



भारतीय प्रतिभूति और विनिमय बोर्ड
Securities and Exchange Board of India

CONSULTATION PAPER

DEPARTMENT OF DEBT AND HYBRID SECURITIES – POD-1

Consultation paper on Relaxation in the threshold for identification of High Value Debt Listed Entities (HVDLEs) and measures facilitating ease of doing measures for HVDLE including provisions relating to Related Party Transactions

October 2025



भारतीय प्रतिभूति और विनियम बोर्ड
Securities and Exchange Board of India

Timeline to Respond

Comments on the
Consultation paper may be
sent by November 17, 2025

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1. OBJECTIVE:

1.1. The objective of this consultation paper is to seek comments/ views/ suggestions from the public on the proposals related to Corporate governance norms applicable to High Value Debt Listed entities (HVDLEs) under the SEBI (Listing Obligations and Disclosure Requirements) ("LODR") Regulations, 2015:

- 1.1.1. Proposal I: Relaxation in the threshold for identification of High Value Debt Listed Entities(HVDLEs)
- 1.1.2. Proposal II: Measures facilitating ease of doing business for HVDLEs (excluding measures related to Related Party Transactions)
- 1.1.3. Proposal III: Measures facilitating ease of doing measures for HVDLEs with regards to Related Party Transactions (RPT)

2. BACKGROUND

2.1. Corporate governance (CG) norms prescribed for equity listed entities were made applicable for HVDLEs (entities that has listed outstanding amount of non-convertible debt securities of INR. 500 crores and above) in September 2021 in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR regulations"). The said CG norms were applicable on a comply or explain basis till March 31, 2025 and mandatory thereafter.

2.2. Subsequently, in December 2024, SEBI in its board meeting approved the proposal to introduce a separate chapter 'Chapter VA' in LODR regulations which is applicable only for HVDLEs (i.e. pure debt listed entities) along with certain relaxations. Further, the threshold for HVDLEs was increased from INR 500 Crores to INR 1000 crores. The said chapter and the new HVDLE threshold were notified vide amendment notification dated March 28, 2025.

2.3. Meanwhile certain provisions for CG norms applicable for equity listed entities were amended and notified with effect from December 13, 2024 and December 31, 2024. As a result, similar CG provisions for HVDLEs became non-aligned with the provisions prescribed for equity listed entities.

2.4. Subsequently, inputs were shared by Market participants regarding the need to align the CG norms prescribed for HVDLEs with equity listed entities.

- 2.5. Further, inputs were received from various stakeholders requesting SEBI to review and increase the threshold for identification of HVDLEs.
- 2.6. Further, in the September 2025 Board Meeting, SEBI approved certain amendments to provisions relating to Related Party Transactions under LODR Regulations.
- 2.7. In view of the above, it is proposed to review the CG norms applicable for HVDLEs including RPT related provisions to align with CG norms prescribed for equity listed entities, wherever found relevant and appropriate.
- 2.8. Based on the review of market feedback and for ease of doing business (EODB), the proposal with regards to CG norms applicable for HVDLEs for public comments are listed below:

A. Relaxation in the threshold for identification of HVDLEs

- 2.8.1. Increase in threshold for identification for HVDLEs from INR 1000 crores to INR. 5000 crores.

B. Change in financial terminology used for defining Material Subsidiary Thresholds

- 2.8.2. Substitution of term 'income' by the term 'turnover' in Regulation 62L(1) in order to align with similar amendment made for equity listed entities.

C. Board of Directors and Committees

- 2.8.3. Approval of shareholders for continuation of directorship of Non-executive director beyond the age of 75 years - To clarify that prior approval of shareholders by way of special resolution would be required before the director crosses the age of 75 years.
- 2.8.4. Exclusion of time taken for regulatory, statutory or government approvals from the timeline specified for obtaining shareholder approval for appointment or reappointment of director of a listed entity.
- 2.8.5. Exemption from obtaining shareholder approval for nominee directors of financial sector regulators or those appointed by Court or Tribunal.
- 2.8.6. Providing a timeline of 3 months to fill up vacancies in Board Committees i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee.

