



Attn: Securities and Exchange Board of India

Via email: consultationcfd@sebi.gov.in

Re: "Consultation Paper on Amendments to Provisions Relating to Related Party Transactions under SEBI (LODR) REGULATIONS, 2015"

Glass, Lewis & Co. ("Glass Lewis") welcomes the opportunity to comment on SEBI's August 2025 consultation paper on proposed amendments to the RPT regime under the SEBI (LODR) Regulations. We broadly support the effort to improve proportionality and reduce compliance burdens while maintaining essential protections for minority shareholders. We also note that certain proposals serve primarily to codify or clarify provisions that already exist in circulars or interpretive guidance, which we believe will improve consistency and reduce ambiguity for market participants.

We observed that the current volume of RPT approvals that goes to shareholders in India is extremely high, which risks overwhelming both companies and investors. This volume can detract from shareholders' ability to focus on transactions of genuine material concern. In this context, we support SEBI's proposals to streamline processes so that oversight and scrutiny are directed toward transactions that truly warrant shareholder attention.

Section I

Proposal 1: Shareholders' approval for material RPTs using scale-based thresholds

Do you agree with the scale-based thresholds for material RPTs as proposed above in this Consultation Paper? If not, what is the reason and what is the alternative proposal?

We support the introduction of scale-based thresholds. The existing framework of Rs. 1,000 crore or 10% of turnover is too rigid, as it treats all companies alike regardless of size. The proposed scale-based approach reflects proportionality and reduces compliance for very large companies while maintaining safeguards for shareholders. The ceiling of Rs. 5,000 crore ensures that large-value transactions remain covered. We recommend that these revised thresholds be expressly included in Regulation 23(1) of the LODR through the new Schedule XII, so that the methodology is clearly codified.

Proposal 2: Audit Committee approval for subsidiary RPTs with audited statements

Do you agree that, for related party transactions exceeding ₹1 crore undertaken by a subsidiary (with audited financial statements for at least one year), prior approval of the listed entity's audit committee should be required if the value crosses the lower of (i) 10% of the subsidiary's turnover or (ii) the listed entity's materiality threshold?

We agree with the proposal to harmonize thresholds for subsidiaries with those for the listed entity. The suggested framework, applying the lower of (i) 10% of subsidiary standalone turnover or (ii) the listed entity's materiality threshold, closes gaps where significant subsidiary transactions might otherwise bypass scrutiny of audit committee. This improves consistency across the group and strengthens oversight. We support formal inclusion of this dual test under Regulation 23(2) of LODR to avoid interpretive uncertainty.



Proposal 3: Audit Committee approval for subsidiary RPTs without audited statements

Do you agree that, for related party transactions exceeding ₹1 crore undertaken by a subsidiary (without audited financial statements for at least one year), prior approval of the listed entity's audit committee should be required if the value crosses the lower of (i) 10% of the subsidiary's net worth (or paid-up capital plus securities premium if net worth is negative) or (ii) the listed entity's materiality threshold?

We agree with the proposal to use 10% of net worth (or share capital plus securities premium in case of negative net worth) together with the listed entity threshold for subsidiaries that lack an operating track record. This provides a workable benchmark for new or recently acquired subsidiaries where turnover data is not yet available. To ensure uniform application, this requirement should be codified directly into Regulation 23(2) of the LODR, with the explanatory provisos as drafted.

Section II

Proposal 1: Relaxation in minimum information requirements

Do you agree with the proposed threshold for RPT Industry Standards in the enclosed draft circular?

We support raising the threshold for reduced disclosure from Rs. 1 crore to the lower of Rs. 10 crore or 1% of consolidated turnover. This adjustment is more meaningful for large-cap companies, where Rs. 1 crore is too low to be material. The change balances ease of doing business with the need for transparency. We recommend that SEBI proceed with issuing the draft circular and updating the Master Circular so that this relaxation is directly anchored in the regulatory framework.

Proposal 2: Validity of omnibus shareholder approval

Do you agree with the proposed amendments to Regulation 23(4) of LODR in this consultation paper?

We agree with aligning omnibus shareholder approvals with AGM timelines, allowing them to remain valid up to the next AGM or 15 months (whichever is earlier). This reduces repetition while ensuring regular shareholder oversight. To avoid ambiguity, this provision should be formally added to Regulation 23(4) of LODR, reflecting the language already contained in the Master Circular.

Proposal 3: Exemptions for directors/KMPs and their relatives in retail transactions

Whether the proviso (e) of Regulations 2(1)(zc) of the LODR Regulations may be amended to provide that the exemption under the said proviso shall be applicable to directors or key managerial personnel(s) of listed entity or its subsidiary or their relatives?

We support narrowing the exemption to cover directors, KMPs, and their relatives, while removing employees, since only directors/KMPs and their relatives are treated as related parties under law. This alignment will reduce confusion and prevents unnecessary compliance on small retail transactions. To ensure clarity, this amendment should be written directly into Regulation 2(1)(zc) of the LODR.

Proposal 4: Clarification on listed holding companies

Whether an explanation as proposed above should be added in the Regulation 23(5) of LODR Regulations to clarify that the exemption from RPT approval requirements are applicable to transactions between a listed holding company and its wholly owned subsidiary?



We agree with the clarification that the exemption for transactions between a holding company and its wholly owned subsidiary should only apply when the holding company is listed. This reflects the original intent of the regulation and avoids extending exemptions to unlisted parents, which could reduce protections for public investors. We recommend that this clarification be added as an explicit explanation to Regulation 23(5) of the LODR, so that market participants have certainty on its scope.

The responses provided below are not meant to be exhaustive but are designed to address what Glass Lewis sees as the main issues and concerns raised in Public Consultation. Thank you in advance for your consideration and please do not hesitate to contact us if you would like to discuss any aspect of our submission in more detail.

Respectfully submitted,

/s/

Decky Windarto

Director, Asia Research (SESA/HKG)

dwindarto@glasslewis.com