

SEBI's [Consultation Paper](#) (CP) on review of CG norms for a High Value Debt Listed Entities (“HVDLEs”)

Two major proposals under the CP

Approval of Deb holders (DHs) for material RPTs of following HVDLEs:

- Only listed NCDs; and
- 90% or more of the shareholders in number are RPs

Continuity of applicability of CG norms for HVDLEs for 3 FYs post reduction (and remains so) of o/s value of listed NCDs

- [Proviso to Reg 15 (2) clause (a)]

DHs right to object Material RPTs

HVDLEs to conduct General Meeting for Material RPTs

Copy of notice of GM to be sent to DHs

DHs to submit their objection **within 7 days of dispatch** of notice

Responses received to be scrutinized by PCS **within 3 days from last day of receipt of response**

PCS to indicate total number of responses, objections, and no-objections (NoC)

If ‘Objections’ received from DH holding **75% or more in value of debentures**, RPT agenda to be withdrawn

Certificate to be disseminated on the websites of the HVDLE, SE and DT, should also be emailed to SHs and DHs

If not objected by DHs, RPT will be taken up in GM

Which entities are HVDLEs?

A listed entity which has listed its NCDs and has an o/s value of listed NCDs of INR 500 crs and above.

No responses are deemed NoC and the PCS to give a certificate to this effect

Why this proposal?

Shareholders, who are not RPs, either hold a negligible portion of the equity or none and unable to transact such RPTs because of “**impossibility of compliance**” with the provisions of LODR Regulations.

What about other HVDLEs?

Other HVDLEs that are either equity listed entities or have less than 90% of its shareholders as RPs, required to comply with the existing provision (i.e. RPs cannot vote to approve material RPTs)

VKCo Remarks

- New concept of DHs giving NoC for material RPTs
- NoCs to be taken from DHs and not DT
- Consent for material RPTs not needed, only objections are sought
- This proposal will have nil impact on RPTs with WoS and between two govt cos, WoS – Reg 23 (5) of LODR

Our detailed article on the subject can be viewed [here](#)
Our other resources on Corporate Bonds can be viewed [here](#)

Vinod Kothari & Company
Mumbai | Kolkata | Delhi
corplaw@vinodkothari.com

Reach us on social media :

