Paying the parent: related-party deals

Paying the parent is a free 40-minute lesson for Class 11–12 Commerce on related-party transactions. Students find what Hindustan Unilever, LG Electronics India and Tata Power paid their promoters in FY26, and who approved the deals.

5-minute prep

- Print one worksheet per student and one set of disclosure cards per group of four (end of this guide).
- Decide how students see the receipts and cards: the worksheet, the projector or the student page (cityfort.in/class/related-party).
- Read the ground rule aloud before groups start: we describe what is disclosed, we don't judge companies.
- Skim the answer key's note on why HUL's payment has no line of its own.

Class	Senior secondary, Class 11–12 (Commerce)
Time	One 40-minute period. A 10-minute version for a revision class is in the teacher guide.
Edition	2026–27 first edition v1.0
Lesson page	cityfort.in/teachers/who-owns-the-company/related-party-transactions

Objective

Students can say what a related-party transaction is, find one in a company's ₹100 receipt and annual report, and name who approves it.

CBSE units the lesson supports

- Business Studies (054), Class XI, Unit 3 (CBSE Business Studies (054)), in part
- Business Studies (054), Class XI, Unit 6 (CBSE Business Studies (054)), in part
- Business Studies (054), Class XII, Unit 10 (CBSE Business Studies (054)), in part

Timing

Minutes	Step	What happens
0–4	**Hook**	Read the made-up case in Part A: a family's school uniform shop rents space from the owner's brother. Ask: who checks that the rent is fair? (made-up numbers)
4–12	**Find the parent on the receipt**	Show the HUL and LG Electronics India receipts. Students find the line that pays the parent: ₹1.8 at LG, inside ₹12.7 at HUL.
12–24	**Read three disclosures**	Groups of four take the HUL, LG Electronics India or Tata Power card. Each group fills in who was paid, how much, for what and who approved it (Part C).
24–32	**Who approves?**	Explain the two checks in SEBI's listing rules: the audit committee approves every related-party deal, and shareholders vote on material ones. Groups match each card to a check (Part D).
32–37	**Describe, don't judge**	Whole class: what does each disclosure tell us, and what would we still want to read? Use the ground rule: we describe what is disclosed, we don't judge it.
37–40	**Exit ticket**	Students answer the three exit-ticket questions on the worksheet.

Materials

- The student worksheet (one per student), or the student page on phones or the class projector
- The disclosure cards from the end of the teacher guide (one set per group of four)
- The answer key (teacher only)
- Optional: the slides, projected

The numbers

Where each ₹100 went: Hindustan Unilever, FY26

Line	Per ₹100 that came in
Materials and goods bought	₹48.6
Advertising and promotion	₹9.6
Other running costs, incl. fees to Unilever	₹12.7
Employees	₹4.9
Depreciation, interest and net one-off charges	₹3.1
Tax	₹4.8
Kept as profit for HUL shareholders	₹16.3
Total	₹100.0

Source: Hindustan Unilever's FY26 annual report, filed with NSE on 2 Jun 2026; consolidated statement of profit and loss, continuing business (Cityfort calculation: each line ÷ revenue plus other income × 100).

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Where each ₹100 went: LG Electronics India, FY26

Line	Per ₹100 that came in
Materials, parts and goods bought	₹68.9
Employees	₹4.0
Royalty to LG Electronics Inc.	₹1.8
Other running costs	₹14.3
Depreciation and interest	₹1.7
Income tax	₹2.5
Kept as profit	₹6.8
Total	₹100.0

Source: LG Electronics India's FY26 annual report, filed with NSE on 29 Jul 2026; standalone statement of profit and loss (Cityfort calculation: each line ÷ revenue plus other income × 100; the royalty is shown on its own line).

Discussion questions

1. HUL paid Unilever group companies ₹1,171 crore of royalty and ₹870 crore of central-services fees in FY26. What does HUL get for each payment?
2. LG Electronics India both bought from and sold to its parent in FY26: it bought ₹1,503.9 crore of materials and sold ₹710.4 crore of goods. Why might a related-party note show money going both ways?
3. Tata Power's payment to Tata Sons for the Tata name was ₹75.3 crore in FY26, against ₹92.6 crore in FY25. Which part of the annual report would explain the change?
4. LG Electronics India's shareholders approved the FY27 limit with 99.988% of valid votes in favour. Under SEBI's rules, no related party may vote in favour of such a resolution. Why might the rules say that?
5. Each disclosure says who was paid and how much. What would you still need to know to explain why the price was set where it was?

Adapting the lesson

Students still building their English: Pre-teach five words with the word bank: related party, royalty, brand fee, audit committee and approval. Let students fill in the disclosure cards in a mix of English and their home language, then read one card aloud in English.

Students who need more support: Give the disclosure cards with "who was paid" already filled in, so students find only the amount and the approval. Do the HUL card together first.

Students ready for more: Ask students to check HUL's payment against its revenue: ₹2,041 crore ÷ ₹64,468 crore × 100 = 3.2%. Why is that close to, but not the same as, ₹3.1 per ₹100 on the receipt?

Extension: Students open one more company's annual report on NSE and find its related-party note. They write who was paid, how much, for what and who approved it, with the financial year. No judgement on the company.

