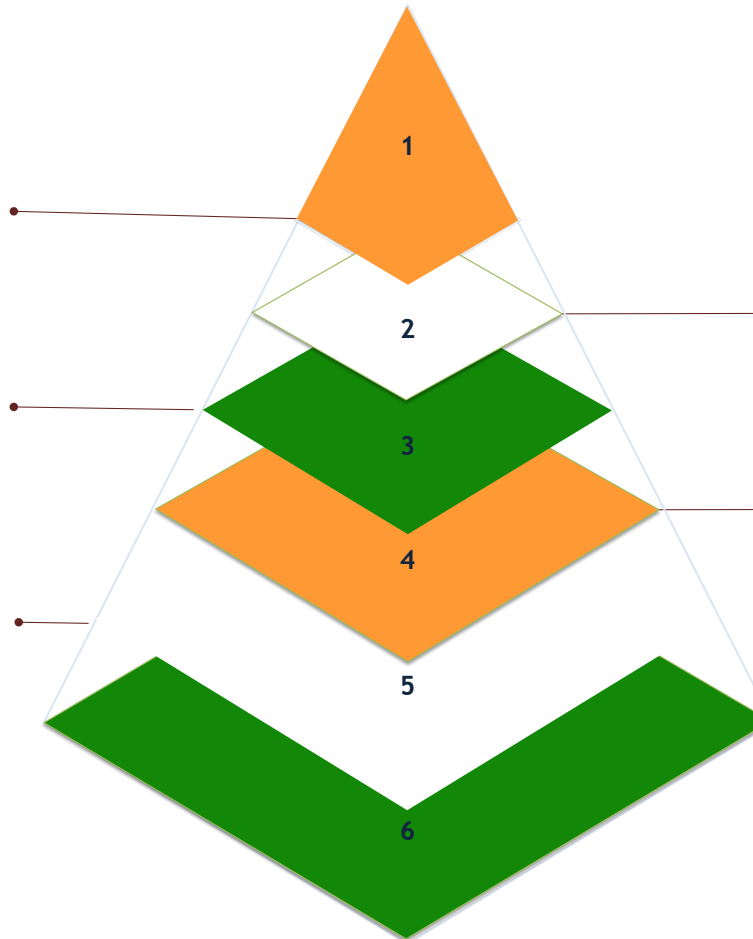
- AC and Board **to approve** redaction of commercial secrets & information that affects competitive position of LE
- AC and Board **to affirm** that redacted disclosure provide necessary information to make informed decision by shareholders

## Actionable : 6

**Classification** of RPTs into Material RPT / RPT of specified nature / All RPTs and ensure adequate disclosure to Shareholders / AC

**Certification** by CEO / MD / WTD / Manager + CFO Valuation reports + other reports to AC / Shareholders

**Formulate** SOP on RPT policy or make necessary amendments to the existing framework including persons responsible for action



**Collection** of data / documents / reports / information / backup certificates as per RPT Standards

**Review** RPT policy / Guidance note to AC / Board / Shareholders

**Sensitize** stakeholders for implementing RPT standards

# SEBI Consultation Paper on RPT - Aug 4, 2025

Proposal for RPT amendments in LODR & RPT Standards - Public Comments invited till Aug 25, 2025