2.8.7. Recommendations of the Board to the shareholders to specifically include rationale of the board of directors.

D. Drafting changes to term ‘financial year’

2.8.8. Substitute the term ‘year’ with the term ‘financial year’ in regulations 62D(6)(Board of Directors), 62D(11)(d)(Board of Directors), 62F(2) (Audit committee), 62G(6) (Nomination and remuneration committee), 62H(5) (Stakeholders Relationship Committee) and 62I(4) (Risk Management committee).

E. Obligations with respect to independent directors

2.8.9. To omit the requirement that an independent director who resigns or is removed from the board of directors of the HVDLE shall be replaced by a new independent director by the HVDLE not later than three months from the date of such vacancy provided that where the HVDLE fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply.

F. Subsidiary related compliance requirements

2.8.10. Exemption from the requirement of approval of shareholders for sale of assets of a material subsidiary to another subsidiary, as long as the assets are within the group.

G. Relaxations from compliance requirements due to Insolvency and Bankruptcy Code, 2016 (IBC Framework)

2.8.11. Providing additional time by permitting 3 months for filling up the vacancy of KMPs subject to having at least one full-time KMP for companies coming out of corporate insolvency resolution process (CIRP) to ensure compliance with LODR

H. Other Corporate governance requirements

2.8.12. Replace the timelines of 21 days to HVDLEs to submit the periodic compliance report with enabling provision for Board to prescribe timeline from time to time.

2.8.13. Removal of requirement of disclosure of material transactions with related parties along with the periodic compliance report of HVDLE. The same are captured in the half-yearly reports, in case of equity listed entities.

I. Secretarial Audit and Secretarial Compliance Report

2.8.14. Introducing provisions relating to appointment, reappointment, removal and disqualifications for Secretarial Auditor of HVDLE.

J. Related Party Transactions (RPTs)

2.8.15. Harmonizing the provisions related to RPTs, by cross referencing of provisions of Regulation 23 in Regulation 62K of LODR while retaining the requirements of NOC of Debenture trustee and the debenture holders.

2.8.16. The detailed proposals and consultation matters related to aforementioned items are mentioned in Paragraph 3 of this consultation paper.

3. PROPOSALS FOR PUBLIC CONSULTATION

Public comments are invited on the following proposals with regards to CG norms applicable for HVDLEs

3.1. Proposal I: Relaxation in the threshold for identification of High Value Debt Listed Entities(HVDLEs)

3.1.1. Background:

After reviewing the provisions for corporate governance norms for HVDLEs, SEBI, in its board meeting dated December 18, 2024 approved the new framework applicable for HVDLEs. Accordingly, vide amendment notification dated March 28, 2025, SEBI *inter-alia* increased the threshold for identification of HVDLE from an outstanding value of amount of outstanding listed non-convertible debt securities Rs.500 crores to Rs. 1000 crores.

3.1.2. Need for review:

- a. Corporate governance norms were introduced for HVDLEs in September 2021. The said norms were applicable on a **comply or explain basis** till March 31, 2025. With effect from April 01, 2025, the corporate governance norms are applicable on a mandatory basis for all entities that has listed outstanding amount of non-convertible debt securities of Rs.1000 crores and above i.e. HVDLEs.
- b. Subsequently, Market Participants have made the following submissions to SEBI:
 - i. Once an entity is classified as HVDLE, the entity is subject to extensive or additional compliance requirements akin to an equity-listed entity such as preparation and filing of quarterly corporate governance reports, annual secretarial compliance reports, etc.
 - ii. Appointment of additional independent directors and committee specific expert members to meet SEBI requirements along with legal, secretarial and audit expenses escalate the costs significantly, especially for entities with frequent issuances.

