

## **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**

### **1. Objective:**

- 1.1. This Board Memorandum proposes amendments to the SEBI (Listing obligations and Disclosure Requirements) Regulations, 2015 ('LODR Regulations'), to provide relaxation in the threshold for identification of High Value Debt Listed Entities (HVDLEs) and to align the corporate governance (CG) norms of HVDLEs with recent amendments carried out for equity listed entities facilitating ease of doing business.

### **2. Background:**

- 2.1. In September 2021, SEBI expanded the scope of CG norms applicable for equity listed entities under Regulation 16 to Regulation 27 under Chapter IV of LODR Regulations. These norms were made applicable to entities with only listed debt securities having outstanding value of listed non-convertible debt securities of INR. 500 crores and above, and were referred to as HVDLEs. These provisions, inter-alia, relate to the composition of Board of Directors, constitution of various committees, stipulations related to Related Party Transactions (RPTs), etc. The said provisions were applicable on a comply or explain basis till March 31, 2025 and mandatory thereafter.
- 2.2. Subsequently, in December 2024, SEBI approved the proposal to introduce a separate chapter, 'Chapter VA - Corporate Governance Norms for a Listed Entity which has Listed its Non-Convertible Debt securities', within the LODR regulations for HVDLEs (i.e. pure debt listed entities). Further, the threshold for identification of HVDLEs was increased from INR 500 crores to INR 1000 crores. The aforesaid amendments were notified on March 28, 2025, making the new,

mandatory CG norms applicable to all entities having outstanding listed non-convertible debt securities of Rs.1000 crores and above from April 01, 2025.

- 2.3. Meanwhile, separate amendments to CG provisions under Regulations 16 to 27 of LODR Regulations were notified on December 13, 2024 and December 31, 2024. Further, in November 2025, certain amendments were notified to provisions relating to Related Party Transactions ('RPTs') under Regulation 23 of the LODR Regulations. As a result of these concurrent changes, the corporate governance requirements under the new Chapter VA for HVDLEs no longer align with those prescribed for equity-listed entities under Chapter IV of the LODR Regulations.
- 2.4. In this regard, inputs were also shared by Market participants regarding the need to align the CG norms prescribed for HVDLEs with equity listed entities as well as to increase the threshold for identification of HVDLEs from the current value of INR 1000 Crores.
- 2.5. In light of these misalignments, it is proposed to review the corporate governance norms for HVDLEs, including provisions regarding Related Party Transactions (RPTs), to align with the regulations applicable for equity-listed entities wherever relevant and appropriate. Accordingly, this Memorandum shall discuss in detail the following proposals along with the draft amendment thereof, in the subsequent paragraphs.
  - 2.5.1. Proposal I: Relaxation in the threshold for identification of HVDLEs
  - 2.5.2. Proposal II: Measures facilitating ease of doing business for HVDLEs (excluding measures related to RPTs)
  - 2.5.3. Proposal III: Measures facilitating ease of doing measures for HVDLEs with regards to RPTs

### **3. Review Process and Analysis:**

- 3.1. SEBI issued a consultation paper titled "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<sup>1</sup>” on October 27, 2025.

3.2. The proposals on which public comments were sought along with analysis of the comments received from public are given below:

3.2.1. A total of 123 comments were received out of which 121 comments were received online and remaining 2 comments were received through email. Proposal wise level of agreement is given in below table. Comments received through email, have not indicated their level of agreement (i.e. partially agree, disagree etc.) hence the same are not counted in the below table. Summary of the responses received is as under:

Table no. 1

Proposals		No. of people/entities agreeing to the proposal				
			Strongly agree + agree	Partially agree	Disagree + strongly disagree	Total
1	Whether the proposal to increase the threshold for identification for HVDLEs from INR 1000 crores to INR 5000 crores is appropriate and adequate?	in no.	11	2	0	13
		in %	85%	15%	0%	100%
2	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	in no.	8	1	0	9
		in %	89%	11%	0%	100%

<sup>1</sup> <https://www.sebi.gov.in/reports-and-statistics/reports/oct-2025/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-relatin-97451.html>

Proposals		No. of people/entities agreeing to the proposal				
P. No.	Proposal Description		Strongly agree + agree	Partially agree	Disagree + strongly disagree	Total
	equity listed entities is appropriate and adequate?					
3	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?	in no.	6	0	1	7
		in %	86%	0%	14%	100%
4	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?	in no.	7	0	0	7
		in %	100%	0%	0%	100%
5	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	in no.	7	1	0	8
		in %	88%	13%	0%	100%

Proposals		No. of people/entities agreeing to the proposal				
P. No	Proposal Description		Strongly agree + agree	Partially agree	Disagree + strongly disagree	Total
	with similar amendment made for equity listed entities is appropriate and adequate?					
6	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?	in no.	7	0	0	7
		in %	100%	0%	0%	100%
7	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?	in no.	7	0	1	8
		in %	88%	0%	13%	100%
8	Whether the proposal to substitute the term 'year' with the term 'financial	in no.	7	0	0	7

Proposals		No. of people/entities agreeing to the proposal				
P. No	Proposal Description		Strongly agree + agree	Partially agree	Disagree + strongly disagree	Total
	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?	in %	100%	0%	0%	100%
9	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	in no.	7	0	0	7
		in %	100%	0%	0%	100%

Proposals		No. of people/entities agreeing to the proposal				
P. No	Proposal Description		Strongly agree + agree	Partially agree	Disagree + strongly disagree	Total
	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?					
10	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?	in no.	8	0	0	8
		in %	100%	0%	0%	100%
11	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,	in no.	6	0	0	6
		in %	100%	0%	0%	100%

Proposals		No. of people/entities agreeing to the proposal				
P. No	Proposal Description		Strongly agree + agree	Partially agree	Disagree + strongly disagree	Total
	to align with similar amendment made for equity listed entities is appropriate and adequate?					
12	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?	in no.	7	1	0	8
		in %	88%	13%	0%	100%
13	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?	in no.	7	0	0	7
		in %	100%	0%	0%	100%
14	Whether the proposal of introducing provisions relating to appointment,	in no.	5	1	0	6

Proposals		No. of people/entities agreeing to the proposal				
P. No.	Proposal Description		Strongly agree + agree	Partially agree	Disagree + strongly disagree	Total
	reappointment, removal and disqualifications for Secretarial Auditor of HVDLE in line with the amendments made for equity listed entities is appropriate and adequate?	in %	83%	17%	0%	100%
15	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?	in no.	7	6	0	13
		in %	54%	46%	0%	100%

3.3. The proposals indicated in the above-mentioned consultation papers, suggestions received from the public and views of SEBI thereon were placed before the CoBoSAC in the meeting held on November 26, 2025. The details of the same are placed at **Annexure –A**. Based on the review of comments received from public, recommendations of the CoBoSAC and internal deliberations, this memorandum is placed before the Board for approval.

