

**SEBI revises threshold for applicability of LODR provisions to entities who has listed its non-convertible debt securities**

The Securities and Exchange Board of India (SEBI) vide its **Notification dated March 27, 2025**, has introduced amendments to the Listing Obligations and Disclosure Requirements (LODR) Regulations, 2015, effective from April 1, 2025.

Further with effect from April 01, 2025, in case of a listed entity which has listed its specified securities on the SME Exchange, 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 fifty 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.

The Market Regulator has also introduced Chapter V A regarding Corporate Governance for a Listed Entity which has listed its Non-Convertible Debt Securities, which will be applicable to a listed entity which only has non-convertible debt securities listed with an outstanding value of Rs. 1000 crore and above and does not have any listed specified securities. In case, this Chapter becomes applicable to “high value debt listed entity” (‘HVDLE’), these regulations will be applicable 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.

Hence, these changes primarily focus on governance and reporting requirements for listed entities, including High Value Debt Listed Entities (HVDLEs). The key updates include raising the threshold for HVDLEs to outstanding listed non-convertible debt securities of Rs.1,000 crore, along with provisions ensuring compliance within six months of exceeding this threshold.

Additionally, a policy will be formulated on materiality of Related Party Transactions and on dealing with related party transactions including clear threshold limits duly approved by the board of directors. A transaction involving payments made to a related party with respect to brand usage or royalty will be considered material if the transactions to be entered into individually or taken together with previous transactions during a financial year, exceed 5% of the annual consolidated turnover of the HVDLE as per the last audited financial statements of the HVDLE. All transactions and subsequent material modifications will require prior approval of the audit committee of HVDLE, and omnibus approvals will be valid for a period not exceeding one year. All material related to party transactions and subsequent material modifications will require prior No-Objection Certificate from the Debenture Trustee.

Amendments also introduce new reporting standards for corporate governance, applicable to entities with listed specified securities on SME Exchanges, exceeding defined capital and net worth criteria. The management of the unlisted material subsidiary will have to periodically bring to the notice of the board of directors of the HVDLE, a statement of all significant transactions and arrangements entered into by the unlisted material subsidiary. Significantly, a HVDLE cannot dispose of shares in its unlisted material subsidiary resulting in reduction of

its shareholding to less than or equal to 50% or relinquish the control over the subsidiary without passing a special resolution in its General Meeting.

Additional changes address updated definitions of board composition and governance responsibilities. Provisions for entities undergoing insolvency resolution are clarified, aligning their compliance with the roles of resolution professionals. Moreover, independent director roles and disclosure requirements for Business Responsibility and Sustainability Reports have been refined.

The amendments emphasize enhanced transparency, better compliance timelines, and applicability across diverse financial and governance scenarios.

**Link - [https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2025\\_93156.html](https://www.sebi.gov.in/legal/regulations/mar-2025/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-amendment-regulations-2025_93156.html)**