- iii. Issuers such as NBFCs which raise debt substantially through private placements, the threshold of Rs.1000 crores is dis-proportionately low.
- c. They have also stated that Private placement of debt securities in the lots of INR 200–500 crores is a standard treasury practice for NBFCs to manage asset-liability mismatches. Under the extant regulatory framework, NBFCs and HFCs that have outstanding borrowings of INR 1000 crores or more and are rated 'AA and above' are already subject to SEBI's mandatory requirement to raise at least 25% of their incremental borrowings through capital markets. Thus, a cumulative Rs. 1,000 crores outstanding in listed debt securities is reached by most NBFCs within a few months as part of normal treasury operations, without contributing to any kind of systemic capital market exposure.
- d. Furthermore, 90–95% of these private debt issuances are primarily subscribed by Qualified Institutional Buyers (QIBs) (banks, mutual funds, insurance companies, PFs). These investors as well as retail investors are already protected through debenture trustees, security cover specified under the SEBI (Issue and Listing of Non-Convertible Securities) Regulations 2021.
- e. It has been further informed that the top 50 NBFCs have an average annual borrowings in the range of INR. 10,000 –40,000 crores and INR. 1,000 crores are just 2–10% of their annual borrowing programme, and does not constitute a "high value" in today's market environment.
- f. It was also stated that all the debt issuers, irrespective of the outstanding debt, are required to appoint debenture trustee which has a fiduciary duty to protect the interest of debenture holders by monitoring the security cover, debt covenants, periodical/performance reports from the issuers and taking enforcement actions post default. The appointment of debenture trustees provides an additional layer of protection for debenture holders, ensuring that their interests are protected through continuous monitoring.

- g. Based on the feedback/ inputs received from the stakeholders including Finance Industry Development Council (FIDC) (a representative Body of Asset and Loan Financing of the NBFCs registered with the Reserve Bank of India), it was recommended to SEBI to increase the threshold for identification of HVDLE from INR. 1000 crores to INR. 5000 crores.

3.1.3. Proposal 1

- a. In view of representations made by the Market Participants and reasons stated above, it is proposed that the threshold for identification for HVDLEs may be increased from INR 1000 crores to INR. 5000 crores, as suggested by Market Participants.
- b. Subsequent to the above mentioned proposed threshold, the number of HVDLEs will reduce from 137 to 48 entities (effectively reducing around **64%** entities from the current threshold) leading to Ease of Doing Business (EODB). Accordingly, the said impact of the proposed change is also tabulated below:

S.N.	Particulars	No. of entities*	No. of PSUs*
1.	Number of pure debt listed entities having outstanding amount of INR 1000 Crores and above	137	20
2.	Number of pure debt listed entities having outstanding amount of INR 5000 Crores and above	48	15

Source: NSE/BSE

*As on June 30, 2025

Consultation 1: Increase in threshold for identification for HVDLEs from INR 1000 crores to INR. 5000 crores

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to increase the threshold for identification for HVDLEs from INR 1000 crores to INR 5000 crores is appropriate and adequate?

3.2. Proposal II: Measures facilitating ease of doing business for HVDLEs (excluding measures related to Related Party Transactions)

3.2.1. In December 2024, SEBI in its board meeting approved the proposal to introduce a separate chapter in the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("LODR regulations") which is applicable only for HVDLEs (i.e. pure debt listed entities) along with certain relaxations. The said chapter was notified vide amendment notification dated March 28, 2025. Thus, at present, in the LODR Regulations, Chapter VA deals with corporate governance norms exclusively for HVDLEs. Further, it is noted that certain amendments were made to the Chapter IV of LODR Regulations regarding corporate governance norms applicable to equity listed entities which became effective from December 13, 2024 and December 31, 2024 but were not made applicable for HVDLEs.

3.2.2. Thus, there is a need to align the corporate governance requirements for equity listed entities and HVDLEs and to ensure ease of doing business for HVDLEs w.r.t compliance with corporate governance norms.

3.2.3. Accordingly, the following changes are being proposed in Chapter VA of the LODR Regulations:

a) Modifications in the definitions of 'material subsidiary'

- i. Explanation to Regulation 62L defines material subsidiary as under:

Explanation: —For the purposes of this regulation, the term “material subsidiary” shall mean a subsidiary, whose income or net worth exceeds twenty per cent. of the consolidated income or net worth respectively of the listed entity and its subsidiaries in the immediately preceding accounting year.

Proposal 2: It is proposed that the term ‘income’ appearing in the above definition shall be substituted by the term ‘turnover’ in order to align with similar amendment made for equity listed entities.

Consultation 2: Substitution of term ‘income’ by the term ‘turnover’ in Regulation 62L(1) in order to align with similar amendment made for equity listed entities.

