

Annexure – A

Table 1: Introduction of a separate chapter for corporate governance norms in the LODR Regulations which will be applicable only to HVDLEs (Para 4 of board memorandum)

| S. No. | 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 |
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| 1. | <p>Introduction of a separate chapter for corporate governance norms in the LODR Regulations which will be applicable only to HVDLEs</p> <p>Proposal: To facilitate ease of reference for HVDLEs to adhere to the corporate governance norms, the following was proposed in the consultation paper:</p> <p>a) Introduce a separate chapter for HVDLEs comprising of all the</p> | <p>Modification to the existing provisions by way of provisos to align with the needs of HVDLEs would be more preferable for ease of reference.</p> <p>Companies which are equity listed as well as high value debt listed should be required</p> | <p>The suggestion is not accepted as 75% of the entities who have responded have suggested to have a separate chapter for HVDLEs and for ease of reference, it is better to have a separate chapter.</p> <p>The suggestion is accepted;</p> | <p>a.to introduce a separate chapter for HVDLEs comprising of provisions pertaining to corporate governance norms; and</p> <p>b.To clearly specify that provisions of this separate chapter shall be applicable to HVDLEs to whom Regulations 15 to 27 are not applicable. i.e. the</p> | <p>CoBoSAC is in agreement with the revised proposal.</p> <p>Final Proposal: No change – same as revised proposal.</p> |

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| | <p>provisions pertaining to corporate governance norms; or</p> <p>b)Carve out only those provisions for HVDLEs which differ from equity listed entities in a separate chapter.</p> <p>Rationale: To remove ambiguity and provide ease of reference.</p> | <p>to only comply with the provisions applicable to equity listed entities and not the provisions applicable to HVDLEs.</p> <p>Annual Secretarial Compliance Report must be retained for HVDLEs to endure Good Corporate Governance.</p> | <p>The suggestion is accepted;</p> | <p>provisions of this separate chapter shall be applicable only to pure debt listed entities.</p> | |
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Table 2: Relaxation in the threshold for identification of High Value Debt Listed Entities for applicability of Corporate Governance

Norms (Para 5 of board memorandum)

| S. No. | 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 |
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| 1. | <p>Relaxation in the threshold for identification of High Value Debt Listed Entities for applicability of Corporate Governance Norms</p> <p>Proposal: The threshold of listed outstanding non-convertible securities for identification of a debt listed entity as HVDLE may be increased from Rs.500 crore to Rs.1000 crore.</p> <p>Rationale: In order to align the threshold for HVDLEs with that specified for Large Corporates.</p> | <p>Few comments suggests to increase the threshold to Rs.2000 cr/ Rs.5000 or higher.</p> | <p>The suggestion is not accepted;</p> <p>It is suggested to align the threshold for HVDLE with that of Large corporates i.e Rs.1000 cr.</p> | <p>No Change – same as proposal in the Consultation Paper</p> | <p>Few committee members opined that the threshold may be kept at Rs.2000 cr. However, it was discussed and agreed that doubling it from Rs.500 cr to Rs 1000 cr is appropriate at this stage and may be revisited later.</p> <p><u>Final proposal:</u> No change - same as proposal in the Consultation Paper</p> |

Table 3: Introduction of the sunset clause for applicability of Corporate Governance norms (Para 6 of board memorandum)

| S. No. | 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 |
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| 1. | <p>Introduction of the sunset clause for applicability of Corporate Governance norms</p> <p>Proposal:</p> <p>a)Once the corporate governance norms become applicable to a HVDLE, they shall continue to remain applicable till such time the value of outstanding listed debt securities reduces and remains below the specified threshold for a period of three consecutive financial years. The value of outstanding listed debt securities may be reviewed on the last day of every financial year (i.e. cut-off date – March 31).b)Further, if the value of outstanding listed debt securities of the entity increases in the subsequent years and the listed entity hits the specified threshold, then it has to comply ensure</p> | <p>one comment has suggested that a transition time of 6 months may be given to all the applicable entities to comply with the said provisions.</p> | <p>The suggestion is not accepted.</p> <p>Currently the provisions are applicable on a ‘comply or explain’ basis till March 31, 2025 and will be mandatory only from April 01, 2025 onwards.</p> | <p>No Change</p> <p>- same as proposal in the Consultation Paper</p> | <p>The committee members are in agreement with the revised proposal.</p> <p><u>Final proposal:</u></p> <p>No change</p> <p>- same as</p> |