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

#### 4.1. **Background:**

4.1.1. Currently, the corporate governance norms are applicable on a mandatory basis for all entities that have outstanding listed non-convertible debt securities of Rs.1000 crores and above i.e. HVDLEs. Further, HVDLE is required to comply with these norms for a period of three consecutive financial years even if it ceases to exist as HVDLE.

4.1.2. 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.
- iv. 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.
- v. 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.

- vi. 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 is just 2–10% of their annual borrowing programme, and does not constitute a “high value” in today’s market environment.

4.1.3. Based on the feedback/ inputs received from the stakeholders, it was recommended to SEBI to increase the threshold for identification of HVDLE from INR.1000 crores to INR. 5000 crores.

#### 4.2. **Extant regulatory provision:**

Regulation 15(1A) and 15(1AA) under Chapter IV-( Obligations Of A Listed Entity Which Has Listed Its Specified Securities And Non-Convertible Debt Securities) of LODR Regulations and Regulation 62C (1) and 62C(2) under Chapter VA-(Corporate Governance Norms For A Listed Entity Which Has Listed Its Non-Convertible Debt securities) of LODR Regulations read as under:

*“15(1A) The provisions of this regulation and regulation 16 to regulation 27 of this chapter shall apply to a listed entity which has listed its non-convertible debt securities and has an outstanding value of listed non-convertible debt securities of Rupees One Thousand Crore and above...”*

*“(1AA) Notwithstanding anything contained in sub-regulation (3) of regulation 3, once the regulation 15 to 27 become applicable to a ‘high value debt listed entity’, the said regulations continue to apply till value of the outstanding listed debt securities as on March 31 in a year, reduces and remains below the specified threshold for a period of three consecutive financial years”.*

*“62C(1) The provisions of this chapter shall apply to a listed entity which only has non-convertible debt securities listed, with an outstanding value of Rupees*

One Thousand Crore and above and does not have any listed specified securities<sup>2</sup>.....”

“**62C (2)** Notwithstanding anything contained in sub-regulation (3) of regulation 3, once the provisions of this Chapter become applicable to a ‘high value debt listed entity’, the said regulations shall continue apply till the value of the outstanding listed debt securities as on March 31 in a year, reduces and remains below the specified threshold for a period of three consecutive financial years.

*Explanation: —The provisions of this sub-regulation shall become applicable with effect from April 01, 2025.”*

#### 4.3. Rationale and Proposal:

4.3.1. According to the market feedback, the previous ₹1,000 crore threshold is considered too low for many large entities, forcing them to comply with potentially unnecessary and costly regulations for routine treasury issuances.

4.3.2. Data analysis of debt issuers as on June 30, 2025, is as under:

Table no. 2

<b>Particulars (As on June 30, 2025)</b>	<b>Total</b>	<b>NBFC/ Banks/ HFCs/ ARC/Ins urance Cos.</b>	<b>PSU</b>	<b>REIT/ InvIT</b>	<b>Corporates</b>
Number of pure debt listed entities having outstanding amount of INR 1000 Crores and above	137	67 (49%)	22 (16%)	11 (8%)	37 (27%)
Number of pure debt listed entities having outstanding amount between INR 1000 crores and INR 5000 Crores	89	47 (53%)	6 (7%)	8 (9%)	28 (31%)
Number of pure debt listed entities having outstanding amount of INR 5000 Crores and above	48	20 (42%)	16 (33%)	3 (6%)	9 (19%)

(Source: Depositories and stock exchanges)

<sup>2</sup> “specified securities” means equity shares and convertible securities, in terms of 2 (1) (eee) under the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018

The above data shows that approximately 62% (~55 out of 89) of the entities, which are set to be excluded due to the increased threshold, are also subject to respective regulations by RBI/NHB/SEBI/IRDAI in addition to being regulated as listed debt. The majority of these entities (53%) are Non-Banking Financial Companies (NBFCs), Banks, Housing Finance Companies (HFCs), Asset Reconstruction Companies (ARCs) regulated by RBI and insurance companies regulated by IRDAI, while the remaining 9% are Real Estate Investment Trusts (REITs) and Infrastructure Investment Trusts (InvITs) separately overseen by SEBI.

4.3.3. Since the proposed change ease the compliance burden for a significant number of HVDLEs and promote ease of doing business for issuers, it is proposed that the threshold for identification for HVDLEs may be increased from INR 1000 crores to INR. 5000 crores.

4.3.4. Further, as per current provisions under Regulations 15(1AA) and 62C(2) of LODR, an entity once classified as HVDLE is required to comply with CG norms till value of the outstanding listed debt securities as on March 31 in a year, reduces and remains below the specified threshold for a period of three consecutive financial years. However, due to this clause, the entities which would cease to exist as HVDLE based on higher threshold would be required to comply with the CG norms for at least three years. To simplify compliance for entities that will no longer be classified as HVDLEs based on revised threshold and to align with the goal of easing compliance burden on such entities, it is proposed to rescind continuous applicability with CG norms for entities which cease to be classified as HVDLEs in terms of revised threshold.

## **5. Proposal II: Measures facilitating ease of doing business for HVDLEs (excluding measures related to RPTs)**

### **5.1. Background:**

5.1.1. To remove misalignments on account of the concurrent changes made to Regulations 16 to 27 of LODR Regulations as mentioned at para 2.3 above,

and ensure consistency in the corporate governance requirements for HVDLEs (under the new Chapter VA of LODR Regulations) and those for equity-listed entities (under Chapter IV of LODR Regulations), the following amendments are proposed in chapter VA of LODR Regulations:

## 5.2. **Modifications in the definitions of ‘material subsidiary’**

5.2.1. **Extant regulatory provision:** Explanation to Regulation 62L(1) of LODR Regulations reads as under:

***“Corporate governance requirements with respect to unlisted material subsidiary of HVDLE***

***“62L. (1) At least one independent director, on the board of directors of the HVDLE, shall be a director on the board of directors of an unlisted material subsidiary, whether incorporated in India or not.***

*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.”*

### 5.2.2. **Rationale and Proposal:**

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.

## 5.3. **Corporate governance norms w.r.t Board of Directors**

### 5.3.1. **Extant regulatory provision:**

Regulation 62D(2), 62D(3), 62D(5) ,62D(17) of LODR Regulations reads as under:

***“Board of Directors***

***62D.***

.....

(2) *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*

(3) *The HVDLE shall ensure that approval of shareholders for appointment or re-appointment 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:*

.....

...

