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# More transparency, more trouble? Sebi's revised disclosure rules divide experts

**Neha Joshi** | 3 min read | 02 Jul 2025, 01:02 PM IST


Sebi's new disclosure regime for related party transactions will be effective from 1 September. (Reuters)

**SUMMARY**
Experts welcome Sebi's push for transparency but flag regulatory overreach, audit burden, and statutory ambiguities.

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The Securities and Exchange Board of India's revised framework for disclosures related to related party transactions (RPT) has received mixed response from legal and governance professionals. While the updated rules are seen as a step towards greater transparency, experts have raised questions over its legal basis and pointed to additional compliance complexity and administrative burden it could involve.

The new disclosure regime was notified through a circular on 26 June and will be effective from 1 September.

Under Regulation 23 of Sebi's Listing Obligations and Disclosure Requirements (LODR), listed companies must obtain approval from their audit committees—and in case of material transactions, from shareholders as well—for related party transactions.

Sebi has now introduced a tiered format of disclosures under three categories: Part A covers all transactions; Part B applies to seven defined types, including loans and guarantees; and Part C mandates additional disclosures for material transactions.

“They overlay the existing frameworks under the Companies Act and Sebi’s LODR with additional disclosure formats and a flat ₹1 crore threshold that are not grounded in statutory text," Bhansali added. “This creates a regulatory layering that risks confusion over which standard prevails in case of inconsistency."

Bhansali also flagged a departure from regulatory convention. “The risk here is that substantive obligations are being introduced through a circular, without the procedural safeguards required under Sebi’s own 2025 regulation-making process," she said, referring to the role played by industry associations in drafting the norms.

The new disclosure regime was developed in consultation with the Industry Standards Forum comprising the Associated Chambers of Commerce and Industry of India (ASSOCHAM), Confederation of Indian Industry (CII), and Federation of Indian Chambers of Commerce and Industry (FICCI).

Key Takeaways

Sebi’s new disclosure rules on related party transactions (RPTs) aim to improve transparency by mandating detailed, tiered disclosures for audit committees and shareholders—including price justification, past dealings, and management certification.

Legal and compliance experts have raised concerns about the rules' statutory basis, arguing that Sebi’s use of a circular—rather than formal regulation—introduces legal uncertainty and adds to the regulatory burden for companies.

While the rules are seen as investor-friendly, especially for minority shareholders, they may increase workload for audit committees and top executives, prompting calls for better compensation and deeper business understanding among governance professionals.

## ‘Stemmed from past abuses’

The revised standards mandate extensive information for audit committees and shareholders, including the nature of the transaction, historical dealings with the related party, valuation details, and management certification that the deal is in the company’s interest.

Some industry professionals welcomed the added transparency.

“The new information requirements represent greater transparency and accountability for related party transactions," said Clarence Anthony, founder of law firm Clarence & Partners. “The audit committee now receives a certification from management that the proposed transaction is in the company's interest, along with robust price justification and details of past transactions, with such related party."

He added: “Now the shareholders too will receive all information provided to the audit committee (where earlier they only received a summary), resulting in no information being lost through the various stages of approval."

Ketan Dalal, managing director at structuring and advisory firm Katalyst Advisors, noted that while the reforms aim to protect minority shareholders, they stemmed from a handful of past abuses.

“Some outlier situations where promoters’ interest was**paramount** or fraudulent, unfortunately led to regulatory cholesterol," he said. “The revised industry standards seek to achieve that reasonable balance between interests of minority shareholders and relative ease of doing business."

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aspects still seem quite onerous—for example, where the related party's financial statements are not available for the immediately preceding year… the company shall provide financial extracts certified by the related party."

Still, he welcomed key exemptions. "The circular has fortunately clarified that it does not apply to transactions between the listed company and its wholly owned subsidiaries, since there is no leakage," he said.

Dalal also appreciated Sebi's decision to limit application to omnibus approvals. "The revised provision will help to save time for audit committees to focus on other matters, especially quarterly results."

However, Dalal cautioned that governance responsibilities are rising. "Audit committee members would need to have the inclination and time to understand business issues better, since RPTs require more in-depth commercial understanding. A related aspect will be the need to compensate them better, especially those on audit committees."

He also flagged the increased burden on top executives. "The requirement for a key managerial personnel to certify that RPTs are in the interest of the company will cast an onerous responsibility on them and should lead to better governance," Dalal said. "However, KMPs (key managerial personnel) could become overly cautious."

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# Pharma deals are surging. But the biggest drugmakers are holding back.

Jessica Jani | 4 min read | 09 Oct 2025, 05:30 AM IST

Large US-focused Indian drugmakers have turned selective, restricting themselves to small, targetted deals even as they sit on large piles of cash. (AFP)

**SUMMARY**

*While India-focused drugmakers are ramping up dealmaking to expand portfolios, access key therapies, and gain scale, US-focused giants like Sun Pharma, Cipla, and Dr. Reddy's are holding back, opting for selective acquisitions to expand in other geographies.*



Dealmaking in India's pharma sector has surged over the past two years as companies seek to beef up their portfolios and reduce reliance on the US market. Yet, some of the country's largest drugmakers with billions in cash are holding back.

Sun Pharmaceutical Industries Ltd, Cipla Ltd, and Dr Reddy's Laboratories Ltd that have a strong US focus are striking fewer acquisitions and partnerships as they look for new markets, according to industry experts. On the other hand, pharma companies with a strong India focus have ramped up their dealmaking.

