

FAQs on applicability of industry standards for Related Party Transaction (RPT) disclosures

Summary

In continuation to SEBI's circular, dated 14 February 2025, on Industry Standards for RPT Disclosures, the stock exchanges issued a set of frequently asked questions (FAQs) on 15 March 2025. These FAQs focus on the applicability of the industry standards concerning the "Minimum information to be provided for review by the audit committee and shareholders for approval of RPT."

The aforementioned industry standards on RPT were initially set to effect on and from 1 April 2025. However, SEBI, vide its circular dated 21 March 2025, extended the effective date to 1 July 2025. **"Consequently, the effective date referred in the FAQs is to be interpreted as 1 July 2025 instead of 1 April 2025".**

The FAQs also clarify that RPTs approved before this date are not subject to the new standards. However, any material modifications made after the effective date must comply with the updated standards.

Furthermore, the circular provides guidance on scenarios involving omnibus approvals and material RPTs. The FAQs establish a clear protocol for managing approvals granted before and after the effective date, eliminating duplicity of efforts for approvals already granted for the next fiscal year 2025-26, thereby fostering greater transparency, improved governance, and alignment with SEBI regulations.

Clarifications

Effective date

The industry standards will take effect on 1 July 2025. Based on the FAQs, below is the clarification with reference to the applicability of the industry standards.

Category	Approval granted by audit committee and/or shareholders	
	Before 1 July 2025	On and after 1 July 2025
i. All RPTs	Exempt from the industry standards Exception: However, any material modifications made to these RPTs on and after 1 July 2025, must adhere to the industry standards.	Must adhere to the industry standards disclosure requirements.
ii. Omnibus approvals	Exempt from the industry standards and fresh approval is not mandated. Exception: However, any material modifications made to these RPTs after 1 July 2025 must adhere to the industry standards.	Must adhere to the industry standards disclosure requirements.
iii. Material RPTs approvals	Exempt from the industry standards. Additionally, the industry standards will not apply to disclosures made to shareholders, even if the notice of the general meeting will be sent to shareholders after 1 July 2025.	Must adhere to the industry standards disclosure requirements.

Our comments

The FAQs offer crucial guidance on the applicability of industry standards for RPT disclosures, effective from 1 July 2025.

They distinctly outline the treatment of approvals granted before and after this date, facilitating a seamless transition and eliminating redundant efforts for prior approvals.

By emphasising material modifications and adherence to the SEBI regulations, the FAQs bolster transparency, governance, and compliance, fostering enhanced practices among listed entities. This forward-thinking initiative by the NSE addresses ambiguities and ensures stakeholders are thoroughly prepared for the upcoming regulatory changes.

**Connect
with us on**



@Grant-Thornton-Bharat-LLP



@GrantThorntonIN



@GrantThorntonBharat



@GrantThorntonBharatLLP



@Grantthornton_bharat



GTBharat@in.gt.com

© 2025 Grant Thornton Bharat LLP. All rights reserved.

Grant Thornton Bharat LLP is registered under the Indian Limited Liability Partnership Act (ID No. AAA-7677) with its registered office at L-41 Connaught Circus, New Delhi, 110001, India, and is a member firm of Grant Thornton International Ltd (GTIL), UK.

The member firms of GTIL are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered independently by the member firms.

GTIL is a non-practicing entity and does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.