(5) *Any vacancy in the office of a director shall be filled by the listed entity at the earliest and in any case not later than three months from the date of such vacancy:*

*Provided that if the HVDLE becomes non-compliant with the requirement under sub-regulation (1) of this regulation, due to expiration of the term of office of any director, the resulting vacancy shall be filled by the listed entity not later than the date of such office is vacated:*

*Provided further that this sub-regulation shall not apply if the HVDLE fulfils the requirement under sub-regulation (1) of this regulation without filling the vacancy.*

...

...

(17) *The statement to be 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.”*

### 5.3.2. Rationale and Proposal:

To ensure alignment with similar amendment(s) made for equity listed entities the following are proposed:

- a) 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. It is proposed to additionally provide in Regulation 62D(2) 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.
  
- b) 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. It is proposed to provide in Regulation 62D(3) 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.
  
- c) It is further proposed that the requirements specified in 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. Further, it is proposed to

extend such exemption from shareholders' approval to a director nominated by a debenture trustee registered with SEBI.

d) 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). It is proposed to provide in Regulation 62D(5) 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.

e) 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. It is proposed to provide in Regulation 62D(17) 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.

#### **5.4. To substitute the term 'year' with the term 'financial year'**

##### **5.4.1. Extant regulatory provision:**

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) of LODR Regulations read as under:

**62D.** (6) *The board of directors shall meet at least four times a year, with a maximum time gap of one hundred and twenty days between any two meetings.*

**62 D.** (11)(d) *The approval of shareholders by special resolution shall be obtained every year, in which the annual remuneration payable to a single non-executive director exceeds fifty per cent. of the total annual remuneration payable to all nonexecutive directors, giving details of the remuneration thereof.*

**62F.** (2) *The HVDLE shall ensure that the meetings of the audit committee are conducted in the following manner:*

*(a) The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two consecutive meetings.*

.....

**62G.** (6) *The nomination and remuneration committee shall meet at least once in a year.*

**62H.** (5) *The stakeholders relationship committee shall meet at least once in a year.*

**62I.** (4) *The risk management committee shall meet at least twice in a year and not more than two hundred and ten days shall elapse between any two consecutive meetings.*

#### 5.4.2. **Rationale and Proposal:**

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. Thus, there is a need to align the term for similar provisions related to HVDLEs.

Accordingly, to align with similar amendment made for equity listed entities, 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).

## 5.5. **Obligations with respect to independent directors**

### 5.5.1. **Extant regulatory provision:**

Regulation 62N (7) of LODR Regulations reads as under:

#### ***Obligations with respect to independent directors.***

#### **62N. ....**

*(7) 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.*

### 5.5.2. **Rationale and Proposal:**

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. Thus, there is a need to align the same for HVDLEs.

Accordingly, to align with similar omission made for equity listed entities, it is proposed to delete the above mentioned provision 62N(7) of LODR Regulations, applicable for HVDLEs. Further, the same appears to be superfluous since regulation 62D(5) already provides for timeline for filling up the vacancy of director and is applicable to all directors, including independent directors.

5.6. **Corporate governance requirements with respect to unlisted material subsidiary of HVDLE**

5.6.1. **Extant regulatory provision:**

Regulation 62L (6) of LODR Regulations reads as under:

***“Corporate governance requirements with respect to unlisted material subsidiary of HVDLE***

**62L. ....**

*(6) Selling, disposing and leasing of assets amounting to more than twenty per cent. of the assets of the unlisted material subsidiary on an aggregate basis during a financial year shall require prior approval of shareholders by way of special resolution, unless the sale/disposal/lease is made under a scheme of arrangement duly approved by a Court/Tribunal, or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.*

5.6.2. **Rationale and Proposal:**

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 provision applicable to equity listed entities as provided under Regulation 24(6) has provided exemption from such approval, if such disposal or lease of assets is between two wholly-owned subsidiaries of the listed entity w.e.f. December 13, 2024. Thus, there is a need to align the same for HVDLEs.

Accordingly, to align with similar exemption made for equity listed entities, 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.

#### **5.7. Vacancies in respect of Certain Key Managerial Personnel (KMP)**

##### **5.7.1. Extant regulatory provision:**

Regulation 62P(1) of LODR Regulations reads as under:

***“Vacancies in respect of certain Key Managerial Personnel***

***62P. (1) Any vacancy in the office of Chief Executive Officer, Managing Director, Whole Time Director or Manager shall be filled by the HVDLE at the earliest and in any case not later than three months from the date of such vacancy:***

*....”*

##### **5.7.2. Rationale and Proposal:**

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. Thus, there is a need to provide the similar exemption for HVDLEs coming out of CIRP.

Accordingly, to align with similar amendment made for equity listed entities, 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.

## 5.8. **Other Corporate Governance Requirements**

### 5.8.1. **Extant regulatory provision:**

Regulation 62Q(2)(a) and 62Q(2)(b) of LODR Regulations reads as under:

***“Other corporate governance requirements.***

**62Q.....**

*(2) (a) The HVDLE shall submit a periodic compliance report on corporate governance in the format as specified by the Board from time to time to the recognized stock exchange(s) within twenty one days from the end of the period.*

*(b) Details of all material transactions with related parties shall be disclosed along with the report mentioned in clause (a) of this sub-regulation.*

....

### 5.8.2. **Rationale and Proposal:**

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.

Further, 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 in Regulation 27(2)(b) of equity listed entities has been modified to omit such requirements.

Accordingly, to align with similar amendment made for equity listed entities, the following are proposed:

- a) To remove the timeline of twenty-one days from the regulation and enable Board to prescribe timeline for submission of periodic compliance report by HVDLEs.
- b) To omit the requirement of disclosure of material transactions with related parties along with the periodic compliance report of HVDLE since the requirement of disclosure of related party transactions to the stock exchanges already exists in Regulation 62K(9).

#### 5.9. **Secretarial Audit and Secretarial Compliance Report**

##### 5.9.1. **Extant regulatory provision:**

Regulation 62 M(1) of LODR Regulations reads as under:

##### ***“Secretarial Audit and Secretarial Compliance Report.***

**62M.** (1) *Every HVDLE and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex a secretarial audit report given by a company secretary in practice, in such form as specified by the Board, with the annual report of the listed entity.*

(2) *Every HVDLE shall submit a secretarial compliance report in such form as specified by the Board, to stock exchanges, within sixty days from end of each financial year.”*

##### 5.9.2. **Rationale and Proposal:**

Regulation 62M provides the requirements for Secretarial Audit to be undertaken by HVDLEs and its material unlisted subsidiaries incorporated in India. The corresponding similar requirements for equity listed entities have been updated as under w.e.f. December 13, 2024 to strengthen the secretarial audit and to prevent conflict of interests:

- (i) Provisions relating to appointment, reappointment of secretarial auditors have been 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) have 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 have been inserted.
- (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.