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to substitute the term ‘income’ with the term ‘turnover’ in Regulation 62L(1) in order to align with similar amendment made for equity listed entities is appropriate and adequate?

b) Corporate governance norms w.r.t Board of Directors:

- i. Regulation 62D(2) provides that No HVDLE shall appoint a person or continue the directorship of any person as a non-executive director who has attained the age of seventy-five years unless a special resolution is passed to that effect, in which case the explanatory statement annexed to the notice for such motion shall indicate the justification for appointing such a person.

Proposal 3: It is proposed to additionally provide that HVDLE shall ensure compliance with this sub-regulation at the time of appointment or re-appointment or any time prior to the non-executive director attaining the age of seventy- five years to ensure alignment with similar amendment made for equity listed entities.

Consultation 3: Approval of shareholders for continuation of directorship of Non-executive director beyond the age of 75 years

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to get approval of shareholders for continuation of directorship of Non-executive director beyond the age of seventy- five years to ensure alignment with similar amendment made for equity listed entities is appropriate and adequate?

- ii. Regulation 62D (3) provides that the HVDLE shall ensure that approval of shareholders for appointment or reappointment of a person on the board of directors or as a manager is taken at the next general meeting or within a time period of three months from the date of appointment, whichever is earlier.

Proposal 4: It is proposed that if such appointment or re-appointment of a person to the board of directors or as a manager is subject to approval of regulatory, government or statutory authorities, then the time taken to receive such approvals shall be excluded for the purposes of the aforesaid clause. The same is proposed to align with similar amendment made for equity listed entities.

Proposal 5: It is further proposed that the requirements specified in this clause 62D(3) shall not be applicable to appointment or re-appointment of a person nominated by a financial sector regulator, Court or Tribunal to the board of the HVDLE since such nomination is for the purpose of oversight and upholding public interest. In such cases, shareholder approval may not be necessary and relevant. The same is proposed to align with similar amendment made for equity listed entities.

Consultation 4: Alignment of provision related to shareholder approval

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to exclude time taken for regulatory, statutory or government approvals from the timeline specified for obtaining shareholder approval for appointment or reappointment of director of a listed entity to align with similar amendment made for equity listed entities is appropriate and adequate?

Consultation 5: Exemption from obtaining shareholder approval for nominee directors of financial sector regulators or those appointed by Court or Tribunal

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to exempt HVDLEs from obtaining shareholder approval for nominee directors of financial sector regulators or those appointed by Court or Tribunal to align with similar amendment made for equity listed entities is appropriate and adequate?

- iii. Regulation 62D(5) provides for the timeline for filling any vacancy in the office of a director for HVDLEs. However, at present, HVDLEs have to ensure continuous compliance with the composition of Board Committees (i.e., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee).

Proposal 6: Therefore, it is proposed that any vacancy in Board Committees (i.e., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee), arising out of vacancies in the Board of Directors shall be filled up within a period of 3 months from the date

of such vacancy. The same is proposed to align with similar amendment made for equity listed entities.

Consultation 6: Providing a timeline of 3 months to fill up vacancies in Board Committees

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to provide a timeline of 3 months to fill up vacancies in Board Committees i.e. Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee to align with similar amendment made for equity listed entities is appropriate and adequate?

iv. Regulation 62D(17) provides that the statement annexed to the notice as referred to in sub-section (1) of section 102 of the Companies Act, 2013 for each item of special business to be transacted at a general meeting shall also set forth clearly the recommendation of the board of directors to the shareholders on each items.

Proposal 7: It is proposed that the recommendation of the Board to the shareholders shall also contain rationale on each item of special business. The same is proposed to align with similar amendment made for equity listed entities.

Consultation 7: Recommendations of the Board to the shareholders to specifically include rationale of the board of directors

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal on recommendations of the Board to the shareholders to specifically include the rationale on each item of special business, to align with similar amendment made for equity listed entities is appropriate and adequate?

c) To substitute the term 'year' with the term 'financial year'

For Regulation 17(2), 17(6)(ca), 18(2)(a), 19(3A), 20(3A), 21(3A) of LODR Regulations applicable for equity listed entities, the term "year" has been substituted with the term "financial year" since the term 'financial year' is defined in Regulation 2(1)(i) of the LODR Regulations. Accordingly, there is a need to align the term for similar provisions related to HVDLEs.