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Teacher background

What is a related-party transaction?

It is a deal between a company and someone closely linked to it: the promoter group, group companies, directors or key managers. SEBI's rules also count any shareholder with 10% or more.

Who approves a related-party deal?

SEBI's listing rules need the audit committee's approval before every related-party transaction. A material one also needs shareholders' approval, and no related party may vote in favour.

When is a royalty or brand fee material?

SEBI's rules treat a royalty or brand fee paid to a related party as material above 5% of the company's annual consolidated turnover.

Where is it disclosed?

The annual report has a note on related parties in its financial statements, with each party and amount. Listed companies also file a related-party disclosure every six months.

Who are the parents in this lesson?

At 30 Sep 2026, Unilever group companies held 61.9% of HUL, LG Electronics Inc. 85% of LG Electronics India and Tata Sons 45.21% of Tata Power.

If your class runs a stock-market simulation, these lessons can come before it: they explain what a company does and how it reports results. They do not suggest which companies to choose, and Cityfort does not run, rank or judge simulation picks.

Teaching notes

- The uniform shop is made up. Use it only to show why someone outside the family would want a check on the price.
- If a student asks whether a payment is too high, ask what they would need to read to know, and bring the class back to the disclosure.
- Receipt lines are rounded to 10 paise, so a total may show ₹99.9 or ₹100.1.
- HUL's receipt uses consolidated statements for the continuing business; LG Electronics India's uses its standalone statements, as its Cityfort page does.

CBSE units this lesson supports

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- Business Studies (054), Class XI, Unit 3, Public, Private and Global Enterprises (global enterprises): partial (what Indian companies pay foreign parents).
- Business Studies (054), Class XI, Unit 6, Social Responsibility of Business and Business Ethics (responsibility towards owners and investors): partial.
- Business Studies (054), Class XII, Unit 10, Financial Markets (SEBI, objectives and functions): partial (disclosure rules only).

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10-minute version

Use only LG Electronics India: uniform shop story (2 minutes), find the royalty line on the receipt (3), read the card and the vote (3), one-sentence exit (2).

student page

Scan the code or type: **cityfort.in/class/related-party**

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Cards to print and cut out

Card 1: Hindustan Unilever, FY26 (fill in from the annual report)

- Who was paid
- How much, and for what
- Where it sits on the ₹100 receipt
- Who approved it, if the card says

Card 2: LG Electronics India, FY26

- Who was paid
- How much, and for what
- What LG Electronics India sold to the parent
- Who approved the FY27 limit, and the vote

Card 3: Tata Power, FY26

- Who was paid
- How much, and for what
- The FY25 amount
- Who approved it

Sources

1. S1: Integrated Annual Report 2025-26 (FY26), incl. standalone and consolidated financial statements, Hindustan Unilever Limited, filed with NSE, 2 Jun 2026. https://nsearchives.nseindia.com/annual_reports/AR_29330_HINDUNILVR_2025_2026_A_21643813_02062026215058.pdf
2. S2: Annual Report 2025-26 (FY26; audited standalone financial statements), LG Electronics India Limited, filed with NSE, 29 Jul 2026. https://nsearchives.nseindia.com/annual_reports/AR_30061_LGEINDIA_2025_2026_A_26260511_29072026220212.pdf
3. S3: Postal ballot notice: material related party transactions with LG Electronics Inc.; royalty disclosures, LG Electronics India Limited, filed with NSE, 1 Mar 2026. https://nsearchives.nseindia.com/corporate/LGEINDIA_01032026130800_Notice_of_Postal_Ballot.pdf
4. S4: Postal ballot results: both resolutions passed 31 Mar 2026, LG Electronics India Limited, filed with NSE, 2 Apr 2026. https://nsearchives.nseindia.com/corporate/LGEINDIA_02042026195637_Postal_Ballot_results_2026-signed.pdf
5. S5: Integrated Annual Report FY26 (2025-26), incl. consolidated financial statements, The Tata Power Company Limited, filed with NSE, 10 Jun 2026. https://nsearchives.nseindia.com/annual_reports/AR_29380_TATAPOWER_2025_2026_A_16197784_10062026203510.pdf
6. S6: SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended up to 15 Oct 2026 (Regulation 23 and Schedule XII), SEBI, 15 Oct 2026. https://www.sebi.gov.in/legal/regulations/oct-2026/securities-and-exchange-board-of-india-listing-obligations-and-disclosure-requirements-regulations-2015-last-amended-on-october-15-2026-_105365.html
7. S7: Shareholding pattern (XBRL), quarter ended Sep 2026, Hindustan Unilever Limited, filed with NSE, 19 Oct 2026. https://nsearchives.nseindia.com/corporate/xbrl/SHP_1742125_19102026102752_WEB.xml

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8. S8: Shareholding pattern 30 Sep 2026, XBRL, LG Electronics India Limited, filed with NSE, 16 Oct 2026. https://nsearchives.nseindia.com/corporate/xbrl/SHP_1740146_16102026052133_WEB.xml
9. S9: Shareholding pattern Sep 2026 (XBRL), The Tata Power Company Limited, filed with NSE, 21 Oct 2026. https://nsearchives.nseindia.com/corporate/xbrl/SHP_1742704_21102026020328_WEB.xml

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