It is proposed to prescribe the above mentioned secretarial audit requirements for HVDLEs in line with the amendments made for equity listed entities to strengthen the secretarial audit and to prevent conflict of interests.

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

### **6.1. Background:**

6.1.1. In December 2024, certain amendments were notified under Regulation 23 of the LODR Regulations for RPT related provisions of equity listed entities. Further, in November 2025, additional amendments were notified under Regulation 23 of the LODR Regulations. Accordingly, there is a need to align

the same for HVDLEs. Given below are the provisions/ proposals related to RPT of equity listed entities which are already notified.

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

- a) 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 audit committee approval or disclosure if it is not material.
- b) independent directors of the audit committee, can provide post-facto ratification to RPTs within three months from the date of the transaction or in the immediate next meeting of the audit committee, whichever is earlier, subject to certain conditions like transaction value does not exceed rupees one crore, is not material etc.
- c) The failure to seek ratification of the audit committee can 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.
- d) Audit committee can grant omnibus approval for RPTs to be entered by its subsidiary in addition to listed entity subject to the certain conditions.
- e) The term 'government company is substituted by 'public sector company' in Regulation 23(5).
- f) 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.

ii. **Related Party Transactions (notified for equity listed entities w.e.f. November 19, 2025):**

a) **Threshold for determining material RPTs**

Introduction of scale-based thresholds for consideration of material RPTs, based on the annual consolidated turnover.

<b>Scale-based threshold</b>	
<b>Consolidated Turnover of Listed Entity</b>	<b>Threshold</b>
(I) Up to ₹20,000 Crore	10% of the annual consolidated turnover of the listed entity
(II) More than ₹20,000 Crore to upto ₹40,000 Crore	₹2,000 Crore + 5% of the annual consolidated turnover of the listed entity above ₹20,000 Crore
(III) More than ₹40,000 Crore	₹3,000 Crore + 2.5% of the annual consolidated turnover of the listed entity above ₹40,000 Crore or ₹5000 Crores, whichever is lower.

**Explanation:** For the purpose of computing the thresholds stated above, the annual consolidated turnover of the listed entity shall be determined based on the last audited financial statements of the listed entity.

b) **Threshold for determining material RPTs undertaken by subsidiaries of a listed entity**

Prior approval of the audit committee of the listed entity is needed for a subsidiary's RPTs above Rs. 1 crore if it exceeds the lower of 10% of the annual standalone turnover of the subsidiary (or 10% of paid-up share capital and securities premium, if no audited financials of at least

one year) or the listed entity's material RPT threshold under Regulation 23(1) of LODR.

c) **Inclusion of provision in LODR with respect to validity of omnibus approval for RPTs granted by the shareholders**

Omnibus shareholder approvals for RPTs granted at an AGM shall be valid up to the next AGM held within the timelines prescribed under Section 96 of the Companies Act, 2013 (currently maximum 15 months), while such approvals obtained in general meetings (other than AGMs) shall be valid for a maximum of one year.

d) **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. It is clarified that in the said provision, the term "holding company" used in clause 23(5)(b) refers to and shall be deemed to have always referred to "listed holding company".

6.2. **Extant regulatory provisions:**

Regulation 62K of LODR Regulations reads as under:

***“Related party transactions.***

**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.”*

*(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.*

*(3) All related party transactions and subsequent material modifications shall require prior approval of the audit committee of the HVDLE: ...*

*(4) Audit committee may grant omnibus approval for related party transactions proposed to be entered into by the HVDLE subject to the following conditions, namely-...*

*(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 at least more than fifty per cent. of the debentures in value, on the basis of voting including e-voting.*

*(6) After obtaining approval of the debenture holders, approval of the shareholders through resolution shall be obtained.....”*

*(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.*

*Explanation: — 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."*

*(8) The provisions of this regulation shall be applicable to all transactions entered into on or after April 01, 2025.*

*(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.*

### **6.3. Rationale and Proposal:**

6.3.1. 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 and disclosure requirements shall be retained for HVDLEs as provided under Regulation 62K(5), 62K(6) 62K(7), 62K(8) and 62K(9) of LODR Regulations.

6.3.2. Based on the feedback received during public consultation, it is additionally proposed to amend Regulation 62K(5) to enable SEBI to provide for manner of taking the approval from Debenture Holders.

## **7. Proposal to the Board:**

7.1. The Board is requested to:

7.1.1. consider and approve the proposals as detailed in paragraph 4.3.3, 4.3.4, 5.2.2, 5.3.2 5.4.2., 5.5.2, 5.6.2, 5.7.2, 5.8.2, 5.9.2, 6.3.1 and 6.3.2 above and the consequent draft amendment notifications to the LODR Regulations placed at **Annexure - B**

7.1.2. authorize the Chairman to make consequential and incidental changes and take necessary steps to give effect to the decisions of the Board.

**Enclosures:**

1. Annexure A to Board Memorandum (39 pages)
2. Annexure B to Board Memorandum (11 pages)

## Annexure A

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
<b>Proposal I: Relaxation in the threshold for identification of High Value Debt Listed Entities(HVDLEs)</b>					
1.	<p>Relaxation in the threshold for identification of High Value Debt Listed Entities(HVDLEs) (Para 4 of Board memorandum)</p> <p>Proposal and Rationale: In view of representations made by the Market Participants and to promote ease of doing business and reduce the compliance burden it is proposed that the threshold for identification for HVDLEs may be increased from INR 1000 crores to INR. 5000 crores.</p>	<p>Proposed relief in threshold for identification for HVDLE could inadvertently lead to a reduction in crucial information and corporate governance disclosures, which might further deter small investor participation and constrain the supply of new debt issuances, thus potentially hindering the market's growth.</p> <p>Rationale: To address the concern, a proposed "graded framework" includes a Medium Value Debt Listed Entities (MVDLEs) category that</p>	<p>This suggestion may not be accepted.</p> <p>A three-tier regime (DLE–MVDLE–HVDLE) makes the framework cumbersome, increases compliance costs for issuers classified as MVDLE, introduces multiple regulatory buckets, and complex transitional scenarios. A simple two-tier structure (HVDLE vs. other DLE) is more predictable, stable, and easier to implement.</p>	<p>While the proposal is same as consultation paper, it is additionally proposed to remove the applicability of continuous compliance for 3 years with CG norms on entities which cease to exist as HVDLE based on the revised threshold.</p>	<p>The committee members are in agreement with the revised proposal after deliberations.</p> <p>Final proposal:</p> <p>i. The threshold for identification for HVDLEs may be increased from INR 1000 crores to INR. 5000 crores.</p> <p>ii. It is additionally proposed to it is proposed to rescind continuous applicability with CG norms for all entities previously classified as HVDLEs.</p>