Proposal 8: It is proposed that the term 'year' be substituted with the term 'financial year' in regulations 62D(6)(Board of Directors), 62D(11)(d)(Board of Directors), 62F(2) (Audit committee), 62G(6) (Nomination and remuneration committee), 62H(5) (Stakeholders Relationship Committee) and 62I(4) (Risk Management committee). The same is proposed to align with similar amendment made for equity listed entities.

Consultation 8: Drafting changes to term 'financial year'

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to substitute the term 'year' with the term 'financial year' in regulations 62D(6)(Board of Directors), 62D(11)(d)(Board of Directors), 62F(2) (Audit committee), 62G(6) (Nomination and remuneration committee), 62H(5) (Stakeholders Relationship Committee) and 62I(4) (Risk Management committee) to align with similar amendment made for equity listed entities is appropriate and adequate?

d) Obligations with respect to independent directors

Regulation 62N (7) provides that an independent director who resigns or is removed from the board of directors of the HVDLE shall be replaced by a new independent director by the HVDLE not later than three months from the date of such vacancy: Provided that where the HVDLE fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or

removal, the requirement of replacement by a new independent director shall not apply.

Similar provision applicable to equity listed entities as provided under Regulation 25(6) of LODR Regulations has been omitted w.e.f. December 13, 2024. Accordingly, there is a need to align the same for HVDLEs.

Proposal 9: It is proposed to delete the above mentioned provision 62N(7) applicable for HVDLEs to align with similar omission made for equity listed entities. The same appear to be superfluous since regulation 62D(5) provides for timeline for filling up the vacancy of director and is applicable to all directors, including independent directors.

Consultation 9: Obligations with respect to independent directors

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal of omitting the requirement that an independent director who resigns or is removed from the board of directors of the HVDLE shall be replaced by a new independent director by the HVDLE not later than three months from the date of such vacancy provided that where the HVDLE fulfils the requirement of independent directors in its board of directors without filling the vacancy created by such resignation or removal, the requirement of replacement by a new independent director shall not apply, to align with similar amendment made for equity listed entities, is appropriate and adequate?

e) Corporate governance requirements with respect to unlisted material subsidiary of HVDLE

Regulation 62L(6) provides for approval of shareholders in case of Selling, disposing and leasing of assets amounting to more than twenty percent of the assets of the unlisted material subsidiary on an aggregate basis during a financial year. Similar provisions applicable to equity listed entities as provided under Regulation 24(6) has

provided exemption if such, disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity w.e.f. December 13, 2024. Accordingly, there is a need to align the same for HVDLEs.

Proposal 10: It is proposed that the requirement of approval of shareholders shall not be applicable if such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the HVDLE. The same is proposed to align with similar exemption made for equity listed entities

Consultation 10: Subsidiary related compliance requirements

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal of exemption from the requirement of approval of shareholders for sale, disposal and leasing of assets, as long as such sale, disposal or lease of assets is between two wholly-owned subsidiaries of the HVDLE, to align with similar exemption made for equity listed entities is appropriate and adequate?

f) Vacancies in respect of Certain Key Managerial Personnel (KMP)

Regulation 62P *inter-alia* provides the timeline of filling vacancies of KMP for HVDLEs which is three months from date of such vacancies. For the listed entities, the corresponding provision under Regulation 26A has been amended w.e.f. December 13, 2024 to provide additional time by permitting 3 months for filling up the vacancy of KMPs subject to having at least one full-time KMP for companies coming out of corporate insolvency resolution process (CIRP) to ensure compliance with LODR. Accordingly, there is a need to provide the similar exemption for HVDLEs coming out of CIRP.

Proposal 11: It is proposed that HVDLE shall fill vacancy of KMP within three months of the approval of a resolution plan under Section

31 of the Insolvency Code, wherever such resolution plan has been approved. The same is proposed to align with similar amendment made for equity listed entities.