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| <p>compliance with the provisions within two quarter i.e. six months and disclosures of such compliance may be made in Corporate Governance compliance report on and from third quarter following the trigger</p> <p>Rationale: At present, the provisions of corporate governance norms continue to apply to an HVDLE even the value of outstanding listed non-convertible debt securities fall below the specified threshold. In order to address this issue, a provision similar to that specified for equity listed entities is proposed to be introduced for HVDLEs.</p> | | <p>Hence, sufficient time is already provided.</p> | | <p>proposal in the Consultation Paper</p> |
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Table 4: Relaxation with regard to constitution of the Nomination and remuneration committee (NRC) (Para 7 of board memorandum)

| S. No. | Proposal in Consultation Paper | Su 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 |
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| 1. | <p>Relaxation with regard to constitution of the Nomination and remuneration committee (NRC)</p> <p>Proposal: It is proposed that the board of directors of a HVDLE may either choose to constitute NRC or may ensure that the functions of NRC as specified in Regulation 19(4) of the LODR</p> | <p>Few of the comments have suggested that the functions of NRC may be discharged by the Board of Directors instead of Audit committee since majority of the members of the Audit Committee are required to be individuals with financial expertise. Hence, the Audit Committee members may not be equipped with the expertise and experience required by members of NRC. The Board as a whole, would have the requisite expertise and experience to decide on the matters of the NRC</p> | <p>The suggestion may not be accepted in full as there is a option to either constitute NRC or delegate the functions to NRC; further the composition of NRC is similar to that of audit committee, thus, it is appropriate that functions of NRC may be delegated to audit committee.</p> | <p>Revised proposal:</p> <p>a)The board of directors of a HVDLE may either choose to constitute NRC or may ensure that the functions of NRC as specified in Regulation 19(4) of the LODR Regulations is discharged by the Audit Committee or full board of directors</p> <p>b)Further, it may be noted in case of certain entities like PSU or State financial corporations, directors may be appointed by the</p> | <p>Few committee members opined that the functions of NRC committee are essentially different from the functions of the audit committee. Further, the functions of the audit committee are critical in nature and therefore should be kept independent of other functions. Thus, the proposal to delegate the functions of NRC to audit committee may be dropped</p> <p>SEBI Views:</p> |

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| <p>Regulations is delegated and discharged by the Audit Committee.</p> <p>Rationale: : In order to avoid constitution of multiple committees by HVDLEs.</p> | <p>The Role and responsibilities of Audit Committee is already too onerous and now delegating the duties of NRC will make the Audit Committee more burdensome. Thus, few have suggested that constitution of the NRC may be retained</p> <p>In the case of All India Financial Institutions like NABARD, where the Board of Directors are appointed by the Government of India and/or ex officio positions representing different Ministries of the Government of India or Reserve Bank of India, the role of NRCB becomes infructuous.</p> | <p>Alternatively, it is suggested that the functions of NRC may be discharged by full board of directors</p> <p>The suggestion is accepted;</p> | <p>Ministry or central government or State government or as the provisions of the respective statute. In such cases, the role of NRC is limited. Thus, in order to provide clarity to such entities, it is proposed to specify that in case of entities that are not companies or body corporate incorporated under the Companies Act, 2013, the function of the NRC may be ensured as per the provisions of their respective statutes.</p> | <p>It may be noted that in case of entities that are set up under public private partnership (PPP) mode/ structure, where the composition of board of directors is pre-decided or is as per mutual terms between the public authority and private entity, the role of NRC may be limited, thus, it is proposed that part (b) of the revised proposal may be extended to entities that have been set up under PPP mode/ structure.</p> <p>For this purpose, PPP shall be defined as a Public-Private Partnership basis between a public concessioning authority and a private SPV concessionaire selected on the basis of open competitive bidding or on the basis of an</p> |
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| | | | | | <p>MoU with the relevant authorities.</p> <p>Final Proposal:</p> <p>a) the board of directors of a HVDLE may either choose to constitute NRC or may ensure that the functions of NRC as specified in Regulation 19(4) of the LODR Regulations is discharged by full board of directors.</p> <p>b) In case of entities that are not companies or body corporate incorporated under the Companies Act, 2013 or are setup under the PPP mode/ structure the function of the NRC may be ensured as per the provisions of their</p> |
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| | | | | | <p>respective statues or the terms of the PPP model/ structure.</p> <p>c) For this purpose, PPP shall be defined as a Public-Private Partnership basis between a public concessioning authority and a private SPV concessionaire selected on the basis of open competitive bidding or on the basis of an MoU with the relevant authorities.</p> |
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Table 5: Relaxation with respect to constitution of Risk Management Committee (RMC) (Para 8 of board memorandum)