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		balances relaxations with obligations, such as requiring MVDLEs with a minimum 'BBB-' rating to meet 25% of incremental borrowings via capital markets; this minimum rating is also suggested for Highly Valued Debt Listed Entities (HVDLEs) to promote market participation.			
		NBFCs and HFCs typically issue debt in smaller tranches as part of their regular treasury operations and that such issuances are largely subscribed by institutional investors already subject to multiple regulatory safeguards. It suggested that the threshold for the identifications	This suggestion may not be accepted.  The purpose of HVDLEs is not to impose heavy governance on every issuer, but to ensure large debt listed issuers follow enhanced oversight. Market participants have suggested that ₹1,000		

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		<p>for HVDLEs be retained as Rs. 3000 crores instead of increasing it to Rs. 5000 crores. A threshold of Rs. 3000 crores would ensure the entities with substantial borrowings remain under enhanced governance and disclosure oversight thereby maintaining investor protection and market discipline. Rationale: Raising the limits to Rs. 5000 crores may exclude several large issuers from important compliance and transparency norms applicable to HVDLEs.</p>	<p>crore or even ₹3,000 crore threshold no longer reflects “high value” in today’s environment; many mid-sized entities routinely cross these levels as part of normal treasury operations. Further, market participants have suggested that a ₹5,000 crore benchmark ensures that only genuinely large debt-listed entities fall under the HVDLE framework, preserving proportionality and avoiding regulatory overreach.</p>		
		<p>The proposal to increase the threshold for identifying HVDLEs from ₹1,000 crores to ₹5,000 crores</p>	<p>This suggestion may not be accepted.</p>		

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		<p>should not be accepted. Rationale:</p> <p>a. Reduce Oversight: Raising the limit would exclude around two-thirds of currently covered companies (including large NBFCs and infrastructure firms), thereby reducing transparency and accountability in the public debt market.</p> <p>b. Inadequate Investor Safeguards: Public debt investors (like retail) rely on SEBI's corporate governance rules for protections not just on the oversight of debenture trustees (who focus on security cover, not board independence</p>	<p>All debt-listed entities—irrespective of size—must comply with continuous disclosures, half-yearly financial submissions, material event reporting, and debenture trustee oversight. These safeguards protect investors (including retail) adequately. HVDLE-level governance is an enhanced layer, appropriate only for the largest entities; its absence below ₹5,000 crores does not remove basic investor protections.</p>		

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		<p>or related party transactions). c. Regulatory Instability: Revising a recently established threshold would create regulatory uncertainty and inconsistency in investor safeguards across different issuers.</p>			
		<p>Proposed relief in threshold for identification for HVDLE could inadvertently lead to a reduction in crucial information and corporate governance disclosures, which might further deter small investor participation and constrain the supply of new debt issuances, thus potentially hindering the market's growth.</p>	<p>The suggestion may not be accepted.  A three-tier regime (DLE–MVDLE–HVDLE) makes the framework cumbersome, increases compliance costs for issuers classified as MVDLE, introduces multiple regulatory buckets, and complex transitional</p>		

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
		<p>Rationale: To address the concern, a proposed "graded framework" includes a Medium Value Debt Listed Entities (MVDLEs) category that balances relaxations with obligations, such as requiring MVDLEs with a minimum 'BBB-' rating to meet 25% of incremental borrowings via capital markets; this minimum rating is also suggested for Highly Valued Debt Listed Entities (HVDLEs) to promote market participation.</p>	<p>scenarios. A simple two-tier structure (HVDLE vs. other DLE) is more predictable, stable, and easier to implement.</p>		
		<p>To remove reference to HVDLE in Chapter IV, Regulation 15 to 27 of LODR Regulations. Rationale: SEBI's framework for</p>	<p>The suggestion may be accepted.  The redundant clauses on dual applicability, wherever</p>		

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		<p>High Value Debt Listed Entities (HVDLEs) has ambiguity due to Regulations 15-27 of LODR Regulations and the new Chapter VA of the SEBI (LODR) Regulations, 2015. Regulations 15-27 of LODR Regulations were initially applied to entities with ₹500 crores in outstanding debt and became mandatory after March 31, 2025, but Chapter VA, introduced on March 28, 2025, revised the threshold to ₹1,000 crores for entities with only listed non-convertible debt securities. This creates potential conflicts for companies, especially those between the ₹500 and ₹1,000 crore thresholds,</p>	<p>provided, will be deleted. The relevant clause in respect of continuous applicability of CG norms for three years for HVDLEs shall be suitably modified to ensure that the continuous applicability of CG norms is applicable to the entities based on the revised threshold.</p>		

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
		leading to a recommendation to make Regulations 15-27 inapplicable to HVDLEs for streamlined compliance under Chapter VA and to promote ease of doing business.			
		<p>Retrospective Applicability, Interim Relief and Sunset clause</p> <p>a. The revised threshold should apply retrospectively from March 31, 2025, particularly for entities crossing the ₹1,000 crore limit on or after April 1, 2025.</p> <p>b. Interim Regulatory Relief Pending formal amendments to the LODR Regulations - SEBI may issue an interim circular temporarily suspending or relaxing HVDLE-related</p>	It would be clarified that the proposed threshold revision shall apply only on prospective basis. Further, the date of applicability will be specified at the time of notification. The sunset clause is already covered in the previous comment.		

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
		<p>provisions (including the count of maximum directorships) for entities with outstanding listed debt below ₹5,000 crore, to ensure clarity and consistency during the transition.</p> <p>c. Sunset Clause Amendment SEBI may consider revising Regulations 15(1AA) and 62C(2) of LODR Regulations in either of the following ways:</p> <p>i. Threshold-Based: Apply the sunset clause only to entities with outstanding listed debt above ₹5,000 crore.</p> <p>ii. Proviso-Based: Insert a proviso stating that entities no longer qualifying as HVDLEs under the</p>			

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		<p>revised threshold are exempt from continued applicability of the regulation.</p> <p><u>Rationale:</u></p> <p>a. Alignment with Market Conditions: The current ₹1,000 crore threshold is outdated and does not reflect present market depth or issuer significance.</p> <p>b. Reduced Regulatory Burden: Increasing the threshold will streamline compliance without affecting investor protection.</p> <p>c. Regulatory Certainty: Retrospective application avoids unequal treatment during the transition and prevents unnecessary compliance for</p>			

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		<p>entities temporarily crossing the old threshold.</p> <p>d. Sunset Clause Clarity: Without amendment, entities between ₹1,000 crore and ₹5,000 crore— approximately 64% of current HVDLEs— would face prolonged obligations inconsistent with the revised policy intent. Clear guidance is essential to ensure fairness and ease of doing business.</p>			
		<p>A separate exemption framework may be considered for NBFCs and HFCs</p> <p>Rationale: Given their sectoral regulation and monitoring by RBI and SEBI while ensuring that other</p>	<p>The comment is not clear. Further, at this stage, no separate exemption framework for NBFCs and HFCs is envisaged.</p>		