Consultation 11: Relaxations from compliance requirements due to Insolvency and Bankruptcy Code, 2016 (IBC Framework)

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal of providing timeline of 3 months from approval of the Resolution plan for filling up the vacancy of KMPs subject to having at least one full-time KMP for HVDLEs for which a resolution plan under Insolvency code has been approved, to align with similar amendment made for equity listed entities is appropriate and adequate?

g) Other Corporate Governance Requirements:

- i. Regulation 62Q (2)(a) provides time period of 21 days to HVDLEs to submit the periodic compliance report. The corresponding provision of equity listed entities (Regulation 27(2)(a)), instead of specifying number of days for submitting such report, enables Board to prescribe timeline from time to time.

Proposal 12: It is proposed to enable Board to prescribe timeline for submission of periodic compliance report by HVDLEs to align with similar amendment made for equity listed entities.

Consultation 12: Other Corporate Governance Requirements

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to replace the timelines of 21 days to HVDLEs to submit the periodic compliance report with enabling provision for Board to prescribe timeline from time to time, to align with similar amendment made for equity listed entities is appropriate and adequate?

- ii. Regulation 62Q (2)(b) requires HVDLEs to disclose details of all material transactions with related parties along with the periodic compliance report. The corresponding provision Regulation 27(2)(b) of equity listed entities has been modified to omit such requirements.

Proposal 13: It is proposed to omit the requirement of disclosure of material transactions with related parties along with the periodic compliance report of HVDLE since the same already exists in Regulation 23(9) of LODR. Accordingly, it is proposed to align with similar amendment made for equity listed entities in the interest of ease of doing business.

Consultation 13: Other Corporate Governance Requirements

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal to omit the requirement of disclosure of material transactions with related parties along with the periodic compliance report of HVDLE, since the same already exists in Regulation 23(9) of LODR, and to align with similar amendment made for equity listed entities in the interest of ease of doing business is appropriate and adequate?

h) Secretarial Audit and Secretarial Compliance Report

Regulation 62M provides the requirements for Secretarial Audit to be undertaken by HVDLEs and its material unlisted subsidiaries incorporated in India.

In order to strengthen the secretarial audit at equity listed entities and to prevent conflict of interests, the corresponding requirements for equity listed entities has been updated as under w.e.f. December 13, 2024.

- (i) Provisions relating to appointment, reappointment of secretarial auditors to be inserted in LODR Regulations which are similar to the provisions for appointment, re-appointment of statutory

auditors prescribed under section 139 (1) and (2) of Companies Act, 2013. An individual may be appointed for a term of 5 years and a firm may be appointed for a maximum of 2 terms of 5 years each subject to approval of shareholders in a general meeting.

- (ii) Provisions relating to eligibility (shall be a peer reviewed company secretary) and disqualifications (where there is conflict of interest) has been prescribed.
- (iii) A cooling-off period of 5 years for re-appointment of an individual as a secretarial auditor (after one term of 5 years) and for re-appointment of a secretarial audit firm (after two consecutive terms of 5 years) has been prescribed.
- (iv) Provisions relating to removal of secretarial auditors with the approval of shareholders of a listed entity to be inserted in the LODR Regulations.
- (v) The Secretarial Compliance Report submitted by a listed entity to be signed only by the Secretarial Auditor or by a Peer Reviewed Company Secretary who satisfies the aforesaid requirements.

Proposal 14: It is proposed to prescribe the above mentioned secretarial audit requirements for HVDLEs in line with the amendments made for equity listed entities.

Consultation 14: Secretarial Audit and Secretarial Compliance Report

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal of introducing provisions relating to appointment, reappointment, removal and disqualifications for Secretarial Auditor of HVDLE in line with the amendments made for equity listed entities is appropriate and adequate?