| S. No. | 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 |
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| 1. | <p>Relaxation with respect to constitution of Risk Management Committee (RMC)</p> <p>Proposal: The board of directors of a HVDLE may either choose to constitute RMC or may ensure that the functions of RMC as specified in Regulation 21(4) of the LODR Regulations is delegated and discharged by the Audit Committee.</p> | <p>The functions of RMC may be discharged by the Board of Directors instead of Audit committee since majority of the members of the Audit Committee are required to be individuals with financial expertise. Hence, the Audit Committee members may not be equipped with the expertise and experience with respect to risk management, required by members of RMC. The Board as a whole, would have the requisite expertise and</p> | <p>The suggestion may not be accepted as evaluation of the risk management systems is one of the functions to be discharged by the Audit committee, (Clause A.11 of Part C of Schedule II of the LODR Regulations).</p> | <p>No Change – same as proposal in the consultation paper.</p> | <p>The committee members were in agreement that board of directors of a HVDLE may either choose to constitute RMC or the functions of the RMC may be discharged by the Audit committee. Further, it was suggested that in order to have flexibility the functions of the RMC may be discharged by the board of directors</p> <p><u>Final proposal:</u></p> <p>The board of directors of a HVDLE may either choose to constitute RMC or may ensure</p> |

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| | <p>Rationale: In order to avoid constitution of multiple committees by HVDLEs.</p> | <p>experience to decide on the matters of the RMC.</p> | | | <p>that the functions of RMC as specified in Regulation 21(4) of the LODR Regulations is delegated and discharged by the Audit Committee or board of directors.</p> |
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Table 6: Relaxation with respect to constitution to Stakeholders Relationship Committee (SRC) (Para 9 of board memorandum)

| S. No. | 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 |
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| 1. | <p>Relaxation with respect to constitution to Stakeholders Relationship Committee(SRC)</p> <p>Proposal: the board of directors of a HVDLE may either choose to constitute SRC or may ensure that Board of directors of a HVDLE may discharge the</p> | <p>a) The proposal is considered inadequate as it transfers the role of Stakeholders Relationship Committee (SRC) to the Board, when there might be instances, where there may be no requirement of oversight keeping in view the type of market participants, category of investors (retail or institutional).</p> <p>b) An alternative could be to prescribe setting up an exclusive committee only in case the number retail individual investors exceed a prescribed threshold say 5000 investors may be made mandatory.</p> <p>c) In all other cases, the proposal of board oversight instead of an exclusive SRC may be made applicable.</p> | <p>The suggestion may not be accepted.</p> <p>In the interest of the debenture holders, it may be necessary to have SRC or the functions of the SRC may be discharged by the Board; Further, Companies act mandates constitution of SRC in case the no. of debenture holders exceeds 1000. Thus, the suggestion does not hold merit.</p> | <p>Revised Proposal:</p> <p>a) the board of directors of a HVDLE may either choose to constitute SRC or may ensure that the functions of SRC as specified in Regulation 20(4) of the LODR Regulations is delegated and discharged by the Board of Directors.</p> | <p>The committee members are in agreement with the revised proposal.</p> <p>Final proposal: No change – same as revised proposal</p> |