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
		corporate continue to be governed under the existing HVDLE framework with appropriate compliance requirements.			
Proposal II: Measures facilitating ease of doing business for HVDLEs (excluding measures related to RPTs)					
2.	<p>Modifications in the definitions of 'material subsidiary' (Para 5.2 of Board memorandum) Rationale and Proposal:</p> <p>It is proposed to substitute the term 'income' by the term 'turnover' in Regulation 62L (1) in order to align with similar amendment made for equity listed entities.</p>	<p>NBFI sector material subsidiary may have income as a criterion whilst for others it can be turnover.</p> <p>Most HVDLEs are Companies in Infrastructure Sector where there is no Income/turnover for initial 3 to 4 years so any thresholds based on income should also include a minimum threshold of say Rs.10 crores per annum to cover operational expenses.</p>	CoBoSAC is requested to provide its guidance.	No Change – same as proposal in the Consultation Paper	<p>The committee members are in agreement with the proposal after deliberations.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>
3.	Approval of shareholders for continuation of directorship of Non-executive	These HVDLEs are either equity unlisted Public or private entities. The	The suggestion is not accepted. In terms of Regulation 62	No Change – same as proposal in the	The committee members are in agreement with the proposal

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
	<p>director beyond the age of 75 years (Para 5.3 of Board memorandum)</p> <p>Proposal and Rationale: 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. It is proposed to additionally provide in Regulation 62D(2) 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</p>	<p>requirement of Special resolution does not serve any purpose for these entities as in most cases promoters hold more than 75 percent shares and is only an additional burden to these companies. The rationale for extending this requirement to companies whose equity shares are not listed is not understood.</p>	<p>D(2) of LODR Regulations, the requirement of a special resolution for appointing or continuing a non-executive director above 75 years already exists for HVDLEs; the proposal merely clarifies that this approval must be obtained at the time of appointment, re-appointment, or before the director attains the age of 75. This clarification does not introduce any new burden on HVDLEs, including those where promoters hold more than 75% equity, but simply ensures timely compliance and avoids situations where the requirement is triggered only after the age threshold is crossed.</p>	<p>Consultation Paper</p>	<p>after deliberations.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
	alignment with similar amendment made for equity listed entities.		Therefore, the promoter shareholding pattern is irrelevant to the proposal, as the substantive obligation remains unchanged and the amendment only improves procedural clarity, aligns with the framework already applicable to equity-listed entities.		
4.	<p>Exclusion of time taken for regulatory, statutory or government approvals from the timeline specified for obtaining shareholder approval for appointment or reappointment of director (Para 5.3.1 of Board Memorandum)</p> <p>Proposal and Rationale:</p> <p>Regulation 62D(3) provides</p>	All public comments are in agreement with SEBI's proposal.	NA	No Change – same as proposal in the Consultation Paper	<p>The committee members are in agreement with the proposal.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
	<p>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. It is proposed to provide in Regulation 62D(3) 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.</p>				

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
5.	<p>Exemption from obtaining shareholder approval for nominee directors of financial sector regulators or those appointed by Court or Tribunal</p> <p>(Para 5.3.1 of Board Memorandum)</p> <p>Proposal and Rationale: It is proposed that the requirements specified in 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</p>	<p>The nominee directors appointed by debenture trustee may also be exempted from the application of Regulation 62D(3) to make the proposal adequate.</p>	<p>The suggestion may be accepted.</p> <p>This is in line with the exemption provided to appointment of nominee director by Debenture Trustee under Regulation 62D(4) of LODR Regulations. Accordingly, it is proposed that the requirement specified in this regulation 62D(3) shall not be applicable to a director nominated by a debenture trustee registered with the Board under a subscription agreement for the debentures issued by the HVDLE.</p>	<p>While the proposal is same as consultation paper, it is additionally proposed to extend such exemption from shareholder s' approval to a director nominated by a debenture trustee registered with SEBI</p>	<p>The committee members are in agreement with the revised proposal after deliberations.</p> <p>Final proposal:</p> <p>i. The requirements specified in 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.</p> <p>ii. It is further proposed to extend such exemption from shareholder s' approval to a director nominated by a debenture trustee registered with SEBI</p>

S. N	Proposal in Consultation Paper	Summary of Public Comments not in support of the proposal/ Additional Suggestions	SEBI views on the public comments before CoBoSAC	Revised Proposal placed before CoBoSAC	CoBoSAC views, SEBI views ( if any) and Final proposal
	to align with similar amendment made for equity listed entities.				
6.	<p>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 (Para 5.3.1 of Board Memorandum)</p> <p>Proposal and Rationale:</p> <p>d) 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</p>	All public comments are in agreement with SEBI's proposal.	NA	No Change – same as proposal in the Consultation Paper	<p>The committee members are in agreement with the proposal after deliberations.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>

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	<p>Board Committees (i.e., Audit Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Risk Management Committee). It is proposed to provide in Regulation 62D(5) 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.</p>				

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7.	<p>Recommendations of the Board to the shareholders to specifically include rationale of the board of directors (Para 5.3.1 of Board Memorandum)</p> <p>Proposal and Rationale: 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. It is proposed to provide in Regulation 62D(17) that the recommendation of the Board to the shareholders shall also contain rationale on each item of special</p>	<p>While inclusion of rationale on each item of special business may be beneficial for the shareholders of equity listed company, similar alignment is not relevant for the debenture holders or the debenture trustee of the HVDLEs since the debenture holders do not have any say (by way of voting or otherwise) in the matters which are placed before the shareholders. This would only increase the compliance burden on the HVDLEs without any tangible benefit arising.</p>	<p>The suggestion is not accepted.</p> <p>Regulation 62D(17) pertains to disclosures made to shareholders in the general meeting under Section 102 of the Companies Act, 2013, and not to debenture holders. Therefore, the fact that the requirement is introduced for HVDLEs does not change the underlying purpose of the statement, which is to equip shareholders with clear information on special business items placed before them. Further, aligning this disclosure with the standards already applicable to equity-listed entities strengthens governance consistency and enhances</p>	<p>No Change – same as proposal in the Consultation Paper</p>	<p>The committee members are in agreement with the proposal after deliberations.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>

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	business. The same is proposed to align with similar amendment made for equity listed entities.		shareholder understanding without imposing any disproportionate compliance burden, since providing rationale is an extension of the Board's existing responsibility of providing a recommendation.		
8.	<p>Drafting changes to term 'financial year' (Para 5.4 of Board Memorandum)</p> <p>Proposal and Rationale: 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. Thus, there is a need to align the</p>	All public comments are in agreement with SEBI's proposal.	NA	No Change – same as proposal in the Consultation Paper	<p>The committee members are in agreement with the proposal after deliberations.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>