3.3. Proposal III: Measures facilitating ease of doing measures for HVDLEs with regards to Related Party Transactions (RPT)

3.3.1. In the past, certain amendments have been made for RPT of equity listed entities. Accordingly, there is a need to align the same for HVDLEs. Given below are the provisions/ proposals related to RPT which are (i) already notified and (ii) approved by SEBI Board in its meeting dated September 12, 2025.

i) Related Party Transactions (notified for equity listed entities w.e.f. December 13, 2024):

Regulation 62K deals with obligations of HVDLEs with regards to RPT. Similar provisions applicable to equity listed entities under Regulation 23 have been modified w.e.f. December 13, 2024. Accordingly, there is a need to align the applicable provisions for HVDLEs with regards to RPT. In this regard, the changes made w.e.f. December 13, 2024 for equity listed entities are as under

- i. Remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require approval of the audit committee provided that the same is not material. Consequently, the remuneration and sitting fees paid by the listed entity or its subsidiary to its director, key managerial personnel or senior management, except who is part of promoter or promoter group, shall not require disclosure provided that the same is not material.
- ii. The members of the audit committee, who are independent directors, may provide post-facto ratification to related party transactions within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to the following conditions:

- the value of the ratified transaction(s) with a related party, whether entered into individually or taken together, during a financial year shall not exceed rupees one crore;
 - the transaction is not material in terms of the provisions of sub-regulation (1) of this regulation;(iii) rationale for inability to seek prior approval for the transaction shall be placed before the audit committee at the time of seeking ratification;
 - the details of ratification shall be disclosed along with the disclosures of related party transactions in terms of the provisions of sub-regulation (9) of this regulation;
 - any other condition as specified by the audit committee:
- iii. The failure to seek ratification of the audit committee shall render the transaction voidable at the option of the audit committee and if the transaction is with a related party to any director, or is authorised by any other director, the director(s) concerned shall indemnify the listed entity against any loss incurred by it
- iv. Audit committee may grant omnibus approval for related party transactions proposed to be entered by its subsidiary in addition to listed entity subject to the certain conditions.
- v. Regulation 23(5) *inter-alia* specifies transactions which are exempted from compliance with Regulation 23(2), (3) and (4) of the LODR Regulations. In this provision, the term 'government company is substituted by 'public sector company'.
- vi. Under Regulation 23(5), the following two transactions are also exempted from compliance with Regulation 23(2), (3) and (4) of the LODR Regulations:
- 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.

- 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.

Proposal 15: To promote the objective of EODB and also to harmonize the provisions related to RPT, it is proposed to provide cross referencing of provisions of Regulation 23 in Regulation 62K of LODR. Further the requirements of NOC of Debenture trustee and the debenture holders shall be retained for HVDLEs as provided under Regulation 62K(5), 62K(6) and 62K(7) of LODR Regulations.

- j) Related Party Transactions (approved for equity listed entities in SEBI board meeting held on September 12, 2025):

SEBI in its Board meeting held on September 12, 2025 has approved modifications to certain provisions related to RPT under Regulation 23 applicable for listed entities. The said modifications have been enumerated as below:

1. Threshold for determining material RPTs:

- i. It has been approved by SEBI Board to introduce following scale-based thresholds for consideration of material RPTs, based on the annual consolidated turnover.

Scale-based threshold	
Buckets of Annual consolidated turnover	Threshold

Up to Rs. 20,000 Crore	10% of annual consolidated turnover of the listed entity
More than 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.3000 Crore + 2.5% of annual consolidated turnover of the listed entity above Rs.40,000 crore or Rs.5,000 crore, whichever is lower.

The annual consolidated turnover shall be as per the last audited financial statements.

An absolute threshold of Rs.5,000 Crore as upper ceiling is also approved for the listed entities having turnover above Rs.40,000 Crore, in order to protect the interest of minority shareholders. The aforesaid scale-based threshold would ensure that materiality threshold increases with the increase in the turnover of the company leading to an appropriate number of RPTs being categorised as material thereby reducing the burden on listed entities.

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

- i. It has been approved by SEBI Board that a RPT above Rs.1 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:
 - a) 10% of the annual standalone turnover of the subsidiary as per the last audited financial statements of the subsidiary. Or;

- b) the threshold for material related party transactions of listed entity as determined in accordance with threshold under Regulation 23(1) of the LODR.
- ii. In case the subsidiary does not have audited financial statements for a period of atleast one year, prior approval of 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) 10% of 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. Or
- ii) the threshold for material RPT of listed entity as determined in accordance with the threshold under Regulation 23(1) of LODR i.e. scale-based threshold.
3. Inclusion of provision in LODR with respect to validity of omnibus approval for RPTs granted by the shareholders
- i. The following clauses have been included with regards to omni-bus approval by the shareholders for related party transactions under Regulation 23(4)
- 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 15 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.
4. Clarification in respect of applicability of provision of regulation 23(5)(b) of LODR to 'listed' holding company.