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| <p>functions of SRC as specified in Regulation 20(4) of the LODR Regulations.</p> <p>Rationale: In order to avoid constitution of multiple committees by HVDLEs.</p> | <p>d)Also, in the case of secretarial audit, comments on the process of investor grievances including status of investor grievances may be made mandatory.</p> | | <p>b) The functions of the SRC may be modified to include the grievances related to creation of charge, payment of interest/ principal, maintenance of security cover, any other covenants.</p> | |
| | <p>The role of SRC in case of HVDLEs needs to be modified to include requirements relating to timely creation of charge, payment of interest, maintenance of security cover, fulfillment of other covenants etc.</p> | <p>The suggestion may be accepted.</p> | | |
| | <p>The proposed recommendation should not be accepted as SRC is constituted to investigate and protect the interests and solve the grievances of stakeholders. In case of high value debt listed entities, the interest of debenture holders should be protected. Hence, these entities should have an individual SRC.</p> | <p>The suggested may not be accepted; The proposal intends to provide flexibility to the HVDLEs regarding constitution of multiple committees; Nevertheless, in case HVDLEs do not constitute SRC, the functions of the SRC has to be discharged by the board of directors.</p> | | |

Table 7: Harmonization of reporting formats with that specified for equity listed entities (Para 10 of board memorandum)

| S. No. | 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 |
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| 1. | <p>Introduction of filing of corporate governance compliance report in XBRL format and harmonization of reporting formats with that specified for equity listed entities</p> <p>Proposal:</p> | <p>Keeping separate format of quarterly compliance report for HVDLE and equity would be suggested as certain tabs activated in half yearly report applicable to equity are not applicable to HVDLE.</p> | <p>The suggestion may be accepted;</p> <p>The issue is addressed as it is now proposed to have a separate chapter of corporate governance norms for HVDLEs.</p> | <p>It may be noted that SEBI in the board meeting held on September 27, 2024 approved the proposal that disclosures to the stock exchanges shall be made by a listed entity in XBRL format in accordance with the guidelines specified by Stock Exchanges from time to time (insertion of regulation 50(4) in the LODR Regulations). In</p> | <p>The committee members are in agreement with the revised proposal.</p> <p><u>Final proposal:</u> No</p> |

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| | <p>(a) It is proposed that quarterly compliance report as specified in Regulation 27(2) of the LODR regulations shall be in XBRL format</p> <p>(b) Further, in case of reporting for corporate governance compliance, it is proposed that the format for HVDLEs may be harmonized with the format specified for equity listed entities</p> <p>Rationale: It has been observed from the filings made by HVDLEs on the websites of stock exchange (s) that the filings are not made in uniform formats.</p> | <p>Disclosure requirements for an equity listed entity and for a debt listed entity are significantly different. There is a need to create / adopt a new format for reporting by HVDLE specifically meeting the requirements of the investors of the debt listed entities.</p> | <p>The suggestion may be accepted;</p> <p>Reporting requirements and formats will be harmonized keeping in mind the requirements of the debt listed entities.</p> | <p>view of the same, it is proposed that it may not be necessary to again specify in regulation 27(2) that the quarterly compliance report shall be in XBRL format. Thus, this proposal may be dropped.</p> <p>Revised proposal: Harmonization of the reporting requirements and format for HVDLEs with the that of equity listed entities.</p> | <p>change – same as revised proposal.</p> |
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Table 8: Introduction of Business Responsibility and Sustainability Report (BRSR) for HVDLEs on a voluntary basis (Para 11 of board memorandum)

| S. No. | 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 |
|--------|---|--|--|--|--|
| 1. | <p>Introduction of Business Responsibility and Sustainability Report (BRSR) for HVDLEs on a voluntary basis</p> <p>Proposal: It is proposed that HVDLEs may comply with the requirements of providing disclosures as per BRSR as specified in Regulation 34(2)(f) of the LODR Regulations on a voluntary basis.</p> <p>Rationale: To inculcate practice of good governance at par with equity listed entities.</p> | <p>Few comments have suggested to make disclosures as per BRSR mandatory for HVDLEs</p> <p>One of the comment has suggested not to prescribe additional disclosure requirement for HVDLEs as HVDLEs are still maturing in terms of reporting under LODR, hence suggesting additional disclosure requirement could hamper the current disclosure and create compliance burden for internal teams.</p> | <p>The suggestion may not be accepted at this stage; To begin with, it is proposed on voluntary basis.</p> <p>The suggestion may not be accepted since it is proposed to introduce BRSR for HVDLEs on voluntary basis.</p> | <p>No Change – same as proposal in the consultation paper.</p> | <p>The committee members are in agreement with the revised proposal.</p> <p><u>Final proposal:</u> No change – same as proposal in the consultation paper.</p> |

