

# Corporate Governance norms for HVDLEs

## Key amendments under SEBI (LODR) Amendment Regulations, 2026

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# Threshold for HVDLEs

- Thresholds for identification of HVDLEs increased from Rs. 1000 cr to Rs. 5000 cr.
  - Sunset clause of 3 years not applicable to entities that cease to be HVDLE due to revised thresholds. *[Reg 15 (IAA) & Reg. 62C(2)]*
- Listed entity having only NCDs listed
  - as per Reg 2(1)(k) of LODR
- with an outstanding value of Rs. **5000 crores** and more
- **as on January 22, 2026**
  - date of notification of the amendment
- To comply with Chapter VA
  - if does not have any listed specified securities
    - equity shares or convertible securities
- To comply only with Chapter IV
  - If specified securities also listed *[Explanation (5) to Reg 15(IA)]*

## Practical examples

O/s listed debt as on March 31, 2025	Position as on January 22, 2026 (date of notification)	Remarks
Rs. 5200 Crs	falls below Rs. 5000 Crs	Ch VA ceases to apply without sunset clause
Rs. 4500 Crs	increases beyond Rs. 5000 crores	Ch VA continues to apply
Rs. 4900 Crs	further issue of unlisted debt for Rs. 500 crores	not possible, since Reg 62A of LODR requires listing of all subsequent debt issuances
Rs. 4900 Crs	further issuance of PDIs for Rs. 700 Crs	Not an HVDLE, Ch VA ceases to apply without sunset clause

# Statistics on HVDLEs

- No. of HVDLEs as on June 30, 2025 (as per SEBI Board Meeting Agenda):

<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)

# Sunset Clause

**Sunset Clause:** In case value of the outstanding listed NCDs falls as on 31st March of a year and remains below the applicability threshold for 3 consecutive FYs, Chapter VA based compliances will cease to apply.

<b>Outstanding debt as on:</b>	<b>Value of outstanding debt of Rs. 5,000 crore or more</b>	<b>Consecutive Financial Year</b>	<b>Applicability of chapter VA</b>
22.01.2026	Yes	2026-27	Yes
31.3.2026	No	2026-27	Yes
31.3.2027	No	2027-28	Yes
31.3.2028	No	2028-29	Yes
31.3.2029	No	2029-30	No [due to Sunset Clause]
31.3.2030	Yes	2030-31	Yes

# Related Party Transactions related amendments

- Alignment of RPT requirements with equity-listed entities. *[Reg 62K (1)]*
  - Provisions of Reg 23 (1) to (7) becomes applicable.
    - 23 (1) - Material RPT Policy, threshold as per Sch XII
    - 23 (1A) - Material RPT threshold for brand usage or royalty
    - 23 (2) - AC approval for all RPTs and material modifications including significant RPTs of subsidiaries above Rs. 1 crore.
    - 23 (3) - Omnibus approval
    - 23 (4) - Shareholders' approval for Material RPTs and material modifications, no RP shall vote to approve, validity of approvals.
    - 23 (5) - exemptions from Audit and S/H approvals
    - 23 (6) - applicability for prospective transactions
    - 23 (7) - omitted effective April 1, 2022
  - Reg. 23 (8) & 23 (9) not applicable
- Alignment of exemptions from approval and clarification on 'listed' holding company, with amendments made in Reg. 23 (5) *[Reg 62K (7)]*
- NOC of debenture-holders through DT to be obtained in the manner prescribed by SEBI *[Reg 62K (5)]* (see our FAQs here)
- Turnover based materiality thresholds and other amendments applicable to equity-listed entities now applicable to HVDLEs (see an article on the approved amendments [here](#))
- Does Industry Standard Note on RPTs apply at the time of seeking approval from audit committee and shareholders?
  - [SEBI Master Circular](#) dated July 11, 2025
  - [Draft Circular](#) rolled out for public comments

# Scale Based Materiality Thresholds

On alignment with Reg 23, the following scale based threshold as enlisted in Schedule XII become applicable to determine materiality of RPTs w.e.f. January 22, 2026.

