

'Royalty Payments by Some Listed Cos Exceed 20% of Profits'

Sebi seeks views on whether there should be extra norms for loss-making royalty payers

Our Bureau

Mumbai: Listed companies paid royalty to related parties in excess of 20% of their net profits on one out of four occasions, flagging the need for change in norms, a study published by the Securities and Exchange Board of India (Sebi) Thursday showed. The data suggests that though the royalty payments made by companies are reasonably within the stipulated threshold, such payments are unjustifiably high in terms of their profitability, Sebi said. "While the necessity of royalty payment to be considered as an expenditure from the perspective of business operations is acknowledged, such payments when viewed through the profitability lens reveal too pressing an issue to be overlooked," it said.



other shareholders. The study asked whether companies that skip dividend payments but pay royalty be subject to enhanced scrutiny from shareholders. The regulator said there were 185 instances of royalty payments by 83 companies that made net losses. In such instances, these companies made royalty payments of 1,155 crore to related parties during FY14-FY23. It sought views on whether there should be additional regulatory requirements for loss-making royalty payers. Typically, listed companies make royalty payments to their holding companies or fellow subsidiaries—

referred to as related parties — towards the purposes of brand usage and transfer of technology. Currently shareholder approval for royalty is required if payment to a related party exceeds the threshold of 5% of consolidated turnover. Some royalty-paying companies pay less than 5% to more than one related party without requiring shareholder approval, while the cumulative payment to all related parties together is much in excess of the regulatory threshold, Sebi said. It sought views on whether rules should be changed so that the threshold applies to cumulative royalty

pay-out to multiple related parties. The regulator also raised concerns about companies at times seeking shareholder approval for royalty payments in perpetuity. It suggested the need for sunset provisions in royalty agreements between the royalty-paying company and its parent company so that payments are not for perpetuity. Sebi's analysis is based on annual company level data, in respect of 231 listed companies across sectors in India. These companies have made royalty payments, amounting to less than 5% of turnover to their related parties, during the 10-year period from FY11 to FY23.

'Plan 2 Editions of Int'l Trade Fair'

New Delhi: Commerce and industry minister Piyush Goyal on Thursday proposed holding two annual editions of India International Trade Fair (ITF) besides starting Indian trade fairs in other parts of the world like the US, Europe, Japan, Korea and West Asian nations. At present, the India Trade Promotion Organisation organises its flagship 14-day ITF annually in November. Goyal also said there is a need to look at organising more large international exhibitions like Bharat Tex, Bharat Mobility and World Food Fair so that the entire industry can be gathered at one place. —Our Bureau

FAKE BANK GUARANTEE SEBI Issues Show-Cause Notice to Rel Power

New Delhi: Solar Energy Corporation of India Ltd (SECI) has issued a show-cause notice to Reliance Power and its subsidiary Reliance NU BESS for allegedly submitting a fake bank guarantee, asking why it should not initiate criminal proceedings against them. The renewable energy implementing agency had last week barred the Andhra group company and its subsidiaries from participating in its tenders for three years, following the discovery of the same. The issue relates to a tender for a stand-alone battery energy storage system of 2000 MWh issued in June, Reliance NU BESS had bid for the contract. Reliance Power, in a statement to stock exchanges last week, denied any wrongdoing and claimed that it was "a victim of fraud, forgery and cheating conspiracy". The company also said it would take all appropriate legal steps to challenge the unwarranted action of SECI. —Our Bureau

EXTRACT OF UNAUDITED CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED SEPTEMBER 30, 2024

Table with 5 columns: Particulars, Quarter Ended (30-Sep-24 Unaudited, 30-Jun-24 Unaudited, 30-Sep-23 Unaudited), Half Year Ended (30-Sep-24 Unaudited, 31-Mar-24 Audited), Year Ended (30-Sep-23 Audited). Rows include Total Income from Operations, Net Profit, Net Profit after Tax, Total Comprehensive Income, etc.

Key numbers of Unaudited Standalone Financial Results

Table with 5 columns: Particulars, Quarter Ended (30-Sep-24 Unaudited, 30-Jun-24 Unaudited, 30-Sep-23 Unaudited), Half Year Ended (30-Sep-24 Unaudited, 31-Mar-24 Audited), Year Ended (30-Sep-23 Audited). Rows include Turnover (Net Sales), Profit / (Loss) Before Tax, Profit / (Loss) After Tax, etc.

CORRIGENDUM/ADDENDUM-2

No. EL1/DOB/WR/Recop/Solar/2024-25 Date: 12-11-2024. The interested bidder are requested to take note of the following corrigendum/addendum in respect of the Tender Notice No. EL1/DOB/WR/Recop/Solar/2024-25...

Dr. CEE/Mechanical Workshop, Dibrugarh. NORTHEAST FRONTIER RAILWAY. Serving Customers With A Smile.

सेन्ट्रल मेटिरियल्स फॉर इलेक्ट्रॉनिक्स टेक्नॉलॉजी (सी-मेट) CENTRE FOR MATERIALS FOR ELECTRONICS TECHNOLOGY (C-MET). C-MET invites Expression of Interest (EoI) from eligible parties for 'Selection of accelerators for dissemination and setting up of e-waste recycling CFCs...'.

OFFICE OF THE OFFICIAL LIQUIDATOR, 1st Floor, "Corporate Bhawan", Bandlaguda, Nagole, Hyderabad — 500 088.

IN THE HONBLE HIGH COURT FOR THE STATE OF TELANGANA : AT HYDERABAD (ORIGINAL JURISDICTION) IN THE MATTER OF THE COMPANIES ACT, 1956

Notice for sale of assets/properties through e-auction in pursuance to the order dated 13-09-2024 of the Honble High Court of Telangana at Hyderabad made in C.A.No. 10/2024, e-tenders are invited in respect of sale of the following assets/properties of the company (In Liquidation)...

Table with 4 columns: Lot No., with Description of the Assets / Properties, Reserve Price (Amount in lakhs), Earnest Money Deposit (EMD) (Amount in lakhs), Incremental Bid amount (Amount in lakhs). Rows include Lot No.1-Industrial Land and Lot No.2-Industrial Land.

Place: Mumbai Date: November 13, 2024. Vishal Sharma Executive Director & Chief Executive Officer (Chemicals) DIN: 00085416