Table 9: Requirements related to maximum number of directorships (Para 12 of board memorandum)

| S. No. | 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 |
|--------|---|--|---|--|---|
| 1. | <p>Requirements related to maximum number of directorships</p> <p>Proposal: a.To include directorships in HVDLEs alongwith directorships in equity listed entities while reckoning the number of directorships held by a person in listed entities.</p> | <p>In case of certain HVDLEs which are not companies like PSU, State financial corporations, Directors are appointed directly by the Government. In such cases the entity will not have control over the</p> | <p>The comment holds merit. In such cases, it may be proposed that maximum directorship in case of entities that are not incorporated under the Companies Act, 2013 shall be subject to the</p> | <p>Revised Proposal: a)To include directorships in HVDLEs alongwith directorships in equity listed entities while reckoning the number of directorships held by a person in listed entities. b)In case of certain entities like PSU or State financial corporations which are</p> | <p>The committee members are in agreement with the revised proposal.</p> <p>SEBI Views: In order to ensure that directors devote adequate time for each entity, part (b) of the revised proposal may be dropped.</p> <p>Final proposal: a) To include directorships in HVDLEs alongwith</p> |

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| | <p>b. Further, to give sufficient time to all the listed entities to ensure compliance with the provision, a period of six months or a period of time till next AGM is held, may be provided..</p> <p>Rationale: To ensure that a director is able to pay adequate attention to all listed entities irrespective of the security listed, it is important to include pure debt listed entities while counting the ceiling on the number of directorships; this will facilitate due corporate governance, due attention to matters by the directors and accordingly, protection of investors – whether in debt or equity.</p> | <p>number of Directorships of the Director and accordingly they may not be in compliance with this provision</p> | <p>provisions of the respective statute of such entities</p> | <p>not incorporated under the Companies Act, 2013, the provisions of maximum directorships shall be subject to the provisions of the respective statute of such entities</p> <p>c) Further, to give sufficient time to all the listed entities to ensure compliance with the provision, a period of 6 months or till the time AGM is held from the date of applicability of the provision to the entity, whichever is later, may be provided.</p> | <p>directorships in equity listed entities while reckoning the number of directorships held by a person in listed entities.</p> <p>b) Further, to give sufficient time to all the listed entities to ensure compliance with the provision, a period of 6 months or till the time AGM is held from the date of applicability of the provision to the entity, whichever is later, may be provided.</p> |
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Table 10: Requirements related to number of memberships or chairpersonships in the committees by a director (Para 13 of board memorandum)

| S. No. | 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 |
|--------|---|---|---|---|--|
| 1. | <p>Requirements related to number of memberships or chairpersonships in the committees by a director</p> <p>Proposal: It is proposed that HVDLEs (along with equity listed companies) should be considered for the purpose of computing the maximum limit of committees, a director can act as a Member or Chairperson.</p> <p>Rationale: In order to ensure that directors devote adequate time to listed entities including HVDLEs and in the interest of investor protection.</p> | <p>Most of the HVDLEs which are All India Financial Institutions (AIFIs) Directors are appointed directly by the Government. In such cases AIFIs will not have control over the number of Committee memberships of the Director and accordingly they may not be in compliance with this provision..</p> | <p>The comment does not hold merit.</p> <p>Though the directors may be appointed by the government; the committees are generally formed by the board of directors; thus the maximum no. of committees in which a director can act as a Member/ Chairperson is in the control of the board of directors of the entity.</p> | <p>No Change – same as proposal in the Consultation Paper</p> | <p>The committee members are in agreement with the revised proposal.</p> <p><u>Final proposal:</u> No change – same as proposal in the Consultation paper.</p> |