S.No	Existing provision	Proposed amendment with basis								
<b>Scale-based threshold mechanism for Material RPTs of LE</b>										
1	Material RPT: Value exceeding Rs.1,000 crores or 10% of consolidated turnover (whichever is lower)	Removes fixed ₹1,000 crore cap for high-turnover entities and linking annual consolidated turnover buckets to different % threshold for material RPTs.								
		<table border="1"> <thead> <tr> <th style="background-color: #008000; color: white;">Buckets of Consolidated Turnover</th> <th style="background-color: #008000; color: white;">Proposed Threshold</th> </tr> </thead> <tbody> <tr> <td>Up to Rs.20,000 crores</td> <td>10% of annual consolidated turnover</td> </tr> <tr> <td>From Rs. 20,001 to 40,000 crores</td> <td>Rs.2,000 crores + 5% of turnover exceeding Rs.20,000 crores</td> </tr> <tr> <td>Above Rs.40,000 crores</td> <td>Rs.3,000 Crore + 2.5% of turnover above Rs.40,000 crores or INR 5,000 crore, whichever is lower</td> </tr> </tbody> </table>	Buckets of Consolidated Turnover	Proposed Threshold	Up to Rs.20,000 crores	10% of annual consolidated turnover	From Rs. 20,001 to 40,000 crores	Rs.2,000 crores + 5% of turnover exceeding Rs.20,000 crores	Above Rs.40,000 crores	Rs.3,000 Crore + 2.5% of turnover above Rs.40,000 crores or INR 5,000 crore, whichever is lower
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<b>Threshold for material RPTs of subsidiaries of LE</b>										
2	RPT of Subsidiary exceeding 10% of standalone turnover of subsidiary require prior approval of AC of LE.	Harmonizes subsidiary RPT thresholds with proposed materiality RPTs threshold - In case of RPTs <b>exceeding Rs.1 crore</b> of a subsidiary, it is proposed to specify <b>scale-based materiality threshold</b> (as proposed above) in addition to <b>existing threshold of 10% of standalone turnover</b> of subsidiary.								
<b>Validity of omnibus approval for RPTs granted by shareholders</b>										
3	No such period mentioned	To align with omnibus approval provisions as per Master circular dated Nov 11, 2024. (AGM: <b>Valid till next AGM or 15 months</b> , whichever is earlier; EGM: <b>Valid for 1 year</b> from the date of approval)								
<b>Relaxing minimum information to be furnished to AC and shareholders for RPT approval</b>										
4	RPT Standards not applicable to transaction(s) up to Rupees One Crore with a related party	To facilitate ease of doing business, minimum information be provided to AC and shareholders for RPTs up to <b>1% of consolidated turnover or 10 Crore, whichever is lower</b> (as per format prescribed).								
<b>Exempted RPT list</b>										
5	Retail purchases from listed entity or its subsidiary by <b>directors or employees</b> are exempted from RPT provision.	“Employees or their relatives” do not fall under RP definition, hence removed. In line with RP definition, to include relatives of directors & KMPs - Retail purchases from listed entity or its subsidiary by <b>directors or KMPs or their relatives</b> are exempted from RPT provisions.								

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**THANK YOU**

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# APPENDIX

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# Minimum Information of Related Party (RP) - Part A

01

## Basic details of RP

- Name of RP
- Country of Incorporation
- Nature of Business

02

## Relationship & Ownership of RP

- Relationship between LE/ Subsidiary with RP
- Nature of concern (financial or otherwise)
- Shareholding or capital contribution of LE/ Subsidiary in RP
- Shareholding of RP in LE / Subsidiary
- Indirect shareholding includes control and shareholding by relatives

03

## Details of previous transactions with RP

- Total amount of transactions entered by LE / Subsidiary in last FY and in the current FY
- Any default made by RP concerning obligations in last FY

04

## Amount of proposed transactions

- Total amount of proposed transactions
- Proposed transaction + transaction with RP in current FY
- Value of proposed transaction as a % of LE's / RPs annual consolidated turnover
- Value of proposed transaction as a % of Subsidiary's annual standalone turnover
- Financial performance of RP for preceding FY

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# Minimum Information of Related Party (RP) - Part A

05

## Basic details of proposed transaction

- Specific type of the proposed transaction
- Details of each type of proposed transaction
- Tenure of proposed transaction
- Whether omnibus approval is sought?
- Proposed transaction value during a FY
- Proposed transaction will be executed over more than one financial year, provide estimated break-up financial year-wise
- Justification for RPT (in the interest of LE)
- Details of promoter/director/KMP of LE having interest in the transaction
  - Name of the Director / KMP
  - Details of shareholding of director/KMP in RP
- Copy of valuation report / other external report, to be placed before AC
- Other information relevant for decision making

## Additional information for Specific RPTs - Part B

### 1. Sale, purchase or supply of goods or services and trade advances

- Bidding or other process applied for choosing a party for sale, purchase or supply
- Basis of determination of price
- Trade advance (up to 365 days or such period extended as normal trade practice)
  - Amount of trade advance
  - Tenure
  - Self-liquidating or not

### 2. Loans and advances or Inter-corporate deposits given by LE / its subsidiary

- Source of funds
- Whether financial indebtedness incurred to give loan, ICD or advance (if yes, details)
- Material covenants of proposed transaction
- Interest rates charged to any party & RP
- ROI at which LE / Subsidiary borrows from banks
- ROI to be charged by LE / subsidiary from RP
- Maturity / Due date
- Repayment schedule, terms & purpose
- Nature of security & security coverage ratio
- Purpose for which funds will be utilised by ultimate beneficiary

## Additional information for Specific RPTs - Part B

### 3. Investments made by LE / its subsidiary

- Source of funds
- Whether financial indebtedness incurred to make investment (if yes, details)
- Purpose for which funds are utilised
- Material terms of the proposed transaction

### 4. Guarantee, surety, indemnity or comfort letter given by LE / its subsidiary

- Rationale for giving guarantee, surety, indemnity or comfort letter
- Whether it will create a legally binding obligation on LE?
- Material covenants of the proposed transaction
- Value of obligations undertaken by LE / subsidiary for which guarantee / surety / indemnity has been provided by LE / subsidiary. (Any provision to be made in books of accounts of LE / subsidiary to be specified)