Regulation 23(5) of LODR Regulations provides for transactions where audit committee and shareholder approval are not required for RPT transactions. For the removal of doubt, it has been approved to clarify in the said provision that the term “holding company” used in clause 23(5)(b) refers to and shall be deemed to have always referred to “listed holding company.”

Proposal 16: To promote EODB and also to harmonize the provisions related to RPT, it is proposed to provide cross referencing of provisions of Regulation 23 in Regulation 62K of LODR. Further the requirements of NOC of Debenture trustee and the debenture holders shall be retained for HVDLEs as provided under Regulation 62K(5), 62K(6) and 62K(7) of LODR Regulations.

Consultation 15: Provisions related to Related Party Transactions (RPTs)

Kindly provide your comments for the below item along with supporting rationale:

- 1) Whether the proposal of harmonising the provisions related to RPTs, by cross referencing of provisions of Regulation 23 in Regulation 62K of LODR while retaining the requirements of NOC of Debenture trustee and the debenture holders is appropriate and adequate?

Enclosures:

1. A table containing the proposed changes related to Proposal II is placed at Annexure A([Click here](#))
2. A table containing the proposed changes related to Proposal III is placed at Annexure B([Click here](#))

Public Comments

4. Considering the implications of the aforementioned matters on the market participants, public comments are invited on the above-detailed proposals. The comments/ suggestions should be submitted through the following mode latest by November 17, 2025 :-

4.1. Preferably through Online web-based form

4.1.1. The comments may be submitted through the following link:

<https://www.sebi.gov.in/sebiweb/publiccommentv2/PublicCommentAction.do?doPublicComments=yes>

4.1.2. The instructions to submit comments on the consultation paper are as under:

1. *Before initiating the process, please read the instructions given on top left of the web form as “Instructions”.*
2. *Select the consultation paper you want to comment upon from the dropdown under the tab – “Consultation Paper” after entering the requisite information in the form.*
3. *All fields in the form are mandatory;*
4. *Email Id and phone number cannot be used more than once for providing comments on a particular consultation paper.*
5. *If you represent any organization other than the types mentioned under dropdown in “Organization Type”, please select “Others” and mention the type, which suits you best. Similarly, if you do not represent any organization, you may select “Others” and mention “Not Applicable” in the text box.*
6. *There will be a dropdown of Proposals in the form. Please select the proposals one- by-one and for each of the proposal, please record your level of agreement with the selected proposal. Please note that submission of agreement level is mandatory.*
7. *If you want to provide your comments for the selected proposal, please select “Yes” from the dropdown under “Do you want to*

comment on the proposal” and use the text boxes provided for the same.

8. After recording your response to the proposal, click on “Submit” button. System will save your response to the selected proposal and prompt you to record your response for the next proposal. Please follow this procedure for all the proposals given in the dropdown.
9. If you do not want to react on any proposal, please select that proposal from the dropdown and click on “**Skip this proposal**” and move to the next proposal.
10. After recording your response to all the proposals, you may see your draft response to all of proposals by clicking on “**Check your response before submitting**” just before submitting response to the last proposal in the dropdown. A pdf copy of the response can also be downloaded from the link given in right bottom of the web page.
11. The final comments shall be submitted only after recording your response on all of the proposals in the consultation paper

4.1.3. In case of any technical issue in submitting your comment through web based public comments form, you may contact the following through email with a subject: “Issue in submitting comments on Consultation on Relaxation in the threshold for identification of High Value Debt Listed Entities (HVDLEs) and measures facilitating ease of doing measures for HVDLE including provisions relating to Related Party Transactions”.

- a) Mr. Rohit Dubey, GM (rohitd@sebi.gov.in)
- b) Mr. Appin Gothwal, AGM (apping@sebi.gov.in)
- c) Ms. Rinki Goswami, M (rinkig@sebi.gov.in)

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