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	<p>term for similar provisions related to HVDLEs.</p> <p>Accordingly, to align with similar amendment made for equity listed entities, 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).</p>				
9.	<p>Obligations with respect to independent directors (Para 5.5 of Board Memorandum)</p> <p>Proposal and Rationale: Regulation 62N (7) provides that</p>	<p>All public comments are in agreement with SEBI's proposal.</p>	<p>NA</p>	<p>No Change – same as proposal in the Consultation Paper</p>	<p>The committee members are in agreement with the proposal.</p> <p>Final proposal: No change –same as proposal in the</p>

<b>S. N</b>	<b>Proposal in Consultation Paper</b>	<b>Summary of Public Comments not in support of the proposal/ Additional Suggestions</b>	<b>SEBI views on the public comments before CoBoSAC</b>	<b>Revised Proposal placed before CoBoSAC</b>	<b>CoBoSAC views, SEBI views ( if any) and Final proposal</b>
	<p>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.</p> <p>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. Thus,</p>				Consultation paper.

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	there is a need to align the same for HVDLEs.				
10.	<p>Corporate governance requirements with respect to unlisted material subsidiary of HVDLE (Para 5.6 of Board Memorandum)</p> <p>Proposal and Rationale: 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</p>	SEBI to consider extending the exemption to all subsidiaries as the same would lessen the compliance burden on the listed entity.	The suggestion is not be accepted as the current proposal is to align the provision with equity listed entities.	No Change – same as proposal in the Consultation Paper	<p>The committee members are in agreement with the proposal after deliberations.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>

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	<p>of assets is between two wholly-owned subsidiaries of the listed entity w.e.f. December 13, 2024.</p> <p>Accordingly, to align with similar exemption made for equity listed entities, 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.</p>				
11.	<p>Relaxations from compliance requirements due to Insolvency and Bankruptcy Code, 2016 (IBC Framework) (Para 5.7 of Board Memorandum)</p> <p>Proposal and Rationale: Regulation 62P inter-alia provides the timeline of filling vacancies of KMP for HVDLEs</p>	All public comments are in agreement with SEBI's proposal.	NA	No Change – same as proposal in the Consultation Paper	<p>The committee members are in agreement with the proposal.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>

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	<p>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.</p> <p>Accordingly, to align with similar amendment made for equity listed entities, 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</p>				

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	Code, wherever such resolution plan has been approved.				
12.	<p>Other Corporate Governance Requirements (Para 5.8 of Board Memorandum)</p> <p>Proposal and Rationale: 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.</p>	<p>(a) Replace the term "periodic compliance report" with "quarterly compliance report" in regulation 62Q (2) (a) to clearly define the required submission frequency.</p> <p>(b) Provide specific timelines for the submission of this compliance report via a relevant Master Circular or Guidelines before the proposed amendment is implemented</p> <p>Timeline for submission of report shall align with timeline for submission by equity listed entity.</p>	<p>The periodicity, timeline and format for the compliance report shall be prescribed by way of circular.</p>	<p>No Change – same as proposal in the Consultation Paper</p>	<p>The committee members are in agreement with the proposal.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>

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13.	<p>Other Corporate Governance Requirements (Para 5.8 of Board Memorandum)</p> <p>Proposal and Rationale: 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 in Regulation 27(2)(b) of equity listed entities has been modified to omit such requirements.</p>	<p>All public comments are in agreement with SEBI's proposal.</p>	<p>NA</p>	<p>No Change – same as proposal in the Consultation Paper</p>	<p>The committee members are in agreement with the proposal.</p> <p>Final proposal: No change –same as proposal in the Consultation paper.</p>
14.	<p>Secretarial Audit and Secretarial Compliance Report (Para 5.9 of Board Memorandum)</p> <p>Proposal and Rationale: Regulation 62M provides the requirements for Secretarial Audit to be undertaken by HVDLEs and its material</p>	<p>HVDLEs are not Equity listed entities and Board should be able to appoint Secretarial Auditors. The requirement of shareholders appointing peer reviewed Secretarial Auditors for a term of 5 years appears to be</p>	<p>The suggestion may be partially accepted to drop the requirement in respect of peer reviewed Secretarial auditor</p> <p>The requirement of secretarial audit for HVDLEs is already prescribed under</p>	<p>The proposal may be amended to drop the requirement in respect of peer reviewed Secretarial auditor for HVDLEs.</p>	<p>CoBoSAC has suggested to retain the requirement of peer reviewed secretarial auditor to keep in alignment with the similar requirement for equity listed entities.</p> <p>Final Proposal: No change – same as</p>

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	<p>unlisted subsidiaries incorporated in India. The corresponding similar requirements for equity listed entities has been updated to strengthen the secretarial audit and to prevent conflict of interests by providing provisions relating to appointment, reappointment of secretarial auditors, eligibility, cooling-off period, requirement of a peer reviewed Company Secretary, removal of secretarial auditors.</p>	<p>too rigorous and affects EODB.</p>	<p>Regulation 62M of LODR Regulations. Considering that, HVDLEs are primarily debt issuers, we may accept the suggestion and remove the requirement of appointing peer reviewed secretarial auditor.</p> <p>Further, the rest of the proposal with regards to independence, defined tenure, and cooling-off does not impose a rigorous requirement on HVDLEs compared to equity listed entities but rather clarifies and formalizes the appointment, reappointment, removal, and eligibility framework for secretarial auditors in line with established governance norms. In view of the above, the</p>		<p>proposal in the Consultation paper</p>

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			proposal may be amended to drop the requirement in respect of peer reviewed Secretarial auditor.		
15.	<p>Provisions related to Related Party Transactions (RPTs)</p> <p>(Para 6 of Board Memorandum)</p> <p>Proposal and Rationale: 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</p>	<p>RPT decisions are fundamentally shareholder matters and that imposing NOC requirements from debenture holders adds significant administrative complexity. The multi-step consent process (debenture holders, debenture trustee, then shareholders) is time-consuming and inefficient. Further, failure to obtain consent from debenture holders could block legitimate, ordinary business transactions that shareholders would otherwise approve. Additionally,</p>	<p>The suggestion may be partially accepted.</p> <p>The requirement of NOC from DT and debenture holders is already existing under the current provisions for HVDLE under Regulation 62K(5) of LODR regulations. Hence, the suggestion for relaxing approval requirement from debenture holders and trustees may not be accepted.</p> <p>Further, for the operational suggestions like process of obtaining NoC, voting etc., SEBI shall prescribe the same by way</p>	<p>Based on the feedback received during public consultation, it is additionally proposed to amend Regulation 62K(5) to enable SEBI to provide for manner of taking the approval from Debenture Holders.</p>	<p>The committee members are in agreement with the revised proposal.</p> <p>Final proposal:</p> <p>i. It is proposed to provide cross referencing of provisions of Regulation 23 in Regulation 62K of LODR except for Regulation 23(8) and 23(9).</p> <p>ii. Further the requirements of NOC of Debenture trustee and the debenture holders and disclosure requirements shall be retained for HVDLEs as provided</p>