Table 11: Requirements pertaining Related Party transactions (RPT) (Para 14 of board memorandum)

| S. No. | 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 |
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| 1. | <p>Requirements pertaining Related Party transactions (RPT)</p> <p>Proposal: (a) Issuer at the time of issuance of non-convertible securities (proposed to be listed) may provide a declaration upfront in the offer document regarding the amount (percentage of</p> | <p>The projections of RPT for whole tenor of bond issuance is not practically possible. The tenure of NCS may range upto 10 years or even higher in case of unsecured NCS including perpetual debt instruments.</p> | <p>The suggestion is not accepted; The issuer is required to estimate the maximum amount of RPT which it proposes to undertake over the tenor of the bonds.</p> | <p>Revised proposal: (a) Issuer at the time of issuance of non-convertible securities (proposed to be listed) may provide a declaration upfront in the offer document regarding the maximum amount (percentage of issue size) of RPT, issuer proposes to undertake over the</p> | <p>The committee members were largely in favour of the proposal. Few committee members suggested that instead of issuers providing the maximum amount of RPT to be undertaken over the tenor of the debt securities, upfront in the offer document, the threshold for obtaining NOC from the DT for material RPT transaction in case of pure HVDLEs may be aligned with the threshold for material RPT as specified for equity</p> |

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| <p>issue size) of RPT, issuer proposes to undertake over the tenor of the proposed non-convertible securities.</p> <p>(b)The monitoring of the utilization of proceeds of the issue may be conducted by credit rating agency</p> <p>(c)Further, the issuer shall upfront declare in the offer document the debt-equity ratio, debt service coverage ratio and interest service coverage ratio and such other financial/ non-financial covenants that will be maintained by the Issuer over the tenor of the non-convertible securities. The monitoring of such ratios</p> | <p>If the company wants to enter into the transaction for an amount more than the amount disclosed in the offer document then what would be the procedure of approval of such RPT is not clear from here Further if the HVDLEs which are also Equity Listed Entities are entering into transaction with RPT whether they need to take the approval of equity shareholders only or need to take approval of debenture holders as well.</p> | <p>The suggestion is accepted. It is proposed that in case the issuer proposes to enter into a transaction for an amount more than the disclosed amount in the offer documents, (a) the Issuer/ listed entity shall obtain No-objection Certificate (NOC) (for the additional amount</p> | <p>tenor of the proposed non-convertible securities.</p> <p>(b)The earlier proposal on monitoring of the utilization of proceeds of the issue by credit rating agency is proposed to be dropped since the current requirement of submission of utilisation certificate by a listed entity as specified in Reg 52(7) and Reg 56 of the LODR Regulations is considered adequate.</p> <p>(c)Further, the issuer shall upfront declare in the offer document the debt-equity ratio, debt service</p> | <p>listed entities under the LODR Regulations.</p> <p>SEBI Views:</p> <p>In addition to the above, the following consequential provision relating to RPT is proposed:</p> <p>For related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the shareholders and NOC from Debenture Trustee as specified above of the listed subsidiary shall be obtained.</p> <p>Further for the existing material RPT which may continue beyond the date of notification, NOC from DT is proposed to be taken within a period of one year from the date of notification.</p> |
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| <p>including covenants shall be conducted by the Debenture Trustee.</p> <p>(d) In cases where Issuer has not made the aforesaid declaration upfront in the offer document as specified in para 13.3.4(a), the Issuer/ listed entity shall obtain No-objection Certificate (NOC) from the Debenture Trustee who in turn shall obtain such NOC from the debenture holders (determined by a majority of the debenture holders not related with the Issuer) for all the material RPTs.</p> | | <p>exceeding the disclosed amount) from the Debenture Trustee who in turn shall obtain such NOC from the debenture holders (determined by a majority of the debenture holders not related with the Issuer) for all the material RPTs</p> | <p>coverage ratio and interest service coverage ratio and such other financial/ non-financial covenants that will be maintained by the Issuer over the tenor of the non-convertible securities. The monitoring of such ratios including covenants shall be conducted by the Debenture Trustee.</p> <p>(d)In cases where Issuer has not made the aforesaid declaration upfront in the offer document as specified in para 4(a), or the issuer proposes to enter into a transaction for an amount more than what is</p> | <p><u>Final proposal:</u></p> <p>a)An issuer, proposing to undertake material related party transaction , as defined under Regulation 23, shall obtain No-objection Certificate (NOC) from the Debenture Trustee [who in turn shall obtain such NOC from the debenture holders (i.e. more than 50%) (in value) of the debenture holders not related with the Issuer, on the basis of present and voting including e-voting.</p> <p>b)For related party transactions of unlisted subsidiaries of a listed subsidiary, the prior approval of the shareholders and NOC from Debenture Trustee of the listed subsidiary [who in turn shall obtain such NOC from the debenture holders (i.e. more than 50%) (in value) of the debenture holders not related with the</p> |
| <p>Rationale:</p> | <p>Declaring various ratios and other financial covenants in the offer document over the tenor of the proposed non convertible securities</p> | <p>The suggestion may not be accepted; Presently, the issuer generally provides</p> | | |