In July, Torrent Pharmaceuticals Ltd acquired a 46.39% stake in Mumbai-based JB Chemicals and Pharmaceuticals Ltd for ₹11,917 crore. In October last year, Mankind Pharma Ltd bought Bengaluru-based Bharat Serums and Vaccines Ltd for ₹13,768 crore.

of their business from India.

As of March, Sun Pharma had net cash of about ₹27,523 crore (roughly $3.1 billion) on

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# Board changes at JSW Group ahead of electric cars, trucks launch next year

**Ayaan Kartik** | 4 min read | 09 Oct 2025, 05:30 AM IST

The logo of JSW is seen on the company's headquarters in Mumbai, India, February 11, 2016. Indian conglomerate JSW Group, whose businesses range from power to steel and cement, is looking to buy debt-laden port assets in the country as part of a strategy for a massive expansion of its ports capacity, its chief financial officer said. Picture taken February 11, 2016. REUTERS/Danish Siddiqui - RTX26YF2

SUMMARY

Sajjan Jindal-led JSW Group introduced a series of changes to the boards of at least two of its auto companies and changed the holding company of its component business between August and September as the conglomerate gears up to launch cars and trucks next financial year.

In a bid to streamline operations, the chief executives of its passenger vehicle and commercial vehicle businesses left the board of automobile's business parent company, JSW Green Mobility in August, to focus on their own verticals, *Mint*'s review of its filings with the ministry of corporate affairs showed.

These are the key changes:

In place of Sumit Mittal, chief executive officer (CEO) of JSW's CV business and Ranjan Nayak, CEO of JSW's PV business, the parent company's chief of business Rajiv Mehta joined the JSW Green Mobility board of directors. Mehta had joined last year in September after 27 years at Mahindra and Mahindra



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Musk's Starlink sees its capacity underused without rural India onboard

Jatin Grover | 4 min read | 08 Oct 2025, 11:01 PM IST

Elon Musk's Starlink had submitted its application to the department of telecommunications to get Global Mobile Personal Communication by Satellite licence in 2022. (File Photo: Reuters)

**SUMMARY**
According to Parnil Urdhwareshe, director at Starlink Satellite Communications, the actual number of users Starlink can serve in metro Mumbai would be one-tenth of the number of users it can serve in the rural areas of a district.



**NEW DELHI** : Elon Musk-owned Starlink on Wednesday said a large part of its capacity will remain underutilized in India if the country's rural users are not brought onto its soon-to-be launched satellite internet services. Rural users are fundamental to how its network operates, it said.

“A very large percentage of Starlink users (worldwide) are residential users who live in rural areas, and a very large number of those users are people for whom Starlink was the first option they had for a truly great broadband," Parnil Urdhwareshe, director at Starlink Satellite Communications, said at the India Mobile Congress in New Delhi.

According to Urdhwareshe, the actual number of users Starlink can serve in metro Mumbai would be one-tenth of the number of users it can serve in the rural areas of a district.

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# With smaller packs and wider reach, Estée Lauder eyeing middle class in India, its top emerging market

**Suneera Tandon** | 5 min read | 08 Oct 2025, 06:33 PM IST

Stéphane de La Faverie, global president and CEO of The Estée Lauder Companies. The group seeks to ride the fast-growing premium beauty market in India to tap its big growth potential.

**SUMMARY**
With brands such as M·A·C, Bobbi Brown and Clinique, Estée Lauder Companies looks to expand investments in India, its top emerging market where it is offering smaller product sizes for mass appeal.

chief executive officer (CEO) of the American cosmetics and beauty firm. While adoption of online shopping in India is a big draw for the group, it also aims for a wider appeal with small packs for the price-sensitive market, in which it sees a great growth potential.

“Emerging markets are very important for us as a whole, and within emerging markets, India is among our largest," de La Faverie said during his recent visit to the country.

The group recently announced an overhaul of its global strategy that involves reaching more shoppers, accelerating innovation and expanding its presence in high-growth channels, markets and price tiers.

Estée Lauder Companies, which has been present in India since 2005, largely operates in the premium beauty segment that accounts for about 10% of the country’s beauty and personal care market.

The CEO said the group, among the world’s biggest in the beauty and cosmetics

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## Advertisers push Big Tech to adopt standards for transparency in ad sales

Patrick Coffee , The Wall Street Journal | 4 min read | 08 Oct 2025, 05:25 PM IST

German pharma giant Boehringer Ingelheim wants more transparency from the auctions it uses to buy tens of millions of dollars' worth of online ads, says Katherine Freeley, who oversees U.S. ad planning and investment. Photo: Reuters

**SUMMARY**
A new proposal asks digital ad auctions to voluntarily disclose how they pick winners and set prices.



Some of the advertising industry's largest players have joined forces to propose new standards for transparency in the digital auctions that increasingly dominate ad sales.

These auctions determine which ads show up when someone opens a website, conducts a search, plays a video or scrolls through a social-media feed.

Eighty percent of all digital ad sales occur in "closed loop" auctions run by one major player, according to the Media Rating Council, the industry self-regulatory body that published the proposal last month for comments. Auction operators, including Alphabet's Google, Instagram parent Meta Platforms and Amazon.com, decide how much to reveal about their processes to ad buyers.

Those that adopt the MRC standards, however, would agree to disclose key information such as the types of auctions they run, how they decide winners and what influences prices on their platforms, including any fees, discounts or bidding minimums. They

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