

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

Existing provision for HVDLE	Suggested changes for HVDLE
62K(1) The HVDLE shall formulate a policy on materiality of related party transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors and such policy shall be reviewed by the board of directors at least once every three years and updated accordingly: Provided that a transaction with a related party shall be considered material, if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceeds Rupees one thousand crore or ten per cent of the annual consolidated turnover of the listed entity as per the last audited financial statements of the listed entity, whichever is lower.	<i>Revised 62K(1): HVDLE shall comply with the provisions of regulation 23 above in respect of related party transactions. For the purpose of this regulation word “listed entity” mentioned in regulation 23 shall be read as “HVDLE”</i>
62K(2) Notwithstanding the above, a transaction involving payments made to a related party with respect to brand usage or royalty shall be considered material if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year, exceed five per cent. of the annual consolidated turnover of the HVDLE as per the last audited financial statements of the HVDLE.	<i>62K(2): Deleted</i>
62K(3) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the HVDLE:	<i>62K(3): Deleted</i>

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Provided that only those members of the audit committee, who are independent directors, shall approve related party transactions: Provided further that: (a) the audit committee of a HVDLE shall define “material modifications” and disclose it as part of the policy on materiality of related party transactions and on dealing with related party transactions; (b) a related party transaction 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 HVDLE if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year exceeds ten per cent. of the annual consolidated turnover, as per the last audited financial statements of the listed entity; (c) a related party transaction to which the subsidiary of a HVDLE is a party but the HVDLE is not a party, shall require prior approval of the audit committee of the HVDLE if the value of such transaction whether entered into individually or taken together with previous transactions during a financial year, exceeds ten per cent. of the annual standalone turnover, as per the last audited financial statements of the subsidiary; (d) prior approval of the audit committee of the HVDLE shall not be required for a related party transaction to which the listed subsidiary is a party but the listed	

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entity is not a party, if regulation 23 and sub-regulation (2) of regulation 15 of these regulations are applicable to such listed subsidiary. Explanation: — For related party transactions of unlisted subsidiaries of a listed subsidiary as referred to in clause (d) above, the prior approval of the audit committee of the listed subsidiary shall suffice.	
62(K)(4) Audit committee may grant omnibus approval for related party transactions proposed to be <u>entered into by the HVDLE</u> subject to the following conditions, namely-.... (a) the audit committee shall lay down the criteria for granting the omnibus approval in line with the policy on related party transactions of the HVDLE and such approval shall be applicable in respect of transactions which are repetitive in nature; (b) the audit committee shall satisfy itself regarding the need for such omnibus approval and that such approval is in the interest of the listed entity; (c) the omnibus approval shall specify: (i) the name(s) of the related party, nature of transaction, period of transaction, maximum amount of transactions that shall be entered into; (ii) the indicative base price / current contracted price and the formula for variation in the price if any; and (iii) such other conditions as the audit committee may deem fit: Provided that where the need for related party transaction cannot be foreseen and aforesaid details are not available, audit committee may grant omnibus approval	<i>62K(4): Deleted</i>

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for such transactions subject to their value not exceeding Rupees one crore per transaction. (d) the audit committee shall review, at least on a quarterly basis, the details of related party transactions entered into by the HVDLE pursuant to each of the omnibus approvals given. (e) Such omnibus approvals shall be valid for a period not exceeding one year.	
62K(5) All material related party transactions and subsequent material modifications as defined by the audit committee under sub-regulation (3) shall require prior No-Objection Certificate from the Debenture Trustee and the Debenture Trustee shall in turn obtain No-Objection from the debenture holders who are not related with the Issuer and hold atleast more than fifty per cent. of the debentures in value, on the basis of voting including e-voting.	No change
62K(6) After obtaining approval of the debenture holders, approval of the shareholders through resolution shall be obtained. <i>Explanation (1):</i> —If the No-Objection Certificate has been withheld, the matter shall not be taken forward for shareholders' consideration. <i>Explanation (2):</i> —This No-Objection Certificate from Debenture Trustee and debenture holders shall be obtained in respect of listed debt securities issued on or after April 01, 2025: Provided that in case of outstanding listed debt securities as on March 31, 2025, No-Objection Certificate from Debenture Trustee and debenture holders shall not be required for existing or prospective material related party transactions: Provided further that prior approval of the shareholders and No-objection Certificate by Debenture Trustee of a	No change

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HVDLE, in the manner as specified in sub-regulation (5) of regulation 62K of these regulations shall not be required for a related party transaction to which the listed subsidiary is a party but the listed entity is not a party, if regulation 62K of these regulations is applicable to such listed subsidiary. <i>Explanation (3):</i>—For related party transactions of unlisted subsidiaries of a listed subsidiary as referred above, the prior approval of the shareholders and No-objection Letter from Debenture Trustee of the listed subsidiary, in the manner as specified in sub-regulation (5) of regulation 62K of these regulations, shall be obtained: Provided that the requirements specified under this sub-regulation shall not apply in respect of a resolution plan approved under section 31 of the Insolvency Code, subject to the event being disclosed to the recognized stock exchanges within one day of the resolution plan being approved.	
62K(7)The provisions of sub-regulations (3), (4) and (5) shall not be applicable in the following cases: (a) transactions entered into between two government companies; (b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval; and (c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. <i>Explanation:</i>—For the purpose of clause (a) of this sub-regulation, "government company" means Government company as defined in sub-section (45) of section 2 of the Companies Act, 2013.	62K(7)The provisions of sub-regulations (3), (4) and (5) shall not be applicable in the following cases: (a) transactions entered into between two government—public sector companies; (b) transactions entered into between a holding company and its wholly owned subsidiary whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval; and (c) transactions entered into between two wholly-owned subsidiaries of the listed holding company, whose accounts are consolidated with such holding company and placed before the shareholders at the general meeting for approval. (d) transactions which are in the nature of payment of statutory dues, statutory fees or statutory charges entered into between an entity on one

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	hand and the Central Government or any State Government or any combination thereof on the other hand. (e) 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.
62K(8)The provisions of this regulation shall be applicable to all transactions entered into on or after April 01, 2025.	62K(8): Deleted
62K(9)The HVDLE shall submit to the stock exchanges disclosures of related party transactions in the format as specified by the Board from time to time, and publish the same on its website: Provided that a HVDLE shall submit such disclosures along with its standalone financial results for the half year	62K(9): Deleted