<b>Annual Consolidated Turnover of listed entity (in Crore)</b>	<b>Approved threshold (as a % of consolidated turnover)</b>	<b>Maximum upper ceiling (in Crore)</b>
≤ Rs.20,000	10%	2,000
<i>Example: If the annual consolidated turnover of a listed entity is ₹30,000 Crore: ₹2,000 Crore + 5% of the remaining ₹10,000 Crore = ₹2,500 Crore.</i>		
20,001 - 40,000	2,000 Cr + 5% above Rs. 20,000 Crs	3,000
<i>Example: If the annual consolidated turnover of a listed entity is ₹50,000 Crore ₹3,000 Crore + 2.5% of the remaining ₹10,000 Crore = ₹3,250 Crore</i>		
> 40,000	3,000 Cr + 2.5% above Rs. 40,000 Crs	5,000
<i>Example: If the annual consolidated turnover of a listed entity is ₹1,50,000 Crore ₹3,000 Crore + 2.5% of the remaining ₹1,10,000 Crore = ₹5,750 Crore.</i>		
<i>However, threshold for material related party transaction would be ₹5,000 Crore as it is lower than ₹5,750 Crore.</i>		

# Alignment with SEBI (LODR) Third Amendment Regulations, 2024 - 1/2

- Prior shareholders' approval required for directorship as NED beyond the age of 75 years
  - at the time of appointment or
  - re-appointment or
  - any time prior to the NED attaining the age of 75 years. *[Reg 62D(2)/ Reg 17(1A)]*
- Exclusion of time taken to receive approval of regulatory, government or statutory authorities from the 3 months' timeline for shareholders' approval for appointment of a person on the Board *[Reg 62D(3)/ Reg 17(1C)]*
- Exemption from obtaining shareholders' approval for
  - nominee directors of financial sector regulators or
  - appointed by Court or Tribunal
  - by SEBI registered Debenture Trustee registered under a subscription agreement for debentures issued by HVDLEs *[Reg 62D(3)/ Reg 17(1C)]*
- Vacancy in director's office resulting in non-compliance with the composition requirement for board committees i.e., AC, NRC, SRC and RMC to be filled within 3 months *[Proviso to Reg 62D(5)/ Reg 17(1E)]*
  - If such vacancy caused due to completion of tenure, must be filled by the date such office is vacated *[Second proviso to Reg 62D(5)/ Reg 17(1E)]*
- If resolution plan approved and atleast 1 full-time KMP, additional timeline of 3 months for filling vacancy in the office of KMP *[Reg 62P (3)/ Reg 26A (3)]*
- Recommendations of board to be included along with the rationale in the explanatory statement to shareholders' notice *[Reg 62D(17)/ Reg 17(11)]*
- Exemption from shareholders' approval requirements for sale, disposal or lease of assets between two WoS of the HVDLE *[Reg 62L (6)/ Reg 24(6)]*

# Alignment with SEBI (LODR) Third Amendment Regulations, 2024 - 2/2

- Alignment of the provisions of Secretarial Audit and Secretarial Compliance Report with Reg 24A as applicable to equity listed entities, to strengthen the secretarial audit and to prevent conflict of interests [Reg 62M(1)/ Reg 24A]
- Appointment of secretarial auditor
  - Individual for a term of 5 years
  - Firm for maximum of 2 terms of 5 years
  - Each term subject to approval of shareholders in the annual general meeting.
  - Thereafter cooling-off period of 5 years.
- Requirements relating to eligibility (being a Peer Reviewed Company Secretary) and disqualifications, removal of secretarial auditors prescribed.
  - disqualifications for Secretarial Auditor and list of services that cannot be rendered by the Secretarial Audit was prescribed vide Annexure 2 and Annexure 3 of [SEBI Circular dated December 31, 2024](#) and further clarified *vide* [SEBI FAQs on Listing Regulations](#) (FAQ no. 5) and list of services provided by [ICSI](#).
  - Applicable for appointment made for FY 2025-26?
- The Secretarial Compliance Report to be submitted by a Peer Reviewed Company Secretary or Secretarial Auditor fulfilling the eligibility requirements indicated in Reg. 24A.
- Disclosure requirement of material RPTs in quarterly corporate governance report omitted. Format and timeline of period CG compliance report to be prescribed by SEBI [Reg 62Q(2)/ Reg 27(2)]

# Our Resources on HVDLE

- [SEBI facilitates EODB for HVDLEs](#)
- [FAQS: Bo\[u\]nd to ask before transacting: High value debt issuers bound by stricter RPT regime](#)
- Our presentation on [Corporate Governance Norms on HVDLEs](#)
- Our [Resource Centre on Corporate Bonds](#)

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