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| | <p>It is observed that in case of certain debt listed entities the shareholding of such entities are wholly/substantially held by one or a few shareholders, which are related parties. When these entities enter into</p> | <p>would also not be feasible</p> | <p>financial covenants in the offer document issuance of bonds which are to be maintained over the tenor of the bond.</p> | <p>disclosed amount in the offer documents then the Issuer/ listed entity shall obtain No-objection Certificate (NOC) (for the additional amount exceeding the disclosed amount) from the</p> | <p>listed subsidiary, on the basis of present and voting including e-voting.</p> |
| | <p>RPTs, they are required to obtain the approval of majority of the shareholders who are not related parties. Such shareholders, who are not related parties, either hold a negligible portion of the equity or none at all, in which case the entity will not be able to transact such RPTs because of 'impossibility of compliance' with the</p> | <p>The current practise of monitoring the end use should be continued; Appointing a Credit rating agency for monitoring of utilization proceeds in case of a HVDLEs is not feasible, as this will increase the compliance requirement. Further the current compliance wherein Institution are required to submit</p> | <p>The suggestion is accepted; since the current requirement of submission of utilisation certificate by a listed entity as specified in Reg 52(7) and Reg 56 of the LODR Regulations is considered adequate.</p> | <p>Debenture Trustee who in turn shall obtain such NOC from the debenture holders (determined by a majority of the debenture holders (in value) not related with the Issuer) for all the material RPTs. The procedure for obtaining NOC from the Debenture Trustee shall be specified by SEBI.</p> | <p>c)All existing material related party contracts or arrangements entered into prior to the date of notification of these regulations and which may continue beyond such date shall be placed for approval of the shareholders in the first Annual General Meeting held subsequent to the notification of the Regulation and NOC from Debenture Trustee within a period of one year from the date of notification shall be obtained. The Debenture Trustee shall in turn shall obtain such NOC from the debenture holders (i.e. more than 50%) (in value) of the debenture holders not related with the listed entity, on the basis of present and voting including e-voting.</p> |

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| provisions of LODR Regulations. | certificate of utilization of proceeds obtained by statutory auditors to Debenture Trustees is adequate requirement. | | (e)The aforesaid provisions shall form part of offer documents and shall be applicable on prospective issuances post the date of notification. | d)The said NOC shall be obtained before seeking shareholder's approval on the same through resolution. If the NOC has been withheld, the matter shall not be taken forward for shareholders' consideration. |
| | The approval may be counted in value of the debenture holder instead of majority of debenture holders in number. | The suggestion is accepted The approval from the debenture holders shall be determined by majority in value. | (f)The aforesaid provisions shall not be applicable to entities that are HVDLEs (i.e. have listed outstanding non-convertible debt securities above the specified threshold as on date) and are proposing to undertake related party transactions till they come with any further issuance. | e)The said provisions shall be applicable only to pure HVDLEs (i.e pure debt listed entities) |

Annexure – B

Draft Amendment Notification

Amendment shall be notified after following the due process.