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	LODR Regulations.	<p>existing regulations already provide sufficient disclosure and justification requirements for arms-length transactions. Rationale: Challenges include: (i) coordinating voting among retail debenture holders can be difficult (ii) ambiguity about whether the current 50% approval requirement for debenture holders is regarding voting basis (present/voting or aggregate) and ISIN-level vs. aggregate voting,</p> <p>Suggestion- The approval requirement from debenture holders and trustees should only be triggered if the company fails to make timely interest or</p>	of circular after following due process. In view of the above, it is proposed to amend Regulation 62K(5) to enable SEBI to provide for manner of taking the approval from Debenture Holders		<p>under Regulation 62K(5), 62K(6), 62K(7), 62K(8) and 62K(9) of LODR Regulations.</p> <p>iii. It is additionally proposed to amend Regulation 62K(5) to enable SEBI to provide for manner of taking the approval from Debenture Holders.</p>

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		<p>principal payments on the respective ISINs. This would protect the interests of debt investors while avoiding unnecessary disruption to business operations.</p>			
		<p>Cross-referencing provisions may also result in duplication of similar regulations. For instance, the list of transactions for which the approval of the audit committee and shareholders of the HVDLEs is not required and the list of the transactions for which no-objection of the debenture trustees and the debenture holders is not required should ideally be aligned. The lists of exempt transactions appear twice—</p>	<p>The exemption in Regulation 62K(7) is proposed to be aligned with Regulation 23(5) and is retained for the purpose of providing exemption from Regulation 62K(5) only which prescribes the requirement of taking prior NoC from the Debenture Trustee and approval of debenture holders</p>		

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		under Regulation 23(5) and Regulation 62K(7)—leading to unnecessary replication.			
		Further, the retrospective clarification applicable to “listed holding companies” in Regulation 23(5)(b) has not been mirrored in Regulation 62K(7)(b), imposing an unintended compliance burden on HVDLEs.	The suggestion is not clear. The provisions of 62K(7)(b) are already applicable from April 01, 2025.		
		The requirement for prior No-Objection Certificates (NOC) from the debenture trustee and unrelated debenture holders for material RPTs should be dropped. <u>Rationale:</u> Debenture holders, as financial creditors similar	The suggestion is not clear. CoBoSAC may provide its view.		

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		<p>to term-loan lenders, should not possess differentiated governance rights that other creditors do not enjoy. Alternately, it has been suggested to clarify that the NOC threshold should be based on more than 50% of total outstanding debentures (excluding related debenture holders), to prevent minority debenture groups from blocking transactions and to ease compliance for entities with multiple issuances.</p>			
		<p>Omnibus shareholder approvals for RPTs— currently valid for 15 months (if approved at an AGM) or one year (if approved at any other general</p>	<p>It is possible that in the current dynamic environment, RPT risk profiles of any entity including HVDLEs can change materially within short periods</p>		

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		<p>meeting) —be extended to three years.</p> <p>Rationale: HVDLEs would generally be companies which are either private companies or unlisted public companies. In both cases, the shareholders of the HVDLE would be a select group of person and the HVDLE would be closely held. Accordingly, the requirement to renew the omnibus shareholder resolutions every 15 months or 1 year, as the case may be, only increases the compliance burden on the HVDLEs without achieving the intended result of protecting minority / retail shareholders.</p>	<p>due to group restructuring, changes in control, asset transfers, or induction of new related parties. Hence, the suggestion may not be accepted.</p>		

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		<p>In situations where subsidiaries enter into RPTs above ₹1 crore, instead of making prior audit committee approval mandatory in all cases, it is recommended restricting this requirement only to subsidiaries that provide guarantees, security, or comfort for the HVDLE's debentures.</p>	<p>The comment is not clear, However, the RPT approval is needed for governance consistency and alignment with equity listed entities. Hence, the comment may not be accepted.</p>		
		<p>In case all debenture holders are related parties, the requirement of No Objection Certificate (NOC) from the Debenture Trustee and approval of Debenture holders may be removed.</p>	<p>The provision already exists under Regulation 62K(5) of LODR Regulations.</p>		

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		<p>Clarification may be given as to whether the exempted transactions under regulation 23 (5) are required to be disclosed as per 23(9) of LODR.</p>	<p>HVDLE is required to submit disclosures as per the format which shall be prescribed by way of circular. Hence, the said clarification will be addressed through the circular</p>		
		<p>To remove ambiguity, Public Sector Company may be defined in LODR, although the same is already defined under SCR Rules 1957. It may also be clarified whether the subsidiary of a Public Sector Entity will also be considered as Public Sector Company.</p>	<p>CoBoSAC may provide its view whether there is a merit in defining public sector company in LODR Regulations. The definition given in Regulation 2(da) of Securities Contracts (Regulation) Rules, 1957 reads as under: "public sector company" means a body corporate constituted by an Act of Parliament or any State Legislature and includes a government company Further, Regulation 2(2)</p>		

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		<p>To either incorporate provisions having similar effect as of 23 (4) in 62K(6) with respect to requirement of shareholders</p>	<p>of LODR Regulations states that “All other words and expressions used but not defined in these regulations, but defined in the Act or the Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and/or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be”.</p> <p>Since the HVDLEs do not have their equities listed, HDVLEs will be governed by RPT related provisions defined under</p>		

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		<p>who are related parties being not allowed to vote to approve a material RPT or else make one of the aforementioned provisions applicable due to contradictory obligations between Regulation 23 (4) and Regulation 62K (6) regarding voting by related parties.</p> <p>Rationale: Regulation 23 (4) prohibits related parties from voting on material RPTs, which may be impossible for wholly owned subsidiary HVDLEs. Since the consultation proposes applying both provisions simultaneously, it is suggested to harmonize the regulations or clearly specify which provision prevails to avoid</p>	Companies Act 2013. CoBoSAC may provide its view.		

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		non-compliance.			
		For HVDLEs that are private companies and have made long term investments in infrastructure sector and may not have any turnover or income in the initial years., it is suggested that a minimum threshold of Rs.1crore irrespective of turnover or income could be allowed for routine transaction or operational expenses with Related Parties Rationale: This aligns with similar relief provided for material RPTs undertaken by subsidiaries.	The suggestion is not clear. CoBoSAC may provide its view		

## **Annexure B**

### **Draft notification for amendments to the LODR Regulations:**

Amendments shall be notified after following the due process