## Additional information for Specific RPTs - Part B

### 5. Borrowings by LE / its subsidiary

- Material covenants
- Interest rate
- Cost of borrowing
- Maturity / due date
- Repayment schedule & terms
- Secured or unsecured
- Nature of security & security coverage ratio
- Purpose for which fund will be utilised

### 6. Sale, lease or disposal of assets or disposal of shares of subsidiary / associate

- Bidding or other process applied for sale, lease or disposal of assets of subsidiary / of unit, division or undertaking of LE
- Basis of determination of price
- Reason for sale, lease or disposal of assets of subsidiary or shares
- Financials of subsidiary / undertaking that is being sold - 3 FYs
- Expected financial impact on consolidated turnover, net worth, net profits of LE / Subsidiary due to sale of subsidiary / undertaking

## Additional information for Specific RPTs - Part B

### 7. Payment of Royalty

- Purpose for which royalty is proposed to be paid in the current FY
  - For use of brand name / trademark
  - For transfer of technology know-how
  - For professional fee, corporate management fee or any other fee
  - Any other use
- LE may confirm whether the parent company charges royalty at a uniform rate from all group cos. in other jurisdiction
- If not, furnish information as below:
  1. Minimum rate of royalty with corresponding amount
  2. Maximum rate of royalty with corresponding amount
- Sunset Clause for Royalty payment

## Information for Material RPT of specified nature - Part C

### 1. Loans and advances or Inter-corporate deposits given by LE / its subsidiary

- Latest credit rating of RP
- Details of existing loans advanced to RP
- Default on borrowings in last 3 FYs by RP from the LE / any other person and value of subsisting default:
  - a. RP classified as NPA by bankers?
  - b. RP declared as wilful defaulter by bankers?
  - c. RP is undergoing IRP / liquidation?
  - d. RP not being MSME suffers from any disqualification under IBC?

### 2. Investments made by LE / its subsidiary

- Latest credit rating of RP
- Whether regulatory approval is required?

## Information for Material RPT of specified nature - Part C

### 3. Guarantee, surety, indemnity or comfort letter given by LE / its subsidiary

- Latest credit rating of RP
- Details of solvency and going concern status of RP during the last 3 FYs
- Value of obligations undertaken by LE / any of its subsidiary for which guarantee, performance guarantee, surety, indemnity or comfort letter is provided by LE / its subsidiary (Any provision to be made in books of accounts of LE / subsidiary to be specified)

### 3. Guarantee, surety, indemnity or comfort letter given by LE / its subsidiary

- Default on borrowings over last 3 FYs by RP from the LE / any other person:
  - RP classified as NPA by bankers?
  - RP declared as wilful defaulter by bankers?
  - RP is undergoing IRP / liquidation?
  - RP not being MSME suffers from any disqualification under IBC?

## Information for Material RPT of specified nature - Part C

### 4. Borrowings by LE / its subsidiary

- Debt to equity ratio of LE / subsidiary based on last audited financials
  - a. Before transaction
  - b. After transaction
- Debt service coverage ratio of LE / subsidiary based on last audited financials
  - a. Before transaction
  - b. After transaction

### 5. Sale, lease or disposal of assets or disposal of shares of subsidiary / associate

- Details of earlier sale, lease or disposal of assets of the same subsidiary or unit, division or undertaking of LE or disposal of shares of same subsidiary or associate to any RP during the last 12 months
- Whether transaction would result in issue of securities or consideration in kind to RP
- Would transaction result in eliminating segment report by LE / its subsidiary
- Does it involve transfer of key intangible assets or key customers which are critical for continued business of LE / its subsidiary
- Any major non-financial reasons for going ahead with the transaction?

## Information for Material RPT of specified nature - Part C

### 6. Payment of royalty

- Royalty paid by LE / subsidiary to RP during the last 3 FYs
- Purpose for which royalty was paid to RP during the last 3 FYs
- Royalty paid in last 3 FYs as% of Net Profits of previous FYs
- Percentage or rate at which royalty has increase in the past 3 years vis-à-vis rate at which turnover and profit after tax have increased during the same period

### 6. Payment of royalty

- Peer comparison:
- LE / subsidiary paying royalty for any purpose shall disclose if any industry peer pays royalties for the same purpose, disclosed in the audited annual financials:
- Royalty payment over last 3 years
- Royalty paid as a % of net profits over the last 3 years
- Annual growth rate of turnover over last 3 years
- Minimum 3 peers to be used and if one / two / no comparable peers are available, fact shall be disclosed.

**THANK YOU**

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